

MICROCREDIT AND THE DISCOURSE OF EMPOWERMENT

A Case Study in Jinotega, Nicaragua

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Abstract

Microfinance has long been touted as an effective “bottom-up” strategy for lifting people out of poverty, empowering women, and growing local economies. This development strategy has grown even more popular as publicity from organizations like Kiva has increased public awareness and support. Microfinance was further legitimized when the Nobel Peace Prize was awarded to the founder of microcredit, Muhammad Yunus. The widespread acceptance of microfinance has also led to a considerable amount of criticism and scrutiny. Many experts claim that microfinance does not empower women or lift people out of poverty, but rather traps poor people in a never-ending cycle of debt, increasing rates of domestic violence, and suicide. Most of the research behind these assertions has been conducted in the birthplace of microfinance, Bangladesh, and to a lesser extent in Africa. Little attention has been paid to the rapid growth of the microfinance industry in Latin America, or to how it may function as an empowerment tool given the very different socio-cultural milieu. Moreover, although women’s empowerment has become an increasingly popular goal among bilateral organizations, NGOs, and other development agencies, there is little consensus on what this term actually means in practice. This paper reviews three different microcredit programs in Nicaragua, each representing one of the three paradigms of microcredit—Yunus’ original Grameen design, new-wave microcredit, and the credit-plus approach. It will take into question what it actually means to be empowered; examine the ability of microfinance to function as an empowerment tool; evaluate the different types of empowerment resulting from participation in microcredit; and illuminate the ways in which each program design supports a different pathway to empowerment. I will then present two contrasting theories of development, the theory of economic growth, and the *Capabilities Approach*, discussing the limitations and strengths of microcredit under each model. This research aims to provide a detailed case study of how microcredit benefits women in Nicaragua and how these programs may be improved upon with implications for the larger Latin American context.

I. Background

There are almost three billion people living on less than two dollars a day worldwide—that is forty percent of the global population (Wallerstein 4). Another 1.1 billion live on less than one dollar a day (Wallerstein 7). These numbers have become increasingly important as indicators for public health and development statistics, as it has been well established that poverty is a huge risk factor for poor health. Both relative and absolute poverty create increased vulnerability to morbidity. Poor sanitation, malnutrition, inadequate public health infrastructure, and psychosocial stressors from feelings of powerlessness and despair are all pathways through which poverty can affect health (Wallerstein, Marmot, Wilkinson, Marini, Victora, Black).

Women are particularly vulnerable to poor health and economic outcomes as they often receive lower levels of education, rates of vaccination, and access to food and healthcare as a result of gender biases. In the year 2000, women accounted for seventy percent of those living below the absolute poverty line (Wallerstein 7). This is detrimental not only to women but also to their children. Many studies have linked a mother's nutritional status, level of education, and social status to the health and economic outcomes of her children (Fernald, Victora, Marini, Black, Wallerstein, Wilkinson). These factors create a cyclical nature to poverty. Children born to women who are undernourished, undereducated, and of low socioeconomic status face the same difficult life trajectory and diminished levels of opportunity. In light of these trends, health and development interventions are increasingly focusing on interrupting the inter-generational cycle of poverty through child and maternal health.

In 2000, a joint effort by the United Nations, the Organization for Economic Cooperation and Development (OECD), The World Bank, and the International Monetary Fund (IMF) put forth the Millennium Development Goals (MDGs) in an effort to reduce the gap in global health outcomes by improving the social and economic conditions of the poor ("About the UN Millennium Project"). The eight Millennium Development Goals and their sub-targets created stronger links between women's empowerment, economic equality, and health outcomes in policy and aid efforts.

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality rates
5. Improve maternal health
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

In the twenty years prior to the MDGs, a new wave in development had captured the attention of the international aid community. With Muhammad Yunus' success of the Grameen bank in Bangladesh, microcredit had become a buzzword in the international development community during its development in the late 1970s and 1980s (Bateman 11). Yunus presented a bold vision for the future: a world in which poverty becomes a relic of the past—"a phenomenon only seen in museums" (Yunus 248). For Yunus, poverty is not created by the poor but rather by the structures and policies created by a society (Yunus 205). Yunus

sought to improve the structural factors that limit the poor by offering low-interest loans in order to interrupt the cycle of debt that had been plaguing many low-income families. He believed that giving the poor access to credit “immediately put into practice the skills they already know [to make money]. And the cash they earn is then too, a key that unlocks a host of other abilities that allows them to explore their own potential” (Yunus 140). As the Grameen Bank continued to grow, it became very apparent that the economic vulnerability and lower social status of women created better repayment rates than among men—marginalized women have a lot more to lose by defaulting on a loan (Yunus 58). Women “know that this credit is their only opportunity to break out of poverty. They do not have any cushion whatsoever to fall back on. If they fall afoul of this loan, they will have lost their one and only change to get out of the rut” (Yunus 58). As a result, the Grameen bank began focusing its credit program on local women. By the late 1980s, Yunus’ model for low-interest credit to the poor had become wildly popular and had been situated as the dominant template for development projects worldwide (Bateman 2009, 11).

Paralleling the growth of microcredit as the dominant development strategy was the rise of neoliberal political ideology. The neoliberal ideology brought about increasing deregulation of markets and the increasing role of the private sector in society. These changes in policy created a push for all institutions to be “financially self-sustainable,” meaning that businesses needing government subsidies to survive were no longer considered viable (Bateman 2009, 13). Dispensing a large volume of very small packages of credit is an expensive endeavor. As a result, the Grameen Bank and other microcredit programs had historically relied on external financial support in order to keep interest rates low (Bateman 13). Under neoliberalism, microcredit institutions rapidly transformed into private enterprises (Bateman 13). One by one, non-profit NGOs turned into for-profit financial institutions, and in many cases, commercial banks (Bateman 14). As a result, interest rates on microcredit were driven up to market value and beyond, changing the end goal of microcredit from poverty reduction to profit creation. Microcredit geared toward profit making was labeled “new wave” microcredit, indicating the fundamental shift that had taken place (Bateman 2009, 14). The new-wave microcredit that emerged in the late 1990s was hardly recognizable to the poverty alleviation program that Yunus had laid out in the 1970s.

Despite the drastic changes, microfinance has continued to carry the spotlight in the international aid and development community, albeit with a considerable amount of scrutiny. Much debate has taken place on the ability of microcredit to deliver empowerment to poor women, its ability to function as an economic development tool, and the myriad necessary conditions under which these processes might take place. For example, some studies have found that increasing a woman’s autonomy can result in increased levels of household violence (Mayoux 1998, 5). As women begin to challenge traditional social norms and find a sense of agency, men may fight back with violence in order to maintain their position of power (Mayoux 1998, 15). While development strategies should take great measure to ensure that policies and programs do not create additional suffering, the threat of violence cannot be accepted as a legitimate reason to withhold measures that increase a woman’s autonomy. If the current mechanisms of power are left unchallenged for fear of potential consequences, the reality for these women will never be different. Men will continue to succeed at subordinating women—a practice that is often achieved with actual or threatened violence. Withholding help for women based on the threat of violence reinforces the power that men have by using violence. As mentioned, the majority of this research has been done in Bangladesh and other parts of Southeast Asia (Mayoux, Kabeer, Agarwal, Mosedale). Like Bangladesh, Nicaragua has a considerable amount

of domestic violence. However, increased domestic violence was not found to be a consequence of microcredit with any of the women participating in this study. On the contrary, many women stated that the increased income had helped to ease the financial stress of the household, and decrease the amount of tension between them and their partners. In many cases, women had left abusive husbands once they realized they had the ability to financially sustain themselves. Assuming that increased violence is a universal outcome of microcredit is a risky conjecture. It could potentially eliminate programs that are very helpful to women in a different socio-cultural context and could also serve to reinforce the power of violence in the process.

Many experts also worry that the high-interest loans of new-wave microcredit will trap the poor into debt recycling—using new loans to pay off the previous ones while never finding financial freedom (Roodman 213). This is certainly a risk of microcredit given the poor coordination and visibility of the financial system in rural Nicaragua. Microcredit is designed for people who would otherwise lack access to the financial system. The lack of public financial records allows some individuals to take out multiple loans without the knowledge of the lending institutions. There are two important points to be understood here. First, not all loans are created equal. With the evolution of microcredit and the deregulation of small banks, there has been little accountability regarding the amount of interest charged on a loan. The interest on a microloan can range from 35 to 400 percent, depending on how it is calculated (Roodman 30-34). Such a large range in interest will surely affect the ability of the client to pay back the loan. Nowhere in the literature did I see the interest rate mentioned when discussing these potential problems. Exorbitant interest rates are the exact reason that Yunus developed microcredit in the first place—to eliminate the financial exploitation of the poor by moneylenders. The foundation of microcredit was to make credit more manageable for poor people and to prevent malicious moneylenders from exploiting them for profit. Poor people with little to no financial literacy should not carry the blame for practices of malicious money lending. The second point to understand about microcredit is that it is considered a privilege among the women I interviewed in Nicaragua. They repeatedly told me how important it was to them that things “turned out well” with the loan for themselves and for the other women in the community. They know that microcredit has been a pathway for their changing status in society. Access to credit has allowed women to prove that they are capable of managing money and being worthy clients and responsible mothers. No woman wants to risk her social capital by defaulting on a loan.

Other experts have been quite vocal about the need to incorporate social services for women in addition to credit. Linda Mayoux, who has written extensively on the matter, claims that empowerment cannot be considered to be an automatic outcome of microcredit (Mayoux 1998). Mayoux is a big promoter of the “credit-plus” approach, where microcredit is paired with “soft” social services such as literacy training, discussion groups on domestic violence, and health education in order to further promote empowerment as an outcome of microcredit (Mayoux 2000, 4). This model has had considerable success in variety of different cultural contexts. However, it can be expensive and laborious to implement the model on a broad level. In addition, the content and quality of these soft services has a huge impact on their effect. There has not been effective streamlining of these processes to make them uniform across programs. More research needs to be done in order to evaluate the effectiveness of specific services to ensure that time and money are only being spent on the most effective interventions that produce measurable results for women.

Microfinance has grown at a rate of thirty to forty percent in Latin America since early 2000 (Berger 6). Latin America also currently has the highest concentration of commercial, privately-funded microfinance (Berger 7). The women’s movement helped to spur the growth of microfinance in Latin America as an estimated forty percent of borrowers are women (Berger

15). Despite the rapid expansion of microcredit and female participation in Latin America, the majority of the research on empowerment has been done in South Asia, and to a lesser extent, Africa.

