

International Financial Institutions Funding for Nicaragua Monitoring Report

October 3, 2021

This report provides a brief overview of the latest available information for loans approved by the World Bank (WB), Inter-American Development Bank (IDB), International Monetary Fund (IMF) and The Central American Bank for Economic Integration (CABEI) for Nicaragua in the periods between April 2018 and October 3th of 2021.

Information is based on SNN monitoring of available information on the IFI's webpages as of October 3, 2021, regarding IDB, WB, IMF AND CABEI funding for Nicaragua. Information from these sources is not always easy to interpret pertaining to the disbursement and implementation of the loan funds.

The IDB, IMF and WB significantly reduced their activity with Nicaragua after the April 2018 events. Approval of loans again began in October 2020 when the IDB approved a new loan for COVID-19 related activities. Additional IDB, as well as IMF and WB loans were approved after that date, mainly for COVID-19 and Hurricanes Eta and Iota's response. It should be noted that the IDB, IMF and WB funding levels have not returned to pre-April 2018 levels and that significant portions of the resources are handled by UN agencies in Nicaragua - PAHO/WHO, UNOPS, UNICEF, WFP. However, there is no known consultation process with civil society regarding the management of these resources.

CABEI on the other hand has increased its funding for Nicaragua, not making use of U.N. agencies for implementation and provides limited information on the overall management of their loans. CABEI has become the main source of funding for the Ortega government. The Central American bank has been criticized for ignoring the human rights situation in Nicaragua and providing limited accountability in terms of the execution of loans for that country.

Information on implementation and progress of CABEI's funding is more limited in comparison to data available by IDB, IMF and WB. Website information is reduced, often providing only Press Releases pertaining to loan approvals, becoming the only source open to the public. The website offers partial or no formal reports or data pertaining to approved loans.

In response to the criticism toward CABEL's increased funding towards Nicaragua, the executive president of CABEL, Dante Mossi, tried to justify to the Voice of America, that the loans they make to that country are framed within a very clear and transparent agenda. "We finance storage systems (water), electricity and road projects. So, this is not for the (Nicaraguan) government but for the people, explained the head of the Central American bank."¹

As per a CABEL press Release of October 6th, 2020, the institution handles loans totaling some US\$ 2,818 million for Nicaragua with a combination of programs, projects and initiatives that range from road infrastructure, hospital infrastructure, energy, water and sanitation, among others.²

It is important to note that there are reports on the low levels of implementation of funds by the Ortega government. Of particular concern is a recent report that indicates that despite the high impact of COVID-19 among the population and the low number of vaccinations that have taken place, the government has executed less than 10% of the 'Covid Budget' as in early September. A Report from the Ministry of Finance reveals that they have only executed C\$ 481.1 million (US\$13.7 million) of the C\$ 4896.2 million (US\$139.4 million) raised to face the epidemic."³

On September 21, 2021, a U.S. congressional hearing entitled "An international Response to Ortega's Destruction of Democracy in Nicaragua" took place. During the hearing, particular attention was given to the recent approval by the IMF's "Special Drawing Rights (SDRs) to provide additional liquidity and supplement foreign exchange reserves and confront COVID-19" of \$353.5m for Nicaragua. Congressman Albio Sires (D-NJ), Chair of the Subcommittee Hearing, stated that "The IMF should not take Ortega's word for it that these funds will be used to address the COVID-19 pandemic. This is the same regime that spent the first sixteen months of the pandemic holding large political rallies, manipulating medical records to deflate the death toll, and firing doctors and nurses who dared to speak out. International financial institutions should not be providing a lifeline to Ortega... The house of representatives should urgently pass the RENACER act which would strengthen oversight of funds provided by international financial institutions and increase targeted sanctions against regime officials."⁴

The congressional hearing was followed by a bi-partisan letter to the International Monetary Fund, requesting an explanation of the approval of the SDR resources to the Ortega regime.

Data of IFI approvals:

¹ 100% Noticias, BCIE responde: financiamos proyectos para la genta, no para el gobierno de Nicaragua.

<https://100noticias.com.ni/nacionales/109916-bcie-financiamiento-nicaragua-pueblo-protesta/>

² CABEL, With a global financing of US\$2,818.22 million CABEL contributes to Nicaragua's economic and social development. <https://www.bcie.org/en/news-and-media/news/article/con-un-financiamiento-global-de-us281822-millones-el-bcie-aporta-al-desarrollo-economico-y-social-de-nicaragua>

³ Confidencial: Gobierno de Ortega Ejecuta menos de 10% del "presupuesto covid".

