



Ministerial Statement
by

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Junior Minister of Home Affairs, Economic Development and Tourism

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New Financial Products for Entrepreneurs

Madame President, I am delighted, as the Junior Minister of Home Affairs, Economic Development and Tourism, to reiterate some of the exciting developments happening to assist the Island's entrepreneurs, thanks to work being carried out by the Bermuda Economic Development Corporation (BEDC).

Last week we joined with them in announcing TWO (2) recently approved financial initiatives that will help Bermuda's business owners and further improve their chances at success.

Madame President, the first announcement was about the increase to the BEDC's maximum loan guarantee percentage – from 50 percent up to 65 percent with a maximum dollar value of \$200,000. This addresses a long-standing barrier for many entrepreneurs to access bank loans, thus closing the gap created by a lack of collateral to secure bank financing. This change allows those with the idea, but without the means, to have the opportunity to gain access to capital and fulfill their dream of becoming an entrepreneur.

Our second new initiative is the BEDC's Debt Consolidation Micro Loan, an effort to assist entrepreneurs in accessing loan funds to pay off past debt. For years, local entrepreneurs have spoken of the challenges they have experienced in getting the capital needed to start-up, sustain, or grow their local businesses.

Bermuda is a costly place to live and do business and without the proper channels of support, some entrepreneurs have been forced to operate below their true potential or even forced to shut down. Our entrepreneurs told us that a Debt Consolidation Micro Loan program would be a tremendous help, allowing them to consolidate small debts, reduce their carrying costs, and thereby increasing business cash flows. The BEDC and the Government have listened and taken action.

Madame President, this new program will provide assistance to existing businesses by consolidating business back debts between \$5,000 and \$20,000. In order to be eligible, the back debt must have been accumulated within the last 3 years. Business owners must also have evidence of back debt related payment plans and/or evidence of attempts to repay as best as possible. This new initiative will help business owners improve their credit, rebuild business relationships, and re-establish or grow their businesses. The BEDC has allocated a total of \$200,000 to this micro loan product and loans will be offered up to a maximum of \$20,000 each.

This product is available to both small and medium businesses island wide, including vendors and those businesses located within the three

designated Economic Empowerment Zones in North East Hamilton, Somerset and St. George's.

Madame President, the BEDC's mission is "to inspire, inform, support, and grow new and existing Bermuda businesses through education, guidance, data provision, advocacy, networking and financing". While not a bank, BEDC has the legislative authority to act as a guarantor for portions of bank loans for small and medium-sized businesses, which appear viable, and where the credit-worthiness of the borrower is sound.

Madame President, this Government has demonstrated once again we are committed to increasing opportunities for Bermudian entrepreneurs. Our commitment to increasing BEDC's funding has allowed the Corporation the ability to increase its capitalisation from \$1 million to \$1.65 million. This means they are currently able to write \$9.9 million in loan guarantees up from \$6 million, as they can leverage their capitalisation 6 times. It also means BEDC can increase their direct lending total from \$500,000 to \$825,000.

For the hard working, dedicated entrepreneurs on the Island, your Government has empowered the BEDC to better help you secure financing and sustain your livelihoods. It means you can continue to provide valuable products and services to the community, with the understanding that BEDC and your Government are in your corner.

In closing, **Madame Present**, I want to take this opportunity to commend Executive Director Erica Smith and the team at the BEDC for

their responsiveness to the needs of our entrepreneurs and for their sterling efforts in working with the Government to make doing for self a little easier for our people. A recent example of this could be seen this weekend when I was invited to attend BEDC's Vend 2 Win Market and Competition at the Bermuda Athletic Association Gymnasium. The four-hour event showcased products from more than 30 local vendors.

Not only was I given the opportunity to open up the market with a few brief remarks, I also spent time that afternoon browsing the stalls on my own accord. It was very encouraging to talk to so many incredible local vendors and see their innovative and creative Bermuda made and inspired wares – from colorful jewelry, to locally scented candles and home-made spice and tea blends. I understand that the BEDC will be announcing its selection of five winners from Saturday's free vending event this week. The talented entrepreneurs will win a round trip ticket to New York City, hotel accommodation and the chance to take part in The Reserve, a unique millennial market in the heart of the Big Apple. The goal is that our Bermuda vendors will soak up the international experience and return to the island engaged and ready to provide an even greater vending experience to our community.

Thank you, Madame President.