Grains, greenbacks and governance: the political economy of rural microfinance in Nicaragua

Courtney B. Kurlanska
University at Albany, State University of New York, kurlanska@gmail.com

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GRAINS, GREEENBACKS, AND GOVERNANCE:
THE POLITICAL ECONOMY OF RURAL MICROFINANCE IN NICARAGUA

by

Courtney Brooke Kurlanska

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Abstract

This research examines the livelihood strategies of rural agriculturalists in Nicaragua in relation to the availability of microcredit and microfinance. Since its emergence as a tool for development in the 1970s, microlending has become a key tactic for many developing countries in their attempt to reduce poverty and improve the lives of the poor. With the arrival of the global recession, however, the weaknesses of this strategy were highlighted as growing numbers of individuals around the globe struggled to make payments on their microloans. Faced with shame, loss of land and property, or jail, debtors around the globe responded to their situations in very different ways. In Nicaragua they turned to protest.

Based on fourteen months of fieldwork, but drawing on twelve years of experience in the community, this study examines the strategies used by households in a small farming community to make ends meet and deal with the high levels of risk inherent in a subsistence economy in the wake of the collapse of the microfinance industry in the country. Central to this is the recognition of the constantly shifting political and economic terrain of Nicaragua and its influence on the everyday lives of citizens. What emerged as a key component of the research was the role of the Citizens Power Council (CPC), the community level government, as a major force in the community.

Through the examination of multiple processes of power and governmentality the CPC emerges as an important tool of the state able to influence political and economic decisions of community members. With the ethnographic exploration of two
ongoing social movements the power held by the CPC is revealed in their attempt to manipulate civil society at the ground level. The ability of the state to influence social movements is examined and the potential ramifications are discussed. Situating this research within the realm of political economy, development, and the pink tide that is currently sweeping Latin America, this study emphasizes the importance of contextualization and highlights the central role of ethnography in understanding what is happening on the ground with development projects and programs.
Acknowledgements

I believe that ethnographic research is a never-ending journey. During what I consider to be the first part of this incredible passage, I have received support and guidance from friends, family, colleagues, and institutions. I am grateful to Santa Rosa where community members welcome me with open arms and have given me, Coni, la chela, a second home. My experiences in Santa Rosa over the past twelve years have shaped me as a person just as much as it has directed my research. Without the patience, support, acceptance, and understanding of Santa Roseños this work would not have been possible.

I would also like to thank my mentors who have worked to point me in the right direction and guided me as I navigated the ethnographic and theoretical terrain that is anthropology. Dr. Walter Little’s unending support, insight, and pragmatism kept me plodding ahead when facing the greatest obstacles and always pushed me to go a little further and dig a little deeper. Dr. Robert Carmack’s and Dr. Jennifer Burrell’s acumen helped me to bring clarity to concepts and ideas that were there, but obscured by the fog of ambiguity and needed to be revealed. The three of you are my map, compass, and sextant.

While this voyage began several years ago, it finally acquired direction when I joined the anthropology department at SUNY Albany. I am thankful for their continued support of the pursuit of my degree, especially as I finish writing my dissertation. The research itself would not have been possible without the initial support of the Institute for Mesoamerican Studies which funded my pilot study on microfinance in Nicaragua.
That research laid the foundation for my doctoral dissertation improvement grant from the National Science Foundation which financed my fieldwork in Nicaragua. The financial and institutional support provided by these organizations has provided me with an invaluable sense of security as I have embarked on this life-long adventure.

Finally, I would like to thank my family for their support and understanding. I have not made this trip alone, but I have brought you all along with me—both literally and figuratively. Noel, without your patience and support this research would never have occurred. I am more grateful to you than you can imagine. Leo, your sharp inquisitiveness get me through the day whether in Nicaragua, Albany, or somewhere in between. You are the best, son, travel buddy, and field assistant anyone could have. I especially want to thank my parents who have supported me unquestionably on this journey. Over the past five years they have continually provided food, shelter, and love to at least one member of my clan. Hopefully, as this leg of the journey comes to a close and the next one begins, we will all be able to move forward together.
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Introduction

In April of 2008, the streets of Nicaragua erupted in protests. Hundreds of people gathered in front of microfinance offices in the cities of Ocotal and Somoto. Protesters blocked the roads, disrupting traffic for miles along the Pan-American Highway. Police attempted to disperse the crowds using tear gas and injuring at least 12 protesters, including women and children (Martinez 2009). A number of community members, including Lula and Anne, attended some of these early protests. Anne told me about the first protest of the movement that the two attended. When Anne told me she went I wasn’t very surprised. I knew that she and her husband had been actively involved in the Movimiento del Productores del Norte practically since its inception. I was not prepared for what came next, however. Anne told me that when she and Lula went to that first protest back in 2008 and joined the movement, they thought they were going to see Daniel Ortega give a speech. They had been told by a member of the Citizens Power Council that the President was going to be speaking, and that there was free transportation to go and support el Comandante at his speech. Committed members of the Sandinista National Liberation Front (FSLN), and always interested in free transportation, the two women got on the free bus with a number of other community members. As the bus approached their destination, however, they realized that something was not quite right. The bus slowed and came to a stop amongst the rest of the traffic stopped on the highway. As they stepped off the bus and saw the chaos in the streets they quickly realized that this was not just an assembly to see the president. Anne told me that she and Lula stayed for a little while, signed the petition to
join the Movimiento del Productores del Norte, and then decided to go home. They realized that Daniel was not going to be making an appearance and returned in one of the busses waiting at the roadblock.

When Anne finished telling me the story I sat there unsure of what to say for a few minutes. Two of the movement’s most adamant supporters in the community were initially brought into the organization through subterfuge. I stared at Anne with a confused look on my face for a full thirty seconds before I could compose a meaningful follow up question.

**Microcredit Mentality**

While outsiders may not be surprised to hear of protests occurring in Nicaragua, they might be surprised by the reason protesters took to the streets, set fire to offices, and destroyed automobiles—microlending. The protests started after a number of farmers were arrested due to the inability to pay their debt to microfinance lenders. Microcredit and microfinance, the supposed solutions to global poverty, are what landed these individuals in jail! This is in stark contrast to the positive images of empowerment often portrayed by microlending organizations such as Kiva and the Grameen bank. What is the reality of microfinance, is it prosperity or prosecution?

With the granting of the Nobel Prize to Mohammed Yunis, the founder of the Grameen Bank, the concept of microcredit was promoted as a strategy to lift individuals out of impoverishment. As a result, microcredit and microfinance became the poster child for development programs. Across the globe governments adopted microlending as the center of their development ideology. Programs cropped up throughout the
United States and Europe to provide training and certificate programs in Microfinance and Microcredit. I even had the opportunity to participate in one in the Summer of 2009. I watched as bankers and NGO workers, from across the country and the globe, came together in New Hampshire, not far from the historic Bretton Woods\(^1\), to learn the ins and outs of microfinance and microenterprise. At the end of the two week period they were well versed in setting interest rates, creating value chains, and incorporating youth in economic development projects. In the eyes of many who attended, microfinance and development were interchangeable concepts.

In Santa Rosa, where this research was conducted, it was NGOs and loans that became synonymous. When I asked people why they joined NGOs working in the community, they generally told me it was in order to gain access to credit. The majority of development organizations in Nicaragua have incorporated financing into their development projects and some organizations specialize in providing credit to the poor and ultra-poor. The basic premise is that given the opportunity, individuals will use the funds to invest in income generating projects that will ultimately improve their financial situation. While these programs have shown success in a number of areas (Hiatt and Woodworth 2006), others have questioned their long term achievement in regions of high environmental or political vulnerability and among small farmers (Ahmad 2003; Harper 2007; Hulme 2007; Gehlich-Shillabeer 2008; Turnell 2009).

\(^1\) Bretton Woods was where the International Monetary Fund and the World Bank were established in 1944.
While microcredit and microfinance have taken center stage in the development paradigm they have been less of a focus in anthropology with only a few ethnographic examinations on the topic (Rahman 1999; Lont and Hospes 2004; Duffy-Tumasz 2009; Karim 2011). Many of these studies have been on female-centered microcredit programs and have focused on issues of gender and power, highlighting the fact that microcredit may not be as empowering for these women as is often suggested (Rahman 1999; Karim 2011). A second common theme in most studies is the (in)effectiveness of microcredit programs at alleviating poverty. In an overview of recent microcredit research and reports, Rahman found that “microcredit can have positive effects on the poor, but that in many cases the impacts are insignificant or even negative” (2004:39). The author suggests that instead of relying on institutional reviews and reports to determine the success or failure of microcredit ventures, it would be best to examine the lives of the loan recipients.

In an attempt to address these concerns, this research examines the livelihood strategies of rural agriculturalists in Nicaragua and the role that microcredit and microfinance play in their livelihood decisions. Based on fourteen months of fieldwork, but drawing on twelve years of experience in the community, this study examines the strategies used to make ends meet by households in a small farming community and deal with the high levels of risk inherent in a subsistence economy, in the wake of the collapse of the microfinance industry in the country. Central to this is the recognition of the constantly shifting political and economic terrain of Nicaragua and its influence on the everyday lives of citizens.
The Researcher, Described yet Undefined

This is where I come in. I first arrived in Santa Rosa in 1999 as a Peace Corps volunteer. During the three and a half years I worked in the community I walked the line between goodwill ambassador, development worker, and pseudo community member. I worked with government organizations, non-governmental organizations, and people who would be considered part of civil society. I married a member of the community and over the years I worked on maintaining ties with friends and family in Santa Rosa. When I left in 2003 I had no intention of returning as an anthropologist, I knew I would always visit, but I never anticipated that community members would be my future informants, or that I would return to study the very organizations and institutions that I had worked with for three years.

I am not sure when or how it happened, but somewhere along the way I became an economic anthropologist. I never took a course in economic anthropology, nor attended a seminar on the topic, but I find that I have been drawn to the pecuniary intricacies of everyday life. I would like to say that it stems from my attempt to reconcile two very different worldviews, the ‘time is money’ perspective prevalent in the United States and the ‘there is more time than life’ attitude that dominates my experiences in Nicaragua. The truth is, I find myself compelled to join the somewhat nebulous realm of economic anthropology. Difficult to describe, the Society for Economic Anthropology, concludes its seven paragraph definition with the following sentence:

The integration of different analyses, focus on interaction between structure and agency, and transnational ethnography have made economic anthropology one
of the most dynamic fields within anthropology, such that today it is best defined as “something that economic anthropologists do” (Moritz 2006).

This entertaining, yet circular definition, reminds us that economic anthropology is a broad, dynamic area of inquiry that cannot be quickly defined or easily summarized. Economic anthropologists conduct research around the world on a variety of different topics including community development, household economy, tourism, markets, globalization, migration and food to name a few (Edelman 1999; Trager 2001; Mayer 2002; Cohen 2004; Little 2004; Wilk 2006; Shepherd 2008). A review of some of the basic texts for the discipline highlight that while economic anthropology has had its ups and downs as a sub-discipline, it is equally relevant, if not more so, in today’s world than ever before (Wilk and Cliggett 2007; Chibnik 2011; Hann and Hart 2011). After the formalist-substantivist debate\(^2\), which is recognized as a defining moment for the sub-discipline, economic anthropology diversified and encountered new ways to tackle contemporary global issues (Wilk and Cliggett 2007:4).

This work is an attempt to bring cohesion to the disparate influences that have driven my academic trajectory, and brought me to this point in my life. I draw on my memories and experiences as a volunteer with the Peace Corps as I analyze my notes from a year of fieldwork. I recall my conversations with NGO field agents as I read

\(^2\) The formalist-substantivist debate brought economic anthropology out of the shadows and into center stage within the discipline. The debate, which went on for decades and finally came to an end in the early 1970’s, split economic anthropologists into two camps. Formalists argued that economic theory could be applied to non-market societies and that analysis should focus on the individual. Substantivists, following Polyani, did not believe that Western economic theory was relevant, emphasized the importance of institutions and ethnographic research and rich description of exchange systems (Chibnik 2011).
journal articles on development theory. When reading news articles about drug cartels in Central America, I think about how community members worry about increased violence in nearby towns and when family members migrate abroad. All of these factors influence how I see, understand, and interpret my data.

Overview of the Text

Chapter One begins by recognizing the important historical and theoretical influences that have directed my research. I start the chapter with a brief historical overview of Nicaragua, focusing on major political and economic issues. I then introduce the concept of historical political economy, highlighting the influence of this approach on my understanding of the current situation in Nicaragua. Chapter Two introduces the community of Santa Rosa where the research is being conducted, as well as the methods used to collect data. I also discuss my preliminary research in the community, which led up to the dissertation.

Chapter Three tackles the concept of credit and debt. In this chapter I start with the theoretical underpinnings of the credit/debt dichotomy and then examine the history of agricultural finance in Nicaragua. With this foundational information I explore the introduction of microfinance and microcredit in the country and then examine how the availability of microfinance within the community of Santa Rosa has shifted dramatically over the past few years. Chapter Four continues with the introduction of livelihood studies as a way of framing the research. I explain the concept of livelihood studies and promote the use of ethnography to enhance the quality of data. It is also in
this chapter that I introduce some of the households participating in the research and their relationship to debt.

In Chapter Five I take an in-depth look at the three primary livelihood strategies in the community: farming, migration, and wage labor. I examine how they are a product of both historical and political forces that have grown out of necessity. I consider the influences that governmental and non-governmental organizations have on each livelihood strategy, and examine the impacts of the ever weakening economy on the stability of the community itself. Chapter Six expands upon community concerns and issues with an examination of the implementation and activities of the Citizens Power Council (CPC). In this chapter, I discuss how the local power structure has been altered by the implementation of the CPC and highlight community concerns about the role of the CPC in the distribution of government sponsored programs and projects.

Chapter Seven is the first of two theoretically oriented chapters. I introduce the concept of risk and how it has been interpreted within the social sciences. Through the incorporation of ethnographic detail, this chapter highlights the daily struggles of households dealing with risk and uncertainty in their lives and the multiple forms of risk associated with livelihood strategies in Santa Rosa. I conclude the chapter with a model of Nicaraguan governmentality; a unique approach to social control involving the normalization of poverty as a key strategy in their ability to influence populations.

In Chapter Eight I examine the ability of the government to influence civil society at the community level. Continuing the analysis introduced in the previous chapter, I examine the concept of civil society and explore the interaction of the CPC with two
active civil society movements. The analysis focuses on the ability of the state to manipulate civil society at the grassroots. The CPC is exposed as an important tool of Nicaraguan governmentality.

In the Concluding chapter I recall the continual political and economic instability that defines Nicaragua and the varied measures that citizens have taken in order to make ends meet. I place the current return of Daniel Ortega within this context and as part of the ‘pink tide’ that has swept the region as a response to the failed neoliberal policies of past decades. While some of the practices and policies implemented under the Ortega administration have shown great promise, I conclude by questioning the trajectory of the country and in relation to its long-term development agenda as well as the government’s commitment to social democracy.
Chapter One
Looking Back to Move Forward

The goal of this chapter is to provide an historical and theoretical backdrop for this research on the political economy of rural microfinance in Nicaragua. First, a brief overview of Nicaraguan history is provided. This history highlights the broad political and economic trends in the country. As the historical trajectory of Nicaragua is examined, patterns of political infighting and inequality emerge. These behaviors are first seen early in the development of the nation state and continue to the present day. These historical precedents help to understand the current political conflicts occurring in the country, as well as the impacts that past political leaders have had on the nation. Economically, it becomes evident that the financial strategies of the developing nation were intended to privilege the elite members of society at the expense of the laborers. Despite the influence of the Sandinista revolution, this economic strategy is still evident.

The overall importance of historical political economy is also addressed in this section. While each individual chapter of the text elaborates on specific theoretical explorations, my perspectives and approaches as a researcher has been heavily influenced by political economy and the importance of power relations at all levels of society. It is important to recognize these influences on the understanding and analysis of the research. This chapter examines power at multiple levels, from the structural power of the state to personal agency. I conclude by underscoring the importance of historical political economy in understanding contemporary livelihood decisions and emphasizing the relevance of anthropology to contemporary global issues.
Contrary to popular belief, history is not a constant. The way we view, understand, and interpret events is always open to debate. Central to this is the recognition that the creation of history is a process that changes over time (Roseberry 1989). Trouillot (1995) argues that history is a social process involving interactions between different groups of people, namely: agents, actors, and subjects, who simultaneously create and are constrained by the narrative that they construct. He argues that understanding historical production can provide greater insight into a culture than the history itself. In examining how history is produced and what is silenced, the underlying power structures can be revealed. Ethnographies and community studies help to give voice to those individuals and populations that would normally be silenced, providing us with a unique and often distinct historical perspective (Trouillot 1995; Webb 2009). Wolf (1982) also understands history as a process, but instead of examining the creation of history as a narrative, he focuses on material factors influencing historical trajectories. Drawing heavily on Wolf, Roseberry (1989) argues that throughout history, cultures and communities have been connected to one another—because of this they should not, and cannot be studied in isolation. History then, must be recognized as a process created by the interaction of various players, each with their own agenda, and influenced by a variety of internal and external forces. It is not a static, unchanging background, but a dynamic force instrumental in understanding contemporary society. As our understanding of history changes, so do our interpretations of the world that surrounds us. For example, the way that I examine livelihood strategies and microfinance in Nicaragua is predicated by my historical
understanding of the situation. As foundational knowledge shifts so does the interpretation of contemporary events.

If everything is in constant flux, how can the contemporary situation be understood or examined? Researchers must work with the information available and be prepared to deal with shifting historical realities. The first step in understanding the role of microfinance in Nicaragua is to become familiar with the political and economic history of both Nicaragua and the microfinance industry. Only with this background information can we begin to understand the current economic quagmire.

**Nicaraguan Political and Economic History**

The purpose of this terse review of the history of Nicaragua is not to provide a full understanding of Nicaragua’s past, but instead to provide the reader with a basic understanding of political and economic events that have occurred in the country over the last few hundred years. The main goal of this section is to aid in the understanding of how past events have shaped the nation and influenced the contemporary political and economic “hot mess” that is Nicaragua. Drawing on Roseberry (1989), I have divided Nicaraguan history into four main phases: the conquest and colonization, state and nation formation after independence, outward expansion, and the 1930’s to the present (1989:91). While these divisions are just guidelines, they provide a framework

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3 For those interested in a thorough history of Central America from pre-colonial times to the 1990’s I recommend the six volume series titled Historia General de Centroamerica coordinated by Edelberto Torres-Rivas.
in which the intersection of power, history, and culture can be examined and understood, while taking into account differing levels of interaction between internal and external influences. This structure provides a manageable framework in which to help provide a brief yet important overview of Nicaraguan political-economic history.

**Colonialism and Before**

Roseberry suggests that we begin our examination of Latin American history with the conquest, but it is important to recognize that indigenous groups were organized into complex social groups and societies long before the arrival of the Spanish. Colonization was a devastating, destructive force, but the most effective long-term strategies of control were those that recognized the traditional power structures and attempted to either destroy or usurp these well-established models. Before the arrival of the Spanish, Nicaragua had centralized leadership and social stratification with divisions between the elite, commoners, and slaves (Carmack and Salgado Gonzalez 2006). There were also extensive trade networks which were frequently interrupted due to continual political conflict and war (Carmack 1993). Conflict and violence were not introduced into the region by the conquest, but were greatly enhanced by the activities of the conquistadores. It is likely that some of the traditional models and patterns of behavior maintained their importance after the conquest and into the colonial period (Membreno Idiaquez 1993).

Nicaraguan colonization, as in most of Latin America, is characterized by violence and aggression against the native population. As a result of massacre, the slave trade, and disease, there was a great reduction in the indigenous population in Nicaragua.
Walker (2011). This led to relative labor scarcity (Biderman 1983:9). There was also widespread abuse of the *encomienda* system, which granted conquerors rights to the labor and taxes of large indigenous populations (Cruz 2002). Due to the high level of corruption in Nicaragua, the Spanish crown placed the country under the direct rule of Guatemala for 20 years. As a result, it took much longer for Nicaragua to develop its own elite (Cruz 2002). This lack of local elite led to a delayed development in political actors as well as a less developed economy.

Walker (2011) argues that the colonial period left a second, equally important legacy on the political development of Nicaragua—a split between Granada and Leon. When aristocratic Granada unexpectedly found itself under the control of Leon, a city of soldiers, a long term political rivalry based on cultural, social, and economic differences developed. Walker (2011) contends that the inability of these two main forces to work in accord with one another delayed the political and economic advancement of the country.

After the initial plundering and conquest, Nicaragua fell into an economic downturn (Walker 2011). In order to compensate for a lack of workers, the colonial economy turned away from gold mining and focused its attention on cattle ranching—an industry that occupied vast amounts of land but required little labor (Biderman 1983; Walker 2011). While cattle ranching and subsistence agriculture became the mainstay of the colonial economy, the country also had a number of cash crops including indigo and cacao. The combination of the cattle hacienda and an export economy established a pattern of social relations based on absentee landlords and in-kind labor
arrangements (Biderman 1983). By focusing on ranching and subsistence farming, the
Nicaraguan elite, despite their increasing internal division, were able to maintain their
position in society at a great distance from the majority of the peasantry, and without
strong economic ties outside the country.

State and Nation Formation After Independence: The Influence of Patriarchy

From independence in 1821 to the middle of the nineteenth century, national
politics in Nicaragua was dominated by competition between Granada and Leon, and a
constant turnover of political leaders. Cruz (2002) argues that this instability is a
primary reason that Nicaraguans never learned the true meaning of good government.
As a result of the weak central government, the patriarchy and municipal government
became increasingly important (Burns 1991; Dore 2006). Burns contends that, “in a
society of weak institutions and leaders, the patriarchal family and the folk community
filled the void, playing vibrant although at times conflicting, historical roles” (1991:2).
Burns’ focus on the struggle between the powerful and the powerless, examines how
the desire of the patriarchy to advance the economy and promote international trade
led them to rely on the labor of the masses. The masses, however, had no need for the
patriarchs. In order to gain power over the rural inhabitants the patriarchs imposed a
number of new social controls on the population, including land reforms.

These new laws had long lasting implications for Nicaraguan society, especially in
relation to land tenure and gender norms (Burns 1991; Dore 2006). Since the most
important economic factor in Latin America during this period was the control of
land (Lindo Fuentes 1993), the new laws transferred power and property away from the
peasants and the indigenous population into the hands of the elite minority. Burns asserts that the patriarchs “…set the nation on a new course, one of structural upheaval for the rural folk. Along that newly charted course, the patriarchal elites dispossessed the folk of much of their land and impoverished them culturally and economically” (1991:4). While Wolfe (2007) focuses on the struggle of the creation of the new nation state, Dore argues that the real political and day-to day influence was at the municipal level. Dore contends that local municipal governments weren’t outposts of the nation-state, as might be expected, but in fact replaced the nation-state, which was virtually non-existent (2006:53). Following Corrigan and Sayer (1985), Dore examines the concept of nation-state formation as a cultural revolution, in this case controlled and reformulated by the elites and in their interests:

Throughout Central America, between Independence and the coffee boom, municipal governments took the lead in regulating the social order. As the vanguard of emergent nation-states, they were central to the consolidation of authority in the public sphere...Local regulation of everyday life is part of the history of state formation in Latin America (Dore 2006:54).

Due to the constant turnover and conflict of the national elite the Nicaraguan state never came to dominate the population. Other issues such as land reform took center stage. Politics played out at the local level, focusing on internal forms of social control.

Outward Expansion: Coffee and Control

From the mid-nineteenth century until 1930s, Latin America is primarily defined by its production of coffee and bananas and the interaction it has with external powers. It becomes especially difficult to separate politics from economics in Latin America in this era, due to the importance of the coffee elite and the power they held in each
country (Paige 1997). To this day, the coffee families are highly influential in most Central American governments and this has been linked to social, cultural, and economic activities during this period (Paige 1997). Studies that focus on the political economy of this era have become popular in both anthropology and history (Roseberry 1995; Paige 1997; Gould 1998; Gobat 2005; Dore 2006).

Coffee came to dominate the economy of most of Latin America, including Nicaragua, during this time (Roseberry 1991; Roseberry, Gudmundson et al. 1995; Paige 1997). Nicaragua was never able to develop a strong coffee elite, however, because the majority of coffee farming in Nicaragua was conducted by small and medium landholders. Foreigners who owned large landholdings in the country were never able to create economic empires (Paige 1997; Charlip 2003). During this time the country continued to be plagued by internal divisions among the elite, as well as labor shortages, which some argue gave workers leverage over landowners (Burns 1991). Dore disagrees with this assessment, arguing that the social and economic conditions of the time did in fact lead to debt peonage, slavery, and indentured servitude, which worked against capitalist development. In need of labor, landowners turned to indigenous populations to fill the void. In order to force native populations into the labor market, the elite strategically worked to break down traditional communities. Gould writes:

On one level, the destruction of the Comunidades entailed the destruction of a crucially important organization, roughly the equivalent of the destruction of a trade union, powerful local government–cum–political party, and a church rolled into one. The progressive weakening of those organizations then left their members virtually defenseless against tyrannical forces in society. (1998:15).
Without this autonomous form of power, the indigenous communities were more easily assimilated into ladino culture and became pawns in the socio-economic scene. Gould argues that this culture of repression had long lasting impacts that eventually influenced the violence of the revolution.

It was also during this era that national politics came to be dictated by outside interests. After Nicaraguan independence, the United States had a vested interest in the region. In and 1856, William Walker, backed by the United States, took over the presidency of the country. His actions as president, including legalizing slavery and making English the official language, attracted the attention of both Liberal and Conservative Nicaraguans, the British, and other Latin American leaders who started a war against the foreign ruler (Walker 2011). In 1857 Walker surrendered and left Nicaragua, but his politics continued to influence the economic decisions of the nation. The new government followed his lead by encouraging foreign investment and the exploitation of Nicaragua’s natural resources (Walker 2011). There was another interesting side effect of Walker’s defeat, a rare thirty year period of political stability in Nicaragua (Cruz 2002; Walker 2011).

In 1893, the thirty year period came to an end when José Zelaya overthrew the president and declared himself dictator of Nicaragua. In 1909, the United States engineered a takeover of the government and replaced president Zelaya (who had been discussing plans for a Nicaraguan Canal with Britain and Japan), with a leader who was more compliant with the wishes of Washington. Then, in 1912, there was an uprising against the government and United States Marines occupied and stayed in Nicaragua.
until 1932. Gobat argues that the occupation “profoundly destabilized” Nicaragua; eventually leading to the guerrilla war led by Sandino (2005:3).

The period of outward expansion just discussed is defined by the growth of the coffee plantation. This expansion includes another influx of foreigners into the country, bringing with them large amounts of capital and a desire for property. In the need to acquire land several tactics were used including the alteration of inheritance laws and an attack on the traditional indigenous community. The process of land expropriation that began during the formation of the nation-state continues during this period, putting increasing strain on the masses. As a growing number of individuals have less access to land and other resources, it becomes increasingly difficult support ones family.

The 1930’s to the Present

Upon the withdrawal of the United States Marines 1932, the control of the National Guard was turned over to Nicaraguan leadership for the first time in the country’s history. With the military under Somoza’s direction, it was easy for the US selected leader to gain control of the country and begin the “longest-lived dynastic dictatorship in Latin American history” (Walker 1997:3). The economics of the Somoza dictatorship can be summed up quite easily. Those in power, including the family and friends of the dictator, and the members of the National Guard, grew wealthier, while the majority of Nicaraguans struggled economically. An ultimately devastating blow came with the earthquake of 1972. As Somoza and his cronies funneled international aid into their own pockets, the first major wave of migration to Costa Rica began. Thousands of Nicaraguans migrated in an effort to rebuild their lives that had been
The Somoza family stayed in power until they were forcefully overthrown by the Sandinista revolution of 1979.

It was the height of the cold war, and the Sandinista revolution was led by Marxist revolutionaries. Nicaragua became a pawn in the cold war as the Soviet Union and the United States fought for hegemonic dominance. Threatened that the Soviet Union had gained another outpost in its backyard, the United States sponsored an insurrection that fueled a bloody war within Nicaragua and enforced economic and trade embargoes against the country. Both economic hardship and migration continued during the revolution. Economically, the country had to deal with the difficulties of war as well as a shift to a socialist based economy. The economic embargo by the United States only made the situation more difficult. During this period, it is estimated that approximately 50,000 Nicaraguans fled to Costa Rica defining the second major wave of migration out of the country. The Sandinistas were in power for ten years before they lost control through democratic elections. While ten years may not seem like a long time, significant changes were made in the country, and the civilians were integral in these changes. Because of the large levels of citizen participation, the Sandinista legacy is strong and has been very influential. This influence is highlighted in the unique transition that took place after the 1990 elections and the re-election of Daniel Ortega in 2006 and 2011.

After the 1990 elections the economy was changed to a market driven program, mandated by the IMF and set in place by USAID. This was seen as a negotiated process, a shift from state intervention in the market to economic regulation by the government.
It is important to understand that a number of economic reforms were already in place during the period of Sandinista rule; they were implemented in 1988 as manner of dealing with excessive costs of the war and coping with the continued embargo (Babb 1995). The greatest shift in 1990, however, was from a broad distribution of resources across the population, to the privatization of industry, health, and education, as government subsidies and programs were cut. The structural adjustment policies implemented in 1990 were devastating to much of the population, eliminating the safety net supplied by the Sandinistas. The cuts have had long lasting effects on the quality of healthcare and education in Nicaragua.

Most of the economic policy advisors that took over after the Sandinistas left power were trained in the United States. Many of these individuals had left the country during the revolution and quickly moved Nicaragua toward a neoliberal model (Spalding 1994:163). These changes would not have been possible without outside help, however. The United States supported the government with $614 million in USAID programs from 1990-1992 (Spalding 1994:161). At this time, the USAID program in Nicaragua was the largest in the world, pushing the transition at a rapid pace (Robinson 2004). By 1994, Nicaragua had loans totaling more than $450 million from the IMF, World Bank, and the IDB. Considering the country had not received any loan assistance since 1979 this was a dramatic boost for the transition to a neoliberal model.

Spalding (1994) argues that “although central economic policies were altered in post-revolutionary Nicaragua, the social and political configuration proved more resistant to change. The broader contours of the neoliberal shift were subject to tough
negotiation” (1994:174). One of the main goals of the revolution had been land reform and the state ownership of the agricultural industry. When the state decided to privatize this industry, they had to respond to multiple demands, including those of the workers. Concessions were made with land titles, employment, and leadership roles. While the Sandinista’s had lost power, they had been able to maintain a presence in the government. Nicaraguan women also drew on the power of civil society and the feminist movement to help them deal with difficulties of the neoliberal transition (Babb 2001; Bickham Mendez 2005).

From 1990 through 2006 Nicaragua followed neoliberal economic policy. Structural Adjustment Policies, implemented by Chammoro, were continued by the administrations of Alemán and Bolaños. The Alemán presidency (1997-2001) was plagued by corruption and the country was crippled by economic difficulties and a weak state. In an attempt to draw attention away from the actions of the government, the Aleman administration began attacking and blaming the failure of development projects on NGOs (Kampwirth 2003). Interestingly, just as Alemán was accusing NGOs of corruption he and his government were stealing millions from the international donations that came pouring into the country after hurricane Mitch (Kampwirth 2003:150). Alemán was followed by Bolaños (2002-2006), who was perceived to be a puppet of the party, but instead turned on the former president and led the crusade against governmental corruption (Walker 2011). The former president was sentenced to a 20 year jail term in 2004, he spent most of the time under house arrest and the conviction was overturned in 2009 (Walker 2011). In 2006, with both the FSLN and the
PLC in weak positions, Daniel Ortega was elected president with 38 percent of the vote.\(^4\)

His election is viewed as part of the emergence of democratically elected leftist leaders in Latin America, also known as the ‘pink tide’ (Kampwirth 2011). The return of Ortega has been rife with controversy and conflict. Like with Aleman’s administration, there have been complaints of corruption. New forms of social control have also been implemented. Ortega’s re-election in 2011 was challenged for several reasons, including the fact that the constitution does not allow a president to serve consecutive terms. Some fear that now that he has returned to power, he has no intention of stepping down.

This brief overview of Nicaraguan history has stressed the fact that through the centuries Nicaragua has been plagued by both internal division and interference from external powers. These problems continue today as the political divide within the nation continues to grow. As a result of the controversial re-election of Daniel Ortega, some nations have even started to withdraw aid to the second poorest nation in the hemisphere (Network 2012). Additionally, the country’s political and economic alliances with Venezuela and Cuba have brought it under close international scrutiny, as the country attempts to diversify its economic transactions through the bank of ALBA (Network 2012). These current concerns emphasize the continual struggle Nicaragua

\(^4\) The ability to win office with such a low percentage was made possible by the political pact made between Ortega and Alemán towards the end of his presidency.
faces in order to move beyond its contentious history and find its place in the current global economy.

Throughout Latin America, the last 80 years have been rife with transition, violence, and conflict. Nicaragua is no exception to this trend. With the withdrawal of the US marines in 1932, the rise and fall of the Somoza dynasty, the Sandinista revolution, the transition to the neoliberal economy, and the return of Daniel Ortega to power, Nicaragua has exemplified the turbulence of the era. It is also in this period that anthropological interest in the country has peaked, especially during the revolution and the neoliberal transition of the 1990’s. The importance of community studies in understanding global events is highlighted by anthropological work in a number of communities in Nicaragua that examine not only the impact of the revolution, but also the later economic transformations (Lancaster 1992; Field 1999; Babb 2001; Bickham Mendez 2005; Babb 2011; Wilm 2011). It also becomes increasingly difficult in this era to separate the economic, political, and cultural factors from one another. With an increasing amount of in-depth and ethnographic analysis, the importance of the interconnectedness of the different arenas of political economy becomes evident. The recognition of the different categories of analysis remains important, but the rise of the global reminds us of the futility of examining them in isolation.

Political Economy

The historical trajectory of a country provides crucial background information for researchers. When combined with political economy, it creates an excellent framework for examining the livelihood strategies of everyday citizens. Roseberry provides the
most coherent conceptualizations of political economy within the discipline (1989; 1991; 1995; 2002), defining it as “…an analysis of social relations based on unequal access to wealth and power” (1989:44). While the concept of political economy is really quite complex, power emerges as a central issue, and will be examined in detail. As underscored in the brief historical overview, power can be detected at multiple levels of society. In the event of a weak nation, state power becomes more localized. When the state is strong, it may be able to control populations through force or ideological means. Wolf (1990; 2001) has recognized four distinct forms of power: the personal power of the individual, the power involved in social interactions, the tactical power of organizations, and the structural power of the state. Each type of power, and the ways in which they interact and overlap, plays an important function in understanding both the past and the contemporary situation in Nicaragua.

*Structural and Tactical Power*

Wolf argues that the best way to explain the world in which we live is to examine the relationship between structural and tactical power. Structural power is generally associated with the state and “shapes social field of action in such a way as to render some kinds of behavior possible, while making others less possible or impossible” (Wolf 2001:384-5). Types of structural power vary dramatically depending on the government that is in place. During the Somoza years the state held a type of despotic power much different than the use of ideological power more common today. As a function of this power, the state creates and reinforces the laws and institutions that direct and influence decisions and choices. Changes in land tenure laws are a prime example.
During state formation, land was taken away from rural populations (Burns 1991). The Sandinista revolution, however, attempted to do just the opposite and return land to the rural laborers (Spalding 1994; Walker 2011). From an institutional perspective, the state will determine what type of development policy is implemented or promote a specific type of economic policy. In doing so, the state promotes a certain ideology — which has been argued is the primary role of the state (Abrams 2006[1977]). Depending on the government, the ideology will shift and change. Nicaragua has seen a number of ideological shifts, especially in the last few decades.

