

# Nicaraguan Developments

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## Struggling for Change and Survival

by Aynn Setright  
long time WCCN supporter

Twenty-three years after the triumph of the Sandinista Revolution on July 19, 1979 – and a mere twelve years after the electoral defeat of the Sandinista Party in the February 25, 1990 elections, many people ask me, "What is left of the Sandinista Revolution?" As I move on in time and gain some perspective on the revolutionary decade it is clear that what is left of the Revolution is not necessarily represented by what remains of the Sandinista party, the *Frente Sandinista de Liberación Nacional*, (FSLN). (Daniel Ortega, General Secretary of the FSLN, now for the third time, lost his bid to regain the presidency in November of 2001.) However, it is clear to me that one of the lasting achievements of the Revolutionary decade, 1979-1990, is the evolution of the Nicaraguan women's movement. And, ironically, one of the factors that most contributed to the strengthening and growth of the Nicaraguan's women's movement was the electoral defeat of the FSLN in 1990.

But first, some history of Nicaraguan women. The Nicaraguan women's movement, like Nicaragua herself, is a complicated meshing of ideas, cultures, ambitions, expectations, and limitations. Women in Nicaragua have always played a very important role in the country. There was Rafaela Herrera who defended the Fortress in the Rio San Juan from pirates in the XVIII Century. Josefa Toledo de Aguerri was a pioneer feminist who promoted women's rights and education in the early 1900s. Women suffragists organized to promote the right to vote during the Somoza dictatorship. Women guerrillas were military leaders during the insurrection to overthrow the dicta



"The Visitation" (mural) at Casa Ave Maria, Managua; photo by Carlos Arenas

torship. This history of resistance and struggle has always been a characteristic of Nicaraguan women who have survived U.S. occupations, wars, natural disasters and cultural "machismo". Nicaraguan women were able to finally consolidate a strong women's movement during the Sandinista Revolution. And since the 1980s the women's movement has evolved...

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The formation in the early 1980s of the "Luisa Amanda Espinoza" Association of Nicaraguan Women or AMNLAE, its acronym in Spanish, was the massive political organization of women within the party structures that promoted women's rights and

equality. Women earned the right to participate in the public and political spheres. During this period the Nicaraguan women's movement grew in numbers and consolidated its leadership. As a result of the strong women's lobby the Sandinista government promoted the Institute of Nicaraguan Women (INIM), and a Women's Legal Office (OLM) was also created, as were Women's Sections in the farm workers unions and labor unions. Women massively participated in the *Calbidos Abiertos* or town-hall meetings during the consultation process for the new Constitution.

While AMNLAE promoted women's rights and there were many achievements, during the most difficult years of the contra war the defense of the Revolution took priority. As the war, with its subsequent military draft and the economic embargo, dragged on and many women in the movement realized their "women's agenda" was not

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# Signs of Hope

We recently returned from our study tour to Nicaragua, which focused on the women's movement. As you will see in several articles included in this issue of *Nicaragua Developments*, we had a unique opportunity to meet with several women's groups and women leaders in Matagalpa, Río Blanco, Mulukukú and Managua, and learn more about the women's movement as a leading social movement in Nicaragua.

During our visit we witnessed the unexpectedly active role that President Enrique Bolaños has taken against corruption. He has been prosecuting several key corrupt figures of Aleman's government. Those measures had a very positive impact on the spirit of Nicaraguans, who were losing faith in the possibility of bringing accountability to the unprecedented levels of corruption of the past administration.

Despite many reasons to be optimistic and keep the hope of a better future for Nicaraguans, there are also many reasons to be concerned. The economic situation for most of the population in the country remains very difficult. Recently the Food and Agriculture Organization (FAO) stated that 31% of the Nicaraguan population suffer malnutrition, especially in rural areas. According to the FAO, Nicaragua is the country in Latin America with the highest rate of malnutrition. Another source of concern was the assassination of Francisco Garcia in Bluefields in the South Atlantic Autonomous Region (RAAS) of Nicaragua. Mr. Garcia was the husband of the indigenous rights lawyer Maria Luisa Acosta. It seems that the motive of the killing was related to her work on behalf of defending indigenous people's land on the Atlantic coast.

Despite these terrible realities, WCCN's projects in Nicaragua have been developing smoothly. The social impact evaluation of the NICA Fund has been advancing well, and we expect to have the final report of the findings by the end of September. At the same time, the NICA Fund has been expanding its partnerships, as we are now lending to eight partner organizations in Nicaragua. In fact, last month the NICA Fund's Oversight Committee approved a loan to a new partner organization, the Cooperative 20 de Abril from Quilalí, located in the department of Nueva Segovia in the northern mountains of Nicaragua. We are also exploring other potential new partner agencies for the near future and are calling our investors to increase their investment to help the NICA Fund grow. Otherwise, microcredit organizations have been advancing in their efforts to consolidate an umbrella organization, ASOMIF, which in turn is helping them in efforts to create more professionalism in the field. In that sense, ASOMIF has been promoting measures such as the creation of a regulatory framework for microcredit organizations in Nicaragua, and published an excellent magazine on microcredit in Nicaragua. These are all steps in the right direction!

