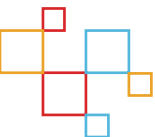




Development Finance
Corporation

Empowered Business Loans (EBL)

Development Finance
Corporation (DFC) |
Banco de Belize





EMPOWERED BUSINESS LOANS (EBL)

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ABSTRACT

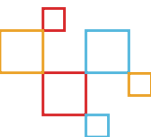
The program consists of the creation of lines of credit designed to access financing and provide a free evaluation of business and property projects, designed for women and youth. The EBL can range from 2,500 to 75,000 Belize dollars (between US\$1,240 to US\$37,210) to finance capital investments, working capital, special training, marketing and promotion, legal fees, and a revolving line of credit.

RESUMO

O programa envolve a criação de linhas de crédito destinadas a acessar financiamentos e fornecer uma avaliação gratuita de projetos comerciais e imobiliários, destinados a mulheres e jovens. O EBL pode variar de 2.500 a 75.000 dólares de Belize (US\$ 1.240 a US\$ 37.210) para financiar investimentos de capital, capital de giro, treinamento especial, marketing e promoção, honorários advocatícios e uma linha de crédito rotativo.

RESUMEN

El programa consiste en la creación de líneas de créditos diseñados para acceder a financiamiento y proporcionar una evaluación gratuita de proyectos comerciales y de la propiedad, diseñado para mujeres y jóvenes. El EBL puede variar de 2,500 a 75,000 dólares de Belice (entre US\$1,240 a US\$37,210) para financiar inversiones de capital, capital de trabajo, capacitación especial, marketing y promoción, honorarios legales y una línea de crédito renovable.





1.

About DFC

The Development Finance Corporation (DFC) was incorporated on September 27, 1963, and is Belize's only Development Bank. Their purpose is to support the strengthening and expansion of Belize's economy by providing developmental financing on an economically sustainable and environmentally acceptable basis to individuals, businesses, and organizations. DFC is a non-deposit financial institution. The Corporation accesses financing from larger regional and international lending institutions at attractive rates for lending to Belizean nationals, residents, locally registered companies, cooperatives, and other bodies with a Belizean majority share interest.

The DFC's Vision and Mission align with the corporation's strategic focus areas. The strategic objectives are:

- Mainstream climate resiliency (mitigation and adaptation) in its operations
- Mainstream gender in all operations
- Be a key partner for co-financing/risk-sharing opportunities in Belize and channeling development funds from international sources (the "go to" financial partner)
- Be bold, be influential, and be involved in the policy dialogue for financial intermediation.
- Develop innovative products and services, and.
- Enhance the DFC's brand recognition, visibility, and positioning.





To achieve its vision, the DFC offers loans in the various sectors:

- Agriculture
- Education
- Commercial & Residential Construction
- Professional Services
- Tourism
- Alternative Energy
- Transportation
- Commercial Fishing
- Manufacturing

DFC's total assets are \$145.262 million (BZD) or US\$72.6 million as of December 31, 2022. Similarly, during the same period, the total loan portfolio stood at \$138.17 million BZD (exclusive of provisions) or US\$69.08 million. The total number of clients is 5,007. As of December 31, 2022, the DFC employs a total of 100 employees, of which 63% are females and 37% are males. The DFC has six branch offices located in the North, Central, West, and Southern part of Belize and a sub-branch in San Pedro Town.

2. Introduction

The DFC is cognizant that MSMEs play a vital role in Belize's social and economic development and significantly contribute to sustainable development, in terms of contributions to economic growth, creation of decent jobs, provision of public goods and services, as well as poverty alleviation and reduced inequality. In addition, Job creation through MSMEs directly benefits the poor and vulnerable, particularly women and youth, thereby directly reducing poverty, increasing income, and positively influencing households.

Over the past decade, MSME development has moved slowly, but deliberately, toward the top of the public policy discourse and agenda in Belize. MSMEs represent a very important share of economic activity in Belize and are considered an important employer of the labor force. MSMEs typically represent over 90% of enterprises in developing countries and can contribute 30-40% of GDP.

Given DFC's mandate to contribute to the sustainable growth of Belize through developing financing and related services, it was evident that Belize was in need of a financial product that provided opportunities for financially excluded groups to take an active part in the economic activities that meet the needs of women and young adults to establish





themselves and grow in business. No financial product existed in the Belizean Market that was designed specifically to be accessible and meet the needs of female entrepreneurs and young adults. In Belize, women and young adults, face challenges in accessing loan financing due to a lack of equity, difficulty in meeting loan collateral requirements, and lack of support to build capacity in Business Management. Additionally, women are less likely than men to report that they can access the financing needed to start a business in all countries except for the United States, Mexico, Greece, and Indonesia, where men and women are equally likely to report having access to finance. This gender gap can be associated with women having lower levels of experience, operating in highly competitive and low-growth sectors, as well as gender-biased credit scoring and gender stereotyping in investment evaluations. Women are also often hindered by less access to basic financial services such as checking and savings accounts.

