

Nicaraguan Developments

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The Right to Adequate Housing

By Carlos Arenas
WCCN Executive Director

If you care about Nicaragua, housing is an issue you should be following closely. The housing situation in Nicaragua is desperate, as the housing deficit is estimated at over five hundred thousand units, and only 22.5% of the current houses nationwide are considered in "good condition".

Seen from another point of view however, Nicaragua has unique characteristics that make it an ideal place to develop original ideas to help change this egregious situation.

This was the perspective of the Inter-American Development Bank –IADB– when it designed the ambitious housing program undertaken by the Nicaraguan Government. According to the IADB, 80% of the population in Nicaragua (the majority of them currently facing housing needs,) could build a new house or improve their current one if they had documented titling of their property, and if they had access to proper credit opportunities. Breaking with a fourteen-year tradition in Nicaragua, the IADB recommended establishing some subsidies for people in extreme poverty to gain access to adequate housing. Despite the opposition from supporters of neo-liberal economic policies, the reality in countries such as Nicaragua has shown that some governmental support is not only desirable but necessary to allow people living in extreme poverty opportunity to access housing.

With the idea of contributing to the improvement of the housing situation in Nicaragua, WCCN joined forces with the Center on Housing Rights and Evictions (COHRE), the Nicaraguan Center on Housing



The Maria Auxiliadora neighborhood in Ocotal, one of the housing projects funded by the Nicaraguan government. photo from INVUR-FOSOVI

Rights (CENIDH), and the Center for the Study and Promotion of the Habitat (HABITAR) to organize a workshop in Managua on November 12 and 13, 2004. During this workshop that covered the issues of protecting, promoting and advancing the human right to adequate housing, WCCN, COHRE and CENIDH released their report on housing rights in Nicaragua written last year. I had the opportunity to open this workshop with a presentation of the report, highlighting the main issues of this 106-page document (the report is available in English and Spanish on WCCN's website).

This workshop was a unique opportunity to bring together different players in the field of housing from all over Nicaragua, some of who were meeting for the first time. Among the speakers and participants were the director of the governmental program Fondo Social de Vivienda –FOSOVI (or Social Fund for Housing), representatives from

the city of Managua and the municipality of Tipitapa, organizations that belong to the Nicaraguan Housing Network, microcredit organizations, members of the Nicaraguan Network on Housing and Health; universities, and organized communities involved in housing projects, as well as other civil society organizations such as the Communal Movement and the Coordinadora Civil.

The workshop was very timely since Nicaragua is currently facing an historical and unique opportunity to design a long-term national housing policy, one that should be broadly discussed by all sectors of Nicaraguan society. In fact, for the first time ever, the Nicaraguan Government has allocated an important amount of money to develop a large-scope housing program. The funding came as a loan from the Inter-American Development Bank (IADB) for a two-

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A few weeks ago, Nicaragua had municipal elections. Of the 152 Nicaraguan municipalities, the Sandinista Front and its allies (known as the “Convergencia”) won 86 municipalities, including the city of Managua. The bitter split of the liberal party originated by the imprisonment of ex-president Arnoldo Alemán, and a lower voter turnout help to explain the final results of the election. I personally think that from a progressive point of view there are not many reasons to celebrate despite this overwhelming electoral victory of the Sandinista Front. In fact, despite the fact that it is important to recognize the complexity of a party such as the Sandinista Front (especially at the local level,) where you still can find a lot of honest, progressive and committed people, there are a lot of things that are still wrong inside the party, especially at the national level. It is clear that this overwhelming victory of the Sandinista Front will reinforce and in some way legitimize the strategy implemented by the most abusive and corrupt tendencies inside the party. I am referring to the leadership of Daniel Ortega and his inner circle.

For progressive forces in small countries like Nicaragua, the international context is very important to make viable progressive political trends. It is frustrating that the Sandinista Party in Nicaragua has not renewed itself to take advantage of the new and renewed wave of progressive governments in Latin America such as the governments of Chávez in Venezuela, Lula in Brazil, Vasquez in Uruguay, and Kirchner in Argentina. During the 1980s it was relatively easy to oppose to Reagan policies against the Sandinista Government because those policies were obviously wrong and morally repugnant. At that time, the Sandinista leadership had an indisputable morale stature that its more aggressive enemies were not able to erode. But some of those leaders have been corrupted over the years, not only by money but by power, and by the way that they use power to advance their short term and short sighted goals. Instead, it will be easier for the U.S. Government to oppose an eventual Sandinista administration in 2006, and will be very difficult for solidarity organizations in the U.S. and elsewhere to effectively counteract a new set of economic and political blockades or more aggressive tactics such as those used in the past against the Sandinistas. A possible return of Daniel Ortega as president of Nicaragua sixteen years later is undesirable for Nicaragua and for progressive political forces elsewhere. That could be different if the Sandinista Front has fresh blood running for president in 2006. However, the time to change course is running.

