



## SMALL BUSINESS BUREAU

**Ministry of Tourism, Industry & Commerce**

### **The Role of the Small Business Bureau (SBB) in 'Shaping the future of Agro-processing in Guyana'.**

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# ABOUT THE SMALL BUSINESS BUREAU

- The Bureau became operational in June 2010 subsequent to the passing of the Small Business Act of 2004. It functions as the secretariat of the Small Business Council (SBC) which is the oversight body.
- The Act provides for an incentive regime and support program for small businesses; establishment of the Small Business Council, the Small Business Bureau and the Small Business Development Fund.

## **Mandates of the SBB:**

- Become storehouse of data/information on MSEs – develop research capabilities, database registry.
- Address the major constraints faced by small entrepreneurs
- Policy advocacy – includes drafting and promoting policies and programmes for the development of the sector
- Advocating for a Small Business Development Centre:
  - A Resource and Library Area
  - Business Advisory Services
  - An Incubatory Service Programme – longer term
- Operationalize the Small Business Development Fund

## Functions of the SBB:

- Create network and linkages with potential markets/suppliers with a view to providing the market intelligence required to tap into such markets.
- Document and implement a process to quantify small business share of government procurement. SB is entitled to 20%
- Build on inventive capacity of better adjudged science fairs and Sagicor awards entries and other similar initiatives. Eye on patenting
- Development of Youth entrepreneurship – 5<sup>th</sup> and 6<sup>th</sup> form students of secondary schools/GTI/ GITC/ UG among others.

# DEFINITIONS – MICRO & SMALL BUSINESS

Micro Business (as per MSED project)	Small Business (as per Small Business Act)
<p data-bbox="233 475 909 586"><b>Must meet any 2 of the 3 following conditions:</b></p> <ul data-bbox="327 634 909 1187" style="list-style-type: none"><li data-bbox="327 634 909 745">• Employ not more than Ten (10) persons;</li><li data-bbox="327 794 909 967">• Gross annual revenues of not more than G\$30,000,000</li><li data-bbox="327 1016 909 1187">• Total business assets of not more than G\$10,000,000</li></ul>	<p data-bbox="1031 475 1854 586"><b>Must meet any 2 of the 3 following conditions:</b></p> <ul data-bbox="1031 634 1854 1057" style="list-style-type: none"><li data-bbox="1031 634 1854 745">• Employ not more than twenty five (25) persons</li><li data-bbox="1031 794 1854 904">• Gross annual revenues of not more than G\$60,000,000</li><li data-bbox="1031 953 1854 1057">• Total business assets of not more than G\$20,000,000</li></ul>

# Operationalization of the Small Business Development Fund

Through the GRIF<sup>1</sup> (Guyana REDD + Investment Fund) funded project to support the Low Carbon strategy, US 10 million was allocated to provide incentives for MSEs and vulnerable groups to invest in low carbon type economic activities.

- The Project aims to contribute to the creation of employment via MSE development in identified low carbon sectors.
- Address 2 of the major constraints faced by micro and small enterprises: **easy access to finance** and required **business management and technical skills**.

Note: GRIF - a multi-contributor trust fund for the financing of activities identified under the Government of Guyana's Low Carbon Development Strategy (LCDS). <http://www.guyanareddfund.org/>

# PROJECT DESCRIPTION

**Custodian of funds (Investment Grant) (US\$10M)- IDB**

**Small Business Bureau (SBB) – Executing Agency.** Project has 2 phases, 2 years per phase, US\$5M each.

**Partnerships with Financial Institutions (FI) & Training Institutions (TI) - for roll out of products:**

Financial products – SBB/Financial Institutions (FIs)

Business Development Services (BDS) – SBB with reputable small business Training institutions (TIs) and individuals

# PROJECT DESCRIPTION

The project will consist of two components:

- **Innovative financial products**

These are expected to address the major issue of “easy access to finance”.

- **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.



# TARGET SECTORS/GROUPS

## **Vulnerable groups:**

- Individuals and groups who may be affected by changes in sectors, such as mining, forestry, sugar and bauxite.

## **Priority low carbon sector:**

- Fruit and Vegetables - Farming and Processing
- Aquaculture
- Eco-tourism
- Sustainable forestry and wood processing
- Business Process Outsourcing
- Bio-ethanol

# TARGET SECTORS/GROUPS

## **Other low carbon sectors:**

- Energy efficient transportation, and logistics
- Low carbon manufacturing activities
- Low carbon agriculture and agro-processing (excludes livestock)
- Apiculture
- Low carbon energy production and/or distribution
- Sustainable mining
- Professional and business services
- Internet and computer based services
- Entertainment, music and performing arts
- Arts and crafts
- Publishing and Printing

# THE FINANCIAL PRODUCTS

**A Collateral Guarantee**

**An Interest Subsidy**

**Grants - SBB**

# COLLATERAL GUARANTEE

SBB will guarantee up to 40% of loan amount under this project.

Financial Institutions will ensure remaining 60% is covered as per accepted collateral requirements.

Max. loan - G\$30M (max. guarantee – G\$12M)

# INTEREST SUBSIDY

Maximum subsidy of 5% (priority sectors) and minimum of 3% to be offered on interest rate charged for other sectors.

Subsidized amount to be paid by SBB to the financial institution.

# GRANTS

Can be accessed by persons who would not qualify for loans because of perceived risks,  
No history - “Start-up” ventures

- Grant funds can be used to expand existing operations.
- Maximum is G\$300,000 GYD.

# **BUSINESS DEVELOPMENT SERVICES**

## **Business management skills training**

Beneficiaries would be able to prepare their own business plan at the end of the training, as well as identify factors that are critical to success.

## **Technical skills training**

Lead to enhanced process/business efficiency and ultimately, increased profitability.

## **BENEFITS TO BE DERIVED**

1. Interest subsidy - will allow the borrowers to benefit from reduced interest rates.
2. Collateral Guarantee - The shared risk 60% - FI, 40% - SBB, together with tax exemption to be offered, makes programme attractive to financial institutions
3. Job creation - via self employment, allows SBB and partners to contribute towards one of Guyana's Millennium Development Goals - Poverty alleviation.
4. The move towards developing low carbon activities, which promotes the country's thrust towards a 'green economy'.
5. Provide a way for the otherwise 'unbankable' to enter the mainstream financial system.



## Defining Agro-processing

A common and traditional definition refers to the subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. Thus, referring to the transforming of products originating from agriculture, forestry and fisheries.

([www.fao.org](http://www.fao.org))

# SPECIAL ASSISTANCE FOR THE SECTOR

- Agro-processing is deemed one of the priority sectors under the MSED Project
- Processors can borrow at 6% per annum, which can be further reduced by 5%; meaning qualified MSE's you can borrow at 1% interest per annum
- To date GBTI and Republic Bank Limited have signed on with the SBB , along with 2 training institutions.

# POLICY PROPOSALS FOR THE AGRO-PROCESSING SECTOR

- SBB, after consultations with the Agro-Processing Association has tabled several policies to the SBC Council for consideration:
- 3-year tax waiver for start-ups
- Financial support to establish a central processing unit via budget request through the SBC
- Zero Rated VAT on locally produced products that include a significant value added component

## Conclusion

The importance of developing the agro-processing sector is crucial to add value to the expanding production of raw non-traditional agricultural products; which translates into greater job creating opportunities, while diversifying the economy.

The sector is widely accepted as the engine of growth in both developed and developing countries. Processors can be nurtured to make their most tangible contribution to the new economy that's unfolding in Guyana.

**THANK YOU!**