Development Bank of Jamaica Limited

Facilitating economic growth and development

Products & Services Guide

PROVIDING FINANCIAL SOLUTIONS FOR YOUR BUSINESS

OUR MISSION

The Development Bank of Jamaica (DBJ) provides opportunities to all Jamaicans to improve their quality of life through development financing, capacity building, public-private partnerships and privatisation solutions in keeping with Government policy.

Table of Contents

General Sector Eligibility 3
GOJ Enterprise Size Classification Chart 3
DBJ Loan funding is available for 4
How much can you borrow? 4
Interest rates & Loan tenure 4

LOANS

Applying for a DBJ Loan 5
Eligibility Criteria for a DBJ loan 5
Eligibility Criteria of the AFI 6
Loan readiness tips 6

COLLATERAL ASSISTANCE

DBJ's Partial Guarantee – The Credit Enhancement Facility (CEF) 7
Benefits of the CEF 7
Guarantee Coverage 7
Percentage Coverage 7
General Eligibility Criteria 8
CEF Guarantee Fees 8
How to access the CEF Guarantee 8

VOUCHER FOR TECHNICAL ASSISTANCE (VTA) 9

OTHER SUPPORT SERVICES

Energy Audit Grant 11
Innovation Grant from New Ideas to Entrepreneurship (IGNITE) 11
Jamaica Venture Capital Programme (JVCP) 12
Approved Financial Institutions 13
Micro Finance Institutions 13

THE DBJ PROVIDES:

- Financing solutions through alliances with Approved Financial Institutions (AFIs), which include commercial banks, credit unions and investment houses or through Micro Finance Institutions (MFIs) that provide loans to micro entrepreneurs.

- Direct lending for large projects in strategic areas - for example, the Information, Communications & Technology/Business Processing Outsourcing (ICT/BPO) sector.

- Collateral support through the Credit Enhancement Facility

- Management of the public-private partnerships and privatisation programmes that facilitate private sector investment in the Jamaican economy

- Grant funding and technical assistance that provide capacity development support to improve the productive capacity of micro, small and medium-sized enterprises (MSMEs)

- Oversight of the implementation of a sustainable and globally relevant venture capital and private equity industry in Jamaica.

LOAN FINANCING

DBJ's loans to MSMEs are generally on-lent to clients with viable projects through AFI and MFI which provide the initial credit evaluation and loan supervision.

GENERAL SECTOR ELIGIBILITY

DBJ will approve loans to business entities operating in Jamaica and engaged in viable businesses in the productive and services sectors of the Jamaican economy which include, but are not limited to, agriculture/agri-business; agro-processing; energy efficiency and alternative energy solutions; information & communications technology; infrastructure; manufacturing; mining; business process outsourcing; animation; creative industries – film, entertainment & music; services; tourism (attractions, accommodations, health tourism, eco-tourism); retail and distribution (for small and medium-sized enterprises only).

GOJ ENTERPRISE SIZE CLASSIFICATION CHART

Firm Size	No. of Employees	Total Annual Sales/Turnover
Micro	< 5	≤ 15M
Small	6-20	>15M ≤75M
Medium	21-50	>75M ≤425M
Large	> 50	> 425M

DBJ loan funding is available for:

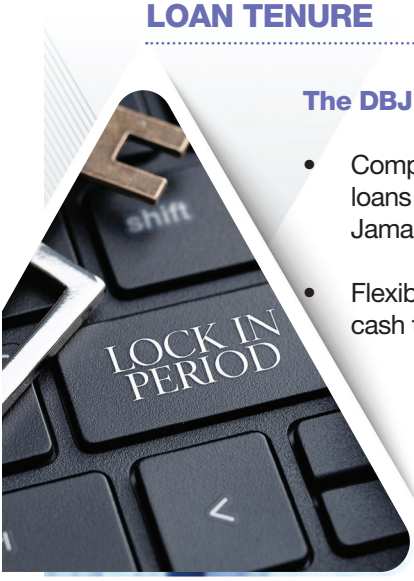
- Construction of structures (for productive purposes)
- Establishment of crops & livestock
- Expansion/modification of structures
- Purchase of machinery & equipment
- Purchase of movable fixed assets
- Permanent working capital
- Rehabilitation/renovation of existing enterprises
- Energy efficiency projects
- Tourist attractions & wellness projects
- To acquire commercial real estate
- Motor vehicles for use in the business

HOW MUCH CAN YOU BORROW?

