



**Development Finance Institution Altum AS**  
**mid-term operational strategy**  
**2016-2018**  
(excerpt)

# Abbreviations used

**ALTUM** – Development Finance Institution Altum JSC (AS „Attīstības finanšu institūcija Altum”)

**COSME** – European Union programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises for improvement of access to finance, brand awareness and access to markets, creation of competitive and business-friendly community, enhancing entrepreneurial culture

**EE-MARBL** – Energy Efficiency Programme of **M**ulti-**A**partment **R**esidential **B**uildings

**EFSI** – European Fund for Strategic Investments

**ESF** – European Union structural fund

**EIF** – European Investment Fund

**EC** – European Commission

**EU** – European Union

**ESCO** – energy service company

**InnovFin** – European Union programme for research and innovations small, medium and large companies, research infrastructure developers

**IT** – information technologies

**KFW** – Kreditanstalt für Wiederaufbau

**RDF** – Rural Development Fund SJSC (VAS „Lauku attīstības fonds”)

**LATBAN** – association Latvian Business Angel Network (Biedrība "Latvijas Biznesa Eņģeļu Networks")

**LGA** - Latvian Guarantee Agency LLC (SIA „Latvijas Garantiju aģentūra”)

**LFL** – Land Fund of Latvia (Latvijas Zemes fonds)

**MoE** – Ministry of Economics

**Mortgage Bank** - Latvian Development Finance Institution Altum SJSC

(until 1 January 2014: Mortgage and Land Bank of Latvia (VAS „Latvijas Hipotēku un zemes banka”))

**SME** – small and medium enterprises

**PV** – privatization vouchers

**VCF** – venture capital funds

# Summary

Access to finance is vitally important to the development of national economy, especially for those customer segments and areas having trouble in accessing financial resources on the private market.

ALTUM is a state-owned financial institution, the mission of which is to provide access to finance in areas that the government has defined as important and to be supported, also enhancing mobilization of private capital and financial resources. The primary goal of ALTUM's operation is not focused on generating profit.

ALTUM in cooperation with line ministries develops and implements state aid programmes and provides support primarily by means of financial instruments (loans, guarantees, investments into venture capital funds, etc.).

The target groups for these financial support instruments are business start-ups, enterprises, farmers and specific groups of population. ALTUM provides support to companies in various stages of their development, starting with business idea development to implementation of projects of fast growing companies, when they do not have access to financing on the private market.

ALTUM is to considerably increase its operational scope from 372 million euros to 767 million euros during the strategy implementation period, doubling the volume of financial instruments granted under state aid programmes and introducing new state aid instruments, at the same time increasing its operational efficiency and focusing on improving the customer service quality.

ALTUM expects to inject a total of 1.043 billion euros into the national economy by means of financial instruments during the strategy implementation period.

ALTUM's financial goal during the strategy implementation period is based on effective management of state funds, maintaining the volume of capital and generating positive return on equity in the long-term.

All amounts in this document are provided in euro currency.

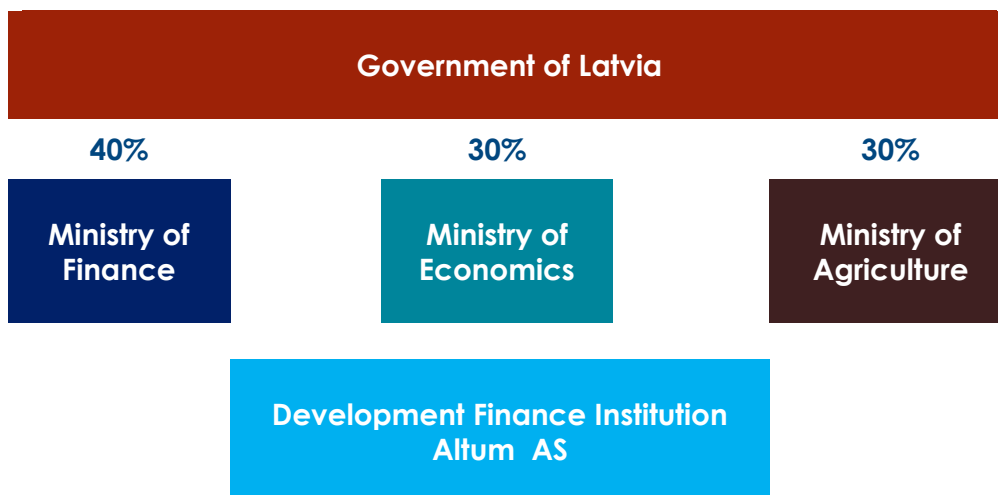
# 1. ALTUM description

## 1.1. GENERAL INFORMATION

ALTUM<sup>1</sup> is a state-owned financial institution, implementing aid and promotional programmes by means of financial instruments and grants, fielding national policy into the national economy, as well as taking care of accomplishment of other governmental assignments defined in regulatory enactments. The primary goal of ALTUM's operation is bridging market gaps by means of various support instruments, thus contributing to the development of national economy.

Date established	Share capital	Number of shares	Face value of one share	Assets <sup>2</sup>	Earnings after taxes <sup>3</sup>	Number of staff <sup>4</sup>
27.12.2013. <sup>5</sup>	204 862 333	204 862 333	1	421.38 mln	3.35 mln	236

All voting shares of ALTUM are owned by the Latvian Government. ALTUM's shareholders are the ministries defined in the **Law**, holding the proportion of shares as shown below.



<sup>1</sup> unified registration number 50103744891

<sup>2</sup> unaudited data as at 31.12.2015

<sup>3</sup> unaudited data as at 31.12.2015

<sup>4</sup> data as at 31.12.2015, including employees on long term leaves

<sup>5</sup> Cabinet decree No 643 "On establishment of Joint-stock Company Development Finance Institution ("Attīstības finanšu institūcija")" <http://likumi.lv/doc.php?id=263153>

## 1.2. MISSION, VISION, VALUES



## 1.3. HISTORY

The goal of establishing ALTUM – to merge three until then independently operating enterprises providing state aid into one institution, concentrating the national resources for implementation of state aid and development programmes as financial instruments under one roof.

