



Rialtas na hÉireann
Government of Ireland

BREXIT LOAN SCHEME INFORMATION PACK



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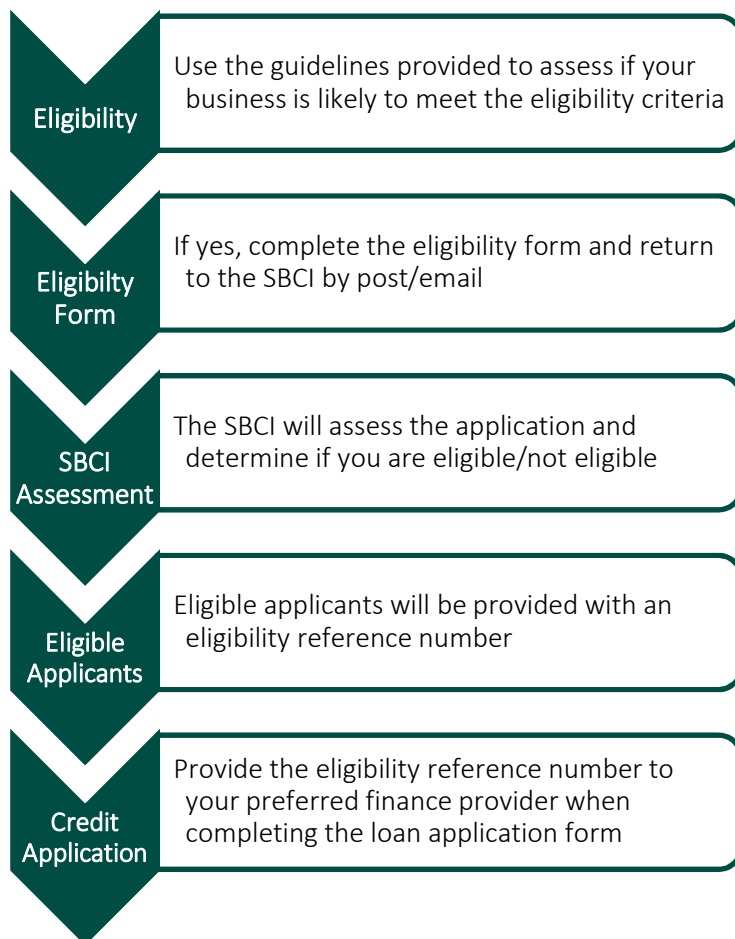


Section 1 - Fact Sheet

Brexit Loan Scheme

The €300 million Brexit Loan Scheme is designed to provide funding support to enable eligible Irish businesses to implement necessary changes to address the challenges posed by Brexit. The scheme will be available from 28th March 2018 and will remain open until 28th March 2020.

How do I apply for the scheme?



Where will the scheme be available?

After receiving an eligibility reference number, eligible businesses can contact their preferred participating finance provider, these include AIB, Bank of Ireland and Ulster Bank.

Who can apply?

To be eligible, a business must meet the following criteria:

1. Must be a viable business with up to 499 employees (SMEs and small mid-caps)*
2. Must be Brexit impacted**
3. Must meet the scheme criteria (Brexit-related criteria and InnovFin criteria)***

Loan features

- €25,000 to €1,500,000 per eligible enterprise
- Maximum interest rate of 4%
- Term ranging from 1 year to 3 years
- Unsecured loans up to €500,000
- Optional interest-only repayments provided at the start of the loans
- Approval of all loans will be contingent on meeting the credit assessment criteria of the finance provider

Loans can be used for

- Future working capital requirements to fund innovation, change or adaptation of the business to mitigate the impact of Brexit.

*Businesses that are active in the Republic of Ireland who meet the eligibility criteria. Sole traders may also apply. Qualifying SMEs are defined by the Standard [EU definition](#) and the definition for small mid-caps can be found [here](#).

**Demonstrate that 15% of business turnover is exposed to potential negative impacts as a result of Brexit, whether through (a) imports from the UK, exports to the UK, or a combination of both, or (b) indirect exposure to the UK by transacting with an enterprise directly exposed to the UK.

