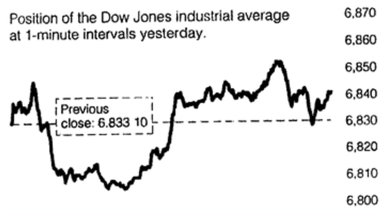
ETHNOGRAPHIC LIVELIHOOD STUDIES: THE MINUTIAE OF MICROLOANS



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Microfinance and microcredit are a central aspect of development around the globe. This article argues that the best way to examine microlending is through long-term ethnographic research incorporating a livelihood studies framework. A year-long study in rural Nicaragua illustrates the use of ethnographic livelihood studies as a method for examining the use of microcredit and microfinance loans and their incorporation in people's economic decisions. Combined with political economy, this method for examining household economic strategies provides an in-depth, contextualized understanding of the choices made by household members as they struggle to make ends meet. (Political economy, microfinance, livelihoods, Nicaragua)

Microcredit, which had been growing in popularity, was thrown into the spotlight in 2006 when Mohammed Yunis and the Grameen Bank were awarded the Nobel Peace Prize. Microcredit was promoted as a strategy to lift people out of impoverishment, and, as a result, microcredit and microfinance became the poster child for development programs. Governments across the globe placed microlending as the center of their development agenda. Programs cropped up throughout the United States and Europe to provide training and certificate programs in microfinance and microcredit.

Based on 14 months of fieldwork, and 12 years of experience in Santa Rosa, Nicaragua, this study examines the strategies used to make ends meet by households in a small farming community and the role microlending played in their decisions. Focusing on a period shortly after the fall of the microfinance industry in the country, the article considers how households deal with the high levels of risk inherent in a subsistence economy in a developing country. Central to this is the recognition of the constantly shifting political and economic terrain of Nicaragua and its everyday influence on the lives of citizens.

Santa Rosa, the community where the research was conducted, is located approximately 15 kilometers west of Condega on the road to Yalí. The village has electricity, a spring-fed running-water system, and regular inter-city bus service. Residents are primarily subsistence farmers who grow corn and beans. Most community members identify themselves as Sandinista and were actively engaged in the resistance movement. During the time of this study, the community suffered from drought followed by flooding and the loss of

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access to credit. Most households struggled to put food on the table, as the global recession limited migration opportunities and curtailed access to credit.

In this post-revolutionary farming community, when asked why they joined NGOs, people generally said they did so in order to get loans. In 2000, Santa Rosa had 18 active NGOs; but when this research was conducted in 2010–2011, only one group still held meetings in the community. The majority of development organizations in Nicaragua had incorporated financing into their development projects, with some specializing in providing credit to the poor and ultra-poor. The NGOs working in Santa Rosa were no exception; when community members began defaulting on loans and credit dried up, the NGOs had few reasons to visit the community.

The premise behind microlending is that individuals will use the loans to invest in income-generating projects to improve their financial situation. While these programs have shown success in some areas (Hiatt and Woodworth 2006), others have questioned their long-term achievement in regions of high environmental or political vulnerability, among small farmers, and in areas prone to labor migration (Ahmad 2003; Harper 2007; Hulme 2007; Gehlich-Shillabeer 2008; Turnell 2009; Stoll 2010, 2013). With the downturn in the global economy, poor harvests, and national-level protests, credit in Nicaragua became increasingly scarce from 2008 to 2010.

Despite the high rates in Nicaragua, a relatively small number of microfinance loans are based in agriculture worldwide because farming does not meet standard micro-financing requirements: a small quantity of money, a high return on the investment, and little or no delay in repayment (Schreiner and Colombet 2001; Harper 2007). Many have argued that microcredit alone is not an answer to economic development but that microcredit may be effective when used in conjunction with other structural changes (Elahi and Danopolos 2004; Lucarelli 2005; Carter, Little et al. 2007; Dichter 2007; Hulme 2007; Ahlin and Jiang 2008; Gehlich-Shillabeer 2008). Other studies have found that microcredit usually helps those who already have access to resources: it is not reaching the poorest of the poor, but creating a wider gap between those with access to resources and those without (Rahman 2004).

While microcredit and microfinance have taken center stage in the development paradigm, they have been less of a focus in anthropology, with only a few ethnographic examinations on the topic (Rahman 1999; Lont and Hospes 2004a, 2004b; Duffy-Tumasz 2009; Karim 2011). Many of these studies are on female-centered microcredit programs and issues of gender and power, highlighting the fact that microcredit may not be as empowering for these women as is often suggested (Rahman 1999; Karim 2011). Another common theme in most studies is the (in)effectiveness of microcredit programs at alleviating poverty. An overview of recent microcredit research and reports found that "microcredit can have positive effects on the poor, but that in many cases the impacts are insignificant or even negative" (Rahman 2004:39). Rahman also suggests that instead of relying on institutional reviews and reports to determine the success or failure of microcredit ventures, it would be best to examine the lives of the loan recipients (ibid).

