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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. 503

Adopted on 6 July 2021 (Par. 135 of Minutes No. 51)

**Regulations Regarding Loans with Capital Discount for Investment Projects of Merchants for Facilitating Competitiveness**

*Issued pursuant to*

*Section 12, Paragraph four of the Law on Development Finance Institution*

**I. General Provisions**

1. The Regulation prescribes:

1.1. the conditions for granting aid in the form of loans and capital discount (which is granted as partial extinguishing of the principal amount of the loan) (hereinafter – the loan programme);

1.2. the procedures for the implementation of the loan programme included in this Regulation;

1.3. the financing available for the implementation of the loan programme;

1.4. the conditions for the activities to be supported and for the eligibility of costs;

1.5. accounting of the aid, the sectors and activities not to be supported.

2. The objective of the loan programme is to provide aid to merchants for the implementation of viable entrepreneurial projects, facilitating the development of merchants, their competitiveness, increase in export amount and ensuring financing for the implementation of such projects which are directed towards the introduction of new facilities and technological processes.

3. Within the scope of the loan programme, loans shall be issued and capital discount shall be granted and applied by *akciju sabiedrība “Attīstības finanšu institūcija Altum”* [joint-stock company Development Finance Institution *Altum*] (hereinafter – the company *Altum*) within the scope of the agreement entered into with the merchant (hereinafter – the loan agreement) which, *inter alia*, shall include the conditions for the application of the capital discount, the follow-up procedures, and the consequences in case of failure to meet the conditions of this Regulation. The company *Altum* may issue a loan only together with the loan of another funding provider (an international financial institution, a private investment fund, or a credit institution). Within the scope of the loan programme, the capital discount shall be either full or partial reduction of the principal amount of the loan issued by the company *Altum* which is applied upon fulfilment of certain conditions or a set of criteria.

[*21 December 2021*]

4. The Investment and Development Agency of Latvia (hereinafter – the Agency) shall provide an assessment:

4.1. within the scope of the selection round referred to in Paragraph 28 of this Regulation on the eligibility of the merchant and the project implemented thereby in order to qualify for a loan from the company *Altum*;

4.2. on the fulfilment of the conditions for the application of the capital discount within the scope of the loan programme for loans granted by the company *Altum*, in addition to the conditions included in the loan agreement referred to in Paragraph 3 of this Regulation.

[*21 December 2021*]

5. Within the meaning of this Regulation the financing may be received by a merchant which conforms to the following conditions:

5.1. it is a large merchant which corresponds to the definition laid down in Article 2(24) of 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) or a medium-sized merchant which conforms to the criteria laid down in Article 2(1) of Annex I to Commission Regulation No 651/2014 and exceeds the criteria laid down in Article 2(2) of Annex I to Commission Regulation No 651/2014;

5.2. it has been registered with the Commercial Register of the Republic of Latvia;

5.3. the objective of the investment project thereof is the introduction of new facilities and technological processes in the production or in the provision of services in the sectors to be supported and referred to in Sub-paragraph 19.2 of this Regulation;

5.4. in accordance with Article 2(49)(a) of Commission Regulation No 651/2014, the objective of the loan is financial contributions in the initial investment of the project of the merchant, i.e. in tangible and intangible assets for the commencement of production, the extension and effectivisation thereof, for setting-up of a new establishment, the extension of the capacity of an existing establishment, for the diversification of the output of an establishment with products not previously produced in the establishment, or for a fundamental change in the overall production process of an existing establishment;

5.5. according to the information available in the database of debtors of taxes (fees) administered by the State Revenue Service, it has no tax or fee debts, including debt of the mandatory State social insurance contributions which in total exceeds EUR 1000, except for tax payments for the covering of which an extension of the payment term has been granted, has entered into an agreement on voluntary payment of taxes, or has entered into an arrangement contract. The company *Altum* shall verify conformity with the abovementioned condition until the commencement of the issuing of the loans;

5.6. it is not to be regarded as an undertaking in difficulty in accordance with Article 2(18) of Commission Regulation No 651/2014, except for the exception referred to in Article 1(4)(c) of Commission Regulation No 651/2014;

5.7. a recovery order in accordance with Article 1(4)(a) of Commission Regulation No 651/2014 does not apply to it;

5.8. the investment supports the activity of a merchant according to the objectives of the European Union and the commitments of Latvia which apply to green and digital transformation, including the objective of the European Union to achieve climate neutrality by 2050.

