

Corporate Profile

The Institute of Private Enterprise Development is a company limited by guarantee and registered as a not-for-profit Company under the Companies Act.

In the 1970's and up to 1985, the State progressively involved itself in business with the intention of owning and controlling the economy. This process tended to exclude those who could not fit into entities or who desired to do their own business. As a result, unemployment and under-employment grew with grave social and economic consequences.

Messrs, Yesu Persaud and W.G. Stoll, two very able and concerned businessmen recognized the absolute necessity for the culture of Free Enterprise which has been under attack for a generation had to be re-created. One of the surest ways of re-creating this culture was by stimulating the emergence of small businesses and self-employment.

The Pan American Development Foundation (PADF) was approached for funding and they threw out the challenge that they would fund 1/2 Million Guyana Dollars if the Guyanese could match that sum. At the same time, also, Foundation for International Training (F.I.T.) was

approached and they offered to finance two Counsellors who were duly installed soon after the Institute was established.

On 1st April, 1986, the Institute of Small Enterprise Development, as it was then called opened its doors for business at 240 Camp Street, Georgetown with a staff of one - Mr. Jeff Adiken, who performed the jobs of Manager, Accountant, Counsellor, Project Officer and Messenger all rolled into one. Soon, however, further help was provided with staff numbering a total of five in its first year.

With the help and support of the Government of Guyana, United States of America, Canada and the United Kingdom, the Institute expanded rapidly to be the principal provider of finance and technical assistance to the small and micro business sector in Guyana today.

To reflect its expanded role, the name of the Institute was changed on 10th September, 1991 to **Institute of Private Enterprise Development**. Since then, the Institute has been moving from strength to strength, increasing the ambit of its loans and providing training in Management, Accounting, Marketing and Technical Services to both staff and clients as attested to by its performance.

Directors

Mr. Yesu Persaud - Chairman
Mr. Komal Samaroo
Dr. Ian Mc Donald
Mrs. Amanda Richards
Mr. Laurence Farley
Mr. James Morgan
Mr. John Bart
Dr. Gem Fletcher

Registered Office

IPED Building
253 South Road,
Bourda, Georgetown, Guyana
Tel: 592-226-4675
Fax: 592-223-7834
Email: iped@solutions2000.net
Website: www.ipedgy.com

International Projects

GYBT, CTCS,
PRCSSP, SEBRAE

Bankers

Demerara Bank Limited
National Bank of Industry and
Commerce Limited

Auditors

Deloitte & Touche
Chartered Accountants
77 Brickdam, Stabroek
Georgetown, Guyana.

Attorneys at Law

Mr. Vidyand Persaud
Georgetown
Mr. Murseline Bacchus
New Amsterdam

Branches

Berbice
1 Port Mourant,
Corentyne, Berbice
Tel: 592-336-6171

11 D' Edward Village,
West Bank Berbice.
Tel: 592-327-5367

Essequibo

54 Cotton Field,
Essequibo Coast
Tel: 592-771-4298

312 Parika,
East Bank Essequibo.
Tel: 592-260-4399

Lethem

Rupununi, Region 9
Tel: 592-772-2229

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E-mail: banking@demerarabank.com
www.banking@demerarabank.com

IPED Business Listing

FISHING:

Narendra Lucknauth
Sparta, Essequibo Coast.

Pooran Singh
5 Unity, Lancaster, E. C. D.
Tel: 259 - 3038

Ousan Persaud
16 Good Hope, E.B.E.
Tel: 260 -0425

VENDING OF GARMENTS:

Dianne Khan
New Amsterdam

Chandrouite Imamudeen
Charity
Tel: 616-1815

Ingradai Depoo
John's Settlement, Port Mourant.

VENDING OF POULTRY MEAT AND SUPPLIES:

Sooknarine Singh
La Belle Alliance, Essequibo Coast.
Tel: 771 - 4095

Bhagmattie Gowkarran
13 Studley Park, Canal No. 1
Tel: 629 - 6497

Rameshwar Sewdial
991 Alliance, Canal No. 1
Tel: 616 - 8629

Beverly A. Klass
Parika Outfall, E. B. E.
Tel: 260 - 4144

VENDING OF GROCERY:

Jean Lindore
Grant Try Again, Pomeroun River.

Alim Bacchus
4 Golden Fleece, W. C. B.
Tel: 614 - 8478

Charles Seymour
32 El Dorado, W. C. B.

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Mission Statement



To promote the growth and development of economic activities designed to improve the social and economic welfare of the people of Guyana through the provision of business guidance, technical assistance and non-traditional credit facilities to micro, small and medium sized entrepreneurs.

Goals



To develop a national culture of entrepreneurship.



To provide technical and managerial support services through training and counselling to all loan beneficiaries.



To provide timely financing to micro, small and medium sized businesses in all geographical areas to enhance their production potential to supply both local and foreign markets.



To network with organisations providing complementary support services to communities in order to effectively develop micro entrepreneurs throughout Guyana.



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Notice of Meeting

The twentieth Annual General Meeting of the Institute of Private Enterprise Development Limited will be held on Monday 31st July, 2006 at the Institute's Head Office at 253 South Road, Bourda, Georgetown, at 10:00am.

Agenda

1. Chairman's review of the Institute for the year 2005
2. To receive and consider the Institute's Accounts and Reports of the Directors and Auditors for the year 2005
3. To elect Directors in the place of those retiring by rotation.
4. To appoint Auditors and authorise the Directors to fix their remuneration.
5. Feature Address.
6. Presentation of Client's Awards 2005
7. Presentation of Staff Awards 2005

BY ORDER OF THE BOARD

Hemant S. Indar Singh

Hemant S. Indar Singh
Admin Manager/Company Secretary

Registered Office
253 South Road
Bourda, Georgetown.

6th July, 2006



Caribbean chemicals
GUYANA LIMITED

ESSEQUIBO BRANCH
Lot "C" Anna Regina, Essequibo Coast
Tel: (592) 771-5060

MAIN OFFICE
45 Croal Street, Stabroek, Georgetown, P.O. Box 10488
Tel: (592) 225-4178, 225-9639
Fax: (592) 226-8935

BEBERICE BRANCH
Lot 23, Miss Phoebe, Port Mourant, Corentyne, Berbice
Tel: (592) 336-6272

E-mail: caribchem@gol.net.gy
Website: www.caribbeanchemicals.com

SEEDS FERTILIZERS IRRIGATION SYSTEMS SHADE NETTING QUALIFIED AGRONOMISTS SPRAYERS INSECTICIDES HERBICIDES FUNGICIDES

Chairman's Report

We are also looking at the development of new financial products that could better fit those would-be entrepreneurs based on the recommendations of studies commissioned during the year. This may include fostering new alliances with the other financial institutions, all with the aim of providing much needed affordable services to a wider cross-section of men, women and youths who are willing to work hard and pull themselves out of the poverty trap.

We are leaving no stone unturned in our drive to be relevant and SMART, embodying and applying the technologies and building capacity amongst our staff.

The Staff of IPED continues to receive in-house training in all aspects - managerial, technical and marketing, to enable them to continue providing service of the highest standard.

On the technology front, IPED has created a Knowledge and Information Sharing Services programme to use technology to access markets, to increase productivity and to develop novel businesses. The Institute is still pursuing the relaunch of its website to better provide information on its Clients businesses and access to the Internet as a marketing tool. The Institute continues to train its Clients on the use of the computer as an essential business skill.

The Staff continues to perform creditably and is committed to greater efforts in the performance of their activities. The staff is also conscious that they have to be extra conscientious and innovative in the present socio-economic environment.

INTERNATIONAL ALLIANCES

In 2001, IPED signed an agreement with the Government of Guyana to operate the credit component of the Poor Rural Communities Support Services Project (PRCSP) in Regions 2 and 3. The project is funded by a United Nations Organisation, the International Fund for Agricultural Development (IFAD). During 2005, 1289 loans valued \$107.2 million were disbursed. At the end of 2005 IPED had disbursed a cumulative 5,727 loans valued at \$434.8 million.

IPED has a technical co-operation agreement with a Brazilian NGO, SEBRAE, which has significant resources to promote small enterprise development. We are awaiting the establishment of instruments that would cover the costs of implementing this agreement. Informal technical assistance has however allowed the establishment of a fish cage in the Takatu River and a dwarf cashew nut nursery at St. Ignatius.

OPPORTUNITIES AND CHALLENGES

With the Caribbean Single Market coming into being on January 2006, there will be a challenge and opportunity for the major sectors of the economy to produce quality goods and services at competitive prices in the larger market of the CSME.

Guyana has to take up the challenge of not only CSME but also the Global Economy and our growth and development will be dependent on our ability to produce goods and services of the highest quality and at competitive prices. The small and micro sectors are dependent on the greater economy to grow and prosper as they are and will mean an even greater demand on our capacity to respond to these new challenges and allow the SME sector to achieve its full potential.

This year we will be celebrating the 20th Anniversary of IPED and are all very proud of this Institution. IPED has been in the vanguard of helping people to help themselves creating in excess of 26,000 jobs in the last 20 years.

A few years ago the USAID paid a great tribute to IPED. "It is undoubtedly a great success story of Guyana and the Caribbean." The intention in the future is to maintain the high level of performance we have come to expect and to continue to help the most vulnerable members of our society.

In closing I would like to thank our dedicated Board of Directors who continue to show leadership and support in our collective endeavors. On behalf of the Board and on my own behalf we would also like to pay tribute to the untiring efforts of our hardworking staff who share the ideal of service for the economic and social improvement of our dear land of Guyana.

NOTES ON THE ACCOUNTS

16 Financial risk management

(a) Interest rate risk

The company's average effective interest rates for monetary financial investments are shown below:

	2005 %	2004 %
Assets		
Loans	27.25	28.17
Fixed deposits	2.50	3.75
Short term investments	2.50	3.75
Liabilities		
Loans	3	3

(b) Maturity Profile of Assets and Liabilities

The matching and controlled mismatching of the maturities of assets and liabilities and the rates of interest are fundamental to the management of the company. The maturities of assets and liabilities and the ability to replace maturing interest bearing liabilities at an acceptable cost are important factors in assessing the liquidity of the company and its exposure to changes in interest rates and exchange rates.

The table below analyses major financial assets and liabilities of the company into the relevant groupings.

	Maturing		Maturing	
	Within 1 year	Over 1 year	Within 1 year	Over 1 year
	2005 G\$	2005 G\$	2004 G\$	2004 G\$
Assets				
Cash and Bank	386,871,949		301,943,433	-
Investment				
Short term investment	668,973,472		572,109,106	
Fixed deposit	412,258,234		428,819,203	
Loans receivable	691,158,361	171,056,130	650,678,904	190,449,609
Debtors	16,337,717		29,820,618	
Prepayments	1,164,534		733,718	
Liabilities				
Loans	370,085,656	545,456,200	332,219,822	520,068,558
Sundry Creditors	383,736,493		349,439,135	
Accruals	15,162,056		12,313,559	

Awards

Staff Awards

Employees who completed fifteen, ten and five years of continuous employment in 2005.

Names	Designation	Years of Service
Gordon Trim	Credit Supervisor	15
Allison Duncan	Business Counsellor /Field Officer	15
Rosita Cunje	Typist/Receptionist	15
Elvis Rose	Branch Supervisor	10
Shaun Persaud	Hinterland Development Officer	10
Donnette Clementson	Accounts Clerk	5
Kathy Boatswain	Accounts Clerk	5
Resell Parris - Forde	Typist Clerk	5

Clients Awards 2005

1. Best Managed Project Mervin Lawrie <i>Runner-up</i> Gangaram	Better Hope, Essequibo Coast Lot 97 North Supply, Mahaica	Rice Cultivation Poultry - Layers
2. Best Agri Project Munilall Etwaroo <i>Runner-up</i> Walter Joseph	Wash Clothes, Mahaicony La Belle Alliance, Essequibo Coast	Rice Cultivation Cash Crop Cultivation
3. Best Woman Entrepreneur Jannett Smartt <i>Runner-up</i> Omawatee Baljeet	Liverpool Village, Corentyne Berbice Lot 327 Non Pariel, East Coast Demerara	Poultry - Broilers Vending
4. Best Manufacturer Roopnarine Bridgemoan <i>Runner-up</i> Anand Singh	Lot 222 Church Street Westfield, Queenstown, Essequibo Coast 76 Seaforth Street, Campbellville, Georgetown	Furniture Manufacturing Leather Craft Production

Enterprising Micro Entrepreneurs

1. Parwattie Bahadur	Lot 131 Enterprise, East Coast Demerara	Vending
2. Lorna Scott	Lima, Essequibo Coast	Vending & Botique
3. Fazil Isahack	Lot 174 Qjeer Street Rosignol, West Coast Berbice	Vending
4. Arvil Gordon	Lot 2 Phoenix, Leguan Island	Snackette & Commercial
5. Clintwoude Easton	198 Half Mile, Wismar, Linden	Commercial
6. Anthony Jodha	26 Sussex Street, Charlestown, Georgetown	Printing

Best Hinterland Entrepreneurs

1. Sueli Kissoon	Aranaputa Valley, North Savannah Region 9	Commercial
2. Hilderbrand James	Aishalton Village, South Savannah, Region 9	Vending
3. Kathleen James	Port Kaituma, Region 1	Poultry -Broilers