### Merged enterprises:

- Latvian Development Finance Institution Altum SJSC (VAS „Latvijas Attīstības finanšu institūcija Altum”), until 1 January 2014 – the Mortgage and Land Bank of Latvia SJSC (VAS „Latvijas Hipotēku un zemes banka”),
- Latvian Guarantee Agency LLC (SIA „Latvijas Garantiju aģentūra” – LGA),
- Rural Development Fund SJSC (VAS „Lauku attīstības fonds” – RDF).

The newly established **integrated development financial institution was the heir of all rights and liabilities of Mortgage Bank** (as of 1 January 2014 – Latvian Development Finance Institution Altum SJSC), **LGA** and **RDF**, including contractual liabilities under the effective agreements with customers and cooperation partners.

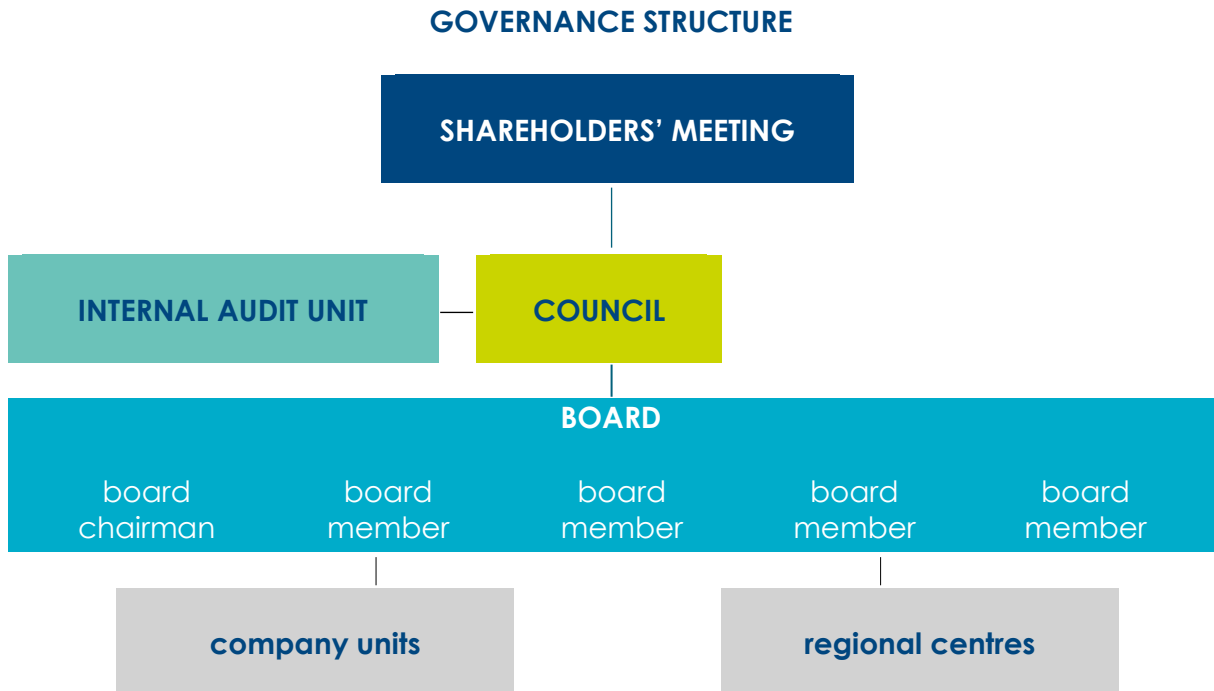
#### 1.4. CORPORATE GOVERNANCE MODEL

Management of the company is organized according to good corporate governance practices, in line with the Law, the Law on Governance of Capital Shares of a Public Person and Capital Companies<sup>6</sup>, Commercial Law<sup>7</sup> and other binding regulatory enactments. The Articles of Association of ALTUM are approved by the Cabinet of Ministers.<sup>8</sup>

ALTUM is managed by the **shareholders' meeting, council** and **board**.

**5 board** members are in charge of daily operations. Supervisory functions are performed by the council of **3 members**.

In its operation ALTUM adheres to **International Accounting Standards** and the principles of **Capital Adequacy Directive requirements**<sup>9</sup>, as much as they pertain to the peculiarities of ALTUM operation and are effectively applicable.



<sup>6</sup> <http://likumi.lv/doc.php?id=269907>

<sup>7</sup> <http://likumi.lv/doc.php?id=5490>

<sup>8</sup> <http://likumi.lv/ta/id/273346-par-akciju-sabiedribas-attistibas-finansu-institucija-altum-statutu-apstiprinasanu>

<sup>9</sup> [http://ec.europa.eu/finance/bank/regcapital/legislation-in-force/index\\_en.htm](http://ec.europa.eu/finance/bank/regcapital/legislation-in-force/index_en.htm)

## 1.5. ADVISORY COUNCIL

On 1 December 2015, the Cabinet adopted “Regulations on the advisory council of the joint-stock company Development Finance Institution Altum”<sup>10</sup>.

### **Functions of the advisory council:**

- making proposals to improve the analysis of fixing financial instrument market gaps, making proposals to improve
- supervision of progress of financial instrument programmes implementation,
- making proposals to improve the implementation of financial instrument programmes.

