



RICE SECTOR STABILIZATION FUND

*A Self-Sustaining Fiscal Innovation for
Agricultural Sector Protection*

SphereX Professional Services

Presented to Government of Guyana (for discussion) | May 2026 | Public-domain thought leadership

00 Background

Strategic Policy Note: Rice Stabilization Fund (RSF) for Guyana

This strategic policy note introduces an indicative design for the **Rice Stabilization Fund (RSF)** — an institutional, rules-based instrument crafted to protect Guyana’s rice sector from recurrent shocks and to minimize fiscal volatility caused by emergency, case-by-case interventions. The RSF aims to empower policymakers with a permanent stabilization architecture, facilitating faster and more predictable relief while reinforcing medium-term budget discipline and sector credibility.

When **direct farmer contributions** are unfeasible, the Government faces a choice between repeated, unpredictable budget support or a ring-fenced mechanism funded by **existing rice-sector fiscal inflows**. The RSF concept places emphasis on (i) transparent eligibility and trigger rules, (ii) prudent investment and liquidity safeguards, and (iii) robust governance controls.

Objectives of this Report

- Define the RSF concept, financing logic (**circular fiscal flow**), and governance principles essential for sector credibility.
- Present indicative model outputs to test whether a one-time seed and redirected inflows can build a compounding buffer over time.
- Clarify key policy decisions—eligible inflow streams, payout caps, triggers, custody and investment arrangements—needed for implementation.
- Frame risk-mitigation options (e.g., guarantee/insurance layers) as potential design add-ons, subject to feasibility and negotiation.

Scope & Usage Guide

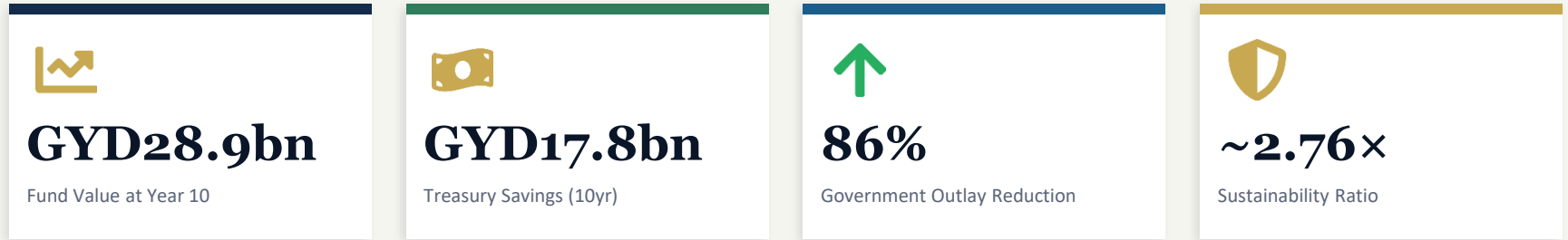
This note is focused on **stabilization for crisis relief** (e.g., flooding, input-cost surges, and price-support events), rather than the full agriculture budget or long-term structural investments.

Quantitative outputs are indicative, designed to test feasibility, rule performance, and fiscal risk reduction given specified assumptions.

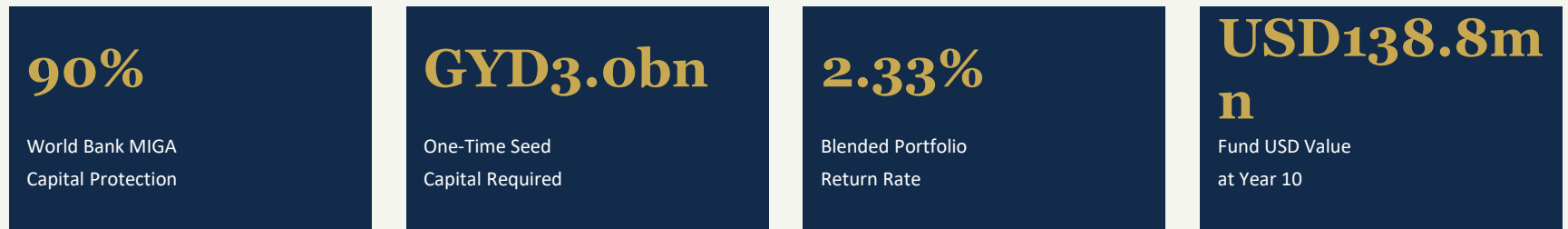
Policymakers are encouraged to begin with the Executive Thesis and Key Highlights, then explore fund structure, rules/triggers, and assumptions to pinpoint the legal, fiscal, and governance choices necessary to operationalize the RSF.

