

REVOLVING FUNDS AS A TOOL FOR SUCCESS OF RURAL DEVELOPMENT PROJECTS. CASE OF “CASA CAMPESINA” CAYAMBE (ECUADOR)

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A key element in sustainable rural development is to improve the welfare of communities to enjoy a decent and fair life, which cannot be achieved without an increase of their incomes. To achieve this, it is necessary that rural development projects seek strengthening productive capacities and management of communities as well as achieving the incorporation of funding mechanisms to enable the sustainability of accomplished development. One of them is called "Revolving Funds" for microcredits, which are an example of funding mechanism that has been applied in rural settings to support entrepreneurs that generate productivity. To prove that Revolving Funds is valid mechanism to ensure the sustainability of the improvement in the welfare of communities, in this paper it is gathered experience of Revolving Funds which were implemented in 1994 in the project of Development of “Casa Campesina” in Cayambe (Ecuador) with \$16.708 and in 2013 it remains active and has lent more than \$4.000.000 of credits; using the two-step research model which analyses the experience from the quantitative (amount and number of credits) and qualitative (impact on beneficiaries) approaches.

Keywords: *Revolving fund; Rural development; Sustainability; Microcredit*

LOS FONDOS ROTATORIOS COMO INSTRUMENTO PARA EL ÉXITO DE PROYECTOS DE DESARROLLO RURAL. CASO DE LA CASA CAMPESINA DE CAYAMBE

Un elemento clave en el desarrollo rural sostenible es la mejora del bienestar de las comunidades para que gocen de una vida digna y razonable, lo cual no se logra sin un incremento en sus niveles de ingresos. Para conseguir esto, es necesario que los proyectos de desarrollo rural procuren un fortalecimiento de las capacidades productivas y de gestión de las comunidades y además logren la incorporación de mecanismos de financiación que permitan la sostenibilidad del desarrollo logrado. Uno de ellos, los llamados “Fondos Rotatorios” (FR) para microcréditos son un ejemplo de mecanismo de financiación que se ha aplicado en escenarios rurales para apoyar emprendimientos que generen productividad. Para probar que los FR son un mecanismo válido para garantizar la sostenibilidad de la mejora en el bienestar de las comunidades, en comunicación se recoge la experiencia del FR implementado en 1994 en el marco del proyecto de Desarrollo de la Casa Campesina de Cayambe en Ecuador con 16.708 dólares y en 2013 sigue vigente y cuenta con más de 4.000.000 dólares en préstamos. Se utiliza el modelo de investigación de dos etapas que analiza la experiencia desde los enfoques cuantitativo (monto y número de créditos) y cualitativo (impacto en beneficiarios).

Palabras clave: *Fondo rotatorio; Desarrollo rural; Sostenibilidad; Microcrédito*

1. Introduction

One of the most common problems, when starting a project or enterprise, is obtaining the financial resources for its implementation as well as for its functioning, especially when it comes to the projects or enterprises in rural communities. The sustainability of developed projects, which initiate actual changes in the life of a community, is vitally important. Therefore, it is necessary that the Local Development Projects seek not only to strengthen the capacities, production and management of local communities where they are executed, but also to incorporate funding strategies to allow to raise and sustain their development.

A lot of effort and resources were used to develop microfinances as a tool to fight poverty (Hermes, 2011). The microfinances play a significant role in many people lives in all the continents of the world. Microfinance is a financial service which combines microcredit, insurance and payment services giving an opportunity to poor people to access this kind of services to find the most suitable product to their needs (Ledgerwood, 1999). These services are provided to low-income clients by Microfinance Institutions (MFI), which can be both commercial banks and non-profit organizations.

