

Ministry of Business Guyana

FINANCING AND GUARANTEES FOR MSMES

REGIONAL MEETING ON INNOVATIVE MECHANISMS FOR FINANCING & GUARANTEES FOR MSMEs Santo Domingo, Dominican Republic

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CONTEXT - DEVELOPMENT STRATEGIES

- 1. National Competitiveness Strategy (NCS)improve environment for investment and export development
- 2. Low Carbon Development Strategy (LCDS)-Reduce deforestation, reorientation towards low carbon sectors
- 3. Green Economy Development Strategy work in progress (balancing environmental sustainability and economic development; conservation/sustainable exploitation of natural resources).

DEVELOPMENT GOALS

Key overall development objectives;

- 1) Enhanced economic growth
- 2) Developing a 'green' economy Sustainable development goals
- 3) Diversification of the economy (move away from dependence on traditional primary products)
- 4) Equitable geographic distribution of economic activity; (primarily coastal)

NATIONAL COMPETITIVENESS STRATEGY

- Based on a participatory approach public/private sectors. Identifying and analyzing the critical issues impacting MSMEs ability to be competitive.
- Improve the environment for Private Sector Investment - reducing bureaucracies*. Doing Business ranking of 124 (was 140). Areas of change 2017:

*Registering property -122(124)Getting credit -82(168)

NATIONAL COMPETITIVENESS STRATEGY

- Strengthen competitiveness for export development – export promotion, business development services, technical assistance, access to finance.
- Incentives to invest in priority sectors.
- Enhancing Public/ Private Cooperation, with a focus on enhancing the private sector's involvement in the development of economic, trade, investment and businessrelated policies.

INTERVENTIONS

Access to Finance - To alleviate constraints facing MSEs in accessing finance.

Generally through partnerships with private entities - Financial Institutions (FIs).

Business Development Services (BDS)

To address the lack of proper business management and technical skills, often held responsible for business failure or the absence of growth.

GENERAL CONSIDERATIONS

Conformance with Environmental and Social considerations

Stated Priority sectors – e.g agriculture and low carbon sectors

Vulnerable Groups

THE FINANCIAL INTERVENTIONS

Credit Guarantees

Interest Subsidies

Loans & Grants

OBJECTIVES OF INTERVENTIONS

MSED Project - to support the Low Carbon Development Strategy, by providing incentives for MSEs and vulnerable groups to invest in low carbon enterprises

- Contribute to the creation of employment via MSE development in identified low carbon sectors.
 - Address the major constraints faced by micro and small enterprises, for survival and growth, namely: **access to finance** and **business management and technical skills**.

CREDIT GUARANTEES

MSED Project – CG Fund of USD1.575M

- Targeted at MSEs through commercial banks
- 40% credit guarantee
- Subsidized interest rates
- Approx. USD\$2m disbursed to MSEs over 3 years
- Challenges requirements (by FIs and CG programme), buy-in by other FIs

INTEREST SUBSIDIES

Under the MSED Project:

- Subsidies from 3% to 5% per annum.
- Priority sectors given highest subsidy
- Reimbursed quarterly through partner financial institutions

LOANS

- Sector based approach Programme to enhance competitiveness of rice sector €24M for technical assistance and access to finance, Rural Enterprise Agricultural Development Project – Improve conditions of small scale producers via cluster based financing – acquisition of assets).
- Vulnerable Groups MSED Project (persons displaced due to changes in sugar, mining sectors), Women of Worth – Single women



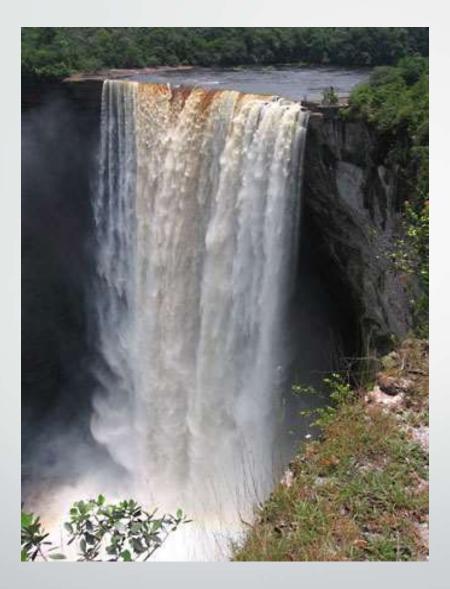
- Start ups largely micro enterprises
- Matching grants SMEs (USD\$25,000) to develop export capacity
- Vulnerable groups At risk youths YouthBiz592

THE WAY FORWARD.....

Design financial instruments which better fit the needs of MSMEs, against backdrop of impending 'green strategy' and the oil and gas sector.

Evaluation of the MSED Guarantee programme to determine impact and confirm way forward (phase 1 ends Dec. 31, 2017).

The collaborative approach and mutual commitment by the Government and private sector to address constraints faced by MSMEs, are expected to give rise to enhanced interventions. This in itself has improved the quality of dialogue between the public and private sectors in Guyana.



THANK YOU!