* * *

As you will see in this issue of Nicaraguan Developments, WCCN is closing 2004 full of activities and achievements. In October, WCCN organized visits to Wisconsin of representatives from three different Nicaraguan organizations. The first visitors were three women from the Nueva Vida Women’s Sewing Cooperative from Ciudad Sandino, who just received formal approval as the first worker owned Free Trade Zone or “maquiladora” in the world. The second visitor was César González, a member of the fair trade coffee cooperative CECOCAFEN, from Matagalpa. Finally, we had a week-long visit of two Nicaraguan women to talk about the empowerment experience of the Xochilt-Acalt Women’s Center from Malpaisillo. Additionally, in mid November, WCCN co-organized a workshop in Managua on housing rights and released a report on that topic. At the same time, WCCN launched its new Housing Improvement Project, a collaborative effort with the housing rights organizations Habitar. Last but not least, the NICA Fund continued to grow and expand. I would like to invite you to continue being part of WCCN, and I hope you enjoy this edition of our newsletter.

Carlos Arenas
WCCN Executive Director

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This edition of Nicaraguan Developments was edited by Alisha Steele.

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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 • website: www.wccnica.org

World's First Worker Owned Free Trade Zone



Member owners at the Nueva Vida sewing workshop. photo by Carrie Hirsch

By Alisha Steele
WCCN Outreach Coordinator

Nicaragua has attracted many companies to open maquilas in Free Trade Zones where they can take advantage of the cheap labor. The majority of these companies are foreign owned, and have notoriously bad working conditions and salaries. The Free Trade Zone status affords these companies benefits such as tax breaks, duty free import and export and reduced utility rates. Now, a small worker owned sewing cooperative Nueva Vida has turned the tables on these companies, by being certified as a free trade zone and taking advantage of the benefit of this status, while providing better wages and working conditions for the women who are the workers and the owners.

The Nueva Vida sewing cooperative (Cooperative Maquiladora Mujeres de Nueva Vida Internacional, COMAMNUVI) is an inspiring model of how a group of women can overcome hardship through hard work, determination, and a few good friends. By confronting local issues of poverty and unemployment, this group also has had an impact on global issues such as labor practices and globalization of free trade.

The current residents of Nueva Vida were relocated after Hurricane Mitch devastated their towns. The community had no permanent infrastructure, no place to get food or medical attention, and an 80% unemployment rate. The women of the Nueva Vida cooperative faced their troubles head on and created employment for themselves where none existed.

One of the things that the community requested from aid organizations was economic development assistance to address the high rate of unemployment. Jubilee House Community/Center for Development in Central America (JHC/CDCA) began looking at ways to create jobs in response to the community request. The proposal was to create a sewing cooperative where the women are worker-owners and would make their own decisions about pay and hours. This is in contrast to employment in sweatshops where the pay is low, hours are long, and there is a lack of respect for the women as workers. In the cooperative decisions are made collectively and represent the will of the women as a group. These decisions are based on the need for good working conditions as well as the need to make their business profitable, since they are its beneficiaries.

The sewing cooperative project came about through a collaboration between Jubilee House, Maggie's Organics clothing company, and a small group of women in Nueva Vida. The idea was to create a maquila that would be organized as a cooperative. This idea, however interesting and promising, had many barriers. As the first step Jubilee House proposed that the women build their own factory.

The women balked at the thought of constructing their own factory. This was not something they had envisioned and it entailed activities which women traditionally did not take part in. After a week of discussion, the women of Nueva Vida decided to move forward in the construction of their workshop. Once

they became convinced that this was the way to go, they bravely challenged traditional gender roles and began the heavy labor of construction. A video of this experience, titled "Ants That Move Mountains" is available on Maggie's Organics website.

"Those who saw us, said we looked like ants, because we would carry these heavy loads, we would carry them among six women." Yadira Vallejos "When we arrived here, this was just an empty dirty field. First we had to clean it. Once we'd measured everything, we began to dig the holes for the pillars, and it was very hard."

For two years, they worked without pay to build their factory. Some women left the group, while others persevered and forged ahead. The remaining women are putting their hearts and souls into their project, in hopes of building a new life for themselves and their families. In the process they are also constructing an alternative model for maquilas in Nicaragua and beyond. The women of Nueva Vida are eager to grow their business in order to provide work opportunities to more members of the community, and to support local social projects.