<https://www.confidencial.com.ni/nacion/gobierno-de-ortega-ejecuta-menos-del-10-del-presupuesto-covid/>

⁴ Forbes Breaking News, House Holds Hearing On 'Ortega's Destruction of Democracy In Nicaragua'

https://www.youtube.com/watch?v=SViSYy3QAzs&ab_channel=ForbesBreakingNews

Pages 4 and 5 of this report includes information compiled from the CABI, IDB, WB, and IMF webpages. Page 4 includes information regarding loans and technical cooperation after April 2018 from the IDB, WB, and IMF; CABI funding is included in page 5.

Further information for each item is provided in the end notes. Many of the loans (mostly from CABI) are shared among multiple countries, with no available figure to account for the credit given specifically to Nicaragua. The amounts for those cases are bolded and not included in the final estimates.

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IDB, WB, and IMF Financial Resources to Nicaragua Estimates Chart

Loans approved after April 2018

Loan/Project	Amount	Approval Date	Closing Date
Inter-American Development Bank (IDB)			Estimate: \$78 mn
Immediate Response of Public Health to Contain and Control Coronavirus and Mitigate its Effect on the Provision of the Service in Nicaragua ⁱ	\$43 mn.	July 31, 2020	Amortization period: Regular: 25 years Concessional: 40 years
Contingent Loan for Natural Disaster Emergencies – Hurricanes Eta and Iota ⁱⁱ	\$35 mn.	December 11, 2020	n/a
World Bank (WB)			Estimate: \$116.7 mn
Additional Financing for the Alliance for Education Quality Project ⁱⁱⁱ	\$7.18 mn.	April 10, 2021	December 31, 2022
Nicaragua Dry Corridor Nutrition Sensitive Agriculture Project ^{iv}	\$2.75 mn.	March 30, 2021	March 31, 2025
Hurricanes Eta and Iota Emergency Response Project ^v	\$80 mn.	January 22, 2021	March 31, 2025
Nicaragua COVID-19 Response ^{vi}	\$20 mn.	December 8, 2020	Feb. 28, 2023
Nicaragua COVID-19 Education Sector Response Project ^{vii}	\$6.77 mn.	December 3, 2020	April 30, 2022
IFC supports Mercon Group to strengthen the coffee sector (Shared among Nicaragua, Honduras, and Guatemala) ^{viii}	\$55 mn.	May 25, 2021	n/a
International Monetary Fund (IMF)			Estimate: \$538.82 mn
Emergency Support to Nicaragua to Address the COVID-19 Pandemic ^x	\$185.32 mn.	November 6, 2020	n/a
Special Drawing Rights (SDRs) to provide additional liquidity and supplement foreign exchange reserves and confront COVID-19. (SDRs are distributed in proportion to their quota shares in the IMF.) ^x	\$353.5 mn	August 23, 2021	n/a
			Estimate: \$733.52 mn. this estimate does not include the figures in bold - loans shared with other countries

