

# Nicaraguan Developments

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## An Empowering Experience to Learn From

by Carlos Arenas  
WCCN Executive Director

During our June study tour, we visited the Women's Center Xochilt-Acalt in the town of Malpaisillo. As with many rich grassroots experiences on women's empowerment in Nicaragua few people know about their work. I learned about the group over a year ago after talking with Maria Lopez Vigil, the editor of the magazine *Envio*. In WCCN's on-going effort to continue learning about Nicaraguan women's organizations we became interested in learning first hand about this women's group.

When I began preparing for this study tour I contacted the Center for the first time and expressed interest in visiting the group in Malpaisillo with our June delegation. Merche Brosa, one of the Center's directors, was very surprised and at the same time worried to receive a phone call from the United States. She did not know anything about WCCN, and did not know that people in the U.S. had heard about their work. She told me that WCCN's delegation would be the first group from the U.S. to visit them.

On June 17, 2003 I visited the Women's Center Xochilt-Acalt in Malpaisillo with our WCCN delegates. We arrived early in the morning after a short drive from León, through a landscape of beautiful and intimidating volcanoes. The address of the Center was a typical Nicaraguan address, "Two blocks from the little tree." After finding the right little tree, we arrived at the Center. We spent the entire day and evening there.

The agenda that the group set for us was a good reflection of the dynamics and style of their work. Our first meeting was with a group of women leaders who told us in their



*Two women from Xochilt-Acalt show the WCCN June study tour group yuca that was planted in a community plot. photo by Carrie Hirsch*

own words how their lives have changed since they became part of Xochilt-Acalt. The testimonies were extremely powerful. We visited some of their gardening, agriculture, and goat projects. We then met with a youth group, and at the end of the day we met with some of the directors of the Center.

### **What makes Xochilt-Acalt an exceptional experience?**

Xochilt-Acalt was founded in 1991 by several women members of the municipal council of Malpaisillo who were concerned about the sexual and reproductive rights of women in their municipality. As a result, the group started a women's clinic and became well known in rural areas because of their mobile clinic. This was the first time that many of these areas had ever been visited by a health care program. However, from the beginning it was clear to their founders that

health services were not their ultimate goal, but rather would contribute to the process of consciousness-raising of women on gender issues.

In 1993 the group did a survey to learn more about the most pressing needs of the women in Malpaisillo. The results of the survey showed that the main problems and needs were the lack of food, illiteracy, lack of information on sexual and reproductive issues, domestic violence (mainly as a result of men's alcohol problems), a high degree of male migration due to the lack of employment in the region, concern about the future of their daughters, the need for programs to improve the nutrition level of the family, and unequal gender relationships. As a result, the group decided to start two productive projects- the cultivation of vegetables

*continued on page 10*

Despite the fact that Iraq is very far from Central America, the war there is having an impact in Nicaragua. Perhaps you are not aware that most of the countries which are part of the so-called "Coalition of the Willing" are countries that depend heavily on the United States. Nicaragua is one of these countries. In fact, the government of Nicaragua not only actively supported U.S. intervention in Iraq, but has accepted U.S. requests to send a contingency of Nicaraguan soldiers to Iraq. Nicaraguan soldiers will be in charge of the very dangerous job of finding and deactivating land mines. If any Nicaraguan soldier is injured or dies in Iraq there is no doubt that suffering from war will again return to Nicaragua, hand in hand with U.S. Government policies.

For nineteen years, WCCN has been involved in different projects in Nicaragua. As WCCN staff, we are in charge of diligently and transparently administrating a 4.2 million dollar alternative credit program. At the same time, we continue working closely with different social organizations in Nicaragua, mainly women's organizations. We continue organizing two study tours to Nicaragua every year, and recently we started working on housing issues. Our diverse programs and goals require us, as staff, to play diverse and simultaneous roles. I should confess that this is not always easy to do. We need to be good administrators of the NICA Fund and make financially sound investments that are sustainable and have a real social impact. At the same time we have to continue being committed social activists with strong ties to grassroots organizations and their struggles. As you can imagine sometimes those roles can be incompatible. However, making them compatible is one of our main challenges. WCCN's diverse projects and goals are one of our strengths and make our work unique in many ways.

We recently returned from our June study tour to Nicaragua. We had the fortune to continue learning about the Nicaraguan women's movement. During our trip we visited women's organizations in León, Malpaisillo, Chinandega and, of course, Managua. You will find more information about our experiences in several articles in this issue of *Nicaraguan Developments*.

During our recent trip to Nicaragua, we were also able to meet with several of the NICA Fund's partner agencies. It was an excellent opportunity to hear about the positive impact that the social impact evaluation is having. The social impact evaluation, which was presented in January 2002, is one of the few publications on microcredit in Nicaragua, and has been extremely well received. It has also been an excellent tool to increase the profile of the NICA Fund in the microcredit industry in Nicaragua. At the same time, it provides more arguments for the microcredit industry in their dialogue with politicians, government officials and the general public about their work and their impact. Without a doubt, the publication of the report in Nicaragua has increased the profile and respect of WCCN among many people and organizations. We look forward to a follow-up of that study.

As you can see, WCCN continues forging its own path. We are excited about our work and look forward to next year (which will be our twentieth anniversary) with new energy, dreams and hope. We hope that you will be there with us.

