

Haciendo El Salvador más seguro

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# Overview

 El Salvador is a lower-middle income country with a great potential for growth and development. It has one of the largest economies in Central America, and has made great strides in both health and education. However, there are still several large problems that are keeping El Salvador from reaching its full potential. After extensive research, we have determined that the lack of a savings rate and the high level of crime are two of the biggest deterrents to the country’s development. Therefore, we have formulated a proposal for a community center that will address both of these issues, in addition to offering other benefits to Salvadorans. In this paper, we will first review our definition of development. We will then discuss the economic and crime problems in more detail. Finally, we will give our proposal for combating these issues.

 We intend to pitch this proposal to several different partner organizations that we would like to work with. These include USAID, Simply Help, Soccer Without Borders, Un Techo Para mi País, and the Global Financial Education Program. The potential roles for these organizations will be discussed further in our proposal section. Each of these pitches will require an introductory letter and some specific tailoring to each organization. For the sake of this paper, we have stated our basic proposal. The introductory letters will be added later as we distribute the proposal to each of these organizations.

# Definition of Development

While development can mean many different things, we believe it should be synonymous with quality of life. A good quality of life means not only having your basic needs met, but being able to live life free from worry of disease, hunger, crime and corruption. We state these elements specifically for they are extremely harmful to all human beings, and to their quality of life. A good quality of life is having the opportunity to live independently, meaning freedom from dependency on outside forces. As Nobel Prize winner Amartya Sen states, “People have to be seen…as being actively involved – given the opportunity- in shaping their own destiny, and not just as passive recipients of the fruits of cunning development programs”.[[1]](#footnote-1) Therefore, the feeling of being independent and capable of directing your own future is a necessary component of development. Education is the doorway to numerous opportunities as well as essential to making a living, so education is also a component of our definition of a good quality of life. Finally, development includes the opportunity for citizens to improve their lives. It is true that in the past, economics and GDP have played a significant role in evaluating a country’s development, but we think this is misleading. Economic success is very important but the social aspects of a country are also crucial in determining its state; as “with adequate social opportunities, individuals can effectively shape their own destiny and help each other”.[[2]](#footnote-2)

For us, development is the combination of several measures that we see as enlightening and important factors for evaluating the quality of life. These measures fall into general categories of economic growth, inequality, political development, health, education, and crime. Previously, we used various indicators to measure El Salvador’s development level in each of these categories. By evaluating the country’s progress in each of these ways, we were able to see a bigger picture about the quality of life in El Salvador.

# El Salvador’s Current State of Development

 After extensive research into El Salvador’s current state of development, we have isolated the economy and the crime levels as two crucial issues that we would like to address. In order to give background into this decision and our proposal, it is crucial to describe these problems in detail.

## Economy

 While we have argued that development is not purely an economic measure, the economic health of a country is still an important aspect. It is critical to evaluate the economic progress of a country in order to see what resources are available to allocate to other crucial human development goals. By looking at El Salvador’s economy and analyzing its one- and two- we are able to see how the country has been progressing economically over time, and what still needs to be done.

 El Salvador has the third largest economy in the Central American region, behind Guatemala and Costa Rica, measured by GDP.[[3]](#footnote-3) According to the World Bank, it is considered a lower middle income country. In terms of GDP per capita, El Salvador’s economy looks even stronger. In 2009 the GDP per capita was $3,424, which is slightly higher than the average GDP per capita of lower middle income countries. In fact, as you can see in Figure 1, this was also higher than Guatemala and Honduras’s GDP per capita.

|  |  |  |
| --- | --- | --- |
|  | GDP in USD (2009) | GDP per capita in USD (2009) |
| Chile | $163,669,060,914 | $9,644 |
| El Salvador | $21,100,500,000 | $3,424 |
| Honduras | $14,317,854,032 | $1,918 |
| Guatemala | $37,321,878,154 | $2,661 |
| Lower Middle Income Countries (Average) | $8,812,199,032,923 | $2,312 |

Figure 1: GDP and GDP per Capita in 2009, U.S. Dollars[[4]](#footnote-4)

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### GDP Growth

 Due to successful trade agreements made with the United States and with countries within the region, El Salvador’s GDP was growing steadily up until the world financial crisis of 2007. As seen in Figure 3, El Salvador is actually lagging behind the countries of its region in GDP growth. GDP grew from $17,070,200,000 in 2005 to $21,100,500,000 in 2009.[[5]](#footnote-5) The reason for this will be looked at more closely in our gap analyses sections.

