

# Frequently asked questions about The Innovation Fund

## **What types of projects does the IF invest in?**

The IF invests in commercially viable innovative projects in a wide range of sectors including:

- Environmental management
- Waste management
- Culture: music, arts and craft, films, etc.
- Information technology
- Energy conservation
- Tourism product innovation/diversification
- Non-traditional agriculture/agro-business

## **How much funding can my project/business receive from the IF?**

Applicants can receive from BDS\$25,000 to BDS\$250,000 in equity funding from the IF.

## **How does the IF's equity funding work?**

EGFL purchases common shares or preferred shares in your company on behalf of the IF. The conditions of the investment are specified in a shareholders agreement. Entrepreneurs are given the first choice to purchase the EGFL's shares in their companies at a predetermined time and minimum price.

## **How can my project/business qualify for funding from the IF?**

In order to receive funds from the IF, your business must be innovative, commercially viable, and incorporated with a majority of shares owned by Barbadian residents. Furthermore projects should:

1. not have a potentially negative impact on Barbados' land and/or the marine environment;
2. directly or indirectly be a net generator/saver of foreign exchange;
3. not be focused on real-estate development, traditional agriculture or manufacturing; and
4. be in a new, emerging or re-emerging, under-developed sector or sub-sector of the Barbadian economy.

## **What is the procedure for applying for funding?**

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

- an overview of the project, clearly demonstrating its innovativeness and potential to generate significant market demand;
- a development plan of the project from concept to commercialisation;
- strategic plans (including marketing plans) for next 3 to 5 years;
- realistic financial projections (balance sheets, income and cash flow statements) for a minimum of 3 years.

## **Does the IF require collateral to invest in my project?**

No collateral is required to access IF funding.

## **Who makes the investment decisions?**

All investment decisions are made by the Investment Committee of the IF.

**How long does it take for investment decision to be made?**

EGFL strives to have investment decisions made within 4 to 8 weeks after the receipt of an application. However, the actual time taken depends on the quality and completeness of information submitted by applicants.

**Is there an interest charge on IF investments?**

There is no monthly interest **or annual dividend payments required** if common shares are purchased. However, annual dividend payments ranging from 8% to 10% are requested if preferred shares are purchased.

**What is the tenor of IF investments?**

IF usually invests for 5 to 7 year periods. The option to extend the investment period to 10 years is also available by mutual agreement. The actual duration of investments is determined based on the projected cash flow dynamics of each project. Clients are given the option of redeeming the IF shareholdings each year during the investment.