

# You Gotta Give'em Credit

*ASAPROSAR's Microcredit Program*

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In the spring 2010, a group of Salem State College students traveled to Santa Ana, El Salvador to visit the ASAPROSAR organization. ASAPROSAR coordinates two micro-credit programs, The Rural Micro-credit Program and Urban Micro-enterprise. The Rural Micro-credit Program is a major source of income, support, and empowerment for women living in the region and is based on the Grameen Bank or Grameencredit model of Micro-

credit. This model originated in Bangladesh in 1976 and has been successfully implemented among families served by ASAPROSAR throughout the western and southwestern area of El Salvador. Micro-credit is based largely on the principle that credit is a human right and the mission is to help poor families to help themselves overcome poverty.



At ASAPROSAR, the lead manager of the Micro-credit Programs, Margarita, works to manage each micro-credit group, consisting of a president, secretary and treasurer. Margarita herself started as a Barefoot Angel in the ASAPROSAR children's program and through ASAPROSAR scholarships and support has become a leader within the organization. She has study the Grameen Bank model in the Philippines and attended numerous conferences and trainings on the microfinance.

Douglas, an advisor in the program, has worked with the Micro-credit groups for six years overseeing 270 micro-credit borrowers in the Sonsonate region. Douglas, and other advisors, keep financial records for the micro-credit groups and train participants in financial management, business planning, and other essential skills necessary to create and maintain successful businesses. Elected treasurers in each individual group provide bank receipts to their advisor as verification that loan repayment money has been deposited in the proper bank account. Individual programs are created by women in the communities and based largely on trust rather than on legal procedures and systems. Meetings begin and end with prayer, attendance is taken and recorded and the 13 principles or rules are recited out loud before the meeting begins.

In order to obtain a loan, borrowers must join a group but this isn't as easy as it sounds. Defining components of Micro-credit at ASAPROSAR are trust and the obligation to pay back the loan in weekly or bi-weekly installments. If an individual member or members cannot afford their installment payment at any given time, it is the responsibility of the collective group to pay for them and get paid back at a later time. Because of this system, it is essential that any new borrowers be known by the group members and are trusted community members that are going to participate in a reliable manner. Additionally, if members are late for a meeting they are required to pay a fee, even if they are late by a few minutes. As students from the college, we learned this in the first meeting we



attended. We had to pay .10 cents each because we were late! These late fees create a separate fund of money to be used for emergencies that may arise. So as you can see, these groups are truly business oriented and remain focused on their goal of using the loans to create self-employment opportunities and income-generating activities as opposed to using the money for consumption. The micro-credit groups are responsible as a group for the repayment of the individual loans so it is critical to be in business with people you can trust!

During our visits to the meetings in Sonsonate we were welcomed into people's homes and invited to learn about their work and their participation in the Micro-credit program through ASAPROSAR. Our group was honored to meet such wonderful women who are in business selling fish, sweet bread, Avon products, scrap metals, papusas, clothing, ice slurpies, and coconuts. Some operate their businesses out of their homes and are open seven days a week while others operate out of a stand that they rent and only open during the week. Others still must be at the seashore fish market by 5am to make a profit and some travel to the capital city of San Salvador twice weekly to replenish clothing items for sale. First time micro-credit loans are small but once a woman has paid off her first loan she can borrow again in a larger amount, allowing for increased income and expanded business opportunities.

The women we met varied in age and some traveled for more than one hour to be present at the meeting, on foot or by bicycle. Meetings are held in participants' homes and occur weekly. It was moving to witness the meetings and, despite the language barrier, experience the process by which women come



together to make business decisions, elect new leaders, and support one another whole heartedly. Kristoff and WuDunn (p.187) stated, "Micro-credit and microfinance have done more to bolster the status of women, and to protect them from abuse, than any laws could accomplish." During our last meeting of the day, in extreme heat, we witnessed a conversation about giving "credit" to customers and Douglas' advice was not to do this! While ironic at a meeting to promote credit it is risky for her small business. His presence and guidance, along with the other participants, helped one woman to realize that she may

never be successful or earn profit if she operated her business on credit. It was a critical lesson for her and one she may have never learned if not for the Micro-credit opportunity afforded to her through ASAPROSAR. Through these groups Salvadoran women are able to utilize their skills and unleash their own energy and creativity to improve their own situations and eliminate poverty from their life.

Kristoff, N. and WuDunn, S. (2009). *Half the Sky: Turning Oppression into Opportunity for Women Worldwide*. Alfred Knopf: New York.