

Nicaraguan Developments

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Also in this Issue:

A Letter from
WCCN's Executive
Director *page 2*

Ortega Outlook *page 3*

Study Tour Plans *page 6*

NICA Fund Portfolio
Report *page 7*

A Visit to the April
20th Cooperative *page 8*

Interview with a
Credit Promoter *page 10*

Borrower Profile *page 11*
María Mercedes Díaz

Upcoming Delegations to Nicaragua

Constructing Gender
Equality in Nicaragua:
Empowering Women
through Alternative Models
of Economic and Social
Development
June 9-17, 2007

Empowering Communities
through Alternative
Economic Projects
January 12-20, 2008

Analyzing the Housing Deficit



A typical shelter in need of replacement in Managua.

Carlos Arenas
WCCN Executive Director

It is not only self-evident, but very well known that there is a huge housing deficit in Nicaragua¹. Exactly how big is that deficit? Unfortunately, that is not a simple question, considering that another challenge of the housing deficit is the lack of reliable studies on housing conditions in Nicaragua.

A widespread calculation of the housing deficit in Nicaragua estimated those numbers in between 400,000 and 500,000 units. Those numbers are quoted extensively, but in the end it is not clear who made that calculation in the first place, and how. The release of the data of the 2005 Census, in October of 2006, is a good opportunity to try to make a more reliable calculation, or at least to start a discussion on how the housing deficit could be calculated. Measuring the housing deficit in Nicaragua is not an academic curiosity, but a fundamental issue that is closely related to social policy issues.

It is important to keep in mind that there has been some criticism in Nicaragua about the findings in the 2005 Census made by the Nicaraguan Institute of Statistics and Census (INEC). The main complaint is that the Census found less people than was previously projected by INEC. It could be true that the Census undercounted the Nicaraguan population. Unfortunately, for better or for worse, the Census is still our best and most reliable source of data on many issues related to population and housing in Nicaragua.

My own criticism of the Census data on housing has to do with its accuracy in the way each type of shelter is classified by INEC. For instance, the 2005 Census divides shelters in seven different types: house², quinta³, apartment, room in a *carteria*⁴, rancho or choza⁵, improvised dwelling⁶, and a shop used as shelter. However, even if the different types are accurately defined, the process of classifying a shelter in one of those

continued on page 4

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WCCN INTERNS

Jonathan Littel
Kirin Swanson

Nicaraguan Developments is published by the Wisconsin Coordinating Council on Nicaragua (WCCN). WCCN is a nationwide, 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 main 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 Jonathan Littel.

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A letter from WCCN's Executive Director

WCCN's latest study tour coincided with Daniel Ortega's inauguration in January. It was an interesting opportunity to see and hear first hand about the hopes, expectations and fears that Nicaraguans have regarding the new administration.

I believe that the return of Daniel Ortega as the president of Nicaragua in many ways represents the end of one political and economic era, and the beginning of another. However, it is still unclear in what direction the new era will be heading. Ortega's return to power is the end of a political and economic era that started with the electoral defeat of the Sandinista political project in 1990. Despite profound differences in styles and levels of honesty, the preceding governments of Violeta Barrios Chamorro, Arnaldo Alemán and Enrique Bolaños also had commonalities. All actively supported and implemented market reforms and neo-liberal economic and social policies.

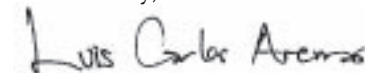
However, the interesting thing is that this new era in Nicaragua is not necessarily the result of Ortega's return, but it is the consequence of the dramatic changes that the Latin American region has seen during the last five years, with the elections of leftist or center-left governments in Venezuela, Bolivia, Ecuador, Brazil, Uruguay, Argentina and Chile. Ironically, Ortega had dedicated his last ten years to projecting an image of himself and his party, the *Frente Sandinista de Liberación Nacional* (FSLN) as something totally different from the times of the Nicaraguan Revolution in the 1980s. Symbolically, this change was illustrated by the shift of the traditional colors of the FSLN's flag, from red and black to pink! Most importantly, Ortega moved the party from the tradition of being the Robin Hood-like 'guerrilleros,' and replaced it with one where a small group of *nouveaux riches* and pragmatic entrepreneurs are the new political bosses. While Ortega moved in one direction, Latin America was surprisingly moving in the opposite direction. As a result, at the time of the presidential campaign, Ortega was trapped in this unique situation where he used a conciliatory discourse when he addressed his new conservative political allies, and had to pretend to be a radical revolutionary when he addressed the poor or interacted with Latin American leftist leaders. It is still unclear yet what face he will use as president.

Despite closely following the presidential elections in Nicaragua, we weren't distracted from our own work. In fact, as I anticipated in a previous edition of *Nicaraguan Developments*, in many senses 2006 has been one of the most successful years for WCCN, in terms of progress of our projects, and the historically high growth of the NICA Fund. The Fund had a net growth of \$1.46 million during 2006. We also have very high expectations for this year, and your support will help us move all our projects forward even more.

