

**CBMS PROJECT TITLE: UNDERSTANDING THE CHALLENGES OF  
FINANCIAL INCLUSION OF RURAL WOMEN: THE CASE OF RURAL  
COMMUNITIES IN NICARAGUA**

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## **THE CHALLENGES OF FINANCIAL INCLUSION FOR RURAL WOMEN IN NICARAGUA**

**AUTHORS: GUILLERMO BORNEMANN, SELMIRA FLORES, MILAGROS ROMERO,  
YURI MARIN, KEVIN JACKSON**

**INSTITUTION: INSTITUTE NITLAPAN, CENTRAL AMERICAN UNIVERSITY**

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## OUTLINE OF PRESENTATION

- INTRODUCTION (Policy Context , Relevance, and Objectives of the Study)
- RESEARCH QUESTIONS AND HYPOTHESES
- METHODOLOGY (MODEL / ANALYTICAL FRAMEWORK AND DATA SOURCES)
- RESEARCH FINDINGS
- CONCLUSION: *KEY FINDINGS, POLICY IMPLICATIONS AND RECOMMENDATIONS*

## CONTEXT AND RELEVANCE OF THE RESEARCH STUDY

- The insufficient offer of credit and its high cost are two of the main restrictions to economic growth in the rural economy.
- In 2017, the National Commission of Microfinance Institutions reported more women (54%) than men (46%) as credit users in 38 microfinance institutions, however, there is no available information about how many rural women have access to credit or how many of them are facing restrictions to be credit users.
- The credit supply of MFI is less oriented to production: 12.43% of the total credit portfolio is agricultural credit, 5.76% is livestock credit, 40.93% is consumption credit and 23.98% for commercial activities, with the remaining 16.9% divided among other activities. The National Financial System in 2018 indicates 53.7% of credit portfolio is credit allocated to commerce and consumption.
- Rural financial markets are not gender neutral (Fletschner & Kenney,2011) Social norms and family responsibilities influence whether or not a woman can have control over land and livestock, the main assets usually accepted as credit collateral. The particular context of legal rights also plays a key role in determining women's access to financial services.

## OBJECTIVES

- To analyze intrahousehold dynamics and the credit mechanisms offered by microfinance institutions in order to discover the credit restrictions faced by rural women.

## RESEARCH QUESTIONS AND HYPOTHESES

- General question: What are the challenges of financial inclusion of rural women?
- Specific questions:
  - what individual characteristics of women in intra-household dynamics affects access to credit in rural communities?
  - How relevant are more integrated support programs, combining technical assistance and credit for rural woman?

## METHODOLOGY: Analytical Framework/Model

We used factorial analysis, in its modality of principal component analysis (PCA), to identify the components of the structure of those variables that could be representative of relationships within the household from the perspective of the interest to opt for a credit.

The structure of a model allows us to "classify" their perceptions of both barriers and support to access resources in Río Blanco

we propose a model represented as a decision system where the data patterns of the census are applied by the CBMs program in such way that the model can predict the labels associated with a set of new data that are not used in the learning.

**This model shows the probability that, under the condition of being a woman, it is possible to identify the main obstacles or restrictions of a social and economic nature the woman faces. Their desire to start a new project, their perspective on resource management and support from home are issues and concerns that social research has been addressing.**

**To answer the question as to whether individual characteristics and insertion in the dynamics between households affect access to credit in rural areas, we have proposed using the regression analysis**

# METHODOLOGY: Sources of Data

The sample for the study was a total of 2,064 women over 15 years old. However, 1543 (74.6%) presented the most complete data series and have been included in the analysis.

ID	Description	Variable	Source	
1	Creditint	Are you interested in acquiring credit?	Nominal Dichotomous	Census CBMs 2018
2	creditsup_spouse	If you want to apply for a credit in your name: does your husband agree?	Nominal Dichotomous	Census CBMs 2018
3	techasstsup_spouse	If you want to participate in a training, would your partner agree?	Nominal Dichotomous	Census CBMs 2018
4	paycreditsup_spouse	Would your husband agree to you taking time to travel to Rio Blanco town to request a credit?	Nominal Dichotomous	Census CBMs 2018
5	credit_techasst	Would you like to receive technical assistance?	Nominal Dichotomous	Census CBMs 2018
6	Creditsatis1	I consider that I do not have an endorsement	Nominal Dichotomous	Census CBMs 2018
7	creditsatis2	I have to go far from home to manage it	Nominal Dichotomous	Census CBMs 2018
8	creditsatis3	It is likely that my application will be rejected	Nominal Dichotomous	Census CBMs 2018
9	creditsatis4	I think it's very expensive to have a credit	Nominal Dichotomous	Census CBMs 2018
10	creditsatis5	Fear of not paying the credit if I go wrong	Nominal Dichotomous	Census CBMs 2018
11	creditsatis6	The language the officers use is complicated	Nominal Dichotomous	Census CBMs 2018
12	creditsatis7	I do not like to work with credit	Nominal Dichotomous	Census CBMs 2018
13	creditsatis8	I do not have limitations to having credit	Nominal Dichotomous	Census CBMs 2018
14	Poormemeq	Level of poverty according to income control by the sex of the household head	Nominal Dichotomous	Census CBMs 2018

