Monitoring Report No. 2

10.04.- 30.04.2020.

1. DEVELOPMENT OF THE SITUATION

1.1. Political situation

The government is continuing to develop a set of state aid measures to cover the widest possible range of beneficiaries. The actions of the Latvian leadership in resolving the COVID-19 crisis have attracted the attention of foreign media, which considers the set of measures to fight against Covid-19 developed in Latvia a success story.

1.2. International economic situation and EU support

The economic situation in both the world and the EU continues to deteriorate. Under conditions of uncertainty, the growth scenarios of the euro area and individual member states, including Latvia, differ sharply. The IMF expects the euro area economy to contract by 7.5% in 2020, and by up to 15% in the ECB's most pessimistic scenarios[1]. As a result, a U-shaped recovery scenario is becoming increasingly plausible. Concerns have been raised that Central and Eastern European countries could be hit hardest by the recession in Europe, as their economies are dominated by labor-intensive industries and services. The latest information from Eurostat shows that quarter-on-quarter GDP in the euro area fell by 3.8% in the first quarter of 2020 and by 3.5% in the EU.[2]

According to the European Fiscal Monitor in March, 14 Member States, including Latvia, Lithuania and Estonia, have taken the opportunity to lift the EU deficit ceiling. The expected negative impact of COVID-19 restrictions on Member States' budgets is estimated at between 2.4 and 5.2%. In the second half of April, the interbank Euribor lending rate reached its highest level in four years, suggesting that the crisis may have begun to affect the euro area banking system as well.

The EU institutions and Member States have mobilized resources to tackle the crisis, with an estimated economic impact of € 3.4 trillion, equivalent to 20% of EU-28 GDP in 2019 (Figure 1). It should be noted that of this amount, 2.78 trillion or 82% is the contribution of national budgets, of which 2/3 are government guarantees, loans and investments in companies. It should also be noted that 400 billion or 11.7% of EU liquidity support to governments comes from the European Stability Mechanism and the EU Cohesion Fund, bringing the total net fiscal (discretionary) support for economic warming to less than one trillion: the IMF estimates 3.1 % of GDP[3].

With the exception of liquidity support, the launch of other EU-level schemes will take time and could only be available in the second half of 2020. The leaders of the member states have also agreed in principle on the establishment of a post-crisis European Reconstruction Fund in amount of EUR 2 trillion, in the context of the 2021-2027 multiannual budget. The details of setting up the fund will be worked out by the European

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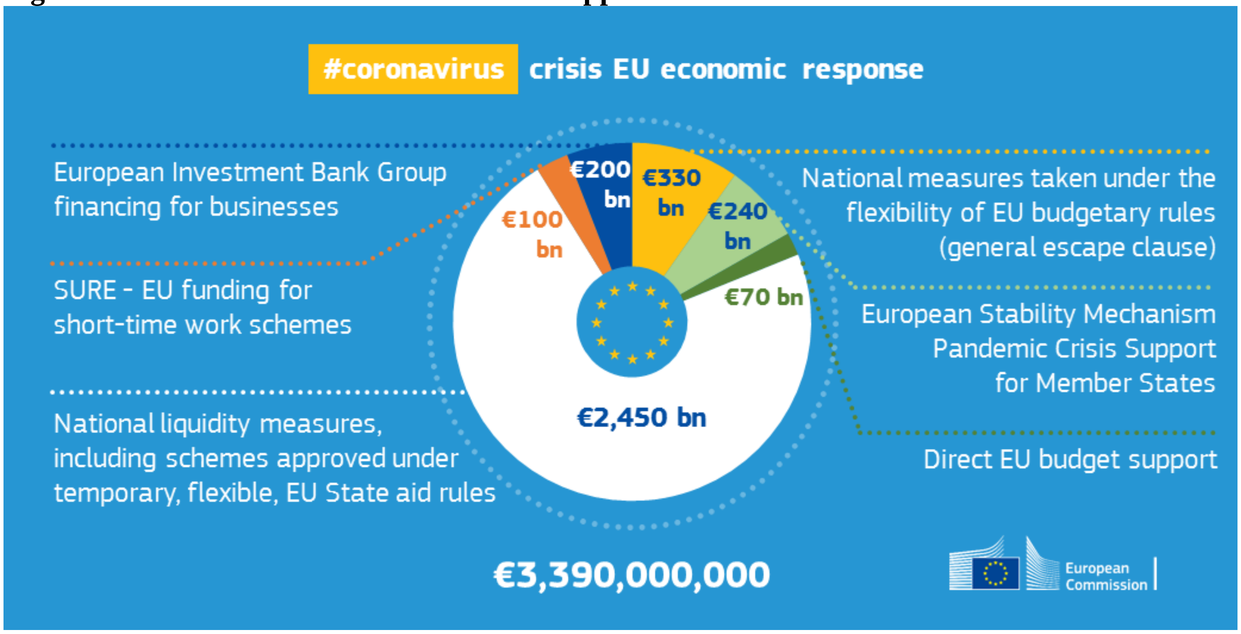
1" *ECB Seen Boosting Pandemic Response to Help Economy," Bloomberg, 24.04.2020., https://www.bloomberg.com/news/articles/2020-04-24/ecb-seen-boosting-pandemic-response-to-help-economy-in-free-fall.*

2*Eurostat News Release 74/2020 (30.04.2020.), https://ec.europa.eu/eurostat/documents/2995521/10294708/2-30042020-BP-EN.pdf/526405c5-289c-30f5-068a-d907b7d663e6.*

3*IMF Fiscal Monitor (April 2020).*

Commission, but the plan now provides that most of the funding will come from the European Commission's borrowing on the financial markets, backed by national guarantees and traditional EU contributions to the EU budget.