In this edition of *Nicaraguan Developments* we have included articles on three main topics. We have several pieces on the Cooperative April 20th from the town of Quilalí, in the department of Nueva Segovia. WCCN's January study tour visited the Cooperative for the second time. Brenda Pfahnl, one of the participants in the tour, wrote an interesting testimony of our group's visit to this remarkable cooperative. During our tour we interviewed Rosa Rodriguez, a credit promoter of Cooperative April 20th, who accompanied our group to visit several borrowers in Quilalí. We also have an article that focuses on the beginning of Daniel Ortega's presidency, written by Susan Frisbie. Finally, I wrote an article measuring Nicaragua's housing deficit, one of the areas where the need for improvement is overwhelming.

Currently, WCCN is preparing its June study tour, which focuses on the Nicaraguan women's movement and the struggles of organized women for better social and economic conditions. I hope you consider joining us.

In solidarity,



Carlos Arenas
WCCN Executive Director

Ortega Looks Left, Right

Susan Frisbie
WCCN Development & Marketing
Director

Throughout Daniel Ortega's bid to regain the Nicaraguan presidency, he mended relationships with former foes, burned bridges within the Nicaraguan Left, changed his revolutionary rhetoric to that of peace and reconciliation, all the while courting foreign investors from the North while allying himself with Washington's formidable opponent in the South. The somewhat schizophrenic manner with which he made partnerships left many Nicaraguans and global onlookers wondering what to expect from an Ortega presidency.

During election season, Ortega's rhetoric was very conciliatory toward former Contra rivals as well as the Catholic Church. To ease skeptical minds overseas, Ortega reiterated that he supported the free market and only opposed "savage" capitalism, often quoting Pope John Paul II. He encouraged foreign investment and maintained that he respected private property. He promised economic progress as well as additional programs for social services. What Ortega did not say is how he would manage to balance so many conflicting agendas. In fact, Ortega was the only candidate that refused to participate in a televised debate amongst candidates. The enigma surrounding his direction, plan, and policy throughout his campaign continues into his presidency.

Examining the Players

Venezuela's Hugo Chavez – whom Ortega calls 'hermano' and 'compañero' – undoubtedly plays a significant and symbolic role in his government.

Ortega's inauguration ceremony was even delayed an hour and a half to wait for Chavez's arrival. The first official act Ortega performed as president was signing on to the Bolivarian Alternative for the America's (ALBA), Chavez's answer to Washington's proposed Free Trade Agreement of the Americas.



Promotional billboard from Ortega's Campaign, promising reconciliation, peace and progress.

Additionally, in the days following Ortega's inauguration, over a dozen agreements were signed between the new Nicaraguan government and Venezuela on topics ranging from energy to healthcare. However, so far, according to the Nicaraguan daily *La Prensa*, most of the agreements are simple intentions of support; the only finalized agreement is that which

supplies oil with preferential terms (the first shipment of which arrived in late February).¹ Though Chavez's support may have helped throughout Ortega's campaign, as Nicaragua's Center for Communications Research states, "To win elections is one thing but to build an internal political project of regional integration with national backing is a much more complex problem."²

Hugo Chavez was not the only controversial figure attending the inauguration. What may have been neglected in North American newsfeeds was the fact that former president, convicted felon, and fellow 'pactista', Arnaldo Alemán was also present, prompting critics to speculate that his presence indicated the days of 'el pacto' are far from over.

Alemán, whose political ideology is far from that of Chavez, could play just as important a role in Ortega's presidency as the Venezuelan leader. With only 38 percent of the vote in the general election, Ortega and the party he leads, the FSLN, need support in the National Assembly if they intend to smoothly pass legislation. The support of Alemán's PLC could give Ortega the edge in the National Assembly he needs.

Despite his close relationship with Chavez and rumored ties to Alemán, Ortega continues to placate the U.S. through his lack of opposition to CAFTA. Meanwhile, Ortega has continued to woo foreign investors to Nicaragua—the most notable being Mexico's Carlos Slim, the world's third richest person. Slim has announced the intention to invest \$250 million

continued on page 4

Politics from page 3

in the telecommunications industry over the next three years.

Family Ties

The outcome of Ortega's juggling act is still unknown. According to one of Nicaragua's foremost journalists Carlos Chamorro, while Ortega has announced that many of the so-called "megasalaries" of public officials would be cut, primary education and basic healthcare services would be free, and a social service plan for poor farming families would be set forth, there has still been no comprehensive plan or strategy announced regarding the sustainability of these and dozens of other promised social programs.

Chamorro, who directed the Sandinista newspaper *Barricada* throughout the '80s, contends that the secrecy Ortega maintains is correlated to a new form of presidential style – a presidential partnership.³ Rosario Murillo, Ortega's wife, has been appointed to the newly created position of Coordinator of the Council for Communication and Citizenry. A Latin American diplomat said recently of Murillo, "She's a mixture of political strategist, image consultant, and cheerleader, but even more importantly, she controls access to Ortega."⁴

Representatives from the three opposition parties including the FSLN dissident party, the

Movimiento Renovador Sandinista (MRS), claim that the new "Estrategia de Comunicación", or Communication Strategy, laid out by Murillo and Ortega violates the Law 290 by placing power to direct and coordinate political policy in the hands of the non-elected Council for Communication and Citizenry, instead of elected representatives. Critics say that the role of an appointed Council is to advise the president not make policy decisions. Along with advocating "Direct Democracy,"

The outcome of Ortega's juggling act is still unknown.

the Communication Strategy also maintains that the communication policy with the national press would remain the same as it had throughout the campaign—vague. "Our relation with the media will consist of the presentation of ideas and important proposals ... we will present information in a simple form, not technical, emphasizing values."⁵ The strategy also advocates training for those ministers, representatives and other political leaders that will be presenting governmental projects to the press.