In an attempt to address these concerns, this article presents an alternative strategy to examining microfinance and microcredit schemes. In order to have an in-depth understanding of these programs on the daily lives of recipients, I propose using ethnographic livelihood studies. Ethnography is an invaluable tool for understanding complex economic decisions in a globalizing world (Narotzky 2009): it provides the historical depth and contextual insight necessary to comprehend the multiple factors involved in livelihood decisions. When ethnography is used in conjunction with a livelihood studies framework, the two approaches provide a thorough, detailed, and contextualized understanding of livelihood strategies. Another benefit of this approach is that it can be combined with many theoretical orientations. Since the livelihood studies approach is used by both scholars and practitioners, it also provides an arena for effective collaboration.

This article will explain the concept of livelihood studies, its utility within the realm of development, and how this approach can be used to understand the different economic strategies employed by household members in their decision making. It also provides an overview of the households participating in the study, emphasizing the importance of ethnography for examining livelihood. The article concludes by describing the precarious situation of community members despite the multiple sources of household income, a situation that would not be revealed without the use of ethnography.

LIVELIHOOD STUDIES

Livelihood studies examine the activities of individuals in relation to their resources and opportunities and how households manage these resources in an attempt to improve their living conditions. An outgrowth of household studies, livelihood studies focuses on the social dynamics of households in crisis, with a particular interest in power and the resistance of individuals as displayed by their ability to survive (Whiteford and Montgomery 1985; de Janvry, et al. 1991; Nash 1993; Gudeman 2001; de Hann and Zoomers 2005; Wilk and Cliggett 2007). Some studies also burrow into the role of agency and structure on livelihood decisions (e.g., Ellis 2000). While different members of the same household may work towards a common goal, their individual motivations and strategies are often very different. Ethnographic research is a way to uncover these differences.

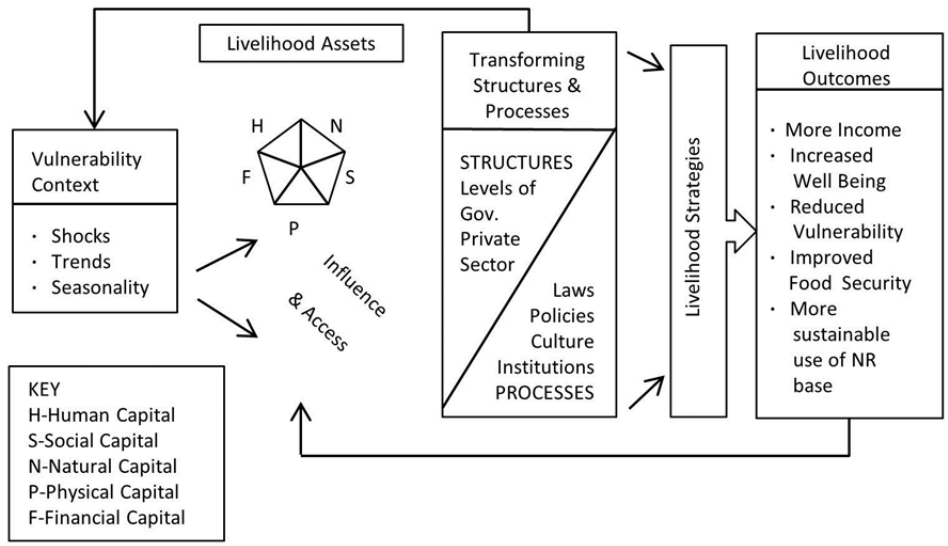
At the center of the livelihoods approach in development is an understanding of the assets available to individuals and households, including social, human, financial, natural, and physical capital (Department for International Development ["DFID"] 1999). Because external constraints may be placed on these resources, they must always be contextualized. Ethnographic research provides an excellent opportunity to do this. In addition to assets, the two main facets that must be considered when examining livelihood decisions are structure and vulnerability (Rakodi 2002). Structural factors include organizations, institutions, policies, and legislation that influence livelihood decisions. Vulnerability is the uncertainty that individuals deal with due to changes in the political, economic, social, or ecological environment. Both dimensions are central to examining livelihood decisions associated with agriculture and microfinance. Agriculture involves high levels of vulnerability due to climatic uncertainty, while microfinance is dictated by structural factors and can have high levels of risk. Lont and Hospes (2004a) call for the examination of how the livelihood strategies used both shape social process and constrain opportunities. For example, if a farmer chooses to migrate, how will this affect his ability to continue farming?

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

De Hann and Zoomers (2005) and Thieme (2008) have argued that the livelihood studies approach does not provide the opportunity to examine power and inequality, nor does it have an adequate foundation in social theory. In order to overcome these shortfalls, I examine the livelihood strategies of individuals and households within the framework of political economy to examine how social forces influence livelihood decisions.