Women in Latin America, South Asia, and Africa do share similarities that affect the ability of microcredit to function as an empowerment tool. All three have a somewhat similar gendered division of labor. The labor assigned to women is often unpaid, invisible labor and can greatly affect the perceptions of their contribution to the household, putting them at a disadvantage. All three regions also have a patriarchal land system. This is especially problematic for families who derive the majority of their income from agricultural production. When a woman does not hold a land title and social norms prevent her from making a direct contribution to the agricultural process, she will most likely not have any economic control as a result of these limitations.

Although the social status of women in South Asia and Africa do bear some resemblance to that of the women in Latin America, there are considerable differences that warrant deeper research as to how microfinance functions in the context of Latin America. For example, many women living in Southeast Asia and parts of Africa live under the laws of *Purdah*—a strict code of gender separation and female modesty enforced by Muslim and Hindu religions (Papanek 289, Yunus 74). The majority of Nicaraguans identify as Christian or Catholic and do not have the same severe expectations for female modesty (Edgerton). Accordingly, there are different established social norms about a woman's ability to be present in the marketplace or to make eye contact with potential clients. Although women in Latin American countries do have some limitations on social mobility outside of the home, they are considerably less strict than those in Muslim and some Hindu countries like Pakistan, India, and Bangladesh (Papanek 289). This gives the women in Latin America the potential to be integrated into the marketplace with less resistance. Also, in Latin America, and especially in Nicaragua, marriage is often a casual bond rather than a civil or religious union (Lancaster 46). These informal arrangements allow women more freedom to leave, or at least threaten to leave, in the event of domestic violence (Lancaster 47). This point will be discussed in more detail later, but having a greater freedom to leave changes a woman's bargaining position in the household and may give her an advantage not afforded to her South Asian counterparts. This also means that men are free to leave their wife and children in order to start new families. These circumstances have resulted in a considerably large number of single mothers in Nicaragua and throughout Latin America (St. Bernard 7). Thirty-six percent of the women interviewed for this study were single mothers. The high prevalence of single mothers could potentially create a greater urgency and willingness to participate in microcredit with less resistance from controlling partners. Furthermore, the expensive exchange of dowries is not a cultural practice observed in Latin America. Dowries create an extreme amount of pressure for women to stay in a marriage—even if that relationship is abusive—and can lead to extra pressure from her family to make the marriage work. The absence of dowries and the widespread adoption of informal marriage arrangements make it much easier for a woman in Latin America to leave her husband—as long as she has a way of sustaining herself financially.

The women of Nicaragua have a particularly strong history of intense social and political participation. During the Sandinista Revolution that took place in the 1960s and 1970s, women took up arms in what is the only documented case of women carrying weapons during an armed conflict (Babb 24-25). Unfortunately, the social gains of the revolution were lost during the period of neoliberalism due to the economic adjustment policies that took away the jobs and social services on which women had come to rely (Babb 25). This had the further effect of pushing women into the informal job sector (Babb 109).

Nicaragua is currently at the beginning stages of what one participant labeled “a gender liberation movement.” The government passed Law 641 in February 2012, establishing that it is the state’s duty to protect the rights of women and take action against gender-motivated violence (Blandón). The law also dictates that the state will take responsibility for promoting changes in the socio-cultural patterns that reproduce inequality between women and men, and bring forth violence against women (Blandón). Law 641 has been extremely instrumental in starting a conversation about women’s rights in Nicaragua. Such visible advocacy by the government has the potential to multiply the possible empowerment outcomes of microcredit. These examples provide a context for how the socio-cultural role of women in Latin America, and more specifically in Nicaragua, is very different than that of women in South Asia or Africa.

A. Purpose

The original project design intended to interview two groups of women, those borrowing as individuals and those borrowing as groups at the same microfinance institution, Association for the Development of Small and Medium-sized Enterprise (ACODEP). The purpose was to see if being part of a solidarity group resulted in a greater amount of empowerment compared to those participating as individuals.

Because the situation in the field was different than what had initially been planned for, and because snowball sampling led to a wider pool of participants, the study design was expanded to include women working with three different microcredit programs: Usura Cero, a government sponsored microcredit initiative for women; ACODEP, a for-profit lending institution; and Aldea Global, an NGO with a microcredit arm and specific gender equity program. The expansion of the study led to the ability to look at microcredit through a wider lens. The three groups in the study represent each of the three dominant paradigms in microcredit. Usura Cero is almost identical to the original microcredit program put forth by Yunus and the Grameen bank. ACODEP is an example of new-wave microcredit and the programs that emerged during the neoliberal political era. Aldea Global uses the credit-plus approach, which has been touted by many experts as being the most effective strategy for empowerment through microfinance. The author of this paper knows of no previous research that has been done to cross-analyze the qualitative outcomes of program design. When microcredit is discussed in academic literature, it is usually spoken about in broad terms, rarely distinguishing between the very different program designs. The purpose of the new study design was to examine if there is in fact any female empowerment resulting from microcredit and to examine what effect, if any, individual program design has on empowerment outcomes. The hypothesis was that women participating in the credit-plus approach implemented by Aldea Global would have the highest rates of empowerment due to the additional “soft” services provided to women and the organization’s focus on gender equity.

II. Methods

Initial participants were chosen at random from each institution. Snowball sampling was used to expand the pool of participants. The target number of participants was twelve from each group. A larger sample size would have been ideal, but time and budgetary constraints did not allow for it. Although the sample size is small, it was large enough to see patterns emerging from each group of participants. All questions (see Appendix 1) were asked in an open-ended fashion,

which allowed the themes to unfold organically within each group. Saturation was reached in the majority of the themes, suggesting that the sample was representative. In total, in-depth interviews were completed with seventeen participants from Usura Cero, twelve participants from ACODEP, and thirteen participants from Aldea Global. All names have been changed in this paper to ensure the privacy of participants and compliance with the Committee for the Protection of Human Subjects (CPHS).

Extensive notes were taken during interviews and additional field notes were recorded daily. All notes were transcribed and input into Atlas Ti, a software for qualitative data analysis. Mean values for loan amount and income were used to make generalized comparisons across groups. All field notes, participant responses, and program information guides have been translated from Spanish to English by the author.

III. Limitations

Because my research only included interviews with women who were currently, or had recently, participated in microcredit programs, it is likely that I did not have contact with women who had the most negative experiences with microcredit, resulting in financial hardship and their cessation from the program. However, five of the women I interviewed from Aldea Global were no longer working with the organization for various reasons, indicating that a small sample of this demographic was captured. Nonetheless, interviewing a pool of women without loans could have provided a wider and perhaps less biased view of microcredit in Nicaragua.¹

Based on the numbers reported for profits, there may have been some confusion about the question regarding income. The Spanish word *ganancias* was used to question women about their weekly income. The word *ganancias* can mean profits, earnings, or benefits. These terms should have been further clarified to understand whether figures represented gross or net income. Reported income estimates were higher than the figures gross national income (GNI) per capita and by an extremely large margin (Sequeira 7).² Fortunately, income in and of itself is not a measure of empowerment, and this does not affect the overall qualitative analysis of empowerment. More important and relevant to empowerment outcomes is how the money gets allocated within the household and the level of decision-making power that results from income.

Many women I interviewed had either currently, or previously, had loans with other financial companies. This makes it difficult to completely isolate the different effects of each program, given the possibility that participants had been exposed to more than one program. Thus, the ubiquity of microcredit participation could be a confounding factor in and of itself. However, women with more than one loan did seem to identify one of the loans as a “foundational,”

1 That being said, there is currently an astounding rate of participation in microcredit programs in rural Nicaragua. Snowball sampling was very easy given the widespread use of microcredit by a large network of women in a small city. In the small town of El Cua, a municipality outside of Jinotega, the downtown market area has a total of about twenty vendors, all of whom I was told have credit from at least one institution. The widespread use of microcredit created the impression that it is very difficult to have any sort of a sustainable business without credit—especially in a town like El Cua, where the market is subject to high levels of volatility due to the extremely high number of households earning their subsistence from agricultural work. Agriculture and microenterprise are about the only two options for work in a small mountain town with no industry. One of the women in my interviews informed me that, “Everyone here works with credit” (ACODEP #28), indicating the ubiquity of participation in microcredit programs.

2 A possible explanation would be that gross sales were reported rather than profits. The wide margin and variability was the same across all three groups, suggesting that any confusion may have been shared equally.

or “main” loan, and the other as a sort of “extra,” or “supplementary” loan. This categorization creates an identity and intense loyalty with the institution considered to be the foundation of their credit experience. There were significantly different qualitative outcomes from each program, indicating that there is a measurable difference even in the face of cross-program participation (Table 2).

Although the study design had to be altered, strict adherence to qualitative research methods were maintained throughout the process. Focus groups were not used as part of the interviewing process, interview methods were kept consistent, as I (the author) was the only person conducting interviews, and questions were uniformly stated for all participants.

IV. Results

The details of the different loan programs and client demographics are listed in the table below.

TABLE 1
INDIVIDUAL PROGRAM DETAILS
(2012)

Institution	Usura Cero	ACODEP	Aldea
Interest Rate	1.5% for the life of the loan	24% annual	1.5% monthly
Fees	No additional fees	No additional fees	One time \$10 initiation fee. \$50 annual fee (\$35 goes to savings account, \$15 pays for administrative costs)
Collateral	No collateral necessary	Collateral required but flexible (mortgage, television, refrigerator, etc.)	No collateral necessary for the first three solidarity loans under \$150. Fourth loan requires collateral, used individually or by group
Funding and organization	Government sponsored	For-profit funded by foreign investment	Association funded by foreign investment
Type of loan offered to women	Group only	Group and Individual	Group and Individual
Amount of loan	1500 Córdoba max (roughly \$63 USD)	Determined on individual basis.	Under \$150 for first three solidarity loans, determined on individual basis thereafter with collateral
Demographics of the women interviewed	Urban	Rural	Rural
Type of business	microenterprise	microenterprise	microenterprise and agriculture

Preliminary results are listed in the table below.

