Text consolidated by Valsts valodas centrs (State Language Centre) with amending regulations of:

17 December 2020 [shall come into force on 24 December 2020];

21 June 2022 [shall come into force on 28 June 2022];

7 March 2023 [shall come into force on 10 March 2023];

5 September 2023 [shall come into force on 8 September 2023];

4 June 2024 [shall come into force on 8 June 2024].

If a whole or part of a paragraph has been amended, the date of the amending regulation appears in square brackets at the end of the paragraph. If a whole paragraph or sub-paragraph has been deleted, the date of the deletion appears in square brackets beside the deleted paragraph or sub-paragraph.

Republic of Latvia

Cabinet

Regulation No. 383

Adopted 16 June 2020

**Regulations Regarding Guarantees for Performers of Economic Activity for the Improvement of Competitiveness**

*Issued pursuant to*

*Section 12, Paragraph four of the Law on Development Finance Institution, Section 20, Clause 14 of the Law on Management of European Union Structural Funds and the Cohesion Fund for the 2014–2020 Programming Period, and Section 19, Clause 14 of the Law on Management of European Union Funds for the 2021–2027 Programming Period*

[*5 September 2023*]

**I. General Provisions**

1. The Regulation prescribes the conditions for granting aid in the form of guarantees, the funding available for the improvement of competitiveness of performers of economic activity, and the procedures for the implementation of the following activities of specific objective:

1.1. Activity 3.1.1.1 “Loan Guarantees” of Specific Objective 3.1.1 “Promotion of Establishment and Development of Small and Medium-sized Merchants, Especially in Manufacturing and RIS3 Specialisation Areas” (hereinafter – Activity 3.1.1.1) and Activity 13.1.1.1 “Establishment and Development of Small and Medium-sized Enterprises” of Specific Objective 13.1.1 “Recovery Measures in Economic Sector” (hereinafter – Activity 13.1.1.1) of the Operational Programme “Growth and Employment” in the form of direct financial instruments;

1.2. Activity 1.2.2.2 “Individual Guarantees for Digitalisation and Automation” of Specific Objective 1.2.2 “Use of Benefits of Digitalisation for Development of Entrepreneurship” (hereinafter – Activity 1.2.2.2) and Activity 1.2.3.4 “Guarantees and Portfolio Guarantees for Full Cycle Entrepreneurship” of Specific Objective 1.2.3 “Promoting Sustainable Growth and Competitiveness of Small and Medium-sized Enterprises (SMEs) and Job Creation in SMEs, Including by Productive Investments” (hereinafter – Activity 1.2.3.4) of the European Union’s Cohesion Policy Programme for 2021–2027 in the form of direct financial instruments.

[*5 September 2023*]

2. Guarantees for performers of economic activity shall be granted by *akciju sabiedrība “Attīstības finanšu institūcija Altum”* [joint-stock company Development Finance Institution Altum] (hereinafter – the company Altum) in conformity with the conditions of this Regulation.

3. Within the scope of this Regulation, such performers of economic activity may receive aid which are:

3.1. micro, small, and medium-sized performers of economic activity, i.e. legal persons which correspond to the definition specified in Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereinafter – Commission Regulation No 651/2014);

3.2. large performers of economic activity, i.e. legal persons which correspond to the definition specified in Article 2(24) of Commission Regulation No 651/2014;

3.3. small mid-cap and mid-cap companies which correspond to Article 2(6) and (7) of Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments.

[*5 September 2023*]

4. Within the meaning of this Regulation, a newly-established performer of economic activity is a micro, small, and medium-sized performer of economic activity, i.e. a legal person which, not earlier than three years before submission of a guarantee application, has been registered with the relevant register and which does not have a credit history or an evaluation justified with the balance sheet of the merchant or related persons.

[*21 June 2022*]

4.1 The guarantee shall be available to small mid-cap and mid-cap performers of economic activity only within the scope of Activities 1.2.2.2 and 1.2.3.4.

[*5 September 2023*]

5. Guarantees shall be provided as the *de minimis* aid in accordance with Commission Regulation (EU) No 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (hereinafter – Commission Regulation No 2023/2831).