Critics have also expressed skepticism regarding Ortega's cabinet choices. Most top level Sandinistas were denied Cabinet positions leaving

many to postulate that the public unity the party demonstrates is masking private dissatisfaction.

Despite critics' complaints about his leadership style, a recent CID/Gallup poll indicates that 61 percent of Nicaraguans are happy with Ortega's performance thus far. Undoubtedly, the social programs he has initiated, specifically the elimination of primary school fees just as enrollment for the 2007 school year was beginning, are a welcome relief to a nation starved of governmental social services.

Nicaragua's reality is as complex as the political road map Ortega is trying to forge. So far the direction he will take on that map is unclear. And not surprisingly, Ortega, through his publicist Murillo, is decidedly tight-lipped. ■

¹ Loáisiga Mayorga, Jorge & Cerda, Arlen "Acuerdos ALBA al Desnudo," *La Prensa*, 14 February 2007.

² Centro de Investigaciones de la Comunicación (CINCO), www.confidencial.com.ni/pdf/cincoElectoral11.pdf

³ Chamorro, Carlos F., "El Estilo Presidencial," *Confidencial*, Edición 522, 11-17 February 2007.

⁴ Debusmann, Bernd, "Nicaraguans See First Lady as Power Behind the Throne," Reuters, 28 January 2007.

⁵ *Estrategia de Comunicacion*, available at <http://www.laprensa.com.ni/archivo/2007/febrero/22/noticias/portada/>

Housing from page 1

categories is totally subjective. In fact, the Census questionnaire asked the person collecting the data to mark "by observing" what type of shelter it was. Shelters are not classified afterward based on the data collected regarding the different elements of the shelter. As a result, the 2005 Census found that there are three main types of shelters, totaling 98.6%. According to the Census there are 914,313 houses (93% of total shelters), 32,523 *ranchos* or *chozas* (3.3%), and 22,298 improvised dwellings (2.3%).

If we use those findings to calculate the housing deficit in Nicaragua, the wrong conclusion could be that everything below the category of house, such as *ranchos* or *chozas*, are the only shelters that should be replaced. Under this criteria only 54,821 shelters will be considered as inadequate.

How can we measure the housing deficit?

To better calculate the housing deficit in Nicaragua I propose using the following two main indicators: 1) the number of families who live in

another's family's shelter and 2) the conditions of the shelter. Under these two basic criteria, we could make a conservative estimate showing that in Nicaragua at least 315,817 units, equivalent to 32% of the total are in need of replacement. Additionally, there are at least 191,581 shelters that should be improved. Let me elaborate on these two criteria.

1) *Number of families who live in another family's shelter.* According to the 2005 Census, there are at least 62,609 families sharing their small space with other families, meaning

Department	Total shelters	%	Shelters w/ recycled materials used as walls	%	Shelters w/ bamboo or palm fronds used as walls	%	Shelters with zinc used as walls	%	Shelters with wood used as walls and with dirt floor	%	Total shelters in poor condition	%
Nueva Segovia	40,670	4.1	518	1.3	493	1.2	55	0.1	1,590	4	2,656	6.5
Jinotega	59,532	6	1,007	1.7	4,376	7.3	349	0.6	24,404	50	30,136	50.5
Madriz	24,916	2.5	131	0.5	697	2.8	37	0.1	784	3.1	1,649	6.6
Estelí	40,497	4.1	410	1	302	0.7	57	0.1	6,101	15	6,870	17
Chinandega	73,543	7.5	3,163	4.3	3,506	4.7	2,310	3.1	6,134	8.3	15,113	20.5
León	71,944	7.3	2,159	3	649	0.9	1,794	2.5	3,872	5.4	8,474	11.8
Matagalpa	88,324	9	1,839	2.1	4,856	5.6	1,740	2	25,775	29.2	34,210	38.7
Boaco	28,845	3	495	1.7	1,095	3.8	430	1.5	8,537	29.6	10,557	36.6
Managua	243,047	24.8	3,712	1.5	503	0.2	16,610	6.8	19,371	8	40,196	16.5
Masaya	55,068	5.6	1,554	2.8	1,050	1.9	2,707	5	6,309	11.4	11,620	21.1
Chontales	30,203	3.1	449	1.5	852	2.8	366	1.2	8,206	27.1	9,873	32.7
Granada	31,942	3.2	858	2.7	751	2.3	549	1.7	5,323	16.7	7,481	23.4
Carazo	33,103	3.4	509	1.5	568	1.7	1,045	3.1	3,304	10	5,426	16.4
Rivas	31,938	3.2	344	1.1	766	2.4	265	0.8	6,231	19.5	7,606	23.8
Rio San Juan	17,818	1.8	146	0.8	831	4.6	67	0.4	8,660	48.6	9,704	54.4
RAAN	51,632	5.3	373	0.7	6,094	11.8	193	0.4	15,287	29.6	21,947	42.5
RAAS	55,313	5.6	335	0.6	2,661	4.8	1,006	1.8	25,688	46.4	29,690	53.7
Total	978,335	100	18,002	1.8	30,050	3.1	29,580	3	175,576	18	253,208	25.9

Table No.1: Shelters in poor condition by type and by department. Source: INEC (2006). 2005 Census.

that at least 313,045 people, or 6.1% of the population living under such conditions.

