

SUMMARY OF THE PROJECT IN DESIGN * (*)

Growing Guyana's Mature Microenterprise to SMEs through Technical Support, Financial Literacy and Access to Capital

PITCH ELIGIBILITY DATE		COUNTRY(IES)
07/06/2022		Guyana
ALIGNED WITH COUNTRY STRATEGY?		
Yes		
PARTNER(S)		
The Economic Development Fund Inc		
PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT		
C (**)		
TOTAL BUDGET	IDB Lab	LOCAL COUNTERPART AND COFINANCING
US 1,600,000	US 800,000	US 800,000
DESCRIPTION		

The problem The problem being addressed is the stagnation of microenterprises (MEs) in Guyana due to challenges in accessing financing for growth, which in turn constrains MEs contribution to wealth and job creation, as well as economic development in the country.

Challenges in accessing finance include 1) firm owners' gaps in business knowledge and limited use of technology, which generate inefficiencies, drive up operating costs and constrains profits available for re-investment; and 2) lack of access to affordable growth capital, which puts pressure on firm profits and growth.

The solution The solution proposed by the Economic Development Fund Inc (EDF) will address business and financial knowledge gaps of MEs in its nine-month Economic Development Accelerator (EDA), currently funded for a limited number of participants by the USAID Eastern and Southern Caribbean Mission. EDA clients will participate in practical business management and business leadership development training that includes technical support and coaching from international experts. The EDA provides capacity building for MEs involved in agro-processing and, ideally, with additional support, the skilled trades, and other small manufacturers.

EDF's EDA program will offer a differentiated financing option (a mixed instrument that is not traditional debt, but a recoverable grant in the form of a "note" that provides a legal framework for recovery of the funds). The innovation behind the proposed funding component is that MEs' revenue streams provide the basis for repayment of the grant awarded. Through revenue-based grant repayments, the EDA grant will meet the working capital needs required to catalyze growth of Guyana's MEs.

The beneficiaries EDF's solution is intended for growing MEs in industries that possess strong, predictable monthly revenue. The program, inclusive of the recoverable grant, would serve an initial 120 MEs across all ten regions of Guyana. It is anticipated that, demographically, program awardees will be approximately 50% male and 50% female. It is expected that awardees will be from most of Guyana's more populated regions

The partner The Economic Development Fund Inc. (EDF) is a Guyana-based business accelerator that, since 2019, has provided training, technical support, and coaching from international experts, as well as capital to support the scaling of targeted startups and

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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.

MEs in Guyana. EDF, is a Guyana-registered private corporation. The organization is an awardee of a USAID grant and is also sponsored by GTT the country's largest telecommunications provider.

The IDB Lab's contribution USD \$200,000 will be structured as a Non-Reimbursable Technical Corporation instrument to support training, coaching of MEs as well as development of the ecosystem to support MEs growth in Guyana. USD\$600,000 will be structured as a Contingency Recovery Investment Grant (CRIG) instrument that will be used to finance the growth of an initial 120 MEs in Guyana.

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