

Nicaraguan Developments

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US Behind Nicaraguan Military in Iraq

by Claudio Selva
WCCN Outreach Committee
member

Taking up a significant chunk of the front page of El Nuevo Diario's November 1st edition is a photo whose irony is not lost on anyone somewhat familiar with the history of US-Nicaraguan relations and the current US war in Iraq. A Nicaraguan army officer and several soldiers play in the streets of Baghdad with a number of Iraqi children. The Nicaraguans, just over a decade's distance from their own crushing war with the US, are stationed in Iraq as US allies.

After the Sandinistas lost the 1990 elections, the Sandinista Army found itself charting new terrain, both nationally and internationally. With a name change to the depoliticized Nicaraguan Army, the possibility of establishing cooperative military relations with the United States opened up. Over the decade of the 1990s, some steps were taken, primarily in the areas of combating international drug trafficking and dealing with natural disasters. But it wasn't until after September 11, 2001, with the US call for a new "multinational force" against terrorism that a real opportunity opened up for the Nicaraguan government—through its army—to forge closer ties with the White House. The real "test", as it were, for Nicaragua came with the US all-out declaration of war against Iraq and the creation of the so-called coalition of the willing in March.

Nicaraguan President Enrique Bolaños quickly jumped on the US bandwagon, pledging the Nicaraguan Army to participate in a military force composed of countries including Honduras, El Salvador and the Dominican Republic. Major Alvaro Ibarra, Press Spokesperson for the Nicaraguan Army, noted that the



Nicaraguan Sargeant Felipe Solórzano says goodbye to his daughter as he leaves for Iraq. photo borrowed from La Prensa.

army had not been consulted before Bolaños made his public promises.

In 1979, the Sandinista revolution gave birth to a new kind of army, with the express goal of the Sandinista Army stated as defending the country's territory and sovereignty. Deliberately harking back to Sandino's principles, the Sandinista Army's mission included defending Nicaragua's right to self-determination and opposing any attempt of a foreign power to intervene in the country's internal affairs. In other words, the Nicaraguan Army today is violating, on Iraqi soil, the very principles that are at its essence.

Enrique Bolaños' neo-liberal government, with the dispatch of Nicaraguan soldiers and officers as part of this "Task force of humanitarian assistance" has pushed the Army into the position of negating its identity as a body of non-intervention. However, given that Bolaños is the

country's commander-in-chief, the army as such has no choice but to comply with his orders. High-level military officers did not publicly criticize Bolaños' order, and limited themselves to commenting that the army has virtually no resources with which to cover insurance costs for the military mission.

Much of the mission's work is focused on the extremely dangerous job of demining. The massive job of demining within Nicaragua itself is far from finished, and experts estimate that it will take years before the country can be considered "safe" from landmines, an all too tangible vestige of the war. Each year, a number of deaths and serious injuries due to landmines are reported in the northern and central regions of the country.

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WCCN's twentieth anniversary is just around the corner. In preparation for this commemoration, we have recently taken stock of where we are now and where we should be going. As you might remember, since 1991, WCCN has been working primarily through our two main projects: the NICA Fund and the Women's Empowerment Project. However, if you have been keeping up with all of our activities and reading *Nicaraguan Developments*, you have noticed that in practice, we have expanded our work areas. Over the past few years, we have been promoting fairly traded coffee, and recently began working on housing issues in Nicaragua. These changes have evolved gradually and over time. People that are not only involved in microcredit and women's issues, but other issues as well have noticed WCCN's presence in Nicaragua. We have been approached to work on these projects.

In response to the gradual inclusion of these projects, we have decided that it was necessary to review our current working framework and evaluate our structure for the upcoming years. After reviewing the work we have been doing and the work that we hope to do for years to come, we have decided to change the framework under which we work. WCCN staff and Board feel that a more accurate way to reflect the work we have been doing would be to group our projects under the two categories- *Sustainable Development* and *Social and Gender Justice*.

Under the *Sustainable Development* area we will have the NICA Fund and an educational project on fair trade coffee production. Under the *Social and Gender Justice* area we will have our Women's Empowerment Project and a housing rights project. This new framework will allow WCCN to be more flexible, open to new opportunities, and it could attract new members interested in these topics. It will also help to better allocate WCCN's resources and staff time. This is not a cosmetic change but a real one. However, it will not mean that WCCN will disperse and lose focus; rather it will help us to place the work that we have been doing over the years, that never fit well under our old framework, under a more appropriate umbrella. We are not abandoning any of our previous projects, rather as a result of their successes, we feel more ambitious and would like to improve the social impact of our work in Nicaragua.

In addition to these changes, we would like to invite you to visit our new website. The address is the same-www.wccnica.org- but you will notice it's new looks. As always, this is a work in progress, so please bare with us. We hope that collectively, all of these changes will help us to advance our work in Nicaragua. We also hope that this will inspire you to continue supporting us in supporting the men and women of Nicaragua. We have only come this far because of you, our support network. Thanks for twenty great years!

In solidarity,

Carlos Arenas
WCCN Executive Director

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This edition of Nicaraguan Developments was edited by Carrie Hirsch.

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 primary projects: the Nicaraguan Credit Alternatives Fund and the US-Nicaragua Women's Empowerment Project.

