

Nicaraguan Developments

A Publication of the Wisconsin Coordinating Council on Nicaragua (WCCN)

Volume 23, No. 3

Fall 2007



Inside this issue...

A Letter from the Executive Director...page 2

An interview with Michael Radtke....page 3

Why is microfinance important in Nicaragua?.....page 4

NICA Fund Portfolio.....page 7

Understanding the role of women's land access in empowerment and welfare.....page 8

New partner agency for the NICA Fund.....page 9

Reader survey — let us hear your voice!.....page 10

Borrower profile: Marianita Sánchez.....page 11

Upcoming Delegation to Nicaragua:

January 12-20, 2008

Hurricane Felix lashes the Atlantic Coast!

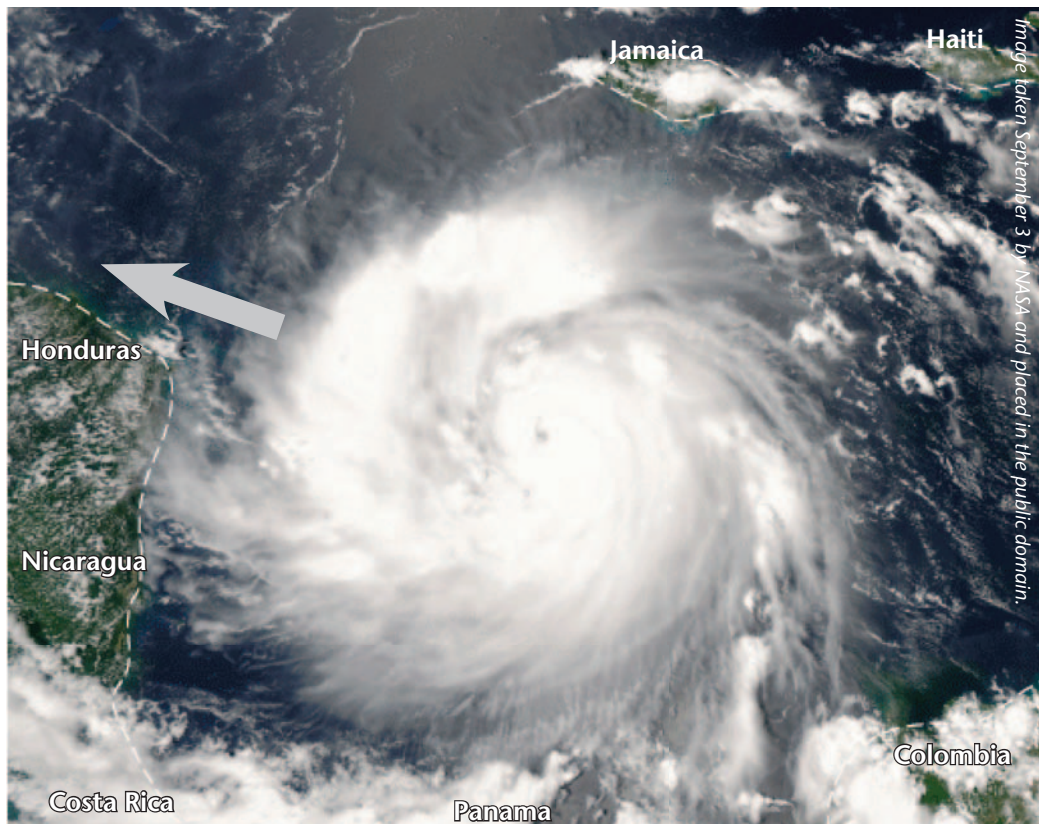


Image taken September 3 by NASA and placed in the public domain.

As this edition of *Nicaraguan Developments* was being prepared, Hurricane Felix slammed into northeastern Nicaragua, near the Honduran border, with category-five strength. At press time, the death toll had reached 168 and was still climbing. Additionally, 105 people are missing, 8,000 homes were destroyed and another 9,000 damaged, 19,000 people evacuated, and 160,000 affected in some way. Health centers and schools have been badly damaged, as has the little electrical infrastructure the coast ever had. In several communities, every single building was flattened. Some communities are completely unreachable, even by boat, which means the toll in lives and property there remains unknown.

The storm lost its strength after making landfall, but it brought vast amounts of rain. One report said half a meter fell in 24 hours. Rivers are at flood levels as far away as the Pacific Coast. Rice, bean and corn crops have been washed away, leaving tens of thousands of people with nothing to eat until the end of the next growing season.

WCCN's website, www.wccnica.org, has links to current information on recovery efforts. Additionally, the "Donate Now" image in the upper right-hand corner of the homepage will take you to a page where you can make a donation to the victims. WCCN is also organizing a benefit concert near its headquarters in Madison, Wisconsin.