01 Executive Summary

10-Year Key Performance Indicators



Convert recurring rice-sector volatility into a rules-based, self-sustaining protection buffer through a circular fiscal flow: existing sector taxes are recycled into a dedicated fund, invested, and redeployed for relief—protecting farmers while reducing ad-hoc treasury raids.



02 Why a Rice Stabilization Fund, Why Now

Since 2020, the Government of Guyana has disbursed over

GYD10.4bn

in emergency relief subsidies to the rice sector through ad-hoc treasury outlays responding to recurring crises.



Volatility is Structural

Climate shocks + input-cost shocks + price variability are now recurring, not exceptional



Ad-hoc Relief is Fiscally Noisy

Unplanned crisis spending disrupts fiscal planning and weakens credibility



Opportunity Cost is Material

Relief disbursements do not compound; a buffer must be built in advance



The Failed Contribution Model

Government previously proposed a stabilization fund requiring direct farmer contributions. This approach was rejected by the farming community — direct contributions were rejected, limiting viable policy options.

The SphereX RSF model resolves this impasse by using EXISTING tax flows instead of NEW contributions.

03 The SphereX Solution: Circular Fiscal Innovation

Instead of requiring NEW farmer contributions, the RSF redirects EXISTING tax revenues from the rice sector into a professionally managed stabilization fund.



NET EFFECT: Self-financing mechanism protecting BOTH farmers AND treasury

Eliminates ad-hoc treasury outlays | Provides automatic farmer protection | Generates compounding investment returns | Replicable model for other sectors

04 Fund Structure & Capital Sources (Indicative)



GYD3,000mn

Initial Seed Capital

One-time government contribution equivalent to April 2026 relief package



GYD2,100mn

Annual Tax Inflows

Base-case: ~GYD2.1bn (range GYD1.5bn–2.8bn); modelled 3% growth



2.33%

Blended Investment Return

Diversified portfolio of T-Bills, bonds, and US Treasuries

Commercial Bank On-Lending Program

10% of fund allocation channeled through licensed commercial banks to rice farmers at controlled interest rates (capped at 5%).



Leverages existing banking infrastructure



Provides low-cost financing to farmers



Reduces RSF operational burden



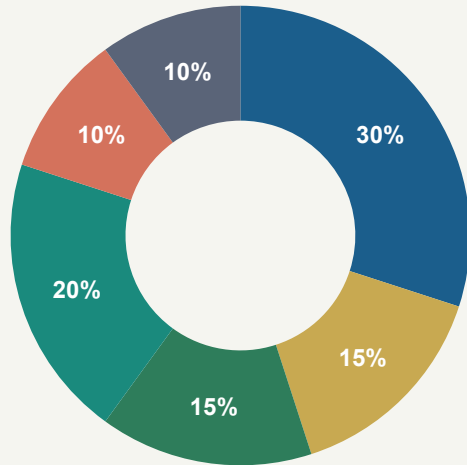
Creates sustainable credit channel



Maintains bank accountability for recovery

05 Investment Policy (Indicative)

Balanced, low-risk strategy aligned with sovereign wealth fund best practices



- GY 364-Day T-Bills (1.09%)
- NBS Save & Prosper (2.75%)
- GY Govt Bonds (3.00%)
- US Treasury Securities (4.31%)
- Bank On-Lending (5.00%)
- Emergency Reserve (0.50%)

