

COVID-19 Response: Ireland

GOVERNMENT MEASURES FOR BUSINESSES

ELIGIBILITY

WHEN?

Finance / Loan Schemes

COVID-19 Working Capital Loan Scheme

- ▶ Loans up to €1.5m are available at reduced interest rates, and up to the first €500,000 can be unsecured. Minimum loan size is €25,000
- ▶ Loan periods of up to 3 years with an interest rate cap of 4% - the interest rate is fixed for duration of the loan
- ▶ Optional three-month interest-only payment period may be available depending on the lender's assessment of the application
- ▶ The loan amount and term is dependent on the loan purpose
- ▶ The loan purpose must be to fund future working capital requirements or to fund innovation, change or adaptation of the business to mitigate the impact of COVID-19

This Scheme is directed at viable micro, small and medium sized enterprises (SMEs) and Small MidCap enterprises that meet certain eligibility criteria. SMEs/ Small Mid-Cap must satisfy the COVID-19 Criterion and one of the innovation criteria –

COVID-19 Criterion:

The business is impacted by the COVID-19 virus resulting in business turnover/profitability being negatively impacted by a minimum of 15%

Innovation Criteria:

1. At least 80% of the Scheme Loan will be spent on research and innovation activities associated with the business's response to the COVID-19 challenge with the remainder on costs necessary to enable such activities
2. The business must intend to enter a new product or geographical market, and the required investment is higher than 50% of average annual turnover in the preceding 5 years
3. The business will have registered at least one technology right in the last 24 months and the purpose of the loan is to enable use of this technology right
4. The business is an SME and research and innovation costs represent at least 10% of total operating costs in at least one of the last three years preceding the application, or in the case where there is no financial history, as per current financial statements
5. The business is a Small Mid-Cap and research and innovation costs represent either: -
 - a. at least 15% of total operating costs in at least one of the three years preceding this application
 - b. at least 10% per year of total operating costs in the three years preceding this application
6. The business has been awarded a Research and Development or Innovation prize by an EU Institution or EU Body over the last 24 months
7. The business has received a grant, loan or guarantee from a European research and innovation scheme (e.g. Horizon 2020 or FP7) or regional/national research or innovation support scheme in the last three years, and are confirming that the loan is not covering the same expense
8. The business is an early stage SME and has received an investment over the last 24 months from a venture capital investor or business angel

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Applications for the scheme are being accepted on the SBCI website. There is no prescribed closing date for the scheme at present, applicants are urged to avail of this finance as soon as possible in the context of their business needs

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9. The business intends to use the loan to invest in producing, developing or implementing new or substantially improved products, processes or services or production or delivery methods (including business models) that are innovative, and where there is a risk of technological, industrial or business failure as evidenced by an external expert
10. The business is a “fast growing enterprise” operating for less than 12 years with an average annualised employee or turnover growth greater than 20% a year, over a three year period and with ten or more employees at the beginning of that period
11. The business is operating in a market for less than seven years and research and innovation costs represent at least 5% of total operating costs in at least one of the three years preceding the loan application or in the case of an enterprise (and particularly a startup) without any financial history, according to current financial statements

SMEs are defined by the Standard EU definition [Commission Regulation 2003/361/EC] as enterprises that:

- ▶ have fewer than 250 employees
- ▶ have a turnover of €50 million or less (or €43 million or less on their balance sheet)
- ▶ are independent and autonomous i.e. not part of a wider group of enterprises
- ▶ have less than 25% of their capital held by public bodies
- ▶ is established and operating in the Republic of Ireland

A Small Mid-Cap is an enterprise that is not an SME but has fewer than 500 employees

An up to date business plan will be required to be provided to the finance provider(s) in all cases when applying for a loan

Exclusions: Businesses that:

- ▶ are involved in the primary agriculture and/or aquaculture sector
- ▶ are in financial difficulty (excluding cashflow pressures caused by COVID19 virus impact)
- ▶ are bankrupt or being wound up or having its affairs administered by courts
- ▶ in the last 5 years have entered in to an arrangement with creditors, in the context of being bankrupt or wound up or having its affairs administered by the courts
- ▶ are convicted of an offence concerning professional misconduct by judgement, fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity where such illegal activity is detrimental to the European Union’s financial interests

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SBCI Credit Guarantee Scheme