Within anthropology, political economy has been an effective approach to examining livelihoods (Halperin and Dow 1977; Gudeman 1978; Gudeman and Rivera 1990; Webb 2009). This research merges political economy, livelihoods, and ethnography to create a theoretically oriented, descriptive approach to livelihood studies. This combination makes the research accessible to a broad audience, while at the same time providing a greater depth of information and insight into the daily choices made by those trying to make a living.

Figure 1
Sustainable Livelihoods Frameworks[1]



Assets

The first thing to examine with a livelihoods approach is assets. Assets are resources that augment one's income but are not entirely spent in the process (Narayan and Pritchett 1999). The different types of assets include human, natural, financial, social, and physical capital. Human capital includes the labor of household members as well as their education and skills. Elias, for example, has been trained in carpentry and construction. Yet he cannot find work. As a result, his wife and children join him in the coffee plantations. The family still relies on human capital but has shifted from skilled to unskilled labor.

Social capital is the ability to draw on personal networks. Doña Tina, for example, was involved with eight NGOs because she knew that it was important to have connections. She is the first person in the community NGOs come to when they need someone to cook for a project or to house a visitor. These activities related to her social capital provide her with irregular but additional sources of income. Physical capital, the basic infrastructure of the village, includes roads, bridges, shelter, access to water, and communication. While all community members use the same road and bridge, the quality of housing varies from tarp shelters to brick homes; some households have piped water and cell phones, while others do not. For transportation, some households now have motorcycles, while the rest depend on the bus. Natural capital is the natural resources from which livelihood can be derived. While often used to discuss common pool resources, this can be extended to help understand the quality of soil or water in the community or the availability of resources that are not privately owned, such as fish or wildlife. The community has had a reduction in natural capital. There are high levels of erosion, poor soil quality, and recent contamination of the spring-fed water system. Community members recognize these problems but have difficulty working together to address them. Financial capital is access to resources such as credit and remittances that provide different livelihood opportunities. As the research highlights, the availability of financial capital has changed dramatically over the past few years, and there is great variation of this asset among households. Don Mario is literally drowning in debt and owes over 4,000 dollars to three different organizations, while Doña Luisa speaks with great pride about working in Managua to pay off the 100-dollar loan from ProMujer.

Structure and Process

Each household in the study has its own set of assets or resources that determines what livelihood strategies to pursue. Simply having assets, however, does not mean that all are employed. In some cases, households may not have the opportunity to use their resources, or conditions may prevent the use of some assets. Some youths in the community have been educated as teachers and agricultural technicians. Unwilling to leave the region, they have been unable to find employment. Their education is a huge, untapped asset. In other cases, there are circumstances that encourage or assist the use of assets. When one of the NGOs working in the community offered to build a model water retention system at no cost on Don Alfredo's land, he jumped at the opportunity and is now better able to work his land.

Non-material factors that mitigate the use of assets are structures and processes (DFID 1999; Rakodi 2002). Structures include governmental and non-governmental organizations (both profit and non-profit oriented) that influence people. Everything from the laws and policies that are implemented to the products that are available create the structures that govern daily decisions and long-term plans. Within these structures are processes that influence the ability to use assets. Issues such as who is given access to loans or which groups are favored to receive government assistance are examples of processes that mediate access to and the use of assets. The key to understanding these processes is to examine them within the messiness of everyday life. Ethnographies contextualize livelihood decisions while taking into consideration the multiple factors influencing daily choices.

Vulnerability

Another factor influencing asset use is vulnerability. It has three main aspects: trends, shocks, and seasonality (DFID 1999; Rakodi 2002). Trends encompass change in populations, economics, and politics among others. These impact members of the community, and the relative instability of these issues increases household vulnerability. Shocks include epidemics and environmental disasters affecting crops or livestock. During the research, farming suffered from flooding and drought. Due to hurricane Mateo, the community was isolated for two weeks after the bridge washed away and the power lines went down. The third aspect of vulnerability is the seasonal changes in production, health, and employment opportunities that have to be dealt with on a regular basis. The unpredictability of the harvest, the changing price of goods, and irregular employment opportunities make it difficult for community members to make long-term plans.