Figure 1 . EU and Member States economic support measures



Source: European Commission

The European Investment Bank (EIB) has set up a € 25 billion guarantee fund to guarantee € 200 billion in loans to EU companies and € 5 billion in financing for companies affected by the economic shock and for medical technologies. EUR 3 billion is earmarked for companies in Italy and Spain, the two countries most affected by the coronavirus.

The European Commission (EC) has approved Latvia's state aid package in the amount of EUR 250 million for subsidized loan and loan guarantee schemes for enterprises. Also an aid scheme worth EUR 35.5 million for the agricultural, fisheries, food and school catering sectors was approved. In addition, the European Commission has coordinated the Latvian state's investments in the share capital of its companies: “Latvijas gaisa satiksme” - 6 million euros, “Riga International Airport” - 50.4 million euros and the airline “AirBaltic” - 150 million euros.

1.3. *Macro-economic Environment*

A major event in the world was the sharp fall in oil prices caused by overproduction, with US prices falling briefly below zero for a short time.

According to the International Labor Organization (ILO), the sectors most affected by the COVID-19 restrictive measures are trade and manufacturing, and the least affected are agriculture and education. The EY Global Capital Confidence Barometer, which ended on March 26, found that 73% of global businesses expect the corona virus crisis to have a severe impact on economic growth, and 54% expect a longer-term, U-shaped recovery scenario.

Table 1. Latvian Macro-indicators' forecasts

Real GDP growth, %	2019	2020	2021	Timing
MoF	2.2	-7.0	1.0	Apr 2020
BoL	2.2	-6.5		Mar 2020
EC				May 2020
IMF	2.2	-8.6	8.3	Apr 2020
Swedbank		-5.8	5.8	Mar 2020
Average	**2.2**	**-7.0**	**1.0**	

Inflation, %	2019	2020	2021	Timing
MoF	2.8	0.4	1.7	Apr 2020
BoL	2.8	0.5		Mar 2020
EC				May 2020
IMF	2.7	-0.3	3.0	Apr 2020
Swedbank		0.5		Mar 2020
Average	**2.8**	**0.3**	**1.7**	

Unemployment rate, %	2019	2020	2021	Timing
MoF	6.3	11.2	10.1	Apr 2020
EC				Apr 2020
IMF	6.3	8.0	8.3	May 2020
Swedbank	6.3	8.6	7.5	Mar 2020
Average	**6.3**	**9.6**	**10.1**	

A comparison of macroeconomic forecasts reveals that among the Baltic States, the IMF has the most pessimistic forecast for the Latvian economy with an 8.6%[4] fall in GDP in 2020. The Bank of Latvia has forecast a decline of the Latvian economy by 6.5%[5], adding that forecasts may worsen, while Swedbank economists have forecast GDP a fall of 5.8%.[6] (Table 1). The forecasters have relied on the assumption that the COVID-19 outbreak and quarantine restrictions will end after the second quarter of 2020. The Ministry of Finance (MoF) has also revised the macroeconomic forecasts published in February, on which the budget for the next three years is based, forecasting a 7% decline in GDP this year and a slow 1% recovery in 2021.

A quick assessment by the Central Statistical Bureau shows that in the 1st quarter of 2020 Latvia may have experienced a slightly more moderate decline in GDP than in the euro area - 2.9% compared to the previous quarter (compared to the 1st quarter of 2019, the decrease is 1.4%).[7]

April data on capacity utilization already show the economic impact of COVID-19 (Figure 2). Compared to April 2019, the decrease in capacity utilization in manufacturing as a whole is more than 10%, with the most rapid decrease in utilization in the production of consumer goods (-13%) and investment in the production of goods (-13%). However, this decline is not as sharp as during the financial crisis of 2008, when it fell by 21%. As in the crisis of 2008, the smallest decline this time is shown by the food and beverage sector at 11%.