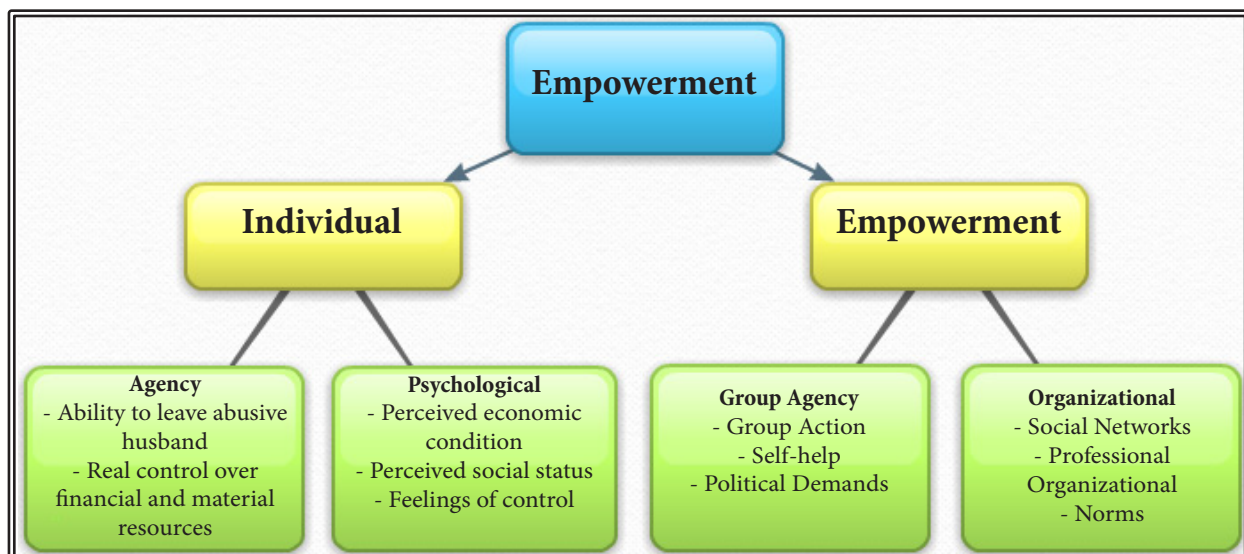
TABLE 2
MICROCREDIT QUALITATIVE
DATA ANALYSIS (2012)

Institution	Usura Cero	ACODEP	Aldea
Average Loan Amount (USD)	\$63.55	\$421.26	\$298.24
Marital Status	59% married/partner, 41% single	50% married, 50% single	85% married/partner, 15% single
Average number of living children	2.9	5.3	4.9
Decision making power	Increased/never needed permission 88% No change needs permission 12%	Increased/never needed permission 83% No change/needs permission 17%	Increased 54% No change/needs permission 38%
Perceived social status	Improved 76% No change 18%	Improved 83% No change 8%	Improved 64% No change 31%
Perception of ties to community	Improved 82% No change 12%	Improved 83% No Change 17%	Improved 65% No Change 31%
Relationship with partner	Improved 50% Additional challenges 10% No Change 40%	Improved 50% Additional Challenges 33% No change 17%	Improved 64% No change 36%
Who holds the power in society	Men 6% Women 35% Equal 59%	Men 25% Women 33% Equal 42%	Men 15% Equal 85%
Perceived limitations as a woman	Limited mobility due to children 33% Nothing 67%	Gendered division of Labor 42% Nothing 42% Equal social mobility with men 17%	Gendered division of labor 46% Nothing 31% Equal rights 15% Land entitlement 8%
Believe that their life is different from that of their mother's	Better 81% No change 19%	Better 75% No Change 17% Worse 8%	Better 82% No change 18%
Believe that life will be different for daughter	Yes 79% No 13% Maybe 7%	Yes 100%	Yes 64% Maybe 36%
Benefits of the loan	Increased financial control 78% Increased social/community ties 11%	Increased financial control 50% Professional Recognition 33% Structure of the loan 17%	Increased community/social ties 31% Ability to work 31%
Increased as a result of the loan	Confidence 25% Education 19% Better living conditions 19% Increased social/community ties 19%	Financial resources 50% Confidence/recognition 42% Social mobility	Nothing 23% Confidence 23% Resources 23% Recognition 15%
Increased provisions for children	Food/necessities 48% Clothes 29% School 25%	Food/necessities 50% School 42% Clothes 33% Medicine 17%	Food/necessities 46% School 31% Medicine 15% In-home care 15%

V. Empowerment

What does it really mean to be empowered? Defining a qualitative term such as empowerment can be problematic, as it often derives meaning from culturally relevant values. Considerable care must be taken in order to avoid inserting Western notions of empowerment into a cultural context where they do not apply. A general framework for empowerment can be established, but how those ideas translate into specific outcomes is heavily dependent on the social, cultural, and political context in which they take place. For some women, empowerment means equal pay, for others it might just mean having the freedom to work, for others it might mean having the right to leave the house to go the market unattended. Empowerment varies as it is “the process by which women redefine and extend what is possible for them to be and do in situations where they have been restricted, compared to men, from being and doing. Alternatively, it is the process by which women redefine gender roles in ways which extend their possibilities for being and doing” (Mosedale 10). As such, the process of empowerment is unique to its given locale, and outcomes or benchmarks of empowerment are not universal. “The notion of empowerment is inescapably bound up with ‘disempowerment’ and refers to the process by which those who have been denied the ability to make choices acquire such an ability” (Kabeer 8). Although there may be similarities, empowerment is likely to have a different meaning in any given cultural context based on the local history and socio-political context. More specifically, empowerment can be defined as “an action-oriented concept with a focus on the removal of formal or informal barriers, and on transforming power relations between communities, and institutions, and governments” (Wallerstein 18). Wallerstein’s framework offers a flexible approach in which we can understand the meaning of empowerment, while still leaving room for the varying outcomes in different socio-cultural contexts. Wallerstein’s definition also implies two different attributes of empowerment: the role of individual agency, and the ability to interact with opportunity structures such as institutions, political, economic, and government entities at the community level (Wallerstein 19). Based on my findings in Nicaragua, I have created the following map for pathways to empowerment.

FIGURE 1



Agency refers to the individualized ways in which a person takes action or exerts power on her own behalf. Agency also often involves, but is not limited to, tangible outcomes such as the ability to spend money without the permission of a partner or the ability to speak out against injustices such as domestic violence. Individual empowerment can also be manifest through a psychological process such as a general sense of well-being or an increase in perceived social status or household contribution (Wallerstein 22). Interacting with the larger structures of society such as government or political institutions usually requires participation at the group level. Group participation requires the organization and cooperation of communities in order to work toward a common goal. For empowerment to take place at either the individual or the community level, social norms must be shifted in order to challenge the mechanisms of disempowerment and create a new reality. “The process of empowerment involves, first, women recognizing the ideology that legitimizes male domination and understanding how it perpetuates their oppression” (Mosedale 6). Therefore, empowerment interventions must challenge forms of “control and social injustice, through political, social, and psychological processes, that uncover mechanisms of control, the institutional or structural barriers, the cultural norms and social biases, and therefore enable people to challenge internalized oppression and to develop new representations of reality” (Wallerstein 18). Targeting social norms is a key component in the process of empowerment because it challenges forms of control that are often taken for granted or accepted as natural. The more hidden or natural forms of control become, the easier they are to reproduce.

For the majority of the women in Nicaragua, being empowered is overwhelmingly linked with the ability to work and be independent.

TABLE 3
RESPONDENT IDEAS OF
EMPOWERMENT (2012)

<i>Institution</i>	<i>Usura Cero</i>	<i>ACODEP</i>	<i>Aldea Global</i>
Characteristics of an empowered woman	Work 38% Independence 25% Care for kids/household 25% Community Involvement 13%	Work 43% Independence 36% Ability to defend herself 14%	Capability 33% Work 25% Don't know 25%

In a patriarchal cultural prone to attitudes of machismo, women have traditionally been subjected to a strict gender division of labor. The separation of labor means women spend the day secluded in the house, washing dishes, cooking, and doing laundry. Without waged labor, they were dependent on their husbands and partners for their financial subsistence. These circumstances created an unequal power balance in the relationship. Men had more social connections, and also held the power to decide how much money was spent on the family and how much money was spent drinking and gambling. If a woman wanted money to buy something for herself or her children, she had to ask, which served to reinforce her subordinate position in the household. Women from two of the organizations I interviewed, ACODEP and Usura Cero, took pride in identifying themselves as workers and entrepreneurs, and enjoying the newfound freedoms that resulted from their work. The words *trabajadora* (female worker) and *empresadora* (female entrepreneur) were mentioned no less than twenty-five times in twenty-nine interviews. For

these women, working gives them the power to be financially independent, to take care of their children, to leave abusive husbands, and to have the ability to leave the house and have a greater variety of social interactions within their community. One woman told me, “When I didn’t work I could never leave the house. Now I work and things are very different” (Usura Cero #7). Another told me that, “Before the loan I lived with such difficulty. Now I work and I have overcome that life. Now I can buy food, clothes, and medicine for my children. There is a significant change in the way we eat” (ACODEP #22). A third woman explained to me that before she had the ability to work, she had to ask her husband for money, “and sometimes he didn’t want to give me any. Now I spend my own money and there is less anger between the two of us. Our relationship has improved because I am not dependent on him for money” (Usura Cero #4). For these women, having the ability to work is the pathway to an even greater amount of freedom. It provides psychological empowerment, the opportunity to build more social ties, and the ability to increase their material resources and financial control.

For the third group of women from Aldea Global, there was less emphasis on work and independence as the source of empowerment. In fact, it was difficult to reach the same level of consensus on a definition for empowerment, which came easily in the other groups. Only twenty-three percent of women identified the ability to work as a main source of empowerment. Another twenty-three percent of the women in this group said they had no idea what it meant to be an “empowered woman,” nor could they name any characteristics of a “powerful woman.” At first sight this is perplexing given that the credit-plus approach used by Aldea Global is claimed to be the gold standard for empowerment outcomes in microcredit programs (Mayoux 2000). There are a few points worth noting here that help explain the lack of coherence around a collective idea of empowerment. First, Aldea Global has a much higher rate of married women in comparison to Usura Cero and ACODEP—eighty-five percent in comparison to fifty-nine and fifty percent respectively (Table 2). Marriage is a primal force in both the maintenance and reproduction of traditional social norms. The reproduction of gender norms is especially prevalent in rural agricultural areas where there is still a strict gendered division of labor. Second, of the women I interviewed, six “worked” in agriculture, growing coffee, beans, or corn. Because there is a strict division of labor in agriculture, putting the loan in the woman’s name is an attempt to give her a financial stake in the household production, regardless of her actual physical contribution. When this division of labor is maintained and women continue to do the unpaid, unseen domestic work, it can be difficult for them to imagine that their position within the familial hierarchy has changed at all. In this case, a woman is neither perceived nor perceives herself to be a worker or entrepreneur. For example, when asked about what kind of business she had, one of the participants, Doña Isidora, responded that she has had no business at all (Aldea Global #40). I asked her if she had in fact taken out a small business loan from Aldea Global. She responded, “yes, but that’s for the harvest. That’s my husband’s business. I only do housework” (Aldea Global #40). The scenario described here partly explains why thirty-three percent of women in this group thought that “capability” makes for an empowered woman. For so long they have been seen as incapable of managing money, of working in the field, or doing anything outside of traditional housework. The capability to do these things would more directly involve women with the productive aspects of the household, change the perceptions of economic contribution, and thus, change their position in the familial hierarchy.

