

2014

El Salvador: The Case of CrediCampo

Alexandria J. Trimble
Illinois State University

Follow this and additional works at: <http://ir.library.illinoisstate.edu/cppg>



Part of the [Other Political Science Commons](#)

Recommended Citation

Trimble, Alexandria J., "El Salvador: The Case of CrediCampo" (2014). *Capstone Projects – Politics and Government*. Paper 24.
<http://ir.library.illinoisstate.edu/cppg/24>

This Article is brought to you for free and open access by the Politics and Government at ISU ReD: Research and eData. It has been accepted for inclusion in Capstone Projects – Politics and Government by an authorized administrator of ISU ReD: Research and eData. For more information, please contact ISURed@ilstu.edu.

EL SALVADOR:

The Case of CrediCampo

Alexandria J. Trimble

A Capstone Research Project Submitted to the Faculty of Department of Politics and
Government of Illinois State University in Partial Fulfillment of the Requirements for the
degree of Masters of Science.

Master's International: Peace Corps El Salvador

2014

TABLE OF CONTENTS

| | |
|---|----|
| Executive Summary | 3 |
| Introduction..... | 4 |
| Section 1: El Salvador..... | 5 |
| 1.1: Demographic Characteristics | 5 |
| 1.2: Education | 6 |
| 1.3: Economic Situation..... | 8 |
| 1.4: Housing Characteristics | 9 |
| 1.5: Violence | 10 |
| Section 2: The ADESCO | 12 |
| 2.1: Background..... | 13 |
| 2.2: The Law of Community Development | 15 |
| 2.3: Municipal Oversight | 17 |
| 2.4: Creation of the ADESCO..... | 18 |
| 2.5: Structure of the ADESCO..... | 19 |
| 2.6: Legal Framework of the ADESCO..... | 21 |
| 2.7: Importance of the ADESCO | 23 |
| Section 3: Microfinance Institutions..... | 25 |
| 3.1: Theory of Microfinance | 26 |
| 3.2: Nonfinancial Business Development Services..... | 29 |
| 3.3: Nonfinancial Community Development Services..... | 31 |
| Section 4: Fundación Campo | 32 |
| 4.1: History of Fundación Campo | 33 |
| 4.2: The Birth of CrediCampo | 34 |
| 4.3: Fundación Campo and CrediCampo Today..... | 35 |
| Section 5: The Case Study | 37 |
| 5.1: The ADESCO and the Communal Credit Committee | 39 |
| 5.2: Fundación Campo and CrediCampo's Initiatives | 41 |
| 5.3: Stakeholder Viewpoints | 44 |
| Section 6: A Unique View | 50 |
| Section 7: Conclusions..... | 53 |
| References..... | 55 |

EXECUTIVE SUMMARY

The study of community development is constantly exploring new methods and ideas to improve the living conditions and opportunities for people who live in poverty. Governments, financial institutions, non-governmental organizations, and grassroots community groups coordinate efforts to bring about profound change and growth through a variety of mechanisms such as public grants, education, small business development, and microfinance. Whereas the study of community development is rarely viewed as a scientific endeavor, the qualitatively measured relationships between communities and outside development intervention may allow for more understanding and exploration into the field.

Working to include and utilize the abilities of local community members is a primary goal for many developing countries. El Salvador is unique in that it gives legal status to community development organizations, and with it, the power to partner with outside development institutions. This paper explores community development in rural El Salvador by examining the relationship between a local community development organization and two microfinance institutions it partners with. The following questions guide the case study: do community development services provided by microfinance institutions result in better organized and transparent community organizations? Furthermore, is the community organization more capable of soliciting and managing development projects? In rural El Salvador, community organizations serve as the first and sometimes only resource for community development; therefore their sustainability and success could potentially have a profound effect on the community and, to an extent, the future of the country.

INTRODUCTION

This paper has seven main sections. **Section 1: El Salvador** reviews recent data on the demographic characteristics, education, economic situation and housing characteristics for urban and rural Salvadorans. To provide a more accurate analysis of the living conditions in El Salvador, the section concludes with a brief summary of the violence experienced in the country.

Section 2: The ADESCO summarizes the community development organizations in El Salvador also known as *Asociaciones de Desarrollo Comunal (ADESCOs)*. The section reviews the laws and rights of ADESCOs, as well as covers the creation, structure, and legal frameworks on the organizations. **Section 3: Microfinance Institutions** discusses the theory of microfinance and nonfinancial business development services that some microfinance institutions provide. The section then explains nonfinancial community development services that are unique to the microfinance institution in this case study.

This paper examines the microfinance institution Fundación Campo and its transition to CrediCampo. **Section 4: Fundación Campo** provides a history of the institution, describes the beginning of CrediCampo, and summarizes the two institutions as they operate in present day. Within **Section 5: The Case Study**, the relationship between the ADESCO and the microfinance institutions is explored through stakeholder viewpoints, interviews, and official documents. **Section 6: A Unique View** discusses the distinctive role of the researcher as both Peace Corps Volunteer and community member, and in **Section 7: Conclusions** the researcher evaluates the case study and provides suggestions for further understanding the community development method studied.

1. EL SALVADOR

Del dicho al hecho, hay un buen trecho.
Easier said than done, there is a long way to go.

Salvadoran Proverb

This case study takes place in the Central American country of El Salvador. More specifically the community in which this case study takes place is in the department of Morazán, one of the most poverty-stricken and war devastated areas of the country. To better understand the living circumstances and characteristics of the population studied, and to understand why a microfinance institution might seek this area in which to operate, I have compiled this section on the characteristics of El Salvador and its people. Much of the information presented here is drawn from the *Encuesta de Hogares de Propósitos Múltiples 2013*, a national study released in June 2014.

1.1 DEMOGRAPHIC CHARACTERISTICS

El Salvador is a small country roughly spanning 21,040.79 Km², and is divided into 14 departments. In the year 2013 El Salvador had a total population of 6,290,420 people, of which 3,915,712 (62.2%) lived in urban areas and 2,374,708 (37.8%) lived in rural areas (Dirección General de Estadística y Censos, 2013). The age of residents in El Salvador is relatively young with 56.2% of the total population being 30 years old or younger and an elderly population of people 60 years and older representing 11.0% of the population.

A significant portion of the population lives in the capital city, San Salvador. According to the *Encuesta de Hogares de Propósitos Múltiples 2013*, the population of San Salvador was 1,740,847 people total living in 886.15 Km², resulting in 1,965

habitants per Km² (Dirección General de Estadística y Censos, 2013). The next most densely populated department is the neighboring La Libertad with 747,662 total population and 452 habitants per Km². San Salvador is the capital of the country, center for industry and commercialism, and the most metropolitan area of El Salvador. There tends to be vast differences in educational attainment, income, and even housing structure between the average city dweller and their rural counterpart.

1.2 EDUCATION

According to the Organization of United Nations for Education, Science and Culture, the definition of illiteracy is a person who does not possess the abilities to read and write with comprehension a simple and short phrase (“Understandings of Literacy,” 2005). The *Encuesta de Hogares de Propósitos Múltiples 2013* calculates for the population age ten years and older, 615,283 people cannot read or write (Dirección General de Estadística y Censos, 2013). This represents an illiteracy rate of 11.8% of the total population, more specifically a rate of 7.3% for females and 4.5% for males. A simple explanation for the gender difference in education is that young girls are more frequently required to stay home and care for younger siblings and the home.

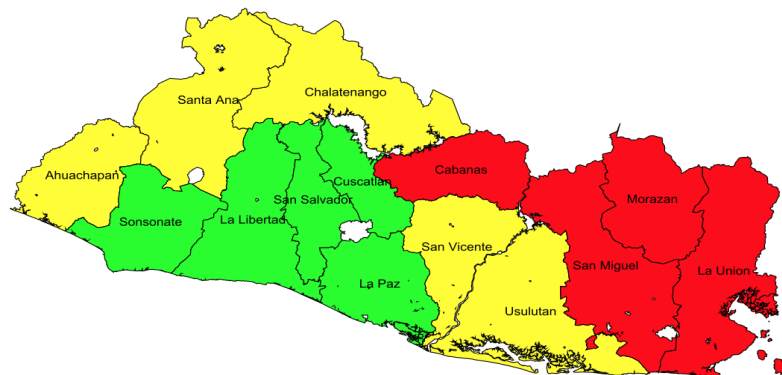
In urban areas the illiteracy rate is 7.6%, compared to rural areas in which it is 18.9%. Gender differences still indicate in that females have higher cases of illiteracy, with 5.2% of females in urban areas compared to 2.4% of males. In rural areas the case is the same, with 11.0% of rural females being illiterate compared to 7.9% of males. When analyzing at the national level among adults aged 34 and older, the rate of illiteracy is 21.4% of the total population. However, the rate quickly drops among younger populations. For example, in the age range 19 to 33 years old the rate is 4.9% and with children and young

adults aged 10 to 18 years the rate is 2.1% (Dirección General de Estadística y Censos, 2013). Many Salvadorans who were young during the civil conflict throughout the 1980s and 90s often experience higher rates of illiteracy because it was unsafe to walk to school, students were recruited as child soldiers, and many fled to the United States (El Salvador Up Close).

Map 1 shows the breakdown of illiteracy for the population ten years and older by department. The departments in green have lower levels of illiteracy and fall at or below the nation’s total rate of 11.8%. Departments in yellow have relatively high rates and departments in red have the highest rates. Notably, San Salvador has the lowest illiteracy rate and La Union in the Eastern region has the highest.

