



# TOURISM LOAN GUARANTEE FACILITY

Tourism continues to be the most productive sector in terms of its contribution to the Gross Domestic Product (GDP), employment and foreign exchange earnings to Barbados. However, the slowdown in the global economy has impacted negatively on this sector, leading to the creation of the Tourism Loan Guarantee Facility (TLGF) by the Government of Barbados under the administration of the Central Bank of Barbados.

The TLGF provides security in the form of guarantees to financial institutions for credits to businesses that accommodate tourists. This financial support is expected to assist in ensuring the long-term sustainability of the tourism sector.

## WHO BENEFITS?

Hotels and other enterprises providing accommodation for tourists in Barbados are eligible to apply for guarantee support. Companies seeking support under this facility must have a Loan to Value (LTV) ratio of 80% or lower.

## WHAT CAN BE FINANCED?

Guarantees may be issued for:

- ✚ Working capital purposes, including maintenance and minor repairs
- ✚ Payment of debt service
- ✚ Capital expenditure

## EXTENT OF GUARANTEE

The value of guarantees shall be expressed in Barbados dollars and shall not exceed **BDS\$3.0 million in facilities for any one enterprise or BDS\$6.0 million for a group of associated enterprises.**

Guarantees may be provided for up to 100% of the credit facilities.

## MATURITY AND GRACE PERIODS

Maturity periods on guarantees for new loans and debt service shall be according to the requirements of each sub-project but shall not exceed a maximum of **seven (7) years.**

A moratorium on debt service for up to **three (3) years** may be included for new short-term loans. The maturity and grace period will depend on the capacity to repay and other characteristics of the particular project.

### **INTEREST RATES TO BORROWERS**

Financial intermediaries may set interest rates on guaranteed facilities according to the risk profile of the respective project.

### **GUARANTEE PREMIUM**

An annual premium of up to **0.75%** will be charged on guarantee facilities.

Premiums may be payable in advance at the beginning of the calendar year or on the anniversary date of the guarantee.

**Any further queries regarding the Tourism Loan Guarantee Facility can be directed to the:**

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