Carlos Arenas  
WCCN Executive Director

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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)

# Making Sure that Microfinance Works for the Poor

by Eliza Waters  
NICA Fund Oversight Committee  
Member

Improving poor households' access to credit has become an increasingly important part of the development strategies promoted by international donors. Since credit can not only help households improve their productivity, but provide education for their children, increase food security, finance emergencies, and improve family health and welfare, it is extremely important that it be accessible to everyone, particularly poor households. Microfinance, which focuses on small loans to clients that are typically excluded from commercial credit, is seen as an excellent vehicle for improving credit access worldwide. WCCN's Nicaraguan Credit Alternative Fund (NICA Fund) lends money from socially responsible investors in the U.S. to microfinance lenders in Nicaragua to help develop this sector of the financial market.

In their new book, *The Triangle of Microfinance*, Manfred Zeller and Richard L. Meyer describe the three important components of the microfinance system - financial sustainability, outreach and impact. The authors argue that in recent years, the focus of microfinance has moved towards financial sustainability, and creating institutions that are capable of covering their costs without donor assistance. The question then becomes whether or not a focus on financial viability comes at the cost of social impact and outreach to the poor. That is, as lenders have to worry more about their bottom line, do they move towards wealthier borrowers in urban areas who are generally easier to serve than poor rural farmers? If so, this movement is potentially very damaging to those that will once again be left out of credit markets.

Microfinance lenders, along with other community-based financial institutions, have frequently been seen as a solution to the rationing that is common in large, formal financial institutions. While many banks are not willing to lend small amounts, and often require large amounts of collateral to secure a loan, smaller lenders are able to have

higher levels of information and can monitor their clients more closely, and are therefore able to offer different types of loans with fewer collateral requirements. This difference allows them to serve a wider segment of the population. Much of the success that has been achieved by these institutions, however, has been done with the assistance of donors and lenders, including groups like the NICA Fund. The concern is that they are vulnerable to the changing priorities of the international lending community. One solution is to push alternative lenders towards greater financial sustainability, but this detracts from some of the advantages they have in serving the poor.

Microfinance is a very important part of the financial market in Nicaragua. The focus of the Sandinista regime on state-run banks means that the private lending sector was very poorly developed during the 1970s and 1980s, and is only recently starting to recover. During those decades, however, there was a strong focus on lending to the poor, particularly for agriculture. With the neoliberal reforms of the 1990s, the state development bank was phased out, and many of the avenues for credit for the poor were closed. As a result of both of these policies, the microfinance sector is very well developed, since it has stepped in to fill large gaps in the credit market. There are 16 major microfinance organizations in Nicaragua, and over 136,000 clients in a country of just over one million households. Furthermore, with over 50% of the population living below the poverty line, and 43% of the population living in rural areas, it is extremely important that credit markets in Nicaragua serve the rural poor, including those engaged in agriculture.

Organizations like the NICA Fund are in a unique position to decide where their lending priorities are. While there is not always a direct trade-off between strong balance sheets and positive social impact, the balance between the two is something that is carefully considered by the Fund when making loan decisions. While it is important for us to lend to partner organizations that we feel are capable of repaying the Fund loans, it is also very important that

they continue to serve more marginal members of society in Nicaragua. In particular, we are interested in agencies with good geographical outreach, lending for agriculture, and lending to women. The social impact and outreach of the organization is considered along with their financial portfolio. Recently, we have taken on new partners that are smaller and located in poorly served areas, with a potential for significant social impact in their region. We continue to search for new partners that have good outreach and the potential for high social impact, to help make our portfolio even stronger across the board.

There are still many experts who argue that financial sustainability and outreach are not incompatible, and that institutions can accomplish both objectives at the same time. However, it is important to note that serving smaller, riskier clients is very expensive. The cost per loan for microfinance institutions is much higher than it is for their traditional bank counterparts. More work is required to determine the creditworthiness of clients, help them prepare documents, monitor their progress and collect the loans. In order to become financially sustainable over time, organizations must reduce their costs and their risks. One straightforward way to do this is only to serve wealthier clients who can provide collateral and who live in more densely populated areas. However, if microfinance lenders head down this road, they will begin to resemble banks, and will be less available to the populations that they were originally intended to serve.

There are also important questions about the outreach of microfinance in Nicaragua and elsewhere. While it is definitely true that microfinance lenders serve a poorer segment of the population than many other credit providers, there is evidence that the poorest of the poor still do not have access to credit. While some of these households may not own land or other productive enterprises and therefore do not have demand for credit, there are others that may have demand, but do not possess the

*continued on page 9*

# Power and Promise of Nicaraguan Women

by Soren Hauge

NICA Fund Oversight Committee member, Ripon College professor, and study tour participant

Eight women sat with us in a classroom at the Xochilt-Acalt Women's Center in Malpaisillo and told their stories. Among my many memories of the June study tour, this is the most powerful. Why? Because they were ordinary women who had overcome ignorance, prejudice, and even violence, working together to transform themselves, their families, and their communities for the better.

María left school early to labor on the cotton plantation, picking and hoeing there until it closed. Seeking another way to nourish her asthmatic daughter, she learned to raise goats, convincing her skeptical husband with pitchers of milk for the child. When she and a dozen other women attended evening meetings at the Center, neighbors said only prostitutes went out in the evening. But they learned to grow crops organically, and worked together to hand-dig a 100-foot-deep well for vital irrigation water.

