

Global Credit Program for Microenterprises

EL SALVADOR

SECTOR	Microenterprise
PROJECT NAME:	Global Credit Program for Microenterprises (780/OC-ES; 915/SF-ES)
TOTAL COST:	\$30 million
FINANCING:	
IDB	\$24 million
LOCAL	\$ 6 million
DATE OF APPROVAL:	November 10, 1993
GENERAL DESCRIPTION:	<p>The main purpose of the program is to provide funds that will increase the flow of credit from the formal financial sector to microentrepreneurs with a view to improving their productivity, income and employment levels and assisting the government in its efforts to incorporate these into the nation's productive apparatus. The program represents a catalyzing initiative that will supplement traditional lending services to small businesses.</p> <p>The basic objectives of the program will concentrate on: (a) promoting improvement of the poorer sectors' employment and income levels by supporting financing to microenterprises; and (b) helping to complete the conversion of non-governmental organizations into formal sources of financing, by ensuring the availability of resources to bolster their efforts to attract a share of the national savings.</p> <p>The credits, which are available exclusively to</p>

microenterprises, will be granted under market conditions, with no preference or subsidy with regard to the interest rate. Microenterprises are defined as firms with a maximum of 10 employees, including the owner, and assets not exceeding the equivalent of US\$15,000. The resources of the program will be used to finance the acquisition of fixed assets, working capital and the requisite technical advisory services for execution of the microentrepreneurs' commercial, service and production activities.

CONSULTANTS: Not applicable.

GOODS AND EQUIPMENT: Not applicable.

CIVIL WORKS: Not applicable.

EXECUTING AGENCY: Banco Central de Reserva de El Salvador (BCR)

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