Figure 2: GDP Annual Growth, U.S. Dollars[[6]](#footnote-6)

 El Salvador’s economy suffered greatly as a result of the global recession, which can be seen by the negative 3.5% growth rate achieved in the year 2009. This economic contraction was much larger than all the countries used for comparison. In fact, globally, lower middle income countries on average experienced GDP growth in this period.[[7]](#footnote-7) This discrepancy can most likely be explained by El Salvador’s close relationship with the United States. As the economy is heavily reliant on the U.S., it was impacted more significantly by the U.S.’s economic problems. The significance of this relationship is exemplified by dollarization, which occurred in 2001 and through which El Salvador lost control of its monetary policy. This also means any counter-cyclical actions must be done through fiscal policy, which requires a two-thirds majority legislative approval.

### One-Gap Analysis

 The one-gap analysis shows the difference between a country’s desired investment and their available domestic savings. In other words, this analysis will show if El Salvador has been saving enough to reach a desired growth rate, or if they require outside investment from abroad. This analysis can be done using the Harrod-Domar Equation. The equation shows that GDP growth = (1/k) x I, where k= the capital output ratio, and I= gross investment.

 To find the one-gap of El Salvador, we used averages from data compiled from the years 1999-2009. This data is found in the chart below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **GDP Growth (annual %)** | **Gross Fixed Capital Formation (% of GDP)** | **K ( GFCF/GDP Growth)** | **Gross Domestic Savings (% of GDP)** |
| **El Salvador** | **2.23%** | **15.82%** | **7.09** | **-1.27%** |

Figure 3: Harrod-Domar Equation Variables, 1999-2009[[8]](#footnote-8)

As shown, the capital output ratio for El Salvador was found to be 7.09. This is higher than the global average of 5, which means output requires more capital, therefore it may be that capital stock that is holding El Salvador back from higher growth.

 After evaluating GDP growth over the past years, we chose 3% GDP growth to be a realistic target for El Salvador. To reach this growth, El Salvador would need 21.28% investment. This high percentage, combined with the high “k” value, shows that investment in El Salvador is not very productive. A lot of investment is needed to create small gains. Due to the fact that investment is unproductive and that El Salvador’s gross domestic savings is actually negative, the country has an extremely large one-gap. This analysis shows that while El Salvador has already been funding all of its investments externally, there is still need for more outside funding.

 As El Salvador’s gross domestic savings rate was so low, we thought it would be helpful to compare it with savings rates of countries of the region and of Chile as a model. The figure below shows that El Salvador’s savings rate is lagging far behind not only Chile, but also all the Central American countries. Therefore, this low rate is not normal and represents a problem for the country.

Figure 4: Average Gross Domestic Savings Rates, 1999-2009[[9]](#footnote-9)

One possible explanation for the low savings rate may be due to the history of civil war within the country, “Common in post war countries is a lack of saving culture - when people have seen everything they've worked for destroyed through war, sometimes repeatedly, it becomes easier to use resources for short term, or immediate gratification that brings status rather than planning for long term security.”[[10]](#footnote-10) This could be relevant in El Salvador, as the country has seen several disasters that may have impacted saving culture.

 The next graph shows the relationship between average investment level and GDP growth for El Salvador, Honduras, Guatemala, and Chile. All of these countries have higher average investment levels than El Salvador and also higher average GDP growth. This highlights another crucial economic problem.

Figure 5: Relationship between average investment rates and average GDP growth, 1999-2009[[11]](#footnote-11)

 This analysis has shown that El Salvador has an extremely large one-gap. In comparison to other countries of its region, it is lagging behind in both investment and savings rates. To reach our target growth rate, El Salvador will need to increase their domestic savings rate. Right now all investment is being funded by external finance, probably coming mainly from a combination of foreign aid and workers’ remittances. While investment needs to be increased, El Salvador is already dangerously dependent on outside sources, mainly the United States. Many experts on development, such as Dudley Seers, have warned that economic dependence is a deterrent to development. He states that “independence is not merely one of the aims of development; it is also one of the means.”[[12]](#footnote-12) The government cannot afford to risk increasing this dependence; therefore domestic savings should be used to close the one-gap. The reason for this very low savings rate needs to be investigated so that the problem can be corrected. This is a crucial area that the government must improve upon.

 Furthermore, it would be useful for El Salvador to try and improve the productivity of their investments. As Paul Krugman has stated, “sustainable growth requires a combination of increased investment and increased efficiency.”[[13]](#footnote-13) Until El Salvador can make its investments more productive, there will not be a sustainable increase in GDP growth.

### Two-Gap Analysis

 The two-gap analysis is a measure that examines the gap between necessary foreign exchange and existing foreign exchange. By analyzing capital flows going in and out of El Salvador, we can get a better idea of the country’s economic situation and whether or not it is dependent on outside factors. In order to find the two-gap, we will look at the balance of trade, assets, and liabilities of El Salvador. For most two-gap analyses, an evaluation of the currency exchange rate is necessary. However, as El Salvador adopted the U.S. dollar in 2001, this measure is not needed.