Wolf’s definition tactical power is “power that controls the settings in which people may exhibit their potentialities and interact with others” (2001:384-5). Given the framework of structural power created by the state, tactical power is used to strategize and advance from within. Tactical power is often organized by groups channeling resources made available by the state. With the example of land tenure, it may be organizations working to provide legal titles for one group, or fighting to have land returned to its original owners for another group. In most cases, tactical power and structural power work in opposition to one another, providing a tenuous balance. But what happens when the state has not only structural power, but has also managed to control a large amount of tactical power at the community level? This is what is occurring in Nicaragua with the implementation of the Citizens Power Council (CPC) discussed in chapter six. The balance between structural and tactical power becomes skewed.
Mann (1984) focuses on what he calls infrastructural power, the ability of the state to penetrate civil society and implement its decisions from the inside, thereby influencing tactical power. This is what the FSLN is attempting to do with the implementation of the CPC. Instead of influencing populations on a purely hegemonic or ideological level, the infrastructural state does not want to leave their power to chance, instead infiltrating civil society to obtain their goals. With the creation of the CPC and state sponsored programs, the FSLN found an excellent means to deploy power and spread state ideology at the community level. Trouillot highlights the ability of the state to move beyond its material limitations:

Though linked to a number of apparatuses, not all of which may be governmental, the state is not an apparatus but a set of processes. It is not necessarily bound by an institution, nor can any institution fully encapsulate it. At this level, its materiality resides much less in institutions than in the reworking of processes and relations of power so as to create new spaces for the deployment of power (2003:83-4).

Trouillot explains how the role of the state is changing in the new world order, he points out that, “the power of the national state sometimes seems more visible and encroaching, and yet sometimes less effective and less relevant” (2003:80). This new complexity of the state and its relations to other organizations has created a more intense interaction between individuals, institutions, and states than just fifty years ago (Harvey 1989; Appadurai 1996). Recognizing the importance of processes eliminates the idea of the state (or history or microfinance) as static, and aids in our examination of the dynamic factors that influence our lives on a daily basis. While Wolf focuses his analysis
on the structural and tactical power discussed above, micro-level power is also very important, especially in an ethnographic approach, and is considered next.

**Personal and Social Power**

In her discussion of power Ortner (2006), like Wolf, recognizes it at various levels of society. Unlike Wolf, she highlights its importance at the micro-level. As researchers focus on large scale forms of power such as states, the power dynamics that influence family or group interactions are often overlooked. Ortner argues that it is these low-level power constructions that have the ability to disrupt the social and cultural continuity upon which higher levels of power are based. If there is instability at the base, it can reverberate through the entire system. This is highlighted in Ortner’s discussion of agency below. Agency refers to the ability of individuals to order the world in which they live and to define themselves instead of being defined by others (Giddens 1984; de Certeau 1986; Bhattacharyya 1995). In reality, however, we know that there are always structural and social forces that influence and impinge upon individual agency complicating the concept. In Nicaragua, expectations related to gender and family responsibility can be highly influential on individual agency.

An individual is at the same time both constrained and empowered by their level of embeddedness. They may, for example, have access to a greater amount of resources but, due to social status, be restricted in how those resources can be used. Ortner (2006) argues that an effective theory of agency must be connected to concepts of power and inequality. She also contends that agency is both universal and culturally
constructed, however, this understanding, and the ability to display ones agency, is understood and practiced in differing ways due to cultural and historical factors. Ortner situates agency within social relationships:

... individuals or persons or subjects are always embedded in webs of relations, whether of affection or solidarity, or of power and rivalry, or frequently of some mixture of the two. Whatever “agency” they seem to “have” as individuals is in reality something that is always in fact interactively negotiated. In this sense they are never free agents, not only in the sense that they do not have the freedom to formulate and realize their own goals in a social vacuum, but also in the same sense that they do not have the ability to fully control those relations toward their own ends. As truly and inescapably social beings, they can only work within the many webs of relations that make up their social worlds. (Ortner 2006:151-152)

Through an examination of these “webs of relations” researchers can better understand livelihood strategies at all levels starting from the individual and the family, and working their way up to the state and beyond.

I argue that the webs of relations described by Ortner are analogous to social networks which have been discussed extensively within the realm of sociology and anthropology (Castells 1996; Castells 2000; Riles 2005; White and Johansen 2006; Hogan, Carrasco et al. 2007). Networks of social relations play an important role in the everyday lives of community members in both concrete and abstract ways, from providing a bed for the night, to sharing information about crop prices. Networks are key to understanding the movement of individuals and their decision making strategies (Wilson 1998; Brettell 2000; Davis, Stecklov et al. 2002; Piselli 2007; Tilly 2007). Brettell writes, “households and social networks mediate the relationship between the individual and the world system and provide a more proactive understanding of the migrant than that provided by the historical-structuralist framework” (2000:07). In
other words, social networks provide researchers with a more effective approach to understanding the complexities of livelihood decisions. Networks are most effective when they work in conjunction with the government because it is believed that they are able to put pressure on the government to alter policy and create effective change (Sikkink 1993). In Nicaragua, the creation of the Municipal Development Committees (MDC) was intended to fill this role, but they have been gradually replaced by the CPC (Howard and Serra Vasquez 2011). What happens when the government seeks to control major aspects of the network? In this study, we see the webs of social relations become highly entangled, as individuals take on multiple roles representing personal interests, the state, civil society, and private intuitions all at the same time.

**Conclusion**

Historical political economy provides an effective orientation from which to examine microfinance and the livelihood strategies of rural Nicaraguans. This approach takes into account important historical antecedents, providing insight into political and economic structures within the country. Through an examination of Nicaraguan history, it becomes evident that the current political turmoil has a long past that has been exacerbated over the decades by external influences. A political economy framework supports the examination of microfinance and livelihood studies at multiple levels, enabling an analysis that takes into account the influence of national and international laws and proclamations, as well as the everyday activities of community members.

Starting at the end of Ortega’s first term and unfolding during the turmoil of the 2011 election campaign, this research seeks to place the current role of microfinance in
Nicaragua within the political and economic history from which it emerged. The following chapters will examine how the current political and economic climate has impacted the daily lives of rural Nicaraguans from how they plant their crops to their ability to protest in the streets. While each chapter has a distinct theoretical orientation the influence of historical political economy is always present.

In his most recent critique of the discipline, Roseberry argues that, in the United States, the division between academic and non-academic anthropology has become detrimental to the field. Roseberry contends that the division has removed political economy from the applied realm. He calls for greater collaboration between academic and applied anthropologists, “with the recognition that responsible action that takes the center of political economic activity beyond the university is necessary” (2002:72). With this, Roseberry acknowledges the disjuncture between applied and theoretical work and recognizes the importance of applying knowledge outside of the academic realm. While academics can theorize and debate these issues, their research has the potential to influence policy outside of academia. Roseberry asserts, and I agree, that the potential for political economy to influence activities and decisions made outside of academia should not be overlooked or underestimated. This research is one attempt to bridge the divide between the academic and theoretical realms and remind readers that all anthropology is, and should be, applied.
Chapter Two
Research Site and Methodology

It is really far. It takes two airplanes and two busses to get there.

-My four year old son describing his trip to Santa Rosa

The general definition of ethnography, the study and systematic recording of human cultures, is kind of a joke. Sure, technically that is what we do, but it doesn’t begin to describe the continual, all-consuming, endeavor that is ethnographic research. In the field the ethnographer makes a choice to succumb to that all pervasive curiosity and seek knowledge. The ethnographer realizes that if they continue they will be changed forever. To me, it is the willingness to go into the unfamiliar and know that you will return somehow different that defines the ethnographic experience.

-The Author (earlier draft of the chapter)

In this chapter, I introduce the community of Santa Rosa where the research was conducted and explain my data collection methodology. I also use this chapter to situate myself within the research, and explain my long history with the community. Just as I highlighted the influence of historical political economy in the previous chapter, it is necessary to recognize that my experience as a Peace Corps volunteer in Santa Rosa has influenced both my relationship with community members, as well as my perspectives on development and microfinance. The chapter concludes with a review of previous studies I have conducted in the community, emphasizing the importance and advantages of long-term research.
Mi Comunidad

Santa Rosa is a small farming community in the department of Condega, Nicaragua. It is home to 550 residents and 120 households. Located in a valley, and surrounded by small mountains or large hills, depending on your perspective, the community has electricity, a spring-fed running-water system, and regular inter-city bus service. Community members are primarily subsistence farmers who grow corn and beans. While just about everyone lists their primary occupation as farming, one fourth of the households don’t own any farmland. Of those that do own land, over half own two manzanas\(^5\) or less and only three households own ten manzanas or more.

According to community members, as recently as 40 years ago there were less than a dozen homes in Santa Rosa and the community was surrounded by dense forest. At the time, the Somoza government was giving away small plots of land to encourage families to move to the countryside. Danita, age 40, told me that her mother and father came to the community in this manner. Her parents were not given farmland, but were provided with a plot large enough to build their home. Before this, they would move around from town to town, staying with friends and family. When they finally settled in the community, her father worked as a day laborer and her mother operated a small store out of their home to help support their growing family. Danita emphasized that the community was much smaller when she was a child, and that families worked together and looked out for one another. She commented that even today, the original

\(^{5}\) A manzana is equal to 1.75 acres.
families still tend to get along with one another even though the community has grown considerably. This growth appears to have been spurred by granting of farmland by the Sandinista government in 1990, and the housing projects sponsored by various organizations which occurred in the decades following the revolution.

If you wanted to walk through the village, it would probably take about twenty minutes to get from one end to the other. But, if you stay on the main road, you will miss some of the larger population hubs such as el proyecto and el otro lado where dozens of homes are hidden away from sight. Newer homes, like the ones in el proyecto, are made of cinderblock, but the majority of homes in the community are made of adobe, with brick coming in second. Thanks to the government sponsored program, Plan Roof, almost half of the homes in the community have zinc roofs. My family and I lived in an adobe house with a zinc roof. When my husband was 16, he helped to build the house as part of one of the first housing projects in the community in 1997. It is located on the main road in the center of town. The school is on one side, my landlord’s house (with a store) is on the other, and my in-laws live across the street. The owners of the house have been in Costa Rica for the past 15 years. It is the same house I lived in 12 years earlier when I first came to the community as a Peace Corps volunteer. This time I was there as an anthropologist, we were returning to my spouse’s hometown with our son.

Every time I return to the community I am fascinated by what changes and what essentially stays the same. There are what appear to be a few constants. The road has always just been worked on, yet in need of repair. There is always either too much, or
too little rain. And there are always a few men who have been drinking non-stop for several days. There is also always a lot of drama—from teen pregnancy to alcohol poisoning, something is always going on. Sometimes I feel like I am living in a *telenovela*, but it certainly keeps life interesting.

This time, the greatest change was cell phones. When I first came to the community in 2000, it took three days for the Peace Corps office in Managua to get me a message. The office would send a note on a bus heading North from Managua. The note would get passed along the bus route until it finally found its way to someone from my community. That person would eventually give the note to me. Now, everyone has a cell phone. Managua is just a phone call away. While I was in the field in 2010, a new cell phone tower was put into operation. That meant I even had a signal in my house! I bought a modem to have access to the internet, despite the fact that it didn’t usually work, I was excited by the possibility of checking my e-mail without a 40 minute bus ride to the nearest internet café.

After the tower was activated, the phone company came through promoting conventional telephones. For a monthly fee, you could have a table phone that worked on a cell signal. All of the sudden, a dozen or so homes now had a second phone! Instead of walking down the road, or sending a message with one of their kids, they simply picked up the phone to call their neighbor! That was, at least, until the first bill came. At that point, most of the phones were packed up and returned. While cell phones are by far the most popular technological innovation in the community, the number of computers and laptops are also on the rise. I was also shocked to see
microwaves for the first time, along with digital cameras and camcorders. Interestingly, while personal technology has advanced by leaps and bounds, farming practices have remained largely unchanged. Fields are still plowed with oxen, and most farmers rely on the rain to water their fields. Today’s farmers have a garrote in one hand to move their oxen along and a cell phone in the other to check on crop prices.

Despite my long history with the community, there were still some initial delays with the research. A new governing body had been put into place in the community and I now had to get approval for the research from all of the members of the Citizens Power Council⁶ (CPC). After waiting over a month for the CPC to call a meeting, I went and met with each member individually to get approval for the project. Once they all agreed to let my research more forward, I had to wait another month for the CPC to call a community meeting where I could put out an open invitation for participants. Instead of starting my household data collection in September, it was pushed back until mid-October.

The other problem I encountered was the lack of representatives from Non-Governmental Organizations (NGOs) working in the community. My initial research design focused on examining the use of microfinance loans as a livelihood strategy. I had planned on interviewing extension agents to get their perspectives on the use of microfinance and microcredit in development, and how they felt about the use of these services.

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⁶ The Citizens Power Council (CPC) is a form of local government directed by the FSLN. It is discussed at length in chapter six.
products by community members. When I arrived in the community, however, loans were no longer being granted and NGO workers were scarce. I adjusted my research to examine how households adapted to the lack of credit, and I was only able to interview one development worker. Loans and debt are not a part of everyday conversation in Santa Rosa. However, given my long history in the community, and a decade of listening to rumors, concerns, and financial strategies in the kitchens, fields, and backyards of villagers, I was well prepared to take the challenge.

My family and I lived in Santa Rosa for 11 months while I conducted the research. My son attended the community preschool and my husband worked as a farmer. We integrated ourselves as well as possible into the community. I took on the responsibilities of any mother with a child in the school (including preparing food and drinks on a regular basis) and my husband worked with his father and brothers in the fields. We went to Costa Rica twice during that time so my son and I could renew our visas. The trips were also fun family vacations, a nice break from fieldwork.

While this project officially started in July of 2010, my research really started a decade earlier when I first arrived in the community as a Peace Corps volunteer. The three years I spent visiting fields, sorting beans, teaching English, dancing, building a library, and drinking coffee, laid the foundation for lifelong relationships with community members. Between my departure from the community in early 2003 and my dissertation fieldwork in 2010, I made three additional visits to Santa Rosa. On each trip, I worked to renew relationships and keep connections alive. My ethnographic research didn’t start when I arrived in July of 2010, just as it didn’t stop each night when
I went to bed. It began when, as a 23 year old idealistic Peace Corps volunteer, I stepped into the house of Doña Tina and met my new host family for the first time. Hopefully, it will continue for many years to come.

Over the years, I have made a number of commitments and connections to the community. Santa Roseños know that, unlike many extension workers, I will always return. I do not claim to be unbiased. My previous experiences in the community have shaped the way I interpret the activities of community members. Some may call it baggage, but I believe that it provides me with a level of insight that few researchers will ever know. It also allows me to study issues, like personal finance, that are not usually shared with outsiders. It has been argued that the only way to learn about the use of microcredit and microfinance is to take an ethnographic approach (Dichter 2007). I would add that long-term fieldwork is also essential. As I move forward in the ethnographic process, the challenge lies in identifying and acknowledging potential biases acquired over the years. One way to combat this obstacle is to use specific methods in data collection. While participant observation is the heart and soul of ethnographic research, there are a number of other techniques I employ to enhance the quality of data.

**Research Methods**

Data collection involved participant observation, semi-structured interviews, informal interviews, house visits, a survey, and self-monitoring of daily household expenses. I also attended a number of community meetings and social events. In this
study I use the household as the main unit of analysis in the study. I define a household as all individuals living under the same roof. Often, one household consisted of multiple family units, as several generations often live together.

I focus on the household as the main unit of analysis for several reasons. First, the household unit provides an opportunity to link social and individual levels of analysis. For example, when a husband chooses to migrate for work, the decision is highly influenced by his family and their economic situation. He, however, makes the ultimate decision. Two households with strikingly similar situations may make very different choices. Second, when positioned theoretically, the household can provide insight into a number of social processes, bridging the gap between the individual and structural forces that are at play (Torrado 1981; Wood 1982; Schmink 1984). If a husband chooses to migrate, is it because he has family already living abroad? If he chooses not to migrate, is it because he has access to credit while others don’t? Finally, I have selected the household as my unit of analysis because, based on preliminary research in the community, livelihood choices appear to be made at the household level. These choices, however, are rarely democratic and often involve different aspects of self-interest, domination, and hierarchy (Wolf 1990; Deere 1995). What is seen as a family decision, for example, husband and wife agree that he must go cut coffee, may not be agreed upon at all. Household decision making provides an avenue for an intimate examination of personal and social power. As highlighted by Ortner (2006), our personal actions and decisions, while embedded in social relations, reflect upon and influence power at all levels of society. Studying households, provides a window into
livelihood decision making strategies and how they are influenced by both internal (family dynamics and resources) and external (economic and legal factors) forces.

After waiting two months for a full reunion of the community, the meeting occurred while I was in Costa Rica renewing my visa. Since I was not present, a letter describing my research was read to those in attendance requesting interested participants to sign-up at my house when I returned to the community the following week. While there is clearly a self-selection bias, the community meeting offered the possibility of participation to any household that was interested. I added households to the list on a first-come first-serve basis, explaining that all member of the household had to agree to participate in the study. Initially, 25 households volunteered for the project. Due to budget and time constraints the last five households on the list were given a conditional status of three months. The other households were included for a full year in the study. I anticipated that some households would drop out over the course of the research study but this did not occur. Some of the participating households were families I knew well and had worked with previously as a volunteer, while others I met for the first time during my fieldwork. Each household was given an initial survey to collect basic demographic and economic data, and was asked to keep a log of all household expenses on worksheets that they filled out on a daily basis. Every

7 My husband’s family was not included in the official study and did not volunteer. My interactions with them, however, do influence my overall ethnographic experience.
three weeks I visited each house to review progress on the worksheets, and to conduct informal interviews and participant observation—one of the best ways to learn about the inner workings of the household (Bernard 2006). Depending on the circumstances and the household, these visits lasted between 45 minutes to two hours. Generally, each visit started with a review of the household expense logs. I would go over the daily consumption entries looking for changes or items that may have been overlooked.

Next, we would discuss resources coming into the household, such as the sale of crops or remittances from abroad. The review of the worksheets often led into other topics of discussion, including health issues or schooling, as we reviewed the related expenses. I often varied the time of day that the visits occurred so there would be interaction with different members of the household. During the visits a variety of additional activities took place. These include touring the property, shelling beans, shucking corn, making enchiladas, or playing with children and grandchildren. Over the course of the year, I made 10-12 formal visits to each household, as well as a number of shorter social visits. Brief notes were taken during each visit and written up shortly after; these notes were entered into the computer and were coded by the main topics discussed that day. Keywords would be listed at the beginning of the entry and for topical paragraphs as necessary. Typical keywords included: loans, migration, farming, a-media, CPC, and no pago.

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8 A copy of the worksheet is available in the appendix.
Table 1

Key Areas of Focus for Participant Observation

<table>
<thead>
<tr>
<th>Goal of Participant Observation</th>
<th>Specific Behaviors and Activities of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify patterns of behavior associated with age or gender or changes of behavior during the year. Compare observations with interview data.</td>
<td>Who is participating in what activities to maintain the household?</td>
</tr>
<tr>
<td></td>
<td>Who is in charge of resource allocation?</td>
</tr>
<tr>
<td></td>
<td>Who makes purchases for the household?</td>
</tr>
<tr>
<td></td>
<td>What are the daily activities of household members?</td>
</tr>
<tr>
<td></td>
<td>How do these activities change during the year?</td>
</tr>
<tr>
<td></td>
<td>Are certain activities regulated to certain age groups or genders?</td>
</tr>
</tbody>
</table>

All adult\(^9\) members of each household participated in a recorded, semi-structured interview geared to elicit specific information related to livelihood practices including employment, migration, loans, and government assistance. These interviews generally lasted between 45 and 90 minutes. Semi-structured interviews are based on a set of questions directed at obtaining a certain body of information, but allow for deviation and the introduction of new themes and ideas\(^{10}\). As themes and concepts arise during the fieldwork, semi-structured interviews are useful to build a greater body of knowledge around a certain subject. Keeping in mind the main focus of the research, the influence of access to microcredit on livelihood strategies, the interviews were organized to elicit specific categories of information. These categories can be analyzed

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\(^9\) Adults were considered to be member of the household who were 18 years and older. There were three adult members of households who did not participate, two due to senility and one due to issues with alcoholism.

\(^{10}\) A List of sample interview questions is provided in the appendix.
individually or in groups to better understand the decision making process used by study participants. By interviewing multiple family members, I was able to examine how age and gender influence beliefs about debt and household economic practices.

All interviews were conducted in Spanish and recorded with the informant’s permission. The interviews occurred at the informant’s homes, sometimes inside, sometimes outside. Children and animals were generally in earshot. While all of the interviews were one-on-one, other people were often present while the interviews were being conducted. Occasionally, family members would interrupt to add their opinion or to contradict the informant. In most cases I was able to interview wives in a more private setting while their spouses were in the fields. It was interviews with husbands that tended to be overheard, and occasionally interrupted by their spouses. This in itself is quite revealing about household dynamics, and deserves further attention. At the end of the year each household was compensated with a gift valued at 150 dollars. The households that had conditional status and participated for three months were given gifts valued at 30 dollars.

Additionally, I surveyed and interviewed the head of household in another 24 homes providing a greater breadth of data. These household member completed the same survey and interview questions as the participants in the year-long study. While the interview time in these households tended to be much shorter, 20-45 minutes, they too yielded a substantial amount of information. These households were given gifts consisting of a canvas bag with 1 pound each of sugar and salt, two pounds of rice, and a quart of cooking oil. At the end if the study I also completed a checklist for each
participating household, summarizing and compiling details drawn from previous interviews which was reviewed and approved by the household members.

In total, 85 interviews were recorded, including a series of life-history interviews with a key community member. Forty-five households were included in the study; this ensures a 95% probability sample with a 10% confidence interval. These numbers were calculated using the equations outlined in Bernard (2006). While a 10% confidence interval may not be statistically significant I believe that due to the intensive nature of ethnographic research, it is sufficient in this situation (Bernard2006:183-184).

Over the course of the year I regularly attended all community meetings that were open to the general public. I also conducted an informal interview with the only NGO worker that visited the community during my 11 month research period. Attempts to do follow up interviews with the NGO worker were unsuccessful, as were requests for interviews with other microfinancing organizations. While I was never denied an interview they were always cancelled on short notice or the individuals simply did not show up at the agreed upon location.

Data entry and preliminary analysis were also conducted while in the field. All households were given a specific code for identification; this code was used in both the field notes as well as the household logs. I also created spreadsheets in excel for the analysis of data collected in the household logs. I kept a daily record of field notes based on observations, conversations, and notes taken during the day (Spradley 1980; Clifford 1990). Field notes and interviews were coded as they were entered. The key to coding qualitative data, such as interviews and field notes, is not to be too specific or
too general (Coffey and Atkinson 1996). Coding included tagging specific topics as they were entered into the computer. This enabled me to recognize some patterns early on in the research process which aided directing interviews and filling in gaps in the research.

Preliminary Studies

In August of 2006, I conducted a pilot study that consisted of creating a physical map of the community and administering an initial survey of thirty households. I returned to the community in the summer of 2009 to update the map, survey the entire community, and conduct preliminary interviews. The initial survey functioned to provide family demographics and economic indicators. I then refined this survey tool and adjusted my research methodology. Employing these changes, my second survey which included each household in the village, was used to acquire firm statistics for Santa Rosa and to identify key individuals highly involved with local microcredit programs.

When I mapped the community in 2006, there were a total of 112 homes, all but one of which was occupied. Three years later, however, the community had 130 homes, but 24 of them were vacant. While physically the community grew, the number of households dropped from 111 to 106. This is due to a combination of deaths and individuals who have migrated to other areas. This is important because it points to a decreasing ability for households to be self-sufficient within the confines of the community. Another sign of economic difficulty in the community is the reduction of the number of ventas. In 2006 there were nine active stores; in 2009 there were only
five. According to the survey, three of the five women who run the stores have taken out loans to support their business endeavor. Clearly, the availability of credit has helped to maintain the ventas, however, all three of the individuals are also behind in repaying their loans. When I returned in 2010, the community was undergoing another growth spurt. A survey conducted by the ministry of health documented 551 residents living in 120 households. An additional four homes were being constructed, and two households were building large additions. This flurry of construction was fueled by the imminent return of a number of community members from Costa Rica.

While in the community in 2009 I also conducted ten initial interviews focusing on microfinance and migration as livelihood strategies. These interviews allowed me to both gauge the willingness of the villagers to participate in the study, as well as to consider community members' perspectives about microfinance. I found that the community members who were interviewed were surprisingly open about their economic situation. They had strong feelings about the availability of credit and the business of lending. While none of the individuals I interviewed were part of the no pago movement, they all commented that there were members of the community who actively participated in the protests. There was also a growing concern that lenders would stop coming to the community because of its association with the no pago movement and the large number of community members who are behind in their payments. It was this preliminary research that paved the way for my dissertation.
Conclusion

In community-based ethnography, the community itself is central to the analysis and becomes a key factor in the interpretation of data. Santa Rosa is just one of several small communities along the road that stretches from Condega to Yalí. Each village has its own distinguishing features. Located closer to Condega and suffering from water shortages, the community of San Diego has shifted its economy away from agriculture to wage labor. A number of community members now commute daily to Condega and Estelí for work. Further up the road and with a milder climate, El Bramadero has diversified its agricultural production. Community members grow a wide variety of vegetables and tubers in addition to corn and beans. Each community struggles with similar challenges related to health, education, and employment, but the community itself influences how they adapt to these circumstances. Migration, loans, and agriculture are common strategies for the entire region but they are used by varying degrees from community to community.

Santa Roseños work with the resources available within their community and draw on various networks to meet their livelihood needs. The strategies used by each household depend on multiple factors including education, political affiliation, and social status. It is only with long-term ethnographic research that these differences can be examined and understood. Due to the extended amount of time that I have spent in the community, I have been able to observe how livelihood strategies change over time and are influenced by larger economic and political currents. The following chapter
draws on this as it examines the transformation of credit within Nicaragua and the community of Santa Rosa specifically.
Chapter Three
Credit Consciousness

Neither a borrower nor a lender be,
For loan oft loses both itself and friend,
And borrowing dulls the edge of husbandry.

Hamlet Act 1, scene 3, 75–77

In today’s world it is difficult to question the importance of having access to credit. Much of the world economy is centered on credit, and as Trouillot (2003) has argued, the domination of finance capital is one of the greatest influences in the world economy. With credit at the center of our global economy, it is not difficult to understand why access to credit has also been placed at the center of the current development paradigm and been made available to millions of the world’s poor. But, there is nothing new about credit—the ability to become indebted has a long, long history. The world’s poor have always had access to credit through family, friends, and moneylenders, as the above quote from Shakespeare reminds us. With the rise of microfinance, however, the situation has changed—lending has become formalized and the way people understand debt has taken on a new importance.

The goal of this chapter is to orient the reader to the intricacies of credit in Nicaragua. First, there is a brief introduction to major theoretical concepts related to debt and credit. Next, the history of agricultural credit and microfinance in Nicaragua is discussed, highlighting the fact that the introduction of microlending in the country met an important need at the time. With an understanding of credit availability on a
national level, I then shift to an examination of credit opportunities within Santa Rosa. The relationship between microcredit and development is considered with a discussion of housing projects within the community. After an overview of local taxonomies of debt, I illustrate the differences in the lending environment for community members before and after the collapse of the microfinance industry in Nicaragua. The chapter concludes with a discussion of the fallout of the microfinance debacle, and what the future may hold for the industry within the country. The centrality of credit becomes evident as the effects of the loss of credit are felt throughout this rural community.

Credit/Debt

Maybe Shakespeare had it right, it might be best to avoid credit and debt altogether, but, in today’s world, that is becoming increasingly difficult. In the United States the majority of people need credit to buy a car, purchase a home, or go to college. Many people desire credit in order to gain access to personal wants such as the latest fashions or gadgets. In Nicaragua, access to credit, albeit on a much smaller scale, is also becoming increasingly important to citizens’ everyday lives. What does it mean for 500,000 people to suddenly have access to credit? What are the implications of this shift and what can help us to understand the significance of this transformation?

One defining aspect of the credit/debt dichotomy is that the practice of lending and borrowing has the power of linking the present with the past and the future (Bourdieu 1977 [1972]). Farmers take out loans with the prospect that, like in years past, there will be a good harvest and they will be able to pay off their loans quickly. Lenders distribute money with the anticipation that it will eventually be returned, the
longer it takes to be repaid the more they collect in interest and fees. Loans, like agriculture, become cyclical. Once a loan is paid off an new one can be disbursed, just as one crop is harvested a new one is planted. Central to lending and borrowing is the expectation of specific behavior. Even if there is a poor harvest, lenders expect to be repaid and borrowers understand this caveat. It is the expectance of future behavior that allows the agreement to function. When the expected behavior is not conducted (the loan remains unpaid or new loans are not granted), then the system begins to break down. In Nicaragua, the repeatedly poor harvest combined with the popularity of the no pago movement have weakened this link, making the future less predictable and adding additional risk to the practice of lending. This unpredictability reminds us that credit is, in reality, “fictitious capital” (Marx 1981 [1894]). Individuals borrow on the idea of what might happen and are able to convert this into a resource to use in the present. If the harvest has failed continuously for several years, yet farmers continue to borrow, the logic behind lending to farmers disappears. The farmers are no longer borrowing on an expected return, but a chance of a return, or just to get by. The importance of access to this resource is vital, and many small scale farmers have come to rely on fictitious capital in order to be able to plant their fields from season to season. When credit is no longer available, it threatens the foundations of their livelihoods and the basic survival of their families.

When we discuss loans, it is important to recognize that individuals are simultaneously receiving credit while taking on debt. Part of a dialectical opposition, the two cannot be separated. Often credit is seen in a positive light while debt is
portrayed negatively (Peebles 2010). Participants in the study repeatedly commented that it was great to get the money from the loan, what was difficult was making the payments. Additionally, those who had difficulties with microfinance organizations referred to the problems of *jaranas*, or debts, but those who had felt loans were beneficial talked about the advantages of accessing credit. Despite the negative associations with debt, many households find themselves struggling when they are not able to get access to credit.

*Microcredit in Nicaragua*

In order to understand the current emphasis on microfinance in Nicaragua it is important to look at the history of agricultural loans and banking available to small farmers. While credit had been an option for large-scale farmers and elite families since the coffee boom of the mid 1800’s, small producers didn’t have access to credit until the Sandinista revolution of 1979, when the *crédito rural* program was established by the government. Initially, this credit focused on state farms, but due to their low performance, 44 percent of government agricultural credit was shifted over to cooperatives and small producers by 1986 (Spalding 1994). The inability of the state farms to keep up with their payments led the government to practice *saneamiento* in 1983. The government forgave approximately one third of agricultural debt and restructured the rest into long-term loans (Spalding 1994). This is strikingly similar to what is currently being proposed by the *No Pago* movement within the country. By 1989, it was evident that the focus on cooperatives and small farmers was not going to save the bank, as they had only a 24% recovery rate on their loans (Soto and Raine
The bank again shifted its lending to large and medium sized farms. By 1993, it no longer granted loans to small farmers. Despite this shift, the bank was never able to recover and closed in 1998 (Barquero 2002; Enríquez 2010).

Figure 1

Microcredit became important in Nicaragua due to the structural adjustment policies introduced in 1990, as well as the closure of both the Popular Credit Bank and the National Development Bank (Sanders nd). People needed access to credit. It is virtually impossible for many Nicaraguans to gain access to regular banks as the requirements for opening even a savings account are highly restrictive. Requests for paid water and electric bills, as well as phone numbers specifically for land lines, make it impossible for most citizens living in rural areas to open accounts. Even now, in 2011, it is incredibly difficult for most Nicaraguans to open a bank account. When attempting to open a savings account my Nicaraguan husband was given a piece of paper listing the


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requirements. In the end neither of us qualified to open an account in the country—I am not a resident, and he didn’t have any electric, gas, or water bills in his name.

Below is a copy of the requirements for opening a savings account in one of the major banks located in Estelí.

**Figure 2**

<table>
<thead>
<tr>
<th>De acuerdo a las políticas establecidas por la Súper Intendencia de Bancos, los requisitos para manejar cuentas con nuestra institución son:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Dos referencias personales, que indiquen:</td>
</tr>
<tr>
<td>a. Nombre completo de la persona que lo refiere.</td>
</tr>
<tr>
<td>b. Numero Telefono Convencional</td>
</tr>
<tr>
<td>c. Dirección Exacta</td>
</tr>
<tr>
<td>Fotocopia de cédula de identidad del que le refiere.</td>
</tr>
<tr>
<td>Estas constancias deberán venir impresas o en computador</td>
</tr>
<tr>
<td>1.1 Una Referencia Bancaria o Comercial.</td>
</tr>
<tr>
<td>2. Original y fotocopia de cédula. (Extranjeros pasaporte original copia y residencia original y copia)</td>
</tr>
<tr>
<td>3. Dos recibos de servicios Públicos</td>
</tr>
<tr>
<td>4. Si es estudiante carnet de estudiante</td>
</tr>
<tr>
<td>5. Si es asalariado Constancia salarial o colilla de INNSS</td>
</tr>
<tr>
<td>6. Si es comerciante Fotocopia de identificación como Comerciante. Numero de RUC. Certificado de Contribuyente o cualquier otro documento que demuestre sus ingresos (recibos de remesas familiares)</td>
</tr>
<tr>
<td>7. Fotocopia de cédula del beneficiario si es mayor de edad</td>
</tr>
<tr>
<td>8. Mínimos de apertura:</td>
</tr>
<tr>
<td>Cuenta de ahorro U$ 50.00 o C $ 1,000.00</td>
</tr>
<tr>
<td>Cuenta Corriente U$ 500.00 C$ 2,000.00</td>
</tr>
</tbody>
</table>

The first non-bank groups to provide credit in Nicaragua were NGOs with primarily humanitarian goals. They recognized the need for credit and chose to offer small loans, referred to as microcredit, as one of many services provided, often in conjunction with training and other resources. These groups had small lending portfolios, between 5,000 and 200,000 dollars, and little loan experience. Many struggled with low repayment rates. In 1992, the first official microfinance institutions
(MFIs) were established in the country bringing a portfolio of five million dollars to rural Nicaragua. Additionally, many NGOs were also established to function strictly as microlending organizations (Barquero 2002).

It is important to recognize the difference between microcredit and microfinance. Microcredit is the idea of providing loans to poor individuals. There are five basic characteristics of microcredit: the loans are small, they are for the poor (often women), they are to be used for income generating activities, there is no collateral, and saving is a pre-condition for acquiring a loan (Elahi and Danopolos 2004). Many microfinance organizations have moved away from these standards by demanding collateral and not requiring or even providing opportunities for savings. Microcredit organizations are highly subsidized and are not profit motivated. Instead, their goal is to create real social change by providing credit to the poor (Elahi and Danopolos 2004). Microfinance institutions, however, have a profit motive and their goal is to become self-sufficient. A recent review of microfinance research found that when these services attempt to become self-sufficient they are no longer able to serve the poorest of the poor (Rahman 2004). While it is easy to distinguish between the two theoretically and on paper, it is often unclear to borrowers if an organization provides microcredit or microfinance. Many borrowers may not even know if the lending organization is a microcredit or a microfinance institution, as many NGOs have shifted into microfinance. In many cases, it may not be until after a client has defaulted on their loans that they realize the difference between dealing with a microfinance institution and a microcredit organization.
With little oversight and high demand, the microlending market in Nicaragua exploded. As a result, Nicaragua has the greatest number of microfinance institutions (MFIs) in Central America (Padilla 2009). Nicaragua is ranked 5th in the world for microfinance penetration with 11% of the population holding a microfinance loan (Bateman 2011). Nicaragua also has the largest amount of agricultural microfinance loans in Central America, accounting for almost 75% of agricultural microfinancing in the region (Arenas 2006). By 2008 the country had 350 MFIs (MicrofinanceGateway 2009). These organizations catered to about 450,000 clients and had a portfolio of around 400 million dollars (Padilla 2009).

