



June 2020

## Update: Additional Government Funding Supports for Businesses Impacted by COVID-19

### Introduction:

As discussed in our April 2020 briefings (available [here](#)), a range of measures and other key actions have been implemented by the Irish Government, the Central Bank of Ireland, the EU and other market participants to assist borrowers who are experiencing financial difficulties during the Covid-19 pandemic. The economic and financial implications of the pandemic continue to have a severe impact on small and medium-sized enterprises (“SMEs”) as well as micro enterprises. The Irish Government has recognised that the SME sector will play a hugely significant role in rebooting the Irish economy and as such it is imperative that the SME sector receives the level of financial supports required to ensure its survival. In this regard, the Irish Government continues to work with SMEs and micro enterprises during these difficult times and has recently announced a range of new additional funding measures in order to assist businesses that are facing liquidity pressures as a result of Covid-19 “lockdowns”, and that will need support to re-open in line with the Irish Government’s roadmap for reopening our economy and society.

### New Government Funding Supports:

The new range of supports that have recently been introduced by the Irish Government to assist businesses are:

- ▣ **Future Growth Loan Scheme (“FGLS”)** - the FGLS was originally established in June 2019 via the Strategic Banking Corporation of Ireland to support the development of SMEs and businesses in the agri sector. In light of the pandemic, the FGLS has recently received a boost of €200 million in funding from the Department of Business, Enterprise and Innovation which will be released in tranches to provide long-

For further information on any of the issues discussed in this article please contact:



Conor Keaveny  
Partner, Banking & Capital Markets  
DD: + 353 (0)1 673 1714  
[conor.keaveny@dilloneustace.ie](mailto:conor.keaveny@dilloneustace.ie)



Shona Hughes  
Associate, Banking & Capital Markets  
DD: + 353 (0)1 673 1712  
[shona.hughes@dilloneustace.ie](mailto:shona.hughes@dilloneustace.ie)

term loans to businesses impacted by Covid-19. Loan amounts will range from €100,000 to a maximum of €3 million per applicant. In addition, loan terms will range from eight to ten years and loans of up to €500,000 can be unsecured. Interest-only repayments may be available at the start of the loan and interest rates will be capped at 4.5%;

- ▣ **The Covid-19 Credit Guarantee Scheme (“CGS”)** – the Irish government has repurposed an existing SME Credit Guarantee Scheme which has been in place in various forms since 2012. Under the CGS, the Irish Government will guarantee up to €2 billion of loans provided by Irish banks to SMEs whose businesses have been impacted by the pandemic. The CGS will be available to certain SMEs established and operating in Ireland through AIB, Bank of Ireland and Ulster Bank in the form of a State guarantee to the relevant bank against 80% of losses). Loans of €10,000 up to €1 million will be made available for terms of between three months and six years. It may also be possible to avail of a three to six month interest only period. The CGS is conditional on new legislation being passed which cannot be done until a new government is formed following the general election held in February. Therefore, it is expected that the CGS will not be available until later in June (at the earliest);
- ▣ **Pandemic Stabilisation and Recovery Fund (“PSRF”)** – the PSRF is a €2 billion fund administered by the Irish Strategic Investment Fund to support medium and large enterprises in Ireland ‘materially impacted’ by Covid-19. The PSRF will focus on investment in large and medium enterprises employing more than 250 employees or with an annual turnover in excess of €50 million. Aside from material impact, enterprises must be able to demonstrate that their business was commercially viable prior to the pandemic, and that they can return to viability and contribute to the Irish economy; and
- ▣ **Restart Fund (the “Fund”)** – this is a €250 million fund targeted at small and micro enterprises that have been impacted by Covid-19. The purpose of the Fund is to assist businesses in reconnecting with the market, their employees and their customers. The Fund will operate through a system of rebates/waivers based on commercial rates payments from 2019. Companies will receive a total amount equivalent to no more than their 2019 rates bill and there will be a cap per business of €10,000. The Fund will be available to businesses with a turnover of less than €5 million and employing 50 people or less, which were closed or impacted by at least a 25% reduction in turnover out to 30<sup>th</sup> June, 2020. The Fund is a contribution towards the cost of reopening or keeping a business operational following the pandemic.

### **Extension of Payment Breaks**

In addition to the above business supports, a range of measures were also agreed between the Irish retail banks and the Irish Government as discussed in our recent briefing (available [here](#)). This included a 3-month payment moratorium by which banks, credit unions, retail credit firms and credit servicing firms agreed to grant payment breaks on mortgages, personal loans and business loans for individuals and businesses experiencing financial difficulties due to the pandemic. This 3-month payment break has been extended to 6-months following discussions with the Central Bank of Ireland and the Banking & Payments Federation Ireland and coincides with the majority of the EU and EBA guidelines. The 6-month payment break has also been extended to buy-to-let customers with tenants affected by Covid-19, which aims to allow landlords to pass the break onto their tenants.

## Conclusion

As the Covid-19 situation evolves, *Ireland* and *Irish* businesses are dealing with the social and *economic* fallout from the pandemic. Whilst the Irish government can be lauded for its quick response, with the introduction of a range of support packages to assist SMEs and micro enterprises, it is difficult to predict how swiftly Irish businesses will be able to recover from the economic disruption caused by the pandemic as the “lockdown” restrictions continue to be eased. The publication of the Irish Government's road map for re-opening on a phased basis has been welcomed by business groups. As the easing of restrictions continues over the coming months, the Irish Government has committed to monitoring existing funding supports available to SMEs and micro enterprises with a view to making any necessary changes to address new challenges and provide solutions.

**Dillon Eustace**  
**June 2020**

DILLON  EUSTACE

### Dublin

33 Sir John Rogerson's Quay, Dublin 2, Ireland. Tel: +353 1 667 0022 Fax: +353 1 667 0042.

### Cayman Islands

Landmark Square, West Bay Road, PO Box 775, Grand Cayman KY1-9006, Cayman Islands. Tel: +1 345 949 0022 Fax: +1 345 945 0042.

### New York

245 Park Avenue, 39th Floor, New York, NY 10167, U.S.A. Tel: +1 212 792 4166 Fax: +1 212 792 4167.

### Tokyo

12th Floor, Yurakucho Itocia Building, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan. Tel: +813 6860 4885 Fax: +813 6860 4501.

### DISCLAIMER:

This document is for information purposes only and does not purport to represent legal advice. If you have any queries or would like further information relating to any of the above matters, please refer to the contacts above or your usual contact in Dillon Eustace.

### Copyright Notice:

© 2020 Dillon Eustace. All rights reserved.