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

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: wccn@wccnica.org • website: www.wccnica.org

Community Investing on the Rise

by Jon Bishop
Loan Fund Manager

In the wake of the corporate scandals of the last couple of years, the popularity of socially responsible investing has increased. Between 2001 and 2003, funds in conventional mutual funds decreased by 4%, whereas funds in socially screened investment portfolios increased by 7%. In addition, socially screened portfolios now perform as well as conventional non-screened portfolios. Although socially responsible investment funds still represent a tiny fraction of funds under professional management, they are expected to continue growing at a brisk pace.

The most important socially responsible investing (SRI) conference of the year, SRI in the Rockies, takes place in October of each year. The conference is organized by the First Affirmative Financial Network (www.firstaffirmative.com) and the Social Investment Forum (www.socialinvest.org). The 14th annual SRI in the Rockies took place on October 19-22, 2003 in Squaw Valley, California. Indeed, Squaw Valley is in the Sierras and not the Rockies, but the spirit was the same. The conference provided an excellent opportunity to gauge the direction of the SRI movement and how the NICA Fund fits into that movement. Community investing is currently the fastest growing sector, which suggests there will be considerable opportunities for growth for community investing funds like the NICA Fund.

Two other important topics of discussion at the conference were the inclusion of corporate governance in social screens, and the increasing popularity and effectiveness of shareholder activism as a tool to encourage corporate responsibility.

For the first time at an SRI in the Rockies conference, there was a plenary session on community investing. Mark Pinsky of the National Community Capital Association gave an excellent overview of domestic community investing, and Nancy Berry, President of Women's World Banking gave an excellent overview of international community investing with focus on her specialty,

microfinance.

Ms. Berry described the impact that microfinance has had and the possibility it holds in attacking poverty on a worldwide scale. She pointed out that the repayment rate of many microlending funds is much higher than the repayment rates of most commercial banks. She also stressed that the actual risk of lending to poor borrowers in the developing world is far less than perceived. This is precisely the experience of the NICA Fund in Nicaragua. For many conference attendees who have little experience with microfinance, the high repayment and low risk of international community investing came as a surprise.

In addition to the plenary session on community investing, four international community investment funds were represented at this year's conference. In addition to the NICA Fund, there were representatives of Shared Interest (www.sharedinterest.org), The Sarona Fund (www.sanora.org), and E & Co (www.energyhouse.com). All four of these organizations are doing wonderful things in the developing world without losing investor's money, just as Nancy Berry described in her plenary talk.

All of us who represent these four funds noted the surprise of the socially responsible investment community to the low risk involved in community investing. We agreed that we need to work together to edu-

cate the socially responsible investment community that we are not just a few isolated funds doing interesting things, but we are a viable industry using sound business techniques to have a positive impact on the lives of folks in developing countries. We view ourselves as a team working for a higher cause, not competitors working for our own causes. This spirit of cooperation is consistent with our own values and the values of the investors in our funds. By working together, we feel that we can work with the investment professionals and asset managers to channel more capital to alternative credit programs that represent a very important weapon in the fight against poverty.

As we look toward professionally managed assets as a large, untapped pool of money that can be directed toward microfinance in Nicaragua, it is important to reflect on what put us in the position to be able to do this. The support and trust of the individuals and groups who have invested in the NICA Fund have given us a twelve year track record of making a tangible difference in Nicaragua without losing any money. This track record gives us a place at the table in the socially responsible investment community to promote international community investing as an industry. The result is that the support and trust of the investors in the NICA Fund could likely have a positive effect well beyond the borders of Nicaragua.

ADIM Joins the NICA Fund

The Association for the Integral Development of Women (ADIM) became the newest partner agency of the NICA Fund when it received \$100,000 loan on September 1, 2003. ADIM is a small microfinance institution that focuses on providing credit to urban and rural women. The headquarters are in Managua, but the three branches are in Masaya, La Concepcion, and Rivas.

ADIM is a founding member of the Nicaraguan Network of Microfinance Institutions with a Focus on Gender (RENMIPEG). RENMIPEG consists of ten very small grass roots microfinance institutions that concentrate on providing credit to women. Although several larger microfinance institutions in Nicaragua lend over half of their portfolios to women, there are no large institutions that focus on credit from a gender perspective. Microfinance with a focus on gender is a new movement in Nicaragua, and we see it as a positive development. This new lending relationship gives WCCN a valuable link to the nascent movement of gender-focused lending in Nicaragua.

More Than 16 Days of Women's Events

WCCN's Women's Empowerment Project has been busy organizing many activities over the past several months. One "series" of activities has been the 16 Days of Activism Against Gender Violence. This year's observance is being organized by the University of Wisconsin Center for Women's Health, along with a coalition of approximately 22 other groups. WCCN has been playing an active role in it's preparation. Below is a list of the events for this year. Please note that WCCN will again be selling beautiful Nicaragua pottery at the Fair Trade Holiday Festival. If you live in Madison, or close by, please come and visit us on Saturday, December 6 at the Pres House!

Unfortunately, the Healing Works Art Exhibit will not be held this year. We hope to organize this important exhibit for next year.

