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Factsheet for case **EE-2020-13/347**

Emergency loan and loan guarantee

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Country	Estonia, applies nationwide
Time period	Temporary, 27 March 2020 - 31 December 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Access to finance
Case created	07 April 2020 (updated 27 April 2020)

Background information

Due to the outbreak, several companies are in a difficult position financially to continue providing their services/products, to pay their loans or to start a new business (e.g. opportunities created by the corona outbreak). For this purpose, the state provides additional funds to Kredex (a state founded foundation) and Rural Development Fund to provide support measures to companies in a form of loans and loan guarantees. On a smaller scale, those measures are already available and relevant instructions for the applicants and terms and conditions of the measures have been approved by the Kredex at the end of March 2020, but additional government finances are needed for the full provision of these measures. The additional finances are dependent on the approval of the supplementary state budget which is currently discussed in the Parliament.

Content of measure

Kredex, the Credit and Export Guarantee Fund (state founded foundation), provides loans and loan guarantees to companies. To relieve the impacts of the COVID-19, KredEx offers additional loan guarantees and loans: 1) emergency loan guarantee for issuing new loans and to relax the repayment schedules of existing bank loans, 2) emergency loan for companies who have been turned down by banks.

The guarantee enables a company to secure the obligations of an enterprise, arising from loan, leasing and guarantee contracts.

Requirements to be eligible:

- According to the financial projections presented, the company is sustainable and solvent in the long term.
- The company was not in difficulty as of 31 December 2019.
- The company has no overdue debts which have incurred before 1st January 2020.
- No bankruptcy or liquidation proceedings have been initiated against the company.

General conditions:

- The sum of outstanding amounts of loans or loan guarantee of Kredex cannot exceed € 5 million per company.
- The total amount of emergency loans from Kredex and loans with emergency guarantee by Kredex cannot exceed double the salary cost of the company for 2019 with social tax. Exceptions are available: the maximum guaranteed obligation could be up to 25% of the company's turnover in 2019 or to a justified 18-month liquidity requirement for a SME or to a justified 12-month liquidity requirement for a large company).

Specific conditions by type:

- New loans, guarantee: Up to 90% of the guaranteed loan or lease (60% in case of a construction or retail/wholesale trade sector company)
- Existing loans, fixed guarantee: Up to 35% of the loan and lease to be secured, but no more than the sum of the payments of the principal amount of the loan or lease which will remain accessible to the company until 31 December 2021.
- Existing loans, proportional guarantee: Up to 50% of the loan and lease to be secured.
- Extraordinary loan by Kredex: the amount is up to €5 million. The interest rate is from 4% per annum in case the loan is at least 50% collateralised, and 6% per annum in case of only owner-guaranteed loan.

The validity period of the guarantee is 72 months; the loan period is 6-72 months. The guarantee can be issued and amended until 31 December 2020.

As for loans and guarantees to be provided by the Rural Development Fund, the details are not available yet, but the expected total amount of the funding should be €200 million.

Use of measure

No information available.

Actors, target groups and funding

Actors	Target groups	Funding
National government Public support service providers	All companies	National funds

Social partners

Role of social partners	Not applicable
Form of involvement	No involvement

no involvement

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 27 March 2020: Extraordinary fixed guarantee conditions for existing loans (www.kredex.ee)
- 27 March 2020: Extraordinary proportional guarantee conditions for existing loans (www.kredex.ee)
- 27 March 2020: Extraordinary proportional guarantee conditions for new loans (www.kredex.ee)
- 27 March 2020: Conditions of the extraordinary loan (www.kredex.ee)