[*4 June 2024*]

6. The procedures for issuing guarantees, the measures for disbursing compensations and reducing losses shall be determined in accordance with the civil contracts concluded by and between the company Altum and a credit institution or its subsidiary that is registered in Latvia and is entitled to provide financial services in Latvia.

7. The funding available to the company Altum for the provision of guarantees shall be:

7.1. for Activity 3.1.1.1 – the funding from the European Regional Development Fund (hereinafter – the ERDF) in the amount of EUR 43 800 000 with the possibility to change (increase or reduce) it, without exceeding the total ERDF funding available to Specific Objective 3.1.1 in accordance with Sub-paragraph 3.1 of Cabinet Regulation No. 118 of 1 March 2016, Regulations Regarding the Procedures for the Implementation of Financial Instruments and Fund of Funds for the Introduction of Activities of Specific Objective 3.1.1 “Promotion of Establishment and Development of Small and Medium-sized Merchants, Especially in Manufacturing and RIS3 Specialisation Areas”, Activities of Specific Objective 3.1.2 “Increase the Number of Fast-growing Merchants”, and Activity 13.1.1.1 “Establishment and Development of Small and Medium-sized Enterprises” of Specific Objective 13.1.1 “Recovery Measures in Economic Sector” of the Operational Programme “Growth and Employment”;

7.2. the public funding repaid within the scope of Sub-activity 2.2.1.4.1 “Support in the Form of Loans for Improving Competitiveness of Merchants” of the Operational Programme “Entrepreneurship and Innovations” – EUR 7 700 000;

7.3. for the performers of economic activity referred to in Sub-paragraph 3.2 of this Regulation:

7.3.1. for Activity 3.1.3 “Training and Consultations for Persons Commencing Commercial Activity or Self-employment” – EUR 935 586;

7.3.2. the funding repaid for the second time for Activity 1.3.1.2 “Support for Commencing Self-employment or Entrepreneurship” of the Operational Programme “Human Resources and Employment” – EUR 482 840;

7.3.3. the funding repaid by the start-up loan and micro-loan programmes – up to EUR 1 500 000;

7.3.4. the public funding of refunds of the micro-crediting programme of small and medium-sized merchants of Latvia – EUR 595 050;

7.3.5. the funding from the State budget – EUR 4 500 000;

7.3.6. the public funding repaid in Sub-activity 2.2.1.4.2 “Mezzanine Loans and Guarantees for Improvement of Competitiveness of Economic Operators” of the Operational Programme “Entrepreneurship and Innovations” – EUR 1 300 000;

7.4. for Activity 13.1.1.1 – the ERDF funding in the amount of EUR 7 459 282 and the funding from the State budget in the amount of EUR 1 540 719 with the possibility to change (increase or reduce) it, without exceeding the total ERDF funding available to Specific Objective 13.1.1 in accordance with Sub-paragraph 3.3 of Cabinet Regulation No. 118 of 1 March 2016, Regulations Regarding the Procedures for the Implementation of Financial Instruments and Fund of Funds for the Introduction of Activities of Specific Objective 3.1.1 “Promotion of Establishment and Development of Small and Medium-sized Merchants, Especially in Manufacturing and RIS3 Specialisation Areas”, Activities of Specific Objective 3.1.2 “Increase the Number of Fast-growing Merchants”, and Activity 13.1.1.1 “Establishment and Development of Small and Medium-sized Enterprises” of Specific Objective 13.1.1 “Recovery Measures in Economic Sector” of the Operational Programme “Growth and Employment”;

7.5. for Activities 1.2.3.4 and 1.2.2.2 – the funding which is issued by the company Altum in accordance with the legal act prescribing the procedures for the implementation of financial instruments to be used within the scope of the European Union’s Cohesion Policy Programme for 2021–2027, the available funding, the aided activities, and the eligible costs.

[*21 June 2022; 7 March 2023; 5 September 2023*]

7.1 The following output indicators shall be achieved with the funding referred to in Sub-paragraph 7.4 of this Regulation:

7.1 1. the number of those performers of economic activity which receive financial aid other than grants – 20;

7.1 2. private funding which is linked to the public funding – EUR 20 000 000.