Ledgerwood (1999) describes "the goal of MFIs as development organizations is to service the financial needs of unserved or underserved markets as a means of meeting development objectives. These development objectives generally include one or more of the following: to reduce poverty, to empower women or other disadvantaged population groups, to create employment, to help existing businesses grow or diversify their activities, to encourage the development of new businesses." The microfinances are individual and group-based approaches; latter it is also split into direct and indirect targeting. (Tietze & Villareal, 2003). Direct targeting is when credits are provided to a specific sector (agriculture, fisheries) or certain group (the poor, specific castes or women) and indirect targeting means that products are available to a larger target group but they are designed in such way that they will be attractive only to people in a smaller and more specific target group (Ledgerwood, Earne, & Candace, 2013). For instance a credit can have such conditions that only the poorer will find it appealing even if in theory it is available to everyone.

There are authors who support and criticize microfinances. The supporters like Hermes (2011) say that the help to improve economic situation for families; it may contribute to the savings, improve nutrition, it may reduce the vulnerability due to illness, drought and crop failures, and it may contribute to better education, health and housing of the borrower. It may also contribute to an improvement of the social and economic situation of women. Then Dunford (2006) asserts that using microfinances can be the way to accomplish the first of the seven Millennium Development Goals.

There are as well authors who criticize the microfinances. Scully (2004) states that microfinances targeting women only partly empower them, it does not reach poorest of the poor and they are not a real answer to unemployment growth. Levin & van Riemsdijk, (2012) describe a tragic situation which happened in India in 2010, where 200 farmers committed suicide, this was related with them being indebted to MFIs and not being able to repay their loans.

Now many researchers are trying to find out if microfinance programs can actually reduce poverty and improve social and economic well-being of beneficiaries. Based on bibliography there have been done many investigations on impact evaluations that are proving positive effects of microfinances in developing countries, for example, Ethiopia (Gobezie & Garber, 2007), Uganda (Lawko, 2006), India (Imai, Arun, & Annim, 2010), Bangladesh (Mahjabben, 2008), Thailand (Coleman, 2006). In these cases they evaluated impact using qualitative or quantitative, or both methods, by choosing indicators like income increase, savings, and consumption, education of children, hygiene, and women empowerment. In all these cases

results have shown a significant impact on people's life that has improved because of receiving loans.

However, each case is unique because of different regions, cultures and people involved and management of the projects. This paper will describe results of impact of experience of microfinances, which were implemented since 1994 by Foundation "Casa Campesina" in Cayambe (Ecuador) has the nature of Revolving Fund to finance small credits (microcredits) for rural and indigenous families of the area. In this study information was obtained by applying a questionnaire, which was used for interviewing the beneficiaries of this project. Data shows that microcredits had a significant impact for the improvement of life conditions of the families who have received one.

2. Case study context

Based on World Bank (1995), in 1994 35% of the Ecuadoran population lived in poverty. With years, the situation is improving and poverty level in 2012 went down to 27.3% (CIA, 2012). This could have been caused by different reasons: emigration, especially affected by crisis in the late 1990s that spurred large exodus, where most people moved to the US, Spain or Italy (Jokisch, 2007), political reforms, initiated by President Rafael Correa in 2007, which speeded up the Ecuador's economic growth (World Bank, 2014), and others. According to the World Bank (2013), the GDP in Ecuador has more than doubled from 2004 to 2012 going from 36 591 (Millions of current \$) to 84 039 with an average of GDP growth of 4.7% during that period compared to a global 2.7% in the same period. During that time, the GNI per capita in current international \$ has grown from 6340 in 2004 to 9490 in 2012. This data shows how the economy has developed in general terms in the last years. However, this general data doesn't show if the growth was the same in all parts of the society.

The economy of Ecuador is mostly based on export of petroleum, bananas, cacao, coffee and other primary agricultural products such as, shrimp, fish and wood (CIA, 2012). In Ecuador there are four very different areas (Amazon basin, Andes Mountains, coast and islands of Galapagos) where economy is based on particular activities. This article is focused on the province of Pichincha, canton Cayambe in Andes Mountains with a population of 83,235 inhabitants (AME, 2014), where the most important income generators are agriculture, raising livestock, producing dairy products, and floristic activities. However, economy can be disturbed by different accidents and natural disasters that provoke a need for extra help for the economy growth.

