



**Statement by
the Honourable Minister for Commerce, Planning
Infrastructure on
the Reallocation of Funds within the 2020 Budget of the
Ministry of Commerce, Planning and Infrastructure**

**Section 11(5) of the Public Management and Finance
Law (2020 Revision)**

2020 October Session of the Legislative Assembly

Mr. Speaker, I wish to make a statement as to the circumstances and reasons why the Ministry of Commerce, Planning and Infrastructure (CP& I) had to request an increase in expenditure in the **2020** Budget, under Section 11(5) of the Public Management and Finance Law (2020 Revision).

Mr. Speaker, in an effort to arrest the disruption caused by COVID-19 to micro and small businesses in the Cayman Islands, the Ministry of CPI proposed to Cabinet a number of relief measures for these businesses.

These relief measures were the Low Interest Loan Programme which was administered through the Cayman Islands Development Bank and the Micro and Small Business Grant Programme, Technical Assistance Programme and Training and Hand-Holding Programme, administered by the newly established Cayman Islands Centre for Business Development.

Mr. Speaker, Cabinet granted approval for CI\$9,000,000.00 for the Micro and Small Business Grant Programme, CI\$500,000.00 for the Technical Assistance Programme and CI\$21,000.00 for the Training and Hand-Holding Programme.

Mr. Speaker, the Ministry of CPI received an increased appropriation in the amount of **CI\$9,521,000.00** to **TP 80 Support for Business Initiatives** for these programmes.

Mr. Speaker, the Centre was initially established to improve small business viability across our Islands through advocacy, professional business counselling, technical training and assistance with gaining access to finance. These services were

intended to be long term, relationship-based, and involve programmes of development which were anticipated to feed directly into economic growth.

Mr. Speaker, while the Centre had been established to support small businesses in general, the Centre virtually opened in March to respond to the immediate needs of businesses amid the global pandemic primarily focusing on the coordination of these relief measures.

The **Micro and Small Business Grant Programme** targeted three thousand vulnerable micro and small businesses and was intended to provide assistance of \$1000.00 monthly for three months to those who qualified.

The objectives of the programme was to provide working capital assistance to the businesses affected by COVID-19 which had enough of a domestic market to render the businesses recoverable. And to aid in the re-purposing and transitioning of businesses that had a large tourist market and demonstrated the ability to transition to a larger domestic market.

To be eligible, as at 1st March 2020, businesses must have been operational for at least 12 months, must have met the definition of micro and small business as per the Trade and Business Licensing Law and evidenced COVID-19 related increase in receivables and/or decrease in sales as at March 2020.

The **Technical Assistance Programme** involved paid qualified accountants and other professionals to provide technical guidance and coaching to micro and small businesses to help them navigate this difficult period and keeping their financial obligations to financial institutions. The programme was directed particularly at recovery from COVID. Technical Assistance would be provided for one year initially. The programme of assistance included:

1. Document preparation to access financing, grants or other stimulus products.
2. Preparation of business plans and strategic plans
3. Monitoring business performance against targets
4. Business model design and innovation

5. Financial modelling
6. Forecasting
7. Scenario analysis
8. Business impact analysis
9. HR Services

This assistance took the form of one-on-one consultation and coaching sessions with clients.

Mr. Speaker, all beneficiaries of the Low Interest Loan Programme administered by the Cayman Islands Development Bank had to under-go training and hand-holding with the Centre for Business Development and one-on-one consultations with the Technical Assistants. Other training sessions were available to business owners as these needs were assessed.

The Centre conducted six (6) training webinars during the period of the 'shelter in place' arrangements with almost four hundred

(400) persons in attendance. The sessions covered the following topics:

- Business Strategy
- Managing Your Finances in a Crisis
- Moving Your Business Online
- Managing Market Risks During COVID-19
- Managing Financial Risks During COVID-19
- Managing Cash Flow in a Crisis

Mr. Speaker, the establishment of the Centre is an acknowledgment by this Government of the importance of small businesses here in these Islands. The global pandemic has made the Centre's mandate of improving and proving the economic value of small businesses in the Islands even more urgent.

Since the launch of the relief measures in April, one thousand five hundred and forty **(1,540)** applications have been received under the micro and small grant programme. A total of **\$3.4 million** have been paid to applicants with the total funds committed by Government being **\$4.3 million**.

The team of technical assistants have worked with forty-four (44) micro and small businesses to prepare them to access the low interest loan programme under the technical assistance programme. A further fifteen (15) applications are awaiting their review.

In an effort to provide a more targeted approach to business development, Cabinet recently approved using the remaining micro and small business grant programme funds for a medium term economic package to the sector which will benefit a minimum of 300 businesses that are assessed as competitive post COVID-19.

The programme will seek to identify and support resilient innovative businesses with high growth potential – businesses with a likelihood to not only survive but thrive beyond the pandemic.

Mr. Speaker, the new phase of support for micro and small business will involve packaged opportunities that will cover:

- Wage;
- Digital Enhancement;
- Commercial Rent Assistance;
- Business Process Innovation Grant; and
- Customised Business Continuity

Micro businesses will be able to access packages, not exceeding \$10,000 while small businesses may access packages up to \$20,000.00.

Mr. Speaker, there are specific eligibility criteria for assistance for the various support packages but overall criteria to access support for the Government programmes are:

- Up to date trade and business licence;

- Must meet definition of micro and small business as per the Trade and Business Licensing Law;
- Applicants must have a domestic market or is moving towards a domestic market;
- As at March 1st, 2020, businesses must have been operational for at least 12 months;
- There must be evidence of COVID-19 related increase in receivables and/or decrease in sale;
- Businesses must be at least 60% Caymanian owned; and
- Businesses must be a going concern.

Providing these packages to businesses to support wages, training, productivity improvement and the development of new products and services will help many of them to avoid closure.

Additionally, enabling them to incorporate a digital presence as part of their business model will assist to diversify their markets so they can become more efficient.

Mr. Speaker, the Cayman Islands Centre for Business Development, located at Baytown Plaza, on West Bay Road, was officially opened on the 1st September 2020.

One of Government's major strategic priorities is supporting entrepreneurship, harnessing the creativity of Caymanians to build innovative and sustainable businesses so as to increase global competitiveness.

Mr. Speaker, with the opening of this Centre, we are able to realise this goal with space that will integrate offices for business advisors, training room and a residential business incubator that will house up to twelve (12) start-ups for a period of up to two years, free of charge to them.

Mr. Speaker, as we chart our path through difficult waters in the coming months, the Government will use the Centre and its strategic partners to ensure that the small business sector emerges strong and becomes one, if not, the major driving forces behind the Islands economy going forward.

Mr. Speaker, I would like to express a debt of gratitude to the Honourable Premier, my colleagues in Cabinet, and other who have been supportive of this initiative.

Tremendous benefits to Caymanians and our three Islands will result from the work of the Centre for Business Development for many years to come. We look to the future with confidence and optimism and great anticipation of its continued success.

Mr. Speaker, the aforementioned exceptional circumstance transactions- which were approved by Cabinet for the Ministry of Commerce, Planning and Infrastructure (CPI) during 2020 financial period- did not cause any non-compliance with the Principles of Responsible Financial Management.

I would like to take this opportunity to thank the members of the House for their continued support.

Thank you Mr. Speaker & May God continue to bless these Cayman Islands.