Mercedes' husband drank heavily and beat her. For a long time, she asked his permission to go to meetings, bringing home food to placate him and silently submitting to his sexual demands. When she trained at the Center for veterinary work, he said she was too ignorant; but she vaccinated 400 cattle in the next year. With earnings from her own growing livestock and the support of organized women to back up her growing awareness, she gradually won not only freedom from his violence and control, but also his respect and support. Now she earns high grades studying for her high school diploma on weekends.

María and Mercedes are only two of the many inspiring women we met during the tour, women who worked to empower themselves and now help other women to do the same. Their organizations' projects cover a broad spectrum. They provide women's medical services, produce radio programs on women's and children's rights, train and fund women to run small businesses, help hurricane survivors to build new homes and communities, counsel



*Women from the Xochilt-Acalt Women's Center in Malpaisillo give personal accounts of their own experience during their process of empowerment. photo by Carrie Hirsch*

victims of domestic violence, campaign for laws to recognize women's rights, and write about women's issues.

However, all create space for women to learn and talk about themselves and their common issues: their bodies, their rights, their dreams and plans for the future. As we shared that space during the tour, it became clear that improving the lives of Nicaraguan women requires progress in all of these areas, seeing them as an interconnected whole. As a man whose service with WCCN has paralleled my research on alternative credit, that was a particularly important message to hear. I am aware as never before that supporting the economic progress of women and their families by funding microcredit is not enough. Women face other barriers to autonomy, security and comfort beside lack of capital, and removing those barriers takes change in the consciousness of women and men, not just material assistance.

Being in Nicaragua changed my consciousness, too. I've served on the oversight committee of the NICA Fund for six years, on the strength of long-term interest in Nicaragua and commitment to studying and supporting alternative credit in Latin America. That commitment was fueled, during previous stints in Chile, Colombia and Costa Rica, by meeting many men and women working hard for meager livelihoods or for economic development and human rights. Excellent reporting by

WCCN staff and volunteers and the social impact study data told me detailed stories of "Nicaraguan Developments." Still, it became hard to see past the papers to the people of Nicaragua – until I went there for the first time in June.

When I do my homework and read the next report on NICA Fund partner agency FODEM (Women's Development Fund), I'll remember the clarity with which executive director María Auxiliadora Vanegas described FODEM's history and plans for the future. I'll picture Argentina Bustamante's smile as she showed us the food stand she built with a FODEM loan, and recall her struggle to clothe and educate her children as a single mother. That will evoke María Elena Sandino's stories of callers to the radio program "Talk about Ourselves" who face a choice between suffering domestic violence to keep their home and family intact, or escaping abuse but losing their home and income. Which will bring to mind María Castillo's shoestring budget for legal assistance to domestic violence victims, and finally Sofia Montenegro's acerbic recounting of the effort to insert women's needs into foreign aid budgets after Hurricane Mitch.

It's a long series of challenges, but also a chain of women with power and promise – as the study tour's title suggests – strengthened by the links among them, and between them and us. I thank WCCN's staff for helping forge my links to such people in Nicaragua.

# Humbling Experiences

by Amanda Mehl  
Beloit College student and study  
tour participant

Many people dream of summer trips to the Caribbean, Paris, or Venice; amazing and relaxing cultural adventures to get away from work, financial stress, and other burdens at home. In a contrasting category was my dream for the summer of 2003- a trip to Nicaragua. Eleanor Roosevelt said, "Do one thing every day that scares you." I wanted that discomfort and learning, to stretch what I knew, and to take risks.

Since the sixth grade, I have been oddly fascinated by the land of lakes and volcanoes. A family friend left for Nicaragua seven years ago to learn Spanish and to work with the Nicaraguan people. Before she left she helped me write a report on Nicaragua which sparked an interest and eventually drove me to see her for the first time in seven years. My trip consisted of three components: An eleven day community health mission and educational trip based out of St. Louis, a two week home stay in San Juan del Sur and daily Spanish classes with a tutor and volunteer work, and the week-long WCCN study tour.

I am a student at Beloit College in Wisconsin, and spent a significant part of my spring semester planning my itinerary and negotiating funds. I hope to use my experience in ways that will benefit others as well. I plan to give presentations to both churches and individuals that helped to fund my trip and hope to share my experience with other students and encourage them to follow their dreams.

I have spent some time in Europe and taken a few trips to Mexico, but I found Nicaragua to be a completely different mindset, another way of life, a new reality. From the time I stepped off the plane in the Managua airport to the time I arrived back on U.S. soil, I never knew what to expect. When I first arrived I was struck by the low standard of living and the poverty that I saw. Though I was familiar with poor urban neighborhoods in St. Louis, my understanding of poverty shifted and my perspective changed. I took a mental count of the shoes, clothes and other material items I

owned as well as how much food my family usually keeps in the refrigerator and I felt guilty for having all of it. Materialism has always been an option for me but it is not an option when one lives in a two room house with a yearly income of less than \$400 and seven mouths to feed. In Managua people sell water in plastic bags, mango slices, and car seat cushions at every intersection. The city was bustling and dirty and in what seemed to be a constant state of disrepair. During the rainy season, the sewer systems flood into the streets and into people's houses and the next morning the stench of a river of trash overwhelms you. The Managua city dump houses thousands of families who survive off the trash and what they don't want is then dumped directly into Lake Managua. That was all I could see at first: the images of malnourished children, a woman breastfeeding in the Managua dump, chickens, children, and street vendors riding the old yellow school buses from our childhood that are now used as Nicaraguan public transportation. The rural areas are a much different experience but the underlying poverty and instability still exist. Many children in rural communities do not attend school, and access to jobs, health care, education, transportation, social support and other services are little to none. A nurse in one community I visited commented that her two room health clinic served four neighboring communities and that many mothers had given birth by the side of the road trying to make it to her clinic or to the bus stop.

