

Guaranteed Loan
Programme



Women **Entrepreneurs**



2023

- Standalone grant funding
- Reunion tea parties
- Weekly podcast series



Initiative

Overview

According to Business News Daily, "Women entrepreneurs face challenges that men might never experience, let alone consider." Specifically, the challenges women entrepreneurs often face are 1) accessing capital to start or grow their business, 2) feeling respected as business owners and 3) building an effective support system. The Women Entrepreneurs Initiative was designed to help women across The Bahamas overcome these challenges.

Under the Guaranteed Loan Programme, the Small Business Development Centre (SBDC) will launch the Women Entrepreneurs Initiative on April 10, 2023 in collaboration with the Bahamas Chamber of Commerce and Employers' Confederation (BCCEC) and the Bahamas Development Bank. The Women Entrepreneurs Initiative has five main objectives, including:

- Host virtual information sessions to discuss three funding programmes offered by the SBDC such as the Women Entrepreneurs Standalone Grant Programme, Micro Loan Programme and Guaranteed Loan Programme;
- Launch the Women Entrepreneurs Standalone Grant Programme to accept grant funding applications up to \$10,000 for startup or expansion costs, including but not limited to: training certifications, leasehold improvements, production equipment, incorporation fees, financial accounting software, liability insurance coverage, website development, marketing campaign, supplies and packaging;
- Host Tea Parties on the islands of New Providence, Grand Bahama, Abaco, Eleuthera, Andros and Long Island to connect with women entrepreneurs who graduated from the U.S. Embassy Academy of Women Entrepreneurs (AWE) Programme and women entrepreneurs who obtained funding through the AWE and the SBDC;
- Facilitate mentorship groups that support women who own or lead businesses and produce a weekly podcast series that promote these women to a wide audience across The Bahamas; and
- Publish 60 to 180-second videos showcasing women entrepreneurs on the SBDC's social media platforms, ZNS and Cable television.



Gender Statistics

Women have made significant strides in entrepreneurship and new venture creation over the past three decades. Still, the number of businesses currently owned by women is significantly lower than the number of businesses owned by men in many developing countries.

Statistics reported by the SBDC for women entrepreneurs in The Bahamas appear to be more favorable. The SBDC was launched in September 2018 and over the past four and a half years, we helped 953 women-owned businesses to access \$26,098,369 in grant, loan and equity funding. This equates to roughly \$27,385 per female entrepreneur. We also helped 976 men-owned businesses to access \$46,021,067 in grant, loan and equity funding. This equates to roughly \$47,153 per male entrepreneur.

The disparity between 953 funding applications approved for women-owned businesses versus 976 funding applications approved for men-owned businesses is 2%. However, the disparity between \$27,385 approved per female entrepreneur versus \$47,153 approved per male entrepreneur is 72%. To understand the latter disparity, please note the total funding requested by women entrepreneurs is \$28,283,942 with an approval rate of 92% ($\$26,098,369 / \$28,283,942$). In comparison, the total funding requested by men entrepreneurs is \$54,234,868 with an approval rate of 85% ($\$46,021,067 / \$54,234,868$). Since the approval rate is higher for women than men, the fact the average woman accessed 72% less funding than the average man simply means women have requested considerably less funding than men through the SBDC.

Multiple studies suggest women's debt appetite and risk tolerance are tied to their entrepreneurial self-efficacy, ability to recognize opportunities and fear of failure. In an entrepreneurial context, self-efficacy is defined as a woman's confidence in her ability to succeed in entrepreneurial roles and tasks. Therefore, if a woman is not confident in her ability to succeed as an entrepreneur, she may avoid entrepreneurship altogether or avoid entrepreneurship in specific industries she perceives to be male dominated like Technology, Energy, Construction, Transportation, Fishing and Landscaping. For example, in the left chart, women-owned businesses accessed funding through the SBDC for these top 7 industries; whereas in the right chart, men-owned businesses accessed funding through the SBDC for these top 7 industries.



Some studies have concluded men in developing countries have superior education, training, experience and networks than women; and as a result of their human capital men are better equipped to recognize commercial opportunities than women are. Perhaps this finding does not apply to The Bahamas fully; but, it is worth investigating if local men better utilize their human capital for entrepreneurial opportunities (as opposed to career opportunities) than women do, generally speaking. It is also worth investigating if men are more optimistic about the local and global economy than women are; and if optimism or pessimism enhances or inhibits entrepreneurs from recognizing commercial opportunities. What is not left for debate is the fact the Global Entrepreneurship Monitor project examined entrepreneurial activity in more than 70 countries, and the results show women in all countries (with the exception of Japan) reported fearing failure more often than men.