Map 1- El Salvador: Rate of illiteracy of the population ten years and older by department (according to the *Encuesta de Hogares de Propósitos Múltiples 2013*).

| DEPARTMENT | RATE |
|--------------|------|
| San Salvador | 5.9 |
| La Libertad | 10.4 |
| Cuscatlán | 11.0 |
| La Paz | 11.4 |
| Sonsonate | 11.9 |
| Santa Ana | 12.4 |
| San Vicente | 14.1 |
| Usulután | 15.4 |
| Chalatenango | 15.6 |
| Ahuachapán | 16.2 |
| San Miguel | 16.3 |
| Cabañas | 18.1 |
| Morazán | 20.9 |
| La Unión | 21.6 |



The average grade attainment, defined for the population six years and older, is another perspective on education. For the year 2013, the national average of grade

attainment was 6.6 grades (Dirección General de Estadística y Censos, 2013). Grade attainment is lower in rural areas resulting in 4.7 grades, compared to 7.7 grades in urban areas and an average of 8.6 grades in the metropolitan area of San Salvador. The departments that show the lowest levels of grade attainment are La Unión and Morazán with 4.7 and 5.0 respectively.

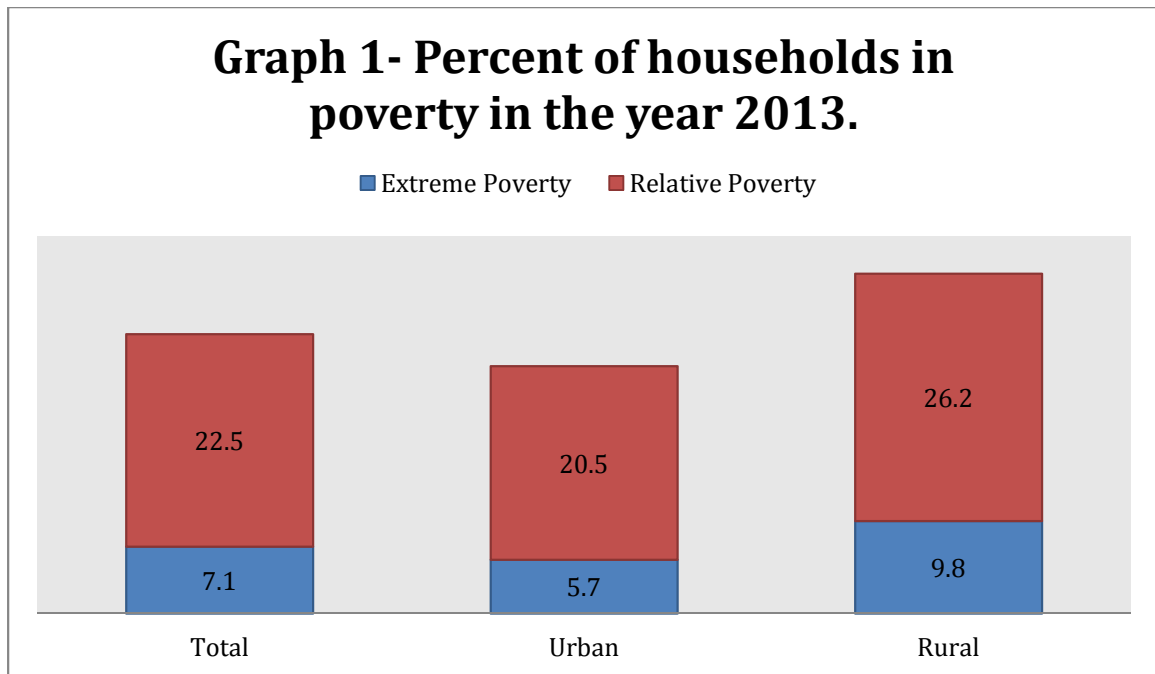
1.3 ECONOMIC SITUATION

The nation's average monthly income per household is \$556.16 according to the *Encuesta de Hogares de Propósitos Múltiples 2013*. Again, substantial differences occur with households in urban areas making \$660.90 monthly and rural areas making nearly half that at \$361.82 monthly. In addition, the average household in the metropolitan area of San Salvador makes \$762.93 monthly.

To conceptualize this further, the study uses the food-energy intake method to delineate relative and absolute poverty in El Salvador (Haughton & Khandker, 2009). The cost for the Basic Food Basket (BFB) in El Salvador per capita for urban households was \$46.77 and \$29.36 in rural households in the year 2013 (Dirección General de Estadística y Censos, 2013). The population in extreme poverty cannot cover the costs of the BFB based on income. The population in relative poverty cannot cover the costs of the BFB amplified (two times the price of the BFB). For an average urban home with 3.61 members the BFB is \$168.84 and the BFB amplified is \$337.68. Comparatively, the average rural household with 4.07 members is \$119.50 and \$239.00 amplified.

On the national level 29.6% of households are in poverty, of that 7.1% live in extreme poverty and 22.5% live in relative poverty. In urban areas the poverty rate is 26.2%, with 5.7% in extreme poverty and 20.5% in relative poverty. In rural areas the poverty rate is

36% of households, with 9.8% in extreme poverty and 26.2% in relative poverty. Graph 1 shows the breakdown of poverty levels by rural and urban areas.



1.4 HOUSING CHARACTERISTICS

According to *Encuesta de Hogares de Propósitos Múltiples 2013*, there were an estimated 1,667,556 total houses in El Salvador in the year 2013. Discussing the quality of rural and urban housing can also give an understanding for how Salvadoran families live. The differences between rural and urban housing in El Salvador can be characterized by access to materials. Thus, the differences between rural and urban housing are significant. In urban areas, the most common type of wall structure uses concrete with 84.2% of houses. In rural areas, the number is 50.7% with 28.6% of houses having adobe walls. Roof materials vary, however the most common roofs in urban areas are constructed with cement (46.2%) and metal sheets (33.9%). In rural areas the two most common roof materials are metal sheets (43.9%) and clay tiles (43.5%).

Electricity and clean water sources are also divided. In urban areas 97.8% of houses have access to electric lines, the remaining houses report using kerosene or other methods. In rural areas access to electricity is available to 90.0% of houses, and 4.0% report using kerosene. The remaining houses report using candles (4.2%) or other methods (1.7%).

When assessing access to water mains, the *Encuesta de Hogares de Propósitos Múltiples 2013* includes “water pipe inside and outside the house, the neighbor’s pipe line, or a communal pipeline.” Other methods include using water from a “waterhole, river or stream, truck, wagon, or pipe, protected and unprotected spring, and rainwater collection.” In urban areas 93.9% of homes have access to water by water main, 4.0% use water wells and 2.1% use other methods. In contrast, only 71.9% of rural homes have access to water by a main, while 15.0% use water wells and 13.0% use other methods.

The greatest difference in access concerns waste disposal. In urban areas, 77.1% of homes have access to municipal waste management, private collection accounts for 0.5%, and 18.0% report burning or burying, 4.0% report depositing in another place, 0.4% use other methods. In contrast, the majority of rural homes burn their garbage with 71.8%, 4.6% bury their garbage, 4.6% deposit in another place, and 14.2% reporting using other methods. Only 8.8% of rural homes have access to municipal waste management and 0.3% use private collection. The lack of clean and safe waste management in rural areas results in widespread litter, and contamination of the soil and in water supplies.

1.5 VIOLENCE

Life in El Salvador is difficult, but in addition to poor economic conditions the country also suffers from widespread violence. More specifically, gang violence leads

many Salvadorans to move within the country and sometimes results in entire towns that have been abandoned (Valencia Caravantes, 2012). According to a survey by the Central American University's Institute of Public Opinion (IUDOP) in 2012, approximately 130,000 Salvadorans were forced to relocate within the country, often citing gang violence as the main reason for moving (Central American University's Institute of Public Opinion, 2012).

Violence is also a frequently cited reason for emigration, both among adults and children. The United States recently experienced a significant increase among unaccompanied minors crossing the Mexican-U.S. border. According to a Pew Research Center article, the number of apprehensions at the border of unaccompanied minors 17 years or younger from El Salvador increased 707% throughout the fiscal years 2009 to 2013¹ (Krogstad & Gonzalez-Barrera, 2014). In addition to gang violence, extreme poverty and the rumors of children automatically reuniting with their family in the U.S. based on the requirements of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 led to an influx of unaccompanied minors emigrating to the U.S. The law states that minors who emigrate to the U.S. from countries other than Canada and Mexico must be given the opportunity to appear at an immigration hearing, consult with an advocate, and explore the possibility of reuniting with family members living in the U.S. (The William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008). This rumor spread to the "northern triangle" countries in Central America and prompted thousands of families to pay *coyotes* to smuggle minors across the border.

¹ Apprehensions through May 31, 2014. Data sourced from the U.S. Customs and Border Protection.

Elizabeth Kennedy, author of *No Childhood Here: Why Central American Children Are Fleeing Their Homes*, interviewed 322 minors apprehended at the border to better understand their motivations for taking the dangerous and expensive risk with emigrating. Over 90 percent of the children Kennedy interviewed have a family member in the United States, with just over 50% having one or both parents there. Despite these high numbers, only 35% list reunification with their family as a reason for their emigration. When asked why they left their home, 59% of Salvadoran boys and 61% of Salvadoran girls list crime, gang threats, or violence as a reason for their emigration (Kennedy, 2014). Whereas young males most feared assault or death for not joining gangs, females most feared rape or disappearance at the hands of the gangs.

Poverty, violence, and other related issues such as corruption and displacement are eroding the bonds of Salvadoran communities. Although the Salvadoran culture is characterized by collectivism and close ties, many community members are frustrated by the slow pace of development and persistent violence. Development associations working at the community level face these challenges and more as they seek to unite residents and better their communities.

2. THE ADESCO

If you want to go fast, go alone. If you want to go far, go together.

African Proverb

Community development organizations or *Asociaciones de Desarrollo Comunal* (ADESCOs) are at the frontlines of development in El Salvador. Recognized as the legal voice of the community, ADESCOs have the capacity to organize groups of people whose main objective is to improve and develop their community and its inhabitants.

Both governmental and nongovernmental organizations alike seek to partner with ADESCOs to accomplish a common development goal. Ideally, an ADESCO that functions transparently with the full support of the community has no end to its potential development accomplishments.

2.1 BACKGROUND

An ADESCO is defined as a legal association of a group of people living in the same community whose main purpose is to participate in the study and analysis of communal problems and needs, as well as to promote the solution and development of projects that improve the community and its inhabitants (Article 118, Municipal Code of the Republic of El Salvador, 1986). Communities may be defined by the various levels of population in El Salvador known as *barrios*, *colonias*, *casaríos* or *cantónes*. Typically there is at least one ADESCO that operates in the largest sub-municipal neighborhood. The existence of these neighborhoods depends on the size and population density of the municipality.

