



# ***COVID-19 Economic Stimulus Package 2.0***

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***1 September 2021***

**Ministry of Finance**

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# **Part A: Economic Stimulus Package 2.0**

# Component 1: Loan to MSMEs

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## **Component Objective:**

The Fund will target all MSMEs, but specifically those affected by the Crisis as well as new businesses that are emerging as a result of the pandemic, such as IT related businesses and food service delivery businesses, to name two examples

## Subcomponent Description

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- ❑ **Covid-19 Support Fund Facility for MSMEs – (\$5,000,000.00).** This component will support job creation, start ups, and expansion of existing small and medium sized businesses
- ❑ **Small Hoteliers Facility - (\$2,000,000.00).** This component will support small indigenous Hotels and guest Houses
- ❑ **Restructured Small Business Development Fund - (\$5,000,000.00).** This component will target micro businesses

# Covid-19 Support Fund Facility and Small Hoteliers Facility

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## Terms and Conditions:

- ❑ **Loan amount:** over \$40,000.00 up to a maximum of \$300,000.00\*.
- ❑ Interest rate; 1%
- ❑ Grace period up to a maximum of 3 years.
- ❑ Loan Repayment including grace period; 12 years

**\*Includes exceptions for some sectors (bus operators)**

# Use of Funds

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**Though not exhaustive, the funds can be used for:**

- ❑ Working Capital including Payroll and Operating Expenses.
  - ❑ All costs associated with the introduction of new or diversification of existing products or services due to opportunities created by COVID-19 and the required plant, tools and equipment.
  - ❑ Legal Fees (where applicable)
  - ❑ Upgrading the existing property, factory or facility (including furnishings, fixtures and fittings, appliances, equipment, etc.)
  - ❑ Marketing
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# Use of Funds....cont'd

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- ❑ Training (the type of training needed will be specified by the applicant)
- ❑ Adoption of Green Initiatives
- ❑ COVID adaptation initiatives (for example installing hand sanitizing)
- ❑ All start-up costs for businesses that will assist the country in building resilience against international shortage and shocks. Start-up businesses would be required to provide a minimum equity contribution of 10% of the project costs. The GDB's Board of Directors would have the authority to make variations to this requirement.

# Use of Funds....cont'd

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- Financial assistance for project completion where approximately 90% of costs have already been injected and/or the completion of the project will be within the maximum financing available under this programme.
- Debt consolidation where significant relief can be created for the business as assessed by the Board of Directors. E.g. where an applicant has existing high interest facilities greater than 10% or short-term debt for a period shorter than two years or the financing arrangement is not in sync with the business cashflow.
- Arrears Clearance (for example, targeting bus drivers who would have accumulated arrears or are facing higher debt servicing as a result of the moratorium programme last year).



# Security Requirements

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The following security options will be considered:

- Eastern Caribbean Partial Guarantee Scheme
- Legal mortgages (a recent property valuation will be required)
- Cash surrender value on life insurance policy
- Lien on Cash of 0.5 :1 plus personal guarantee
- Debenture
- Security Coverage of 1.1 of property market value. Personal guarantees can be used at the discretion of the Bank for under secured loans.

# Security Requirements.....Cont'd

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- ❑ Personal guarantees can also be used, at the discretion of the Bank, if no other security can be provided by the borrower and the respective bank refuse to allow the GDB to obtain a further lien on the assets of the company.
- ❑ High bankability of the project (high possibility of success, job creation, etc)
- ❑ Any other security that is deemed acceptable.

# Application Process

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Applications will be submitted by potential beneficiaries to the Grenada Development Bank and loans will be considered based on the Bank's approval.

Applicants would be required to provide the following:

- A Business Plan/Loan Proposal which clearly demonstrates that the project is commercially viable. This should include but is not limited to the following information:
  - a. Summary of business details, a description of the property and summary financials;

# Application Process....Cont'd

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- b. Details of Shareholders/Directors;
- c. Background to the project;
- D; the project costs;
- e. Projected implementation date/ schedule;
- f. Marketing;
- g. Details on the Management of the project;
- h. Employment during and after the project;

Assistance with business plans can be sought from GIDC Business Development Unit at a small fee.

