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Factsheet for case **LV-2020-13/686**

ALTUM Loan Holidays Guarantee

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Country	Latvia, applies nationwide
Time period	Temporary, 25 March 2020 - 31 December 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Deferral of payments
Case created	16 April 2020 (updated 07 May 2020)

Background information

In cooperation with the Ministry of Economics, the state owned development finance institution ALTUM has prepared assistance measures for companies affected by crisis due to spread of Covid-19 epidemic. For companies that have experienced objective difficulties in making loan repayments to banks due to the Covid-19 crisis, ALTUM offers a credit guarantee that will allow the bank to defer payment of the principal amount.

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. Cabinet Regulation No. 150 Regulations Regarding Guarantees for the Enterprises whose Activity has been Affected by the Spread of COVID-19 (adopted on 19 March 2020) regulates the measure.

Content of measure

Credit guarantee is available to businesses, farmers, and those working in the fisheries and aquaculture industries regardless their size. The amount of the financial service covered by the guarantee shall not exceed 25% of the business' total turnover in 2019, but the maximum amount of the guarantee shall not exceed EUR 5 million. The guarantee covers up to 50% of the amount of the financial service (at the

moment the guarantee is granted). Term of the guarantee is up to 6 years for financial leasing and investment loans, and up to 3 years for working capital financial services. Guarantee premium is 0.5% per year.

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	Consulted
Form of involvement	Direct consultation

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 Loan Holidays Guarantee (www.altum.lv)
- 16 April 2020: Cabinet Regulation No. 150 Regulations Regarding Guarantees for the Enterprises whose Activity has been Affected by the Spread of COVID-19 Regulation No. 150 Adopted 19 March 2020 Regulations Regarding Guarantees for the Enterprises whose Activity has been Affected by the Spread of COVID-19 (likumi.lv)