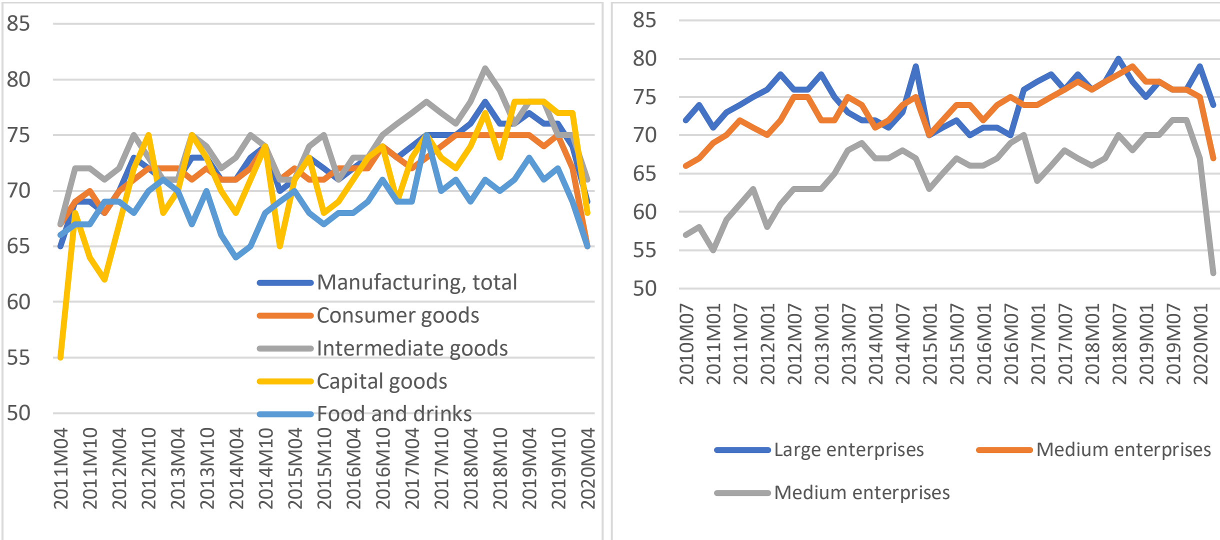
4 IMF World economic outlook data base https://www.imf.org/en/publications/weo

5 Latvijas Bank forecasts, available: https://www.bank.lv/darbibas-jomas/monetaras-politikas-istenosana/prognozes

6 Latvian Economic Review, available https://www.swedbank-research.com/latvian/ekonomikasapskats/2020/q2/index.csp

7 Central Statistics Bureau press release (30.04.2020.), https://www.csb.gov.lv/lv/statistika/statistikas-temas/ekonomika/ikp/meklet-tema/2675-ikp-atrais-novertejums-2020-gada-1-ceturksni.

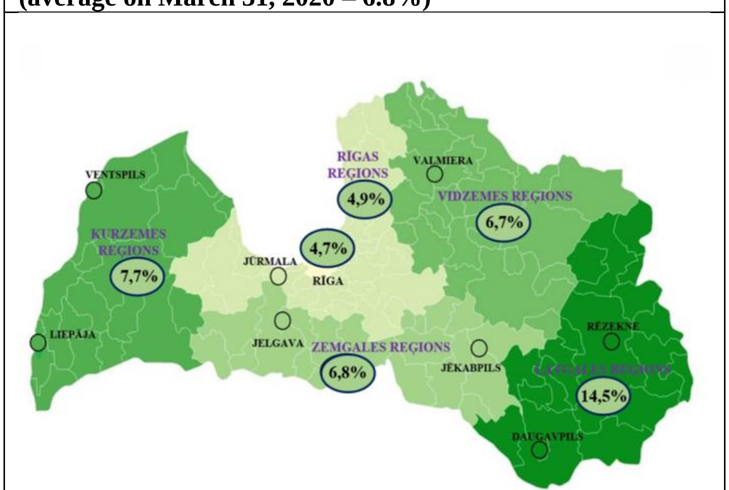
Figure 2. Capacity utilization in manufacturing by main grouping of production and by size classes of enterprises (per cent)



Source: Central Statistical Bureau

The group of small and medium-sized enterprises (SMEs) has suffered the most, accounting for more than 98% of all enterprises in Latvia: the decrease in capacity utilization in the group of small enterprises is 26%, in medium-sized enterprises 13% and large enterprises - only 4%. It should be noted that even before COVID-19, there were competitiveness problems in the SME sector, and global supply chains and value chains are expected to change rapidly and irreversibly, so if SMEs do not adapt in time, these changes will have consequences for Latvia's economic potential.[8]

Figure 3. Registered unemployment in Latvia and regions (average on March 31, 2020 – 6.8%)



Source: State Employment Agency (SEA)

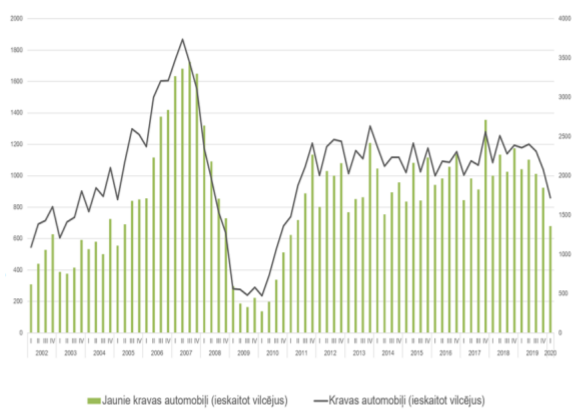
[8]Latvian SME global competitivness ir not sufficient. Journal Ir, 16. october, 2019, available: https://ir.lv/2019/10/16/latvijas-mvu-konkuretspeja-globalaja-tirgus-sistema-nav-pietiekama/

According to the information provided by the SEA, 34 notifications of collective redundancies had been received from employers and a total of 4749 employees had been notified of planned redundancies by 30 April. The number of clients registered with the SEA in April has increased by 11,154 persons, reaching 72,681. In April, 4,517 new vacancies were registered (the total number of vacancies was 17,829). The most difficult situation is in Latgale, where even before the beginning of the COVID-19 crisis, the unemployment rate was the highest in Latvia.