[*21 June 2022; 7 March 2023*]

**II. Financial Services to be Aided and the Amount of the Guarantee**

8. Guarantees shall be granted for the following financial services:

8.1. loans for making investments;

8.2. loans for funding current assets, including credit limits (credit lines and overdraft facilities);

8.3. financial leasing, financial leasing limits;

8.4. factoring in which a client (performer of economic activity) is liable, according to the concluded factoring contract, to the factor (a credit institution or its subsidiary) for the safety of the transferred claim or claim to be transferred;

8.5. bank guarantees (guarantees of a tender, advance payment, fulfilment of payment, or time), limits of bank guarantees, a letter of credit.

8.1 Guarantees for the financial service referred to in Sub-paragraph 8.4 of this Regulation are not provided in Activities 1.2.3.4 and 1.2.2.2.

[*5 September 2023*]

9. Aid shall be provided for new financial services only, except for the following cases:

9.1. if a credit institution extends the term of validity for the previously concluded financial services contracts referred to in Sub-paragraph 8.2, 8.4, or 8.5 of this Regulation and the company Altum grants the guarantee for new liabilities arising after amendments to the financial services contract;

9.2. if a loan of the company Altum is re-financed in conformity with all applicable norms of the regulation of aid for commercial activity. The source of funding referred to in Sub-paragraphs 7.2 and 7.3 of this Regulation shall be used for re-financing the loan.

[*21 June 2022*]

9.1 The conditions of Paragraph 9 of this Regulation shall not be applied if the term of validity of the financial services contract previously guaranteed by the company Altum is extended for the financial services referred to in Paragraph 8 of this Regulation.

[*21 June 2022*]

10. The guarantee shall be granted if economic activity is economically viable, including by assessing the potential and sustainability of the business idea of the performer of economic activity, the co-funding necessary for the project implementation, and the liquidity, the current and future financial situation of the performer of economic activity, the conformity of knowledge and experience, and also by analysing the identified risks of entrepreneurship and other factors for determining the quality of loan of the performer of economic activity. When granting the guarantee, the *de minimis* aid is provided in accordance with Chapter IV of this Regulation.

11. The guarantee shall cover up to 80 % of the amount of the financial service.

12. The amount of the guarantee for one micro, small, and medium-sized performer of economic activity and the group of persons related thereto (in accordance with the definition of Article 2(2) of Commission Regulation No 2023/2831) shall not exceed:

12.1. if gross grant equivalent is calculated in accordance with Article 4(6)(c) of Commission Regulation No 2023/2831 – EUR 5 000 000 or EUR 7 000 000 if the guarantee is provided within the scope of Activity 1.2.2.2 and the original maturity of the guarantee does not exceed 10 years;

12.2. if gross grant equivalent is calculated in accordance with Article 4(6)(b) of Commission Regulation No 2023/2831 – the amounts and maturities of the guarantee specified in Article 4(6)(b) of Commission Regulation No 2023/2831.

[*4 June 2024*]

13. Sub-paragraph 12.2 of this Regulation shall be applied to a large performer of economic activity.

14. The maturity of a previously issued guarantee may be extended, without the total maturity of the guarantee exceeding 15 years, if the grant equivalent is calculated in accordance with Article 4(6)(c) of Commission Regulation No 2023/2831 and if the credit institution has submitted to the company Altum a guarantee application for the extension of maturity and a certification filled in by the performer of economic activity for a credit guarantee (form of the company Altum), and also the company Altum has assessed the financial condition of the performer of economic activity and the sufficiency of security. If the maturity of the guarantee previously issued by the company Altum is extended, the company Altum shall re-assess it and check the *de minimis* aid conditions.

[*4 June 2024*]

15. Large performers of economic activity may receive aid if the credit quality of the guarantee is not below the credit quality class “Solvency is likely to be impaired by adverse conditions” referred to in Annex to this Regulation in accordance with Article 4(6)(a) of Commission Regulation No 2023/2831.