The DBJ's debt to equity ratio requirement is a minimum of 70:30 for large enterprises with annual revenues in excess of J$425M. These enterprises can therefore borrow 70% of the cost of the project. For MSMEs, the DBJ will finance up to 90% of the project cost.

For energy loans, 75% of loan funding is available to large enterprises and 90% to MSMEs.

INTEREST RATES & LOAN TENURE



The DBJ offers:

- Competitive interest rates on loans denominated in both Jamaican and US dollars.

- Flexible loan tenures based on cash flow.

APPLYING FOR A DBJ LOAN

- Visit your financial institution (AFI or MFI), to discuss your project proposal and ask for a DBJ loan.

- The AFI or MFI appraises the project proposal and if the assessment is favourable, the proposal and the loan application are submitted to DBJ.

- Once DBJ determines that the project meets the established criteria, the funds are approved and disbursed to the AFI for on-lending.

Financial solutions with your business in mind

DBJ Offers:

- Up to 90% financing for MSME loans
- Flexible moratorium up to 24 months (Conditions apply)
- Longer repayment term up to 10 years (Conditions apply)
- Competitive interest rates on the reducing balance.

ELIGIBILITY CRITERIA FOR DBJ LOAN APPLICATIONS

- Business registered in Jamaica (as well as farmers registered with the Rural Agricultural Development Authority (RADA)/ Ministry of Industry, Commerce, Agriculture and Fisheries).
- Valid Tax Compliance Letter (TCL).
- Project must be legal, technically feasible, financially viable & environmentally sound.
- Projects must be able to generate new jobs and earn or save foreign exchange.
- Loan application must be approved by an AFI.

ELIGIBILITY CRITERIA OF THE AFI

Loans are processed strictly by your financial institution that bears the credit risk for each application. It is recommended that applicants speak with their relevant business banker to determine the specific requirements of the AFI which, generally, may include but is not limited to the following:

- Business registration (both trading as and limited liability registration)
- Proof of income (recent copies of audited financial statements, bank statements, cash flow projections, pay slips, etc.)
- Proof of collateral (cash, securities, assigned life insurance policies, shares, real estate, motor vehicle title, plant & machinery, etc.)
- Business and/or strategic plan may be required
- Applicant's ID & TRN
- Regulatory approvals (where applicable)

LOAN READINESS TIPS

- The ability of the financial institution to validate your business revenues or earnings will simplify the loan application process. One sure way to address this is to pass all income earned through your business bank account. This simple practice done consistently creates a financial footprint and puts your business in a better position to access loans.
- It is also recommended that, as soon as you start trading, you register your business.
- Keep proper accounting records – from your receipt books to raw material purchases, to your profits earned. Keep your records!
- Please note that Approved Financial Institutions may have varying requirements based on their credit risk management policies, so explore your options to see which one is right for you.

DBJ'S PARTIAL GUARANTEE –

THE CREDIT ENHANCEMENT FACILITY (CEF)

Many micro, small and medium-sized enterprises are unable to provide adequate security to pledge against business loans. With DBJ's CEF (partial guarantee) MSMEs are one step closer to accessing loan financing.

Benefits of the CEF:

- Supplements available collateral to meet the lending requirements of financial institutions
- Allows MSMEs with financially viable projects to access credit for business expansion

Guarantee Coverage

The maximum guarantee coverage per sub-borrower, entity or group is:

- General MSME Loan Guarantees: Max. J$30M
- Small MSME Loan Guarantees: Max. J$10M
- Start-up* Loan Guarantees: Max. J$5M

Start-ups are businesses operating for a period of up to* ***24 months*

Percentage Coverage

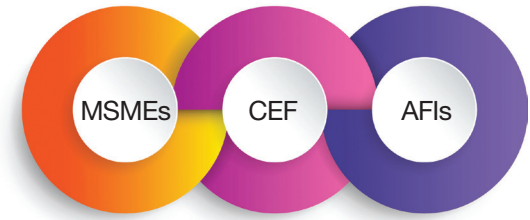
The maximum guarantee coverage per sub-borrower, entity or group is:

- General MSME Loan Guarantees: 80%
- Small Loan Guarantees: 90%
- Start-up Loan Guarantees: 80%

General Eligibility Criteria

CEF Guarantees are available to MSMEs as detailed below:

» Annual turnover of J$425 million or less
» Businesses operating for more than 24 months
» Start-ups operating for more than 12 months
» Satisfactory credit history



CEF Guarantee Fees

- An annual fee of 2% plus GCT is payable on the amount guaranteed

  Visit: www.dbjcef.com for more information.

How to Access the CEF Guarantee

The MSME submits a loan application to the AFI. If the AFI realizes that there is a shortfall in collateral, it may recommend the use of the CEF.

VOUCHER FOR TECHNICAL ASSISTANCE (VTA)

The VTA, a capacity development product, provides business support services to MSMEs and is designed to assist entrepreneurs to create a more viable business operation.

This is how it works

- Registered business owners apply online at www.dbjvoucher.com for the required voucher.
- The entrepreneur then visits an approved Business Development Organisation (BDO) to redeem the voucher for the assistance required.
- After receiving the service, the business operations would have improved and the entrepreneur may then visit an AFI for a loan or other funding opportunities, if required.

Services available through the VTA programme include:

- Environmental Consultancy
- Digital Transformation
- Training Programmes
- Management Consulting
- Branding
- Certificates of Analysis
- Testing & Calibration
- Sales of Standards
- Shelf-life Studies
- Business Plan
- Strategic Plans
- Factory Layout
- Market Research
- Certification Services
- Registration of Patents
- Financial Statements
- Financial & Accounting System
- Product Formula Development
- Packaging (selection & testing)

- Nutritional Labelling Development
- New Product Development
- Tissue Culture Technology
- Marketing & Promotional Plan
- Web-based Marketing Package
- Financial Auditing Services
- Mentoring & Coaching
- HACCP - Food Safety Analysis
- Wastewater Management System
- Business Process Improvement

What is the Value of the Voucher?

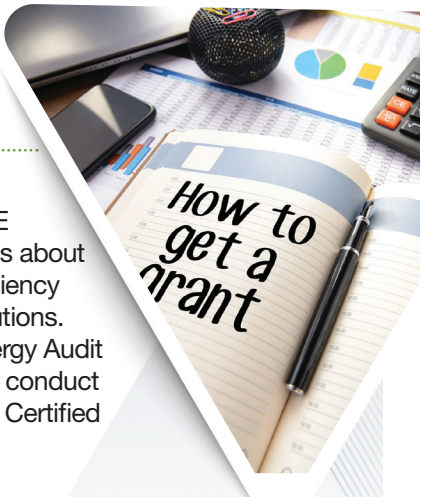
Vouchers have values ranging from $50,000 to $200,000 each, or 70% of the cost of the service; whichever is lower.

Businesses Eligible for VTA Support

Micro, Small and Medium-sized Enterprises that operate businesses in Jamaica's productive and services sectors are eligible for assistance under the programme.

The productive and services sectors include, but are not limited to, agriculture/agri-business; agro-processing; energy efficiency and alternative energy solutions; information & communications technology; infrastructure; manufacturing; mining; business process outsourcing; animation; creative industries – film, entertainment & music; services; tourism (attractions, accommodations, health tourism, eco-tourism); retail and distribution (for small and medium-sized enterprises only).

ENERGY AUDIT GRANT



The DBJ assists the MSME to make informed decisions about investments in energy efficiency and renewable energy solutions. MSMEs are offered an Energy Audit Grant of up to $200,000 to conduct an audit by DBJ-approved Certified Energy Managers.

The Grant may be used to support the MSME in accessing a loan or implementing energy efficiency projects.

Visit: www.dbankjm.com for more information

INNOVATION GRANT FROM NEW IDEAS TO ENTREPRENEURSHIP (IGNITE)

The DBJ's Innovation Grant from New Ideas to Entrepreneurship (IGNITE) programme offers innovative start-up businesses a grant of up to $4 million or 70% of the project cost, whichever is lower, for commercially viable inventions or innovations.