In addition to the 16 Days, we have been working on the following:

- As we mentioned in our last edition of *Nicaraguan Developments*, we were interested in translating a book, "Las claves del empoderamiento" about the experience of the women's center Xochilt-Acalt, from Malpaisillo, Nicaragua. That translation should be available on our website in November 2003.
- WCCN is planning to organize a panel discussion with a representative from the women's center Xochilt-Acalt from Malpaisillo, Nicaragua for the Latin American Studies Association (LASA) conference.
- WCCN is helping to organize one or two workshops in Managua in cooperation with the Nicaraguan Network of Women Against Violence and the National Feminist Committee. These workshops will be geared towards Nicaraguan women's organizations with the intention of providing information and expanding their knowledge about issues of globalization and its impact on women's movements worldwide.
- We currently have two student interns that are working on projects on gender issues. Amanda Mehl is compiling information about several Nicaraguan women's groups (see article on right), and Katy Skar-



Calendar of Events

Sunday, Nov 23, 11-11:30am
"Her Turn" Live interview/call-in show with 16 Days coalition members (WORT, 89.9fm)

Monday, December 1, 7-9pm
"The Body As Home: Facilitating Healing through Dance/Movement Therapy with Homeless Adult Survivors of Abuse", sponsored by the Hancock Center

Tuesday, December 2, 7:00pm
Edgewood College sponsors the showing of "Wrestling with Manhood: Boys, Bullying & Bettering"

Thursday, December 4, 6-7pm
Lesbian Health Task Force sponsors a panel discussion "The Lesbians Next Door: Abuse and Violence in Lesbian Relationships"

Friday, December 5, 7pm
Video and discussion at the Electric Earth Cafe, sponsored by Women For Peace

Saturday, December 6, 10-4pm
Fair Trade Holiday Festival, at the Pres House (731 State Street), sponsored by Community Action on Latin America (CALA)

Saturday & Sunday Dec. 6 & 7
PAVE (Promoting Awareness/Victim Empowerment) & the UW Campus Women's Center sponsor a food drive at local grocery stores for donating to local domestic violence shelters.

Other activities are pending

For a complete up-to-date list of activities, visit:
www.womenshealth.wisc.edu/16Days

latos is working on a paper dealing with gender and microcredit in Nicaragua (see article on page 5).

- WEP is hoping to organize an event in Madison with Sofia Montenegro, a well-known Nicaragua feminist, at the end of April 2004.
- In an ongoing effort to link the Women's Empowerment Project and the NICA Fund, WCCN is currently exploring opportunities to work with the newly formed Gender Commission of the Association of Nicaraguan Microcredit Institutions (ASOMIF). This commission was formed to build bridges between the Nicaraguan women's movement and microcredit organizations working with a gender perspective in Nicaragua.
- WEP is planning the next June study tour that will focus on women's issues. The dates are June 12-20, 2004. If you would like more information, please visit our website (www.wccnica.org) or call us at 608-257-7230.

Nicaraguan Women's Organizations

by Amanda Mehl
WCCN intern and Beloit College student

Have you ever wanted to learn more about Nicaraguan women's organizations, but don't have the time to travel and visit in person? Would you like the latest update on the Nicaraguan women's movement or what specific women have to say about gender issues in Nicaragua? For example, did you know that the women's movement in Chinandega began under a mango tree, and if you want a loan from Centro Xochilt-Acalt to buy property and build a house you have to be a woman? As a fall intern for WCCN, I have been spending my time researching and compiling the history, current projects and goals of about twenty Nicaraguan women's groups with whom the June study tour participants have met over the last two years. This information will soon be available on WCCN's new website.

Red Clay Goals

by Katy Skarlatos
WCCN intern and UW-Madison
graduate student

"Anuke duti amuda?" The words spilled sloppily out of my mouth like milk spilled at the dinner table. Upon hearing what probably sounded like complete foolishness to him, the frail boy looked at me with a playful look in his dark brown eyes and burst into laughter. Feeling a bit discouraged, I knelt down into the red clay that covered the ground and tried again. Once the laughter had subsided, the boy looked at me and answered my question, and told me his name in a small voice, "Pescado." "Little fish," I thought to myself with a smile. Little did I know, as I watched the little boy dance and skip down the red clay road lined with small mud huts, that this child with whom I couldn't even speak would have such a great impact on my future goals and ambitions. It was here, in the small tribal village of Parupa, Venezuela, that I was introduced to one of the complexities of thinking about poverty: it seemed that the people of Parupa, though living with so little, had so much more to offer me than I could ever offer to them. They demonstrated so much concern for each other and the community of which they were a part, so much hard work, and so much contentment with what they had. They were flexible, passionate, and dedicated people. It was on that red clay road that I decided to commit to partnering with the poor, serving them with the resources and opportunities that I have been given, and learning from them while watching them live out their lives with what they have been given.

Seeing the poverty-stricken people with such fervor for life in Parupa opened my eyes to people like them around the globe, and especially in Latin America. In Venezuela I decided that I wanted to devote my life to serving people, partnering with them to help them succeed and grow—economically, socially, and emotionally—by allowing them access to the services needed to survive in an increasingly global economy. I value the personal experiences, knowledge, and perceptions that the poor have of themselves, and believe that relying heavily on those factors is an

extremely important aspect of policies and programs that will help to truly empower them. Working as an intern with WCCN, I will have an opportunity to use and direct my experience and passion in order to accomplish some of the goals that were established on that red clay road in Venezuela. I desire to work toward these goals not only for my own satisfaction, but for the sake of all of the "Little Fish" in the world, and more specifically, within the borders of Nicaragua. I am convinced that I have some resources to aid in improving the lives of the poor, and more importantly, a bottomless capacity to learn lessons about patience, diligence, and contentment *from* the poor.