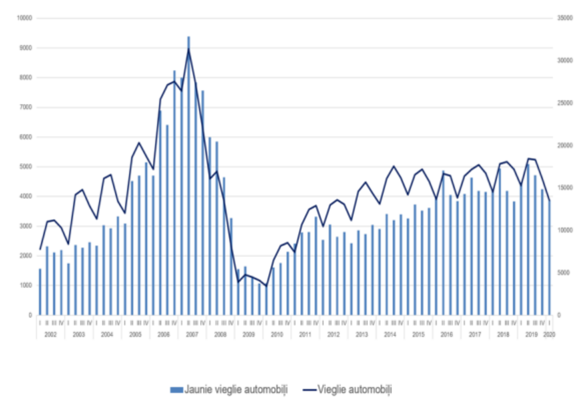
The number of registered vehicles fell sharply in the first quarter, suggesting that high uncertainty and uncertainty about the depth and duration of the COVID-19 crisis have both affected transport companies' investment in fixed assets and led households to reconsider prioritizing expensive purchases like cars. Thus, the number of new and last year's truck registrations has decreased by 35% year-on-year, and the total number of truck registrations has decreased by 27% during this period. New car registrations in the passenger car sector have decreased by 13% - the number of registered cars has decreased by 11% (Figure 4.).

Figure 4. Registered cars and trucks by quarters, 2002 I c.-2020 I c.

Trucks



Cars



Source: Central Statistical Bureau

Table 2. IMF GDP growth forecast in Latvia's most important trading partners

	2019	***2020****	***2021****
Lithuania	3.9	*-8.1*	*8.2*
Russia	1.3	*-5.5*	*3.5*
Estonia	4.3	*-7.5*	*7.9*
Sweden	1.2	*-6.8*	*5.2*
Germany	0.6	*-7.0*	*5.2*

(*) Forecast
Source: *IMF World Economic Outlook* (April 2020)

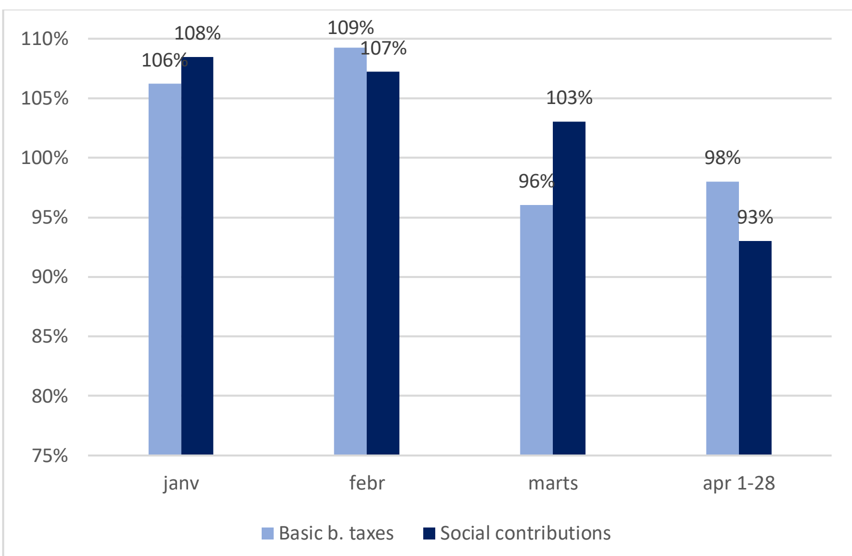
The Latvian Investment and Development Agency (LIAA) points out that the exporting industries have experienced a decline in volume of between 20% and 30%. The fact that the situation in Latvia's trading partners continues to deteriorate is also confirmed by the IMF forecasts (Table 2). The IMF also forecasts that healthy economic growth in all partner countries will return as early as 2021.