- ▶ Loans of €10,000 up to €1m will be available for terms of up to seven years
- ▶ Businesses may be able to avail of between a three to six-month interest-only payment period (depending on the total loan duration)
- ▶ The Scheme is designed to support a range of debt instruments appropriate to the borrowing needs of SMEs. Term loans and on-demand performance bonds are covered by the Scheme
- ▶ The scheme provides an 80% Government guarantee to participating finance providers (currently AIB, Bank of Ireland and Ulster Bank) on qualifying loans to eligible SMEs
- ▶ The borrower pays a premium which partially covers the cost of providing the guarantee. The premium can vary but for the period July 2019 to 2020 it will be 0.5%. The premium is collected annually or quarterly in advance throughout the life of the guarantee based on the annual contracted principal balance
- ▶ The Credit Guarantee (Amendment) Act 2020 was commenced on 11 August 2020 and enables the Minister for Jobs, Enterprise and Innovation to issue guarantees in respect of a maximum aggregate amount of credit of €2 billion. It also allows for the credit guarantee scheme to be extended to persons that are established in the State and employ not more than 499 people. Ministerial regulations that will implement changes to the SME Credit Guarantee Scheme are expected to be published soon

The Scheme is targeted towards companies who are unable to access credit because of Live three distinct barriers to lending;

1. Inadequate collateral
2. Novel business market, sector or technology which is perceived by lenders as higher risk under current credit risk evaluation practices
3. Need for refinancing caused by the exit of an SMEs lender from the Irish market

SMEs, Primary Producers and small Mid-Caps can apply. In order to qualify for the Scheme, the borrower will have to declare an adverse impact of minimum 15% of actual or projected turnover or profit due to the impact of COVID-19

Exclusions:

SMEs that:

- ▶ are involved in the primary agriculture, horticulture and fisheries
- ▶ are in financial difficulty (excluding cashflow pressures caused by COVID19)
- ▶ are bankrupt or being wound up or having its affairs administered by courts
- ▶ have, in the last 5 years, entered into an arrangement with creditors in the context of being bankrupt or wound-up or having its affairs administered by the courts
- ▶ are convicted of an offense concerning professional misconduct by judgment, fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity where such illegal activity is detrimental to the EU's financial interests

Further exclusions:

- ▶ refinancing of existing debt
- ▶ property-related activities

This Scheme operates under the De Minimis State Aid rules

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Finance / Loan Schemes

SBCI Future Growth Loan Scheme

- ▶ Government loan guarantee scheme for banks (AIB, Bank of Ireland, KBC and Ulster Bank)
- ▶ The overall fund totals €800 million. At least 40% of the fund will be available to Primary Agriculture / Food Businesses
- ▶ Maximum loan size will be €3 million (first €500,000 can be unsecured). Minimum loan size will be €25,000
- ▶ Loan terms range from 7 to 10 years
- ▶ Initial maximum interest rate is capped at 4.5% for loans less than €250,000 and 3.5% for loans greater than or equal to €250,000. Variable interest rates are subject to change. Optional interest only repayments are available in certain circumstances
- ▶ Loans can be used for long term investment. Note that there are certain activities which are excluded
- ▶ Applicants must choose one of the below loan purposes:
 - Investment in machinery or equipment
 - Investment in research and development
 - Investment in business expansion
 - Investment in premises improvement
 - Investment in process innovation
 - Investment in people and/or systems
- ▶ Note that there are separate loan purposes for SME Applicants involved in primary agriculture

Applicants must be viable micro, small and medium sized enterprises (SMEs) and Small Mid-Cap enterprises which comply with certain eligibility criteria
Excluded categories (non-exhaustive): An SME or Small Mid-Cap that:

- ▶ is in financial difficulty
- ▶ is bankrupt or being wound up or having its affairs administered by courts
- ▶ in the last 5 years has entered in to an arrangement with creditors, in the context of being bankrupt or wound-up or having its affairs administered by the courts
- ▶ is convicted of an offense concerning professional misconduct by judgement, fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity where such illegal activity is detrimental to the European Union's financial interests

Applicants for loans greater than €250,000 must submit a business plan to their preferred participating lender

It is intended that the FGLS will be available for a three-year period or until the scheme has been fully subscribed

KBC is not offering funding in the agricultural sector, so only in-scope SMEs/Small MidCaps who aren't in the primary agriculture category can now apply for funding from KBC under that scheme

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Finance / Loan Schemes

SBCI Future Growth Loan Scheme (cont.)