As I was introduced to WCCN and its two main projects, the Women's Empowerment Project and the Nicaraguan Credit Alternatives Fund, I saw two projects with fairly different emphases. However, as I learned more about each, it became obvious that the two had one common linkage—"a commitment to develop and foster positive, healthy, and equitable relationships between citizens of the US and Nicaragua." Though this general theme serves as the uniting thread between the two programs and an organizational goal of WCCN, I saw an opportunity for a stronger bond between the two projects. As an intern for the academic year here at WCCN, I see the potential to contribute to the organization through a project that connects economic issues with women's empowerment issues in Nicaragua.

Though the project is still in its preliminary stages, the overarching research question that I intend to examine is: How can access to financial services, especially opportunities for formal savings, be used to change social attitudes and improve the national, local, and intrahousehold status of women in Nicaragua? Through this project, I hope to provide a clear perception of how microcredit can be used as a positive and effective development tool in Nicaragua. By providing evidence of the high social impact that microcredit has had on communities, families, and individuals, and women in Nicaragua, I hope to overcome some of the skepticism women organiza-

tions often have towards microfinancial institutions.

In addition to supporting microcredit as a tool to empower women in an economic sense, I hope to give support for microcredit as a tool for true empowerment. Enhancing women's self-confidence, increasing women's individual security, and growing women's ability to participate in decisions at a familial, local, and national level are all bi-products of access to financial services. As cooperatives and regulated microfinancial institutions within Nicaragua begin to effectively mobilize savings programs for their customers, women will win. Though there are legal limitations on savings programs run by non-governmental organizations in Nicaragua, institutions supported by the NICA Fund such as CARUNA, CONFIA, and 20 de Abril all have the capacity to collect savings from their customers. Programs within these institutions fostering savings mobilization can create the following benefits for women:

- the ability to hold secure wealth and earn returns
- financial liquidity of wealth in the case of environmental or economic shocks
- a space to secure money that is being reserved for a large investment (ie. sending kids to school, a new sewing machine, other business equipment, farm machinery, etc.)

With these types of financial services available, women are able to gain access to funds that establish or enhance production and lead to an accumulation of assets. And through savings, these women are able to have *control* over the assets they accumulate.

Through an examination of savings mobilization and women's empowerment, I hope to build bridges between WCCN's Women's Empowerment Project and the Nicaraguan Credit Alternatives Fund. I am grateful for the opportunity to work with WCCN, where I can have just a small part in bettering the lives of individuals by proposing practical solutions to fundamental problems.

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Five Years of NICA Fund's Performance

by Carlos Arenas

The NICA Fund is five years old. It is now time to do an overview of our work and the microcredit field in Nicaragua. It seems to me that like all organizations starting out, five years ago, the NICA Fund was a "modest" fund without a clear place among other sources of funding among microcredit organizations in Nicaragua. In other words, the NICA Fund was clear about what it wanted to accomplish but was not sure about its own role inside the organizations providing credit to alternative credit organizations in Nicaragua. Today, for several reasons, the NICA Fund is in a different position, and as a result, is in the process of developing a clearer strategy that will help guide its long term decisions.

What is different now for the NICA Fund?

Several positive changes have occurred in the NICA Fund and in the microcredit industry in Nicaragua during the last five years. Today, there are some new situations that we take for granted and were not there three or five years ago.

The NICA Fund has more experience: WCCN now has twelve years of experience in the business of lending money to microcredit organizations in Nicaragua. The NICA Fund's predecessor, the Nicaraguan Community Development Loan Fund (NCDLF), began in December 1991 with \$65,000 in invested capital. This reached \$2.7 million in March 1997. In an effort to diversify lending, the NCDLF was phased out and the NICA Fund was born. It began receiving investments in May 1998 with some rollovers of NCDLF investors. The NICA Fund made its first disbursement in February 1999, with a \$300,000 loan to CHISPA (one of two organizations which later merged to create CONFIA).

The NICA Fund and our partner agencies have continued growing: There has been sustainable growth in the NICA Fund and among our partner agencies in Nicaragua. If we look at the NICA Fund in Table 1, we can see the evolution of its portfolio. (see table 1, pg.10)

The portfolios of our partner agencies have been growing very fast during the last five years as we can see by comparing their portfolio in 1999 and in 2002. (see table 2, pg.10)

The NICA Fund has a better sense of the entire microcredit field in Nicaragua and there is more transparency in the field: Before mid 2001, it was very difficult to have an idea of the microcredit field in its entirety and how the NICA Fund fit into it. If we look back it made sense to have a conservative approach, especially because it was difficult to have reliable information on other microcredit organizations in the field. The first document that provided us with information on several microcredit organizations in Nicaragua was published by Katalysis Partnership in 2001.

At the same time, since the end of 2001, the association of the most well established microcredit organizations (ASOMIF) started publishing the magazine *Microfinanzas* with comparative financial information of its members that made the field more transparent. Additionally, several studies on microcredit in Nicaragua have been published during the last two years, and WCCN has been collecting and following that bibliography closely. WCCN itself made an important contribution to the understanding of the microcredit field with its study of the social impact of microcredit in Nicaragua, published at the beginning of 2003.

Another important factor in transparency has to do with external audits. Since the year 2001, almost all alternative credit organizations, including cooperatives, started to have external audits, making the analysis of the financial situation of those organizations more credible. As a result, WCCN staff and our own external auditors have been able to check our partner agencies' audited information.