As early as 2006 there were concerns within the microfinance industry in Nicaragua. When I visited Santa Rosa, shortly after the election of Daniel Ortega as president in 2006, the political and economic atmosphere had changed dramatically. Leader of the Sandinista party, Ortega announced he was planning on bringing back the agricultural bank to provide small, low-interest loans to farmers. Upon the announcement of these plans at least one NGO in the community decided not to go ahead with their next loan project. They saw the federal loans as direct competition with which they could not compete. The organization correctly assumed that the government bank would provide loans at lower interest rates than the NGO. This decision is revealing. It reflects the shift away from microcredit loans with humanitarian goals to microfinance. It also reflects the changing relationship between NGOs and the State, from one of collaboration to competition.
By 2010 the microfinance sector had stopped servicing at least 100,000 clients and the portfolio dropped from a high of 400 million in 2008 to 170.5 million at the end of 2010 (Alvarez Hidalgo 2010). Some microfinance organizations have gone out of business altogether, including BANEX (Center 2011). From 2009-2010 microlending organizations in Nicaragua served 23 percent fewer individuals than the year before (Alvarez Hidalgo 2010). The president of the Asociación de Instituciones de Microfinanzas (Asomif), René Romero, commented that the microfinance crisis “todavía no ha llegado a su fin, pero sí ya tocó fondo,” isn’t over yet but it has touched bottom (Alvarez Hidalgo 2010). While from an economic perspective the worst is past, the nightmare continues for those who want to get credit and are finding it increasingly difficult to do so.

It was also in 2010 the government opened el Banco de Fomento, or Produczamos (Terra.com 2011). After 12 years without competition from the government, the microfinance industry now had to contend with low-interest government loans for farmers. In its first eight months in operation, the bank administered 4,423 loans for agriculturalists. In 2011, this number actually went down to 2,797 (Mendez Romero 2010; Espinoza 2012). This, combined with the government run urban microfinance program, Usura Cero, is still far below what was being handled by NGOs and Microfinance institutions in the country, and doesn’t come close to the agricultural loans offered by the government in the 1980s.
There are several reasons for the reduction of microlending services. The global economic crisis, weak microfinance laws, poor management, and the *no pago* movement within the country, have all contributed to the difficulties within the Nicaraguan microlending industry (Center 2011). The *No Pago* Movement, officially called the *Movimiento del los Productores del Norte*, was started in 2008.12 This group has organized massive protests against microfinance organizations and is in negotiations with the government for the buyout of their loans (Canales Ewest 2009, Martinez 2009). Participants in the movement are protesting what they believe to be abusive lending practices and want their debts to be forgiven or at the least significantly reduced, eliminating penalties and high interest fees.

When we look at Nicaragua we see the contemporary microcredit crisis and the popularity of the *no pago* movement it is difficult to ignore the similarities between the

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12 The No Pago movement will be examined in more detail in chapter eight.
current situation and what happened in the 1980s. It becomes easier to understand the motivation of the no pago movement and how contemporary activities are based on past performance. In the 1980s the government bank overextended itself with loans to small producers and forgave many of those loans during the saneamiento of 1983 (Spalding 1994; Jonakin 1999). It is almost as if the past is repeating itself. The ultimate question becomes, will the microfinance industry be able to recover and reassert itself in the country, or will it be replaced by the government run programs that are now becoming increasingly available under the current administration? Some argue that President Daniel Ortega supported the No Pago protesters in an attempt to destabilize the microfinance industry in the country (Baca 2009). These protests are one reason that some NGO workers attribute the fall of microfinance in Nicaragua to a culture of “nonpayment,” a throwback to the Sandinista Revolution.

Development and Loans?

While loans have taken on a predominant development role in Nicaragua, is microlending a feasible development strategy? The long term success of microfinance in areas of high environmental or political vulnerability and among small farmers has been questioned (Ahmad 2003; Harper 2007; Hulme 2007; Gehlich-Shillabeer 2008; Turnell 2009). And, despite the high rates in Nicaragua, a relatively small number of microfinance loans are based in agriculture worldwide because farming does not meet standard micro financing requirements: a small quantity of money, a high return on the investment, and little or no delay in repayment (Schreiner and Colombet 2001; Harper 2007). Many have argued that microcredit alone is not an answer to economic
development but that microcredit may be effective when developed in conjunction with other structural changes (Elahi and Danopolos 2004; Lucarelli 2005; Carter, Little et al. 2007; Dichter 2007; Hulme 2007; Ahlin and Jiang 2008; Gehlich-Shillabeer 2008). Other studies have found that while microcredit can alleviate poverty it usually helps those who already have access to resources, in other words, it is not reaching the poorest of the poor, but creating a greater divide between those who have access to resources and those who do not (Rahman 2004).

An effective critique of microfinance can be derived from James Ferguson’s antipolitics machine (1990). Ferguson found that the majority of development projects, instead of working against poverty, as was their stated goal, actually extended state bureaucracy and governmental influence. He highlights the fact that by defining poverty as a technical problem and providing technical solutions, development agencies isolate themselves from the political aspects of poverty and other social issues. The failure to recognize the structural problems that contribute to conditions of poverty is a depoliticizing process. The fact that the Nicaraguan government now provides the same type of loans only reinforces this strategy. In her examination of micro lending in Egypt, Elyachar (2005) found strikingly similar results. Upon the failure of a microcredit program, no one questioned the logic behind the program or the use of a neoliberal model. Blame was placed on the participants, the administrators, and the politicians—highlighting the fact individuals didn’t fault problems with the market for the failure of the program, but they placed the responsibility squarely on themselves (Elyachar 2005: 210-211). The revelations made by Ferguson and Elyachar are central to examining the
contemporary microfinance situation in Nicaragua. Many microfinance organizations in the country promote creating opportunity for vulnerable populations. The stated mission of CEPRODEL, one of the groups based in Condega, is “To promote local sustainable development to the vulnerable populations by helping with economic options, organizations, and technologies to overcome poverty based on the creative potential of the population” (ASOMIF). Do microfinance and microcredit shift the responsibility of the state onto the individual? Microcredit loans work to bring disenfranchised populations into a neoliberal framework that the country has been transitioning to since 1990. They also take pressure off the government, lessening the perceived need for structural changes that could lead to real long-term improvements. By using microcredit as a development tool, Nicaragua may ignore the larger structural problems of poverty, placing the burden to succeed on the individual (Lucarelli 2005). However, the shift to individual responsibility may be limited in the case of Nicaraguan agriculturalists.

An example of this shift in development practices can be seen in the approaches used to provide housing in Santa Rosa. There was a clear transformation from housing projects designed to empower recipients, to ones that indebted them. One of the most extensive housing projects in the community occurred in 1997 and was sponsored and organized by la Escuela Radiofónica de Nicaragua. In this project, households were required to provide a certain amount of labor and were taught the skills needed to construct an entire structure. Participants were not expected to pay for materials, but they were required to help others benefiting from the program. Recipients worked in
quadrants, four individuals would go to one house and complete a stage of construction and then they would go on to the next house, and so on and so forth, until all four houses in their quadrant were complete. The Escuela Radiofónica provided materials and training by specialists, while community members were required to provide the majority of labor. Upon completion of the homes, workers were given a certificate of completion (or diploma), and were qualified to work in construction and masonry. In the end, this project provided improved housing, taught an important skill set, and did not put the recipients into debt.

The second housing project in the community was implemented by the Red Cross (Cruz Roja) in the aftermath of hurricane Mitch.\textsuperscript{13} The Red Cross project was distinct in many ways. One big difference in this project was those who received homes did not have to own land. The project provided a small solar (plot of land) on which the homes would be built. If those receiving homes already had a home in another location, it had to be destroyed before construction on the new house could begin. Each family that received a house from the project lived in a champa, or tent house, on site, while their home was being built.\textsuperscript{14} While the recipients were supposed to aid in the construction of their new homes, they were not trained as those working in the last project and experts were brought in to do specialized labor. They were also expected to

\textsuperscript{13} Hurricane Mitch happened in 1998 and these houses were being built in 2000.

\textsuperscript{14} The logic behind the destruction of old homes was that the project was supposedly for those who truly needed a new home. If a family was given a second home it could potentially be used as a source of profit through the sale or rental of the property. Attached are pictures of the champas and the construction of the homes.
pay for the masons and provide them with room and board. The other odd component of the project was that those who received homes were not allowed to build them in the same location as their previous house, if they had one. The Red Cross purchased a tract of land in the community where it would construct all of the homes in a row. By building all of the homes in the same location, it was easier to guarantee provide water electric hook-ups, and to deliver and keep track of the supplies for the homes. While each of the new homes had a latrine, a gas stove, and a metal door, none of them had sufficient space for a chicken coop or a family garden. The Red Cross had provided shelter, but had failed to take into consideration the other needs of the population. The decision to put the project in sector five of the community, also known as the *el barrio de los piojos*, although now often called *el proyecto*, shifted a large segment of the population to an already crowded area. Many of the families that received the nine homes in the project were from the furthest and least populated edges of the community. Previously, they had been more isolated, yet they had the ability to maintain chickens and grow vegetables. In the project, with the houses side by side, residents are unable to continue such practices. While many like their new homes, they wish they could have built them on their old patios. Many have considered selling their house in the project to build an adobe house on their old property.

The third housing improvement project wasn’t really a project at all but a mortgage program. FACS, one of the NGOs working in the community, provided loans for individuals to put additions on their homes or rebuild them if necessary. The NGO purchased of all the material and contracted out all of the labor. The families were not
expected to help in the construction in any way and had no ability to negotiate the costs of the materials. Prices were based on the size and number of rooms. Also, this was the first time that recipients of a housing project could upgrade certain aspects of the construction. For example, if somebody wanted glass windows, metal grates, expensive locks, or metal doors, they could request them and their loan would be adjusted to reflect these improvements. With this last project, housing programs implemented in the community have made a complete 180 degree turn; it went from recipients being an integral part of the project to being passive consumers. No skills were developed and no participation was encouraged. Those taking out loans from the NGOs simply stepped back as the contractors and site managers took total control of the projects. In the end, this project turned out to be the best deal yet. The director of the FACS was indicted for embezzlement and as a result no one ever came to collect on the debt for the homes constructed in the community. As far as community members are concerned, they received their homes for free!!

Development projects have changed dramatically over the last ten years. The first project created housing opportunities, built community cohesiveness, and provided participants with valuable skills. The most recent project was nothing more than a loan, that provided the opportunity for participants to attain a new level of consumerism. This fundamental shift, from capacity building to loan implementation, has had implications for both development and livelihood security. While capital is an important resource, skills and training are also highly valuable. Instead of promoting infrastructure and skill development, NGOs now promote a neoliberal ideology through
the extension of credit. As recipients (or consumers) of these loans become accustomed to having access to credit, the loss of that access has devastating effects on their livelihood capacities. Without an alternative skill set, such as carpentry or masonry, farmers whose crops fail have few alternatives. When credit is no longer available their only option becomes migration.

*Emic Understandings of Credit and Debt*

In Santa Rosa, most individuals recognize five forms of credit. The most common type is *apuntando* (running a tab) at one of the local *ventas* (small store run out of an individual’s home). This practice is most commonly used between harvests when families tend to lack enough money to cover their basic household expenses. *Apuntando* is an important smoothing strategy within the community, integral to understanding how community members make ends meet during difficult times. Understanding the use of *apuntando* provides insight into the livelihood strategies employed by a household, especially when you take into account the personal nature of the relationships involved. In this situation, you are essentially borrowing from friends, family, and neighbors in order to put food on the table. Unfortunately, *apuntando* is also one of the reasons that many of the *ventas* have gone out of business in the last few years. A number of the store owners have a difficult time refusing to give credit to friends or family and are uncomfortable asking for payment. As a result, the *venta* becomes overextended and simply closes its doors. As the economy has tightened, fewer stores are providing this type of credit. An exception is often made for households with members who are formally employed or receive regular remittances.
Even in these instances, however, the amount of credit allowed is much lower than in previous years. Today a household may be ‘cut off’ at as little as 50 cordobas while in the past it was not uncommon to give up to 200 cordobas in credit.

The second most common type of debt is the *préstamo*, or loan. Loans are usually from NGOs and microfinance organizations that work in the area. Often, *préstamos* come with stipulations and are not available to everyone. While these loans are not new in the area, they multiplied exponentially up until 2008—both in terms of the number of loans granted and the amount of money borrowed. In a meeting held in the community on June 20th, 2009, microfinance was judged to be one of the three most important issues facing the village. By 2010 it became almost impossible to get a microfinance loan in Santa Rosa. The majority of NGOs stopped lending to community members and the new government bank had not yet started servicing Santa Rosa. To fill the gap, there are a few households that also give loans to community members at a flat 10% interest rate per month. This practice is not common and is usually reserved for emergency situations.

Related to the *préstamo* are *proyectos*, projects implemented by NGOs that must be partially or fully repaid. These constitute the third type of debt. With these projects the recipient does not receive any money; instead they receive materials or animals. They are then required to pay the organization an agreed upon sum within a certain amount of time. Often, interest rates are very low and late fees are minimal or non-existent. Many community members commented that they like projects because everything comes at a reduced cost and it is simply a better deal. These projects are
similar to earlier approaches to development. The goal is to provide the individual with resources, but also instill a sense of responsibility by requiring that they pay back at least part of the cost of the materials. Repayment usually only becomes problematic if the project is unsuccessful. For example, a group of farmers invested in a simple irrigation system. The problem was that the pumps provided by the organization never worked properly. The pumps were not repaired or replaced and the irrigation system failed. The individuals participating in the program, however, were still required to pay the agreed upon amount as stipulated in their contract. Unlike earlier programs, the debt was not forgiven when the project didn’t live up to its expectations.

The fourth type of credit is the ability to purchase items on layaway in chain stores such as *El Gallo*, *Más Gallo* and *La Curaçao*. Traditionally, layaway was only offered to individuals with permanent employment who could provide pay stubs, this generally meant those living in urban or semi-urban...
areas. Recently, however, individuals with proof of regular remittances from Costa Rica or the United States can also make purchases on layaway. Because of this, consumer goods such as televisions, gas ovens, and sewing machines have become more accessible to a poorer segment of the community. This type of consumer credit has become the center of debate in Nicaragua. One in every three cases introduced in the legal system are charges brought by credit card companies or microfinance organizations against defaulters (Cruz Sanchez and Nunez Salmerion 2009). The popularity of this type of credit is growing in the community as a younger generation of workers joins the labor market. Some of the young teachers in the community recently purchased motorcycles on credit and are interested in buying computers in a similar manner.

Most recently, a fifth type of credit has emerged within the popular discourse. While there is nothing new about this type of credit it has become much more common and formalized. Walking down the street in Condega or Estelí signs are everywhere for the casas de empeño, (pawn shops) and cash-for-gold shops. While none of the households in my study admitted to going to a pawn shop they were well aware of their presence and commented that they know of others who had pawned items in order to make payments on the loans.

**Microfinance in Santa Rosa**

Microfinance first came to the community in the in the mid-1990s as it was entering Nicaragua. With the failure of the government run Popular Credit Bank and National Development Bank NGO-based microcredit loans met high demand as citizens...
struggled to deal with difficulties imposed by structural adjustment policies (Sanders nd). Agricultural loans were made available to farmers primarily through NGOs. The loans were not very common and only a few of the well-connected members of the community actually had these early loans. Even in the early days, however, the potential for over-indebtedness was there, and at least one member of the community fell into the debt trap.15

When I was in the community in 2000, the majority of community members did not have regular access to microcredit, the cooperatives, however, did. As a Peace Corps volunteer, I was partnered with the government organization, Instituto Nacional Técnico Agropecuario (INTA). One of our projects was to organize a cooperative to grow semilla mejorada, a higher quality of seed used for planting but not consumption. INTA linked the cooperative with an organization that was willing to lend them the start-up money for the cooperative. The cooperative had a very profitable first season, paid back the loan, and then took out another one for the following year. From there the cooperative ran into problems. Due to weather related issues the farmers were not able to produce the high quality seed needed to pass as certified seed. A central problem was that their inputs were very high and their production was extremely low. The farmers used all of the inputs required for certified seed including extra fertilizer, anti-fungal treatments, and increased spacing between rows, but due to drought and

15 Antonio’s story is highlighted in chapter six when community politics is discussed.
then excessive rain, the beans produced were very small and waterlogged. They could not be used for certified seed. Over the next few planting cycles the same problems emerged and the cooperative was never able to repeat the success of their first year. By my visit in 2006, the cooperative was disbanded. The leader of the group kept all of the office supplies they had been given and the two men in charge of the finances had emptied the bank account. Each member of the cooperative was responsible for paying off his share of the loan.

While the cooperative had disbanded, other opportunities for credit were boundless. The majority of the organizations which had traditionally been providing capacity building and educational programs were now administering loans. Credit was so rampant, that the initial focus of my research was to understand the role of microfinance within rural livelihood strategies. I conducted a pilot study on microfinance in the community in 2009 and while people were fearful that they might lose access to credit, I never anticipated that the community would be redlined by lenders. When I returned a year later, the entire microfinance scene had been drastically altered. The following accounts taken from my field notes highlight the changes from 2009-2010.

*Observations from 2009*

Currently (2009), there are 18 organizations active in the community, 13 of these organizations provide lending services while another four provide projects that are tied to loans. The majority of the organizations require two annual payments, one after each harvest, while others require a monthly payment. At this time, only one of the
organizations does not provide any form of credit. This is similar to giving a person who has never had a credit card access to 17 different cards, with no credit check. In one documented case, in another part of the country, a woman had taken out over $100,000 in loans from 17 different organizations before fleeing the country (Arenas 2007). In Santa Rosa, there are at least two individuals who have fled the country because of microdebt. There is no oversight and little cooperation between organizations. It is possible, and quite common, for an individual to get multiple loans from multiple organizations. Some organizations even offer multiple loans to the same individual at the same time. One community member has four loans from one organization and three loans from three different organizations working in the community.

The survey I conducted revealed that 60 out of 106 households had loans or needed to make payments on projects that had been funded by organizations working within the community. Due to last year’s drought and poor harvest, a number of households have fallen behind on their microloan payments. Some have turned to family members for money while others have sold some of their personal possessions or taken their children out of school. In extreme cases, some families even sold all of their harvest leaving themselves without food or seed for the next planting cycle.

A common strategy used by lenders working in Santa Rosa is loan recycling, also called debt restructuring. When a borrower has been unable to keep up with the payments they are told that if they can pay off the interest, or at least make a token payment, then they will be granted another loan. The second loan is used to pay off the
first and the borrower is given the amount left over after the original loan is paid off. This strategy maintains low default rates and keeps borrowers coming back for more. Some argue that it works as a mechanism of control over the borrower who becomes stuck in a cycle of debt and repayment (Ahmad 2003, Dichter 2007a, Rahman 2004). While many households have recycled loans, individual perspectives on the strategy can be dramatically different.

A Wife’s Perspective:

In order to make payments on his loans DV’s husband, DM, sold all of the beans they had harvested in primera. On top of that, he had decided not to plant corn so he would be able to sow a greater amount of beans as they sell at a higher price. Then there was a drought and no harvest. That meant the family didn’t have any beans to eat and they didn’t even have corn to make tortillas. Without the second harvest they were unable to pay the quotas for that cycle on the loans. DV’s husband had listed her cow as collateral on the loan and now he has to sell their only source of food just to pay off the interest on the loans. Once he paid down the interest they would give him more loans! She was furious, how could he get the family into so much debt?

A Husband’s Perspective:

DM is angry. He is not proud of the situation, and he certainly doesn’t want his son in the United States, to know about it. What else is he supposed to do? Loans are supposed to help them get out of poverty, but now, after several years
of working with MFIs, DM owes almost 80,000 Cordobas ($4000) to three
different organizations. Collectors come to his home or the fields to track him
down on a weekly basis. He had been using the money that his son in the US sent
for food to pay the monthly quota on one of his loans, but now that his son
knows what was going on, he is sending the money directly to his brother
instead. It looks like DM is going to have to sell the cow after all...

DV explained to me why she did not want to take out a loan with Pro-Mujer despite her
husband’s request. She went to the first meeting, but because they required monthly
payments she did not want to get involved. Pro-Mujer grants loans of up to 20,000
cordobas, but she is afraid to get into debt. She said that because there are three
months between planting and the harvest it doesn’t make sense for her to take out
loans that she has to pay back on a monthly basis. I asked her about using loans for
non-agricultural investments, like a small store. She said that it was really too risky—
what if the store failed? Three of her neighbors had stores at one time or another and
now none of them do.

When DV decided not to take out a loan with the organization the Pro-Mujer
representatives went to her husband to see if he could convince her to join. When he
was unsuccessful in doing so, he, along with a few other husbands of women who did
not want to take out the loans, decided to join Pro-Mujer. Even though this microcredit
organization is directed towards women, when female members of the household turned
down loan opportunities their husbands are welcomed and encouraged to take
advantage of the availability of the loans. The men joined the organization and were
granted the loans that their wives had chosen not to accept. They agreed to make the 
monthly payments on the loans even though they did not have a business plan and 
intended to use the money for agriculture. During my seven weeks of fieldwork in the 
summer of 2009, the Pro-Mujer representatives visited DM multiple times trying to 
collect payment on his loan from the organization.

Opportunities to take out loans were everywhere. The rise of microcredit 
brought an increased level of stress and social pressure to individuals who were unable 
to make payments on their loans. DM confessed that he had many sleepless nights as 
he tossed and turned concerned about how he was going to repay his loans. Others 
have verbally threatened collection agents and rebelled against the system by 
participating in the No Pago movement. Community members have had project 
material such as fencing and water pumps repossessed, creating high levels of shame. 
To avoid this humiliation, some have sold personal property or cut back on food 
consumption in order to try and make payments on loans. Parents feel the guilt of 
asking their children to work instead of attend school because they simply can’t afford 
to lose the value of their labor. Almost every household with debt in the community has 
to make difficult choices on a daily basis which take a toll on their quality of life.

Doña Tina commented that there are about 10-15 people in the community who 
are involved in the Movimiento de Productores del Norte. Personally, she doesn’t 
believe in this movement and thinks that people should pay back what they owe. She 
doesn’t think it is right to just not pay. However, she also doesn’t agree with the way 
the microfinance organizations operate, charging excessive late fees and high interest
rates. Laura is afraid of the impact of the no pay movement on her ability to get loans. While she doesn’t participate she says that everyone knows there are a number of people from the community who do, and that Santa Rosa is getting a bad reputation. She is afraid that microlenders will think that the community is too risky and stop offering credit. When I left the field in 2009, I was convinced that the role of microfinance was central to understanding livelihood strategies. I assumed that credit was here to stay.

2010-2011

When I returned to the community the following year, I expected to find more of the same—households taking out multiple loans with lenders harassing them to make payments on their outstanding debt. I was way off. The entire atmosphere had changed. The fears that borrowers had expressed the year before came true. The situation had gone from organizations actively seeking borrowers to borrowers begging for loans. Nationally, the microfinance industry was in crisis and the community itself had been redlined by lenders. It was almost impossible to get credit in Santa Rosa, only one organization was processing loans and it went from granting 50 in previous years to just five. At this point, the government bank wouldn’t even lend in Santa Rosa.

In 2009 representatives and lawyers from dozens of NGOs would come through the community on a daily basis trying to collect on outstanding loans. In 2010 only two NGOs sent lawyers out to restructure loans and collect on debts. More than one person told me that one good outcome of the No Pago movement was that at least the motorcycles don’t come anymore; referring to the collection agents who travel on
mopeds to debtors homes, fields, and pastures looking to collect. Community members credited the No Pago movement for the change in atmosphere commenting that the lenders are waiting to see what decisions the government makes. This change may also have to do with the new ‘consumer protection practices’ that have been put into place. These new practices include: avoidance of over-indebtedness, transparent pricing, appropriate collection practices, ethical staff behavior, mechanisms to redress grievances and privacy of client data (Microfinance Gateway 2009). These new policies are not government mandates but are required for groups working with ASOMIF. They are an attempt to improve the reputation of the industry amidst the crisis of the No Pago movement. Before these new practices were put into place, it was common to posts lists of debtors and announce the amount of debt owed by each household at meetings. Collection agents would threaten to take away homes and farmland if payments were not made. Borrowers were turned away from offices, or were often told that nothing could be done when trying to settle grievances. In one instance a microfinance organization refused to look at the receipts a community member brought to the office as proof of payment. It wasn’t until 2011 that the government passed its own microfinance regulations limiting interest rates and prohibiting the confiscation of homes by microfinance organizations (Aguilera and Marenco 2011).

One day I had the opportunity to meet with one of the microfinance workers who does come to the community. My conversation with the UNAG representative was enlightening. He confirmed some of the rumors and suspicions that I had been hearing over the past few months. He said that the community does have a bad reputation with
microcredit organizations and that most organizations will not lend to new individuals in Santa Rosa. It is unclear how common this practice has become in Nicaragua but the NGO worker explained the newly developed microfinance computer network has made it possible for lending organizations to recognize households, and even communities with large amounts of debt. He also informed me that the major microcredit lenders have set up a system to check if people who want to borrow already have loans from other organizations. He said that if someone has too many loans or has not been making payments for a certain amount of time, they are blacklisted and will not be given credit by any organization. He added that in most cases they won’t give credit to family members either. If an individual in the community has a good track record then they will grant that individual a loan, but because so many people are simply not making payments the lenders are not making loans to new people. He confirmed that the community has been redlined.

When people are unable to make payments on their loans there is no formal assistance for these households. Each lender takes a different approach to the situation. Some simply let the interest accrue while other charge large late fees. In the past, it was common to restructure debt and provide additional loans. As the global economic crisis grew and financial resources become increasingly scarce, this practice became much less common. Despite the economic difficulties and the influence of the No Pago movement, the community has not received any loan forgiveness.

The representative told me that in addition to collecting payment, he was also an agricultural extension agent. He told me that UNAG was no longer giving workshops in
Santa Rosa due to problems with debt collection. He commented that in other villages he continues to do workshops and have training sessions on organics, family gardens, and other activities. However, since almost everyone in UNAG in Santa Rosa still owes money, they don’t want to attend meetings or workshops.

The UNAG worker also confided in me that Santa Rosa is one of the communities with the most debt recovery problems for the organization. Earlier that morning he had been threatened by a community member with a machete who told him that the next time the worker came to the house he would be killed. The young man commented that other communities have also had bad harvests, but the reaction of the debtors has not been the same as in Santa Rosa. Today, he was looking for Leticia and Mario, neither husband nor wife could be found. He had been told that the husband had left on the bus but that no one had seen the wife. He went to her house, then her mother’s house, and finally decided to wait for a workshop to end to see if he could catch her leaving the workshop (I later found out she wasn’t there either). He told me that he was specifically looking for this couple because she owed 5,000 dollars to their organization and her husband owed even more. She had put up a piece of property as guarantee and had since then sold the land with a second copy of the title. Her husband had put up some animals as a guarantee and, he too, no longer owned the animals. The representative told me that the next step for UNAG is to take legal action against the family to try to recover some of their losses.

The situation with Leticia and Mario highlights some of the problems that have occurred with the microfinance industry in Nicaragua. When I initially interviewed
Mario for the project he told me that he no longer owed any money and that he had made arrangements settling all of his debts. Clearly, his arrangements had not been agreed upon by all parties involved. Mario had used some of his loan money to finance a trip to the United States, a strategy common in Guatemala where migrants face a number of the same obstacles (Stoll 2010). While he was able to send some money back to his family, it was not as much as he expected and he returned to Nicaragua with more debt than when he left. In the meantime, his family built a house, bought a truck, installed a satellite TV, and made a number of other purchases. The loans, however, remained unpaid. Initially, Mario also joined the No Pago movement but stopped going. Mario’s attitude towards his debt exemplifies the problem Nicaragua’s microfinance industry faces. While he was more than willing to take out the loans he has shown little interest to pay them off and used as many subterfuges as possible to not be accountable to those debts.

Within the community, Mario has always held a position of power. Until he left for the United States he was the leader of the community. Upon his return, he became a paid liaison between the municipal government in Condega and the community. As a recognized leader, his decision to deny his debt to me and reduce its overall importance is revealing. If the community believes that he has either successfully paid off his debt or has been able to avoid paying the debt without consequences, he will be able to successfully defend, and potentially improve, his status within the community. However, if other community members witness the confiscation or sale of his property it may result in a reduction of status among community members despite the numerous
personal connections he has outside the community. Acknowledgement of his considerable debt and mismanagement of his resources would lead to a reduction of his status, a position that he is not willing to accept. While many community members are aware that Mario has a lot of debt, his spending behaviors and personal actions, such as the purchase of a motorcycle and his assertion that he is no longer a farmer but a businessman, do not reflect his economic difficulties. To do so would reveal his potential weaknesses and threaten his status and position of power within the community.

Many community members still want to have access to credit despite their financial difficulties. Franklin told me that he wanted to take out credit but he just couldn’t get a loan. He commented, “It isn’t recommended to take out loans for agriculture, it is better if you can do it on your own. You take out loans because you need to, because you don’t have enough resources [but since the No Pago movement started] the financial institutions don’t want to give loans to the rest of the farmers. There is mistrust....”

Conclusion

The changes that occurred in the microfinance industry in Nicaragua, and more specifically Santa Rosa, were striking. In one year’s time the community went from 17 lending organizations to one. Community members went from being harassed by collection agents to being forgotten by development workers. MFI’s went from competing over borrowers to organizing a lending information network that had the power to both blacklist individuals and redline entire communities.
Loans have become an integral part of the lifestyle of this rural community. Whether used to purchase land, livestock, homes, or electronics, the debt culture has become ingrained in the lifestyle of these villagers just as it has in the American home. What implications do these multiple forms of debt have for the community and how do they fit into the larger neoliberal framework? Neoliberal can be a loaded term. When I refer to the concept, I draw on Thorson and Lie (2006) who, after an extensive exploration of the term define neoliberalism as a:

“loosely demarcated set of political beliefs which most prominently and prototypically include the conviction that the only legitimate purpose of the state is to safeguard individual, especially commercial, liberty, as well as strong private property rights (cf. especially Mises 1962; Nozick 1974; Hayek 1979). This conviction usually issues, in turn, in a belief that the state ought to be minimal or at least drastically reduced in strength and size, and that any transgression by the state beyond its sole legitimate purpose is unacceptable...Individuals are also seen as being solely responsible for the consequences of the choices and decisions they freely make: instances of inequality and glaring social injustice are morally acceptable, at least to the degree in which they could be seen as the result of freely made decisions (Nozick 1974; Hayek 1976)” (14-15).

In other words, when I mention neoliberalism I refer to the shift that occurred after the 1990 elections away from public spending and towards private enterprise. At the government level, this involved the continued adoption of structural adjustment plans in order to continue qualifying for loans from the IMF, World Bank, and other lending organizations to support industrial growth. In the realm of development, this ushered in an opportunity for microcredit and microfinance to take root, promoting microenterprise and self-sufficiency. At the individual level, people were held accountable for their circumstances, reinforcing the focus on personal responsibility—a key component within the neoliberal model.
What is the logic behind loans and layaway plans for poor rural and urban Nicaraguans? When promoted as part of a neoliberal model, microfinancing has a number of objectives at very different levels, which work together to promote neoliberal ideology. On the most basic level, it helps individuals obtain goods, such as land or livestock. Personal property is a key aspect of neoliberalism. Loans are also used to promote certain ideals and perspectives about development and individual responsibility—microfinance encourages people to be self-starters and learn to help themselves. In this way, microfinance loans create a path for the incorporation of disenfranchised populations into the neoliberal model. As a part of this, the importance of individual property is reinforced with the requirement of a guarantee for the loan by most lenders, usually land or cattle. Communal property cannot be used to meet this requirement. As government programs are cut, borrowers are forced to turn to microfinance to support their livelihood needs. Finally, individuals are held accountable for their behavior; if they fail it is their own responsibility. As the government shifted to neoliberalism, community members were drawn into the paradigm through microlending. Microloans are Janus-faced, pretending to promote human development while installing a foundation for neoliberal economic practices.

Once individuals start accruing debt they are drawn in to a subset of the formal economic system. Still excluded from traditional banks and with few options for savings, insurance, or other financial services, these borrowers are slowly being integrated into the larger system. It is possible that the next generation, more comfortable with financial institutions and with greater access to technology
(cellphones and computers), will be able to more fully integrate into the formal economic system.

Despite the potential negative impacts of microfinance, credit has become a central aspect of community livelihood strategies. The sudden lack of availability of credit within the community had enormous repercussions that were felt throughout all aspects of daily life. Loans served an important smoothing function in the community. When credit was no longer available this important safety net vanished. The loss of credit spurred several changes in the community including the inability to plant crops, increased risk sharing, changed labor patterns, and increased social unrest, each of which will be discussed in the following chapters.
Chapter Four
Livelihood Strategies: Making Ends Meet

Hoy cada día que pasa la vida es más dura
El tráfico te mata policía dura
Maquiladoras que costuran huesos
Maquiladoras para tu progreso...
Hay grupos fuertes que nos presionan
que nos reducen el alimento
La democracia y el armamento
De pronto viene el tiro de gracia...

La economía politizada va va...
a la derecha como a la izquierda
y por el centro va tanta gente
que nunca nunca le queda nada
y por el centro va tanta gente!
que nunca nunca le queda nada!

-Perrozompopo

Everybody works in the community of Santa Rosa, but as the above statement highlights, it just keeps getting harder and harder to make a living. In the end, the people of the community feel as though they have nothing to show for their effort. The goal of this chapter is to emphasize the effectiveness of combining traditional livelihoods studies with ethnographic methods in order to understand complex livelihood decisions. When used in conjunction, the two approaches provide a thorough, detailed, and contextualized understanding of livelihood strategies. Another benefit of this hybrid approach is its flexibility and the fact that it can be combined with any number of theoretical orientations. Since the livelihood studies approach is used by both scholars and practitioners, it also provides an arena for effective collaboration.
First, I outline the concept of livelihood studies and explain the main features of
a livelihood studies approach, emphasizing its utility within the realm of development.
Next, I explain how this approach is used to understand the different economic
strategies employed by households in the community, and why livelihood studies, when
combined with ethnographic data, is an effective tool for understanding the household
decision making process. In this chapter I present the diversity of the households in the
community, as well as the variety of economic strategies used by households to make
ends meet. I also provide an overview of the households participating in the study and
introduce the reader to some of the families on a more personal level, emphasizing the
important role ethnography plays in examining livelihood. I end the chapter by
highlighting the precarious situation that community members are in despite the
multiple sources of household income, a situation that would not be revealed without
the use of ethnography.