***The full criteria will be made available through the SBCI website <http://sbc.gov.ie/brexit-loan-scheme/>.

If you have further queries about the Brexit Loan Scheme that are not answered by this Fact Sheet, contact applications@bls.sbc.gov.ie

The Brexit Loan Scheme is offered by the Government of Ireland, through the Department of Business, Enterprise and Innovation and the Department of Agriculture, Food and the Marine and is supported by the InnovFin SME Guarantee Facility, with the financial backing of the European Union under Horizon 2020 Financial Instruments



Section 2 - Brexit Loan Scheme Q & A

1. What is the Brexit Loan Scheme?

- The Brexit Loan Scheme is a loan guarantee scheme for eligible businesses with up to 499 employees that need **relatively short-term credit** to address working capital challenges brought about by Brexit. It will help businesses innovate, change or adapt to mitigate the impact of Brexit.
- The scheme will make up to €300 million available to eligible Irish businesses. The finance will be easier to access, more competitively priced, and at more favourable terms than current offerings.
- The maximum interest rate will be 4%. This rate represents a significant saving compared with the prevailing rates that are otherwise being offered for similar loans on the market.
- Loans will range from €25,000 to €1.5 million per eligible business, with terms ranging from 1-3 years.
- The Brexit Loan Scheme is offered by the Government of Ireland, through the Department of Business, Enterprise and Innovation and the Department of Agriculture, Food and the Marine, supported by the EIB Group's InnovFin SME Guarantee Facility.
- The scheme will be operated by the Strategic Banking Corporation of Ireland (SBCI) through participating finance providers.

2. What kind of businesses are eligible for the scheme?

The scheme will be targeted at viable businesses with up to 499 employees that can demonstrate that they are or will be exposed to the impacts of Brexit. Sole traders are also eligible to apply.

To be considered eligible, businesses must satisfy **one condition from each** of the following by way of self-declaration:

1. Brexit-related criteria (Section 3) and
2. InnovFin criteria (Section 4)

The purpose of the scheme is to support businesses responding to their Brexit challenges through innovating, changing or adapting to a Brexit/post-Brexit environment. These responses may include strengthening their product offerings, developing new markets to diversify their trade footprint, changing their organisational structure or developing new capabilities.

Case studies (Section 5) are provided to further illustrate how businesses can be considered eligible under the InnovFin criteria.

3. What kind of businesses are not eligible for the scheme?

This scheme shall not apply to the following SMEs:



- i. In financial difficulty¹ (excluding short-term cash flow pressures caused by the current market conditions)
- ii. Is bankrupt or being wound up or having its affairs administered by the courts
- iii. In the last 5 years has entered an arrangement with creditors, in the context of being bankrupt or wound-up or having its affairs administered by the courts
- iv. Convicted of an offense concerning professional conduct 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
- v. Due to State Aid rules, loans will not be available to farmers and fishermen under this scheme.

There are also some business sectors that are not eligible due to EIF restrictions. Please refer to 'Section 7 – Restricted Sectors'.

4. Will businesses have to be clients of State Agencies?

No, the scheme is open to all businesses that meet the eligibility criteria. Therefore, both State Agency clients and businesses that are not in any way engaged with State Agencies are encouraged to apply. State agencies include Enterprise Ireland, the Local Enterprise Office (LEOs) and Bord Bia for example.

5. Are any of the loans aimed at particular sectors?

Given its significant exposure to the UK market, the Department of Agriculture, Food and the Marine contributed 40% of the State funding. As a result, at least 40% of the fund will be available to food businesses. However, businesses engaged in primary agriculture are not eligible for the scheme.

6. Which finance providers will participate in the scheme?

SBCI issued an open call inviting finance providers to participate in the scheme last November. Following the conclusion of the open call process, the participating finance providers are AIB, Bank of Ireland and Ulster Bank.