CABEI Financial Resources to Nicaragua Estimates Chart

Loans approved after April 2018

Loan/Project	Amount	Approval Date	Closing Date
Bluefield's Sanitation Project: CABEI ^{xi}	\$38.8 mn.	April 6, 2018	n/a
Bluefield's Sanitation Project: Ministry of Strategy and Finance of the Republic of Korea (MoSF), through the Korea Co-financing Facility for the Development of Central America (Korea-EDCF) ^{xii}	\$21 mn.	January, 2017	n/a
Emergency Support and Preparedness Program for COVID-19 and Economic Reactivation (shared among all SICA nations) ^{xiii}	\$ 3060 mn.	March 31, 2020	n/a
Emergency Support and Preparedness Program for COVID-19 and Economic Reactivation: KFW loan contract for public sector (Shared with Guatemala, Honduras, and Belize) ^{xiv}	\$ 100 mn.	October 15, 2020	n/a
Emergency Support and Preparedness Program for COVID-19 and Economic Reactivation: TaiwanICDF loan Component 3: "Credit for Public Sector Operations Financing" (Shared with Guatemala, Honduras, and Belize) ^{xv}	\$ 50 mn.	August 25, 2020	n/a
Emergency Support and Preparedness Program for COVID-19 and Economic Reactivation: TaiwanICDF loan Component 5: "Facility to Support the Financial Sector for the Financing of Micro, Small and Medium-sized Enterprises (MSMEs) affected by the COVID-19 crisis" (Shared with Guatemala, Honduras, and Belize) ^{xvi}	\$ 80 mn.	August 25, 2020	n/a
National Program for the Construction of Social Interest Houses ^{xvii}	\$171.65 mn	August 18, 2020	n/a
Facility of Support to the Financial Sector for Financing MSMEs ^{xviii}	\$50 mn.	August 21, 2020	n/a
Multisectoral Program for Economic Reactivation and Social Protection of the Republic of Nicaragua ^{xix}	\$300 mn.	November 24, 2020	20 years with 5 years grace period
National Sustainable Electrification and Renewable Energy Program (PNESER) ^{xx}	\$143 mn.	November 24, 2020	n/a
Bio-CLIMA Project: CABEI loan to the Government of Nicaragua through the Poverty Reduction and Economic and Social Exclusion Program (PRPEES) (part of the Green Climate Fund FP1465) ^{xxi}	\$84 mn.	December 15, 2020	n/a
Bio-CLIMA Project: Grant from Global Environment Facility (GEF) (part of the Green Climate Fund FP1465) ^{xxii}	\$8.3 mn.	November 13, 2020	n/a
Bio-CLIMA Project: CABEI loan extension ^{xxiii}	\$24.3 mn	May 25, 2021	n/a
Green Climate Fund FP146 Bio-CLIMA Project ^{xxiv}	\$116.6 mn.	November 13, 2020	n/a
Nicaragua's Electric Transmission System Expansion Program ^{xxv}	\$40.1 mn.	March 23, 2021	15-yr term, 3-yr grace
Strengthening the Capacity of Attention in the Hospital Service Network in Prioritized Health Units : CABEI ^{xxvi}	\$85 mn	March 26, 2021	n/a
Strengthening the Capacity of Attention in the Hospital Service Network in Prioritized Health Units : Export Credit Agency ^{xxvii}	\$29.6 mn	March 26, 2021	n/a
Acquisition of Vaccines against COVID-19 ^{xxviii}	\$100 mn	April 27, 2021	n/a
Project to Improve Puerto Corinto's Technical and Operational Capabilities ^{xxix}	\$21 mn.	May 25, 2021	15-year term with a 3-year grace period
Lake Managua South Shore Sanitation Program ^{xxx}	\$151.4 mn.	June 29, 2021	n/a
9 Road Construction and Rehabilitation Projects ^{xxxi}	\$1,188 mn.	n/a (range 2019-21)	n/a
Studies and Designs for Potable Water and Sanitation Systems in 28 Rural Communities in the Republic of Nicaragua ^{xxxii}	\$1.2 mn.	August 31, 2021	n/a

Estimate: \$2436.35mn.

this estimate does not include the figures in bold - loans shared with other countries

CABEI Financial Resources to Nicaragua Estimates Chart - Notes

- The loan “Bio-CLIMA Project: CABEI loan extension” was granted to replace “Bio-CLIMA Project: (was a part of the Green Climate Fund FP1465)” for \$24.3 million.

According to an email sent on Tuesday, February 23rd 2021 by Breanna Lujan, Project Manager of the Environmental Defense Fund to all participants of this project: “The World Bank and the Government of Nicaragua have mutually agreed to cancel the ER Program. The Nicaragua ER Program will therefore be officially dropped from the FCPF Carbon Fund portfolio in the near future.” This loan was cancelled on February 23, 2021.

CABEI FUNDING TO NICARAGUA (2015-2019)

Operaciones anuales 2015 - 2019 (Millones US\$)						
Operaciones	Año					Total
	2015	2016	2017	2018	2019	
Aprobaciones	196	379.8	478.8	365.1	656.1	2,075.8
Sector público	156.0	379.8	468.8	365.1	585.3	1,955.0
Sector privado	40.0	0.0	10.0	0.0	70.8	120.8
Desembolsos	197.5	208.9	213.1	405.9	334.1	1,359.5
Sector público	113.6	131.0	139.3	318.5	117.7	820.1
Sector privado	83.9	77.9	73.8	87.4	216.4	539.4
Cartera	793.4	880.2	965.3	1,253.4	1,369.3	
Sector público	498.8	603.1	703.9	1,001.4	1,118.0	
Sector privado	294.6	277.1	261.4	252.0	251.2	