 El Salvador has maintained a pretty constant trade deficit over the past 5 years. In 2009, exports made up 22% of GDP, where imports made up 38% of GDP. There was a trade deficit of about 3.27 billion dollars that year. This is pretty high, and is probably not sustainable for the future. El Salvador exports mainly coffee, sugar, textiles and apparel, gold, ethanol, chemicals, electricity, iron and steel manufactures.[[14]](#footnote-14) 43.8% of its exports go to the United States. Imports include raw materials, consumer goods, capital goods, fuels, foodstuffs, petroleum, and electricity. 30% of imports come from the United States, followed by 10% from Mexico.[[15]](#footnote-15) Looking at El Salvador’s trade, one thing that stands out is that they both import and export electricity. This could be an area that could be improved upon in order to decrease the trade deficit. If instead of exporting electricity, El Salvador used it for its own citizens, they could save money on the imports. Also, if El Salvador could work to develop more industry that could manufacture consumer goods, this could be another way to cut down on imports and decrease the deficit.

 El Salvador also maintains an extremely high level of external debt. In 2009, total debt was about $10.2 billion, which is 49% of GNI. This is a very large liability. In 2009 El Salvador spent about $1.2 billion servicing this debt, which is a good amount of money that could be spent more productively within the country. While El Salvador’s debt is smaller than both Chile and Guatemala’s in actual dollar amount, this is deceiving. The table below illustrates that El Salvador’s debt makes up a greater percentage of GNI than any of the other comparative countries.

|  |  |  |
| --- | --- | --- |
|  | **Present Value of External Debt (in USD)** | **Present Value of External Debt (in % of GDP)** |
| **El Salvador** | 10,197,806,760 | 49% |
| **Chile** | 65,749,158,520 | 43% |
| **Guatemala** | 12,012,924,010 | 33% |
| **Honduras** | 1,775,263,519 | 13% |

Figure 6: Present Value of External Debt, 2009[[16]](#footnote-16)

 In 2006, El Salvador signed an agreement for foreign aid with the Millennium Challenge Corporation. This was a 5 year “compact” agreement for a $461 million grant to stimulate economic growth and reduce poverty.[[17]](#footnote-17) The net official development assistance and official aid received by El Salvador was $233,350,000 in 2008. Another major capital inflow that is considered an asset to El Salvador is workers’ remittances from abroad. About 17% of their GDP comes from remittances sent from family and friends living outside the country, mainly in the U.S.[[18]](#footnote-18) CIA World Factbook estimates that one-third of El Salvadoran families receive these remittances.[[19]](#footnote-19) While high levels of remittances can be characteristic of Central American countries, these numbers are still high for the region, and extremely high when compared to a more developed country like Chile.

|  |  |  |
| --- | --- | --- |
|  | **Workers’ Remittances and Compensation of Workers, Received (USD)[[20]](#footnote-20), 2009** | **Percent of GDP** |
| **El Salvador** | $3,482,401,000 | 17% |
| **Guatemala** | $4,026,200,000 | 11% |
| **Honduras** | $2,520,245,000 | 18% |
| **Chile** | $4,400,000 | 0% |

Figure 7: Workers' remittances and Compensation of Workers Received, 2009[[21]](#footnote-21)

While this inflow of remittances is very helpful and does not incur any direct financial liabilities, we believe that it is dangerous for El Salvador to be so reliant on income coming from workers abroad. If anything were to happen to limit the migration of El Salvadoran citizens, the country could suffer a major loss. Furthermore, current remittance transfer systems are not perfect and can have high transaction costs, which put a weight on the migrants sending the money and also decrease the amount that actually reaches El Salvador. We feel that being so dependent on an outside source of income is a detriment to development and is holding El Salvador back from reaching its development potential.

 Foreign direct investment in El Salvador spiked after the 2006 signing of the CAFTA-DR trade agreement. This agreement gave El Salvador preferential treatment in the United States’ market, and in return El Salvador fostered an open trade and investment environment.[[22]](#footnote-22) The U.S. has supported the privatization of electrical and telecommunications markets. This has been a source of much of El Salvador’s foreign direct investment.[[23]](#footnote-23) In 2007, El Salvador saw $1,508,340,000 in foreign direct investment. Since then, this number has lowered and in 2009, FDI only accounted for 2% of El Salvador’s GDP. The chart below shows that this amount of FDI is in line with the rest of the region, however Chile maintains a much higher percentage.

Figure 8: FDI as % of GDP[[24]](#footnote-24)

Although foreign direct investment results in eventual capital outflows, it is still very helpful. El Salvador should look to Chile’s example and try to expand their foreign direct investment. This is one area where El Salvador’s close relationship with the United States can be helpful. FDI from the United States is already present in the country, so there is always opportunity for expansion. However, one issue that may be holding investors back is El Salvador’s corrupt government. Until investors feel confident that the government is secure and trustworthy, they may not want to commit large amounts of FDI. This could be a potential roadblock holding El Salvador back from reaching higher levels of growth and development.