This initiative and others like it, rely on consumer demand for fair trade products. For example, socially responsible organization can place orders with Nueva Vida for the manufacture and printing of t-shirts, and in this way, support the very principles that so many of us believe in. For this reason, WCCN was pleased to host a visit by two women from the Nueva Vida cooperative in October, Yadira Vallejos and Ruth Mena, who were on a national tour educating people about their cooperative and products. For more information visit these websites:

www.fairtradezone.jhc-cdca.org
www.organicclothes.com

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Nicaragua's Ongoing Political Crisis

By Claudio Selva
WCCN Board Member

While Nicaragua's recent municipal elections indicate a significant resurgence of the Sandinista party, the country remains embroiled in an ongoing political crisis. That crisis is closely linked to the political figure of ex-President Arnoldo Alemán and his conviction and imprisonment earlier this year on charges of fraud, misappropriation of funds and embezzlement. Current President Enrique Bolaños, who served as Alemán's vice president, has made much of his declared fight against corruption, though recently his own integrity has been questioned in the courts. Though Alemán is in prison, he and the forces within the Liberal Constitutional Party (PLC) loyal to him still wield a significant amount of power in Nicaragua. Key to that power is the political pact between the Sandinistas and the PLC that has dominated Nicaraguan politics for more than five years. Most people in Nicaragua are well aware that their country will not move past its chronic political instability until there is an end to the corruption that permeates the political system. The banner against corruption was first held up by Nicaragua's dynamic popular movements, who remain active in that struggle today, even as they fight against an unconscionable attempt by the International Monetary Fund to privatize Nicaragua's water system.

Even though some would argue that the ongoing PLC-FSLN pact threatens any internal attempts to revitalize the FSLN's leadership and has irreparably damaged the FSLN, the Sandinistas reversed their electoral performances of recent years in the November 7 municipal elections. With 9 parties (up from 4 in 2000) and 4 alliances were on the ballot, the FSLN took 86 municipalities, while the PLC won in only 59, drastically reducing its influence. APRE, a new party that President Bolaños had hoped would challenge both the FSLN and the PLC, won in only four municipalities, while Yatama (an indigenous party, and long a key force in the Northern Atlantic region) won in three municipalities on the Northern Atlantic Coast, including Bilwi (Puerto Cabezas). Perhaps most importantly, the FSLN took 14 of the country's 17 departmental capitals, including Managua. The new mayor of Managua is Dionisio Marengo, long a close and trusted adviser of Daniel Ortega's, who soundly defeated former president Violeta Chamorro's son, Pedro

Joaquín Chamorro. The new mayors will have more financial resources than in the past as a recent change to the Constitution mandates that 4% of the national budget go directly to the municipalities.

Many voters, both those who came to the polls, as well as those who didn't, may well have been reacting to the crushing economic policies that continue to take their toll on the poor. The PLC undoubtedly suffered as well from the recent fate of former president Arnoldo Alemán. Alemán, who has come to symbolize corruption so over the top that it borders on caricature, went beyond even the well-documented excesses of Somoza and, taking advantage of his position as president, funneled state funds out of Nicaragua to a number of personal bank accounts abroad, the overwhelming majority belonging to him or his family. While part of these monies, which totaled over US\$100 million, were used to finance the PLC's campaigns in 2000 and again in 2001, President Bolaños had long maintained that his presidential campaign was free of any questionable funds, and argued that if any money had been used, it was for the legislative candidates. Not surprisingly, this claim was to his advantage given that the PLC bench in the Assembly was certain to feel threatened by the accusation. In any case, Bolaños decided to take diplomatic immunity to avoid a full-fledged legal investigation.

By participating in ongoing negotiations with the PLC that are in virtually nobody's interests, the FSLN has ended up alienating itself from a large sector of public opinion and revealed that, at least at the top levels of leadership, it is more

interested in taking advantage of the crisis than in allowing the country to move forward. While President Bolaños was looking in recent months to open a dialogue with Daniel Ortega and the FSLN in order to ensure that Alemán stay in prison, Ortega publicly declared that he that he wasn't interested in any such dialogue until after the municipal elections of early November. However, in an attempt to maintain the split within the Liberal Party, Ortega later decided to throw his support behind Bolaños, announcing the day before the municipal elections that the Sandinista bench would not support the PLC move to bring Bolaños to court.

Several Nicaraguan analysts have interpreted the electoral results as a huge shot in the arm to the FSLN, and to Daniel Ortega's likely 2005 bid for the presidency. However, what may seem like an overwhelming Sandinista victory, and one particularly relevant in the context of Latin America's ongoing electoral turn toward the left, must be taken with more than a grain of salt. One issue for the Sandinistas, of course, is the US Embassy, which is putting a great deal of effort into unifying the right wing for the 2005 elections. Another key concern is the huge number of people who simply decided not to vote in this election. While over 90% of Nicaraguans have voted in recent years, over 50% of Nicaraguans stayed away from the polls this time. Any party or alliance that is serious about representing all Nicaraguans, including the Sandinistas, will have to break seriously with the country's tradition of corruption and exclusive pacts and reach out beyond the party faithful.

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The Right to Adequate Housing

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phase program totaling 45 million dollars. The first phase of the program (2003-2005), is currently being implemented. The governments of Finland and Switzerland have also donated \$3.9 million dollars to the program.

I will summarize some of the main issues addressed by some of the speakers to give you an idea of the kind of topics discussed during the workshop.