WCCN Board of Directors

Dan Rodman, President
Randy Mullis, Treasurer
Sheldon Rampton, Secretary
Sue Lloyd
Susan Nossal
Anne Reynolds
Juscha Robinson
Kristy SeBlonka
Claudio Selva

WCCN Staff

Emily Allred, Loan Fund Manager
Carlos Arenas, Executive Director
Francisco Barquero, Loan Fund
Representative in Nicaragua
Susan Frisbie, Development &
Marketing Director
Steve Herrick, Outreach Coordinator
Rick Tvedt, Staff Accountant

WCCN Interns

Tim Sasaki
Asha Misra
Daniel Knudsen

Nicaraguan Developments is published by the Wisconsin Coordinating Council on Nicaragua (WCCN). WCCN is a nation-wide, non-profit, membership-supported organization working in partnership with Nicaraguans to promote social and economic justice through alternative models of development and activism, principally through two areas: Sustainable Development and Social and Gender Justice.

WCCN was founded in 1984, building on the sister-state relationship established between Wisconsin and Nicaragua in 1964.

This edition of *Nicaraguan Developments* was edited by Steve Herrick.

We welcome our readers' input. Please send comments or other correspondence to WCCN at:

P.O. Box 1534
Madison, WI 53701
phone: 608-257-7230
fax: 608-257-7904

email: exdir@wccnica.org
website: www.wccnica.org

A letter from WCCN's Executive Director

As we close this edition of *Nicaraguan Developments*, the Atlantic Coast of Nicaragua has been hit hard by Hurricane Felix, a Category 5 storm. It is still unknown how many have died, but the numbers could reach several hundred. Property damage has been huge. Provisionally calculations say at least 17,000 homes were destroyed or damaged, exacerbating one of the most acute needs in Nicaragua.

Unfortunately, natural disasters tend to be one of the few ways to remind us that the Atlantic Coast exists, and that the needs of its people go far beyond any emergency assistance. Perhaps this time, things could be different if our relief effort has a more long-term vision as a way to provide long-term responses to the overwhelming needs of their ethnically diverse population.

One of the most recent and best studies on the Atlantic Coast was produced by the Nicaraguan office of the United Nations Development Project (UNDP) in 2005, as part of its Human Development Reports. This report, available only in Spanish, was entitled "*Las Regiones Autónomas de la Costa Caribe. Nicaragua asume su diversidad?*" (The Autonomous Regions of the Caribbean Coast: Is Nicaragua taking its diversity into account?) Among other important information, the report shows the results of a very interesting survey on the opinions of the people living in the Atlantic Coast about their own material needs. The responses to the following question caught my attention: "What do you need to be able to improve your family's living conditions?"

Three main answers accounted for almost 80% of the total responses. 34% said "land," an especially important need for the "mestizo" population (45%), but significantly lower for the Miskitos (12%) and the Ramas (11%). The second most common response was "loans," with 33%. However, if we look closely by ethnic group, we find that credit is the main need across the groups. That was the main response for 53% of the Miskitos, 42% of the Ramas and Garifunas, but 26% for mestizos and Mayagnas. Finally, the third response was "cattle" with 11%, but it was only 2.8% for the Creole or Black and 6% for the Ramas. However, the reality is that microcredit programs for the populations on the Atlantic Coast are still in their infancy, and only a handful of organizations are providing services there. The challenge is to create and/or expand financial services that are tailored to the particular needs of this region. WCCN will do its part.

In this edition of *Nicaraguan Developments*, we continue our tradition of presenting a variety of topics. We open with an article on the destruction caused by Hurricane Felix. We also include an interview with Michael Radtke, a WCCN member and regular participant on WCCN's study tours. I wrote an article that puts the microfinance industry in the context of the credit landscape in Nicaragua. Emily Allred, Loan Fund Manager of the NICA Fund, introduces us to CEPRODEL, our newest NICA Fund partner agency. Asha Misra, a UW-Madison student and intern at WCCN, wrote on a research project WCCN is doing on the possible relationship between women's access to land and domestic violence.

I would like to end by calling on your well-known generosity and proven solidarity with all suffering people, this time those on the Nicaraguan Atlantic Coast—the poorest of the poor. Your support will be greatly appreciated and well used.

Sincerely,



Carlos Arenas
WCCN Executive Director

An interview with Michael Radtke

WCCN member Michael Radtke is a schoolteacher on a Native American reservation in Northern Wisconsin. He has traveled to Nicaragua with WCCN on its last three study tours and shared his experiences from those tours in a recent interview with Development and Marketing Director Susan Frisbie.

SF: How were you first introduced to WCCN, and why did you decide to attend your first WCCN study tour?

MR: WCCN first came to my attention after coming across a newsletter quite by chance. The efforts of a local organization to make a difference in the lives of people in Nicaragua intrigued me. For the longest time, I had had an interest in the struggles of Central American peoples and nations. So WCCN provided the opportunity for me through its study tours to make a personal connection with people in Nicaragua. And learn firsthand about its history and beautiful landscape.

SF: Having traveled with WCCN on three study tours, what would you say were your most memorable experiences of the tours?