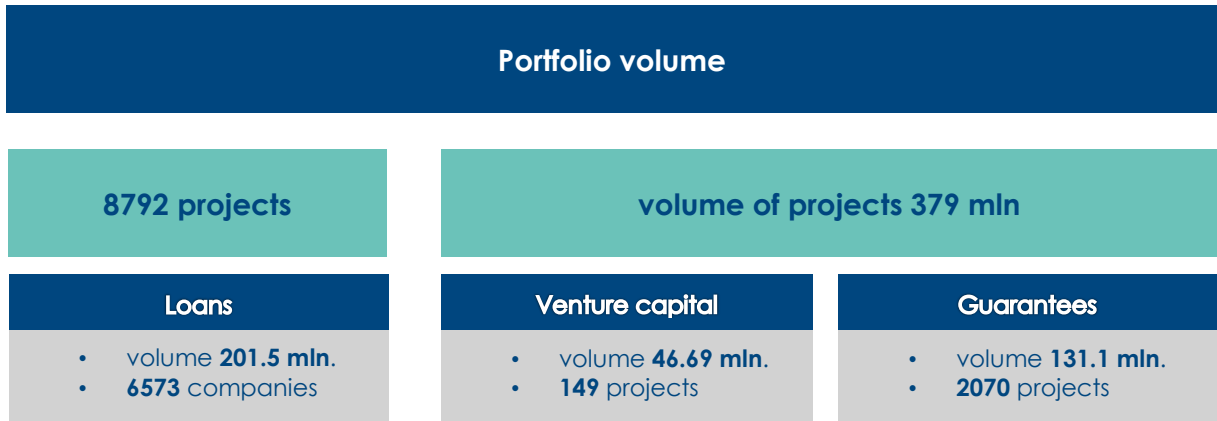
### **Advisory council consists of:**

- advisory council director – representative of the Ministry of Finance;
- advisory council deputy director – representative of the Ministry of Economics;
- advisory council deputy director – representative of the Ministry of Agriculture;
- representative of ALTUM;
- representatives of lead institutions of European Union funds;
- representative of the Ministry of Welfare;
- representative of the Prime Minister's office;
- representative of the State Treasury;
- representative of the Ministry of Environmental Protection and Regional Development;
- representative of the Employers' Confederation of Latvia;
- representative of the Association of Latvian Commercial Banks;
- representative of the Latvian Association of Local and Regional Governments;
- representative of the Latvian Private Equity and Venture Capital Association;
- representative of the Latvian Chamber of Commerce and Industry;
- representative of the Farmers Organizations Cooperation Council;
- representative of the National Entrepreneurs Council, and
- representative of the Association Latvian Business Angels Network.

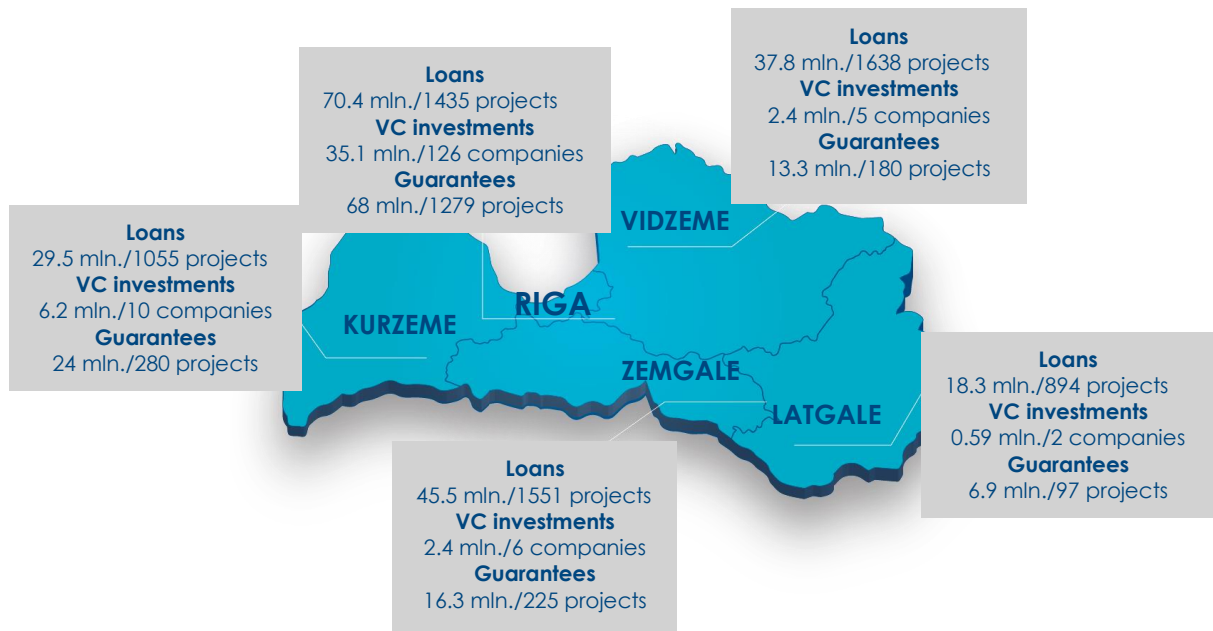
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<sup>10</sup> <http://likumi.lv/ta/id/278499-noteikumi-par-akciju-sabiedribas-attistibas-finansu-institucija-altum-konsultativo-padomi>

## 1.6. STATE AID PROGRAMMES DATA<sup>11</sup>



### VOLUME OF SUPPORT PROGRAMMES<sup>12</sup> BY REGIONAL PROFILE as at 31.12.2015



### LAND FUND OF LATVIA



data as at 31.12.2015

<sup>12</sup> loans, guarantees, investments into venture capital funds



## 1.7. OPERATIONAL MODEL

ALTUM's operational model is based on effective and professional **provision of state aid to definite target groups in the form of financial instruments** (loans, guarantees, investments into venture capital funds, etc.) under certain programmes, complementing them by non-financial support (consultations, training, mentoring, etc.), as well as performance of other functions delegated by the government. ALTUM implements support programmes and offers financial instruments directly and indirectly, in cooperation with financial intermediaries and commercial banks.

### 1.7.1. IMPLEMENTATION OF STATE AID PROGRAMMES

ALTUM introduces programmes, based on results of **market gaps analysis** (ex-ante research), or performs a specific assignment delegated by the government to stimulate the development national economy. ALTUM complements the range of products offered by the private market, implementing support programmes where market gaps have been identified or suboptimal investment situations.

