Investment Rural Program
Sustainable development and poverty reduction

Nicaragua

Presentation
Nicaragua, 17th of October 2023
OVERVIEW
GENERAL DATA OF THE COUNTRY

130,373.5 Km²
Area

6.7 Million
Population

10,407.3 Km²
Lakes and Lagoons

21 Watershed
TRNSFORMATION OF NICARAGUA 2007-2022

21 New hospitals
1,544 Community health centers

+36 mil Classrooms

Better road infrastructure of Centroamérica
5th of Latin America

Electric coverage: 54% (2006) vs 99.2% (2022)
Renewable production: 26% (2006) vs 74.4% (2022)

90% Food self-security

Water access: 65% (2006) vs 94% (2022)
Economic growth: PIB constants prices (% Variation)

<table>
<thead>
<tr>
<th>Year</th>
<th>Variation</th>
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<tbody>
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<td>2006</td>
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<td>2018</td>
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<td>2019</td>
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<td>2020</td>
<td>10.3</td>
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<td>2021</td>
<td>3.8</td>
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Source: BCN.
**Resilient Economy**

**Foreign Direct Investment Income (2006 - 2022)**
(Million of US $)

- 2006: 287
- 2007: 428
- 2008: 382
- 2009: 381
- 2010: 348
- 2011: 414
- 2012: 438
- 2013: 493
- 2014: 547
- 2015: 640
- 2016: 705
- 2017: 725
- 2018: 706
- 2019: 603
- 2020: 695
- 2021: 937
- 2022: 855

**Source:** BCN

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**Public Investment Program PIP (2007 – 2022)**
(Million of US $)

- 2007: 428
- 2008: 381
- 2009: 369
- 2010: 348
- 2011: 414
- 2012: 438
- 2013: 493
- 2014: 547
- 2015: 640
- 2016: 705
- 2017: 725
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**Source:** BCN

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**U$ 92.5 million**
Income FDI in agricultural sector 2022

**Investment in production support:** roads, energy, telecommunications, water and sanitation, health and education

**30%**
Of national employment

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**Source:** BCN
POVERTY AND INEQUALITY REDUCTION

Lorenz curve of consumption:

Poverty Reduction

AGRIFOOD SYSTEM POTENTIAL
AGRIFOOD SYSTEM POTENTIAL

+ 20
Types of soil

48.54 %
Land with high and medium priority

+ 3.8 M. Has
Agricultural use

15 %
Natural reserves

+ 6 M. Has
Forestry use

7 %
Of global biodiversity

Fuente: Mapa de Uso Potencial de la Tierra, INETER 2022
Evolution of total agro-food exports (2012 – 2022)
(Million of US $)

Datos 2022:

Total export: US $ 7,731 million

Growth vs 2021 13.0 %, which represents US $865.6 million

40% Agro-food export in 2022
**BEANS AND CATTLE BREEDING EXPORT + AGROINDUSTRIAL PRODUCTS (MEAT, DIARY): in US$ MILLION**

**2022 DATA**

- **Total export:** US$ 7,731 million
  - +13% than 2021

- **Agricultural goods export:** 40% of total exports

- **Cattle Breeding exports:** 5.8% of GDP and 30% of agricultural goods export.

- **Exports of Bean:** 4% of agricultural goods export.

Nicaragua exports to: USA, Mexico, El Salvador, Guatemala, Japan and Panama
**CLIMA DE INVERSIÓN:**

### CONDITIONS FOR INVESTMENT

# 1 in Centralamerica – Why invest in Nicaragua:

- Less time to open an enterprise
- Less time in procedures to export
- Without the presence of organized crime
- Lower homicide rate

### HIGH CONNECTIVITY:

- Preferential access in 45 countries
- 20 Bilateral agreements to protect investments

### RELEVANT DATA:

- 100% National coverage of mobile internet
- 76% Population under 40 years of age
- 21 mil New professionals
- Aporx. 6 mil kms paved roads
- 3.0X vs. 2006

### FREE TRADE AGREEMENTS

- USA, Panama, México, Chile, E.U, China, United Kingdom, Dominican Republic, South Korea.

### CENTRAL AMERICA COMMON MARKET

- Guatemala, El Salvador, Honduras, Costa Rica, Panama.

