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**BEDC ANNOUNCES THE PLAN FOR \$24M AID FOR LOCAL SMALL AND MEDIUM ENTERPRISES**

**Hamilton, Bermuda 20 April 2020** – The Bermuda Government, BEDC's Board of Directors, and BEDC recognize the economic impact Covid-19 has had on local businesses, and in response, has developed the Business Sustainability & Continuity Funding Programme. The Funding Programme is comprised of a total of \$24M consisting of \$12M in aid from the Bermuda Government and \$12M within BEDC's existing guarantee capacity. Said Erica Smith, BEDC Executive Director "The funding programme is designed to assist as many viable small and medium sized businesses as possible to tread water and stay afloat, while our Island perseveres through the State of Emergency; Shelter in Place; and Social Distancing requirements necessary to contain the spread of Covid-19 throughout the Island."

BEDC conducted a review of 17 jurisdictions around the world that were aiding small and medium sized businesses impacted by Covid-19. The review indicated that a combination of loans and small grants were being provided to help businesses. This review, in conjunction with local survey results that BEDC received for the period March 20 – April 16, as well as an assessment of over 100 requests to BEDC for financial support to date, aided the BEDC team in the recommendation on how to divvy up the \$12M in Government financial aid and the \$12M in BEDC's guarantee.

The relief funding programme consists of a portfolio of financing products for businesses to take advantage of such as:

1. BEDC direct loans and grants;
2. BEDC guarantees for overdrafts from Banks; and
3. BEDC guarantees for loans from external entities (such as Banks; Credit Unions; Private Companies; Foundations, and Individuals).

In order to best leverage the total funding provided and assist as many viable businesses as possible, the funding programme is designed for businesses to utilize a combination of financial products inclusive of BEDC financial products, Bank financial products, and financial products from other entities who meet BEDC's partner requirements.

This funding programme will be in place for at least the next 9 months from April to December 2020 or until the support funds are extinguished, whichever comes first.

Funds have been allocated to provide support to general business owners and existing clients who have BEDC products. Approved applications will be provided to businesses to assist them with covering immediate necessary business expenses like payroll, rent and other mandatory costs associated with operating that have been impacted as a result of Covid-19.

### **BEDC Direct Loan and Grant Relief Programme**

The total amount of funding that any business can receive will be based on the business's annual revenue or number of employees in order to segment requests between small and medium-sized businesses.

As such, funding thresholds were divided into 5 bands of financing with the first 4 allocated to small businesses as defined in BEDC's legislation and the last band allocated to medium-sized businesses as defined in BEDC's legislation. Funding would be distributed in tranches based on an agreed-upon schedule with a minimum 6-week and maximum 3-month disbursement period. The disbursement of the last tranche is tied to ensuring the business meets its conditions with regards to retaining and/or re-employing a percentage of Bermudian staff. See matrix below.

<b>Bands</b>	<b>Business Size</b>	<b>Annual Revenue</b>	<b>Number of Employees</b>	<b>Maximum Funding Allocated</b>	<b>Maximum Grant Relief Portion of Funding Approved</b>
1	Small	\$1 - \$100,000	1 - 3	\$10,000	\$5,000
2	Small	\$100,001 - \$250,000	1 - 5	\$15,000	\$7,500
3	Small	\$250,001 - \$500,000	1 - 7	\$20,000	\$10,000
4	Small	\$500,000 - 1,000,000	1 -10	\$30,000	\$15,000
5	Medium	\$1,000,000 - \$5,000,000	11 - 50	\$40,000	N/A

It was decided that medium-sized businesses would not be eligible for the grant relief as they would be in a better position to take advantage of BEDC's other Covid-19 financing support with external entities such as the Banks through guaranteeing bank loans and overdrafts.

The Business Sustainability & Continuity Funding Programme is available to all existing small and medium-sized businesses, island wide; including vendors and those businesses located in a designated Economic Empowerment Zone.

Although available to all businesses who meet the criteria, BEDC desires to support as many of Bermuda's small and medium enterprises (SMEs) as possible. As such, BEDC reserves the right to prioritize applications based on our assessment of need.

The details of the combined loan and relief grant financing programme are as follows:

- Approved financing packages are 100% guaranteed by the BEDC.
- No credit check fee required.
- Repayment terms are up to 42 months.
- First repayment of loan is 3 months after the month in which the funds were first drawn down
- Interest-only repayment periods will be automatically applied for the first 3 months once payment commences followed by principal and interest (P&I) payments.
- Interest-only payments can be extended on a case-by-case basis for an additional 3 months.
- In addition to the combined loan and relief grant, small businesses can also be approved for a BEDC guaranteed bank overdraft subject to a maximum of \$70K in combined funding of loan, grant, and overdraft.
- BEDC will only approve direct loan funding for medium-sized businesses to a maximum of \$40K, however the first expectation is that medium-sized businesses will be assisted through BEDC's \$12M Guarantee Fund to guarantee bank loans and overdrafts.