[*21 December 2021*]

6. Within the meaning of this Regulation, linked persons are performers of economic activity which conform to the definition laid down in Article 3(3) of Annex I to Commission Regulation No 651/2014.

7. The financing available for the implementation of the loan programme shall consist of the State budget financing in the amount of EUR 99 565 000. The financing shall be used for covering the expected losses for the company *Altum* and for covering the capital discount.

[*21 December 2021*]

8. [21 December 2021]

9. The date of taking the decision by the company *Altum* to grant the loan which determines the maximum amount of aid, aid intensity, the maximum available capital discount, and also the maximum term of the loan, including the extension not exceeding the period referred to in Paragraph 18 of this Regulation, shall be regarded as the date of granting the aid before which the conformity of the merchant and the project implemented thereby with the conditions of Sub-paragraphs 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, and 5.7 of this Regulation has been assessed.

[*21 December 2021*]

10. The merchant shall apply for aid by submitting an application to the company *Altum*. In order for the company *Altum* to commence the project evaluation, the merchant must participate and receive a positive decision in the project selection organised by the Agency by submitting the application referred to in Paragraph 29 of this Regulation. The application referred to in Paragraph 29 of this Regulation may be submitted by the merchant to the Agency and the application referred to in Sub-paragraph 31.1 of this Regulation may be submitted to the company *Altum* as long as the selection round is open.

[*21 December 2021*]

11. The Ministry of Economics, the company *Altum*, and the Agency shall enter into a contract for the introduction and supervision of the loan programme.

**II. Conditions of the Loan Programme**

12. The financing shall be issued as the regional aid in accordance with Article 14 of Commission Regulation No 651/2014.

[*21 June 2022*]

13. Within the scope of the financing attracted to the project of a merchant, the aid shall be provided for the initial investment in tangible assets (in accordance with Article 2(29) of Commission Regulation No 651/2014) and intangible assets (in accordance with Article 2(30) of Commission Regulation No 651/2014).

[*21 December 2021*]

13.1 The investment referred to in Paragraph 13 of this Regulation shall be subject to conformity with the following conditions:

13.11. the eligible project costs for medium-sized merchants shall be the initial investment in accordance with Article 2(49)(a) of Commission Regulation No 651/2014, while the eligible project costs for large merchants shall be the initial investment in accordance with Article 2(49)(a) and (b) of Commission Regulation No 651/2014;

13.12. the buildings and structures shall be new (except for the acquisition thereof by a medium-sized merchant and except for the acquisition of an establishment for large merchants);

13.12.1 other assets which are not referred to in Sub-paragraph 13.12 of this Regulation shall be new;

13.13. the costs related to lease of tangible assets shall conform to the conditions referred to in Article 14(6) of Commission Regulation No 651/2014 and, in the case of land, buildings and plant, the rights related to the lease and development have been corroborated in the Land Register (if applicable) or the lease and building rights must continue after the expected date of completion of the investment project for at least five years for large merchants or three years in the case of medium-sized merchants, and shall remain valid during the entire term of validity of the loan agreement;

13.14. the initial investment in construction or acquisition of immovable property shall be eligible only for a complex investment project which also involves the acquisition of equipment in conformity with the eligible investment ratio of up to 40 % for construction and acquisition of immovable property;

13.15. intangible assets shall conform to the conditions referred to in Article 14(8) of Commission Regulation No 651/2014. For large merchants, intangible assets may be financed up to 50 % of the total eligible costs of investments;

13.16. the aid intensity within the scope of the loan programme of the eligible project costs shall be as follows:

13.16.1. in level 3 region of the Nomenclature of Territorial Units for Statistics (hereinafter – NUTS-3) of Rīga and Pierīga – 30 % for large merchants or 40 % for medium-sized merchants;

13.16.2. in NUTS-3 region of Kurzeme, Zemgale, Vidzeme, and Latgale – 40 % for large merchants or 50 % for medium-sized merchants;

13.17. if the initial investments planned in the project are made in Latvia within two or more different NUTS-3 aid intensity regions one of the following aid intensity will be applied:

13.17.1. the aid intensity of the respective NUTS-3 aid intensity region shall be applied to the initial investment costs of each NUTS-3 aid intensity region;

13.17.2. if one or more different NUTS-3 aid intensity regions benefit from the initial investments irrespective of their locations, the lowest aid intensity from those applied to NUTS-3 aid intensity regions which benefit from the implementation of the project shall be applied to the whole project.