We hope you enjoy this issue of *Nicaraguan Developments* and continue supporting our work.

In Solidarity,

Carlos Arenas  
WCCN Executive Director

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*This edition of Nicaraguan Developments was edited by Carrie Hirsch*

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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](mailto:wccn@wccnica.org) • website: [www.wccnica.org](http://www.wccnica.org)

# What Good is It? Assessing the Impact of Alternative Credit in Nicaragua

by Dwight Haase  
former Loan Fund Manager

Since 1999, WCCN has lent out over \$5 million through several microfinance institutions (MFIs) in Nicaragua. This equals about 6,630 loans for disadvantaged Nicaraguans (whom we call our clients). Overall, our clients' repayment rates have been superb - above 95%. And WCCN has maintained a 100% repayment rate to its investors here in the US. In this sense, the NICA Fund is a resounding success; it shows that low-income families can and do repay business loans when those loans are packaged according to their needs.

But we still want to know more about the NICA Fund's social impact in Nicaragua. That is, we want to know more about how our credit services are helping Nicaraguans to empower themselves and to improve their own lives. Representatives from the MFIs tell us that they have wanted to know this information for some time, but such matters are difficult to assess; they require in-depth research that the partner agencies cannot afford.

Therefore, WCCN has collaborated with Nicaraguan practitioners and researchers, as well as the borrowers themselves, to conduct a thorough evaluation of the social impact of the NICA Fund.

WCCN's main partner in this study is Fundación Internacional para el Desafío Económico Global (International Foundation for the Global Economic Challenge, or FIDEG), a Nicaraguan research institute. FIDEG has established a superb reputation through its research on poverty and women's issues, including collaborations with the Economics Department of the University of Wisconsin-Madison and the World Bank. FIDEG also publishes Nicaragua's premier economic magazine, *Observador Económico*.

In May and June, FIDEG's research team and one representative of WCCN visited the homes and business of 560 clients. While visiting these clients, the researchers conducted hour-long, one-on-one interviews. The interviews asked about 80 questions related to the client's busi-



*Focus group participants; borrowers of FDL in Lass Pozas (near Wiwilí); photo by Dwight Haase*

ness and how credit has changed the standard of living for his/her family. The researchers complemented these survey visits with focus group sessions, where a group of borrowers would meet in an informal setting to share their ideas and suggestions about how to improve microcredit in general.

The research team completed its fieldwork at the end of June. The data that they gathered have been coded using statistical software, so now analysis can begin. FIDEG will produce a general report in Spanish; WCCN will produce individual reports for each MFI, as well. Also, Prof. Soren Hauge of the Dept. of Economics at Ripon College will analyze the data to produce a report in English. (Prof. Hauge is a member of the NICA Fund's Oversight Committee; he has played an essential role in drafting the questionnaire that was used in Nicaragua.)

While it is too soon to comment on the results of the survey, at least we can report on our findings from the aforementioned focus groups. Generally, the results are quite encouraging. Most clients say that the loans they have received have helped them to improve and expand their businesses and to live more stable lives.

But of course there always is room for improvement, and the clients did share some suggestions on how to improve microcredit services. Clients often noted that they would like larger loans with longer repayment

periods. Currently, the average loan size is under \$700, for about one year. Many clients feel that they could manage loans over \$1,000 for 18 months or longer. Such loans would allow their businesses to grow more rapidly, they say.

Clients also would like lower interest rates. Currently, the MFIs charge the market rate of interest, but there also are additional fees to cover the costs of lawyers and field workers. In short, providing small loans to a widely dispersed target population is a costly business. Still, there may be ways to lower interest rates without ruining the MFIs. We must investigate how to do so.

Another matter is that of collateral. Most MFIs require some sort of guarantee that is 150-200% the value of the loan. For many poor clients, this severely restricts the amount of loan that they are able to obtain. One solution to this problem is to have the clients form "solidarity groups," teams of 5-10 borrowers who share responsibility for repayment of each others' loans. This approach has proven viable in other countries, but most Nicaraguan microentrepreneurs seem to dislike this practice. They find the arrangement inconvenient and too risky, since they may have to pay for another person's default. Therefore, it behooves WCCN and the MFIs to consider other ways to lend responsibly to the clients requiring collateral.

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# From the Women of Río Blanco to the World

by Nancy I. Bird  
WCCN study tour participant

In the small village of Río Blanco, right at the edge of the department of Matagalpa, a group of seven brave women organized themselves in what is now called Oficina de la Mujer. After many gatherings to discuss topics such as domestic violence, neglect, and families abandoned by their fathers/husbands, and upon the death of professor Edelma Martínez, who on her way home from the police station after reporting her husband with acts of domestic violence was killed by her spouse, the women of Río Blanco knew and felt that they had enough. The Oficina de la Mujer opened in 1999, and about 1,000 cases of violence within the family and/or lack of child support from husbands have already been dealt with in this small oasis for rural women from the area.

