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Public Policies to Promote SMEs Exports

Derrick Cummings, Ministry of Tourism
and Trade of Guyana

Intra-Regional Relations

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**Ministry of Tourism, Industry & Commerce
Guyana**

**POLICIES TO PROMOTE SMES EXPORTS IN
GUYANA**

**Workshop on Internationalization and Promotion
of Caribbean SME Consortiums
Santo Domingo, Dominican Republic**

July 9, 2013

Presenter: Derrick Cummings, CEO, Small Business Bureau

ABOUT GUYANA

- Only English speaking country on mainland of South America
- Bordered by Suriname in east, Brazil in the south south west, Venezuela in the west, Atlantic ocean to the north.
- Population – approx. 770,000, 90% reside on the coast (10% of the land area). NB population size dictates that economy must rely on exports and comparative advantage of key services



GUYANA'S DEVELOPMENT STRATEGY

Main documents:

1. National Development Strategy (NDS)

launched Jan 1997

2. National Competitiveness Strategy (NCS)

Unveiled May 2006

3. Low Carbon Development Strategy (LCDS)

Presented June 2009

NATIONAL DEVELOPMENT GOALS

Key overall development objectives;

- 1) Enhanced economic growth
- 2) Developing a 'green' economy.
- 3) Diversification of the economy (move away from dependence on traditional primary products)
- 4) Elimination of poverty (MDG)
- 5) Equitable geographic distribution of economic activity; (primarily coastal)
- 6) Geographical unity (similar emphasis on development within each geographic region).

ENABLING POLICY INITIATIVES- NDS & NCS

Private sector chosen engine of economic growth

Create incentives for private sector development via:

- The implementation of the provision of the Small Business Act of 2004
- Taxation - more efficient and equitable. This includes the introduction of the VAT in 2007.
- Develop investment strategy - to improve climate and attract investment. This includes strengthening facilitating agency – Go-Invest, to serve as Guyana’s primary investment promotion and facilitation agency.
- Develop trade promotion activities to generate increased exports.

NATIONAL COMPETITIVENESS STRATEGY

- Builds upon the NDS.

Involves a participatory approach (public/private) – identify and analyze critical issues impacting Guyana's ability to be competitive. A series of public-private consultations designed to develop an action plan which seeks to:

- Improve the environment for Private Sector Investment - reducing bureaucracies
- Improving consumer protection – implementation of amended consumer protection bill (return policy) and strengthening of regulatory body.

NATIONAL COMPETITIVENESS STRATEGY

- Strengthen competitiveness for Export Development - export promotion, trade, policy, infrastructure, business development services, access to finance and skills development.
- Identify and develop incentives for high-potential sectors.
- Enhancing Public/ Private Cooperation, with a focus on enhancing the private sector's involvement in the development of economic, trade, investment and business-related policies.

LOW CARBON DEVELOPMENT STRATEGY

On 8th June 2009 former President Bharrat Jagdeo launched Guyana's Low Carbon Development Strategy (LCDS).

The Strategy outlines Guyana's vision to promoting economic development, while at the same time combating climate change.

DEFINITIONS – MICRO & SMALL BUSINESS

Micro Business (as per MSED project)	Small Business (as per Small Business Act)
<p data-bbox="222 449 908 564">Must meet any 2 of the 3 following conditions:</p> <ul data-bbox="222 606 908 1035" style="list-style-type: none"><li data-bbox="222 606 908 721">•Employ not more than Ten (10) persons;<li data-bbox="222 763 908 878">•Gross annual revenues of not more than USD 150,000<li data-bbox="222 921 908 1035">•Total business assets of not more than USD 50,000	<p data-bbox="1023 449 1874 564">Must meet any 2 of the 3 following conditions:</p> <ul data-bbox="1023 606 1874 1035" style="list-style-type: none"><li data-bbox="1023 606 1874 721">•Employ not more than twenty five (25) persons<li data-bbox="1023 763 1874 878">•Gross annual revenues of not more than USD 300,000<li data-bbox="1023 921 1874 1035">•Total business assets of not more than USD 100,000

PROVISIONS OF SMALL BUSINESS ACT OF 2004

- The Bureau functions as the secretariat of the Small Business Council (SBC) which derives its responsibility and fulfills its goals or functions through the Small Business Act of 2004. The Bureau became operational in June 2010.
- The Act provides for an incentive regime and support program for small businesses; establishment of the Small Business Council, the Small Business Bureau, the Small Business Development Fund and matters connected to Small Business Development

SBB EXPECTED PROGRAMME OUTCOMES

- Become storehouse of data/information on MSEs.
- Address the major constraints faced by small entrepreneurs – via MSED project.
- Policy advocacy – promoting policies and programmes for the development of MSEs.
- Small Business Development Centre:
 - A Resource and Library Centre
 - Business Advisory Services
 - An Incubatory Service Programme – longer term

SBB EXPECTED PROGRAMME OUTCOMES

- Create network and linkages with potential markets/suppliers.
- Fostering sector specific clusters.
- Document and implement a process to quantify small business share of Government procurement. Small Business is entitled to 20% of all government procurement.
- Operationalize Small Business Development Fund – to commence with MSED Project



PUBLIC/PRIVATE PARTNERSHIP – LCDS MSED PROJECT

GRIF¹ (Guyana REDD + Investment Fund) funded project - provide incentives for MSEs and vulnerable groups to invest in low carbon type economic activities.

- Contribute to the creation of employment via MSE development in identified low carbon sectors. Create and/or sustain 2,200 jobs in 2 years
- Address 2 of the major constraints faced by micro and small enterprises, for survival and growth, namely: **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

Partnerships with Financial Institutions (FI) & Training Institutions (TI) - for roll out of products. The project will consist of two components:

- **Innovative financial products**

These are expected to address the major issue of “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.

GENERAL CONSIDERATIONS

Conformance with Environmental and Social Management System considerations (requirement of the IDB).

Against background of Low Carbon considerations – priority sectors.



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 sectors:

- 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

Collateral Guarantee - Fls

Interest Subsidy - Fls

Grants - SBB



BUSINESS DEVELOPMENT SERVICES

Business management skills training

Beneficiaries would be able to prepare their own business plan, identify factors that are critical to success.

Technical skills training

- Certification standards- food handling, manufacturing .
Confirming to traceability
- Lead to enhanced process/business efficiency and ultimately, increased profitability.

Facilitate links to markets- local, regional and international through clusters and networking (to become part of the value chain).

conclusion

Guyana is undoubtedly on a journey of rapid modernization and expansion of its economic and social sectors

Though too soon for the results to be tangibly manifested, the collaborative approach to issues and the mutual commitment by the Government and emerging private sector to address constraints facing SMEs, are expected to induce an enhanced investment climate and stimulate job creation

The process in itself, has improved the quality of dialogue, trust and commitment between the public and private sectors, and by extension the citizenry in Guyana.

