

PROJECT SUMMARY
RESILIENCE AND PRODUCTIVE REACTIVATION FUND
(EC-T1353 AND EC-Q0002)

On 16 April 2016, an earthquake measuring 7.8 on the Richter scale struck Ecuador. It hit populated areas in the provinces of Manabí and Esmeraldas hard, causing destruction unprecedented in the country's recent history. About two million people live in those provinces. According to official figures, 663 people died, more than 30,000 lost their homes, more than 7,500 places of business were destroyed, more than 5,000 buildings will need to be demolished, and an estimated 18,000 enterprises were affected. The impact of the earthquake on the infrastructure and equipment of the micro and small enterprise sector and its productive capacity was particularly severe.

The proposed project seeks to implement an **innovative** natural disaster response model that involves key actors from the country's private business sector in the reconstruction of their value chains and business community, adopting a commercial approach in which everyone wins, while promoting greater business and community resilience in future crises. The **objective** of the project is to contribute to the business reactivation and economic resilience of micro and small enterprises affected by the earthquake (AMSEs), facilitating their access to technical assistance and credit, under affordable conditions, to enable the rehabilitation, recovery, and expansion of their businesses and means of production.

To attain this objective, two mutually complementary vehicles will be designed: the Fideicomiso "Resiliencia" [Resilience Trust], and the Fideicomiso "Junto a Ti" [Together with You Trust]. Together they will form the **Re-Emprende Program** [Relaunch Program], which seeks to provide comprehensive solutions to inadequacies faced by AMSEs in the areas of financing, entrepreneurial and technical capacity, market linkage and value chains, to breathe new life into their businesses and economic activities in the post-disaster context of the affected region.

The "Resiliencia" Trust (FIR) will finance a credit program that will provide reimbursable funds to cover the investment and working capital needs of the AMSEs. The funds will be channeled through eligible banks and financial intermediaries with a presence in the area that work with this type of client. It will be financed from capital contributions from a group of local private enterprises and the MIF.

The "Junto a Ti" Trust (FIJATI) will have two lines of action: (i) a technical assistance program for the productive reactivation of AMSEs, which will finance projects presented by development institutions working in the affected areas or projects proposed directly by FIJATI's management entity; and (ii) a program of solidarity-based financing for AMSEs that complements the FIR and will establish alternative mechanisms to improve the conditions under which the AMSEs obtain access to financing. FIJATI will be financed from local counterpart contributions, the MIF (for the technical assistance program), and the net operating surpluses that the FIR generates and transfers to it.

It is estimated that the FIR will make it possible to leverage private sector resources to provide financing to about 7,000 AMSEs. The five-year projections forecast that the FIR will generate surpluses from its investment operations for transfer to FIJATI. The project's **impact** is the expected boost to the business reactivation of the AMSEs, whose economic activities will return to or exceed their pre-earthquake levels by the end of the project, with the additional advantage that the AMSEs will be more resilient to the impacts of environmental risks.