[*4 June 2024*]

**III. Sectors, Activities, and Performers of Economic Activity not to Be Supported**

16. Aid shall not be granted to the following sectors and activities:

16.1. to performers of economic activity which are operating in the sectors specified in Article 1(1)(a), (b), (c), and (d) or the activities specified in Article 1(1)(e) and (f) of Commission Regulation No 2023/2831;

16.2. trade in weapons and ammunition (Class 47.78 “Other retail sale of new goods in specialised stores” of NACE Rev. 2);

16.3. manufacture and sale of tobacco products (Division 12 “Manufacture of tobacco products”, Class 46.35 “Wholesale of tobacco products” and Class 47.26 “Retail sale of tobacco products in specialised stores” of NACE Rev. 2);

16.4. sale of alcohol (Class 46.34 “Wholesale of beverages” and Class 47.25 “Retail sale of beverages in specialised stores” of NACE Rev. 2);

16.5. gambling and betting activities (Division 92 “Gambling and betting activities” of NACE Rev. 2);

16.6. financial and insurance activities (Section K “Financial and insurance activities” of NACE Rev. 2);

16.7. real estate activities (Section L “Real estate activities”, Class 68.1 “Buying and selling of own real estate” and Class 68.31 “Real estate agencies” of NACE Rev. 2), except for Class 68.1 “Buying and selling of own real estate”, if the performer of economic activity builds, restores, or rebuilds real estate (structure) the principal type of use of which, in accordance with the regulatory framework regarding classification of structures, is a building with three or more apartments outside the administrative territory of Jūrmala State city, Rīga State city, and the adjacent municipalities of Rīga State city (Mārupe municipality, Olaine municipality, Ķekava municipality, Salaspils municipality, Ropaži municipality, Ādaži municipality);

16.8. [21 June 2022];

16.9. [4 June 2024];

16.10. acquisition of capital shares of capital companies, except for cases if the development or expansion of activity of the performer of economic activity is ensured as a result of such activity;

16.11. projects which have been physically completed or fully implemented, except for the case if the maturity of the guarantee previously issued by the company Altum has been extended or the loan of the company Altum has been re-financed in conformity with all the applicable norms of the regulation of aid for commercial activity.

[*21 June 2022; 4 June 2024*]

16.1 In addition to the conditions of Paragraph 16 of this Regulation, the guarantee within the scope of Activities 1.2.3.4 and 1.2.2.2 shall not be granted:

16.1 1. in sectors specified in Article 7(1) of Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund;

16.1 2. for the acquisition of land if the amount exceeds 10 % of the guaranteed amount of financial service or in relation to derelict sites and for those formerly in industrial use which comprise buildings up to 15 % of the guaranteed amount of financial service in accordance with Article 64(1)(b) of Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (hereinafter – Regulation No 2021/1060);

16.1 3. for co-funding the projects of the European Union funds and also pre-financing in accordance with Article 58(7) of Regulation No 2021/1060;

16.1 4. for activities which are considered as actually completed or fully implemented before the application for the receipt of funding under the aid programme is submitted in conformity with Article 63(6) of Regulation No 2021/1060;

16.1 5. for extinguishing current or new liabilities, including debt interest, in accordance with Article 64(1)(a) of Regulation No 2021/1060.

[*5 September 2023*]

17. In addition to the conditions of Paragraph 16 of this Regulation, the guarantee in the implementation of Activity 3.1.1.1 shall not be granted:

17.1. for co-funding projects of the European Union funds, including advance payments;

17.2. for the sectors and activities referred to in Article 3(3) of Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006;

17.3. for the acquisition of built-up or vacant land if more than 10 % of the amount of financial service is directed towards the purchase.

18. The guarantee shall not be granted to a performer of economic activity:

18.1. if insolvency proceedings have been declared for it by a court decision, legal protection proceedings have been initiated or are being implemented, or the performer of economic activity has submitted a certification that it does meet the criteria specified in the laws and regulations on the basis of which the creditor may request insolvency proceedings;

18.2. if it has a debt of taxes (fees) administered by the State Revenue Service the total amount of which exceeds EUR 150, except for the case if an extension of the payment term of tax payment has been granted thereto or the State Revenue Service has taken the decision on voluntary execution of late tax payments, or an agreement contract has been concluded.

[*5 September 2023*]

**IV. Calculation of a Guarantee Premium and a Grant Equivalent and Conditions for the State Aid**

19. The company Altum shall calculate a guarantee premium, applying the annual premium rates according to the credit quality and level of security of the performer of economic activity which has been determined according to the credit quality evaluation system of the company Altum. The applicable annual guarantee premiums shall be published on the website of the company Altum.