**Livelihood Studies**

In order to understand how individuals and households make economic
decisions, such as whether or not to take out loans or how may *manzanas* of land to
plant, it is imperative to know what resources they have available and how they use
those resources. An effective tool for examining these issues is the livelihood studies
approach. Livelihood studies examine the activities of individuals in relation to their
resources and opportunities, and how they manage these resources in an attempt to
improve their living conditions. An outgrowth of household studies, livelihood studies
focuses upon the social dynamics of households in crisis with a particular interest in
power and the resistance of individuals as displayed by their ability to survive (Whiteford and Montgomery 1985; de Janvry, Fafchamps et al. 1991; Nash 1993; Gudeman 2001; de Hann and Zoomers 2005; Wilk and Cliggett 2007). Some studies also burrow into the role of agency and structure on livelihood decisions (Ellis 2000). While different members of the same household may work towards a common goal, their individual motivations and strategies are often very different. Ethnographic research is the best way to uncover these differences.

At the center of the livelihoods approach in development, is an understanding of the assets or capital that are available to individuals and households including social, human, financial, natural, and physical capital (DFID 1999). It is important, however, to recognize external constraints that may be placed on these resources and therefore they must always be contextualized. The best way for this contextualization to occur is through ethnographic research. In addition to assets, the two main facets that must be considered when examining livelihood decisions are structure and vulnerability (Rakodi 2002). Structural factors include organizations, institutions, policies, and legislation that influence livelihood decisions. Vulnerability is the uncertainty that individuals deal with due to changes in the political, economic, social, or ecological environment. Both of these dimensions are central to examining livelihood decisions associated with agriculture and microfinance. Agriculture involves high levels of vulnerability due to climatic uncertainty and microfinance is dictated by structural factors and can have high levels of risk. Lont and Hospes (2004) call for the examination of how the livelihood strategies used both shape social process and constrain opportunities. For example, if a
farmer chooses to migrate, how will this impact his ability to plant crops and continue farming? This becomes a key aspect of the analysis as we examine multiple strategies used by farmers to mitigate risk in an unstable environment.

An effective model for the examination of livelihood studies has been developed by the Department for International Development (DFID) based in the United Kingdom. This model can be used by both scholars and practitioners and can be combined with any number of theoretical orientations. The livelihoods studies approach endorsed by the DFID has been adopted by some major development agencies with the goal of creating sustainable livelihoods (Thieme 2008). The use of an approach that is recognized by development organizations makes it easier to incorporate academic research into the applied realm. Livelihood studies provide academics and practitioners common ground from which they can work together. Influenced by this model, this study considers each of the key factors: vulnerability, assets, structures and processes, and strategies and outcomes, from an ethnographic perspective.

It has been argued that the livelihood studies approach does not provide the opportunity to examine power and inequality and that it does not have adequate foundation in social theory (de Hann and Zoomers 2005; Thieme 2008). In order to overcome these shortfalls I examine the livelihood strategies of individuals and households from within the framework of political economy which allows for the examination of how greater social forces influence livelihood decisions. Within anthropology, political economy has been an effective approach to examining livelihoods (Halperin and Dow 1977; Gudeman 1978; Gudeman and Rivera 1990; Webb
This research merges political economy, livelihoods, and ethnography to create a theoretically oriented, descriptive approach to livelihood studies. This combination makes the research accessible to a broad audience, while at the same time provides a greater depth of information and insight into the daily choices made by those working to make ends meet.

**Figure 5**

**DFID Framework for Sustainable Livelihoods**

Assets

In a livelihoods approach the first thing to examine are assets. Assets are resources that augment ones income but are not entirely spent in the process (Narayan D.; Pritchett 1999). There are a number of different types of assets including human, natural, financial, social and physical capital. Human capital includes the household members as potential labor, as well as their education and skills. Take Eliás for example,
he has been trained in carpentry and construction. Despite these assets he cannot find work. As a result, his wife and children join him in the coffee plantations. The family still relies on human capital but it has shifted from skilled to unskilled labor.

Social capital is the ability to draw on networks and other resources in the pursuit of their livelihoods. Doña Tina told me that she was involved with so many NGOs (eight at the time) because she knew it was important to have connections. She is the first person in the community NGOs come to when they need someone to cook for a project, or to house a visitor. Both of these activities provide her with irregular, but additional sources of income directly related to her social capital.

Physical capital is the basic infrastructure of the village: roads, bridges, shelter, and access to water and communication. While all community members have to deal with the same road and bridge that is where the similarity ends. The quality of housing varies from tarp shelters to brick homes; some households have water and cell phones while others do not. A number of households now have motorcycles to aid in transportation needs, while the rest are dependent upon the bus.

Natural capital is considered to be natural resources from which livelihood can be derived. While often used to discuss common pool resources, this can be extended to help understand the quality of soil or water in the community or the availability of other resources that are not privately owned such as fish or wildlife. Within the community there has been an overall reduction in natural capital. There are high levels of erosion, poor soil quality, and recent contamination of the spring-fed water system.
Community members recognize these problems but have difficulty working together to address these complex issues.

Finally, financial capital is access to resources such as credit and remittances that provide individuals with different livelihood opportunities. As the research highlights, the availability of financial capital has changed dramatically over the past few years and there is extreme variation of this asset from household to household. DM is literally drowning in debt and owes over 4,000 dollars to three different organizations while Doña Luisa speaks with great pride about working in Managua to pay off the 100 dollar loan from ProMujer.

*Structure and Process*

Each household in the study has its own set of assets or resources that they use determining what livelihood strategies to pursue. Simply because one has a number of assets, however, does not mean that they are all being employed. In some cases, households may not have the opportunity to use their resources, or there may be factors that prevent the use of some assets. A number of youth in the community have been educated as teachers and agricultural technicians, but unwilling to leave the region, they have been unable to find employment. Their education is a huge, untapped asset. In other cases, there are circumstances that encourage or assist the use of assets. When one of the NGOs working in the community offered to build a model water retention system at no cost on Don Alfredo’s land, he jumped at the opportunity. Don Alfredo was now better able to work his land, creating a more efficient use of that major asset.
Non-material factors that mitigate the use of assets are structures and processes (DFID 1999; Rakodi 2002). Structures include governmental, private, and non-governmental organizations from the public and the private sector that influence everyday lives. Everything from the laws and policies that are implemented to the products that are available, create the structure that governs daily decisions as well as long-term plans. Within these structures there are a number of processes that take place, which further influence the ability to use one’s assets. Issues such as who is given access to loans or if a certain group of people are favored in receiving government assistance, are examples of processes that occur within structures that mediate access to and the use of assets. Issues of structure and process are central to this research and will be examined in detail in chapter five, which examines farming, migration, and wage labor, and eight which scrutinizes the influence of government on civil society. The key to understanding these processes is to examine them within the messiness of everyday life. Ethnography allows us to examine and contextualize livelihood decisions while taking into consideration the multiple factors that influences daily choices.

*Vulnerability*

Another factor influencing asset use is vulnerability. It has been argued that there are three main aspects of vulnerability: trends, shocks, and seasonality (DFID 1999; Rakodi 2002). Trends encompass change in populations, economics, and politics among others. All of these issues impact members of the community and the relative instability of these issues increases household vulnerability. Shocks include health epidemics, environmental disasters, economic shocks, and shocks to crops or livestock.
During the research the community suffered from both flooding and drought which greatly impacted their crops. There was also a national outbreak of leptospirosis. Due to hurricane Mateo, the community was isolated with no transportation or communication for two weeks after the bridge washed out and the power lines went down.

Seasonality, the third aspect of vulnerability, is the continual changing of process, production, health, and employment opportunities that community members have to deal with on a regular basis. The unpredictability of the harvest, the changing price of goods, and irregular employment opportunities make it difficult for community members to make long-term plans. Vulnerability will be at the center of chapter seven which focuses on risk and risk mitigation.

Livelihood Strategies and Outcomes

All of the factors discussed above influence the livelihood decisions of households. In the community, there are seven major livelihood strategies individuals draw on to support their households: farming, migration, small business, wage labor, remittances, credit, and government assistance. Not all households are able to use each strategy and the availability of each varies from season to season. Below I introduce the households participating in the study and the main livelihood strategies used in the community. When discussing livelihood outcomes, it is important to distinguish between expected and actual outcomes. While community members may have the expectation of increasing their income or improving food security, this may not be what actually occurs. Making the distinction between expected and actual outcomes is
central to analyzing decisions about livelihood strategies. It is in this discussion that the historical political economy framework is particularly useful, as it allows for an understanding of the internal and external factors that influence the circumstances of our daily lives. It helps us to understand why Eliás would do anything in his power to be able to access credit, while Doña Elba has decided that she doesn’t want anything to do with loans and debt.

**Participating Households**

During my fieldwork I visited 25 households on a regular basis. The households participating in the study ranged from having three to 11 members, with the most common size of five. After the initial survey, households were grouped into one of four categories: households with one current loan either in good standing or default (10), households with multiple loans either in good standing or default (7), households who have never taken out loans (4), and households that have taken out loans in the past but do not have any current loans (4). For the purpose of this categorization, loans were considered to be money borrowed from microcredit/microfinance organizations or projects where the recipient was required to pay back at least part of the cost. The number of households initially reporting debt in this study is slightly higher (68%) than the 57% of households that reported to have debt on a survey conducted in the community the year previously. As the study progressed, however, these numbers

16 All but one household in the study group with loans had fallen behind in their payments. Participants attribute this to repeatedly poor harvests.
began to shift. Households that initially commented that they had no debt revealed that they did owe money for the government sponsored *Bono Productivo*,¹⁷ or households that said they only had one loan actually had multiple loans from the same organization. In one household, it wasn’t until one of our final interviews that the husband confessed that that he actually had lost all of his land about ten years earlier because of loans he could not repay. By the end of the field work the numbers had shifted to nine households with one loan, nine households with multiple loans, three households that had never had loans, and four households that had loans in the past but were currently debt-free.

The shift in numbers suggest the weakness of a survey approach to gathering household economic data, reaffirming the importance of long-term ethnographic research.

¹⁷ The *Bono Productivo* is a government sponsored program to relieve hunger. Households are given a cow, pig, and chickens and are expected to deposit 5,000 cordobas into a revolving fund once the animals become productive.
livelihood studies. Participants are less likely to honestly represent themselves in a survey, or they may not think about the different forms of credit that they use. It is likely that a higher percentage of community members have debt than they are willing to admit on a survey.

Now let us look at the differing characteristics of the four household groups. While the households in each loan categorization are varied, there are some patterns that become evident when examining them as groups. This categorization may help identify how different types of households deal with household needs.

Table 2

Household Characteristics by Debt Categorization

<table>
<thead>
<tr>
<th>Households with Multiple Loans</th>
<th>Households with One Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Heads of Household between 35-55</td>
<td>• Heads of household between 30-60</td>
</tr>
<tr>
<td>• Household Members 4-8</td>
<td>• Mostly smaller household size 3-5</td>
</tr>
<tr>
<td>• Both husband and wife take out loans</td>
<td>• Majority of loans for agriculture</td>
</tr>
<tr>
<td>• Over half take care of grandchildren or other family members.</td>
<td>• Moderate family stability.</td>
</tr>
<tr>
<td>• Loans for household construction/repairs</td>
<td>• Only one person takes out loans.</td>
</tr>
<tr>
<td>• Live in brick or cinderblock homes</td>
<td>• Extended and Nuclear families</td>
</tr>
<tr>
<td>• Mixed family stability</td>
<td>• Most own some land</td>
</tr>
<tr>
<td>• Own land/land is under embargo</td>
<td>• Half own cattle</td>
</tr>
<tr>
<td>• Most own cattle</td>
<td>• Majority in adobe homes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Households with No Current Debt</th>
<th>Households that Have Never Borrowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Heads of household between 30-60</td>
<td>• Heads of household between 25-35</td>
</tr>
<tr>
<td>• Size of household 4-12.</td>
<td>• All migrate or have family that migrates</td>
</tr>
<tr>
<td>• Moderate family stability</td>
<td>• Household members 4-5</td>
</tr>
<tr>
<td>• Extended and nuclear families</td>
<td>• Did not take out loans for homes</td>
</tr>
<tr>
<td>• Half own farmland</td>
<td>• Family Instability, all husbands have been openly unfaithful.</td>
</tr>
<tr>
<td>• None own cattle</td>
<td>• All are nuclear families</td>
</tr>
<tr>
<td></td>
<td>• All have access to farmland</td>
</tr>
</tbody>
</table>
Households with Multiple Loans

Households with multiple loans and unmanageable debt tend to be slightly older and have members of the extended family living in the household. In most cases the husband and wife both take out loans, and all but one household in this category took out a loan for housing. Of the nine households in this category, four are from the same maternal lineage, two sisters, a daughter, and a niece. All of the households in this group own land except for one who sold their land to pay down debt. Of the others, three have embargos in place on their land by lending organizations. When a person’s land is embargoed this means that the lending organization has started a legal process to gain possession of the land (which was used as a guarantee) and the landowner is not allowed access to the property. Most of these households do have cattle and all but one live in homes that are made of either brick or cinderblock. Despite their current high levels of debt, these households tend to be among the wealthier members of the community.

Laura has multiple loans. I have known her for several years; she was one of the few female farmers I worked with when I first came to the community as a Peace Corps volunteer. Laura is a down to earth, hardworking woman. She continues to work on the farm with the field hands and especially enjoys the harvest. She raised her five children on her own, and now takes care of two of her grandchildren. Of Laura’s five children only her youngest, a young man in his second year of high school, still lives with her. Laura’s eldest son, now in his 30’s, lives with his father who returned to the community a few years ago. The young man had been away at school in the capital when he got into a fight and received a traumatic head injury. He is currently
unemployable and becomes violent when he drinks. Laura’s second son was living with her at the beginning of the study. A police officer in a nearby community, he built a one-room addition onto her house where he lived with his wife and son. While working full time he was also pursuing a degree in architecture at a school in Estelí. About three months into the study period he and his wife decided to move into a house that they rented in Condega so his wife could work to help support their family. Both of Laura’s daughters have also left the community to work. Her eldest daughter works at a small store in Estelí and returns to Santa Rosa every few weeks to visit her children. Laura’s youngest daughter migrated to Mexico two years ago. She had originally planned to pass into the United States illegally but encountered too much difficulty and decided to stay in Mexico. She has since married and had her first child; Laura has not met her new son-in law or grandchild.

*Laura sat in her hammock in the middle of the sala.* She looked up at me from time to time but during most of the conversation her eyes were pointed downward looking at her toes as she wriggled them in her flip flops. Her granddaughter had decorated them with tiny white flowers. She was in a difficult situation. For the first time since 1998 she wasn’t sure if she would be able to get a loan to plant this year. The organization that she had been working with over the past 13 years was changing into a cooperative, and they were adopting stricter rules about the restructuring of debt and the recycling of loans. She still owes 3,000 cordobas on her loan from last year. If she can’t come up with 2,000 cordobas by the end of April, she will not be eligible for further assistance. Her only hope is to rent out some of her land so she can pay the 2,000
cordobas. If she is successful, they will give her a new loan for 5,000 cordobas. After paying off the balance on the old loan she will have 4,000 cordobas to use towards planting. I commented that she should be able to find someone to rent the land. She said that there were a lot of people who wanted to rent, but none of them had any money.

Laura is far from typical. A single grandmother, she relies on loans from microcredit organizations to be able to pay for not only pesticides, herbicides, and the rental of traction animals, but also the manual labor needed to farm the four manzanas\(^{18}\) of land that she owns. Eventually, Laura was granted her loan from the cooperative. It was enough to cover the cost of planting one manzana of land (5,000 cordobas), even though she is planting three manzanas. As a result, she is planting two manzanas a-media\(^{19}\) and the other one on her own. She said that the money still isn’t quite enough but she doesn’t want to apply for the new loan from the government because she doesn’t want to have jaranas\(^{20}\) in two places at the same time. In our last conversation she repeatedly told me that if there is a good harvest she is going to pay off most of her debts and plant without loans next year. She still hasn’t given up hope on a good harvest.

\(^{18}\) One manzana equals 1.7 acres.
\(^{19}\) Plant a-media is when two farmers work together to plant the same plot of land, each taking on different responsibilities, and then splitting the harvest equally.
\(^{20}\) The word jaranas is often used for debt in the community but it also means problems or trouble.
Households with Manageable Debt

Households with only one loan, or manageable debt, tend to be smaller in size with relative stability. The majority of the households take out the loans for agriculture. Access to loans was evenly split in the households. In three cases both male and female heads of household had taken out loans, in three cases only male heads had taken out loans and in the last three only females had taken out loans. There was a great deal of variability in this group, head of household ranged from 30-60 years of age and there were both extended and nuclear families. All of these households own some farmland and half have cattle. Six households live in homes made of adobe or heavy black plastic sheeting while three live in brick homes. Four of the five homes without cattle live in plastic or adobe homes.

Lupe and Francisco technically have two loans, but the combined amount is so low that I categorized it as manageable debt. Despite my long history in the community I had never met Lupe before she signed up for the research study. I even walked right past the path to her house the first time I went to visit her, it was hidden behind the evangelical church of which she is a member. Lupe has a very interesting personal history. While she is only 36, she has three grown children and two grandchildren from her first husband who live in another community. She has been with her current husband for about 10 years and they have two children as well. Lupe’s husband, Francisco, is a farmer in the community. Lupe is very involved with the evangelical church and has some responsibility to fulfill almost every day of the week. Over the
course of the year we developed a very friendly relationship and it was always a pleasure to visit her home.

The household survives on the harvest, supplemented with Francisco’s income as a day laborer in the community. Lupe and Francisco do not like to take out loans. In the past they have used loans to fund small business investment and for farming, but they never had much success. Currently, they owe money to PECAN, an organization that promoted a project on patio production. The organization gave the household chicken wire, a water pump, plants, chickens, and other assorted tools. Participants were expected to pay the organization half the value of the materials over a two year period. Several years have passed and they have still not been able to pay back the loan.

Lupe and I sat in her kitchen. She apologized for the plastic tarp that served as a roof. She explained to me that they had asked for the zinc from the government but the community leaders didn’t want to give it to them. She wasn’t planning on asking again. Instead, her husband was going to buy some used teja for the roof. If they kept waiting for the government to help them their house would fall down. As we went over the worksheets she started to laugh nervously. She wanted to know how to fill out the worksheets when they weren’t eating rice and beans.

Lupe and Francisco’s household is one that seems to be struggling the most. While they maintain an upbeat attitude and a positive outlook their daily consumption
is extremely low. While some of this can be explained by the fasting required by the evangelical church, it is not the whole story.\textsuperscript{21} The household simply does not have much food. Often, they did not have the basic staples of rice or beans but ate only tortillas and bananas or plantains. They relied on patio production and would supplement their diet with chaya, eggs, and other backyard products, or items that were given to them by friends.

\textit{Households with No Current Debt}

The four households with no current debt represented two sides of the coin. Two of the families had used loans successfully in the past and either didn’t want or didn’t feel the need to take out loans. Doña Elba fell into this category. She told me that when she finished paying off the loan that she had taken out for her cow (which had since died) she felt such a sense of relief that she never wanted to be in debt again!

The other two households wanted access to credit but were unable to acquire it due to a lack of material assets. While they had paid off their previous debt, they no longer had sufficient resources to qualify for credit. Understandably, there was a large amount of variation in the makeup of these households. The one similarity was that none of the households own cattle.

\textsuperscript{21} The evangelical church, of which they are a member in the community, requires that members fast before services that are conducted four days a week. On these days members do not eat until after services end at 2pm.
Irene and Eliás are an interesting couple, while they would like to get loans they are unable to qualify. They met while working in Costa Rica. She is originally from Estelí and he had been living in Yalí for several years. They used money they had been able to save while in Costa Rica to buy a small house and some land in Santa Rosa, where Eliás has family. Eliás is 18 years older than Irene, quite a bit even by Nicaraguan standards. The two of them have three children ages 9, 6, and 4. Their house is very small and dark with no windows and only the door to let in some light. We always sat in the living room when I visited and there was generally smoke drifting in from the fire in the kitchen. Irene describes herself as a housewife and told me that since her first child was born she has not formally returned to the workforce. Eliás works in construction and agriculture taking whatever work is available. Both individuals have residency in Costa Rica, but after 15 years of working there Eliás decided to return to Nicaragua on a more permanent basis. He told me that it was getting too hard to find work in Costa Rica. The household relies on what Eliás can earn working construction and cutting coffee. This year Irene and the kids joined him at a coffee farm for a few weeks and they all worked together to earn extra money. When possible they also plant corn and beans a media with other families.

About ten years ago Eliás took out an agricultural loan and ran into some difficulties. Instead of defaulting on the loan he sold his land to pay off the debt. Because he was under pressure to sell, he sold at a very low price and was left landless. The family has tried to get loans in order to plant with other households, but lacking collateral, and since they don’t own the land to be planted, they have been
unsuccessful. Additionally, they have tried to qualify for the government agricultural program that aids families by giving them chickens and garden supplies but they were told that they are not eligible because the plot of land that their house is on is too small.

_I sat with Eliás one day, chatting about projects in the community. We were outside in front of the house. His son was sitting next to him staring at the recorder. Usually a calm individual he became rather excited as we spoke. He told me that he doesn’t believe that the distribution of projects in the community is very well done. He said that the projects should be distributed to the poor people and not the households that already have things. He said that in other communities they distribute assistance to everyone and here only some people benefit. He told me that the problem is with the leaders of the community, the members of the Citizens Power Council. He commented that they don’t do anything for the poor people; they were elected by the community but people vote for their family._

I was surprised to find that, as one of the poorest families in the community, they had received little government assistance. Eliás’ comments and concerns about the CPC are explored at a greater length in chapter six when the roles and responsibilities of local government are examined. During the last few months of the study Irene fell ill. She went in for a routine tubal ligation and never fully recovered. The last time I saw her, her entire body was swollen and she could not stand. I asked her what she had done for treatment and she said that the doctors had given her some antibiotics but they didn’t seem to work. She didn’t think that her illness was due to her recent surgery, however. Irene believed that someone had put a curse on her out of
jealousy due to the fact that her husband had received a well-paying job on the road construction crew. She had recently spent over 3,000 cordobas visiting a religious advisor who said that he would be able to cure her through prayer and ritual.

Households that have Never been in Debt

The households that never borrowed may be the most revealing of all. They are all younger, nuclear families, and in each of the three households the men were openly unfaithful to their wives, having children with other women and speaking publically about their exploits. Due to this, there was a high level of instability within the family unit. Additionally, each family had acquired their own place to live without taking out loans, one through inheritance, one via a housing lottery, and the third with assistance from family living in the United States. In each case, the household either owned their own farmland or were able to plant land without having to pay for rent. This combination of a young, independent household without debt is uncommon in the community. It is also a hallmark of households that have never taken out loans. While the ability to live debt free is impressive, it is not without concern. In each of these households the husband is entirely in control of the finances. The women have no control over how the money is spent and they are entirely dependent on their spouses for all of their needs.

At 23 and 28 respectively, Nadia and Arnoldo are the youngest couple in the study. They have three children, all under the age of five. Nadia is from another community several hours away. The family lives in Arnoldo’s mother’s house. Arnoldo’s mother has moved into a new home that was built next door with money from a family
member in Costa Rica. Arnoldo’s father is an alcoholic who stays in the household from time to time. The household supports itself with a combination of earnings from agriculture and seasonal migration. Arnoldo plants his mother’s land during the wet season and goes to work in Costa Rica during the dry season, where he stays with his sister. He has been going to Costa Rica on and off for eight years. When he doesn’t go to Costa Rica he travels to other parts of Nicaragua to cut coffee. Arnoldo can’t imagine staying in the community during the dry season. Nadia said that she is accustomed to her husband working in other places. In the household, Arnoldo has complete control over the finances. Nadia has no idea how much he earns or how many hundred weight of beans or corn he sells after each harvest. Arnoldo makes sure there is food in the house and Nadia does not ask any questions. When he is working in Costa Rica he sends her money to buy provisions. She will often use this opportunity to buy clothes and other supplies for the children.

Arnoldo is a known ladies’ man in the community and is often seen with other women in Condega. Nadia never mentioned his womanizing behavior to me over the course of the year, however, she did comment on his drinking. During a number of visits I noticed that Arnoldo’s eyes were red and watery and he spoke as if he were intoxicated. On one visit I knew that he had gone to Condega, when I heard the bus come through the community I asked Nadia if she expected him to be home soon, she commented, “that man doesn’t come home until the last bus.”

One day towards the end of the fieldwork Nadia came to find me at a neighbor’s house. She was clearly on edge about something. I asked what was going on and she
said that she needed to ask me for a favor but that I couldn’t tell her husband. She made me promise that her husband wouldn’t find out. She told me that she wanted to borrow money to buy some clothes for herself and the children. She said that she couldn’t pay me back right away, but she promised that she would give me the money the next time I returned to the community.

I found out the next day that Nadia and her husband had been fighting. Nadia had discovered that Arnoldo had been seeing another woman and was very upset. She was threatening to leave him and take the children with her to go live with her parents. While Nadia did not leave her husband, she made it clear that she was aware of his activities and let him know that she had access to resources that were not dependent upon his approval.

**Household Demographics**

The demographics of the households is an aspect of the study that deserves further consideration, if for no other reason than to understand the complexity and the fluidity of the concept of the household in Santa Rosa. Just over a half of the households are traditional nuclear families, one fifth contain multiple generations where the grandparents or other relatives were raising grandchildren and the children’s parents were not in the household, and one quarter of the households consisted of multiple family households where the adult children with a spouse and or children continued to live with their parents or a parent came to live with their adult children. These living arrangements, however, were in no way permanent, and over the course of the research the makeup of many households changed frequently. In every single one
of the multiple family households there was a movement of individuals in and out of the household, often migrating to Costa Rica, cutting coffee, or working in nearby cities.

Two of the nuclear families also took in other people to live with them, expanding their household beyond the traditional understanding of a nuclear family.

Figure 7

**Debt Categorization by Household Type**

A great deal of household fluidity is directly linked to livelihood strategies and how family members coordinate in order to meet the daily needs of the household. In the initial survey, 22 of the households listed agriculture as one of their sources of income. This increased to 24 when two households that had not planted in previous years decided, or
were asked to plant a *media*\textsuperscript{22} with other community members. Overall, however, there were five household that did not consider agriculture to be a major contributor to their household income, they were planting one *manzana* or less a *media*, and hoped to eat some fresh corn or get a few hundred weight of beans for consumption. For the purposes of this investigation these households have been categorized as “non-agricultural” as the maintenance of the household does not depend or rely on agricultural production.

Non-agricultural households used a variety of strategies to make ends meet. Two relied on migration performed by the male heads of household who worked outside the community but returned at regular intervals to see their families. Their wives would look for seasonal work such as cutting coffee to supplement the household income. When they decided to plant a *media* they paid day laborers to do work in the fields. One household relied solely on remittances sent by her daughter and son-in-law in Costa Rica. She had recently left her alcoholic husband and moved into her daughter’s newly built house while she was raising her two grandchildren. One household supported itself with small business activity; the husband would sell goods in other communities and the wife worked selling prepared food in the community. The fifth household used a combination of remittances and income from her small store to maintain the household, she too is raising two grandchildren and the money comes

\textsuperscript{22} Planting a *media* is when one person supplies the land and some of the inputs while the other supplies labor and the rest of the inputs, at the end of the growing season they split the harvest. This is usually done when landowners don’t have enough resources to cover the expenses associated with planting their land.
from her daughter in Costa Rica. She told me that since her husband, who is an alcoholic, didn’t help her in any way she had always worked to support herself and her family.

This variety of economic strategies is not unique to non-agriculturalists. All of the remaining 20 households use similar methods to supplement their household incomes. The most common strategies are seasonal labor, when members of the household either find day labor in or near the community during the dry season, and seasonal migration, when they look for work in other areas such as Costa Rica, Honduras, or Estelí, but return to the community to plant during the rainy season. We also see a number of households that combine different methods such as small business with seasonal labor or seasonal migration. In these cases the male head of household looks for work while the female stays home and runs a small store or sells prepared food to supplement their income. In one household, they run a small business and the female head of household works in the community at the local school.
Clearly, the level of economic need for each household differs. However, the multiple strategies used by households reflect a clear need to supplement their income. The money earned through agriculture is not sufficient to support their households. The money that is earned in small business and seasonal labor is generally required to cover daily expenses in the household, such as the purchase of rice, cooking oil, soap, and other basics that are not produced by community members. This year many households have also had to purchase corn and beans due to the poor harvests.

When households have individuals that participate in migration and seasonal migration, they often earn enough money to both support the household and purchase a portion of the inputs needed for the upcoming planting cycle. In the past, when households have not migrated, they have primarily turned to microcredit and...
microfinance loans to provide them with the funds needed to support their agricultural practices. This year, that was not an option. Community members found themselves developing new tactics to deal with their vulnerability in order to implement effective livelihood strategies. These risk-mitigation practices will be highlighted in chapter seven.

Conclusions

The livelihood studies approach is an effective tool for analyzing the complex decisions made by members of a household in determining how to meet their daily needs. This framework takes into account multiple factors including all types of assets, vulnerability, and structural forces that influence livelihood decisions and outcomes. Because this tool is also used by practitioners, it provides a common ground from which researchers and academics can work in conjunction with others to promote positive livelihood outcomes. When combined with an ethnographic approach a greater depth of understanding is obtained and the interaction of livelihood assets, structures, and vulnerability can be understood in relation to livelihood strategies and outcomes.

It is only through ethnography that one would come to learn that Arnoldo, who has not taken out any loans and is debt-free, only manages to make ends meet by borrowing money from his mother who receives remittances from his sister in Costa Rica. Or, that when Arnoldo goes to Costa Rica to work, his sister charges him a higher level of rent than the rest of the borders in her house. This type of information is not available on a survey about livelihood strategies.
This information, however, also needs to be understood from within the framework of political economy. Simply describing the lives of community members is not sufficient to understand their contemporary situation or their livelihood decisions. Instead, they must be contextualized and understood as part of the wider economic downturn. Over the past few years it has become clear that households cannot depend solely on farming for survival due to the high levels of risk and unpredictability with the harvest. At the same time, alternate resources such as migration and credit are becoming more competitive and difficult to acquire. As a result, households have had to expand their livelihood strategies by starting small businesses and looking for government assistance in order to meet their daily needs. But what led to these choices? Why are entrepreneurialship and government sponsored programs the most feasible options for these households?

These choices are a direct result of the current political and economic environment in Nicaragua. They represent the duality of the current government and its political agenda. As Ortega is trying walk-the-line between social democracy and neoliberalism we see this play out at the community level. From 1990 to 2006 the government transitioned to a neoliberal, free market model. One aspect of this was the promotion of microcredit and microfinance to encourage individuals to work their way out of poverty.

Despite his move away from neoliberalism, this model of development has been continued by Ortega with some modifications. In addition to NGOs, the government has also started its own development programs which have been installed alongside
preexisting NGO projects. Citizens are encouraged to be fruitful members of society and contribute to the production of the Nation’s food supply. Ortega encourages small farmers to grow the staple crops needed for domestic consumption, providing credit for small farmers. With the Bono Productivo the government provides rural households with an opportunity to also produce dairy, eggs, and poultry for household consumption, further promoting the idea of individual responsibility and self-sufficiency. These programs, however, rely on high levels of government subsidies and are viewed as a key aspect of Ortega’s socialist agenda. What emerges is the promotion of individual responsibility through government supported programs. These livelihood choices, are best understood when examined from within this political and economic climate. Farmers may live in small, rural communities, but they are far from isolated from the outside world. Their daily choices have everything to do with the ‘price of tea in China’ or the cost of coffee in Honduras.
Chapter Five
Bringing home the Beans: Farming, Labor, and Migration

No importa si el color sobre mis venas es moreno
No importa se acompaña la caída de café
No importa si soy bendiga o una puta callejero
Si soy Nica, Hondureño, si soy Tico de Tibás
No importa si en la noche cuide carros para Uds.
No importa si en la Carpio soy un Nica indocument
No importa si tus hijos yo les canto los canciones

Que allá de detrás del río
Que allá de detrás del río
Que allá de detrás del río
He dejado de cantar

Dejavu mi vida dejavu quien soy
Dejavu mi vida dejavu quien soy
Dejavu mi vida dejavu quien soy

-Perrozompopo

This chapter is an in-depth exploration of the three main livelihood strategies in Santa Rosa: farming, migration, and labor. The goal is to understand how these strategies emerged as primary sources of income within this region of Nicaragua. As would be expected, these livelihood strategies are a product of history and the global economy. Subsistence farming in Santa Rosa emerged as a result of land redistribution following the war. The continuation of this practice has been encouraged by both government and non-governmental organizations through a number of projects and programs which promote sustainable agriculture for domestic consumption. Migration, with its multiple incarnations, has occurred for decades and is influenced and altered by the global economy with different destinations waxing and waning in popularity. At
times Costa Rica is the destination of choice, currently, Spain has become a popular option, while Honduras is favored by others. The need for Nicaraguans to migrate and look for wage labor, however, reflects the struggles of a growing community in an economically unstable environment. I outline the history and importance of each strategy explaining the distinct, yet overlapping opportunities that these diverse economic options provide for community members. The integration of farming, migration, and wage labor is discussed, and I examine how cultural beliefs, related to gender and age, influence what activities are practiced and by whom. I also consider how specific activities work to reinforce the societal roles of individuals within the community and how these roles may be shifting due to the current economic crisis. I conclude the chapter by highlighting the current economic and social instability within the community.

**Farming**

In passing through the community on one of the crowded, multi-colored, converted school busses, a visitor might ask, why farming? Santa Rosa, located in a narrow valley with towering hills on all sides, doesn’t easily lend itself to agricultural pursuits. A friend and former Peace Corps volunteer once commented, “I just don’t understand why they farm here, they should just raise goats instead.” Aside from the fact that no one really wants to eat goats I thought that it was a rather insightful observation. Why are community members farming on rocky, hilly soil? What pushed Santa Rosa to become a farming community? As little as 40 years ago the area was a
forest filled with toucans and teeming with deer. Now it is a village surrounded by
milpas\textsuperscript{23} and teeming with mice.

During the war, the community was a Sandinista stronghold with a military
encampment in the school and active voluntary cooperation of community members.
Men participated in armed patrols of the surrounding hillsides and families provided
food and shelter to other soldiers passing through the area. After the war, two
cooperatives were formed in the community, each receiving land that had been
confiscated during the uprising. The first cooperative, formed by a select group of
soldiers, was given a combination of forest, farmland, and pastures consisting of several
hundred acres to be managed among members of the group. The second cooperative,
formed by a different group of soldiers who had been excluded from the first
cooperative, was given a smaller amount of farmland and pasture land but no forest.
From the start there was conflict between the two groups as the land for the second
cooperative was actually taken from land granted to the first cooperative.

Additionally, community members didn’t like the model of cooperative farming;
they wanted to own their own land. To this day, community-level projects are not
highly successful. When implemented by development workers and NGOs they are
delayed and stymied with problems. Eventually, the two cooperatives were given
permission to divide up the land. Plots were distributed to each cooperative member.
Since the initial break-up of the cooperatives, land within the community has been

\textsuperscript{23} A milpa is a cornfield.
bought, sold, and traded numerous times. As with in other parts of the country, the reconsolidation of land has also started to occur (Broegaard 2009).

It is important to note that during the initial distribution of land after the war it was all granted to men. Females were not included in the cooperatives. Despite this, a number of female community members have come to own land through inheritance, title transfer, and most recently, loans. After the war there was a push by the Red de Mujeres for husbands to transfer the title of some land to their wives. The organization provided a series of workshops on gender in an effort to convince spouses that their wives also deserved to benefit from the revolution. The goal was to bring some stability and security to women, whose lives are heavily invested in the household. This initiative was moderately successful, four men agreed to transfer the title of the property on which their homes were built to their wives.

