



CARIBBEAN FINANCIAL SERVICES CORPORATION

Funding Issues

Presented by:
Mrs. Lisa Harding Eversley

June 2, 2005
Grenada Grand Beach Resort



CFSC provides a wide range of professional services

- Medium and Long Term Loans
- Equity Financing
- Co-financing opportunities
- Securities brokerage services
- Security Underwriting



In what activities will CFSC become involved?

- Manufacturing
- Agro Industry
- Tourism
- Services



CFSC provides its services to countries in the English speaking Caribbean including:

- ◆ Barbados
- ◆ St Lucia
- ◆ Dominica
- ◆ St Kitts
- ◆ Antigua
- ◆ Grenada
- ◆ Guyana





We finance transactions for:

- Capital cost components
 - ◆ Equipment
 - ◆ Buildings
 - ◆ Real Estate



Financing Limits

- Currently, the maximum Loan Size is US \$1.3 million.
- Maximum Equity Investments in any one project is US \$700,000.



Our Resource Base

- United States Agency for International Development (USAID)
- European Investment Bank (EIB)
- Caribbean Development Bank (CDB)
- Industrial Credit Fund (ICF)
-and many other private financial and multinational agencies



Our Achievements

- Investment Activities: Since inception
 - ◆ CFSC has made investments totaling US \$ 107 million
 - ◆ Employment generation impact:
 - ◆ 1,676 direct jobs
 - ◆ 3,502 indirect jobs
 - ◆ 5,178 total number of jobs created through investments.



Activity in Grenada

- As at March 31, 2005
 - ◆ CFSC invested in 15 projects
 - ◆ Loans and Investments totaled US \$16 million represented by:

◆ Manufacturing	\$410,000
◆ Tourism	\$15 million
◆ Other Industry	\$501,034



Criteria used to evaluate projects

■ Market risk

- ◆ Is there a demonstrated market
- ◆ Will the product/technology address a problem
- ◆ Can the invention lead to a dominant market share/adequate market growth

■ Technology risk

- ◆ Who owns the technology?
- ◆ “Protectability” of the product



Criteria used to evaluate projects

■ Financial risk

- ◆ How much will it take? Can sufficient capital be raised?
- ◆ What is rate of return on investment

■ Management risk

- ◆ Expertise and experience
- ◆ Willingness to give up some control
- ◆ *“bet on the jockey as well as the horse”*



Summary of Obstacles

- Inadequate investigation of the market
 - ◆ competitive threats
 - ◆ penetration strategies
 - ◆ marketing network especially in non-traditional sectors
 - ◆ absence of statistical data

- Inadequate financial reporting
 - ◆ absence of historical financial statements
 - ◆ unrealistic financial projections



Summary of Obstacles

- Pool of high growth businesses lacking
- Equity injection difficult for entrepreneurs to raise
- Obtaining required security from entrepreneurs even in quasi-equity scenarios remain challenging
- Unclear exit strategies



Increase your success for investment by:

- A clear vision of the business and the ability to articulate that vision
- An understanding of the potential obstacles to business success (and having plans to address possible setbacks)
- A clear idea of how long it should take to show a profit
- A strong experienced management team
- A well planned marketing strategy
- A large market opportunity



Way Forward

- Re-assessment of timeframe for divestment
 - ◆ Longer term investments- “patient capital”
- Structuring the deal
 - ◆ Number, type and mix of equity investments
 - ◆ Allow for contingencies
 - ◆ Is rate of return realistic given size of market conditions?
- Need for increased funding for technical assistance
 - ◆ Support management capabilities



Thank you for Your Attention!!!