CABEI: essential support for the development of Honduran MSMEs

The bank has channeled various resources to strengthen the business fabric, support the generation of decent employment and stimulate the economy.

Creating Opportunities

To support the development of Honduran MSMEs, CABEI promotes the MSME Support Program, which facilitates access to credit for micro, small and medium-sized businesses (MSMEs). Through its intermediary Financial Institutions System (IFIS), it strengthens productive activities and generates jobs within a framework of sustainable development.

In Honduras, MSMEs play a fundamental role in the economy, as they generate close to 70% of jobs and represent 95% of businesses (MSMEs), which contributes 60% of the country’s GDP, according to the Ministry of Finance and the country’s Revenue Administration System.

To promote the development, growth and productivity of this sector, which contributes 60% of Honduran GDP, the Central American Bank for Economic Integration (CABEI) promotes various programs and investments, focusing its social commitment on the economic development of its founding member country.

US$376.2 million for the region through the Guarantee Fund

As of the recent Economic COVID-19 Support and Prosperity, and Economic Reactivation Program during 2020 the Bank provided a total of US$685 million for the region through the Financial Sector Support Facility for MSME finance.

The objective of this facility was to support the adaptation, recovery and transformation of MSMEs in Honduras and the rest of Central America, in order to enable their recovery from the impacts caused by the pandemic.

Likewise, the German Cooperation through GIZ contributed to the facility US$2.5 million for credit resources and the European Investment Facility (IFIS) added US$14.3 million for non-reimbursable resources that included guarantee funds and small donations.

As a result of the program, the Guarantee Fund was established, backed by US$14 million from CABEI and US$37.9 million from the European Union, through the Latin American Investment Facility (LAIF) in 2020-2024. Moreover, this support is integrated into the Guarantee Fund with coverage from 25% to 75%.

With the objectives of the program, CABEI has been able to achieve the main source of providers of support to MSMEs in Honduras, with the aim of committing to achieving the country’s development by promoting economic growth, the strengthening of the population and ownership.

To achieve this, the Bank has adopted the Sustainable Development Goals (SDGs) 2020-2024, through the promotion of economic factors and promoting sustainability, giving special emphasis on social and economic inclusion.

In this way, it ensures that the benefits of economic growth and development are evenly shared, contributing to inclusive economic growth and the strengthening of value chains.

Moreover, this support is integrated into the bank’s 2020-2024 Environmental and Social Strategy for the Green MSMEs Program, for the Commit II Program, contributing to the Sustainable Development Goals (SDGs).