The Tánaiste and Minister for Enterprise, Trade and Employment, Leo Varadkar TD, Minister for Finance, Paschal Donohoe TD, Minister for Public Expenditure and Reform, Michael McGrath TD and Minister for Agriculture and the Marine, Charlie McConalogue TD, today (Monday 7 September) opened the new €2 billion COVID-19 Credit Guarantee Scheme to provide Irish businesses, including those in the farming and fishing sectors, with access to low cost loans as they respond to the impacts of COVID-19.

This is the biggest ever state-backed loan guarantee in Ireland. The government is using its good credit rating to help Irish businesses borrow more cheaply. Most Irish SMEs have no debt and others may not want to take on more debt. Nonetheless, this will be another weapon in the armoury when it comes to responding to the economic damage wrought by COVID-19.

The Tánaiste said:

"The past few months have been extremely difficult for Irish businesses. We have seen our small and medium enterprises work hard to adapt and to continue trading in the face of this profound disruption. The Government is determined to help businesses as they operate in a fundamentally changed trading environment.

"This scheme will provide low cost loans from €10,000 to €1 million to businesses, in addition to the grants that are already available. Businesses can apply directly to a participating bank. Under the scheme the government will provide an 80% guarantee for the loan. This unprecedented measure will ensure businesses have access to the finance they need at this unprecedented time."

The Credit Guarantee Scheme is a key part of the government’s July Stimulus package, a €7.4 billion package of measures designed to stimulate a jobs-led recovery and build economic confidence while continuing to manage the impact of COVID-19. The scheme offers an 80% Government guarantee to participating banks to provide low interest loans to eligible SMEs for up to five and a half years.
Loans provided under the scheme range from €10,000 to €1 million. Interest rates will vary depending on the loan, however they will be lower than would otherwise be available in the market. To apply for the scheme, businesses can contact a participating finance provider directly.

Minister for Finance, Paschal Donohoe TD said:

"The €2 billion COVID-19 Credit Guarantee Scheme is a critical component of the suite of measures introduced by Government to aid the liquidity and solvency of SMEs. The priority given by Government to SMEs has been reflected in the range of business supports that have been made available including the warehousing of up to €2 billion of tax liabilities by the Revenue Commissioners, the €2 billion Pandemic Stabilisation and Recovery Fund being implemented by Ireland Strategic Investment Fund, the waiving of commercial rates and the wage subsidy scheme that enabled businesses to retain their staff."

Minister for Public Expenditure and Reform, Michael McGrath TD said:

"The scheme being launched today will expand the range of liquidity options available for businesses and needs to be seen alongside the range of other measures the government has introduced to support businesses. These measures will support SMEs to keep going through this difficult economic period and also signal to business owners that we have the confidence to back them. We also look forward to seeing the lending channels for this scheme being extended to also include non-bank lenders."

Minister for Agriculture, Food and Marine Charlie Mc Conalogue TD said:

"Liquidity is crucial for businesses and it is especially important that at this time, when faced with an unprecedented challenge in the form of COVID-19, that the government is there to support them. As all sectors of the economy adjust and adapt to their new circumstances, an initiative such as the Credit Guarantee Scheme can play a vital role in financing and sustaining a recovery. Farmers, fishers and food businesses can avail of the scheme to ensure that the disruptions caused by the pandemic do not undermine the ongoing viability of food production. It will ensure the continuity of economic activity in rural and coastal areas and ensure security of food supply at home and for export."

Minister of State for Business, Employment and Retail, Damien English TD, said:

"The COVID Credit Guarantee Scheme is a significant measure by Government to help businesses survive, grow and thrive as the economy and society develops through the global pandemic. The €2 billion will be available for SMEs, Small Mid-Caps and importantly for Primary Producers. This cornerstone support will bring certainty and stability to thousands of businesses throughout the country."

The scheme is operated by the SBCI and delivered through participating finance providers, allowing affected businesses to access additional financing through traditional lenders. Initially, the scheme’s focus is on term loans, but support for other loan products may be added in the future such as overdraft facilities and working capital lending.

SBCI CEO Nick Ashmore said:
"In bringing the COVID-19 Credit Guarantee Scheme to market the government has provided Micro businesses, SMEs and Small Mid-Caps with the opportunity to access to lower-cost funding during this challenging period. The expansion of the scheme to include Primary Producers and the provision of unsecured loans of up to €250,000 has significantly expanded the scope and impact of the scheme. The SBCI is delighted to continue playing its part in supporting Irish SMEs as they seek to access finance."

ENDS

Notes to the Editor:

Interested parties can find further information here.

Businesses will be required to declare that their turnover or projected turnover has been reduced by 15% as a result of COVID-19. The scheme will provide medium to long term liquidity finance. It is situated between the shorter term COVID Working Capital scheme and the long-term Future Growth Loan Scheme being offered by the government.

At launch, the participating finance providers will be AIB, Bank of Ireland and Ulster Bank. However, officials are working to bring lending to market through other providers as soon as is possible. Businesses need not previously have been clients of a participating provider to apply for lending from those providers.

The scheme will be available until the end of 2020.

The COVID-19 Credit Guarantee Scheme operates under the State Aid Temporary Framework introduced in response to the pandemic, which will remain in place until the end of 2020.