3. Objectives of the Program

The DFC was cognizant that closing the gender-based gaps was a key priority area to address in order for women-led MSMEs to access financial services. Despite significant contributions by MSMEs businesses to gross domestic product and employment, Women-owned businesses account for only 40% of the world's 340 million informal MSMEs and one-third of formal SMEs with each female business employing at least one other person in their business. Women are known for their contribution to the economic growth and sustainable livelihoods of their families and communities. Having access to finance leads to women's empowerment by positively influencing women's decision-making power and enhancing their socioeconomic status. Likewise, access to finance is one of the major obstacles that youths face when starting their businesses. Financial providers, such as banks, consider start-ups a high-risk investment. However, young entrepreneurs are crucial drivers of any country's economic growth. As such, it is the government of Belize and DFC's interest to promote MSMEs, particularly those led by women and youths.

Given the potential economic and societal benefit to be derived, DFC designed a product that is inclusive, accessible, and empowers potential and existing businesswomen and young adults by enabling them to start, develop and/or expand their business operations. Consequently, this product serves to create equity and provide opportunities for women and young adults, talent to flourish, stimulating Belize's local, regional, and national economy and, most paramount, improving the lives of women, youths, and families across Belize.





4.

DFC's EBL Program and Mandate Alignment

The mission of the Development Finance Corporation of Belize (DFC) is to contribute to the sustainable growth of the country's economy through development financing and related services. As a lending agency, it serves multiple groups in society (business enterprises, including farmers and fishers, and individuals through the mortgage financing and student loan programs) providing opportunities for financially excluded groups to take an active part in economic activities as a vital facilitator of economic growth. While Belizean women are affected by financial exclusion in areas related to business, housing, and education, men are also experiencing challenges in engaging in productive activities, most notably in completing tertiary and technical education.

Additionally, the seven-year strategic development plan for DFC (2017-2023), entitled: "Strategy 2023: Building Resilience Against Climate Change and Economic Volatility," provides for initiatives in mainstreaming climate resiliency, gender equality, and innovative product development. Its implementation is supported by a business plan for 2019-2023, which features gender mainstreaming as one of six key objectives to guide DFC operations, along with mainstreaming climate resiliency, enhancing the relevance of its development financing products, innovative product development, influencing change toward a more resilient economy and increasing organizational visibility. DFC recognizes that closing gender-based gaps in access to financial services, labour market participation and business leadership is a key priority area to address in order to achieve its mission. Hence the creation of the 'Empowered Business Loan'. The DFC has found that public and private financing is crucial for advancing gender equality and women and youth empowerment.

5.

Why the EBL product is considered innovative

Is because:

- DFC is the only Financial Institution in Belize that has a gender policy and loan product tailored specifically to women and youths.
- The program has flexible terms and conditions.
- Application is straightforward and simple.





- The issue regarding the lack of collateral was considered and borrowers can get up to \$40k without tangible security.
- The program assists in converting entrepreneurs from the informal market to the formal market.
- The program allows for value-chain financing with the collaboration of key stakeholders.
- The program allows the capture of disaggregated data that DFC will use to adapt future services and products to better meet the needs of its customers.

6. The Origin of the Program

The Central Bank of Belize, in collaboration with the Ministry of Finance, launched Belize's National Financial Inclusion Strategy (NFIS) on September 17, 2019. This document indicated that robust evidence shows that countries across the world that have introduced financial inclusion policies and strategies have resulted in poverty reduction and improvements to the stability and integrity of their financial systems. A survey has shown that while Belizean women are affected by financial exclusion in areas related to business, housing, and education, men are also experiencing challenges in engaging in productive activities, one most notably in completing tertiary and technical education.

DFC recognizes that closing these gender-based gaps in access to financial services, labour market participation and business leadership is a key priority area to address in order to achieve its mission. With the assistance of the Caribbean Development Bank (CDB), the DFC engaged in the development of a Gender Equality Policy and Action Plan (GEPAP) over the period 2019–2020, under the Development Finance Institutions (DFIs) Engaged in Gender Equality Project, that assisted in defining and shaping the DFC's commitment to actively promote gender equality in all spheres of its activities. This Gender Policy is aligned with other key commitments by the Government of Belize, namely its National Development Framework, 2016-2019 Growth and Sustainable Development Strategy (GSDS) and National Gender Policy and Financial Inclusion Strategy. Horizon 2030, Belize's National Development Framework (NDF), presents gender equity as a core Belizean value and seeks to build a competitive, sustainable economy, in priority areas of agriculture, tourism, small business and infrastructure. The NDF presents commitments towards the broadening of employment opportunities for women and youth and support to the growth of green business, knowledge-based enterprises, cultural industries, and value-added agriculture.