European Investment Fund Guidelines on restricted sectors apply to this fund, meaning that funds cannot be applied to production of tobacco, production of and trade in ammunitions, casinos and equivalent enterprises etc. Certain limited restrictions apply to use for research, development or technical applications in the IT and Life Science sectors

Excluded Activities:

- ▶ Finance of specific export operations, or finance contingent upon the use of domestic over imported products. In particular, it should not apply to financing the establishment and operation of a distribution network in other States, or current expenditure linked to the export activity
- ▶ Finance of pure real estate development activity
- ▶ Finance of activities constituting pure financial transactions (e.g. purchase of shares)
- ▶ Loans to undertakings in difficulty
- ▶ Finance of activities forbidden by national or EU law
- ▶ Primary Agriculture (there are specific FGLS SME Agriculture Customers)
- ▶ Refinance to reschedule existing loan or completed project
- ▶ Aid for the acquisition of road freight transport vehicles by undertakings performing road freight transport for hire or reward

Note that there are separate excluded activities for SME Applicants involved in primary agriculture

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Ireland Strategic Investment Fund - Pandemic Stabilisation and Recovery Fund

- ▶ €2 billion fund announced for investment on a commercial basis in medium and large enterprises in Ireland affected by COVID-19
- ▶ This fund is intended to complement government supports made available through SBCI and Enterprise Ireland
- ▶ ISIF will invest in enterprises which present viable business models in the medium to long term. Investment will be made based on the core ISIF mandate of commercial return and economic impact. Economic impact will be assessed primarily based on the potential impact of the investment in supporting the stabilisation and recovery of the Irish economy

COVID-19 Criterion

Enterprises must have been negatively and materially impacted by the pandemic

Other Criteria

This fund is targeted at enterprises employing more than 250 employees or with annual turnover in excess of €50 million

Enterprises must demonstrate that they were commercially viable prior to COVID-19, and that they can return to viability and contribute to the Irish economy

ISIF may consider investing in enterprises below the level outlined above if the enterprise in question is assessed to be of substantial scale and of significant importance at national or regional level

Where existing shareholders have capital available, they will be expected to meaningfully participate alongside ISIF in any recapitalisation

Exclusions

All sectors will be considered subject to ISIF's Responsible Investment Policies

The business is not currently required to align with the ISIF's existing Priority Themes of Regional Development, Housing, Indigenous Businesses, Climate Change or Brexit

ISIF are currently seeking engagement from enterprises seeking investment. Companies are encouraged to contact psrf@isif.ie, providing an overview of the business, its financial information an overview of how the company has been affected by COVID-19. Further information regarding the documents to be submitted can be found at isif.ie.

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Finance / Loan Schemes

Enterprise Ireland's Sustaining Enterprise Fund

- ▶ Government direct finance scheme
- ▶ This scheme is the second part of Enterprise Ireland's Rescue and Restructuring Scheme
- ▶ This Scheme will be aimed at businesses with 10 or more full-time employees
- ▶ The scheme will be operated by Enterprise Ireland, providing repayable advances from €100,000 up to €800,000
- ▶ Funding will be provided for a five-year period, using the following instruments: repayable advances, grant aid, equity or loan note
- ▶ Up to 50% of the funding will be non-repayable. The maximum non-repayable support will be €200,000
- ▶ A zero % administration fee will apply to the repayable element of the funding for the first 6 months, followed by 4% per annum
- ▶ Repayments are not due until year 4 and 5
- ▶ The Equity instrument will primarily be Cumulative Redeemable Preference Shares (CRPs)
- ▶ Cumulative Convertible Redeemable Preference Shares (CCRPs) and ordinary equity may be used when Enterprise Ireland seeks to match the terms of other investors
- ▶ All Funding will be made available against a submitted Sustaining Enterprise Project Plan

(continued on following page)

The funding is open to:

- ▶ Eligible companies employing 10 or more full time employees;
- ▶ Operating in the manufacturing and internationally traded services sector
- ▶ Have suffered a 15% or more reduction in in actual or projected turnover or profits or an increase in costs as a direct result of COVID-19;

This scheme is not open to companies that were:

- ▶ That are active in the primary agricultural, fishery or aquaculture sectors
- ▶ That operate in the coal and steel sector
- ▶ Covered by specific rules for Financial Services

Live.

Applications must be submitted before mid December 2020

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Finance / Loan Schemes

Enterprise Ireland's Sustaining Enterprise Fund (cont.)

