



**Asia-Pacific
Economic Cooperation**

2015/SMEWG40/027

Agenda Item: 13.2.1b

Increasing Productivity MSME Cost-Reduction and Financing Reform

Purpose: Information

Submitted by: Peru



APEC
PHILIPPINES
2 0 1 5

**40th Small and Medium Enterprises Working Group
Meeting
Atlanta, United States
10-11 June 2015**

INCREASING PRODUCTIVITY MSME COST-REDUCTION AND FINANCING REFORM

MIPYME FUN Financial instruments to promote MSMEs credit

APEC, Atlanta
June 2015



1

Development strategy and the National Plan for Productive Diversification (NPPD)

The Three Pillars of the NPPD



Increasing the export bundle through market failure correction in sectors with high development potential.

Pillar 1
Promotion of productive diversification

Pillar 2
Adequation of regulations and administrative simplification

Improving investment climate through better regulation and procedures.

Pillar 3
Expansion of productivity


Increasing productivity and reducing productive heterogeneity among firms




2

Main actions of the National Plan for Productive Diversification: Pillar 3 Expansion of Productivity

**Pillar 3:
Expansion of
productivity**




- **Technological extension programme for MSMEs**
 - Reinforcing Technology Innovation Centers (CITES).
 - Technological diffusion
- **MSME cost-reduction and financing reform**
 - Creation of a fund for financing MSMEs
 - Factoring and mutual guarantee funds



MSME cost-reduction and financing reform Legal framework


- In the National Plan for Productive Diversification (2014), the Peruvian government set an important goal: the creation of a public fund to improve the access of MSMEs to financial services.
- That public fund was created July 2014 **“MIPYME Fund”**. It was funded by a total amount of S/. 600 millions (about US\$ 190 million) of which S/. 500 millions are oriented to financial instruments.
- Initially, the law established two instruments for guarantee schemes:
 - Credit guarantee fund operated by private guarantee companies.
 - Partial guarantee of loans offered by enterprises operating in financial and capital markets.
- In December 2014 the MIPYME Fund included a third financial instrument: the financing of factoring - oriented funds managed by the private sector.



MIPYME Fund

Instruments for guarantee schemes

<p>1st Instrument: Credit guarantee fund operated by guarantee companies (GC).</p> <p>Proposed conditions:</p> <ul style="list-style-type: none"> • 10% of the credit portfolio guaranteed by the scheme must be loans to microenterprises. • Coverage of the loan: 100%. • Limit of guarantee per GC: US\$ 16 MM. • Fee to MIPYME Fund: 0.25% of the debit balance of the loan. 	<p>2nd instrument: Partial guarantee of loans offered by enterprises operating in financial and capital markets.</p> <p>Proposed conditions:</p> <ul style="list-style-type: none"> • 10% of the credit portfolio guaranteed by the scheme must be loans to microenterprises. • Coverage of the loan: 50 - 75%. • Limit of guarantees per enterprise: 30% of the equity. • Fee to the Fondo MIPYME: 1% of the debit balance of the loan. 	<p>3th instrument: The financing of factoring oriented funds managed by the private sector</p> <p>Proposed conditions:</p> <ul style="list-style-type: none"> • Guarantee to invoices and bills of exchange • 10% of the credit portfolio guaranteed by the scheme must be loans to microenterprises. • Coverage of the loan: 50-75%. • Limit of guarantees per Enterprise: 30% of the equity. • Fee: 3% of the nominal value of the instrument purchased by the Enterprise from financial and capital market.
---	--	---




5

MIPYME Fund

Next steps

- The Committee in charge of the MIPYME Fund is expected to approve this year the guidelines and policies of each of the three financial instruments.
- In reference to **guarantee companies**, the prudential supervisor has approved a procedure for its setting-up and organization.
- In the case of the **financing of factoring** – oriented funds, it is worth mentioning that the Peruvian government has modified the regulatory framework to incentive the use of the factoring.
- Finally, it is very convenient to win the interest of shareholders (Banks, MSMEs associations, regulatory agencies, etc.) by integrating them to the discussion of the regulatory framework of the three financial instruments.



6