Compared to the pre-crisis period, interest rates on loans have decreased on average[9] to enterprises (from 3.18 to 2.92 per cent per annum) and households (from 5.22 to 5.07 per cent per annum). Despite more favorable credit conditions, surveys show that business and consumer pessimism is close to that of the 2008 crisis. For example, the SKDS survey of entrepreneurs (conducted from 17 March to 6 April) shows that almost all respondents expect the economic situation to deteriorate, and 78% are convinced that economic activity will fall significantly, and almost half (42%) of entrepreneurs predict that some workers will have to be made redundant in the next six months. A survey of market participants by trade credit insurance and risk management company Coface shows that consumer confidence indicators in Latvia have also fallen to the level of 2008: the sharpest decline in confidence indicators is observed in the retail and services sectors (for example, the level of retail confidence since January this year is decreased from +8.1 to -3.9 points). In turn, a survey of Swedbank entrepreneurs (end of March - beginning of April) shows that 48% of companies believe that their financial situation will have deteriorated after the crisis and 16% admit that they may have to close their company due to losses. At the same time, debit and credit card turnover data issued by Swedbank show that the shopping panic in the first days of the emergency has subsided and that and that shoppers have adapted to the new conditions: the popularity of online shopping has grown rapidly and the use of cash has decreased. The data also show that purchases at airports, spending on airline tickets and paying for hotels have fallen by more than 90% in the last four weeks. The catering business has also been hit hard - spending in this expenditure group has been about 60% lower in the last month than a year ago. A similar decline is observed in the segment of clothing and footwear, education and hobbies, as well as luxury goods. Purchases in grocery stores have increased by an average of 26% in the last four weeks, and the volume of office and electrical purchases has also increased by 17%. There has also been an increase in construction, repair, home interior, garden and household goods stores.

1.4. *Current Budgetary Situation*

So far, the decline in capacity utilization has not fully reflected tax revenues (see the tax section), possibly due to the inertia of tax collection processes. Greater clarity should be introduced for the May data.

Figure 5. State tax revenues and social contributions dynamics, year 2020 to year 2019 in respective period.

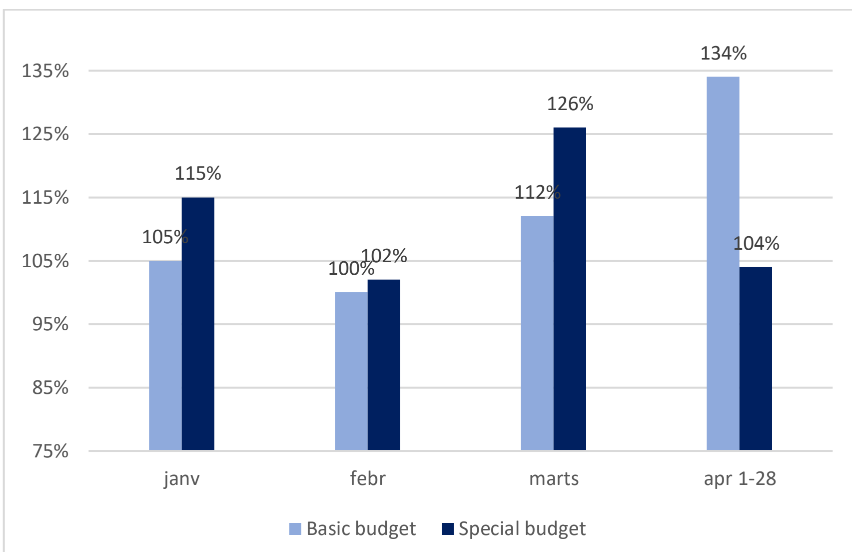


[9] Bank of Latvia interest rates statistics, https://www.bank.lv/statistika/dati-statistika/procentu-likmju-statistikas-raditaji.

The operative data of the Treasury (28.04.2020) show that, despite the fact that March of this year was marked by a decline in the revenue of the central government basic budget and Social contributions (SC), the tax revenue of the basic budget in April 1–28 is only 2% lower than in the corresponding period of the previous year. SC in this period have decreased by 7% compared to 2019. CIT was collected in the amount of 31.1 million euros, which is 35.4 million more than a year ago. The collected VAT on April 1-28, 2020 has decreased by only 35 million (-16%) compared to the corresponding period of the previous year, despite the fact that since the beginning of the crisis, the SRS has prematurely reimbursed VAT to entrepreneurs in the amount of 97.3 million euros. Although it is still too early to assess the impact of the crisis on tax revenues in 2020, overall the April results are unexpectedly good, given the slowdown in economic activity in the country. The Ministry of Finance forecasts in the Stability Program that the general government budget tax revenues in 2020 will be by 9.2% lower than in 2019. The local government revenue plan has been fulfilled by only about 80% in the first quarter, although the consolidated local government revenue in the first quarter is 5.1% higher than in the corresponding period of 2019.

Figure 6 shows the dynamics of budget expenditures. It can be seen that the impact of the crisis on budget spending, especially on the social budget, was already being felt in March. The latter increased by 26% compared to the corresponding period of 2019. On the other hand, the operational data for April indicate that the severity of the support measures lies in the basic budget, the amount of expenditure of which increased by 34% from 1 to 28 April compared to the corresponding period of the previous year. Slightly unexpectedly, special budget expenditures have increased by only 4%, during the period. Given the large EU repayments to the state budget in April (€ 224.6 million), the general government balance will be close to balance in April, despite significant expenditure growth.

Figure 6. State basic and social budget expenditure dynamics, year 2020 to year 2019 in respective period.



