



GLOBAL TRADE AND MARKETING S.A.
Promoting Trade & Fostering Development

CREDIT GUARANTEE PROGRAMME

(a driving force for Economic Growth, Social Integration and Prosperity)

Small and Medium-sized Enterprises (SMEs) are generally one of the main drivers of the economic recovery, because SMEs contribute substantially to GDP and account for a large number of jobs for local people. Access to financial sources is important to the operations of firms, especially for newly established which don't have sufficient collateral and reliable financial records to ascertain that they represent acceptable credit risk. Without external financing, SMEs would not be able to expand their business or even to survive in today's highly competitive business environment.

Credit guarantee programs can address several barriers to loan access by SMEs. These barriers include:

- The high transaction cost of small loans
- The perception of high degree of risk in lending to SMEs
- The lack of traditional collateral as often required by financial institutions

Thus, three (3) government financial institutions should be set up to cater to the financing needs of Haitian business enterprises particularly on credit guarantees namely:

- A) Haiti Small Business Guarantee and Finance Corporation (HSBGFC)
- B) Haiti Rural Credit and Guarantee Corporation (HRCG)
- C) Haiti Trade and Investment Development Corporation (HTIDC)

Features of the Credit Guarantee Programs:

1) **Haiti Small Business Guarantee and Finance Corporation (HSBGFC)** attached to the Ministry of Commerce and Industry and mandated to provide financing and guarantees to the country's SMEs. HSBGFC should operate on a basis of risk sharing with fifty percent (50%) Accredited Financial Institutions (AFIs) composed of commercial, development, industrial and rural bank. It guarantees loans of SMEs with the Accredited Financial Institutions (AFIs) against risk of non-payment by the borrowers.

2) **Haiti Rural Credit and Guarantee Corporation (HRCG)** attached to the Ministry of agriculture mandated to accelerate the flow of investments and credit resources into the countryside so as to trigger the vigorous growth and development of rural productivity, employment and enterprises to generate more livelihood and income opportunities. HRCG, in support of the government's effort to address these problems and in coordination with other participating agencies, could come up with various programs on agri-fishery and other related activities to sustain and intensify agricultural production specifically on grains commodities, fisheries/aquaculture, livestock and poultry, high value commercial crops, agri-forestry projects and other livelihood projects. It would introduce an innovative credit mechanism that is collateral-free and would give better access to farmers as a means to improve agricultural production, increase yield and augment farm level income.

3) **Haiti Trade and Investment Development Corporation (HTIDC)** attached to the Ministry of Finances with the goals to improve a wide range of financial services such as loans, guarantees, credit insurance and technical assistance services to small, medium and large exporters.

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