In 1987, the north part province of Pichincha, especially the canton of Cayambe was affected by an earthquake, which was so strong that it became a significant event in the history of the area (Ferraro, 2004). This disaster left many families without their houses. That emerged the work of the NGO "Casa Campesina Cayambe" which functions under the responsibility of the Salesian Society of Ecuador. In April of 1994, it converted into the "Fundación Casa Campesina de Cayambe" (FCCC), as a private entity under responsibility of the Salesian Society of Ecuador, and also turned into non-profit NGO (Misiones Salesianas, 2010).

Among the most important purposes of the FCCC there are (MACH, 2013):

- Support indigenous communities of cantons of Cayambe and others, in the effort to improve their socio-economic conditions and the advancement of the same, through the planning and execution of development programs at all levels.
- Develop activities to improve educational and health conditions of indigenous children.
- Provide the indigenous people with humanitarian, moral and spiritual support.

- Provide indigenous and rural families places where they can spend nights, attend courses and have meetings.
- Enhance the promotion and integral development of the rural communities that are linked to the Foundation.
- Provide several services including medical, dental, educational, legal, and other training according to the needs of those coming to the Foundation.

To reach these objectives it manages various programs: program for infrastructure, credit program, program for improvement and maintenance of production, educational program, childcare centres for indigenous children, occupational centre Tainate Huasi for professional education for young indigenous, healthcare program and community radio station (Serrano & Ferraro , 2012). The credit program is financed by a fund which has a rotary nature provided by FCCC. In this study, the impact of the program of credits to the life improvement for indigenous and rural families is analysed and evaluated.

FCCC credit program purposes are (FCCC, 2013): the credit program serves the needs of indigenous and rural communities of Cayambe and Pedro Moncayo; provide funding for productive and non-productive activities with affordable interest rate; provide funding to optimize and maximize use of human and natural resources; contribute to the improvement of community organizations; respond to specific needs of the population to avoid capitalization of Agricultural Production Units through the credits; promote new productive activities to improve household incomes; community organizations who are taking responsibility to pay the credit if a customer is unable to do so; respond to the needs of training and technical assistance requested by communities.

To meet these purposes FCCC offers 9 types of microcredits (FCCC, 2013):

1. Emergency credits. This type of credit is created to meet immediate customer's funding needs. They can access this loan despite having a valid regular credit. To get credit it only matters the credit history of the customer. The term of these loans is up to 6 months and the customer has to make monthly payments
2. Microcredits. Intended for people with fewer resources to start productive enterprises
3. Farming. Agricultural Producers located in rural and marginal urban areas of the impingement area.
4. Ordinary loans. Credits are freely available to use to meet their immediate needs, whether productive or unproductive. They are the most commonly requested, because they are not targeted at specific activities and users could decide how to invest the money according to their needs (Ferraro, 2004).
5. Urban population. Focused on enterprises made by the urban population (market associations, artisans, small businesses, etc.)
6. Transport. Focused on the acquisition of vehicles
7. Housing. Intended for the construction, acquisition or rehabilitation of decent housing.
8. Partners of Salesian Society. For employees of the Salesian institution.
9. Group credits. These credits are targeted to groups of producers organized in communities such as: Women groups, milk collection centre, etc.

FCCC provides their service to cantons of Cayambe, Ibarra, Otavalo and Pedro Moncayo. In all of them, people are organised in communities, where Cayambe has more than 150. Canton of Cayambe received 90% of all the loans. The total number of credits given since January 1994 until March 2014 is 27 888, the data base of FCCC shows that 8797 families

could benefit from them and 43% of them were granted to women. The average age of the recipients is 47 years old, which is relatively high. In Table 1 it can be seen how total amounts of credits evolved over the years.