After I spent some time talking to families, reading to classrooms of children with a mobile library project, living with a family, and getting to know the people I was amazed and impressed with the demeanor of Nicaraguans. Carrie Hirsch turned and said to me during one of the WCCN day trips, "The people of Nicaragua are very resilient. They are so used to having everything taken away from them repeatedly." The Nicaraguan people to me are dynamic, rhythmic, and hardworking. In the face of social disarray political turmoil, and natural disasters, Nicaraguans have hopeful spirits, strong minds, and hospitable hearts.

There was not a place I went during my travels that people did not open their doors to us or share what little they had. People proudly welcomed us into their dirt floored, thatched roofed homes. In these hot, humid, and dark homes, hammocks swayed from all available wall space and fires inside a clay stove brewed coffee for our group. The people wanted to bring us into their world and share with us a way of life that I had never imagined. In one community I played basketball with the boys during the day and later that night danced on the porch of a health clinic to a mariachi band. The whole community came out that night to wish us farewell and a safe journey and every one of them hugged and kissed each of us.

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*The Nicaraguan people are amazing. They recognize their struggle but open their bodies and minds to new possibilities and maintain kind and gentle hearts.*

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Towards the end of the trip the members of the WCCN study tour and I were challenged by Maria López Vigil, a feminist and editor of Envío Magazine, "I invite you to use the world as a mechanism for transformation." When I returned to the US, I flipped through my journal and found a page that I had entitled "humbling experiences". It contained a list of things such as, taking a cold bucket shower, living for two days without electricity or running water, reading to Nicaraguan children in Spanish, using an outhouse, riding a public bus in the city by myself, etc. Vigil's words were a strong reminder at the end of my journey of Roosevelt's words that I took with me when I started. Both women have captured this trip and what it has done for me. The Nicaraguan people are amazing. They recognize their struggle but open their bodies and minds to new possibilities and maintain kind and gentle hearts. Nicaragua succeeded what I ever could have imagined as a life changing experience.

# The CAFTA and FTAA Trade Deals

by Dan Rodman  
WCCN Board President

Ever since the North American Free Trade Agreement (NAFTA) took effect between Canada, the U.S. and Mexico in 1994, international trade agreements have become a focus of the struggle not only over economic justice, but also deregulation, privatization, democracy and indigenous sovereignty -- such as the Zapatistas in Mexico who took up arms on day one of NAFTA.

Two new agreements which involve Nicaragua are in the pipeline: the Central American Free Trade Agreement (CAFTA) among the U.S., Honduras, Guatemala, Nicaragua, Costa Rica and El Salvador; and the hemisphere-wide Free Trade Area of the Americas (FTAA). Both are currently under negotiation. CAFTA was originally intended to go to vote at the end of 2003, and the larger FTAA in 2005.

As trade agreements, CAFTA and the FTAA obviously cover trade in manufactured and agricultural goods. In line with the past two decades of the neo-liberal Washington consensus, the general plan is for less developed countries to reduce import taxes (tariffs), foreign investment restrictions and other barriers to trade, on the theory that global competition forces national industry to become more efficient and/or shift to a new niche in the global market (such as textile maquilas). In turn, countries are promised lower tariffs on their exports to the U.S. and increased foreign investment from the U.S. With that, in theory, comes economic prosperity, and international rules that bring openness and democracy.

Nicaragua is already heavily invested in this model, with the rapid growth of maquilas in Nicaragua's free trade zones. However, little benefit has come to its workers in terms of better wages or job security, and the country sees little or no tax revenue, nor technology transfer for long-term economic development. Central American countries are also being promised that more competition will give them greater access to U.S. agricultural markets. However, even the pro-free trade *New York Times* recently editorialized (7/20/03) on how the same promise to the Philippines was

an empty one. Convinced by the experts that low farm labor costs would make Filipino exports competitive on the world market, they were instead under-priced by heavily subsidized agricultural products from the U.S. and other developed countries (subsidies which in the U.S. go mostly to large agribusinesses). After joining the World Trade Organization, Filipino trade surpluses turned into deficits, and hundreds of thousands of farmers lost their livelihoods.

Even coffee, one of Nicaragua's premium products, hasn't earned enough to cover costs on the world market over the last few years because of the oversupply caused by other countries being encouraged to produce the same product for export. Under CAFTA, the U.S. is demanding increased access for its pork, poultry and dairy exports to Central American markets. However, the Nicaraguan trade minister has expressed concern that U.S. food safety rules may not allow Nicaraguan poultry into the U.S. market, citing that Mexico has still not been able to export poultry to the U.S. after a decade under NAFTA. And while the U.S. textile industry has largely given way to imports, U.S. sugar and citrus fruit industries are reportedly seeking protection from imports under CAFTA and FTAA. Certainly a legitimate concern with trade agreements is the preservation of good jobs and standards in the U.S.. However, from Nicaragua's perspective, the promise of economic gain through greater access to the U.S. market is unsure at best, and the whole deal is especially risky considering Nicaraguan farmers' vulnerability to subsidized U.S. exports.

