



Baking Bread for El Salvador Village

Jeu Asael Vásquez Urquilla is a baker who lives in Santiago Nonualco, La Paz, El Salvador. He started making bread without really knowing the business. He learned by trial and error and with his savings, built an adobe oven at home.

He wanted to expand his business but had never had a loan before. He learned about a USAID small loan program which helped small business owners like himself. The village banking that makes these small loans did not require any guarantee other than the "solidarity" guarantee of the members of the participants group who recommended him. With a loan of \$114, he was able to buy flour and a bicycle.

His business was growing and with two additional loans of \$229 and \$286, Urquilla increased his production and distribution, buying three more bicycles. The village banking requires that the client save 20% of the loan. Mr. Vasquez started saving money at the same time that he had the loans and was rated as an "AA" client.

His business continued to develop but Jeu Asael Vásquez Urquilla met with bad luck - in 2001 his home and the oven were both severely damaged by earthquakes. He was able to receive materials donated by the Government of El Salvador to rebuild his house but the adobe oven was severely damaged and as a result, his sales dropped. Undeterred, he started fixing the old oven but was afraid of working with it due to the constant aftershocks.



USAID/El Salvador

Jeu Asael Vásquez Urquilla baking bread

Jeu Asael Vásquez Urquilla needed funds to help him bake bread again. He found out that USAID had a program to help small businesses recover from the earthquake's effects through a asset replacement program. In November 2001, Jeu Asael Vásquez Urquilla obtained a \$400 grant from USAID.

Combined with \$80 from his own savings, he was able to buy a new gas oven from a local vendor. Within a short time, he expanded production and increased his sales by introducing another type of bread (sweet bread) that he could bake with the new oven. He repaired his old traditional adobe oven to continue baking smaller amounts of French bread.

There was a 100% increase in the number of rural borrowers under USAID's Rural Financial Markets program since 1999 – with 37,000 active borrowers, 75% are women.

Prior to receiving help, Jeu Asael Vásquez Urquilla was selling approximately \$17 worth a day; now he is selling \$102 worth a day. He has 4 bicycles to distribute the bread in the neighborhood, and his family members help in different stores.

Jeu Asael Vásquez Urquilla was able to overcome his limitations and the situation caused by the 2001 earthquakes – he is now fully reintegrated into his economic activity and producing more. Most important, he is able to provide a better quality of life to his wife and six children.

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