At the moment of development of this strategy, the research has identified the following below listed market gaps, supporting the need of introduction and implementation of financial instruments:

SME	<ul style="list-style-type: none"><li>▪ lack of knowledge of good corporate governance principles and financial issues;</li><li>▪ high credit risk and low profitability;</li><li>▪ lack of trust in new customers;</li><li>▪ lack of credit history and high administrative costs;</li><li>▪ SMEs caution towards increasing their debt commitments;</li><li>▪ shadow economy;</li><li>▪ insufficient own funds in financing a loan (project);</li><li>▪ sensitivity of the private sector to negative changes on the market and in company's financial position;</li><li>▪ lack of adequate funding for rescue or restructuring of distressed SMEs;</li></ul>
Micro lending	<ul style="list-style-type: none"><li>▪ high administrative burden on credit institutions;</li><li>▪ lack of collateral;</li><li>▪ perceived as high risk transactions;</li></ul>
Export credit guarantees	<ul style="list-style-type: none"><li>▪ no mid-term and long-term guarantees offered;</li><li>▪ private credit insurers choosy with respect to eligible geographic areas and sensitive to adverse temporary market changes;</li></ul>
Venture capital market	<ul style="list-style-type: none"><li>▪ yet underdeveloped and unattractive to investors;</li><li>▪ lack of stimuli to invest into domestic venture capital funds;</li><li>▪ high legislative requirements to establishment and operation of venture capital funds;</li></ul>

Technologies financing	<ul style="list-style-type: none"> <li>▪ tendency of venture capital funds later transforming into a form of investments;</li> <li>▪ little financing to academic research projects;</li> <li>▪ weak bond between scientists and entrepreneurs;</li> <li>▪ insufficient options to financing technology-intensive projects in start-up and preparatory stage;</li> <li>▪ lack of technical know-how by institutional investors;</li> <li>▪ insufficient scale of economy for making a list of essential technology-intensive companies;</li> <li>▪ inaccessible loan financing;</li> </ul>
Business angels	<ul style="list-style-type: none"> <li>▪ limited access to business angels;</li> <li>▪ lack of linking networks, investing experience;</li> <li>▪ regional business incubators rarely establish new companies that were attractive to business angels;</li> <li>▪ low company presentation quality;</li> <li>▪ limited options to stop investments;</li> </ul>
Mezzanine financing	<ul style="list-style-type: none"> <li>▪ insufficient own funds allocation for co-financing;</li> <li>▪ insufficient collateral;</li> <li>▪ trouble with capacity exhausted by senior loans;</li> </ul>
Access to finance for energy efficiency improvement of multi-apartment residential buildings	<ul style="list-style-type: none"> <li>▪ unfavourable investing environment;</li> <li>▪ lack of access to financial resources, also within some particular administrative territories;</li> <li>▪ long period of return on investments in energy efficiency improvement;</li> <li>▪ high level of wear of building structures and technical systems;</li> <li>▪ information asymmetry and deficiency;</li> <li>▪ lack of capacity and experience;</li> </ul>
Access to finance of industry energy efficiency improvement	<ul style="list-style-type: none"> <li>▪ unfavourable investing environment;</li> <li>▪ information asymmetry and deficiency;</li> <li>▪ lack of capacity and experience;</li> <li>▪ structural market failures.</li> </ul>

### 1.7.2. AREAS OF ACTIVITY

The areas of activity and customer segment of ALTUM are subjected to state aid programmes.

#### **Support to entrepreneurs**

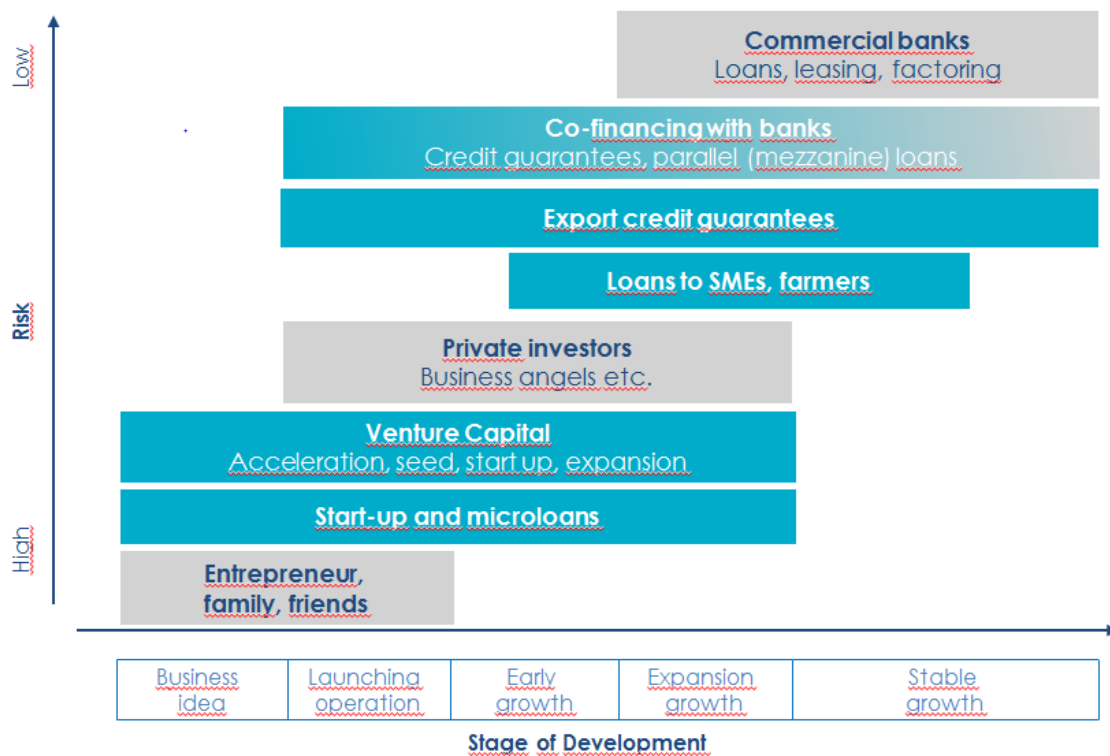
- **Loan programmes:** microloans, loans for start-ups, growth loans, mezzanine loans;
- **Venture capital programmes:** seed, start-up and growth capital funds, support to development of start-up community, Baltic Innovation Fund;
- **Guarantee programmes:** credit guarantees, export credit guarantees;

#### **Support to farmers**

- **Loan programmes:** working capital loans, loans for

- acquisition of land, microloans;
- **Guarantee programme:** credit guarantees;
- **Energy efficiency**
- **Heat insulation of multi-apartment residential buildings:** consultations, grants, loan guarantees, loans;
- **Support to specific categories of persons**
- **Housing guarantees.**
- **The Land Fund of Latvia**
- Purchase of agricultural land, lease of agricultural land and selling and exchange of agricultural land.