1.5. *Government support measures and their fiscal impact*

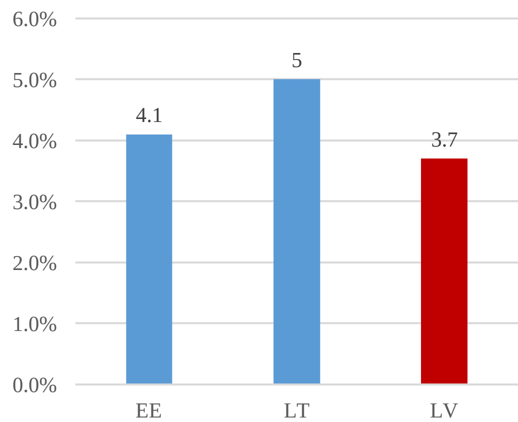
The Latvian government has responded promptly to the crisis caused by COVID-19 and set up support mechanisms aimed at maintaining liquidity in the financial sector, social protection of workers and the most vulnerable, support for entrepreneurs, and capacity building in the health sector. In the stability program, the Ministry of Finance estimates the impact of the support measures on the general government budget balance (GGBB) in 2020 at 851.4 million (3% of GDP). Over the next three years, the support measures are expected to have a positive impact on the GGBB by receiving deferred tax revenues in the budget in amount of 0.2% in 2021 and 2022 and 0.3% in 2022, respectively. Table 3 contains the estimates of the Fiscal Discipline Council on the impact of support measures on the VBBB in 2020 and their share in the total support program.

Table 3. Extent of State aid measures and impact on the GGBB			
Activity	**Planned impact (mil. euros)***	**% of total support**	**Real disbursements (mil. euros)********
Support to Residents	**-157.4**	**15.1%**	
Idling support allowance (2 months)	-34.3	3.3%	7.0
Various Supports– unemployed, family, children etc.	-123.1	11.8%	-
Support to Commercial entities	**-477.3**	**52.9%**	
Tax delays	-331.0	31.7%	160.9
ALTUM working capital Loans	-50.8	4.9%	41.0
ALTUM credit and portfolio guarantees	-50.0	4.8%	30.0
Support to road networks	-75.0	7.2%	
Support to agriculture and food manufacturing	-45.5	4.4%	
Support to State sector and companies	**-333.4**	**32.0%**	
Aviation**	-246.5	23.6%	
Healthcare	-80.9	7.8%	
Other, including media	-6.0	0.6%	
Total	**-1043.1**	**100%**	
% of GDP	**3.7%**		

** FM data and Council calculations;*
*** including EUR 36.1 million in aid to AirBaltic, which from an accounting point of view does not affect the VBB in 2020, as well as planned aid to AirBaltic in the amount of 150 million and to Riga Airport in the amount of 54.4 million,*
**** including the planned procurement of centralized protection equipment*
***** data until 28.04., Altum - 22.04.*

By comparison, if the fiscal impact of support measures in Latvia is € 1 billion (3.7% of 2019 GDP), then in Estonia it is 1.1 billion (4.1% of GDP) and in Lithuania - 2.5 billion (5% of GDP). GDP (Figure 7).
The Ministry of Economics of Latvia has developed a plan for the restoration of economic growth - starting from the second half of this year. It is planned to intensify road construction and housing renovation projects and encourage the development of high-value exports. In its turn, the Working Group for Entrepreneurship and Employee Support has agreed to direct EU funding in the amount of 150 million euros to loans for local government investments. The working group has also decided to push forward to the government a proposal to redistribute another 500 million EU funds to strengthen the capacity of the health system, support export-capable and productive enterprises and employment measures.

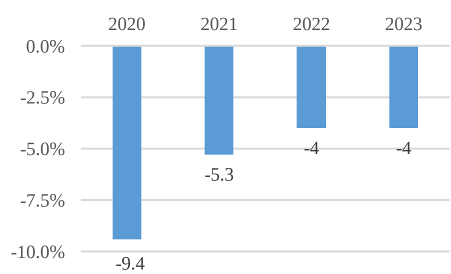
Figure 7. State support measure impact on budget, % of GDP



Source: *European Fiscal Monitor Special Update* (March 2020)

1.6. Budget deficit and general government debt projections

Figure 8. General government budget balance forecasts, 2020-2023



The government's economic stimulus and social protection programs are expected to have a lasting impact on the government budget balance over a number of years. Considering the fiscal impact of COVID-19 mitigation measures, the general government balance will run a deficit of 9.4% of GDP in 2020, 5.3% in 2021, and 4% of GDP in 2022 and 2023 (Figure 8). It should be noted here that under normal circumstances, Latvian legislation allows only a structural budget deficit of 0.5% of GDP. There is a high probability that the scope of measures to mitigate the effects of COVID-19 may be further extended, leading to a further increase in the deficit.

In the wake of the Covid-19 outbreak crisis, in order to provide financial coverage for support measures to mitigate the effects of Covid-19, in March and April 2020 Latvia promptly borrowed in both domestic and international financial markets by issuing bonds, which caused a rapid and unplanned increase in debt (4 table). Since the end of February 2020, the Stability Program 2020/2023 At the time of writing, the amount of Latvian government debt has increased by 1.85 billion euros.