Acting in a decentralized fashion, the responsibility to promote an active citizenry falls to the 262 municipalities across El Salvador. Article 115 of the Municipal Code of the Republic of El Salvador requires the municipal government to “promote citizen participation, inform the public regarding the municipal government’s management, and address issues as requested by citizens and as the council sees fit,” (1986, p. 32). Article 116 continues by detailing the mechanisms that municipal governments may use to fulfill the requirements listed in Article 115, including the creation of ADESCOs (1986, p. 33).

ADESCOs are characterized as embodying the legally recognized voice of the community. By securing legal status, the ADESCO may solicit development projects and

represent the community in other transactions and partnerships. Whereas it is not required of every community member to participate in the association, the ADESCO is protected by the Constitution of the Republic of El Salvador, which expresses the right of peaceful assembly, without arms, for lawful actions to benefit communities (Article 7, Individual Rights, 1983).

Historically *Dirección de Desarrollo Comunal* (DIDECO) supported the creation of formal community development associations. DIDECO, which operated regionally in San Miguel, Santa Ana, San Salvador, and San Vicente in the early 1970s, worked with rural communities to provide technical assistance on construction and repairs of roads, bridges, water systems, school buildings, health facilities, and homes (El Salvador: A Country Profile, 1982). Local community members provided the labor in each of the construction cases.

However during the years leading up to the civil conflict in the 1980s and throughout the brutal war, community organizing became not only a lesser goal in El Salvador but also a potentially life-threatening act. The extent of state sponsored violence is explored in “From Madness to Hope: The 12-Year War in El Salvador: Report of the Commission on the Truth for El Salvador.” The report summarizes the truth commission led by Thomas Buergenthal from July 1992 to March 1993. The commission, mandated by the January 16, 1992 U.N.-brokered peace agreements that ended the war, concludes that among over 22,000 complaints documented, 60% involved extrajudicial killings, 25% involved disappearances, and 20% involved torture (Buergenthal, 1994). The use of death squads by the U.S.-backed military targeted individuals who seemed to present a threat to military control or who aligned with the leftist guerrilla group Frente Farabundo

Martí para la Liberación Nacional (FMLN) (Moakley, 1991, Alvarenga, 1994, Zúñiga Núñez, 2010). Therefore, many community development groups dispersed during the turbulent war years for fear of persecution.

2.2 THE LAW OF COMMUNITY DEVELOPMENT

The Law of Community Development, passed in December 1977 by the legislative assembly, elaborated on the work by DIDECO by formally acknowledging community development associations. The law goes so far as to absorb the development commitments made by DIDECO to rural Salvadoran communities when it took effect in January 1978 (Title II, Chapter 6, Article 44, Law of Community Development, 1977). This article transfers oversight of community development to the Ministry of the Interior, effectively decentralizing financial, technical, and material development resources and programs. Chapter 4, Article 5 of the law describes the duties and powers newly regulated to the Ministry of the Interior. Most notably, the Ministry gained the responsibility to keep the register of community development associations, which grants legal recognition to ADESCOs.

Described in Title I, Chapter 2, Article 3, the Ministry's program objectives for community development are:

- A. Contribute to the development policy aimed at overcoming and eliminating the causes of marginalization in the level of local communities.
- B. To participate in the development process to achieve better living conditions of communities.

- C. Train community organizations and coordinate their activities as effective means of participation in the planning and implementation of local and regional development plans.
- D. Stimulate the creative capacity of communities in situations of underdevelopment, including fostering mutual aid and self-help, with the participation of state agencies, municipalities and private entities.
- E. To ensure better use of resources through appropriate institutional mechanisms and prevent dispersal and underutilization.
- F. To empower people and community groups to generate their own development.

The main purpose of the law is to “institutionalize these efforts in the development of communities, giving definite forms of organization and providing it with the necessary legal instruments to facilitate the achievement of the subsequent purposes,” (Law of Community Development, 1977). In subsequent chapters, the law refers not only to ADESCO structure and statute framework, but also to the development of citizens themselves. According to the law, community development associations are intended to facilitate interpersonal and intergroup relations, serve as training for community leaders, and strengthen community spirit and the principle of mutual aid (Title II, Chapter 1, Article 10, Law of Community Development, 1977).

Among the responsibilities of the community development associations illustrated in the law are those to coordinate and cooperate with other local groups to promote the progress of the community, promote youth organizations, and participate in the plans of local, regional, and national development (Title II, Chapter 2, Article 12, Law of

Community Development, 1977). To support ADESCOs in these endeavors, the Municipal Code was created to allocate supervision of associations to the municipalities in which they reside.

2.3 MUNICIPAL OVERSIGHT

The duty to protect the civil liberties of ADESCOs, as well as promote their creation and to provide legal guidance, fell to municipal governments with the establishment of the Municipal Code of the Republic of El Salvador on February 5, 1986. The Municipal Code states in Article 123 “Municipalities should encourage the involvement of citizens in community associations and their organized participation through them. Similarly through the associations, municipalities should encourage the support and participation in state and municipal programs of general or community benefit,” (Article 123, Municipal Code of the Republic of El Salvador, 1986). To work more efficiently with ADESCOs, municipal mayors are given authority to appoint a Social Promoter. The role of the Social Promoter is to:

1. Promote and organize citizen participation by educating citizens in the process of local decision-making and community organizing.
2. Assist the municipal authorities to identify projects with social and economic benefits that enable the development of communities.
3. Coordinate activities with other institutions to conduct programs with social and economic benefits to the community.
4. To create and promote transparency mechanisms.
5. Provide guidelines and monitor the municipal council to which ADESCOs apply to obtain legal documentation.

6. Perform all activities related to outreach and citizen participation as directed by the mayor. (Office of the Registration of Community Associations, 2014)

After an ADESCO obtains legal documentation, ideally with the support of the Social Promoter, the association members take on the responsibility of identifying the most important communal needs, possible solutions to meet these needs, and encourage other members to be involved in the development efforts.

2.4 CREATION OF THE ADESCO

A group of individuals who share the goal of forming a community development association may follow these requirements to obtain legal documentation and status:

1. Organize at least 25 members of the community.
2. Create the organization's legal statutes, to be approved by the general assembly of the community.
3. Elect a governing board to be sworn-in by the mayor.
4. The elected Secretary will write the "Constitution Act" that confirms and approves at least 25 community members, a governing board, and the legal statutes of the organization.
5. Present the following documents to the mayor:
 - a. The original copy of the organization's legal statutes.
 - b. The organization's "Constitution Act".
 - c. The application for legal status, signed by the President and the Trustee.
 - d. The official list of association members and the governing board.
6. Wait for the response from the city council (*Concejo Municipal*).

- a. The city council has 15 days to issue the municipal agreement formally acknowledging the ADESCO and giving it legal status (Article 120, Municipal Code of the Republic of El Salvador, 1986).
7. Seek publication in the Official State Newspaper (*Diario Oficial*).
- a. A representative must travel to the national office in San Salvador with the legal statutes of the organization and the municipal agreement giving legal status.
 - b. Pay an application fee between \$75-85.
 - c. Wait approximately 20 days for the legal statutes to appear in the Official State Newspaper. The statutes presented in the Official State Newspaper become law eight days after printing, therefore formally legalizing the ADESCO. (Pasos Para Formar y Legalizar Una ADESCO)

El Salvador is unique in that securing publication in the national *Diario Oficial* is absolutely necessary to obtain legal status. Every legal entity from municipal governments to businesses and NGO's must be acknowledged in this way to operate lawfully in the country. ADESCOs follow the same procedure and also enjoy the same legal recognition (Preguntas Frecuentes: Diario Oficial, 2011).

2.5 STRUCTURE OF THE ADESCO

The vast majority of ADESCOs in El Salvador follow a uniform structure with a governing board (*directiva*) that is elected from the members that form the General Assembly. To be included in the General Assembly an individual must reside in the community where the ADESCO is established, be of legal age (18 years) and present official government identification at the time of induction (Title II, Chapter 3, Article 18,

Law of Community Development, 1977). However, if a youth association member seeks to join the ADESCO the age may be lowered to 15 years.

The governing board is elected every two years, or as the ADESCO's statutes dictate. ADESCOs must comprise no fewer than 25 members at creation, and may induct more association members throughout time (Article 120, Municipal Code of the Republic of El Salvador, 1986). Although the governing board may be responsible for the direction of the association's efforts, the General Assembly has the right and obligation to approve or disapprove projects according to the voting quorum dictated in the ADESCO statutes.

The governing board of an ADESCO carries out the primary functions of any typical association. The Government of El Salvador's manual titled "Model for Associations to Solicit Approval of Statutes and Recognition of Legal Status" details the minimum responsibilities required of board members as dictated by the ADESCO's statutes. The role of the president is to call and oversee sessions with the General Assembly, legally represent the ADESCO, authorize ADESCO expenditures along with the treasurer, and summarize the work of the governing board in a Labor Summary. The secretary is responsible for the book of acts (*libro de actas*), to archive documents and member records, take attendance at meetings, and serve as the head of communication for the ADESCO. The treasurer receives and deposits ADESCO funds, controls the ledger, and authorizes monetary transactions along with the president.

In addition to these key roles, ADESCOs typically include a vice president who carries out duties delegated by the president and substitutes for the president if he or she is unable to be present in meetings. Sub-secretaries and sub-treasurers are also elected to serve in the case of absence. Another role included in the governing board is that of the

vocal. Typically two to four *vocales* are elected to serve as representatives of the General Assembly and take the role of secretary or treasurer if both the primary and sublevel members are absent. Lastly, a trustee (*síndico*) is elected to ensure that the ADESCO functions in accordance with the Municipal Code, and oversees the use of legal status representation by the ADESCO.

