

Credit Program with Institutional Strengthening for Non-Conventional Intermediaries

NICARAGUA

SECTOR: Financial

PROJECT NAME: Credit Program with Institutional Strengthening for Non-Conventional Intermediaries
(789/OC-NI)

TOTAL COST: \$29.5 million

FINANCING:

IDB	\$23.6 million
LOCAL	\$ 5.9 million

DATE OF APPROVAL: November 24, 1993

GENERAL DESCRIPTION: The objectives of this program are to provide credit to urban and rural small and microenterprises (including farmers) and to improve the financial management and credit administration of non-conventional financial intermediaries through institutional strengthening.

The program has two components: (a) a credit component, to be implemented by the Financiera Nicaragüense de Inversiones and commercial banks, which will onlend to individuals, microenterprises, commercial intermediaries and mutual financial organizations at prevailing market interest rates for investments and working capital requirements; and (b) institutional strengthening, to be implemented by an autonomous agency, Instituto PAMIC (Programa de Apoyo a la Pequeña y Microempresa), which will assist at least 30 "non-conventional" financial institutions, such as non-governmental

organizations (NGOs), cooperatives and foundations, to strengthen their financial management and credit services to small and microenterprises.

NOTE ON PROCUREMENT PROCEDURES

The funds from this loan will not be used for procurement purposes. The proceeds of the financing will be used by qualifying intermediary financial institutions for on-lending operations and to provide needed resources for small and microenterprises in Nicaragua, by financing fixed assets, working capital and technical assistance.

2

CONSULTANTS: The institutional strengthening component will require high-level experts, such as a director of financial services (with background in finance and credit administration) and an expert in the development of financial cooperatives. In addition, the program will contract seven experts specializing in the following areas: general accounting financial administration, automated information systems and business administration. Short-term consultants will also be contracted in other areas related to institutional strengthening of the program.

GOODS AND EQUIPMENT:Not applicable.

CIVIL WORKS: Not applicable.

EXECUTING AGENCIES: (1) For the credit component:

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Managua, Nicaragua
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Executive Director

(2) For the institutional strengthening component:

Instituto PAMIC
c/o Ministerio de Economía y Desarrollo

Carretera a Masaya
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