MR: The most memorable experiences of my tours have been meeting and listening to people who are striving to change their lives, families who are starting or building businesses with the help of microfinancing thanks to WCCN's NICA Fund, and women empowering their lives through land entitlement and better access to health care and legal representation. Through the study tours, I've also had the opportunity to meet students who are discovering that possibilities exist for them to build their self-esteem and future independence through education beyond high school.

In addition to those experiences, I have fond memories of my interaction with fellow WCCN members and staff on the tours—traveling throughout the country together, sharing meals, and learning more simply by meeting and listening to others from diverse walks of life who share a common interest in the people and politics of Nicaragua.

Finally, experiencing the beautiful culture and landscape of Nicaragua is



Michael Radtke on a study tour. Photo by Carlos Arenas.

always a highlight—the music, cities, churches, food, forested highlands, volcanoes, and ocean beaches. The WCCN tours allow time for exploring Nicaragua's many historical, architectural, and cultural sites.

SF: How has your impression of WCCN and its partner organization's work changed after traveling on the study tours?

MR: I have been amazed at the extent of WCCN's impact in so many different aspects of life in Nicaragua. The tours have given me the opportunity to see firsthand changes in the lives of women through the efforts of non-governmental organizations and co-

operatives supported by WCCN. The access women and their families have to counseling, health clinics, land ownership, small business opportunities, and education is improving through WCCN's efforts.

It is gratifying to me as a member of WCCN to witness in the Nicaraguan people's faces and hearts the evident pride that comes from owning their own plot of farmland or growing and developing a market for their own coffee. These are sustainable, self-empowering changes in people's lives that will profoundly impact the lives of future generations in a positive way.

SF: How has what you have learned and experienced on the tours affected you personally?

MR: I have been moved on a personal level to contribute to the scholarship fund that WCCN has established for students in a small community of La Loma, in Malpaisillo. I have also

been involved in supporting improvement in housing for families in Managua who are without basic sanitary units in their homes. Traveling in Nicaragua and listening to the people is humbling. I feel very blessed in my own life and privileged to share in their lives.

SF: What advice would you offer someone thinking of participating in a study tour?

MR: I encourage WCCN members who haven't been on a study tour to "make the leap" and do whatever necessary to take eight days out of your daily routine to visit Nicaragua. It will change your life!

Why is microfinance important in Nicaragua?

by **Carlos Arenas**
Executive Director

According to the Inter-American Development Bank, only 30% of the population in Latin America, and only 10% of their enterprises (including micro-enterprises) have access to credit. At the rural level, only 4% of the rural families in the Latin American region have access to credit from a financial institution.¹ This lack of credit has allowed the birth of microfinance organizations throughout Latin America. At the same time, the success of the microfinance industry in Latin America and elsewhere has been a wake-up call for the banking industry in the entire region. In fact, during the last few years the main umbrella organization of banks in Latin America, the Latin American Federation of Banks (FELABAN), has been very proactive promoting the idea of providing microfinance services to the poorest members of society.² Some people call this process “downscaling,” meaning that banks are now going down the social ladder to offer services to people who were previously excluded from services due to their economic level.³

Nicaraguan banks have just started doing this. This past June, the WCCN staff had the opportunity to talk to an officer in a commercial bank in charge of creating this new service for that bank. Banks in Nicaragua and other Latin American countries are learning how to start microfinance programs from people with experience in the industry. In fact, this bank officer was a former general manager of a major microfinance organization in Nicaragua. She even allowed us to witness a training seminar where managers from several branches of this bank were being re-trained on how to evaluate potential customers for microfinance loans, since it is a totally different process than the traditional way banks do business.



A woodworking business that has received loans from ACODEP, one of WCCN's partner agencies. Photo by Marlon Martínez.

In my mind, there are two main reasons that explain why banks are suddenly interested in microfinance. The first is obviously the success of the industry. Banks want to profit from a model that has proven successful and profitable. In a previous issue of *Nicaraguan Developments*, I wrote extensively on the success of the microfinance industry in Nicaragua, so I will not address this topic here.⁴ The second reason is that microfinance organizations in Nicaragua have become very important competitors for banks in the credit market. As a result, while microfinance organizations expand all around the country, they are causing obvious structural problems in the way banks operate in Nicaragua. In this article, I want to elaborate on this topic, based on the latest data available on Nicaraguan banks and microfinance organizations.

What is the place of the microfinance industry in Nicaragua?

As of December 2006, Nicaraguan banks and the non-regulated microfinance industry together lent \$1.97 billion dollars to 1.16 million borrowers.⁵ Non-regulated microfinance organizations were providing almost \$200 million dollars in loans, representing 10.1% of all the credit available in Nicaragua, and serving 29.3% of their total borrowers (Table No. 1). Although the size of the microfinance industry is very impressive, especially if we compare it to its counterparts in other Central American countries, there are other issues to highlight in the Nicaraguan microfinance industry that are even more impressive.

