



OPERATING REGULATIONS

ENHANCED CREDIT GUARANTEE FUND (ECGF)

FINANCIAL CONDITIONS REGULATIONS

1. This operating regulations annex would be formally communicated by the Central Bank to the financial institutions that participate in the “Enhanced Access to Credit for Productivity Project” BA-L1034.
2. The conditions indicated hereafter may be changed with the agreement between the Central Bank of Barbados and the IDB team leader for this Program. Subsequent changes done in this document after the launching of the Program should be communicated to the financial institutions participants through a Central Bank formal communication.
3. These financial conditions would be a public document available on the CBB platform and on the electronic system to be used by IFIs (‘CBBFlows’).
4. This document is a summary of the operating regulations document. For more specific details, or in case of error or conflict, the operating regulations document prevails over this Annex.

FINANCIAL CONDITIONS	
GUARANTEE FINANCIAL COST (GUARANTEE FEES)	– 75bp annual fee (0,75%)
GUARANTEE FEE PAYMENTS	– Payable quarterly – Calculated on the highest loan balance reported for the quarter ¹
CURRENCIES	– US Dollars (US\$) or Barbadian Dollars (BBD)
MAXIMUM LOAN AMOUNT GUARANTEED	– Up to US\$1 million (BBD 2 million) individual guarantee per sub-loan – Up to 80% of sub-loan initial principal
GUARANTEE DURATION TERM	– Up to 10 years

¹ Loan Balance reported includes principal and can include up to 3 months of interests when in arrears only

PROCESSES	
GUARANTEE ISSUE PROCESS	<ul style="list-style-type: none"> - All applications will have to be submitted electronically via the workflow system provided - CBB will issue a Guarantee requested in such application in favor of the requesting IFI within 7 business days of receipt of such guarantee application - Once a Guarantee has been issued, CBB's obligations under such Guarantee shall be irrevocable except in the following circumstances: (i) a material amendment is effected by the SME and accepted by the IFI without CBB's prior written consent, (ii) in the event of fraud in the inducement of the issuance of the Guarantee by such IFI (iii) with the prior written consent of the IFI in circumstances not stated in the operating regulations or the guarantee contract and documents
GUARANTEE EXECUTION TRIGGER	<ul style="list-style-type: none"> - A Guarantee Default Event is triggered when the underlying guaranteed loan is in arrears (principal) for at least 90 days - All Claim Notices will have to be submitted electronically via the workflow system provided - CBB will have 5 business days following reception of the Claim Notice to review the duly completed Claim Notice and 7 business days again following reception of the Claim Notice to proceed with the disbursement
GUARANTEED LOAN VALUE PAID IN THE MOMENT OF A DEFAULT EVENT	<ul style="list-style-type: none"> - The amount paid to the IFI will be 100% of the last reported Loan Balance² up to the Maximum Loan Amount Guaranteed
GUARANTEE EXECUTION PAYMENT	<ul style="list-style-type: none"> - Should the Claim Notice be duly completed, and the Guarantee Fee for the claimed loan being current, the CBB will disburse on the 8th business day following receipt of the Claim Notice

² Loan Balance reported includes principal and can include up to 3 months of interests when in arrears only

IFI RESPONSIBILITIES

- IFI's obligation is to report on the sub-loan behavior on a quarterly basis
- Once a Claim has been disbursed, the IFI will be obliged to undertake legal collection for the guaranteed portion of the claimed sub-loans on behalf of the CBB. Recoveries should be treated as follows:
 - Where the outstanding loan balance which must be equal to or less than the amount guaranteed, has been fully repaid by the Enhanced Credit Guarantee Fund, any net recoveries will be for the credit of the ECGF.
 - Where recoveries are in excess of the amount paid out under the guarantee, any net recoveries shall be for the credit of the IFI.
- The IFI will be obliged to provide the CBB a status report on a quarterly basis on the collection process of claimed SME loans

Hereafter, there is a resume of the ECGS eligibility criteria:

ELIGIBILITY CRITERIA

FINANCIAL INSTITUTIONS

To be eligible to submit guarantees an IFI must:

- Be a Commercial Bank, Finance Company, Trust Company, Finance or Merchant Bank licensed to operate in Barbados
- Have no more than US\$ 10 million in aggregated amount guaranteed under the ECGF
- Have a non-performing loan on total loans ratio below 15%
- Have no more than 10 claims filed under the ECGF
- Maintain current the payment of all guarantee fees issued under the ECGF
- Provide reports on outstanding guarantees and on claims on a quarterly basis, via the electronic system (CBBFlows)
- Have a signed agreement to participate in the CBB financing schemes and agree in writing or via the electronic system – to participate under the ECGF terms.

ELIGIBLE ECONOMIC SECTORS	<ul style="list-style-type: none"> - Agriculture, Commerce, Industry and Services
ELIGIBLE USE OF PROCEEDS	<ul style="list-style-type: none"> - Purchase of land and buildings, - Purchase of equipment and machinery, - Expansion and improvement of infrastructure, - Implementation of new technology, techniques and processes, - Increase in permanent working capital (when working capital is tied to an investment loan), <p>All loans must be directly related to the company's activity.</p>
ELIGIBLE FIRMS	<p>To be eligible to a guarantee a Firm must:</p> <ul style="list-style-type: none"> - Be an incorporated entity registered to operate in Barbados - Have up to US\$ 10 million in assets or US\$ 10 million yearly revenues, or up to 200 employees - Have no more than US\$3 million (BBD 6 million) in aggregated amount guarantee in the ECGS
ELIGIBLE SUB-LOANS	<ul style="list-style-type: none"> - Guarantees can only be issued on new loans - Initial loan (principal) must be higher than BBD 20,000 (US\$10,000) - Loans must comply with the Enhanced Credit Guarantee Fund exclusion list - For guarantees above US\$500,000 (BBD 1 million), an Environmental & Social affidavit must be submitted via the electronic system under the template provided by the CBB
MAXIMUM CONCENTRATION RULES	<ul style="list-style-type: none"> - Up to 3 million (BBD 6 million) in aggregated amounts guaranteed per firm - Up to US\$ 10 million (BBD 20 million) in aggregated amounts guaranteed per IFI