Board of Directors

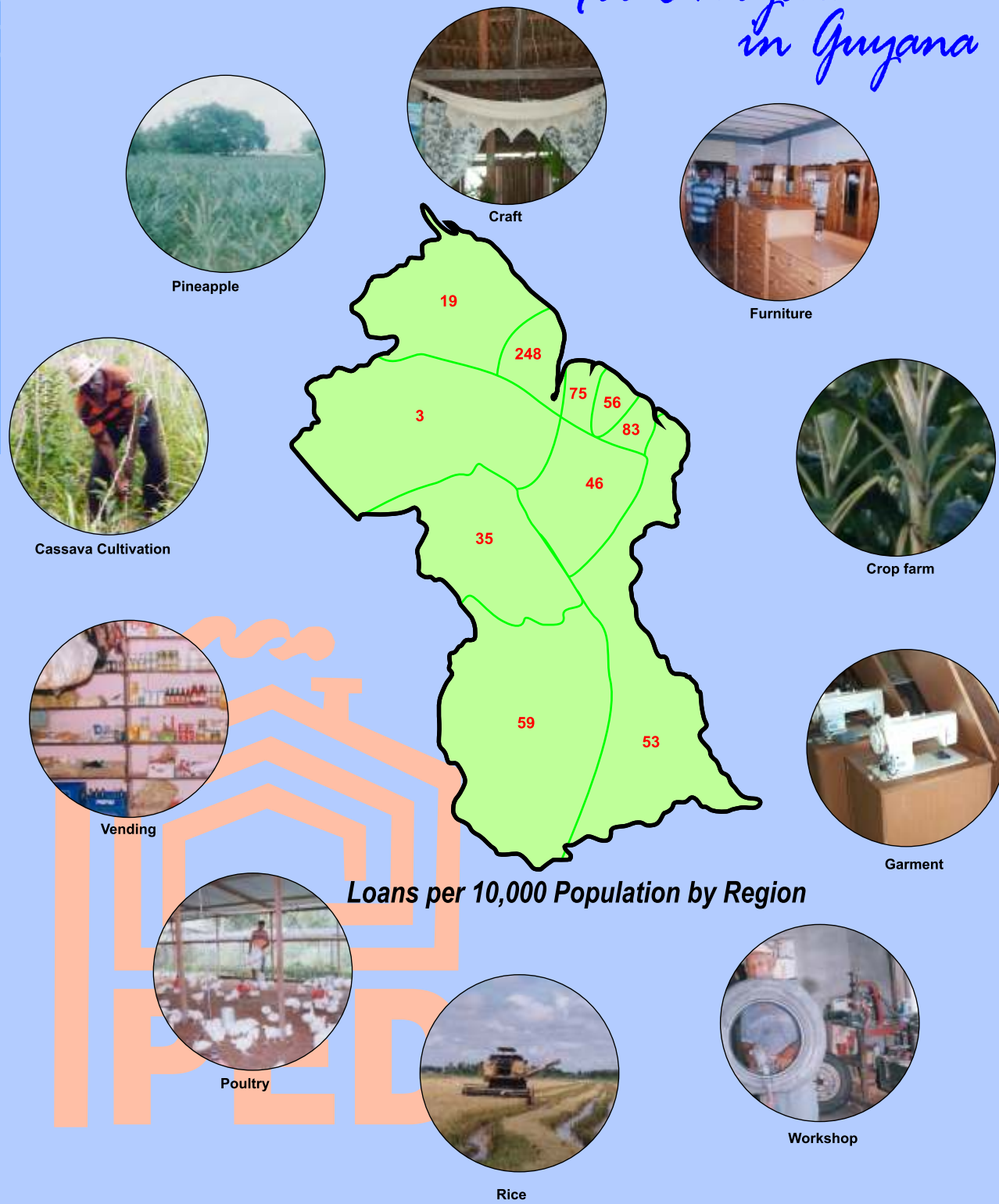


CHIEF EXECUTIVE OFFICER
Dr. Leslie Chin A.A., B.Sc., Ph.D.

- 1 - **CHAIRMAN**
Yesu Persaud C.C.H., F.C.C.A., F.R.S.A., F.B.I.M.
- 2 - **DIRECTOR**
Ian Mc Donald A.A., M.A. (Cantab), F.R.S.L.
- 3 - **DIRECTOR**
Amanda Richards A.I.C.B.
- 4 - **DIRECTOR**
Komal Samaroo A.A., F.C.C.A., A.C.I.S.
- 5 - **DIRECTOR**
James Morgan F.L.M.I., A.C.S.
- 6 - **DIRECTOR**
Laurence Farley F.B.S.C., A.C.E.A.
- 7 - **DIRECTOR**
Mr. John Bart A.A., Dip. Soc. Sc.
- 8 - **DIRECTOR**
Dr. Gem Fletcher Ph.D.

*Everywhere in Guyana...
For Everyone
in Guyana*

annual report 2005



Loans per 10,000 Population by Region

NOTES ON THE ACCOUNTS

16 Financial risk management - cont'd

(f) Liquidity risk - cont'd

The following table shows the distribution of assets and liabilities by maturity:

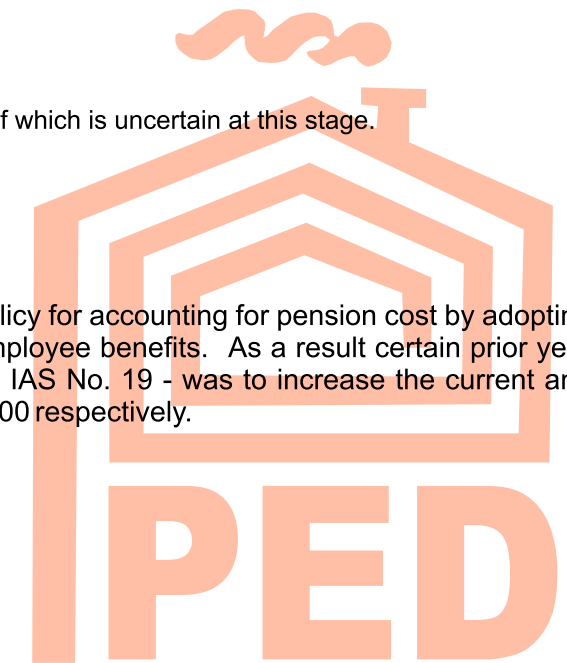
	1 to 12 months G\$	2 to 5 years G\$	Total G\$
As at 31 December 2005			
Assets	2,178,239,284	171,056,130	2,349,295,414
Liabilities	(768,984,205)	(545,456,200)	(1,314,440,405)
	<u>1,409,255,079</u>	<u>(374,400,070)</u>	<u>1,034,855,009</u>
As at 31 December 2004			
Assets	1,985,049,788	190,449,609	2,175,499,397
Liabilities	(693,972,516)	(520,068,558)	(1,214,041,074)
	<u>1,291,077,272</u>	<u>(329,618,949)</u>	<u>961,458,323</u>

17 Pending litigations

There were several litigations pending, the outcome of which is uncertain at this stage.

18 Restatement

In 2004, the company changed its accounting policy for accounting for pension cost by adopting the International Auditing Standards No. 19 - employee benefits. As a result certain prior year balances were restated. The effect of adopting IAS No. 19 - was to increase the current and previous year profit by G\$895,000 and G\$1,473,000 respectively.



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NOTES ON THE ACCOUNTS

16 Financial risk management - cont'd

(c) Market risk

The company is exposed to changes in market prices for some of its financial instruments but these are continually being monitored and adequate policies are in place to minimise any such risk.

(d) Currency risk

Assets and liabilities in foreign currencies

The aggregate amounts of assets denominated in currencies other than Guyana dollars are as shown below:

	US dollars G\$
At 31 December 2005	
Assets	<u>9,785,540</u>
Liabilities	<u>-</u>
At 31 December 2004	
Assets	<u>7,831,175</u>
Liabilities	<u>-</u>

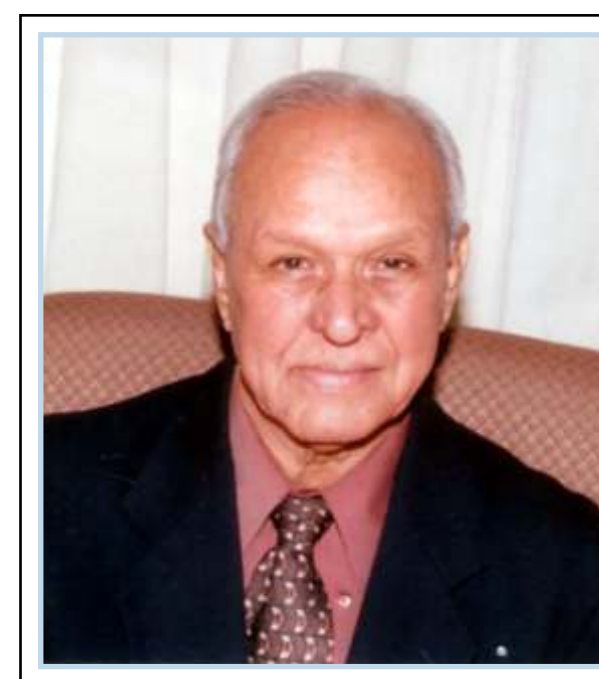
(e) Credit risk

The company faces credit risk in respect of its receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the company. The maximum credit risk faced by the company is the balance reflected in the financial statements.

(f) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.



Chairman's Report

In 2005 IPED granted 211 Hinterland loans valued at \$71.4M. During the year IPED funded 5,210 loans valued at \$1.0 billion compared with 5,518 loans valued at \$975 million in the preceding year representing a decrease of some 6% in number and 2.5% increase in value, and this despite the fact that the economy in the first half of the year was adversely affected by serious flooding in critical, heavy populated areas within Regions 3, 4 and 5. Indeed IPED was in the vanguard of developing a clear policy on treatment of loans affected by the flood of 2004 and 2005. IPED facilitated clients by providing additional finance and extended period to pay back initial loans without interest.

The loans in 2005 are almost evenly distributed 53% men and 47% women.

**TRANSFORMING THE LIVES OF GUYANESE
- ONE ENTREPRENEUR AT A TIME**

The Global Economy has been expanding at a rate in excess of 3% whereas the Guyanese Economy declined by 3% in 2005. In the major productive sectors, sugar declined by 24%, rice by 14% and mining by 17%, gold and diamonds by over 40%. However there was positive growth from manufacturing at 2%, engineering and construction at 9.5% and services at 4.6%. The Institute of Private Enterprise Development (IPED) had another successful year in 2005, helping to create and encourage many Micro, Small and Medium-sized businesses in all productive sectors of the economy from poultry farmer to mini-bus driver, who could have been overlooked by the mainstream credit facilities. The surplus for 2005 of G\$76.6M was a 20% growth over the previous year figure of G\$63.8M.

Our loan disbursement throughout the rural communities and Hinterland Regions of Guyana continued apace. IPED continues to reach out to the Hinterland Regions where the poor are the poorest and access to financial services is almost nonexistent. We have covered villages in North, Central and South Rupununi, Mahdia in Region 8 and Mabaruma, Port Kaituma and Moruca in Region 1.

Loans and Value

	No. of Loans		Value of Loans \$M	
	2005	2004	2005	2004
Small	1,540	1,334	688	629
Micro	3,670	4,184	312	346
Total	5,210	5,518	1,000	975

PROJECTIONS FOR 2006-2007

Our target in 2006 is to increase the number of new entrepreneurs by 50%. It will be a challenge given the typically uninspiring election year environment but we are convinced that our key combination of personal support and coaching and the nurturing of a trusting relationship with our clients would continue to conquer any hesitancy.

Training continues in a big way offering managerial and technical training to all clients. The Institute's services in these areas are complementary to loans and in a way ensure the business success of our clients. IPED helps them to grow to another level where professional management and technology are essential to success.

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American Development Bank [IADB] and in 1995, a loan was negotiated with the European Investment Bank [EIB] for the businesses that had graduated to medium-size businesses. The EIB Loan for the IPED medium-size loan sector was the first time in the history of EIB that a loan was negotiated, signed, sealed and delivered the same day. It still remains a record to this day. I was very pleased with myself when I left the EIB headquarters in Luxembourg that day. I had every reason to feel "on top of the world". On my return home, the Directors were overwhelmed with the result and expressed the view that this could well be an excellent relationship to build on.

The May/June rains of 1997 came with a vengeance-the rainy season was prolonged resulting in floods in several parts of the country. This was followed by the El Nino drought of 1998, the worst in over a decade. The weather phenomena in those two years severely affected the productive sectors including IPED thereby affecting the ability of entrepreneurs to repay or draw down new loans. We were not deterred and kept faith with the entrepreneurs by extending periods of repayments and providing liberally for possible bad debts. We were able to weather the storm and the growth and expansion of the portfolio continued with great momentum.

Training in the office and the field is indispensable to the success of Micro Sector and Small Business Development. In the beginning entrepreneurs received free training in the areas of business they are engaged in, in addition to basic book keeping and the importance of cash flow. In the field the loan officers provided individual counselling to clients on their monthly supervision visits. The Institute formally established its own Entrepreneurial Development Centre (EDC) in 2000 at a building adjoining its offices in South Road. The EDC now offers more formal courses in simple accounting, costs and expenses, marketing, principles of business administration, entrepreneurship and computer literacy. Clients can also enroll in a Certificate Course in Small Business Management. The EDC has extended its wings and also offers training to corporate clients.