Francisco Moncada, director of Social Fund for Housing –FOSOVI–informed workshop participants about the latest developments of the governmental housing program. According to FOSOVI's data, as of October 31, 2004 the Nicaraguan Government had invested \$11 million dollars in 36 projects around the country to build 3,531 houses. At that moment, 1,272 houses had already been finished. Mr. Moncada's presence at the workshop was a perfect opportunity for participants to ask questions, voice criticisms, and make suggestions to improve the program.

Pablo Gomez from Habitat for Humanity-Nicaragua expressed some criticisms of the housing program in Nicaragua administrated by FOSOVI. Among those criticisms were the large turnover of personnel working for FOSOVI and for the Institute for Urban and Rural Housing -INVUR; the lack of institutional coordination among state agencies involved in issues related to this topic; the lack of good communication within FOSOVI; and the difficulty in understanding how the organization operates and what the requirements for projects are. In addition, FOSOVI has prioritized working with municipalities over social organizations with experience in housing, even though some of those municipalities do not have technical capacity to manage housing programs.

As a representative of social organizations working on housing issues, Mónica Baltodano, director of Fundación Popol Na, shared some of the work done by the thirteen members of the Nicaraguan Housing Network. As a snapshot of the work of the Housing Network, she highlighted the work of three member organizations. The first example was from the Rainbow Network. The philosophy



The opening panel of Housing Rights Workshop in Managua. From left; Cony Rosales (Habitat), Carlos Arenas (WCCN), Ninette Morales (Habitat), Leticia Osorio (COHRE), and Carlos Gomez (CENIDH). Photo by Habitat

of this group is not to donate houses since this approach does not generate development. Instead, they offer indirect subsidies with the idea of making the price of the house accessible to people in need. They recognize that the houses that they produce are simple, but represent a huge improvement from the places where families were living before. The second example was the experience of CEPRODEL, a housing cooperative based on the concept of mutual help. CEPRODEL is a collective enterprise administrated in a democratic way by its own members. Finally, Mónica Baltodano told us about the experience of Fundación Popol Na, the organization that she directs. Over time, this group has used two approaches in dealing with housing issues. During the first period, Fundación Popol Na built houses that were then donated to the beneficiaries. Those houses were built with the financial support of the international community, the direct participation of the communities in the process of construction, and in coordination with local authorities. Currently, they are focusing on accompanying citizen participation in urban development programs, such as the pilot program to renovate several neighborhoods in Managua. Fundación Popol Na advocates for a housing policy that combines governmental subsidies (from FOSOVI), financial support from the international community, and support from municipalities consisting mainly in

the provision of land and the minimal infrastructure needed for this kind of project.

Marlon Oliva who works for the Swedish program PRODEL provided interesting insights from their successes in a program that coordinates housing improvement for low income families through microcredit. According to PRODEL, it is important to realize that microcredit organizations were not originally designed to provide housing projects for people in poverty, but that these should be encouraged with incentives, such as technical assistance. Currently PRODEL is providing funds for housing projects to three microcredit organizations in Nicaragua: Fondo de Desarrollo Local –FDL, Fundación Niebrowski and Prestanic. According to Oliva there are three main challenges for microcredit groups that want to be involved in the current housing projects of the Nicaraguan government: First, the issue of long term financing, which requires special terms from international lenders that provide credit to microcredit organizations. Second, microcredit groups need to learn how to manage the combination of credit and subsidy. Finally, it is very important have a high level of coordination among the actors involved in the field. Mr. Oliva was especially appreciative that our workshop was the first opportu-

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Working Towards Gender Equality

By Jennifer Wilen
WCCN Volunteer

Socorro Chavez grew up working in the cotton fields of Malpaisillo, Nicaragua, a small town of about 37,000 people. She used to watch each Saturday as her father left the house to pick up the paycheck her whole family had worked for, used to watch as he spent it as he pleased. She never went to school and only barely learned to read through the help of a teacher who periodically stopped by her house to give her homework. When Socorro got married, she was not allowed to leave the house except two times a week to visit her mother. For any other reason, including getting medicine for her family, she had to secure permission from her husband first. Socorro had her first child when she was fourteen years old.

The woman that sat before me last week in the Pres House on the Madison Library Mall telling her story reminded me of anything but the vulnerable, helpless little girl she described. Sitting upright before a crowd of 20 or so people, thousands of miles away from home, Socorro was articulate, energized and empowered. What happened to that little girl? Were they really the same person?

Back in Nicaragua, at the age of seventeen, Socorro began to work as a midwife. At first, her husband still wouldn't let her leave the house, but eventually she started working up to two days a week. The more she worked, the more she realized her own skills and capabilities; she also began to realize how subordinate her position was in the world and that she, as a Nicaraguan woman, didn't have any rights.

The cotton production that had enveloped so much of Socorro's life came to an end in the early 1990s. It was at this time that Socorro, along with several other women in Malpaisillo, began to reflect upon not only their own situations, but on the position of Nicaraguan women as a whole. One of the first things they realized was that Malpaisillo did not offer its women any services in the form of confidential gynecological care. Knowing the importance of good reproductive health care and



Elvira Cuadra and Socorro Chavez during their visit to Madison, Wisconsin.

motivated by the lack of services, this group of women found funding to open Malpaisillo's first gynecological clinic. They called the clinic the Xochilt-Acalt Center and their mission became to "contribute to the elimination of discrimination and subordination of women through women's self-empowerment."