19.1 For the performers of economic activity whose sector of activity is Class “Travel agency, tour operator and other reservation service and related activities” of NACE Rev. 2, the guarantee premium which has been calculated in accordance with Paragraph 19 of this Regulation and is intended for guaranteeing the financial services referred to in Sub-paragraph 8.5 of this Regulation may be reduced but not more than in the amount of 90 %.

[*7 March 2023 / Paragraph shall come into force on 23 March 2023. See Paragraph 42*]

20. A grant equivalent for a micro, small, and medium-sized performer of economic activity shall be calculated as the difference between the annual rate of the safe-harbour premium of the corresponding credit quality class (Annex) and the applied annual premium rate in monetary terms or in applying the conditions of Article 4(6)(b) of Commission Regulation No 2023/2831. If the duration of guarantee exceeds a year, the difference between the rates is discounted, using the reference rate to be calculated in accordance with the reference rate approved for Latvia by the European Commission.

[*4 June 2024*]

21. A grant equivalent for a large performer of economic activity and a small mid-cap and mid-cap company shall be calculated by applying the conditions of Article 4(6)(b) of Commission Regulation No 2023/2831.

[*4 June 2024*]

22. The *de minimis* aid shall be granted to a performer of economic activity from the day when the decision to grant the *de minimis* aid is taken.

[*5 September 2023*]

23. When applying for aid, a performer of economic activity shall provide information on the *de minimis* aid received previously in conformity with the laws and regulations governing the procedures for recording and granting the *de minimis* aid and the sample recording forms.

24. When granting the *de minimis* aid, the provider of aid shall verify whether the planned *de minimis* aid together with the *de minimis* aid granted in the previous three years (counting from the day when aid was granted) at the level of a single undertaking does not exceed the maximum amount of the *de minimis* aid specified in Article 3(2) of Commission Regulation No 2023/2831.

[*4 June 2024*]

25. [4 June 2024]

26. In order to ensure that the condition referred to in Paragraph 24 of this Regulation is complied with in the case of merger, acquisition, or division of the performer of economic activity, the following conditions shall be taken into account in keeping records of aid:

26.1. if the performers of economic activity have been merged, all the *de minimis* aid granted previously to each performer of economic activity merged shall be taken into account;

26.2. if the performer of economic activity has been divided, the received *de minimis* aid shall be applied to the performer of economic activity which benefited from the received *de minimis* aid and which took over activities for which the *de minimis* aid initially was used, or, if the abovementioned applicability is not possible, the received *de minimis* aid shall be applied in proportion on the basis of the division of the equity balance sheet values of the performer of economic activity as at the actual date.

27. The company Altum and the recipient of aid shall conform to the conditions referred to in Article 6(3) and (7) of Commission Regulation No 2023/2831.

[*4 June 2024*]

28. If the requirements of Commission Regulation No 2023/2831 are violated, the recipient of aid has the obligation to repay the unlawful *de minimis* aid received within the scope of the project to the company Altum, together with the interest from the funds free of State aid, in accordance with Chapter IV or V of the Law on Control of Aid for Commercial Activity.

[*4 June 2024*]

29. Within the scope of this Regulation, aid may be cumulated with other *de minimis* aid for the same eligible costs if, after cumulation of aid, the relevant maximum aid intensity for the item of costs does not exceed 100 % of the value of the item of costs.

30. In conformity with the conditions of Article 5 of Commission Regulation No 2023/2831, the *de minimis* aid granted within the scope of this Regulation may be cumulated with other *de minimis* aid up to the relevant threshold value specified in Article 3(2) of Commission Regulation No 2023/2831 and also may be cumulated with other State aid in relation to the same eligible costs or other State aid to the same risk funding activity, if such cumulation does not result in exceeding the relevant maximum aid intensity or amount of aid which is specified in the State aid programme or a decision of the European Commission. In such case, the performer of economic activity shall submit all information to the company Altum on the aid planned and granted for the same eligible costs, indicating the date of granting the aid, the name of the provider of aid, the aid measure, the planned or granted amount of aid, and aid intensity.

