



Compact Goal

MCC signed a 5-year Compact with the Government of Nicaragua on July 14, 2005. Nicaragua's program for MCA assistance seeks to advance economic growth and poverty reduction by funding three projects in the Northwestern part of the country, an impoverished region with significant growth potential.

The program will reduce poverty and spur economic growth by funding projects in the regions of León and Chinandega aimed at reducing transportation costs and improving access to markets for rural communities, increasing wages and profits from farming and related enterprises in the region, and increasing investment by strengthening property rights. The MCA-Nicaragua Foundation (www.cuentadelmilenio.org.ni) administers the program.

Land Regularization Component

- An early titling effort has been approved to identify and clean approximately 464 property titles on a beneficiary-demand basis, prior to the initiation of the large-scale, more systematic property regularization campaign.
- In September 2006, MCA-Nicaragua publicly launched the Property Regularization Component of the Compact, awarding the first 26 clean titles to beneficiaries in the Department of León. This included 16 urban titles and 10 rural titles, many of which went to female landowners. These titles are the first of 43,000 titles to be delivered under the Program.

Rural Business Development Component

- The Rural Business Development Component of the program has assisted producers to develop and implement nearly 1,000 business plans. Approximately 985 bean, cassava and sesame producers have received technical assistance in marketing their products, thereby increasing profits. MCA-Nicaragua assisted a group of local cassava producers, who were able to export several containers of cassava (one to the U.S., another to El Salvador), doubling or

tripling the price they normally receive on the local market.

- Investment promotion activities through ProNicaragua and MCA-N have resulted in investment commitments that will create 1,300 jobs in Leon and Chinandega.
- More than 300 cattle producers are receiving technical and market access assistance. Six milk collection facilities have now been installed, assisting approximately 150 cattle farmers (including 34 women) to improve milk quality, yields and market access.
- MCA-Nicaragua will assist during this agricultural cycle with the establishment of 1,100 hectares of high value timber, fuel wood and fruit trees as part of a larger effort to develop a forestry cluster MCA-Nicaragua has teamed with a government-initiated forest fire prevention campaign aimed at reducing the major environmental problems caused by seasonal forest fires. The watershed management project will complement this initiative.
- Five private tree nurseries are being developed and supported to grow trees for reforestation. MCA-Nicaragua has facilitated the planting of over 700,000 trees to date and expects to reach 1 million in the next 3 months with 476 farmers.
- MCA-N signed the livestock cluster development contract in September 2007. The services carried out by the contracted firm will benefit approximately 1,700 rural producers.

Infrastructure Project

- The Government of Nicaragua passed critical road maintenance funding legislation prior to entry into force of the Compact. This legislation helped to collect more than USD\$10 million for roads maintenance during 2006.
- Survey work on the Nejapa-Izapa road is underway. In addition, large trucks are being weighed in key sections of the road to obtain data that will be used for the final designs. Aerial photography has been completed. The traffic studies for the primary road segment will last approximately three weeks.

Compact Status

Status.....Implementation, Year 1

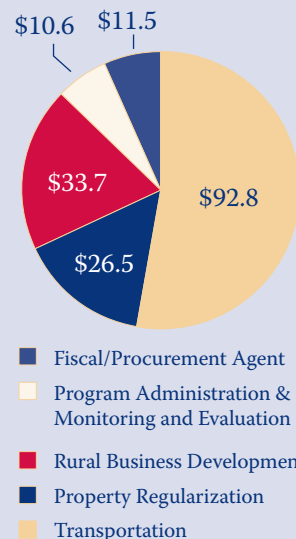
Compact Information

Total Amount.....\$175 million
Duration5 years
Compact Signed7-14-2005
Entry Into Force.....5-26-2006

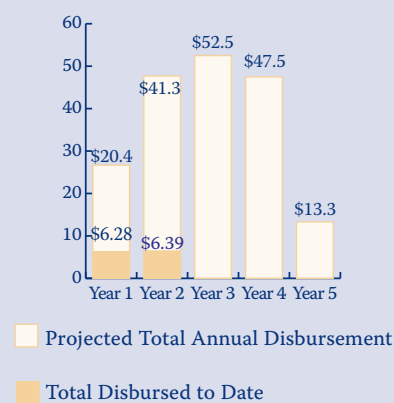
Country Information

Population5,486,685*
GNI Per Capita.....\$910*

Obligations by Key Sector
in millions



Disbursement Schedule
in millions



*World Development Indicators, World Bank, 2005