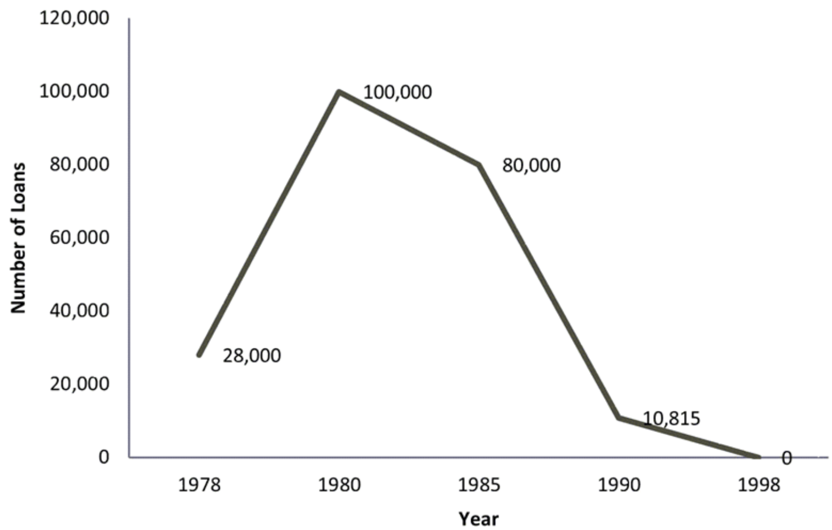
Livelihood Strategies and Outcomes

Community members have seven livelihood strategies they draw on for support. These are farming, migration, small business, wage labor, remittances, credit, and government assistance. Not all households are able to use all strategies, and the availability of each varies seasonally. Of course, it is important to distinguish between expected and actual outcomes. While community members want to increase their income or improve food security, this may not be what occurs. Making the distinction between expected and actual outcomes is central to analyzing decisions about livelihood strategies. It is in this discussion that the historical political economy framework is particularly useful for understanding the internal and external factors that influence the circumstances of daily life. It helps demonstrate why Elias would do anything he can to access credit and why Doña Elba has decided to have nothing to do with loans and debt.

MICROCREDIT IN NICARAGUA

In order to understand microfinancing in Nicaragua, it is important to know the history of agricultural loans and banking for small farmers. Credit has been an option for large-scale farmers and elite families since the coffee boom of the mid-1800s, but small producers lacked access to credit until the Sandinista revolution of 1979, when the *credito rural* program was established by the government. This program ended in 1993, and the bank closed in 1998 (Barquero 2002; Enriquez 2010).

Figure 2
Government Loans Granted to Small Farmers, 1978–1998



Microcredit became important in Nicaragua due to structural adjustment policies introduced in 1990, the closure of both the Popular Credit Bank and the National Development Bank (Sanders and Nusselder 2004), and people's need for credit. It is exceedingly difficult for many Nicaraguans to gain access to regular banks, as the requirements for opening even a savings account are highly restrictive, and it is virtually impossible for most citizens living in rural areas to open accounts.

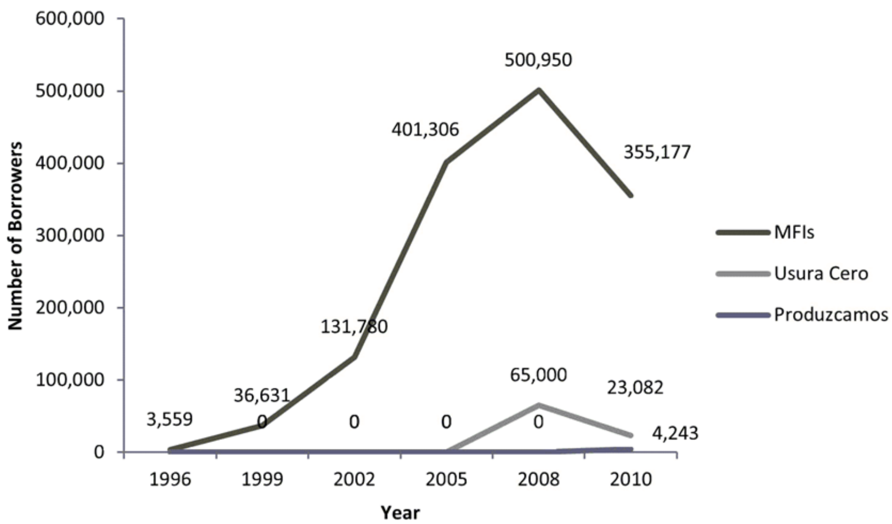
The first to provide greater access to credit in Nicaragua were NGOs with primarily humanitarian goals. They recognized the need and offered small loans, referred to as microcredit, as one of many services. They had small lending portfolios, between 5,000 and 200,000 dollars, and little loan experience. Many struggled with low repayment rates. In 1992, the first official microfinance institutions (MFls) were established in the country, bringing a portfolio of five million dollars to rural Nicaragua. Additionally, many NGOs were also established to function strictly as microlending organizations (Barquero 2002). There are many differences between microcredit and microfinance organizations, but the most important is the philosophical distinction between the two. The goal of microcredit organizations is to create social change by providing credit to the poor (Elahi and Danopolos 2004). These organizations encourage savings and do not require collateral for a loan (Elahi and Danopolos 2004). Microfinance institutions, however, have a profit motive and aim to be self-sufficient. They often require collateral and rarely provide savings opportunities. A review of microfinance research found that, when they attempt to become self-sufficient, they are no longer able to serve the very poor (Rahman 2004). While it is easy to distinguish between the two theoretically, it is often unclear to borrowers. Many may not even know if the lending organization is a microcredit or a microfinance institution.