30%

Guyana 364-Day T-Bills

Yield: 1.09% | Risk: LOW

15%

NBS Save & Prosper

Yield: 2.75% | Risk: LOW-MED

15%

GY Govt Bonds

Yield: 3.00% | Risk: LOW-MED

20%

US Treasury Securities

Yield: 4.31% | Risk: LOW

10%

Bank On-Lending

Yield: 5.00% | Risk: MEDIUM

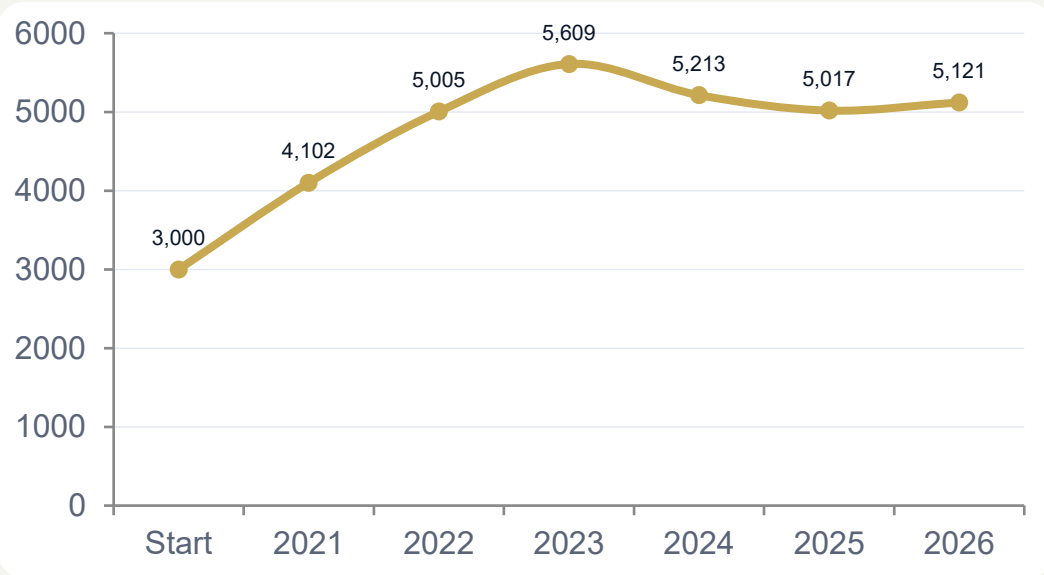
10%

Emergency Reserve

Yield: 0.50% | Risk: LIQUID

06 Historical Validation: 2021–2026 Simulation

"What if the fund had been seeded in 2021?" — Using actual subsidy disbursements against modeled fund performance.



GYD3,000mn

Initial Seed (2021)

GYD5,121mn

Final Fund Value (2026)

