

Program FACILIDAD

Open Regional Fund for the Economy and (Youth) Employment in Central America

The Open Regional Fund for the Economy and (Youth) Employment in Central America, also known as “FACILIDAD”, is implemented by the GIZ and funded by the German Federal Ministry of Economic Cooperation and Development (BMZ). On the basis of ideas competitions, funding is being provided for innovative projects in Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica. The goal is to improve the economic situation of those countries while increasing the employment opportunities of youth and women.

Challenges

Until now Central American economies have been extremely dependent on food exports, manufacturing and processing industries (maquilas) and migrant worker remittances. A large proportion of micro, small and medium enterprises (MSME) operate in nearly all economic sectors. Although economic growth slightly increased in recent years, this has yet to be translated into significant increases in employment levels and income. Regionally, still more than 50% of the population continues to live below the poverty line.

Outmoded technologies, inefficient production and administration techniques, and the lack of qualified staff as well as of external funding possibilities, contribute to the low levels of productivity and competitiveness of Central American MSME. Unemployment and subemployment are particularly high among youth; at the same time, there is a pronounced shortage of experts. Likewise, the entrepreneurial potential of women remains untapped.

The Program FACILIDAD is intended to establish a new mechanism to cope in a sustainable way with the aforementioned regional shortcomings. Complementing other initiatives from the German Cooperation, FACILIDAD contributes to the objective of a strengthened economic and political integration of Central American countries. This is already an

explicit goal of the Central American Integration System (SICA), which is the institutional framework of regional integration.

Our approach

The main objectives of FACILIDAD are to improve the competitiveness of micro, small and medium enterprises as well as to increase the employment opportunities in Central America, emphasizing on young people between 15 and 24 years, and women.

Projects eligible to participate:

- Projects that generate innovations in products and/or processes to improve the competitiveness of MSME.
- Projects that improve the employment situation of youth and women (paid employment or entrepreneurship).
- Projects that generate new demand-driven services of qualification and/or labor market services oriented towards the job market.

The projects supported by FACILIDAD can have a duration of 6 to 24 months. Additionally, the implementing entities are expected to contribute with at least a 30% of the total budget of the project.

The Program FACILIDAD offers the following services:

- Flexible technical assistance aimed at supporting innovative initiatives as well as at replicating good practices.
- Assistance in planning and implementation of the best proposals presented to the ideas competitions.
- Moderation and facilitation of sectorial and institutional cooperations at both the national and regional levels.
- Assistance in monitoring and evaluation of the impacts of the implemented projects.



From left to right:
Promotion of innovation
with MSME; technical
assistance and training of
MSME

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Sphere of influence and duration

The Program includes five Central American countries: Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica.

The overall term is from 08/2012 to 12/2017. The total contract value amounts to €6.590.000.

Target groups

Employers and employees of MSME with growth potential, potential entrepreneurs, as well as people actively looking for a job, especially youth and women.

Implementing entities and allies

The responsible entity at the political level is the General Secretariat of the Central American Integration System (SG SICA). The Center for the Promotion of the Micro and Small Enterprises in Central America (CENPROMYPE) is the technical ally for the implementation of the Program FACILIDAD. Institutions from the private sector, public sector and the civil society are encouraged to hand in proposals during the ideas competitions. Those include relevant institutions of the SICA economic subsystem such as the Secretariat of Central American Economic Integration (SIECA) as well as the Central American Bank of Economic Integration (BCIE). Moreover, other potential implementing entities are Chambers of Commerce and Business Associations, governmental institutions, foundations, universities, technical education centers and NGOs.

Factors for success

Strategy: The Program FACILIDAD supports proposals of projects aligned with the policies and economic development priorities of the countries in the region and intends to complement already existing or currently planned initiatives.

Cooperation: The Program FACILIDAD promotes innovative cooperation between institutions from the public and private sectors as well as from educational and training institutions.

Management: The Program FACILIDAD has an Advisory Council, consisting of regional institutions which represent the public, private and academic sectors. The Advisory

Council is in charge of setting the strategic priorities of the Program.

Procedures: In order to receive funds, the Program FACILIDAD, in agreement with its Advisory Council, has set up clear and uniform procedures under the modality of ideas competitions. Each individual project also establishes an operating, budgetary and monitoring plan with unified parameters.

Learning: As a regional program, FACILIDAD is intended to foster learning processes at that level, based on transfers of good practices resulting from already implemented projects.

Results up to date

In the first two ideas competitions, which took place in 2013 and 2014, 21 proposals of mainly regional projects were selected and are being implemented from October 2013. In March 2015 the third ideas competition has been started, in which 4 further projects have been selected. It is planned that the individual measures will be implemented from the beginning of 2016. The majority of the selected proposals last, on average, 24 months. They encompass three main topics: entrepreneurship, the establishment of labor intermediation services, as well as services of professional qualification and training for youth. Among the economic sectors supported, four should be highlighted: the ICT sector, renewable energy and energy efficiency, (medical) tourism and creative industry.

Within the framework of the two previous ideas competitions, the following results and impacts have been achieved:

- 99 enterprises have been created with 176 employees (including the founders of the businesses). Additionally 621 youth and women have been hired and, hence, integrated into the labor market.
- 22 new training offers and new employment services have been developed, of which 10 have already been institutionalized and are now being offered without support from the GIZ.
- 2 innovations have been introduced, out of 8 innovations in products or processes of MSMEs that are expected to be achieved by the end of 2016. These are two financial products to promote innovation and entrepreneurship.

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