One of the many highlights of the WCCN June 2002 study tour, which focused on women leadership and the role of women in social movements in Nicaragua, was that the delegation met with this collective in Río Blanco and listened to the issues and stories these women shared with us. Their facilities are limited, mainly due to scarce funding, but the main ingredients for success are there: strength of will and courage. Overall, we were told there are eight women working full-time and about 10 more women who help out with workshops that empower women and the community. One aspect that really stood out was the way these women work so hard out of the need to have a *space* to speak out against violence and domestic abuse, and to have the tools to do something about it and overcome the hardships they have undergone. It is a small center of resistance within a system that, through many of its institutions, keeps obliterating the voices of need.

I would venture to say that most of us would think that such a commendable effort, like the Oficina de la Mujer in this somewhat relagated village, should have the *visto bueno* without any hesitation from like-minded individuals and institutions who stand up for human rights. But whereas these women have taken quite a step in women's and commu-



The women of Oficina de la Mujer in Río Blanco; photo by Carrie Hirsch

nity rights with some success in the past couple of years, at the same time, there is a strong and pervasive cultural and traditional baggage that seeks to undermine this kind of effort. In their frank and open talk about the history and struggles of Oficina de la Mujer, these women told us of the negative response from some men who see no need for such an entity, and also, and perhaps even more disturbing, opposition from the Church through accusations, without any grounds, that Oficina de la Mujer centering its talks around the topic of abortion. In spite of all this, other women's collectives such as the Red de Mujeres de Matagalpa offer support in terms of training and workshops, and thus Oficina de la Mujer, with the strength of character of its members, is there working toward its goal of empowering women and making sure they know their rights as citizens.

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As there are all kinds of feminisms and women's movements, at the other end of the social spectrum, we

find someone like the renowned Nicaraguan feminist Sofia Montenegro, with whom the delegation met in Managua toward the end of the study tour. And as there are differences in terms of issues and perspectives as to how and where women's movements should gravitate, Montenegro touched upon the marrow of the whole problem, "to be a feminist is to swim against the current," which explains why a project like Oficina de la Mujer encounters so much opposition.

While feminist hues may vary due to social and economic contexts, there is no doubt that the common ground is that the whole traditional cultural apparatus --and this holds true beyond the country limits of Nicaragua-- and its embodiment in language, religion, visuals, and more often than not in popular music, perpetuates the subordination of women, not only in regards to politics and economics, but also in terms of their own space. When education, health, and freedom of expression are coopted, quality of life is jeopardized. When a woman lives in fear because of physical, sexual or emotional abuse, she is a victim whose space has been invaded. When traditional institutions do not take into account the issues these women are faced with, they are contributing to the subordination of these individuals. This makes the against-the-current effort of the Oficina de la Mujer even more commendable as it serves as an inspiration in the hopes of better gender and social relations not only in Río Blanco, but throughout Nicaragua and the world.

# Challenges of the Nicaraguan Women's Movement

by Nicole Page  
WCCN student intern and study  
tour participant

In the concluding paragraph of her Summer 2001 *Nicaraguan Developments* article, Leslie McAllister, a 2001 WCCN study tour participant, described the strength she gained after taking part in the study tour. She asserted that she achieved personal empowerment from the recognition that she was part of, "...a local, national, and international women's movement..." I also gained that same personal empowerment from participating in the 2002 study tour. The study tour reinforced my identity as an advocate for the women's movement, which is a common bond that all members of the movement share.

During the study tour we met advocates from various social sectors involved in the women's movement. Each of them has developed projects to overcome social challenges. In addition to helping women afflicted by verbal, physical or sexual violence, Grupo Venancia from Matagalpa empowers women by celebrating their talents in theatre, music and art. The Colectivo de Mujeres de Matagalpa not only helps the women of Matagalpa challenge social stigmas, but also attempts to prevent future social conflict by teaching the younger generation techniques such as stress reduction. Others, like Sofia Montenegro, a member (and founder) of the National Feminist Committee (CNF), strive to devise a political strategy to deal with the state's discriminatory practices against women. While the groups we visited vary from the local to the national level, all efforts have made a positive impact on the lives of Nicaraguan women.

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There are always new challenges that confront the Nicaraguan women's movement. The actions of

the current government of President Enrique Bolaños, have given women hope for the future, however, women still continue to fight Nicaraguan state policies imposed upon them. This includes the government's lack of attention to both the emotional and physical needs of the women. Another challenge is the lack of a common agenda or goals between members within the movement. Many activists with whom we spoke emphasized that a common agenda is the key element that the women's movement needs (and currently lacks) to overcome the challenges imposed upon them by the state.

Many leaders in the women's movement gave reasons for why this problem exists. Maria Teresa Blandón explained that the women involved in the movement have different visions. These differences have existed since the early 1990s and still are not resolved. Some think that women's organizations should have relations with the state while others want to be in opposition to it. Others feel the relationship between the women's movement and the state should be more subjective. They believe at times they should be against the state and sometimes support it. Jamileth Chavarria from La Casa de la Mujer de Bocanas de Paiwas told us that women were raised to believe that it was socially wrong for women to unite. Many believe overcoming the differences mentioned by Blandón and Chavarria is the only way to arrive at a common agenda.