- ▶ As part of the Sustaining Enterprise Fund, Enterprise Ireland will also administer a specific Sustaining Enterprise Fund for Small Enterprise. This fund will provide a €25k to €50k short term working capital injection to eligible smaller companies to support business continuity and strengthen their ability to return to growth and be trading strongly in 3 years time. The funding will be a combination of repayable and non-repayable support, with up to 50% of the funding provided non-repayable. An administration fee of 4% per annum applies to the repayable element of the funding after the first six months. Further information on the objectives and eligibility criteria for this fund, can be found here (<https://www.enterpriseireland.com/en/funding-supports/Company/Eestablish-SME-Funding/Sustaining-Enterprise-Fund-Small-Enterprise.html>)
- ▶ The Sustaining Enterprise Fund will be used to support the implementation of a Sustaining Enterprise Project Plan, which must be provided by the company outlining the eventual stabilisation of the business and a return to viability. It must also show that the company, with EI assistance and the contribution of its own business continuity plans, has sufficient cash to bring the business back to more normal operations as the current restrictions are relaxed or lifted over the next three to six months

- ▶ Open to manufacturing and internationally traded services companies with (i) 10 or more full-time people on their payroll on 29 February 2020 and (ii) an annual turnover in their most recent financial statements not exceeding €5 million, which have seen (or expect to see) a 15% or greater reduction in actual or projected turnover or profit, or a significant increase in costs as a result of COVID-19
- ▶ The scheme is not open to companies that (i) are medium or large undertaking who were in financial difficulties on 31 December 2019, (ii) are operating in the coal or steel sector, (iii) are active in the primary agricultural, fishery or aquaculture sectors and (iv) are covered by specific rules for Financial Services
- ▶ Funding will be awarded against a submitted Sustaining Enterprise Project Plan

Live

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WHEN?

Finance / Loan Schemes

COVID-19 Business Loan - MicroFinance Ireland

- ▶ Offering loans from €5,000 to €25,000 to sole traders, partnerships and limited companies with less than 10 employees and annual turnover of up to EUR2m that were trading prior to the COVID-19 pandemic in Ireland
- ▶ This scheme applies to entities which are microenterprises and applicant borrowers are subject to an eligibility criteria including (without limitation), microenterprises which (i) have been unable to secure finance from the bank or commercial lending provider and (ii) have been impacted by COVID-19 resulting in a 15% or more reduction in turnover or profit
- ▶ Loan term up to a maximum of 3 years (by exception, capital expenditure may be funded up to 5 years)
- ▶ Interest-free and repayment-free moratorium will be in place for first 6 months of term, with the loan to be repaid over the remaining 30 months of the 36 month term. Repayments begin in month seven but, if all the repayments are paid in full in those six months, the interest for months seven to twelve of the loan will be refunded by the Government in month thirteen
- ▶ Interest rate after the first 6 months will be a reduced interest rate of 4.5% APR for LEO applications (applications made through a Local Enterprise Office Network) and 5.5% APR for direct applications (applications made directly to MicroFinance Ireland)
- ▶ Fixed repayment scheme with no penalties for early repayment

- ▶ This scheme applies to entities which are microenterprises and applicant borrowers are subject to an eligibility criteria including (without limitation), microenterprises which (i) have been unable to secure finance from the bank or commercial lending provider and (ii)) have been impacted by COVID-19 resulting in a 15% or more reduction in turnover or profit

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Employment

Employment Wage Subsidy Scheme (“EWSS”)

- ▶ On 24 July, the Irish Government announced the introduction of a new scheme to replace the Temporary Wage Subsidy Scheme from 1 September 2020. A rate of €203 or €151.50 gross per week, will be paid to eligible businesses for each qualifying employee depending on their gross weekly pay. The rates will be as follows:

Gross Weekly Pay	Subsidy
Employee paid more than €1,462 gross per week	No subsidy
Employee paid between €203 and €1,462 gross per week	€203
Employee paid between €151.50 and €202.99 gross per week	€151.50
Employees paid less than €151.50 gross per week	No subsidy

- ▶ The primary criteria for qualification is that the employer must demonstrate that they are experiencing a 30% reduction in turnover for the period 1 July to 31 December 2020 when compared to the same period last year
- ▶ A reduced rate of employer PRSI of 0.5% is charged on wages paid to eligible employees under the EWSS
- ▶ Revenue Guidelines on the EWSS are available [here](#) and our briefing on the EWSS is available [here](#)

From 1 September 2020 to 31 March 2021

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Grants

Restart Grant Plus Scheme (the updated Restart Fund for Micro and Small Businesses Scheme)

- ▶ Direct grant of between €4,000 up to a maximum of €25,000 available to businesses to help them with the costs associated with reopening and reemploying workers following COVID-19 closures
- ▶ The grant will be based on the amount of the rates assessment for the premises for 2019 (excluding arrears). The hospitality sector, commercial sports businesses, trading charity shops and tourist attractions are eligible if they operate from a rated premises. A franchisee which is a financially independent company and is completely separate to the franchisor and small company chains that meet the criteria are also eligible to apply. B&Bs in non-rated premises will be eligible to apply for the minimum €4,000 grant from Fáilte Ireland
- ▶ Those that accessed funding through the previous round of the scheme are eligible to apply for a second top-up payment to a total combined value of the maximum grant level