In short, the combination of experience, a better sense of the entire microcredit field, and the transparency from the main microcredit organizations in Nicaragua have been making us feel more comfortable about our financial decisions.

There are solid relationships with partners: Over the years, the NICA Fund

has developed a set of solid relationships with several alternative credit organizations in Nicaragua that make us feel more confident in our work. At the same time, our Loan Fund Representative in Nicaragua has developed a professional relationship with all of our partner organizations.

The NICA Fund does a closer analysis of financial information from our partner agencies: The NICA Fund has been paying more attention to the financial information from our partner agencies allowing a more in depth financial analysis of our partners or potential partners.

The NICA Fund does a closer analysis of the political, economic and legal environments in Nicaragua: WCCN closely follows the political situation in Nicaragua through regular review of Nicaraguan newspapers, weekly news services and other sources of information. At the same time, WCCN closely follows the economic information published by the Nicaraguan Central Bank, such as its annual reports and other periodical reports published electronically. Additionally, WCCN has been closely following important legal debates and legislation in Nicaragua that might affect the NICA Fund such as the legal framework for NGOs and registration rules, the reforms to the Nicaraguan tax law, the discussion on the proposed law for the microcredit industry, and to a lesser extent, the legal framework for the cooperative movement.

The NICA Fund has a closer relationship with other organizations providing funds to the Nicaraguan alternative credit market: We have close relations with the program España-BCIE, and good relations with the BCIE itself, the Inter-American Development Bank, and other cooperation agencies, such as COSUDE (Swiss Agency for Development and Cooperation). The publication of the social impact study in Nicaragua made it possible for the NICA Fund to become visible among other organizations that provide funds to the microcredit industry in Nicaragua.

The NICA Fund is now more visible among the Socially Responsible Invest-

ment (SRI) community: WCCN has been participating more actively in several spaces where the SRI community gathers, such as the annual SRI conference in the Rockies. This exposure was part of the reason why we were honored with being one of eleven organizations lending to women by Coop-America. At the same time the NICA Fund has an investment from Calvert Foundation and other SRI groups.

Where is the NICA Fund right now in Nicaragua?

At this moment, the NICA Fund is the second main provider of funds to the microcredit sector in Nicaragua. This is an amazing performance for our fund! The main credit provider for the microcredit industry in Nicaragua and in all of Central America is the program España-BCIE, a program created with funds from the Spanish cooperation agency AECI (Agencia Española de Cooperación Internacional), and co-administrated with the regional development bank called Banco Centro Americano de Integración Económica (BCIE).

As a result of the current size of its portfolio and the publication of the social impact evaluation, the NICA Fund now has a higher profile in Nicaragua, as well as more recognition among the main players in the industry. The NICA Fund is now in a position that perhaps it never anticipated.

The NICA Fund is a project of WCCN, a non-profit membership based organization. Most of the other main lenders and/or donors to the microcredit industry are governmental cooperation agencies, regional banks and to a lesser extent, some private foundations. Currently there is a need for more coordination among donors/lenders but that is very difficult due to the different nature of the organizations.

How much capital has been lent to microcredit organizations in Nicaragua?

This is a very difficult question. According to the study of Blijdenstein *et al.* (2002), in June 2002, the total portfolio of organizations providing funds to the microcredit industry in Nicaragua was around US\$48,151,000. If we look at the debt

from our partner agencies to funding sources at any given time during the last year, we can see that it was approximately US\$36.3 million, US\$32 million in loans and US\$4.3 million in funds in administration. (see table 3, pg.10)

Who are the main providers of capital for NICA Fund's partners?

Among our partners, the BCIE (programa España-BCIE and BCIE itself) is the main source of funding with \$6,381,548, representing around 20% of the total funding of our partners. For the whole industry in Nicaragua, Blijdenstein *et al.* (2002) calculated that the BCIE has a portfolio of ten million dollars, representing around 21% of the funds for the entire industry in Nicaragua.

I calculate that the NICA Fund provides roughly 9.5% of funding currently available to our partner agencies. We can assume that the NICA Fund contributes around 6% of the funding available to the entire microcredit industry in Nicaragua.

The main sources of funding for our partner agencies are the following: 1) BCIE, 2) WCCN/NICA Fund, 3) FNI, 4) PROSESUR/Fondecia (IFAD), and 5) the Inter-American Development Bank (IDB). It is worth mentioning that all those organizations have very different missions, and ways to administer their funds. The only private organization lending to more than one Nicaraguan organization is WCCN (a non-profit organization). There are two other private for-profit organizations which lend only to one organization, (CONFIA), IMI (that it is the main shareholder) and FEFAT.

How does the NICA Fund compare to other funding providers in Nicaragua?

All the main organizations providing funds to the Nicaraguan alternative credit market have different missions and ways of doing business. In many ways, the NICA Fund is a unique program and arguably we can say that it might last longer than other programs. As we mentioned previously, the NICA Fund has the second largest portfolio among organizations providing funds to the microcredit market in Nicaragua, and the largest group of partner agencies

among all the credit providers in Nicaragua. The second organization that has been providing funding for several microcredit organizations in Nicaragua is the España-BCIE program. The NICA Fund is one of the few organizations that has in place a permanent monitoring process of the organizations we lend to, as we learned after our interview with representatives of other credit programs. The other programs make an initial evaluation and then do a very informal process of monitoring the organizations they lend to. I think that our process of making decisions collectively is one of the main strengths of the NICA Fund, and we need to maintain this method and work to improve the details as much as possible. Our monthly Oversight Committee meetings and the evaluation of our portfolio, projections, etc, is without a doubt the key of our success.

