

LEGAL ALERT

NEW TEMPORARY CRISIS FRAMEWORK

GRANTS UP TO 50 MILLION EUROS FOR COMPANIES FOLLOWING RUSSIA'S INVASION OF UKRAINE

On 23 March 2022, the European Commission adopted the [Temporary Crisis Framework to support the economy in the geopolitical context of the Russian invasion of Ukraine](#), which is in force until 31 December 2022.

By recognizing the undeniable repercussions of the Russian invasion as well of the sanctions adopted by the European Union and other international players for the European economy, the Commission assumes the need for a coordinated economic response and specifies the criteria for assessing the compatibility with the internal market of aid measures adopted by Member-States to mitigate the effects of the ongoing crisis.

To this end, the Temporary Crisis Framework provides for three main categories of public support that can be granted to companies:

A. Non-repayable grants of up to EUR 400 000 per company

Member-States may establish support schemes for companies affected by the aggression of Ukraine and/or the restrictive measures adopted against Russia.

The Commission considers such aid compatible with the internal market, provided that the following cumulative conditions are met:

- The beneficiaries are companies affected by the crisis;

- Public funding is granted no later than 31.12.2022;
- Public funding is provided on the basis of a pre-defined budget;
- The overall amount of public funding does not exceed **EUR 400 000**, excluding agriculture, fisheries and aquaculture sectors where the maximum support is EUR 35 000.

B. Liquidity support in the form of State Guarantees and Soft Loans

Member-States may also grant: *(i)* subsidised state guarantees to ensure banks keep providing loans to companies affected by the crisis; and *(ii)* loans with subsidised interest rates.

Thus, as far as **State Guarantees** are concerned, the following conditions must be met:

- The public guarantee is granted on a new loan for investment and/or working capital;
- The loan guarantee premium is set at a minimum level, which shall increase progressively with the duration of the guaranteed loan;
- The guarantee is granted until 31.12.2022 at the latest;
- The overall amount of the guaranteed loan does not exceed: *(i)* 15% of the beneficiary's average total annual turnover over the last 3 accounting periods; or *(ii)* 50% of the energy costs over the 12 months preceding the month when the application for aid is submitted;
- The duration of the guarantee is limited, in principle, to a maximum of 6 years and cannot exceed: *(i)* 90% of the loan principal, where losses are sustained proportionally and under same conditions by the credit institution and the State; or *(ii)* 35% of the loan principal, in first-loss guarantees, with the guaranteed amount, in both cases, decreasing proportionally when the loan amount decreases over time.

As regards **loans with subsidised interest rates**, the following requirements have to be met in particular:

- The subsidised loan is related to investment and/or working capital of the company and is not granted to credit or other financial institutions;
- The loan can be granted at reduced interest rates;
- The loan agreement is signed by 31.12.2022 at the latest and is limited in principle to maximum 6 years;
- The overall amount of the subsidised interest rate loan per beneficiary cannot exceed: *(i)* 15% of the beneficiary's average total annual turnover over the last 3 accounting

periods; or (ii) 50% of the energy costs over the 12 months preceding the month when the application for aid is submitted.

C. Compensation of up to 50 million euros for companies with additional costs due to exceptional increases in energy prices (natural gas and electricity)

Member-States may also grant temporary support measures to compensate companies, in particular “energy-intensive” ones (whose purchases of energy products and electricity amount to at least 3,0% of the production value or the national energy tax payable amounts to at least 0,5% of the added value), for the additional costs caused by exceptional increases in the prices of gas and electricity.

Public support may take any form, including grants, repayable grants, guarantees, loans or other instruments, and must meet the following requirements:

- The support shall be granted no later than 31.12.2022;
- The support is granted on the basis of a pre-defined budget;
- The eligible costs¹ are calculated on the basis of the increase in natural gas and electricity costs related to Russia’s aggression against Ukraine;
- The support per beneficiary may not exceed 30% of the eligible costs up to a maximum of 2 million euros of public funding.

Conscious of the possible need for further public support for “energy-intensive companies”, the Temporary Framework further provides Member-States the possibility to grant aid exceeding these thresholds up to **50 million euros per company**, for companies active in the sectors explicitly identified in the Annex of the Temporary Framework.

¹ The eligible cost is the product of the number of units of natural gas and electricity procured by the undertaking from external suppliers as a final consumer in the period between 1 February 2022 and 31 December 2022 at the latest and a certain increase in the price that the undertaking pays per unit consumed (measured for example in EUR/MWh).

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