## The Hidden Agenda

CAFTA and FTAA, like NAFTA, reach far beyond tariffs and quotas. One of the most dangerous provisions of NAFTA is its Chapter 11- a provision allowing private entities to directly sue foreign governments for lost profits as a result of government action. Written in fairly vague language, Chapter 11 has been used by U.S. and Canadian corporations to sue governments for a variety of reasons, including to block regulation of the pollutants they produced and to require compensation for lost profits

(even potential future profits). The ramifications even extend to the debate over privatization of public services. Chapter 11 was recently invoked by the United Parcel Service (UPS) to sue Canada for operating a public package delivery service which unfairly subsidized its rural delivery services. Like the World Trade Organization, NAFTA's disputes are decided by trade experts (not from a broad range of disciplines), in tribunals which operate largely in secret and do not have the same due process protections of the court system. Unfortunately this type of investor protection language is likely to be included in the proposed CAFTA and FTAA.

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Additional elements which have been inserted in recent trade agreements, and are likely to be in CAFTA and the FTAA, include restrictions on capital controls, which some developing countries have used to help stabilize their economies against the whims of short-term speculative foreign investment. Also, stricter intellectual property rules could strengthen U.S. corporations' ability to patent pharmaceuticals derived from Central America's abundant biological diversity, and in turn limit the ability of poor countries to produce cheap generic medicines. Hypocritically, while special protections are created for corporate profits and intellectual property, enforcement of labor and environmental laws, where they exist, are being left to the individual countries.

## Resistance and Alternatives

While powerful corporate interests are pushing their interests in CAFTA and FTAA, groups across the hemisphere are organizing resistance and alternatives. Unions, cooperatives,

# 16 Days of Activism Against Gender Violence

by Stephen Montagna  
Media Specialist, UW Center for  
Women's Health

and other popular organizations from across Central America recently met in Managua to strategize on the deals, calling for more genuine participation by civil society and denouncing attempts to put profit and foreign investor interests before labor, human and economic rights, while giving foreign capital control over our resources, social services, the environment and indeed our national sovereignty. In 1998, when the FTAA negotiations were officially launched in Santiago, Chile, a parallel People's Summit of the Americas was held. From it came the Alternatives for the Americas, which lists viable alternatives to the corporate-led model. And while most countries have little negotiating power and are heavily dependent on U.S. approval for international aid, the left-of-center leaders of Venezuela, Brazil and Argentina do present an obstacle at the formal negotiating table.

## What You Can Do

Get more information:

- Public Citizen's Global Trade Watch:  
[www.citizen.org/trade/](http://www.citizen.org/trade/)
- Resource Center for the Americas:  
[www.americas.org/](http://www.americas.org/)
- Alternatives for the Americas document:  
[www.globalexchange.org/campaigns/alternatives/americas/](http://www.globalexchange.org/campaigns/alternatives/americas/)

Contact your Congressional Representatives. Bring up concerns, and in particular urge them to demand that the CAFTA draft be made public. Because President Bush has been granted fast track negotiating authority, Congressional approval of trade agreements is limited to a short debate and a yes or no vote without amendments. While two U.S. trade deals with Chile and with Singapore recently passed the U.S. House, many representatives promised to scrutinize CAFTA and the FTAA more closely. Please hold them to their word!

Purchase fair trade products!

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[www.equalexchange.com](http://www.equalexchange.com)
- Transfair USA:  
[www.transfairusa.org](http://www.transfairusa.org)
- SERRV:  
[www.serrv.org](http://www.serrv.org)
- Just Coffee:  
[www.justcoffee.net](http://www.justcoffee.net)

This year will mark the fourth local annual observance of the 16 Days of Activism Against Gender Violence. Originated in 1991 as part of the Women's Global Leadership Institute sponsored by the Center for Women's Global Leadership at Rutgers University, "16 Days" is an international event, which symbolically links violence against women and human rights (November 25th is International Day Against Violence Against Women and December 10th is International Human Rights Day).

A local Dane County, Wisconsin coalition of over twenty organizations collaborates to make 16 Days happen; they include service providers, healthcare organizations and grassroots groups working on women's and human rights issues on local, state, national and international levels. For the past three years, the coalition has been headed by WCCN. This year, with other matters taking precedent, WCCN decided to play a more supportive role, and the lead coordination role is being filled by the UW Center for Women's Health. One of thirteen National Centers of Excellence in Women's Health coordinated out of the Office of Women's Health in the U.S. Department of Health and Human Services, the UW Center for Women's Health is pleased to take an active role in planning this year's events.

In addition to providing advertising for individual organizations'

activities, the coalition intends to create an opportunity for participating organizations to network and find common ground, brainstorm, and share ideas and resources. The "16 Days" is an organizing strategy that highlights the common struggles of those of us who work against injustice, whether in the form of sexism, homophobia, violence, political oppression, or legislative apathy; it affords the opportunity to demonstrate the importance of the work of individuals and individual organizations by showing the interconnectedness of a wide variety of issues and the growing need to address these issues on the global and legislative levels as well as local levels.