Table 4 shows the comparative evolution of the portfolio of España-BCIE program and the NICA Fund. (see table 4, pg.10)

The España-BCIE program has been growing faster than the NICA Fund due to their availability of funds provided by the Spanish Government as part of their international cooperation funds for Central America. As you know, we constantly need to find investors to increase our portfolio. However, the NICA Fund has been growing in the number of partner agencies that it has been lending to. In fact, the España-BCIE program lent to only eight organizations, five of them being partner agencies of the NICA Fund. As you know, the NICA Fund now has eleven partner agencies and there is a possibility of adding another one at the end of 2003.

Finally, I would like to emphasize that the NICA Fund is the result of a collective effort of many people. I would like to recognize the effort, dedication and hard work of everyone involved in the inception and development of the NICA Fund during these last five years, especially all the members of the Oversight Committee, current and previous staff, our investors and all the supporters of

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WCCN Supports Yatama's Claim in Court

by Carlos Arenas
WCCN Executive Director

In the year 2000, the Nicaraguan state, through its national electoral authorities, did not allow the indigenous people's political party *Yatama* (a Miskito word that means "Sons and daughters of Mother Earth") to participate in the municipal elections of November 5. *Yatama* is a regional indigenous party in the Northern and Southern Autonomous Region of the Nicaraguan Atlantic Coast. During part of the 1980s, *Yatama* was an indigenous guerrilla group that opposed the policies implemented by the Sandinista Government regarding indigenous peoples at the beginning of the Revolution. However, after a political agreement that ended with the Law of Autonomy for the Atlantic Coast in 1987, *Yatama* demobilized and turned itself into a political party. Since the beginning of the 1990s, *Yatama* has been recognized as a regional political party, and, at the time of the 2000 election, it was one of the most important political forces in the Atlantic region. *Yatama* presented its own candidates for mayors, deputy mayors and representatives to city councils in several towns of the two autonomous regions.

After trying to find legal remedies for not being allowing to participate in municipal elections, under Nicaraguan law, *Yatama* decided to submit a legal claim before the Inter-American Commission on Human Rights with the support of the Nicaraguan Human Rights Center (Centro Nicaragüense de Derechos Humanos -CENIDH) based in Managua, and the Central American office of the Center for Justice and International Law -CEJIL-, based in San Jose, Costa Rica. The Inter-American Commission accepted the case, and several months later decided in favor of *Yatama*. In addition, the Inter-American Commission decided to submit the case before the Inter-American Court because of the importance of the human rights that were violated in this case.

How does the Inter-American System on Human Rights work?

The Inter-American System on Human Rights is the regional human rights system acting under the

umbrella of the Organization of American States, and is in charge of applying to the Inter-American Convention on Human Rights. Plaintiffs have to submit their cases before a Commission first, which is a quasi-judicial body. Only the Commission can submit cases before the Court, and has discretionary authority to decide which cases to submit before that judicial body. For several reasons, until now, the Inter-American Commission has submitted only a few cases before the Inter-American Court.

WCCN's role in support of *Yatama's* case

WCCN was approached by CEJIL for help with some legal arguments to support *Yatama's* claim in this case. After WCCN drafted legal arguments, CEJIL suggested that the document be submitted directly to the Inter-American Court, using a legal figure that is called "*amicus curiae* brief", a Latin term that literally means "friend of the court". In other words, the *amicus curiae* is a brief filed with a court, in this case with the Inter-American Court, by someone who is not party to the case, but who believes that by bringing new relevant legal arguments to the attention of the Court may be of considerable help to the case. WCCN accepted and submitted its first *amicus curiae* brief ever. This is a minor contribution to the entire case, but if the Court accepts some of our arguments, it may make a big impact in the case and will be an important precedent for all the indigenous peoples in the Americas.

Why is this ruling so important?

In my opinion this case is very important for the following reasons:

- Prior to this case, the Inter-American Court has only submitted one case on indigenous peoples' rights in the Americas, and that ruling was a claim made by the Mayagna indigenous people of *Awás Tingni* from the Atlantic Coast of Nicaragua (See the Fall 2001 issue of *Nicaragua Developments*). The *Yatama* case will be the second case before the Inter-American Court on indigenous rights in the Americas, and it is the second case on Nicaraguan indigenous peoples

rights.

- It will be an opportunity for the Court to create a legal precedent on indigenous rights, specifically on issues such as negative and positive discrimination (affirmative action), equal protection of indigenous peoples before the law, political rights of indigenous people, etc.
- The ruling might call attention and be a moral lesson to the current leadership of the Sandinista Front, led by Daniel Ortega, who signed a political pact with President Arnoldo Alemán in year 2000, that closed the doors to other political parties, including indigenous political groups, to be able to participate in politics.
- It will create a legal precedent that will help to strengthen Nicaraguan democracy, perhaps the most important legacy of the Nicaraguan Revolution; a legacy that needs to be protected and expanded, but which is not always valued and honored by the current leadership of the Sandinista Front.

We will keep our readers of *Nicaraguan Developments* informed about further developments of this case.

