

Frequently asked questions about EGFL

Is EGFL a Government institution?

EGFL is a joint public/private sector institution

What role does Government play at EGFL?

Government provides the funds used by EGFL to invest in businesses

Does my business have to be incorporated to get funding from EGFL?

No.

Will my information be kept confidential by EGFL?

All information received by EGFL from applicants and clients is held in the strictest confidence

How long does it take to get a loan/ investment decision?

EGFL strives to make investment decisions within 4 to 8 weeks after the receipt of an application. However, the approval process depends on the quality and completeness of information submitted by applicants.

What role will EGFL play in my business?

EGFL functions as a strategic partner providing advisory service, access to our network of business contacts and clients and offers technical assistance in some cases. We do not get involved in the day to day management of your business.

What is the minimum and maximum available for investing?

Financing is available from BDS\$100,000 to BDS\$1.5 million

How does equity financing work?

EGFL purchases a minority position which may comprise common and/or preferred shares in your business. The conditions of EGFL's investment are specified in a shareholders agreement. These include giving EGFL the right to be represented on the Board of Directors of the clients' company.

When preferred shares are purchased, EGFL usually requests an annual dividend ranging from 8% to 12.5% on its equity investments.

Entrepreneurs are given the first choice to purchase EGFL's shares in their companies at a predetermined time and minimum or fair market price.

Equity investments are for periods ranging from 5 to 10 years. The actual duration of the investments is determined by the cash flow dynamics of each project. Clients are given the option of redeeming EGFL's equity investment each year during the investment period.

How does loan financing work?

Loans are similar to regular commercial bank loans except for the following:

- All loans are calculated on a reducing balance basis
- Interest rates are normally below the prime lending rates of commercial banks; and
- The maximum loan repayment period is 10 years

How can my business qualify for funding from EGFL?

Your business must:

1. be incorporated to access equity funding. (This is not required to access loan financing)
2. demonstrate the potential to provide EGFL with an attractive return on its investment
3. provide adequate security for any debt component of an application for funding
4. be registered with the Barbados Revenue Authority
5. show evidence of compliance with the National Insurance Scheme; and meet at least two of the following criteria:
 - a) have less than 200 employees
 - b) have fixed assets valued at less than \$1 million; and
 - c) generate between \$100,000 and \$7.5 million in annual sales

What is the procedure for applying for funding?

Applications for funding should be presented in a business plan which should include:

- information on the company's financial and management structure
- strategic plans (including marketing plans) for the next 3 to 5 years
- current and/or most recent audited financial statements, and
- realistic financial projections (balance sheets, income and cash flow statements) for 3 to 5 year