## SUPPORT IN VARIOUS STAGES OF COMPANY DEVELOPMENT



State aid programmes implemented by ALTUM and prospective are provided in Annex 1.

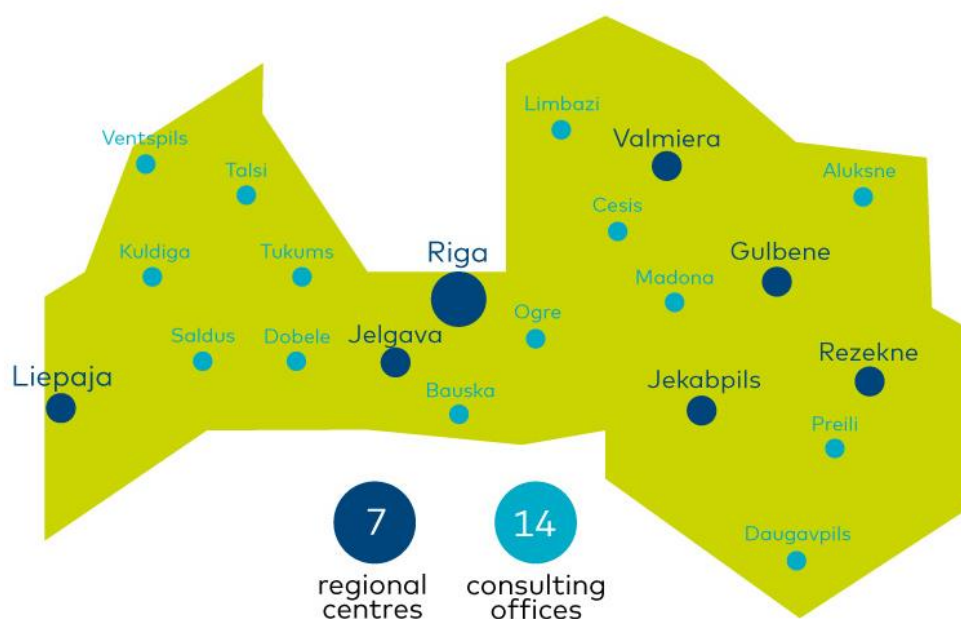
### 1.7.3. CUSTOMER SERVICE OF STATE AID PROGRAMMES

ALTUM implements support programmes and offers financial instruments, providing service to customers **directly**, as well as **in cooperation with financial intermediaries and commercial banks**.

Customer service is provided in regional areas, as well as in direct cooperation with ALTUM's company units handling the management of corporate customer transactions, private individual services, export guarantees, credit guarantees, as

well as investment funds programmes and financial intermediary transactions management. **An online remote transactions system is available to ALTUM's customers.**

As at the day of approval of this strategy, ALTUM has **7 regional centres** and **14 consulting offices** in different areas of Latvia, providing customer service that covers the entire territory of Latvia. ALTUM is to constantly review the number and location of regional centres and consulting offices.



#### 1.7.4. COOPERATION WITH PARTNERS

**ALTUM with partners** promote long-term and successful cooperation, are open to new initiatives, encourage fair business principles based approach in decision making, focus on use of e-services, encourage feedback, conduct cooperation assessment survey and makes improvements based on the assessment, pursue the good industry practice standards and adhere to professional standards.

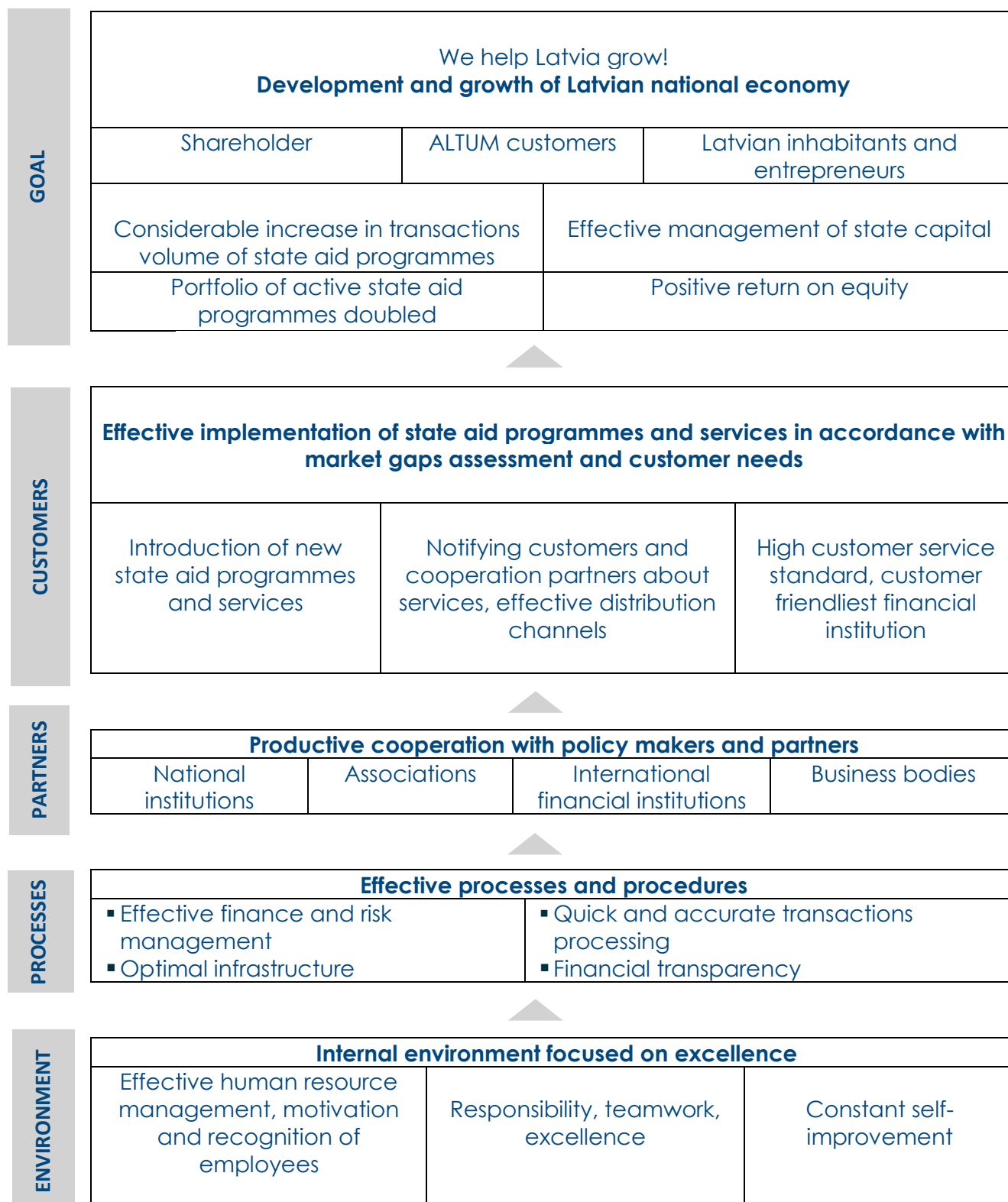
**ALTUM is an active member in international organizations**, the goals of which are to improve the financing of various industries of national economy and access to finance, complementing and stimulating the market, meanwhile retaining its balance in areas as SMEs, long-term financing, exports insurance and others.