The most common way for a woman to get land in the community, however, is to take out a loan from an NGO. The loans offered by NGOs are for agricultural or pastureland, not for homesteading. A number of women are currently in debt for farmland they purchased with microloans. Within the community there are only three women who would identify themselves as farmers. They work in the fields, they manage the land, and they are in charge of the harvests. Agriculture is still primarily viewed as a male-oriented activity. However, since many of the microcredit loans were only offered to women, they were the ones who took out the loans to buy land for farming and pasture. The focus on loans for agriculture and animal husbandry reinforces the practice of these traditional livelihood strategies. Despite the fact that
women generally have a nominal role in agriculture, the loans marketed to them encourage further reliance on this livelihood strategy.

*Production and Risk*

One of the drawbacks of the land redistribution after the war was the loss of large-scale land management. Under a single owner or a cooperative, large tracks of land could be more effectively managed. Sections could be left to fallow, forests could be protected, and pasture could be rotated. With increased segmentation, however, there is a loss of overall land management, as each individual wants to get the most out of their individual piece of property. As the population expands, so does the need for productive soil. In many cases, this translates into clearing the land for agricultural production or pasture. With few exceptions, the only areas that have not been cleared are those near sources of water. Individuals who are fortunate enough to receive land with a natural spring or creek make an effort to conserve that resource. Increased population pressure drives farmers into less and less productive soil. As farmers create *milpas* on the sides of mountains and use fire to clear new land, problems such as soil erosion and drought increase. Farmers use chemical fertilizers to increase production on their land and pesticides to fight the ever increasing numbers of insects that fill their fields. While governmental and non-governmental organizations push the use of soil conservation techniques and traditional farming methods for small producers, the strategies promoted are often seen as too labor intensive. Unable to subsist on farming
alone, community members rely on other livelihood strategies to supplement their household income.

One of the main questions to consider is, why isn’t farming enough? How come farmers are unable to support their households? A number of factors contribute to this problem including drought, flooding, and natural disasters. It has been five years since the community had a year when both the first and second planting cycles produced a successful harvest. One community member told me, “I planted a lot, what gave me problems were the changes in the weather. Look, I was planting up to 20 manzanas of beans, but when I lost it was all at once, Hurricane Mitch… I lost all my money.”24 This was over a decade ago and the informant has still been unable to recover economically from the losses he sustained due to the hurricane. Unfortunately, this trend is likely to continue. A report published by the World Bank on climate change in the country predicts increases in temperature, decreases in precipitation, and decreases in cloud cover, which make the main crops of beans, corn, and sorghum increasingly vulnerable (Edmeades 2008). Additionally, the area of the country where this research is being conducted falls into a zone with “severe and very severe land degradation” (see map below). Clearing of land, planting on the hillsides, continuous planting, and monocropping have reduced the quality of the soil within the region.

While the quality and amount of the harvest continually diminishes, the cost of planting keeps increasing. In an effort to combat poor soil, farmers use a growing

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24 All direct quotes have been translated from Spanish by the author.
number of chemical inputs on the land to increase production. These fertilizers cost money. There are also increasing problems with invasive weeds, fungus, and insects that many farmers believe can only been controlled with the use of chemical pesticides and herbicides. With all of these additional inputs small-scale agriculture becomes less and less economically viable. Additionally, there have been some basic changes to farming techniques over the past two decades, that have led to an increased dependency on chemical inputs. One example of this is “quebrando,” the practice of tilling dry soil before the rainy season starts. *Quebrando* breaks up the soil making it easier to plant. The practice also reduces number of weeds and insects in the field by exposing roots and insect larva to the summer sun, where they dry out or are eaten by 

Figure 8

**Map of Nicaragua Displaying Production Potential and Constraints**

25 This map is from the following website: [http://www.fao.org/countryprofiles/Maps/NIC/04/ec/index.html](http://www.fao.org/countryprofiles/Maps/NIC/04/ec/index.html)
other animals. Some farmers would even bring chickens with them to the field to eat the grubs that are exposed when the soil is tilled. The problem is that many farmers no longer own their own traction animals and can’t afford to rent animals to till their land twice.\textsuperscript{26} As a result, farmers wait until the rain comes and then till, sow, and fertilize all at the same time. Any weeds that are turned up simply re-root and insect larvae return below the soft moist soil. Many farmers commented that even if they owned their own animals they no longer had the time to \textit{quebrar} the soil because they and their children work outside the community during the dry season. If they were to return any earlier to \textit{quebrar} the soil they would lose income and may not even have enough money to subsidize planting. Farmers are split on the importance of \textit{quebrando} the soil. Most argue that they would still need to apply chemical herbicides, while others who practice crop rotation argue that when combined, the two strategies eliminate the need for chemical herbicides. Another major shift has come in terms of weeding. As little as 15 years ago, much of the weeding was done by hand with a hoe. Today, the majority of farmers rely on chemical herbicides that are administered with a backpack sprayer operated by hand-pump. This method is less labor intensive than traditional methods and more cost effective. As a result, however, there is a reduction of paid manual labor which would keep money circulating in the community. With an increase in the use of

\textsuperscript{26} In a number of cases farmers have had to sell their traction animals in order to make payments on microfinance loans.
chemical products less money is spent on local day laborers, further exacerbating the economic struggles of the community.

**Project Pitfalls**

Another aspect of vulnerability that the farmers face is an unstable market. Farmers have no control over the price of the crops at harvest. On the domestic market the price of beans fluctuates greatly, as the harvest comes in, the price of beans or corn drops significantly. While grains could be stored to be sold at a later date, when prices inevitably rise, farmers often find that they have to sell their harvest in order to meet their immediate consumption needs and to pay off their loans. Despite the promotion of programs by the government to sell grains on the international market, the community has not benefited from these projects (Alvarez 2008; Primerisima 2010).

Projects promoting the production of black beans actually resulted in a negative impact on community members who decided to participate. Promised a high price for black beans to be exported to Venezuela, a number of community members joined projects to grow this product for the export market. Many community members, who in general own only a few acres of productive soil, decided to plant all or the majority of their land with this new product. In order to do so they were given the seed, chemical fertilizers, and pesticides by UNAG, or one of the other organizations promoting the export of black beans. The seeds, fertilizers, and pesticides were packaged together and given to the farmer as a set up-front. Farmers were not allowed to pick and choose what products they needed or decline some products they did not want. The farmers were expected to pay back between 100-150 dollars per manzana of land they were planting
depending upon the organization. The idea was that they would give the organization a set amount of beans per manzana instead of cash, usually 6-8 hundredweight (Cano 2007). The project encountered two main problems. The first problem was the drought that led to a poor harvest. The variety of black bean seeds provided had little to no drought resistance, which led to low levels of production. Many households had a very poor harvest, 2 or 3 hundred weight of beans instead of the 20-25 hundredweight that they expected. The second problem was that the prices being offered for the black beans were very low. The organizations were not willing to buy the beans at full market price if households could not provide them with the 6-8 hundredweight stipulated to pay back the seed and chemicals given to them at the beginning of the cycle. Families found themselves with no harvest, outstanding debt, and no access to credit. All they had for their effort was a few hundred pounds of black beans. Nicaraguans do not eat black beans and they have little value on the domestic market. Households that turned to eating the black beans complained of indigestion and other stomach problems. In the second planting cycle those who could acquire seed returned to planting traditional red beans. The problem that emerged was that much of the harvest was mixed with a combination of red and black beans (I came to call it frijol Sandinista). This combination, however, had no value on the market and households had to expend a great deal of time and effort sorting beans in order to be able to sell their harvest.

While the promotion of black beans for export is the most recent effort to make farming more profitable, it is not the only one. Community members have embarked upon a variety of different agricultural strategies in an attempt to try to live off the land.
When I was in the community as a Peace Corps volunteer in 2000, the Instituto National Técnico Agropecuario (INTA) set up a cooperative of farmers to produce certified seed. After two years of failed harvests the cooperative disbanded. INTA pulled out of the community after working there for over 15 years.

A more recent project, started in 2007, promoted the production of vegetables. In order to grow vegetables, farmers need a reliable water supply. The project included the creation of water retention tanks on the sides of some of the hills in the community and pumps to transport the water from the tanks to the fields where the crops were planted. Four households in the community decided to participate in the project. The organization came in with tractors to make the tanks and gave the farmers the other materials necessary to grow vegetables during the dry season. The project was valued at 160,000 cordobas (8,000 dollars) and the farmers agreed to pay back 80,000 cordobas over several years. The idea was to make payments on the loan from the profits of the sale of vegetables. Every single one of the retention tanks failed. The farmers, however, were still held accountable for the loans. The organization came and recovered the pumps and tubing and eventually reduced the amount owed to 40 and then 20 thousand cordobas. While greatly reduced, their debts were not forgiven. Farmers had been willing to take on the risk, but ended up with only debt to show for their efforts.
Despite the difficulties, community members continue to farm. (One farmer even told me that he wanted to try another water retention tank, but only if he didn’t have to pay for it!) For many it is difficult to imagine the alternative, selling their land, leaving the community, looking for factory work. One informant commented that despite the uncertainty she would always practice agriculture, she said, “I miss it when I don’t plant, I tell my husband, ‘why have this piece of land if I am not going to plant it...if we lose out, we all lose. But if it rains we all harvest a little’...I love farming.” Many recognize the problems but argue that as long as they plant then they will at least have something to eat. The majority, however, simply don’t have the resources on hand to pay for the inputs needed to plant their land. While many households do produce their own seed, they still need to purchase fertilizers, pesticides, herbicides, acquire traction animals, and pay for some workers to assist them during some parts of the planting cycle. This year, due to the poor harvest in the second cycle last year, many households don’t even have seed for planting.

*Planting a Media*

What do farmers do in this situation? In the past, many have turned to microcredit and microfinance organizations. Due to the poor quality of the harvests, however, many people have fallen behind on paying back their loans. This combined

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27 After the failure of the first water retention system another organization, OCTUPAN, came into the community and build one for a community member for free. That tank, promoted as a pilot for the community, continues to function properly. The farmer uses it not for irrigation of crops, but to water his cattle during the dry season.
with the current credit crisis means that they can no longer get loans from these organizations. Households are left with limited options. They have come to expect these loans, when they are no longer available they have to work with the resources on hand. Some households plant less land or plant a media, most cut back on inputs, and just about everybody is looking for money in different places. They combine personal loans with money from day labor and seasonal migration to try and scrape together enough money to be able to plant, with the hope that they will get a good harvest that will allow them to pay off at least some of the debt that they have accrued over the past few years.

Figure 9

The majority of households in the study have come to the conclusion that loans and agriculture are not a good mix, there is just too much risk involved. That doesn’t mean, however, that they don’t need some type of assistance in order to plant their fields.
Only four of the households in the study have been able to plant without borrowing money or seed this year. Hearing about the new loans from the government, approximately 30 households in the community decided to see if they could get the 150 dollar loan for small farmers—two months into the first planting cycle only one loan had been approved.

To a certain extent, this has created a slight shift in community dynamics. Landowners, who once held all the cards, now look towards other community members to be able to plant their land. While in the past, the landless few simply worked as day laborers they are now seen as partners. While not always an equal partnership these individuals now have to take on some of the risk of agriculture and the unpredictability of the harvest. The landowners still have the upper hand, but have lost a great deal of their power. While the two groups are on a more equal footing, the result is that less overall land is planted and the community level safety-net has virtually been eliminated. Also, with landowners no longer paying for laborers, there is less cash circulating in the community.

There is another factor that also pushes community members to look for other sources of income, the dry season. The rainy season in Nicaragua typically runs between May and December. After the harvest in December men in the community have little work to keep them occupied. Those with cattle or larger tracks of land perform maintenance tasks, but in a large family the work only occupies one or two

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This informal safety net is discussed in greater detail in chapter seven.
members of the household. As a result, large segments of the community look for other types of work either as day laborers or as migrant workers from January until the end of April.

Employment

It was the last Sunday in February when Francisco heard about the job opportunity. He had worked on the road crew the year before and knew that he could make a fair wage. The days were long and it was hard labor, but it was a regular paycheck and his family needed the money. The only problem was that it was Sunday and he had church. He and another member of the congregation asked the leader of the group for permission to leave church early to go to the next community to sign up for the work detail. They also agreed to sign up another member of the church who had stayed behind to fulfill some religious obligations. They each needed two copies of the national ID cards. I made these for them on my scanner. The two left on their bicycles at about nine in the morning and didn’t return until after six that night. They had been hired and put to work immediately. The following morning the three men left on their bikes at 5:45 to be at the job site at 6:00. When they arrived, however, the third man was turned away. He was told that since he hadn’t come the previous day with the other two he wouldn’t be given a job; they had handed over the spot to someone else.

It’s a Man’s Job

Over the next few days more than 75 men from surrounding communities arrived at the site looking for work, but the 15 spots had been filled by noon the first day. There is so much competition for these jobs that employers have a great deal of
control over the situation. The road crew worked 10 or more hours a day, seven days a week, and if an employee missed three days of work they were fired. Not to mention the fact that this was hard work. The men (they were all men) worked in the hot summer sun, digging ditches with pick axes, hauling rocks and boulders by hand, and loading and unloading bags of cement. I remember walking through the community one day watching a row of about 10 men, dressed in bright orange shirts and hats, swinging their pickaxes on the side of the road, and thinking that it looked exactly like a chain-gang I had seen in Louisiana cleaning up along the side of the highway.

Despite all of this, working on the road crew was a coveted position and provided a much needed source of income for community members. With the increased earnings households that were struggling to make ends meet were able to breathe easy for a little while. Every two weeks a large pickup with tinted windows would drive up to the worksite and hand deliver the pay to the laborers. The workers were always paid in cash; they received a paystub explaining what they were being paid and how much was being taken out for taxes and insurance. Workers were supposed to be paid 15 cordobas an hour and receive overtime if they worked more than 10 hours a day, this is double what they would earn working as a day laborer in the community. While among family and friends there was often grumbling about being paid less than had been promised, no one ever complained to the bosses for fear of losing their spot on the work crew. There was one man who left the road crew, he said the work was just too physically demanding. Interestingly, he is one of the few members of the
community who worked undocumented in the United States for a few years before being deported back to Nicaragua.

The economic importance of this work to the community is unquestionable. In many households the added income had a huge impact on the family’s diet. In reviewing the daily expense logs of households with family members working on the road crew there was a marked increase in the consumption of meat and dairy products. Items like chicken, cheese, or avocados, that would normally have been out of their price range, were now being consumed two or three times a week. The knowledge that households would be receiving a paycheck also influenced the activities of small store owners within the community. These stores were willing to provide credit, or apuntar, households with individuals working on the road crew with the agreement that the debt would be cancelled on the next payday. Those without the fortune of acquiring a spot on the crew, or another steady paycheck, were denied the opportunity to apuntar. Four of the households I worked with had men working on the road crew and in only one case did one of the wives complain. She told me the only reason she knew how much her husband had earned was because she went through his pockets while he was at work and found the paystub. He had not purchased any food or supplies for the household. When she finally discovered how much he was earning, she convinced her husband to give her some of the money to buy medicine the doctor had prescribed her but that she had been unable to afford.

While work on the road crew is generally the best paying opportunity in the community, there are a few other jobs available during the dry season. A common
activity is *chapeando*, or clearing land. Farmers who have larger tracks of pasture land will hire individuals to help cut back undesirable vegetation so a better quality of pasture will grow. Depending on the agreement workers may earn a daily wage, be paid by the completion of a task, or arrange an *ajuste*. In an *ajuste* the two parties agree in advance how much the person will be paid once the job is completed. With an *ajuste* the worker has the opportunity to make a lot of money quickly, but if the job ends up being difficult they could end up working for almost nothing. This happened to one man with whom I was working. The landowner agreed to pay him 320 cordobas (16 dollars) to clear one *manzana* of land. He figured it would take him about four days to clear the land which would be a decent wage, 80 cordobas a day. Instead, it took him eight days and so he only earned 40 cordobas a day for demanding, physical labor; half of a regular day’s pay and a quarter of what he later earned working on the road crew.

Another source of income that was growing in popularity among young boys was collecting and selling firewood. Most households gather their own firewood. For those that can’t there is one old man, Tío. Tío goes door to door selling firewood to families along the road. Because almost everyone in the community cooks over an open fire, there is a constant demand for dry, slow burning wood. Community members have commented that it is becoming more and more difficult to collect firewood. In the past they would only have to travel about 30 minutes outside the community, now they often have to travel for one and a half to two hours to find good firewood. It is against the law to cut down green trees and they can’t take firewood from other people’s property, so there is a great deal of competition for this resource. Collecting firewood is
generally seen as a man’s responsibility, so when men go off to work and have no sons to take on the responsibility, the women will often buy firewood. So, for as long as anyone can remember, Tío has sold firewood to community members. This year, some of the young men in the community also started selling firewood. One mother complained to me that her sons would sell the firewood in order to get money for cigarettes and alcohol instead of bringing it home to her to cook! Others commented that the boys should stop taking away Tio’s customers as he has no other way of supporting himself.

While I was in the field from 2010-2011 an additional source of income became increasingly common in Santa Rosa. The community was expanding. With the construction of at least five new homes and several additions, a number of people were employed in construction. This construction boom was primarily funded by remittances from the United States and Costa Rica. As the economic situation in Costa Rica grows increasingly difficult and xenophobia continues to rise, Nicaraguan migrants who have been living there for years begin to reassess their situation. In anticipation of returning to Nicaragua permanently, many decided to send money back to the community to build homes. This fueled a large number of day jobs for community members digging foundations, making adobe, and laying cinderblock or brick. There is even a family in the community who makes brick that was able to employ three workers full time. While this influx of money has been a great help, it will be interesting to see what happens next year when the workers and the returned migrants are competing for the same jobs.
Working Women

While the majority of the work discussed thus far has been male oriented, there are several ways that females in the community work to help support their families. A popular strategy is to open a small store in their home. While a few of the larger stores in the community sell a wide variety of things ranging from chicken to light bulbs, most women start small with just a few staple items, such as bread or coffee. Even if the women don’t earn much money they purchase items at cost, saving them money in the long run. Doña Victoria provides one example of this.

A few years ago, Doña Victoria’s son moved to the United States. This was a difficult loss for her to take as he was the oldest of six children and had always worked to help support the family. While he did send money from time to time he usually sent it to his father. Instead of using the money to buy food and household goods as her son directed, Doña Victoria’s husband often used the money to pay off loans or spent the money on women and alcohol. During a visit, her son offered to buy his mother a refrigerator for the house. She was thrilled. She recognized, however, that in order to pay the electric bill each month she was going to have to make the refrigerator work for her. She started by selling bread and popsicles. She made sure that she could pay for the electric bill and when she saved enough money she added home-made fruit drinks to her menu. She slowly expanded her store to sell soda and other snack foods. One day Doña Victoria told me that she doesn’t make very much from her store, and it is a lot of work, but she doesn’t plan on stopping. She told me that before she had the store she had to ask her husband for everything, if she needed soap to wash the dishes,
money to grind the corn, or a roll of toilet paper, she had to ask her husband for the money. Now she buys what she needs when she needs it. Her store doesn’t earn enough to feed or clothe the family, but it gives her a level of economic freedom, albeit a small one, that she hasn’t had in over 30 years. I asked Doña Victoria if she would have been willing to take out a loan to start her store and she gave me an emphatic no. There was no way she could earn enough money to pay back the loan on a refrigerator. So, while this is a beneficial economic strategy it is limited to those with access to resources that are not dependent on credit.

Another common form of woman’s labor is washing clothes or cooking in the community. This is highly unpredictable and low paid work, but it is one of the few options that women have to earn some money. Washing a dozen pieces of clothing, which takes at least an hour, pays 15 cordobas or about 75 cents. Cooking food for an event or workshop usually takes several hours and one earns 50 cordobas, or just over two dollars and fifty cents. While there are a few women who work in the fields or go to cut coffee, this type of labor is usually relegated to the men.

Teaching

Another increasingly common source of employment for community members is working as a teacher. A number of Santa Roseños work at schools in the community and in the surrounding villages. All but one of the five teachers at the local elementary school is from the community, and one of the three teachers at the high school is also a member of the community. Additionally, two recent college graduates teach at the new
high school that opened up in a community about 30 minutes up the road towards Yalí. There are others that teach in both public and private schools in Condega and nearby communities. While the majority of the elementary school teachers are female half of the high school teachers from the community are male. Teaching has become the profession of choice within the village, outstripping other professional vocations such as agricultural technicians. As more and more community members continue their education there will be greater competition for available jobs.

Again, however, teaching is an employment activity with limited access. Only those who have completed their undergraduate degree are qualified to teach. In order to work at the high school level the pursuit of a Master’s degree is often a requirement. It is important to remember that these are the few members of the community that even manage to finish high school. The majority of students in the community never graduate and simply stop attending school after the first few years. The community high school only offers the first three years of a five year program so students who want to get a high school diploma have to commute to Condega to attend school. For many families this is an expense they simply can’t afford. What other alternatives are there for individuals who can’t afford to finish high school, never mind attend college? Considering the options discussed above, migration begins to look like a decent choice.

Migration

As I approached the house I saw the informant outside in the front yard. Her husband and her 15 year old twin sons were waiting by the side of the road for the bus
to Yali. It was the end of November. The fields had been planted, fertilized, and weeded. While the beans would be harvested a bit late this year, coffee picking was already underway. The men had decided to go and cut coffee for a few weeks before returning to bring in the harvest. They were all leaving. The informant told me that she was used to her family leaving as they had gone to cut coffee for the last three years. It struck me as odd, however, that she didn’t go to see them off. The boy’s grandmother waited with them by the side of the road as their mother sat with me and watched them leave from the yard of the house.

Nicaragua has a long history of migration. It is important to understand that migration is not a monolithic activity. There are several different categories of migration and Nicaraguans practice a variety of different types. When discussing migration one of the most common distinctions made is based on destination, whether the movement is internal or external. Internal migration is movement within the country, in Nicaragua there are no legal restrictions upon individual movement and people go where there are jobs. External migration is when an individual travels to another country for work. Among rural Nicaraguans the most common destination for external migration is Costa Rica (Sana and Massey 2005:515), however, there is also a great deal of seasonal migration to Honduras. There is also external migration to the United States and an increasing number of individuals are also traveling to Spain. Prior to 1970 the majority of Nicaraguan migration was internal to Managua and the number of Nicaraguans living outside the country was negligible, only 1.4 percent of the population. From 1970 to 1995, however, there was a great drop in migration to the
capital due to the development of other major cities within the country and the new, or renewed, possibility of external migration (Membreno Idiaquez 2001). In 2001, it was estimated that between 17 and 20 percent of the total population resided outside of the Nicaraguan border (Membreno Idiaquez 2001:102, IOM 2001:7). Clearly, there has been a startling shift in migration patterns. With the current global economic crisis these trends continue to shift as individuals and entire families slowly begin to return to Nicaragua from abroad.

**Destination, Employment, and Gender**

In examining migration there are several features that must be considered including the type if migration, destination, and who is migrating. Each of these factors greatly influences migratory choices and how migration fits into a households’ livelihood decisions. Temporality relates to the duration of the migration. The three most common categories are permanent, temporary, and seasonal migration. While there is some debate surrounding these terms, permanent migration is generally defined as the relocation of an individual with no intent of returning to their sending community. While there are some cases of permanent migration from the community to Costa Rica, it is uncommon. The few instances of permanent migration to the United States occurred during the war when individuals fled political persecution.

Temporary migration is when migrants go to a receiving community for months or years and then return to the sending community (Castles and Miller 2009). Seasonal migration is technically a type of temporary migration. I want to make a distinction between the two practices, however, because, in the community, there are often social
and economic differences between households that practice seasonal migration and those that practice temporary migration. Temporary migrants relocate for months or years at a time, returning to visit for a couple of weeks or a month every year or so. Seasonal migrants stay in the community during the rainy season to work the fields and then look for work elsewhere during the dry season. Generally, households that practice temporary migration have a higher social status and greater access to resources, while those that practice seasonal migration are seen to have greater immediate need and less resources at their disposal. As these two forms of migration are the most common in the community they deserve a closer look.

A number of households within the community practice temporary migration, in some cases the entire family will relocate to Costa Rica, or another place in Nicaragua for months or even years at a time. Usually, however, it is not the whole family that travels but the parents. The children are left behind in the care of other family members, usually grandparents, while the migrants send back money to support their children. Most temporary migrants go to Costa Rica, but there are some that stay within the country and travel to larger cities such as Estelí, Managua, or Ocotal for work. Both men and women participate in temporary migration but the type of work that they do is usually gendered. In Costa Rica the men work on dairy ranches, farms, or in construction, while women work as nannies, domestics, and cooks. Internal temporary migration is most often practiced by women. Within the community it is primarily single mothers. These women go to other parts of the country to work as domestics or in retail. I was told by one woman that even though she makes less money working in
Estelí than in Costa Rica or Managua, she is at least able to come and see her children every couple of weeks instead of just once a month or once a year.

It is mostly men that practice seasonal migration. Once the harvest is completed and the Christmas and New Year’s celebrations are over, there are at least five months until the rains come. For households with a significant amount of land and pasture they use this time to perform maintenance such as fixing fences, clearing fields, doing household repairs or construction, and taking care of livestock. In most cases, however, all of this work can be done by one or two men. Households with several sons don’t require all of them to work during the dry season. Additionally, households without land or with small plots, do not need to invest a significant amount of time in maintenance tasks. Women, however, still have to perform all of their regular household duties. Unlike the male members of the household, their burden does not lessen significantly simply because it stops raining. Women still have to cook, do laundry, take care of the children, mind the animals, and tend to the yard. It does not make sense for women to pack up the house, their belongings, and their children for a short-term wage-labor trip. Instead, what usually happens is that the women stay home taking care of the house, the children, and the animals, and the men go elsewhere to work during the dry season. One informant told me, “There is little work here and it is hard to earn money. I go to earn a little more on the other side (Costa Rica). When I am there it’s not the same...but I think that I will always go in the future.” Those with the connections and the finances have typically gone to Costa Rica where they work until mid-May and then return to the community in time for the Patron Saint festival held in
Condega on the 15th. Recently, however, they are met with greater and greater resistance and the flow of remittances from Costa Rica is lessening, one study found that in 2009 25 percent of households that received remittances expected to get less than they had the previous year (Monge-Gonzalez, Cespedes-Torres et al. 2009).

Animosity between Nicaragua and Costa Rica was particularly strong in 2010 and 2011 due to the ongoing controversy over the border of the San Juan River. Several community members decided that it wasn’t worth the risk to go and try and get a job in Costa Rica. One participant commented, “The last time my husband went he was there for two and a half months, but he only worked six weeks.” The cost of the passport as well as the visa, which is required for all Nicaraguans, was an additional reason given for not making the trip to Costa Rica. Those who don’t want to go to Costa Rica will generally leave for a few weeks to work on the coffee plantations in Nicaragua or Honduras. The duration of their work depends on the season and varies from year to year. Some stay on the farms after the harvest is completed working as day laborers.

**Migration Motivations**

During the past few years, there have been some interesting shifts in migration patterns. Traditionally, it was young men who traveled to Costa Rica or to the coffee plantations while the male and female heads of household stayed in the community. These trips were seen as both economically and personally motivated, as young men wanted to earn money and find independence from their families. In the last five years, however, a greater number of middle-aged men and women are also migrating. One or
both heads of household will go abroad to work and leave their adult children in charge of the household. In every single case the individuals told me that they migrated so they could earn enough money to pay down their microfinance loans. This shows another shifting of roles within the community. Instead of youth going to earn “extra” money, heads of household are migrating to pay off loans in fear of losing their land. Often, those with the most loans are those who had access to the greatest amount of resources, now they are the ones with the most to lose. This shift is essential to understanding livelihood strategies within the community. Households that once provided the safety net for the community, by hiring day laborers to work in the fields and women to wash their clothes while they operated small businesses out of their homes, are now struggling to make ends meet. The money that they earn in Costa Rica or Honduras is used to pay down microfinance loans and is not reinvested in the community. Before these households became heavily indebted, they were often the ones who would help support others in the community, now that social safety net is breaking down.

Another surprising change has been migration to Spain. Like other countries in Latin America, Spain has the new favorite destination for migrants (Leinaweaver 2011). In the past five years four community members have migrated to Spain on tourist visas and stayed working in the country without permission. It is viewed as a more favorable destination than the United States as migrants speak the same language, and it is believed to be easier to legalize your status. It has become such a popular destination, that an NGO worker told a borrower in the community that she should go to Spain so
she could pay off her debt. He commented that one of her neighbors, who had gone to Spain three years earlier, was now debt-free. The community member later told me that the NGO worker had no idea how much that woman’s children have suffered, especially the one who is mentally disabled and now frequently wanders the community half-naked and barefoot. If the woman had travelled to Costa Rica she would have been able to return to see her family at least once a year. As someone living illegally in Spain, she has been unable to return to visit her family and has little knowledge of the treatment of her handicapped son. The level of isolation from her family is much greater in Spain than in Costa Rica, as there is not a constant flow of community members moving between the two countries. Had she gone to Costa Rica it is unlikely she would have been able to pay-off her debts, however, it is likely that she would have greater knowledge of the status of her family in Santa Rosa.

A number of community members also commented that migration was dangerous and they worried excessively when a family member went to work abroad. I was told numerous stories about Nicaraguans who were killed or assaulted in Costa Rica. I was frequently reminded of the infamous 2005 incident, when a man in Cartago was ripped apart by attack dogs while the security guard watched (Mendoza 2005). Migration, however, does provide an important source of income for the community. Despite their reservations many who migrate believe that it is what they need to do in order to make ends meet. Without this additional input it would be difficult for many households to make it through the dry season and almost impossible for them to plant when the rains come in May or June. One informant commented, “In the dry season
you have to go elsewhere so your harvest will last longer. That way during the rainy season you have more resources to be able to work.”

Conclusions

Despite the variety of economic strategies employed within the community, most households are primarily agricultural and the majority of migration and wage labor is performed in order to be able to continue farming. The reduction in the availability of credit, however, has highlighted the precarious position of agriculture as a primary source of income for community members. While in previous years families were able to deal with poor harvests by recycling loans or taking out multiple loans from multiple creditors, the lending environment has changed and most households have found themselves without access to formal credit.

As a result, households are looking for alternatives to microfinancing. People still migrate and look for employment during the dry season, but there is also an increase in informal agreements between households. There are more farmers planting a-media and borrowing seed from other farmers. This shifts the credit/debt dynamic from a formal to an informal interaction. While some informants commented that they prefer personal loans one person stated that formal lending was better because of the way people look at you when you owe them money. The practice of planting a-media is a form of risk sharing which, in the long run, may work to strengthen ties between community members. As one informant commented, “When you work with someone there is trust.”
Greater interdependence, however, can also lead to increased conflict. Landowners may resent their current position and may not treat their new “partners” equally. Early in the planting season I heard community members complaining about the arrangements that were being made implying that some landowners were not holding up their side of the deal. This combined with the migration activities of older heads of households signals that there may be a shifting of social status. Households that have traditionally been seen as sources of income, or a place to go in time of need, are no longer able to fill those roles.

While social status may be called into question due to economic insecurity gender roles have gone mostly unchanged. Migration and paid wage labor are still primarily male dominated. While some women do migrate it is usually single mothers who fall into this category. Extra money that women are able to earn within the community is also restricted to gendered activates such as washing clothes, cooking, or running a small store out of one’s home. Despite the feminist agenda promoted during and after the Sandinista revolution many women still find themselves relying on their fathers, husbands, and sons to support themselves and their children.

The growing economic instability within the community has a number of potential implications. One trend that we are beginning to see is the shifting of social status within the community as landowners are no longer able to support themselves as farmers and the burden of debt forces them to migrate. The community-level safety net is weakening as everyone is under greater and greater economic pressure. Chapter seven deals with increased levels of risk and uncertainty in the community and how
individuals and households deal with the inherent insecurity associated with farming, migration, and loans. The next chapter examines another category of the livelihoods framework, structures and processes, and how some community members are able to manipulate the system to their personal advantage, at the expense of their neighbors. Examining a few of the policies and programs of the Ortega government, chapter six takes a critical look at the government’s shift towards social democracy and the struggles of the Citizens Power Council approach to local politics.
Chapter Six  
Sandinista Socialism at the Crossroads: The Intersection of Community Politics and Government Assistance

The slogans above were used by the Frente Sandinista during the presidential campaign in 2010. These phrases were everywhere you looked, on buildings, billboards, and every official government document. Daniel Ortega was in the last year of his term and he was working on gaining popular support to run for re-election, despite the fact that the country has a one-term-limit on the presidency. I asked community members how they could justify the fact that Ortega wanted to run for president again, considering the term limits dictated by the constitution. One community member very articulately explained to me that it is the people who run the country and if the people want to re-elect Daniel then it is their choice. This comment echoes the party line and the sentiment of “el pueblo, Presidente,” displayed above. The strategy worked, and
Daniel Ortega was re-elected on November 6th 2011 for a second five-year term. While the validity of his re-election has been questioned, many recognize the effectiveness of his social programs in helping him gain and maintain popular support. These social programs and their implementation by the Citizens Power Council are the focus of this chapter.

My objective is to examine the presence of the state in the community as it is represented by the Citizens Power Council (CPC). The responsibility that the CPC has in determining the which households will have the opportunity to take part in government sponsored projects and programs or receive assistance from the state, is central to this examination. Understanding the multiple, embedded roles of community members is central to grasping the pivotal role that the CPC has come to play in the community. Over the past few years, the ability of households to gain access to these programs has become an important factor in livelihood decisions. For example, when one woman found out that she would be receiving the *Bono Productivo*, her husband decided not to go to Costa Rica because he wanted to be there when the animals were delivered. Since the CPC has a primary role in the distribution of these benefits it is crucial to understand the politics behind their decisions.

This chapter starts by examining the rather sudden political shift that occurred in Santa Rosa with the story of Antonio, the former leader of the community. I view his as a cautionary tale, one that not only presents the pitfalls of microfinance but also parallels the undoing of the traditional power structure in the village, the *junta comunal*. I then turn to the creation and implementation of the CPC in Nicaragua focusing on the
actual and perceived roles that the group has in the community. I discuss the role of the CPC in the oversight of three programs in Santa Rosa, taking into account the widespread concerns of nepotism and political patronage. I conclude the chapter with a discussion of the projects and programs promoted by the state and how they relate to the Janus faced political and economic model being promoted by the government.

When I first arrived in Nicaragua in 2000, Arnoldo Aléman was the president of the country and Antonio was the leader of the junta comunal. Nicaragua had been undergoing neoliberal reforms for ten years with a number of cutbacks to health and education. Santa Rosa, a community of just over 100 households at the time, was overrun with 18 Non-Governmental Organizations providing a variety of services. Ortega had run in every election starting in 1990 and was defeated each time. Antonio had been leader of the junta for several years running with no one competing for his position.