Afternoon Tea Party

Under the patronage of the Prime Minister's wife, Ann-Marie Davis, the initiative partners will host tea parties on the islands of New Providence, Grand Bahama, Abaco, Eleuthera, Andros and Long Island. The event theme is "Get Comfortable with Being Uncomfortable" and no better key note speaker than Bahamian native, Sherrel Sampson.

Sherrel is the Founder & Chief Executive Officer of Canvii, an innovative, organic-based health & wellness brand headquartered in Tampa, Florida. Sherrel is also an active member of The Florida Bar Statewide Advertising & Solicitation Grievance Committee and serves as a Board Member of the Clearwater Marine Aquarium and The Orenda Foundation. Prior to founding Canvii, Sherrel led teams as a marketing executive with a history of delivering omnichannel success across personal care, shopper marketing, consumer healthcare (OTC), grocery retail and enterprise software vertical. She holds a Master of Science in Integrated Marketing Communications from West Virginia University and a Bachelor of Arts in Marketing from Stetson University.

Canvii has official partnerships with Moffitt Cancer Center, USF Health, Tampa International Airport and Orlando International Airport. Canvii has also been featured via renowned media outlets such as Forbes, Allure, Vogue, BET, ESSENCE, Black Enterprise, AspireTV, and Well+Good. As a result of strategic partnerships and strong brand recognition, Canvii products are sold in over 2,000 retail locations including Wal-Mart, CVS, Sally Beauty and JCPenney Stores.

Our target is that 150 women attend the tea party in New Providence and another 150 women attend parties in Grand Bahama and the Family Islands. We also envision attendees leaving with higher self-efficacy, increased awareness of commercial opportunities in multiple industries and reduced fear of failure. Our special guests will include 50 outstanding women who have impacted the lives of other women and are being recognized as part of the 50th Anniversary of Independence.



Funding Applications

The SBDC will launch the Women Entrepreneurs Standalone Grant Programme on April 17, 2023; and the deadline to apply for up to \$10,000 in grant funding is April 28, 2023. All applicants must meet the eligibility criteria on page 7, complete the Gender Equality Survey, watch the required training videos on the SBDC's Trainer Central platform and submit the following documents before the application deadline:

- Executive Summary (3 pages)
- Valid passport photo page or voter's card
- Valid business license or proof of renewal application
- Vendor invoices
- Wire instructions

Applicants must choose vendors that have a business bank account since grant proceeds will not be disbursed directly to applicants nor to vendors that have a personal bank account. As well, applicants will be notified in writing if they are approved or denied funding under the Women Entrepreneurs Standalone Grant Programme within 14 business days of the application deadline.

Women entrepreneurs can also apply for funding under the Micro Loan Programme and obtain loan funding up to \$50,000 and grant funding up to \$20,000, as long as the matching grant is equal to 50% or less of the total funding request. To cover startup or expansion costs that exceed \$70,000, women entrepreneurs may apply for up to \$500,000 under the SBDC's flagship funding programme, called the Guaranteed Loan Programme. To apply for funding under the Micro Loan and Guaranteed Loan Programmes, women entrepreneurs must submit these additional documents:

- Business plan
- Historical financial statements
- Vendor invoices
- Wire instructions
- Corporate documents (if applicable)
- Key personnel resumes
- SBDC business overview
- SBDC non-disclosure agreement
- BDB cover page
- BDB disclosure agreement
- Personal statement of affairs
- Driver's license and NIB card

If women entrepreneurs are not able to provide a business plan and/or historical financial statements, the SBDC will engage a professional Plan Writer and/or certified Public Accountant to prepare these documents. The SBDC will also subsidize up to \$1,500 of the writer's fee and up to \$500 of the accountant's fee.

Once all the required documents for a loan and/or equity funding application are received by the SBDC, the documents will be assigned to a First Reviewer who will score the business plan using the criteria outlined on the SBDC's Business Plan Review form. The First Reviewer will only recommend the business plan for a second review if it scores 80 points or higher. If the business plan scores 79 points or lower, the First Reviewer will submit the completed Business Plan Review form to the business owner and professional writer to make recommended changes for improvement. As long as the business owner agrees in writing to the changes and the professional writer achieves a business plan quality score of 80, the First Reviewer will forward the business plan and corresponding documents to one of the SBDC's Second Reviewers. The purpose of the second review is to ensure the MSME's business plan meets the SBDC's quality standards and is ready for the scrutiny of the Investment Committee. After the second review stage is satisfied, startup and existing business owners will be invited to an Investment Committee meeting and given the opportunity to pitch their business plan and funding request to 8 Committee members.

Investment Committee

The Investment Committee has rotating members, but a minimum of 8 must attend each meeting. Based on the business owner's ability to present and defend her business plan and funding request, the Committee members will independently complete an online rubric with 10 voting criteria, including but not limited to: business viability, management expertise, realistic projections, regulatory compliance, owner's investment, strategic partnerships and innovative products or services.

