

## MEDIA RELEASE

March 31, 2022

### IPED Guyana gets good ratings

*Cari***BBB-** (Regional Scale Foreign Currency)

*Cari***BBB** (Regional Scale Local Currency)

*gy***A** (National Scale Foreign Currency)

*gy***A+** (National Scale Local Currency)

Caribbean Information and Credit Rating Services Limited (CariCRIS) has assigned initial corporate credit ratings of *Cari***BBB** (Local Currency Rating) and *Cari***BBB-** (Foreign Currency Rating) on its regional scale, *gy***A+** (Local Currency Rating) and *gy***A** (Foreign Currency Rating) on the Guyana national scale to the Institute of Private Enterprise Development Limited (IPED or the Company). The regional scale ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligations in the Caribbean is **adequate**. The Guyana national scale ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligations in Guyana is **good**.

The ratings of IPED are driven by its long history of operations in Guyana supported by strong brand equity and a good market position. Additionally, IPED is a profitable operation with a healthy net interest spread, as well as good capitalization and liquidity levels. The ratings also reflect the Company's good risk management framework with adequate oversight from an independent Board of Directors. Further, strong macroeconomic prospects for Guyana is expected to drive IPED's continued growth and this also supports the ratings. These rating strengths are tempered by IPED's single line of business in Guyana, which is exposed to climate related risks, as well as its below average asset quality levels.

CariCRIS also assigned a stable outlook on the ratings. The stable outlook is based on our expectation that IPED will continue to be profitable over the next 12 to 15 months and maintain all its key credit drivers including good capitalisation and liquidity metrics.

### **Rating Sensitivity Factors:**

#### **Factors that could, individually or collectively, lead to an improvement in the ratings and/or Outlook include:**

- An improvement in the credit risk profile of the Government of Guyana
- Improved ROA and ROE > 4.5% and 5.5% respectively sustained for more 2 years
- An improvement in Gross NPLs/Gross Loans to < 7.5%

#### **Factors that could, individually or collectively, lead to a lowering of the ratings and/or Outlook include:**

- A deterioration in the credit risk profile of the Government of Guyana
- A deterioration of ROA and ROE < 1.5% and 2% respectively sustained for 2 financial periods
- A deterioration in IPED's Gross NPLs/Gross Loans ratio to > 20%
- Written off loans exceeds GY\$100 million in any financial year
- Deterioration in the Company's leverage ratio (Debt/TNW) to 2.5 times or more

#### **About the company:**

The Institute of Private Enterprise Development Limited (IPED or the Company), located in Georgetown, Guyana, commenced operations in 1985. The Company was originally called the Institute of Small Enterprise Development, however, as its operations expanded, the name was changed to IPED in 1991. IPED was founded by Dr. Yesu Persaud and Mr. Wilfred Stoll to reduce unemployment<sup>1</sup> and improve livelihoods by building sustainable micro and small enterprises. The initial capital of GY\$0.5 million for the Company was provided through a grant from the Pan American Development Foundation, with the founders matching this grant with their funds. Additionally, support for start-up operations was also provided by the Foundation for International Training.

IPED is registered as a non-profit, non-governmental organization with its key objectives being the provision of business guidance, technical assistance, training and financing to micro and small businesses which enables them to build sustainable enterprises. The

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<sup>1</sup> In 2021 Guyana's unemployment rate was 14.5%, and 31.9% for youths aged between 15 – 24 years. Source: Guyana Labour Force Survey.

Company provides its range of services to several sectors across Guyana. The Company is recognized as an Institution of National Character<sup>2</sup> and is therefore tax-exempted.

Over the years, with assistance from the Government of Guyana and support from international agencies<sup>3</sup>, IPED has been able to expand and become the principal provider of microfinance and technical assistance to the small and micro enterprise sector in Guyana and is a member of the Caribbean MicroFinance Alliance<sup>4</sup> (CMFA). As at December 2021, IPED reported total assets of GY \$4.8 billion and for the period ended December 2021, reported profitability of GY \$153 million.

**For more information on Institute of Private Enterprise Development Limited's ratings, please visit [www.caricris.com](http://www.caricris.com) or contact:**

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<sup>2</sup> An institution that primarily operates for the strategic good of Guyana and is considered as a national service.

<sup>3</sup> Inter-American Development Bank, West India Trading Company, Seagram's Limited and Booker Sugar Company Limited.

<sup>4</sup> CMFA was formed in 2011 and is domiciled in Kingston, Jamaica. It is a network of microfinance practitioners in the Caribbean.