The USAID has provided resources for institutional strengthening in the early years which were of tremendous significance to the growth of the Institute followed by the IADB over the last 6 years. Help in different forms was also received from the British High Commission and the Canadian High Commission.

IPED introduced the Micro Loan Window in 1993 to help the neediest of the needy in our Society. The Micro Loan scheme reaches out to the under-privileged, unemployed and under-employed women, youths and other segments of the Guyanese population who really want to improve the economic welfare of themselves and their families. The aim and objective of the Micro Loan Window is the reduction of poverty and improvement of the living standards of the poorest of the poor, which would directly impact positively on the nation's development. The philosophy of IPED is to help people to help themselves and to become their own bosses, giving them the independence and the framework to think positively about what they would do for themselves to grow and become bigger businesses in the future. Many of these Micro Businesses have already graduated to the Small Business status each employing several persons.

The Micro Loan Window starts at \$30,000 without traditional collateral increasing progressively to \$50,000, \$75,000 and \$100,000 dependent on the success of the

Starting from humble beginnings at rented office in Camp Street, the Institute today owns its own offices in South Road, Georgetown, at Port Mourant, Corentyne and at Anna Regina in Essequibo, with rented offices at D'Edward Village, West Bank Berbice, at Parika, East Bank Essequibo and at Lethem in Region 9. IPED has sub-offices at New Amsterdam, Corriverton, Linden, Bartica, Wakenaam and Charity on the Essequibo Coast. IPED provides poor people with access to loans in all ten Administrative Regions of Guyana from Crabwood Creek to Port Kaituma to the Rupununi.



NOTES ON THE ACCOUNTS

11 Loans - cont'd

ii) IADB

Inter-American Development Bank loan of 375,000 Swiss Francs was fully drawn down as at 31 December 1993. The loan is repayable not later than 16 January 2028 by 60 semi-annual consecutive, and as far as possible equal instalments beginning on 16 July 1998.

Commission of 1% is payable semi annually on 16 January and 16 July each year beginning 6 months after the disbursements of the loan. The terms of the IADB/IPED agreement require that this loan is repayable in Guyana dollars at the rate of exchange agreed by the Bank of Guyana at the date of disbursement.

iii) EIB

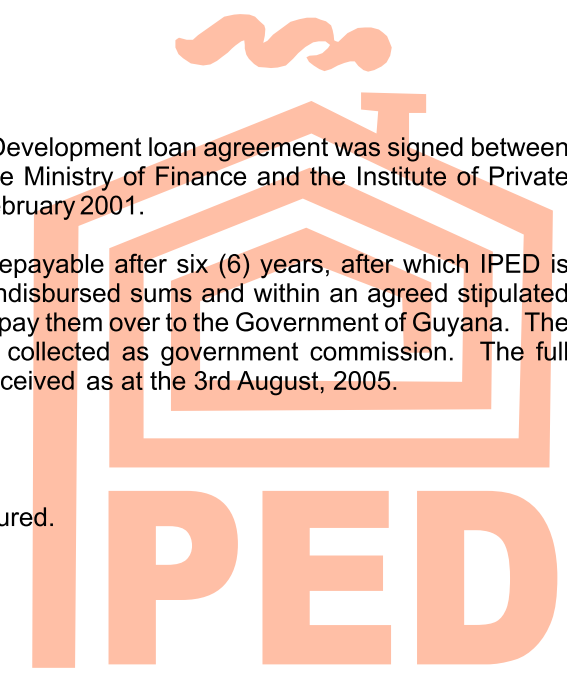
European Investment Bank loan of 500,000 ECU was fully drawn down at 31 December 2000. The loan is repayable in 10 equal annual instalments commencing 31 March 2001. Interest is payable annually in arrears at the rate of 2% per annum.

iv) IFAD

The International Fund for Agricultural Development loan agreement was signed between the Government of Guyana through the Ministry of Finance and the Institute of Private Enterprise Development Limited on 9 February 2001.

This is an interest free loan which is repayable after six (6) years, after which IPED is entitled to repay the Government all undisbursed sums and within an agreed stipulated period recover the disbursed sums and pay them over to the Government of Guyana. The Government is entitled to 2% interest collected as government commission. The full commitment on this loan has not been received as at the 3rd August, 2005.

Loans (i), (ii), (iii) and (iv) are all unsecured.



NOTES ON THE ACCOUNTS

15 Defined benefit asset

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 December 2003 with a roll forward for 2004 and 2005 by Bacon Woodrow & de Souza Limited. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

	2005 G\$ 000	2004 G\$ 000
Amounts in the balance sheet:		
Defined benefit obligation	34,318	30,587
Fair value of plan assets	(39,246)	(31,558)
Unrecognised actuarial gain/(loss)	2,560	(502)
Defined benefit asset	<u>(2,368)</u>	<u>(1,473)</u>
Amounts included in salaries and other staff costs in the statement of income		
Current service cost	3,184	3,627
Interest on defined benefit obligation	1,507	1,072
Expected return on plan assets	(2,011)	(1,489)
Net pension cost	<u>2,680</u>	<u>3,210</u>
Reconciliation of opening and closing defined benefit asset in balance sheet:		
Opening defined benefit asset	(1,473)	(726)
Plus net premium pension cost	2,680	3,210
Less contributions paid	(3,575)	(3,957)
Closing defined benefit asset	<u>(2,368)</u>	<u>(1,473)</u>
Actual return on plan assets		
Expected return on plan assets	2,011	1,489
Actuarial loss on plan assets	1,715	2,746
	<u>3,726</u>	<u>4,235</u>
Actuarial assumptions	Per annum	Per annum
Discount rate	5	5
Rate of salary increases	5	5
Rate of return on pension plan assets:		
- Deposit administration contract	2	2
- Annuities	6	6

The origin and history of the Institute of Private Enterprise Development (IPED) 1986-2006 Reflections by the Chairman Yesu Persaud

Guyana as a country suffered immensely under the yoke of state control and the ideology of Cooperative Socialism. The private sector in the Cooperative Republic was considered exploiters and the word "profit" was considered sinful. The business sector was almost wiped out, a deliberate Government policy to destroy the business sector as the Cooperative Sector, in conjunction with the State Sector was supposed to be the engine to propel growth. However, both the State and the Cooperative Sectors were colossal failures resulting in the near ruin of the country.

A few companies weathered the storm due to astute management by ensuring that the state did not interfere in the affairs of the company. There was absolute need to rekindle the entrepreneurial spirit and immediate action was necessary to revive the private sector starting with the small business sector. This gave birth to my concept of the Institute of Small Enterprise Development [ISED]. This name was changed a few years later to the Institute of Private Enterprise Development [IPED] to reflect the bigger role the Institute was playing in the economy. In September 1985, I discussed my concept of the "Institute" with my good friend and colleague, W.G. Stoll, who hailed it as an inspiration and promised me full support to get it off the ground. A Company limited by guarantee was the starting point. I decided to ask persons with access to the political directorate to be signatories to the Memorandum and Articles of Association, they duly agreed and those persons were: W.G. Stoll, Michael Brassington, Brian Gittens, Claude Geddes, Eric Clarke, Yesu Persaud and Mrs. M. Brijmohan. Mr. Eric Clarke, Senior Partner of Clarke and Martin, a leading firm of Solicitors, a good friend of mine, had prepared the Memorandum and Articles of Association free of cost. Mr. Eric Clarke registered ISED as a Company limited by guarantee and it was incorporated on 2nd October, 1985.

Management Services Ltd., a Company in which W.G. Stoll and Yesu Persaud had an interest, had done several training courses for Foundation for International Training [FIT] a CIDA-funded Canadian Institution. I had built up a close relationship with the Executive Director, Ranjit Kumar and the Project Manager, Roger Griffin. It was fortuitous that Roger Griffin was on a visit to Guyana in October, 1985. The concept of the Institute was discussed with him and he pledged full support for the "Institute." Once the Institute started business, FIT would finance the services of two counsellors. I subsequently spoke to the Executive Director of FIT, Ranjit Kumar, who supported Roger Griffin's pledge that in addition FIT would provide training for counsellors. A month earlier, a Guyanese/American Lawrence Correia who was Controller and Project Officer of Pan American Development Foundation (PADF), was in Guyana. I discussed funding with him but he wanted a structure similar to the National Development Foundations of the OECS which were partly funded by PADF. He suggested a few names as Directors who were associates of his when he was living in Guyana. I informed him in no uncertain terms that the structure he was suggesting would not work in Guyana. They were static institutions. I wanted a dynamic institution that would grow and prosper helping people to help themselves. It seemed at the time, that two institutions would be set up: one modeled on the OECS National Development Foundation and the more dynamic and growth-propelling one I had in mind. Since CIDA, through FIT, had already agreed to jump-start the institution, I called Byron Blake, Development Director, CARICOM, and discussed the subject with him and Susan Brown, the First Secretary of the Canadian High Commission, Georgetown, who gave me her unqualified backing. A meeting was held the following morning at Miss Brown's Office. Present were, Ms Susan Brown, Byron Blake and Lawrence Correia and myself. We were able to convince Correia that it would be a waste of resources to have two development institutions and that the resources should be pooled to form a vibrant institution.



Susan Brown and Byron Blake supported my concept of the "Institute." Lawrence informed us that the decision would have to be made by his Executive Vice President, Mr. Edward Marasciulo.

I left Susan Brown's office confident that I could convince Mr. Marasciulo to back the "Institute." I wrote Mr. Marasciulo inviting him to Guyana to see for himself the need that existed for the development of entrepreneurs and the business sector after the eclipse of co-operative socialism.

In late October 1985, Mr. Edward Marasciulo, Executive Vice President and Lawrence Correia, Project Officer and Controller of PADF, arrived in Guyana. They were duly met at the airport and taken to the Pegasus Hotel.

That very evening, we started discussions on the concept of the "Institute." Mr. Marasciulo was a lawyer and a former US Diplomat, and a great listener. He only intervened to ask a question. At the end of the session, he said to me, "Yes, you have convinced me that the Institute would train entrepreneurs and create dynamism for rebuilding the entrepreneurial spirit in the country. My challenge to you is on the basis of one to one. You need to raise G\$1M to start so raise G\$500,000 and PADF will match it with G\$500,000." I replied, "Ed, it's a deal. I will raise it within 3 months, that is guaranteed." He responded, "you are undoubtedly a man who gets things done and please be assured that PADF has no intention of starting another institution similar to the OECS National Development Foundations. These Institutions have shown very little growth over the years and needs regular injections of new cash." We shook hands and I thanked him for his immediate decision and faith in me. We then moved to the dining room for dinner.

I now had the backing of FIT, the CIDA-funded Canadian Institution and Pan American Development Foundation. The next step was President Desmond Hoyte. He was very warm to the concept especially now that it had Canadian and US support. Canada was the country to Guyana and the USA was indispensable for IMF and

head the Donor Support Group for Guyana and the USA was indispensable for IMF and World Bank re-entry and support for Guyana.

I called a meeting of the Board of Directors of the "Institute." I outlined what had been done to date including the support of President Hoyte. I proposed that we launch the "Institute" in great style, never seen before in Guyana, inviting the entire private sector, diplomats, professionals and Ministers and high officials of the Government and the Leader of the Opposition to the launching ceremony. Mr. Michael Brassington, Managing Director of Guyana Refrigerators Ltd. [GRL], was allotted the task of being the speaker on incentives, Mr. Lawrence Correia of PADF and Roger Griffin of FIT, had already confirmed their willingness to speak at the launching. We agreed that I would chair the launching, outlining the background of the project and its benefits to the private sector and Guyana. The President, Mr. H.D. Hoyte, would give the feature address.

The "Institute" was formally launched at the Pegasus Hotel on 10th January, 1986 in the presence of the largest number of private and public officials and civic organisations ever seen in the country. The launching went like clockwork- all the speakers spoke glowingly of the need for such an institution and the benefits that would accrue to Guyana, helping people to help themselves by becoming their own bosses. The President, H.D. Hoyte, in his message, expressed unreservedly that he backed the Institute and applauded the private sector for coming up with the concept and said that the Government would give all the assistance needed to help the Institute in its formative stage. Mr. Brassington, in his presentation, had asked for tax-free concessions, which the President promised to support. The President graciously pledged to make IPED exempt from corporation tax and to exempt all donations to the Institute from income tax. The Government duly honoured this pledge.