Individuals and organizations of the women's movement have responded to the lack of a common agenda in several ways. Chavarria revealed that many groups accept money from projects funded by organizations like the IMF and World Bank under the stipulation that they will not discuss issues such as abortion. Chavarria proclaims La Casa de la Mujer de Bocanas de Paiwas refuse this approach and instead choose to remain free (and poor). Groups like the Maria Luisa Ortiz Cooperative from Mulukukú also make known that they do not receive funding from groups that dictate their practices.

To arrive at a common agenda, most members within the women's

movement believe it would be beneficial to have a proactive dialogue where debate and diversity are accepted. Once again, there are differences in this approach. Maria Teresa Blandón believes that it is up to the next generation to bring new ideas and a more moderate approach to discuss issues in the movement. Chavarria explained that the leaders in the women's movement have a personal *machista* that keeps them from working together. She recommended letting go of this to unite on a common agenda. Others, like Sofia Montenegro, believe that there needs to be an acceptance that the movement's activists have differences and the militant ones, like herself, are going to be disliked for their strong positions. Montenegro claims that maintaining a strong militant voice is the only way to stand up to the Nicaraguan government and achieve progress.

For the present time, women struggle to find solutions or methods to develop common goals. Yet they all advocate for the rights of women by contributing their part to the movement. For now, the bond that they all share is the passion to do what they believe is right for Nicaragua's women.

Leslie wrote that after the study tour she felt part of the women's movement on all levels. Sharing their experiences and concerns and relating it back to my own culture made me feel part of the local, regional and international women's movement as well. One thing we know for sure is that we all want to do our part to help the women's movement. I want to thank WCCN for giving me this experience!

# Fighting for Environmental and Economic Justice

by Susan Nossal  
WCCN Board Member

WCCN was fortunate to host the Madison visit of Silvia Arguello of Nicaragua's Humboldt Center. The Humboldt Center, one of the most important environmental organizations in Nicaragua, is one of many non-governmental and community organizations working in opposition to the Plan Puebla Panama and Nicaragua's Dry Canal (the east-west transportation corridor). Arguello spoke in Madison in April on the topic of "Fighting for Environmental Justice in Central America: Opposition and Alternatives to 'Plan Puebla-Panama'". Her visit followed that of Pearl Watson last fall who spoke about the projected impact of the Dry Canal on the Afro-Nicaraguan and indigenous communities at Monkey Point, the proposed port city for the Dry Canal (see *Nicaraguan Developments*, Volume 17, No.3).

Over the years there have been many proposals to build alternatives to the Panama Canal through Central America to link the Atlantic and Pacific Oceans. These discussions have heightened as trade between Europe, North America and Asia has increased and as the size of transoceanic ships and containers has grown. There are estimates that within 20 years, half of the transoceanic freight ships will be too large to go through the Panama Canal. In addition, after Panama took over operation of the canal in 1999, there has been international concern about Panama's long term efficacy in running the canal.

Plan Puebla Panama (PPP) was proposed by Mexican President Vincente Fox in the Fall of 2000 to develop projects related to commerce, roads, tourism, electrical interconnection, telecommunications and environmental management in all seven Central American countries and Southern Mexico. Under this proposal, East-West transoceanic megaprojects would be linked to one another via the development of a North-South system of transportation and industrial infrastructure. Fox reported that he anticipated funding for these projects from the World Bank, the Interamerican Develop-



*Silvia Arguello speaks about the environmental and social impacts of Plan Puebla Panama in Nicaragua; photo by Carrie Hirsch*

ment Bank, and the Central American Development Bank.

To facilitate the transportation from East to West, the Nicaraguan Dry Canal is an alternative to the Panama Canal. Two proposals are being seriously considered for this Dry Canal, both of which entail building a high-speed railroad across Nicaragua to link expanded ports on the Atlantic and Pacific oceans. This railroad would be used only for shipping cargo containers. The ports would be equipped to accommodate the largest ocean vessels with equipment for loading and unloading cargo containers.

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The two proposals for the Nicaraguan Dry Canal being put forth are by the company Sistema Intermodal de Transporte Global (S.I.T. - Global) and by the consortium Canal Interoceanico de Nicaragua (C.I.N.N.). The C.I.N.N. proposal is reported to have the support of the former Nicaraguan president Arnoldo Aleman, the Nicaraguan Army, and the U.S. gov-

ernment. Companies from Asia, Europe, and the United States are involved in C.I.N.N, and the president of C.I.N.N. is Donald Mario Bosco, a New York lawyer.

Both the C.I.N.N. and the S.I.T. - Global proposals would utilize the natural deep water port of Monkey Point, located on Nicaragua's Atlantic coast in a region where the Caribbean rain forest meets coral reefs. Rama Indians and long time Creole residents inhabit this region. The Monkey Point region currently lacks road access and would be drastically changed by the development of a Dry Canal. Under the S.I.T.-Global plan, the railroad would pass North of Lake Managua and connect to the Pacific Ocean at the current port of Corinto. The C.I.N.N. proposal would route the railroad around the Northern coast of Nicaragua and would open to the Pacific at Pie de Gigante where a new port would have to be built.