2. Audited financial statements for the last 3 years. Where

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# Application Process.....cont'd

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Audited Financials are unavailable, unaudited statements may be accepted at the discretion of the Grenada Development Bank.

3. A Service Quality Management Plan (where applicable)
4. Details of Energy Audits (where applicable)
5. An Outline of any "green" initiatives (where applicable)
6. An operations audit for the last financial year (where applicable)
7. Any other documents and information that might be required

# Restructured Small Business Development Fund

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## Terms and Conditions:

- Loan amount;** up to a maximum of \$40,000.00
- Interest rate: 1%
- Grace period up to a maximum of 3 years.
- Loan Repayment including grace period:10 years

# QUALIFYING CRITERIA:

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□ To qualify under the Small Business Development Fund Programme the applicant must satisfy the following conditions:

- i. Management - Owner
  - ii. Number of persons employed - **25** or less
  - iii. Manufacturing area - **4,000 sq ft**  
or less
  - iv. Investment in equipment - **EC\$135,000** or  
less
  - v. Total annual sales - **EC\$337,500** or less
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# PURPOSE/USE OF FUNDS:

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□ The funds for the Small Business Development loans could be utilized for all aspects of the business. Financing may be used for startup activities or expansion of existing operations. It may also be used for but not limited to the following:

- I. The purchase of machinery and equipment
  - II. The purchase of stock
  - III. The purchase of vehicles related to the business
  - IV. Working capital
  - V. And other purpose as determined by Management Committee
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# General Loan Requirements

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1. Two (2) pieces of valid identification
2. Utility bill as proof of address
3. Two Letters of Reference (*Senior Public Servants, Managers of State-owned Entities, Justice of the Peace, Members of the Clergy, retired senior Civil servants, Known community leaders*)
  - N.B References from family members and Government Ministers not permitted.
4. Invoices/bill heads/quotations for all items to be purchased
5. Business Registration Certificate/ NIS Registration/Inland Revenue Registration

# General Loan Requirements...Cont'd

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6. Bank/ Credit Union Statement/Printout (Savings & Loans)
7. Business records (If business was previously in operation)
8. Business summary
9. Job letter & Salary slip (if employed elsewhere)
10. Lease/Rental agreement or Intent to Lease/Rent (If applicable)

# Requirements Specific to Business operations

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- 1. Food Vending/ Preparation-** Food Handling License/Certificate
- 2. Fishing** - Valuation for Vessel (If already owned), Recommendation letter from Ministry of Fisheries, Fisherman's Id's, Quotation for Marine Insurance, Quotation for Construction, Duty Free concession letter required from Fisheries Department to purchase Engine, Equipment, Lines and Accessories.
- 3. Poultry/ Animal Husbandry/ General Farming** – Audit by the Bureau of Standards / Ministry of Agriculture, Existing Lease/Rental agreement or Letter of Intent to Lease/Rent, Recommendation letter from Extension Officer, Farmers I.D.
- 4. Vehicles Operations** -Ownership Certificate, Valuation (Gleans or Dealer), Quotation of Insurance (Comprehensive), Sale Agreement. (Quote from Broker for total cost if importing).

# Requirements for Loan \$10,000 or less

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1. Guarantor (The following to be provided)
  - (a) Two (2) pieces of valid identification
  - (b) Job letter & Salary Slip
  - (c) Bank Statements/Printouts (Savings & Loans)

# Requirements for loan \$10,001 to \$40,000

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## SECURITY: -

1. Legal mortgage on land property - Title Deed, Tax Statement (Title search must be conducted).
2. Vehicle- Ownership Certificate, Valuation (Gleans or Dealer), Insurance (Comprehensive)
3. Cash/Savings Deposit, (Statement from Bank/Credit Union), Shares
4. Bill of Sale ( Machinery, Equipment & Appliances)
5. Personal guarantee
6. High bankability of the project (high possibility of success, job creation, etc)



# **Part B: Economic Stimulus Package 2.0**

# **Component 1: Protection for the vulnerable population currently on the rosters of existing cash transfer programme**

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## **Component Objective**

- To support vulnerable individuals and households not currently benefitting from current cash transfers.