- The funding must be used for immediate operating/working capital payables.
- Processing and approval will take place within 10 business days from receipt of a complete application.
- Disbursements will be made 1 business day after approval is received.
- BEDC will phase disbursements.

Interest rates and application fees for the programme have been reduced significantly in order to provide further relief for businesses impacted by Covid-19.

"BEDC recognizes the challenges businesses are facing currently and the stress a business owner can be under. As such, our goal is to deliver a financing programme that is clear, simple, efficient, and attainable as possible." stated, Mrs. Smith. Below lays out the criteria and conditions of the programme.

### **BEDC Guaranteed Loan and Overdraft Programme**

This Loan and Overdraft Guarantee Programme will supplement the BEDC Direct Loan and Grant Relief programme outlined above in order to deploy a total of \$24M in financial assistance to Bermuda's local small and medium-sized businesses impacted by Covid-19.

While not a bank, BEDC can act as a Guarantor of a Bank (or other approved lender) loan for small and medium-sized businesses that are viable and where the credit worthiness of the borrower is sound. As a guarantor of last resort, BEDC can guarantee up to 75% of the value of a bank loan and/or overdraft up to maximum dollar values.

- BEDC can guarantee or provide a collateral instrument to the bank to cover up to 75% maximum of the business loan up to a maximum guarantee of \$300k with the maximum repayment terms for loans up to 5 years.
- BEDC's guarantee on a bank overdraft is up to 75% up to a maximum guarantee dollar value of \$50,000. Maximum terms for guaranteeing overdrafts are up to 18.

While \$300,000 is BEDC's maximum guarantee to any one business, BEDC will flexibly structure its guarantee in any number of ways. Processing and approval times for guarantees is 15 business days from receipt of a complete application. BEDC's loan and overdraft guarantee currently works with HSBC, Butterfield, and Clarien. Other lending entities will come on board once approved by BEDC.

### **Other Financing Options for Businesses**

As a result of receiving this \$12M aid package from the Government, BEDC now has the flexibility to reallocate the funds it had been using thus far (March 20<sup>th</sup> to April 16<sup>th</sup> 2020) for direct Covid-19 micro loans back to its \$1M portfolio of direct lending for the (a) General Micro Loan, (b) Debt Consolidation Micro Loan, and (c) Sports Club Micro Loan programmes. These funding programmes can be accessed for tangible new startups who are meeting a need during and post Covid-19 (e.g. new delivery service) or for existing businesses who don't need funding for the above identified immediate overhead/working capital needs. BEDC also has a full range of other products from tax reliefs to duty deferments that businesses can take advantage of if they of benefit to

the business and they qualify. BEDC's staff can advise of those products during consultation of your business' needs.

Applications will be available for this new funding beginning Wednesday, April 22<sup>nd</sup>, 2020. For more information about BEDC's business funding support programme for businesses impacted by Covid-19, register for our Webinar "Explaining BEDC's Business Sustainability & Continuity Funding Programme" that will take place today at 3pm. <https://attendee.gotowebinar.com/register/849030091060649486>.

Alternatively contact BEDC at 292-5570, [info@bedc.bm](mailto:info@bedc.bm), or by visiting [www.bedc.bm](http://www.bedc.bm).

#### **About BEDC**

Bermuda Economic Development Corporation (BEDC) is Bermuda's premier source of free confidential business advice for entrepreneurs. Its mission is to inspire, inform, support and grow new and existing Bermuda businesses through education, guidance, data provision, advocacy, networking and financing. BEDC has assisted thousands of entrepreneurs start and expand small and medium-sized businesses. BEDC provides free technical business advice and information, and loan guarantees assistance and manages the Economic Empowerment Zones, Vending Licenses, the Enterprise Bermuda Incubator, and the Economic & Cooperative Development Initiatives.

Under BEDC's legislation, a "Small business" is defined as Bermudian-owned and owner-operated business enterprise with -

- a. Gross annual sales revenues of less than \$1,000,000; or
- b. An annual payroll of less than \$500,000

Likewise, a "Medium sized business" is Bermudian- owned and owner-operated business enterprise with at least 3 of the following attributes -

- a. Gross annual revenues of between \$1 million and \$5 million
- b. Net Assets of less than \$2.5 million
- c. An annual payroll between \$500,000 and \$2.5 million
- d. Between a minimum of 11 and a maximum of 50 employees; and Been in operation for a minimum of 10 years

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