Creating the clinic was a huge first step, but the founding women quickly realized that touching the lives of women in their own town of Malpaisillo was not enough; they had to be able to reach out to women who lived in the rural areas as well. So they also created the region's first mobile gynecological clinic, which could access women who either didn't know about the services, weren't allowed to leave their homes or simply couldn't afford the bus fare to Malpaisillo. Beyond offering the clinic itself, the women of the Xochilt Center also began to educate other women about the importance of good reproductive health care and gynecological exams, as well as help women become conscience of their own bodies and sexuality. Only through this education could Xochilt actually engage women, particularly in the rural areas, to seek out and accept their services.

The success of the mobile clinic and the education program prompted the women of the Xochilt Center to once again assess their situation and identify additional needs that weren't being met, such as illit-

eracy, domestic violence and child malnutrition. One of the major causes of each of these ailments was that women in Nicaragua didn't have any power. If there was a domestic dispute that ended in a marital breakup, for example, it was the women and children who were forced off the land and left unprotected. The women had no ownership over their house, gardens or land, it was all in the man's name. In an effort to address some of these issues, the next step the Xochilt Center took, after only a year of being open, was to implement a production program.

The Xochilt Center began buying plots of land, land that was now infertile due to years of abuse from pesticides during the cotton production years, as well as cattle and goats. They began giving women in the community titles to these plots of land, as well as a pair of cattle or a pair of goats, one male and one female. Workshops were held to convince both the men and the women of the importance of having the land titles in the women's, names, for not only the women, but the family and community as well. Community members, men, women and children, were taught to work collectively and to share the burdens of these household chores. To make the program sustainable, once the livestock were bred, the women could pay back the Xochilt Center with the offspring and organic agricultural techniques were taught. This land and livestock own-

ership immediately gave women an advantage, both economically and mentally. It not only instilled a sense of ownership, but also a sense of pride and self-respect, especially after working the land, producing food and successfully breeding the livestock.

Of course implementing this program was not easy. Obviously, convincing the men was the most difficult part, as they would be losing power, but the women had to be convinced as well. In fact, an entire cultural shift had to occur. Elvira Cuadra, a Nicaraguan sociologist who studies the Xochilt Center, describes this process of empowerment as "a change or transformation that leads women to reflect about their own situation, become conscious of it and act to change or transform their situation." Women had to start realizing that they could make decisions; that they were not property; that their bodies were their own; and that they were in charge of their own sexuality.

Education has been, and still is, a large component of the Xochilt Center. Once the production program was underway, the Center began having monthly educational forums for the women of Xochilt. These monthly meetings gave women a chance to discuss and explore topics that were important to them such as sexuality and domestic violence. A teen program was started as well, which gave young adolescent and teenage women an opportunity to gather together. Literacy programs were also offered to these groups, as well as elementary and high school educations. It is through the Xochilt Center that Socorro finally went to school, graduated and continued on to college.

The final component of the Xochilt Center became citizen participation. Through Xochilt, women have become part of the municipal government and have learned how to influence the municipality and advocate for themselves. Recently, the Xochilt Center secured funding to celebrate, for the first time, No Violence Against Women Day on November 25th and, International Women's Day on March 8th. Women have now achieved leadership roles and actively participate in decisions that affect their communities.

Elvira, who also authored *The*

Keys to Empowerment: Ten Years of Experience of the Xochilt-Acalt Women's Center in Malpaisillo, Nicaragua, sees the Xochilt Center as "an important role model for women in Nicaragua and people who work in rural development because it shows an alternative route for development that not only benefits the family, but also benefits the community." Through WCCN, she and Socorro had the opportunity to share this successful model with others around the state of Wisconsin.

I was honored to be able to listen to these two women tell their story and would like to leave those of you who didn't have the privilege with Socorro, concluding words:

"I want to send a message to all the women in the world. We all have to come together and unite because it's not true that only the women in Malpaisillo and Nicaragua live in violence and are marginalized and discriminated against worldwide. We women have to fight against the marginalization around the world. Together as women we can move forward and achieve equality."

nity for groups working on housing to meet other groups working on the same issue from very different backgrounds.

The last day of the workshop was spent working in groups to generate proposals to submit to different actors involved in housing issues in Nicaragua. Each group addressed three issues: 1) promoting and protecting housing rights; 2) strengthening and improving coordination among social organizations working on housing in Nicaragua; and 3) improving access to FOSOFI, increasing the social production of housing, as well as proposals to municipalities, NGOs working on housing, microcredit organizations, private developers and organized communities working on housing. The participants in the workshop decided to frame their conclusions and recommendations from the event as "The Managua Charter for the Right to Adequate Housing", which will be used as a tool for action at the national and international level. In the coming weeks, WCCN will translate this Charter into English and post it on our website.