As long as 5 of 8 Committee members agree the business plan and funding application scores 80 points or higher, the micro loan portion of the funding request will conditionally be approved for up to \$50,000. As well, the IDB or MIGA guarantee will automatically be approved between 75% to 90% for the guaranteed loan portion of the funding request up to \$500,000. A matching grant up to \$20,000 may also be approved as long as 5 of 8 Committee members vote "Yes" on the online rubric.

Once the Investment Committee approval letter is signed and issued by the Deputy Executive Director, the Funding Manager will issue a Micro Loan Offer Letter and a Grant Offer Letter for the business owner(s) and Executive Director to sign. The signed Micro Loan Offer Letter along with business and personal KYC documents will be forwarded to the financial institution that is responsible for performing an independent credit assessment, booking the micro loan and facilitating disbursements directly to vendors.

Whereas, the signed Grant Offer Letter will be forwarded to the SBDC's Accounts Department to initiate the disbursement of grant proceeds directly to vendors.



Guaranteed Loans

Under the Women Entrepreneurs Initiative, existing and startup MSMEs can access grant, loan and equity funding as follows:

- Up to \$10,000 in standalone grant funding
- Up to \$20,000 in matching grant funding
- Up to \$50,000 in micro loan funding
- Up to \$500,000 in guaranteed loan funding
- Up to \$250,000 in equity funding

If an MSME legitimately requires funding in addition to government grant and micro loan funding, the Investment Committee will approve the MSME for an IDB or MIGA loan guarantee and the Funding Manager will submit a guaranteed loan application and/or venture capital application to the funding partners listed below:

- Fidelity Bank
- Royal Bank of Canada
- Bahamas Development Bank
- Bahamas Entrepreneurial Venture Fund
- Simplified Lending
- National Workers Credit Union
- Teachers & Salaried Workers Credit Union

Based on the Investment Committee policy, MSMEs based in the Agriculture, Fishing, Manufacturing, Green Energy and Technology industries are eligible for an IDB or MIGA guarantee up to 90%, whereas MSMEs based in all other industries are eligible for an IDB or MIGA guarantee up to 75%.

Upon the approval of a guaranteed loan, financial institution(s) will issue a Guaranteed Loan Offer Letter for the business owner(s) to sign and a Guarantee Agreement for the SBDC's Executive Director and Deputy Executive Director to cosign. Once the Guaranteed Loan Offer Letter and Guarantee Agreement are signed by relevant parties, the financial institution(s) will facilitate loan proceed disbursements. In the instance where an applicant applies for matching grant, micro loan and guaranteed loan funding, the grant and micro loan proceeds will not be disbursed until the guaranteed loan is fully approved in writing.

To be eligible for funding under the Women Entrepreneurs Standalone Grant Programme, Micro Loan Programme and Guaranteed Loan Programme, a business must:

- Generate less than \$5 million in annual sales;
- Employ less than 50 full-time and part-time staff;
- Have a positive environmental and social impact; and
- Have majority Bahamian owners with at least 51% controlling interest.

Programme Impact

The annual budget for the Women Entrepreneurs Initiative is \$4,177,500; and over a 3-year period this budget will help 300 women entrepreneurs (roughly \$41,775 per woman) to become more profitable and sustainable as a result of training, mentorship, networking and funding opportunities.

Based on the SBDC's Economic Impact Survey for the calendar year 2021, for every funding \$1 men-owned businesses received, \$1.68 was generated in sales over a 12-month period. Whereas for every funding \$1 women-owned businesses received, \$1.74 was generated in sales over the same 12-month period. Therefore, the 3-year programme budget can potentially help 300 women-owned businesses to collectively generate \$43,613,100 in sales as follows:

Year 1 sales = \$7,268,850 (\$4,177,500 annual budget for 100 women x \$1.74 multiplier effect)

Year 2 sales = \$14,537,700 generated by 200 women

Year 3 sales = \$21,806,550 generated by 300 women

Additionally, please note the Women Entrepreneurs Initiative will empower women to improve a variety of local industries, including but not limited to:

- Agriculture
- Arts & Crafts
- Appliances
- Automobile
- Banking
- Beauty
- Cleaning
- Construction
- Courier & Delivery

- Education
- Energy
- Entertainment
- Fashion
- Food & Beverage
- Fishing
- Fitness
- Funeral
- Furniture
- Import/Export
- Insurance
- Landscaping
- Maritime
- Medical
- Packaging
- Photography & Videography
- Printing & Signage
- Professional Services
- Real Estate
- Security
- Storage
- Technology
- Telecommunications
- Tourism
- Transportation
- Waste Management