 El Salvador’s Net International Investment Position (IIP) as reported by the IMF is -9.286 billion dollars. The Net International Investment Position is a measure used by the IMF that equals a country’s stock of external assets minus its stock of external liabilities.[[25]](#footnote-25) This equals about 45% of El Salvador’s total GDP. While this is a large deficit, El Salvador’s two-gap is in decent shape. Although El Salvador maintains a large trade deficit and a large amount of debt, this is offset by the large capital inflows coming from foreign aid and workers’ remittances. While the two-gap is balanced by these inflows, it does show how dependent El Salvador is on other countries, specifically the United States. We believe that while this dependency is necessary for now, in the long term El Salvador needs to work on becoming more independent. Some ways to do this would be to increase foreign direct investment and to work towards closing the trade deficit. While El Salvador is in a pretty good place for now, this level of dependency is keeping the country from being independent, which is considered a critical aspect of, and precursor to, development.

## Crime

 Crime is extremely influential to the development of El Salvador is because it has repercussions that deteriorate the quality of life of its citizens. Crime destroys human and social capital. It forces part of the population to move overseas in an effort to try and escape the violence at home. Those who remain are overwhelmed with fear. Perpetrators of crime also add to the wasted human capital. Instead of being productive in society, they occupy their time with activities that do not benefit the nation at all. Furthermore, if caught, as we have learned that a big part of members of gangs are in fact behind bars, their chances of acquiring employment are severely diminished.

 In addition to the destruction of human and social capital, the economy also suffers as a result of crime. According to a World Development Report done by the World Bank, “In Latin America more than 50 percent of firms surveyed judged crime to be a serious obstacle to conducting business.” Crime discourages investment and trust, and therefore eliminates numerous business opportunities. El Salvador’s economy has the potential to benefit greatly from tourism. Crime, however, eradicates this potential. It not only induces fear in natives, but in foreigners as well.

 This high level of crime also takes a toll on the relationship between the people and the government. As the government has not yet found a way to control and protect its people from crime, people are given yet another reason to distrust their government. Clearly, crime is deteriorating all the progress El Salvador is making in its development.

 The term “crime” can have a lot of meanings; in its simplest form crime means breaking the law. This term, however, is much more complex than that. Crime encompasses threats, kidnappings, extortions, drugs, homicides and for some, even a lifestyle. The two most critical aspects of crime that influence El Salvador are homicides and gangs.

### Homicide

 Murder is a crime that unfortunately occurs everywhere. There is a variety of reasons as to why murders can be provoked; robberies, drugs, gang initiations and many more. El Salvador’s homicide rates are not only high for Central American standards, but are high worldwide as well. Some might believe that the reason for high homicide rates lies within the vast availability of firearms the country has. Registered firearms are used to commit more than 70% of homicides.[[26]](#footnote-26) Certainly the spread of these weapons can lead to increases in their usage; however, they are not the only weapons utilized in murder. A study from 2001 done by the Salvadoran Ministry of Health reported that firearms were responsible for 57 per 100, 000 deaths in the country; meanwhile other weapons, such as knives or machetes, were responsible for 118 per 100,000 deaths.[[27]](#footnote-27)

 As shown in the charts below, El Salvador has one of the highest rates of murders, just after Venezuela. The country also has a staggering amount of intentional homicides, much greater than Chile, Honduras or Guatemala.

Murders per 100,000

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**Figure 34: Most Recent CTS (Crime Trend Surveys) murder rates compared**

**Figure 35: Intentional Homicide Rates in 2004 (per 100,000 people, WHO)**

### Gangs

 Gangs are without a doubt one of the worst problems facing Central America; and instead of getting better, the situation continues to rapidly worsen.



**Figure 36: Gangs in Central America**

 Salvadorans join gangs from as young as eleven years old. For some, it’s an escape from their lives. Some children are abandoned by their parents, and thus join a gang to find the family they never had. One of the most notorious gangs worldwide, Mara Salvatrucha, started in Los Angeles, CA by Salvadorans who escaped and found themselves alone in a different country. They banded together, and once they were deported from the United States they brought their gangs home with them. El Salvador has two large rival gangs, Mara Salvatrucha and Mara 18. The members themselves are not even aware of the reasons as to why they despise each other; all they know is that it is their duty to eliminate the other.[[28]](#footnote-28) Being part of a gang eradicates any aspirations in life. Members believe that reaching the age of 37 is what is expected, and anything beyond that is luck. They don’t see any alternatives to joining a gang and once they join, they have many dangerous rules to live by.