With little oversight and high demand, the microlending market in Nicaragua expanded enormously. By 2008 the country had 350 MFls (CGap Microfinance Gateway 2009), the greatest number of microfinance institutions in Central America (Arenas 2006). These organizations catered to about 450,000 clients and had a portfolio of around 400 million dollars (Padilla 2009), with 11 percent of the population holding a microfinance loan (Bateman 2011). Shortly after the election of Daniel Ortega as president in 2006, the political and economic climate changed dramatically. Ortega announced plans to bring back the agricultural bank to provide small low-interest loans to farmers. With the view that the government bank would provide loans at lower interest rates than it could, one NGO decided to withdraw its next loan project.

By 2010 the microfinance sector had stopped servicing at least 100,000 clients, serving 23 percent fewer individuals than the year before, and the portfolio dropped to 170.5 million dollars (Alvarez Hidalgo 2010). Some microfinance organizations folded (Center for Financial Inclusion Blog ["CFIB"] 2011). The president of the *Asociación de Instituciones de Microfinanzas*, René Romero, called the situation a crisis that would continue and stated that those seeking credit would find it increasingly difficult to get loans (Alvarez Hidalgo 2010). In 2010 the government opened *Banco de Fomento*, or Produczamos (Terra.com 2011). After 12 years without competition from the government, the microfinance industry had to contend with low-interest government loans for farmers. In its first eight months in operation, the bank administered 4,423 loans for farmers, but by 2011 the number dropped to 2,797 (Mendez Romero 2010; Espinoza 2012). This, combined with the government-run urban microfinance program (*Usura Cera)*, is still far below that handled by NGOs and microfinance institutions in the country and does not come close to the agricultural loans offered by the government in the 1980s.

There are several reasons for the reduction of microlending, services including the global economic crisis, weak microfinance laws, poor management, and the *no pago* movement in the country (CFIB 2011). The *No Pago* Movement (officially the *Moviemento del los Porductores del Norte)* started in 2008 from massive protests. Participants in the movement objected to abusive lending practices, such as penalties and high interest fees, and wanted

Figure 3
Microfinance Loans, 1996–2010



their debts to be forgiven or at least significantly reduced. This resulted in negotiations with the government for the buyout of loans (Martinez 2009).

PARTICIPATING HOUSEHOLDS

Fieldwork involved 25 households ranging from 3 to 11 members, with the most common size being 5. Data collection included participant observation, semi-structured interviews, informal interviews, and a survey of self-monitoring household expenses. Participants were provided worksheets to fill out on a daily basis, and each household was visited every three weeks to review the worksheets and to conduct informal interviews. Additionally, the adults of each household participated in a recorded semi-structured interview geared to elicit specific information related to livelihood practices, including employment, migration, loans, and government assistance. At the end of the year each household was given a gift valued at 150 dollars for participation in the study. In addition to these participants, an additional 25 heads of household were interviewed and surveyed.

After the initial survey, households were grouped into four categories based on their loan histories. Loans were considered to be money borrowed from microcredit or microfinance organizations or projects where the recipient was required to pay back at least part of the cost. Sixty-eight percent of the households reported having a debt. As the study progressed, however, these numbers shifted. Households that initially commented that they had no debt revealed that they did owe money for the government sponsored *Bono Productivo,*[2] or households that said they had only one loan actually had multiple loans from the same organization. In one household, it was during the final interviews that the husband confessed that he had lost all his land ten years earlier because of loans he could not repay. By the end of the fieldwork, the numbers had shifted to nine households with one loan, nine households with multiple loans, three households that never had loans, and four households that had loans in the past but were currently debt free. The shift in numbers suggests the weakness of a survey approach to gathering household economic data, reaffirming the importance of long-term ethnographic research. Participants are less likely to honestly represent themselves in a survey, or they may not think about the different forms of credit they use. Very likely, a higher percentage of community members have debts they are unwilling to admit.

Households with Multiple Loans

Households with multiple loans and unmanageable debt tend to be older and have members of the extended family living in the household. In most cases the husband and wife both have loans, and all but one household in this group took out a loan for housing. Of the nine households in this category, four are from the same maternal lineage—two sisters, a daughter, and a niece. All the households in this group own land except for one, which sold its land to pay a debt. Of the others, three have liens on their land and do not have access to the property. Most households have cattle, and all but one live in homes that are made of brick or cinderblock. Despite their current high levels of debt, these households tend to be among the wealthier members of the community.

Laura is a down-to-earth, hardworking woman who works on her farm with the field hands and especially enjoys harvesting. She has multiple loans. Laura raised five children on her own and cares for two of her grandchildren. Of the five children, only her youngest, a young man in his second year of high school, lives with her. Laura's eldest son, now in his 30s, lives with his father. The son had been at school in the capital when he received a traumatic head injury in a fight. He is currently unemployable and becomes violent when he drinks. Laura's second son, a police officer in a nearby community, built a one-room addition onto Laura's house where he lived with his wife and son. While working full-time he was also pursuing a degree in architecture at a school in Estelí. He later moved with his wife into a house they rented in Condega so she could work to help support their family. Both of Laura's daughters have left the community to work. The eldest works at a small store in Estelí and returns to Santa Rosa every few weeks to visit her children.