Silvia Arguello spoke of the projected devastating impacts of these projects on indigenous and Creole communities, on natural ecosystems, on the Nicaraguan economy, and on Nicaraguan sovereignty. Arguello said that although ostensible goals of the Dry Canal projects included sustainable development and development of human resources, in fact none of the projects' resources had been allocated for these initiatives. She explained that 26% of the people in Central America are indigenous peoples and that indigenous communities along the railroad route would be displaced. The Rama and Afro-

Nicaraguan communities living in the vicinity of Monkey Point would be particularly affected. These communities have been living on subsistence fishing, hunting, and low impact agriculture; a way of life which would be threatened by the destruction of natural habitats in the region.

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***In addition to a transportation corridor, maquiladoras would be built in new free trade zones along the Dry Canal route to take advantage of Nicaragua's high unemployment rate and cheap labor supply. Thus subsistence fishing, hunting, and agricultural lands would be replaced with maquiladoras which as of now have not been paying living wages to their employees.***

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Arguello discussed the impact that a Dry Canal could have on Nicaragua's biodiversity. The transportation network for the Plan Puebla Panama will be built along a biological corridor linking Mexico to Colombia. This North-South corridor is crucial for enabling species to migrate, and is especially important for preventing species extinction due to climate change. If a species is no longer able to live in a region of changed climate, it needs to have a path to move to an area with a suitable climate. In Nicaragua, the high-speed (east-west) railroad would sever this corridor and exacerbate this problem even more. The Dry Canal would be built through the Nicaraguan Caribbean rainforest which is the largest remaining expanse of relatively pristine rainforest in Central America. In the region of Monkey Point, this rainforest meets coral reefs, two of the most biologically diverse types of ecosystems in the world. The Dry Canal would also threaten turtle nesting grounds near the port cities. In addition to the damage to ecosystems resulting from the building and operation of the dry canal, another grave concern is the disastrous impacts that

an oil spill would have on the region.

Arguello also spoke of the increased militarization anticipated in association with the building of the Dry Canal. She reported that more than 200 U.S. army soldiers are now based in Chontales. These soldiers came after Hurricane Mitch struck in 1998 and have since stayed. Arguello said that Nicaraguans believe that the US army remains in Nicaragua to ensure that the Dry Canal can proceed.

Arguello described the dry canal and Plan Puebla Panama as part of larger globalization efforts. Privatization of land underpins Plan Puebla Panama projects. In addition to a transportation corridor, maquiladoras would be built in new free trade zones along the Dry Canal route to take advantage of Nicaragua's high

unemployment rate and cheap labor supply. Thus subsistence fishing, hunting, and agricultural lands would be replaced with maquiladoras which as of now have not been paying living wages to their employees. In addition, the dry canal would facilitate the exploitation of Nicaragua's natural resources including the logging of hardwood forests.

Many hundreds of community and non-governmental organizations have spoken against the Plan Puebla Panama. These include indigenous, environmental, labor, women's and religious organizations. Large regional meetings have been held to discuss strategies and alternatives to the Plan Puebla Panama. The Humboldt Center is organizing the next such regional meeting which will be held this month (July) in Managua.

## **Defending Life and Indigenous Land Rights**

One of the main linchpins surrounding the development of land is property rights. Ownership of property- who has rights to the land and what people can do with that land- continues to be problematic for Nicaraguans. One example of this conflict is the killing of Francisco Garcia that occurred on the Atlantic Coast of Nicaragua in Bluefields this past May.

Francisco Garcia was the husband of Maria Luisa Acosta, an indigenous rights lawyer defending indigenous people's land on Nicaragua's Atlantic coast. Various international developers have claimed land rights in that area and have bought and sold the rights and title to those lands. Because of this, Acosta has been active in helping the indigenous people of the area reclaim their land and continue their subsistence way of life.

Acosta believes that the true intention of the people that killed her husband was to kill her (she happened to be in a meeting when they stormed into her house). She believes that the developers, the people that are selling the land titles of the indigenous people that she is defending, performed this horrible act. They in turn, claim that she is using them as a cover up for murdering her own husband.

The Nicaraguan Center for Human Rights (CENIDH) considers that Maria Luisa Acosta is a victim of persecution and harassment by the people that are trying to get her to end her fight to clear up the murder of her husband and to end her legal support for the indigenous peoples, land struggle.

Perhaps through international pressure, we can help Maria Luisa Acosta and help bring about peace and justice. To find out how you can help, contact the Nicaragua Network at: [www.nicanet.org](http://www.nicanet.org).



*Maria Luisa Acosta; photo courtesy of the Nicaragua Network*

# Change and Survival *continued from page 1*

being address by the male leadership of the FSLN. In spite of many achievements during the revolutionary decade, the Sandinista leaders made mistakes, and that in addition to the U.S. sponsored war and the dire economic situation in the late 1980s all contributed to the defeat of the FSLN in the February 25, 1990 elections.

After the FSLN electoral defeat, the mass organizations of the Sandinista Party went through an identity crisis. The labor unions, the farm workers and even the massive youth organization "*Juventud Sandinista*" were seriously debilitated. However, the Nicaraguan's women's movement came through those early years after the electoral defeat actually strengthened as a more broad based force struggling for democratization within AMNLAE and the FSLN. After a short period is became evident that the women's movement had grown beyond the political party structures and severed their ties to the FSLN.

