



The objectives of the CEF are to:

- Provide an incentive to AFIs to increase SME lending
- Provide loans to qualified SMEs for viable projects, by providing additional security coverage on SME loans
- Allow the AFI to accept non-traditional collateral, which it may not normally accept, and grant coverage based on criteria such as the borrower's character and the future cash flow of the business.
- Reduce the AFI's risk exposure and capital normally associated with providing credit to SMEs

The DBJ will guarantee loans that are approved whether the funding source is the DBJ or an AFI.

ACHIEVEMENTS - 2009 TO DATE

- Over 600 Guarantees have been issued
- Approx. 570 SMEs have received loans
- Approx. 2,230 new jobs created
- During 2014/15, the Credit Enhancement Facility received an award from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) for its role in addressing the challenges of MSMEs' access to finance.

TRANSITION TO THE PORTFOLIO SCHEME

We have undertaken an extensive redesign of the CEF to better support our lending partners in expanding their SME loan portfolios. The CEF portfolio scheme allows each lender a pre-approved annual portfolio limit and facilitate online processing enabling:

- Improved turnaround time
- Increased volume of applications
- Increased guarantee coverage
- Increased coverage ratio



Development Bank of Jamaica Limited

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Fact Sheet



Credit Enhancement Facility



DBJ's Partial Guarantee - The Credit Enhancement Facility

- Launched 2009
- DBJ's CEF is a partial loan guarantee that helps micro, small and medium-sized enterprises (MSMEs) without enough collateral to access loans from financial institutions.
- The CEF is part of a holistic business ecosystem that the DBJ is building to support economic growth and development in Jamaica.
- Other elements are vouchers for technical assistance, energy audit grants, a venture capital programme, public-private partnerships and privatisation, and loans to MSMEs for start-up and expansion.
- The CEF is channeled through the DBJ's networks of Approved Financial Institutions (AFIs) & Micro Finance Institutions (MFIs).
- Qualified MSMEs are those earning revenues below J\$425 million per annum.



PERFORMANCE OF THE CEF

Since inception in 2009 to August 31, 2019, the CEF has **issued guarantees totaling J\$3.32 billion** allowing approx. **600 SME** sub-borrowers to **access 638 loans totaling J\$7.82 billion**, for which they would not otherwise have qualified.

JOB CREATION

CEF guarantees **supported loans** which created over **2,200 new jobs, approximately 3,000 temporary jobs** while **maintaining over 5,500 existing jobs** across various sectors.

SECTORS SUPPORTED

Sector	
Agriculture	15%
Agro-processing	27%
Distribution	19%
Manufacturing	12%
Mining & Quarry	1%
Services & Transport	47%
Tourism	4%

Since December 2016, these guarantees have been endorsed by the Bank of Jamaica, which allows deposit-taking institutions to apply a 20% risk weighting on the portion of loans guaranteed by DBJ's CEF.



BENEFITS OF THE CEF

- Reduces the AFI's risk of lending to SMEs
- Supplements Available Collateral
- Allows viable SMEs to access credit for expansion

QUALIFYING FOR THE CEF

- Available to MSMEs
- Tax compliant
- Project viability
- Good credit history

TARGET AUDIENCE

- Viable enterprises/projects in the productive sector, including: manufacturing, information technology, agriculture, agro-processing, business process outsourcing, transportation and services.