

COVID-19: Romanian authorities implemented the state aid scheme for financing large enterprises

Following the European Commission approval decision (more information here), the state aid scheme valued at RON 4 billion (EUR 800 million) for the financing of large enterprises and small and medium-sized enterprises (SMEs) with a 2019 turnover of more than RON 20 million (EUR 4 million) was implemented by two decisions of the Interministerial Committee for Finance, Guarantee and Insurance (Interministerial Committee).

These two decisions, approving the norms for each measure separately, contain the following important features:

- both measures apply only to non-revolving cash facility loans;
- the measures provide support for investment loans with a maximum maturity of six years, or working capital loans with a maximum maturity of four years;
- syndicated loans are also eligible for the issuance of loan guarantees;
- under the state guarantee scheme for loans granted/to be granted in foreign currency, the assessment of whether or not the loan amount qualifies for aid will be determined by converting the foreign currency amount in RON at the Romanian National Bank's (NBR) medium exchange rate for 2019 (e.g. EUR 1 = RON 4.7452, according to the website of the NBR);
- applicants aiming to obtain support for investment loans must contribute at least 10% of the value of the investment project;
- the beneficiary must provide first ranking guarantees and security which shall cover at least (i) 100% of the loan principal in respect of the subsidised interest rates for loans or (ii) 10% of the principal for new loans and 50% of the principal for existing loans, in respect of the state loan guarantees;
- the loans cannot be used for refinancing other loans or expenses already incurred by the beneficiaries for the payment of dividends or for repayment of shareholders loans;
- the expenses which can be financed under each measure/type of loan are as follows:

→ investment loans can be used for investments related to (i) construction of new buildings or acquisition of new buildings, acquisition of equipment, software etc., (ii) the set-up, extension, upgrade of production/services unit, (iii) consultancy services, (iv) other expenses for the implementation of the investment project;

→ working capital loans can be used for expenses incurred in the day to day business (i) in relation to commercial contracts/orders (e.g., acquisition of raw material and/or materials for supply, production, distribution etc.), and (ii) general expenses in the current business (including payment of debts towards the state budget).

→ EximBank will issue procedures for the application of the scheme, but they will be subject to the approval of the Interministerial Committee.

Applications are not open yet, but must be submitted before 30 November 2020 either by uploading scanned copies to a dedicated platform provided by EximBank or by delivering hardcopy documents.

Eligible companies should begin preparing their applications as soon as possible since aid will be distributed on a first-come, first-served basis.

For more information on this state-aid scheme, contact your regular CMS partner or one of our local CMS experts: **Ana Radnev, Adina Nanescu and Claudia Nagy.**