[*4 June 2024*]

31. Aid which has been granted within the scope of this Regulation may not be cumulated with other aid provided according to the decisions of the European Commission on State aid measures which have been taken in accordance with sections 3.2 and 3.3 of Communication from the Commission of 19 March 2020, Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (C(2020)1863), and with aid granted within the scope of the aid programme to the enterprises affected by the COVID-19 crisis for ensuring the flow of current assets.

[*17 December 2020*]

31.1 Aid which has been granted within the scope of Activity 1.2.2.2 may not be cumulated with other aid for the same costs which has been granted within the scope of Activity 1.2.3.4.

[*5 September 2023*]

31.2 If a performer of economic activity is operating in the sectors not to be aided and referred to in Sub-paragraph 16.1 of this Regulation, the *de minimis* aid may only be granted if the aid applicant ensures the operation of sectors or the separation of accounting so that the sectors excluded from the activity in accordance with Article 1(2) of Commission Regulation No 2023/2831 do not benefit from the *de minimis* aid which is granted in accordance with Commission Regulation No 2023/2831. If the performer of economic activity is concurrently operating in one or several sectors which are referred to in Sub-paragraph 16.2, 16.3, 16.4, 16.5, 16.6, 16.7, 16.10, or 16.11 of this Regulation, the *de minimis* aid may only be granted if the performer of economic activity ensures the operation of such sectors or the separation of accounting.

[*4 June 2024*]

**V. Management Expenditures and Coverage of Risk**

32. Funding for covering management expenditures shall be available to the company Altum:

32.1. during the conformity period of Activity 3.1.1.1 in accordance with Article 13(2) and (3) of Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund (hereinafter – Commission Regulation No 480/2014);

32.2. the public funding repaid during the implementation period of Activity 3.1.1.1 for covering management expenditures of Activity 3.1.1.1, including for covering the return of capital, taking into account the evaluation of programmes developed in accordance with the Law on Development Finance Institution;

32.3. within the scope of Activities 1.2.2.2 and 1.2.3.4, the management expenditures of the company Altum shall be determined in accordance with the legal act prescribing the procedures for the implementation of financial instruments to be used within the scope of the European Union’s Cohesion Policy Programme for 2021–2027, the available funding, the aided activities, and the eligible costs.

[*7 March 2023; 5 September 2023*]

33. Reduction of 2 % shall be applied to the part of management expenditures which is calculated on the basis of performance-based results if the acquisition of the funding from the European Regional Development Fund as on 31 December 2023 is below 80 % and the number of aided performers of economic activity within the scope of Activity 3.1.1.1 is below 501.

34. Management expenditures for the guarantees which have been issued in accordance with Sub-paragraphs 7.2 and 7.3 of this Regulation are included in client payments, i.e. premiums and commissions.

[*21 June 2022*]

35. The foreseeable losses of the company Altum in Activity 3.1.1.1 which have been determined in accordance with Section 12, Paragraph three of the Law on Development Finance Institution shall be funded from the funding referred to in Sub-paragraph 7.1 of this Regulation but the foreseeable losses for other guarantees of performers of economic activity – from the funding referred to in Sub-paragraphs 7.2 and 7.3 of this Regulation.

[*21 June 2022*]

36. The repaid funding referred to in Sub-paragraph 7.1 of this Regulation shall be used for covering the return of capital of the company Altum from 2019 in the amount of 10 % per year on average throughout the implementation period of the programme from the capital of the company Altum which is provided for covering credit risks, operational risks, and other risks of the financial instruments specified in this Regulation, taking into account the evaluation of programmes developed in accordance with the Law on Development Finance Institution.

[*7 March 2023*]

**VI. Closing Provisions**

37. Cabinet Regulation No. 997 of 26 October 2010, Regulations Regarding Guarantees for Improving the Competitiveness of Merchants and Cooperative Companies of Corresponding Agricultural Services (*Latvijas Vēstnesis,* 2010, No. 177; 2013, Nos. 102, 252; 2014, Nos. 146, 184; 2015, No. 109; 2016, Nos. 9, 108; 2017, No. 36; 2018, No. 90; 2019, No. 79), is repealed.

38. In order to extend guarantees which have been issued in accordance with Cabinet Regulation No. 269 of 29 March 2009, Regulations Regarding Guarantees for Improving the Competitiveness of Merchants and Cooperative Companies of Corresponding Agricultural Services, or Cabinet Regulation No. 997 of 26 October 2010, Regulations Regarding Guarantees for Improving the Competitiveness of Merchants and Cooperative Companies of Corresponding Agricultural Services, this Regulation shall be applied in conformity with the conditions for the *de minimis* aid.

