



OPPORTUNITIES *for the* MAJORITY

Nicaraguan Families Build Better Homes And Communities

Lending for Basic Infrastructure and Home Improvement

Large numbers of Nicaraguans have moved to urban areas over the past thirty years, building rough houses in spontaneous neighborhoods that lack roads, water, sanitation and energy. Nicaragua's Foundation for the Promotion of Local Development (PRODEL) structures innovative public-private partnerships and loans so poor communities can build vital infrastructure. And so low-income families can build or adapt homes and connect to new utilities, PRODEL lends to credit unions, microfinance institutions and companies where the poor bank.

With a \$5 million loan from the Inter-American Development Bank's Opportunities for the Majority Initiative (OMJ), PRODEL will increase financing for communities and families at the base of the pyramid. It will also expand lending to municipalities in northern, central and western Nicaragua.

Local Investment in Local Priorities

Financing and know-how for small infrastructure projects is difficult for informal settlers to obtain. As a result, families use their own savings and supplies to gradually improve their homes and surroundings.

PRODEL's Local Community Development Program boosts infrastructure projects by lending for new works and renovation of community centers and schools. Its breakthrough, sustainable model forges public-private partnerships between communities and municipalities where they have settled. It offers loans with payments tailored to projects and based on municipalities' and families' incomes. It offers technical support for modern construction methods.

The financing model depends on communities willing to organize, vote for affordable and urgently needed

infrastructure, and plan to fit their project in the municipality's overall development. Families in these communities earn three to five times the minimum wage and must contribute financially and in kind.

Half of the program's funds are dedicated to communities, half to incremental home improvement. PRODEL gives credit to fix homes in affordable installments so low-income Nicaraguans can build floors and roofs, and install water pipes, bathrooms and wiring to hook up to newly built water, sewer and electricity systems. PRODEL channels money to institutions offering micro-credit.

A Broad Impact

Basic infrastructure and better homes have a far-reaching effect on communities. Residents are healthier and safer; their children study better. People who invest in their communities feel more ownership and self-esteem. Improved surroundings immediately and substantially increase assets. Once legally part of a municipality, a home can be used for loan collateral.

Platforms for Successful Partnerships

The overall project consisting of OMJ's five-year loan, PRODEL's \$7 million and \$2 million from other sources will help PRODEL identify municipalities suitable for infrastructure loans, promote and explain the model. It will also support PRODEL's efforts in establishing public-private partnerships between municipalities and communities and offer construction expertise and training, thereby building the capacity of the local public sector.

Lastly, PRODEL will systematize its Local Community Development Project to make it easier to disseminate, publicize and scale up across Nicaragua. The OMJ loan allows PRODEL to improve the homes and lives of 12,000 families in 50 communities in 20 municipalities.

PRODEL's sustainable business model can be replicated through similar organizations in similar communities at the base of the pyramid across Latin America and the Caribbean.



For more information about the program, contact: OM-IDB@iadb.org
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