

Aid for businesses to mitigate consequences of war

2/33/22

Russia's military aggression has significantly affected some of the businesses importing metal products from Russia and Belarus, as well as industries such as metalworking, defence, construction, mechanical engineering, and information & communication technologies. To promote market stability, the Ministry of Economics intends to implement aid measures as an immediate solution in the form of financial instruments to ensure traders' future business.

Who is eligible?

The Cabinet of Ministers approved the new aid programme for businesses at the government meeting of 21 June 2022. The government adjusted the conditions for receiving guarantees under the current guarantee programme, widened the range of recipients and allocated extra funding to ensure continuity of the programme and the availability of funding to traders.

The aid is available to traders affected by the consequences of Russia's military aggression in Ukraine, such as a drop in demand, termination of contracts, a drop in revenue, supply chain disruption, a rise in prices, and a restriction on future investment.

Guarantees will be available to all trader categories (micro, small, medium, and large) as well as traders in agriculture, fishery and aquaculture.

Amounts and conditions

The maximum guarantee per trader will be up to EUR 10 million, with the exact amount to be determined according to one of the conditions below:

- 15% of the trader's average revenue for the last three completed financial years; or
- 50% of the trader's total energy costs within 12 months before filing the loan application.

The guarantees will have up to six years to run, considering a trader's line of business and working capital cycle, with an option to extend for another year.

Altum Development Finance Institution will grant these guarantees for investment and working capital purposes to traders meeting these criteria:

- Aid is necessary to alleviate the adverse effect on the trader's business under section 2 of the Act on Aid to Overcome the Economic Consequences Caused by Sanctions and Countermeasures Applied Because of Russia's Military Aggression Against Ukraine.
- The trader is economically viable.

An assessment of whether the project/trader is economically viable draws on Altum's experience in implementing the Covid-19 guarantee programme and analysing business projects, based on the following core principles and conditions in evaluating projects:

- Evaluating the activities required to implement the project and the resources required to carry out those activities (including an assessment of the soundness, proportionality and efficiency of the proposed investment to achieve the objectives)
- Evaluating the trader's financial position and the project's long-term financial viability

- Examining the project for compliance with the aid programme's rules
- Assessing potential business risks and the scope for mitigation

Traders will be able to obtain aid from several guarantees subsidised under these rules, as well as from other aid programmes in line with this programme's conditions and funding thresholds.

Temporary arrangements and the aid programme are allowed to operate up to 31 December 2022 according to the European Commission's decision on whether the business aid included in these rules is compatible with the EU internal market.

The requirements of a decision the European Commission is to pass on this programme will be binding not only at member state level but also at trader level, i.e. traders will have to meet certain requirements.

It's important to note that this aid cannot be combined with the aid Altum offers as a liquidity aid in the form of guarantees under the European Commission's decision aimed at alleviating the economic consequences of Russia's military aggression against Ukraine, or the Cabinet of Ministers' Rule No. 150, *Guarantees for Traders Whose Business is Affected by the Spread of Covid-19*, and Rule No. 149, *Loans for Traders Whose Business is Affected by the Spread of Covid-19*.

More details can be found in an annotation to the proposals.