**Figure 37: Gang Members per 100,000 Population**

 El Salvador has a very large population of gang members. This helps to explain why El Salvador has a large part of its population behind bars. It has a significantly higher population in jail than both Guatemala and Honduras. Approximately one third of prisoners are gang members[[29]](#footnote-29), which is about 7,000 people. The rivalry between the two powerful gangs was too much for a prison to handle, and now Mara Salvatrucha has a prison all to their own; one in which they have to share beds because the prison is not big enough for the amount of prisoners. The disappointing reality is that, even behind bars, gangs do not lose their power and have leverage with the guards. If a guard disturbs a gang member in any way, he could easily call up a member who is not locked up and demand to have the guard killed.[[30]](#footnote-30)

 Crime is obviously a significant problem in El Salvador. Its presence brings fear, corruption, distrust, and ultimately presents a barrier towards the country’s development. As crime continues to be widespread, human capital will be lost, the economy will suffer, investments will decrease, and the government will continue to be distrusted. El Salvador cannot successfully develop with such a large crime problem.

# What Current NGOs Are Doing

 Currently in action within El Salvador, many NGOs are working hard to combat the country’s issues. Their missions range from improvement in the education system, after school and community involvement, as well as financial education. The following are brief summaries of NGOs mentioned in our paper.

**Soccer Without Borders**

 This NGO works in El Salvador for a week during the summer and runs a soccer camp for children. Through their programs they provide an outlet to children who might otherwise join gangs or get themselves into trouble. By playing sports children gain confidence, a feeling of community, and a positive way to exercise their emotions.

**Magicians Without Borders**

 This organization works to entertain and bring hope to communities all over the world. Through their magic shows, communities are given relief from their problems. The shows also have an educational aspect, such as teaching about HIV and AIDS. In addition, the organization trains locals to be magicians, providing fun and creative ways to be involved in helping their own communities.

**Simply Help**

 This organization is primarily based in Central and South American regions but also works in Asia and Africa. Through their community centers, they provide vocational training to adults, ranging from cooking to machinery. They also work as senior citizen community centers. Their methods involve empowering individuals with job skills, which aid them in improving their own quality of life.

**Global Financial Educational Program**

 This program targets low-income families in developing countries. They provide curriculums on financial education and train other service organizations on how to use them. It is led by the organizations Microfinance Opportunities and Freedom from Hunger.

**USAID**

USAID uses a community-based approach to combat violence in El Salvador and other Latin American countries. They have brought together government officials, local authorities, civil society organizations, and at-risk communities to work to fight crime. They sponsor several different community centers and recreational centers to create safe spaces for youth. Their programs provide Salvadorans with an alternative to gang life. We have modeled some of our proposal on USAID’s communal approach to combating violence. They also provide small grants for these types of activities[[31]](#footnote-31), so it is possible that we could get some of our funding from this source.

**Un Techo Para Mi País – El Salvador**

Un Techo Para mi País is an organization aimed at improving the quality of life of families living in a poor situation, through the construction of emergency housing and executing plans of social rehabilitation. This organization is similar to Habitat for Humanity, but is focused solely on Central and South America. The goal is to involve a society in this task of striving to construct and maintain a more just country free from exclusion[[32]](#footnote-32). The premade houses are wooden and generally take about 8 – 10 volunteers to construct in about two days. Their cost is about $1,500, of which about 10% is paid by the family receiving the house. These projects increase trust between the leaders of the community and the volunteers, and strengthens the community’s post-construction relationship. The young volunteers also get to witness the reality of the country through this physical and emotional experience. This is another one of our aims. We would ideally partner with this organization to build the community center.

# Our Proposal

 Our mission is to promote social cohesion while reducing the risk factors of juvenile violence through a community center. We are offering a safe space where youth and adults can feel at home, while attending classes that would increase their opportunities in life.

 As the economy and crime rates were two of the biggest problems we found in El Salvador, we decided to focus our proposal on alleviating both of these issues. We would like to start a community center that will offer different programming for both adults and children. This will be a community-based effort to combat violence and provide an alternative to gang life. By giving children a safe space where they can feel a sense of belonging, we will show them that life without violence is a viable option. Furthermore, we will have different classes to teach job and life skills. This will benefit the community as a whole, while again giving an alternative to choosing crime as an occupation.

 In order to address the economic problems we will offer financial education that will focus on teaching people about budgeting and saving. This will help combat the country’s extremely low savings rate and also teach Salvadorans a more sustainable and successful way to use their remittances. Many people do not save solely because they do not know the benefits of doing so, and our community classes will help them see that. We will also foster a savings culture with the younger generations through the use of an age-appropriate awards system. We will utilize local and foreign volunteers to help run our classes and oversee the center. We will also offer more fun programming for youth, such as, arts and crafts, reading, sports, and games. The center will also have Internet access and several computers will be available for any community members’ use. Our goal is to create a center that will provide a safe, educational, and fun space for people to bond and grow as a community and as individuals.