2.6 LEGAL FRAMEWORK OF THE ADESCO

ADESCOs are legal entities within El Salvador; therefore, they are subject to the legal frameworks outlined in the Municipal Code. Article 119 of the Municipal Code states that ADESCOs must secure *personalidad jurídica*, which establishes legal status by the municipal council and formally registers the ADESCO (Article 119, Municipal Code of the Republic of El Salvador, 1986). Article 30, Number 4 of the Municipal Code states that it is the municipal council's responsibility to "Issue orders, regulations and agreements to regulate the government and municipal administration," and therefore legally recognize the creation of an ADESCO whose statutes are compliant with the Code (Municipal Code of the Republic of El Salvador, 1986).

ADESCOs must include the following information in their statutes to obtain legal status:

- A. Name of the association.
- B. Statement of democratic constitution.
- C. Address of the community.
- D. Territory (*barrio, colonia, casariso* or *canton*).
- E. Objectives of the association.
- F. Description of the governing board's structure.

- G. Details of the governing body and its powers:
- a. Procedure for decision-making during General Assemblies,
 - b. Number of members on the governing board with a description of their functions and roles, term limits, and reasons and procedure for removal of a governing board member,
 - c. Who is responsible for legal correspondence in the association.
- H. Process of initiating association members, and procedure for voluntary withdrawal or expulsion.
- I. The required quorum.
- J. The rights and obligations of the association.
- K. Internal audit procedure.
- L. Procedure for modification of statutes.
- M. Procedure for the dissolution and liquidation of the association.
- N. Additional rules for the general functions of the ADESCO. (Salvadoran Institute for Municipal Development, 1987)

Moreover, the ADESCO's statutes involve a range of rights, benefits, responsibilities, and sanctions portrayed by the Law of Community Development and the Municipal Code. Among these are:

Rights

- Legitimately represent the community to institutions both public and private.
- Purchase goods and services, approved by the president and treasurer, in the name of the ADESCO.

- Any individual, who lives within the community in which the ADESCO is established and is of legal age, may participate as an association member.

Benefits

- Community development associations are exempt from any tax, municipal tax, duties and other taxes on property or operations (Title II, Chapter 6, Article 25, Law of Community Development, 1977).

Responsibilities

- Governing board must present an annual work plan and budget for the General Assembly to approve or disapprove.
- General Assembly should also receive periodical updates on the work plan and approve or disapprove of the financial status of the association.
- Perform activities of benefit to the community.

Sanctions

- May not participate in partisan politics.
- May not fulfill religious ministering purposes.

2.7 IMPORTANCE OF THE ADESCO

ADESCOs are protected by the Constitution of the Republic of El Salvador, the Law of Community Development, and the Municipal Code. Each of these rulings assert that individuals have the right to join together to form a community development association, to meet their needs, where the principal goal is to improve the quality of life. The importance of the ADESCO can be assessed from two viewpoints:

Social Importance

The main purpose of an ADESCO is to develop the community and its inhabitants; therefore the ADESCO is the primary organization for communal advancement. The benefits of ADESCOs are apparent in municipal, communal, and individual levels. Municipalities receive the benefits of community involvement in projects, thereby saving time and resources. The municipal structure, including the mayor, city council, and Social Promoter, may achieve more development projects with the support of local ADESCOs than if they were leading the effort alone.

At the community level, ADESCOs seek decent infrastructure for schools, hospitals, recreation and cultural sites as well as safe roads and access to clean drinking water. Successful completion of such projects improves the quality of life for residents and increases accessibility and quality of services. Thus, ADESCOs may further education, health, and economic prosperity for their communities.

The leaders of ADESCOs have the opportunity to gain organizational and management skills that may transfer to other areas of their lives, including their place of work. In addition, individuals who are part of ADESCOs contribute to a strengthened community spirit and take ownership over development projects. The goal of ownership over local projects by the development organizations themselves may counter some of the effects of dependency theory, often engulfing developing nations from a national to local level (Cardoso & Faletto, 1979, Kang, 2014, Smith 1981). Active community participation from identifying issues to researching solutions helps to foster project ownership. ADESCOs are the primary source of communal organization in the most rural and poverty stricken areas of the country.

Economic Importance

In many cases, ADESCOs are able to solicit resources and funds to host vocational workshops. Most popular among the workshops are bread making, tailoring, cooking, cosmetology, carpentry, and metalworking. These workshops prepare residents for occupations, provide opportunities to increase income and expand their skill set. Most notably, Salvadoran organizations such as *Cuidad Mujer*, the *Comisión Nacional de la Micro y Pequeña Empresa* (CONAMYPE), and *Fondo de Inversión Social para el Desarrollo Local* (FISDL) support ADESCOs who solicit vocational workshops. Many workshops focus on women's empowerment and professional development.

ADESCOs may also utilize credit programs conducted by microfinance institutions (MFIs) to promote development of agricultural and traditional trades. ADESCOs who work with MFIs typically form sub-committees to oversee the loan application process, provide group credit, and function as a community bank. Whereas the procedure for lending may vary from institution to institution, income generation persists as the overall goal. MFIs who supply additional non-financial services such as business development classes or best practices sessions are inclined to work with ADESCOs in El Salvador due to their unique community organizing capacity.

3. MICROFINANCE INSTITUTIONS

“Microfinance is an idea whose time has come.”

Kofi Annan, former United Nations Secretary-General

Microfinance institutions (MFIs) are an evolving response to poverty alleviation and economic development. MFIs typically provide financial services to low-income people, usually to help support small businesses and self-employment. Microfinance

products include small loans, savings plans, insurance, payment transfers, and other services that are provided in small increments that low-income individuals can afford (“What is Microfinance?”). In addition to financial services, a range of nonfinancial business development services may be provided to loan borrowers. These services, such as technical and management skills, are provided to microenterprise-owning borrowers with the goals of expanding their businesses, and thus successfully paying back their loans with the MFI.

This case study examines a microfinance institution as it affects the ADESCO it partners with in a community. Whereas the literature on microfinance is expansive, very little research evaluates microfinance at the community level and even less focuses on its impact on community development. There is no preceding literature that examines ADESCOs or other community development organizations as they work with microfinance institutions. Therefore it is the purpose of this review to give supplementary understanding to the methods of the microfinance institution to be studied.

3.1: THEORY OF MICROFINANCE

The beginnings of microfinance can be found across many disciplines, but the story of Muhammad Yunus and the founding of Bangladesh’s Grameen Bank is the best known. Yunus, an economist teaching at Chittagong University in southeast Bangladesh, started a series of experiments lending to poor households in 1976 (Armendariz & Morduch, 2005). Yunus found that even the small amount of money he was lending from his own pocket could support villagers who run simple business activities like rice husking and bamboo weaving. Villagers were also repaying reliably, even those who could offer no collateral. This inspiration led to a special branch within the central bank

of Bangladesh that expanded to other regions in the country. Grameen Bank's unique group lending contract is designed to make loans with individuals within a group, however all members are expected to support the others when difficulties arise (Grameen Group Lending Model, 2012). The "joint liability" provision is the most celebrated feature of the Grameen contract, and is the reason why microfinance is so often associated with the idea of group lending. Today the Grameen Bank serves 6.7 million borrowers with a gross loan portfolio of \$1 billion (Grameen Bank MFI Report, 2012).

Village or group banking, popularized by Grameen Bank, involved "groups of low-income entrepreneurs who come together to share and guarantee one another's loans," (Village Banking, 2014). The size of the group can vary, but most groups have between four to eight members. The group self selects its members before acquiring a loan. Loans are granted to selected members of the group first and then to the rest of the members in turn. To ensure repayment, group members employ peer pressure and joint liability. The entire group will be disqualified and will not be eligible for further loans if even one member of the group defaults on a loan (Brau, 2004).

Throughout the 1990s, microfinance institutions began to diversify their approaches to small loan lending. In some countries microfinance institutions used methods such as the use of collateral, though much more flexible than with a standard bank, which paved the way for more individual loans (Armendariz & Morduch, 2005). Around this time a set of literature began to mark the differences between microcredit lending and microfinance. "Microcredit" refers specifically to small loans whereas "microfinance" embraces efforts to collect savings from low-income families, to provide

insurance, and in some instances help in distributing and marketing clients' output (Robinson, 2001).

Whereas the terms microcredit and microfinance are often used interchangeably, they carry with them very contrasting ideas of lending to the poor and the nature of poverty itself. *Microcredit* was initially coined to refer to institutions like the beginnings of the Grameen Bank that primarily focused on getting loans to the very poor, ultimately contributing to poverty reduction and social change. The revolution of the term *microfinance* came about with the realization that households can benefit from access to broader financial services (Morduch, 2006).

The change in language prompted a change in orientation away from subsidized banks and toward commercially oriented and regulated financial institutions (Hulme, 2000). The transformation, described by Marguerite Robinson in the *The Microfinance Revolution: Sustainable Banking for the Poor*, refers to “the large-scale, profitable provision of microfinance services—small savings and loans—to economically active poor people by sustainable financial institutions,” (Robinson, 2001). The revolution focuses not on the poorest of the poor, but the “economically active poor,” typically small enterprise owners. In addition, sustainable institutions are those who are moving away from constricting government subsidies and donations, which is believed to have brought down large state banks that preceded microfinance institutions (Adams, Graham, & Von Pischke, 1984). Once free of subsidies, MFIs can grow without the tethers of donor support. These two important shifts led microfinance institutions to focus on products and services that promote successful entrepreneurs.

Microfinance institutions provide similar products and services to their customers as formal banking institutions; however, the scale and method of delivery differ.

According to “The Missing Parts of Microfinance: Services for Consumption and Insurance” by Timothy Nourse, most efforts to formalize microfinance have focused on enterprise lending, which remains the most dominant product offered by MFIs today (Nourse, 2001). Additional products such as savings, consumption or emergency loans, insurance and business education are rapidly increasing among MFIs. Nourse reviews the context and increased use of these additional microfinance products and argues there is a need for savings and insurance services for the poor, and not just microcredit loans.