39. Cabinet Regulation No. 160 of 15 March 2016, Regulations Regarding the Implementation of Specific Objective Activity 4.2.1.1 “Promote Improvement in Energy Efficiency in Residential Buildings” of Specific Objective 4.2.1 “Promote Improvement in Energy Efficiency in State and Residential Buildings” of the Operational Programme “Growth and Employment”, shall be applied to the guarantees which have been issued within the scope of Activity 4.2.1.1 “Promote Improvement in Energy Efficiency in Residential Buildings” of Specific Objective 4.2.1 “Promote Improvement in Energy Efficiency in State and Residential Buildings” of the Operational Programme “Growth and Employment”.

40. The decision to grant the *de minimis* aid in accordance with Paragraph 22 of this Regulation may be taken until the time limit specified in Article 7(3) and Article 8 of Commission Regulation No 2023/2831.

[*4 June 2024*]

41. [17 December 2020]

42. Paragraph 19.1 of this Regulation shall come into force from the day when the monitoring committee of the European Union funds in accordance with Article 37(3) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 has agreed upon the assessment of market failures.

[*7 March 2023 / Paragraph 19.1 shall come into force on 23 March 2023. See the Notice*]

43. After the monitoring committee of the European Union funds has agreed upon the assessment of market failures referred to in Paragraph 42 of this Regulation, the Ministry of Economics shall send a relevant notice for publishing in the official gazette *Latvijas Vēstnesis*.

[*7 March 2023*]

44. Guarantees shall be granted to Activities 1.2.2.2 and 1.2.3.4 when the funding for Activities 3.1.1.1 and 13.1.1.1 has been granted to merchants in full amount or new guarantees cannot be granted in accordance with the conditions of Activities 3.1.1.1 and 13.1.1.1.

[*5 September 2023*]

Prime Minister A. K. Kariņš

Minister for Economics J. Vitenbergs

**Annex**

Cabinet Regulation No. 383

16 June 2020

[*5 September 2023*]

**Annual Rates of the Safe-harbour Premium**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| No. | Credit quality class | Standard and Poor’s rating | Fitch rating | Moody’s rating | Annual rate of the safe-harbour premium | | |
| Level of security1 | | |
| high | normal | low |
| 1. | Highest credit quality | AAA | AAA | Aaa | 0.4 % | 0.4 % | 0.4 % |
| 2. | Very strong solvency | AA +  AA  AA – | AA +  AA  AA – | Aa 1  Aa 2  Aa 3 | 0.4 % | 0.4 % | 0.4 % |
| 3. | Strong solvency | A +  A  A – | A +  A  A – | A 1  A 2  A 3 | 0.55 % | 0.55 % | 0.55 % |
| 4. | Adequate solvency | BBB +  BBB  BBB – | BBB +  BBB  BBB – | Baa 1  Baa 2  Baa 3 | 0.8 % | 0.8 % | 0.8 % |
| 5. | Solvency is vulnerable to adverse conditions | BB +  BB | BB +  BB | Ba 1  Ba 2 | 2 % | 2 % | 2 % |
| 6. | Solvency is likely to be impaired by adverse conditions | BB –  B + | BB –  B + | Ba 3  B 1 | 3.8 % | 3.8 % | 3.8 % |
| B  B – | B  B – | B 2  B 3 | 6.3 % | 6.3 % | 6.3 % |
| 7. | Solvency is dependent upon sustained favourable conditions | CCC +  CCC  CCC –  CC | CCC +  CCC  CCC –  CC  C | Caa 1  Caa 2  Caa 3 | – | – | – |
| 8. | In or near default | SD  D | DDD  DD  D | Ca  C | – | – | – |
| Note. 1High level of security – losses in case of default are 30 % or less. Normal level of security – losses in case of default are from 31 % to 59 %. Low level of security – losses in case of default are more than 60 %. The annual rate of the safe-harbour premium for newly-established performers of economic activity is 3.8 % but not less than the rate of the safe-harbour premium applied to the parent undertaking. | | | | | | | |