Source: CABEI website

The CABEI Nicaragua Country Profile page provides a chart detailing CABEI’s annual operations in Nicaragua, between 2015 and 2019. Aspects worth noting:

- Approved amounts (Aprobaciones) have more than tripled between 2015 and 2019, despite the private sector’s fluctuation and providing 0 funds in 2016 and 2018 respectively.
- The disbursed amounts (Desembolsos) have almost doubled between 2015 and 2019
- The total portfolio (Cartera) as of 2019 was 1,369.3, and the relation of public sector to private sector is now almost 5:1, compared to less than 2:1 in 2015

IDB sources:

ⁱInter-American Development Bank Document: Immediate Public Health Response to Contain and Control the Coronavirus and Mitigate its Effect on the Presentation of the Service in Nicaragua (NI-L1161) Loan Proposal. (p. 10) <https://www.iadb.org/projects/document/EZSHARE-1408219881-48?project=NI-L1161>

ⁱⁱInter-American Development Bank, NI-L1163 : Contingent Loan for Natural Disaster Emergencies - Hurricanes Eta and Iota project website: <https://www.iadb.org/en/project/NI-L1163>

WB sources:

ⁱⁱⁱ World Bank, Additional Financing for the Alliance for Education Quality Project, website: <https://projects.worldbank.org/en/projects-operations/project-detail/P167443>

^{iv} World Bank, Nicaragua Dry Corridor Nutrition Sensitive Agriculture Project, website: <https://projects.worldbank.org/en/projects-operations/project-detail/P164134>

^v World Bank, Hurricanes Eta and Iota Response Project, website: <https://projects.worldbank.org/en/projects-operations/project-detail/P175878>

^{vi} World Bank, Nicaragua COVID-19 Response, website: <https://projects.worldbank.org/en/projects-operations/project-detail/P173823>

^{vii} World Bank, Nicaragua COVID-19 Education Sector Response Project, website: <https://projects.worldbank.org/en/projects-operations/project-detail/P174677>

^{viii} IFC Press Releases, IFC Supports Mercon Group to strengthen the coffee sector in Latin America, Promoting sustainability and inclusion: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26362>

IMF sources:

^{ix} IMF Staff Country Reports, Nicaragua: Requests for Purchase under the Rapid Financing Instrument and Disbursement under the Rapid Credit Facility-Press Release; Staff Report; and Statement by the Executive Director for Nicaragua: <https://www.imf.org/en/News/Articles/2020/11/20/pr20349-nicaragua-imf-executive-board-approves-us-185-3m-emergency-support-to-address-covid19>

^x IMF, 2021 General SDC Allocation Update, website: <https://www.imf.org/en/Topics/special-drawing-right/2021-SDR-Allocation>

CABEI sources:

^{xi} CABEI, *Sanitation for Bluefields for the benefit of its population*: <https://www.bcie.org/novedades/noticias/articulo/saneamiento-para-bluefields-en-beneficio-de-su-poblacion/>

^{xii} Ibid.

^{xiii} CABEI against COVID-19: <https://www.bcie.org/bcie-ante-covid-19>

^{xiv} CABEI and KfW Sign a Loan Agreement for US\$100.0 Million to Promote Economic Reactivation in the Central American Region: <https://www.bcie.org/novedades/noticias/articulo/bcie-y-kfw-firman-contrato-de-prestamo-por-us1000-millones-para-impulsar-la-reactivacion-economica-en-la-region-centroamericana>

^{xv} CABEI's Board of Directors approve resources for US\$130.0 million with the Republic of China (Taiwan): <https://www.bcie.org/en/news-and-media/news/article/bcie-aprueba-la-firma-de-dos-contratos-de-prestamo-por-us1300-millones-con-el-taiwanicdf-de-la-republica-de-china-taiwan>

^{xvi} Ibid.