We received pledges of donations totaling \$163,000 from professionals, and the private and public sectors

NOTES ON THE ACCOUNTS

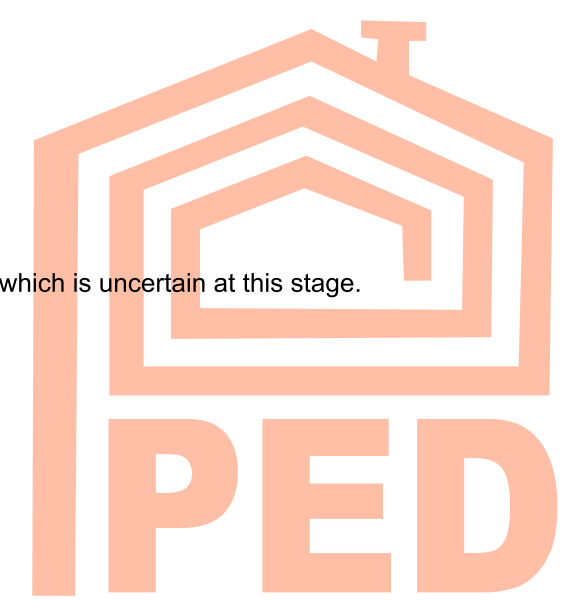
14 Loans receivable (by Industry)

	2005 G\$	2004 G\$
Fishing	37,835,322	49,900,865
Rice	277,793,248	304,650,012
Dairy	7,133,400	8,132,838
Pigs	5,724,340	3,955,802
Poultry	65,710,286	57,923,536
Fish dehydration	1,929,114	421,098
Crops	63,191,450	63,601,207
Garment	6,659,735	17,285,010
Food processing	8,070,775	11,524,498
Workshop	21,972,292	17,600,786
Furniture	50,912,386	58,774,140
Craft	10,759,250	9,445,264
Shop, motor vehicles & vessels, vending and trading, etc.	450,695,930	361,741,724
Miscellaneous	106,821,039	177,041,019
	<u>1,115,208,547</u>	<u>1,141,997,799</u>
	<u>252,994,056</u>	<u>300,869,286</u>
	<u>862,214,491</u>	<u>841,128,513</u>

Less: Bad debts provision

15 Pending litigations

There are several litigations pending, the outcome of which is uncertain at this stage.



NOTES ON THE ACCOUNTS

12 Sundry creditors

	2005 G\$	2004 G\$
PL 480 loan interest	308,436,308	285,827,609
Others	75,300,185	63,611,526
	<u>383,736,493</u>	<u>349,439,135</u>

13 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Listed below are transactions and balances with related parties:

(i) Compensation of key management personnel

The company's key management personnel 5 (2004 - 5) comprises its Directors, Chief Executive Officer, Finance Controller, Administrative Manager/Company Secretary and two Managers.

The remuneration paid to key management personnel during the year were as follows:

	2005 G\$	2004 G\$
Short term employee benefits	25,854,695	23,207,834
Post-employment benefits	690,401	634,697
	<u>26,545,096</u>	<u>23,842,531</u>

No directors' emoluments were paid during the year.

(ii) Loans

	2005 G\$	2004 G\$
Balance at end of year	3,588,340	3,862,340
Interest income	388,345	547,250

No provision was made for loan losses to related parties.

that morning. In addition, I had approached a number of the large companies that were associated with DDL, including Seagrams (U.K.), Booker Sugar Co. Ltd., W. Breitenstein of Holland, West India Trading Canada, Texaco [W.I.] Ltd. and the Commonwealth Development Corporation (CDC). All these companies contributed liberally to the cause. In less than 3 months, the target of G\$500,000 was realized which was duly matched by PADF in three tranches.

Office accommodation for the Institute was rented from John Willems at 240, Camp Street, South Cummingsburg, in February but physical occupation occurred at the end of March. Actual business commenced on 1st April, 1986 with a staff of one, Jeff Adiken, who was Messenger, Clerk, Counsellor, Accountant and Manager all rolled into one. Staff was increased as the business progressed.

The Terms and Conditions of IPED Loan on 1st April, 1986, was that the entrepreneur must have a vested interest in the business and knowledge of the business. The maximum value of the loan was \$30,000. The vested interest could be in the forms of fixed assets, stocks etc. The rate of interest was 12% per annum. The "Institute" would provide accounting, technical and managerial training together with counselling services free of cost. There was a screening process introduced to preclude persons applying for loans with no intention of repaying. A culture had developed that loans from state corporations need not be repaid, this was the reason for the failure of the Guyana Credit Corporation and the Small Industries Corporation and subsequently, Guyana Cooperative Mortgage Finance Bank and the Guyana National Cooperative Bank.

The first 5 loans of the institute were for the production of soft toys and wooden carvings valued at \$16,544 and by the end of October, 4 of the 5 loans were repaid. At the end of December, 1986, the total Loans approved and disbursed were 25 amounting to \$734,852. The Institute had made a small profit of \$5,951 in its first 9

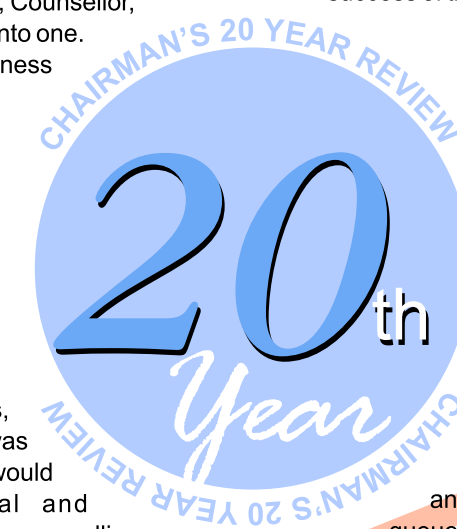
months of operation.

The Institute is a non-profit-sharing institution, all profits earned are ploughed back into the Institute for further development. Furthermore, I had indicated to Directors at our second meeting that they had a moral and social obligation to give something back to society and they agreed to give voluntary services to the Institute free of fees or expenses. In addition, they would pursue the Institute's interests whilst overseas. If the Directors missed three or four meetings, they would be asked to retire gracefully and be replaced by others who could find the time to be at meetings. In addition to attending Board Meetings, the Finance Sub-Committee of the Board had to approve the loans submitted by Management. This has been the bedrock of the success of the Institute.

The success of the Institute in its first 9 months of operations had put to rest the many "Jeremiahs" who had predicted failure within a few months after starting up in business. The Institute was to go on to be the success story of the Caribbean and is being heralded as such by USAID.

In October 1986, U.S. PL-480 returned to Guyana, IPED was the first and only private sector organization to queue at the U.S. Embassy seeking to share in the US PL-480 counterpart funds. I remember vividly the day I met the US Ambassador to discuss the subject, that IPED be allocated a part of the counterpart funds to stimulate and develop all over again the small business sector. My argument was simple, IPED's aims and objectives were to create an entrepreneurial culture, helping people to help themselves and in the process, creating employment, wealth and increasing the GDP of the nation. At the end of the discussion, he assured me that the Institute would be allotted 15% to 25% of the funds available and that he would be discussing the topic with the Minister of Finance and this became a reality in early 1987.

During the years, loan funds also came from the Inter-



NOTES ON THE ACCOUNTS

11 Loans	2005 G\$	2004 G\$	Amount Committed
(i) PL 480 1986	2,800,000	2,800,000	G\$ 2,800,000
PL 480 1987	5,500,000	5,500,000	G\$ 5,500,000
PL 480 1988/89	27,000,000	27,000,000	G\$ 27,000,000
PL 480 1990	43,400,000	43,400,000	G\$ 43,400,000
PL 480 1991	103,500,000	103,500,000	G\$ 103,500,000
PL 480 1992	255,345,000	255,345,000	G\$ 255,345,000
(ii) IADB	18,912,203	19,752,746	SFR 375,000
(iii) EIB	47,229,753	55,199,703	ECU 541,000
(iv) IFAD	411,854,900	339,790,931	SDR 1,350,000
Total	915,541,856	852,288,380	

	2005 G\$	2004 G\$
Repayments due after five years	437,154,393	384,432,254
Repayments due within two to five years	108,301,807	135,636,304
Repayments due within one year	545,456,200	520,068,558
	370,085,656	332,219,822
	915,541,856	852,288,380

i) PL 480	Repayment Period	Moratorium	Interest Rate
	Year	Years	%
1986	10	5	4
1987	10	5	4
1988/89	15	5	4
1990	15	5	4
1991	15	5	4
1992	10	5	6

Annual repayments become due at the end of the sixth year.

micro-entrepreneur. The scheme has been an outstanding success. The astonishing feature of the Micro Sector loans is that 54% is to women, many of them single mothers, who would have been without a source of income and had it not been for the IPED Micro Loan scheme these poor people would have been without any source of income for themselves and their families.

In addition to creating jobs, the Micro-loan scheme, like the small and medium size loan schemes, have transformed the lives of people who have moved from the bottom of the heap to become self-supporting members of society. In addition to providing funding to the micro entrepreneurs, the Institute provides the same free services as it does to the Small Business Window of training in managerial accounting and technical areas together with counselling services to the entrepreneurs. There is no doubt in my mind that these services have helped in no small measure in the outstanding success story of IPED.

Since its inception in 1986 and to the end of 2005, IPED has been blazing the trail of private sector development by training and funding the Small and Micro Business Sectors to fuel growth and development of an economy that was in tatters during the 20-odd years of the state-controlled Cooperative Socialist economy. IPED stands out as a brilliant star in the firmament not only developing people to improve their economic well-being but also in the development process.

During the last 20 years to 31st December 2005, IPED has funded 16,500 medium, small and micro-entrepreneurs with 50,590 loans valued in excess of \$9 Billion at an average loan size of \$178,173 creating 26,400 jobs and in the process, employing a large segment of the workforce who would have remained unemployed and living in poverty. Many of these businesses fell by the wayside but many have succeeded beyond expectation. Just imagine what the unemployment rate and social problems would have been in Guyana without IPED. During 2005, IPED loan clients generated profits and paid out wages equivalent to 4.2% GDP, a not insignificant contribution to the


economy. In addition to helping people to improve their economic status, IPED is conscious that to grow and prosper, it must make a profit and has made a profit in each of the 20 years it has been in business. The profit in 2005 was \$76.5M as compared to \$63.8M, an increase of 20% in the preceding year. The Governments of President H.D. Hoyte, President Cheddi Jagan, President Samuel Hinds, President Janet Jagan and President Bharat Jagdeo have all in turn recognized the tremendous contribution of IPED to national development.

Yes, indeed, IPED is very dear to my heart and I am very proud of its achievement and accomplishment in helping people to help themselves and in the process improving their standard of living and the creation of national wealth. Over the years the Board of Directors has been giving voluntary services and their advice and sense of direction have helped in no small way to the success of the Institute. Of course, the staff also at all levels have given service of a highly exceptional nature; this is not to say that there was not a few rogues in our midst over the years who have used the Institute for their personal aggrandizement but we have had a few monarchs who have contributed in ways beyond the call of duty, to whom we are eternally indebted. The Institute has moved into the 21st Century with confidence to climb and achieve greater heights way into the future. Undoubtedly it is an impressive success story of Guyana and the World and is being used by USAID as a real success story that is worthy of emulation by other Third World countries.

All Guyanese should be proud of the institution as it has undoubtedly served our people well over the last 20 years and I am certain the next 20 years could be even brighter provided there is political stability, which results in confidence in economic development and in attraction of investments, leading to the creation of jobs and the creation of wealth for all the people of Guyana.




REFLECTIONS 1986-1990



1986


Chairman of IPED Mr. Yeu Persaud receiving a cheque from Executive Vice President of PADF Mr. Edward Marasciulo






1987


First employee of IPED Mr. Jeff Aoliken chatting with a client Mrs. Eliza Austin






1988


Canadian High Commissioner handing over the keys for a vehicle donated to IPED to Mr. Yeu Persaud






1989


President Desmond Hoyte presenting an award to client of IPED Mr. Gurocharran





1990

First Branch was opened in Berbice where business was conducted at Main and Coburg streets, New Amsterdam



NOTES ON THE ACCOUNTS

9	Cash on hand and at banks	2005 G\$	2004 G\$
	Cash	244,000	288,000
	Balances at banks	386,627,949	301,655,433
		<u>386,871,949</u>	<u>301,943,433</u>
10	(a) Members subscriptions		
	At 1 January and 31 December	32,500	32,500
	Members' subscriptions represent contributions by members towards the capital of the company.		
	(b) Capital donations	2005 G\$	2004 G\$
	At 1 January	256,465,233	253,365,695
	Donations received during the year	-	3,099,538
	At 31 December	<u>256,465,233</u>	<u>256,465,233</u>

Capital donations received are used to extend credit to micro enterprises for the purpose of providing support to increase the productivity and employment generation of the micro enterprises sector. These donations are not repayable to the donor agencies.

NOTES ON THE ACCOUNTS

6	Loans receivable	2005 G\$	2004 G\$
	Gross loans	1,115,208,547	1,141,997,799
	Less provision for bad debts	252,994,056	300,869,286
		<u>862,214,491</u>	<u>841,128,513</u>
	Non-current loans receivable	171,056,130	190,449,609
	Current loans receivable	691,158,361	650,678,904
		<u>862,214,491</u>	<u>841,128,513</u>
	Non-performing loans receivable	109,948,158	149,325,624
	Performing loans receivable	752,266,333	691,802,889
		<u>862,214,491</u>	<u>841,128,513</u>
	Provision for doubtful accounts		
	At 1 January	300,869,286	250,648,077
	Provision for the year	28,972,660	71,182,462
	Bad debts written off	(76,847,890)	(20,961,253)
	At 31 December	<u>252,994,056</u>	<u>300,869,286</u>
7	Debtors		
	Debtors	14,230,306	27,743,207
	Others	2,107,411	2,077,411
		<u>16,337,717</u>	<u>29,820,618</u>
8	(a) Fixed deposits	412,258,234	428,819,203
	(b) Short term investment	668,973,472	572,109,106

These represent interest and principal on the PL480 account and other funds being held at various banks and other financial institutions.