[*21 December 2021; 5 April 2022; 21 June 2022*]

14. In order to receive financing, a merchant must comply with the following conditions:

14.1. the financing granted has an incentive effect and the application conforms to the requirements of Article 6(2) of Commission Regulation No 651/2014 concerning the information to be included in the application:

14.1.1. the application has been submitted to the company *Altum* prior to the commencement of the project in accordance with Article 6(2) of Commission Regulation No 651/2014;

14.1.2. if other public financing is attracted to the project, the project may be commenced when the application has been submitted in all the institutions where it has been applied for aid and the decision to grant the aid has been taken or an agreement (if aid is not granted by the decision) has been entered into. Within the meaning of Sub-paragraph 14.1.1 of this Regulation and this Sub-paragraph, the commenced project conforms to Article 2(23) of Commission Regulation No 651/2014, being a project for which implementation work has started, as evidenced by the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible, whichever occurs first. Buying land and preparatory works such as receiving permits and conducting feasibility studies are not considered start of works. For take-overs, the start of works means the moment of acquiring the assets directly linked to the acquired establishment;

14.2. a project which has been commenced before the application is submitted to the company *Altum* is not eligible;

14.3. after completion of a project, the initial investments shall remain in Latvia within the relevant NUTS-3 intensity region where the supported project is implemented or, if the aid is granted by taking into account Sub-paragraph 13.17.2 of this Regulation, remain in Latvia for at least five years for large merchants or three years for medium-sized merchants;

14.4. the merchant shall confirm that, during the last two years before applying for the aid, it has not moved its place of commercial activity from the European Economic Area to the place of commercial activity where the initial investment for which the aid is being requested will be made, and undertake not to do it for two years after the initial investment for which the aid is being requested is completed.

[*21 December 2021; 5 April 2022; 21 June 2022*]

15. The financing may be granted to large merchants for fundamental changes and diversification of an existing place of commercial activity if the conditions referred to in Article 14(7) of Commission Regulation No 651/2014 regarding the following are conformed to:

15.1. eligible costs for the fundamental changes in the production process;

15.2. eligible costs for the diversification of an existing place of commercial activity.

16. When co-financing a project with another funding provider, the provisions of Paragraph 19 of this Regulation, and also the following provisions shall be complied with:

16.1. within the scope of this Paragraph, the loan granted by the company *Altum* shall be equal with the planned amount of the capital discount;

16.2. the financing of the company *Altum* is subordinated in the structure in respect of the loan provided by another funding provider and has been reinforced with a lower security layer than the loan provided by another funding provider;

16.3. after receipt of the application for the financing, the company *Altum* shall contact another funding provider that according to the information specified by the merchant has agreed to provide financing within the scope of the project on the possibility to jointly finance the project;

16.4. the amount of loans granted by other funding providers is not less than the amount of the loan granted by the company *Altum* in accordance with this Regulation.

[*21 June 2022*]

17. [21 December 2021]

18. The term of the loan and of the loan extension shall be determined, taking into account the specific nature of the sector of the borrower, the economic cycle, the purpose of the use of the financing, and the lifetime and amortisation period of the assets to be acquired. The term of the loan and of the loan extension shall not exceed 20 years.

19. Within the scope of the loan programme, the loans to the projects of merchants shall be issued in conformity with the following conditions:

19.1. the amount of eligible costs intended in the project is at least EUR 10 000 000;

19.2. within the meaning of this Regulation, the sectors to be supported (except for the sectors referred to in Paragraph 40 of this Regulation) are the types of economic activity which are implemented in the following priority areas of smart specialisation:

19.2.1. knowledge-intensive bio-economy;

19.2.2. bio-medicine, medical technologies, pharmacy;

19.2.3. photonics and smart materials, technologies and engineering systems;

19.2.4. smart power industry and mobility;

19.2.5. information and communication technologies;