3.2: NONFINANCIAL BUSINESS DEVELOPMENT SERVICES

Two types of programs have divided the field of microfinance: MFIs that only provide financial services (the “minimalist” approach) and those which provide nonfinancial services (the “credit plus” approach). The rise in additional microfinance products in the 1990s also spurred interest in integrated or complimentary nonfinancial services. Some microfinance institutions integrate educational components in areas such as rural health and business development with financial services. For many if not most microentrepreneurs, weak business management and access to markets are the most severe barriers to growth and profitability, rather than the lack of finance (Microenterprise Development Policy Paper, 2005). Nonfinancial business development services seek to tear down this barrier.

Stephen Smith is one of the few to study the integrated approach in “Village banking and maternal and child health: Evidence from Ecuador and Honduras.” The study compares minimalist MFI services in Ecuador and Honduras to those offering

financial services integrated with health education. Surveys of 963 Ecuadoran borrowers and 981 Honduran borrowers found that the participants in integrated programs experienced improved family health, while those in the minimalist group did not (Smith, 2002). Furthermore, Smith found no difference in the performance of the MFIs who offered health education and those that did not.

A handful of studies examine the integrated approach with nonfinancial business development services. Nonfinancial business development services (BDS) are services such as “training, technology transfer, marketing assistance, business advice, mentoring and subsector analysis, which are aimed at helping small entrepreneurs and microentrepreneurs, to improve the performance of their businesses,” (A microenterprise training guide for Peace Corps Volunteers). Edgecomb (2002), Cook et al. (2001) and Dumas (2001) use case study analysis to examine MFIs that offer business development training to women and low-income entrepreneurs. The studies conclude that business development training is shown to significantly empower microentrepreneurs and improve the microenterprises’ likelihood of success.

Nonfinancial business development services that help build stronger businesses not only improve a client’s ability to pay back their loan, but also in many cases accomplish the MFI’s mission. *Freedom from Hunger*’s microfinance strategy is dubbed “credit with education.” The strategy uses village banking combined with low-cost informal education to help women build their productive assets, accumulate savings, improve self-confidence, and improve basic business and family survival skills (Credit with Education, 2014). Grameen Bank, which began under the thinking of “microcredit,” now carries out a range of “credit plus” projects such as promotion of village schools,

distribution of seeds and seedlings, and special projects such as fisheries and textile production (A microenterprise training guide for Peace Corps Volunteers).

Jacqueline Westley builds on this in her study “Microfinance Plus: Non-financial Services Offered by Microfinance Institutions and their Impact on Predominantly Female Clients.” Westley’s analysis of three MFIs, *BRAC* in Bangladesh, *Pro Mujer* in Bolivia, and *Freedom from Hunger* in Ghana, imply a positive impact in the lives of loan borrowers who participated in nonfinancial services such as maternal and child health education and business development training (Westley, 2007). However analyzing impact, as defined as “sustained changes in people’s lives brought about by a particular intervention,” can mislead the results on nonfinancial services (Halder, n.d.). Westley acknowledges that many MFIs impact studies are inherently flawed resulting from selection bias and other issues with randomized control.

3.3. NONFINANCIAL COMMUNITY DEVELOPMENT SERVICES

CrediCampo, the MFI at the heart of this case study, combines financial services such as savings, microcredit loans, and microinsurance with a sector completely devoted to community development. This sector works directly with ADESCOs to provide technical assistance, training and capacity building, and to drive development projects. These nonfinancial community development services, similar to nonfinancial business development services other MFIs provide clients, are provided to ADESCOs that manage Communal Credit Committees (CCCs), which conduct an evaluation of the credit worthiness of prospective clients. The types of community development services provided depend on the needs of the ADESCO, but mainly focus on better transparency and management practices.

This case study seeks to understand the relationship between CrediCampo and a rural ADESCO it partners with. To study this relationship it is necessary to examine the MFI CrediCampo as well as its parent organization, Fundación Campo. The literary review of living conditions in El Salvador, ADESCOs, and microfinance institutions will present the context for the case study.

Throughout the duration of the case study the question begged to be answered, do the community development services (CDS) result in a better organized and transparent ADESCO? Furthermore, is the ADESCO involved more capable of soliciting and managing development projects? In rural El Salvador, ADESCOs serve as the first and sometimes only resource for community development; therefore the CDS influence could potentially have a profound effect on the community and, to an extent, the future of the country.

4. FUNDACIÓN CAMPO

La alternative crediticia en tus manos.
Alternative credit in your hands.

Fundación Campo slogan

Fundación Campo, the precursor to CrediCampo, began as a microcredit lending institution with a focus on partnering and developing local ADESCOs. Fundación Campo has since evolved from its beginnings as a post-war development organization and has refocused its efforts. In a change that occurred in early 2014, all microlending services have been delegated to a new organization, CrediCampo. Although Fundación Campo is a shareholder and partner with CrediCampo, they do not oversee microlending and other financial services, or the institution's Community Development Unit. The ADESCO in

this study began its relationship with Fundación Campo in early 2013, and has experienced this transition.

4.1. HISTORY OF FUNDACIÓN CAMPO

Fundación Campo is a Salvadoran national, public interest, non-profit, non-partisan or religious organization, which aims to develop programs, projects and activities that benefit and improve the socioeconomic situation of rural families (Fundación Campo, 2014). Fundación Campo began as the result of a project implemented by CARE El Salvador during the period of 1994 to 1997. The project, titled “Credit for Sustainable Agriculture” (CAS), was funded by the USAID Grant Agreement for Peace and National Recovery created after the bitter 12-year long war. The initial goal of the project was to provide veterans of the armed forces and guerrillas a productive life after the war. The CAS project was developed in 20 municipalities in the eastern region of El Salvador in the departments of Usulután, Morazán, and San Miguel. The project comprised of four components: credit with community participation, community organization, participatory agricultural technical assistance, and applied research (Fundación Campo, 2014).

Fundación Campo was created in 1995 to track the programs generated by the CAS project. During this time, Fundación Campo established 48 ADESCOs in the eastern region, and in 1998 was granted legal status in the Official State Newspaper (*Diario Oficial*). Fundación Campo served as the administrator of the fund credit (\$1.9 million) after the CAS project was completed in 1997. In February 2004, Fundación Campo received the credit portfolio and full administration rights from CARE and USAID, thus granting autonomy to the organization (Fundación Campo, 2014).

4.2. THE BIRTH OF CREDICAMPO

Since its creation Fundación Campo has worked to coordinate efforts with local ADESCOs, which help implement the rural credit program with community participation. The loan program is activated with a signed cooperation agreement between the ADESCO and the foundation, after the motion is approved by the General Assembly. The main purpose of the program is to decentralize credit-granting decisions to the ADESCO. The model requires the ADESCOs to create Communal Credit Committees (CCC) of three to four associates elected from the General Assembly. The members of the CCC complete an evaluation of the credit worthiness of prospective clients, ideally drawing on their socio-economic knowledge of the applicants (Kiva- CrediCampo, 2014). Unlike community credit programs like those lead by Grameen Bank in Bangladesh, the CCCs are not required to guarantee community member's loans and there are no communal punishments for defaulting on a loan. Therefore, the CCCs act more in an administrative role rather than as a group that employs peer pressure and joint liability to hold members accountable.

Over the course of 18 years implementing the rural credit with community participation program, Fundación Campo reached certain indicators of success that prompted a significant change. According to the institution, loans to women increased from 14% to 42% of the total loan portfolio, food security was improved for more than 9,000 rural families, and delinquencies of 30 days were maintained below 2.5% even in times of economic crisis and natural disaster (Fundación Campo, 2014). With these indicators met, Fundación Campo decided to separate the rural credit with community participation program with the formation of a new institution in February 2013. In

addition to the rural credit program, CrediCampo, the resulting institution, has the ability to offer more financial services to its clients such as savings, microinsurance, utilities payments, and remittance services (CrediCampo SC de CV, 2014). Ultimately, in February of 2014 Fundación Campo terminated its actions in the field of microcredit and refocused its efforts on rural community development.

4.3. FUNDACIÓN CAMPO AND CREDICAMPO TODAY

Presently, Fundación Campo and CrediCampo operate separately. Fundación Campo's mission is to provide technical assistance and training to organized community groups and ADESCOs, promoting development in the eastern region of El Salvador. The institution also seeks to combat corruption and inefficiency by collaborating with communities, resurrecting leadership and the "conscious participation in the welfare of the majority," (Fundación Campo, 2014). According to their Organizational Review of 2013, Fundación Campo also works with ADESCOs to solicit large-scale development projects. Specifically, representatives from the institution train community leaders in the formulation, application, and execution of projects that develop the social and economic wellbeing of community members. With the help of municipal governments, international banks, and financing from Fundación Campo itself, over \$308,000 was raised in 2013 to support community projects solicited by ADESCOs working with Fundación Campo.

From 1998 to date, Fundación Campo has run over 95 projects including construction of classrooms and child welfare centers, improvement of roads, establishment of safe drinking water, composting latrines, and construction of small bridges. Fundación Campo has established and maintained relationships with over 230 ADESCOs in the eastern region. According to the institution, the population that directly

benefits from Fundación Campo's programming exceeds 4,000 rural families, with an additional 3,000 families who benefit indirectly (Fundación Campo, 2014).

CrediCampo has taken on the loan portfolio donated by Fundación Campo in early 2014. As of December 31, 2013, the institution's total assets were \$17.6 million (Organizational Review, 2014). CrediCampo has been recognized by the Microfinance Information Exchange for transparency, quality, and trustworthiness of microfinance transactions for four consecutive years, as well as recognition from the Multi-Sector Investment Bank for placement of loans in communities of extreme poverty (CrediCampo S.C. de R.L. de C.V., 2014).

CrediCampo offers a range of financial services such as housing loans, consumer credit, remittance payments, fixed-term deposits, and microenterprise credit. CrediCampo continues the rural credit with community participation program, mostly working with the ADESCOs who had originally partnered with Fundación Campo. In addition to microfinance services, CrediCampo created a Community Development Unit (CDU). The mission of the CDU is to "be a catalyst for the socio-economic organization of rural communities and the empowerment of their people," (Kiva- CrediCampo, 2014). The CDU works with communities to provide technical assistance, training and capacity building, improve rural health, education, and access to basic services. Typically to achieve these indicators, CrediCampo offers trainings and community development services to ADESCOs who formed Community Credit Committees and participate in the rural credit with community participation program.