It was in 2000 that the infamous “pact” was made between Arnoldo Aleman and Daniel Ortega. The pact expanded the number of members of the Supreme Court and electoral council and lowered the percentage of the vote needed to win a presidential election to 35%, as long as there is a 5% margin (Kampwirth 2011). It was this second change that led to the election of Ortega in 2006 with 37.99% of the vote. After ignoring constitutional term limits, Ortega was reelected in 2011, this time with 62.7% of the vote. The pact and the return of Daniel Ortega to power coincided with the fall of Antonio and the elimination of the junta comunal in Santa Rosa.
Antonio’s Story

In 2001 Antonio, the highly respected leader of the junta communal, deserted his family and fled the community when it came to light that he defaulted on a number of loans from various creditors. His plight took the community by surprise as no one realized that he had taken on such substantial debt and failed to make any repayments. I have been told that his logic for leaving town was two-fold. First, he feared going to jail. Second, he believed that the NGOs would not confiscate his possessions if his wife was there with his two dependent children. Often, in the past, unpaid loans had been forgiven with little or no consequences. Many people assumed that this would be the case again and when it blew over Antonio would return. This could not have been further from the truth. Perhaps the lenders decided to make the former leader of the community an example, or they were under pressure from their superiors. In either case, his debts were not forgiven and an abandoned wife with two children was no cause for leniency.

The first course of action taken by the lending organizations was to seek the money from the guarantor of the loans. On at least one of the loans, the guarantor was Antonio’s across the street neighbor, and the patriarch of the family I had lived with during my first year in the community, Federico. The NGO put pressure on Federico to pay the loan on which Antonio had defaulted, explaining that it was his responsibility now that Antonio had disappeared. They argued that as guarantor of the loan, Federico

29 Names of all individuals have been changed.
was now legally obligated to pay off Antonio’s debt. Federico made it clear that he was not capable of paying off the debt and he argued that he had not understood the implications of signing as guarantor of the loan. A second signature on the loan had been commonplace in the community, but in the past when individuals were unable to pay back loans the debt had generally been forgiven. A lender had never gone after the second person signed on the loan, in his experience there was no precedent to do so. Previously, the second signature on loan applications was often a member of the same household. Usually, a wife would sign for her husband or vice versa. When this was no longer allowed, the implications of the change were not fully understood by those who were willing to assist their friends and neighbors in signing as guarantor on their loans.

Facing the reality that he may indeed be found responsible for Antonio’s debt, Federico found a lawyer who was able to help him convince the NGO not to make him repay Antonio’s loan. While he was successful in his argument, the incident set a precedent in the community and changed the way community members thought about signing as a second party on loan applications for friends and neighbors. Since Federico was not forced to pay Antonio’s debt, the lenders took more drastic actions in order to recuperate their losses. Between the various NGOs Antonio’s property was repossessed. His farmland and pastureland were seized, his livestock was sold off and even his refrigerator, radio, and gas stove were taken to help pay off his debts. Because his wife and children were still living in the village the lenders did not take his home or patio but in taking the refrigerator, land, and livestock, it became almost impossible for her to sustain her household. Without the refrigerator Antonio’s wife was unable to
maintain the store she had used to support her children. Her eldest son dropped out of school to work full time to support the family. When I visited Santa Rosa in 2006, five years after Antonio’s departure, rumors still circulated in the community. Some said Antonio was living in Costa Rica, others said he was in the mountains of Nicaragua. Neighbors told me that his wife went to visit him on a regular basis and that he sent her money, while extended family members refuted these claims. What cannot be denied is that the quality of life for Antonio’s wife and children dramatically declined. His wife, who once had her own small business, now worked for someone else, grinding corn in a rented Molino.\footnote{In this case a molino is an electric mill used for grinding corn into masa. Most villagers go to one of the two molinos in the community every morning to grind their corn for tortillas.} Her son no longer had dreams of getting a college education and continued to work as a day laborer.

When I returned in 2011, there were still rumors that Antonio was working in Costa Rica and cutting coffee in the mountains. He did not come to Santa Rosa when his mother passed away. Nor did he return when his wife fell ill and died of cancer. His sons say that they are orphans and have denied any contact with their father. The oldest of the two boys works in Estelí, and the youngest, now 14, runs the rented molino and is watched over by their neighbor. The junta comunal, of which Antonio was the leader for so many years, no longer exists, replaced by the Citizens Power Council (CPC). The microfinance industry that led to the demise of the community leader is also on the brink of collapse.
The Citizens Power Council

When Ortega took power in 2006, he instituted a number of reforms; one of them was to implement a new model for the Citizens Power Council and Cabinet (CPC and GPC) promoting citizen participation. The stated goal of these organizations is to promote active participation of the population in the democratic process beyond simply voting in the elections, and to provide a platform for communities to have a voice at higher levels of government. In 2007, members of the FSLN went to all of the rural communities and barrios in the country and installed the CPC and GPC. Many community leaders who were sympathetic to the Sandinista party agreed to become part of the CPC, as long as they could continue to work with other organizations, such as NGOs. According to Howard and Serra (2011), the creation of the CPC greatly weakened civil society organizations (CSOs) in Nicaragua as many who were sympathetic to the FSLN moved from CSOs to positions in the CPC. The creation of the CPC was also controversial as many believed that the Frente was working to organize their electoral base with national funds. Civil society groups and members of the opposition took this to task. In 2008, the Supreme Court decided that while Ortega had the right to organize the CPC, they were not beyond the law, they could not take on governmental functions, and they could not receive salaries (CEAP 2010).

The CPC has been defined as “an instrument for the Nicaraguan community that organizes and participates in the integral development of the nation; and helps the plans and politics of the president of the republic on the way to developing these objectives” (CEAP 2010:26). The justification given for the CPC is that it is a way of
restoring economic, social, and political rights that had been taken away by the previous
governments. It is easy to see, however, how the CPC may be viewed as a tool of the
Sandinista party to forward their agenda. While the origins of the CPC are most likely
rooted in the Sandinista Defense Committees (CDSs) of the revolution, it has been
argued that they are more similar to the ‘boss politics’ found in the United States at the
turn of the 20th Century (Marti i Puig and Close 2012). Since the CPC has a key role in
the distribution of state resources and is the primary channel to the government, they
function in a similar manner to the political machines that once dominated cities like
Chicago, Boston, and New York.

The Citizen Power model is based on local level organization within communities
and barrios throughout Nicaragua. The model calls for 16 individuals, including women
and youth, who serve as representatives of different areas of focus and coordinate
interaction with specific governmental organizations. Elections are supposed to be held
every two years and individuals can be re-elected for two terms, they can also be
removed from their position. While the CPC is based at the community level there are
similar organizations at the district, municipal, departmental and national levels.

The primary function of the CPC is to direct resources to those in need (Howard
and Serra Vasquez 2011). The following table[^1] depicts the different responsibilities of
the CPC, the institutions with which they coordinate, the actual programs and services

[^1]: The table is a compilation of tables in CEAP 2010:28-29, Prado and Mejia 2009:28-29, and personal research.
distributed, and the role of the CPC in that service. The two columns on the left and the programs printed in **bold** are outlined by the government as official functions of the CPC. The columns on the right are what interviews with CPC members comment they are actually doing. The few programs and services listed in **bold italics** delineate where the expectations and activities of the CPC overlap (Prado and Mejia 2009).

**Table 3**

**CPC Roles, Responsibility, Programs and Cooperating Institutions**

<table>
<thead>
<tr>
<th><strong>Official Responsibility</strong></th>
<th><strong>Institution for Coordination</strong></th>
<th><strong>Program or Service</strong></th>
<th><strong>Expected Role of CPC</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of Citizens Rights</td>
<td>Secretary of Communication and Citizenship for Social Development</td>
<td>NA</td>
<td>Provide training for community members about the CPC</td>
</tr>
<tr>
<td>Communication and Propaganda</td>
<td>Secretary of Communication and Citizenship for Social Development</td>
<td>NA</td>
<td>Maintain Community informed about CPC activities</td>
</tr>
<tr>
<td>Security, community interchange and solidarity</td>
<td>National Police Nicaraguan Army</td>
<td>Open Police Stations</td>
<td>Channel requests and collaborate with the service</td>
</tr>
<tr>
<td>Women’s Rights</td>
<td>Nicaraguan Woman’s Institute Ministry of Fostering Industry and Commerce</td>
<td><strong>Zero Usury</strong> Woman’s Office, National Police</td>
<td>Select participants for the small loan programs</td>
</tr>
<tr>
<td>Children’s and youth rights</td>
<td>Nicaraguan Institute of Youth Ministry of the Family</td>
<td><strong>Building the Future</strong> Program Love</td>
<td></td>
</tr>
<tr>
<td>Elderly Rights</td>
<td>Nicaraguan Institute of Social Security</td>
<td>Elderly health and culture program</td>
<td>Request Assistance for Elderly</td>
</tr>
<tr>
<td>Health</td>
<td>Ministry of Health</td>
<td><strong>Public Health Promotion</strong></td>
<td>Request Assistance,</td>
</tr>
<tr>
<td>Ministry of Education</td>
<td>Ministry of the Environment and Natural Resources</td>
<td>Ministry of Transportation and Infrastructure</td>
<td>Ministry of Farming, Livestock and Forestry</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>National Literacy Campaign</td>
<td>National Reforestation Campaign</td>
<td>Road Improvement Streets for the Country and Plan Roof</td>
<td>Zero Hunger/Bono Productivo/Tech. Asst. for Small Farmers/Seed Program/Emergency Food Program</td>
</tr>
<tr>
<td>School Supplies and Scholarships</td>
<td></td>
<td></td>
<td>Institute of Rural Development</td>
</tr>
<tr>
<td>Select recipients and distribute materials</td>
<td></td>
<td></td>
<td>Request Assistance, Determine points of distribution</td>
</tr>
<tr>
<td>Education</td>
<td>Environment</td>
<td>Transportation and Infrastructure</td>
<td>Rural Development</td>
</tr>
<tr>
<td>Volunteer Work</td>
<td></td>
<td></td>
<td>Program</td>
</tr>
<tr>
<td>Volunteer Select Participants</td>
<td></td>
<td></td>
<td>Determine beneficiaries of Bono, Request Assistance, Distribute Seeds</td>
</tr>
<tr>
<td>Preparation of Budget for Local Gov.</td>
<td>Municipal Mayor Municipal Council</td>
<td>Nicaraguan Int. of Municipal Fostering/Social Emergency Invest.</td>
<td>Secretary of Communication and Citizenship for Social Development</td>
</tr>
<tr>
<td>Submit budget requests</td>
<td></td>
<td></td>
<td>Organize Meetings etc.</td>
</tr>
<tr>
<td>Employment, Community Work</td>
<td>Coordinator</td>
<td></td>
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</tr>
</tbody>
</table>

The above chart depicts a combination of what the CPC is supposed to do and what members of the CPC say that they are actually doing. You can see that some of the positions, such as Culture and Sports, have no projects listed and the members of the CPC did not comment on any activity within these two areas. Other areas, however, have a variety of programs and projects with which members of the CPC can become involved. In many communities there are only four or five active members of the CPC.
and each person as multiple responsibilities. One study found that “the model currently is not transparent nor self-regulated from below, there is a lot of room for discretion, and the power isn’t in the base but is directed by the FSLN and the government” (CEAP 2010:34). This is a key weakness for a model that is supposed to promote citizen participation.

The concern that the CPC is a tool for the FSLN became increasingly evident during the election. Its attempt to influence the activities of some community members grew as the elections drew near. Chapter eight highlights a clear example of the CPC supporting the Sandinista party and working against civil society engagement. Howard and Serra argue:

The pro-poor policies of the FSLN administration have a democratic cost, however, because they use partisan structures for their redistributive mechanisms... The governance spaces created by the FSLN are used to channel resources to the poor, which increases clientelism. While the previous government often excluded CSOs altogether from governance, the CPCs exclude according to party affiliation. The public sphere thus becomes an extension of the political party. (2011:73)

This is reflected in the distribution of projects within the community via the CPC which will be discussed shortly. In Santa Rosa the junta comual was replaced by the CPC, creating a much more formal leadership structure. Many of the members actually stayed the same, however, and within the core group there was little change. The number of member grew to 16 as was dictated by the organization of the CPC, but not all of the members are active. I was told that at most meetings only about half of the representatives are present. Two individuals are out of the country, one studying on a scholarship in Cuba and the other has gone to Spain to work. While these spots have
technically been vacated there has been no attempt to replace the positions. The one big upset was the election of the leader of the CPC in 2009. When the original leader left to go to the United States most members of the CPC simply assumed that his brother would slip into the role of leadership. Officially, however, they needed to hold elections. A member of the community who had been away for several years had recently returned, ran on a platform of ‘change’ and won the spot. This created a lot of conflict within the community and the CPC itself. The winner was seen as an ‘outsider’ and although he was elected as the leader of the CPC by the community, he has little influence within the group.

In talking with community members there were many negative sentiments towards the members of the CPC. I was frequently told that community members voted for members of their families and that projects were not distributed to those with the most need, but instead they were given to relatives of the members of the CPC. To understand these feelings it is important to look at how the 16 members of the CPC are connected to one another. Three members are all part of the same nuclear family, a husband wife and son. The husband’s brother is also in the CPC as well as the wife’s sister in law. The sister of the sister-in-law is also on the council. That is six members all representing the same two families. Additionally there is a mother-son pair, a brother and sister-in-law pair and two cousins. That leaves only four of the 16 members of the CPC who do not have a direct family relationship to another member of the committee.
The high concentration of select families represented leads others to complain that member of the CPC only take care of their own. Even the mother-son team complained that households from their sector of the community were often overlooked and left out of projects despite their attempts for a more equal distribution of government benefits. Another informant commented on the distribution of projects in the community.

It is bad. They should give it to the poor people that don’t have anything. A person that has 10 manzanas of land or more isn’t poor. They have what they need to survive. The truth is that I am poor but there are other that are poorer than me. I have this little house where I live; there are other people who don’t have anything. They should help the poor people that need it. In other places
they have given zinc to everyone. Here they haven’t. Here it is different. Here they give it to people separately. In Estansuela they have zinc to everyone, even the loans they gave to everyone. I said I don’t have anything, I want a loan to work. There is land for me to work a-media, I need a loan in order to work. The problem is the leaders, they have all the blame. They don’t do anything for the poor people that need help, just for themselves.

Here the informant discusses how, despite being among the poorest families in the community, he has not benefited from either of the two main programs promoted by the government. This comment highlights the frustration that many community members feel with the CPC and the administration of some of the social programs that have been launched by the government. In some cases, such as the distribution of loans, the CPC has little direct control, but in others, like the dispersal of zinc, they decide who benefits from the program with virtually no government oversight.

Programs and Projects

Within the community a number of the projects have been implemented by the government, including but not limited to: Zero Hunger (Bono Productivo), School Supplies and Scholarships, Plan Roof, and Road Improvements. Other government projects not listed were also promoted in the community including the agricultural loan program, subsidies for mothers of martyrs, and social security benefits. While those with sons who died in the war saw their benefits triple in the past five years, the new agricultural loans and social security benefits have yet to be implemented within the community. The most common and the most talked about programs, however, are the *bono productivo*, the school supply and scholarship program, and plan roof.
The Bono Productivo is part of the Zero Hunger program which is promoted by the government. This program is directed at the first of the Millennium Goals, the eradication of extreme poverty and the reduction of hunger. The program targets women and transfers capital to those who qualify for the program. The goal of the Bono Productivo is to provide families with the resources needed to produce healthy foods for household consumption, with the eventual goal of selling surplus food both inside and outside the community. While need is stated to be the first requirement in order to receive the Bono Productivo, the second requirement is ownership of between 1-5 manzanas of land in the woman’s name. The final requirement is that the woman receiving the Bono can’t own any cattle. Participants also have to promise not to sell the materials given to them and to attend related workshops. When it was first started, the Bono Productivo was valued at 1,500 dollars per family and was set to be distributed to 75,000 families during the 5 year presidency, this was expanded to a total of 80,000, and then 100,000 families (Almendarez 2009; MAGFOR 2009). There are currently three variations of the Bono Productivo. The first comes with a cow and a pig, the second has a cow and a goat, and the third has a goat and a pig. Additionally, all of the Bono Productivos come with 10 chickens, a rooster, 200 pounds of feed for the pigs, trees for reforestation and fruit production, vegetable seed, and materials to build housing for the animals including: zinc, nails, barbed wire, cyclone fencing, chicken wire and tools. A modified Bono Productivo was also introduced in 2009 focusing on patio production with chickens, pigs, and vegetable seeds for women who own less than 1
manzana of land. From 2007-2009 there were 39,137 women that benefited from the program and an additional 8,878 that received a modified bono. In total, 48,015 women received the bono from 2007-2009, just under half of the goal of 100,000. In 2010 the government planned to administer 24,454 new bonos to women with 1-10 manzanas of land and an additional 9,492 to women with less than 1 manzana (MAGFOR 2011).

Within Santa Rosa there have been three groups selected to receive the bono productivo. The first group consisted of 30 women in the community. Initially, the community was set have 15 beneficiaries but the CPC argued that there were so many families with need that they were given permission to select another 15 households.

The bono productivo itself and the selection of the recipients has changed a great deal since it was first implemented in 2007. Officially, the role of the CPC in the process is to select a list of possible recipients for the Bono. The list is then reviewed to make sure those included qualify and then the selected households receive the benefits. Within Santa Rosa, the majority of the first 30 to benefit from the Bono were members of the CPC and their families. One of the greatest complaints by community members was that the CPC simply selected family members and didn’t take into account the requirements. During the first years of the program there was virtually no oversight. While one of the requirements was that the women not own any cattle in almost all of the cases their husbands did. The CPC felt that if households didn’t already own cattle, they wouldn’t be able to take care of a new cow and baby calf so they selected households that already had cattle. In the first round of the bono productivo the recipients were the wealthiest members of the community. They were able to get
around the no cattle and 1-10 manzanas of land requirements because they only asked about land and animals that were in the woman’s name, not her husband’s. The husbands would transfer the minimum required amount of land to their wives so they would qualify for the *bono*. Of the first list of 15 recipients that were sent to be approved for the bono 12 of them were members of the CPC or their direct family members. Due to problems of nepotism the system for selection of recipients of the *bono* was altered. Now, anyone who qualifies had to come to sign up for the *bono* in person. In 2010, the sign-up for a number of communities was held at the local high school in Santa Rosa over a two day period. While people in other towns had been informed ahead of time, many community members commented that they had no idea the sign-up would occur. The problem was that in order to sign-up, one needed to bring a copy of your national identity card. My house was located on the corner next to the school and I watched the coming and going of individuals during the two day sign-up ordeal. The following are excerpts from my fieldnotes highlighting the event.

9/16/10

*Today and tomorrow they are signing people up for the bono productivo. It is interesting that a number of members of the community had no idea that this was going on. It wasn’t until I asked a group of people and then went up to read the signs that I knew what was happening. DV and some of the other neighbors also had no idea that this was taking place today while other parts of the community seem to be better informed. I’m not sure how the notification system is here, but it doesn’t seem to be working well. It is interesting because they are going to be signing up people from a number of communities, if the people who live here don’t even know about it how are others going to know enough to come to the community to sign-up? The most difficult part is the requirement of a photocopy of the ID- one has to go to Condega in order to get the photocopy. Some of the women who apparently knew about signing up didn’t know about the need for a photocopy and hopped on one of the first busses this morning to go make copies of her ID...*
...DV qualifies for the program because the loan of land she has in her name, the loan she took out for her son and because DM never put any of the cows into her name. In this case it has worked out to her advantage. I was asking her son about the requirements and he said in the past they didn’t qualify for the bono because their yard wasn’t large enough, they don’t seem to have that requirement this year. He also said that in the past they gave it to people that already had cows so this seems to be another change in the bono policy.

9/17/10
Today has been quite busy here in the community. People from other communities started showing up at about 7:30 in order to sign up for the bono. The representative from MAGFOR showed up a little late, around 8:30 and they began attending people. There has been a steady stream of individuals coming to the community to sign up for the bono....

...As far as signing up it seems to be a slow process. DV has been there for two hours and shows no sign of returning. I noticed that some people who went yesterday when it wasn’t as busy were there for as long as four hours. It is almost four o’clock now and some people are just showing up... One of the rumors floating around is that they ran out of the forms that need to be filled out and they are just taking names. People are saying that they only brought 18 forms for each community...

DV didn’t have much to say. After waiting for two hours she said that she and a number of other women from the community were run-off told to leave. The person processing the paperwork was not taking any more people from Santa Rosa and was only processing people from other communities. They did take down their names but the man in charge said that this was not a guarantee of anything...

The initial sign-up was in mid-September of 2010. In November representatives of MAGFOR came out to the community to review the information presented in the solicitations. While this was the third bono to be distributed in the community it was the first time that representatives of MAGFOR had ever come to do follow-up on the information provided for the bono productivo. Several representatives of the
organization came to the community that day on motorcycles.\textsuperscript{32} They worked in teams of two visiting each household that had managed to sign-up. The teams visited the homes and checked the deeds to land, determined the distance of the pasture to the household, and measured the size of the patio. Women who had signed up had to produce documentation of land in their names, show that their yard was large enough for chickens and a vegetable garden, and demonstrate that they had a steady source of water close enough to their pasture for the cattle. Even on the visit, however, there was discrepancy on what kind of documentation was required. Some representatives said that the paperwork needed to be prepared by a lawyer while other stated that a hand written document with two witnesses was sufficient.

Among the 25 households in my research group, 11 had received the \textit{bono} in previous years and five had submitted paperwork to receive the \textit{bono} in this round. The rest of the participants either did not qualify or were not interested in participating in the project. I spoke with two women, Lupe and Nadia, specifically about the process and how they felt it was handled. Neither of the two women owned the land required for the program and were waiting on their in-laws to sign them over some land to qualify for the project. Neither expected to be able to get the paperwork together in time to be added to the final list of recipients, they had been given seven days to bring in the needed paperwork to the office in Condega. When I next spoke to Lupe she told

\textsuperscript{32} When community members first saw all of the motorcycles riding through the community many were initially struck with fear as they assumed that the bill collectors had returned.
me that while her father-in-law had been willing to sign over some land to her she didn’t have enough money to pay the transportation costs to bring the paperwork to Condega. Nadia, whose mother-in-law had decided not to do the paperwork while the MAGFOR representatives were there, had eventually agreed to sign over some of her land. Nadia told me that her husband had taken care of the papers and brought it all to Condega. She commented that he told her it was a very expensive process but she didn’t know how much it actually cost. In February, Nadia found out that she would be receiving the Bono, she was one of the 15 community members selected this year.

Despite the fact that the selection of the recipients for the bono productivo was taken out of the hands of the CPC this time did not make the final choice any less controversial. This year the selection of recipients was seen has politically motivated. While many commented that it was handled better and they paid more attention to the actual requirements, the fact that five of the fifteen recipients in the community came from two families who are strongly allied with the Sandinista party made a number of people speak up. While some argued that it was finally the families who deserved assistance that were receiving it, others argued that it was purely political, an attempt to secure loyalty in an election year, highlighting the fact that only one of the few households from the opposition party had ever received the bono productivo. The situation became even more political as the year progressed. In May, community members still hadn’t received the bono that had been promised in February. Additionally, they had been informed that the process would be handled very differently this year. First, they would be using a lottery system to determine what communities
would receive the bono first. Many community members commented that they might not get anything if Daniel wasn’t re-elected. Another big change that was implemented was that instead of providing the recipients with materials and animals, they would be giving the women money to purchase their own supplies and animals. In the past there had been a number of complaints about the quality of both animals and materials provided by the program. Stories of cows that didn’t produce milk or that were sterile were very common. Finally, while there was always an expectation that the women would have to pay back a total of 5,000 cordobas that would go into a revolving savings fund, this year they were expected to pay monthly quotas of 230 cordobas instead of paying back four installments of 1,250 cordobas over a two year period. The installment plan has been highly unsuccessful as none of the 45 community members who have already received the bono in previous years have paid back all of the 5,000 cordobas. When I left the community in June households still had not received the Bono. It was not until March of 2012, after the re-election of Daniel Ortega that the women in Santa Rosa received their bono productivo.

School Supplies and Scholarships

One important change that was implemented with the return of the FSLN and Daniel Ortega to power was the shift from school autonomy to free education. School autonomy is part of the structural adjustment plans implemented by the IMF that take the expense of covering the costs of education away from the government and place the school staff responsible for collecting fees to cover maintenance costs. It has been reported that over half of Nicaragua’s school age children did not attend class due to
the expense of school fees (Witness for Peace 2007). An additional incentive to attend primary school is the food that is given to the students. Every morning all of the children in preschool through grade five receive *pinol*, tortillas, rice, and beans. The ingredients are provided by the government, distributed by the teachers, and prepared and served by the mothers. These two factors work together to encourage the enrollment of children in school.

Just because school no longer had fees, however, doesn’t mean that all of the students are still able to attend. There are a number of other requirements for students such as the uniform, shoes, notebooks, and writing implements. For many families these additional items are simply out of reach. Instead, they rely on additional forms of assistance provided by the government and NGOs working in the community. Every year in the primary school, a number of backpacks are distributed with school supplies including pencils and notebooks. For the upper-level high school students, there are several half and full scholarships that cover the cost of transportation to the public high school and food while in class. There are even some that cover the cost of and enrollment for the private Catholic high school. Finally, at the university level there are scholarships to help cover the cost of transportation if one is accepted to study in Leon or to attend some of the private universities. There is also a scholarship program that sends students to Venezuela or Cuba to study. Officially, the CPC has no role in who eventually receives these benefits, however, they can suggest community members to be considered. At the primary school level it is generally the teachers that determine which students will receive assistance. Interestingly, three of the five teachers are also
in the CPC. While there are always some complaints about the distribution of schools
supplies the discord increases as the stakes get higher.

The community high school only offers the first three years of a five year degree.
In order to graduate students need to complete the last two years at one of the schools
in Condega. The department of education provides a select number of scholarships
each year to help cover the costs. The system for determining who will receive the
scholarships is unclear and there is a lot of competition between households in the
community. One year, a student who was initially given a scholarship had it taken away
because a community member argued that he had family living in the United States who
could pay for his education, therefore he shouldn’t receive the scholarship. When
openings for scholarships for technical degrees or to attend university in Cuba or
Venezuela arise, the selection of nominees is supposed to be an open process. The
office of the FSLN informs the leader of the CPC about the upcoming opportunities. The
CPC is supposed to inform community members about the scholarships and then
suggest the strongest candidates. What often happens, however, is that the CPC meets
privately and determines who to recommend from the community without making the
subject public. The past three recipients of scholarships for technical degrees were
siblings of the same CPC member. The one student to receive a scholarship to study in
Cuba was a young man who is a member of the CPC along with both of his parents. It is
this type of situation that leads community members to complain about the CPC and
comment that they only work for their families and don’t take the needs of others into
consideration.
Plan Roof

Another popular program implemented by the FSLN is plan roof. The goal of this program is to eliminate homes that are using plastic or cardboard for roofing materials by distributing 10 pieces of zinc and the necessary nails to families in need. In the last two years 150,000 households have received materials from this program. The project has been so popular that the government hopes to distribute zinc to another 750,000 households over the next five years (Multinoticias 2011). The selection of households to receive this benefit is also determined by the CPC. As of the Summer of 2011 Santa Rosa had received three rounds of zinc.

Plan roof is one of the most popular projects promoted in the country, successful in both rural and urban areas. The party is aware, however, that there have been some issues with the distribution of zinc within the communities. In Santa Rosa it is now required that households who want to receive zinc put in a formal letter of request explaining their circumstances and why they should receive the roofing materials. This is in response to complaints of nepotism and the unequal distribution of resources. In one case in the community, a member of the CPC received zinc along with her uncle. The woman used the zinc on a new house she was building with remittances sent by her husband living in the United States, her uncle then sold her the zinc he received through the project for her new house instead of repairing his home. She was able to put a roof on her new home at little cost- community members commented that it was the plan she had from the beginning. In another case a community member who does not even
own a home received zinc through the project, she was a nanny for another member of the CPC.

One day, as I interviewed a community member in a downpour under the plastic tarp she was using as a roof, I asked her if she would be putting in a request for zinc this year. She told me that she would not so I asked her why not? She explained the situation.

Because Courtney, the leaders of the community, they have to see who deserves these roofs. It is not that I am not in agreement that they give it to someone else, but if I am the leader of the community and I see that the first person is getting wet and the second person is not getting wet, then I do not go along with giving it to the second person. But here they haven’t done it like that. They give it to the second person, like we have been talking, then that person sells it, they don’t look at the need. And I feel that if I put in a request they are just going to say ‘look at that.’(she motioned that they put it in the fire)...Last time I went and I said, we don’t have money, my house is without zinc, my roof is plastic and the second round of roofs came and we are still like this. I don’t know what the requirements are, so I start thinking and I said with this money that my husband earned we are going to buy some used teja. I am thinking that if we just keep waiting for this zinc to come the house is going to fall down and it is going to end up being more expensive because this is made out of adobe, it is not brick, if it were brick then it wouldn’t be a problem.

My conversation with Lupe highlighted the same issues that have arisen with the other projects implemented by the FSLN and carried out by the CPC. Within the community the members of the CPC select the families that will receive the zinc. The goal is to distribute the materials to the families with the greatest need, that is the platform promoted by the government. It is clear, however, that it is not what is occurring in Santa Rosa.

At a community meeting held on March 9th 2011 members of the Sandinista party from Condega came to promote the Sandinista platform and asked for any
grievances from the community. The goal of the meeting was primarily propaganda, they emphasized the party’s focus on the greater good and the three word refrain of “Christianity, Solidarity and Socialism.” The representatives of the FSLN read from a prepared document stating “It is a campaign that looks to promote the spirit of service, because Capitalism moves us to a model where we learn, above all, to devalue one another and be selfish.” They commented that the leaders in the community should look at who needs zinc for their homes and if one house needs eight pieces of zinc and another one can be repaired with two pieces then they should split up the zinc so it goes to fulfill the needs of the community. This comment did not go over well with community members who instead insisted that each household should receive all 10 pieces of zinc. The representative from the FSLN commented that this was the eventual goal, but that community members had to be patient and consider the well-being of the community. While the pretext of the meeting was to gather community input, I was surprised by how little was spoken by the community members or the CPC. Instead, the entire meeting was run by the representatives of the Sandinista Party visiting from Condega, the leader of the CPC was not even present. The few critical comments made by community members were answered with political rhetoric. When asked for further comment community members had little or nothing to say. There was very little of the citizen participation that is the stated goal of the CPC.

Conclusions

Since the return of Daniel Ortega to power in 2000, the FSLN has distributed 45 cows, 45 pigs and 450 chickens to community members through the bono productivo.
Forty-five families have received zinc for roofing. Two women saw the assistance they receive due to the loss of their sons during the war triple. If a household hasn’t directly received some benefit either a friend or family member has. Another 15 families expect to benefit from the bono productivo at any time. For many households who say that the former party never gave them anything they see this assistance as a sign that the current government hasn’t forgotten about them, hasn’t given up on the small farmers. They see these projects as a sign that rural families are important. In some cases the government assistance did provide a strong boost to the quality of life for families who received zinc or cows. In a number of cases, however, the cows have been sold, the pigs have been eaten and the chickens are far and few between. None of the women who received the bono productivo have repaid all of the 5,000 cordobas for the revolving savings account. Compared to five years ago, the community has fewer NGOs and a lot more debt. Nobody can deny the changes but there has been little impact on the overall quality of life. Family members continue to migrate and work as day laborers because they are unable to support their households with agriculture alone.

Santa Rosa is considered to be a Sandinista stronghold. There are only a couple of households who openly identify with other political parties. When community members complain about the poor distribution of projects within the community they emphasize the fact that the problem is not with the projects themselves but with the people in charge of distribution. With the first round of cows distributed by the bono productivo many complained that the cows did not produce much milk. Community members fault the representatives of MAGFOR for cutting corners, they said that the
technicians were buying cheap cows and pocketing the difference. Within the community, informants say that the fault lies with the CPC, community members argue that the members of the CPC not properly distribute benefits to community members who actually deserve them the most. What is important to note, is that in these complaints community members almost never speak poorly of the government or the projects themselves, but instead attack those in charge of the implementation and distribution of the projects.

This discord is not unique to Santa Rosa and one of the main themes of the political platform during the campaign was to recognize and point out how selfish or “capitalistic” behavior was detrimental to Nicaraguan society and in their campaign they are “working to reinstate the Common Good.” The party also acknowledged some of the problems that have arisen with the CPC stating “…and who is in charge, the CPC or the political secretary? Neither!...The goal is to work as a team, make decisions as a team, to know that while more heads are thinking, better decisions are made.”

As part of the political platform the FSLN has worked to change the direction of Nicaragua from a Neoliberal model to one of a Social Democracy. One path towards this has been the creation of several programs such as Zero Hunger and Plan Roof to improve the quality of life for Nicaraguans with the greatest amount of need. While these programs undoubtedly helped Ortega to be reelected the successful implementation and the true impact of these programs is yet to be seen. The reality is that, to a certain extent, these programs still promote a neoliberal ideology. The bono productivo encourage households to become self-sufficient through diversified
production. They expect excess production to be sold as a profit to pay off the 5,000 cordoba debt associated with the project. The school programs encourage competition between families as only a limited number of scholarships are available to each community. Plan roof may be the one exception, with the expectation the zinc is distributed to those with the most need.

Additionally, government projects increase levels of debt within the community. Every *Bono Productivo* granted comes with the requirement of paying 5,000 cordobas into a revolving savings account within four years of receiving the project. The government has just started providing agricultural loans to the community through *Banco Produzcamos*. Because there is currently little cooperation between the government and NGOs, it is possible for households to acquire loans from both the government and private industry. This highlights the incongruity between the ideals promoted by the Sandinista government and the reality of living in a world dictated by a neoliberal economic model.

The CPC has become a powerful force within the community. A small group of people have considerable control over the government resources distributed in the village. It is evident that the distribution of the projects is not always equitable. This highlights a weakness in the system and its ability to promote solidarity. Fortunately for the FSLN, community members believe that the problem lies within the members of the CPC and not the programs themselves. Because of this perception, the FSLN has been able to maintain its power base within the community, despite the concerns held by community members about nepotism and political patronage.
Chapter Seven
Daily Life in Four Words: Vulnerability, Insecurity, Uncertainty and Risk

...one of the contributions anthropology is best equipped to make to risk studies is to provide an ethnographic context crucial for a full understanding of risk avoidance behavior...the real situations in which decisions concerning risk are made are far more complex than the formal models used to analyze them, and some would follow us in the further claim that realistic analyses of risks may need to be quite a bit more complex and less elegant, than formal models will allow.

-Baksh and Johnson in Risk and Uncertainty in Tribal and Peasant Economies

Subsistence farming is risky business. There are all sorts of unknowns that farmers must contend with: drought, flooding, insects, fungus, and birds are just a few. There is absolutely no assurance, that after three months of back-breaking work, there will be a harvest. There is also no guarantee that once harvested it will sell at a fair price. From a livelihoods perspective these are vulnerabilities, threats to food security. Community members are also plagued by other forms of insecurity, what James (2010) refers to as “routines of rupture” or “multiple ongoing disruptions to daily life.” It is also important to recognize that security and vulnerability can be associated with various aspects of our lives from personal safety to national concerns about terrorism (Burrell 2010). In this discussion, however, I focus on security related to livelihood strategies and food. While community members are not experiencing routine violence, like what James (2010) witnessed in Haiti, they struggle with both food shortages and increasing debt. Many households do not know if they will be able to feed themselves or their...
children one day to the next. Farmers have confided in me that they toss and turn at night thinking about how they will pay off their microfinance loans, afraid they will lose their animals or land. Being harassed by creditors can be highly disruptive to their daily routine. Households are also plagued by uncertainty. When they plant, they don’t know if there will be a harvest. When they migrate, it is a gamble if they will find a job. If they stay in the community, it is unknown if they will be able receive assistance from the government or NGOs. Their only option is to try to mitigate the level of risk in their daily lives. They do this with a number of different strategies (Morduch 1999). This chapter will discuss how community members deal with risk to their livelihoods, and attempt to frame what may be the next phase in the relationship between citizens, the state, and risk.