19.3. the immovable property in which initial investment is made and used but which is not included in the eligible project costs is the property of the merchant or the merchant has the long-term lease and building rights to it for the time period for which the loan is issued; however, not less than five years after the follow-up period for large merchants or not less than three years after the follow-up period for medium-sized companies, and they have been corroborated in the Land Register. If the immovable property is being leased from the State or local government, the long-term lease and building rights must be at least for the time period for which the loan is issued; however, not less than five years after receipt of the capital discount for large merchants or not less than three years after receipt of the capital discount for medium-sized merchants;

19.4. the initial investment does not include the vehicles which, in accordance with the laws and regulations in the field of traffic, are intended for the registration with the Road Traffic Safety Directorate or the Register of Tractor-type Machinery of the State Technical Supervision Agency are not included in the initial long-term investments;

19.5. the merchant must ensure accounting records in which investment project costs are clearly distinguished;

19.6. the initial investment shall not include and aid shall not be granted for current assets;

19.7. the initial investment shall not include and aid shall not be granted to cover the value added tax.

[21 December 2021]

20. The maximum granted capital discount shall be up to 30 % of the eligible project costs; however, not more than EUR 10 000 000, without exceeding the permissible aid intensity referred to in Sub-paragraph 13.16 or Paragraph 33 of this Regulation.

[*21 June 2022*]

21. Investment projects that are expected to meet at least four of the following five criteria (hereinafter – the project indicators) at the end of each follow-up year after full completion of the investment project are eligible for the assessment of a request for financing within the scope of this programme:

21.1. the monthly average gross remuneration for employees recruited as a result of the implementation of the investment project is not less than the amount of the monthly average gross remuneration in the previous year in the statistical region where the investment project will be implemented and to which the coefficient 1.3 is applied (except for Riga where the monthly average gross remuneration for employees is not less than the amount of the monthly average gross remuneration in national economy in the previous year to which the coefficient 1.3 is applied);

21.2. as a result of the implementation of the investment project, the amount of export of goods or services is at least EUR 3 000 000 per annum;

21.3. as a result of the implementation of the investment project, one new workplace of full-time work is created per each total available capital discount of EUR 250 000 and in total at least 12 new workplaces of full-time work are created and have been preserved throughout the respective follow-up period. During two years before the day of submitting the application for the financing, the persons who are intended to be employed in the newly created workplaces may not be employed in the group of the project applicant or related persons thereof according to the information provided by the State Revenue Service or the State Social Insurance Agency;

21.4. the amount of investments of the merchant in research and development at corporate level is at least EUR 250 000 per annum;

21.5. at least 20 % of the investments planned in the investment project are directed towards investments in the use of green technologies in the process of production of products and provision of services and in the production of other products directed towards reduction of the effect of climate changes (for example, accumulation and recovery of energy, creation of environmentally friendly and energy-efficient materials, smart mobility and clean transportation, management of water resources, reduction of air pollution, waste management – use of the surplus of productions processes, extension of the lifecycle of products).

[*21 December 2021; 5 April 2022*]

21.1 If several project applications have received the same score in the evaluation taking into account the criteria specified in Paragraph 21 of this Regulation, in taking the decision of the Agency to approve the application, preference shall be given to the project application to which a binding decision to grant a loan for the implementation of the project by a credit institution registered in the European Economic Area, its branch or its subsidiary which is entitled to provide financial services in Latvia, or a credit committee of an international financial institution has been appended.

[*5 April 2022*]

21.2 The agreement between the company *Altum*, the merchant, and another funding provider shall be signed within six months after taking the decision by the company *Altum* to finance the project of the merchant, but within twelve months if the total amount of project costs exceeds EUR 50 000 000. The company *Altum* has the right to extend the deadlines for signing the agreement specified in this Paragraph if deviations from these deadlines are caused by objective circumstances beyond the control of the merchant.

[*21 June 2022*]

21.3 Within one year after signing the agreement between the company *Altum*, the merchant, and another funding provider, the merchant shall make payments in the amount of 10 % of the amount of the applicable capital discount within the scope of the investment project. If payments in the amount of 10 % are not made, the company *Altum* has the right to terminate the agreement. The company *Altum* has the right to extend the deadline specified in this Paragraph for the merchant if deviations from this deadline have occurred due to objective circumstances beyond the control of the merchant.