The observance will begin on November 25 with an event that incorporates a roll call of organizations involved in anti-violence work. It will end on December 10 with a panel discussion and dinner. In between, there will be a variety of events, including a Fair Trade Fair and the Healing Works art exhibition. Organizations planning events span the spectrum from the UW Campus Women's Center to ETAN (East Timor Action Network) to the Lesbian Health Task Force to WCCN. If you or your organization would like to get involved, planning meetings are ongoing; please contact the coalition coordinator, Stephen Montagna at [sdmontagna@facstaff.wisc.edu](mailto:sdmontagna@facstaff.wisc.edu). Event information will be available online in September at <http://www.womenshealth.wisc.edu/16Days>.

## Healing Works

As part of the 16 Days of Activism Against Gender Violence, WCCN will organize the third annual Healing Works Art Exhibit in Madison, Wisconsin. Healing Works is an art exhibit that focuses on healing and recovery from gender violence. The exhibit serves to commemorate survivors and celebrate healing, and to publicly acknowledge survivorship and the everyday existence of gender violence.

We will put out a call for submissions shortly and collect artwork from individuals and/or groups. We are currently (August 13) in the process of organizing the logistics for the exhibit. If you are interested in submitting artwork, please call the WCCN office: (608) 257-7230.

# Property Issues in Nicaragua

by Carlos Arenas

WCCN recently wrote a joint report on "Housing Rights in Nicaragua" with the Center on Housing Rights and Evictions (COHRE), and the Nicaraguan Human Rights Center (CENIDH), which will be published at the end of 2003. In the last issue of *Nicaraguan Developments*, I presented a short summary of some of the topics regarding housing addressed in that report. Now, I will highlight some of the topics addressed in the report regarding the complex issues of property in Nicaragua.

Property has been one of the most controversial issues on the political agenda in Nicaragua since the *Sandinista* Revolution of 1979. The transformation of property ownership by means of agrarian and urban reform through a process of indemnification and/or return of confiscated properties, was a central point during the Revolution and continues to be an important issue even after the electoral defeat of the *Sandinistas* in 1990. The report also addresses the issue of territorial rights of indigenous communities, which is a forgotten issue in many discussions regarding property in Nicaragua.

## The Revolutionary Transformation of Property

The social revolution which triumphed in Nicaragua in 1979 radically altered the traditional standards of inequality of urban and rural property holdings in the country. In spite of some abuses committed by the *Sandinista* Government in the cases of certain individual proprietors, the intention and the results of the transformation introduced were largely positive and provided an opportunity for many thousands of Nicaraguans to gain access to land, building lots, or housing. This situation is now recognized even by the International Financial Institutions (IFIs). According to the Inter-American Development Bank (IDB), "Nicaragua has one of the highest indices of property owner-occupancy in the world." The IDB further concludes that, "this asset represents a strength on which housing interventions can be built." The World Bank agrees that, "Today, Nicaragua has one of the least

inequitable distribution of land in Latin America, with small and medium farmers now controlling 75 percent of the cultivated land." At the same time, the World Bank calls attention to the following: "The specter of land re-concentration and the reversion to previous less-equitable land distribution remains strong until land claims affecting insecure small farmers or indigenous communities can be legally validated and enforced."

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The report notes the complexity of property issues in Nicaragua. There are many reasons for this. On the one hand, the dictatorship of the Somoza dynasty was based on the abuse of many rights, included the right to property. In fact, the Somoza family at the time of the *Sandinista* Revolution had control of at least 20 percent of the land in Nicaragua as well as monopolistic control of many industrial product lines. On the other hand, the complexity of the issue stems from the way that the *Sandinistas* achieved power, that is, by means of a popular armed uprising. The resulting civil war caused the destruction of many government buildings, including Public Registry offices.

Also, the *Sandinista* Government did not concern itself with the legal registration of the property transfers it made. For this reason it is now virtually impossible to obtain an exact figure for the land and allotments distributed in the urban and rural agrarian reforms. Various analysts agree that *Sandinista* agrarian reform affected around 35 percent of the land. Because there are not exact figures of the properties that were affected during the *Sandinista* Revolution, it is practically impossible to reinstate or indemnify in a clear and

orderly manner, the land to its previous owners. Such a situation creates the perfect scenario for abuse by and corruption of public employees charged with administering the process of indemnification or return of the properties. This was clear last year when officials tried to return confiscated property to the Somoza family.

## The Role of the U.S. Government

The solution of any property dispute is beyond the control of the Nicaraguan Government. Rather, it is influenced in great measure by the U.S. Government and its general vision of property rights. This is illustrated by the fact that since 1994, the U.S. Government has applied intense pressure on Nicaragua for a solution to property claims presented by U.S. citizens that had land confiscated during the Revolution.

Since 1994, property restitution or compensatory claims made by U.S. citizens received vigorous support from the U.S. Government. The U.S. Government threatened to obstruct the approval of loans from multilateral banks to the Nicaraguan Government if it did not quickly resolve property claims submitted by U.S. citizens. Since then, property claims have been handled in a small office in the U.S. Embassy in Managua. From that moment, especially with the inclusion of persons who were Nicaraguan citizens at the time of confiscation but now hold U.S. citizenship, the claims by U.S. citizens increased considerably. Until the end of 1995, indemnity bonuses received by U.S. citizens totaled \$124 million. By June 2001 this number had increased to \$283 million to reach a total of \$924 million. This means that 30 percent of the total indemnities paid out by the Nicaraguan government went to citizens of the U.S.