 To recruit local volunteers, we hope to partner with a local university, in order to increase awareness. The reality of the El Salvador’s underdevelopment is something that remains obscure, especially to those who live in the capital. By partnering with a local University we hope to raise awareness to more of the population, and thus gain more cooperation and support form around the country.

 Our proposal is unique in that it brings together many of the different approaches NGOs in El Salvador are using today. We have adapted the best techniques of each organization and are providing a center that will blend these together. We also intend on partnering with many of these organizations, as they already have expertise in certain aspects of our proposal.

## Programs

 At the community center, many programs will be run that we believe are useful and helpful for improving the community. Programs will range from classes for children to vocational training for adults. In addition, financial literacy will be taught and incorporated into adult and youth classes. We will also have Internet access and several computers available for any community members’ use. Our hope is that these programs bring greater involvement in the community, prevent gang involvement and decrease violence, improve financial management, and benefit the community overall.

### Youth Programming

 For teenagers, we will offer a mix of educational and fun afterschool activities. Through the use of an age appropriate awards system, we will also foster a savings culture with the younger generations. Classes will include arts and crafts, reading, English language, sports, and vocational training. There is a large possibility of partnering with non-governmental organizations such as Soccer Without Borders, Simply Help, and Magicians Without Borders to help carry out programs. By involving children in after school activities, we will provide them with an outlet other than joining a gang. They will have a place where they feel comfortable and included, as well as be active and involved in positive ways.

 Through rewards programs, young adults will learn the importance of saving. Students will earn “points” through activities and achievements, and will accumulate those points over time and save up for prizes that they can win later in the year. This system will encourage adolescents to learn how to save in an indirect way and teach them to enjoy delayed gratification, benefiting them later in life. Prizes will be anything from books to sports equipment, and maybe even bigger items, if we receive donations.

 The main focus will be on vocational training and jobs skills. These classes will show teens that they can use their time productively and show them that a career outside of gang violence is possible. These classes will include computer skills, health education, English language, business entrepreneurship, and more. The content and subject of the classes will be tailored based on available volunteers and potential interest.

### Adult Programming

 While the majority of our focus will be on at-risk youth and teenagers, we will also have a curriculum for adults who are interested in getting involved. We will be offering programming twice a week during evening hours, as this will be most convenient since some adults will have jobs. We intend on offering a different subject each month. These subjects will include English language, computer skills, health and financial education, and other appropriate topics. We may be serving dinner or snacks and refreshments in order to provide another incentive for people to attend these programs. In addition to our evening series of classes, any interested adults will be more than welcome to participate in the vocational training programs.

 The focus of our adult programming will be the financial education. The curriculum will be provided through a partnership with the Global Financial Education Program and will contain information on budgeting, debt management, savings, bank services, and financial negotiations. Currently, the Global Financial Education Program has nine available modules, which include “Savings: You Can Do It!” and “Remittances: Make the Most of Them.” Certain staff members will be trained by the organization, which will then teach it to volunteers in the community center as well as teach it to students. The curriculums are also taught in Spanish, which is an added benefit for Salvadorans. The Inter-American Dialogue Center studied several Latin American and African countries and stated that the main reason people gave for not using the formal financial system was their lack of familiarity with banking products.[[33]](#footnote-33) We hope to combat this lack of knowledge. Financial education has been seen to make a large impact, as in the countries studied over 90% of people indicated that they planned on following-up on what they had learned and more than 15% acquired a financial product soon afterwards.[[34]](#footnote-34)

 Once we’re on the ground in El Salvador, we plan to poll the local population to see what specific programs they would like to have offered, rather than by just going by what we feel are important. For all generations, the community center will be a place for learning, for community building, and act as a home away from home.

### Future Peace Programs

 Once our community center is operating successfully, we plan to expand our programming. We will use the job training and other programs to draw people into our center and to see the benefits. Once people have bought into the idea of a community center and are comfortable coming there and discussing issues, we hope to add more specific anti-violence talks. We hope to use guest speakers as a way to talk about the benefits of a peaceful society. Guest speakers will include ex-gang members who can talk about their experiences. We can also have victims of violence tell their stories, as well. Our goal would be to continue raising awareness and promote peaceful social cohesion. We plan to add and develop this curriculum more once we have a strong following of community members using our center and attending our programs.