[*21 June 2022*]

22. After the investment project has been fully completed and the merchant has submitted the application for the commencement of the follow-up, but no later than two years after the investment project has been fully completed, the Agency shall commence and implement for three years the follow-up of the project indicators specified in the application submitted as part of the relevant selection round of the relevant investment project. The Agency shall assess the fulfilment of the criteria for the project indicators in each follow-up year after the end of the relevant follow-up year. If the merchant fails to provide information to the Agency, the capital discount is not applied. In order to ensure conformity of the project and the aid granted with this Regulation, the company *Altum* has the right to transfer data on the merchant and the project to the Agency, whereas the Agency has the right to transfer data on the merchant and the project to the company *Altum*. The company *Altum* and the Agency have the right to request and receive direct access to data in State information systems, databases, and registers free of charge to the extent necessary for the implementation of the investment and the provision of support to merchants within the scope of this Regulation.

[*5 April 2022*]

22.1 It shall be regarded that the investment project has been fully completed according to the end date of the project implementation specified in Sub-paragraph 29.2.3 of this Regulation or according to the information provided by the company *Altum* on changes in the investment project implementation deadlines.

[*21 December 2021*]

22.2 The company *Altum* may apply the capital discount if the Agency has taken the decision on the achievement of the project indicators specified in the application for the relevant project selection round. The Agency shall take its decision within two months after the end of the follow-up year and shall inform the company *Altum* of its decision. The Agency shall carry out the evaluation of the project indicators after the end of each follow-up year. If the Agency concludes that the established project indicators have not been fulfilled and decides on the non-fulfilment of the project indicators specified in the application for the relevant project selection round, notifying the company *Altum* thereof, the capital discount applied to the loan granted by the company *Altum* is not applied in respect of the relevant follow-up year.

[*21 December 2021*]

22.3 The capital discount is applied in three parts. After each follow-up year, the principal amount of the loan granted by the company *Altum* may be reduced by one third in conformity with the conditions referred to in Paragraphs 21 and 22.2 of this Regulation.

[*21 December 2021*]

22.4 The merchant has the obligation to keep the documents referred to in Paragraphs 29 and 31 of this Regulation and the originals of documents related to the implementation of the project or copies thereof certified in accordance with the procedures laid down in laws and regulations regarding development and drawing up of documents until the end of the evaluation of applications for financing within the scope of the relevant selection round, but, if the application for financing is approved, for ten years after full completion of the project.

[*21 December 2021*]

22.5 Within the scope of the follow-up specified in Paragraph 22 of this Regulation, the merchant has the obligation to provide access for the representatives of the Agency and the company *Altum* to the documents referred to in Paragraph 22.4 of this Regulation or copies thereof and to the tangible and intangible assets referred to in Paragraph 13 of this Regulation.

[*5 April 2022*]

23. The merchant shall, in accordance with Article 14(14) of Commission Regulation No 651/2014, ensure co-financing in the amount of at least 25 % of eligible costs of the project, using own resources or external financing, including a long-term credit or financial leasing issued by another funding provider, and no public aid, including de minimis aid, may be received for such co-financing.

24. The interest rate of the loan granted by the company *Altum* shall be equal to the interest rate of another funding provider. If EURIBOR is negative at the time of fixing, reviewing or amending the variable rate, EURIBOR shall be set at the value of 0 (zero).

[*21 June 2022*]

24.1 [21 June 2022]

25. [21 December 2021]

26. The repayment of the principal amount of the loan granted by the company *Altum* for the relevant third of the loan shall be started by the merchant in accordance with Paragraph 22.3 of this Regulation not later than six months after the end of the relevant follow-up year if no decision of the Agency has been received for the relevant follow-up year or if a decision of the Agency has been received in accordance with Paragraph 22.2 of this Regulation for the non-fulfilment of the project indicators specified in the application for the relevant project selection round for the relevant follow-up year. The principal amount of the loan paid by the merchant to the company *Altum* until the decision of the Agency on the achievement of the project indicators specified in the application for the relevant project selection round for the relevant follow-up year has been taken shall not be returned to the merchant and the capital discount available for the project for the relevant follow-up year shall be reduced by this amount.

[*21 December 2021*]

27. If the provisions on control of aid for commercial activity laid down in this Regulation, including the provisions laid down in Commission Regulation No 651/2014, are violated, the loan beneficiary has the obligation to reimburse to the company *Altum* the unlawfully received aid for commercial activity within the scope of the project, together with interest using funds free of aid for commercial activity, in accordance with the conditions of Chapter IV or V of the Law on Control of Aid for Commercial Activity.