GYD12,600mn

Total Taxes Collected

GYD10,500mn

Total Subsidies Paid

GYD161mn

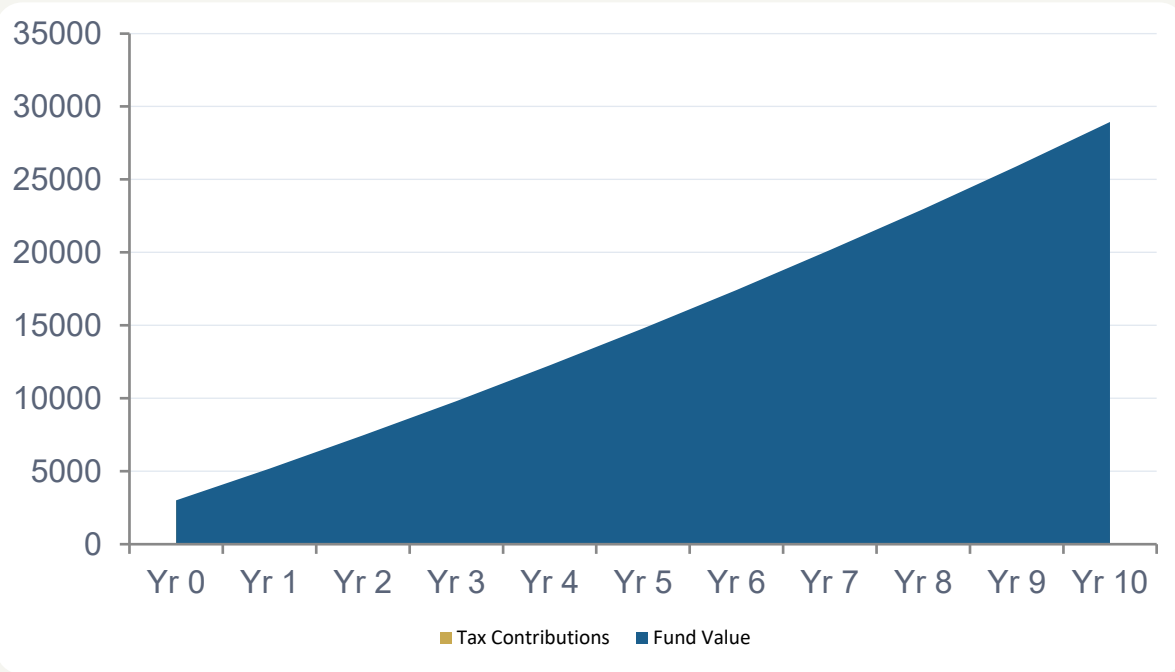
Net Investment Carry



Key Finding: With GYD3.0bn seed capital and historical crisis subsidies paid over 6 years, the fund closes 2026 at GYD5,121mn — demonstrating robust survivability under real payout stress. Net investment carry includes investment income via gross yield assumption, net of modelled risk premia and opex.

07 10-Year Growth Projection Model

Fund growth under normal conditions — building maximum protective capacity (2026–2036)



Projection Summary

GYD3.0bn

Seed Capital

GYD14.8bn

Year 5 Value

GYD28.9bn

Year 10 Value

GYD27.8bn

Total Tax (10yr)

GYD3.2bn

Investment Income

2.33%

Blended Return

07 10-Year Projection — Detailed Model

Year	Opening (GYDmn)	Tax Inflow (GYDmn)	Investment Income	Closing (GYDmn)	USD Value (USDmn)
0	0.0	3,000.0	0.0	3,000.0	USD14.4
1	3,000.0	2,163.0	69.8	5,187.8	USD24.9
2	5,187.8	2,227.9	120.6	7,458.4	USD35.8
3	7,458.4	2,294.7	173.4	9,814.7	USD47.1
4	9,814.7	2,363.6	228.2	12,259.2	USD58.8
5	12,259.2	2,434.5	285.0	14,794.9	USD71.0
6	14,794.9	2,507.5	344.0	17,424.4	USD83.6
7	17,424.4	2,582.7	405.1	20,150.9	USD96.6
8	20,150.9	2,660.2	468.5	22,977.4	USD110.2
9	22,977.4	2,740.0	534.2	25,907.0	USD124.3
10	25,907.0	2,822.2	602.3	28,942.9	USD138.8

08 Risk Mitigation: MIGA Guarantee & Crop Insurance



MIGA-style Guarantee Credit Guarantee (Concept)

Coverage:

90% of fund principal protected (modelled)

Premium:

0.75% annual fee from earnings

Protection:

Currency restrictions, expropriation, war & civil disturbance, breach of contract

Year 10 Value:

~GYD26.0bn protected (indicative)



Embedded Crop Insurance (Concept)

Premium:

1% of AUM annually

Triggers:

Commodity price drop >15% OR production loss >20% from flooding/drought

Payout:

Automatic disbursement when triggers met — no approval delay

Max Annual:

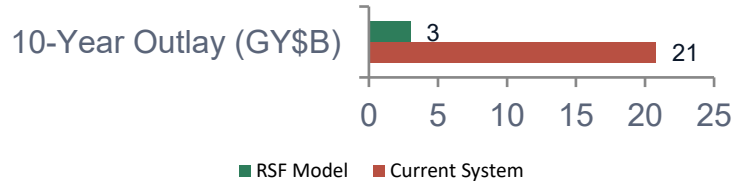
20% of fund value (prevents depletion)

Reserve:

15% maintained as emergency liquid reserve

09 Comparative Analysis: Current System vs RSF

Metric	Current System	RSF Model	Improvement
10-Year Government Outlay	GYD20,800mn	GYD3,000mn	86% Reduction
Fund Value at Year 10	GYD0	GYD28,943mn	New Asset Created
Treasury Protection	None	High (rules-based pre-funding)	Rules-Based
Farmer Contribution Required	Proposed	None	Farmer-Friendly
Sustainability Rating	Low	High (~2.76x)	Superior
World Bank Partnership	None	MIGA-style + crop insurance (modelled)	Design Option
Crisis Response Time	Ad-hoc	Trigger-based (concept)	Concept