Red Clay Goals

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As a part of WCCN, I feel that I can contribute to the growth and expansion of an organization that will allow Nicaraguan communities, families, and individuals to lead safe, healthy, and fulfilling lives. Through involvement in WCCN, I have been able to build a bridge between my academic studies and my "red clay goals" of serving and learning from those in need. As the face of "Pescado" has been my motivation thus far, working with WCCN has added to my motivations thousands of faces of Nicaraguans, full of life, but lacking in access to vital resources.

Nicaraguan Military in Iraq *continued from page 1*

Nicaragua has promised to send two military contingents to Iraq, and the first group is already on the ground in Iraq. That group, some 115 people, will be there for a six-month period and includes a number of demining troops, as well as medical personnel. In addition, troops from the special forces units of the Nicaraguan Army are with the contingent to protect the other soldiers and officers. The Nicaraguans are working together with other Central American units, as well as a contingent of Polish troops and a Spanish brigade, "Plus-Ultra".

The Nicaraguans were told that they were to be located in the "low-risk" area south of Baghdad, but even before they had left the country, they received news that the "Plus-Ultra" brigade from Spain had been attacked precisely in that area. The Nicaraguans were just preparing to leave the country when they received news of the bomb that devastated the UN headquarters in Baghdad. Not surprisingly, this caused alarm among the families of the Nicaraguans who are part of the mission and helped spark a debate of sorts underway in the country.

Nicaraguan journalist Luis Rocha, writing in *El Nuevo Diario* in mid-September, called the very presence of Nicaraguan troops in Iraq "illegal" and lamented the fact that "our soldiers, in a so-called humanitarian mission, belong now to a coalition that invaded and destroyed a country". Many Nicaraguans, including those who remember all too well the US-funded contra war of the 1980s, echo his words.

Time and again, the Nicaraguan government reassured the public that the Nicaraguan soldiers were being sent to Iraq exclusively as part of a "humanitarian" mission, rather than with the aim of keeping the peace and public order (as is the case of the Honduran, Salvadoran and Dominican contingents). Nevertheless, the reality on the ground in Iraq translates into the Nicaraguans being used for other than humanitarian work, and the fact that the United States shows no sign of being close to resolving the situation and in fact is losing soldiers on almost a daily basis, has not inspired confidence among the Nicaraguans.

According to Army chief Javier Carrión, only Nicaraguan security forces are cleared for involvement in armed actions, and then only for defensive actions. Carrión plans to visit the Nicaraguan contingent and has already declared that he will call for the return of the Nicaraguan contingent if he feels that is necessary.

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Given that most of the Nicaraguan troops who are in Iraq are part of ongoing de-mining efforts, it's not surprising that the question of insurance policies has been a topic of much public discussion. In addition, bonus pay quickly became an issue as well. In early September, the Nicaraguan press reported that a "mystery" country had offered to donate the money necessary to offer sufficient insurance coverage. It quickly became clear that Taiwan, a close ally of Nicaragua since 1990, was the donor nation. Victor Hugo Tinoco, Deputy Foreign Minister under the Sandinista administration, questioned what Taiwan might be receiving for this "donation", and reminded Nicaraguans that Taiwan had a long history of bribes, COIMAS, during the Alemán administration, and has recently given significant donations to the PLC campaign coffers.

Lt. Colonel Osmán Corea, head of the Nicaraguan mission in Iraq, reports that to date, the Nicaraguan forces have offered 3,000 medical consultations in the province of Al Diwaniya and have also destroyed more than 10,000 landmines. He reports as well that they have been welcomed by the Iraqi population. Another Nicaraguan officer currently in Iraq, Lt. Col. Mario Garcia was surprised by what he found in Iraq. "We have seen so much need. We never

thought that the Iraqi people could be poorer than Nicaraguans", he said, adding that the harsh sun and intense heat are hard to deal with on a daily basis.

Corea is quite clear about the purpose of the Nicaraguan deployment and has stated quite adamantly that his forces will limit their activities to the demining and medical missions as originally stated. "I will not accept any orders that include any sort of (military) patrols or any other sort of task outside the context of my original orders," Corea told Nicaraguan journalists by telephone in early November.

Who are the winners in this situation? The Nicaraguan government is banking on future economic aid from Washington, as well as increased access to the White House, as payback for its involvement in the Iraqi mission. The Nicaraguan army, despite its strong Sandinista roots, tends to welcome increased military cooperation, particularly (if ironically) with the power that was once its number one enemy. Secretary of State Colin Powell has already announced plans to visit Nicaragua to officially thank the country. The Nicaraguan army plans to seize this opportunity to argue for its right to maintain some 2,000 surface-to-air SAM missiles, which the US has already demanded be destroyed.

It seems clear that military and economic negotiations are at the root of Nicaragua's involvement in the US occupation of Iraq. Given the current statements from US authorities about the possible length of occupation in Iraq, it's easy to imagine that the Nicaraguan troops will be "asked" to stay far beyond the original six-month deployment, and that could quickly change the way the Nicaraguan authorities and population view the mission.

The US has been able to push Nicaragua and other poor countries into "supporting" its occupation of Iraq, and those countries may soon find themselves in a situation spinning out of control. The US has the power, the resources and the money to solve its own problems and should not have to resort to involving already economically dependent countries in this sad enterprise.

NICA Fund's Performance *continued from page 7*

WCCN. Thanks to all of them for their commitment and confidence in our work. We will continue to do our best to continue improving our fund and our social impact in Nicaragua.

