



Decree on Program of Financial Support to Business Entities for Maintaining Liquidity

The Government of the Republic of Serbia adopted on April 10, 2020 the Decree on Program of Financial Support to Business Entities for Maintaining Liquidity and Working Capital in Aggravated Economic Conditions due to the COVID – 19 Pandemic Caused by the Virus SARS-CoV-2 (hereinafter: **Decree**), which was published on the same day in the “Official Gazette of the Republic of Serbia”, No. 54/2020 and came into force on the following day.

Decree is part of the legal framework for implementing a program of economic measures which aims to reduce the negative effects caused by COVID-19 pandemic and establishes the Program of financial support to business entities for maintaining liquidity and working capital in aggravated economic conditions due to the COVID – 19 pandemic caused by the virus SARS-CoV-2 (hereinafter: **Program**).

In the budget of the Republic of Serbia RSD 24 billion have been earmarked for the implementation of the Program. The Program will be implemented by the Government in cooperation with the Development Fund of the Republic of Serbia (hereinafter: **Fund**).

The right to use funds of this Program belongs to entrepreneurs, co-operatives, micro, small and medium-sized legal entities which are majority privately or by co-operatives owned and which perform production, service, trade and agricultural activities.

Funds under the Program cannot be used for:

1. organization of games of chance, lotteries and similar activities;
2. oil traffic and petroleum products traffic;
3. the production and marketing of any product or activity, which according to domestic regulations or international conventions and agreements, are considered forbidden.

The loans for maintaining current liquidity and procurement of working capital will be approved under the following conditions:

- the loan repayment period of up to 36 months which includes a grace period of up to 12 months, total duration of the loan being up to 12 months of grace and up to 24 months of repayment;
- interest rate is 1% annually;
- loans are approved and repaid in RSD;
- the minimum amount of loan for one loan beneficiary with the affiliated persons for companies is RSD 1.000.000,00, and for entrepreneurs, co-operatives and business entities registered in the relevant register is RSD 200.000,00;
- the maximum loan amount for one loan beneficiary with affiliated persons can be:
 - 1) for entrepreneurs and micro-legal entities up to RSD 10.000.000,00;
 - 2) for small legal entities up to RSD 40.000.000,00 and
 - 3) for medium-sized legal entities up to RSD 120.000.000,00;
- instruments for securing proper loan repayment are:
 - 1) promissory note and promissory note authorization of the guarantor/accessor to the debt (if there is a guarantee/access to the debt of another business entity) and/or

- 2) real estate mortgages whose market value is 1:1 in relation to the loan amount and/or;
- 3) a pledge of equipment/movables whose market value is 1:1 in relation to the amount of the approved loan and/or;
- 4) promissory note and the promissory note authorization of the debtor's founder/shareholder;
- 5) the promissory note and the promissory note authorization must be provided with one of the above-stated means of security.

The receipt of the requests for the loan from the Program shall be conducted until the funds of the Program are spent, and no later than December 10, 2020. The Board of Directors of the Fund will decide about the received requests no later than December 31, 2020, up to the amount of currently available funds for the implementation of the Program. The deadline for the realization of the approved funds is March 31, 2021.

The supervision and control of the earmarked use of funds will be carried out by the Fund. In conducting the control, technical support to the Fund is provided by the Insurance and Financing of Export Agency of the Republic of Serbia a.d. Užice and loan beneficiary is obliged to, at any time from the submission of the request until the expiry of three years from the conclusion of the contract, enable control and access to the documentation necessary for a fuller review of the request and control of the earmarked use of the loan.

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