86%
REDUCTION
in government fiscal outlay over 10 years

10 Rice Industry Historical Data (2020–2026)

Year	Exports (USDmn)	Production (MT)	GDP (USDmn)	Rice GDP %	Subsidies (GYDmn)	Est. Tax (GYDmn)
2020	USD243	560,000	USD5,471	3.8%	0	2,085
2021	USD201	569,789	USD8,041	2.4%	0	2,085
2022	USD196	610,595	USD14,718	1.6%	1,000	2,085
2023	USD212	653,706	USD16,919	1.6%	1,500	2,085
2024	USD255	725,282	USD24,663	1.3%	2,800	2,085
2025	USD238	810,000	USD30,000	1.2%	2,100	2,100
2026	USD250	850,000	USD35,000	1.0%	3,000	2,163

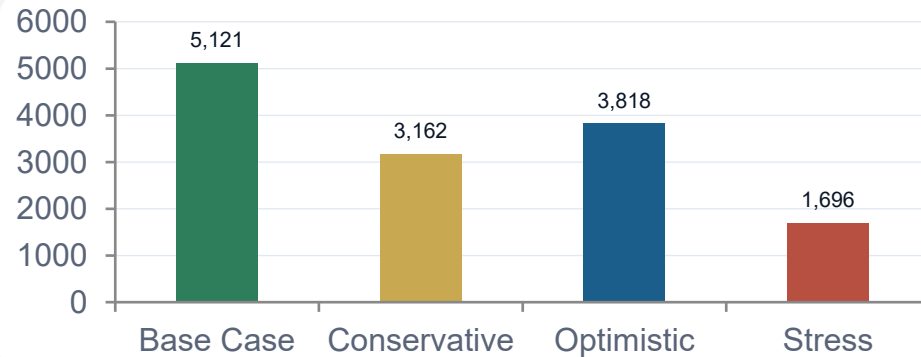


Key Insight: The Paradox

While rice production hits record highs, its share of GDP is shrinking due to oil sector expansion. **Government currently operates a net-loss fiscal relationship with the rice industry** — taxes collected (~GYD2.1bn/year) are offset by direct subsidies (GYD2-3bn/year). The RSF model transforms this dynamic.

11 Stress Testing (Prototype Scenarios)

Scenario	Investment Return	Tax Growth	Extra Subsidy (GYDmn)	2026 Fund (GYDmn)	Assessment
Base Case	2.33%	3.0%	0	5,121	Sustainable
Conservative	1.74%	1.5%	500	3,162	Manageable
Optimistic	2.91%	4.5%	0	3,818	Excellent
Stress (Crisis)	1.16%	0.0%	2,000	1,696	Recoverable



Resilience Validated

Even under the worst-case stress scenario (0% tax growth, halved returns, GYD2bn extra subsidies), the fund maintains a positive balance of GYD1,696mn. Shows the importance of payout caps, reserves, and early re-capitalization triggers for multi-year shocks.

12 Stakeholder Benefits



For Government

- ✓ Treasury protected from ad-hoc outlays
- ✓ 86% reduction in 10-year fiscal cost
- ✓ Creates GYD28.9bn sovereign asset by Year 10
- ✓ Taxes recycled productively, not lost
- ✓ Sustainable long-term solution



For Farmers

- ✓ No new contributions required
- ✓ Automatic crop insurance coverage
- ✓ Access to low-interest bank loans
- ✓ MIGA guarantee ensures fund security
- ✓ Predictable, guaranteed support



For the Economy

- ✓ Develops local financial infrastructure
- ✓ Creates sovereign sectoral wealth
- ✓ Attracts World Bank partnership
- ✓ Supports T-bill market liquidity
- ✓ Strengthens commercial banking sector

13 Governance & Reporting (Indicative)



Interest Rate Benchmarks

Instrument	Rate	Source	Usage
GY 364-Day T-Bill	1.09%	BoG 2024	Domestic Investment
US 10-Year Treasury	4.31%	NRF Q1 2026	Foreign Benchmark
NRF YTD Return	3.56%	NRF Q1 2026	Foreign Investment
Fed Funds Rate	3.75%	NRF Q1 2026	Reference Rate