Recall from the list of program details that Aldea Global allows women three solidarity loans under \$150 without collateral, and that the fourth loan requires collateral. A representative from Aldea Global informed me that the organization was flexible about the forms of approved collateral and would accept anything from a land title to a television. However, all of the women

I spoke with who have loans from this organization told me that they needed a land title for collateral. Five of the thirteen women I interviewed from Aldea Global had stopped working with the organization as a result of the required land title. As previously discussed, in a patriarchal land system in a rural area, women rarely ever get a stake in land. Requiring a land title means that when it comes time for that fourth loan, a woman has to go to her husband and ask if he will loan the land title to the group (or to her as an individual) in order to secure the loan. Such requirements further reinforce the mechanisms of resource control and decision-making power within the household. According to the United Nations Development Fund for Women (UNIFEM), women's economic empowerment is defined as "having access to and control over the means to make a living on a sustainable long-term basis, and receiving the material benefits of this access and control" (Mosedale 5). Aldea Global's model of collateral fails to produce economic empowerment because it fails to increase access and control over financial resources. A woman asking her husband for a land title in order to secure a loan is equivalent to having to ask his permission for the loan. He has the power to control access to material resources based on his willingness to cooperate.

As part of its credit-plus approach, Aldea Global conducts discussion groups with men and attempts to involve them in a self-reflective process in order to create space for changing gender roles. During these discussion groups they are told a story about two dogs that get separated and lost while travelling in the woods. The dogs wander for days trying to find their way back home. The first dog comes across a tribe of dogs living in the forest. He is starving and can see that they have food. He decides that the best strategy is to befriend and cooperate with the tribe in the hopes that they will share their resources with him. He does this and is accepted into the group and everyone is happy. The second lost dog comes across a different tribe of dogs in the woods and can also see that they have food. The second dog decides that he wants to dominate and fight with the pack in order to gain control over the food and resources. The punch line of the story is, "what kind of dog do you want to be?" Although this intervention is well intentioned, it is certainly misguided. The underlying message in this story is that men get to decide what kind of man they want to be, and that they have the power to decide the level of household cooperation and division of resources. It placates to the traditional power balance that has prevented women from developing a sense of agency and making a greater claim on household resources. There is plea for cooperation, but the indication is that men ultimately decide how resources get controlled. Moreover, it sends the underlying message that cooperation is beneficial for self-serving purposes and does not develop a deeper sense of altruism for women. Men have to cultivate a concern for what benefits women, even when it does not directly benefit them. When the value and quality of a woman's life is inherently equal to that of a man's, the social norms and relations of power will begin to shift to a place of greater balance.

The failure to equalize the balance of power is apparent in the data. Aldea Global clearly lags behind the other groups in decision-making power, perceived social status, and a collective notion of empowerment (see Table 2). In other words, personal agency has not been an outcome of this particular credit-plus approach. It is also possible that rather than lagging behind the other groups, Aldea Global started with a more marginalized group of women. Changing gender norms of labor can be particularly difficult in rural agricultural areas among married women for the reasons previously discussed (issues of land entitlements, visible versus invisible labor, and social isolation). Perhaps this is why collective community action and the importance of being organized as a group were more common themes among the women of Aldea Global. Where *trabajadora* and *empresadora* were common sources of pride for the women in the other two lending groups, *organizada*, or being organized, was a main source of pride among

the women of Aldea Global. This signifies that the female clients of Aldea Global found their strength in being associates, members of cooperatives, and part of a solidarity group. When I asked a woman what the best part of the loan was for her, she responded, “being organized in groups [and organization] creates better spaces for women in the community” (Aldea Global #43). Another woman explained to me that before women started working with credit and developing businesses, “the community did not know that women are important. Now they do. We are recognized because we are organized. It is a miracle that you came here looking for women like us” (Aldea Global #36).

That data indicates that community and organizational forms of empowerment become more important in areas where individual empowerment is harder to manifest, such as rural agricultural areas. The marginalized status of women in rural agricultural areas may prompt them to seek a better bargaining position by acting as a group. In this way it is possible that organizational empowerment precedes individual empowerment. Finding strength as a group may help women to find their strength as individuals. For example, one woman from Aldea Global mentioned the best part of the loan for her was going to the group meetings. “I like to learn about the experiences of other women. One time we got to take a trip all the way to León to see how the women work there” (Aldea Global #41). Women living isolated in rural areas may be unaware that there are other forms of living possible. Giving women the opportunity to share their experiences with a group allows for self-reflection through compared experiences. This also provides the space for women to talk about how they might take action to shape their own reality into something different.

VI. Bargaining Power

All forms of empowerment aim to achieve the same goal: bargaining power and decision-making power. In the collective economic unit of the household, family members must bargain for their share of pooled income and resources. The ability to effectively bargain is determined by what Bina Agarwal has labeled a person’s “fall-back position” determined by extra-household environmental parameters (Agarwal 30). These parameters are set by factors such as parental wealth, nonwage income, and the legal structures governing marriage and divorce (Agarwal 30). For example, in a society where divorce is socially unacceptable, a woman who enters a marriage with no money, no waged income, or land entitlements will have a considerably weak fall-back position. A woman’s perceived lack of contribution to the household and limited economic opportunities outside of marriage will severely limit her ability to make claims on shared household resources. On the contrary, a woman who has a family inheritance of land or money, steady waged income, or the ability to freely divorce her husband will have a much greater ability to stake a claim on household resources. These factors serve as “threat points” that increase her ability to bargain (Agarwal 7). The manner in which household resources get shared is a reflection of gender relations, representing both the material and the ideological hierarchy of the household. Gender relations reveal the division of labor and resources between men and women, including the ideas and representations ascribed to women and men of different abilities, attitudes, and desires (Agarwal 3). Gender relations are both constituted by and reflect the practices and ideologies that interact with social and gender hierarchy (Agarwal 4). Accordingly, bargaining power and decision-making power are often used as proxies for empowerment, given their ability to demonstrate hierarchy between a husband and wife. If a woman has the ability to decide how resources are being shared within the household, her ability to make decisions

reflects well on the gender relations of the household, indicating more equality between her and her husband.

The results from the study in Nicaragua indicate that microcredit does have the ability to drastically increase decision-making power for many women.

TABLE 4
LEVELS OF DECISION-MAKING
POWER (2012)

<i>Decision-making power</i>	<i>Usura Cero</i>	<i>ACODEP</i>	<i>Aldea Global</i>
Increased/no permission	88%	83%	54%
No change/permission	12%	17%	38%

As shown in Table 4, decision-making power greatly increased for women working with ACODEP and Usura Cero. When questioned about having to acquire her husband's permission before spending money, a woman from ACODEP smiled and said, "No. I manage my own money." This indicates a significant shift in the mentality of household economics. Not only does she have increased decision-making power, but she also believes the money to be her own rather than belonging to the collective household funds. She starts establishing her own financial identity and independence. In comparison, Aldea Global did see a significant improvement in decision-making power for their female clients, but not to the same extent as the other groups. There are a few possible explanations for this. The first locates the cause in the weaker fall-back position of women living in rural or agricultural areas. However, the women from ACODEP were also from a very rural area, indicating that the difference is more likely to be related to agricultural work rather than urban versus rural conditions. This could be likely given the gendered division of labor and the perceptions of unpaid, invisible domestic work. However, the change in bargaining power—or lack thereof—was distributed evenly between agricultural and non-agricultural workers from the same organization. Another potential explanation takes into consideration the previous discussion regarding the self-reflection exercise given by Aldea Global to the husbands of women participating in microfinance. The exercise reiterated the idea that men are in control of the distribution of household resources. Despite the call for cooperation, the exercise did not iterate that women have equal rights to resources or the capacity to decide how they get shared. As a result, the women in this group appear to have less control over their income and shared resources. The inability to shift the norms within the household could be contributing to the drive for organization in the women of this group. The strength of collective action increases the bargaining power of women who have been ineffective bargaining power as individuals.

Group solidarity and collective action are critical to the ability to contest social norms. "Virtually by definition, the arena of bargaining over norms has to extend beyond the household, since for ideas and practices to become 'norms' requires their acceptance beyond the individual household" (Agarwal 21). The ability of women to bargain with the state over larger issues (land rights, equal opportunity to employment, and equal political participation) will most certainly require collective action. Such traditional social norms can fall into the realm of what Pierre Bourdieu labeled, "doxa; accepted as a natural and self-evident part of the social order, which goes without saying and is not open to questioning or contestation—the undiscussed, unnamed,

admitted without argument or scrutiny” (Agarwal 17). Contesting hidden forms of oppression will require collective action by large groups of women. A shift in consciousness must take place at both the individual and community level in order for the invisible forms of power to be understood in a new light. Whether or not forms of individual and community empowerment serve as precursors to one another remains unclear. However, it is evident that both are essential for changing the gender hierarchy and status of women. True empowerment cannot be realized until women have equal rights to men in the household, the community, and the larger socio-cultural sphere.