WCCN Partners with Habitar to Work on a Housing Improvement Project

As part of our growing involvement in housing issues, WCCN has just started a partnership with the housing organization Habitar for a new sanitary improvement initiative in poor neighborhoods of Managua. Habitar is a leading and well respected Nicaraguan organization with fifteen years of experience working on housing projects with organized communities. Currently, Habitar has a small, but successful, rotating fund for housing improvement projects. The goal of this project is to double the size of that rotating fund with the aim of improving housing conditions each year for at least one hundred families in extreme poverty in Managua. The seed capital to start this project was provided by the generous support of the "New Initiatives Fund" of the Rudolf Steiner Foundation and by the First Congregational Church of Evanston.

WCCN wanted to partner with Habitar's rotating fund for the following reasons: 1) It is transparently administrated; 2) It works with a participatory model; 3) It is a successful program with a strong social impact among people in extreme poverty; 4) It has a lot of potential for growth and to become self-sustainable; 5) It will allow direct involvement of volunteers from the U.S. who would like to go to Nicaragua and collaborate in hands-on project. Habitar and the organized community of the Pablo Ubeda neighborhood are now in the process of selecting the first thirty families who will be beneficiaries of this project.

NICA Fund Policy Changes and Opportunities

By Jon Bishop
WCCN Loan Fund Manager

The NICA Fund Oversight Committee made two changes to NICA Fund policy at the Oversight Committee meeting on October 21, 2004. The first is that interest and principal will be paid on the anniversary of the loan rather than on four fixed dates. The second is that the NICA Fund must hold sufficient liquid assets to meet any payment obligation to investors within 30 days of the date of the obligation rather than six months. Both of these policy changes are aimed at increasing the amount that we can lend to our partners in Nicaragua without compromising our ability to meet obligations to our investors. The increase in the amount that we can lend to our partners will lead, in turn, to more individual borrowers in Nicaragua gaining access to capital to start or improve a small business.

By paying interest and principal on the anniversary of the loan rather than on a few fixed dates, we will spread our obligations out over the entire year and reduce the amount of cash that we need to keep on hand at any one time. This in turn increases the amount of money that we can lend to our partner agencies at any given time. Spreading obligations to investors over the whole year has the added benefit of spreading the administrative tasks out over the year. As the Fund has grown, the amount of work to be done on payment dates has become somewhat daunting. Spreading this work out over the year keep this task manageable for a small staff and reduce the likelihood of errors in processing payments.

Reducing lead-time over which liquid assets must be held from six months to 30 days is a way to reduce the cash on hand and still insure the ability to make interest and principal obligations to investors. When the NICA Fund began accepting investments in 1998, cash management policies were set very conservatively with the idea of frequent re-evaluation. Experience has shown us that maintaining large cash reserves is not necessary to meet the obligations to our investors. Since our partner agencies in Nicaragua are requesting far

more money than we have to lend, it is more logical that we minimize our cash on hand so that we can lend as much as possible to the agencies that are serving the poor in Nicaragua.

As a result of these changes in the liquidity reserve policy, over 90% of the capital in the NICA Fund is currently lent out to partner agencies (92.9% as of the third week in November). We are very pleased to reach this level of efficiency in the deployment of our funds.

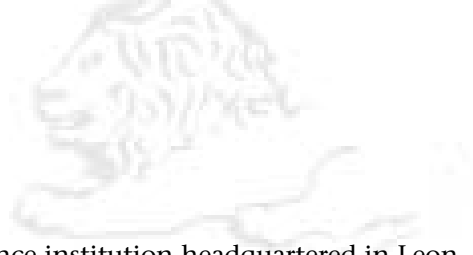
Now that we have achieved a high level of efficiency of the deployment of our funds, we are ready to turn our attention toward growing the NICA Fund to meet the demand of our partner agencies. We are currently lending slightly less than \$5 million to our partners. Our Loan Fund Representative in Nicaragua, Francisco

from the NICA Fund in addition to what we have already lent to them without a material increase in the risk to the NICA Fund.

We are in the early stages of planning a concerted effort to grow the NICA Fund by \$5 million over the next three years. This planning process will take place during the winter and spring of 2005. We will be considering strategies and action plans for achieving this increase over the next several months. The capital provided by the NICA Fund is allowing about 10,000 people in Nicaragua to start or improve a small business. Success in the current effort would result in access to credit for another 10,000 people.

Our Newest NICA Fund Partner

Leon 2000



Leon 2000, an NGO microfinance institution headquartered in Leon, is the newest partner agency of WCCN. The institution received a \$300,000 loan from the NICA Fund on October 1, 2004.

Leon 2000 was founded in 1993. Initially, it operated solely in Leon. In the past three years the leadership of Leon 2000 decided to pursue a strategy of growth in terms of both number of borrowers and number of regions served. There are now six branches in Nicaragua with a seventh branch to be opened soon. Leon 2000 now has slightly more than \$2 million lent 5,500 borrowers.

