



INDUSTRIAL CREDIT FUND

The Industrial Credit Fund (ICF) was established by the Government of Barbados in September 1983 to contribute to the development of the country by stimulating growth of output, employment and foreign exchange earnings of the Barbados economy. To this end, the ICF provides medium and long-term credit to productive enterprises operating mainly in the private sector.

ACCESS TO ICF RESOURCES

ICF resources are channeled to beneficiaries through qualified financial intermediaries. These intermediaries are commercial banks and other financial institutions operating in Barbados. Potential beneficiaries can approach the Central Bank with a project proposal which will be forwarded to an intermediary of their choice **or** approach their financial intermediary directly. After assessment by the intermediary, the proposal will be submitted to the Industrial Credit Fund.

WHAT CAN BE FINANCED?

The resources of the ICF can be used to:

- a) Purchase fixed assets (excluding real estate purchases)
- b) Provide working capital (primarily raw material purchases)
- c) Refinance existing debt
- d) Finance research and development

WHO CAN BENEFIT?

To benefit from the ICF an individual must be a resident Barbadian national. In the case of corporate bodies, they must be capable of contributing to the growth of output, employment and foreign exchange earnings of the economy of Barbados.

Beneficiaries must have the managerial, technical and financial capacity to implement their projects efficiently and must be either establishing a new enterprise or expanding existing capacity.

The following areas of activity are eligible for loans:

-  Agro-industry
-  Manufacturing
-  Fisheries
-  Tourism

The following areas of activity are eligible for loans (continued):

- ✚ Mining and Quarrying
- ✚ Information Technology
- ✚ Construction and Engineering
- ✚ Research and Development
- ✚ Transportation and Telecommunications
- ✚ Resource Development
- ✚ Consulting Services
- ✚ Health Services
- ✚ Management and other professional services
- ✚ Trade finance for exports and strategic imports
- ✚ Restructuring or re-equipping of operations to meet challenges of globalisation
- ✚ Energy efficiency and Renewable energy
- ✚ Enterprises providing services to the above

AMOUNT OF FINANCING AVAILABLE

The ICF is prepared to advance up to 90% of the loan made by the intermediary, provided that the ICF loan does not exceed 80% of the cost of a new project or 90% of the cost of the expansion of an existing enterprise. The amount of ICF advances outstanding to any single beneficiary should at no time exceed **\$7.5 million**.

SECURITY

The financial intermediary should take such security from its client as it considers appropriate, since it carries the full credit risk of the loan.

TERM OF ICF ADVANCES

Maturity

- ✚ Maximum maturity is **25 years [including maximum grace period of three (3) years]** where the funds are for the purchase of fixed assets, i.e., building and equipment.
- ✚ Maximum maturity is **five (5) years [including maximum grace period of two (2) years]** where funds are for working capital and technical assistance not associated with fixed assets.
- ✚ The term of the loan from the ICF to the financial intermediary is the same as that from the financial intermediary to its client.

Interest Rate

Except for energy projects, advances to financial intermediaries under the ICF will attract an interest rate in the range of two percentage points above or below the average rate payable by commercial banks in Barbados on interest bearing deposits as calculated by the Central Bank of Barbados. In the case of **energy projects**, the ICF rate may be set at up to two percentage points below the normal ICF rate.

The financial intermediary and the beneficiary are entitled to negotiate a rate of interest that is mutually acceptable to both parties.

Interest rates under this facility are not subject to Central Bank restrictions or included in the calculation of the average lending rate of the financial intermediary.

GENERAL PROCEDURES

Where a financial intermediary is making a loan of **\$2,000,000.00 or less**, reimbursement from the ICF is automatic, provided the purposes of the loan are consistent with the Statement of Policies of the ICF.

Where the intermediary's loan is **in excess of \$2,000,000.00**, the approval of the ICF is required before funds can be disbursed to the intermediary. For such loans the ICF determines the information it considers necessary for approval of the application.

Any further queries regarding the Industrial Credit Fund should be directed to:

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