



## PROJECT SHEET

### PROGRAM OBJECTIVE

The objective of the project is to contribute to the rehabilitation of the Haitian productive sector, by providing funding for the implementation and operation of the first stage of a Partial Credit Guarantee Fund. This first pillar will grant guarantees to firms affected by the earthquake that need support for the restructuring of impaired, but viable, loans which were performing before January 12.

The Partial Credit Guarantee Program responds to a request by Haiti's Central Bank. The project is fully consistent with the Haiti Action Plan's emphasis on Investment and Access to Credit as one of the key areas for economic rebuilding: –"The proper functioning of economic and financial channels is crucial for funding reconstruction and relaunching growth..." Furthermore, the action plan specifically mentions the creation of a guarantee fund as one of the key initiatives to help borrowers affected by the earthquake.

Targeted thematic Outcomes	%
Economic Rebuilding	100

### GENERAL INFORMATION

**Name:** *Program to Establish a Partial Credit Guarantee Fund*

**Amount:** US\$35 Million

**Sources:** IDB (US\$20 M), World Bank (US\$2.5 M) HRF (US\$12.5 M)

**Approval date:** August 17, 2010

**Sector:** Finance and Investment

**Partner entity:** IDB

**Implementing agency:** Ministry of Economy and Finance, Industrial Development Fund

### DESCRIPTION

**Program Objective:** The objective of this operation is to contribute to the rehabilitation of the Haitian productive sector by establishing a partial credit guarantee fund to allow viable enterprises to restructure bank-debt obligations they are currently unable to meet.

#### The Program has two components:

*Component 1.* Funding of partial credit guarantees issued by the Partial Credit Guarantee Fund to restructure viable loans affected by the earthquake; this entails the issuing of guarantees to restructure eligible smaller and larger loans. Small loans are those below US\$1 million dollars and larger loans are above US\$1 million

*Component 2.* Technical assistance to strengthen the Executing Agency and to run the Program. Such assistance will consist of hiring an independent advisor or advisory firm that will help the Executing Agency to adjust its operational processes, systems and organizational structure in order to ensure an appropriate administration of the Program and the transfer of knowledge. This component will also fund the costs of the auditing, the technical consultancies and any other expense needed to properly run the Fund, including an impact evaluation at the end of the Program execution.

It is expected that the restructuring process will facilitate firms to keep operating and subsequently help to reactivate economic activity and preserve employment.