



Status of Financing and Guarantees for MSME: Haiti

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Reunión Regional sobre Mecanismos Novedosos de Financiamiento y Garantías para las MIPYMES en América Latina y el Caribe

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Status of Financing and Guarantees for MSME



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**PRESENTED AT SELA'S WORKSHOP ON INOVATIVE
MECHANISMS FOR FINANCING AND GUARANTEES FOR
MSME IN LATIN AMERICA AND THE CARIBBEAN**

SANTO DOMINGO, DOMINICNA REPUBLIC, 19-21 APRIL 2017

Presented by Jempsy Fils-Aime



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A-INTRODUCTION

Economic situation in Haiti

- GDP/capita US\$820 for Haiti and US\$6,500 for Dominican Republic (2015)
 - GDP growth was 7% in Dominican Republic and 1.2% for Haiti (2015)
 - Inflation rate is about 14% in Haiti (2017)
 - Haitian economy is dominated by informal MSME
 - Informal MSME provides more than 80% of the jobs in the country
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The role of MSME in the economy

- Economic role
 - MSME sector provides more than 80% of the jobs and contributes to more than 50% of the GDP
 - Social role
 - Enterprises are family-owned
 - Microenterprises are women-led providing income for education and health care
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The issue of financing and guarantees

- Insufficient and inefficient financing continues to be a major constraint to business development in Haiti
- Inadequate access to relevant financial services is handicapping economic growth by:
 - preventing investors from responding to investment opportunities
 - limiting development potential of MSME



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B-Status of Financing for MSME

The Haitian financial system

The Haitian financial system is structured as followed:

- 9 banks: 6 private banks and 3 state-owned banks
 - 02 development finance organizations
 - A half dozen of money transfers operators
 - About twenty foreign exchange bureaus
 - About 200 microfinance institutions, including 175 savings and loans cooperatives, 20 NGOs, and 3 bank MFIs
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B-Status of Financing for MSME

The supply of credit

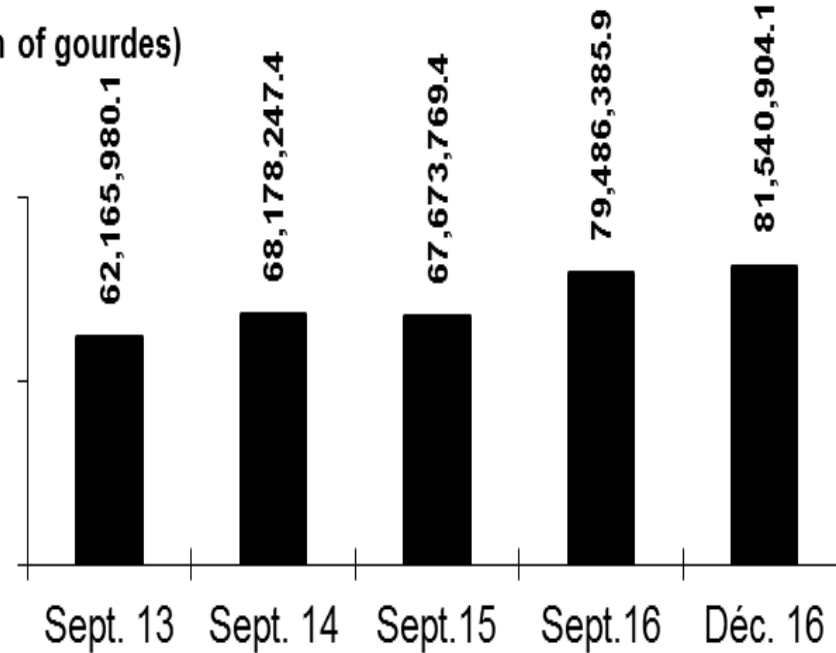
Total credit in the banks: about HTG82 billion



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Net Loans-Banking sector

(in million of gourdes)





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B-Status of Financing for MSME

Situation in 2014:

