

## Technical Assistance Facility for Latin America and the Caribbean

### LEASING MAP – NICARAGUA

**Project dates:** November 2004 – May 2005  
**Country:** Nicaragua  
**Sector:** Leasing  
**Partners:** ALTA Group Latin America Region  
**Sponsors:** Swiss Secretariat for Economic Affairs (seco)

#### Background

In its efforts to identify the potential opportunities to develop technical assistance projects in Nicaragua, the facility undertook a comprehensive overview of the legal and regulatory framework for leasing industry in the country, as well as the current and potential market for the sector. Additionally, the facility organized an event to provide information on the industry and raise awareness of the importance of developing the leasing sector in the country as an important tool to develop the private sector. To map the sector, the facility worked with the ALTA Group Latin American Region, a consulting firm with experience in Latin American leasing markets.

#### Project

The mapping initially drew on existing studies conducted by IFC's investment partners, and considered the lessons learned from other leasing intervention experiences, particularly in Eastern Europe.

The mapping of the leasing industry in the country included (i) a legislative review, (ii) a market study, and (iii) a leasing seminar.

Legislative Review: This review included a comprehensive study of the regulation, taxes and property rights for the financial leasing sector in Nicaragua. This analysis focused on identifying and reviewing the level of existing financing available for small businesses. It also included a survey that provides a general overview of the legal barriers for developing the financial leasing industry and an assessment of the legislative framework for the sector.

Market Study: This study analyzed the existing leasing companies and other financial institutions, focusing on identifying their current and potential markets. It also assessed the existing and potential funding for these activities among multilateral and bilateral organizations as well as other suppliers.

Leasing Seminar: This event aimed at building consensus on the relevance of promoting and developing the leasing industry as a financial mechanism as well as discussing the findings and results of study. Seminar participants included representatives of the banking regulation agency, the banking association, the tax authority, the Central Bank, leasing companies, financial institutions, law firms, congressmen, and SME representatives. The participants collaborated in shaping the next steps for improving the existing local leasing regulation.

Additionally, the ALTA Group collaborated with the facility in identifying the areas for improvement in the sector and other potential TA initiatives over the next 3-5 years.