Laura's youngest daughter migrated to Mexico two years ago. Her plan to pass into the United States illegally encountered too much difficulty, and she stayed in Mexico, married, and had a child. Laura has yet to meet her son-in-law or grandchild.

Laura was in a difficult situation. For the first time since 1998 she wasn't sure that she would be able to get a loan to plant. The organization that she had been working with for 13 years was to become a co-operative and adopt stricter rules for restructuring debt and recycling loans. She owes 3,000 córdobas on her loan from last year, and if she does not pay 2,000 córdobas, she will not be eligible for further assistance. Her only hope is to rent out some of her land so she can make the payment. If she is successful, she will get a new loan for 5,000 córdobas. After paying off the balance on the old loan, she will have 4,000 córdobas to use towards planting. I commented that she should be able to find someone to rent the land. She said that there were a lot of people who wanted to rent, but none had any money.

Laura is far from typical. A single grandmother, she relies on loans from microcredit organizations to pay for pesticides, herbicides, renting traction animals, and the manual labor to farm land she owns. Eventually, Laura got a loan from the co-operative which was enough to cover the cost of planting one *manzana*[3] of land, although she had planned to plant three manzanas. As a result, she planted two manzanas a media[4] and one on her own. She said that the money still isn't enough but she doesn't want to apply for a loan from the government because she doesn't want to have *jaranas*[5]. She repeatedly told me that if there is a good harvest, she is going to pay off most of her debts and plant without loans next year.

Households with Manageable Debt

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

Lupe and Francisco have two loans, but the combined amount is so low that I categorized it as a manageable debt. Although only 36, Lupe has two grandchildren and three grown children from her first husband. They all live in another community. She has been with her current husband for about ten years, and they have two children. Lupe's husband, Francisco, is a farmer. They are both deeply involved with the evangelical church.

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

Lupe and Francisco have a plastic tarp for a roof. They had asked for zinc roofing from the government, but the community leaders did not want to give it to them. Lupe was not planning on asking again. Instead, her husband was going to buy some used *teja* (roof tiles). She told me that if they kept waiting for the government to help them the house would fall down.

Lupe and Francisco's household seems to be struggling the most. While they maintain a positive outlook, their daily consumption is extremely low. While some of this is due to the fasting required by the evangelical church, it is not the whole story. The household simply has little food. Often, they did not have the basic staples of rice or beans and ate only tortillas and bananas or plantains. They relied on patio production and would supplement their diet with chayote ("vegetable pear"), eggs, and other garden products, or items that were given to them by friends.

Households with No Current Debt

Of the four households with no current debt, two had used loans successfully in the past and either did not want or feel the need to take out new loans. Doña Elba, for example, said that when she finished paying off the loan to buy a cow, which had since died, she felt such a sense of relief that she never wanted to be in debt again. (In fact none of the households in this category own cattle.) Two households wanted access to credit but were unable to acquire it due to a lack of material assets. While they had paid off their previous debt, they no longer had sufficient collateral to qualify for credit.

Irene and Elias would like to get loans, but they are unable to qualify. They met while working in Costa Rica and used money they had saved to buy a small house and some land in Santa Rosa, where Elias has family. They have three children ages nine, six, and four. Their house is very small and, with no windows, dark. Irene said that, since her first child was born, she has not formally returned to the workforce. Both have residency in Costa Rica, but after 15 years of working there Elias decided to return to Nicaragua on a more permanent basis because it was getting too hard to find work in Costa Rica. The household relies on what Elias can earn working in construction and cutting coffee. This year Irene and the kids joined him at a coffee farm for a few weeks, and they all worked together to earn extra money. When possible they also plant corn and beans a media (with other community members).

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

One day, Elias declared that the distribution of projects in the community is not well done. He thought that projects should be distributed to poor people and not to the households that already have things. He said that, in other communities, assistance is distributed to everyone and that here only some people benefit. He attributed the problem to the community's leaders, members of the Citizens Power Council, saying they don't do anything for the poor. Although these leaders were elected by the community, representation is biased because people often vote for their kinsmen.

Households that Have Never Borrowed

The three households that never borrowed are all younger, nuclear families. In all of these, the men were openly unfaithful to their wives, having children with other women and speaking publically about their exploits. This created great instability in each family unit. Additionally, each family had acquired its own place to live without loans, one through inheritance, one via a housing lottery, and the third with assistance from relatives in the United States. In each case, the household either owned its own farmland or was able to plant land without paying rent. Young, independent households without debt are uncommon in the community. While the ability to live debt free is impressive, it is not without concern. In each of these households, the husband is entirely in control of the finances. The women have no money of their own, and they are entirely dependent on their spouses for all their needs.