The ADESCO followed in this case study is a prime example for understanding the relationship between a community organization and these two institutions. This

particular ADESCO has experienced the transition of the rural credit program and has received nonfinancial community development services from both Fundación Campo and CrediCampo. In the two short years that the ADESCO has partnered with the institutions, the leadership, motivation, and community participation has drastically changed. Thus, I chose to conduct a case study to better understand why such a rapid change occurred under the supervision of both Fundación Campo and CrediCampo.

5. THE CASE STUDY

Las instituciones bancarias te prestan la sombrilla cuando hace sol y te la quitan cuando va a llover...

Financial institutions lend you an umbrella when it is sunny and take it back when it is about to rain...

Written on the wall of the casa comunal

To understand the relationship between CrediCampo, Fundación Campo, and the rural ADESCO they partner with, I have interviewed ten associates from varying backgrounds. Three of those whom I interviewed were elected members of the governing board of the ADESCO, three were elected members of the CCC (one of the three also serves on the governing board), three were strictly associates with outstanding loans, and two were associates who chose not to participate in the rural credit program. I also interviewed the ADESCO's loan assessors from Fundación Campo and CrediCampo. These people's identities are protected in my report of the interviews, using only their first names to identify them. To further protect these people's confidentiality, I do not disclose the name of the community in which the ADESCO is located.

The interviews with the ten associates did not have the purpose of examining Fundación Campo, CrediCampo, or the ADESCO specifically, nor were they criticizing

in tone. Although I brought with me to each interview a list of exploratory questions, I found that simply prompting community members with the question “What has been your experience with the rural credit program?” lead to extensive discussion regarding their understanding of the program itself, their own loans or their reasons for not participating, and the ADESCO’s relationship with Fundación Campo and CrediCampo. Most conversations lasted longer than an hour, and all were conducted privately within the associates’ homes to allow them to speak freely. Interviews with the loan assessors from CrediCampo and Fundación Campo took place in their respective offices in the department of Morazán.

To gather the most representative of data, I was granted access to the ADESCO’s book of acts, copies of their statutes and publication in the Official State Newspaper (*Diario Oficial*), meeting minutes, and materials from the nonfinancial community development services the ADESCO received. Although I refer to these documents throughout the case study, I do not disclose identifying information regarding the location of the ADESCO or the full names of its associates.

The perspectives collected from the interviews tell of a community who has lost its direction and motivation. Many of those interviewed remarked on general confusion, the possibility of corruption, and the overall lack of confidence in the institutions. Often, interviewees would complain about the current reality of the community, but would avoid attributing blame to any particular institution or person. Each community member interviewed had a unique understanding of the relationship between the ADESCO and the microfinance institutions, which often contradicted the information gathered from the

institutions themselves. In all, the interviews describe the decline of the ADESCO, and with its decline, the impossibility to solicit much needed development projects.

5.1. THE ADESCO AND THE COMMUNAL CREDIT COMMITTEE

The ADESCO, located in a rural community in the eastern department of Morazán, drafted its constitution in December 1993 and was legally acknowledged in the Official State Newspaper (*Diario Oficial*) in February 1995. The number of active associates is 130, representing 68 families and a total population of 426 people. The ADESCO has a very successful record with large project management. From December 2008 to March 2009 the ADESCO successfully solicited and managed a project of over \$17,000 to construct a *casa comunal* (public gathering space) in the community. In January 2008 the ADESCO completed the construction of a new road costing \$30,000, and in December 2003 they completed a sanitation project bringing 150 latrines to rural homes, with a total project cost of \$40,000. Additionally, the ADESCO has solicited community wide trainings regarding soil conservation, horticulture, and organic fertilizer. In the past the ADESCO has sent representatives on the behalf of the community to collaborate with the municipal mayor and NGOs that sponsor vocational workshops, such as *Cuidad Mujer*.

According to the ADESCO's book of acts, the General Assembly approved of a cooperation agreement with Fundación Campo on March 22, 2013. The ADESCO governing board, associates, and two representatives from Fundación Campo, Evenor (from the area of community development) and Nelson (the loan assessor), met to discuss the rural credit program and the changes it would bring to the association. During the meeting Nelson presented the microcredit loans available to the community, and Evenor

led the assembly to elect a new governing board and a Communal Credit Committee of three associates. Emilio, a community leader and the ADESCO president for the previous term, was reelected as president, elected president of the CCC, and designated as the point of contact for all matters regarding Fundación Campo and the rural credit program.

This is the last major act to be recorded in the book. After this act, there are only seven others from March 2013 to October 2014. The majority of these acts describe monthly meetings, which become less frequent and eventually nonexistent. Acts of note include November 2013 which records the arrival of a Peace Corps Volunteer to the community (myself), and an act in January 2014 which delegates responsibilities for the patron saint fair the following February. The final act is written in March 2014 and names CrediCampo as the institution taking over responsibility for the rural credit program and the loan portfolio of the community.

According to the ADESCO's statutes, the governing board is required to meet monthly and have at least six members present to vote on official matters. The statutes also state that a meeting of the General Assembly should be called four times a year, with three months between meetings. Although it is not uncommon among ADESCOs in El Salvador, the official book of acts does not depict a well functioning organization that follows its own legal framework. However, the acts from earlier years, especially in 2008 and 2009, are more consistent and formal. This may be attributed to a variety of reasons: the governing board's organization during those years, the large scale projects it managed, the funding initiatives sponsored by the government, even the political affiliation of the mayor and the ADESCO members would have a significant effect on productivity and success. While the reasons for the decline of the ADESCO's governing

board in 2013 and 2014 may not be discernable from the acts themselves, the interviews with associates paint a fuller picture of the organization's fall.

5.2. FUNDACIÓN CAMPO AND CREDICAMPO'S INITIATIVES

After reviewing the book of acts, one may believe that the ADESCO had absolutely ceased operation. The acts recorded by the secretary or the sub-secretary (and on occasion by a *vocal*) only portray official meetings of the governing board or general assembly. The book does not, however, take into account the many meetings and plans conducted between Fundación Campo, CrediCampo, and the designated point of contact, the president Emilio.

Nelson, the loan assessor with Fundación Campo in March 2013, kept his position during the credit program transfer and is now the ADESCO's assigned loan assessor with CrediCampo. He oversees the community's loan portfolio, advises the CCC, and ultimately grants loans to ADESCO associates. Nelson explained to me the various nonfinancial community development services the institutions have provided to the ADESCO in addition to the microcredit services of the rural credit program. The majority of these services were provided by a community development specialist from Fundación Campo named Enrique. Today, Enrique continues to work for Fundación Campo as a specialist who provides technical assistance and training to rural ADESCOs. As it currently stands, the ADESCO in this case study maintains a relationship with both Enrique and Nelson, who now represent the two separate institutions.

From March to July 2013, Enrique met with Emilio and other members of the governing board to create a community development plan. The plan is designed for the governing board to use as a comprehensive guide. The plan, created based on input from

the board, includes a SWOT (strengths, weaknesses, opportunities, threats) analysis, and an identification of community problems with cause, effect, and possible solutions. The plan also has a community map of resources, objectives and strategies for prioritized community problems, and a timeline for managing development projects.

In addition to the community plan, Enrique created a resume for the ADESCO completed in July 2013. The document summarizes the identifying legal information for the ADESCO (legal status granted by the municipality, national identification number, and publication information in the Official State Newspaper), lists past trainings and projects in detail, and described the geography and the principle economic activities of the community. This resume is a perfect summary of the most frequently required information on applications for large-scale development projects. Ideally, the ADESCO would be better prepared to accomplish the goals laid out in the community development plan with the help of the ADESCO's resume.

Enrique has met with Emilio and some members of the governing board throughout 2014 to discuss community development plans. His main goal for the ADESCO is to lead the governing board to empower women and youth economically and socially. During an informal meeting in February 2014, Enrique suggested that the ADESCO solicit an NGO to sponsor a vocational workshop for women, and offered to provide leadership training to a group of youth recruited by the associates. Unfortunately, the ADESCO did not carry out either of the suggestions.

CrediCampo continues to set itself apart from previous community microcredit lending models by instituting the "One Percent" project. Nelson explained the project during our interview. For each loan, typically between \$200 and \$1,500, that the CCC

approves and CrediCampo grants, the ADESCO is allocated one percent. According to Nelson, “Small loans result in a small one percent for the ADESCO. The community should want to take out larger loans to benefit the ADESCO.” The ADESCO is expected to use the money for a small-scale community development project. As early as March 2014, the ADESCO was to build two shelters for people to wait for the bus along the main road that passes through the community. It is unclear who made this suggestion, however all associates I spoke with recall this being the original plan. Ultimately, when participation waned in the governing board, the project proved too difficult or time-consuming, and the president donated a large portion of the one percent to a youth art group in the community in September 2014. Whereas many would commend the president for the donation, some associates I spoke with are upset that there was not a vote on how to spend the one percent.

One of CrediCampo’s goals is to connect rural ADESCOs with funding organizations for large-scale projects. Nelson discussed the possibility of building a large greenhouse in the community with funding from a “contact” CrediCampo had during an informal meeting in April 2014. A large-scale project, such as the greenhouse, would reach indicators for the Community Development Unit in CrediCampo. Nelson asked Emilio to start a group of no less than 20 associates who would help build and manage the greenhouse. During his interview, Emilio did say he lead an informational meeting later that month, and strongly encouraged associates to participate “because it was in their best interest.” It later came out that CrediCampo planned to build the greenhouse on Emilio’s land and pay him a settlement to lease the land. To some of the associates I

interviewed this became a clear sign of corruption, but others admitted that Emilio had the best plot of land. Regardless, the project has yet to be realized.