The goals of this chapter are twofold. First, I seek to understand the role of risk in the livelihood strategies of rural agriculturalists. Second, I present an analysis of how risk is mitigated by the state and transformed into a tool for Nicaraguan governmentality. I begin the chapter with an overview of risk theory in the social sciences. Next, I examine the multiple forms of risk involved in the three main livelihood strategies in Santa Rosa with a discussion of traditional risk mitigation strategies. I delineate three lines of defense when dealing with risk in the community and examine the difficulties associated with each strategy under the current economic conditions. Finally, I propose a unique model of governmentality for Nicaragua; a model that requires the normalization of poverty in order to be effective and draws on state sponsored programs, NGOs, and the CPC to function.
Understanding Risk

Before risk mitigation strategies can be discussed, the terms risk and uncertainty must be defined. In broad terms, uncertainty “refers to an individual’s lack of knowledge about the state of the world” (Cashdan 1990:2). When one is able to assign probability to an uncertainty it is then considered a risk. In other words, risk is when a person more or less knows the general probability of outcomes, while uncertainty is when there is no way of knowing how things will turn out (Wilk and Cliggett 2007). While economists make an effort to convert everything to risk, Cancian (1980) believes that it is important to maintain the distinction between risk and uncertainty because individuals respond to the two in very different ways. For Cancian, this difference is key to understanding how people make decisions. Among economic and ecological anthropologists, risk is often defined as “an unpredictable variation in some ecological or economic variable (for example variation in rainfall, hunting returns, prices, etc.), and an outcome is viewed as riskier if it has a greater variance” (Cashdan 1990:2-3). While there is a benefit to differentiating between risk and uncertainty, the distinction is not always expressed by decision makers. In everyday discussions of livelihood strategies, people do not articulate the difference between risk, uncertainty, vulnerability and insecurity. These are, in a sense, constant unknowns that have settled into the very foundation of existence within the community. As much as I love living in Santa Rosa I repeatedly told my husband that I could never live from farming. I need to have a steady income that was in my control. I was continually amazed at the families in the community who relied on agriculture as their primary source of income and didn’t suffer
from mental breakdowns, as I am sure I would have. As there is so much overlap between risk, uncertainty, unpredictability, and insecurity in the everyday lives of community members, my use of the term risk is meant to encapsulate each one in order to reflect how these concepts are related and interconnected to one another.

Usually, risk and risk analysis bring to mind models created by economists based on expected utility, such as the work of Meyer and Meyer (2006). Even among anthropologists the use of game theory became popular in helping to understand hunting and fishing strategies (Wilk and Cliggett 2007). These models, however, are based on simplistic and unrealistic assumptions and, as a result, are not highly effective in real-world situations (Rappaport 1988). Because they fail to take into account Knightean uncertainty, economists’ models ignore the circumstances under which most decisions are actually made (Chibnik 2011). This is why an anthropological approach to the study of risk is so important. Chibnik writes,

Economists and psychologists do not seem much impressed by imprecisely phrased generalizations about how diversification reduces risk and information gathering reduces uncertainty. Vague as they may be, I think that such generalizations have been more helpful in understanding human behavior than the great majority of economists’ models and psychologists’ experiments. There is, however, no substitute for ethnographically rich descriptions of the complexities of decision making in particular risky and uncertain situations. This is the work of anthropologists. Through their detailed ethnography, anthropologists have made an invaluable, though often neglected, contribution to our knowledge of such choices. (2011:89).

While I agree with Chibnik, that contextualized ethnographic description is vital to understand the complexities of decision making (Boholm 2003), I also believe that it is useful to frame the description from within a theoretical approach. Within anthropology, theoretical discussion of risk are surprisingly limited. With the exception
of the work of Mary Douglas, the majority of the research on risk in anthropology focuses on the importance of ethnographic description and contextualization or borrows models from other fields, such as economics. While sociology has had a more extensive discussion on risk, researchers in both fields have voiced numerous critiques including the weakness of sociocultural approaches to the concept, the lack of cross fertilization in related areas, and the fact that those working in risk tend to ignore one another’s work (Boholm 1996; Lupton 1999; Wilkinson 2001).

**Risk in the Social Sciences**

Theoretical approaches to risk from a sociocultural perspective have been divided into three broad categories: cultural-symbolic, ‘risk society’, and governmentality (Lupton 1999). The cultural-symbolic approach is based in the work of Mary Douglas and builds off of her original research on purity and danger. In her work on risk, Douglas (1985; 1992) argues that risk serves a particular function in society and must be understood within that specific context. One function of risk is to maintain cultural boundaries through the use of cultural assumptions. In this fashion, we are able to portray the “other” as a risk. It also works to provide explanations for unfortunate or unexpected events. In collaboration with Wildavsky (Douglas and Wildavsky 1982), Douglas created a model of risk in an attempt to understand the role of society in the perception of risk. The grid-group model is a functional structuralist analysis of how communities and organizations respond to risk. The model argues that the more structured and conformative the culture (high-grid, high-group), the more likely they are
to look to social norms and institutions to control risk. Cultures that are individualistic (low-grid, low-group), are more likely to rely on self-management of risk.

The ‘risk society’ is a big picture approach, focusing on macro-structural factors in modern society. The two theorists most closely associated with risk society are Ulrich Beck (1992) and Anthony Giddens (1991). Both argue that risk is a central feature of global society. Instead of being a product of fate or destiny, risk is seen as within our control - we are responsible for our own exposure to risk, just as we are also responsible for the manufacture of risk in contemporary society. The third main theoretical orientation toward risk is the governmentality approach. In this approach, risk is a governmental strategy of disciplinary power used to monitor and control populations (Lupton 1999; Denney 2005). Within the government, standards or norms are created, if someone deviates from the norm they are considered to be ‘at risk.’ Once this categorization is established, steps can be taken to combat that risk (Castel 1991; Lupton 1999; Denney 2005). While there is great diversity within the cultural/symbolic, society of risk, and governmentality methods to understanding risk, “they stand in clear contrast to technico-scientific approaches to risk in taking into account the broader social and cultural, and in some cases, historical, contexts in which risk as a concept derives meaning and resonance” (Lupton 1999:1). It is from within these approaches that an ethnography of risk is best situated.

In Nicaragua, the governmentality approach is the most relevant to understanding risk within the current bipolar, neoliberal/social democracy model in place. The basic elements of the governmentality approach are: normalizing behaviors and attitudes,
identifying risk, and taking steps to eliminate risk. This approach can be adapted to
various situations and provides the flexibility necessary to examine risk from the bottom
up. Additionally, it provides a manner for researchers to examine how adaptations to
risk at the individual or household level have been influenced by the state, while taking
into consideration the shifting political ground in Nicaragua. Through the process of
normalization, the government is able to determine what is viewed as normal and what
needs to be addressed as a potential risk to national stability. Once determined, the
state is able to take steps to mitigate potential sources of risk. Within a neoliberal
model of government the state places the responsibility of risk management squarely
on the individual, this model is sometimes called prudentialism (O'Malley 1996; Dean
1999). O'Malley delineates three components of prudentialism: the elimination of
social programs directed at risk management, the replacement of these programs with
privatized alternatives, and legal and political maneuvers that reinforce the shift to
personal responsibility (1996:199). Individuals are told to quit smoking, practice safe-
sex, and buy health insurance. In other words they are expected to manage risk on a
personal level. Within Nicaragua, this is essentially what was happening under the
neoliberal model of governance that predominated from 1990-2006. During that time,
social programs were cut and citizens were forced to the private sector and NGOs to
meet their needs. While the World Bank recommended the sale insurance plans to be
offered hand-in-hand with credit for small producers in Nicaragua (Yaron 2001), these
programs never materialized. Microcredit and microfinance loans became a central
strategy for risk management. The loans, directed at agricultural needs, came to serve
an important smoothing function in many households (Murdoch 1995; Zeller 1999). Loans taken out for other small business ventures were also diverted into agriculture and consumption needs. Now that Daniel Ortega is again in power, and has begun transition away from the neoliberal model restoring some of the social safety nets, how does this impact community member strategies to reducing risk and uncertainty?

Traditionally, rural households have had a number of approaches to reducing risk. Sometimes called informal insurance, these strategies include, but are not limited to, redistribution, gifts, loans, remittances, credit, personal assets, migration and wage labor (Chibnik 1990; Monaghan 1990; Ortiz 1990; Rosenzweig and Wolpin 1993; Rambo 1995; Winterhalder 1996; Chibnik 2011). Within Santa Rosa, all of these strategies have been observed with the exception of redistribution. Given the current economic difficulties, however, some of these traditional safety nets are not sufficient, and new strategies to mitigate risk are being used within the community.

*Dealing with Risk in Santa Rosa*

The most common form of risk mitigation in Santa Rosa is livelihood diversification. Households draw on several sources of income to make ends meet. From farming, to selling firewood, to washing clothes, the variety of sources of income highlights the importance of diversification households rely on to deal with uncertainty. While there is a variety of livelihood strategies found among households in the community, the primary sources of income for households are farming, migration, and wage labor. Each of these strategies has varying amounts of risk and uncertainty. While
these livelihood strategies were examined in chapter five, it would be helpful to review risk associated with each of these sources of income.

The risks associated with farming are very well known. In a community that depends upon the rainfall to sustain its crops, precipitation is one of their greatest concerns. If the rains come late, they may not be able to plant two consecutive crops. Drought will kill young plants, or greatly reduce production if it comes later in the season. Heavy rain and flooding will drown young plants and cause mature ones to rot in the fields. There are also numerous issues with insects and fungal invasions that threaten to destroy crops. Once it is time to harvest, farmers have no control over the market price. Many producers are forced to sell their beans quickly to pay off outstanding debt, as a result they get a very low price. There are also problems of theft. While less common among basic grains, farmers who have expanded into vegetable farming often have to sleep in the fields to protect their crops.

With migration there is a whole different set of risks. When crossing illegally, to Costa Rica or Honduras, there are always physical dangers such as getting lost in the forests or getting caught by the police. The greatest risk in migration, however, is the chance that you will not be able to find work once you arrive. After spending almost 250 dollars on a bus ticket and a visa, the idea of being unemployed with no place to live in a foreign country is particularly daunting. In Costa Rica especially, migrants also risk facing mental and emotional abuse as they are often targeted and blamed for the country’s current economic difficulties (Sandoval-Garcia 2004). If a household decides to seek wage labor, the greatest risk is actually finding a job. Factories in Nicaragua
often have waitlists of several months and nepotism is common. With the recent issuance of identity cards for members of the FSLN political favoritism is expected to rise as well. Finding work is not easy and keeping it can be even more difficult. On the road crew, if you missed a total of three days of work during the season you were fired. There have also been a number of instances where individuals were paid less than what they were told or were not paid at all.

Table 4

<table>
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<th>Farming</th>
<th>Migration</th>
<th>Wage Labor</th>
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<tbody>
<tr>
<td>• Weather: drought, flooding</td>
<td>• Dangers of crossing the border: Physical, Mental, and Emotional</td>
<td>• Unable to find work</td>
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<tr>
<td>• Pestilences</td>
<td>• Not finding a job</td>
<td>• Loss of work</td>
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<td>• Market Prices</td>
<td>• Poor treatment by others</td>
<td>• Unpaid work</td>
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<td>• Theft of Harvest</td>
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What needs to be emphasized is the fact that, traditionally, migration and wage labor were strategies used in times of distress, in years of drought or because of a poor harvest. Activities that were traditionally viewed as forms of risk reduction, or informal insurance have become full-fledged livelihood strategies. Because of the high levels of risk and uncertainty involved with each of these sources of income, households have looked for additional ways to mitigate risk. Community members turned toward microcredit and microfinance to fill this need. What appears to have happened in a number of cases in Nicaragua is that households came to expect access to these loans.
Many households came to see microfinance loans as an extension of their available assets, and came to depend on them for planting. This mal adaptive behavior (Bodley 2008) is similar to that of stockbrokers described by Ho (2009) She explained that stockbrokers came to see their bonuses as part of their salaries and overextended themselves as a result of this err. Similarly to what happened with the stock brokers, borrowers found themselves drowning in microdebt. This risk mitigation strategy proved to be just as risky as everything else.

For several years the strategy appeared to be working. Farmers would take out loans to plant, they would use the loans to cover costs associated with farming as well as cover the needs of the household, and then after the harvest they would pay back the loan with the sale of the harvest. In most cases, there would be enough profit to pay back what they owe and then have enough beans and corn to carry them through until the following year. Farmers assumed that they would get a loan the following April to cover the cost of planting in May, so there was no need to save extra money or store extra grains to cover those costs. While farmers weren’t ‘getting ahead’ by taking out loans they were certainly ‘getting by’. Loans were an effective strategy to get them through the lean times. This system went on for a number of years. Since the community has two planting cycles, even if one wasn’t very good, farmers could usually compensate during the second cycle. Usually, they were able to pay off at least a portion of their loan, thereby qualifying them for a new loan so they could plant the following year. The microfinance organizations recycled the loans, restructuring the debt. Eventually, community members accrued greater and greater amounts of debt.
Some households had multiple loans from the same lender, while others took out loans from a number of different microfinance organizations. In 2009, many farmers told me that they would not be able to plant their fields without taking out loans— they just didn’t have the resources.

Loans were an important risk mitigation strategy, and functioned as a tool for consumption smoothing between harvests. However, between 2008 and 2010 everything changed. As it turned out, most loans had their own risk. Unable to pay off their debts, farmers realized that they could possibly lose their land and livestock to the same microcredit and microfinance organizations that they had thought were there to help them. Peoples’ feelings towards loans began to shift as embargoes were placed on their land and household appliances were repossessed to compensate for missed microfinance payments. One woman told me that she had sold most of her gold jewelry back to the jeweler. When that wasn’t enough, she went to Costa Rica to pay down her microfinance loans. Even after she returned she still owed over 1,000 dollars to one organization. Whenever I asked someone how they felt about loans, they usually said something to the effect that loans are good when there is a harvest, but when there is no harvest then there are problems.

When the global financial crisis finally hit Nicaragua in 2009 it hurt. In Santa Rosa, households not only lost access to credit, but their other forms of “informal insurance” were also failing. Community members who had been living in Costa Rica for years and regularly sent remittance were returning because they could no longer find steady work in Costa Rica. Seasonal migrants decided not to migrate because they were
afraid they wouldn’t be able to find work. Community members who worked in the schools and factories found that their jobs were not secure. The economic crisis had a ripple effect throughout the country and Santa Rosa was no exception. The holes in the informal safety net just kept getting bigger. As the first line of defense, livelihood diversification, and the second line of defense, loans, began to fail, community members had to shift to other less common strategies to minimize risk and make ends meet—what I refer to as the third line of defense.

While livelihood diversification and loans were resources that were primarily outside the community, the third line of defense was much more internal in nature. Within the community there have always been strategies used by less fortunate households to get them through the difficult times. There are a number of households in the community that don’t own their own land, can’t afford to migrate, don’t have capital to open a small business, and don’t have the skills needed for outside work. Often these households consist of young couples or single mothers and are people who have lived in the community their entire lives. In order to make ends meet, these households employ the use of three common strategies: female labor, communal planting, and local credit. Women make extra money washing clothes, cooking for others, or taking care of children. Men plant a-media with someone else. Families rely on *apuntando*, buying on credit, in the small stores located in the community. As money tightened within the community, those who had traditionally relied on this third line of defense struggled to feed their families. Their opportunities to earn extra money
and make-do were shrinking. A major shift was occurring in the community, disrupting these last forms of “informal insurance.”

As a whole, the community was suffering from poor harvests, fewer remittances, fewer loans, and less income from seasonal and wage labor. As a result, there was simply less money circulating in the village. Households that would normally pay women to wash their clothes or make tortillas could no longer afford these luxuries. Stores that would usually sell to families on credit were not selling enough to cover their costs and restock their shelves, credit was cut off. Just as there was a greater demand for these kinds of informal insurance, they were being eliminated. Planting a-media, however, became much more popular. Farmers, who in the past had planted on their own and hired workers, could no longer cover the expenses. Instead, they started planting a-media for the first time. Rather than paying young men to work as day laborers they were asking them to take on some of the risk associated with farming. The arrangements varied widely, but a common agreement was that the landowner would supply the land, the traction animals and half of the labor, while the other person would supply the other half of the labor and the seed. The cost of pesticides and fertilizers would often be split between the two if they could afford to buy them. At the end of the season they split the harvest.

Planting a-media is an effective risk reduction strategy for land owners. If the harvest fails they have lost only half of their usual expenses. For the other person it is a beneficial strategy if they have a good harvest. If there is a poor harvest, however, it is a double loss. Not only did they invest their own resources in planting, they were not paid
for their labor. For households that have neither additional resources nor employment, this can be devastating. When I first started the year-long study I had one woman ask me how to fill out the daily consumption worksheets, she wasn’t sure what to do because her family wasn’t eating tortillas or beans. Due to the drought, her husband had harvested less than 100 pounds of beans and no corn. Since they couldn’t get credit anywhere, they were just eating boiled plantains from the backyard. Even if there is a good harvest, planting a-media has a negative aspect. Since most households couldn’t get access to credit, and many were unable to save enough beans for seed, land that was normally planted was left to fallow. Households that usually plant 3 or 4 manzanas of land were only planting one or two manzanas a-media because there were simply not enough resources available in the community to plant all of the arable land. As a result, less food was being produced in the community.

Figure 11

Community-Level Risk Mitigation Strategies
As external strategies for risk mitigation began to fail, the village turned inward, and become more community-based. The attempt to de-socialize risk (Dean 1999) and make it more individual was unsuccessful, as people turned to other community members for assistance in their greatest time of need. This is an interesting observation in understanding risk. The first and second lines of defense that community members had against risk were based on individual choices and decisions, but dependent upon external factors. Under a neo-liberal model this would be the exemplar of prudentialism. When these methods are no longer effective, households turn to the one constant in their lives, the community itself. Migrants return home and landowners work in cooperation with others to plant their crops. When external resources were not available the community goes into crisis mode and focuses on community-based risk reduction strategies.

In September of 2011, as the government began offering loans in the community, most farmers jumped at the chance to get credit. It appears that once again, agriculturalists have become caught in a vicious cycle. In December of 2011 there was no harvest and the majority of community members were not able to pay back their government loans. They have been informed that if they don’t pay off

![Figure 12: Cycle of Debt](image)

- Loans
- Poor Harvest
- Debt
- No New Loans
- A-Media
their debt they will not qualify for new loans in April of 2012. The word is out — the government will NOT be practicing debt restructuring.

**Nicaraguan Governmentality**

What does all of this mean for how households deal with risk and uncertainty? In order to understand the choices households make in dealing with risk, they must be contextualized within the greater political and economic environment. During the previous administrations of Arnoldo Aleman and Enrique Bolaños, the governmentality model emphasizing prudentialism would have been an excellent fit in understanding risk and risk mitigation strategies of households in Nicaragua. However, the political environment in Nicaragua has changed dramatically over the past few years. The current government is trying to move away from a strict neoliberal model and has implemented a number of programs targeted at poverty alleviation. Programs such as Zero Hunger and Zero Usury are designed to reduce risk and uncertainty for Nicaragua households. Two questions arise, does this take some of the responsibility to mitigate risk off of the individual, and did Nicaraguans ever have a sense of personal responsibility to reduce risk in the first place?

First, I would like to tackle the second part of the question. When I served as a Peace Corps volunteer I often heard other development workers talk about the Sandinista legacy in the community. This was not spoken of in a reverential or positive manner. Rather, what they were talking about was the perception that community members expected to get a handout. They didn’t want loans, they wanted gifts. They
didn’t want to pay off debt, they wanted, and expected, debt to be forgiven. A fellow volunteer told me about a conversation she had with a woman from her village. She told me that the woman had signed up for a project with an NGO raising chickens. She asked the woman what she would do if the chickens died. The woman, very matter-of-factly, said that she would simply not pay back the loan. Within Santa Rosa I found a very similar perspective. Overwhelmingly, community members said that people should pay back their loans, and if there was a good harvest that should be done immediately. However, they also expressed the belief that if there was a poor harvest that they should be given a break. They said that they shouldn’t have to pay late fees or excess interest. Community members were content to pay back the initial amount of the loan, but no more. Essentially, they wanted the loans or the projects without the risk. This position can be seen in the popularity of the No Pago movement discussed in the next chapter.

This doesn’t mean that community members don’t have personal responsibility. They work hard to support their families; this is evident with the numerous livelihood strategies employed by each household. Within rural Nicaragua, it appears that the push towards prudentialism in relation to risk has not been successful. The neoliberal government made a move in this direction, but agriculturalists were not entirely willing to fall into line. This is not surprising, especially considering that products such as crop insurance were never offered. In order for prudentialism to be effective citizens must be viewed as “rational, responsible, knowledgeable and calculative, and in control of key
aspects of their lives” (O’Malley 1996:203). Without some form of protection against crop failure farmers can never be in control of their primary source of income.

What about the social programs put into place by the FSLN? Have they worked to undermine risk reduction strategies among community members, has Nicaragua reverted to a Welfare state? To a certain extent, these programs have reduced risk associated with consumption needs for some families. The government plan to provide social security for the elderly will also work to alleviate some need. In Nicaragua, however, there are no unemployment benefits and you can’t go on welfare. If you can’t support yourself or your children, your family and community are all that you have. The programs that have been put in place by the government are targeted poverty reduction strategies that have been described as just drops in the bucket (Kester 2010).

They by no means provide an adequate safety net for a country where almost half live below the national poverty line, and one third live on less than two dollars a day (Bank).

Just because the government has distributed zinc to one fourth of the community and given a cow, a pig, and chickens to an additional 40 households, doesn’t mean that farmers will stop diversifying their livelihood strategies. If anything, the Zero Hunger and Zero Usury programs are designed to promote livelihood diversification by encouraging households to increase milk and egg production or start small businesses. These programs do not even target the poorest of the poor. Instead, they focus on households that already have access to some resources. In order to receive the Bono Productivo you must own at least one manzana of land and have a yard large enough for a chicken coop. These programs are directed at the households that provide the third
line of defense within the community. When a woman is busy attending customers in her store or tending to her animals and gardens and earning money in these small ventures, she will then pay someone else to do the laundry or make her tortillas. She simply doesn’t have the time to do everything.

The extreme theoretical models provided by social theorist to understand the relationship between the state, citizens, and risk (risk society, disciplinary society, prudential society, welfare society) are simply not designed for developing countries where the majority of the population live below the poverty line and there is limited infrastructure. This is not to say that the government does not play an important role in defining, understanding, and limiting risk within this environment. Government always has a vested interest in reducing risk, because risk leads to an increased possibility of social unrest (Gough 1984; O’Malley 1996). Nicaragua simply does not have the resources to create a welfare society and citizens do not have the capacity to follow prudentialism. I would argue that in situations of political and economic instability, such as Nicaragua, it becomes even more important for the government to be able to reduce risk to the population’s livelihood. How can a poor, developing nation be expected to do such a thing?

Conclusions

The Nicaraguan state, under Daniel Ortega, seems to have taken a three pronged approach to mitigate risk via governmentality through social programs, NGOs and private projects, and institutionalized social control. The state presents itself as being on the side of the poor. The state also recognizes the difficult conditions under which
the poor live. By acknowledging the plight of the poor, the state works to normalize the
conditions under which most Nicaraguan live. Through the process of normalization,
Nicaraguans are less likely to question their standard of living. At the same time,
however, the government works to gain favor among its citizens by providing services
that are directed at poverty reduction. The state is saying ‘we know you are suffering
and this is what we are going to do to change things.’ Some of the government’s
programs, such as Plan Roof, are directed at those with the greatest needs. Others
provide resources and loans to individuals who have the capacity to expand their
resources either through animal husbandry or small business. In turn, these
households are better able to provide that third line of defense against risk within the
community.

The state recognizes, however, that it does not have enough resources for
everyone. As a result, they encourage citizens to participate in projects, programs and
loan schemes promoted by NGOs and private industry. Finally, community level
government, the CPC (discussed in chapter six), plays an important function in
minimizing risk for the state through the control of local populations. This is an
important aspect of the social component of governmentality, and I would argue key to
its ability to function in developing countries where models of discipline, prudentialism,
and welfare are not possible. When individuals appear to present themselves as a
threat to the government, the CPC is there to manage or eliminate that threat. The CPC
is itself a technology, along with the state-run social welfare programs and private and
NGO sponsored programs, used to reduce risk both for the state and its citizens.
Households rely on a variety of resources, both external and internal, to mitigate risk in their livelihood strategies. As one method ceases to function the household turns to alternative means of making ends meet. High levels of poverty within Nicaragua highlight the difficulties households encounter in trying to meet their daily needs. In an effort to deal with these issues, the government has developed a unique form of governmentality. Through the normalization of poverty the state has managed to reduce the possibility of massive unrest within the country. This coupled with highly publicized government programs directed at the elimination of hunger and poverty, has created an environment where citizens are most likely to receive benefits if they do not question the politics of the party. When problems do arise, the state has a form of local government in place to influence local populations and manipulate civil society at the ground level. In the next chapter we will more closely examine the role of the CPC in the community and how it functions as an important tool of the government.
Chapter Eight
A Tale of Two Protests: The Relationship between Government and Civil Society

The Nicaraguan government has experienced tremendous change over the past few decades and has undergone a number of transitions. Each shift in political power transforms the landscape for the possibility of citizen participation and the emergence of civil society activities and organizations. From the Sandinista revolution in 1979, the re-elections of Ortega in 2006 and 2011, and the era of neoliberal governance in between, the role of civil society has been on a roller coaster ride in Nicaragua. The goal of this chapter is to examine the current relationship between the state, civil society, and NGOs in Nicaragua. I first outline the concept of civil society and how it is used in this context. Next, I highlight the role of NGOs in Nicaragua examining their shifting relationship with the state. Finally, I study the interaction between the CPC as a representative of the state, NGOs, and civil society through the consideration of two movements that were ongoing while I was in Nicaragua. The chapter concludes by
questioning the ability of civil society to effectively function in an environment where the government has a strong presence at the community-level.

**Power to the People?**

Civil society itself is a contested concept, which must be understood within its political and historical framework (Cox 1999). In a contemporary context “…‘civil society’ has become the comprehensive term for various ways in which people express collective wills independently of (and often in opposition to) established power, both economic and political” (1999:10). This general understanding embodies Gramsci’s discussion of the relations of forces. Civil society itself is a field of power, a force which interacts with the state, the market, and third sector organizations. Here I make an important distinction between civil society and NGOs (as well as other organizations which are commonly referred to as the third sector). A contemporary problem is the conflation of the growth of civil society with the growth and proliferation of NGOs (Mercer 2002). An increase in the presence of NGOs within a country does not mean that there is a strengthening of civil society. In fact, as NGOs grow and develop into larger institutions they may actually lead to a decline in civil society engagement (Tvedt 1998; Mercer 2002). Ferguson and Gupta (2002) argue, and I agree, that instead of viewing NGOs on equal footing with civil society, they should instead be viewed as part of a transnational governmentality. The authors argue, “it is necessary to treat state and non-state governmentality within a common frame, without making unwarranted assumptions about their spatial reach, vertical height, or relation to the local” (Ferguson

While there is overlap between the two groups, I believe that NGOs in the country should be ascribed with a level of influence akin to that of the government due to their high levels of external funding and the power they hold through their ability to distribute scarce resources. In Nicaragua, most NGOs have turned to microfinance as the center of their development model. This explosion of microfinance organizations has had dismal results on development within the country, shifting development policy away from infrastructure and capacity building to a focus on microenterprise. In this case, the increase in NGOs acted as a catalyst for civil society, but not in the way one might expect. In Nicaragua, civil society mobilized against NGOs and other third sector organizations working in microfinance.

Civil Society in Nicaragua

The Sandinista revolution of the 1980s may be seen as a peak in civil society engagement in Nicaragua. I recognize civil society as grassroots organizations formed by citizens without the initial push coming from external organizations. In a report by the embassy of the United States, it was estimated that over half of the population over the age of 16 was involved in a grass roots organization, totaling between seven hundred and eight hundred thousand individuals (Walker 1997:10). After the revolution, however, there was a dramatic decline in engagement and Nicaraguans were less involved in civil society activities than other Central Americans (Booth and Bayer Richard 2006). It wasn’t until the Bolaños administration took office in 2000 that a local
governance space emerged allowing for the resurgence of civil society, albeit with a limited capacity (Howard and Serra Vasquez 2011). In 2001, the Law of Civic Participation passed, which gave citizens the right to take part in the decision making process when public policy was involved. In 2003, the Municipal Development Committee (MDC) was recognized as the location for this participation, creating a space for the local government and civil society to officially interact (CEAP 2010; Howard and Serra Vasquez 2011). While MDCs were not implemented across the board, they were set up by 85% of local authorities (Howard and Serra Vasquez 2011). Many of the individuals that organized and became involved with the MDCs were members of the Sandinista party who were unhappy with the political leadership at the time. The relationship that emerged was one of frustration and disillusionment. Howard and Serra Vasquez state that:

Civil society activism in Nicaragua needs to be understood in the context of the pact between the socialist-leaning FSLN and the liberal right-leaning Partido Liberal Constitucional (PLC), which has distributed the state institutions between both parties...distorted party politics since 2000 and had a deep impact on state-civil society relations. The result is both weak institutions and widespread cynicism in the population towards political leaders- though at the same time recognizing the need to stay on the bandwagon in order to benefit from political patronage (2011:69).

One of the most important points highlighted above is the need to maintain one’s allegiance with a party in order to reap future benefits of political patronage. If one is linked or connected to the government in a formal manner, then he or she is no longer a representative of civil society. When the FSLN returned to power in 2006, the CPC came to replace the MDCs. With the virtual elimination of the MDCs, the official channel for civil society to interact with government was lost, replaced by a government directed
organization. Due to political polarization, what was left of civil society became fractured into three main groups: those that sided with the FSLN but were not members of the CPC, those that were in opposition and critical to the party, and those that questioned the party but wanted to maintain ties with the state (Serra Vasquez 2010).

Instead of increasing citizen participation in the government, the CPC is more of a tool that the Sandinista party can use to influence local communities. The role the CPC played in Santa Rosa in response to two different protests highlights the level of authority that the party has in community issues. It is important to point out, however, that the state and the local government are not the only forces influencing civil society in Nicaragua. NGOs also play a strong role in this interaction. In fact, one reason that the Sandinista party gave for creating the CPC was for citizens to have a voice. They argued that citizens, especially members of the FSLN, had been pushed out of active participation, didn’t have a presence, and that their power was minimal compared to the state and NGOs (CEAP 2010).

NGOs

According to Fisher(1997), “the term NGO is shorthand for a wide range of formal and informal associations. There is little agreement about what NGOs are and perhaps even less about what they should be called” (1997:447). One common misconception about NGOs is that they have nothing to do with government. The truth is that many NGOs are created and maintained by governments, while many more rely on funding from governments. It is this connection with one or more governments that
lead many to question the true intentions of many NGOs and give them the power of transnational governmentality (Ferguson and Gupta 2002). Some argue that NGOs are simply a new form of imperialism used to maintain stability in the region to support the economic needs of the United States (Brown 2000; NACLA 2001). Both Florence Babb (1995) and Jennifer Bickham Mendez (2005) have written case studies outlining the transition and transformation of grassroots women’s organization in Nicaragua and how they have had to adapt and change in order to survive in the neoliberal, NGO-dominated atmosphere of volunteer organizations in the decade following the revolution.

Ferguson (1990) asserts that many development projects actually work to extend the role of state bureaucracy and government influence more than reduce poverty. This may indeed be what is happening in Nicaragua though the incorporation of rural populations into government-led development projects. Ferguson elaborates further to explain that development projects, even when they implicitly work for the state, maintain an apolitical status because of the way they approach poverty alleviation. By defining poverty as a technical problem and providing technical solutions, development agencies isolate themselves from the political aspects of poverty and other social issues. Not recognizing the structural problems that create poverty depoliticizes it. The new poverty alleviation projects, such as Zero Hunger and Zero Usury implemented by the Sandinista government, fall within this paradigm. They address the immediate issues of cash flow and food acquisition but they don’t address the chronic, underlying problems that perpetuate poverty and malnutrition. Because they are providing similar services,
the NGOs now find themselves in competition with the government. In return the government may see its position threatened by NGOs.

The role and trajectory of NGOs in Nicaragua is distinct from many in the region. When many countries in Latin America worked against NGOs in the 1980s they were embraced in Nicaragua. The Sandinista government was able to co-opt many of the NGOs into working within the governmental paradigm. This was possible for two reasons: 1) the government and the NGOs had the same ideas of the concept of development and 2) the NGOs were willing to put their priorities behind the priorities of the government (Sollis 1995). Now that many Central American countries rely on NGOs to help them through economic difficulty, Nicaragua has been attacking them. Since 1990, the role of NGOs in a post war (post conflict) Central America, and especially Nicaragua, has taken a drastic turn. With a shift in focus from issues such as literacy and land rights to anti-corruption campaigns and the spread of democracy, a realignment of loyalties has taken place. Nicaragua, which was willing to work with development organizations in the 1980s, practically started a war against the NGOs in the 1990s (Kampwirth 2003). Far from co-opting the NGOs as the Sandinista government was able to do in the 1980s, the Alemán government turned to legal restrictions, repression, and muckraking in its battle against the NGOs (Kampwirth 2003). The population agreed to new regulations taxing donations to the NGOs and started crusades against specific female NGO workers that he felt could be targeted and deported (Kampwirth 2003). By attacking and blaming the failure of development projects on NGOs, Alemán was able to take focus away from the governmental policies that were making life increasingly
difficult for the average Nicaraguan. Ortega may be incorporating a similar strategy with respect to NGOs and other lending organizations currently working in Nicaragua, blaming the microfinance industry for the deep economic problems and accusing them of usury.

Ten years ago, Santa Rosa has had at least 18 active NGOs and development organizations. Last year, however, only three groups had any presence in the community. What has led to such a drastic change in the number of organizations working in the community? There are several factors, but two come to the forefront. One is the increase in assistance provided by the government. Government programs such as agricultural loans and the *bono productivo* are providing services that were once administered by NGOs. The second factor is that over the years, the type of assistance provided by NGOs has shifted from capacity building to loan servicing. With the financial crisis and the rise of the *No Pago* movement in the country, fewer loans are being distributed. As a result, there has been a drastic reduction in NGOs working in the community.

Thus far I have addressed the relationship between civil society and the state and the relationship between NGOs and the state individually, but what happens when all three of these forces interact with one another? Howard and Serra Vasquez (2011) observe that “the interface between civil and political society is complicated, and relationships between NGOs, social movements, political parties, religious institutions and international agencies as well as with the state are of varying degrees of interdependence” (75). They argue that most civil society organizations are linked to a
stronger organization that provides them with a base of support “to help maintain community movements when resources are constrained or when the political or social climate is unfavorable” (Howard and Serra Vasquez 2011:76). It is these linkages or dependencies that need to be examined in order to better understand civil society and how it functions. Below, I discuss two civil society movements that were taking place in Nicaragua at the same time. The first is an example of civil society protesting the activities of the third sector and questioning the practices of microlending organizations including NGOs. The second example is a movement in which civil society and NGOs worked together for environmental justice. In both cases the state took on an active role in the movements but in each case their participation was drastically different.