REFLECTIONS 1991-1995



1991

In October 1991, IPED opened a Branch at Anna Regina, Essequibo Coast





1992

There was a significant increase in rice cultivation loans from 172 in 1991 to 382 in 1992





1993

Director Dr. Leslie Chin, single handedly researched and implemented the Micro Credit Facility in 1993





1994

President Cheddi Jagan declaring open IPED's branch at lot 1, Port Mourant, Corentyne

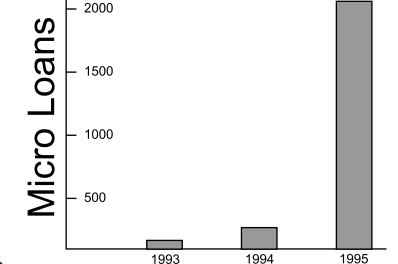




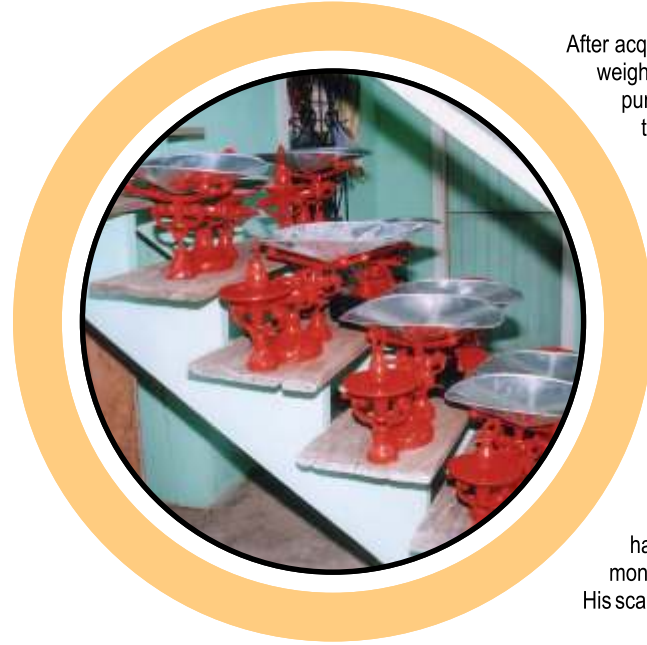
1995

In 1995 IPED provided 2,018 Micro loans as against 248 and 54 in 1994 and 1993 respectively





Some say in business as in life, that success depends on finding one's point of balance. Meet Bissoon Lal of Queenstown Village on the Essequibo Coast.



After acquiring two years of practical knowledge in the manufacturing of weighing scales from his brother he ventured on his own in 1994. He purchased one locally made smelting pot, moulds and basic hand tools for his operations.

Combining his entrepreneurship, determination and creativity, Bissoon has been able to produce not only weighing scales, but also design spears for gates and fences and to a lesser extent, pottery.

But all of this was only possible as Bissoon was able to utilize five loans from IPED which helped to improve his productivity and lifting a weight off his shoulders.

With help from his wife, two sons and two full-time labourers his enterprise produces 20 weighing scales monthly. Owing to the constant increase in demand for weighing scales and due to Bissoon's good quality and affordable prices offered, he has been able to increase his production from 20 to 30 scales monthly.

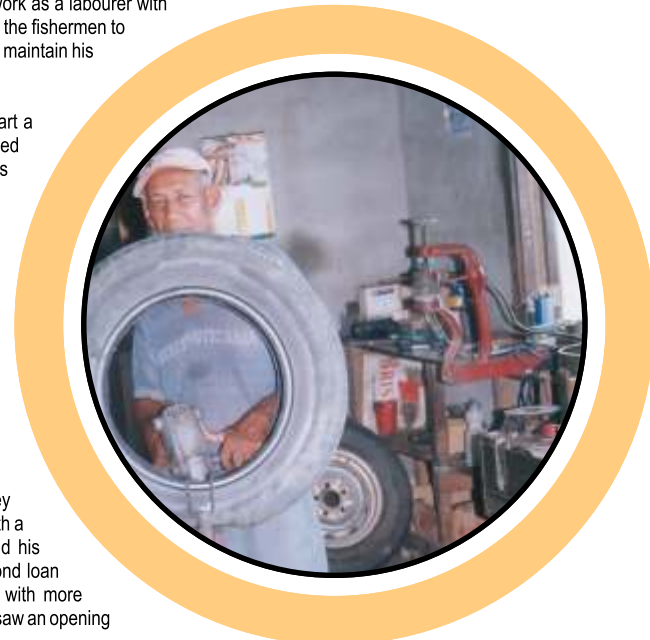
His scales are all certified by the Guyana National Bureau of Standards.

Mr Dindial, a father of three, resides at Number 67 Village, Corentyne Coast, Berbice. It is a community which is well known for fishing and rice cultivation activities. Being the sole bread winner of the family he could clearly recall the days he spent planting and cutting rice with his parents. At times he would work as a labourer with other farmers in the area and in the afternoons he would normally assist the fishermen to mend their seine. This was to earn him extra "dollars" which was used to maintain his family.

However, working in the "back dam" was not easy so he decided to start a business but was not sure what to do. After careful consideration he decided to open a vulcanizing shop since farmers in the area had to take their tyres for repair at Corriverton, about seven miles away. With the small amount of cash he had he purchased a second hand generator, compressor, small hand tools and constructed a small shed in front of his house to start his operations.

He never regretted venturing into this business since he was doing well until his generator began to break down very often resulting in him losing business and then his only employee walked out on him. He and his sons, who had gained some experience in vulcanizing tubes and tyres, began to operate the business themselves, but things were not improving since he had to repay money he had borrowed to repair his generator that was still giving problems.

He and his wife decided that they would approach IPED and they eventually borrowed a loan of \$345,192 to purchase a new generator with a compressor in 1992. With the loan he purchased new equipment and his vulcanizing shop was in full operation again. He then borrowed a second loan after repaying his first on time and constructed a modern workshop with more equipment. He had a number of customers on a daily basis and as such saw an opening for additional businesses. As such he began to sell fuel, tractor spares, tyres and tubes and he also opened a grocery section and a snackette. He continued to borrow from IPED enhancing his business with each successive loan. Today his business is well known on the Corentyne Coast as "Big Bert" Vulcanizing Shop and it is being managed by himself and his son. Mr Dindial won in 1998 IPED's Award for the Best Managed Project. He has a deep sense of appreciation for IPED since he sincerely believes that it is through the timely financial assistance from IPED he was able to achieve his goals.



NOTES ON THE ACCOUNTS

2. Summary of significant accounting policies – cont'd

(c) Fixed assets and depreciation – cont'd

Depreciation of fixed assets is calculated on the straight line method at rates sufficient to write off the cost or valuation of these assets to their residual values over their estimated useful lives as follows:

Building	- 2%
Office furniture	- 15%
Fixtures and fittings	- 15%
Office machinery and equipment	- 20%
Motor vehicles	- 25%
Computers	- 25%

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit and loss account.

No depreciation is charged on land.

(d) Translation of foreign currencies

Transactions in currencies other than Guyana dollars are recorded at the official or cambio rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the official or cambio rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

(e) Loans receivable and interest

Loans are stated net of unearned and uncollected interest and of any provisions established to recognise anticipated losses

NOTES ON THE ACCOUNTS

2. Summary of significant accounting policies – cont'd

(h) Cash flow information

Cash as used in the cash flow statement is the amount reported in the balance sheet and represents cash on hand and at bank.

(i) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimated

REFLECTIONS 2001-2005



In February an agreement was signed with the Government of Guyana to operate the credit component of the PRCSIP facility for farmers of Regions 2 and 3

2001

The PRCSIP Credit Facility provides funding to small rice farmers of Regions 2 and 3



To further enhance its services IPED completed construction of its new Head Office at Lot 253 South Road Bourda Georgetown.

2002

IPED provides funding to a number of small and micro poultry farmers



In October, the Institute embarked on its hinterland thrust and established its fifth Branch at Lethem Region 9

2003

IPED officer, Mr Paul interviewing a Micro entrepreneur at Lethem



IPED partnered with SEBRAE of Brazil to promote fish cage culture in Guyana

2004

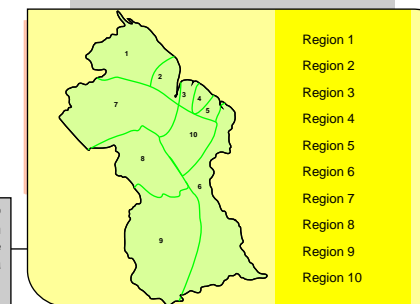
IPED's Entrepreneurial Development Centre (EDC) provides Training and Business Development Services to Entrepreneurs



IPED consolidated its EDC activities by providing corporate training and knowledge and information sharing services

2005

In 2005 IPED extended its reach to all ten administrative Regions of Guyana





Mr. Praimroop Prasad started to buy nibbi furniture from Pomeroon and take it to other areas to sell. Due to complaints from customers of quality and standard, his sales were affected. With the wealth of knowledge gained, he decided to venture into his own operation. Mr. Prasad started his own operation of manufacturing nibbi furniture in December, 1997 at a small workshop on the East Coast of Demerara and with a labour force of three (3) persons. His business has expanded at a rapid pace and his nibbi furniture was in demand because of quality and standard. This forced him to look for a bigger workshop. This is when he decided to move to the Eccles Industrial Site.

He has utilized a number of loans ranging from G\$500,000. to G\$10.0M. In addition to his domestic markets, he is presently servicing exclusive export markets in the Caricom region.

Mr. Prasad's operation has grown from strength to strength and has become very demanding. From revenue generated he was able to purchase improved machinery and equipment. The operation now provides jobs for over 20 persons.

It could be said that Mr. Prasad has grown from a nibbi furniture salesman to an established nibbi furniture manufacturer. Presently he is in the process of mechanising all his operations to produce top quality furniture. IPED is and will continue to support him to reach his goals. For his sterling contribution this entrepreneur received IPED's best manufacturer award in 2003.

It is common consent that a picture tells a thousand words. Kevin Ray Boyce of Amazon, Charity, Essequibo Coast has allowed his photographs to do just that for him.

Kevin Ray Boyce was born in December, 1974. After having obtained his secondary education at the Anna Regina Multilateral School, he was attached to Afro Alphonso's Mining Company in the interior as a General Manager.

Kevin moved away from mining in 1997 and started in the business of photography. Though deriving much economic benefits from photographs and because of the need for high quality photography, he was influenced to acquire funding to purchase better cameras and films.

He trained his eyes on IPED and benefited from numerous loans to boost his photography business. He has now extended his business in photography to customers in the Pomeroon areas by using an engine boat.

This enterprising entrepreneur has progressed with IPED's financing and presently owns a stall, which is located in the Charity market in the view of customers. Photographs are done for customers who desire full and passport sized photographs. His stall is stocked with film cartridges, photo albums, post cards etc. With IPED, Kevin Boyce has found the right perspective to view the extraordinary.



NOTES ON THE ACCOUNTS

2. Summary of significant accounting policies – cont'd

(f) Pension Funding – cont'd

The next actuarial valuation would be carried out on the 31st December, 2006.

The valuation was done using the Projected Unit Credit Method as required by the Standards and the company recognizes gains or losses immediately.

(g) Financial instruments

Financial assets and liabilities are recognized on the company's balance sheet when the company becomes a party to a contractual provision of the instruments.

Deposits and other payables

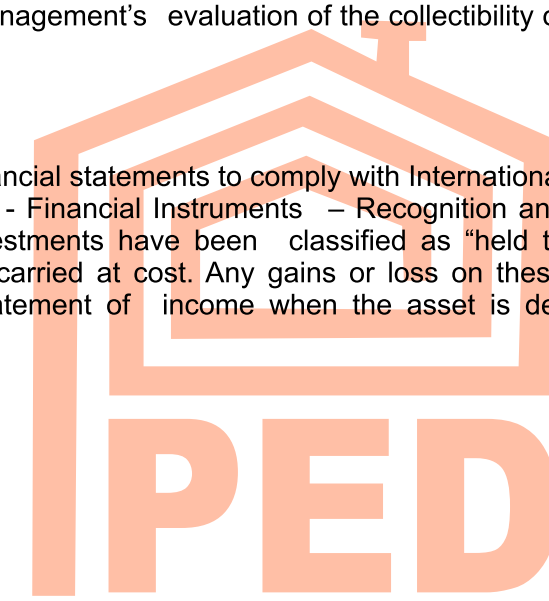
Deposits and other payables are measured at fair values.

Loans and other receivables

Loans and other receivables are measured at initial recognition at fair value. Appropriate allowances for estimated unrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is based on management's evaluation of the collectibility of the receivables.

Investments

Investments are recognized in the financial statements to comply with International Financial Reporting Standard No. 39 - Financial Instruments – Recognition and measurement. The Company's investments have been classified as "held to maturity" and "originated loans" are carried at cost. Any gains or loss on these investments is recognized in the statement of income when the asset is de-recognised or impaired.



NOTES ON THE ACCOUNTS

2. Summary of significant accounting policies – cont'd

(e) Loans receivable and interest – cont'd

Provision for the loan losses which is specific and based on appraisals of the credit portfolio, represents the amount which in management's judgement is necessary to maintain the provision at an appropriate level. This judgement is based on current delinquencies, the nature and characteristics of the portfolio and general economic conditions and trends.

A non-performing loan is any loan where repayments have not been adequate to cover the interest for the year. In addition, other loans which are not yet in arrears may be classified by management as non-performing where in management's opinion there is doubt as to the ultimate collectibility of some portion of principal or interest.