This document is made up of excerpts from a longer document that was submitted to the NICA Fund Oversight Committee in October 2003.

Table 1. NICA Fund Portfolio 1999-2003

Date	Invested Funds	Loan Outstanding	Loan Fund Equity	Total Loan Fund
10-08-03	\$3,987,842	\$4,016,667	\$397,786	\$4,385,628
12-11-02	\$3,735,792	\$3,425,000	\$316,308	\$4,052,100
12-01-01	\$3,264,642	\$2,150,000	\$206,090	\$3,470,732
12-06-00	\$2,608,806	\$1,885,313	\$148,095	\$2,756,901
12-13-99	\$2,152,446	\$1,500,000	\$112,425	\$2,264,871

Table 2. Portfolio Partner Agencies NICA Fund 1999-2002

Organization (year of foundation)	Portfolio 1999	Number Borrowers 1999	Portfolio 2002	Number Borrowers 2002
PRESTANIC (1989)	\$2,480,000	1,007	\$2,827,503	1,477
FAMA (1993)	\$6,157,000	15,218	\$8,668,485	22,355
FDL (1993)	\$6,070,560	7,782	\$10,826,890	17,570
CARUNA (1993)	\$2,307,146	6,213	\$3,706,450	7,297
CONFIA (2000)	-	-	\$14,031,000	19,779
FJN (1993)	\$792,553	1,990	\$5,438,825	8,107
ACODEP (1991)	\$4,200,000	14,702	\$6,575,772	17,148
FUNDENUSE (1994)	\$1,062,707	N/A	\$3,309,376	7,459
COOP. 20 DE ABRIL (1994)	\$515,840	633	\$1,291,973	1,514
FODEM (2000)	-	-	\$739,181	1,909
ADIM (1995)	\$164,991	393	\$369,076	1,293

Table 3. NICA Fund Partner Agencies Debt to Funding Sources (roughly estimated)

Partner	Debt Balance	Date Debt Balance	Funds in Administration	TOTAL
ADIM	\$67,412	June 2003	\$51,797	\$119,209
FAMA	\$3,282,817	June 2003	-	\$3,282,817
CONFIA	\$8,089,680	June 2003	-	\$8,089,680
FUNDENUSE	\$1,364,560	March 2003	-	\$1,364,560
Coop. 20 de Abril	\$424,572	December 2002	\$75,000	\$499,572
FODEM	\$275,000	March 2003	-	\$275,000
ACODEP	\$4,558,445	March 2003	-	\$4,558,445
CARUNA	\$1,299,938	March 2003	\$1,772,672	\$3,072,610
FDL	\$9,157,923	December 2002	-	\$9,157,923
FJN	\$2,034,000	December 2002	\$2,327,000	\$4,361,000
PRESTANIC	\$1,350,000	December 2002	\$110,000	\$1,460,000
TOTAL	\$31,971,759		\$4,336,469	\$36,308,228

Source: NICA Fund partner agencies due diligence reports and financial reports

Table 4. Portfolio Program España-BCIE and NICA Fund 2001-2003

	December 2001	December 2002	June 2003
España-BCIE	\$2,648,458	\$5,632,233	\$6,526,683
NICA Fund	\$2,150,000	\$3,425,000	\$3,366,667
TOTAL	\$4,798,458	\$9,057,233	\$9,893,350

Source: NICA Fund Portfolio reports; España-BCIE program reports.

Small Loans Help to Beat the Rush

Doña Esperanza Gutierrez

Ocotal, Nueva Segovia

Borrower of FUNDENUSE

The department of Nueva Segovia is one of the poorest regions of Nicaragua. The Foundation for the Development of Nueva Segovia (FUNDENUSE) lends money to low-income borrowers in several towns and villages in Nueva Segovia. FUNDENUSE received their first loan from the NICA Fund in December 2002. During the WCCN study tour in January 2003, we had the opportunity to meet some of the borrowers of FUNDENUSE to see the fruits of the NICA Fund.

We visited borrowers in Ocotal, the department capital, which lies 26 kilometers by road from the Honduran border. One of the borrowers that we visited was Esperanza Gutierrez. Doña Esperanza runs a small restaurant in the central market in Ocotal. She has a few tables with plastic tablecloths and simple chairs around them. On the other side of a small partition she has a gas stove and a wood fire with a pot on it. Her customers are primarily other vendors who have stands in the market. Doña Esperanza has two employees to help her prepare food and serve



Doña Esperanza Gutierrez's daughter helps to cook lunch at the market in Ocotal before the lunchtime rush. photo by Carrie Hirsch

customers.

Doña Esperanza got her first loan from FUNDENUSE in June 2002. She uses the money to buy food to prepare. She says that the loan has meant that she can buy enough food to ensure that she does not have to turn away customers for lack of raw ingredients. The restaurant keeps her very busy, especially during the lunch hour. For Doña Esperanza, being busy is a good thing; it means that she is supporting her family and she is able to control her own livelihood.

Our visit was very pleasant but brief. It was 11am and preparations for the lunch hour were well under way. She graciously thanked us for our visit as she was wrapping a meal in foil for a vendor from a nearby stand who wanted to beat the lunchtime rush. Doña Esperanza provided us with a wonderful example of a person who is able to take a little bit of capital and, through hard work, improve her situation in life and that of her family.

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Please contact WCCN for more information:

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