The autonomous Nicaragua's women's movement that we know today, was born into the cradle of the Sandinista Revolution, but many say she gained her autonomy and came of age in the 1992 March 8th Women's Festival celebrated in Managua. Also known as the 52% Movement, reflecting the actual percentage of the feminine population in Nicaragua. During this period, the Women's Movement established themselves as independent of the FSLN as a political party, and from AMNLAE. In the encounter the women debated on the reorganization of their forces, strategies for the women's movement as a whole as well as the overall course to be taken by this emerging autonomous women's movement.

During the government of Violeta Barrios de Chamorro, 1990-1996, the women's movement enjoyed some measure of governmental support. As government programs were being reduced many women's Non Governmental Organizations (NGOs) were filling the gap in the provision of social services no longer provided by the state. During the Arnaldo Aleman government, 1997-2001, the women's movement did not find an ally in the government. Aleman's confrontations with NGOs and civil

society as a whole came to a head during Hurricane Mitch in 1998 when the government sought to control the material aid and financial resources pouring into the country for emergency relief. The new government of Enrique Bolaños has established a good relationship with the women's movement. Leaders of the two women's networks are currently members of the governmental National Civil Society Advisory Committee for Social and Economic Planning (CONPES). They are also leaders of the national campaign against corruption. It is still yet to be determined how successful they are going to be in this forum in challenging gender inequality and consequent social and economic problems.

In Nicaragua today there are two strong women's networks, a Women's Health Network and the Network of Women's Against Violence. These networks have mobilized women around various important issues and have been very successful in their lobby and educational efforts. The National Feminist Committee (CNF) continues to meet on a monthly basis, drawing strength from the vast experience and reflections of Nicaraguan feminist from all over the country. The CNF considers themselves movement vanguards and are dedicating to the promotion of gender equality through education and advocacy.

At the end of the day, when all else in Nicaragua seems grim and the forces of poverty, corruption and globalization seem to be winning the day, Nicaraguans go to their homes and see the faces of the women that are holding this country together. Women providing for their families, resisting and struggling against great odds. Nicaraguan women: *la lucha sigue...*

*Aynn has lived and worked in Nicaragua for over fifteen years and has developed a profound knowledge of the country and the Nicaraguan people. Aynn has been the Academic Director of the School for International Training's Nicaragua Study Abroad Program since 1999. From 1994-1997 she worked promoting international socially responsible investments as the Director of International Relations for the Nicaraguan Community Development Loan Fund.*

## Curriculum Kit on Nicaragua Available!

WCCN has compiled a curriculum kit on Nicaragua for schools, libraries, and education centers. The kit provides educators and librarians with loaned supplies and teaching materials on cultural, social, and economic aspects of Nicaragua.

Included in the curriculum kit are children's books, audio cassettes, workbooks, pictures, cultural items, bibliographical information, and teaching guides. The goal of the kit is to provide teachers with a means of educating and raising awareness among children and teens about Nicaragua.

Please contact WCCN at 608-257-7230 or by email at <[wccn@wccnica.org](mailto:wccn@wccnica.org)> if you would be interested in borrowing the kit. The kit can be borrowed for two weeks, with extensions possible. The teacher or librarian will be responsible for the costs involved in receiving and returning the kit.

## WHERE THERE'S A WILL, THERE'S A WAY.

Please consider WCCN when drafting your will.

Contact the WCCN office at [wccn@wccnica.org](mailto:wccn@wccnica.org) or 608-257-7230 for details.

# Impact of Alternative Credit *continued from page 3*

Finally, the clients would like expanded financial services – not only credit but also life insurance, loans for housing. They also would like to be able to save money with the MFIs (as one would do with a commercial bank) and perhaps to receive remittances through the MFIs. The last matter is important since many Nicaraguans have family members working abroad – in North America or in other countries in Central America. Most workers abroad send some money to family in Nicaragua, but the current services available, such as Western Union, charge big administrative fees. Perhaps the MFIs could manage remittances at a lower cost for the clients.

The clients also noted what they especially liked about their MFIs. First of all, they appreciate a variety of financial services. Many MFIs offer not only business loans, but also loans for housing and personal expenses. When such loans are avail-

able, the clients greatly appreciate them. Also, when the MFIs are participatory, the clients seem more satisfied. For example, the most positive focus group session was with several borrowers with CARUNA, a financial cooperative that encourages its members participate in decision-making. CARUNA's clients send delegates to an annual national assembly in Managua. One CARUNA client commented, "I feel like I am an owner of this organization; I have a voice here."

While we are attentive to the clients suggestions and comments, it is important to note that WCCN does not intend to follow-up on these focus group sessions by trying to dictate the policies of Nicaragua's MFIs. But still, we will discuss the clients' concerns with the MFIs to ascertain what can be done and how WCCN can facilitate. In fact, this process has already begun and the MFIs are very cooperative.

Meanwhile, there are other questions that we still must answer. For example, how do men and women benefit differently from these micro-financial services? Also, how much credit can WCCN continue to channel into Nicaragua before we exceed the clients' demand? We hope that the survey data will provide some insight to these questions, once we have them fully analyzed.