¹ Financial difficulty is defined as the following:
[http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014XC0731\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014XC0731(01)&from=EN) or
http://ec.europa.eu/competition/state_aid/legislation/annex_rescue_individual_aid_en.pdf



Section 3 - Brexit-Related Criteria

Eligible business must satisfy **one** of the following Brexit-related criteria:

- A. Do you export products, services or raw materials to the UK (including Northern Ireland) equating to at least **15%** of your turnover?
- B. Do you import products, services or raw materials from the UK (including Northern Ireland) equating to at least **15%** of your turnover?
- C. Does your combined exposure (A and B above) equate to at least **15%** of your turnover?
- D. Are you **indirectly** exposed to the UK (including Northern Ireland) by transacting business in products, services or raw materials with an enterprise that is directly exposed to the UK (including Northern Ireland) equating to **15%** of your turnover?

Please note, eligible businesses must also satisfy one of the InnovFin criteria (Section 4)



Section 4 - InnovFin Criteria

Eligible business must satisfy **one** of the following InnovFin criteria (choose one of the following criteria from 1 to 11):

1. At least 80% of the scheme loan will be spent on research and innovation activities with the remainder on costs necessary to enable such activities.
Evidence required for applicant: The business plan given to the finance provider must reflect the details of the expenditures and activities to be undertaken.

2. You 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.
Evidence required from applicant: The business plan given to the finance provider must reflect details of the expenditures.

3. You 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.
Evidence required from applicant: Evidence of technology right e.g. patent, utility model, design right, protection certificates.

4. You are 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 this application, or in the case where there is no financial history, as per current financial statements.
Evidence required by applicant: Costs to be certified by an accountant practising in the Republic of Ireland.

5. You are 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***Evidence required by applicant: Costs to be certified by an accountant practising in the Republic of Ireland.***

6. You have been awarded a Research and Development or Innovation prize by an EU Institution or EU Body over the last 24 months.
Evidence required by applicant: Appropriate evidence of prize.

7. You have 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.
Evidence required by applicant: Appropriate evidence of the grant, loan or guarantee.



8. You are an early stage SME and have received an investment over the last 24 months from a venture capital investor or business angel.

Evidence required by applicant: Appropriate evidence of the investment to be provided.

9. You intend 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.

Evidence required by applicant: The business plan must demonstrate those risks of failure and evaluated by an external expert e.g. an accountant, engineer, the finance provider.

10. You are 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 the period.

Evidence required by applicant: Evidence to be certified by an accountant practising in the Republic of Ireland.

11. You are 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 start-up) without any financial history, according to current financial statements.

Evidence required from applicant: Costs to be certified by an accountant practising in the Republic of Ireland.

Please note, eligible businesses must also satisfy one of the Brexit-related criteria (Section 3)



Section 5 - InnovFin Criteria Eligibility Case Studies for the Brexit Loan Scheme

Example 1

A distribution sector enterprise which is five years in operation, with 20 employees seeking finance to improve its processes and organisational effectiveness

This scaling SME needs to improve its delivery service to provide live tracking of orders and accurate delivery times to their client base. They wish to invest €100,000 to upgrade their service delivery through training and improved work practices which will improve both their service and delivery processes. They wish to repay this financing over 3 years but have limited collateral to offer due to other financing security commitments. This enterprise is considered viable but needs credit to develop its evolving business model.

This enterprise may find it difficult to raise the necessary finance as they may not meet the finance provider's normal credit policy requirements.

Brexit Loan Scheme (supported by InnovFin)

The Brexit Loan Scheme could enable the enterprise to finance this improvement to their process and service by the provision of an 80% SBCI guarantee supported by InnovFin to a Brexit Loan scheme participating lender. The enterprise must meet the on-lender's credit criteria for the loan.

This enterprise must satisfy the following InnovFin eligibility criterion: -

The enterprise will spend at least 80% of the transaction on innovation activities i.e. improving process and organisational effectiveness

NB – the InnovFin qualifier must be confirmed by the applicant enterprise and evidenced appropriately in their business plan.

Example 2

A long-established food manufacturer which is 30 years in operation with 100 employees is seeking finance for product differentiation and marketing to expand its market

This well-established enterprise operating in a low-margin competitive sector needs to update its packaging and remarket its products to potentially capture new customers in overseas markets. This will involve a redesign of the labelling and packaging and translation of key information into several languages. The enterprise estimates this will cost €25,000 and they wish to repay a financing facility over a two-year timeframe.