A major characteristic of Nicaraguan banks is their extremely heavy concentration of loans in the department

Table No. 1: Number of borrowers and portfolio of non-regulated microfinance institutions in comparison to Banks and Financial Institutions, as of December 2006

Region	Non-regulated microfinance institutions				Banks and other financial institutions				Total	
	# borrowers	%	Portfolio (\$000)	%	# borrowers	%	Portfolio (\$000)	%	# borrowers	Portfolio (\$000)
SOUTH	62,432	18.3	\$ 26,792	13.4	37,040	4.5	\$ 98,585	5.6	99,472	\$ 125,377
MANAGUA	73,448	21.6	\$ 30,725	15.4	712,761	86.9	\$ 1,388,854	78.4	786,209	\$ 1,419,579
WEST	67,335	19.8	\$ 31,742	15.9	21,678	2.6	\$ 96,492	5.4	89,013	\$ 128,234
RIO SAN JUAN	1,962	0.6	\$ 1,445	0.7	459	0.1	\$ 1,593	0.1	2,421	\$ 3,038
CENTRAL	29,578	8.7	\$ 24,360	12.2	6,169	0.8	\$ 30,852	1.7	35,747	\$ 55,212
NORTH	45,865	13.5	\$ 39,943	20.0	22,771	2.8	\$ 102,146	5.8	68,636	\$ 142,089
SEGOVIAS	44,647	13.1	\$ 28,667	14.4	12,381	1.5	\$ 46,062	2.6	57,028	\$ 74,729
ATLANTIC	15,414	4.5	\$ 16,042	8.0	6,822	0.8	\$ 6,677	0.4	22,236	\$ 22,719
TOTAL	340,681	100.0	\$ 199,716	100.0	820,081	100.0	\$ 1,771,261	100.0	1,160,762	\$ 1,970,977

Source: *microfinanzas* magazine No. 12; Website of the Superintendence of Banks and other Financial Institutions (SI-BOIF). www.siboif.gob.ni.

of Managua, where the city of Managua is located. In fact, 78.4% of banks' total loan portfolio has been disbursed in the department of Managua to 87% of the total borrowers. In comparison, if we look at the microfinance industry, we see a more equal distribution of credit over the whole territory. In fact, currently no region receives more than 20% of the total. The northern region of the country received 20%; the western region 15.9%; the department of Managua 15.4%; the Segovias 14.4%; the Southern region 13.4%; the Central region 12.2%, the Atlantic 8%, and the department of Rio San Juan 0.7%.

Another important characteristic of the microfinance industry in comparison to the banking industry is that it serves more borrowers in all the different regions of the country, with the exception of Managua. As a result, as of December 2006, microfinance organizations were serving 25,392 more borrowers in the southern region; 45,657 more in the western region; 23,409 more in the central region; 23,094 more in the northern region, 32,266 more in the Segovias region; 8,592 more in the Atlantic region, and 1,503 more in the department of Rio San Juan. In contrast, as of December 2006, banks were serving 639,313 more borrowers in the department of Managua (Table No. 2).

The purpose of the loans is another important difference between the credit

offered by commercial banks and microfinance organizations. Banks concentrate heavily on personal credit. In fact, as of December 2006, a total of 682,679 borrowers of banks, or 83.2% of all banks' borrowers, received personal credit, and had 26.5% of their total portfolio. In contrast, most of the borrowers of microfinance organizations received loans for commerce. Specifically, as of December 2006, a total of 143,807 borrowers, or 42.2% of the total borrowers of microfinance organizations received loans for this purpose, and administrated 30.3% of their total portfolio. Personal credit is also an important purpose for microcredit organizations. As a result, 78,341 borrowers received credit for personal purposes from microfinance organizations, but they only represented 11.3% of their total portfolio.

If we look at productive activities, such as agriculture and livestock, that are the main source of income for the Nicaraguan economy, we will see important differences in the priorities of banks and microcredit organizations. As of December 2006, banks had only 11,663 agricultural borrowers, compared to 33,001 from microcredit organizations. The amount of money disbursed by banks for agriculture totaled \$165 million, compared to \$33 million from microfinance organizations. This means that banks are providing credit almost exclusively to medium and large agricultural producers, consider-

ing that their average loan was \$14,153. In comparison, microfinance organizations are providing loans to micro and small rural producers, at an average of \$809. Regarding livestock, banks only lend to 6,788 borrowers. In comparison, microfinance organizations lend to 34,772 borrowers for this purpose. Banks have a total portfolio for livestock of \$76 million, and microfinance organizations only \$34 million. However, the average bank loan for livestock was \$11,295, but was \$1,652 from microfinance organizations.

Housing is another area where banks and microfinance organizations differ in their approaches. Only a few years ago, banks started to develop the mortgage market in Nicaragua. In fact, currently there are only 8,150 mortgages for housing, representing only 1% of banks' borrowers, but 11.9% of their total portfolio, meaning that their average loan size is only affordable for the upper class. In fact, mortgages averaged \$28,821. Microfinance organizations have not developed mortgage products yet. Instead, they are offering small loans for home improvements for the working poor. Those loans now represent 7.4% of the total borrowers of microfinance organizations, and 9.5% of their total portfolio, with an average loan of only \$745.