The grant is channeled through Business Service Intermediaries (BSIs), which are business support organizations that will assist the MSMEs in presenting their proposals and monitoring the progress of grant recipients.

The next intake of applications begins in the year 2021 and will be advertised in the print media, on DBJ's website and all its social media platforms as well as by the associated BSIs.

JAMAICA VENTURE CAPITAL PROGRAMME (JVCP)

The Jamaica Venture Capital Programme is the avenue the DBJ utilizes to:

a) Develop a venture capital ecosystem intended to create an environment conducive to the establishment of a dynamic private equity/ venture capital (PE/VC) industry.

b) Foster the establishment of new venture capital and private equity funds through public and private sector collaboration with local and international fund managers.

c) Build strong linkages with our international development partners (IDPs), the Jamaican Diaspora, as well as our Latin American and Caribbean neighbours.

The JVCP actively executes its mandate via the following:

- Private Equity Funding for SMEs working through fund managers.

- Capacity Development for university based Incubators which enables them to improve their delivery of effective programs to entrepreneurs.

- National Business Model Competition (NBMC)

  - provides leadership and technical support to encourage potential entrepreneurs at the university level and facilitates students putting entrepreneurship principles into practice, through an integrated learning experience.

Facilitates linkages between budding entrepreneurs, private sector mentors and financiers.

The NBMC is executed on the campuses of the following universities: Edna Manley College of the Visual Performing Arts, Northern Caribbean University, University of Technology Jamaica and The University of West Indies.

- Investment Readiness Workshops & Pitch Forums which are geared towards preparing entrepreneurs for equity investment.

JVCP related websites:www.venturecapitaljamaica.com
www.facebook.com/nbmcjamaica

Approved Financial Institutions:

- CIBC First Caribbean International Bank
- Citibank NA
- COK Sodality Co-operative Credit Union
- Credit Union Fund Managers
- C&WJ Co-operative Credit Union
- First Global Bank Ltd
- First Heritage Co-operative Credit Union
- GK Investments
- JDF Co-operative Credit Union
- JMMB Bank
- JN Bank Jamaica Ltd
- JN Fund Managers Ltd
- Mayberry Investments
- National Commercial Bank Ja. Ltd
- National Export-Import (EXIM) Bank
- National People's Co-operative Bank
- NCB Capital Markets
- NCB Employees Co-operative Credit Union
- Palisadoes Co-operative Credit Union
- Proven Wealth Limited
- Sagicor Bank Ja. Ltd
- Sagicor Investments Jamaica
- Scotiabank Jamaica
- Victoria Mutual Investments
- Victoria Mutual Wealth Management
- VMBS

DBJ-funded SME loans are also available through the following Micro Finance Institutions (MFIs):

- Access Financial Services Ltd.
- Bull Investments Ltd.
- C&WJ Co-operative Credit Union
- COK Sodality Co-operative Credit Union
- First Heritage Co-operative Credit Union
- First Union Financial Company
- JN Small Business Loans Ltd.
- LASCO Financial
- McKayla Financial Services
- Monaire Financial Services Ltd.

GLOSSARY OF TERMS

AFI	Approved Financial Institutions
BDO	Business Development Organisation
BPO	Business Process Outsourcing
CEF	Credit Enhancement Facility
DBJ	Development Bank of Jamaica
ICT	Information, Communications & Technology
IDP	International Development Partners
IGNITE	Innovation Grant from New Ideas To Entrepreneurship
JVCP	Jamaica Venture Capital Programme
MFI	Micro Finance Institutions
MSMEs	Micro, Small & Medium-sized Enterprises
NBMC	National Business Model Competition
PE	Private Equity
RADA	Rural Agricultural Development Authority
TCL	Tax Compliance Letter
VC	Venture Capital
VTA	Voucher for Technical Assistance

NOTES

NOTES

Development Bank of Jamaica Limited

Facilitating economic growth and development

Contact us

11a-15 Oxford Road
Kingston 5
Telephone: 876) 929-4000; 615-4000
Fax: (876) 929-6055

For information on other financing solutions, visit
www.dbankjm.com

Find us on