Brexit Loan Scheme (supported by InnovFin)

The Brexit Loan Scheme could enable the enterprise to finance this improvement to their process and service by the provision of an 80% SBCI guarantee supported by InnovFin to a Brexit Loan scheme participating lender. The enterprise must also meet the lender's credit policy criteria for the loan.

This enterprise must satisfy the following InnovFin eligibility criterion: -

The enterprise will spend at least 80% of the transaction on innovation activities i.e. product differentiation and marketing

NB – the InnovFin qualifier must be confirmed by the applicant enterprise and evidenced appropriately in their business plan.

Example 3

An engineering company operating for the last 6 years with 150 employees now wishes to obtain finance for organisational improvement and adoption of new management techniques to enhance its efficiency and effectiveness in addressing potential new customer markets.

This engineering company has seen strong growth over the last three years; however, the management are struggling to keep control of the financial and operational aspects of the business. Potential complexities from changes that Brexit may introduce into their business model are also causing operational and control issues. The business needs to invest €75,000 to improve their organisational structure and workflow modelling to allow greater management oversight and visibility into both work flow and cash flow monitoring. They wish to repay over 3 years with a moratorium on principle repayments for nine months.

Brexit Loan Scheme (supported by InnovFin)

The Brexit Loan Scheme could enable the enterprise to finance this improvement to their process and service by the provision of an 80% SBCI guarantee supported by InnovFin to a scheme participating on-lender.

This enterprise may find it difficult to raise the necessary finance as they may not meet the finance provider's normal credit policy requirements.

This enterprise must satisfy the following InnovFin eligibility criterion: -

The enterprise will spend at least 80% of the transaction on innovation activities i.e. organisational improvement and adoption of new management techniques.

NB – the criterion must be confirmed by the applicant enterprise and evidenced appropriately in their business plan.



Example 4

A Web design company in operation 5 years with 7 employees now seeks financing for the registration of technology right and enablement of this technology.

This technology-based enterprise has patented an innovative design tool in the last six months and now requires further working capital to market and develop further uses for the application. The estimated cost of the product development and rollout is €650,000 and they wish to repay over three years with a one year capital moratorium. The enterprise has very little collateral to offer given the knowledge-based nature of their business.

This enterprise may find it difficult to raise the necessary finance as they may not meet the finance provider's normal credit policy requirements.

Brexit Loan Scheme (supported by InnovFin)

The Brexit Loan Scheme could enable the enterprise to finance this improvement to their process and service by the provision of an 80% SBCI guarantee supported by InnovFin to a Brexit Loan scheme participating lender. The enterprise must also meet the lender's credit criteria for the loan.

This enterprise must satisfy the following InnovFin eligibility criterion: -

The enterprise is a research and development and/or innovation driven enterprise and has registered at least one technology right in the last 24 months and the purpose of the borrowing is to enable use of this technology.

NB – the criterion must be confirmed by the applicant enterprise and evidenced appropriately both by evidence of the registration of the technology right and in their business plan.

Example 5

An established furniture design and manufacturing business with 50 employees is seeking funding to redesign its production and marketing processes to cope with planned new ranges of furniture designs.

This traditional furniture business needs to redesign and modernise its production and marketing processes to cope with new and innovative designs aimed at a younger and more design-conscious customer base. This will involve not just changes in production methods but also in the marketing and presentation of the company product range across multiple platforms. This is a new departure for this traditional business and will stretch the organisational capacity of the business as they develop new



markets for their product range. The estimated cost of implementing innovative new product development, manufacturing and marketing initiatives is €60,000 and they wish to repay over three years.

Brexit Loan Scheme (supported by InnovFin)

The Brexit Loan Scheme could enable the enterprise to finance this improvement to their process and service by the provision of an 80% SBCI guarantee supported by InnovFin to a Brexit Loan scheme participating lender. The enterprise must also meet the lender's credit criteria for the loan.

This enterprise must satisfy the following InnovFin eligibility criterion: -

The enterprise will spend at least 80% of the transaction on innovation activities i.e. product development, differentiation and marketing.

