



Nicaragua



Angela is a 30 year old Nicaraguan woman with two small children. She has a lot to be happy about these days. Her clothing business is so popular that she can't keep up with the demand. Angela was struggling to grow her business, and her friends kept telling her, "If you want to expand, you need to get a loan!" But Angela was apprehensive. She had never borrowed money before.

She nervously went to MiCredito and was thrilled to hear that she would be receiving a loan to buy materials. She got to work right away, thinking that if she worked hard, she could pay off the loan in a year. Things are going so well that she hopes to pay off the loan in six months! "It would be very difficult," Angela tells us, "for me to grow my business without MiCredito's help."

Business Growth

Background

With massive unemployment, huge external debt and low per capita income, Nicaragua is a poverty-stricken country with many challenges. While some gains have been made economically, Nicaragua still qualifies for the Heavily Indebted Poor Countries initiative – HIPC. Despite this relief, its debt load is still massive and Nicaragua is still searching for longer-range economic stability.

MEDA's Assessment

The people in this area of Nicaragua have farmed for many years. But the income generated is decreasing every year. Farmers in rural areas must diversify to increase stability. Additional business opportunities exist in the community but there are not many resources and very little business know-how.

This is a perfect community for MEDA to assist through micro-credit loans. MEDA is giving entrepreneurs a huge boost of confidence by standing behind loans that they could never get in the past. Urban credit manager Junior Bolanos welcomes clients by saying, "We believe in the micro enterprise spirit. We believe in the ability to overcome challenges and struggles."

MEDA is investing in farmers like Marino Motanalo, who outlined his hopes: "If I can get financing for one cow, then I will have milk and cheese for my children... God willing, by the time I'm 65, I hope to have a herd of ten cows." With cows costing between \$300 to \$350 each, MiCredito carefully considers each loan. The worst thing they could do is lend money to someone who could not handle that burden.

While we are helping many rural farmers, we are also committed to urban areas, where over half of our 353 clients reside. MEDA is also proud to say that over half of our clients are women—women who have vision for business success, but do not have the resources nor the prior knowledge.



Outcomes:

Participants in the micro-credit program will:

- *Improve their potential to expand their businesses to include diversified products and services*
- *Receive appropriate loans for their business needs*
- *Be mentored by a successful entrepreneur*

We anticipate that this initial small lending program will grow to become a regulated financial institution within five years

Cost:

Canadian International Development Agency (CIDA) to provide: \$47 000

MEDA Investor(s) provide: \$62 000