VII. An Alternative to Empowerment

The manifestations of empowerment are complex. It is unclear whether one form of empowerment is a necessary prerequisite to other forms or if all forms of empowerment carry equal value. Herein lies the problem in trying to delineate concrete data from abstract terms. Can we decisively state that a woman is “empowered” when she lacks individual agency but finds strength through group affiliation? Can we truly believe women when they state they feel equal to men but moments later list their limitations as a woman in society? The conflicting indicators of empowerment diminish the ability to decisively classify its presence. Empowerment is an academic discourse, not something that is discussed among women in rural Nicaragua or elsewhere in the developing world. The real aim of this discourse is to identify the capacity that women have to exercise free will within their given social, economic, and political milieu. Discussing free will in abstract terms like empowerment risks the opportunity to enumerate the specific rights and conditions that should be innate to all women. In contrast, focusing on specific rights eliminates the vagaries of classification and the difficulties in comparing outcomes may be rectified. One theory modeling this approach is *The Capabilities Approach*, developed by Martha Nussbaum. This approach elaborates on her work with Amartya Sen and their *Human Development Approach*. The aim of both theories shifts the way we think about development. For so long, development has been interpreted in economic terms, measured primarily through gross domestic product (GDP). Tying ideas of empowerment to economic outcomes was perhaps a first step in shifting the way we view development. Taking it one step further, Sen and Nussbaum argue that the goal of development should be to build the capabilities and freedoms necessary for individuals to live a dignified life (Nussbaum 18-19). Accordingly, their *Human Development Approach* is centered on human rights and quality of life.

Nussbaum further refined the *Human Development Approach* with her *Capabilities Theory*, where developing specific capabilities of each and every individual is the ultimate goal (Nussbaum 18). These capabilities belong first and foremost to individuals and only derivatively to groups (Nussbaum 35). Rather than thinking about average collective well-being, the end goal is to ensure capabilities to all individuals (Nussbaum 18). The list of ten capabilities developed by Nussbaum enumerates the freedoms and basic human rights necessary for living a dignified life (Nussbaum 33-34). The first capability is *Life*, referring to the ability for each individual to achieve a normal life span, without reduction to quality of life (Nussbaum 33). The second is *Bodily Health*, referring to the right to good reproductive health, nutritional status, and shelter for the body (Nussbaum 33). The third capability is *Bodily Integrity*, which deals with a person’s ability to move freely from place to place; being secure against sexual or domestic assault; and of reproduction, opportunities for sexual satisfaction, and choosing to reproduce for sexual satisfaction (Nussbaum 33). The fourth capability claims the right for each individual

to experience *Senses, Imagination, and Thought*. This particular set of capabilities is developed through literacy and basic math and science training. This capability cultivates the ability to experience and produce literary, musical, or religious works of art (Nussbaum 33). The fifth capability deals with *Emotions* and expresses a person's ability to have attachment to things and people and the ability to grieve and experience loss, gratitude, and justified anger (Nussbaum 33). Capability six is labeled *Practical Reason* and refers to the ability to form conceptions of good and bad and to exercise critical reflection in the planning of one's life (Nussbaum 34). The seventh is *Affiliation*, showing concerns for other human beings, engaging in various forms of social interaction, and imagining the situation of another. Ultimately this capability reflects the ability to have social bases of self-respect and non-humiliation (Nussbaum 34). The next capability considers *Other Species*, and the ability to have concern for animals, plants, and nature (Nussbaum 34). The ninth capability names *Play* as an essential aspect of human dignity and freedom (Nussbaum 34). The final capability deals with *Control Over One's Environment*. This capability has two aspects: political and material. The political component outlines each individual's right to participate in the political choices that govern one's life and have the right to political participation and protections of free speech and association. The material component addresses the equal property rights and equal opportunity for employment (Nussbaum 34).

This list of capabilities outlines the components necessary to ensure each and every individual a life of freedom and dignity. In order for these capabilities to be exercised, the social, economic, and political environments need to be amenable to the potential changes and shifting norms necessary for the individual expression of these capabilities (Nussbaum 32). Nussbaum holds national governments responsible for ensuring that these various environments are amenable to the expression of capabilities. Nussbaum astutely points out that the minimum standard account of the purpose of government is to make it possible for people to live life with dignity (Nussbaum 33). This poses considerable contrast to traditional theories of development and validates the need for an alternative theory in order to shift priorities from economic gains to concerns for human dignity. If governments were as intent on facilitating human development as they are on building economic development, there would be a drastic improvement to the quality of life for many individuals. The focus on equal rights for all individuals would also serve to mitigate gender disparities.

An interesting nuance to *The Human Development Approach* is the difference between capabilities and functions. "Capabilities" represent opportunities for individuals to take action in various domains of life. They do not prescribe the specific actions or outcomes of each capability, which would be considered "functions." This nuance allows individuals to exercise free choice and self-definition in their given environment (Nussbaum 25). Separating capabilities from prescribed actions is similar to what was previously discussed regarding the specificity of empowerment. This concept provides a generalized framework in which different actions may take place but are not required. However, *The Capabilities Approach* goes one step further by listing specific capabilities women need access to in order to take action in their lives. It holds governments responsible for ensuring that those specific capabilities are available to women. Whether or not these capabilities get expressed as actions is then left to the choice of individual women. This concept also serves to clarify some of the contradicting indicators of empowerment found in the data of this study. Women often spoke of feeling empowered because they had the ability to work but would later talk about the inability to do certain kinds of work based on gender discrimination. They spoke about how women used to be of lower social status but are now equal, and they would then go on to talk about horrible incidents of domestic violence. For example, Doña Ana told me during our interview that she feels empowered because she has the

capacity to undertake a business, has made that business profitable, and has the ability to decide how her profits are spent (ACODEP #26). Later in the interview when I asked her if she has any limitations as a women in Nicaragua she responds, “I’d like to have success like a man, to have more human relationships, to be able to complete my goals in what I want” (ACODEP #26). From her narrative it is evident that her social mobility and freedom do not match her newfound financial freedom. She has gained considerable capacity in the tenth capability, *Control Over One’s Material Environment*, but is below threshold in capability number seven, *Affiliation*. Rather than fixating on whether or not she is “empowered,” we can clearly identify what capabilities need to be strengthened and address them through specifically targeted interventions. For Doña Ana, microcredit has supplied the resources to ensure financial stability and control over her material resources. Her relationship with ACODEP has provided her with a small amount of professional affiliation. However, she still lacks wider social connectivity given that she is a woman living in a rural area and lacks community affiliation on account of being an individual borrower rather than a member of a solidarity group. Increased social contact and group interaction with other women could provide the connectivity necessary for a greater level of affiliation.

From the *Capabilities Approach* we can more clearly classify the strengths and weaknesses of different microfinance programs and how the demographics of female clients affect these outcomes. Nussbaum was right to label affiliation and practical reason as the most central capabilities. A woman must first have affiliation with others in order to put her life in a larger context from which she may view her own reality. Having an understanding of the larger context of society allows her to gain greater perspective on where her reality is situated in relation to others. As she begins to understand her reality in this larger context, she will need the capabilities of practical reason in order to evaluate her life and whether or not she would like to make changes or plans for the future that might improve her situation. Women living in urban areas tend to naturally have a greater amount of affiliation. They live closer together, tend to have more free time during the day, and have more built-in social interaction in their day-to-day lives. Conversely, women living in rural areas live farther apart. They have less free time due to the added burden of agricultural work, such as milking cows and feeding livestock, which leaves them with little to no naturally occurring social interaction. Subsequently, building greater affiliation is important for women living in rural areas—especially for those involved with agricultural work. Microfinance is particularly well suited to build affiliation in these women. Solidarity groups bring women together who otherwise live marginalized and isolated. Through group meetings and discussion groups, women are given the opportunity to learn about society and the lives of others. Having this context allows them to imagine another reality for their life. For example, a woman from Aldea Global told me that the group meetings are “how women learn more about society” (Aldea Global #34). Another woman from the same organization informed me that “it would be good to have a discussion group on advice for women. We want more of that” (Aldea Global #38).

In addition to building affiliation through group interaction, microfinance increases affiliation within a community through the increased social connections via business transactions. A woman from Aldea Global told me, “Now that I have my business I can go out to buy my things for the store and I have more relationships. Microcredit has given me the ability to leave the house to go to meetings and to shop for my store” (Aldea Global #32). Another woman informed me, “Now I have the community to work. Before I couldn’t work because I had no money and no community” (Usura Cero #5). Buying and selling goods allows for more contact with the community. The social connections they make, in turn, improve their economic outcomes. Instead of being isolated by domestic work, these women are out in the community building relationships with other vendors and their own customers. Regardless of whether they live in

urban or rural areas, this form of affiliation happens for women in microenterprise and whether or not they participate as individual borrowers or members of a solidarity group. An individual borrower from ACODEP living in a small town in the highlands, El Cua, informed me, “Before [I had the loan] I only took care of the house. I didn’t talk to anyone. Now that I have the loan and work I talk to lots of people” (ACODEP #29). A woman living in urban Jinotega and participating in a solidarity group explained to me that “The best part of the loan is getting to share with other women. It has also helped the business little by little, but I really like meeting other people at the meetings” (Usura Cero #10). Community affiliation is clearly a key strength of all three microfinance programs investigated here, but it carries a greater significance for women living in more rural or agricultural areas.

In addition to creating community affiliation, microfinance affiliates women with large organizations and professional institutions. “For me the best part of the loan is the support of Aldea Global. Now we are associates of the organization. It used to only be him (husband) with rights. Now it’s me too” (Aldea Global #37). Affiliation with professional institutions is seen as a right for women who have been previously excluded from such relationships. Affiliation is the pathway by which these women gain the social networks and political clout necessary for even greater opportunity and freedom. Affiliation not only provides economic opportunity, it creates a sense of personal and professional recognition for the women. This was a common theme for the individual borrowers of the ACODEP. Thirty-three percent of the women interviewed from this group stated that the best part of the loan was the professional recognition it gave them (Table 2). “The best part of the loan is that the company sees that I have the qualities of a good client. I work hard and I pay back” (ACODEP #21). Nussbaum’s intent with this capability is to create the “social basis of self-respect and non-humiliation; being able to be treated as a dignified being whose worth is equal to that of others” (Nussbaum 34). This form of respect is a particular strength of individual loans, even if they are more expensive than a government subsidized group program. Each individual is seen as a worthy client deserving of the trust that comes with borrowing money. It was apparent that the women from ACODEP saw their professional value reflected in their ability to be the sole recipient of credit. During the interviews, they often spoke about the good professional reputation of ACODEP and the respect that the loan tech showed them when he came by the house. The interviews also revealed how they took pride in their ability to navigate and manage the lending process. One woman explained to me that the best part of the loan is “the respect and good treatment of the bank employees. They treat us very well” (ACODEP #27). Another explained, “my community thinks better of me now because I am a worthy and [respected] client” (ACODEP #25). Yet another expressed finding self-worth and confidence through professional affiliation: “[The loan] has improved my life. Before I didn’t have money and this kind of thing scared me. But I did it, I fought, and now I have more confidence” (ACODEP #21).

