



Grenada Co-operative Bank Ltd

Small Business Lending Programme



Outline of Presentation

- TOPOLOGY OF SME's
- Commercial Banking Sector Contribution
- Grenada Co-operative Bank's – Small Business Lending
- Key Challenges in Financing SME's
- Recommendations



TOPOLOGY OF SME's EC\$ - Grenada

of E M PLOYEES

1 – 5 = MICRO

6 – 20 = SMALL

20 – 50 = MEDIUM

NET VALUE ASSETS

MA X IMUM \$100,000 = MICRO

\$100,000 - \$500,000 = SMALL

\$ 500,000 - \$1,000,000 = MEDIUM

TOPOLOGY OF MICRO , SMALL & MEDIUM SIZED BUSINESS

ANNUAL TURNOVER

\$100,000 = MICRO

\$100,000 - \$ 500,000 = SMALL

\$ 500,000 - \$2,000,000 = MEDIUM

BORROWING REQUIREMENT

MA X IMUM \$ 50,000 = MICRO

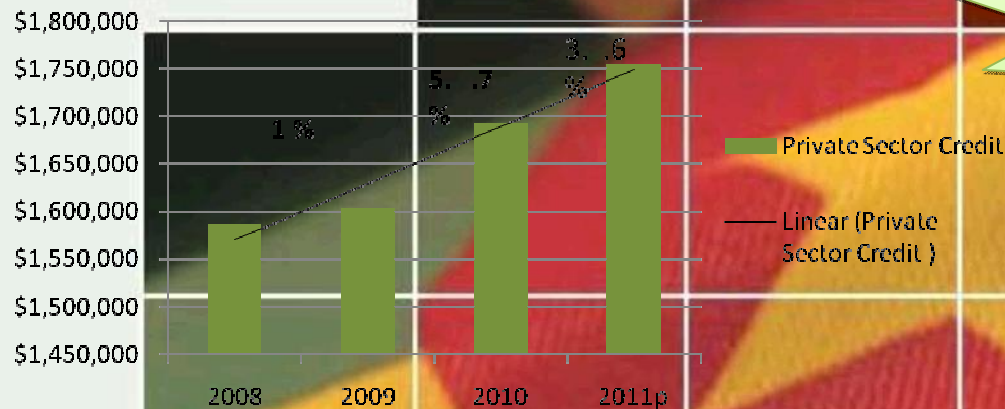
\$ 50,000 - \$250,000 = SMALL

\$250,000 - \$ 500,000 = MEDIUM

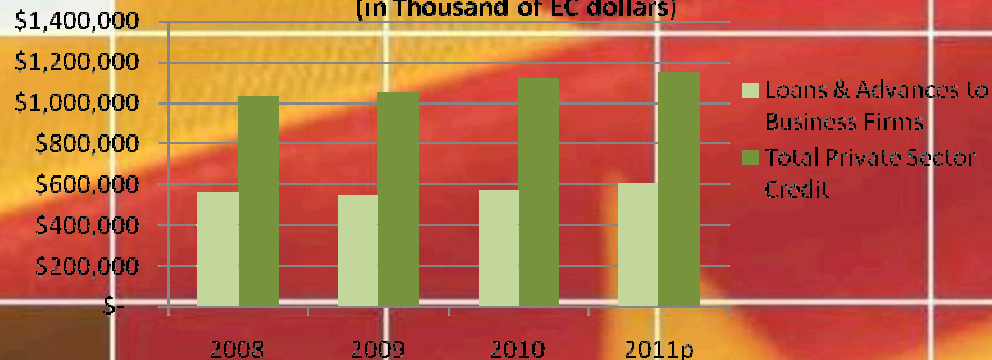


Commercial Banking Sector Contribution

**Commercial Banking Sector Private Sector Credit
(In thousands of EC dollars)**



**Commercial Banking Sector Credit to Businesses and Firms as compared to the total Private Sector
(in Thousand of EC dollars)**



Source: ECCB Commercial Bank Statistics

Excess Liquidity provides opportunity for loan growth to the Private Sector

How has the Commercial Banking Sector Contributed to Private Sector Development?

- ✓ Credit to Tourism, Construction Distributive Trades and Professional Services
- ✓ Downward trend in lending rates
- ✓ Variation in lending criteria over time
- ✓ Partnerships



Grenada Co-operative Bank Ltd

- Foundation on which Grenada Co-operative Bank was built
- Role as Grenada's lone indigenous Bank
- Contribution of SME to Grenada's Economy
 - Ex ports
 - Foreign Exchange Capacity
 - External competitive position of Grenada's economy



Grenada Co-operative Bank Limited

SME LENDING

- Bonus-Based Lending- Arrangement with Nutmeg Farmers /GCNA (1980's – Early 2000's)
- European Development Fund Small business Enterprise Programme Period (2000's)
- Price & Market Guarantee Scheme partnership with the Government of Grenada & MNIB (2008)



Grenada Co-operative Bank Limited SME LENDING

- G.O.G Small Business Enterprise Fund (2010)
- MAREP (2011)
- General loans to farmers whose proceeds/cash flow or means of payment is agricultural related

Challenges Facing Financing SME's in Grenada

Default rates especially in instances of "Force Ma jeure"

Lack of Integrated Approach of SME Development

Insufficient collateral or inadequate guarantee to cover lending

Culture & Attitudes of Borrowers towards debt servicing

Small & Medium Enterprise Financing

EXCESSIVE RELIANCE DEBT

DISINTEGRATION OF THE SUPPLY CHAIN
Farmer - Agro-processor - Exporter

Overall feasibility or sustainability of the project

WEAK ORGANIZATION OF THE SECTOR



Recommendations

1. Execution of the Capitalization Strategy of – GCNA
2. Co-ordination in the value chain of production
 - FARMER – AGRO-PROCESSOR – QUALITY CONTROL – MANAGEMENT
 - MARKET ACCESS - EXPORT
3. Channel Financing through Approved Financial Institutions
4. Continued Strengthening of institutions that provide
 - Expert Administrative /Management Assistance
 - Technical Assistance
 - Research & Development
 - Market Access Assistance



Recommendations

5. Other forms of financing such as Syndicated Loans, credit line for development of the sectors

6. Legislative New Institutional Support for SME lending

- a. Guarantees
- b. Quasi-guarantees
- c. Insurance
- d. Capital Participation



Thank You !