WCCN hopes to have the final reports written by the end of this summer or early fall. We will present these reports to the MFIs, our investors and the clients in Nicaragua. Perhaps we will publish one or two academic pieces, as well. At that time we will share more of our findings with you. At the same time, we welcome your comments, questions or reactions to what we report. As with the clients, your input is valuable!

## The Demand for Credit Continues to Grow

The demand for credit from our partner agencies in Nicaragua continues grow. For the first time, the NICA Fund has received more requests for loan capital than we have funds available to lend. For the rest of 2002, we have requests for \$2,000,000 in capital. The majority of these loans are being requested during the next three months. Over the same period, we have \$800,000 to lend. We are hoping to lend at least \$1,100,000 of the requested funds.

In many ways, this is a very positive sign for the NICA Fund. It reflects the fact that we have developed strong relationships with several strong organizations that are serving sectors in Nicaragua that would otherwise not be served. Most of our partner organizations are growing, which is increasing their need for capital. It also reflects the fact that we are exploring the possibility of establishing relationships with new organizations that serve underserved regions or sectors. On July 1, 2002 we disbursed a loan to Cooperative 20 de Abril in Quilali, Nueva Segovia (*see related article*). We anticipate having other new partner organizations soon.

We are exploring several options to increase the amount of available capital in the NICA Fund. We recently appealed to current NICA Fund investors for additional investments, and the response has been very generous. We would like to extend a heartfelt thanks to all of our investors and particularly to those who have added to their investments. We are also taking steps to increase our visibility among socially responsible investors and investment advisors. For WCCN supporters interested in becoming an investor in the NICA Fund, this would be an excellent time to make an investment. If you are interested in learning more about the NICA Fund, please see our website ([www.wccnica.org](http://www.wccnica.org)), or contact Jon Bishop, our Loan Fund Manager, at (608) 257-7230 or [lfm@wccnica.org](mailto:lfm@wccnica.org).



**Come with us to Nicaragua!** and see first hand innovative projects by innovative people.

Our next study tour to Nicaragua will be January 11-19, 2003.

We will see WCCN's NICA Fund at work and visit some of our partner agencies. We will have the opportunity to see first hand the fruits of socially responsible investment. We will also visit different community based projects and other sustainable systems of production that are building alternatives to the current development model in Nicaragua.

**"We Have Alternatives!  
Community Based Economic  
Alternatives to the Current  
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**January 11-19, 2003**

For more information about the study tour, please contact WCCN by e-mail at [wccn@wccnica.org](mailto:wccn@wccnica.org) or phone at (608) 257-7230.

# Emergence and Challenges of Rural Microfinance in Nicaragua

by Francisco Barquero  
NICA Fund Representative

In this issue of *Nicaraguan Developments*, we have two articles about microfinance and cooperative-based lending. The first article offers some initial findings from our recent impact evaluation. This second article provides some context for that impact evaluation, especially regarding rural finance. I begin with a brief history of grassroots credit in Nicaragua and then discuss some current success stories. I conclude by addressing a few challenges that face rural finance in the future.

## The Origins of Microfinance in Nicaragua

During the 1980s, Nicaragua's government provided massive, subsidized credit to thousands of small farmers. Unfortunately, this credit often was poorly managed, creating huge losses to the government and a habit of default among many small farmers.

At the beginning of the 1990s, the new government sharply reduced public spending, including rural loans, and implemented stricter lending criteria. As a result, the number of small farmers receiving public finance dropped to just one-eighth of what it had been in the previous decade. At the same time, the commercial banks did not serve remote rural areas because they figured it would be risky and costly to do so. Thus, thousands of small growers found themselves in want of credit.

To address this need, a variety of microfinance institutions emerged during the beginning of the 1990s. The majority of these organizations were former humanitarian organizations that implemented small-scale revolving funds and/or community banks – typically with portfolios less than \$200,000. Unfortunately, many of these microfinance institutions were not sustainable because they did not have well-developed lending methodologies nor well-designed financial structures. Hence, many of these lenders either went into bankruptcy or remained stagnant.

## Successful Partners

There have been some exceptional successes that arose from the initial mass of failures. For instance, in

1991, the Council of Evangelical Churches for Development Promotion (CEPAD), founded the Nicaraguan Community Development Loan Fund/Prestanic with a loan of \$65,000 provided by the Wisconsin Coordination Council on Nicaragua (WCCN). Since then, Prestanic has obtained administrative and financial autonomy from CEPAD and its lending portfolio has grown to \$3 million, serving almost 6,000 borrowers. Currently, Prestanic remains an active partner agency with WCCN.

Other WCCN partner agencies provide more success stories. For example, the José Nieborowski Foundation (FJN) started lending with just \$57,000 in 1993. Today, FJN has a lending portfolio of around \$3 million, serving almost 4,200 borrowers. As with Prestanic, WCCN maintains strong collaboration with FJN by lending through the NICA Fund.

A third WCCN partner agency, the Foundation for Microenterprise Development (FAMA), has implemented microcredit on an even larger scale. Since it began in 1992, FAMA's lending portfolio has grown from \$373,000 to around \$7 million, serving over 16,000 borrowers. In addition to credit, FAMA has organized a well-diversified, business-oriented training program for its borrowers.