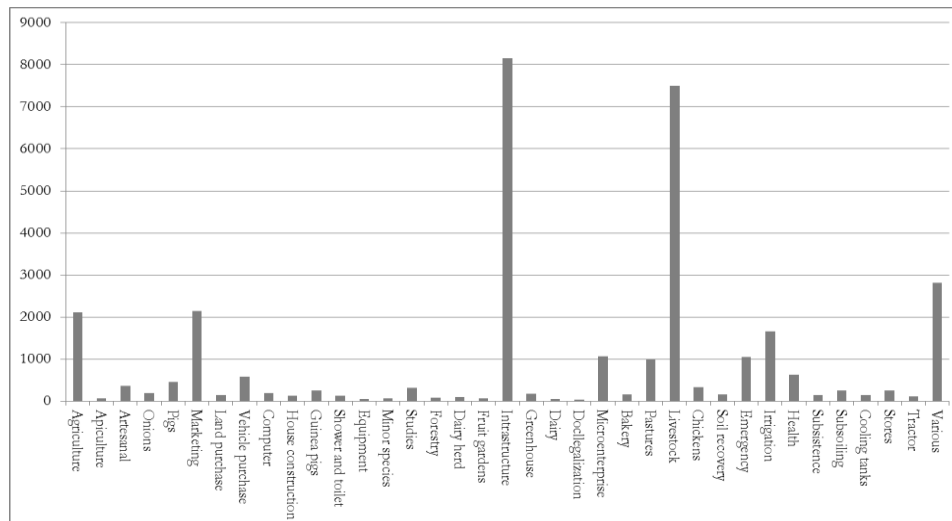
Table1. Evolution of lent credits during 1994 – 2013 years

Year	Number of credits	Total amount \$
1994	452	16708.38
1995	1436	56778.85
1996	1286	120683.10
1997	1153	121152.50
1998	1259	204344.50
1999	1286	335962.16
2000	1557	612791.32
2001	1462	891648.44
2002	1790	1348642.83
2003	2009	1789073.08
2004	2151	2506321.92
2005	1913	2946829.87
2006	1879	3073114.72
2007	2247	3972059.64
2008	2113	4368135.47
2009	1974	4747071.39
2010	2262	6461170.67
2011	1870	5700553.81
2012	1672	4668312.02
2013	1449	4176243.44

Note: In first trimester of 2014 the amount of credits already had lent more than 1 million dollars

Figure 1 represents the distribution of activities for which microcredits were granted. Infrastructure and livestock have highest values; more than 15 000 credits were requested only for these two activities. Data shows that there was a lot of investment into improvement of infrastructure and buying animals. However, it could happen that not always all borrowed money was used for the purpose it was received. FCCC does not ask for too many requirements, but even then they control that the money would be invested in a previously planned way.

Figure1. Distribution of activities for which microcredits were granted during years 1994-2014



The yearly interest rate of microcredits is 13-15% depending on the type of the credit. Only there is exception for construction, acquisition and renovation of houses for which FCCC offers 5% of interest rate. The rate for interest of default is 1.1% annually and they do not charge any other fees, fines or commissions. This is one of the reasons why people prefer to borrow in FCCC than other organisations or banks, working in the area, from which interest rates they offer are almost double. Another important factor, which makes this program attractive to the people, is because of the easiness to achieve requirements and the few documents they need to provide.

Requirements which clients have to meet for being able to receive microcredit from FCCC (FCCC, 2013):

- Be a member in community or organisation and have not been removed from it for failure to pay loan.
- Application approved by the Assembly of the community or organization and supported by the leaders.
- Copy of identity card of the client and spouse.
- Original deed of the property, which is certificated by the institution "Registro Actualizado" (valid for 3 months from date of issue). The FCCC asks certification not as a guarantee of the credit awarded to the member but as proof that person has economic resources for paying the debt; a deed may be applied up to 3 members.
- Letter of authorization in case of not being the property owner and a copy of identity card of the owner.

Even though interest rates are low and it is easier to access credits, people anyway borrow in other organisations, the reason for that is the lower amounts offered by FCCC that sometimes would not reach the needs of the borrower. The total amount of each loan depends on how many times beneficiaries have already obtained them, and how well they paid previous debts, if any. For example, loans for farming, ordinary loans and for urban population have a maximum total amount of 2000 dollars the first time and with each further loan it increases 1000 dollars up to 6000 dollars or more. The term to pay these debts can vary from 18 to 60 months. The payments are made preferably each quarter, but it is also considered, if there is a need, to make monthly payments. Each fee payment includes capital and interest.