Grounded in Horizon 2030, Belize's Growth and Sustainable Development Strategy (GSDS) is the national development action plan for 2016-2019 that applies a particular focus on poverty reduction and long-term sustainable development goals, to be achieved through four priority areas: Optimal National Income and Investment; Social Cohesion and Resilience; Natural, Environmental, Historical and Cultural Assets; and Governance and Citizen Security.

As a result of the national strategy in alignment with DFC's seven-year strategic development plan for DFC (2017-2023), entitled: "Strategy 2023: Building Resilience Against Climate Change and Economic Volatility," the Empowered Business Loan was developed. Research has indicated that Women-owned businesses are a major force in the global economy: Women own and lead about 30% of all small and medium-sized enterprises (SMEs), and SMEs account for 70% of employment worldwide. When women earn an income, they spend a higher proportion of it than men do on their children's health, food, and education. A trend that, if encouraged, can help break intergenerational cycles of poverty (90% compared to up to 40% for men). Investing in women can transform societies. Investing in women's businesses reduces mortality and illiteracy rates and has a positive impact on a country and its gross domestic product. Women also put their income back into the economy.

A Forbes study found that 96% of women have primary or shared responsibility for family financial decisions, and women drive 70%–80% of all consumer purchases through buying power and influence. There is a gap in capital financing of women entrepreneurs. DFC concurs that investing in women has a positive and economic social impact, but it also represents an enormous untapped market opportunity. However, women continue to face many barriers to economic inclusion due to realities including cultural norms, lower literacy and education levels, time and mobility constraints, and limited access to resources. Women tend to be more risk-conscious and to build their firms organically, following a slow to moderate business growth orientation. They have limited confidence in their ability to expand their business and tend to underestimate their performance. Women are more heavily concentrated in informal micro to small business segments, which typically struggle to obtain financing due to the legal and regulatory requirements, lack of audited financial statements, lack of collateral, and limited knowledge of financing options and financial management.

The "Empowered Business Loan" (EBL) is a new innovative financing product launched in May 2021. It is designed to look past the barriers identified by women and youths in accessing financing and not only offer financial assistance but also provide free business project assessment, and free property appraisal as they work closely with the clients to get their businesses through challenging times. One of the main facets of the product was to provide more flexible terms and conditions, with a special emphasis on the reduction





of the requirement for real estate collateral. Many studies have found that access to real estate to pledge for loans was one of the main barriers to accessing financing for women and youths. The EBL is available to Belizean/Belizean Residents, women of all ages, young adults ages 18 to 29, start-ups and existing businesses, legal entities such as single proprietorships, partnerships, companies, and cooperatives that have a majority interest by women and or young adults. DFC's EBL can range from \$2,500 to \$75,000 (Belize Dollars) (US\$ 1,244 to US\$ 37,307) to finance capital investment, working capital, special training, marketing and promotion, legal fees, and a revolving line of credit. Interest is on the reducing balance method as low as 7.5% and loan fees as low as 2.5%. The maximum loan term is up to 72 months excluding the grace period. The EBL also offers special repayment cycles such as seasonal, weekly, monthly, quarterly, and annually based on the client's business cash flow.

The below table illustrates the number and values of Productive Sector (Business Loans) held by customers between the ages of 18 to 29 vs. 30 and above.

Table N°1.

Productive Sector Loan by Age Segregation (Dec 2020)

No. of Loans			Loan Value		
18-29	30+	%	18-29	30+	%
108	1,694	6.4	\$2,267,179 (US\$ 1,127,747)	\$33,291,125 (US\$ 16,559,765)	6.8

Source: DFC.

Reference Loans Portfolio by Gender, for the period (2016 to 2020) Approved Productive Sector Loans for men equalled 2,362 (81%) while for women, it was only 570 loans (19%). In terms of value, it equalled \$68.2 MN (US\$ 33.92 MN) for men (87%) vs. only \$10 MN (US\$ 4.97 MN) for women (13%). See table below.

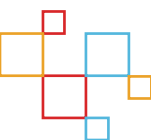




Table N°2.

DFC Loan Approvals by No. and Value per Sector | Men vs. Women (2016 – 2020)

Sector	N° of approved loan				Value of approved loans			
	Male	Female	Total	Female %	Male	Female	Total	Female %
Agriculture	1728	329	2057	16	\$34,267,543	\$2,187,089	\$36,454,632	6
Alternative energy	8	7	15	47	\$1,190,400	\$810,200	\$2,000,000	40
Commercial fishing	32	5	47	14	\$3,798,406	\$40,000	\$3,838,406	1
Distribution	11	4	15	27	\$259,500	\$105,000	\$364,500	29
Forestry	4	1	5	20	\$113,000	\$44,000	\$157,000	28
Manufacturing	66	1	67	1	\$3,781,131	\$20,000	\$3,801,131	1
Mining & Exploration	3	0	3	0	\$510,000	0	\$510,000	0
Professional Services	284	185	468	40	\$10,828,296	\$3,854,070	\$14,682,366	26
Tourism	69	29	98	30	\$10,710,915	\$2,873,537	\$13,584,452	21
Transportation	158	9	167	5	\$2,730,533	\$117,390	\$2,847,923	4
Totals	2362	570	2932	19	\$68,189,724 (US\$33,919,123)	\$10,051,286 (US\$4,999,739)	\$78,241,010 (US\$38,918,862)	13

Source: DFC.

