Millennium Challenge Corporation
Reducing Poverty Through Growth

Fact Sheet
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Nicaragua and Millennium Challenge Corporation:

Building a Dynamic Partnership for Poverty Reduction through Economic Growth

The Millennium Challenge Corporation (MCC) and the Government of Nicaragua have signed a five-year, $175 million Compact.

Nicaragua is one of the poorest countries in the Western Hemisphere. After extensive consultations with a diverse set of government and civil society stakeholders, Nicaragua identified a regional development strategy for MCC to fund that will address insecure property rights, under-developed infrastructure, and low value agricultural production. The Millennium Challenge Compact with Nicaragua is focused on creating an engine for economic growth in the northwestern part of the country, a poor region with significant growth potential due to its fertile land and connection to markets in Honduras and El Salvador.

Key expected results of the Compact include:

Improving property records for an estimated 43,000 land parcels in the department of León and a modern system of parcel maps and registered land titles, making property rights more secure and lowering the cost of doing business in the region;

- Upgrading a 58 km stretch of the Pacific Corridor highway to better link producers in northwestern Nicaragua to commercial centers in Managua, Honduras, and El Salvador;
- Upgrading up to 100 km of rural secondary roads to improve rural community access to markets and social services;
- Producing higher value agricultural production that will significantly increase earnings for poor farm families and create thousands of new jobs in related services and enterprises.

The Compact will fund three projects in the departments of León and Chinandega aimed at increasing investment by strengthening property rights; reducing transportation costs and improving access to markets for rural communities; and increasing profits and wages from farming and related enterprises in the region.

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Strengthening Property Rights

MCC will provide $26.5 million to improving the property registration system in León -- building local capacity, upgrading property records, resolving disputes, better defining boundaries of four environmentally-sensitive protected areas, and promoting the use and sustainability of the property registration system. A focus on gender equity in implementation of the Project will result in improved land titles for women, an estimated 40% of the beneficiaries. These actions will build on projects supported by the World Bank.

Improving Access to Markets and Social Services

MCC will provide $92.8 million to improve a 58-kilometer segment of the Pacific Corridor highway between Managua and León, upgrade key secondary routes to link rural producers to the primary road network, and provide technical assistance to improve the investment and maintenance planning capabilities of Nicaragua's Ministry of Transportation.

Increasing Rural Business Productivity

MCC will provide $33.7 million to extend rural business development services that facilitate higher-profit agriculture and related activities. The Project will be particularly focused on reaching poor farmers who require more help with making a transition into these activities. Grants also will support activities to improve water supply to facilitate higher-value, sustainable agriculture and forestry in the upper watershed areas of the region.

The Compact also includes approximately $22 million for program management, oversight, monitoring and evaluation. The Government of Nicaragua, with MCC assistance, is currently conducting a competitive procurement to select a joint venture of international private-sector accounting/consulting firms to serve as the Fiscal/Procurement Agent and to ensure transparent administration of funds.

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Millennium Challenge Corporation (MCC), a United States government corporation designed to work with some of the poorest countries in the world, is based on the principle that aid is most effective when it reinforces good governance, economic freedom, and investments in people that promote economic growth and elimination of extreme poverty