The social values of Leon 2000 are very consistent with those of WCCN. Seventy-three per cent of the borrowers are women. There has been a concerted effort over the last couple of years to lend to rural borrowers. In El Sauce, a village in a remote area of northwestern Nicaragua, Leon 2000 is the only provider of financial services in the community. Leon 2000 does this while maintaining a very strong financial position. It is financially self-sustainable, and the portion of its portfolio over 30 days behind in payment is slightly less than 1%.

We look forward to a long and fruitful relationship with Leon 2000 working together to alleviate poverty in Nicaragua.

Growing Coffee for Social Change

By Danielle Porter
UW Student and WCCN Intern

As patrons in the Fair Trade Coffee House, at 418 State Street, quietly sipped their fair trade roasts on a crisp Sunday afternoon, the man behind that cup of coffee sat outside speaking about the role of Fair Trade on the coffee industry in Nicaragua.

On Sunday, October 10th, Cesar Gonzalez from CECOCAFEN (La Centro de Cooperativas Cafetaleras del Norte), a coffee cooperative in Nicaragua, came to speak at the Fair Trade Coffee House. Mr. Gonzalez is a coffee producer and co-op leader who is knowledgeable about coffee production, fair trade, and organic farming. This helpful dialogue between a Nicaraguan Fair Trade coffee producer and local Fair Trade coffee consumers is part of WCCN's project on the Fair Trade coffee industry in Nicaragua. His visit was sponsored by WCCN, Just Coffee, Fair Trade Coffee House, Michelangelo's Café, and Madison-Arcatao Sister City Project (MASCP).

Coffee is one of the United States major imports and as a nation we consume 1/5 of the entire world's coffee. Unfortunately, many people don't realize the production line can be traced all the way back to the coffee farmers and the horrible conditions they face. Many of these farmers make less than the price of production, leading to poverty and debt. Fortunately, however, Nicaragua has discovered that the answer to this is Fair Trade. With fair trade, the producer is ensured a minimum price per pound of coffee, no matter what the market is like. Moreover, Fair Trade helps develop communities through education, health, and environmental programs.

The main issues Cesar discussed were the consequences of the coffee production from a peasants perspective, the details of his co-op, and the importance of Fair Trade in Nicaragua for the futures of the farmers.

Cesar began by explaining the structural components of CECOCAFEN. Located in Matagalpa, a city in northern Nicaragua, this consortium was established in 1997 and is now composed of 1,900 small scale coffee farmers from nine base cooperatives. Of all the members, approximately 320 are women, including the

president. Cesar himself is the "secretario del consejo," or secretary of the Board of Administration. As a cooperative, they produce a variety of Arabica coffee, such as Caturra, Bourbon, and Maragogyupe, with an annual production of one hundred containers.

CECOCAFEN is considered a "cooperative organization that is run as a business, but is dedicated to social change." They implement a variety of social and quality improvement programs. Cesar explained that there is a specific amount of money per month that they collectively set aside for these investments.

One investment he discussed is a credit program for women. More than 225 women participate in CECOCAFEN's savings and loan program. They are organized into fifteen independent groups, in which the women use the funds to invest in activities that provide income diversification and food security. This program helps provide independence, both financially and ideologically, for the women, giving them the skills not previously available to them.

The educational program is another project that diversifies the focus of the cooperative. By running a rural literacy campaign and funding scholarships, CECOCAFEN is helping give hundreds of people the opportunity to learn a variety of subjects beyond their work. This program has helped Cesar personally, as he states, "Mi vida ha cambiado mucho, en particular, con mis cinco hijos que pueden estudiar [en las escuelas] (My life has changed a lot, in particular with my five children that can now study in the schools). Thus far, the cooperative has funded 134 secondary school scholarships, 30 university scholarships and 19 technical school scholarships to the cooperative members and their children.

The last component that Cesar mentioned was the significance of the infrastructural and agricultural improvements. The revenues from their collective portion have helped CECOCAFEN finance a solar processing plant, SOLCAFE, which has become the leading mill in the region. They have also installed a quality control laboratory, which allows them to pay special attention to their coffee. Along with the infras-



Cesar Gonzales at the Fair Trade Coffee House on State Street in Madison, Wisconsin.

structural improvements, CECOCAFEN provides training for its members in organic and shade cultivation, soil conservation and crop diversification. This emphasis on maintaining quality in both the coffee itself and the environment has helped CECOCAFEN win three prizes in the renowned "Cup of Excellence" competition.

All of these investments, whether structural or social, help unify and empower the members of CECOCAFEN. One on hand, Fair Trade educates the farmers on coffee production itself, allowing them to become knowledgeable of their own work, to then educate others. This knowledge gives the workers pride and desire to improve their coffee for the years to come. On the other hand, Fair Trade educates the members and their families on more diverse subjects, such as credit and banking for women, or general and technical schooling for children. These benefits of Fair Trade will have a lasting impact on the coffee farmers in Nicaragua and as Cesar said, "Esperamos que algun dia podemos vivir de digna y justa" (We hope that some day we can live with dignity and justice).

