

## The “El Roble” Cooperative in Rió Lempa

This cooperative was formed in response to the growing need to develop new sources of finance to fund working capital in the form of credits to people in the rural areas covered by the municipality of Tecoluca, specifically in the area of Lower Lempa. This area is home to a number of families displaced by past armed conflicts who are trying to launch a new way of life however, they find themselves in need of generating their own sources of income. The methods used to “generate” income consist of micro-businesses, agricultural cultivation and the raising of cattle to achieve economically self-sustainable livelihoods.

The “El Roble” cooperative was founded in September 1999 under the umbrella of CORDES and consisted of 46 associates. However, as the cooperative’s working philosophy is becoming better known, as is its focus on rural areas to benefit people unable to receive credit at traditional banks due to inadequate guarantees or insufficient funds (due to the fact that they live in vulnerable zones or areas with a high-risk of flooding or drought), a growing number of people are becoming interested in joining this initiative. The demand for credit is also growing for various activities ranging from agriculture and raising livestock to payment for dwellings, businesses and general consumption.

Today, the cooperative has 1,200 registered associates, which are constantly demanding financing to implement activities that would permit the maintenance of their family nucleus or to improve their existing economic activities.

However, as a consequence of natural phenomena, such as the earthquakes of 2000 and 2001 and tropical storms like “Stan” in 2005, the economy of El Salvador has been affected and the purchasing power of the population diminished. Given a conspicuous need for reconstruction and a limited production capacity due to the general havoc generated in areas dedicated to cultivation, the population of this rural area is searching for mechanisms to permit the reorientation of economic activity or the investment of more capital to improve the existing infrastructure or the assets in which there has been investment. Nevertheless, due to various causes, productivity has been stagnant and continues to lack the fresh capital needed for its reinvigoration.

In the face of this situation, the demand for credit is growing but the population, in spite of possessing agricultural plots, housing lots or pastures, is not considered credit worthy by traditional banks due to the fact that these people live in zones considered high-risk and prone to natural disasters. This has ruled them out of access to credit banking, which means that those families that find themselves in the most critical conditions have even less possibility of access to credit to invest in their relatively small businesses or in profitable projects to maintain their family.

Through the information outlined above, we can see the growing value that the cooperative offers these communities. However, the challenges that have been raised are greater still due to the constant demand for credit and the need to implement still more and better services of the type that Salvaide could support in a substantial way through agreements involving management or contributions.

Areas where continuity can be provided through Salvaide funding:

- Granting of fresh capital for credit investment
- Support for institutional strengthening and equipment
- Support for educational programs and scholarships
- Support for social programs, such as soccer school, and training for community executive and management group