2.1. Community and *deuda*

From the data above we can see that FCCC is successfully functioning for more than 20 years. One of the reasons for success of the foundation is that they request all the families, willing to get a credit, to be a member of a community organisation. The community can be defined in very general terms, as a group of families/production units with collective rights in a specific territory which they control and from which they enjoy usufruct, who collectively manages issues of common interest (such as water allocation, maintenance of electrical and irrigation systems), controls communal land, organizes collective work and eventually interacts with the "outside world" (Ferraro, 2004). The communication and decision making are done in regular (monthly, weekly – depends on each community) meetings. Attendance to the meeting is mandatory. During the meeting one of the issues they discuss is related to the credits: they ask which families will want to apply to get credits soon and mention families which have not paid their loans on time that are called *morosos* (eng. defaulter). And if there are more than 6 families in the community who have not paid their loans on time, others are not able to get one until debt is paid. This way they communicate and motivate each other. *Morosos* feel responsible to pay their debt as soon as possible.

Another important characteristic of the indigenous society of Cayambe is locally called *deuda*, which literally means debt. *Deuda* is a relationship between two parts in which one gives something to the other that pays it back in the future because of different reasons like a moral law or by obligations the subject has assumed (Ferraro E. , 2004). It is no reciprocity that creates a debt, but the debt establishes reciprocal relationships (Ferraro E. , 2004).

One of the founders of FCCC Javier Herrán (2011) says: "At the beginning of the microcredit program of FCCC, it was considered as a tool for agricultural development, as an input. Over the years and reflection on accumulated experiences about microcredits and their implications, the concept of microcredit was exceeded as a "tool" to consider it a dynamic system in the process, not static, since it is inserted into the complexity of human development."

3. Methodology

Impact evaluation is a study that aims to measure if people, who have participated in the program of microcredits, had changes (economic, social, education, housing and etc.) in their life.

In this study, two-step research models are used which analyse the experience from the quantitative and qualitative approaches. The quantitative approach was applied by analysing information provided in data base of FCCC as well as the information provided by interviews data like amount, number of credits or savings put aside. In case of qualitative method opinions and experiences were gathered from beneficiaries, which gave a more personal approach about the impact they have.

This study has a limitation which has to be considered. It did not have control group which could be compared with the treatment group. Hermes (2011) and Ledgerwood, Earne, & Candace (2013) analyse different approaches related to control group and there is no unique way to perform an investigation. What matters most is the context. So in this case to compensate the limitation, in the questionnaire, some questions were used where interviewees had to specify things they had before and after receiving the loans, even if it is not most accurate way to measure impact, but in this case it is not possible to do any other way. This occurred because the society is affected by the microcredit that in many communities there are no families which have not borrowed from FCCC.

3.1. Hypothesis and indicators

The main hypothesis of this work is that “Revolving Funds are valid mechanism to ensure the sustainability of the improvement in the welfare of communities”. The indicators used to check this hypothesis were: Education (Years of school completed; Current attendance in school; Children attendance to University), Housing (Number of people per room; Renovation/acquisition); Land and farm; nutrition; Incomes and savings; Community; Holidays

These indicators were selected because of their usage as poverty indicators by Consultative Group to Assist the Poor (CGAP, 2003), Guidelines for Impact Monitoring & Assessment in Microfinance Programmes (Schäfer, 2001) and analysing recommendations provided by the FCCC. One indicator which was added differently from other impact evaluation tools is holidays. It was considered as an important indicator because indigenous and farmers from the mountain area were moving much more around the country and were coming to the seaside and holiday areas. Using these indicators a questionnaire was prepared.