Clearly, affiliation is a natural strength of microfinance. Solidarity groups foster affiliation among women, and communities and individual loans foster a greater sense of professional affiliation. However, the level of affiliation seems to be positively correlated with the amount of social interaction each woman receives. Many of the women from Aldea Global who were below the threshold of affiliation had infrequent group meetings, ranging from two to three times a year to once every two months. Compare that to women working with Usura Cero who are required to meet once a week, and it is easy to see why the women working with Aldea Global have lower levels of affiliation. The infrequency of meetings also explains why growing social networks are more important to these women. Meetings and group activities need to be frequent in order to effectively build affiliation and social networks. In addition, group meetings

should be used as an opportunity to build additional capabilities, such as number nine, *Play*. To justify this capability, Nussbaum calls attention to the “crushing burden of the double workday” experienced by most women all over the world (Nussbaum 36). The double obligation of work and domestic duties diminish the opportunity to cultivate other capabilities, such as political participation, taking care of physical and emotional health, and building friendships (Nussbaum 36). “What play and the free expansion of the imaginative capacities contribute to a human life is not merely instrumental but partly constitutive of a worthwhile human life” (Nussbaum 36). This became evident during an afternoon I spent with one of my female subjects. As we walked into town, I asked the participant if she would like to go for a cup of coffee. She spoke in almost a whisper and told me that she did not know where to go because she had never really been out of the house like this before. She suggested we go for a walk around the park. After a few awkward moments, I recommended we go to a nearby café. When we got to the counter I asked her what she wanted. She seemed out of her element and a little overwhelmed. “I’ll just have whatever you have.” I took the liberty of ordering us each a cappuccino and a piece of chocolate cake. We sat down at a table and she told me that she had never been to any place like this before. She had never gone somewhere just to have a cup of coffee and chat with a friend and she had surely never splurged on a piece of cake. We sat for hours and looked at pictures, talked about kids, men, and life in general. She told me she only has one or two girlfriends who she does not sit and talk to because there is never enough time. She barely has enough time to tend to her business making bread, keep her house clean, do the laundry, and cook for her children. Life in Nicaragua leaves very little free time outside of the daily chores, work, and domestic obligations. At the end of our time together, she looked at me with a big smile and said she was really happy and felt good after having spent the afternoon socializing. Recreational activities and play should be incorporated into group activities to foster this kind of interaction between women. That kind of sharing is what gives life meaning outside of the mundane tasks and chores that women are expected to complete every day. As one woman stated, “communication, love, and friendship are just as important as medicine” (#22 ACODEP).

In addition to affiliation, microfinance has the potential to build capacity 10(B), *Control Over One’s Material Environment*. The majority of the women from Usura Cero and ACODEP cited increased financial control as one of the greatest benefits of microcredit (Table 2). The women in these two organizations talked about having the ability to solve financial problems in the moment, purchase better food, make improvements on their homes, and buy medicine and clothes for their children. “There is a big difference since the loan. Everything has improved because we can buy more. Now we can buy our children better clothes, shoes, and living conditions. Before the loan we didn’t even have a sustainable house” (ACODEP #25).

TABLE 5
ACCESS TO MATERIAL RESOURCES
AS RESULT OF MICROCREDIT

<i>Institution</i>	<i>Usura Cero</i>	<i>ACODEP</i>	<i>Aldea Global</i>
Increased material resources	Food/necessities 48% Clothes 29% School 25%	Food/necessities 50% School 42% Clothes 33% Medicine 17%	Food/necessities 46% School 31% Medicine 15% Home with kids 15%

As a baseline this capability represents adequate access to basic material resources, such as food, housing, and equal employment. Upon more critical examination, this capability reflects a woman's ability to control those basic necessities, which is closely related with decision-making power and the ability to decide how financial resources are spent. In addition to basic necessities, this capability claims the right to seek employment and have property rights on an equal basis with others (Nussbaum 34). Microfinance does not fix the gender discrimination in agricultural work or private sector opportunities, but it does provide alternative sources of employment. "There's an employment preference with respect to age and gender here, but the women are good workers and fighters and we know how to survive" (Usura Cero #11). With the help of microcredit, women are filling the gaps in employment opportunity and creating jobs for themselves.

The issue of property rights is another matter relevant to capability 10(B) that could either be exacerbated or mitigated by microcredit. The strength of organizations and solidarity groups could be harnessed to push for change to the patriarchal land system in Nicaragua. As mentioned earlier, this type of bargaining requires the strength of an organization or united community group in order to affect change. However, microcredit organizations that require a land title as collateral in countries with patriarchal land systems reinforce economic discrimination and inequality. "I have a group that's organized and ready to go, but we don't have the collateral. Last time one woman's husband loaned us his land title. We don't have that any more so we can't get a loan" (Aldea Global #41). A study performed in 1995 found that 15.5 percent of landowners in Nicaragua were women, and four percent of land was jointly owned by couples, indicating that women had land rights in just nineteen percent of households (Deere 927-928). Requiring a land title as collateral limits a woman's ability to make autonomous financial decisions. This system makes her dependent on the approval and cooperation of her husband and limits her financial agency. Most microcredit programs for women were designed with the intention to balance economic inequalities. As such, microlending institutions should be flexible about acceptable forms of collateral so as not to further exacerbate inequality. That flexibility should be considered a temporary solution until systemic reform to land rights can be actualized. Land rights pose a major impediment to gender equality. These rights not only affect a woman's access to financial opportunities, but they can also limit her ability to stake a claim on shared material resources. A woman told me a story that illuminated the complex consequences of land rights. "Many women here suffer psychological and physical damage at the hands of men. They use us like objects and we do all of the unpaid work. My husband was physically abusive to me and when I tried to get help, his family and the police ordered me to leave the house. I wasn't able to back to my house until after he had died" (ACODEP #29). This story exemplifies the situation facing many women in rural agricultural areas. Land rights create literal consequences and without them, a woman can be denied material access to her own home, further marginalizing her economic and social position.

The second component of capability 10 is part (A), *Control Over One's Political Environment*. This section underlies the right to political participation and protects the right to free speech and association (Nussbaum 34). The findings from this study indicate that government sponsored programs are far superior at engaging women in political participation. The female clients of Usura Cero, the government sponsored program, were two to four times more likely to participate in political action groups than women in the other two groups, ACODEP and Aldea Global. They were also six to thirteen times more likely to talk about having association and support from the government. Interestingly, one of the two women from ACODEP—who spoke of her association and involvement with the government—was also heavily involved with Usura Cero. This indicates the likelihood that her involvement with the government program spurred her political participation, reinforcing its effectiveness at eliciting participation.

TABLE 6
POLITICAL INVOLVEMENT
(2012)

	<i>Usura Cero</i>	<i>ACODEP</i>	<i>Aldea Global</i>
Total occurrences of political discourse	17	4	2
Individuals engaging in discourse	11	2	1
Comments related to govt. support of women	13	2	1
Comments related to political action	4	2	1

Usura Cero's government subsidized loans create a sense of support, affiliation, and concern between the women of Nicaragua and the government. "No one helps us except for the government" (Usura Cero #3). "With this government we have women's liberation" (Usura Cero #9). "With this (Sandinista) government men and women are equal" (Usura Cero #9, 17, 18). It is likely that the support and affiliation between women and government creates a greater drive for women to be involved in the political process. Four out of the seventeen women interviewed from Usura Cero were part of a political action group. Female participants in this group highly attributed the improved social and economic position of women in Nicaragua to the actions and policies by the government to improve women's rights. Women are far more likely to become involved in the political process when they can see tangible evidence that the government is fighting for their social and economic equality. The economic policies of Usura Cero are further gratified through social policies such as Law 641 (discussed on page 153), which serve to reinforce gender equality (Blandón). The following billboards are an example of the myriad forms of media used by the government in Nicaragua to promote gender equality.

FIGURE 2



This billboard was co-sponsored by the Nicaraguan government and *The Fund for the Achievement of the Millennium Development Goals* (F-ODM). The image prominently features faces behind the text calling for rights to education, sexual and reproductive health, decent employment, and protection against maltreatment of persons. In the bottom left corner is the logo for the Sandinista government and the Fund for the Achievement of the Millennium Development Goals.

FIGURE 3



This billboard implores the citizens of Nicaragua to take a stand against violence to women. Furthermore, the billboard communicates the necessity for change, and it depicts the actors whose participation is crucial in order to attain a society free of domestic violence. In addition to print media, government sponsored radio and television ads plead the citizens of Nicaragua to take a stand against violence against women. The ads talk about a woman's right to say no to sex, publicly ridicule sexual and physical assault, and warn against the dire consequences of such actions (which will be reinforced through Law 641). Women who receive economic opportunity through Usura Cero are even more likely to know about government initiatives (similar to Law 641) and use them as threat points. This study suggests that pairing economic and social initiatives is the most effective pathway for creating affiliation and participation in the political process (Table 2).

The final capability that can be clearly linked to microcredit is capability number four, *Senses, Imagination, and Thought*. These senses are cultivated through access to adequate education (Nussbaum 33). While the data of this study does not speak to the quality of education in Nicaragua, there is evidence that microcredit is increasing access to education. A couple of the women in the study were using the profits from their business to attend school or get vocational training, although this was an exception rather than a trend among the women surveyed. The largest increase in access to education was for the children of women participating in microcredit, especially those living in more rural areas. More than thirty percent of women from Aldea Global and over forty percent of the women from ACODEP (both located in rural areas) cited the ability to pay for education as a positive outcome of the loan. In fact, education was second only to food and basic necessities (see Table 5). Primary education is completely funded by the Nicaraguan

government, but many families lack the economic capital necessary to buy school supplies (such as paper, pencils, and notebooks) or the human capital to excuse children from agricultural work and free them up to attend school. The small amount of added household capital brought in through microcredit and microenterprise is enough to get many kids back in school. Access to education appears to be a promising pathway for improving the health and economic outcomes of future generations. One woman explained, “Now I can give my children a better life than the one that we’ve had. They get to go to school. I don’t want them out in the sun, carrying heavy things. I want a better quality of life for them. This is what I fight for” (Usura Cero #3). She went on to say that her daughter is fulfilling her dream to be a doctor and is currently attending medical school. Access to education and a greater array of professional opportunities present children with an expanding awareness of themselves and the world around them. This expansion in consciousness promotes further development of *Senses, Imagination and Thought*. Children who are forced to do hard physical labor or agricultural work will undoubtedly have less of a capacity to develop these particular capabilities.