[*5 April 2022*]

**III. Procedures for the Submission and Approval of an Application for Project Selection Rounds**

[*21 December 2021*]

28. The Agency shall carry out the selection of projects in accordance with the requirements referred to in Sub-paragraph 5.8 and Paragraphs 21 and 29 of this Regulation and with the rules of procedure drawn up thereby which lay down the procedures for the submission of applications, the selection criteria additionally developed by the Agency, the internal procedures of the Agency to ensure that decisions on approval, conditional approval, or rejection of project applications are taken and the procedures for notification thereof, and also the follow-up procedures of the project. The Agency shall announce the notification of the submission of an application, the interruption or termination of submission after coordination with the Ministry of Economics on the website of the Agency (www.liaa.gov.lv).

[*5 April 2022*]

29. In order to apply for the project selection round, the merchant shall submit the following documents to the Agency (hereinafter – the application for selection):

29.1. a filled-in application form where the name of the performer of economic activity, the title of the investment project, taxpayer registration number, legal address, e-mail address, and classification code of the taxpayer in conformity with the Revision 2 of the Statistical Classification of Economic Activities in the European Community (NACE Rev. 2) are indicated;

29.2. the description of the investment project. The abovementioned description shall contain the information on:

29.2.1. the priority investment project area in which the investment is being made and an explanation by the merchant of the conformity of the investment project with the priority investment project area;

29.2.2. the planned amount of investments, a list of eligible cost items, their total amount, and the place of the project implementation (including the cadastral division number). Within the meaning of this Regulation, a place of the project implementation is the place where a merchant produces its products or provides its services. The project may be implemented at several addresses if a unified production or service provision chain is located at these addresses;

29.2.3. the time framework of the project implementation, indicating the main activities to be carried out within the scope of the investment project and their start and end dates, and also the total implementation period of the investment project;

29.2.4. the planned workplaces which will be established as a result of the implementation of the investment project (number, list, and competences necessary therein for the implementation of the investment project), and on the planned gross amount of the average monthly remuneration;

29.2.5. the planned amount of the export of goods or services after the project implementation, providing information on the planned amount of the export of goods or services in each individual year during a period of five years after completion of the investment project and the planned export markets that will be ensured as a result of the project implementation;

29.2.6. the planned amount of investments in research and development at corporate level in each individual year during a period of five years after completion of the investment project;

29.3. a binding decision to grant a loan for the implementation of the project by a credit institution registered in the European Economic Area, its branch or its subsidiary which is entitled to provide financial services in Latvia, or a credit committee of an international financial institution, if such has been received.

[*21 December 2021; 5 April 2022*]

30. On the basis of the by-laws drawn up by the Agency and the submitted documents referred to in Paragraph 29 of this Regulation, the Agency shall:

30.1. assess the conformity of investment projects applied for in the respective selection round with the regulations of the selection round and Sub-paragraph 5.8 and Paragraphs 21 and 21.1 of this Regulation and decide on investment projects which are further eligible for the assessment of the request for financing or which do not qualify for further assessment of the request for financing by the company *Altum*;

30.2. issue the decision taken in Sub-paragraph 30.1 of this Regulation to the merchant;

30.3. inform the company *Altum* of the decisions referred to in Sub-paragraph 30.1 of this Regulation.

[*5 April 2022*]

31. The decision on granting aid shall be taken by the company *Altum* on the basis of:

31.1. the application submitted by the merchant to the company *Altum*, including the description of the business project;

31.2. information received from the Agency according to Sub-paragraph 30.3 and Paragraph 31.2 of this Regulation on investment projects subject to further evaluation for the request for financing to the company *Altum*;

31.2.1 decision of another funding provider (an international financial institution, a private investment fund, or a credit institution) on granting a loan for the implementation of the project;

31.3. other information requested by the company *Altum* in relation to the evaluation of projects;

31.4. the stage of project implementation, i.e. the company *Altum* shall not grant aid to projects that have been completed or fully financed by the merchant and another funding provider at the time of the decision on granting aid;

31.5. the certification signed by the merchant that it has not performed and will not perform the activities indicated in Article 14(16) of Commission Regulation No 651/2014 which are defined in Article 2(61.a) of Commission Regulation No 651/2014, and the certification that the situation referred to in Article 2(18)(c) of Commission Regulation No 651/2014 is not applicable to the undertaking – a collective insolvency procedure is not applied thereto and it does not conform to the criteria laid down in the laws and regulations of the Republic of Latvian in order to apply a collective insolvency procedure thereto upon request of creditors.

