

# Frequently Asked Questions

## What is the ECPCGC guarantee?

The ECPCGC guarantee is an arrangement between the financial institutions in the region, their borrowers and the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC), whereby some of the collateral / security is provided by ECPCGC to the banks to help secure the loans sought by the Micro, Small and Medium Entrepreneurs (MSMEs).

The programme is funded by six member states in the OECS and is supported by the Eastern Caribbean Central Bank and the World Bank.

Some commercial banks and development banks are already signed to the programme. Credit unions would also be admitted. There are Participating Financial Institutions in the following islands:

## Are all financial institutions a part of this programme?

- Antigua and Barbuda - Antigua Commercial Bank Ltd.  
Eastern Caribbean Amalgamated Bank Ltd
- Dominica – National Bank of Dominica Ltd  
Republic Bank EC Ltd
- Grenada – Grenada Co-operative Bank Ltd  
Grenada Development Bank Ltd  
Antigua Commercial Bank Ltd. Grenada  
Republic Bank Grenada Ltd
- St. Kitts and Nevis – St. Kitts Nevis Anguilla National Bank Ltd  
Republic Bank EC Ltd
- St. Lucia – Bank of St. Lucia Ltd  
First National Bank St. Lucia Ltd  
St. Lucia Development Bank Ltd  
Republic Bank EC Ltd
- St. Vincent and the Grenadines – The Bank of St. Vincent & the Grenadines  
Republic Bank EC Ltd

## How does it work?

1. The entrepreneur/MSME approaches the bank, credit union or development bank for a business loan.
2. The entrepreneur/MSME provides evidence of his/her business income, expenses and identifies why the funds are needed.
3. The bank does an assessment, and if the project is sound, the bank would ask the entrepreneur/MSME to show his/her contribution to the project, and to outline what collateral/security there is available to pledge to the bank.
4. Once the bank is satisfied that the project is sound, and the loan can be repaid, but the entrepreneur/MSME lacks the full amount of collateral/security required, the bank applies to ECPCGC for a guarantee.

## What types of businesses are eligible for the guarantee?

- The business must be registered
- Annual revenue must be no more than XCD2m
- Number of employees must be less than 50 permanent
- The borrower must provide 10 - 25% equity in the project for which the loan is sought
- The borrower must provide collateral of 20-25% to the financial institution
- The business may be for profit or not for profit
- There is no limitation on the type of business as long as there is no danger presented to the environment as indicated on the World Bank Exclusion List that is available at the financial institution
- The age of the business can range from 3 months and up, depending on the guarantee being sought
- The business must have all the national permits that are required

## What are the types of guarantees offered?

There are 3 guarantee products: the Classic Guarantee, the Working Capital Guarantee and the Start-up Guarantee.

For more details, refer to Product Sheet and/or ECPCGC Brochure.



**Is there a limit per country as to the number and amount of guarantees granted?**

There is no limit on the number of guarantees per country or per financial institution. Guarantees would be issued on a “first come, first served” basis. Different countries are at different stages of development and would leverage the programme differently during its lifetime.

**Who gives the guarantee and determines the eligibility of the borrower?**

The guarantee is issued by ECPCGC and the eligibility requirements for MSMEs are enshrined in the Participating Lenders Agreement, which is signed by ECPCGC and the financial institution. Financial Institutions must comply with these conditions.

**Can someone have a guarantor as part of the collateral/security offered?**

Guarantors are acceptable. They must provide a Statement of Affairs during the application process and must be approved by the financial institution.

**Can the lender extend the loan beyond 10 years?**

The lender can extend the term of the loan, but the guarantee would cover only 10 years. The guarantee expires after that period.

**Is XCD 300,000 the maximum loan amount or the maximum guarantee amount?**

XCD 300,000.00 is the maximum loan amount, and the maximum guarantee amount is XCD 225,000.00. The actual amount is determined by the product being sought.

**What is the anticipated turnaround time for an approval decision?**

According to our operational guidelines, the maximum turnaround time for ECPCGC approval is 5 working days. However, this does not include the time that the financial institution would spend analyzing the loan application. This varies from bank to bank.



**Is there a penalty for early repayment of a loan?**

There is no penalty for early repayment of a loan.

**How does ECPCGC handle the borrower when s/he encounters difficulty in loan repayment?**

ECPCGC works with the financial institution to determine which of a series of prescriptions could be used to solve the issues encountered.

**Would there be different rules for credit unions, development banks and commercial banks?**

The same rules apply for all financial institutions under the scheme.

**Is there a fee for the use of the guarantee funds?**

There is a fee of 2.3% payable annually on the outstanding balance of the guarantee.

**Who determines the interest rate to the borrower?**

The interest rate will be determined by the financial institution depending on the risk of the facility being granted. ECPCGC would not set interest rates but would ascertain that they are aligned to the market.

**Can the borrower approach ECPCGC directly?**

The borrowers deal directly with the financial institutions who deal with ECPCGC. There is, however, a Grievance Redress Mechanism available on the ECPCGC website at [www.ecpcgc.org](http://www.ecpcgc.org).