### AGREEMENTS IN NEGOTIATION

- Perú, Paraguay

### PARTIAL SCOPE AGREEMENTS

- Ecuador, Cuba, Venezuela, Colombia, China
National Program for Rural Investments (PIR)
To reduce poverty and for sustainable development of Nicaragua
RURAL INVESTMENT PROGRAM (PIR)

PIR
2022 - 2030

ESTABLISH GOVERNMENT PRIORITIES AND RESOURCES

- National program of low carbon livestock
  - US $225 million

- Resilient Coffee National Program
  - US $100 million

- Bean National Program
  - US $100 million

- Cocoa National Program
  - USD 25 million
In 2023 Production, Commercialization and Consumption National System EnSNPCC, instituzionalizes Hand in Hand methodology (HIH) as a tool to targeting and prioritization agrifood investments.
Examples of agricultural investment targeting for socio-economic revitalization
Iniciativas de Inversión

Bean

Cocoa

Forestry Mead-Dairy
INITIATIVE 1

FORESTRY-DAIRY SECTOR
Development of the Transformation of the Livestock and Forestry Production Matrix in the territory of Via Láctea Ampliada

Agroclimatic Transformation opportunities in primary chain

+80% of producers are micro, small and medium with systems of livestock production in diary and land

Potential investors identified

Technical assistance NI-T1309 - Sustainable livestock farming: Improving opportunities for smallholders in the livestock sector

Identify areas of potential collaboration with private sector agricultural actors in the dairy chain (anchor companies)

Concept Note on Agreement on Low Emissions Production in Meat + Dairy and Coffee

Explore the partnership to support coffee producers implementing agroforestry systems in Nicaragua through a voluntary carbon market
NADIRAGUA:
LEADING EXPORTER IN CATTLE BREEDING AND DIARY IN CENTRALAMERICA
❖ 79% of the value of meat exports and 45% of dairy products come from Nicaragua.
❖ Main dairy products exported by Nicaragua: cheese, powder milk, cream of milk, lactose-free milk, fluid milk and icecreams.

Nicaragua can export dairy products with 0% tariff to:
China, USA, Mexico, Chile, Dominican Republic, E.U, South Korea

Main countries to which it is exported: El Salvador, Guatemala, USA, Costa Rica y Honduras

Nicaragua can export wood and wood articles with 0% tariff to:
USA, México, Panamá, Chile, Dominican Rep., E.U, United Kingdom

Nicaragua can export diary with 0% tariff to:
China, USA, México, Chile, Dominican Rep., E.U, South Korea
Development of the Transformation of the Livestock and Forestry Production Matrix in the territory of Via Láctea Ampliada
Farm management with low carbon practices, including plantations
**US $41,529,815**

Development of infrastructure for processing 100 artisanal cheese factories and 8 plants
**US $39,337,582**

Capacities Development
**US $3,164,201**

**Total Investment:**
**US $ 84,031,599**

**Sustainability Benefits**
- **40,210** people
- **33.8** million tCO2 captured eq/ha/year

**Cost-Benefits Metrics**
- IRR: **19%**
- NPV: **$ 106,225,325**
- B/C: **1.3**

**Employment creation**
- **25,026**
Development of the Transformation of the Livestock and Forestry Production Matrix in the territory of Via Láctea Ampliada

**COMPONENTS**

1. Farm management with low carbon practices, including forestry plantations.
2. Infrastructure Development for dairy transformation.
3. Capacities Development

**INDICATORS**

- **+11,000** Ha SASP
- **33.8** tCO2 eq xHa/year
- **23,930** Has with forestry plantation in 3,947 farms between 5-50 Ha
- **314,000** m³ per year in raw wood
- Collect and processing **25.5** million of liters
- **8** industrial plants and **100** cheese factories
- **8,042** Producers

**EXPECTED RESULTS**

- **21%** Productivity increase
- **Silvopastoral land increase**
- **Increase in area and forest production**
- **26.1%** Added value increase
- Improving sustainable practical capacities
Development of the Transformation of the Livestock and Forestry Production Matrix in the territory of Via Láctea Ampliada

** COMPONENTES **

1. Farm management with low carbon practices, including forestry plantations.
   - Implementation of farm plans that incorporate low carbon measures and practices (agrosilvopastoral systems, soil and water management and biodiversity) and good milking practices.
   - For the development of forest plantations in 3,947 livestock farms:
     - Establishment of nurseries (Species, Infrastructure required, Necessary inputs and tools, Manpower and Technical assistance)
     - Thinning activities in SASP and PF, maintenance activities, productive systems activities and technical assistance of the Forest Regent in plantations.

2. Infrastructure Development for diary transformation.
   - Improvement and expansion of facilities for aggregation of value in 100 artisan cheese makers.
     - Equipment: Pasteurizer, Cooling tank, Mixer (cheese vat) and Biodigestors and solar panels.
     - Strengthening of diary quality control laboratory.