The report urges the U.S. Government to abstain from promoting new claims for indemnity by U.S. citizens who were Nicaraguans at the time of the confiscation. This situation has been converted into a permanent source of political and economic destabilization in Nicaragua because each year the Nicaraguan Government must make a special effort and go above and beyond what is legally required to get the support of the U.S. Government.

## Microfinance *continued from page 3*

As a result of U.S. Government intervention, the issue of property has reached the time to put a final stop to the reversion of the process of the democratic ownership of property. The almost one billion U.S. dollars spent on indemnities represents a fiscal bleeding of Nicaragua which cannot go on indefinitely. The fact that Nicaraguan officials have been trying to return properties to the Somoza family should sound the alarm about the need to review the process of reversion of confiscations.

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### **Territorial Rights of Indigenous Peoples**

Fifteen years ago, Nicaragua was a model for the recognition of the territorial rights and administrative independence of indigenous communities. Today, it is one of the most retrogressive Latin American countries regarding this subject.

In our report, we strongly recommend that Nicaragua develop legislation that recognizes the territorial rights of indigenous communities throughout the country. Neighboring countries have made enormous advances which should set a precedent and alleviate the doubts, incomprehension and misunderstandings regarding the recognition of the rights of indigenous communities. The approval of International Labor Organization (ILO) Convention No. 169, one of the principal international instruments related to the rights of indigenous communities in the Americas, and working together with indigenous organizations, should be a common goal of all Nicaraguan civil society. Nicaragua cannot turn away from this unique opportunity to pass legislation issuing title documents to the ancestral lands of indigenous peoples.

resources to secure a loan. While many NGO loans require less collateral, it is still very difficult for households with low asset holdings to receive loans. Recent land reforms that have improved titling are certainly a step in the right direction, but it remains to be seen whether these policies are enough to significantly improve the credit access of the poor. While the geographic coverage, or breadth of outreach, of microfinance in Nicaragua is impressive, there are still gains to be made in the depth of outreach, and reaching the poorest of the poor. An increased focus on financial outcomes is not likely to help make progress in this area.

Finally, as microfinance grows, there are also potential problems with loans being made irresponsibly. Donors like to lend to larger, better-established organizations, to increase the security of their investment, so a small number of institutions are receiving large percentages of increased donor funds. However, some of these organizations may be growing too fast. In order to increase their lending portfolio, they may be adding large numbers of new clients, branches and employees in a short amount of time. While it is true that credit can have far-reaching positive

impacts for households, lending to people that are not capable of repaying their loans really does not leave them better off. If a household is unable to pay, and has given their land or other assets as collateral, and they lose them, they are certainly far worse off than they would have been without credit. The NICA Fund monitors our partner organizations to make sure they are lending funds responsibly, and that the majority of their clients are able to repay in a timely manner. Although this is partly a financial consideration, it has social implications as well.

Credit access for the poor is an important key to international economic development, and microfinance has proved to be a good way to provide it. However, the evolution of the microfinance system is not without flaws. As time goes on, it is important to remember the social objectives that were the basis for the original microfinance institutions. The quest for financial sustainability should not overwhelm the desire to have positive impacts on the lives of the rural poor in Nicaragua. WCCN works hard to ensure that its money is being lent to meet both of these goals, and help microfinance grow in a way that allows it to continue to meet all of its long-term objectives.

### **NICA Fund Honored**

**by Jon Bishop, Loan Fund Manager**

The national Community Investing Campaign of the Social Investment Forum Foundation and Co-op America honored the NICA Fund on August 6 as one of 11 leading supporters and financiers of businesses and non-profit organizations run by women throughout the world. The list of organizations that were honored is impressive, and we are honored to be among them.

In a national press release describing the 11 organizations, the Community Investing Campaign noted that in the U.S., 50% of all small businesses are started by women, but only 12% of small business loans go to women. The problem is even more acute in Nicaragua. Poor women have virtually no chance of getting credit from traditional lending institutions. Approximately two thirds of the end borrowers of NICA Fund partner agencies are women. It is satisfying to be part of the solution to this problem, and it is very gratifying that the Community Investing Campaign recognizes the value of our efforts in Nicaragua.

The Community Investing Campaign is a joint partnership of the Social Investment Forum Foundation and Co-op America. The Social Investment Forum Foundation is a national non-profit research and education organization focused on socially responsible investing. Co-op America is a national non-profit organization founded in 1982 that provides the economic strategies, organizing power and practical tools for businesses and individuals to address today's social and environmental problems. The Campaign's Web site is [www.communityinvest.org](http://www.communityinvest.org).

# An Empowering Experience *continued from page 1*

and the raising of goats.

The goat program initially started as a pilot project in a community. Only after it proved successful was it implemented in other communities. One condition before starting with the program was that all women participating in the program had to have technical training. This has been a rule in the organization for all their productive programs, and helps to explain part of its success. The ultimate goal of the productive programs was to stop the high levels of malnutrition in the families. The decision about starting a goat program was in part based on the fact that they would provide milk for the children, hopefully resulting in better nutrition. A more practical reason was that goats do not compete as much as other animals with the families' food sources.

The Center provides technical assistance to trained individuals who oversee the productive process. Initially these technicians were male, but then a group of women from the community were trained to do this job. The Center has provided the female participants with some infrastructure such as wells, and small scale irrigation systems for the gardens. Regarding the goats, the Center established a credit program based on the commitment that each woman would receive two pregnant goats and then return two pregnant goats within two years.