(f) Pension funding

The Company participates in a defined benefit plan for its employees. The contributions are held in trustee administered funds which are separate from the Company's resources. Thirty two (2004 – Forty) employees participate in this plan.

During the year, the Company's contribution to the Scheme was \$4,177,680 (2004 - \$3,866,495).

The last actuarial valuation which was done at 31 December 2003, showed a past service surplus of \$25.5M with a funding level (i.e. ratio of assets to liabilities) of 103%.

The principal actuarial assumptions used were as follows:

Investment return	-	5% per annum
Salaries increases	-	5% per annum
Pension increases	-	2% per annum

In relation to the current status of the Plan, the company estimates that there would be insignificant (if any) net benefit obligations after taking into account the fair value of the plan assets. Also, the current service cost is a fair reflection of the cost to the company.

The mighty Essequibo is a formidable river, known for its splendor and majesty. If indeed life has many rivers to cross like this one, Beverley Paton, a single parent of Ondemeeming, Essequibo Coast, started with a bumpy ride. With no husband and children to feed, she decided to start a small business to meet these needs.



The inhabitants of Mashabo and Iturbisi Lakes in Essequibo live in a remote region of Guyana; as such access to basic food stuff can prove difficult.

With this in mind Beverley's mobile vending of groceries began, using her boat to carry goods to residents in the communities. However, as this business became established she ventured into poultry rearing.

This is when she approached IPED, and obtained assistance from its Micro Enterprise Loan Facility. She received her first loan of \$30,000 in 1998. With dedication, determination and entrepreneurial skills Ms Paton started her poultry to meet the needs of the communities.

So successful she has been with IPED's generous help that her enterprise has created full time employment for two workers. In addition, she is able to provide better education and improved living conditions for her family. She has benefited from 10 other loans for vending and poultry, ranging from \$30,000 to \$144,000. Thanks to IPED it has been smooth sailing for Beverley and she can now say that as a single parent her future is bright.

Krishnadat Paidana, a father of four, has lived at Lesbeholden Black Bush Polder for all his life. It is a community well known for rice and cash crop cultivation. So it wasn't strange that at a tender age with his father's tutelage he ventured into rice cultivation and it wasn't strange either that he also got married young.

As the sole breadwinner of his family he worked as a labourer with the Regional Council and earned additional income for his family doing small cash crop farming. After spending three years with the Council he approached IPED in 1994 for financial assistance to cultivate 15 acres of rice. Since then he has progressed with increased financial assistance from IPED for each crop. During the early stages he was able to purchase a small tractor. As he increased the acreage the tractor was unable to carry out land preparation and to transport paddy from the field to the mill making his cultivation ineffective. IPED then financed him to purchase a much bigger tractor in order to be more efficient. Krishnadat, thanks to IPED, now cultivates 120 acres of paddy per crop which has now increased his sales from \$150,000 to \$2.5M per crop. The project now creates and sustains employment for ten persons.

This enterprising farmer's success is because of IPED's timely financing but most importantly because of their training and guidance. To date he has benefited from training in Record Keeping, Management and Crop Husbandry. As a result of the hard work and dedication of this entrepreneur he was able to build his own house and improve his family's livelihood. He continues to borrow from IPED and to date has utilized numerous loan facilities to the value of over nine million dollars. Efficient financing from IPED has helped him to achieve his goals.



C. E. O.'s Report

	2004	2005
Total number of Loan Clients	3797	3590
Number New Clients	1277	851
Number of Hinterland Clients in Kwakwani, Regions 1, 8 & 9	206	211
Number Amerindian Clients	227	183

The number of hinterland clients increased marginally from 206 in 2004 to 211 in 2005, whilst the number of Amerindian Clients decreased from 227 to 183.

GEOGRAPHICAL COVERAGE

There are 5576 clients in the loan portfolio

During 2005 IPED disbursed loans to 634 villages, communities or wards. The number of loans per 10,000 of population averaged 69. Coverage in the hinterland Regions 1, 7 and 8 improved significantly especially in the mining town of Mahdia in Region 8. However during 2005 the number of loans per 10,000 population in Region 9, the Rupununi reduced from 83 to 59 because of the reduction in the acreage planted in peanuts. This reflected the reduced confidence of farmers in marketing where in the previous year there was a glut of peanuts in the local market because of the very large increase in production.

The performance for Region 2 was particularly commendable at 248 loans per 10,000 population. In this Region rice is the predominant economic activity.

During 2005 IPED continued to operate the credit scheme in Regions 2 and 3 under the agreement with the Government of Guyana for a Poor Rural Communities Services Support Project funded by IFAD. IPED disbursed 1,289 loans valued \$107.2 million compared with 1524 loans valued \$135.0 million in 2004. This represents a reduction of 15.4% by number and 20.6% by value. Loans are mainly for agriculture and the performance reflects the farmers' perception of higher risks of floods destroying their crops.

WEALTH CREATION

The net profits generated and wages paid out by Clients who accessed loans in 2005 totaled \$5,370 million. This is 4.2% GDP, a not inconsiderable figure and an indicator of the important contribution of Micro and Small Enterprises to the economy.

SECTOR CONTRIBUTION

At the end of the year 2005 IPED's market share for all loan balances to the private business sector was 4.2%, 13.9% for livestock, 4.7% for the distribution sector, 3.0% for transportation and 2.8% for fishing. It is the perception of many that IPED has an emphasis on Vending loans, but our market share is really small but reasonable for our size. Our impact is in the number of entrepreneurs who have accessed IPED loans to increase their sales and profitability in order to sustain their livelihoods.

IPED has a very significant input in the Other Agriculture sector accounting for 36.7% of loan balances. The commercial banks have seen this sector as very high risk especially in the context of the floods during the last two years.

The loan balances of IPED Clients indicated that IPED had a 17.2% market share for paddy cultivation. IPED is particularly focused on farmers with less than 10 acres of cultivatable land.

The poultry sub-sector has been especially attractive to persons looking for economic opportunities. A typical participant borrows \$36,000 for growing 100 broilers and profits covers the interest ten-fold. The opportunity cost of labour is almost zero involving 15 minutes in

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

	Members' subscriptions G\$	Capital donations G\$	Accumulated surplus G\$	Total G\$
Balance at 31 December 2003	32,500	253,365,695	760,342,371	1,013,740,566
Donation during the year	-	3,099,538	-	3,099,538
Surplus for the year as restated	-	-	63,802,514	63,802,514
Balance at 31 December 2004 as restated	32,500	256,465,233	824,144,885	1,080,642,618
Surplus for the year	-	-	76,579,025	76,579,025
Balance at 31 December 2005	32,500	256,465,233	900,723,910	1,157,221,643



"The accompanying notes form an integral part of these financial statements."

NOTES ON THE ACCOUNTS

1. Incorporation and activities

The Institute of Small Enterprise Development Limited was incorporated in Guyana on 2nd October 1985 as a company limited by guarantee. It is a non-profit and tax exempt organisation formed to promote and to encourage the development and growth of industry through the provision of business guidance, technical assistance, non-traditional credit facilities to small entrepreneurs or to groups and generally to promote and encourage the development and growth of all other economic activities designed to improve the social and economic welfare of the people of Guyana.

With effect from 10 September 1991 the entity's name was changed to Institute of Private Enterprise Development Limited.

2. Summary of significant accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and the accounting policies conform with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) Revenue and expenses recognition

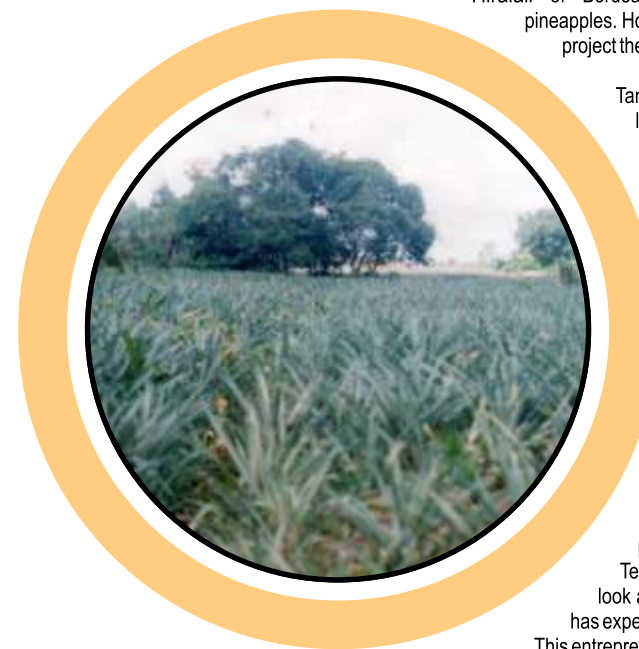
Income on fixed return securities is recognized as it is earned. Income on loans is taken up on an accrual basis except for non-performing loans. Expenses are recognized on an accrual basis.

(c) Fixed assets and depreciation

Freehold land and buildings are held for use in the supply of services and for administrative purposes as stated in the balance sheet.

Success Stories

Fruits are emblems of the Caribbean. In Guyana fruits are in bounty all year round. Tameshwar Hiralall of Bordeaux on the West Bank Demerara wanted to cultivate half an acre of pineapples. However his idea seemed futile without the financial assistance to give the project the impetus needed.



Tameshwar started with IPED in 1992 with just enough money to clear the land and buy planting materials. It was not his hard labor but a labor of love as family support and determination brought him to the stage of cultivating over ten acres of pineapples.

Quite a large proportion of his produce is also exported. IPED's loan of 1.5M granted to purchase a tractor and another loan of 1.5M to purchase a pick-up van really boosted the project. Tameshwar now cultivates 18 acres. But apart from pineapples he has a mechanized dairy farm which is operated and managed by his wife. She does all the marketing of the milk by driving a pick-up and distributing to villages in their neighbourhood.

IPED's counsellors have worked with him at every stage of his development with financial assistance being made available in a timely manner. They have attended numerous training programs conducted by IPED.

One of recent vintage is when IPED allowed him to benefit from a program in Barbados, funded and co-ordinated by the Caribbean Technological Consultancy Services. There he visited a pineapple farm to look at the "Plastic Mulch Technology". Since returning from this exercise, he has experimented with this technology on two acres of his pineapple farm. This entrepreneur's vision is to have the best pineapple farm in Guyana and because of his past successes, IPED has no doubt that it can be achieved.

IPED, in the business community, has been a light in dark places. And Marlyn Sears of Number 29 Village, West Coast Berbice is just one of the many instances of how easy it is for small businesses to come into the sunshine of success with IPED's assistance.

Marlyn visited IPED's office in 1998 to seek financial assistance to purchase stocks to increase the income of her small roadside grocery stand because she could not find any other means of acquiring such assistance. She was given a loan of \$30,000 to commence a lucrative relationship with IPED that still continues presently.

During the years 1998 to 2005 she has utilized 14 loans valued at \$1,900,000 which allowed her to expand from a small roadside 'stand' to a large shop situated under and partly in front of her dwelling house. Because her success she was able to improve her home and her living standard.

Marlyn is looking forward for further assistance from IPED to increase her business on the road ahead. IPED's Training Courses and guidance have contributed in a large way to the success she now basks in.





Every country has its national dishes - foods that characterize the nature of the place and people. In Guyana, especially on festive occasions foods reign supreme. At Christmas, one ingredient is sought for the most, Casareep, a byproduct of cassava. You might say it puts the C in Christmas as it flavors and colours richly our national dish pepper pot.

Loraine Da Costa of Charity, Essequibo Coast, initially started producing casareep and starch for sale on the local market in her early teens. Her main market was the middlemen who then resold the product in Georgetown. But, she quickly learnt that the business was not feasible since the quantity of product shipped to Georgetown was inadequate and profits earned could not compensate the investment.

As a result, in 1998 Loraine approached IPED with a proposal to purchase starch and casareep from other suppliers in Charity and the Pomeroun area on a large scale and ship same to Georgetown. Loans from IPED enabled her to bolster her business and growth was more than evident.

Loraine has since moved away from being a producer of starch and casareep to being a middle person. She is working through producers in Pomeroun who sell her 4500 lbs starch and 30 gallons of casareep monthly. This new venture has also created employment for four families and quadrupled her income.

The ordinary man sees a rock, a sculptor sees a great statue. Where a man only sees wood Boodhnarine Narine can see an exquisite Berbice chair.

Boodhnarine is the eldest of four children and living at Number 72 Village on the Corentyne. His father a cane harvester would make furniture after work, for sale so as to boost his income. After school each day Boodhnarine would assist his father with hope in his heart that one day he would have his own business.

At that time with better opportunities available in neighboring Suriname and with the assistance of a relative he left his family and moved to Suriname. There he worked at an established furniture firm starting as an apprentice. This rekindled his hope and he saw his dream still within grasp. He gained a wealth of experience and valuable skills during his 10 years sojourn there.

He returned home during the latter part of 1990 and opened a small workshop with the little savings he had. He made wall dividers, Television stands etc for people who resided in his community. As a result, word began to spread beyond his community of his excellent furniture quality and style. The number of customers was increasing but he was unable to meet demands because he had little cash to invest in the business.

He visited IPED and using non traditional security such as household articles was able to obtain his first loan of \$60,000. This was used to boost his working capital. What was impossible on his own was made possible with IPED and to date he has benefited from a number of loans for which he is very grateful.



