



Making a Difference

A series of notes on the impact of IAF-funded projects
[Office of Evaluation](#)

Note No.2

Helping local associations in northern Morazán rebuild after 12 years of war.

Background

In 1992, the government of El Salvador and the guerrillas of the Frente Farabundo Martí para la Liberación Nacional (FMLN) signed a peace agreement that put an end to one of the bloodiest armed conflicts in the country's history. Much of the heavy fighting over the 12-year civil war had taken place in Morazán, a state located in the rugged, mountainous northeast, especially in the municipalities of El Rosario, Jocoaitique and Torola. As a result, infrastructure was destroyed and residents fled to San Salvador, other larger towns or Honduras.

With the peace agreement in effect, urgently needed foreign aid began to pour into El Salvador and rebuilding got underway. Returned refugees and ex-combatants received land. Authorities in Torola overseeing a resettlement program, were assisted by the Associations for Community Development (ADESCO), which are legally constituted grassroots entities, and IAF grantee Patronato para el Desarrollo de las Comunidades de Morazán y San Miguel (PADECOMSM).

PADECOMSM, a nongovernmental organization, was founded in 1984

Luis González



Modesto Amaya, a beekeeper in Jocoaitique used a loan from PADECOMSM to buy a honey extractor and now sells honey under the trade name "Ecomorazán" to hotels and markets.

to fill the public service vacuum created by the civil war. By 1995, its focus had shifted to assisting municipal governments and local development organizations in coordinating efforts to further development through training, technical assistance and credit programs. In 1998, the IAF awarded PADECOMSM \$290,425 to be disbursed over four years to organize local development associations, microbusinesses and municipal services in Torola and to provide technical assistance to farmers and microentrepreneurs. The grant

agreement was amended in 2000 to include the neighboring municipalities of El Rosario and Jocoaitique. The award eventually totaled \$672,395 and was disbursed through 2006.

Rationale for Funding

What made the PADECOMSM proposal appealing to the IAF were: 1) its approach to addressing immediate community needs such as infrastructure, healthcare, education and diversified production by involving municipal governments and local grassroots organizations; 2) the likelihood of initiating a sustainable process to improve the quality of life and; 3) financial resources flowing from the central government and international donors that were supporting the resettlement program begun pursuant to the 1992 Peace Accords.

Findings

In 2010, a team of evaluators assessed PADECOMSM's coordination of development efforts in the three municipalities and its impact on health-care services, education, agricultural production, infrastructure and environmental issues. The most noteworthy findings include the following:

- Close to 1,200 farmers, who had been growing only corn and beans, their dietary staples, were trained in responsible agricultural practices and crop diversification. After the training, they began to grow fruits and vegetables.
- Ten model farms and 59 temporary demonstration plots were developed to help farmers adopt new crops and production techniques. Of the 10 model farms, six continue to be used only for applying new techniques; the other four reverted to conventional farming.
- By the end of the grant period, 615 loans had been extended to 272 farmers, or 72 more than originally planned. In addition, 204 microentrepreneurs received loans to expand their businesses. In 2009, the last year data was available, PADECOMSM awarded 2,441 loans, totaling US\$2.28 million.
- Administrative and technical assistance allowed 24 ADESCO to develop further as organizations. Currently, 18 actively plan and participate in local development; six are inactive due to insufficient membership as a result of departures from the area or disenchantment with the local leadership.
- A committee of representatives from the ADESCO, other community organizations and municipal governments drafted plans for four local development initiatives in Torola and El Rosario. Government authorities used the plans as a basis for assigning priority to reconstruction projects that included roads, health clinics and water and power systems damaged during the armed conflict.
- Seven nutrition and early-learning centers were developed to benefit 187 children but five had closed before the evaluation was conducted

due to insufficient parental interest and funding. PADECOMSM had misjudged parents' commitment vis-à-vis other priorities.

Impact

The project had a significant impact on the diversification of agriculture and the local diet, income, community involvement in development initiatives; and ability of the ADESCO to plan local development and formulate proposals. Examples follow.

- Project participants grow 26 percent of the vegetables and 59 percent of the fruits in the region; in 1998, their production was limited to corn and beans. Farmers attributed the diversification to PADECOMSM's training and technical assistance.
- New techniques allowed farmers to increase production. Household income rose from \$50 per month in 1998 to \$85 in 2006 to the current level of \$125. Those interviewed report setting aside a fourth of their production for home consumption, which has improved their diet. They use income from the sale of their crops to pay for their children's education.
- Participating ADESCO have become very skillful in assessing community needs, proposing development initiatives and solving problems. Working with municipal authorities, they have successfully leveraged government assistance and foreign aid to fund urgent needs, such as roads, schools, access to potable water and electrical power in remote areas.

Miguel Cuevas



José Díaz (*upper photo*) received an initial loan of \$1,000 from PADECOMSM to expand his lumber business. He now owns two trucks and a warehouse

- Most remarkably, PADECOMSM developed its incipient microcredit program and became more accountable and better organized. PADECOMSM Crédito is now an independent financial institution, wholly owned by PADECOMSM. It serves more than 2,500 clients and has extended \$2.3 million in loans.

Sustainability

Four years after completing its IAF-funded project, PADECOMSM continues to thrive. To take advantage of market opportunities, PADECOMSM separated its microcredit program, now

PADECOMSM Crédito, from its training and technical assistance, now called PADECOMSM Social, which serves NGOs and grassroots organizations. Created in 2006, PADECOMSM Crédito has become one of the most important microlending institutions in the region. The value of its loans peaked at \$3.4 million in 2008. From 2006 to 2010, PADECOMSM Social undertook 19 projects valued at \$1.5 million to which it contributed \$216,000. The sustainability of PADECOMSM Social is due in large part to its financial interest in PADECOMSM Crédito from which it receives, on average, \$100,000 in dividends annually.

Lessons

PADECOMSM's accomplishments were attributable to its strong and effective leadership and management. Its dedicated staff was experienced in all

aspects of the training, technical assistance and credit that the grantee provided during its IAF-funded project. The staff maintained productive working relationships with the municipal governments and the Salvadoran ministries of health, education and agriculture

PADECOMSM had an exemplary record of providing assistance to communities during the civil war and during the transition that followed the signing of the Peace Accords. This record and the location of PADECOMSM's office in the project zone encouraged trust, which contributed greatly to PADECOMSM's success.

Contact: To request the full text of this evaluation (*available only in Spanish*), email inquiries@iaf.gov.