[*21 December 2021; 5 April 2022*]

31.1 If the merchant has not submitted to the company *Altum* all documents and information referred to in Paragraph 31 (except for Sub-paragraph 31.2) of this Regulation within six months after the decision of the Agency on the investment project which is subject to further evaluation for the request for financing to the company *Altum*, the company *Altum* shall take the decision on refusal to finance the investment project of the merchant, informing the Agency and the merchant thereof.

[*5 April 2022*]

31.2 The Agency shall, taking into account the information provided by the company *Altum* on the projects that have received the decision of the company *Altum* on refusal to finance the investment project, inform the applicant or several applicants receiving the next highest score in the selection round of the possibility to continue the evaluation of the request for financing to the company *Altum* within the scope of financing available in the selection round of the loan programme. The Agency shall take the decision to approve this application within one month in accordance with the evaluation list established by the Agency and shall inform the company *Altum* of this decision.

[*5 April 2022*]

31.3 The merchant who has received the decision of the company *Altum* on refusal to finance the investment project of the merchant shall be excluded from the relevant selection round and may apply only for the next selection round, if organised, by submitting a new application.

[*5 April 2022*]

32. The company *Altum* shall start the evaluation of the project only after receipt of the information referred to in Sub-paragraphs 31.1 and 31.2 of this Regulation. The company *Altum* shall finance only those activities which it has determined to be economically viable, including by assessing the sustainability of the investment project of the merchant, the co-financing necessary for the implementation of the project, the sufficiency of collateral, the present and future financial standing of the merchant, the conformity of the knowledge and experience thereof, and also by analysing the identified entrepreneurial risks and other factors to determine the loan quality. The company *Altum* has the right not to enter into a loan agreement with the merchant and to refuse to disburse the financing, including in cases where the decision on granting aid has already been taken, if the company *Altum* becomes aware of circumstances that the merchant or the project no longer meets the conditions of this Regulation or the financing cannot be provided in accordance with the laws and regulations binding on the company *Altum*.

[*21 December 2021*]

33. Any initial investment started by the same beneficiary (at group level) within three years from the date when works on another supported investment in the same NUTS-3 region were started shall be considered to be the part of a single investment project. Within the scope of this Regulation, aid for such single investment project which is a large investment project in accordance with Article 2(52) of Commission Regulation No 651/2014 (regardless of whether investments are made by a medium-sized or large capital company), and a large investment project which is not a single investment project shall be granted in conformity with the following conditions:

33.1. in the NUTS-3 region of Rīga and Pierīga:

33.1.1. for a project up to EUR 50 million – in the amount of 30 % of eligible costs;

33.1.2. for the part of a project from EUR 50 million up to EUR 100 million – in the amount of 15 % of eligible costs;

33.1.3. for the part of a project exceeding EUR 100 million – in the amount of 0 % of eligible costs;

33.2. in the NUTS-3 region of Kurzeme, Zemgale, Vidzeme, and Latgale:

33.2.1. for a project up to EUR 50 million – in the amount of 40 % of eligible costs;

33.2.2. for the part of a project from EUR 50 million up to EUR 100 million – in the amount of 20 % of eligible costs;

33.2.3. for the part of a project exceeding EUR 100 million – in the amount of 0 % of eligible costs.

[*21 June 2022*]

34. (Deleted)

**IV. Calculation of Grant Equivalent and Aid Cumulation**

35. The grant equivalent of the aid which is granted in accordance with Paragraph 12 of this Regulation shall be equal to the amount of loan granted to the merchant.