Source: Authors elaboration



## RESEARCH FINDINGS

Research Question	Findings Based on Analysis of Data
<p>what individual characteristics of women in intra-household dynamics affects access to credit in rural communities?</p>	<p>The logistic regression shows the psychosocial barriers conditioning rural women's behavior, which are strongly affected by their husband's support (or lack of it), the fear of failure and not having their own property as mortgage guarantees for a loan.</p> <ul style="list-style-type: none"> <li>- women who are interested in applying for a loan and have the support of their partners and also demand the need to complete training and receive technical assistance.</li> <li>- The spouse's support is highly relevant, 18.74 times more women are interested in managing credit when they have the spouse's support than women who do not have that support.</li> </ul>
<p>How relevant are more integrated support programs, combining technical assistance and credit specially in rural women?</p>	<ul style="list-style-type: none"> <li>- 6.9 times more women whose husbands support them are interested in having technical assistance than women whose husbands do not support them.</li> <li>- 47.5% of women also wish access to technical assistance in case they request some type of credit and up to 71.1% show interest in participating in training sessions. Both are related to increasing their knowledge and educational opportunities</li> </ul>

# CONCLUSION: KEY FINDINGS, POLICY IMPLICATIONS AND RECOMMENDATIONS

Key Findings	Policy Implications	Recommendations
<ol style="list-style-type: none"> <li>Rural households face institutional credit discrimination. Less than 3% of rural households have had access to credit recently.</li> <li>Only 538 of 2,064 women who want apply for a loan have the support of their partner; which, <u>that is only 26.1% compared to 50.2% whose partner does not support her.</u></li> </ol>	<p>A double challenge is how to benefit not only poor rural households but rural women within them, <u>considering the psycho-social barriers to being a financial subject that they face in the intrahousehold dynamics.</u></p>	<p>Financially include rural households and particularly women implies <u>first recognizing the institutional discrimination imposed by credit/lending policies or practices as well as their gender biases,</u> and second implementing <u>specific credit policies for rural women.</u></p> <p><u>Provide repayment capacity, but in poor areas repayment needs to be adjusted to the characteristic of micro-income generation, which needs additional support (technical and entrepreneurial training and assistance), particularly to help them avoid the deterioration of the few household assets or family decapitalization</u></p>

# CONCLUSION: KEY FINDINGS, POLICY IMPLICATIONS AND RECOMMENDATIONS

Key Findings	Policy Implications	Recommendations
<p>2. Credit promoters are doing social monitoring, but the scope of that monitoring very often leaves out the way in which partners within the family distribute their resource management and income generation responsibilities</p>	<p>Credit promoters play a crucial role as the point of contact between the microcredit institutions and the communities, families and women in addressing social diagnosis and social monitoring.</p> <p>The credit promoters and those who supply technical assistance <u>should be cultural translators and mediators</u> between the family's logic and the interests of the microcredit institutions to help them deal with the psychosocial barriers of rural women we have described.</p> <p>Women need emotional and material support, not only from their partner but also from the financial institutions.</p>	<p>First, <u>to train the credit promoters as well as the credit committee members</u> in a more holistic perspective to identify and to understand the household barriers faced by women when they apply or attempt to apply for a loan.</p> <p>Credit promoters should include in their social evaluation the husband's attitude and both his material and emotional support to his wife while she is requesting a credit.</p> <p>The credit programs <u>must redefine the scope and nature of the social monitoring process</u></p>

# STRATEGIES FOR INSTITUTIONALIZATION OF CBMS

At national level	At local level
<p>1. We are organizing a course to implement in July with the Faculty of Economics and the Faculty of Science and Technology at Central American University. The aim is to adopt the CBMS as part of research methodology. To teach the CBMS and to use it in research process with students.</p>	<p>- We will continue working with local leaders including young people who participated in collecting information in their communities to promote the use of the database in their discussion with municipal council members.</p>
<p>In both level: A second course of research methodology is planned for October in Rio Blanco including the CBMS Methodology, the local experience and findings. This course will have as participant young people from Central American Countries interested in research.</p>	

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# THANK YOU!

PROJECT CONTACT INFORMATION

NAME OF INSTITUTION: INSTITUTE NITLAPAN

ADDRESS CENTRAL AMERICAN UNIVERSITY, MANAGUA - NICARAGUA

CONTACT NUMBER/S (505) 8685 9907

E-MAIL: SFLORES@NITLAPAN.ORG.NI