2) *Conditions of the shelter:* To properly calculate how many shelters are in need of replacement or improvement it is necessary to take into account the quality of materials in walls, roof and floor in any given shelter.

a. *Shelters in need of replacement:* I propose to group four types of shelters which should be replaced by a new unit, as they are graded as dilapidated or unsound: 1) shelters with recycled materials used as walls; 2) shelters with bamboo or palm fronds used as walls; 3) shelters with zinc used as walls; 4) shelters which use wood as the predominant material in their walls, but at the same time have dirt floor (see above photo).

A common element of these four shelter types is that their structure is very precarious and cannot be counted on to maintain structural integrity. Under this criteria, around 253,208 shelters, or 26% of the shelters in Nicaragua should be replaced by a new one (Table No. 1). There are three de-

partments where more than half of their shelters are in very poor conditions. Those departments are Rio San Juan (54.4%), RAAS (53.7%) and Jinotega (50.5%). Additionally, there are four other departments over the average: RAAN (42.5%), Matagalpa (38.7%), Boaco (36.6%) and Chontales (32.7%).

b. *Shelters that need to be improved:* In addition to the shelters which are very precarious and require replacement, there are a significant number of shelters with walls constructed with solid materials, but that still need to be improved to be consider an adequate house. One of the most common deficiencies is the lack of an adequate floor. In fact, there are at least 191,581 houses built with solid materials that have a dirt floor.

What has been done to reduce the housing deficit?

Housing is one of the most complex social issues to deal with. It seems to me that it is not only a problem of lack of resources, but also expertise and knowledge of the field. A very common mistake in planning a housing policy in developing coun-

tries is not taking into account the financial and institutional capacity needed to attack the housing deficit. Considering that the housing deficit in Nicaragua is huge, politicians tend to promise to build very high numbers of housing units, but without any previous analysis of funding resources and institutional capacity. During the 2001 presidential campaign, Enrique Bolaños promised to build 150,000 houses.

During his five years in office only a total of 11,480 houses were built or improved with state funds, an average of 2,300 houses per year⁷.

Daniel Ortega has promised to build 200,000 new houses during his five year term, meaning that he will have to build 40,000 new houses every year, or 37,700 more than the annual average under the Bolaños Government. Obviously, it is an extremely ambitious goal, but Ortega has a lot of expectations in Venezuela and Iran's support in building these new houses. The amount of the resources provided by these political allies is not clear yet, but even if we assume that funding will not be a constraint, the implementation of a massive housing program is not only an issue of funding but especially of institutional capacity. During our last study tour in January 2007, WCCN's delegation met with the new authorities in charge of the governmental housing agency INVUR-FOSOVI. We learned from them that they do not have previous experience on housing issues.

continued on page 6

One should not feel discouraged by the size of the task and the challenges. It is important to realize that every contribution that helps to improve housing conditions in Nicaragua, regardless of the scale, is meaningful. It is time to deliver the promise made by the state to the Nicaraguan people in their Constitution. The right to adequate housing has been formally recognized in the Nicaraguan Constitution for twenty years. Indeed, Article 64 of the Constitution of 1987 states: "Nicaraguans have the right to dignified housing, spacious and safe, which guarantees the privacy of the family". It is time to make this happen for all Nicaraguans. ■

¹ In this article I understand "housing deficit" as the number of shelters which do not have adequate conditions to be habitable, plus the number of housing units that need to be built to shelter all families who currently lack one and, as a result, share a shelter with another household in over crowded conditions.

² INEC defines a house as "a place of habitation which is of solid construction, built for permanent inhabitation."

³ INEC defines a "quinta", as "a place of habitation which is of solid construction, built for permanent inhabitation and generally located on the outskirts of a city or in a rural area."

⁴ "Cuarteria" is not defined by INEC, but it is commonly known in Nicaragua as a house divided by rooms, where a different family lives in each room.

⁵ INEC defines "rancho" or "choza", as "any place of habitation built of rustic materials of little durability and generally having a roof of palm fronds, straw, etc."

⁶ INEC defines "improvised dwelling", as "a place of habitation constructed with waste materials such as cardboard, pieces of tin-plate, plastics and assorted pieces of wood, etc. This category includes: mobile homes, boats, caravans, etc."

⁷ The exact numbers were 643 houses in 2003; 4,402 in 2004; 4,298 in 2005 and 2,137 until September 2006. INVUR-FOSovi website.

