



OVERVIEW OF QATAR'S SUPPORT PROGRAM DURING THE COVID- 19 CRISIS

April 2020

OVERVIEW OF THE STIMULUS PACKAGE INTRODUCED BY THE GOVERNMENT TO SUPPORT PRIVATE SECTOR COMPANIES IN QATAR

OVERVIEW OF THE COVID-19 NATIONAL RESPONSE GUARANTEE PROGRAM

- In order to limit the impact of the COVID-19 crisis on the wider economy, the government has introduced a national stimulus package to support the private sector in covering essential operating expenses, such as rent and staff costs.
- The program is fully managed by Qatar Development Bank (“QDB”), which will guarantee all the loans issued by private banks in Qatar, on the behalf of the government of Qatar. To benefit from the program the companies shall submit requests for benefit exclusively through commercial and Islamic banks operating in the country.
- Details of the program can be find below:

EXPENSES COVERED



- Staff payroll for a period of up to three months (April, May and June).
- Rental fees (factory, warehouse etc.) for a period of up to three months (April, May and June).

ELIGIBLE COMPANIES



- 100% privately owned companies.
- Must have a valid commercial license issued by the Ministry of Economy and Commerce.
- Must not be operating in the real estate, construction and contracting sector.

LOAN DETAILS



- QDB will fully guarantee the loan.
- Loan tenor up to 3 years including 1 year grace period.
- First 6 month interest-free. Following 6 months, small interest expense to be covered by the borrower.

COLLATERAL



- Personal guarantee is required by all shareholders holding a minimum of 10% of the company's capital.
- A personal cheque to be provided by the applicant covering 100% of the loan amount.

REQUIRED DOCUMENTS



- Qatari applicant QID
- Active CR
- Active rental agreement
- Proof of having honored the rental dues for the latest month
- Proof of payroll disbursement for latest 3 months
- Personal guarantee and personal
- Proof that the company has been affected by the COVID-19 crisis

THE STIMULUS PACKAGE INTRODUCED BY THE GOVERNMENT WILL HAVE A POSITIVE IMPACT ON DIFFERENT STAKEHOLDERS...

BENEFITS OF THE STIMULUS PACKAGE FOR VARIOUS STAKEHOLDERS

BORROWERS



- Cash support to cover essential operating costs.
- Avoid staff firing/insolvency
- Loan is interest-free for a period of 6 months.
- Reduce negative sentiment for private businesses, especially SMEs.
- Reduce effects of COVID-19 uncertainty and avoiding long-term spillovers on the economy.

BANKS



- Government support reduces banks burden in dealing with sudden sizeable corporate defaults.
- Avoid increase in Non-Performing Loans ("NPL").
- Avoids booking of provisions on the back on increase in NPL and ultimately affecting bottom-line.
- Avoid banks holding back on providing liquidity which could have a system wide risk on the economy.