- Credit portfolio of the banking system: HTG84,5 billion for about 108,989 loans
 - Microfinance institutions provided HTG8,3 billion to 324,456 borrowers
 - Microfinance organizations provided more loans than banks
 - The average loan provided by the MFI was HTG50,585 compared to HTG600,000 for the banks
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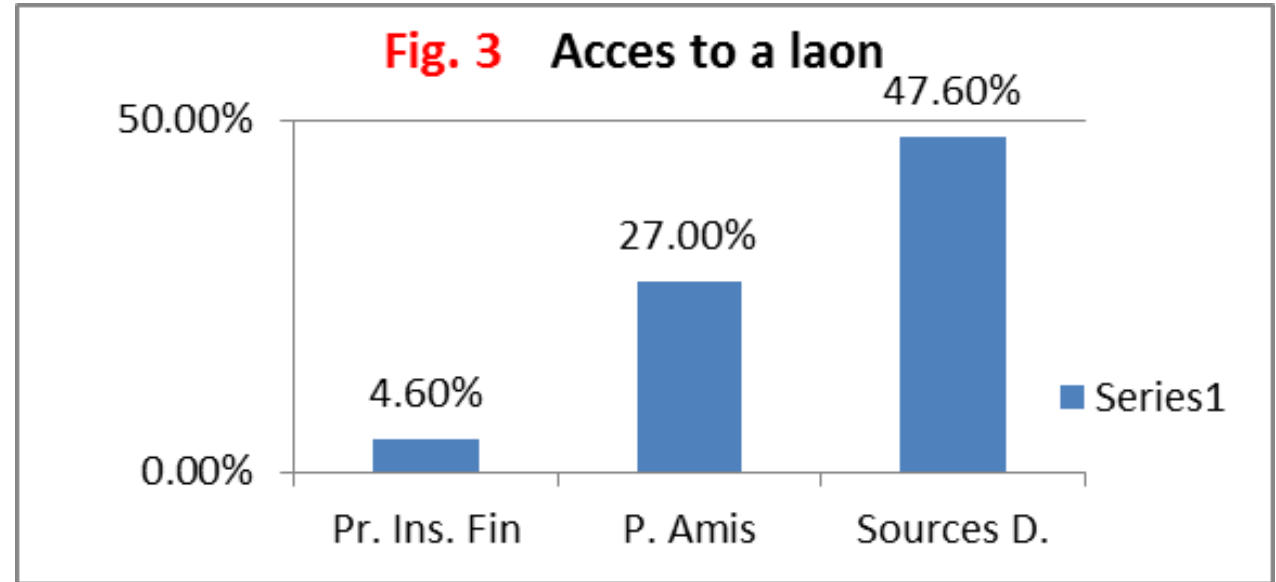


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B-Status of Financing for MSME

The supply of credit

A study conducted by FINDEX presents loan access



Pr. Ins. Fin. = Loan from financial institution, P. Amis= Loan from friends. Sources D. = Diverse sources. FINDEX 2015



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B-Status of Financing for MSME

Sub-optimal access to finance in Haiti for MSME

- Low and unequal access to credit
 - High costs of intermediation
 - Low availability and appropriateness of financial products
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B-Status of Financing for MSME

Demand of financing for Haiti's private sector

- About 86% of MSME cannot access a loan
- Supply of financing: 43% of total deposits
- Financing gap: \$20,000 for each SME and \$4,000 for ME²⁰
- HTG28 billion needed to fill the gap



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19. Croissance du crédit et déséquilibre économiques, Charles /castel, avril 2014

20. MIF strategy 2014



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C-Status of Guarantees for MSME

Donor funds

- IDB-Inter-American Development Bank
 - USDA/GSM-102
 - USAID/DCA loans guarantees
 - US\$3 Million to Sogebank/Sogesol
 - US\$1 Million to Capital bank/MCC
 - ACME, SOFHIDES, Le Levier
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C-Status of Guarantees for MSME

Commercial bank guarantees

- Bank guarantee to companies

Credit unions

- Endorsement by another member

Other multilateral and bi-lateral donors

Guarantee lines



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D-BEST PRACTICES

- Online banking
 - Guarantee mechanisms
 - Business Development Services
 - Introduction of new products
 - Financial inclusion
 - Improving business climate
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Recommendations

Short and medium term

- Facilitate access to information
 - Continue to provide BDS
 - Continue to improve the business climate
 - Adjust financial inclusion strategy
 - Development of:
 - New cost-effective financial products and services
 - Online services
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Recommendations

Medium and long-term

Create a more enabling business environment:

- access to credit information
 - improve the legal framework
 - regular renewal of banking and other economic laws
 - disseminate opportunities
 - access to finance for productive sectors
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MESI ANPIL
THANK YOU



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