Research conducted by Dr. Luisa Unda and Dr. Abu Zafar Shahriar of the Monash Business School University on "Why we can trust women to repay loans" has shown that "women are inherently more trustworthy than men and have a better track record of repaying their loans whether or not they are incentivized to do so." "They (women) generally take out smaller loans, and diligently re-pay, with low default rates." Financial institutions are better-off lending to women who present a lower risk of default. A Gender Research by Zenger/Folkman¹, a leadership development consultancy showed that women score higher than men at leadership skills. "Women were rated as excelling in taking initiative, acting with resilience, practicing self-development, driving for results, and displaying high integrity and honesty. In fact, they were thought to be more effective in 84% of the competencies that we most frequently measured." – Zenger/Folkman Research.

1 Zenger/Folkman – Research-Women-score-higher-than-men-in-most-leadership-skills. <https://hbr.org/2019/06/research-women-score-higher-than-men-in-most-leadership-skills>.





7.

Key Factors causing the financial exclusion of women and youths

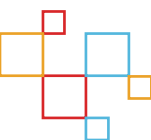
The Empowered Business loans have contributed to a rebalancing in the distribution of loans to males and females. In 2019, 65% of DFC's loan recipients were males while 35% were females. With the adoption of the Gender Equality Policy and Action Plan (GEPAP) in October 2020, the Corporation is implementing various aspects of the Plan in the three priority areas. To capitalize on opportunities to avail financing and technical support to women (and men where necessary) and to enable easier access to DFC's financing, the Empowered Business Loan (EBL) was launched. Though the uptake was slower than anticipated, the impact of the loan product was immediate, as access to financing for women without real estate collateral was made much easier.

Tabla N°3.

Key Factors Causing the Financial Exclusion for Women and Youth

N°	Issues Affecting Women Inclusion and Empowerment
1	Cultural barriers to owning and inheriting property as collateral
2	Reduced mobility due to social norms
3	Digital and financial illiteracy
4	Limited access to phone and internet in the rural areas
5	Limited access to education and training
N°	Issues Affecting Youths Inclusion and Empowerment
1	Lack of steady, and stable income
2	Negative stereotypes about financial ability and discipline
3	Low financial capability
4	Limited access to education and training
N°	Issues Affecting Both Women and Youths Inclusion and Empowerment
1	Stringent account opening requirements that require formal identification
2	Lack of assets for collateral
3	Inappropriate and mass-market product offerings to consider their needs
4	Poor culture of disaggregating gender and age-category data constraints development of target strategies
5	Lack of financials
6	Prohibitively high minimum capital requirements for establishing a financial services business

Source: DFC.





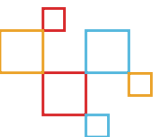
8.

Characteristics and Role of Strategic Partners

The creation and implementation of a Gender Equality Policy and Action Plan (GEDAP) in 2021 is also aligned with Belize's Financial Inclusion Strategy, released in September 2019, which identifies equitable access to financial services for women as a key priority area. DFC is a key member of the group of government agencies, led by the Central Bank of Belize that drafted and implemented the Strategy. The vision of the Strategy is: "Every individual and enterprise in Belize is equipped to make full use of accessible, quality, and affordable financial services." The goal of the GEPAP is to contribute to the sustainable development and growth of Belize through improved access to financial services for Belizean women and men. The GEPAP aims to support the creation of a more enabling environment that supports increased financial inclusion for individuals across Belize. The creation of the GEDAP led to the innovation of the Empowered Business Loan Product. Consultations were conducted with key stakeholders, international financial institutions, and staff and focus groups for the implementation of this product.

At a national level, the role of financial inclusion is recognized in enabling prosperity and reducing poverty, as such Belize is focused on pursuing the implementation of sustainable economic growth and development goals as outlined in Horizon 2030. With the Central Bank adapting and embedding financial inclusion as a primary objective in achieving economic growth and ensuring financial stability in Belize, National Financial Inclusion has become a significant priority in Belize. To further champion the National agenda of Belize focusing on the development of MSMEs, two of our main strategic partners are the Belize Chamber of Commerce and Industry (BCCI) and the Belize Trade and Investment Development Service (BELTRAIDE). BCCI holds the largest private sector membership base for businesses in Belize. Founded in 1920, the Chamber has been consistently championing the causes of its private sector constituency and considers among its primary objectives the social and economic development of Belize through the development of all sectors of industry, commerce, and services. The Belize Trade and Investment Development Service is a statutory body of the Government of Belize with a mission of enhancing Belize's prosperity by fostering investor confidence entrepreneurship, business growth, and innovation. As such, DFC has established a Memorandum of Understanding with both entities.