3.2. Sampling and Data Collection

To get preliminary results the questionnaires were collected during two weeks in March 2014, by going to the group meetings organised by FCCC, visiting the market in Cayambe, where a group of women who have received credits were selling their products, and approaching people coming to FCCC office who were coming to pay their loans. The latter was the most effective for the quality of answers, but the most time consuming.

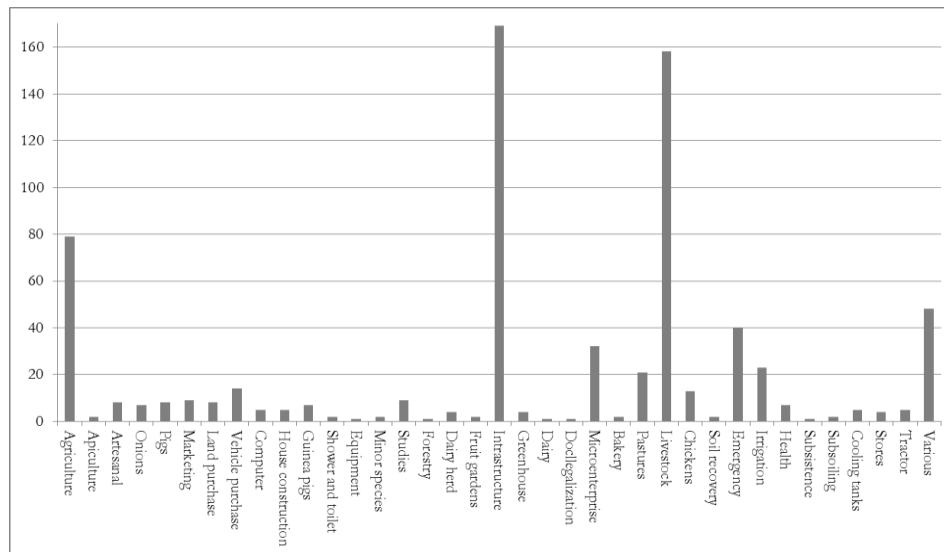
To evaluate the impact of the microcredits of beneficiaries of FCCC, 141 people were interviewed (unfortunately 25 questionnaires were rejected). To be able to see the biggest changes in the living condition of the families, interviewees were selected from those who have borrowed money for livestock, irrigation and agriculture, which is one quarter of all the credits taken since 1994. Also, a group of women was interviewed, whom in the last years showed a lot of motivation and improvement in the organisation of their group. Out of 116 people interviewed 41.4 % were male and 58.6 % female.

4. Results

During this investigation 116 families were interviewed which in total involved 493 persons out of which 321 were adults and 172 children under 18 years old. Among adults, the main occupation was self-employment either in agriculture or in non-farm activity (32%), 29% are salaried workers, for example employed in floriculture, 14% are domestic workers, mainly women, 9% are students and other 16% retired, unemployed or did not specify their occupation.

People who have been interviewed in total have received 710 credits that would be 6.1 loans per family. In Figure 2 (see annexes) it is shown for which activities these families have borrowed, representing in average 3% from total number (Figure 1) of each activity. However the loans in FCCC are easier to access and with a smaller interest rate, but people still borrow, in this case 49% confirmed, in other institutions as well.

Figure2. Distribution of activities for which microcredits were granted to interviewed persons.



Interviews provided the following results about each above mentioned indicator:

4.1. Education

32% of the interviewed said that microcredits from FCCC had an influence that their children could attend to university.

The study regarding education shows that 8.4% of all adults have none or part of primary education, 47% have primary education, 26% secondary education, 12.8% technical or university degree and 5.9% did not specify their level of education. These results demonstrate that in the society of Cayambe primary education is the dominant level of studies among adults over 35 years and secondary, technical or university studies among young adults who are under or beginning of their 30s. This proves that in the last years the importance of education has increased and younger people is willing to finish secondary school, as well as continue studying in universities. Another proof that education plays an important role in the society is that 100% of school-age children attend classes.