Movimiento de Productores del Norte

The Movimiento de Productores del Norte, dubbed the No Pago movement by the press, has been active in Nicaragua since 2008. The movement started with 300 protesters in Nueva Segovia after 30 individuals were arrested for debts they owed to microfinance organizations (Purpiro 2010). The movement quickly spread through the country and there are now active groups throughout Nicaragua.33 While the initial impetus of the movement was the release of the arrested debtors from jail, the movement has since elaborated on several goals. Some of the basic demands, such as stopping the jailing of debtors and preventing the repossession of land due to debt,

33 For a detailed account of the activities of the group during the first two years of the No Pago movement please see Purpiro 2010.
have already been met. In addition these issues, however, the movement has declared four main goals. The first is that debtors who owe less than 5,000 cordobas (250 dollars) have their debts forgiven, the second is those that owe more than 5,000 be given ten years to pay off their debts, the third is that interest rates are capped at 12%, and the fourth goal is that all excess interest and fees are forgiven on outstanding loans, meaning that individuals are only required to pay the original amount of the loan and interest accrued. In order to make these things possible, the movement is requesting that the government buy out their debt at a cost of 25 million dollars.

In an effort to achieve this goal, the movement organizes large scale protests throughout the country. In some cases these protests become violent and individuals have been injured (Pachico 2009). In July of 2008, near the beginning of the movement and before their platform had been announced, President Ortega spoke at one of the group’s rallies and expressed his support for the movement, commenting, “We need to end this policy of usury. Instead of protesting in the streets, protest before the offices of usurers and plant yourselves before them. Stand firm, for we support you!” (Galeano and Garcia 2009). This show of support from the president has been interpreted as a sign that Ortega wants the microfinance industry in the country to fail and be replaced by the Venezuelan-supported loan program implemented by the government. It has been reported that there is a direct link between the CPC and Movimiento de Productores del Norte; this connection has been vehemently denied by Omar Vilchez, the founder of the movement, who states that their organization is autonomous (Galeano and Garcia 2009).
Within Santa Rosa there have been high levels of participation in this movement. At times as many as 30 community members have reportedly participated in the No Pago protests organized and carried out around the country. Among the 25 households who participated in the study, five had been involved with the movement at one time or another and another five had extended family members who had participated in the protests. Most joined because they believed that they had been taken advantage of or not treated fairly by specific lending organizations. Many individuals who had multiple loans only had grievances with one organization. In most cases, community members complained about the lenders who had put liens on their land or who charged outrageous late fees. One participant told me that she was five days late on a payment and the microfinance organization charged her 45 dollars in late fees. Another told me that when he went to make his final payment of 1,500 cordobas on his loan the clerk told him that he owed another 30,000. He returned with all of his receipts and they still refused to acknowledge his payments. These members of the movement joined because they felt betrayed by their lending organizations. All have told me that they plan to pay back what they borrowed but they think it is unfair to pay the excess interest and fees that have accrued over the years. While no legal agreements have been reached between the movement and the government, community members comment that since they have joined the Movimiento de Productores del Norte they are no longer harassed by lending organizations looking for payment.
Of the five households in the study who initially participated in the movement two left because they believed that the movement was actually just a pyramid scheme. They didn’t think that having to pay dues in order to participate in the movement was acceptable nor did they want to pay for the identification card that the movement was issuing to each active member. The organization calls a meeting every two weeks and at each meeting participants are asked to pay 30 cordobas, I was told by several people, however, that the monetary contribution is not mandatory. If one does attend a meeting every two weeks, and pays 30 cordobas, that adds up to 720 cordobas a year, or 36 dollars. It is easy to understand how some individuals believed the leader of the movement was making money off of all the poor people he claimed to be trying to help and that by requesting dues at each meeting he was exacerbating the situation.

The other three households continued to actively participate in the protests. One individual was even in charge of making the identification cards for members.

The protests themselves did not occur in the community, the *No Pago* movement staged events in large towns and cities with the goal of drawing as much attention to the issue as possible. Often the protests attracted media attention which highlighted outbreaks of violence and the disruption of traffic (Canales Ewest 2009; Martinez 2009; Alvarez Hidalgo 2010). Over the course of the field work community members participated in at least three major events in addition to the bi-weekly meetings. The largest was a rally held on December 15th, 2010, in Managua. Before most meetings the participants would all wait together in the morning and then come back gradually as the day progressed. On these days there was no sense of excitement;
they were just attending a mandatory meeting. The event in December was different.

By mid-morning members of the movement were waiting for the bus that was chartered to bring the participants down to Managua. The six people attending the rally had spent 200 cordobas each to cover transportation costs. There was a sense of energy among the participants as they laughed and joked with one another. They had all prepared food to bring with them and they even had hammocks in their bags. Even though they left at ten in the morning they didn’t get to Managua until eight that night because of all the stops that the bus made along the way for people to buy food and drinks, or use a restroom. Olivia told me that she didn’t usually participate in the protests but she said that she went this time because they required the signatures of all of the debtors in order to submit a major petition. She told me that they arrived in Managua and then slept outside the assembly house. With a huge smile on her face Olivia recalled that during the night it was like a huge celebration; people were dancing and having a good time. She said that it was a very enjoyable experience. She had brought some food she prepared before they left including fried chicken, rice, and beans so she and her husband wouldn’t have to spend money on food in the city. In the morning everyone marched to the soccer stadium. While Olivia described the event as a protest and felt as though she had to go in order to be counted in the movement and sign the petition, this was not a regular assembly. It was not even a protest. The people of the movement were gathering for a rally to support Daniel Ortega in his upcoming bid for the presidency. The t-shirts that many participants wore declared “Movimiento de Productores del Norte, Si Pago” on the front and on the back they said “Daniel 2011.”
Danita, another community member who attended the rally said that when she saw the t-shirts she asked the coordinator where she could get hers. She was disappointed to find that they had been ordered ahead of time and each department had made their own. The department of Condega had not made any. Danita and Olivia both told me that over 10,000 people attended the rally and according to newspaper reports 15,000 signatures were collected (Alvarez Hidalgo 2010). The article that covered the event focused on the idea that if President Ortega decided to buy the 25 million dollars in debt that the movement is requesting (which they propose to pay back over a 10 year period) then he would essentially be buying the protester’s votes. Vilchez himself commented that for each of the 15,000 signatures Ortega would be guaranteed 5 votes totaling 75,000 votes; the newspaper article calculated this at 334 dollars per vote (Alvarez Hidalgo 2010). Interestingly, in the last sentence of the sidebar to the article, the author does mention that Bayardo Arce, economic advisor to the President, has commented on the proposal and stated that the government cannot take on the debt as it is between private partners and to do so would negatively impact economic relations with international finance organizations. The newspaper also posted a video highlighting the connection between the Movimiento de Productores del Norte and the FSLN. The video clip included commentary from Omar Vilchez, the leader of the movement, as well as Sandinista party deputy Gustavo Porras, who commented that whether or not the government agrees to take on the debt the Movement has the right to support the president in his bid for re-election (La Prensa 2010).
For an organization that has claimed to be autonomous, this rally raises a lot of questions about the relationship between the movement and the FSLN. All the community members who participated in the *Movimiento de Productores del Norte* were Sandinista. Four of the original five households in the study that initially joined the movement were also members of the CPC. While the individuals mentioned above started to question the validity of the movement there was no formal complaint made against the organization. The CPC remained neutral in relation to the protests and no action was taken to prevent community members from participating in the movement. The movement appears to have the quiet support of the government, even if overt support is denied by both sides.

**Save Canta Gallo**

Compared to the national movement discussed above, Save Canta Gallo was a minor affair. A small group of like-minded individuals decided to try and stop the logging that was going on at Canta Gallo in Venecia. Canta Gallo is the name of a mountain that has been designated an ecological preserve. After the revolution a large section of the mountain was turned into a cooperative with 150 members. For the past 10 years the cooperative has had permission to conduct logging on the mountain. On a daily basis several trucks filled with trees come down from the mountain and pass through Santa Rosa. Year by year the trees being cut get smaller and smaller as the logging continues.

A number of locals started to grow concerned about the deforestation. Canta Gallo is not just an ecological preserve, it is also the base of the local watershed. The
water supply for several surrounding communities, Santa Rosa included, is fed from Canta Gallo. Local citizens began to be concerned that the logging on Canta Gallo would have negative impacts on the local water supplies as they observed small brooks and streams, that usually flow year round, disappearing during the dry season. A dozen individuals from the area organized to form the social organization Salvamos la Zona Canta Gallo. The goal of the organization is to determine who is approving the removal of lumber from the mountain. Five individuals from the communities of El Bramadero, Venecia, Daryali, and Santa Rosa, accompanied by representatives from various NGOs, went to the logging area to investigate the situation. They reportedly found that there was no evidence of reforestation, areas were being clear cut, and the loggers were cutting down trees along the edges of creeks and streams, all of which are not allowed under the logging permits. They group took video footage of the area and brought the tapes to the National Assembly on December 12th, 2010. Assembly members commented that they were very interested in the situation and wanted to see what was going on since Canta Gallo is a protected area.

The group, with the assistance of the Red de Mujeres, Octupan, and Mujeres Constructores de Condega, organized the protest that took place on January 29th, 2011. Over 180 individuals from at least 14 communities walked from the Laguna de Santa Rosa to Condega a distance of over 15 kilometers. Throughout the march they repeated that it was a civil protest and that it was not a political march. No political comments were allowed to be made over the microphone. The organizers were very conscious of the fact that some interpreted their movement as political and against the current
government, which was not the intention of the march. They highlighted that the protest was environmental in nature and that they were concerned with logging and the impact that it would have on the water supply for future generations. The march itself was fairly innocuous and received little media coverage. After the march occurred it became clear that the protest did not have any political intent, but I was reminded several times during my fieldwork that during an election year everything is political. Many commented that the movement was actually started by the NGOs with the goal of undermining Ortega’s bid for presidency in 2011. Another common comment was that the logging had been going on for a decade, so why are they protesting now, in an election year? It is these types of questions and concerns that led the FSLN to take action against the movement and try to prevent it from occurring. The real story about the Salvamos Canta Gallo movement was what occurred both leading up to the march and after it took place.

When the mayor’s office in Condega was informed of the protest, the Mayor refused to give permission to the protesters to end their march in downtown Condega. Instead, the protesters were forced to finish the march outside of the city, where they would attract much less of a crowd. The reality was that the mayor’s office didn’t want the march to occur at all and claimed that it was a political protest. The local mayor, who is a member of the FSLN, went to the party headquarters to see if there was

3434 Some commented that the mayor himself benefited from the sale of lumber from Canta Gallo and his interest was purely economic.
another way to stop the protest from occurring. The party contacted the members of
the CPC from each town that was going to participate and told the CPC that the protest
was a political march protesting the re-election of Daniel Ortega. As individuals who
were committed to the party, it was their responsibility to do what they could to
prevent the march from occurring, needless to say they were forbidden from
participating in the march themselves.

As a result, members of the CPC in various communities took drastic measures in
an attempt to stop the march from taking place. In Venecia, one organizer who was also
an active member of the cooperative where the logging was taking place, had his shares
in the cooperative taken away from him. He and his family were also physically
threatened with machetes and could not leave their house unattended for fear of
physical harm. In Daralyi, members of the CPC told one of the organizers there that the
Bono Productivo35 she had been granted would be taken away. They also told her she
would not be eligible for any future projects that may come into the community if she
continued with the protest. In the Laguna, the CPC told an organizer that since she was
just a member of the community and not a member of the CPC, she didn’t have the
power to do anything. They told her that the authorities wouldn’t listen to her because
she wasn’t in the CPC and didn’t have any influence. In Santa Rosa the tactics were not
as violent but they were just as aggressive. One of the organizers of the Canta Gallo

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35 Recipients of the Bono Productivo receive a cow, pig, chickens and other supplies from the government at an extremely reduced rate.
movement, Danita, was also a member of the CPC in Santa Rosa. This put her into a very difficult position. Danita and I spoke at length about her experiences both before and after the protest. A long-time supporter of the FSLN, she commented that she now understood why some people had left the party.

Danita’s Story

Danita was one of the founding members of the civil organization Salvamos la Zona Canta Gallo. She told me that they had the idea for the movement one day after a reunion with the Red de Mujeres in Condega. After the meeting was over, some of the participants started talking about the deforestation that was taking place in their community, including clear cutting. Others commented that streams were drying up and the group expressed concerns for the local water supply. From that moment the movement was born. While the organization of the group was autonomous, they did look for assistance from some of the local NGOs who were willing to help by providing transportation and video equipment so they could record what was happening on the mountain.

Danita told me that six of them took a trip in a pick-up truck owned by Octupan, one of the NGOs helping them, up to where the logging was taking place. She commented that after they got out of the truck they had to walk for about an hour to find the area where clear cutting was taking place. After witnessing and recording the devastation on video, the group decided to organize the protest. She repeatedly told me that it was an environmental march that focused on the fear that, due to the continual logging, the local water supply would be harmed. According to Danita everything
seemed to be on track until the CPC was informed of the march. First, one of the leaders of the CPC came to her house and spoke to her in private about the march. He told her that he had orders from the FSLN to stop the protest and since she was one of the organizers he demanded that she call off the march. Danita explained that several communities were participating in the march and, not only did she not have the right to call it off, she didn’t want to, explaining that it was a social protest not a political one. She was then called to a private meeting of the CPC who told her that the march wasn’t sanctioned by the FSLN and that as a member of the CPC she was not allowed to participate in the protest. Danita explained to the members of the CPC that the march was not political as they had been informed, and there was no reason that it shouldn’t take place. The group warned her that if she went forward with the march that she would lose her position in the CPC and possibly even in the FSLN as well. They also commented that if she went forward with the march she would be jeopardizing her job as the community preschool teacher and the CPC could take away her permission to sell alcohol out of her home. Danita told me that the CPC started following her every time she went into Condega and was observing her activities. Despite all of these factors Danita went forward with the protest.

Danita explained to me that one of the main reasons that people believed that the protest was political was the involvement of the Red de Mujeres. Danita has been involved with this organization for several years and has even travelled to other countries with the group. While the organization itself is not affiliated with any party, the leaders of the Condega chapter are believed to be members of the Movimiento
Renovista Sandinista (MRS), a group of Sandinistas who are opposed to Daniel Ortega.\textsuperscript{36}

Danita told me that because she is associated with the Red people have questioned her loyalty to the FSLN. She explained:

I have never liked to identify my political orientation when I go to different events, but I am Sandinista. I am Sandinista and that is why people here in the CPC have criticized me, because the Red de Mujeres and Octupan have helped us. They believe that these others are too independent and are not with the Sandinista party so they believe that I am with them and that I have joined their political party which is supposedly the MRS. But I continue to be Sandinista. Even though they criticize me I continue to be Sandinista, but I am an independent Sandinista with my own rights. I am not going to let other people dominate me. Those that I consider to be equal don’t have the right to crush me or question me about what I want to do.

As a result of her participation in the protest Danita is no longer called to the CPC meetings. They have given her position as women’s representative to another member of the CPC. While they haven’t formally told her she has lost her position, she is excluded from any CPC business. She also believes that next year she will not be granted permission to continue selling alcohol in the community. She told me that she is still being followed by a member of the CPC who reports all of her activities to the Sandinista party leader in Condega. Danita told me that she is trying to get a meeting with the Sandinista advisor in Condega so he can come to the community and they can tell her to her face that she has lost her position in the party. She commented, “I want the CPC to know that instead of winning people over they are losing them because

\textsuperscript{36} The MRS has been under attack since the FSLN return to power who removed its legal status in 2008 arguing that it did not have enough of a national presence. Additionally the FSLN has charged the MRS with corruption and attempted to block funds from international donors Howard, J. and L. Serra Vasquez (2011). "The Changing Spaces of Local Governance in Nicaragua." Bulletin of Latin American Research 30(1): 64-79.
sometimes one is resentful with people who act this way.” Danita was removed from the Sandinista party. They told her that they would no longer recognize her as an active member of the FSLN. As elections drew near, however, they tried to get back on her good side. She had worked the past three elections and they hoped she would participate again. With an unusual bitterness in her voice, Danita told me that she had no intention of helping to oversee the voting polls, not after the way she had been treated.

**Not-So-Civil Society**

An examination of these two case studies makes it clear that the CPC, as a representative of the state, has the potential to be highly influential within civil society movements in Nicaragua. When Danita asked me to participate in the environmental protest I decided against it, not because I did not agree with the issue, but because, as a guest in the community, I was concerned with repercussions with the CPC. I did not want to jeopardize my ability to continue conducting research in the community. The threats by some of the CPC members in other communities deterred some of the original organizers from participating; they feared for their families and decided against joining the march. If the CPC had not spoken out against the march it is possible that there would have been many more than 180 individuals participating in the protest. If it had not been an election year, Danita is certain that many of the members of the CPC themselves would have supported the movement and joined the march.

In the case of the *Movimiento de Productores del Norte*, Daniel Ortega himself put his support behind the movement, urging protesters not to give up and to continue
their fight against usury. Many community members who joined the group were members of the CPC. There was no conflict of interest or any attempt to deter individuals from participating in the activities of the organization despite the fact that the No Pago movement had enormous repercussions for the microfinance industry in the country. The ramifications of the No Pago movement were massive when compared to the potential outcome of the Save Canta Gallo rally.

What is revealed when examining these two movements side by side, is the overwhelming potential level of influence that the state has on civil society though the CPC. With the support of Daniel Ortega, a movement that started with a few hundred grew to over 10,000 followers. The negative influence of the CPC prevented the Save Canta Gallo rally from reaching its full potential. While the government was not able to stop the movement, the tactics used by the CPC effectively reduced the impact of the protest. The ability of the state to manipulate groups at the ground level in such an effective manner has large ramifications for the effective functioning of civil society. If grassroots organizations are not allowed to mobilize due to perceived political conflict, what voice do the people have?

**Conclusions**

The examination of these two movements reinforces the assertion that civil society is not autonomous, but draws on other organizations to support their activities (Howard and Serra Vasquez 2011). In some cases these groups may be supported by the government, as in the case of Movimiento de Productores del Norte, or they may look to NGOs working in the country with similar goals, as did the Salvamos Canta Gallo
movement. In both cases, however, the movement itself formed independently and was not created by the state or an NGO- to me this is the true representation of a civil society movement. The connection that these groups make to outside organizations and sources of support after their formation drive home the importance of examining state and non-state governmentality (Ferguson and Gupta 2002) and how it influences civil society on the ground. In examining these movements side-by-side what becomes problematic is the ability of the state to influence their trajectory on such an enormous scale.

Drawing on these two examples, it appears that instead of civil society movements influencing the government, the government has become highly influential on civil society. When civil society activity appears to be beneficial to government politics a high level of support is displayed. In this case, when citizens mobilized against microlenders, it worked to the advantage of the government and provided an opportunity for the state to implement new lending programs. The government supported their cause. However, when civil society spoke out against the abuse of government policy and the failure to regulate logging permits, the government had a very effective tool in place to squelch its voice. Even though the Save *Canta Gallo* movement had drawn on various NGOs for support, it was no match for the pervasive influence of the state through the CPC. In this case, state governmentality was more influential than the transnational governmentality of the NGOs, reflecting the relatively weak position of NGOs in the country at the time.
These examples highlight the current conflicts between the state and NGOs in Nicaragua. In the case of *Canta Gallo* NGOs supported a movement that actively questioned the government’s ability to reinforce its own policies, suggesting that the government was weak. This type of activity prompted the government to respond in a manner that both reasserted its power at the community level and worked to undermine the influence of the NGOs. In the case of *the Movimiento de Productores del Norte*, the government supported protesters who questioned the microfinance industry. By placing the blame for the problems with the microcredit industry on international organizations, Ortega was able to draw attention away from the weaknesses of the national infrastructure and the lack of financial opportunities for Nicaraguans.

Based on these two examples, I conclude that government appears to be manipulating civil society movements. When civil society organizations work in cooperation with NGOs and question government actions then the government uses the CPC to try to control the situation. When civil society questions the motives and practices of NGOs then the government either remains neutral or openly supports their activities.

*Figure 14*

**Two Models for the Relationship between Civil Society and the Government**

- Civil Society in Cooperation with NGOs
  - Potential Threat to Government Influence
  - CPC Takes Action to Deter Civil Society Activity

- Civil Society in Opposition to NGOs
  - Government Position is Strengthened
  - CPC Remains Neutral or Aids in the Effort
The ability of the CPC to manipulate civil society movements reflects a high level of influence for what is perceived as a relatively weak government. Examining the power of the CPC at the community level is central to understanding the ability of grassroots and civil society movements to take root within the country and provides insight on the governmentality of the state. Through the establishment of the CPC, which has been compared to government controlled groups in Cuba and the Community Councils in Venezuela (Schulz 2007), the Ortega government has been able to exert greater control over the population in the guise of increased citizen participation. Although the CPC was promoted as a voice for the people and a bridge between Nicaraguan citizens and the state, its influence appears to be unidirectional, dictated by the state. The voice of the people is only heard when it is advantageous to the government. Both civil society organizations and NGOs face the threat of attack via the CPC if they speak out against government projects or programs.
Concluding Thoughts

In 2012, Nicaragua, the second poorest country in the hemisphere, declared that by the end of the year, 40 percent of its energy production will be from renewable resources. By 2016, it will produce 94 percent of the energy it needs in this manner. If true, this is remarkable considering that in 2006 Nicaragua was the country in the region most dependent upon oil to meet its energy needs. This focus on renewable energy is part of Nicaragua’s long term development strategy and is one area that appears to have unified the country (Rogers 2012).

More than just an investment in energy independence, this move represents yet another important shift for Nicaragua. Considering the country’s history, this may be the first time that the nation has ever made plans for long-term sustainable development. Regardless of which party comes to power in the next election, the move toward energy independence has been made. In the realm of renewable energy, it appears that Nicaragua will become a leader in Central America.

From a development perspective this provides some hope for the future. Reliable renewable energy is the first step in making other advances in the development arena. If the government is willing to make long-term development plans in one area it may mean that there will be similar strategies for economic and human development.

While many have criticized Ortega’s Zero Usury and Zero Hunger programs as short-term, quick fixes, it is possible that they are the precursor to a more viable long-term development plan. What is clear, however, is that the current circumstances in which rural Nicaraguans live is not sustainable. Environmental constraints combined with
economic insecurity make subsistence farming an increasingly unfeasible livelihood strategy. When combined with increased population pressure and continual inflation, it is virtually impossible for families to survive as agriculturalists.

Microcredit and microfinance were introduced to try and alleviate this burden and to stem the tide of migration out of the country. Loans for agriculture provided funds for consumption smoothing, as well as the materials needed for planting and harvesting. Small business loans encouraged women to earn some extra money to help their families as they struggled through the difficult periods between harvests. Microcredit and microfinance became an important resource for families struggling to make ends meet. Like others around the world, Nicaraguans jumped at the chance to have access to financial services. Quickly, however, many got caught up in the cycle of borrowing and recycling loans. Before long, there was more borrowing than making payments and the system broke down. Eventually, the government stepped in with new microfinance regulations and its own agricultural bank, but it was too little, too late. The damage had been done and many small farmers now have insurmountable amounts of debt. Microlending is simply not the way to long-term sustainable development.

Livelihoods and Development

For Nicaraguan farmers, neither is renewable energy. The reality is that even when the country is producing 94 percent of its energy through renewable resources it is unlikely that this change will have a large impact on the livelihood strategies of rural agriculturalists. While small businesses will have a greater sense of security, they won’t have to worry about their crema or cuajada spoiling due to power outages, it doesn’t
guarantee that people will be able to buy their products. It is likely that in 2016, when the country has been weaned off foreign oil, villagers will still be struggling to make ends meet on a daily basis, relying on migration, labor, and agriculture to meet their needs.

Nicaragua’s current focus on microfinance and patio production is not sufficient to stem the tide of poverty sweeping the country. Pigs, cows, and loans cannot adequately bring food security to the country’s rural populations. They do not eliminate the high levels of vulnerability associated with subsistence agriculture. They do not reduce the risk associated with migration, or eliminate the need for livelihood diversification. The current rural development strategies promoted by the government are simply hat tricks. They draw our attention away from the bigger, more important problems facing rural Nicaraguans: soil degradation, deforestation, climate change, poor infrastructure, and a lack of employment alternatives.

If Nicaragua continues on the same political and economic trajectory it does not bode well for rural Nicaraguans. While the microfinance industry appears to be on the rebound, the continual use of loans for agriculture and very small business ventures is not an economically viable option. Nicaraguans will continue to fall into the cycle of debt described in chapter seven due to the risk associated with agriculture. One small step that could be made is to provide some form of crop insurance; this would at least provide a minimal amount of security to those who depend on farming to meet their daily consumption needs. For long-term development, however, a new approach must
be considered; one that does not have microfinance at the center, but instead focuses on infrastructure and investment in Nicaragua’s most precious resource, its citizens.

In order for there to be real change for rural Nicaraguans, the government needs to work in conjunction with NGOs and civil society and create long-term development strategies. The government doesn’t have the resources to do it on their own, and NGOs should not be expected to take on the function of governments (Schuller 2012). The projects and microfinancing currently promoted are just one very tiny aspect of development. They are designed to meet immediate needs, but provide no long-term solutions. The current government needs to follow its own lead and look for long-term strategies to improve the lives of its citizens. Partnering with NGOs and civil society, instead of attacking them, is the first step in this process. Once a greater level of cooperation is attained, it may be possible to coordinate on long-term development strategies. Advances in infrastructure, health, and education are the first step in improving the lives of rural Nicaraguans over the long term. Healthy, well-educated children are the future of any country. NGOs may need to be reminded of this and urged to move away from microfinance and back to the core values that initially spurred them to work in developing nations.

Governmentality

While the move towards renewable energy is laudable for many reasons, the manner in which it was done is a prime example of Nicaraguan governementality. The government had to deal with the very immediate problem of power shortages. Citizens were grumbling and there was a high level of discontent with the government.
Something had to be done in order to prevent civil unrest. As a result, the government found a way to meet the immediate energy needs in the country until the new power plants were up and running\(^{37}\) and was able to say, ‘look, I solved the problem, we no longer have blackouts.’ At the same time, the government continues to normalize poverty by providing subsidies for 80% of household electric bills in the country (Rogers 2012). Without these subsidies the majority of the population would not be able to afford electricity.

The transition to renewable energy was a smart move both politically and economically. It provides a greater sense of stability in relation to energy needs within the country, and reduces dependence on foreign oil. It also strengthens the government in the eyes of the citizenry. The fact that Nicaragua has been able to make such advances in the mist of the worst global economic crisis since the great depression is a point of pride for citizens. This works towards reinforcing the important role of the government within the country and strengthens its position of power. It gives credence to the state and makes it easier for Nicaraguan governmentality to be employed. When the Nicaraguan state is no longer dependent on foreign oil it will have a greater amount of autonomy.

Despite this achievement there is concern for Nicaragua’s democratic future. Ortega’s presidency in 2006 came in the midst of the pink tide of democratically elected

\(^{37}\) Hugo Chavez of Venezuela gave Nicaragua eight generators to meet the immediate needs of the population.
leftist leaders in Latin America. It was viewed as part of a regional shift away from neoliberalism and the structural adjustment policies of the 1990s. The re-election of Daniel Ortega is seen by some as the first step in the return to a dictatorship. The flagrant disregard for constitutional term limits and accusations of election irregularities have given many international observers reason to question the progress of democracy in the country. The ability of the state to manipulate and influence civil society movements through the CPC is also a call for concern. What will happen in another five years if Daniel Ortega decides to run for re-election again? Politically, the government appears to be on a slippery-slope. While it is evident that Ortega has risen in popularity over the past five years his decision to run for re-election has put a number of people on edge. Promoting the idea of a people’s election, Ortega ignored the constitution and became president for a second consecutive term in 2012. The president promoted a platform of, “Christianity, Socialism, and Solidarity,” but what happens when solidarity is not achieved? The ability of the government to manipulate civil society through the CPC is a cause for concern. While not as violent or aggressive as its predecessor the CDC, this research has shown that the CPC will go to extreme measures to enforce the will of the state. If this pattern of behavior continues it will be difficult for the government to claim it is a democracy. Despite recent advances in energy production, the country may find itself in the midst yet another revolution—one needed to overthrow the revolutionary.
Cultivating Change

The political economy of rural microfinance in Nicaragua is a complex issue embedded in the daily lives of community members. Liberated by the revolution and then restricted by the economic policies of the following governments, the everyday lives of rural Nicaraguans are shaped by their past, while at the same time directed by their present circumstances (Wolf 1982; Trouillot 2003; Webb 2009). This research has attempted to provide an in-depth examination of the factors that influence the choices of community members while framing these options within a greater national and international context.

By placing the everyday decisions of community members within the larger political and economic framework this study illuminates the complexity of daily life in rural Nicaragua. This research illustrates how microfinance, an international development strategy based on a neoliberal model, led to the coordination of nationwide protests and wide support for the re-election of Daniel Ortega a candidate promoting social democracy. It highlights that issues which may appear unrelated may, in fact, be inherently linked.

Many would agree that rural Nicaraguans face multiple challenges in their daily struggle to survive. The ethnographic exploration of their livelihood strategies had made this reality all too clear. Simply recognizing their struggles, however, will not improve their situation. Instead, the knowledge produced must be shared and distributed. Anthropologists have often struggled with the dissemination of their work to a broader audience. I hope that my use of a livelihoods model will make this research
more accessible to those working in development. With this research I have attempted to bridge the gap between anthropology, development, and livelihood studies in an effort to bring all three fields to a common ground. With a greater understanding of the daily struggles of community members, as well as the external forces that influence their decisions, the first steps towards change can begin.
Works Cited

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### Appendix

*Daily Consumption Logs Spanish*

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### Sample Interview Questions

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<tr>
<th>Goal of the Interview</th>
<th>Questions used to elicit specific information</th>
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| **Understand the basic livelihood strategies of the household.** | • What do you do to make ends meet?  
• Que hace para mantener su casa?  
• What are the sources of income for the household?  
• Que son los fuentes de dinero para la casa?  
• Who contributes to the maintenance of the household? What role does each individual play?  
• Quien se contribuya al mantenimiento de la casa? Que papel tiene cada miembro de la casa?  
• What would happen if ________ was no longer contributing to the household in that way?  
• Que pasara si _______ ya no podía contribuya a la mantenimiento de la casa?  
• What other resources do you have to help maintain the household?  
• Que otras recursos tiene para mantener la casa? |
| **Understand the resources available to the household, specifically NGOs and external sources of support** | • Are you involved with any organizations working within the community?  
• Estas trabajando con una organización en la comunidad?  
• How did you decide what organizations to join?  
• Como decidió con cuales organizaciones a trabajar?  
• What is your level of involvement or requirement for participation in the organization?  
• Que requisitos de participación hay en su organización?  
• What kinds of projects are you involved with?  
• Con que tipos de proyectos están invalidados con la organización?  
• How did you decide what projects to participate in?  
• Como se decide con cuales proyectos quiere participar?  
• Do you have loans from any of these organizations?  
• Tiene prestamos de estos organizaciones? |
| **Determine the individual understanding of microcredit opportunities** | • Why did you decide to take out a loan or not take out a loan from each organization?  
• Porque decidio a tomar un préstamo o no tomar un préstamo de cada organización?  
• What was the purpose of the loan?  
• Que fue la razón por el préstamo?  
• What are the requirements of the loan or loans that you have?  
• Que son los requisitos por el préstamo o prestamos que tiene?  
• Did you have to put up anything for collateral for the loan?  
• Tenía que poner una garantía por el préstamo?  
• Do you know the rates of interest on your loan?  
• Sabes los niveles de interés por el préstamo?  
• What are the penalties for defaulting on your loan?  
• Que son las sanciones para no pagar su préstamo?  
• What will the lending organization do if you don’t pay back your loan?  
• Que hace la organización si no paga su cuotas? |
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<tr>
<th>Lending Practices of the Organization</th>
<th>Personal Views on Lending Practices</th>
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<tbody>
<tr>
<td>How do you select what communities to work in?</td>
<td>How long have you been working with the organization?</td>
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<tr>
<td>Como seleccionar las comunidades en que trabajas?</td>
<td>Cuanto tiempo tiene estar trabajando con este organización?</td>
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<tr>
<td>How do you select what individuals to work with?</td>
<td>What kind of projects have you promoted with the organization?</td>
</tr>
<tr>
<td>Como seleccionar las individuales con que trabajas?</td>
<td>Que tipos de proyectos ha promovido con la organización?</td>
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<tr>
<td>Does your organization promote specific types of projects?</td>
<td>What projects do you think are most effective, why?</td>
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<tr>
<td>Su organización promover tipos de proyectos específicos?</td>
<td>Que tipos de proyectos cree son lo mas efectivo, porque?</td>
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<tr>
<td>Do you have specific requirements for participation?</td>
<td>Do you think that microfinance has been successful in agricultural communities? Why or why not?</td>
</tr>
<tr>
<td>Tiene requisitos específicos para participación?</td>
<td>Cree que la micro finanzas ha tenido éxito en las comunidades agrícolas, porque?</td>
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<tr>
<th>Examine the impact of microcredit on the daily lives of community members</th>
<th>Lending Practices of the Organization</th>
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<tbody>
<tr>
<td>Have you restructured your loan?</td>
<td>How do you select what communities to work in?</td>
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<tr>
<td>Ha reestructurado su préstamo?</td>
<td>Como seleccionar las comunidades en que trabajas?</td>
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<tr>
<td>How has microcredit changed your daily activities?</td>
<td>How do you select what individuals to work with?</td>
</tr>
<tr>
<td>Como ha microcrédito cambiado sus actividades diarios?</td>
<td>Que tipos de proyectos ha promovido con la organización?</td>
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<td>Do you practice farming in the same way?</td>
<td>What projects do you think are most effective, why?</td>
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<td>Practica la agricultura en la misma modo de antes?</td>
<td>Que tipos de proyectos cree son lo mas efectivo, porque?</td>
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<tr>
<td>Has your food consumption changed?</td>
<td>Do you think that microfinance has been successful in agricultural communities? Why or why not?</td>
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<tr>
<td>Ha cambiado la comida que come?</td>
<td>Cree que la micro finanzas ha tenido éxito en las comunidades agrícolas, porque?</td>
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<td>Do you spend your time doing different activities?</td>
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<td>Pasa su tiempo hacienda actividades diferentes?</td>
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<tr>
<td>What was the purpose of the loan?</td>
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<td>Que era el razón por el préstamo?</td>
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<td>What did you expect as a result of the loan?</td>
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<td>Que piensa será el resultado del préstamo?</td>
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<td>Did the loan have the intended effect?</td>
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<td>El préstamo tenia el efecto intencionado?</td>
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<td>Has microcredit increased your household income?</td>
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<td>Ha microcrédito subido su sueldo de la casa?</td>
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<td>Have you experienced any drawbacks with microcredit?</td>
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<td>Ha tenido problemas con microcrédito?</td>
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<td>What do you think that the loans are generally used for in agricultural communities?</td>
<td>Para que cree la gente ocupa los prestamos in comunidades agricuores?</td>
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<tr>
<td>What do you believe are the biggest problems with microfinance in agricultural communities?</td>
<td>Qué piensa usted es la problema más grande con micro finanza en la zona rural?</td>
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<tr>
<td>As a fieldworker to you have any suggestions on how to improve the programs administered in rural areas?</td>
<td>Como un trabajador de micro finanza tiene unas sugerencias de cómo mejorar las programas para zonas rurales?</td>
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Map of Santa Rosa Created by the Health Center