In 2022, BELTRAIDE, BCCI, and the DFC endorsed and supported the National MSME Roadshow which was organized by BELTRAIDE under the Office of the Prime Minister to support MSMEs countrywide.





The main objectives of the Roadshow were as follows:

- Support for an enabling environment for MSME development.
- Improve market access and establishment of business linkages for MSMEs.
- Promote buying locally to improve economic recovery.
- Increased procurement of MSME goods and services by the public and private sectors.
- Facilitate Access to affordable finance for the MSME Sector.

Build the business acumen of MSMEs. The Roadshow was held in every district of which DFC was a part of each event spreading awareness of the EBL product and access to financing for MSMEs.

Figura N°1.

EBL Brochure

NEW BUSINESS STARTUP OR EXPANSION

\$2,500 to \$75,000

Interest on the **REDUCING BALANCE**

As Low As **7.5%**

LOAN FEES as low as 2.5%

FINANCING AVAILABLE!

Branch Offices

Belize City
Eleanor Hall Building
Chetumal Street
Belize City
Tel: 223 3605 / 2816

Belmopan (Headquarters)
P.O. Box 44
Bliss Parade
Cayo, Belize
Tel: 822 2350 / 2360

Corozal Town
Cor. 4th Avenue & 3rd Street
Corozal, Belize
Tel: 422 3191 / 0192

Dangriga Town
111 St. Vincent Street
Stann Creek, Belize
Tel: 522 3041 / 3042

Orange Walk Town
47 Progress Street
Orange Walk, Belize
Tel: 322 2153 / 1063

San Pedro Town
45 Barrier Reef Drive
Ambergris Caye, Belize
Tel: 226-2144 / 4307

Business Loans for Women & Young Men

EMPOWERED BUSINESS LOANS

info@dfcbelize.org
www.dfcbelize.org f /dfcbelize





SOLAR POWER Your Business!



SOLAR PV SYSTEM TO POWER YOUR BUSINESS OR HOME



SOLAR POWERED WATER HEATING FOR YOUR BUSINESS OR HOME

To Apply



- 1.] **Photo ID**
[Social Security Card, Passport]
- 2.] **Financial Records** [if applicable]
DFC can assist with compiling the Financial Statements
- 3.] **Business Plan** [if applicable]
For larger Projects, BELTRACDE's Small Business Development Center (SBDC) can assist.
- 4.] **Documents** [if applicable]
Relevant permits, contracts, and licenses.
- 5.] **10% Borrower Contribution**
New & Existing Businesses
- 6.] **Adequate Loan Security**

Who is Eligible

- 1.] **Belizean / Belizean Resident.**
- 2.] **Women (Any Age) and Men (18 to 29 years old)**
- 3.] **Startups & Existing Businesses.**
- 4.] **Legal Entities:** *Single Proprietorship, Partnerships, Companies, Cooperatives.*

*Must Have a majority interest by women and/or young adults

Loans for:

- **Capital Investment**
Eg: Furniture, Equipment, Vehicle etc.
- **Working Capital**
- **Revolving Line of Credit**
Existing operations only.
- **Specialized Training**
- **Marketing & Promotions**
- **Loan Fees**

Benefits

- 1.] **90% Financing**
New & Existing Businesses
- 2.] **\$2,500 to \$75,000**
- 3.] **7.5% to 9.5%**
Interest on the Reducing Balance.
- 4.] **Loan Fees can be financed**
- 5.] **Up to 72 months Loan Repayment**
- 6.] **Up to 12 months Grace Period**
Principal Only
- 7.] **Rebate**
1 month moratorium on interest for good repayment record of 12 consecutive months.

Loan Security

\$2,500 to \$5,000: Promissory Note

\$5,001 to \$40,000: Salary Deduction Order, Promissory Note, 3rd Party Guarantee and/or combination of Bill of Sale or Receivables.

\$40,001 to \$75,000: Real Estate and/or combination of Real Estate, Bill of Sale (Vehicles, Machinery, Equipment)



9. Direct and Indirect Beneficiaries

The Program aims to contribute towards the reduction of unemployment, among youths and women, through the creation of entrepreneurial financing opportunities. DFC has earmarked \$2.0 million BZD (US\$ 0.99 million) to on-lend women and youths through the Empowered Business Loan Program and lending to MSMEs. The direct beneficiaries are women, youths and MSMEs in Belize. The target of the program is as follows:

- Narrow the gap between male and female clients of DFC by 25% to a proportion of 50:50.
- Increase lending to youths by 50%.
- Increase in lending to this segment by a minimum of \$2.0 million (US\$ 0.99 million) between 2021 -2024.
- Stimulate export readiness and capacity.





