

SUMMARY OF THE PROJECT IN DESIGN * (*)

MMG - Expanding Financial Inclusion in Guyana

PITCH ELIGIBILITY DATE		COUNTRY(IES)
07/23/2024		Guyana
ALIGNED WITH COUNTRY STRATEGY?		
Yes		
PARTNER(S)		
Mobile Money Guyana, Gtt Communications, Inc		
PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT		
FI-3 (**)		
TOTAL BUDGET	IDB Lab	LOCAL COUNTERPART AND COFINANCING
US 725,000	US 725,000	US 1,450,000
DESCRIPTION		

The problem Guyana is the fastest growing economy in the hemisphere with growth rates propelled by its rapidly expanding offshore oil exploration and production. According to the International Monetary Fund (IMF), Guyana's oil revenues are projected to reach 40% of GDP (Gross Domestic Product) by 2024. This growth is generating increased activity and demand in the local economy. As the economy grows, the government is seeking ways to invest in the delivery of expanded and advanced services and opportunities for its citizens and local businesses are looking for ways to leverage this unprecedented economic growth and expansion. Financial inclusion of both citizens and small businesses, particularly those outside of the capital city and immediate environs is a key constraint that must be addressed to facilitate inclusive economic growth in Guyana.

Financial Exclusion. In Guyana, a significant portion of the population remains outside the formal financial system, with approximately 33% of adults lacking access to traditional banking services (Kirton & Lewis, 2015). Financial exclusion is particularly acute among the poor and vulnerable populations, including those in remote, rural areas and emerging and small local businesses struggling to receive payments and manage finances efficiently. Many areas of Guyana, especially rural and remote regions, have limited access to neighborhood banking facilities, making it difficult for residents to engage in basic financial activities such as saving money, receiving loans, or making transactions (Gauto & Mooney, 2020). A significant barrier is the lack of understanding about financial products and the benefits of banking, which leads to a reliance on cash transactions and exclusion from the formal financial sector. This reliance on cash transactions marginalizes these groups from the formal economy, hindering economic growth and development (Mooney et al., 2019).

The demand for change in Guyana's Fiscal Space. As the country embarks on a transformative economic journey, MMG aims to bridge the financial gap with innovative mobile financial solutions, reaching the unbanked and underbanked populations offering digital payments and savings opportunities. The urgent need for accessible and inclusive financial services in Guyana is evidenced

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**The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)'s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI's portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI's portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.

by the heavy reliance on cash transactions and the country's high cash velocity that makes financial management inefficient, cumbersome and risky, particularly for the underbanked. This demand is further shown by the economic impact on vulnerable populations

without access to credit or secure ways to save. These poor households cannot shield themselves from financial shocks or invest in economic opportunities, perpetuating cycles of poverty. Further, micro small and emerging businesses often struggle with revenue loss and cash flow management due to the unavailability of convenient electronic payment systems and an absence of credit facilities, factors that limit their growth and sustainability.

The solution MMG is committed to bridging the financial divide by offering a comprehensive suite of digital financial services. With IDB Invest support MMG's parent company, GTT (Guyana Telephone and Telegraph) is investing in the expansion and upgrade of telecommunications coverage across Guyana. The proposed financing to GTT under IDB Invest consists of a senior secured loan of \$ 30 million and an uncommitted revolving credit facility for up to US \$ 10 million for working capital. The main objective of the loan is to support GTT's connectivity strategy, which involves increasing and upgrading its fixed and mobile broadband infrastructure to enhance service quality and meeting the evolving needs of customers in data consumption in Guyana. This includes (i) the rollout of fiber optic networks to expand high-speed internet access to 216,000 homes in Guyana by 2026 (90% of coverage) while migrating 100% GTT's DSL subscribers (shutdown of cooper lines), (ii) the modernization of its 4G/4.5G network to fuel data consumption, and (iii) the allocation of funds for working capital needs. GTT's CAPEX plan for 2024-2026 is expected in US\$ 84 million, US\$ 25 million to be invested in fiber and US\$ 24 million in mobile network modernization.

With the significant investment planned to expand and upgrade connectivity across Guyana, it is an opportune time to launch an expansion of MMG's coverage in the country, leveraging the investment in national broadband infrastructure as a key enabling factor. The aim of MMG is to empower Guyana's underserved population, including micro and small businesses, by providing them with secure, efficient, and accessible digital financial solutions. Onboarding of new subscribers and agents across Guyana will involve sensitization, training, and incentives as well as the expansion of services.

The Beneficiaries: The target beneficiaries of the Mobile Money Guyana (MMG) solution are primarily the unbanked and underbanked populations in Guyana, alongside micro and small emerging businesses that face barriers to financial access. Over the course of the project, MMG is targeting the onboarding of 30,000 new subscribers from low income and vulnerable communities.

The partner MMG is a subsidiary of the country's main telecommunications provider and IDB Invest client GTT. GTT's parent company is ATN International (formerly known as Atlantic Tele-Network until 2016), which is a public company listed on NASDAQ (ATNI). Founded in 1987, ATNI operates in underserved markets across the US, US Virgin Islands, Guyana, and Bermuda, under various consumer brands.

The IDB Lab's contribution will be an Investment Non Reimbursable grant of USD 715,000 to be matched by counterpart resources in the sum of USD 2.3M.

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