

# Factsheet 1

## The Rural Network for Northern Ireland



### Sharing & Exchanging Information

Sharing and exchanging information is key to the work of the Rural Network for Northern Ireland. We will share and exchange information in a number of ways.

These include:-

- A dedicated website [www.ruralnetworkni.org.uk](http://www.ruralnetworkni.org.uk)
- Newsletters, publications and fact sheets
- Events, meetings and visits

This Fact Sheet provides information on the 'Enterprise Finance Guarantee' scheme designed to support lending to viable businesses in the current economic climate.

*Please note: The information contained within this Fact Sheet is for information purposes only and has been taken directly from the is4profit website which provides free small business information and advice [www.is4profit.com](http://www.is4profit.com)*

## Enterprise Finance Guarantee Scheme Factsheet



### Who will benefit from the scheme?

The EFG Scheme is open to businesses with an annual turnover of up to £25m, seeking loans of £1,000 to £1m, repayable over a period of up to 10 years.

Most businesses in most sectors will be eligible for the scheme. However, state aid rules exclude businesses in the agriculture, coal and steel sectors.

### What is Enterprise Finance Guarantee Scheme?

Under the **Enterprise Finance Guarantee**, the Government will guarantee lending to viable businesses to ensure that they can get the working capital and investment that they need.

This is not because the business has suddenly transformed from a success to a failure; but because the current economic conditions has made a significant impact on the availability of capital as the banks change their approach to risk and tighten lending conditions.

The £1bn Enterprise Finance Guarantee (EFG) Scheme will support up to £1.3bn of new lending by banks to viable SMEs with working capital or investment needs.

### What sorts of lending will this cover?

The guarantee can be used to support new loans, refinance existing loans or to convert part or all of an existing overdraft into a loan to release capacity to meet working capital needs.

### How much of the loan will Government guarantee?

Government will guarantee 75 per cent of the loan.





### How long will the scheme run for?

EFG will be available from Wednesday 14 January 2009 and will operate until March 2010.

### Who are the participating lenders?

The current lenders participating in the Enterprise Finance Guarantee Scheme are:

- Barclays
- Clydesdale / Yorkshire Bank
- HBOS
- HSBC
- Lloyds TSB
- RBS / Natwest
- Northern Bank

The scheme will become available to other lenders as they apply.

Delivery of the Enterprise Finance Guarantee, including the decision on whether or not it is appropriate to use it in connection with any specific lending transaction, is fully delegated to the participating lenders. There is no automatic entitlement to receive a guaranteed loan and nor is there any pre-qualification process for it.

## EFG is available to viable businesses that in normal circumstances would be able to secure lending from banks but who cannot secure bank lending in the current times.

### What has happened to the Small Firms Loan Guarantee Scheme? (SFLG)

The Small Firms Loan Guarantee Scheme is suspended. The type of lending previously provided under SFLG - to businesses that lack collateral and/or track record - will still be available under the new scheme. Government will be bringing forward proposals for a scheme post March 2010 later this year.

### How is EFG different to SFLG?

In short it offers more help to more businesses - EFG provides loans up to £1 million compared to an upper limit of £250,000 for SFLG and supports businesses with a turnover of up to £25 million compared to £5.6 million under SFLG. Additionally ECF loans can be used to convert an overdraft into a loan. EFG is available to viable businesses that in normal

circumstances would be able to secure lending from banks but who cannot secure bank lending in the current times.

**For more information on the scheme contact a participating lender.**

### News You Can Use

Do you have information worth sharing? Help us to contribute to the transfer of information and sharing practice within and across the Northern Ireland Rural Development Programme. Email [adonnelly@rdc.org.uk](mailto:adonnelly@rdc.org.uk) or telephone Aileen on 028 8676 6980.

For further information on the Rural Network for Northern Ireland please contact:

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### UK National Rural Network

[www.ruralcommunities.gov.uk/](http://www.ruralcommunities.gov.uk/)  
[uknationalruralnetwork](http://uknationalruralnetwork)  
[www.rdsu.ie](http://www.rdsu.ie)



The Rural Network for Northern Ireland is managed by the Northern Ireland Rural Development Council (RDC) through the Agri Rural Form as part of the Northern Ireland Rural Development Programme co-financed by the European Agricultural Fund for Rural Development on behalf of the Department of Agriculture and Rural Development (DARD).

References and links to any external websites or publications shall not be taken as an endorsement by the Rural Network for Northern Ireland of the opinions expressed or services provided by those sites and publications.