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 G\$	2004 G\$
Operating activities		
Surplus of income over expenditure	76,579,025	63,802,514
Adjustments for:		
Depreciation	15,872,491	14,275,840
Gain on disposal of fixed assets	(580,089)	(305,000)
Operating surplus before working capital changes	91,871,427	77,773,354
Decrease in non-current loans receivable	19,393,479	48,208,698
Increase in current loans receivable	(40,479,457)	(17,978,682)
Decrease in debtors and prepayments	13,052,085	6,239,877
(Increase)/decrease in stores	(530,211)	193,518
Increase in creditors and accruals	37,145,855	29,761,249
Increase in defined benefit asset	(895,000)	(1,473,000)
Net cash provided by operating activities	119,558,178	142,725,014
Investing activities:		
Proceeds from sale of fixed assets	580,089	480,000
Purchase and donations of fixed assets	(18,159,830)	(10,663,799)
Net cash used in investing activities	(17,579,741)	(10,183,799)
Financing activities		
Capital donations	-	3,099,538
Loan drawdown	72,063,970	132,159,403
Loan repayments	(8,810,494)	(8,810,494)
Net cash provided by financing activities	63,253,476	126,448,447
Net increase in cash and cash equivalents	165,231,913	258,989,662
Cash and cash equivalents at beginning of period	1,302,871,742	1,043,882,080
Cash and cash equivalents at end of period	1,468,103,655	1,302,871,742
Comprising		
Cash on hand and at bank	386,871,949	301,943,433
Fixed deposits	412,258,234	428,819,203
Short term investment	668,973,472	572,109,106
	1,468,103,655	1,302,871,742

"The accompanying notes form an integral part of these financial statements"

BALANCE SHEET
AT 31 DECEMBER 2005

	Notes	2005 G\$	2004 G\$
ASSETS			
Non current assets			
Defined benefit asset	15	2,368,000	1,473,000
Fixed assets	5	119,998,634	117,711,295
Loans receivable	6	171,056,130	190,449,609
		293,422,764	309,633,904
Current assets			
Loans receivable	6	691,158,361	650,678,904
Debtors	7	16,337,717	29,820,618
Prepayments		1,164,534	733,718
Stores		1,475,017	944,806
Fixed deposits	8 (a)	412,258,234	428,819,203
Short term investment	8 (b)	668,973,472	572,109,106
Cash on hand and at bank	9	386,871,949	301,943,433
		2,178,239,284	1,985,049,788
TOTAL ASSETS		2,471,662,048	2,294,683,692
EQUITY AND LIABILITIES			
Capital fund			
Members' subscriptions	10 (a)	32,500	32,500
Capital donations	10 (b)	256,465,233	256,465,233
Accumulated surplus		900,723,910	824,144,885
		1,157,221,643	1,080,642,618
Non-current liabilities			
Loans due after one year	11	545,456,200	520,068,558
Current liabilities			
Sundry creditors	12	383,736,493	349,439,135
Accruals		15,162,056	12,313,559
Loans due within one year	11	370,085,656	332,219,822
		768,984,205	693,972,516
TOTAL EQUITY AND LIABILITIES		2,471,662,048	2,294,683,692

These financial statements were approved by the Board of Directors on May 4th, 2006. On behalf of the Board:

[Signature] Director

[Signature] Director

"The accompanying notes form an integral part of these financial statements".

C.E.O.'s Report

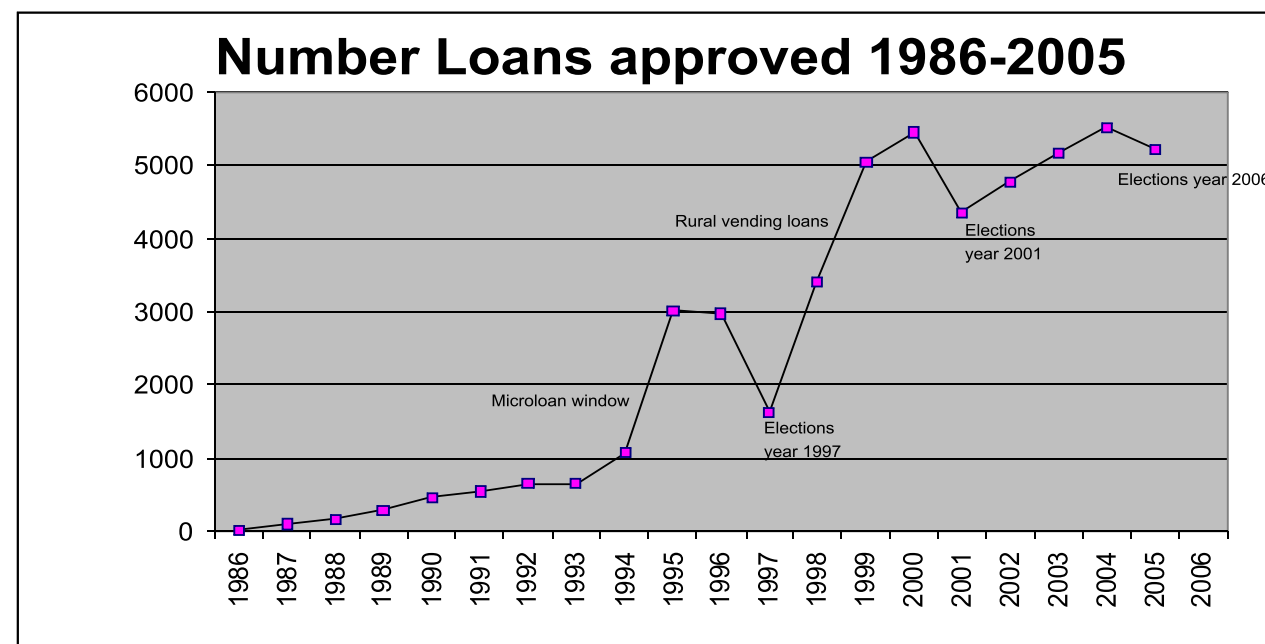
MISSION

IPED's Mission Statement has been paraphrased and disaggregated into three elements:

- i. Poverty Reduction through microenterprise development.
- ii. Wealth creation through enterprise development.
- iii. Financial sustainability through planned surpluses.

POVERTY REACH

An analysis of our performance for 2005 showed the value of loans being 2.5% above last year but the number of loans of 5210 being below 2004 by 5.6%. In addition we see that the number of loans over the years 2002-2004 increased by an average of 10% per annum. We also observe that there is a dip in the number and value of loans approved in elections year 2001 and 1997. The analysis also showed that there were significant increases in the number of loans after the introduction of the Micro loan window in 1993 and on the introduction in 1997 of the Rural Outreach Programme that made available loans to the retail sector in the rural areas.



The number of Clients receiving loans in 2005 was 3,590 or 9.5% less than 2004 (3,797 in 2004). The number of new Clients was reduced by 33.4% to 851 in 2005. The number of loans per 10,000 of population averaged 69.

Report of the Directors

The Directors have pleasure in submitting this Report and Audited Financial Statements, for the year ended 31st December, 2005.

PRINCIPAL ACTIVITIES

The Institute of Small Enterprise Development Limited was incorporated on 2nd October, 1985, as a Company limited by guarantee. It is a non-profit and tax exempt Organisation formed to promote and to encourage the development and growth of industry through the provision of business guidance, technical assistance, non-traditional credit facilities to small entrepreneurs or to groups and generally to promote and encourage the development and growth of all other economic activities designed to improve the social and economic welfare of the people of Guyana. With effect from 10th September, 1991, the entity's name was changed to Institute of Private Enterprise Development Limited. The Institute was granted Certificate of Continuance as set out in the Articles of Continuance, under Section 339 of the Companies Act. On the 14th August, 1986, the Institute of Private Enterprise Development was prescribed as an Organisation of National Character in Guyana under Section 35 (1) of the Income Tax Act Chapter 81:01.

PERFORMANCE FOR THE YEAR

In the year 2005, the Institute financed a total of 5,210 loans valued at \$1,000.11 million. Small and Medium Businesses accounted for 1,540 loans valued \$688.23 million whilst 3,670 loans valued \$311.88 million were for the Micro Business Sector. The 5,210 loans created/sustained 8,290 jobs. Income totalled \$294.48 million and Expenditure \$217.90 million resulting in a surplus of \$76.58 million for the year compared with \$63.80 million in the year 2004.

APPLICATION OF SURPLUS

Net surplus for the year 2005 was \$76.58 million and this was transferred to the accumulated surplus which totalled \$900.72 million at the end of 2005.

ADMINISTRATION OF CREDIT FACILITY UNDER PRCSSP

In the year 2005, the Institute continued to administer the Credit component of the PRCSSP (Poor Rural Communities Support Services Project). This component was funded by IFAD (International Fund for Agricultural Development) under a Loan Agreement signed between the Government of Guyana through the Ministry of Finance and the Institute of Private Enterprise Development Limited on the 9th February, 2001. In 2005, a total of 1,289 loans at a value of \$107.2 million, were disbursed to Business Entrepreneurs in Regions Two and Three.

CREDIT PROGRAMMES

1. Main credit window, which is geared to meet the needs of the Small and Medium Business Sectors.
2. Micro credit window, which is geared to meet the needs of the Micro Business Sector.
3. The PRCSSP Credit Facility which provides financing to Entrepreneurs in Regions Two and Three.

ENTREPRENEURIAL DEVELOPMENT

The Institute's (EDC) Entrepreneurial Development Centre's mission is to equip Entrepreneurs with the relevant skills to enhance their chances of business success through training, education and information. In keeping with its mission, the EDC has reached out to all IPED's Branch Offices and the Sub-office at Linden to facilitate business skills training. We have reached out in 2005 to various sections of the Community with our training programmes.

BOARD OF DIRECTORS

During the year 2005, there were eight (8) Directors on the Board:

1. Mr. Yesu Persaud
2. Mr. Komal Samaroo
3. Mr. Laurence Farley
4. Dr. Ian McDonald
5. Mr. James Morgan
6. Mrs. Amanda Richards
7. Dr. Gem Fletcher
8. Mr. John Bart

Directors Dr. Fletcher and Mr. Bart were both appointed in March, 2005. Pursuant to the Company's Articles of Association, the following Directors retire by rotation and are eligible for re-election:

1. Mr. Laurence Farley
2. Mr. John Bart
3. Dr. Gem Fletcher

AUDITORS

The retiring Auditors, Messrs Deloitte and Touche, have intimated their willingness to be re-appointed.

Economic Sector	2005	2004	2003	2002	2001	1996-2000	1991-1995	1986-1990
TOTAL	934	934	54	31	45	254	390	160
ACTIVITIES	238	238	6	15	7	71	67	72
Rice	1,090	1,054	54	31	45	254	390	160
Sugarcane	9	2	6	15	7	71	67	72
Other Crops	334	431	0	0	0	0	3	13
Livestock	933	970	203	77	80	422	190	244
Fishing	65	81	29	24	28	104	126	119
Forestry	21	21	9	4	5	40	80	143
Mining	8	5	141	132	140	550	287	173
Manufacturing	263	258	0	0	0	2	6	0
Construction	8	6	0	0	0	0	0	3
Distribution Services	2,050	2,179	15	0	0	12	61	4
Transportation Services	140	170	802	694	702	2,640	2,441	118
Other Services	289	341	3,401	3,367	2,941	13,390	2,320	0
TOTAL	5,210	5,518	5,170	4,784	4,352	18,528	5,871	1,057

TABLE 1

LOAN STATISTICS FOR 2004 AND 2005

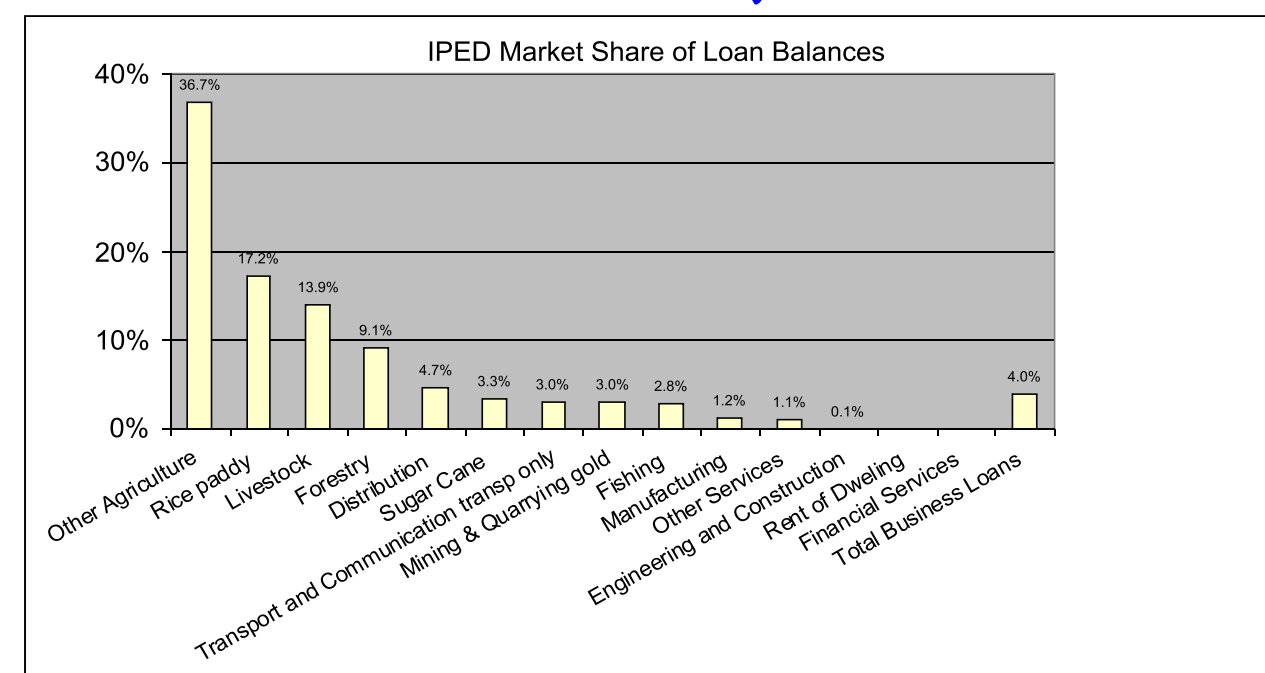
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