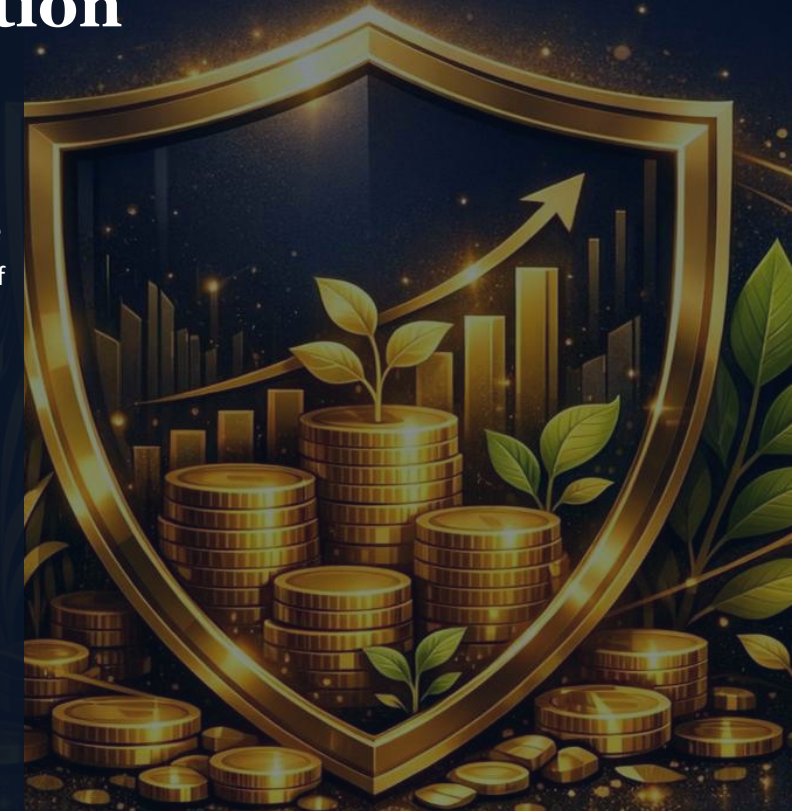
14 Conclusion & Recommendation

The SphereX Thesis: Circular Fiscal Innovation

The RSF is not a relief program; it is a fiscal institution that converts recurring rice-sector volatility into a pre-funded protection buffer. The model outputs indicate that a one-time seed of GYD3.0bn plus redirected annual tax inflows can accumulate a protection asset of ~GYD28.9bn over 10 years — while materially reducing direct treasury exposure.

Recommended Next Steps

- ✓ Adopt the “no new farmer contribution” financing principle
- ✓ Capitalize the RSF at investable scale (GYD3.0bn seed)
- ✓ Institutionalize governance: trustees, investment committee, audit, quarterly disclosure
- ✓ Implement payout discipline: 20% annual cap, 15% liquidity reserve
- ✓ Engage risk-transfer partners for MIGA-style guarantee feasibility
- ✓ Operationalize concessional credit via bank on-lending with rate caps



SphereX

SphereX Professional Services Inc. is a specialized finance and capital advisory firm founded in 2022, headquartered in Georgetown, Guyana. With a leadership team combining over 100 years of experience across banking, finance, economics, and strategic governance, SphereX supports governments, institutions, and the private sector with disciplined, evidence-based advisory. This publication is an indicative policy note prepared for public-domain discussion by SphereX Professional Services Inc.

GYD30.3bn

+
Investment Proposals
Processed

GYD9.2bn

Capital Mobilized
for Clients

100+

Years Combined
Leadership Experience

2022

Year Founded
in Guyana



Investment Advisory & Capital Structuring

Feasibility studies, financial modelling, investor engagement, and transaction advisory.



Economic & Market Intelligence

Data-driven insights, policy analytics, and small-state development frameworks.



FP&A & Operational Optimization

Dynamic forecasting, liquidity management, and process efficiency using digital tools.



Governance, Risk & Compliance

Institutional strengthening, AML/KYC frameworks, and strategic governance advisory.