4.2. Housing

Housing is another very important indicator for this investigation. 39.6% of the interviewed families had improved their living conditions because of borrowing at FCCC. 54 persons responded that since they received loans they bought or built a new house and 46 acknowledged that receiving credit had influenced to acquire their housing. The reasons that have been specified to get a new dwelling were: old one was too small for their family, there was a need to live separately from parents or there was an urgency of the new house.

Simultaneously significant improvement was noticeable in renovations of the properties, where 70 houses were repaired since 2004, out of which 75% received loans for it. The most mentioned repair works that have been done were parget or painting, change or reparation of roof, built a second floor as well as increase the amount of bedrooms, change doors and windows, build showers and toilets, improve or introduce electrical network and put floor tiles or other material.

The improvement of the house also consists of renewing equipment inside the house like buying kitchen facilities or obtaining a mobile phone, which in some people it is basic gadgets, but for people with lower incomes it can mean an improvement in quality of life. So

it was found that 29% of interviewed have obtained the mobile phones after they borrowed at FCCC. 24% of the families have equipped their dwellings with fridges, stoves and TVs.

At last, but not least important point for housing is how many family members have to share rooms. The calculations show that average of all families from the study is 1 person per room, but 56% of the families have more persons per room.

4.3. Incomes and savings

These are the two most difficult indicators to measure the impact as in this case there was no possibility to compare with non-clients. The incomes and savings can be affected by various factors, like economic changes in the country, sickness of family member, loss of employment and others, and can be changing during the years. However, 72 answered that their incomes have increased and 73 also confirmed that they had a chance to have some savings. Even though it is self-evaluation, it is still valuable information, which gives an idea how people view improvement of their livelihood.

4.4. Land and farm

As already known, economy in Cayambe area is based on agriculture. For this reason it is a relevant indicator. The information, obtained from FCCC customers, shows that 101 families have land out of which in 82 cases this land is cultivable and in other cases used for grass growth to feed animals. The size of the land vary from very small (100 m²) to very big fields (24 ha). And with the support of the loan 27 families could acquire more land.

The canton of Cayambe is well known for their dairy products. For this reason many farmers grow cattle as well as other animals like pigs, chicken and guinea pigs. 86 persons answered that they grow animals, both for self-consumption or for selling, which is 74% from all interviewed people. 70 persons confirmed that they had incomes for selling animals and 67 got incomes for selling animal products (milk, eggs, etc.). In the case of growth of the cattle an important installation is electric fence, which helps to define the area of the grass which animals can access. The participants of the investigation were asked if they obtained this tool after they received loan in FCCC and 22 answered positively. This demonstrates that not only buying animals matters but it is also important to improve their farms.

4.5. Nutrition

Ecuador has a very rich land for growing vegetables and fruits, which they export a lot, but as well use for local consumption which means that they do not suffer from hunger as it happens in other countries. The only problem that can occur is that their diet is not adequate, because of little variety of the food or consumption in big quantities of less nutritive food, like fried food. So what was found out that receiving credits did not affect their nutritional habits, some answered that they can buy more processed food (mayonnaise, canned food, candies, etc.) from shops, but it is not necessarily an improvement on nutrition, only it explains that people have more resources.

4.6. Community

Communities in Cayambe play a significant role in people's lives. They meet each other on a regular basis, they work together to improve their surrounding and also depend on each other for being able to receive credit from FCCC. The advantages that microcredits provide are not only material. It is as well the way to keep society united; it demonstrates importance of team work and develops the responsibility among the members. As the community members are so connected to each other they see how lives are changing for their neighbours and 89 have answered that they see noticeable development in last 10 years of the neighbourhoods they live in. The improvements which were commented the most were

the installation of phone lines, street lights, tubes for drinking water, sewerage, built roads and increase of own businesses. These are the major changes, but probably it had many bigger or smaller projects, which have changed and improved the surrounding of rural people. In the opinion of the people these improvements were influenced by the microcredits they receive. And only 8 have responded that life in the communities got worse or did not change during the years. Reasons stated were that their community leaders do not do their job to improve conditions. All the families which participated are living in 78 communities. It gives a good overview of how communities evolved during last decade.

