Factsheet for case RO-2020-12/529

Secured loans for investments or working capital for companies

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Country	Romania, applies nationwide
Time period	Temporary, started on 18 March 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Access to finance
Case created	13 April 2020 (updated 03 May 2020)

Background information

The coronavirus pandemic puts at risk hundreds of thousands of companies from the private sector. So far, 37 percent of Romanian companies reduced their activity and 23% closed all operations due to COVID-19. One third of the Romanian companies are prone to bankruptcy.
Romanian Government made available public support for national companies that may face liquidity issues, suffer direct damages as a result of state measures aimed to tamper the spread of the COVID-19 or simply struggle with economic difficulties during and after this pandemic. As a means for the government to help the national economy and protect it from the hardships associated with the pandemic, it was decided to support the small and medium enterprises (SME). The state, through the Ministry of Finance will providing guarantees for the loans acquired by national SMEs.

Content of measure

The state will guarantee for either 80% (investment loans) or 90% of the loans (working capital). For the period until 31 March 2021, the interest for these loans will be subsidized by the state, and the period could be prolonged, pending evaluation of the state of economy. For investment loans, the maximum period is 120 months and the maximum value is 10 million RON (appr. €2 million), whereas for working capital the maximum period is 36 months and the maximum value is 5 million RON (appr. €1 million). The cumulated value of loans per enterprise cannot exceed 10 million RON (€2 million).The measure applies to small and medium enterprises from all fields, except for gambling, private investigation and protection, manufacturing or selling guns, ammunition, tobacco, alcoholic beverages or controlled substances. For obtaining such loans, apart from the prerequisite regarding the field of activity and the tax obligations towards the state, the beneficiaries must also provide the lenders with collateral guarantees. The guarantees from the state amount to either 80% or 90% of the total value of the loan, depending on it purpose, but the beneficiary must provide additional guarantees to at least cover the whole value of the loan.

Use of measure

This measure is thought to address the needs of no more than 40,000 companies.
SMEs are legal entities with less than 250 employees and net annual turnovers not exceeding 50 million EURO or total assets not exceeding €43 million. If the enterprises have tax obligations or other types of debts towards the state, they must commit to paying these financial obligations directly from the loans for which the state provides guarantees.

Actors, target groups and funding

Actors	**Target groups**	**Funding**
National government	SMEs	National funds

Social partners

Role of social partners	Consulted
Form of involvement	Direct consultation

Social partners have been consulted in the framework of the National Council for Tripartite Social Dialog.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 18 March 2020: GEO 29/2020 (static.anaf.ro)