



April 2020

## COVID-19 – Guarantee program COVID II

With regard to the current situation and measures against COVID-19 infection spread we provide further important information in the area of the state aid to entrepreneurs.

In reaction to great interest in the loans from COVID I program, the Government approved the guarantee program COVID II. This program will be administered by the Ministry of Industry and Trade (“MIT“). The aid will be provided by Českomoravská záruční a rozvojová banka (the Czech-Moravian Guarantee and Development Bank, “ČMZRB“). For the time being, CZK 4 billion have been allocated to this program.

This is a guarantee program. The aid is provided by ČMZRB in the form of a **bank guarantee for a credit facility granted by one of the cooperating banks** (list is available at: [https://www.komora.cz/files/uploads/2020/03/Spolupracujici\\_banky\\_EXP-zaruky\\_191017.pdf](https://www.komora.cz/files/uploads/2020/03/Spolupracujici_banky_EXP-zaruky_191017.pdf)).

### Program parameters

The program will be implemented and the applications will be accepted in several rounds. The capacity of each round amounts to CZK 1.5 billion. For the time being, the first round is closed. The second round should run **from 20<sup>th</sup> April 2020**. There is **no lower limit for the credit facility amount**.

The person / entity applying for the credit facility has to fulfil in particular the following conditions: be a **small or medium size enterprise**, be **solvent** and have **no overdue debts**. This person / entity has to allow subsequent inspection of drawing of the credit facility from the side of MIT and ČMZRB, provide necessary information and be registered to the income tax. The project has to be implemented **outside of the Prague area**.

From the program, so called eligible costs can be financed. These costs have to be related to the implementation of the project and the with the overcome of the crises, such as (by way of example) salary and energy costs, rent payments, vendor’s invoices payments, pre-financing of receivables or procurement of raw materials, stock and other low value assets. In particular, financing of repayment of previous credit facilities is not possible.

In one of the program variants – guarantee including contribution to payment of interest – it is possible to draw:

- credit facility up to CZK 15 million from a cooperating bank
- bank guarantee issued by ČMZRB up to 80 % of the principal sum of the credit
- financial contribution to payment of interests from the credit up to the amount of CZK 1 million

- guarantee period up to 3 years

### **Administration of applications**

Applications for the aid from COVID II program have to be filed on a form with necessary annexes (<https://www.cmzrb.cz/podnikatele/zaruky/zaruka-covid-ii/zadost-o-zaruku-z-programu-covid-ii/>) together with a copy of the credit facility agreement or with a statement of the cooperating bank regarding the conditions for granting of the credit facility.

ČMZRB will chose the project and approve the application on the basis of evaluation of the applicant, acceptability of the project and other criteria. There is no legal right to receive an aid from the program.

Should you have any questions please do not hesitate to contact us.