## Volunteers/Staffing

 To begin with our project, we would have two or possibly all three of us spend the summer in El Salvador for basic surveying, researching and final decisions. This summer would also be spent searching for volunteers who will be teaching our programs once the community center gets started. These would depend on the number of programs being offered, but we would ideally find them over the summer, train them during construction and be ready to start once the Community Center is finished being built. We believe it is important to have one of us permanently residing within the community at all times, thus allowing maximum efficiency with the project as well as building up trust from the people in the community. Unfortunately, once the summer is finished we will not be able to continue residing in El Salvador, which is why during the summer we would also be training a volunteer to step up to this position of authority once we leave. This person would have to be someone all three of us trust wholeheartedly, someone we respect, and someone who we work well with. During our time abroad, this will be the person who we will communicate with regularly about the progress of the Community Center. This person will mainly be in charge of overseeing all the other volunteers who will work at the center.

 We believe it is equally important to have someone from the community in a position of authority as well. This person would be our strongest link to the people and the desires of the people, as well as increase the trust from the people in the community in our organization. The more the people trust an organization, the more willing they are to cooperate. The election of this person would depend on the community we end up choosing. It would definitely require someone with a lot of charisma, integrity and most importantly, respect from the community. This person would ideally be someone whose voice already carries a lot of weight within the people and a role model of sorts.

 In addition to the volunteer teachers, we would have local High School and University students work with the community center as well. We are aware that numerous high schools require a certain number of community service hours from their students in order to graduate. We believe that this could be one program in which the students could fulfill their requirement. Their involvement would be with the youth programs. This would be a mutually beneficial program, for not only would the kids from the community significantly enjoy interaction with students from different high schools, but this would also raise awareness for the rest of the country. Often, the young members of the elite are sheltered from the reality of the rest of El Salvador, outside of the cities. Volunteering at our center will serve as an eye-opening experience, greatly increasing awareness, and therefore increasing cooperation and aid from around the country. We also hope to partner with a local University to find volunteers to run some of the more detail-specific programs. These University students could help teach job skills, computers, and English language.

 We will also take any interested volunteers from the United States. While we will be unable to provide them with any financial benefits, coming to El Salvador and working in our center would be a great experience for them. Once we are established, we are considering starting an internship program that could bring U.S. students over to work with us for periods of 3 months, 6 months, or a year. These students could help with any programming or organizational tasks, but would also come specifically to help teach English.

## Timeline for Future

 Although timing in development is never concrete, we have come up with a one-year timeline for the creation of this project. We would begin our groundwork in the summer of 2011, where one, or hopefully more of us, will be spending time on the ground in El Salvador. This time will be dedicated to research. First of all, we will be researching location. Once location has been found, we would spend the summer surveying and educating ourselves within this community. We hope to learn everything, ranging from the people to their tradition, their culture, their leaders, their beliefs, and the local problems they would like to see addressed. This would allow us to design the programs best fitted for the community, and search for volunteers to lead these programs. We would also spend the summer talking to potential donors or supporters and raising awareness of our cause. Finally, we would take advantage of the summer to partner with Un Techo para mi País (UTPMP). Once the summer ends, the following semester (August-December 2011) would be dedicated to the constructing of the Community Center. We would like to have the community work together with UTPMP in building the center. We hope to have the center completed by December that way we can take advantage of winter break to return to El Salvador and make sure everything is ready for opening. If all goes smoothly, the center should be finished well before December. We are aware however, that construction projects usually tend to get delayed, which is why we are allowing for a 4-month period of construction. Any time available between the end of construction and the opening would be dedicated to prepare for the opening and running of the center; this would include preparing programs, volunteers, as well as community participants. The following semester (January-June 2012) would be the first running semester of the Center. After being open for this semester, we will continue to increase interest and come up with new programs and ideas to further aid achieving our goal. After our center is established and running successfully, there is the option of adding more aspects. In Appendix A, the idea of adding a remittance pick-up center will be discussed.

**Timeline for Proposal:**

Spring 2012- Opening of the Center, Start of Programming

Fall 2011- Construction of Community Center

Summer 2012-onwards- Community Center will be running, we will be improving and adding programming

Summer 2011- Research & Location Picking

## Location

 When we began searching for our location, we looked to investigate an area that had the most challenges in regards to violence and unfortunate economic conditions. However, we quickly realized that these two problems do not overlap within the departments, or provinces. The most economically challenged provinces of El Salvador are Cabañas, Morazán and Cuscatlán; while the most violent departments are San Salvador, Sonsonate and Santa Ana. For our location, we were hoping to find a relatively urban city so we would have easy access to any resources we might need; however we do not want to build our community center in the capital because we feel that city is busy enough already. The two departments that make sense in terms of size and distance to the capital, would be Sonsonate and Cabañas and therefore we plan to spend the summer visiting and researching these two locations. We have also been in contact with the Social Director of Un Techo Para mi Pais, and he mentioned that he is aware of many communities in need of a community center. We hope that with his insight, together we can find the perfect location. One other requirement we have in terms of finding location would be a soccer field, since sports is one of our core programs. However if we find a community that we deem favorable to work in and they do not have a soccer field, we would use the closest field. Given that El Salvador is such a small country, we are positive that if the actual community does not have a soccer field available, there will definitely be a field close enough that we could travel to it easily. Surveying the community is vital, and the most important determining factor is the people of the community. The people have to be genuinely and enthusiastically interested in this project in order for it to have any possibility of success. We have a clear idea of what community we would like; we just need to physically be in El Salvador for a final decision on the location for our project.

