

# Written Ministerial Statement

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## Enterprise, Trade and Investment

### Access to Finance Strategy: Loan Funds

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**Mrs Foster (The Minister of Enterprise, Trade and Investment):** In the current economic climate it's harder than ever to get a bank loan or funding to invest in business development or business growth. Businesses are faced with lower levels of grant availability and more stringent lending regimes. The combination of this means it is often harder for them to finance growth.

Alternative sources of finance, such as micro-financing, debt finance, venture capital, technology transfer and business angel funding, have not been widely available in Northern Ireland.

Against this background it is clear that financial instruments, such as venture capital and debt financing, need to be made available to support local businesses. This will help to rebalance and rebuild our economy and to drive private sector growth.

Invest Northern Ireland has put in place a £100m Access to Finance Initiative to ensure that companies with high growth potential are not held back because they cannot access finance. Through the suite of funds Invest NI will be able to offer a continuum of funding for business seeking between £1k and £2m.

When fully implemented, the Access to Finance initiative will have five separate funds totalling more than £100m. This suite of support will ensure that SMEs and all spectrums of the development cycle have access to financial support through a range of equity investment and debt financed models.

As part of Invest NI's Access to Finance Strategy, two separate loan funds have been developed.

### Growth Loan Fund

The £50million Growth Loan Fund was launched in June 2012, following the appointment of Whiterock Capital Partners to manage the Fund. The appointment was made after a CPD managed tender process.

The Growth Loan Fund expects to provide loan finance of approximately £10m per annum to SMEs based in Northern Ireland for the next 5 years. Individual Loans will typically be between £50k and £500k and, subject to the amount and quality of deal flow, the Fund anticipates making approximately 50 loans per annum.

Since its launch, Whiterock Capital has been building its team and developing a pipeline. More than 140 businesses have enquired about the availability of funding and two loans have been made with eight other loans approved by the Fund's investment committee.

Demand for loans is strong and targets for the remainder of the PfG period should be achieved. Invest NI will monitor demand closely and stands ready to increase the scale of funding in this area if so needed.

### Small Business Loan Fund

The Small Business Loan Fund is a £5million debt financing initiative that will provide loans from £1,000 to £50,000 for small and micro businesses. Ulster Community Investment Trust (UCIT) has been appointed to manage this Fund following a CPD managed tender process. The Fund will be launched as soon as all regulatory matters, including FSA approval are in place.