3. Capacities Development
   - Technical assistance in diary reception techniques.
   - Technical assistance in nurseries and management of forest plantations.
   - Training in establishing forest plantations and SASP.
   - Training in laboratory management and dairy equipment.
   - Training in marketing of exportable dairy products.
INITIATIVE 2

BEAN
VALUE ADDED AND ADAPTIVE MANAGEMENT OF BEAN CULTIVATION

BEAN PRODUCTION AND EXPORTATION

Nicaragua can export bean products with 0% tax to:

China, USA, Mexico, Chile, E.U, Cuba

Main countries to which bean was exported in 2022:
Costa Rica, USA, El Salvador, Honduras, Guatemala, Cuba, Spain and Panama

Exported bean by type in 2022:
Frijoles rojos (94.81%), frijoles negros (4.05%), otros tipos (0.85%), frijoles blancos (0.29%)

- El frijol ha experimentado un crecimiento de 120.6% en el valor de las exportaciones en 2022 en comparación con 2012.
5 Development areas of Bean: Madriz, Nueva Segovia, Matagalpa y Jinotega
VALUE ADDED AND ADAPTIVE MANAGEMENT OF BEAN CULTIVATION

COMPONENTS

1. Farm management with adaptive practices and seed production
2. Establishment of 5 plants for collection and processing red beans into grain
3. Establishment of 5 plants for processing and commercialization cooked and ground beans

INDICATORS

- 20% productivity increase
- +1,662.77 Ha and production of 509,661 qq in 5 years of improved seeds
- +43,129 Ha with adapted practices
- Increase of the exported value and volume of bean
- Canned ground beans, and frozen ground beans: 862 Tons/year / 5 plants
- 11,763 Producers

EXPECTED RESULTS

- Productivity improve
- Production of (qq) 733,451.83 year
- Total collect quantity: 264,000 qq/year / 5 plants
- Strengthen/expand capacity of 5 cooked and ground bean processing plants
VALUE ADDED AND ADAPTIVE MANAGEMENT OF BEAN CULTIVATION

Farm management with adaptive and productivity practices
US $67,063,501.13

Establishment of 5 plants for the collection, added value and commercialization of red beans
US $12,506,163

Establishment of 5 plants for processing and commercialization cooked and ground beans
US $3,383,017

Total Investment: US $ 82,952,681

Sustainability Benefits

58,813 people
274.5 Ton CO2 equivalent/ha during 12 years

Benefit-Cost Metrics

IRR 42%  
NPV $175,710,321  
B/C 1.92

Employment generation
113,547
Agregación de valor y manejo adaptativo del cultivo de Frijol

**COMPONENTES**

1. **Farm management with adaptive and productivity practices**
   - Certified red bean seed production.
   - Training and technical assistance to seed producers for certified seed production.
   - Institutional technical assistance from IPSA and INTA for seed certification and at the production stage.
   - Promotion of adaptation and soil conservation practices.
   - Technical assistance and input for the production of red beans.

2. **Establishment of 5 storage plants, added value and processing of red beans into grain**
   - Training and technical assistance to 5 cooperatives to expand collection and commercialization to producers in post-harvest management.
   - Improvement and expansion of facilities.
   - Equipment for preparation of red bean in grain of the plant.
   - Facilitate process and packaging materials.

3. **Construction of 5 new plants for processing and marketing cooked and ground beans**
   - Built installations.
   - Training and technical assistance to 5 new processing and commercialization plants.
   - Equipment for processing cooked and ground beans.
   - Facilitate process and packaging materials.
<table>
<thead>
<tr>
<th>Investment initiatives</th>
<th>Interventions</th>
<th>Cost (USD)</th>
<th>IRR (%)</th>
<th>VPN</th>
<th>Sustainability Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of the Transformation of the Livestock and Forestry Production Matrix in the Via Láctea Ampliada</td>
<td>Cost (USD)</td>
<td>US$ 84.03 Millones</td>
<td>19%</td>
<td>US$106.2 Millones</td>
<td>Beneficiaries: 40,210</td>
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<td>• Direct Beneficiaries: 8,042</td>
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<td>• Indirect Beneficiaries: 32,168</td>
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<td>Employment generation: 25,025</td>
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<td>Emission reduction: 33.8 million tCO2 eq/ha/ year</td>
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### PLAN DE INVERSIONES DE NICARAGUA

**SUMMARY**

<table>
<thead>
<tr>
<th>Total investment</th>
<th>Average IRR</th>
<th>Direct Beneficiaries: 19,805</th>
<th>Indirect Beneficiaries: 79,218</th>
<th>Per capita income increase</th>
<th>Per capita emissions reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$166.93 Million</td>
<td>31%</td>
<td>99,023</td>
<td>US$815</td>
<td>5.5 MT</td>
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**Investment initiatives**

<table>
<thead>
<tr>
<th>Intervention</th>
<th>Cost (USD)</th>
<th>IRR (%)</th>
<th>VPN</th>
<th>Sustainability Benefits</th>
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<tbody>
<tr>
<td>Value aggregation and adaptive management of bean cultivation</td>
<td>US$ 82.9 Million</td>
<td>42%</td>
<td>US$175.7 Millones</td>
<td>Beneficiaries: 58,813</td>
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<td>Direct Beneficiaries: 11,763</td>
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<td>Indirect Beneficiaries: 47,050</td>
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<td>Employment generation: 113,547</td>
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<td>Emission reduction: 274.5 Ton CO2 equivalent/ha during 12 years</td>
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