## Budget

 We have drawn up a tentative budget to estimate the costs of the start-up of our community center and the anticipated annual costs that will follow. We hope that by partnering with different organizations, we will keep this center as cost-effective as possible.

 To start, we hope to work with Un Techo Para mi País- El Salvador to build our center. We would like the community to help with the building in order to give them a sense of ownership and involvement in the project. The typical cost of building a home in El Salvador through Un Techo Para mi País is about $1,500.[[35]](#footnote-35) These homes are premade, wooden houses that are about 18 meters squared. Rather than bedrooms, we will have classrooms. Ideally, we would like to have three to four classrooms. Therefore, we are budgeting approximately $1,500 for the construction of the building. We hope to get this building sponsored, either through USAID or donations that come through Un Techo para mi País.

 The only salaried staff members will be two security guards. Due to the dangers and risks involved with working in El Salvador, we will need security 24 hrs/day. We will have a night security guard and a day security guard. As this is such an important job, we want to compensate them competitively. We will pay them an monthly salary of $750.

 In regards to the educational and recreational materials, we hope to rely on donations. We are planning on receiving donations of used computers from local high schools. Books, school supplies, and sports equipment will also be donated, both from local schools and from the United States. This will also include the prizes for our award system. The only educational material that we will have to pay for is the financial curriculum from the Global Financial Education Program. The whole set costs $100. One member of our team will be based out of the United States and take responsibility for coordinating donations and facilitating donor relations.

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| --- |
| ***Tentative Budget:*** |
| **Construction of Building:** | $1,500 |
| **Salaries:** Security Guards (2) | $750/month |
| **Educational Material:** Financial Curriculum Other | $100$0 |
| **Sports Equipment** | $0 |
| **Computers** | $0 |
| **Maintenance Fund** | $0 |
|  **Totals:** **Start-Up:** | **$10,600.00** |

# Conclusion

 After having thoroughly researched the obstacles El Salvador faces on its way to development, we believe the proposal at hand adequately addresses some of the most significant ones. It is evident that crime is increasingly deteriorating the potential of the country, and is often as the sole escape for young Salvadorans. With this community center, we offer an alternative use of their time. This community center would provide children with programs that are not only entertaining, but also beneficial to their future and the future of society. These programs would also be open to adults as well, in hopes of opening up new opportunities by advancing their education. We would also like to teach basic skills in order to help people understand financial practices and train them in different occupations. This community center would foster a feeling of unity within the community, create awareness of an unfortunate reality thoroughly the country, and more importantly it would give hope to these Salvadorans who can barely see the light of possibility in a crime infested unequal society.

# APPENDIX 1- Potential Future Expansion

 A possible route for expansion that we have explored involves us partnering with a remittance provider in order to become an in-person pick-up center for remittances. While we have determined that this is too complex of an operation to start with, we have decided to include this information as an appendix. When our community center becomes established and successful, we may revisit this idea.

 We would like to partner with Viamericas, which has been named one of the best remittance companies based on product offering, cost, distribution network, and customer satisfaction.[[36]](#footnote-36) While we will be doing a service by offering affordable and transparent remittances, we would like to draw remittance receivers into our community center for two other reasons. First of all, this will enable us to financially educate people who are receiving lump sums of money. Much of these remittances go to waste, as Salvadorans are not educated on the benefits of saving. We hope to target this group of people with our financial education courses.

 Second, teens may come in to receive remittances from family members in the United States. As mentioned before, this demographic is the most at-risk for joining gangs. When Salvadorans migrate to the United States for financial reasons, the children left behind may feel abandoned and alone. These teens tend to join gangs, looking for a replacement of their family. Hopefully, as they come to our center to receive money, they will be drawn to the different activities and the feeling of community and togetherness.

 In addition to taking remittances, we will also set up a fund for donations. This will enable remittance senders to also send small donations that will go towards the maintenance of the facility and its programs.

 Unfortunately, establishing an organization as a viable part of the banking sector is very difficult. We would need to pay for an occupational license in order to work with Viamericas. We would also need to establish our credit as good. While working with remittance receivers is one of our goals, due to these complications we have chosen to hold this part of our project off. Hopefully this will be an area we can expand into in the future.

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