

## Give Women Credit

The idea of microcredit is not a new one but in recent years has begun to be seen as a hand-up to those living in poverty. The United Nations declared 2005 International Year of Microcredit. Microcredit is a way to spur entrepreneurship, generate income and in many cases exit poverty. Women are playing a greater role in these innovative financial services largely due to Dr. Muhammad Yunus and the microfinance organization he founded, Grameen Bank, with 97% of its borrower's women.

Why focus on women in microfinance? As Nicholas Kristof states in his article *The Women's Crusade* it is "global poverty's dirty little secret", that men are unwise spenders. Kristof goes on to say that in the developing world the poorest families spend 10 times more on alcohol, prostitution, candy, sugary drinks and lavish meals than on education. When assets are placed in the hands of women more money is likely to be spent on nutrition, education and housing which in turn leads to healthier children and families.

ASAPROSAR has been engaged in microfinance since 1993 when it created the Fondo de Apoyo (Support Fund) as a financial credit structure, through a project financed by the "Inter-American Foundation". In 1994 it became the Microcredit Development Program, which promoted and financially supported the micro-enterprise sector of the Western El Salvador. This population usually has no access to the formal financial system. With the help of ASAPROSAR the people are engaged in the development of productive activities in the subsistence sector.



Since 2002 the Microcredit Development Program offers financial services through two credit lines. One is credit to Urban Micro-Enterprise sector through the methodology of solidarity groups and individual loans for working capital and capital investment. The second is the Rural Microcredit, exclusively to rural women utilizing the microcredit methodology of the Grameen Bank. The coverage is in the western zone of the country. According to the data from December 2008, a total of 2,019 participants in the program were served in 30 municipalities of the departments of Santa Ana, Ahuachapán and Sonsonate. Rural Microcredit participants following the Grameen Bank methodology make up 79% of the borrowers in the Microcredit Development Program while the remaining 21% are participants of the Urban Micro-Enterprise sector.

The mission of the ASAPROSAR microcredit program is to provide flexible, high quality, equitable and appropriate financial services to the micro-business sector and to promote Salvadoran's empowerment and a sustainable improvement in their quality of life. Our vision is to be a sustainable non-banking financial institution, independent leader in the field of microfinance with national and international recognition. The service of the Microcredit Development Program of ASAPROSAR is oriented to serve women living in poverty, vulnerable to exploitation and abuse, without a vision of their economic rights, with limited or no access to credit in the financial system, and with a great responsibility to sustain their

family groups. A high percentage of these women are heads of households, being mother/father at the same time to their sons and daughters.

The Rural Microcredit model is based on the Grameen Bank methodology. This methodology has two levels of responsibility in a single organizational structure. They are as follows: a) Group: a group of women enrolled voluntarily, living in the same community, sharing the same living conditions, have mutual respect and democratically elect their leaders, who rotate their positions every two credit cycles. b) Center: this is a society, formed by two to six credit groups, which are recognized and supported by each other. Four



members are elected to the governing board of the Center. This methodology permits the borrowers to further strengthen the values of responsibility, solidarity and respect through a simple and dynamic system where all participate actively. 100% of these women are unemployed or self-employed, so the micro-business activity is their only occupation. It is the main source of income to contribute or maintain their homes: 55% of the women are engaged in selling fruit, basic grains, vegetables, clothing, operating little shops, etc. 45% work in their own small businesses like, shoe shops or clothing repair, but are always in search of accessing reasonable and flexible credit for their productive initiatives.

ASAPROSAR continues to serve the poorest families in the western region of El Salvador and hopes to expand the Rural Microcredit program so that more women can be empowered and are able lift themselves out of poverty through income generating small businesses.