Notes	2005		2004	
	G\$	G\$	G\$	G\$
Income				
Interest		255,497,612		263,461,568
Investment income		34,194,386		52,394,198
Other income		4,785,901		1,890,554
		<u>294,477,899</u>		<u>317,746,320</u>
Expenditure				
Interest	22,891,711		22,608,700	
Salaries and other staff costs	3 81,864,223		74,148,874	
Provision for doubtful debts	28,972,660		71,182,462	
Depreciation	15,872,491		14,275,840	
Printing and stationery	3,512,351		3,779,026	
Repairs and maintenance	5,644,810		6,897,085	
Others	59,140,628		61,051,819	
		<u>217,898,874</u>		<u>253,943,806</u>
Surplus of income over expenditure	4	<u>76,579,025</u>		<u>63,802,514</u>

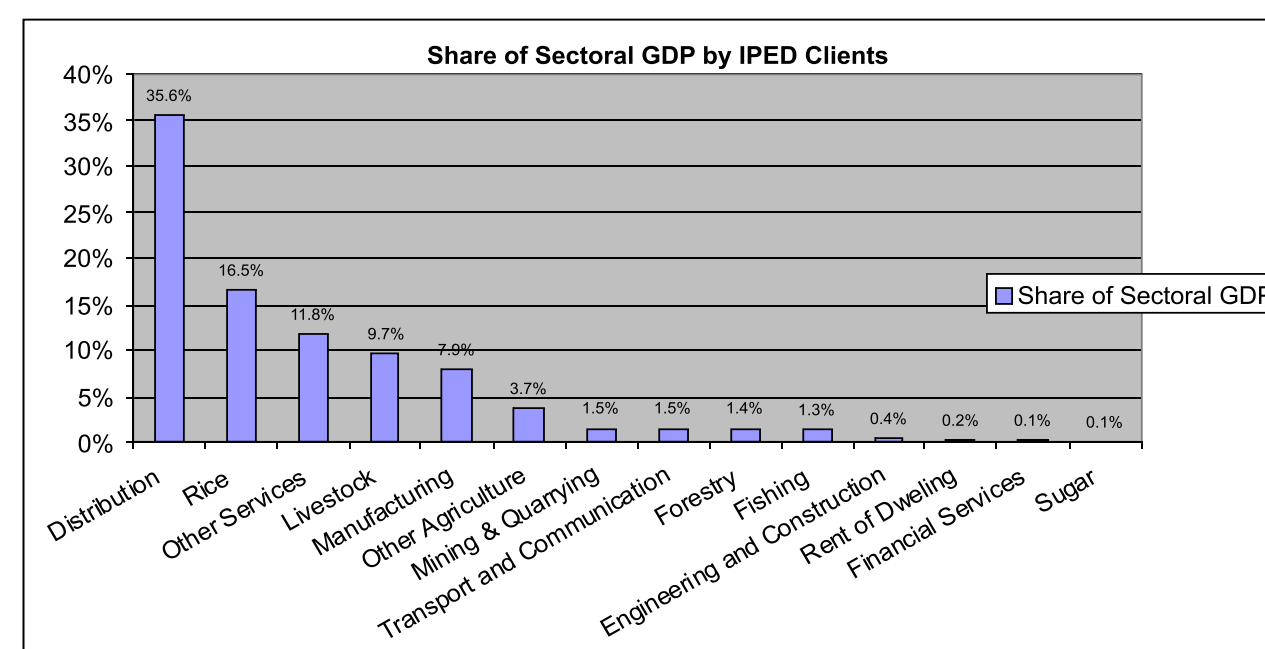


"The accompanying notes form an integral part of these financial statements".

C.E.O.'s Report



the morning to check the water and another 15 minutes in the evening to replenish the water and feed. It should be noted that the average interest cover for all loans was 30. The average profit for micro loans was \$51,000 per month which represents the reward for the microentrepreneur's labour and entrepreneurship. A survey in 2003 revealed 58,000 Micro and Small Enterprises in Guyana. In this context, IPED disbursed loans in 2005 to 3590 clients of which 261 were crop farmers, a reduction of 25% on 2004, 442 poultry rearers a reduction of 19%, 698 rice farmers a reduction of 4% and 1495 in retail trading a reduction of 6.5%. IPED's performance is partly a reflection of the performance of the



C.E.O.'s Report

	2004	2005
Net Profits \$ M	63.8	76.6
Return on Average Equity	6.1%	6.8%
Return on Average Assets	2.9%	3.2%
Inflation Rate	5.5%	8.3%
Current Ratio	2.9	2.8
Non-performing loans \$ M	149.3	109.9
Bad Debts written off \$ M	21.0	76.8
Loan Loss Provision \$ M	71.2	29.0
Loan loss Reserves \$ M	300.9	253.0
Administrative Cost \$ per Loan	\$26,437	\$28,821
Administrative Efficiency	12.9%	13.3%
Administrative Cost/ Portfolio		

Respective sectors within the total economy, where the services sector grew by 6.3% but the natural resource-based sector declined by 11.9%.

The share of value added by IPED loan clients in respective economic sectors is of particular interest and is shown in the chart on page 25. A gender breakdown showed that women were involved either alone or jointly with a male in 31% crop farming, 81% poultry rearing, 46% rice production and 81% retail trading. There was increased women's participation compared with 2004.

FINANCIAL PERFORMANCE

Net profit for 2005 was \$76.6 million which represents a return of 6.8% on average equity and 3.2% on average assets, which are significant improvements on 2004.

BUSINESS DEVELOPMENT SERVICES AND THE ENTREPRENEURIAL DEVELOPMENT CENTRE (EDC)

Business Development Services are an essential complement to credit for the growth and development of Micro and Small Enterprises (MSEs). Many MSEs in traditional business activities only need access to capital to start growing their businesses. They have the markets and may have learnt their specialized skills from their parents. However to expand their businesses further, they need additional business skills such as marketing, costings,

simple accounting and general principles of administration.

The Entrepreneurial Development Centre's mission is to equip entrepreneurs with the relevant skills to enhance their chances of business success through training, education and information. IPED's EDC offered courses in business skills and computer literacy. It attracted during the year 1097 participants. The courses offered to IPED's loan clients are at heavily subsidized rates. The EDC management has observed that once entrepreneurs have participated in one such module there is a 80% likelihood of them enrolling in additional modules. The EDC has embarked on a Certificate Course in Small Business Management to fill a niche of entrepreneurs wanting to manage their businesses more effectively and a Certificate Course in Supervisory Management for young persons ambitious enough to improve and broaden their business skills.

The EDC is contributing to the wealth creation mission of IPED by providing in-house training for larger corporate entities. Topics have included customer relations, telephone etiquette, team building, inventory management and improving competitiveness.

Guyana has embarked on the process of developing a strategy for "Enhancing Guyana's Competitiveness." A number of industries has

been identified with favourable factors of production. The USAID-funded GTIS project and

Report of the Auditors

TO THE MEMBERS OF THE INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

We have audited the accompanying balance sheet of The Institute of Private Enterprise Development Limited as at 31 December 2005 and the related income statement, statements of changes in equity and cash flows for the year then ended as set out on pages 32 to 51. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company at 31 December 2005 and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 1991.

Deborah L. ...

DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS

77 Brickdam,
Stabroek, Georgetown,
Guyana.

May 4, 2006



TABLE 2

CUMMULATIVE	CLASSIFICATION OF LOAN RECIPIENTS									
	2005	2004	2003	2002	2001	1996 - 2000	1991 - 1995	1986 - 1990	TOTAL	
Men	1,600	2,554	1,648	1,574	1,411	3,867	2,270	720	15,644	
Women	1,376	2,040	1,863	1,478	1,833	9,893	1,831	85	20,399	
Joint - Men & Women	2,234	924	1,659	1,732	1,108	4,768	1,870	252	14,547	
TOTAL	5,210	5,518	5,170	4,784	4,352	18,528	5,971	1,057	50,590	

TABLE 3

SUMMARY RESULT OF ACTIVITIES	ADMINISTRATIVE ANALYSIS									
	2005	2004	2003	2002	2001	1996 - 2000	1991 - 1995	1986 - 1990	TOTAL	
No. Of Loans Granted	5,210	5,518	5,170	4,784	4,352	18,528	5,971	1,057	50,590	
Value Of Loans (G\$000)	1,000,107	975,294	869,957	719,690	669,800	3,133,550	1,582,754	62,667	9,013,819	
No. Of Jobs Created/ Sustained	8,290	8,186	8,705	7,618	7,113	37,445	20,021	5,096	102,474	
Average Loan (G\$000)	191.9	176.7	168.3	150.4	153.9	169.1	265.1	59.3	178.2	
Administrative Cost Per Loan (G\$000)	28,821	26,437	22,950	20,295	20,701	15,974	16,424	3,707	28,821	
Average No. Of Jobs Per Loan	1.6	1.5	1.7	1.6	1.6	2.0	3.4	4.8	2.0	
Loan Value Per Job (G\$000)	120.6	119.1	99.9	94.5	94.2	83.7	79.1	12.3	88.0	

C.E.O.'s Report

been identified with favourable factors of production. The USAID-funded GTIS project and the IDB-funded competitiveness project have proposed the formation of clusters within chosen industries to stimulate the development of these industries. Access to financing at reasonable cost, access to markets, access to skills training and access to technical knowledge have been recognized to be of great importance for progress in these cluster industries... However all of the cluster committees have also identified business skills as being a critical resource for successful businesses.

IPED had over the last three years developed its Entrepreneurial Development Centre whose core programme is business skills development. IPED's principal target is our own loan clients, but we have extended our services to other microentrepreneurs and to corporate entities. IPED hopes to develop a methodology to measure the impact of its Business Development Services so that it can refine its program to maximize benefits to participating businesses.

STAFFING

The EDC expanded its staff complement by adding three professionals to its staff. We were able to benefit from skills in Information Technology, Social Work and Economics which enabled us to have a more holistic approach to the developing of Entrepreneurs, their staff and businesses.

The Entrepreneurial Development Centre benefited from staff development over the year in review through the exposure of its manager to Entrepreneurship Training in India. Other members of staff were also exposed to in-house Customer Service Training.

FOCUS ON YOUTH

We continued our relationship with the Ministry of Culture Youth and Sports in the year under review. Thirty-five youths from the Kuru Kuru Training Centre were exposed to Entrepreneurship Training.

MARKET FACILITATION

Although IPED has identified that market access is important to the success of an enterprise, its efforts in market facilitation has been with limited success. IPED has worked with TOPCO on the contract supply of fruits for its juice products. The crucial elements of such contracts are the quantity to be supplied in relation to the contract price, the penalties for failure to supply and to purchase and the price for quantities above the contract amounts. In 2005, twenty farmers signed contracts with TOPCO to supply passion fruit. Loans were provided by IPED to develop lands and for working capital. In 2006 IPED will facilitate a number of contracts for supply of cherries to TOPCO.

WEALTH CREATION

IPED has been proactive in the promotion of aquaculture. Aquaculture has a vast potential in Guyana. International markets are expanding and Guyana is blessed with the natural resources of land and water. Other factors of production are fairly favourable. IPED is playing an active role in the Aquaculture Association of Guyana, which has a vision where Aquaculture is the leading economic sector by 2015. IPED has by the end of 2005 promoted the establishment of 10 fish cages in various parts of the country and the revitalization of about 10 acres of fish ponds.

ACKNOWLEDGEMENTS

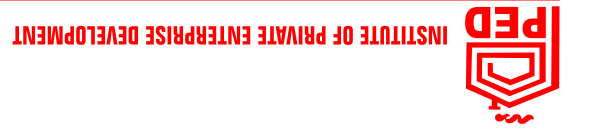
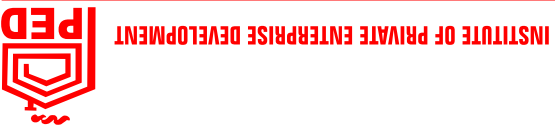
I continue to pledge to work in partnership with all of our Loan Clients and the Clients of our Entrepreneurial Development Centre to help build their respective businesses as we add value to the economy. Many of our staff are in the frontlines interacting with our entrepreneurs. I thank all staff for their dedication and commitment to the mission of IPED. I thank the Chairman and members of the Board of Directors for their guidance and their work in the various sub-committees of the Board.



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INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT

“ No Organisation is making more of a broad and general impact on the development of Guyana than IPED ”

*Mr. Carlos Felipe Martinez
former UNDP Representative*

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