Finally, credit for industrial production is another economic sector where banks and microfinance organiza-

tions have clear differences in their approaches. Banks have 8,169 borrowers receiving loans for their medium and large industries, with an average loan of \$21,263. In contrast, microfinance organizations have 6,386 borrowers for their micro and small industries, with an average loan of only \$502.

In summary, microfinance organizations in Nicaragua are lending to more people all over the country, except in the city of Managua. At the same time, microfinance organizations are lending mainly for commerce and personal needs, and to support productive activities such as agriculture and livestock. As a result, microfinance organizations are lending to 21,338 more borrowers for agriculture, and 27,984 more for livestock than banks, at a significantly smaller loan size, meaning they are lending to micro and small rural producers, instead of big landowners. Regarding housing, microfinance organizations have been lending small amounts of money to thousands of low income families mainly for improving housing conditions, in contrast to banks that offer mortgages only affordable for the upper classes.

There is still a lot of room for improvement, but there is no doubt that microfinance organizations play a very important role in Nicaraguan society and in the fight against poverty and social and economic exclusion in the Nicaraguan social fabric. It is a good sign that banks are starting to be concerned about offering financial services to the poor. Microfinance organizations are also starting to transform into regulated financial institutions, considering the lack of a clear legal framework for their activity. Hopefully, competition between banks and microfinance organizations will benefit the poor even more, as it could result in reduced effective interest rates and improved financial services overall. ■

Notes

¹ Data provided by Luis Alberto Moreno, President of the Inter-American Development Bank at the 69th Bank Convention of the Mexican Association of Banks. Acapulco, March 23-24, 2006. www.iadb.org.

² Federación Latinoamericana de Bancos and Women's World Banking

(2005). *Bancarización para la mayoría: microfinanzas rentables y responsables*. www.felaban.com/documentos_interes.php.

³ Marulanda, Beatriz and María Otero (2005). *Profile of Microfinance in Latin America in 10 years: Vision and Characteristics*. Boston: Accion International. www.accion.org.

⁴ Arenas, Carlos (2006). "Microfinance in Central America. Nicaragua's place in the industry". *Nicaraguan Developments*. Vol. 22, No. 2.

⁵ In this article, I talk about the non-regulated microfinance institutions to refer to all microfinance organizations that belong to the Nicaraguan Association of Microfinance Institutions (ASOMIF), plus the microfinance organization FAMA. All these microfinance organizations were, as of 2006, legally non-regulated institutions. However, during 2006 FAMA dropped from ASOMIF in preparation to move into a regulated financial institution. On January 1st 2007, FAMA transformed into *Financiera FAMA*, a regulated institution.

Table No. 2: Number of borrowers and amount of loans of non-regulated microfinance institutions in comparison to Banks and Financial Institutions, by economic activity, as of December 31, 2006

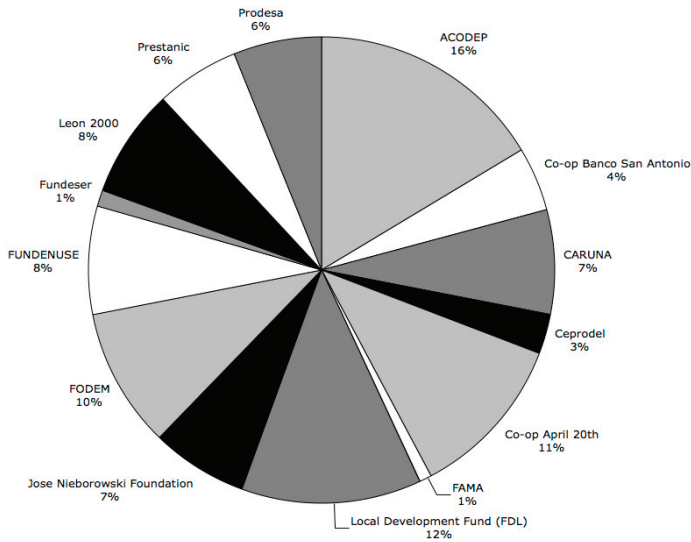
Purpose of loan	Non-regulated microfinance institutions					Banks and other financial institutions				
	# borrowers	%	Amount (\$000)	%	Average loan size	# borrowers	%	Amount (\$000)	%	Average loan size
1. Personal	78,341	23.0	\$ 22,504	11.3	\$ 287	682,679	83.2	\$ 523,141	26.5	\$ 766
2. Commerce	143,807	42.2	\$ 60,548	30.3	\$ 421	78,823	9.6	\$ 510,506	25.9	\$ 6,477
3. Agriculture	33,001	9.7	\$ 26,703	13.4	\$ 809	11,663	1.4	\$ 165,061	8.4	\$ 14,153
4. Livestock	34,772	10.2	\$ 57,444	28.8	\$ 1,652	6,788	0.8	\$ 76,668	3.9	\$ 11,295
5. Industry										
a. Medium & big	0	0.0	0	0.0	0	8,169	1.0	\$ 173,699	8.8	\$ 21,263
b Small and micro	6,386	1.9	\$ 3,205	1.6	\$ 502	0	0.0	0		0
6. Housing										
a. Mortgages	0	0.0	0	0.0	0	8,150	1.0	\$ 234,890	11.9	\$ 28,821
b. House improvements	25,377	7.4	\$ 18,897	9.5	\$ 745	0	0.0	0		0
7. Services	18,041	5.3	\$ 9,740	4.9	\$ 540	0	0.0	0		0
8. Others	956	0.3	\$ 675	0.3	\$ 706	14,549	1.8	\$ 60,058	3.0	\$ 4,128
9. No data	0	0.0	0	0.0	-	9,260	1.1	\$ 226,954	11.5	
TOTAL	340,681	100.0	\$199,716	100.0	\$586	820,081	100.0	\$1,970,977	100.0	\$2,151

