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Factsheet for case **LV-2020-13/663**

ALTUM Working capital loan

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Country	Latvia, applies nationwide
Time period	Open ended, started on 25 March 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Access to finance
Case created	16 April 2020 (updated 23 April 2020)

Background information

In cooperation with the Ministry of Economics state owned development finance institution ALTUM has prepared assistance measures for companies affected by crisis due to spread of Covid-19 epidemic. Working capital loan is liquidity support for businesses, farmers and those in the fisheries industry, intended to help companies whose activities have been affected by Covid-19.

ALTUM is a state-owned development finance institution, which offers state aid for various target groups with the help of financial tools (such as loans, credit guarantees, investing in venture capital funds, etc.). ALTUM develops and implements state aid programmes to compensate for the market's shortcomings that can't be solved by private financial institutions.

The law "On Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19" (adopted on 20 March 2020, valid from 22 March 2020) and Regulations of Cabinet Nr. 122 Regarding the Increase of the Reserve Capital provides funding for the measure.

Content of measure

Amount of the available loan is up to EUR 1 million, but the total loan does not exceed at least one of the criteria:

- 25% of 2019 turnover;
- loan amount must not exceed twice the total remuneration of employees (incl. social contributions) in 2019 (for those established in 2019, planned two-year amount);
- the amount of liquidity required to ensure operation for the next 12 months.

Term of the loan is 1-3 years. The loan holidays is available up to 12 month. Reduced interest rate and

reduced collateral requirements are applied for these loans.

There are also several requirements for eligibility. The loan can not be applied to refinance other loans (principal payments, debt repayments of related companies, debt payments incurred before March 2020, dividend payments, etc.). Negative impact of Covid-19 on business activities has to be justified. If the company was already in financial distress as of December 31, 2019 the loan will not be granted. Companies operating in the gambling, financial intermediation, firearms, tobacco, alcohol, real estate sectors are not eligible.

Use of measure

No information to date.

Actors, target groups and funding

Actors	Target groups	Funding
National government	All companies	National funds

Social partners

Role of social partners	Informed
Form of involvement	Unknown

As far as we know social partners participate in discussions on measures for the prevention and suppression the spread of COVID-19 and on crisis impact on economy. However specific opinions of social partners are not published.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 25 March 2020: Regulations of Cabinet Nr 122 Regarding the Increase of the Reserve Capital (likumi.lv)
- 25 March 2020: Covid-19 skartie uzņēmēji var pieteikties ALTUM atbalsta programmām (www.altum.lv)
- 09 April 2020: Law On Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19 (likumi.lv)
- 16 April 2020: ALTUM Working capital loan (www.altum.lv)