## 2. Strategic goals

ALTUM's strategy is based on a range of assumptions. As they change, adjustments are made to the strategy.

- The total funds from the European Regional Development Fund accessible to ALTUM as the introducing entity of the Fund of Funds are 126 million euros. ALTUM's funds or repaid funds of previous planning periods, as well as funds of financial intermediaries will also be assigned for purposes of the financial instruments financed from the Fund of Funds.
- ALTUM will introduce the programme of heat insulation of multi-apartment residential buildings. The funding available under the programme is 166 million euros.
- Guarantees issued by ALTUM will be covered by government's counter-guarantee throughout the strategy's period.
- ALTUM's new state aid programmes will be launched in accordance with a business plan, which have a generally positive financial impact on ALTUM's operation during the effective period of each programme.
- Expected losses will be estimated prior to implementation of each state aid programme and part of the public funding received under the state aid programme will be transferred to ALTUM's reserve capital or accounted as provisions for risk cover.
- The current economic development tendencies in Latvia will persist and the macroeconomic stability will last.
- No significant changes are expected in the regulatory framework, for instance, tax policy, which would considerably affect the solvency of ALTUM's customers.
- The strategy has been developed without considering the effect on ALTUM's operation of the implementation of International financial reporting standard No. 9 Financial Instruments, which is going to take effect as of 1 January 2018, replacing International accounting standard No.39 Financial instruments: Recognition and Measurement.

## 2.1 GOALS ROADMAP



## 2.2. ALTUM GOALS

ALTUM goals fall into two groups: financial and non-financial.

The primary financial goal of ALTUM, is to preserve ALTUM's capital while implementing state aid programmes.

The financial goal of ALTUM during the strategy implementation period is based on effective management of state funds, preserving the capital and achieving positive return on equity in the long-term.

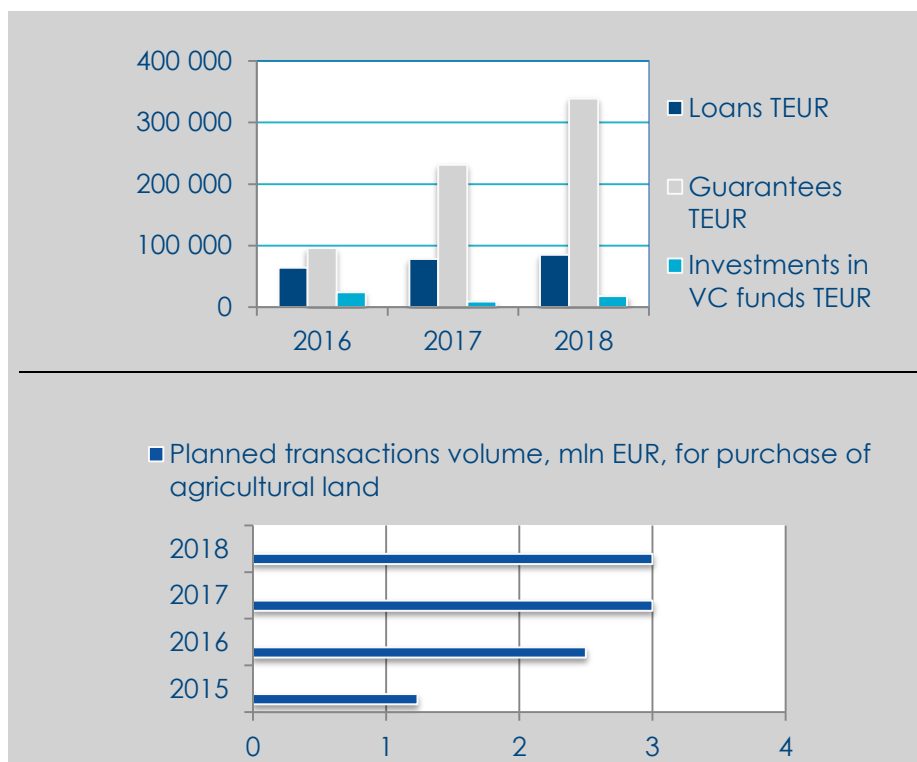
Similar to the way it is with other development financial institutions of EU countries, for instance, KfW, in its Corporate-Policy Project Rating (GPR)) has defined the return on equity as one of the key indicators in assessment of support and development projects and programmes.