Nelson was unable to share certain information such as the community's default rates or any information about a specific associate's loan. What I was able to gather regarding the financial situation of the association is that the CCC and CrediCampo approved of 72 microloans in 2013 with a total of \$63,000. The average interest for a loan is 26-32%, depending on the credit worthiness determined by the CCC. The loans have a one-year term, and although the community does not have joint liability, an individual who defaults will not be allowed to apply for another loan.

5.3. STAKEHOLDER VIEWPOINTS

The associates I spoke with came from varying backgrounds, ages, and live in different areas of the community. The discussions often lasted more than an hour and mainly revolved around their own personal experience with the rural credit program. The most common topics covered in the interview were the issue of collateral, the associates' reasons for applying for a loan, and the transparency of the CCC and ADESCO. The ten associates also shared their understanding of the relationship between the ADESCO and Fundación Campo and CrediCampo, often contradicting each other and the institutions view.

Collateral

A practice that continues to set CrediCampo apart from community banks, like Grameen Bank, is that the MFI requires collateral in the form of the applicant's land title to guarantee microloans. People in El Salvador rarely own cars or other assets, but they do own their land. According to the associates I spoke with, CrediCampo keeps the land

titles in an office in San Salvador and even if you finish paying off your loan, it may take up to a year for the land title to be sent to its owner. One man, Ramon, admitted that he does not know if CrediCampo holds a copy of his land title or the original document.

The two associates I interviewed who chose not to participate in the rural credit program cite the issue of collateral as being a major deterrent. The associates, both older males, own sizable portions of land. Alfredo manages a field of coffee, and David harvests *henequín* fibers from maguey plants. They each remarked during their interview that they would be more likely to be approved for a loan with CrediCampo than a national bank. However, they also say that their livelihoods are tied to the land they own and they are unwilling to part with their land titles.

Reasons to apply

The majority of loan holders originally applied for a loan under Fundación Campo to make improvements to a microenterprise or to start a new small business. Ramon applied for a loan so that he could build a chicken coop and eventually begin to sell eggs. Ramon has had a difficult time this past year because the loan has not been sufficient to buy materials for the chicken coop. The coop itself is only a few yards away from his home and appears abandoned. When I asked Ramon what he thinks will happen if he cannot pay back the loan, he admits that he does not know. He still owes about \$500 on his loan, including interest. Ramon cannot read or write, so many of the documents he has are impractical. He does not have the contact information for Nelson, the CrediCampo loan assessor, but he does know where Emilio lives. “I could speak with Emilio, but what will that do? I still don’t have any money and I can’t get another loan to finish the coop.”

Maria, an older woman, has an outstanding loan with CrediCampo as part of the rural credit program. She has had a more positive experience than Ramon. Maria has a small store in her house where she sells chips, soda, and basic household necessities. She used the loan, about \$200, to fix a broken refrigerator. She has little competition in the community because she now has the only working refrigerator in the area. Maria saves a certain portion from what she gains from the store every week so that she can pay back her loan. She also says that the CCC made the loans seem easy to apply for and “good for businesses, like mine. Of course I would like to fix more things in the store, but I’ve heard of people losing their land because they can’t pay back a loan.”

Juan has an outstanding loan as well. He originally applied for the loan to purchase pesticide for his cornfield. “I was desperate. Insects ruined my crop and I didn’t know what to do for the next crop, so I applied for the loan. I never would’ve been able to afford the expensive chemicals without it.” Juan says his crop has done better with the pesticide, but corn does not make a large profit in El Salvador. He is not sure if he can pay back CrediCampo. When I asked what he might do, he told me that his brother may send remittance money from the United States to cover his debt and he could pay back his brother over a longer period of time.

Transparency of the CCC and ADESCO

Transparency was a constant topic during my interviews with the association members. Dora is a respected community leader and the ADESCO’s trustee (síndico). She has been involved in community development since the ADESCO was created in 1993. Although she is responsible for overseeing the legality of the ADESCO, she says

she has no power in the organization. Dora gave her opinion on the matter of transparency with the governing board:

The ADESCO is not what it was. There are too few people who have all the power. Some people think I'm a powerful one because Emilio is my brother-in-law, but I'm not. I don't even want to be on the board anymore. I don't agree with what's going on because I don't even know what Emilio is doing half the time!

Although Dora expressed concern over the transparency of the organization, she also mentioned that the members elected to the governing board are apathetic and that they should have demanded more control if they wanted to be involved in the organization. Dora was quick to offer this insight regarding her fellow associates, but avoided the responsibility herself throughout what she calls "the death of the ADESCO."

Dora is not the only governing board member who feels the ADESCO has changed for the worse. Ana, the secretary for the CCC, has all but given up the elected position. She says that since the application process has mostly subsided, she does not feel like the CCC is necessary. When I asked her about her experience as the secretary, she gave a very direct answer. "They needed a female representative, and I have nice hand writing."

Other associates complain about the CCC. Ramon believes the CCC misled him during the application process, and now he is in a worse situation than before the loan.

I believed it was a good idea at the time [to apply for a loan]. But the loan only covered half of the materials to build the coop and I still don't have the money to pay back my loan. I think I'm to blame for part of it, but I also think the committee didn't fully explain the loan to me. They made it seem like too good an opportunity to pass up.

The CCC vice president, Alexi, disagrees. He believes that Fundación Campo taught the CCC members how to work well with community applicants. He also thinks that Fundación Campo and CrediCampo have been clear with their requirements. "We

read the loan agreement out loud so that people who cannot read will still understand. We explain it all before they sign their name on the form. What happens after that is up to them.”

One associate I interviewed was a *vocal* on the governing board named Rosi. Rosi, a young single mother, says she used to like being on the governing board because she felt like she was given an opportunity to speak for other young mothers in the community. However, after the ADESCO started working with Fundación Campo, and later CrediCampo, she says she felt marginalized. Rosi described to me how she perceived the decline of the ADESCO.

It didn't matter if I showed up, or if we even had meetings. The ADESCO stopped working for the community and started working for them [Fundación Campo]. All that mattered is that Emilio met with them to work on projects, but we haven't ever started the projects he said we would. I think Emilio is corrupt and is probably being paid by Fundación Campo to work for them.

When I interviewed Emilio I asked about his experience leading both the ADESCO and the CCC during the partnership with Fundación Campo and CrediCampo. Emilio says he feels absolutely comfortable with his leadership roles. He has been a community leader for many years and does not feel that the partnership with the institutions has affected his leadership in either a positive or negative way. Emilio believes that the ADESCO's governing board is elected to make decisions on behalf of the community, therefore there should be no uncertainty with the decisions he has made in regards to the “One Percent” funds or the greenhouse project.

Emilio also discussed the decline of the governing board. “Sometimes elected members lose interest over the two-year term and decide to forfeit their voice in the association.” He describes this as a natural phenomenon. When I asked if he feels the

ADESCO or the CCC has not acted in a transparent manner he told me that he did not believe they did. “They [the governing board] have the right to participate if they want. If they don’t want to participate, they are no good for the ADESCO and are better off staying at home.”

The relationship between the ADESCO and Fundación Campo and CrediCampo

The associates I interviewed each had a different perception of the relationship between the ADESCO and the microcredit institutions. Emilio believes that the institutions are there to “provide contacts or funding for projects,” but does not believe that the training or technical assistance, such as the community development plan or the organizational resume, are important to the relationship. Dora and Rosi say that the relationship is ideal on paper but results in corruption if the wrong people are elected. Ultimately, they believe that the microcredit is the sole purpose for the relationship because they have not acted on the community development plan. Although they both participated in the SWOT analysis and met with Enrique, only Emilio has a copy of the plan. Dora and Rosi do not feel like the community development plan or the resume has been helpful to the ADESCO.

Alexi and Ana, the other members of the CCC, believe that Fundación Campo worked with them to provide loans to the community and then passed the loans on to CrediCampo. They were unaware that the ADESCO still maintains a relationship with Fundación Campo for training and technical assistance. They also did not participate in the community development plan and were unaware that the ADESCO owns an organizational resume.

Ramon has a negative view of the relationship, stating that CrediCampo takes advantage of illiterate clients and the CCC does not care for the community. Ramon was unaware of the community development services that are supplementing the loans the associates hold. He also was unaware of the “One Percent” project or what the ADESCO planned to do with the funds. Maria was more informed of the CDS interventions, but did not know of the specific tools or projects Fundación Campo and CrediCampo offered the ADESCO. Alfredo and David, the men who abstained from the credit program, consider themselves associates in name but do not actively participate in the ADESCO. Whereas they knew the ADESCO entered into a partnership with Fundación Campo in early 2013, they were not aware that the credit program changed hands to CrediCampo, or how the ADESCO’s leadership has declined over the past year.

6. A UNIQUE VIEW

To help the people of interested countries in meeting their need for trained men and women.

Peace Corps Goal One

As a Peace Corps Volunteer (PCV), understanding the community in which one lives and works over the course of two years is an essential component of a successful service. Involvement in one’s community includes far more than the English classes we teach or the soccer games we plan. Peace Corps volunteers must take the time to understand the history, culture, and political powers of their community. My sector, Community Organization and Economic Development (COED), works specifically with local ADESCOs to provide technical assistance, support, and guidance. PCVs do not bring funds or contacts to the community; however, they are prepared to provide training to build sustainable and transparent organizations. Although a PCV may want to, they

cannot force an ADESCO to participate in trainings or adhere to organizational practices. I arrived at site in October 2013 to learn that my assigned ADESCO had recently partnered with Fundación Campo. My service has been heavily influenced by this relationship and inspired me to follow this relationship with a more formal case study.

There was many times over the course of the year that I have felt frustrated, confused, and disappointed by the decline of the ADESCO. As I have stated earlier in this report, ADESCOs serve as the first and sometimes only opportunity for community development. Without an organized ADESCO to present the needs of the community to the municipality or NGOs who are able to provide funding or materials, there is little hope that any project will be successful. I first noticed the declining participation in early 2014 when fewer members of the governing board came to meetings. Eventually the meetings dwindled to only two or three members, and were never recorded in the book of acts. Although the overall participation declined, Emilio was constantly busy with new projects prompted by either Fundación Campo or CrediCampo. I met both Nelson and Enrique multiple times over the course of the year as they came to visit Emilio and the few governing board members who still participated.