Borrower Profile:

Iris Cruz Maravilla

Nueva Guinea

Borrow of Banco
Campesino San
Antonio

Iris Cruz owns a small school supply store in Nueva Guinea, which is located in the remote Atlantic lowlands of Nicaragua. Five years ago her business was very small. She realized that there was a market for printing and copying, but she simply did not have the capital necessary to buy any machines that she would need to provide those services.

She requested a loan from Banco Campesino San Antonio, a credit cooperative that received its first loan from the NICA Fund in April 2004. Banco San Antonio focuses on agricultural lending, but it has been increasing its lending to the commercial and service sectors over the last few years. Iris received a loan to buy a computer even though she had never used one. When questioned why the co-op would take a risk on someone



Iris Cruz in her school supply store in Nueva Guinea. Photo by Jon Bishop

who did not know how to use the machine she was buying with the loan, a credit official at Banco San Antonio said that Iris is really smart, and they were confident she could teach herself to do it. The success of her business suggests that their confidence was well placed.

Iris now has a printer, a scanner,

and a photocopier in her shop. She has received five loans from Banco San Antonio, each loan being larger than the previous one. She now has one employee working for her. Iris would like to open an internet café, but she does not have the capital to do so. With her talent and continued access to credit, that may become a reality one day.

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

- Enclosed is my tax-deductible donation of \$_____ to support the work of WCCN.
- I would like to pledge \$___ every month/quarter (*please circle one*). Please send me a reminder.
- Please send me further information about: Women's Empowerment Project
 Nicaraguan Credit Alternatives Fund (NICA Fund)
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NICA Fund Portfolio as of November 24, 2004

Name of Partner Agency/ Number of Loan	Date Disbursed	Maturity Date	Loan Amount	Principal Balance	Total	% of Total Portfolio
ACODEP Loan # 7 Loan # 9 Loan # 11 Loan #12	5/1/03 2/1/04 7/1/04 9/1/04	5/1/05 2/1/06 7/1/06 3/1/05	\$500,000 \$500,000 \$200,000 \$300,000	\$125,000 \$375,000 \$200,000 \$300,000	\$1,000,000	21%
ADIM Loan # 1 Loan # 2	9/1/03 10/1/04	9/1/05 9/1/06	\$100,000 \$100,000	\$50,000 \$100,000	\$150,000	3%
Banco Campesino San Antonio Loan # 1	4/1/04	4/1/06	\$100,000	\$75,000	\$75,000	2%
CARUNA Loan # 4 Loan # 5	6/1/03 3/1/04	6/1/05 3/1/06	\$300,000 \$250,000	\$150,000 \$187,500	\$337,500	7%
PROCREDIT (formerly CONFIA) Loan # 4	8/1/03	8/1/05	\$300,000	\$150,000	\$150,000	3%
Cooperativa 20 de Abril Loan # 2 Loan #3	7/1/03 8/1/04	7/1/05 8/1/06	\$100,000 \$200,000	\$50,000 \$200,000	\$250,000	5%
FAMA Loan # 5 Loan # 7	10/1/03 10/1/04	10/1/05 2/1/05	\$300,000 \$500,000	\$150,000 \$500,000	\$650,000	14%
FDL Loan #4	8/1/02	8/1/05	\$300,000	\$100,000	\$100,000	2%
FJN Loan # 4 Loan # 5	7/1/03 6/1/04	7/1/05 6/1/06	\$300,000 \$300,000	\$150,000 \$300,000	\$450,000	9%
FODEM Loan # 2 Loan #3	8/1/03 7/1/04	8/1/05 7/1/06	\$150,000 \$200,000	\$75,000 \$200,000	\$275,000	6%
FUNDENUSE Loan # 1 Loan # 2	12/2/02 5/1/04	12/1/04 5/1/06	\$200,000 \$300,000	\$8,333 \$225,000	\$233,333	5%
Fundación Leon 2000 Loan #1	11/1/04	11/1/06	\$300,000	\$300,000	\$300,000	6%
PRESTANIC Loan # 5 Loan # 6 Loan # 7 Loan # 8	3/1/03 1/1/04 8/1/04 10/1/04	3/1/05 1/1/06 8/1/06 2/1/05	\$300,000 \$400,000 \$200,000 \$200,000	\$75,000 \$300,000 \$200,000 \$200,000	\$775,000	16%
TOTAL	-	-	-	-	\$4,745,833	100%

NICA Fund at a Glance, as of November 24, 2004

Invested Funds:	\$4,523,301
Loan Fund Equity:	\$613,115
Total Loan Fund:	\$5,136,416
Loans Outstanding:	\$4,745,833

NICA Fund Investors:

Individuals	273	\$3,747,067
Groups	36	\$676,234
Foundations	2	\$100,000
Total	311	\$4,523,301

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