

PRODUCT UP-SCALING SUPPORT – FACTSHEET

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| Product Up-scaling Support | SCBF 2015-03: Microleasing Pilot for the agroindustrial sector |
| Country / Region | Nicaragua |
| Partner Financial Institution/s | Fondo de Desarrollo Local (FDL), Banco LAFISE Bancentro |
| Grantee | Swisscontact Nicaragua |
| Overall Budget | CHF 226'070 (34% self-contribution) |
| SCBF Contribution | CHF 150'000 (66% SCBF funding share) |
| Date of Approval | 27.02.2015 & 17.03.2015 |
| Duration | 04.2015 until 01.2017 |
| Context | <p>There is no clear strategy of financial inclusion defined by the Nicaraguan government. However, different development programs have been oriented to achieve greater access to credit for poor population segments. A critical aspect in financial supply of Small and Medium-sized Enterprises (SME) is the absence of a dedicated mechanism to finance productive assets, which considers the specific needs of small enterprises regarding loan terms, amount, guarantee and interest rates.</p> <p>Between March and June 2014 as an initial support from SCBF, a feasibility study has been conducted at a national level on the potential for microleasing in Nicaragua's agroindustrial sector, resulting in the finding that the producers have only limited access to credit, and microleasing could be a viable alternative to finance productive assets.</p> |
| Current Status of the MFI's | <p>The financial partners selected for the project are:</p> <p>Fondo de Desarrollo Local (FDL) is the leading MFI in Nicaragua, with a market share in the microcredit sector of 34% in credits and 17% in clients. With 37 branches, they reach most of the nation with a strong focus on rural areas. The credit portfolio reaches USD \$ 67.4 Mio. with 60'115 clients (51% women), a strong emphasis in agricultural/livestock (28.6% of the portfolio), commercial credit (28.2%) and housing (20%). FDL is interested in diversifying their portfolio by entering the agroindustrial sector.</p> <p>Banco LAFISE Bancentro is the second largest commercial bank in Nicaragua. Their credit portfolio is enterprise-oriented with a share of 75% / 25% - enterprise / private clients. It is valued around USD \$ 903 Mio. with 113'550 clients and is mainly commercial (39%), followed by agriculture/livestock (17%) and industry (13.9%). There is a small leasing portfolio with 246 lease contracts totalling US\$ 15 Mio. Bancentro is interested in downscaling their leasing activities and diversifying their portfolio and risks to the agroindustrial sector, focusing on amounts between US\$ 8'000 - 17'000.</p> |
| Objective and Main Activities | <p>This project will support two financial institutions to develop and implement microleasing and strengthen the capacity of the financial sector to play a catalyzing role in the modernization of Nicaragua's agriculture sector. This will support SME growth through access to productive assets.</p> <p>The pilot aims to reach between 40 to 60% of the 3'660 existing agroindustrial SME's and it is expected that 3 years after finalizing the pilot phase, the microleasing portfolio will reach between US\$ 6.0 - 9.4 Mio. with an median of US\$ 3'720 per leased asset.</p> <p>Main activities are:</p> <ol style="list-style-type: none"> Readiness: Confirmation of the business model with involved partners, definition of their specific roles and responsibilities. Specific design of the financial product & procedures and training of the sales force and technicians. Roll out of the product, capacity building and technical assistance to clients, systematization of the experience and transfer to partners and other financial institutions. <p>Upon project completion, both financial institutions should be in a position to scale up the microleasing product to other economic sectors/value chains.</p> |