[*21 June 2022*]

36. The aid which has been granted in accordance with this Regulation:

36.1. with other State aid the eligible costs of which cannot be determined may be cumulated, without exceeding the financing intensity and amount provided for in this Regulation and without exceeding the amount of the maximum public financing or maximum threshold thereof which has been laid down in another State aid programme, individual aid project, or decision of the European Commission;

36.2. for the same eligible costs may not be cumulated with the aid which is provided according to the decisions of the European Commission taken in conformity with the 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);

36.3. may be cumulated with the financing granted within the scope of another aid programme or individual aid project, including for the same eligible costs, and with *de minimis* aid, provided that the financing granted within the scope of this Regulation together with the financing granted within the scope of another aid programme or individual aid project does not exceed the maximum permissible intensity of regional financing as specified in Sub-paragraph 13.15 and Paragraph 33 of this Regulation;

36.4. may not be cumulated with the regional aid within the scope of other regional aid projects or programmes in respect of aid for wage costs.

[*21 December 2021*]

**V. Aid Accounting, Sectors and Activities not to be Supported**

37. The company *Altum* shall:

37.1. ensure accounting of the information on the issued financing and keep it for 10 years from the day when, within the scope of this Regulation, the last aid has been granted in accordance with Article 14 of Commission Regulation No 651/2014, and the information shall be submitted to the European Commission upon request;

37.2. ensure the supervision of the aid conditions for commercial activity;

37.3. publish the information on the aid issued within the scope of this Regulation in accordance with the requirements for the publicity measures laid down in Article 9(1) and (4) of Commission Regulation No 651/2014 and in accordance with the law or regulation regarding the procedures for the publication of the information on the aid provided for commercial activity and for granting and cancelling the right to use the electronic system;

37.4. publish on its website the list of all those performers of economic activity who have received a loan within the scope of this Regulation. The amount of the loan and capital discount granted to the performer of economic activity shall be indicated in the abovementioned list.

[*21 December 2021]*

38. A merchant shall ensure the accounting of the information on the issued financing and keep it for 10 years from the day when, within the scope of this Regulation, the aid has been granted in accordance with Article 14 of Commission Regulation No 651/2014, and the information shall be submitted to the European Commission upon request.

[*21 December 2021*]

39. A merchant shall justify in the application for the financing and ensure during the project implementation distinguishing of activity or costs in accordance with Article 1(3) of Commission Regulation No 651/2014 if it is concurrently operating in sector and activities to be supported and not to be supported.

40. Financing shall not be granted to the following activities, sectors, and performers of economic activity:

40.1. the activities specified in Article 1(2)(c) and (d) of Commission Regulation No 651/2014;

40.2. the sectors specified in Article 1(3) of Commission Regulation No 651/2014 in accordance with the definitions laid down in Article 2(8), (9), (10), and (11) of Commission Regulation No 651/2014;

40.3. the sectors specified in Article 13(a) and (b) of Commission Regulation No 651/2014:

40.3.1. the sectors specified in Article 13(a) of Commission Regulation No 651/2014 in accordance with the definitions laid down in Article 2(13), (43), and (44) of Commission Regulation No 651/2014 and shipbuilding which is defined as the shipbuilding of self-propelled commercial vessels. Self-propelled commercial vessels are such vessels which, by using their own driving force and control, have all the properties in order to be suitable for independent navigation in open sea or domestic waterways, and which belong to one of the following categories:

40.3.1.1. seagoing vessels which are not smaller than 100 gross tonnes and inland vessels of equal size which are used for carriage of passengers and (or) goods;

40.3.1.2. seagoing vessels which are not smaller than 100 gross tonnes and inland vessels of equal size which are used for the provision of special services (for example, dredgers and icebreakers);

40.3.1.3. tug vessels the capacity of which is not less than 365 kW;

40.3.1.4. the hulls in construction of the vessels referred to in Sub-paragraphs 40.3.1.1, 40.3.1.2, and 40.3.1.3 of this Regulation which are floating and mobile;

40.4. the sectors specified in Article 13(b) of Commission Regulation No 651/2014 in accordance with the definitions laid down in Article 2(45) and (130) of Commission Regulation No 651/2014;

40.5. [*5 April 2022*];

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

40.7. 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);

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

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

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

40.11. activities with real estate (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);

40.12. for the refinancing and restructuring of loans;

40.13. for the implementation of commenced projects.

[*21 December 2021*]

**VI. Closing Provision**

41. The decision to grant aid in accordance with Commission Regulation No 651/2014 may be taken until the end of operation of this Regulation.

[*21 December 2021*]

Prime Minister A. K. Kariņš

Minister for Economics J. Vitenbergs

**Annex**

Cabinet Regulation No. 503

6 July 2021

**Risk Rates**

[21 June 2022]