



REFORMS

MADE TO FIREMPRESA AND
THE NEW CONAMYPE FUND

QUARTERLY REPORT

MARCH 2021



REFORMS MADE TO FIREMPRESA and the new CONAMYPE fund... SMEs will be getting new opportunities

The (FIREMPRESA) Law or the Trust's law for the economic reactivation of Salvadoran enterprises was created in July 2020, with a Trust Fund of USD 600 million. Their initial objective was to subsidize 50% of payroll payments of workers and to facilitate credit access to micro, small and medium enterprises of the formal and informal sector that were affected by the COVID19 pandemic.


According to official information, 155,198 employees have benefited 3 months after the law was passed, and approximately USD 221.172 million have been placed among SMEs. According to Bandedal, 36,000 micro and small enterprises will benefit from the aid packages.

After a new series of reforms to the law that were approved by the legislature on March 18th, USD 380 million of the funds will be relocated oriented towards a different direction. These changes will go into effect after the sanctions that the president of El Salvador imposed. That figure or amount is yet to be taken from the Trust Fund and to be utilized for other sectors that have been affected by the pandemic. On top of that, many changes have been introduced, and requirements have been made more flexible so that more beneficiaries can access this aid to get on their feet after the pandemic.

The previous distribution of the funds was structured as follows: USD 140 million for the Subsidy Program for SMEs Employees, USD 360 million for the Credit Granting Program for SMEs, USD 100 million for the Financing of Productive Activities Program for Entrepreneurs and Merchants from the informal sector.

The distribution of funds from the FIREMPRESA Trust Fund will be done as follows after the implementation of the latest reforms so that informal businesses can benefit more from it:

- USD 50 million for business owners that belong to the informal sector
- USD 30 million for educational institutions and private universities
- USD 17 million to support artists, creators of entertainment shows, artisans, merchants of handicrafts, fishermen, and fishermen cooperatives.
- USD 10 million for taxi drivers, school transport, touristic transport, and disabled people who run businesses.
- USD 3 million for the recovery of merchants that work at the Central Market of Santa Ana, and who were affected by a fire that destroyed 700 businesses.
- USD 270 million for the formal sector; requirements will be made more flexible by removing 3 gridlocks that used to be in place if they wanted to access the funds.
- Broaden the limit of financing for merchants and small businesses from the informal sector.

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- Creation of an aid scheme for private educational centers.
 - Simplify the access for informal SMEs. This will be done by making requirements more flexible, and by helping them with their taxes payments.

USD \$533,000 to support SMEs

On their part, The national commission for Small and Microenterprises (CONAMYPE) launched a fund that consisted of more than half a million USD, which was intended to support the reactivation of more than 200 SMEs that belong to the artisan sector, agribusiness, and the textile and confection sector.

The distributions of the funds will be done through the following contests. Their dates will be given away by the end of March and at the beginning of April.

1. "SMEs' Reactivation" which contains USD 114,000 and whose application deadline is the 26th of March.
2. "Investment Fund to reactivate SMEs that belong to the fashion segment", which contains \$70,000 and whose deadline is the 8th of April.
3. "Non-reimbursable funds for demanded projects" which consists of USD 130,000 and whose application deadline is the 16th of April.
4. "Development, productivity, and diversification of industries located in El Valle de Jiboa", which consists of USD 155,000, and whose application deadline is the 15th of April.
5. "Reactivation of SMEs that belong to the artisan's sector", which consists of USD 64,000, and whose application deadline is the 31 of March.

¿How do you participate? Those interested will have to register their business in the SMEs registry of CONAMYPE. Afterward, they'll have to access the website www.conamype.gob.sv and click on "Reactivation Funds Contests Database", and a dropdown menu that displays the 5 contest types will appear.

After they choose a contest, they will find a series of downloadable documents and forms that they'll have to fill up to participate.

For the artisan's contest, for example, their expedient will require an application card, a copy of a valid ID, a copy of the NIT, a copy of their belonging to the SMEs registry, an investment plan, and approval act, a certification that confirms their status as artisans, evaluations carried out by the team, and a selection act.

Within this sector, 128 entrepreneurial ventures will be chosen and will receive USD 500 each, for the acquisition of materials and supplies.