

# \*The Enhanced Credit Guarantee Fund



## Local SMEs benefitting from the Enhanced Credit Guarantee Fund

**Small and medium-sized enterprises (SMEs) have access to a new credit facility: the Enhanced Credit Guarantee Fund (ECGF).** The ECGF is backed by a loan financed by the Inter-American Development Bank (IDB), and it is being executed by the Central Bank of Barbados. The ECGF will assist businesses involved in agriculture, commerce, industry, tourism, and the service sectors to access medium- to long-term financing from private financial institutions for new loans.

A loan from the ECGF can be obtained from any of the following financial institutions in Barbados: Capita Financial Services, Consolidated Finance Co. Limited, First Citizens Bank, Globe Finance, RBC Royal Bank, Republic Bank Limited, and Signia Financial Group. To qualify, the business must be incorporated to operate in Barbados, have annual sales and total assets that do not exceed BBD 20 million dollars, and must have no more than 200 employees.

## RBC Royal Bank encourages use of the ECGF

Martin Da Silva, the Chairman of Innotech Equipment Inc., said that he was extremely grateful to RBC Royal Bank for helping them to achieve their objective and deliver



Martin Da Silva J.P. Chief Executive Officer and Basil Da Silva Jnr. Chief Operating Officer of Innotech Equipment Inc.

successful results. “About two years ago when Barbados was struggling from lack of water resources, the Barbados Water Authority and Innotech Equipment Inc. entered into a contract to supply an emergency tempered desalination plant. Having signed the contract, which took a period of three months, RBC Royal Bank confirmed that the Central Bank Fund was able to secure the loan.

They explained the IDB funding arrangement and they made a loan proposal to us, which was ultimately accepted.” Da Silva added, “The terms were quite amenable, the interest rates were very, very competitive, and we have had a very successful relationship thus far.”

James Paul, the Chief Executive Officer of the Barbados Agricultural Society (BAS), noted that commercial banks are often risk-averse when it comes to agricultural projects. Paul said that the ECGF authorizes financing for projects which ordinarily would not be considered. He explained that this was the case when the BAS stood as surety for dairy farmers who were seeking to import cows from the United States, 174 of which were pregnant heifers, to help boost milk production in Barbados. Paul emphasized, “ECGF is a development fund where projects that have the potential to do well are given the opportunity. The farmers who benefited from this Fund would not have been successful if they went alone to a banking institution, and so we can see this being of greater benefit to the local farming community going forward.”

This positive sentiment was shared by Andrew Noel, the Chief Operating Officer of Good Time Snacks Limited, who with a loan secured through the ECGF, was able to purchase a new piece of machinery to enhance the packaging of their food products. Noel indicated, “The machine gives me better than what we required of the other machines, and it has enhanced our ability to produce more packages, thus helping to lower the cost, though not exponentially.” On an even more positive note, Noel anticipates



IDB Country Representative Juan Carlos De la Hoz Vinas, Good Time Snacks CEO Andrew Noel and Deputy Director at the Central Bank of Barbados Wilma Belgrave.

that the new machine will help Good Times Snacks achieve its export goals.

Another company to benefit from the ECGF through RBC Royal Bank is the Rubis Service Station at Four Roads, St. John, which is owned and operated by Anthony Kirton. He is extremely pleased with the financing he received to refurbish the service station, and has commended the quick and efficient way in which the RBC Royal Bank and the Central Bank executed the process. Kirton said, “I had to pay a small percentage for the guarantee and the Central Bank guaranteed for about 0.75%.”



Anthony Kirton, Owner of the Rubis Service Station at Four Roads, St. John.

Therefore, it avoided the possibility of putting up collateral. The process took just about ten days. Usually, the bank takes long when they’re lending money, but this process was really quick. I would refer other businesses to get involved with the Credit Guarantee because it gives you time to get on with your business,” he said.



Latoya Grant, RBC Royal Bank's Relationship Manager for Business Banking in Barbados, said that the number of their clients helped through the ECGF, demonstrates that RBC Royal Bank is a major advocate of the ECGF initiative. Grant emphasized, "We find a lot of clients have bought into it; they are really interested in the product because of the ease of use. It finances a number of businesses, and we have been successful with clients who own gas stations, boats, and restaurants."

## Republic Bank is on board with the ECGF



Deputy Director at the Central Bank of Barbados Wilma Belgrave, Republic Bank Manager of Corporate Credit Shane Hewitt and Central Bank of Barbados Consultant Ian Knight.

Republic Bank is also on board with the ECGF. Shane Hewitt, the manager for Corporate Credit at the Republic Bank, said that his institution is happy to be a part of the initiative to help finance SMEs. To date, two Republic Bank clients have been successful in obtaining financing through the ECGF, which Hewitt describes as an excellent scheme. Hewitt stated, "I think the ECGF was designed to fix some of the challenges that the market was having and it is a simple solution. This guarantee compared to other guarantees out there is very easy to understand and to use, and that is what makes the difference."

## Signia Financial Group assisting SMEs through the ECGF

Signia Financial Group Inc. has recently joined RBC Royal Bank, First Citizens and Republic Bank in introducing the IDB-funded ECGF to its customers.

Cherian Austin, the assistant manager - Commercial at Signia, said the ECGF is a great tool for emerging small businesses to access. Austin noted, "The process is very simple. The client must submit the normal incorporated document "Know Your Customer" (KYC) information. If the company lacks the necessary security, we would suggest to them

to use the ECGF, and once they qualify, we would then apply to the Central Bank for approval."

Austin continued, "The process is not lengthy. We process commercial loans within a week to two weeks depending on the complexity of the application, once the company receives the approval; we upload the information to the Central Bank, which is approved

within two days. The major issue is security, the company's business plan is usually solid, but security is an issue. However, with the ECGF it allows the businessperson to achieve their goal because the scheme covers 80 percent and the client just needs to secure the



Deputy Director at the Central Bank of Barbados Wilma Belgrave, Signia Assistant Manager - Commercial Cherian Austin and Ian Knight Central Bank of Barbados Consultant.

remaining 20 percent which is simple to manage."

Signia Financial Group's lone ECGF client, who wished not to be identified, said she was very impressed with the speed of the process, noting the turnaround time was quick -- taking just over two weeks to be completed. "Last week, we just needed a small loan to do some upgrades within the company, and seeing that we didn't have any collateral, the ECGF was perfect for us. We submitted a proposal which Signia agreed with, and we gave them the reports they asked for which was a painless, easy process." "I have to commend whoever thought about setting up the ECGF because it helped significantly in what the company was trying to achieve, along with aiding small businesses who need a little working capital and may not have enough collateral to give the bank," the businesswoman added.



IDB Country Representative Juan Carlos De la Hoz Vinas (Centre) along with RBC Royal Bank Business Banking Officers and their clients.

### For further information:

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RBC Royal Bank