## Challenges Ahead

In spite of these inspiring successes, rural microfinance and cooperative-based lending in Nicaragua still faces serious challenges that impede sustainable growth and greater social impact. For example, insecure and unfair land tenure prevents thousands of rural persons from having credit access, because they do not have any property to offer as collateral to receive a loan. Women especially suffer, since they typically do not own land.

Another major problem is the poor infrastructure in rural areas. Bad (or nonexistent) roads increase operating costs for both lenders and borrowers to deliver and pay loans respectively. Furthermore, the poor infrastructure increases agricultural production costs and may reduce the bargaining power of small farmers when they are negotiating with traders.

WCCN and its partner agencies in Nicaragua will strive to overcome these challenges, so we can report more success stories to you in future issues of *Nicaraguan Developments*.

*Francisco Barquero is WCCN's Loan Fund Representative in Nicaragua. He has a PhD in Development from the University of Wisconsin-Madison. This article draws on findings from his dissertation.*

## Cooperative 20 de Abril: NICA Fund's New Partner

In June, the NICA Fund signed a loan agreement with the Cooperative 20 de Abril. The Cooperative 20 de Abril is a multiservice cooperative located in a remote area in the northern part of Nicaragua in the municipality of Quilalí, Nueva Segovia. The cooperative was founded in April 1994 by 30 men and 21 women. They are working with many small and medium producers to increase production, productivity and the well-being of local people. The cooperative is also providing invaluable services of credit and savings to improve livestock production, plantain production and other crops. Currently, agriculture, livestock and agribusiness represents around 80% of the lending portfolio of this Cooperative. Besides agricultural producers, teachers, health workers, and merchants are also members of this cooperative.

In Quilalí there are no banks. Therefore, the cooperative offers the only options for depositing savings and transferring money. At the same time, the Cooperative 20 de Abril has a store. It is the only local outlet for many of the products it sells. It saves residents a long and expensive trip to purchase certain goods. Likewise, the cooperative provides markets for grains and coffee to agriculture producers and ensures better prices for their harvests. In 2001, the cooperative began to provide transportation services to their members. It has a truck to transport agricultural inputs and harvests on small scale.

In brief, this cooperative is providing very important services to an underserved area while remaining financially viable. We look forward to working with them!

# Progress and Participation: A Cooperative that Works

**Señora Romania Lopez**

**Somotillo, Chinandega**

**Borrower of CARUNA**

Central America's border towns are dynamic places. Semi trucks roar through small, roadside communities with myriad commodities to sell. Other traders haul their goods by way of horse and carriage. All this traffic can make for some good business for roadside venders and nearby shopkeepers. However, to take advantage of this opportunity, these entrepreneurs need capital to get started and to expand their economic activities. Such is the case in Somotillo, nearby the Honduran border in northwest Nicaragua. And for the past six years a Nicaraguan cooperative, Caja Rural Nacional (CARUNA), has provided that essential capital to local entrepreneurs.

One member of CARUNA in Somotillo is Sra. Romania Lopez. Sra. Lopez is a schoolteacher in Somotillo. Schoolteachers typically do not earn much in Nicaragua, so Sra. Lopez supplements her salary by converting the front room of her home into a small general store. Sra. Lopez's niece, Yessenia Lopez, helps to manage the store, which sells food, toiletries, shoes and clothes. Sra. Lopez is especially proud of her selection of toddler clothes, which are hard to



*CARUNA member, Señora Romania Lozez and her niece in their pulperia; photo by Dwight Haase*

find around Somotillo.

One of the founding members of CARUNA in Somotillo, Sra. Lopez has watched her store expand steadily over the past six years, as she continues to invest in it with successive loans from CARUNA. Sra. Lopez also has become quite active in CARUNA's decision-making process. As an elected representative, she has gone to CARUNA's annual assembly in Managua for the past two years. During these meetings, CARUNA members from around the country gather to share ideas and to voice concerns with CARUNA's high-level managers.

Sra. Lopez feels that it is this kind of participation that distinguishes CARUNA from other financiers. "It is because CARUNA is a cooperative," she asserts. "As members, we own CARUNA so we have a right to participate [in decision-making]." Because CARUNA allows and encourages such involvement, Sra. Lopez says she has confidence in CARUNA and its managers. She also has pride in herself because she has made her store prosper through the years, thus improving the standard of living for herself and her family.

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## **Yes, I Want to Support the Wisconsin Coordinating Council on Nicaragua**

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### **We Have Alternatives! Community Based Economic Alternatives to the Current Development Model in Nicaragua**

Join the Wisconsin Coordinating Council on Nicaragua (WCCN) for this opportunity to see and hear directly from the voices of many creative groups and individuals in Nicaragua that are telling us, "We have alternatives!" We will visit some of those alternative projects in different parts of Nicaragua. The tour will focus on the rich experience of alternative credit in Nicaragua and the experience of WCCN's Nicaraguan Credit Alternative Fund (NICA Fund). At the same time we will visit different community based economic projects and other sustainable systems of production that are building alternatives to the current development model in Nicaragua.



**For more information about the study tour, please contact WCCN by e-mail at <[wccn@wccnica.org](mailto:wccn@wccnica.org)> or phone at (608) 257-7230.**