10.

Expected Impact and Benefits of the EBL

The EBL is directly in alignment with the DFC's social mandate and objective, which is to support the strengthening and expansion of Belize's economy by providing developmental financing on an economically sustainable and environmentally acceptable basis to individuals, businesses, and organizations. The impact for such business owners would be economically and socially empowering for many Belizean woman, young adults, and their families. Empowered Business Loans has served to enact DFC's Gender mainstreaming objective and move to close the initial 75+% gap that currently exists between men and women in DFC's productive Sector Financing. The direct impact of the product is as follows:

Impact for DFC

- Market Share growth.
- Increase in customer retention and loyalty.
- Increase in cross-selling opportunities.
- Positive Risk Behavior as women led businesses are known to be less risky.

Impact for Belize

- Granting financing to women and youths allows entrepreneurs to contribute to Belize's economy as they thrive and grow.
- Increase in Belize's GDP.
- Eliminate gender gaps in MSMEs ownerships.
- It advances women and youth financial inclusion, which in turn reduces poverty.
- Youths employ youths, which reduces crime and violence.
- It allows women and youth to provide for their families by reducing hunger and improving food security.
- Women can provide better education to their kids.
- Promotes shared economic growth.
- Promotes innovation and sustainability.
- Promotes more equitable and peaceful societies.





11.

Results of DFC's EBL Program

Despite the availability of funds to on-lend under the program the uptake of loans has been slower than anticipated. The reasons identified for slow loan uptake were impacts of COVID-19, lack of financial records, lack of business plans and projections, increased delinquency as well as the need for increased marketing and awareness of the program.

Notably, of the 54 loans granted under the program, 11 or 20% were to youths.

Tabla N°4.

Empowered business loans by sector

N°	Sectors	Loan Approval Value	Loan Portfolio @ Dec 2022	N° of Loans
1	Agriculture	\$20,000	\$20,000	1
2	Commercial Fishing	\$23,000	\$14,632	2
3	Manufacturing	\$27,000	\$20,564	4
4	Professional Services	\$497,281	\$415,175	43
5	Real State	\$37,000	\$35,697	1
6	Tourism	\$58,500	\$53,610	3
	Total	\$662,781	\$559,677	54

Source: DFC.

The program allows borrowers to apply for loans up to \$5,000 (US\$ 2,487) with a promissory note only. Loan applications ranging from \$5,001 to \$40,000 (US\$ 2,488 to US\$ 19,897) have the collateral options of a Promissory Note, Salary Deduction Order, 2 guarantors or 1 sound guarantor, and/or combination of Bill of Sale (vehicle, machinery, and equipment) or Receivables. Given the relaxing of the requirement for tangible collateral such as real estate, 81.7% of loans granted to borrowers are below \$40,000 (US\$ 19,897). Additionally, given the collateral requirements for loans above \$5000 (US\$ 2,487), 48% of loans granted are below \$5000 (US\$ 2,487), which coincides with the barriers identified earlier as it pertains to collateral.

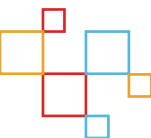




Tabla N°5.

Total Loan Approval Range for the EBL Program

N°	Size of loan	Loan Approval Value (En BZD)	N° of Loans	Loan Portfolio A Dec 2022 (En BZD)	Portfolio / Approval
1	5000 & below	121,700	26	\$97,143.27	80%
2	5,001 to 10,000	55,000	6	\$34,621.80	63%
3	10,001 to 15,000	121,500	9	\$101,326.60	83%
4	15,001 to 20,000	131,181	7	\$107,717.97	82%
5	20,001 to 25,000	25,000	1	\$22,326.28	89%
6	25,001 to 30,000	60,000	2	\$58,481.87	97%
7	30,001 to 35,000	\$0	0	\$0	
8	35,001 to 39,999	37,000	1	\$35,696.90	96%
9	40,000 & above	111,400	2	\$102,362.42	92%
	Total	662,781 (US\$329,682)	54	\$559,677.11 (US\$278,396)	84%

Source: DFC.

Table 6 depicts DFC's portfolio by sex. As of December 2022, male's borrowers accounted for 57% of the portfolio while female borrowers accounted for 41.3% of the portfolio. This ratio indicates that the initial gap identified in 2019 is narrowing from 65:35. As they continue to promote the program it is expected that the gap will continue to narrow.

Table N°6.