# SEED Criteria

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- ❑ Persons who are approved in categories I to V of the GLCI as of August 31, 2021.
- ❑ Persons must continue on the SEED Beneficiary Register for the duration of the Stimulus programme.
- ❑ Beneficiaries must not be on the official SEED Register receiving any monthly benefits currently.
- ❑ Persons in this Component would not be eligible for benefits under Components 2 and 3, with the exception of under subcomponent 2.2- Support to Expand Existing Youth Entrepreneurship Programme.



# TARGET BENEFICIARIES

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- Male and female single headed households (with children)
- Unemployed youth o Persons with disabilities
- Elderly o Stay-at home parents
- Women
- Vulnerable middle-income households (those who have transitioned into lower income categories)

# Component 2.1: Income Support to Informal Sector Workers

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## Component Objective

To provide temporary income support to individuals who are working in an informal sector business, defined as a business that is not registered with the Inland Revenue Department, have no fixed hours of work or location, and does not have formal arrangements with employees, such as letters of employment or contracts, where that sector has not significantly recovered from the crisis or has remained closed

# Income Support Criteria

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- (i) Working in the informal sector prior to March 31st, 2020, as your main source of income or earnings.
- (ii) Working in an informal sector business that was greatly affected by the pandemic.
- (iii) Working in an informal sector business that has not significantly recovered or as remained closed:
  - a. Existing restrictions on the hours of business
  - b. Reduced operating days
  - c. Existing restrictions on the number of patrons
  - d. Main source of income is linked to a business that has been severely impacted by the pandemic (e.g., Travel, Tourism and Hospitality base businesses, Education, Entertainment, Agriculture and Fisheries)

# Income Support Criteria...Cont'd

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- ❑ (iv) Has been ordered to quarantine or isolate by the Ministry of Health as a result of COVID.
- ❑ (v) Registration with NIS/IRD, where applicable.
- ❑ (vi) Two letters of reference from (Minister of Religion, Retired/ Senior Public Servant, Employer or School principal) confirming that the informal sector business is the main/only source of income.

# Reasons for Not Being Eligible

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- ❑ (i) Any information provided to the CESS will be subject to verification and if any of the information submitted is found to be false or misleading this will result in the applicant being disqualified from the programme.
- ❑ (ii) If you are confined to prison, convicted of a crime, or charged for any violations of the COVID protocols, all payments will be suspended.

# Income Support Programme Administration

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- ❑ **Programme Administrator:** CESS
- ❑ **Payment Amount:** \$500 Monthly
- ❑ **Duration :** 4 months

# Component 2.2: Support to Expand Youth Entrepreneurship Programme

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## Component Objective

- To improve the skills and technical capabilities of potential and current job seekers.

# Support to Expand Youth Entrepreneurship Program Criteria

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- ❑ Registration for one of the approved lists of training programme (job training, entrepreneurship training).
- ❑ Participation in training pre-assessment session and numeracy and literacy assessments.
- ❑ Actively participate and attend all training sessions, unless otherwise exempted.
- ❑ Must meet the requirements for the certificate of completion.



# Support to Expand Youth Entrepreneurship Program Target Beneficiaries

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- Unemployed adults
- Single parent headed household
- Youth between the age of 15 – 35 years.

# **Component 3.1: Unemployment Benefit Programme**

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## **Component Objective**

The programme is aimed at providing financial assistance to persons who would have met specific qualifying criteria for the unemployment benefit programme.

# Unemployment Benefit Program Criteria

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- ❑ Must be active insured contributors to the NIS under the age of sixty years and are not eligible for other relief support provided by the Government under the Stimulus Programme 2.0.
- ❑ Unemployment assistance benefit will only be payable if the person was engaged in employment as an employee pursuant to section 24 of the Law immediately prior to April 1, 2020.
- ❑ Insured persons must reside in Grenada.
- ❑ Eligible persons must be on continuous extended layoff for at least two weeks for which wages have not been paid after September 1st, 2021.