Join the Summer Study Tour!

In the Winter 2006 edition of *Nicaraguan Developments*, Executive Director Carlos Arenas reviewed the history and direction of WCCN's Women's Empowerment Project (WEP). While still deeply committed to combating issues of physical and emotional violence against women, WCCN now focuses on what has been identified as a root cause of that violence—economic dependence.

Over the years WEP has evolved along with WCCN's areas of expertise, but one constant has remained—WCCN's commitment to working in solidarity with Nicaraguan women in countering gender inequality. From June 9th to the 17th that commitment continues as WCCN hosts its 18th annual Women's Empowerment Project study tour entitled *Constructing Gender Equality in Nicaragua: Empowering Women through Alternative Models of Social and Economic Development*.

In addition to meeting with and exchanging ideas with the dynamic leaders of Nicaragua's Women's Movement, participants will have the opportunity to visit the truly inspiring women directly affected by WEP's projects. This year's tour will lead participants through León where they will meet the Comité de Mujeres Rurales (Rural Women's Committee) and the women of "Los Mangles", a group of previously landless women who now through the support of WCCN's member's now have a plot of land to farm of their own. Participants will then head to the coffee growing region of Estelí where they will meet La Fundación Entre Mujeres (La Fem), a women's fair-trade coffee cooperative. WCCN helped facilitate a relationship between Madison based coffee roaster Just Coffee and La Fem following the 2006 WEP tour. La Fem coffee will be available through Just Coffee this spring.

Participants will also visit Malpaisillo and the Xochilt Acalt Women's Center, whose multi-faceted approach to women's empowerment WCCN has long supported and admired. WCCN recently deepened its relationship with Xochilt Acalt by supporting the Center's youth scholarship program.

The 2007 tour highlights groups and individuals who are long-time collaborators of WCCN's and also introduces participants to some of the innovative groups with whom WCCN has recently initiated relationships. To visit our newest WEP partners, participants will travel to the mountainous region of Matagalpa where they will meet members of a women's cooperative providing microcredit and a growing fair-trade coffee cooperative.

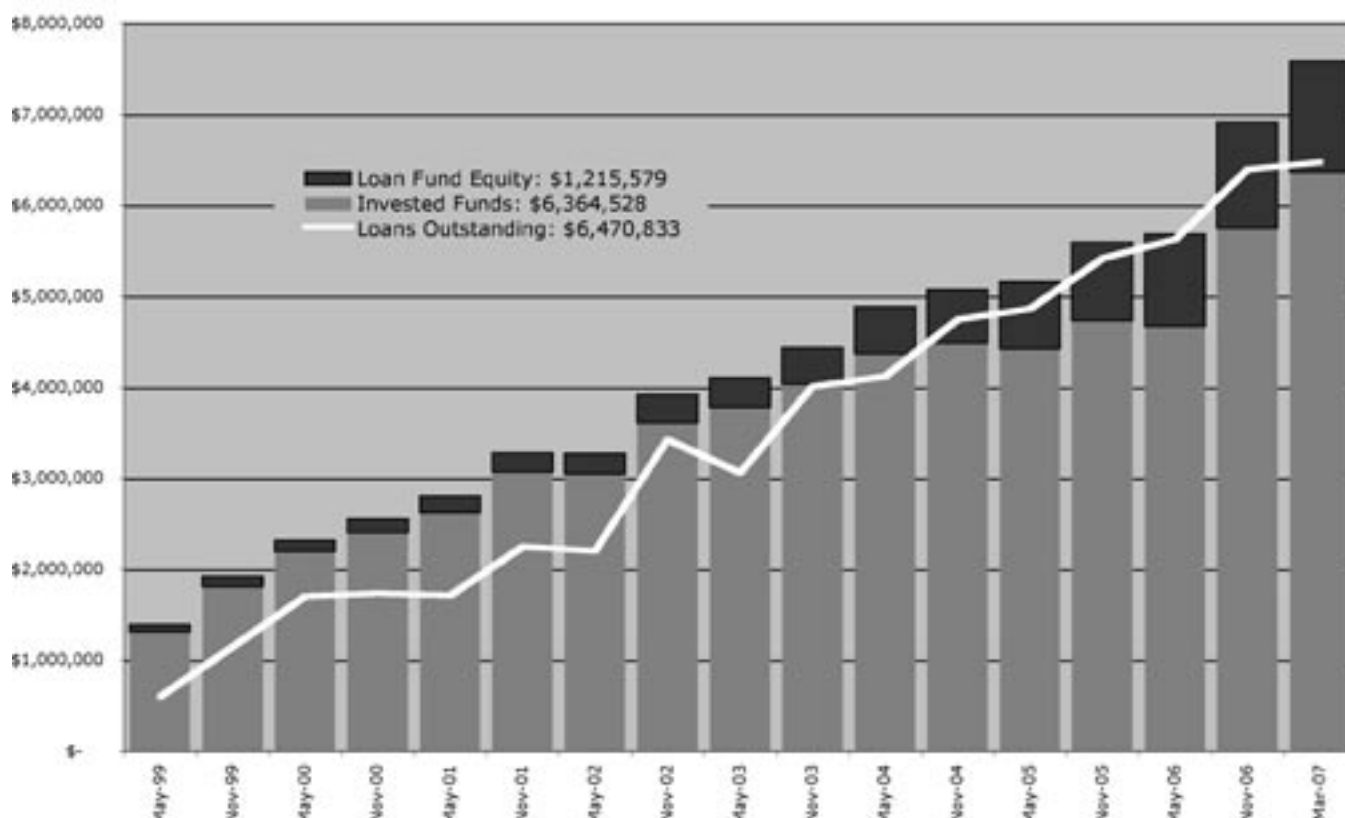
WCCN's involvement in issues of women's empowerment reflects what International Women's Day on March 8th signifies. According to Secretary-General of the UN, Ban Ki-Moon, "Violence against women and girls continues unabated in every continent, country and culture. It takes a devastating toll on women's lives, on their families, and on society as a whole...That is why International Women's Day is so important. It spells out our responsibility to work for enduring change in values and attitudes. It calls us to work in partnership...it compels us to strengthen every means of empowering women and girls—from education to microcredit."¹ Join WCCN, by participating in our upcoming study tour, to learn how women across Nicaragua are turning tide of violence through empowerment via social movements, fair-trade, and microcredit. ■

