**Research Project Description:** Evaluating the Success of Microfinance in Nicaragua

**Site:** Ciudad Sandino, Nicaragua (Project located in Masaya, Nicaragua)

**Research Topic:** Microfinance

**Partner Organization:** Foundation for Sustainable Development and Association for Equitable Economic Development (ALTERNATIVA)

**Description of FSD:** Foundation for Sustainable Development is an international development organization that seeks to support communities in achieving their goals through asset-based development and international exchange in Africa, Asia, and Latin America. FSD provides opportunities for students and professionals to engage in real community development work—instead of a typical study abroad or drop-in service project program. FSD’s program sites are in six countries and eight cities, where for more than two decades it has supported more than 300 community partner organizations and trained more than 3,000 volunteers. Its community development efforts have maintained an ongoing project sustainability rate of nearly 80 percent, addressing health, social, environmental, and economic issues by responding to community priorities and offering training, grants, and volunteer support to community partners.

**Description of community partner:** ALTERNATIVA is located just a few blocks from Masaya’s city center with a staff of approximately 17 men and women who split their time between the office and fieldwork; giving interns the opportunity to do the same. The staff at ALTERNATIVA is very supportive and collaborative and has a long history of receiving students from FSD and other global organizations.

ALTERNATIVA’s vision is to be a real alternative: promoting small business competitiveness, creating a financial resource base by providing loans and organizing communal banks and cooperatives, leading financial training workshops, and conducting outreach to the most vulnerable sectors of the population. ALTERNATIVA currently serves 1,200 clients through loans and other services. About 75 percent of ALTERNATIVA’s clients are women and the organization reflects a strong commitment to women’s rights and sustainable economic development.

The programs provided to community members form a three-pronged initiative for education and empowerment in the areas of micro-enterprise, economic stability and sustainability, and community development. The programs include urban and rural micro-credit, Microfinance marketing and strategic management, conglomerates and cooperatives, youth education and community development.

**Social issue:** Nicaragua is the poorest country in Latin America and the second poorest in the Western Hemisphere. In the 1980s, the Nicaraguan government privatized its previously public services in an attempt to combat poverty. Unfortunately, this move had little effect on the extremely high rates of inflation and unemployment. Historically, even those with jobs in Nicaragua receive dismal pay so that today, over fifty percent of the 5.5 million residents are living below the poverty line. As a whole, Nicaraguans lack access to the work and borrowing ability that is needed to build a strong economy.

Due to the overwhelming lack of financial resources for its citizens, many Nicaraguans do not have the initial capital needed to obtain loans from banks, nor institutional support to develop and succeed in their businesses. In 1990, microfinance organizations began forming in Nicaragua, initially with the idea...
to provide poor clients with financial education and credit to start businesses. In Nicaragua, many nongovernmental organizations have begun to utilize microfinance as a way to address Nicaragua’s poverty. Currently, nearly twenty percent of the country’s population is either a direct or indirect user of microfinance services. However, the majority of these microfinance organizations have gradually become loan companies that specialize only in credit.

**Impact of project on the community (Community engagement):** Research into current microfinance models, practices and services as well as those of ALTERNATIVA’s service beneficiaries’ aims to provide an in-depth, quantified picture of the socioeconomic reality in Masaya with the objective of addressing local root causes of poverty and identifying areas for building capacity within the community, within small business, and within the community resources already in place to address these issues, such as ALTERNATIVA’s own services. This research will serve as a community needs assessment and evaluation of current programming so as to directly inform future programming and practices and the financial health of small business owners in the community of Masaya.

**Research project description:** ALTERNATIVA is seeking a Research and Evaluation Intern to research local microfinance organizations, statistics, methods, models, and outcomes. Much of the material and resources needed to begin such an investigation is documented in the ALTERNATIVA offices, but human resources are not available to conduct the extensive analysis and follow-up assessment needed to produce findings, evaluations, and recommendations. Additionally, the Research and Evaluation Intern will help in the assessment and evaluation of the current state, causes, and impacts of poverty at the local level, thus helping ALTERNATIVA understand root causes to the poverty they are striving to overcome.

**Methodology:** The research would combine quantitative and qualitative methods. Data previously collected by ALTERNATIVA staff would be reviewed and analyzed to determine which gaps in the research need to be filled and by which methods. Concurrent with this, interviews and/or focus groups could be used to qualitatively assess the current socioeconomic challenges faced by micro-finance beneficiaries.

**Student profile:** Students should have a background in Sociology, Anthropology, Public Health, Business and/or other related disciplines which have a focus and/or background in research and evaluation methods. Advanced Spanish preferred, with intermediate a minimum qualification. Applicants should also have experience or education in quantitative and qualitative analysis methods.