# Unemployment Benefit Program Criteria...cont'd

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- ❑ Working in a formal sector business.
- ❑ For purposes of the Stimulus Package, a formal sector business is defined as a business that is registered with the IRD for Corporate Income Tax; largely has fixed hours of work or fixed place of business and formal arrangements with employees.
- ❑ Became unemployed as a direct result of the pandemic.
- ❑ In cases where the application is made by the employee, a letter of reference from their most recent employer is required. If a reference is not provided, such cases should be referred to the CESS for review and determination.

# Reasons for Not Being Eligible

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:

- ❑ (i) Any information provided to the CESS will be subject to verification and if any of the information submitted is found to be false or misleading this will result in the applicant being disqualified from the programme.
- ❑ (ii) If you are confined to prison or charged for any violations of the COVID protocols or illegal activities all payments will be suspended.

# Unemployment Benefit Programme Administration

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- ❑ **Programme Administrator: NIS**
- ❑ **Payment Amount: \$500 Monthly**
- ❑ **Duration : 4 months**

# **Component 3.2: Support to Formal Employment Programmes**

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## **Component Objective**

To provide support to incentivize new hires, promote new startups, and expand existing businesses..

# Support to Formal Employment Programmes

## Criteria- Grant Support

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### Component Criteria

- (i) Must be a registered business
  - (ii) Registration with IRD where applicable
  - (iii) Obtain a Tax Compliance Certificate where applicable
  - (iv) Registration and compliant with all NIS regulations
  - (v) Obtained a loan after June 2021 under the Small Business Development Fund or the COVID-19 Support Fund Facility administered by the Grenada Development Bank up to a maximum of \$40,000.
  - (vi) Businesses with full moratorium on principal and interest will not qualify
  - (vii) For new businesses loans must be in good standing for at least six months
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# Support to Formal Employment Programmes

## Grant amount eligibility

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Grant amount eligibility

**a.** Less than two employees- \$2,000.00

**b.** 3-10 employees- \$3000.00

**c.** 11-25 employees- \$5,000.00

# Support to Formal Employment Programmes

## Payroll Support

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Grant payroll support of 40% of employee's basic salary to the following sectors:

- Hotels (including guesthouses, villas)
- Restaurants/ bars (excluding cafes, fast-food outlets, cafeterias)
- Small travel agencies
- Dive operators
- Tour operators
- Aviation
- Marine & Yachting
- Agro processors and light manufacturing
- Creative & Cultural industries
- Promoters/Caterers
- Ancillary businesses linked to any of the above business types (e.g., retail clothing)

# Support to Formal Employment Programmes

## Criteria- Payroll Support

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- Must be registered with the Inland Revenue Division and the National Insurance Scheme.
- Funding should not be used for salary payment to owners, directors, management, and employees earning more than \$5000.00 per month.
- Existing businesses must hire in new employees at least ten percent of their existing staff compliment after July 1st, 2021. Where the ten percent does not equate to a whole number, the number of new hires required to qualify would be rounded to the nearest whole number.
- New entities must hire at least five (5) new employees.
- Registered with the GTA (where Applicable)

# **Support to Formal Employment Programmes**

## **Reasons for Not Being Eligible**

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- False or misleading information will result in the applicant being disqualified from the Programme.

# **Component 4: Internet Connectivity Programme (ICP)**

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## **Component Objective**

Extending broadband access to vulnerable households with a particular focus on students sitting examinations in 2022 as an immediate priority.

# Internet Connectivity Programme(ICP) Criteria

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## Component Criteria

- ❑ Households that are unable to access broadband services as a result of reduced or inadequate income base.
- ❑ Priority will be given to households with one or more school aged children in either 5<sup>th</sup> form of secondary school or Grade 6 at the primary school level.
- ❑ Attends schools regularly
- ❑ Priority will be given to applicants who are not a beneficiary of the cash transfer programme.

# Internet Connectivity Programme (ICP) Target Beneficiaries

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- ❑ 5th formers – secondary school sitting the CSEC Examinations
- ❑ 6th Graders at the Primary school level sitting the CPEA

# *Government of Grenada*

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*Thank You*

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