4.7. Holidays

As mentioned above, holidays as an indicator was selected to see major improvement in lives of rural people, as it is not considered as a basic need, but more as a luxury sign. Families were asked if after receiving credit they could spend holidays outside of their house and 27.8% responded positively. There were as well some respondents who could afford holidays, but taking care of the farm does not let them leave the house for a long period of time.

5. Discussion

As it can be seen from the results, one way or another life condition of the interviewed people has changed. Attention cannot be given to the fact that in the town people is able to receive microcredits from the FCCC. It has to be considered that it was also strongly affected by the growth of economy in the country. However results provided in this paper have a relevant proof that microcredits, handed over within the framework of revolving fund of the FCCC, had significant impact to the improvement of life of Cayambe people. First of all, FCCC works in the area for almost 30 years and people come back to borrow; they finish to pay their loan and come back again for another one, because it gave them progress and possibility to go ahead. It can be seen as a life style for economic growth.

Even if there is no comparison with a control group, it should be taken into account that most of communities have acknowledged the lack of people who have not requested microcredits. This makes it impossible to create a control group but it also demonstrates the acceptance the microcredits project has in the community. Moreover, it is clear that the perception of the borrowers is that microcredits are helping their lives, that their lives have improved and that one of the reasons for that has been receiving microcredits.

There are more people who seek higher education than there was a few years ago. Some families are being able to go on holidays which is something they did not consider before. Some families have acquired more land or improved their farms in one way or another. Also many families have improved their house either by repairing it or by moving to a new house. And what is also very important, most of the interviewed people believe that the microcredits are one of the important reasons that made these improvements possible and only a small proportion of them believe that the communities have gone worse since then and, even on those cases, they believe that the reasons for the community not to grow is not the existence of the microcredits but the lack of leadership by the community leaders.

Another point that should be considered is that Ecuador has significantly grown over the last years. This could make us think that the development of the region is mainly caused by the general growth of the country. However, this growth does not necessarily mean that all the regions of the country could benefit from it as it could, for instance, mean that the urban areas develop much faster than the rural ones. At this point it is important to remark again the perception of the different communities of Cayambe that the microcredits are one of the tools that has empowered them to improve different aspects of their lives. It is difficult to measure how much but analysing the results, it is clear that microcredits are actually helping

the families in the region and that they keep seeing it as a tool that can help them to further grow.

6. Conclusions and recommendation

The Revolving Funds for microcredits are valid tool for sustainability to improve the welfare of its beneficiaries. It cannot be assumed that they are a tool that has a positive impact without analysing the results. Even though that this is a preliminary study, it shows that the community of Cayambe has improved during the last years in different ways.

Even though a deeper analysis could be recommended in this case, this preliminary study already shows that microcredits have had a positive impact in the development of the canton of Cayambe. As well as other services which provide FCCC, like program for infrastructure, program for improvement and maintenance of production, educational program, occupational centre Tainate Huasi for professional education for young indigenous and health program. The improvement of the country general situation has of course also helped but the microcredits provided by FCCC offer families of the region the possibility to invest that they would not otherwise have. It is clear that there are improvements in many aspects and some of those improvements could have been difficult to achieve without the possibility to obtain credit.

The program of microcredits of FCCC has been accelerating development in Cayambe, but still there is a space for improvement. In this case two matters can be improved. The amount of the credits could be raised taking in consideration the history of previous payments of beneficiaries. Another point is the age of recipients, as it is quite high; the average age is 47 years old. It is because of younger people having higher insolvency risk. This leaves a lot of young people behind the possibility to have finances for investment.

Development of the rural families is important matter in this study. As well as success of the FCCC, which is not only that it functions almost 30 years but it continues to develop and grow (1994 lent credits for \$16.708 and in 2013 it remains active and had more than \$4.000.000). We can conclude that the Revolving Fund for microcredit implemented by the FCCC in 1994, almost 30 years later is still in force and supporting communities of Cayambe.

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