DFC Portfolio Value Disaggregated by Sex

Major Sector	Amount Approved (En BZD)	Portfolio Value (En BZD)	Males	Females	Company	Company - Church	Company - Credit Union	Total
Productive	\$104,105,673	\$77,493,068	1,218	257	79	0	1	1,555
Staff	\$428,286	\$304,251	16	33	0	0	0	49
Student	\$27,761,079	\$16,373,600	776	1,210	0	0	0	1,986
MSE	\$6,990,186	\$4,143,362	447	205	1	0	0	653
MSE EBL	\$662,781	\$559,677	13	41	0	0	0	54
Housing	\$51,836,573	\$39,292,358	462	374	1	1	0	838
Total	\$191,784,577 (US\$95,398,021)	\$138,166,316 (US\$68,727,076)	2,932	2,120	81	1	1	5,135

Source: DFC.





12.

Lessons Learned with the implementation of DFC's EBL Program

- **Increase visibility to target group** - One misconception is that there is an assumption that there is no pipeline of women and youth entrepreneurs. Ensure that the target group is aware and informed of the financing available to them. They should feel welcomed and invited. Many women and youths do not know of the financial opportunities available to them or whether their business is eligible.
- **Create strategic partnerships** - Establish a network or link with women and youth entrepreneurs, leaders, and associations.
- **Adopt a targeted marketing approach** - Encouraging women and youth to apply for financing involves a marketing approach that is targeted to them, signaling that it understands and addresses their needs. A robust and strategic marketing approach to promote awareness of existing schemes for women entrepreneurs.
- **Keep it Simple** - The application and turnaround time must be simple and fast. Too much paperwork is a deterrent to applicants.





- **Appoint a Gender/Youth Champion** – appoint a gender focused person or team internally dedicated to better understanding their needs, collecting feedback and addressing gaps.
- **Add non-financial products and services** – People do business with who they trust and like. Offer services to build customer relationships while supporting and tracking the growth of their business. Have a yearly training program to help women and youths build their skills, their confidence and their business.
- **Upgrade your team** – Train staff to become Relationship Officers and Financial Advisors.
- **Adapt your products** - As mentioned previously, access to collateral remains a key obstacle for women and youths to benefit from a loan. As such, offer some financing unsecured. A grant-loan component can also be developed. Sometimes women do not need a loan, they may need non-cash instruments such as guarantees to better negotiate with suppliers.
- **Adapt your requirements** - Most women and youths operate informal businesses and micro, early-stage companies. DFC modified its eligibility criteria to target women and youths managing early-stage businesses.
- **Explore options to reduce transaction costs** - Economies of scale can be reached by automating the underwriting and loan servicing tasks, making it cheaper, faster and easier to provide financing for MSMEs.
- **Collect data** - Collecting portfolio data such as assets under management, amounts disbursed, average interest and default rates, return on investment and impairments would also help to show that women-owned firms or youth entrepreneurs can provide appropriate financial returns and measurable impact which can assist with informed decision making.
- **Create Financial Literacy Campaigns** - Broader financial literacy programs and campaigns should be held, focusing on entrepreneur development training.

13. Conclusion

Belize has a very young population with nearly two-thirds of them (60%) living in urban areas. Generally, the youths and women tend to be relatively uneducated and reliant on irregular sources of income. More than a quarter of women do not generate their own money, relying instead on others, such as a spouse or relative, to pay their expenses. One in five women is financially excluded. Financially excluded women are even more





likely to be rural-based (87%), are relatively young (41% are under 26), and tend to be less educated than women who use financial services. Financially excluded women are also more likely to depend on others for money than those who are included. The most significant barriers to financial inclusion among women are supply-side perceptions. Most women believe financial services are too expensive, services are situated too far from where they live, see no value proposition, and believe the services being offered are not relevant to their needs. Additionally, those in the more remote rural areas may not have a mobile phone or access to the internet.

In terms of youths or young adults, there are 156,817 people representing 36% of the population between ages 16 to 35 years in Belize. Sixty percent of them reside in rural areas and 57% of them are female. They are relatively well-educated, with 32% having obtained a secondary education and 7% tertiary. Around a quarter (26%) do not generate their own money, relying on others to pay their expenses. The rest rely mainly on irregular sources of income. Financially excluded young adults are even more likely to be rural-based (83%) than those who use financial services. They also tend to be less educated and are more likely to depend on others for money. As among women, excluded young adults have less capacity than those who currently access financial services to meet KYC requirements; only 58% have proof of identity documentation. Most young adults believe financial services are too expensive, regard these services as too far from where they live, see no value proposition, and believe the services are not relevant to them. The solutions to the issues that constrain the youths from realizing their economic potential should focus primarily on increasing their awareness to financial products, tools, and employment opportunities as well as equipping them with tailored financial knowledge, skills, and discipline early on in life in order to instill in them a healthy financial mindset to grow the economy. For a country with a population that is relatively young and getting younger, the inclusion of young adults is necessary for improving the economic development, financial position and performance of Belize.

