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US\$250 Million Loan From Inter-american Development Bank (idb) For Small- & Medium-scale Businesses

by Steven Ranieri

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On Aug. 19 in Washington, the Inter-American Development Bank (IDB) announced approval of a US\$250 million loan earmarked for a US\$500 million financing program aimed at boosting competitiveness of small- and medium-scale businesses, and restructuring the state-run Nacional Financiera (NAFINSA). Business loans can be used for capital goods acquisition, working capital, and technical assistance. NAFINSA restructuring involves transformation from an entity financing large state-run enterprises to small- and medium-scale private companies. NAFINSA will channel the IDB loan to intermediary institutions responsible for directly supplying financing to the private companies. IDB loan terms are 20 years, five-year grace period, and a variable interest rate (currently at 7.92% per year). The US\$250 million loan marked the third approval for Mexico this year. In January, the IDB signed off on US\$200 million to support a water treatment and sewer system expansion and upgrade project. Next, in May, the multilateral institution approved a US \$100 million loan for a "debt-nature" swap. (Sources: Agence France-Presse, Chinese news service Xinhua, 08/19/92)

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