### 2.2.2. Non-financial goals

The major non-financial goal of ALTUM is to support and facilitate access to finance in business, thus promoting the development of national economy.

Plans:

- to considerably increase the scope of activity from 392 to 767 million;
- to stimulate investment of financial resources of 1,043,042 thousand into development of national economy by the implemented state aid programmes:



- increase efficiency;
- provide excellent customer service;
- introduce new state aid instruments, including:
  - a. Fund of Funds management,
  - b. EFSI programmes,
  - c. EE-MARBL programmes,
  - d. agricultural land leaseback services, etc. \*Article 4.3

For purposes of implementation of financial instruments, in addition to financial resources of European Union funds, ALTUM plans to obtain funds, in case of necessity, from international financial institutions or from financial market by issuing bonds.

## 2.3. OPERATIONAL PRIORITIES

ALTUM will proceed with **implementation of currently running state aid programmes** and **performance of government-delegated assignments**, as well as **initiate execution of the assignment of Fund of Funds management**, introducing new programmes. As priorities in 2016 and 2017, ALTUM plans to focus on implementation of EE-MARBL, venture capital and portfolio guarantee instruments.

ALTUM has set the following priority goals:

### 2.3.1. Coordination of European Fund for Strategic Investments activities

By the Cabinet decision of 2 June 2015<sup>13</sup>, ALTUM has been appointed as the integrated point of contact in Latvia for cooperation with the EIB European Investment Advisory Hub (EIAH) to facilitate national expertise and dissemination of information about EFSI investments in Latvia.

Areas of activity:

- consultations and support to large investment projects in development stage for submission to EIB,
- establishment of investment platforms.

ALTUM's planned activities with respect to promoting entrepreneurship in Latvia:

- Counter guarantees of EIF InnovFin programme and COSME programme to increase the volume of guarantees granted under ALTUM's guarantee support programme,
- EIF co-financing to venture capital funds,
- business angels co-financing fund, established and managed by EIF and ALTUM,
- Counter guarantee of EIF programme to increase the volumes of mezzanine loans and growth loans granted under loan support programmes,
- portfolio guarantee instrument, established and managed by EIF and ALTUM.

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<sup>13</sup> <https://www.vestnesis.lv/op/2015/110.5>



### **2.3.2. Guarantees**

- reduction of the consideration time of individual loan guarantees to 5 business days, facilitating faster company access to finance for their business project implementation,
- implementation of portfolio guarantees instrument, which is going to improve SME's access to finance with commercial banks selected by tender, without submitting a guarantee application to ALTUM and receiving complementary collateral to getting a loan at the moment when the commercial bank decides to grant a loan,
- increase of the maximum size of export guarantee from 1 mln EUR to 2 mln EUR and assessment and initiation of provision of guarantees to transactions to EU countries<sup>14</sup>,
- implementation of mid-term and long-term export guarantees to enhance export of capital goods and improve the competitiveness of Latvian companies, reducing the political and commercial risks of international trade for such transactions by providing a guarantee,
- implementation of a support programme for rescue and restructuring of distressed companies with a purpose to provide temporary restructuring support and rescue support to enterprises, whose leaving the market would cause social problems or market gaps in the national economy of Latvia,
- implementation of letter of credit guarantees<sup>15</sup> to facilitate Latvian exports.

### **2.3.3. Housing guarantees programme<sup>16</sup>**

Under this programme, to create an opportunity to new specialists in regional centres to receive housing guarantees, to motivate the economically active population to remain and be employed throughout the territory of Latvia.

### **2.3.4. Expert in energy efficiency area for EE-MARBL programme**

Professional consulting to EE-MARBL project implementers, ensuring high-level competence for successful implementation of the programme.

### **2.3.5. Establishment of ESCO financing fund**

Establishment of ESCO financing fund initiated, providing an alternative way of financing to encourage energy efficiency activities.

### **2.3.6. Lending**

- Development of a business package for beginning borrowers under the programme based on the friendly offer of cooperation partners for promoting entrepreneurship,
- Introduction of consulting and mentoring services into programmes.

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<sup>14</sup> Introduction of this activity depends, inter alia, on the results of ex-ante study.

<sup>15</sup> Introduction of this activity depends, inter alia, on the results of ex-ante study.

<sup>16</sup> Introduction of this activity depends on programme's sustainability, balancing the funds allotted for the programme with the aid's target group needs.

### **2.3.7. Business management consulting developing**

- Initiate business consulting services, especially for start-up companies,
- Manage and organize the fundraising process.

### **2.3.8. Cooperation with Savings-and-loans associations<sup>17</sup>**

- Involvement of savings-and-loans associations as experts in ALTUM's microlending programme,
- Indirect microlending by engaging territorial savings-and-loans associations as financial intermediaries.

### **2.3.9. Improvement of agricultural environment**

- Within the scope of the programme, extend the repayment term of loans for purchasing of agricultural land to 30 years, because, the rise in prices of agricultural land extends the loan repayment term, the period when the land can pay itself off,
- Implementation of land improvement and amelioration loan with a purpose to expand the areas of land available for agriculture,
- Initiation of establishment of medium farms support programme and involvement, stimulating the development agricultural production.

### **2.3.10. The Land Fund of Latvia**

- Performance of the delegated assignment, contributing to a national level protection of agricultural land resources and access to them, their rational, effective and sustainable use, as well as preservation of agricultural land areas,
- Introduction of the service of leaseback of agricultural land by the end of 2017 – acquisition of real estates by means of leaseback as support to farms and producers of agricultural produce to reduce the financial burden and stabilize operation,  
Nature of service – the LFL will conduct agricultural land acquisition transactions with rights to lease granted to the seller of land. The leaseholder will pay a lease fee to the LFL, established according to average lease market prices within the particular region and in line with the legislative framework. The procedure of setting the lease fee will be approved by the shareholders' meeting. With the situation stabilizing, the leaseholder will be entitled to buy out the property from the LFL at the market price at that moment. Introduction of this service and successful implementation requires amendments in regulatory enactments.