At 23 and 28 respectively, Nadia and Arnoldo are the youngest couple in the study. They have three children, all under the age of five. Nadia is from a community several hours away. The family lives in Arnoldo's mother's house. With the help of money from a family member in Costa Rica, Arnoldo's mother was able to move into a new home that was built next door. The household supports itself with earnings from agriculture and seasonal migration. Arnoldo plants his mother's land during the wet season and goes to work in Costa Rica during the dry season, where he stays with his sister. He has been doing this for eight years. The years he does not go to Costa Rica, he travels to other parts of Nicaragua to cut coffee. Nadia said that she is accustomed to her husband working in other places. In the household, Arnoldo controls the finances. Nadia has no idea how much he earns or how many hundred weight of beans or corn he sells after each harvest. When Arnoldo is working in Costa Rica, he sends her money for provisions. Nadia often uses this opportunity to buy clothes and supplies for the children.

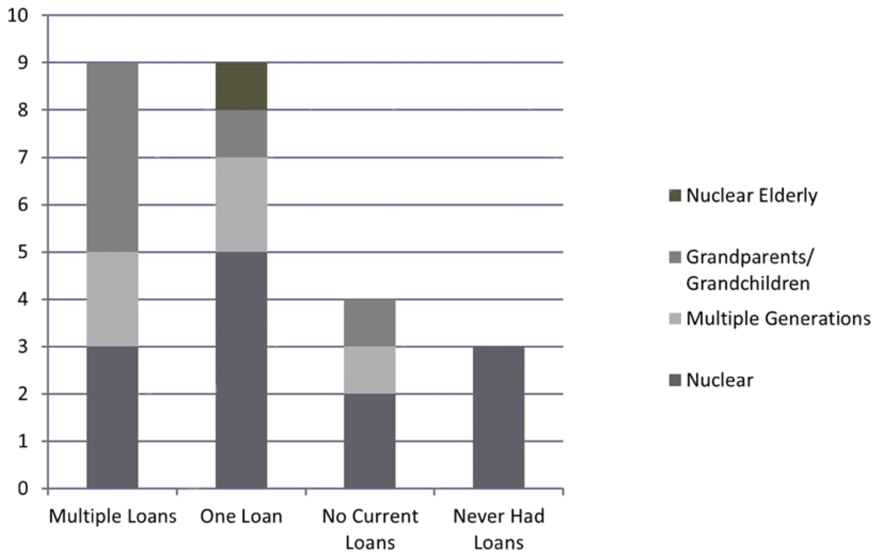
Arnoldo is a known ladies' man in the community and is often seen with other women in the nearby town of Condega. Nadia never mentioned his womanizing to me but did comment on his drinking. During some of my visits Arnoldo clearly was intoxicated. One day towards the end of my fieldwork, Nadia came to find me at a neighbor's house. She said that she needed to ask me for a favor and made me promise that her husband wouldn't find out. She wanted to borrow money to buy clothes for herself and the children. She could not pay me back right away and promised to do so the next time I returned.

Household Demographics

The demographics of the households is an aspect of the study that deserves further consideration in order to understand the complexity and fluidity of the household in Santa Rosa. Just over half of them are nuclear families, one fifth contain multiple generations where the grandparents or other relatives raise the grandchildren and the children's parents are absent, and one quarter of the households consists of multiple families where the adult children with a spouse and/or children live with their parents or where parents live with their adult children. These living arrangements are not permanent, and the makeup of many households changes frequently. In every multiple family household individuals move in and out, often migrating to Costa Rica, cutting coffee, or working in nearby cities. Two of the nuclear families also took in other people to live with them, expanding their household beyond that of a nuclear family.

A great deal of household fluidity is directly linked to livelihood strategies and how family members coordinate their efforts to meet daily needs. In the initial survey, 22 households listed agriculture as one of their sources of income. This increased to 24 when two households that had not planted in previous years decided, or were asked, to plant a media. Five households did not consider agriculture to be a major contributor to their income, but were planting one manzana or less a media in order to have fresh corn or a few hundred weight of beans for consumption. For this investigation, these households have been categorized as non-agricultural, as the household does not rely on agricultural production.