Criteria

To qualify, enterprises must have:

- ▶ 250 employees or less;
- ▶ Turnover of less than €100,000 per employee; and
- ▶ Reduced turnover by 25% as a result of COVID-19

Multinationals, large chains that are part of a large group company and small Irish based subsidiaries with overseas parent companies are not eligible. Large chains that are part of a large group company, that is, one legal entity with a number of branches, such as fast food, group and multiple supermarkets, group hotels, group betting shops and group pharmacies are also not eligible

Firms can apply through their Local Authority

Applications will open shortly for non-rated B&Bs who must apply to Fáilte Ireland

COVID-19 Business Financial Planning Grant Scheme

- ▶ Government direct finance scheme
- ▶ This scheme is the first part of Enterprise Ireland's Rescue and Restructuring Scheme, aimed at vulnerable but viable businesses affected by COVID-19
- ▶ The grant is worth up to €5,000 (being 100% funding up to €5,000 to access an approved financial consultant)
- ▶ The grant is designed to help companies to develop a robust financial plan, including preparation of documentation required to support applications for external finance from banks and/or other finance providers (including Enterprise Ireland)
- ▶ Reference document with more detail can be found here <https://www.enterpriseireland.com/en/funding-supports/Company/Eestablish-SME-Funding/COVID-19-Business-Financial-Planning-Grant-Ref-Doc.pdf>

The grant will be targeted at;

- ▶ all Enterprise Ireland (EI) Clients

In addition, the grant will also be open to;

- ▶ Údarás na Gaeltachta Clients
- ▶ IDA Clients
- ▶ Domestically focused Non-EI Clients that employ 10 or more full time staff and are manufacturing and/or Internationally Traded Services

The scheme is not open to companies active in the fisheries sector or in the primary production of agricultural products or companies operating in the coal and steel sector

Companies will need a positive de Minimis balance to cover the approved grant amount (to be self certified)

A condition of payment is the submission of a completed financial and business plan to Enterprise Ireland

Live via Enterprise Ireland's online portal

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Grants

Enterprise Ireland Business Process Improvement Grant

- ▶ Used to support short to medium term company projects that are designed to develop management capability and drive company efficiencies and business process improvements
- ▶ Improvement projects must address a clear business need and deliver a positive impact on your business. Projects must also demonstrate the potential to develop the knowledge and skills of the company's management team. The Business Process Improvement Grant can be used to support one of the following assignments;
 1. Lean Plus Assignment (medium term business process improvement project which will result in sustained use of Lean techniques);
 2. E-Marketing Improvement Assignment (designed to develop and enhance your company's capability to use the internet as an effective channel for business development); or
 3. GreenPlus Assignment. (designed to assist company managers to develop a high level of environmental management capabilities, drive environmental efficiencies and achieve improved sustainability)
- ▶ Lean Plus Assignment and Green Plus Assignment:
 - Eligible costs include the cost of hiring external consultant/trainers. A company may also choose to allocate the costs of an internal company project champion/manager subject to Enterprise Ireland approval
 - The maximum level of grant support is up to 50% of eligible costs incurred to a maximum grant of €50,000
- ▶ e-Marketing Improvement Assignment:
 - Eligible costs include the cost of hiring external consultant/trainers. A company may also choose to allocate the costs of an internal company project champion/manager subject to Enterprise Ireland approval
 - The maximum level of grant support is up to 50% of eligible costs incurred to a maximum grant of €35,000

- ▶ Open to all Enterprise Ireland clients or potential clients who have been trading for at least 5 years and who are engaged in manufacturing or eligible internationally traded services
- ▶ The project which you apply to be considered under this grant must fall under one of the three assignments (Lean Plus, E-Marketing Improvement or GreenPlus) and further detail on what is considered an eligible project for one of these assignments is provided for on the Enterprise Ireland website

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▶ Note:

- ▶ This document only summarizes key measures implemented to benefit businesses operating in Ireland (other schemes are available which are not set out here for various reasons primarily due to the size of the scheme, the targeted businesses or the purpose of the scheme e.g. a *Strategic Consultancy Grant* (to assist SMEs develop a strategic response plan), a *Be Prepared Grant* (for Enterprise Ireland clients who would benefit from further research and external expertise in examining their exposure to COVID-19 and exploring ways of addressing this); a *Business Continuity Voucher Scheme* for microenterprises etc.)
- ▶ The measures described above were in place as of **28 October 2020**. Updates and additional government measures are expected