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BANKING AND FINANCE

Coronavirus: Financial Support for Irish Businesses

by **lk-shields**

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The escalation of the Covid-19 crisis has had, and will likely continue to have, serious repercussions for Irish businesses.

In a bid to counteract the impact, the Department of Business, Enterprise and Innovation (DBEI) has announced a package of financial supports for eligible companies who are suffering direct adverse economic effects from Covid-19. The package, valued at circa €400m, includes:

Working Capital Scheme

A **€200m** Working Capital Scheme through the Strategic Banking Corporation of Ireland (SBCI) will make available loans of up to €1.5m to eligible businesses negatively impacted by Covid-19.

- Such loans will apply reduced interest rates and the initial €500,000 of each loan will be unsecured
- To qualify for a loan, a business must satisfy one of the specified Covid-19 criteria and one of the innovation criteria set out for the scheme
- Guidelines on the necessary criteria and details as to how to apply for a loan under the scheme will be made available on the [SBCI website](#);

Enterprise Supports Package

A **€200m** Enterprise Supports Package through Enterprise Ireland will provide support for affected businesses through a number of schemes including a Rescue and Restructure Scheme.

- The Scheme will aim to support vulnerable but viable firms that need to transform or restructure their business.
- Enterprise Ireland will supplement direct financial support with an [online portal](#) of advice and business continuity tools and webinars for businesses

Increased Maximum Loan Amounts through MicroFinance Ireland

The maximum amount of loans available through MicroFinance Ireland (MFI) will be increased from the existing cap of €25,000 to **€50,000**, which loans are to be immediately available to support micro-enterprises (i.e. sole traders and firms of up to 9 employees) in specifically dealing with the exceptional circumstances they are facing.

Further details on such loans and the application process through the [MFI website](#) or through [Local Enterprise Offices](#).

Credit Guarantee Scheme through Pillar Banks

Covid-19 affected businesses will be able to rely on the Credit Guarantee Scheme through Pillar Banks. Loans will be available of up to €1m at terms of up to 7 years, further details of which are available through the relevant Pillar Banks.

Additional Support Schemes

In addition to the newly announced schemes, additional supports will be made available to Covid-19 affected business through schemes including First Responder support services jointly operated by the DBEI and the Department of Employment Affairs and Social Protection through the Intreo Offices and tailored support services through development agencies, Enterprise Ireland and IDA Ireland in each region.

While the above announcement and the planned introduction of such new schemes have been broadly welcomed, it is increasingly apparent that the economic difficulties facing businesses will continue to emerge and grow in the weeks and months ahead. Significant challenges will likely emerge for all businesses active in the Irish and international markets and it is vital that financial supports are made available to affected businesses in a time-critical manner. It is likely that further supports will be required as the Covid-19 crisis continues to evolve.

About the Author