¹ Ki-Moon, Ban, Message on International Women's Day, <http://www.un.org/events/women/iwd/2007/sg-message.shtml>, 8 March 2007.

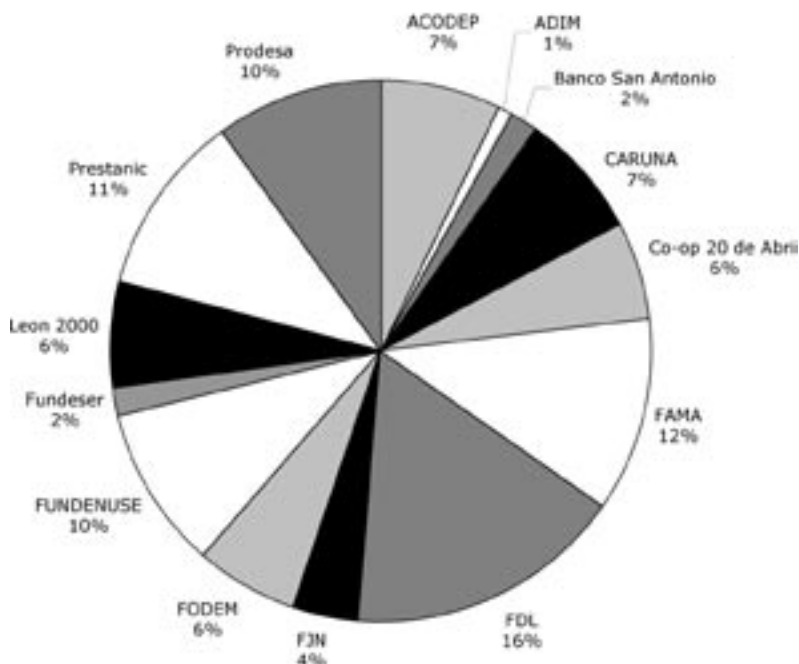
NICA Fund Portfolio as of March 1st, 2007

Total loan fund now exceeds \$7.5 million!

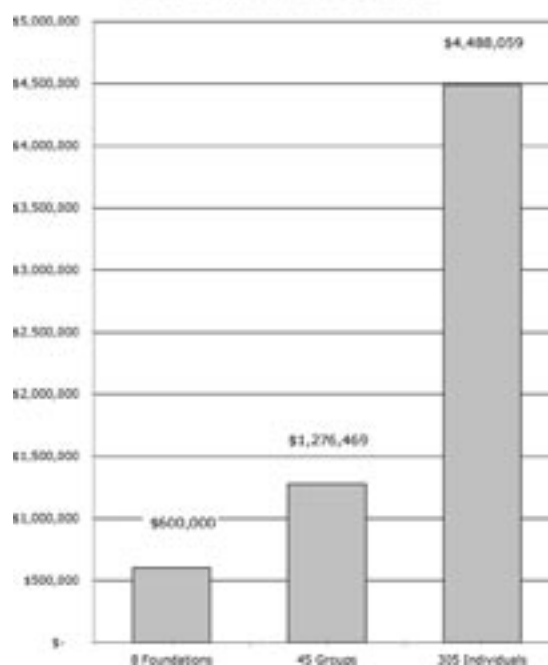
NICA Fund Total Size as of March 1, 2007: \$7,580,107



NICA Fund Portfolio as of 3/1/2007



NICA Fund Investors



A Visit to the April 20th Cooperative in Quilalí, Nicaragua

Brenda Pfahnl
Study Tour Participant

On January 10th, the fourth day of this year's economic development study tour, participants in the WCCN study tour had the privilege to travel to Quilalí to visit one of the NICA Fund partner agencies, the April 20th Cooperative. Quilalí is 263 kilometers (about 165 miles) from Managua in the northern department of Nueva Segovia. It is an area of the country where Augusto Cesar Sandino himself helped to organize Cooperatives in the 1920s, and an area of the country deeply impacted by the Contra War during the Sandinista revolution. Traveling by bus to Quilalí from Managua takes about seven hours. Much of the trip is on unpaved roads which wind upward into the mountains. The journey was breathtaking and well worth the long, hot ride.