Source: *microfinanzas* magazine No. 12; Website of the Superintendence of Banks and other Financial Institutions (SIBOIF). www.siboif.gob.ni.

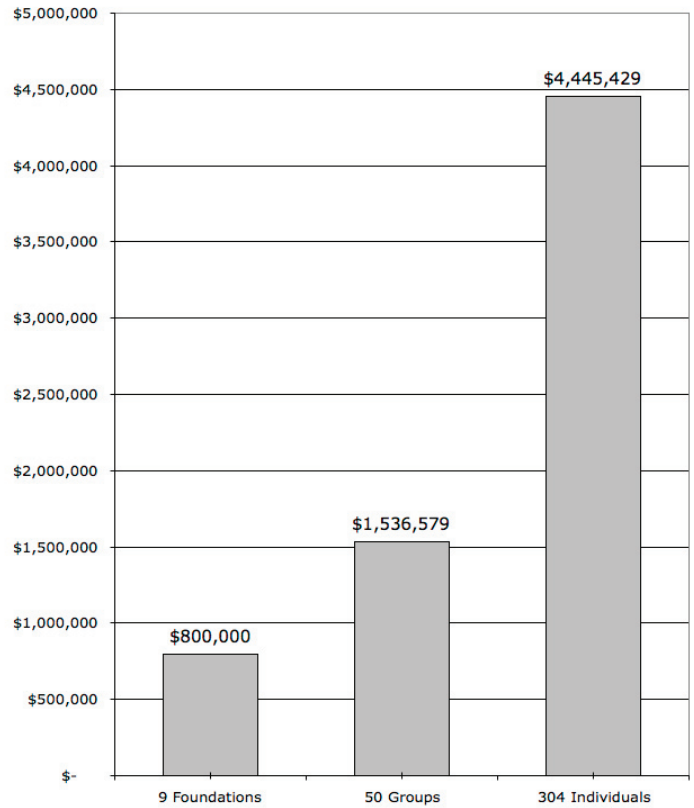
NICA Fund Portfolio as of September 1, 2007

Total loan fund now over \$8 million!