Table 4. Development of Government Debt Due to the Covid-19 Outbreak, Borrowings in March-April 2020 (until 24.04.2020)

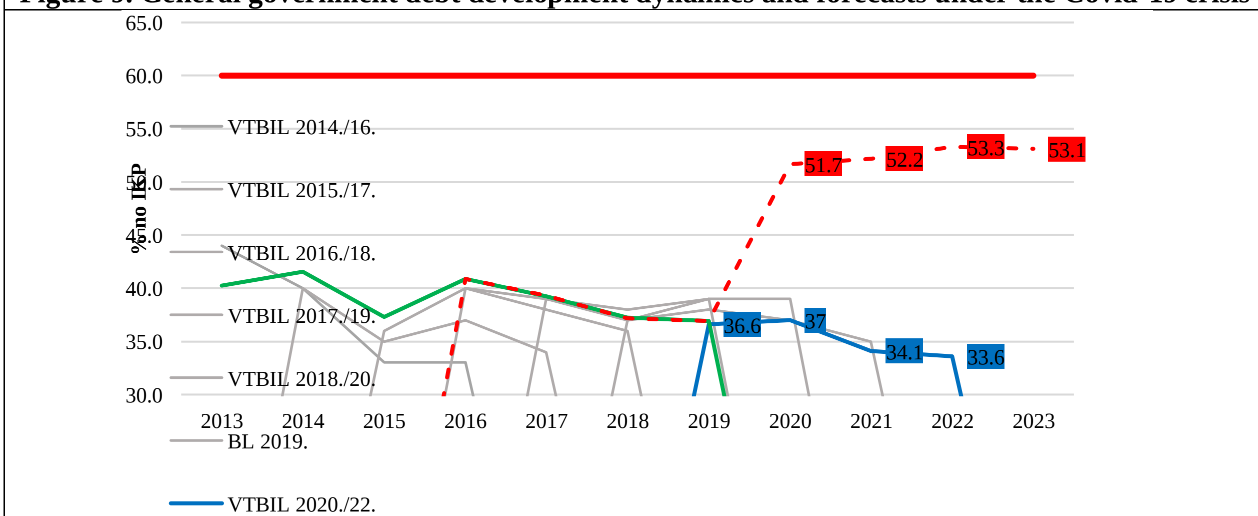
Securities	Maturing	Face value	Annual Coupon %	yield %
Additional emission of Eurobonds maturing in 2026	2026.	550 mill.	0.375	0.406
New Eurobonds	2023.	1 billion	0.125	0.209
Internal bonds (5 tranches)	2022.	304.5 mill.	0%	(-0.129) to 0.099

Source: State Treasury

In previous years, when the economy was growing rapidly, public debt was not significantly reduced, and the practice of adopting a government budget with a deficit was implemented, thus acting pro-cyclically. Although Latvia, compared to other EU countries, was one of the “countries with low general government debt” and the government in VTBIL 2020-2022. had committed itself to further debt reduction in 2006, this commitment is currently unworkable.

It is not known at this time how long the effects of the COVID-19 crisis will be felt, but already in 2020 the general government debt is expected to be only 8.3% from the Maastricht criterion of 60% of GDP. In the following years, the situation will deteriorate and in 2021 only 7.8% will remain up to the 60% threshold, in 2022 - 6.7% and in 2023 - 6.9% (Figure 9). It should be considered that with the deteriorating economic situation and falling GDP, there is a serious risk of exceeding this threshold, which will be followed by threats to fiscal sustainability, deterioration of Latvia's credit rating and possible adjustments under the Stability and Growth Pact. As GDP continues to decline, government debt levels may fall to levels that are difficult to control, so the effectiveness of COVID-19 mitigation measures is crucial in curbing the growth of government debt. If the low impact of an aid measure is identified, it should be reviewed immediately, directing the aid to where the economic stimulus would have a higher return.

Figure 9. General government debt development dynamics and forecasts under the Covid-19 crisis



Source: CSB, MTFL 2014-2022, Treasury, MoF

2. OPINION OF THE COUNCIL

1) As a result of the crisis, the following four threats to the functioning of the national economy are emerging:

◦ Rapid decrease in corporate liquidity due to introduced restrictions and rapid changes in demand;

◦ General supply shock due to disruptions in raw material supply chains;

◦ A secondary demand shock, which develops gradually as both export demand and internal market capacity decline. Due to uncertainty and increasing downside risk, entrepreneurs cancel or postpone investment projects;

◦ If the economic stabilization mechanisms established by the state are not effective or insufficient, a crisis in the financial sector follows, which is caused by massive bankruptcies, which result in a capital shortage of the banking sector;

2) Data on the dynamics of Latvia's economic development during the COVID-19 crisis show that the first three threats continue to materialize, while the banking sector has still not experienced significant shocks, so financial stability is not threatened. There is a sharp decline in production capacity utilization - if the situation persists, the potential of the Latvian economy as a whole may be affected. If this happens, the Latvian government budget will suffer: the tax base will decrease and fulfilling the obligations of the MTBF on the budget expenditure ceiling, the amount of expenditure will have to be reduced at a lower economic potential;

3) In order to timely implement measures to reduce the mentioned risks, it is necessary to update the forecasts of economic development and changes in fiscal indicators on a monthly basis;

4) The Council calls for a number of medium-term macroeconomic scenarios to be developed and regularly reviewed in the light of current trends;

5) Operational tax collection data show that the decline in revenue is lower than the pace of economic slowdown. However, more far-reaching conclusions on the impact of the crisis on public finances will be available at a later stage;

6) The Council considers all economic stabilization, social protection and warming measures to be adequate for today's economic situation.

