

# Financial Sector Support Facility for MSMEs in Central America

Presented by:



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## Central American Bank for Economic Integration (CABEI)

1. Financing of working capital for enterprises that were negatively affected during the closure caused by the quarantine period during the pandemic in order to protect jobs.

2. Facility Amount: US\$350 million. In this effort, German financial cooperation through KfW participates with an amount of US\$83 million, while the European Union, through its Latin America Investment Facility (LAIF), contributed an amount of US\$28.5 million for guarantees, seed capital and non-reimbursable technical assistance.

3. Countries: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama and Dominican Republic.

4. Eligible Sectors: Agrifood chain production, renewable energy, energy efficiency, cleaner production, hospitality and tourism, construction, creative industry, media, trade and service provision, among others.

5. Financing Terms: 5-7 year term with a 2 year grace period at a fixed interest rate.

6. The financing will be included within the global credit lines that the financial system has with CABEI, which include approximately 90 institutions: public banks, private banks, microfinance institutions and cooperatives that are part of CABEI's network of intermediaries. The resources can be used for working capital to pay the obligations contracted to date (suppliers, leases, personnel, social security contributions and invoice discounts, among other needs that are occurring at this stage of the pandemic).

### 7. Who is eligible:

a. The categorization of MSMEs in the beneficiary countries is given according to their annual turnover and/or number of employees. In the case of this program, the requested financing amount (up to US\$5,000,000) and the number of employees of the beneficiary company (up to 150 employees) will be taken into account.

b. Includes MSMEs in urban and rural areas.

c. MSMEs that retain at least 70% of their current staff, as a measure of job containment and reactivation of companies.

Enterprise Size	Loan Amount per Enterprise
Micro	Up to US\$10,000
Small	Up to US\$200,000
Medium	Up to US\$5,000,000

8. The program has a **guarantee fund** managed by CABI that will offer coverage from 50% to 75%, depending on the size of the company, benefiting the smaller companies that are the most vulnerable and affected in a pandemic.

#### Classification of MSMEs in Central America, according to the number of Employees

Criterion	Micro	Small	Medium
Guatemala	From 1 to 10	From 11 to 25	From 26 to 60
El Salvador	From 1 to 10	From 11 to 50	From 51 to 100
Honduras	From 1 to 10	From 11 to 50	From 51 to 150
Nicaragua	From 1 to 5	From 6 to 20	From 21 to 50
Costa Rica	From 1 to 5	From 6 to 30	From 31 to 100

#### 9. Summary of Program Benefits

Financial Mechanism	Micro Enterprise	Small Enterprise	Medium Enterprise	Observations
Loan	Up to US\$10,000	Up to US\$200,000	Up to US\$5,000,000	
Guarantee Fund (%)*	Up to 75% of the credit amount with a maximum of US\$7,500 per enterprise	Up to 50% of the credit amount with a maximum of US\$100,000 per enterprise	Up to 50% of the credit amount with a maximum of US\$1,000,000 per enterprise	
Risk Capital/Donation (%)*	Up to 20% of the credit amount with a maximum of US\$2,000 per enterprise	Up to 10% with a maximum of US\$10,000 per enterprise	Up to 5% with a maximum of US\$15,000 per enterprise	Disbursement subject to prior fulfillment of requirements
Technical assistance	According to need	According to need	According to need	These resources cover the program's costs for follow-up, monitoring and impact measurement.

10. The definition of MSMEs that is managed within the framework of the program is a definition agreed upon at a regional level by the authorities of the MSMEs, in which a number of up to 150 employees is used, covering all the definitions used in the countries of the region. This definition is used by regional organizations such as CABI and CENPROMYPE (SICA Body composed of the highest government MSME authorities in the region).



**More information:**  
[www.bcie.org](http://www.bcie.org)