Despite the overall improvement in women and youth access to finance over the years, constraints remains which limit their effective financial inclusion namely: limited access to formal financial services, limited collaterals, limited financial literacy, limited availability of financial products and services tailored to women and youth needs and priorities, persistence of negative mind sets and beliefs that hinder women and youth access to finance, limited access to relevant information, limited entrepreneurial skills and capacity to innovate among the women and youth and fully participate in private sector development as well as inadequate coordination of different initiatives that promote women and youth access to finance. Given Belize's national strategy for financial inclusion and DFC's objective to mainstream gender in all operations the EBL product was launched. The DFC recognized that financial inclusion is a precursor for the women and youth's economic empowerment through entrepreneurship. This program has and continues to





narrow the gap in the ratio of men and women borrowers at DFC. On a strategic level, granting finance to women and youth's entrepreneurs is slowly building the economy of Belize and converting the informal sector to the formal sector.

14. Recommendations

The main recommendations for the successful implementation of the program is as follows:

- a) Monitor and evaluate the success of the program.
- b) Monitor the performance of the current portfolio by age, sex, sector, and area. Offer non-financial services to complement the program and ensure continuous growth.
- c) Leveraged data collected to make informed decisions and tailor products to consumer needs.
- d) Promote lending against moveable assets to address challenges of lack of collateral faced by women.
- e) Leveraged technology to reduce operating costs and improve transparency. Technology-enabled workflows could streamline loan approvals by easing the movement of applications between employees. It would also provide applicants with a simple and effective medium for enquiring into the status of their application.
- f) In promoting the program build a clear value proposition. Women often want to serve the needs of their families and themselves and are looking beyond just financial solutions. To do this effectively, financial institutions should focus on delivering a superior customer experience for women, as opposed to relying on a product-driven strategy.
- g) Promote knowledge-sharing sessions. A large number of entrepreneurs are hindered by information asymmetries in starting, running, and financing their businesses. This includes information on procedures for registering an enterprise, fulfilling documentation requirements, knowledge of the financial schemes available, and the procedures for accessing formal credit, among others.
- h) Develop key strategic partnerships with key stakeholders in the country.

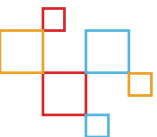




15.

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- <https://intracen.org/resources/publications/twelve-lessons-in-gender-lens-investing>





APPENDIX

Appendix N°1

EBL Product Paper

Product Description

1. Name of Product: Empowered Business Loans- for Women & Young Adults.
2. New hybrid MSE product for women and young adult entrepreneurs.

Eligible for this Financing Program

- a) Female Belizean nationals and Legal Residents of Belize.
- b) Young Adults ages 18 to 29.
- c) Startups and Existing Businesses.
- d) Individuals and legal entities such as:
 - Single proprietorship – the principal should be a woman or young adult.
 - Partnership - must have at least one (1) woman partner or young adult.
 - Company – majority own by a female or young adult.
 - Cooperative – majority of members must be women or young adults.
- e) Must be legally registered and duly licensed to conduct business.

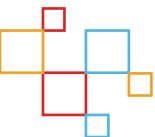
For small to medium size enterprises only and not large scale as defined in Credit Policy Manual .

Anti–Money Laundering & Countering the Financing of Terrorism [AML / CFT]

All applicants will be subject to the approved AML/CFT on boarding process and risk assessment including Risk Rating.

Loan Purpose

1. Capital investment (e.g. furniture/equipment, building)
2. Working capital
3. Revolving Line of Credit (RLOC): Eligible to Existing Businesses.
4. Specialized training
5. Marketing, promotional material, website development, etc.
6. Legal fees





Interest Rate

Variable Interest rate: 7.5%-9.5% on the reducing balance; based on risk.

Loan Fees Payable

Fully covered by loan funds if required.

Borrower's Contribution

New & Existing clients- 10% of total project cost

Borrowers' contribution can be:

1. Cash/savings.
2. Fix assets (land, building, equipment, furniture's etc.)
3. Payment in kind (skilled or unskilled labor).

Loan Term (Inc. duration and frequency of payment)

- a) **Maximum loan term:** up to 72 months (excluding grace period).
- b) **Grace period:** up to 12 months (Principal).

Frequency of Payment

Based on Cash Flow: Seasonal, Weekly, Monthly, Quarterly, Annually

Collateral

1. \$2,500 to \$5,000 (US\$ 1,244 to US\$ 2,487) – Promissory note only (Recommended by Alcalde, Outstanding person in the community based on merit).
2. \$5,001 to \$40,000 (US\$ 2,488 to US\$ 19,896)– Salary Deduction Order (Promissory Note for person enforcing SDO), 2 guarantors or 1 sound guarantor and/or combination of Bill of Sale (vehicle, machinery and equipment) or Receivables.
3. \$40,001 to \$75,000 (US\$ 19,897 to US\$ 37,307)– Real Estate and/or a combination of Real Estate Bill of Sale (vehicle, machinery and equipment).

Rebate

Good repayment record of 12 consecutive months = 1-month Interest moratorium.