The front of the Cooperative's office, just off of the town square in Quilalí.

The April 20th Cooperative is named after the date of its founding, April 20th, 1994. The credit union was formed by 51 citizens of Quilalí, and today has grown to approximately 4,700 members with three branch offices. The Cooperative has grown rapidly since its inception, both in membership and portfolio value. Today the total portfolio is approximately \$5.4 million. In the next five years its goal is to continue to expand its membership, add two more branch offices in the region, and nearly triple its portfolio to \$15 million.

The mission of the Cooperative is to offer diverse financial services to all sectors in the northern area of Nicaragua. This includes savings and loan products, as well as other non-financial programs. A wide range of credit services are offered, including loans for housing, agricultural production, small business and other commercial enterprise. The

Cooperative also offers a unique type of life insurance which assists families with funeral costs after the death of a credit union member. In the area of non-financial services, it owns and operates a supermarket next door to its main office in Quilalí. The supermarket offers food, consumer goods and agricultural products. The Cooperative also owns a facility for the processing and storage of basic grains for its agricultural members.

With regards to savings, every member must open a savings account with a minimum deposit of approximately \$15 when they become a member of the credit union. The Cooperative manages a total of \$1 million in member savings, or an average of about \$200 per member. Part of the Cooperative's Strategic Plan for 2007 – 2011 is to increase the level of savings of its members.

About one third of the April 20th

Cooperative's members are women. In our meeting with Cooperative representatives they explained that they do not have a defined program for gender perspective, but they do strive for fair representation for women in the leadership of the credit union. Thus women represent this same ratio (one third) on the various committees and boards which govern the Cooperative.

The April 20th Cooperative is one of twenty members of ASOMIF, the Nicaraguan Association of Microfinance Institutions. (Our study tour had met with ASOMIF in Managua a few days earlier to get an overview of the micro finance industry in Nicaragua.) The Cooperative is also a member of a new federation of agro-industrial Cooperatives in Nicaragua. The Cooperative sees their participation in these spheres as vital, and sees these organizations as the appropriate voice at the national

level in regards to the regulatory environment, economic policy, and other political issues that affect savings and loans Cooperatives in Nicaragua. At the credit union level they have not historically seen themselves as having a direct voice in the national political debate.

The Cooperative serves some of the poorest micro enterprise owners, both men and women, in Nicaragua. We were privileged to have the opportunity to walk through the town with Rosa, one of the April 20th Cooperative's Credit Promoters (loan officers) to meet with some of the borrowers (members) of the credit union. This was one of the highlights of the entire tour for me.

We first met with a tailor, who told us about his small business and how various loans from the credit union had allowed him to buy the cloth he needs to run the business. The income he has generated has allowed him to purchase two more sewing machines and provide employment to at least one other person. The second business owner we visited was a small store owner who operated her neighborhood market out of the front room of her home.

As a member of the credit union she has taken out a number of loans to purchase inventory for the store. The third member we visited was a woman who sold coffee and tortillas out of her home, and raised pigs to supplement her family's income. The final visit in the village itself was to the home of a married couple who were both elementary school teachers. They described to us how difficult it is to survive and raise a family on a school teacher's income in Nicaragua. They had used credit to make improvements to their home, including a loan for a new brick floor. For our last visit, we traveled up the mountain side on the outskirts of Quilalí to visit a woman who runs a small bakery out of her home, as well as a neighborhood store.

Rosa, the Credit Promoter who accompanied us is a young woman who clearly shares a close relationship with the Cooperative's members (*see following article, page 10*), as well as with nearly everyone who passed us in the street. This type of lending clearly takes place in a community where everyone knows each other. It seemed obvious that the April 20th Cooperative is a vital member of this community, and plays an important

role in its economy.

The NICA Fund has made a total of six loans in the April 20th Cooperative since July of 2002. The Fund's latest loan was for \$250,000 which brings the amount lent the Cooperative to \$450,000. It was inspiring to see how these loans have gone directly into the community to improve the quality of life for members of the Cooperative. It seemed to me that if the NICA Fund could double or even triple its outstanding loans there would still be plenty of demand for that money in Quilalí. In fact this seemed to be the case with each NICA Fund borrower we met. There is still a very large unmet need for micro finance investment in Nicaragua.

I would like to thank WCCN for the opportunity to participate in this tour. It was both educational and inspiring. Your capital is doing very good things in Nicaragua. ■

Brenda Latvala Pfahnl serves on the Board of the Cooperative Fund of New England (www.coopfund.coop), and participated in the study tour with her son Alex. She maintained a blog about the tour at www.brenda-sisu.blogspot.com.

If you live in South Central Wisconsin, please save the date.



WCCN Annual Meeting

**April 26, 2007
6:00 to 8:00 pm**

**United Way Building
2059 Atwood Ave
Madison, WI**

All Members are invited!

