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Factsheet for case **IE-2020-14/784**

Credit guarantee scheme for COVID-19

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Country	Ireland, applies nationwide
Time period	Open ended, started on 01 April 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Access to finance
Case created	25 April 2020 (updated 30 April 2020)

Background information

The purpose of the SME Credit Guarantee Scheme for COVID-19 is to encourage additional lending to SMEs by offering a partial Government guarantee (currently 80%) to banks against losses on qualifying loans to eligible SMEs. The Credit Guarantee Scheme does not substitute for conventional lending that would otherwise have taken place. This is a repurposing of an existing SME credit guarantee scheme designed to assist SMEs to remain in business through the COVID-19 crisis.

Content of measure

The Credit Guarantee Scheme can be used by businesses to obtain loans to support changes they need to make to their business in response to Covid-19. It facilitates lending by commercial banks to SMEs by indemnifying banks against potential losses incurred from the lending.

Eligible entities for the credit guaranteed loans are viable micro, small and medium sized enterprises (SMEs). The lending decisions are made by the banks and not subject to government intervention.

The Scheme is targeted towards companies who are unable to access credit because of inadequate collateral, difficulty of accessing credit due to novel business market or technology or requirements to refinance given exit of SME lenders from the Irish market.

Loan facilities can be from €10,000 up to €1m for terms of up to 7 years with the possibility of a three to six-month interest-only payment period (depending on the total loan duration). Borrowing SMEs pay an interest rate premium of 0.5% per annum (initially in 2019/20; rate may vary thereafter) to partially cover the state costs of the guarantee.

Use of measure

No information

Actors, target groups and funding

Actors	Target groups	Funding
National government	SMEs	National funds Other

Social partners

Role of social partners	No involvement
Form of involvement	Not applicable

No involvement

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 25 April 2020: Department of Business Enterprise and Innovation (dbei.gov.ie)