Review of government decisions related to COVID-19 containment and economic support

4/14/2020 the government decided:

• Facilitate the conditions for issuing short-term export credit guarantees to merchants and relevant agricultural service cooperatives. The decision has no impact on the state budget;

• Facilitate the rules on portfolio guarantees to promote lending to small (micro), small and medium-sized enterprises. The decision has no impact on the state budget;

• Support the agricultural, forestry, fisheries and food industries. Planned budget impact - 45,000,000 euros;

• To support primary agricultural producers, agricultural and food processing companies, as well as food companies that provide catering in educational institutions. Planned impact on the budget - 35,000,000 euros;

• Facilitate the criteria for covering part of the expenditure on insurance premiums in 2020 in order to reduce the negative impact of COVID-19 on agricultural holdings. Planned impact on the budget - 10,500,000 euros;

• Increase funding by EUR 5 million for the partial repayment of interest on primary agricultural producers, eligible cooperatives, as well as agricultural, fishery and fishery processing and processing enterprises, as well as agricultural research and the improvement of the technical base of agricultural scientific institutions. The planned impact on the budget is EUR 13 074 0711.

4/16/2020 the government decided:

• Contribute € 100,000 to the budget of the United Nations Office for the Coordination of Humanitarian Affairs and the World Health Organisation's Global Humanitarian Plan to Combat COVID-19;

• To grant allowances to officials of the State Police and the State Border Guard with special service ranks, as well as to officials of the State Security Service in the amount of up to 20% of the monthly salary for the period from 12 March 2020 to 31 May 2020. The planned impact on the budget is EUR 2,590,703.

4/21/2020 the government decided:

• To determine that a person whose unemployment benefit period ends on or after 12 March 2020 and who has not found a job and is not engaged in economic activity due to the consequences of the emergency declared by Covid-19 may apply for unemployment benefit. Planned impact on the budget - 21 857 043 euros;

• To provide the Ministry of Defence, as the institution responsible for centralized procurement, with funding in the amount of EUR 45,734,760 for the purchase of personal protective equipment and disinfectants required to ensure the amount of 12 weeks.

4/23/2020 the government decided:

• Facilitate access to downtime benefits for people who are currently unable to receive downtime benefits as self-employed, as they are also part-time workers, but their income as workers cannot provide them with a livelihood. Planned impact on the budget - 54,812,020 euros;

• To increase the share capital of the state joint stock company “Riga International Airport” by investing financial resources in the amount of 49,912,210 euros;

• Facilitate the application of the provisions of the Labor Law during the crisis since 12 March 2020 with the aim of maintaining employment and existing jobs in companies. The decision has no impact on the state budget;

• Clarify the criteria for employers affected by the crisis who are eligible for downtime support and in which cases no benefit is granted. The decision has no impact on the state budget;

• Increase support for employees and the self-employed who have a downtime allowance of less than € 130 per month or who do not qualify for a downtime allowance. The planned impact on the budget is EUR 2 283 560.

4/28/2020 the government decided:

• To grant the right to an employer who meets the criteria set for the Participant in the Advanced Cooperation Program and who has been affected by the crisis caused by Covid-19 to reduce the compensation for downtime specified in Article 74 of the Labor Law from 100 percent to 70 percent of the employee's salary. The decision has no impact on the state budget.

• Postpone the repayment of the loan principal for up to 12 months and, accordingly, extend the total loan repayment term for Altum loans. The decision has no impact on the state budget;

• Increase the tax debt threshold to EUR 1,500, above which no self-employment benefit is granted. The decision has no impact on the state budget;

• Provide additional funding for the construction of state roads and bridge repairs. Planned budget impact - 75,000,000 euros;

• Allow local governments to expand the range of persons who can receive an exemption or reduction of rent. The decision has no impact on the state budget.

4/30/2020 the government decided:

• Ensure the payment of unemployment benefits (180 euros per month) to persons whose unemployment benefit payment period ends on or after 12 March 2020 and who continue to be unemployed due to the circumstances caused by the emergency declared by Covid-19. Planned impact on the budget - 30,250,893 euros;

• To provide a downtime allowance for persons in the amount of at least 180 euros per month, if the benefit has so far been set below 180 euros, or the person did not qualify for a downtime allowance, as well as a supplement in the amount of 50 euros for each dependent child. Planned impact on the budget - 3 353 748 euros;

• Allocate € 5,000,000 for the establishment of a national research program to combat the effects of Covid-19.