^{xvii} CABEI, *CABEI signs a loan with Nicaragua for an amount of US \$ 171.65 million for social housing* <https://www.bcie.org/novedades/noticias/articulo/bcie-suscribe-contrato-de-prestamo-por-us17165-millones-para-viviendas-de-interes-social-en-nicaragua>

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- ^{xviii} CABEL: US\$50.0 Million for MSMEs affected by the COVID-19 pandemic in Nicaragua: <https://www.bcie.org/en/news-and-media/news/article/bcie-us500-millones-para-mipymes-afectadas-por-la-pandemia-covid-19-en-nicaragua>
- ^{xix} CABEL Assigns US\$300.00 Million to the Multisectoral Program for the Economic Reactivation and Social Protection of the Republic of Nicaragua: <https://www.bcie.org/en/news-and-media/news/article/bcie-destina-us30000-millones-al-programa-multisectorial-para-la-reactivacion-economica-y-proteccion-social-de-la-republica-de-nicaragua>
- ^{xx} CABEL, More than 114 thousand families in Nicaragua to benefit from CABEL-financed electrification and renewable energy program: <https://www.bcie.org/en/news-and-media/news/article/mas-de-114-mil-familias-en-nicaragua-seran-beneficiadas-con-programa-de-electrificacion-y-energia-renovable-financiado-por-el-bcie>
- ^{xxi} CABEL, CABEL approves to the Republic of Nicaragua US\$84.0 million for the execution of the Bio-CLIMA Project: <https://www.bcie.org/en/news-and-media/news/article/cabei-approves-to-the-republic-of-nicaragua-us840-million-for-the-execution-of-the-bio-clima-project>
- ^{xxii} Green Climate Fund, FP146 Project, website: <https://www.greenclimate.fund/project/fp146#overview>
- ^{xxiii} CABEL, Additional US\$24.3 million from CABEL to reduce deforestation and strengthen resilience in Bosawás and Río San Juan reserves on Nicaragua's Caribbean Coast <https://www.bcie.org/en/news-and-media/news/article/us243-millones-adicionales-del-bcie-para-reducir-deforestacion-y-fortalecer-resiliencia-en-reserva-de-bosawas-y-rio-san-juan-de-costa-caribe-nicaraguese>
- ^{xxiv} Green Climate Fund, FP146 Project, website: <https://www.greenclimate.fund/project/fp146#overview>
- ^{xxv} CABEL: More than 56 thousand people in Nicaragua will benefit from the Expansion of the Electricity Transmission System: <https://www.bcie.org/en/news-and-media/news/article/bcie-mas-de-56-mil-personas-en-nicaragua-seran-beneficiadas-con-la-ampliacion-del-sistema-de-transmision-electrica>
- ^{xxvi} CABEL will finance hospital services project that will benefit 3 million Nicaraguans <https://www.bcie.org/novedades/noticias/articulo/bcie-financiara-proyecto-de-servicios-hospitalarios-que-beneficiara-a-3-millones-de-nicaragenses-1>
- ^{xxvii} Ibid.
- ^{xxviii} CABEL: With CABEL financial support, 3.27 million Nicaraguans to be vaccinated against COVID-19: <https://www.bcie.org/en/news-and-media/news/article/con-apoyo-financiero-del-bcie-327-millones-de-nicaragenses-seran-vacunados-contra-el-covid-19>
- ^{xxix} CABEL, With US\$184.6 million in financing, CABEL contributes to improving Nicaragua's Puerto Corinto's operational capacity <https://www.bcie.org/en/news-and-media/news/article/con-un-financiamiento-de-us1846-millones-bcie-contribuye-al-mejoramiento-de-capacidades-operativas-de-puerto-corinto-en-nicaragua>
- ^{xxx} CABEL finances drinking water and sanitation works around Lake Managua to benefit over 1.4 million inhabitants <https://www.bcie.org/en/news-and-media/news/article/bcie-financia-obras-de-agua-potable-y-saneamiento-alrededor-del-lago-de-managua-en-beneficio-de-mas-de-14-millones-de-habitantes>
- ^{xxxi} CABEL: CABEL-financed road infrastructure projects benefit more than 2.2 million Nicaraguans <https://www.bcie.org/en/news-and-media/news/article/proyectos-de-infraestructura-vial-financiados-por-el-bcie-benefician-a-mas-de-22-millones-de-nicaragenses>
- ^{xxxii} CABEL: CABEL approves cooperation for feasibility studies and designs drinking water and sanitation systems in 28 rural communities in Nicaragua <https://www.bcie.org/en/news-and-media/news/article/bcie-aprueba-cooperacion-para-estudios-de-factibilidad-y-disenos-del-sistema-de-agua-potable-y-saneamiento-en-28-comunidades-rurales-de-nicaragua>