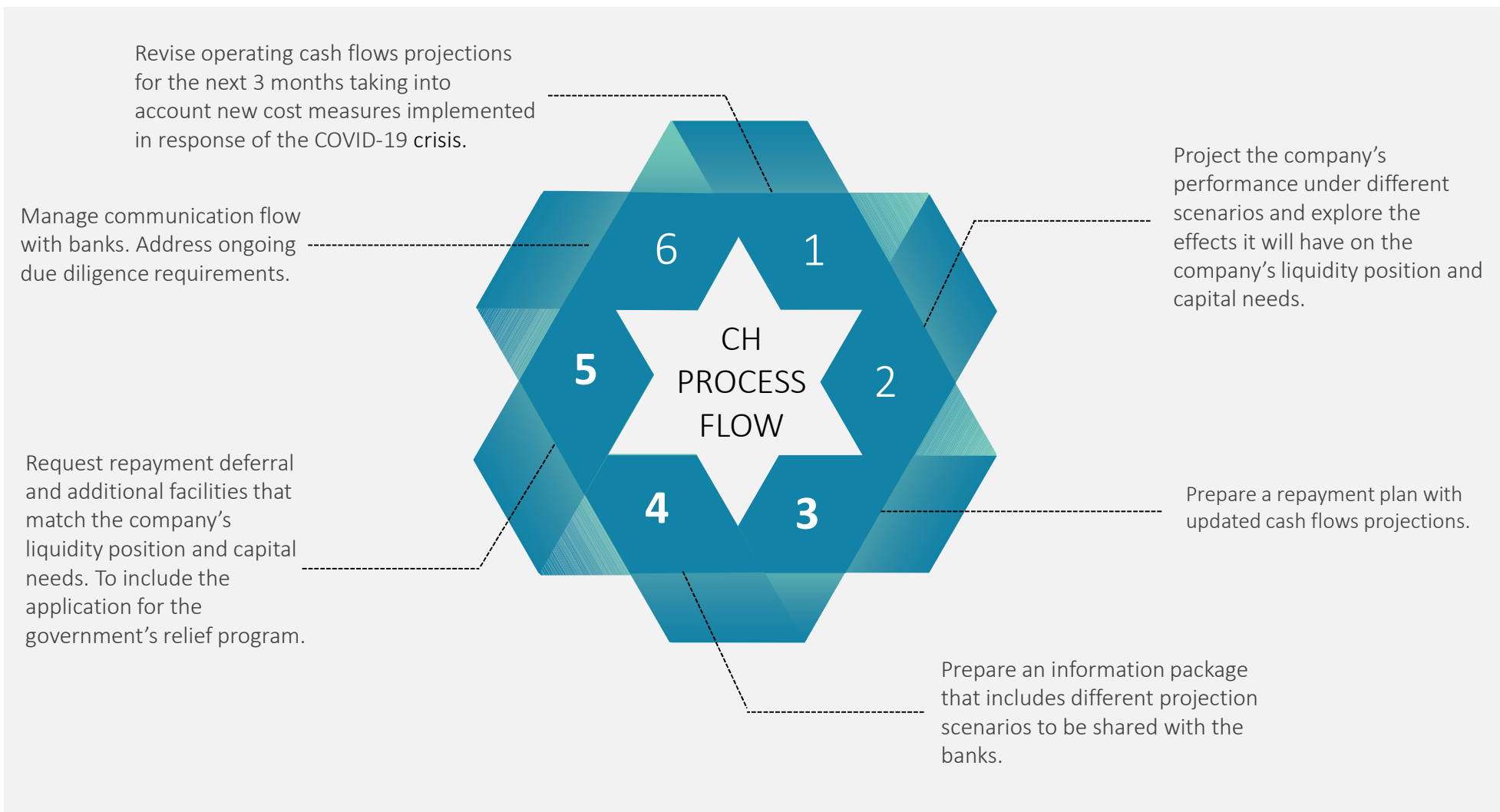
GOVERNMENT



- Avoids a long-term economic crisis/recession.
- Reduces unemployment rate and firing across the private sector which will have additional long-term spillover effects on the economy.
- Stimulates positive sentiment across the private sector.
- Avoids large bankruptcies and a credit crisis.
- Promotes liquidity and stimulates small economic activity to reduce the effect of the crisis.






CH'S SUGGESTED PROCESS FLOW IN RENEGOTIATING LOAN TERMS WITH BANKS AND APPLYING FOR THE RELIEF PROGRAM

CH'S SUGGESTED PROCESS FLOW DIAGRAM



WHY WOULD CUSTOMERS DECIDE TO EXECUTE THIS PROCESS THROUGH CH, WHY NOT DO IT THEMSELVES?

COMPARISON OF EXECUTING THE PROCESS IN-HOUSE VERSUS OUTSOURCING IT THROUGH CH

IN-HOUSE	VS	OUTSOURCE
Information package (including projections and information memorandum) is prepared by an accountant or finance manager which could lack the format required by banks.	 Work delivery	Information package is prepared by corporate finance and debt advisory specialist who have expertise in the format required by banks.
In-house employees have to address day-to-day operations of the business. Preparing a bank proposal is time consuming and will be additional work to their daily duties.	 Time frame	Consultants will work on the proposal full time and will deploy the necessary resources to ensure delivery of bank's requirements in a timely manner.
Full focus on addressing bank's due diligence requirements could require additional staffing, which is a long-term commitment for the company.	 Cost	Cost will be incurred on one-off basis with no long-term commitment by the company.
Finding finance/debt specialist is a challenge and hiring is time consuming and costly.	 Staff availability	Debt structuring and restructuring specialist are available.
In-house employees will perform the job as requested and are not incentivized by the outcome of the project/engagement.	 Incentive	Having a success fee in place, which is based on the outcome of the project, ensures that the advisor's interests are aligned with the business.

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