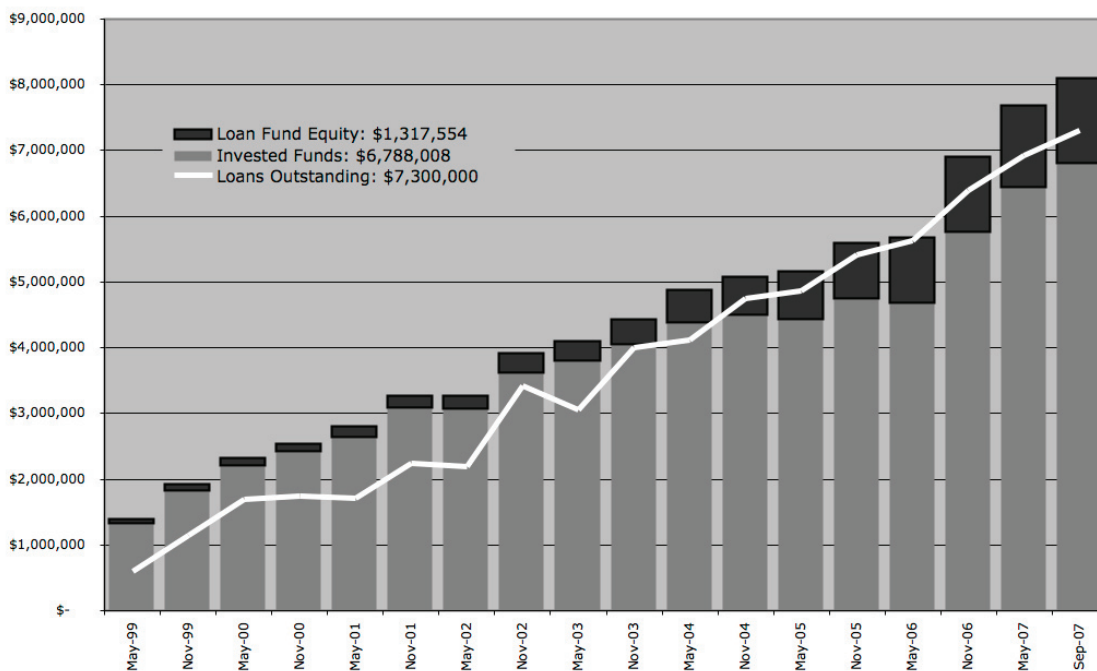
NICA Fund Portfolio as of 9/1/2007



NICA Fund Investors



NICA Fund Total Size as of September 1, 2007: \$8,105,562



Understanding the role of women's land access in empowerment and welfare

By Asha Misra

WCCN Intern and UW-Madison student

It is becoming widely accepted in the international community that women's ownership and control of immovable property (land or a house) is a significant factor contributing to women's overall empowerment and welfare. In her groundbreaking work, *A Field of*

One's Own: Women and Land Rights in South Asia, Indian feminist economist Bina Agarwal asserts, "The single most important economic factor effecting women's situation is the gender gap in the command of property." Increasingly, scholars and international organizations are also recognizing that women's land access has a direct correlation to women's vulnerability to domestic violence. In countries worldwide, physical violence between

husbands and wives is estimated between 10 and 50 percent.¹ Land access and control increase a woman's economic options and her sense of empowerment. These effects can contribute to decreasing a woman's experience of violence by enhancing her economic security and reducing her tolerance of aggression.

However, despite the prominence that women's property ownership has achieved in the international development sphere, the data relating to the

gender asset gap is sparse. Moreover, land access and its correlation to domestic violence have yet to be thoroughly explored in Latin America. In their recent study, Deere and León argue that the gender gap in control of property in Latin America is substan-

lo, Nicaragua, and Shelly Grabe, visiting scholar at the University of Wisconsin, WCCN is working towards an increased understanding of women's property ownership and its effect on their experiences of violence. Through various data collection methods such

as quantitative and qualitative surveys, personal interviews and focus group discussions, WCCN and its partners have collected data concerning women's land ownership and the incidence of violence throughout their lives. One of the objectives of the study is to understand what specific factors of land access contribute to increasing women's welfare and empowerment.

Currently, WCCN is reviewing the gathered data and hopes to make its findings available

in the coming months to women's organizations and other groups involved in the women's movement. ■

Notes

¹ Population Reports (1999). Ending violence against women. *Issues in World Health*, 27(4), 1-43.

² Deere, Carmen Diana and Magdalena León, 2003. "The Gender Asset Gap: Land in Latin America." *World Development*, 31(6), 925-947



The project's survey team. Shelly Grabe is third from the left.

tial and but remains underestimated due to insufficient data collection and methodology.² Nevertheless, they stress the importance of gender equality in each country's policy and strategy for development. Just as cultural norms and societal practices are considered in policy-making and intervention, the role and status of women must also be taken into account in a country's social and economic development goals.

In collaboration with the Women's Center of Xochilt-Acalt in Malpaisil-

New partner agency for the NICA Fund

by **Emily Allred**, NICA Loan Fund Director
and **Francisco Barquero**, WCCN Loan Fund Representative in Nicaragua


The Center for Promotion of Local Development and Poverty Eradication (CEPRODEL) became the newest partner agency of the NICA Fund when it received a \$200,000 loan on July 16, 2007. WCCN is pleased to support this unique NGO, whose approach to development includes a multitude of services in addition to microcredit.

Founded in 1990, CEPRODEL has grown steadily to become a moderately-sized organization with branches in 15 municipalities across the northern and northwestern regions of Nicaragua, down along the Pacific Coast and into Managua and the surrounding area. CEPRODEL is serving approximately 13,000 clients with loans for commerce, livestock, agriculture and housing in many poor and underserved locations such as Telica, El Sauce and Nagarote in the west and Villanueva, Somotillo and Cinco Pinos in the North. Despite a large portion of CEPRODEL's portfolio dedicat-

ed to the traditionally male-oriented activities of agriculture and livestock production, 60% of CEPRODEL clients are women, the majority of whom are borrowing to finance their microenterprise.

CEPRODEL is a mixture of a micro-finance organization and a development-oriented NGO, combining remittance services and lending operations with training and cooperative development. CEPRODEL is following a unique model of supporting housing cooperatives, and is the only ASOMIF member that belongs to the Nicaraguan housing network, an umbrella organization comprised of NGOs committed to developing housing for organized communities in poverty. In addition to providing credit to cooperatives, their training center, called the "Monsignor Oscar Arnulfo Romero Spirituality Center," provides training on administering housing, credit, and agricultural cooperatives.

CEPRODEL has become a self-sufficient and financially stable organization that no longer requires donations to sustain and grow their operations. CEPRODEL is managed by its founders, which makes for a particularly dedicated team of experienced professionals. They balance CEPRODEL's microfinance operations and social programs with efficiency. CEPRODEL's borrowers, however, are the foundation of CEPRODEL's success. Repayment rates have typically been 97% to 99%.