### **2.3.11. Venture capital**

- Chief expert in establishing start-up companies and the start-up community,
- Launching programmes to improve access to finance in line with the Cabinet regulations or decisions,
- Improvement of regulatory enactments to improve venture capital environment.

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<sup>17</sup> If the respective programme is approved by the Cabinet.

### **2.3.12. BUSINESS ANGELS PILOT PROJECT**

- Implementation of Business Angels pilot project with LatBAN of co-supporting investments, gaining experience and in-depth knowledge of actual market needs for establishment of a larger business angels co-financing fund.

### **2.3.13. SUPPORT TO START-UP COMPANIES AND REPRESENTATIVES OF ECO COMMUNITY**

- Provision of financial support to technology and innovative start-up companies – training; provision of support for organizing seminars, communication and networking events.

## **2.4. SUBORDINATE TASKS**

### **2.4.1. Improvement of customer service model**

Customer service tasks are focused on the following priorities:

- Adjustment the current customer acquisition and service channels operations to an expanded and versatile programme portfolio, considerably developing the mechanism of customer acquisition for indirect programmes,
- Establishment and improvement of customer service model, maintaining its flexibility to respond to changes in ALTUM's state aid programmes portfolio,
- Building customer oriented service channels, developing instruments for studying customer needs, incl. mystery consumer studies, measuring performance of regional centres, surveying commercial banks and cooperation partners,
- Development of a cooperation partners network, creating common product proposals and expanding opportunities for interested parties to obtain information about terms of state aid programmes.
- Involvement of partners in direct state aid programmes,
- Organizing informative seminars in regional areas together with organizations representing entrepreneurs,
- Improvement of instruments for remote customer services and transaction accounting resulting in effective operation, e.g.: electronic document circulation (incl. e-file), internet-bank, automatic invoicing, etc.

## **2.4.2. Communication and marketing**

Communication and marketing tasks are focused on increasing awareness of state aid opportunities, maintaining the topics of starting business, business development and implementation of innovations in business on the surface.

- Emphasis on ALTUM's complementary role and financial accessibility.
- Active use of entrepreneurs' experience and success stories.
  
- Communication will primarily use:
  - ALTUM's digital channels,
  - informative materials,
  - entrepreneur events (seminars, conferences, business days, etc.),
  - media relations and public relations activities,
  - informative advertising for focused target audiences.

The major emphasis in public communication is going to be on audiences of business start-ups and those implementing energy efficiency activities.

Direct sales and interacting with partners play a major role in the SME segment. Indirect financial instruments will also primarily be communicated through partner channels.

ALTUM is developing a new website, which is going to be completed by the second quarter of 2016.

In 2016, ALTUM is going to keep developing the start-up community portal Labs of Latvia, taking care of the project management, as well as funding for creating content, so that the portal became interesting to a broader range of users.

## **2.4.3. Human resource management**

ALTUM must be capable to provide an effective human resource management to retain and attract qualified, professional and motivated employees for achievement of high operational efficiency of the company and its goals.

## **2.4.4. Independent, transparent decision making related to state aid programmes**

For purposes of strengthening ALTUM's operations and independent, collegial decision-making, the committees listed below have been established and functioning at the moment, where the board of directors appoints specialists of the respective field and employees in charge. Operating principles of each committee are regulated, committee meetings – recorded by taking minutes. Decisions pertaining to state aid instruments are made by adhering to a minimum of "four eyes principle".

## **4.4.5. Information system and IT management**

One of the highest priorities is security of data processing, balanced costs and improvement of organization of work processes in the electronic environment.

Planned IT changes apply to:

- adjustment of the current system to the new ALTUM's operation processes,
- improvement of the efficiency of ALTUM's operation processes, including the process of maintaining IT functions,
- the necessity to provide security, accessibility, reliability and compatibility with the external IT environment,
- optimization of IT maintenance costs.

ALTUM plans to improve data and information storage and processing in electronic environment (customer e-files, financial instrument related (loans, guarantees) decision making in electronic environment, internal document flow).

IT system is going to be optimized, thus approximating to international standards ISO 20000-1 and ISO 20000-2.

## ALTUM'S IMPLEMENTED AND PROSPECTIVE STATE AID PROGRAMMES

<b>Active programmes <sup>18</sup></b>	
<b>Loans</b>	
1.	SME growth loan programme
2.	Mezzanine loan programme
3.	Agricultural working capital loan programme
4.	Agricultural land acquisition lending programme
5.	Latvian - Swiss microlending programme
6.	SME microloan programme
7.	Business start-ups lending programme
<b>Guarantees</b>	
1.	Entrepreneurship support credit guarantee programme
2.	Farmers credit guarantee programme
3.	Short-term export credit guarantees
4.	Housing guarantees programme
<b>Venture capital</b>	
1.	Seed venture capital funds
2.	Start-up venture capital funds
3.	Growth venture capital funds
4.	Baltic Innovation Fund
<b>Other activities</b>	
1.	Management of the Land Fund of Latvia
2.	Support to the development of start-ups community
<b>New planned programmes <sup>19</sup></b>	
1.	Seed venture capital funds
2.	Start-up venture capital funds
3.	Growth venture capital funds
4.	Accelerator funds
5.	Business angels co-financing fund
6.	Heat insulation programme of multi-apartment residential buildings (EE-MARBL programme)
7.	Social entrepreneurship support programme
8.	Mid-term and long-term export credit guarantee programme
9.	Support programme for rescue and restructuring of distressed companies
10.	Heat insulation programme of industrial and production buildings
11.	Portfolio guarantees

<sup>18</sup> ALTUM's implemented aid programmes, incl. extensions of these programmes. Information about state aid opportunities provided by ALTUM is provided on website [www.altum.lv](http://www.altum.lv).

<sup>19</sup> Programmes, also including ones that have never been offered in Latvia by now, their preparation and implementation is initiated after development of this strategy.