*Check your mailbox in the coming weeks
for the announcement and board ballot!*

Interview with a Credit Promoter for the April 20th Cooperative

Tell us a little about yourself.

My name is Rosa Estela Rodriguez Herrera, I'm originally from Quilalí, and I am an agricultural engineer.

How long have you been working with the Cooperative and when did you become involved?

I officially celebrated my first year on February 15th but have been involved with the Cooperative for some time now, given that my mother was a founding associate and member of the Cooperative's administrative council since its inception. Accompanying my mother to Cooperative meetings and activities helped me to understand how the Cooperative works, and also to really come to love this project which my mother was part of. When I had the chance to apply for the post, I did. I was very confident of my abilities, more than anything I am a woman with clear goals and it was always a dream of mine to start working with the Cooperative, not just for my family, but also for the prestige that the Cooperative has.

Can you describe the work of a Credit Promoter?

It's great, because as a promoter you're the one closest to the members. You interact with people of very different educational levels, from the housewife you enroll as a business woman because she's selling tortillas and coffee out of her home, from offering credit to an office worker, to a merchant ... In any case, my job is not only to extend credit but also to offer the different services provided by the Cooperative. It's all very interesting, from supporting a member's entrance into the Cooperative, to offering them follow-up not just in terms of credit, but also supporting them with the technical knowledge they need to ensure a good yield from their



Rosa on the motorcycle she uses to visit rural borrowers.

crops, and then helping them market those products. In the Cooperative, we have the opportunity to offer a complete range of services to the small producers, including financing, technical assistance and marketing of their products.

What are the challenges you face as you carry out your work?

If the defaults increase; if a member needs credit, but doesn't have the ability to repay that credit. You really have to act with logic, not just with your heart. There are many challenges, but I consider them to be an opportunity, not only to grow as a professional, but also as a human being. We have the ability to work and we carry out our work with love, day after day. We have to make the members aware that we are a cooperative, not a bank, and that we as members are the ones who have to always be working to ensure that the Cooperative continues to grow.

What brings you the most satisfaction in your work as a Credit Promoter?

Offering needed services to our members; being the person who is closest to the members and the one they trust in, as their promoter or, as they call us, their technical expert. Being part of this great family that the Cooperative has become. You feel good when you offer a service that contributes to the development, especially the personal development, of each member.

I'm very happy with my work, and I like to work as a credit promoter, since it's a job with both challenges and opportunities. I like what I do, I'm passionate about the things I do everyday, and I especially like being able to serve the members of my Cooperative. ■

Translated from Spanish by Donna Vukelich.

Borrower Profile

María Mercedes Díaz Baker

About three kilometers outside of Quilalí, María Mercedes Díaz is stoking the coals of her baker's oven. Every morning at three a.m., she sets to work in preparing, baking and supplying assorted baked goods, including breads, pastries, and *rosquillas*. By ten a.m., her goods have been shipped down the dirt road to loyal shops and customers in Quilalí.

María now has two full-time employees, in addition to the work done by her daughters. Her eldest daughter is married and lives across the street. María is passing along her baking and administrative skills, with the intention that she will inherit the business someday.

Through earnings from the bakery, María was able to improve her house, which is now a two-room concrete dwelling, with a corrugated steel roof and extended veranda. On the end of the veranda is her adobe oven, which her husband built by hand as the volume of the bakery grew.



María demonstrates the construction techniques in building her clay oven.

María has taken a succession of three loans from Cooperative April 20th, to which she attributes to the success of her business. Before taking loans, she was only able to stock small amounts of baking materials. "Now I am able to buy what I need," she says. She purchases her inputs from the Coop's market. Although María is working to produce as much bread as she can, she still sees unmet demand. She hopes to continue expanding her

business and providing baked goods for the community.

Situated on a hillside, with a panoramic view of the Segovian mountains, María concedes that there are disadvantages to living some distance from town. She prefers the quiet of countryside, however, apart from people. "It's beautiful," she says, "You can see the river." ■

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

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•Travel to Nicaragua with WCCN this June 9-17•
**Constructing Gender Equality in Nicaragua:
Empowering Women through Alternative Models
of Social and Economic Development**

Join the Wisconsin Coordinating Council on Nicaragua (WCCN) for an opportunity to see and hear directly from women's groups and leaders in Nicaragua. Our annual tour will give you the opportunity to exchange ideas with political activists and women's rights organizations, which are working toward gender equality and economic empowerment. The study tour will also visit microcredit and fair trade projects, created by women's organizations, which help to increase women's income and improve the lives of their families. The focus of the exchanges will be improving women's lives through access to credit, land, and equitable markets. Through these rich experiences, tour participants will learn why the Nicaraguan women's movement is the most creative, active and promising social movement in Nicaragua today.

The cost of the study tour is based on a sliding scale, \$900-\$1,200 (plus airfare to/from Managua), depending on what you can afford. All meals, lodging, in-country transportation and translation is included. Individuals of all backgrounds are welcome to participate! WCCN staff is happy to advise interested people about possible ways to fundraise to help cover their costs.

**Please contact WCCN to participate:
(608) 257-7230 exdir@wccnica.org www.wccnica.org**