The addition of CEPRODEL to the NICA Fund portfolio diversifies not only the risk of the NICA Fund, but it also diversifies the outreach and social impact of the Fund. Through the loan to CEPRODEL, the NICA Fund is able to support more lending to housing improvement and development and reach residents in municipalities where no branches of NICA Fund partners had yet existed. 

Yes, I want to support the Wisconsin Coordinating Council on Nicaragua!

Please fill out this form and mail it to:

WCCN • PO Box 1534 • Madison, WI 53701

Name _____

Organization _____

Address _____

City, State, ZIP _____

Phone (day) _____ (eve.) _____

E-mail _____

- I would like to pledge \$_____ every month/quarter (please circle one). Please send me a reminder.
- Enclosed is my tax-deductible donation of \$_____ to support the work of WCCN. I would like to designate my gift to:
 - Hurricane Relief
 - NICA Fund
 - Women's Empowerment Project
 - Housing Rights Project
 - Where most needed
- Please send me a DVD copy of the NICA Fund video. Enclosed is my donation (optional) of \$_____
- Please send me information on being a delegate in an upcoming Study Tour.

Phone (608) 257-7230 • FAX (608) 257-7904 • exdir@wccnica.org • www.wccnica.org

Borrower Profile: Marianita Sánchez

by Francisco Barquero

WCCN Loan Fund Representative in Nicaragua

Doña Marianita Sánchez is a poor *campesina* who lives in the rural community of Trinidad Central, on the western edge of the department of Managua. Like all rural communities in the department, Trinidad Central has serious social and economic problems.

In this community, children have to walk a long way to school. Water is provided by an artesian well, managed by a community-organized board. *Doña* Marianita and her neighbors have water only every other day. A narrow path that is almost inaccessible during the rainy season links the community with Ciudad Sandino, the nearest town.

Despite these and other difficulties, ACODEP is providing microfinance services to many poor families of this rural community. *Doña* Marianita and her family are among them. This extended family consists of *Doña* Marianita and her husband, one married son, one married daughter and two single daughters. Five grandchildren complete the family.

Currently, they cultivate a small parcel of about 17 acres. They grow corn, bean, sorghum, watermelon, tomatoes and other vegetables such as *ayotes* and *pipianes*. All the family members work on the farm. One of her daughters is studying business administration on Saturdays and works on the farm during the weekdays. They sell their grain, vegetables and fruit directly to end consumers, who are poor families from Ciudad Sandino. Thus, these consumers buy fresher and cheaper foods from *Doña* Marianita and her family than they would from a supermarket.

However, the success of this humble family has required great efforts. They began cultivating 3.5 acres in 1979. Then they bought 7.7 acres between 1984 and 1987. But, the family was growing and needed addition-

al land. Besides, the land was sharply eroded and the small plot was not registered. They urgently needed external financing but they did not have access to bank credit. They were stagnant.

Fortunately, *Doña* Marianita got an initial loan of around \$400 from ACODEP in 2002. She used part of this to grow watermelon, tomatoes, beans and sorghum. The other part helped to buy around 6.1 acres of additional land. Since then, she has obtained eight more loans. The production of grain, vegetables and fruits has greatly improved. Also, *Doña* Marianita has now chickens and pigs.

She explained that a portion of ACODEP's loans helped to register the farm at the property deed office. Now,

she and her family feel very secure in their land holding. Their housing condition has also greatly improved. The erosion has stopped and trees are growing on the farm. *Doña* Marianita has reserved a small portion of the farm as forest, which has helped to greatly improve the natural resources and hygienic conditions on the farm.

Doña Marianita said she is very satisfied and grateful to ACODEP. She said that ACODEP has progressively increased the amount of the loans. She also said that other small farmers and poor women from the community obtain loans from ACODEP. Finally, she sent special greetings to WCCN's members for their commitment to the needs of the Nicaraguan poor, like the members of her community. ■



Doña Marianita and one of her daughters bag up ayotes for sale. Photo by the author.



P.O. Box 1534
Madison, WI 53701

ADDRESS SERVICE REQUESTED

Non-Profit Org.
U.S. Postage
PAID
Madison, WI
Permit No. 396

Travel to Nicaragua with WCCN!

Join the Wisconsin Coordinating Council on Nicaragua as we visit Nicaraguan organizations that empower communities and improve the quality of life of thousands of people through alternative economic projects. Witness the effect of providing microcredit to small urban and rural producers, cooperatives involved in the fair-trade coffee movement, and organizations working with the urban poor.



Participants will talk with leaders of these organizations and people who participate in or benefit from them.

Our study tours build on 23 years of experience in Nicaragua, and more than 16 years supporting alternative credit organizations and fair-trade cooperatives. The cost of the tour is on a sliding scale, \$900-\$1200 (plus airfare to/from Managua), depending on what you can afford. Individuals of all backgrounds are welcome!

***Empowering Communities through Alternative Economic Projects:
Microcredit, Fair Trade and Housing in Nicaragua, January 12-20, 2008***

Visit <http://wccnica.org/tours>, call (608) 257-7230, or write wccn@wccnica.org