As for the rest of the capabilities on the list, microcredit contributes in a more generalized, oblique fashion. Having greater economic resources, social affiliation, and control over one’s life will surely contribute to *Life, Bodily Health, and Bodily Integrity*. However, showing direct causality would be difficult since indicators for these capabilities are determined by a variety of underlying and interacting factors. Microcredit can instead be relegated as one of the many tools necessary to achieving individual health and longevity via the increased amount of capital and relative financial control that it provides.

The *Capabilities Approach* has allowed for a more substantive discussion on the abilities of microcredit. This theory is not, however, a perfect solution for development. In this paper, the theory was used to evaluate the capacities developed within groups of women participating in microcredit. However, the *Capabilities Approach* is explicitly designated for evaluating individual growth and freedom rather than collective group outcomes (Nussbaum 18). Measurements of group achievement are considered invalid as they do not take into account each and every individual nor account for potential sacrifices made by individuals for the greater good of the larger group. In fact, the *Capabilities Approach* rejects notions of utilitarianism in strong favor of individualized development. While this is a noble and worthy intention, it is also a serious drawback in the theory. Nussbaum fails to create a cutoff for how much money should be spent on trying to raise an individual to the threshold of a given capability. Her insistence that each individual be brought to threshold in every capability eliminates the potential for meritocratic evaluation and instead favors equal opportunity and resources for all. “Nussbaum’s theory does not address the problem of individuals for whom more can always be done, but for whom all the resources of society will not suffice to raise them all the way to threshold” (Stein 491). Development resources are limited and spread across myriad interests and issues. While I fully agree with Nussbaum’s intention to ensure rights and freedoms to every individual, it is financially and logistically impossible in a world with limited resources. In reality, decisions must be made about how development funds are managed in order to ensure the best outcomes for the money spent. Unfortunately, that will always require a small amount of subjectivity and a utilitarian evaluation. Although it is ideal to consider the well-being of every individual, the greatest good for the largest amount of people must be taken into consideration. Take for example, Doña Isidora and Doña Jesenia. Doña Isidora expressed that she did not have any part in her husband’s business for which she took out a small loan (Aldea Global #40). Through her narrative we learn that she has very little social affiliation and rarely leaves the house. During the interview she gives little to no indication that these things are important to her; that she wishes things were

different; or that she has ever imagined another reality for herself. On the other hand, Doña Jesenia talks about her involvement in the financial aspects of her household and the joy she gets from going to meetings and becoming acquainted with other women in her community. She longs for more opportunities like these and wants to be involved with the organization under a leadership role (Aldea Global #41). Doña Jesenia also talks about the violence done to other women in her community and how her solidarity group does not currently have a loan based on their lack of collateral. Would the limited funds be better spent on the woman who is further below threshold, or the woman who shows greater potential to help herself and the other women around her? Although Nussbaum's theory does not specifically indicate procedures for below threshold conflicts, the indication is that all women should be brought to threshold. This would result in Doña Isidora, who has shown little initiative, desire, or promise for growth to receive the limited funds available to marginalized women. This structure prevents funds from going to women like Doña Jesenia who are better positioned to help themselves and their community through initiative and leadership. Moreover, recall the nuance between capabilities and functions. Capabilities represent opportunity. Functions represent the ability to translate those opportunities into actions. Unfortunately, not all women who are given opportunities will automatically translate them into actions. Is it wise policy-making to spend resources on women who do not express the desire to take action—especially when there are women in the same community who express the explicit desire for action and leadership? Limited funds have to be designated to sources having the greatest impact. Allocating resources to women with a greater capacity for action and leadership could multiply the effects of the initial investment through their ability to guide others down the path of affiliation and agency.

Furthermore, boundless pursuit of individual successes could be counterproductive in an increasingly populated and globalized world. Ignoring the effects of individual actions has the potential to erode cooperation among communities, states, and nations, also leading to further degradation of the environment and its natural resources. Capability eight, *Other Species*, is perhaps Nussbaum's way of trying to thwart such outcomes by specifying that all individuals should "live with concern for and in relation to animals, plants and the world of nature" (Nussbaum 34). However, she does nothing to specify what this capability actually means, or what happens when human needs are in conflict with the preservation of environment or species. For example, is it unethical for starving people living in rural areas to kill animals for food? Nussbaum does not explicitly say yes or no, but the implication is that all species should be considered equal. This capability is, again, honorable in theory but problematic in its real world application where massive levels of food insecurity, poverty and famine are present.

The Capabilities Approach attempts to eliminate ambiguity and subjectivity by enumerating rights that Nussbaum claims to be "pre-social." However, the act of defining human lives is a social exercise (Truong 1261). The conflicts that arise in species preservation and below threshold competition are clearly social in nature. Their solutions are inherently determined by governing social values and societal norms. Social values also play an inevitable role in determining which capabilities are worthy of promotion and protection within a given society. The list of capabilities does solve some of the ambiguity that frustrated the empowerment discourse, but it has yet to completely solve issues of subjectivity.

VIII. Traditional Economic Development Theory

Traditionally, economic growth has been synonymous with development. For decades gross domestic product (GDP), gross national product (GNI), purchasing power parity (PPP), and other economic indicators have been used as defining benchmarks for development. These are alluring indicators as they are straightforward, fairly easy to measure, and transparent (Nussbaum 47). Moreover, these indicators are published by most countries, make cross-country comparisons easy, and are relatively difficult data to embellish or change (Nussbaum 47). Furthermore, economic growth *is* a positive step in the right direction for countries that lack infrastructure, clean water and sanitation, and basic health services. The theory of economic growth as development is tied in with the dominant “trickle-down” theory of the 1980s and 1990s (Nussbaum 47). The trickle-down approach posited that aggregate economic growth would improve the situation of the poor, whether or not direct action was taken to assure such outcomes. Unfortunately, economic indicators such as GDP do not reflect the level of distribution, marginalization, and inequality within a given country (Nussbaum 49). Subsequently, trickle-down economics has failed to improve the situation of the poor in multiple developed and developing countries. This failure is evident through comparison of disparate rankings of GDP and the human development index (HDI), which is a composite statistic of life expectancy, education, and income indices (Nussbaum 48, The Human Development Index). These statistics indicate that economic growth is not being distributed evenly and does not improve levels of income, health, and education for the vast majority of citizens.

Proponents of the economic approach to development tend to be highly critical of microfinance and its ability to produce economic growth. Microcredit creates an incredible amount of market saturation, which increases competition and reduces market share. This was evident in the small barrios of Nicaragua where every corner has a small *pulpería* (similar to a convenience store) carrying the same products as the store on the next corner. Market share gets reduced to the number of houses between each small patio business and the next. The tortilla makers that I interviewed knew exactly how many tortillas to make every day based on their fixed share of the market. Having fixed market share limits growth and fails to produce economies of scale. Most microenterprises are run as sole proprietorships. It is rare that these small businesses hire employees outside of their immediate family. Thus microcredit creates an over-supply of microenterprise and ignores the crucial role of scale economies, which would employ a far greater number of people (Bateman 7). Financing small businesses to employ one person at a time is not considered a sustainable model of economic development for most economists. Furthermore, microfinance and the discourse of empowerment could discourage progressive policies from the political agenda, relying instead on a neoliberal solution for complex issues of development. “Microfinance thus offers to neoliberals a highly visible way of being seen to be addressing the issue of poverty, but in a way that offers no challenge whatsoever to the distorted structures of wealth and power that historically are mainly responsible for the creation and perpetuation of poverty” (Bateman 25). Indeed, microcredit is not a sufficient replacement for constructive state interventions targeting land ownership reform, robust social welfare programs, quality public services, or income and wealth distribution policies (Bateman 24).

Recall from the section on the history of microfinance that microcredit was originally intended as a poverty alleviation program, not an economic development program. The initial goal was to offer economic opportunity and financial control where the state had previously failed to provide gainful employment and financial products to marginalized women living in rural

areas. The intention was to protect small business owners from malicious moneylenders and the cycle of poverty. It was in the wake of neoliberalism and the takeover of new-wave microfinance that these lofty economic expectations of microcredit emerged. The criticisms are correct that microfinance fails to produce sustainable economic development based on the limitations of market saturation and the absence of economies of scale. However, these are expectations of the neoliberal agenda and not part of the original core values of microcredit.

Whether or not microcredit produces economic growth, it does provide a small amount of financial equality. The same inequalities that exist in public health and medicine also exist in the financial sector, where the rich have access to a disproportionate amount of financial services (Roodman 19). Most middle-class American families use a wide range of financial services such as credit cards, loans, insurance, and bonds, to name a few. These services allow families to make transactions, build assets, invest, and sustain consumption (Roodman 18-19). These services also provide the ability to make a broader range of financial transactions, to save money, and to have greater control over finances. Without these services, poor people struggle to save for college, start a business, protect themselves from major catastrophes, or send money to loved ones that live far away. These services are especially important for the marginalized and poor people who do not have steady waged income (such as agricultural producers), have family members that travel long distances to find work, or perform physically taxing and dangerous work. These people not only need financial services like credit but also savings and insurance (Roodman 34). Accordingly, access to financial services should be thought of as a human right. Everyone deserves access to the tools that help stabilize and maintain the financial vitality of a household. "Financial services are like clean water, sanitation, and electricity: they generally do not lift people out of poverty, but they improve life" (Roodman 16).

IX. Discussion

This case study in Nicaragua has illuminated the particular strengths and weaknesses of microcredit. It is clear that participation in microcredit has the ability to improve a woman's bargaining power through greater affiliation, political participation, and access and control over material resources. In addition, the various program designs of microcredit directly affect the type and amount of affiliation, as well as the level of political engagement resulting from participation. These initial benefits could be used to further benefit women and their children by increasing access to education and changing social norms about gender status and property rights, especially in rural agricultural areas. However, a comprehensive evaluation of microcredit is not possible without looking upstream at some of the root causes that have fueled its rapid growth and utilization in Latin America.