NB – the criterion must be confirmed by the applicant enterprise and evidenced appropriately in their business plan.



Section 6 - Brexit Loan Scheme Business Plan Guidance

You **must** provide a separate business plan when applying for a loan under the Brexit Loan Scheme (the “scheme”). The requirement for a business plan under the scheme is to assist you in reviewing your business and to plan for Brexit and future business strategies.

The template below sets out the suggested headings to be used in the preparation of your business plan and the content. The level of detail will be determined by the complexity of your business, the level of finance being sought and the finance provider’s prior knowledge of you and your business. Complex businesses with multiple products and outlets would require more detailed plans than less complex businesses and where the applicant is well known to the financial provider.

To assist in determining the level of detail that you should include, the headings have been presented in the form of core and optional sections with the core sections set out in **bold type**. The core sections must be completed for loans <€150K. All sections should be completed for loans >€150K

1. Executive Summary

- **Outline the amount of the loan being requested and its purpose. The purpose of the loan must be ‘Brexit’ related.**
- **Provide details on how the loan will be used help your business prepare for Brexit. If you indicated in the eligibility assessment that one the following innovation criteria applies, these details should also be included in this section: -**
 - 1. At least 80% of the scheme loan will be spent on research and innovation activities with the remainder on costs necessary to enable such activities. Detail the expenditures and activities to be undertaken that meet this criterion.**
 - 2. You 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. Detail the expenditures and activities to be undertaken that meet this criterion.**
 - 3. You intend 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. Detail the risks of failure and the expenditures and activities to be undertaken that meet this criterion.**



2. *The Business*

Brief description of the business

History of the business, key milestones. Goals and overall strategy of the business.

3. *Products, services, customers, marketing*

Describe the key products or services

Describe each product in terms of life cycle, target customers, geographical split of sales, distribution channels, marketing.

4. *Staff Details*

Set out employee numbers by broad function. Senior management team and key personnel

5. *Legal Status*

Legal structure of the business e.g. limited company, sole trader, partnership, etc.

6. *Name of Advisers*

Name of Accountant

Other advisers relevant to the business e.g. solicitors, engineers, etc.

7. *Suppliers*

Principal suppliers and what products and/or services they provide. Details of terms of trade (not necessary if well known to the finance provider).

8. *Business Assets (premises and equipment)*

Location of business premises including value, debt etc.

If premises are rented, detail the amount and lease details. Key equipment used for the business, detailing its value and how it is funded.

9. *Business Risks and response to risks*



List the key risks affecting the business and how it responds to those

List key competitors and business position to those. Consider SWOT analysis of the business. What are the economic conditions the business is facing?
Is the business exposed to other risks e.g. foreign exchange or interest rate fluctuations?

10. Financial Information

Latest Financial Accounts

Details of the businesses funding (loans, security, finance providers).
Financial projections.



Section 7 - EIF Restricted Sectors

The following economic sectors are together referred to as the “EIF Restricted Sectors”.

a. Illegal Economic Activities

Any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity.

Human cloning for reproduction purposes is considered an Illegal Economic Activity in the context of these Guidelines.

b. Tobacco and Distilled Alcoholic Beverages

The production of and trade in tobacco and distilled alcoholic beverages and related products.

c. Production of and Trade in Weapons and Ammunition

The financing of the production of and trade in weapons and ammunition of any kind. This restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies.

d. Casinos

Casinos and equivalent enterprises.

e. IT Sector Restrictions

Research, development or technical applications relating to electronic data programs or solutions which:

- i. Aim specifically at
 - (a) supporting any activity included in the EIF Restricted Sectors referred to under ‘a’ to ‘d’ above;
 - (b) internet gambling and online casinos; or
 - (c) pornography,
or which
- ii. are intended to enable to illegally
 - (a) enter into electronic data networks; or
 - (b) download electronic data.

f. Life Science Sector Restrictions



When providing support to the financing of the research, development or technical applications relating to:

- i. human cloning for research or therapeutic purposes; or
- ii. Genetically Modified Organisms (“GMOs”).

EIF will require from the EIF counterpart appropriate specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or Genetically Modified Organisms.