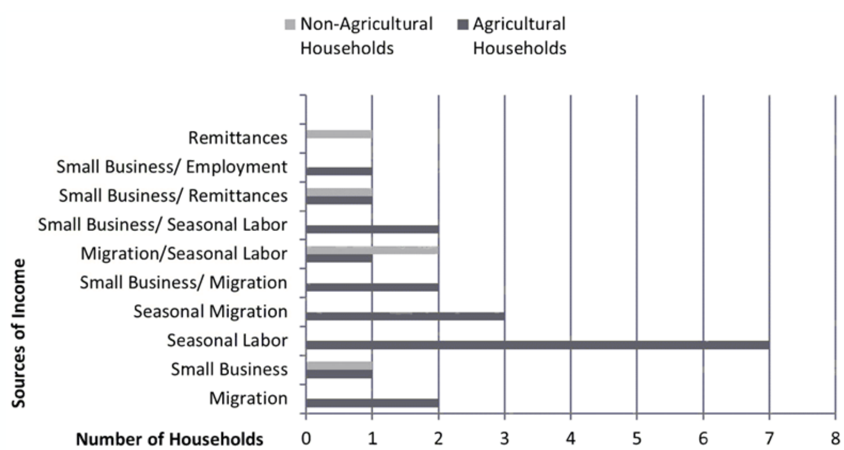
Figure 4
Debt Categorization by Household Type



Non-agricultural households used a variety of strategies to make ends meet. Two relied on circular migration by the male heads for work outside the community. Their wives would look for seasonal work, such as cutting coffee, to supplement the household income. When they decided to plant a media, they paid day laborers to do the work. One woman relied solely on remittances sent by a daughter and son-in-law in Costa Rica. She had left her alcoholic husband and moved into her daughter's newly-built house where she was raising her two grandchildren. In one household the husband sold goods in other communities, and the wife sold prepared food in the community. One woman has remittances from her daughter in Costa Rica and owns a small store, while also raising two grandchildren. Her husband, an alcoholic, requires that she work to support herself and her family.

The remaining 20 households use similar methods to supplement their household incomes. The most common strategies are seasonal labor, when members of the household find day labor in or near the community during the dry season, or else work in other areas, such as Costa Rica, Honduras, or Estelí, returning to plant during the rainy season. There also are households that combine different methods, such as mixing small business with seasonal labor or seasonal migration. In these cases the male migrates while the female stays home and runs a small store or sells prepared food. In one household that has a small business, the female head works at the local school. Survey data do not reveal such diversity, as most households simply identify as agricultural.

Figure 5
Supplemental Income Strategies



Clearly, the multiple strategies used by households reflect a need to supplement their income. The money earned through agriculture is not sufficient. Earnings from small business and seasonal labor are required to cover daily basic needs, such as buying rice, cooking oil, and soap. In some years many households need to purchase corn and beans due to poor harvests. When households have members participating in migration and seasonal migration, they often earn enough money to both support the household and purchase a portion of the inputs needed for the planting cycle. In the past, when people have not migrated, they turned to microcredit and microfinance loans for the funds needed to support agricultural practices. As that now is not an option, community members turn to planting a media and other risk mitigating strategies.

CONCLUSIONS

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

Ethnography provides the context needed to have a greater understanding of livelihood strategies. It is the ethnographic interview which reveals that although Arnoldo is debt-free, he only manages to make ends meet by borrowing money from his mother, who receives remittances from his sister in Costa Rica. Interviews also revealed that, when Arnoldo goes to Costa Rica to work, his sister charges him a higher rate to rent a room than the rest of the borders in her house. Such data are not available on a survey about livelihood strategies.

This information, however, also needs to be understood within a framework of political economy. Simply describing the lives of community members is not sufficient to understand their situation or their livelihood decisions. Instead, they must be contextualized and understood as part of the wider economic climate. Over the past few years it has become clear that households cannot depend solely on farming for survival due to the high levels of risk and unpredictability with the harvest. At the same time, alternate resources such as labor migration and credit are becoming more competitive and difficult to acquire. As a result, households have had to expand their livelihood strategies by starting small businesses and looking for government assistance. But why these choices? And why are entrepreneurship and government programs the most feasible options for these households?

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

In addition to NGO projects, the government has started its own development programs. Ortega encourages small farmers to contribute to the production of the nation's food supply by growing the staple crops needed for domestic consumption, and by providing credit to small farmers. With the *Bono Productivo,* rural households have an opportunity to produce milk, eggs, and poultry for household consumption, further promoting the idea of individual responsibility and self-sufficiency. These programs are a key aspect of Ortega's socialist agenda, but require high levels of government subsidies. What emerges is the promotion of individual responsibility through government supported programs. These livelihood choices are best understood when examined from within this political and economic climate. Farmers may live in small, rural communities, but they are far from isolated from the rest of the world. Their daily choices have everything to do with the "price of tea in China" or the cost of coffee in Honduras.

NOTES

1. Image courtesy of U.K. Department for International Development, 22 Whitehall, London, SW1A 2EG.
2. Data for graph taken from Enriquez (2010).
3. The *Bono Productivo* is a government sponsored program to relieve hunger. Households are given a cow, pig, and chickens, and are expected to deposit 5,000 córdobas into a revolving fund once the animals become productive.
4. One *manzana* equals 1.7 acres.
5. Planting *a media* is when one person supplies the land and some of the inputs while the other supplies labor and the rest of the inputs. At the end of the growing season they split the harvest. This is usually done when landowners don't have enough resources to cover the expenses associated with planting their land.
6. The word *jaranas* is often used for debt in the community, but it also means problems or trouble.

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