Currently, Nicaragua has the highest prevalence of teen pregnancy in Latin America, measured at just under fifty percent for girls fifteen- to nineteen-years-old (López-Calva 69). Moreover, the majority of these teen mothers have little to no education, live in rural areas, and have low socio-economic status (López-Calva 69). Research has shown that girls who get married or pregnant at a young age tend to have much lower educational outcomes when compared to their non-married, non-childbearing peers (Marini 3, St. Bernard 8). These young girls are often expected (or forced) to adopt traditional gender roles of mother and wife. The limited financial resources and burden of domestic work seriously limit their ability to continue with their education. When I asked one mother what expectations she had for her daughter with respect to education and work she responded, "She's already married" (ACODEP

#20). Once a woman has a baby or gets married, the die has been cast, her role has already been subscribed by the gender norms regulating society. “There are a lot of things I’d like to do. I’d like to continue my education and be a political fighter, but I have too many obligations and I have to think of my kids. I lack the health and economic resources to do these things for myself” (Usura Cero #11). Many of the women in my study had very young children and stopped going to school in order to take care of their families. Becoming a mother at a young age not only prevents them from continuing their education but also from acquiring technical skills or relevant job experience that would improve their economic prospects in the future. Given that thirty-six percent of respondents were single mothers (not including mothers who had divorced and remarried), it is fair to say that many marriages often end in separation or divorce. When that happens, these women are suddenly single mothers with little to no education or job training, struggling to make ends meet and feed their children. Even if the women do stay married, the job prospects available to women in the highlands of Nicaragua are exceedingly limited. Microcredit becomes one of the very few options for employment and financial gain available to these women. Without job prospects, education, or experience, their best prospect is to open a small business and become self-employed.

This life trajectory creates the basis for an intergenerational cycle of poverty (Sequeira 8, López-Calva 68). Children born to young mothers with little to no education and poor socioeconomic status tend to have delayed cognitive and motor development, behavioral problems, and weakened immunity, which all lead to further diminished health and economic outcomes (Victoria, López-Calva, Marini, Wilkinson). Nicaragua has the highest birth rate among adolescents age fifteen to nineteen, measured at 109 per 1,000 live births, compared to the regional average of 80 per 1,000 live births (López-Calva 68). In addition, adolescent birth rates in Nicaragua are 2.5 times higher in women with lower economic status (López-Calva 68). Furthermore, women who have their first baby at a young age also tend to have more children overall (Marini 18). More children per household results in a greater amount of children competing for limited household resources, which can threaten nutritional status and educational opportunities (Marini 18). Short birth intervals also lead to protracted periods of breastfeeding for children. Shorter periods of breastfeeding have been linked to poor growth patterns and weakened immunity, making children more susceptible to disease and infection (Black 2). Thus, prolonging the first pregnancy, decreasing the birth rate, and improving educational outcomes for women are key in improving the health and economic outcomes of future generations. This is especially pertinent in Nicaragua as forty-seven percent of the population is currently under twenty years old (Sequeira 7). As the birth rate is reduced and age at first pregnancy is prolonged on a broad scale, the aggregate economic benefit could drastically change the economic situation of the nation as a whole. Disrupting the intergenerational cycle of poverty is essential to creating vibrant economic growth. Microcredit provides enough capital to modestly improve the living situation of many women. However, drastic changes to rates of absolute poverty and gender equality will require that young girls have the opportunity to change their life trajectory through educational opportunities and better job prospects.

The rates of teen pregnancy are surprising given that the government provides free contraception at health clinics in Nicaragua. I asked one of my respondents about this and she explained to me that women are afraid to go to the clinic because of the social stigma about birth control. “Women don’t use free birth control because there is a lot of discrimination and shame” (ACODEP #30). Historically, the Catholic Church has played a major role in shaping political and social affairs in Latin America (Edgerton). The political agenda pursued by the church is used to shape social norms about sex and reproductive rights. Upholding conservative

social norms reinforces the traditional Catholic ideology of gender. Through this ideology women are understood as circumscribed objects rather than dynamic subjects. Nicaragua is no exception to this influence, as the church remains directly involved with the political process and the shaping of reproductive health policy in modern politics (Edgerton). Current president Daniel Ortega widely advertises his political slogan on billboards and television commercials throughout the country: Nicaragua, built on the ideals of “socialism, Christianity, and solidarity.” When he sought reelection in 2006, he bought the support of the Catholic Church by forming a pact with Cardinal Miguel Obando to further limit abortions, prohibiting their use even in emergency situations (Edgerton). The lack of separation between church and state in Nicaragua has created restrictive reproductive health policies and limited access to sexual education. Sexual education is usually taught from a purely biological standpoint, leaving out important issues like protection from STDs and pregnancy prevention (Edgerton). Such policies illuminate the manner in which social norms reinforce the status of women in Nicaragua. When women are denied stigma-free access to birth control and sexual education, the structural and cultural mechanisms for subordination are set into motion, creating a cascade of diminished health, education, and economic opportunities.

X. Conclusion

There will never be a perfect solution to development. The problems are too complex and multi-faceted to be addressed through a single solution. Development interventions focused on economic growth will continue failing to address issues of inequality, improve the situation of the rural poor, or improve the overall quality of life for the majority of people. Initiatives focused purely on human rights such as the *Capabilities Approach* will be expensive, difficult to monitor and measure, and idealistic in scope. A realistic solution will instead require an interdisciplinary approach that is coordinated by government, and supported by myriad stakeholders such as NGOs, microfinance institutions, and health ministries. Assessing the impact of development programs is an imperative first step in determining realistic goals and expectations for each program. The case study in Nicaragua has shown that microfinance is particularly effective in building professional and community affiliation among women, and that affiliation is especially important for women living in rural areas. This affiliation should be used to foster collective community action and participation in the political process among women. As women become more united and involved in the political process, they may pursue broader policies that affect the structural factors of inequality such as property rights, access to birth control, and economic opportunity.

Microfinance does not lift people out of poverty. However, it does provide a modest amount of capital to give families greater control over their financial situation and an improved quality of life through greater access to material resources. The initial amount of capital provided to the household can potentially improve the health and economic outcomes of future generations. This study showed an improvement in nutritional intake and food security for the children of women participating in microfinance, as well as increased access to education. In this way, microfinance has the potential to improve macroeconomics over the long-term. Children who are better fed and better educated are more likely to grow into healthy, economically productive adults. Pairing this economic policy with a social initiative to educate adolescent girls about birth control and destigmatize access would go far in improving the quality of life for the next generation of females. These factors implicate the importance

of government involvement for successful microfinance initiatives. Government involvement is necessary to regulate interest rates and prevent malicious money lending, as well to provide the education and social policies that will maximize the benefits of lending programs for women and their children. In conclusion, microfinance does have some natural strengths and abilities to help women; however, the resulting capabilities have a much greater reach when they are paired with social initiatives that impact the structural factors of poverty and gender inequality. We should be realistic about what microcredit is capable of doing and what requires further government intervention. Remembering the original intentions of microcredit is essential in maintaining realistic expectations. “Micro-credit is not a miracle cure that can eliminate poverty in one fell swoop. But it can end poverty for many and reduce the severity for others. Combined with innovative programs that unleash people’s potential, micro-credit is an essential tool in our search for a poverty free world” (Yunus 171).

Appendix 1—Interview Questions (2012)

Introduction questions

1. How old are you?
2. Are you married?
 - a. Probe: single, widowed, divorced—what is your current relationship status?
3. From what bank did you receive your loan?
 - a. Probe: what kind of loan did you receive—individual or group?
 - b. If it was a group loan, how many other women are in your group?
 - c. What is the interest rate of your loan?
4. How did you learn about this lending program?
5. How many living children do you have?
 - a. How many children are you responsible for?
 - b. Probe: Do you take care of children other than your own?

Community Living/Social Roles

6. Are you involved in any community activities?
7. Do you play any other roles/have any other responsibilities/leadership in your community?
8. Could you describe a normal day for you today?
 - a. Probe: what activities are you regularly involved in?

9. What other roles do you have besides your job?
 - a. Probe: other roles, motherhood, grandmother, social programs, etc.
10. Do you think the way that others in your community view you has changed since you received your loan?
 - a. Probe: How so? Did it improve, or go down? In what way?
11. Do you meet regularly with other members of your lending group?
 - a. Probe: What kind of social ties and support are formed through being in a group?
 - i. Do you talk about your businesses together?
 - ii. Do you give each other advice about farming or business?
 - iii. Do you talk about your family or home life together?
12. Before the loan, how likely were you to talk to one of the women in your group about your problems?
 - a. How likely are you now to talk to a person in your lending group about your problems?
 - b. Probe: Has participating in a group loan made you closer to the other members in your group?
13. Has participating in microcredit had any affect on how you see your community?
 - a. Probe: If so, what has changed? Did you opinion get better or worse?
14. How did the relationship with your husband change after your participation in microcredit?
 - a. Probe: Did it improve as a result of the loan? Or did it present additional challenges?
15. What does your mother/grandmother think about your loan/business?
 - a. Probe: How is your participation in micro-lending viewed by your extended family—aunts/uncles/cousins/parents/brothers/sisters/nieces/nephews? Is it positive or negative?
 - b. Has having the loan changed the relationship/situation between you and your extended family?
 - c. Why do you think that is?

16. Is there anything that you can do now that you were not able to do before the loan?
17. What do you do now for your children that you were not able to do before the loan?

Business

18. What kind of business are you in?
19. What did you use the loan money for?
20. How much cash do you earn from your business every week?
21. Did that amount of money go up or down since your loan?
 - a. If so, by how much?
 - b. Probe: Has having the loan changed your financial situation?
22. What is the goal of your business/project?

Finances

23. How much money did your husband give you per week before your loan?
 - a. And after?
 - b. Probe: has the amount of money you get from your husband changed as a result of the loan?
24. Do you feel like you are financially contributing less, the same, or more to your household since receiving your loan?
 - i. Probe: Has having the loan changed your ability to buy things without having to ask for permission?
 - ii. After having the loan do you have to ask permission before buying any of these items?
25. Before the loan did you have a friend that you would ask to loan you a small amount of money if you needed it?
 - a. And now after the loan, do you have a friend that you would ask to borrow a small amount of money if you needed it?

Narrative

26. Do you think that your life in terms of work and responsibility are different than the life your mother had?

a. Do you think it will be any different for your daughter?

27. What expectations do you have for yourself in terms of work and/or school?

28. Do you think that men or women lead life and society in Nicaragua? Or do men and women lead it equally?

29. What do you think makes a woman powerful?

30. Do you think that loan money should come with educational or skills classes?

a. Is there anything you wish you could have been taught in order to be more successful with your loan money?

31. Is there something that you would like to do but cannot based on the fact that you are a woman?

32. Has having a loan given you access to something you did not previously have?

(Resources, confidence, education, etc.)

33. Is there anything you would like to share to help me understand the role of women here in Jinotega?

34. Do you have any other comments or stories you would like to share?

Thank you for your participation. Do you have any questions for me?

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