In a short period of time the families were able to see tangible results—improved diet, and better nutrition with the consumption of vegetables, milk, and eventually meat. These impacts were minor, however, compared to the changes in the lives of the member's families, such as self-esteem, self-confidence, a change in the women's role at home, the collaboration of their children in those projects, and better access to water because of the wells. Because there was a surplus of food, the families were able to exchange food for other products within their communities.

After these major accomplishments, some participants were ready to move on to another stage. Approximately forty women were promoted to be agricultural producers. The Center established three conditions in order to move on: the women needed

to be strong producers in their garden program, their families needed to be involved in the garden activities, and they needed to be owners of the land. Beans, corn and sesame were selected to be raised. These products were selected because they would continue to improve the family diet, they could be consumed during the entire year, and they were good products to sell in the market. Because not all women were owners of their land, the Center has purchased some land for cultivation. Some women have created production collectives, the majority of which are integrated by women to cultivate the land owned by the Center.

One of the most impressive outcomes of this program has been a new distribution of domestic and productive roles at home. Members of the entire family are now collaborating on these activities, allowing the women to spend more time and energy on the activities with the organization. The fact that women must be owners of their land has created an interesting process of negotiation inside the family. Husbands, brothers and parents must transfer the property to the women and legalize it in their name. This also results in increasing women's autonomy, self-esteem and negotiating power at home.

Education has been the main tool used by the Center to ensure the success and viability of their programs. Among the women, there has been a process of education at many levels through literacy programs, academic programs (that have allowed women to move up the academic ladder), and gender education programs. This learning process has enriched almost every aspect of the women's lives and has allowed them to achieve many levels of empowerment.

## Levels of women's empowerment

The words "women's empowerment" contain many definitions, meanings, and levels. In order to help explain and illustrate the richness of the experience of the women from Xochilt-Acalt, I have identified five levels of empowerment.

- Individual empowerment: Members of Xochilt-Acalt have experienced impressive personal growth.

After hearing their stories it is clear that a huge change in their own lives has occurred.

- Collective empowerment: This process of empowerment comes from working together and deciding to organize.
- Relational empowerment: The process of consciousness-raising generated a new attitude in their lives and empowered them to confront abusive practices from their partners. Their partners have also changed.
- Generational empowerment: This process of empowerment is sustainable in the sense that there is a new generation of young women that are now part of the process. As one indicator of success, these young women are having children at an older age than the average woman in their communities and in Nicaragua as a whole.
- Ecological empowerment and empowerment of nature: This process of empowerment has to do with the way that they deal with their natural environment. The women are not using chemicals any more when cultivating the land. Land in Malpaisillo has been affected by the use of chemicals during the cotton era (from 1950 to the 1980s) and has now resulted in the contamination of drinking water.

## What is next for WCCN and Xochilt-Acalt?

The Women's Center of Xochilt-Acalt is an excellent example of a rich grassroots experience about women's empowerment. We realize that we, as well as others, have a lot to learn from the women of Xochilt-Acalt. One thing that WCCN is interested in doing is to translate into English a book written by Sofia Montenegro and Elvira Cuadra, two well known Nicaraguan feminists, about the experience of the group. This will hopefully bring awareness to a larger audience and help to spread the word about their experience. In the future, we hope to find more ways to work together with Xochilt-Acalt, and make sure that other women's organizations around Nicaragua as well as other parts of the world learn from this beautiful experience.

# Group-Lending Supports a Family

**Genaro and Albertina Lopez**

**Ocotal, Nueva Segovia**

**Borrower of FUNDENUSE**

The Foundation for the Development of Nueva Segovia (FUNDENUSE) serves very poor borrowers in the northern department of Nueva Segovia, one of the poorest regions of Nicaragua. The main office of FUNDENUSE is located in Ocotal, the capital of the department of Nueva Segovia.

One area that FUNDENUSE serves is a squatter village on an abandoned airstrip outside of Ocotal. The Nicaraguan government finally granted the inhabitants permission to stay on the land, but most houses remain very primitive. Most families lack anything that could be used as collateral, so even microcredit is out of reach for most of them. FUNDENUSE is one of the few microfinance institutions in Nicaragua that uses group lending methods where borrowers co-sign on each other's loans in lieu of collateral. Because of FUNDENUSE's group lending program, residents of the squatter village outside of Ocotal have access to credit and the opportunity to make their lives better through their own efforts.

Genaro and Albertina Lopez have



*FUNDENUSE members Genaro and Albertina Lopez, proudly stand in front of their house and store with their three children. photo by Carrie Hirsch*

received credit from FUNDENUSE through the group-lending program. They have a small store in their house. They also have a small nursery outside of their house. They sell fruit trees to neighbors. Genaro also does construction work. The credit gets used to buy tools and stock for all of these ventures.

The Lopez family is new to microcredit, but the benefits are already evident. They are building a new house. The poverty they live in is sobering. One can see through the spaces between the boards of their

hastily built house. The floor is dirt. They have very few possessions, and the clothes they wear are threadbare. By any conventional standard, they appear to be a terrible credit risk. However, they are making all of their interest and principal payments on time while building their businesses and improving their lives. Albertina says that before she got access to credit, she assumed that she would live poor and die poor. Now she sees hope that she can live a comfortable, dignified life.

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**Please contact WCCN for more information:**

**(608) 257-7230**

**[wccn@wccnica.org](mailto:wccn@wccnica.org)**