I have watched the decline of the ADESCO over the past year without the power to influence the shareholders or the institutions. As a PCV, I mostly played an observational role. I discussed the decline with various associates and Emilio himself, but I was never in the position to demand change in the organization. However, there were a few times when my work was significantly affected due to the relationship between the ADESCO and the CDS intervention from CrediCampo. For example, at the end of May 2014 I was asked to support governing board members to organize a group of women to

solicit *Cuidad Mujer* for a vocational workshop. I invited over 40 women to a meeting in the *casa comunal* and then was responsible for leading the meeting when no ADESCO member showed up. PCVs work *with* ADESCOs, but they cannot work *for* them. To do so would skew organizational sustainability and community ownership. I felt misled and mistreated as a community resource. Ultimately, the governing board did not file the application for the vocational workshop and community members believe that I chose not to send the application.

My personal work activities were also affected when Emilio was working to recruit associates to support the greenhouse project in April 2014. He specifically asked that I do not start a gardening group because it might take away support from the greenhouse project. In the end, neither project had support from the community.

COED volunteers in El Salvador not only work with ADESCOs but also lead gender empowerment workshops, and work with youth and small businesses owners. We are available as community resources to support organized groups and businesses as they grow and develop. As a community resource, PCVs are open to many areas of the community. I was able to lead successful interviews with the associates, governing board members, CCC members, and the loan assessors due to the trust I have built with the community. I view myself as a community member first, and a development worker second. I believe that the associates I interviewed were honest during the interviews and described their own perception of events as if they were speaking to a friend, and not a researcher or development worker.

7. CONCLUSIONS

The government of El Salvador gave communities the right to organize ADESCOs in an effort to create an active citizenry and democratic development after the devastating 12-year war. ADESCOs are truly unique in that they may serve as legal representatives of even the most rural areas, independently solicit development projects, and in doing so, shape the future of their communities. Although national laws and municipalities protect the rights of ADESCOs, there is no institution or law that serves to protect their wellbeing. This case study with Fundación Campo and CrediCampo proves that with the power to be autonomous, ADESCOs also have the responsibility to protect their communities.

This case study features the perspectives of ten association members and two institution representatives. While the perspectives gained through interviews and official documents describe the situation of this particular ADESCO, it does not seek to overgeneralize the relationship Fundación Campo has with the 230 other associations in the eastern region of El Salvador. In order to truly measure the success of the rural credit with community participation program, a comprehensive analysis of the ADESCO's transparency and participation across ADESCOs is necessary. Solely basing the indicators off of the development projects completed may give an incomplete understanding of Fundación Campo and CrediCampo's relationship with the ADESCOs they partner with.

Educating association members on their rights and responsibilities of belonging to the ADESCO may also help avoid confusion or contempt. Adhering to the ADESCO's framework, requiring the minimum quorum of governing board members during official

meetings, and recording the meetings in the book of acts are also important factors to the success of the association. It is the responsibility of the associates to check the governing board, and the governing board to check the president. The ADESCO in this case study functioned illegally and therefore participation significantly declined. The Social Promoter designated by municipal governments may assist communities during the legalization process, but lacking from their job description is any direction to monitor ADESCOs thereafter. A more active Social Promoter, or any other municipal or department level official, who holds ADESCOs accountable may help the community organization fulfill its purpose: to better the community and the lives of its inhabitants.

However, in a legal sense, no outside institution can force a certain behavior on an ADESCO. Fundación Campo, CrediCampo, and even Peace Corps Volunteers can only complement the discretion of the communities and governing boards we work with. Whereas some institutions may be perceived to offer incentives such as development projects or microcredit to ADESCOs that follow their prescribed development goals, the power always lies with the community association to control the development of its own community. El Salvador faces various challenges, such as extreme poverty and gang violence, which are unlikely to disappear without the help of community lead initiatives. In this country, there is always hope for communities who want to improve and develop their circumstances if they work together to overcome.

References

- A microenterprise training guide for Peace Corps Volunteers. (2003). Information Collection and Exchange. (Publication No. M0068).
- Armendariz, B., & Morduch, J. (2005). Rethinking Banking. In *The Economics of Microfinance* (pp. 11-13). Cambridge, Mass.: MIT Press.
- Brau, J. C. (2004). Microfinance: A comprehensive review of the existing literature.
- Central American University's Institute of Public Opinion (IUDOP) 2012 Survey (Spanish), Instituto Universitario de Opinión Pública Universidad Centroamericana San Salvador, El Salvador, December 2012; available at <http://www.uca.edu.sv/pub-lica/iudop/archivos/informe131.pdf>
- Cook, R. G., Belliveau, P., & VonSeggern, K. L. (2001). A Case Study of Microenterprise Training: Beta Test Findings and Suggestions for Improvement. *Journal Of Developmental Entrepreneurship*, 6(3), 255.
- Credit with Education. (2014, January 1). Retrieved October 20, 2014, from <https://www.freedomfromhunger.org/credit-education>
- CrediCampo. (2014, January 1). Retrieved November 3, 2014, from <http://www.credicampo.com.sv/>
- CrediCampo SC de CV. (2014, May 21). *Video Institucional*. Retrieved from <https://www.youtube.com/watch?v=vBEgaOHmwAM>
- Credicampo S.C. de R.L. de C.V. (2014, January 1). Retrieved November 3, 2014, from <http://www.mixmarket.org/mfi/credicampo>
- Dumas, C. (2001). Micro Enterprise Training for Low-Income Women: The Case of the Community Entrepreneurs Programme. *Journal of Entrepreneurship*, 10(1), 17-42.
- El Salvador Market Profile. (2010, November 15). Retrieved October 18, 2014, from [http://www.mixmarket.org/mfi/country/El Salvador](http://www.mixmarket.org/mfi/country/El%20Salvador)
- El Salvador Up Close. (n.d.). Retrieved October 22, 2014, from <https://www.press.umich.edu/pdf/0472030981-ch1.pdf>
- Edgecomb, E. L. (2002). What Makes for Effective Microenterprise Training? *Journal of Microfinance*, 4(1), 99-114.
- Fundación Campo. (2014, January 1). Retrieved November 3, 2014, from <http://www.fundacioncampo.org/>

- Graham, D. H., Von Pischke, J. D., & Adams, D. W. (1984). *Undermining rural development with cheap credit / edited by Dale W. Adams, Douglas H. Graham, and J.D. Von Pischke*. Boulder : Westview Press, 1984.
- Grameen Bank MFI Report. (2012, January 1). Retrieved October 22, 2014, from <http://www.mixmarket.org/mfi/grameen-bank>
- Grameen Group Lending Model. (2012, January 1). Retrieved October 22, 2014, from <http://grameenresearch.org/grameen-group-lending-model/>
- Halder, S. R. "The BRAC Microfinance Approach and its Impact at Individual, Household, and Beyond Household Levels: A Synthesis." http://www.microfinancegateway.org/files/21852_BRAC_paper_2_BRAC_Micro_finance_Approach_and_its_Impact.pdf
- Haughton, J., & Khandker, S. R. (2009). Poverty Lines. In *Handbook on Poverty and Inequality* (pp. 39-42). Washington, D. C.: The International Bank for Reconstruction and Development/The World Bank.
- Hulme, D. (2000). Impact Assessment Methodologies for Microfinance: Theory, Experience and Better Practice. *World Development*, 28(1), 79.
- Kennedy, E. (2014). No Childhood Here: Why Central American Children Are Fleeing Their Homes. *Perspectives*. Retrieved October 28, 2014, from http://www.immigrationpolicy.org/sites/default/files/docs/no_childhood_here_why_central_american_children_are_fleeing_their_homes_final.pdf
- Kiva - CrediCampo. (2014, January 1). Retrieved November 3, 2014, from <http://www.kiva.org/partners/199>
- Krogstad, J., & Gonzalez-Barrera, A. (2014, June 10). Number of Latino children caught trying to enter U.S. nearly doubles in less than a year. Retrieved October 30, 2014, from <http://www.pewresearch.org/fact-tank/2014/06/10/number-of-latino-children-caught-trying-to-enter-u-s-nearly-doubles-in-less-than-a-year/>
- Microenterprise Development Policy Paper, (2005). U.S. Agency for International Development. Washington, DC. p. 33.
- Morduch, J. (2006). *Microinsurance: The Next Revolution?*. Oxford University Press. doi:10.1093/0195305191.003.0022
- Nourse, T. (2001). The missing parts of microfinance: Services for consumption and insurance, SAIS Review 21, 61-70.
- Organizational Review. (2014, January 1). Retrieved November 3, 2014 from <http://www.credicampo.com.sv/>

- Robinson, M. (2001). *The Microfinance Revolution: Sustainable Banking for the Poor*. Washington, DC: The World Bank.
- Smith, S. C. (2002). Village banking and maternal and child health: Evidence from Ecuador and Honduras. *World Development*, 30, 707-723.
- Understandings of Literacy. (2005). In *Education for All Global Monitoring Report 2006*. France: United Nations Educational, Scientific and Cultural Organization.
- Valencia Caravantes, D. (2012). “La legión de los desplazados [The legion of the Displaced],” *El Faro*, available at http://www.especiales.elfaro.net/es/salanegra_desplazados/
- Village Banking. (2014, January 1). Retrieved October 22, 2014, from <http://www.finca.org/what-we-do/microfinance-services/village-banking/>
- What is Microfinance? (n.d.). Retrieved October 22, 2014, from <http://www.finca.org/universal-content/microfinance-village-banking/>
- Westley, J. M. (2007). Microfinance Plus: Non-financial Services Offered by Microfinance Institutions and their Impact on Predominantly Female Clients. *Journal of International Studies*, 12(2), 33-46.
- William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 Pub. L. 110-457, 122 STAT. 5044, codified as amended at 22 U.S.C. 7101.