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**Subject: State Aid SA. 56839 (2020/N) – Greece
COVID-19: Support to SME loan obligations in the form of grants
under the Temporary Framework for State aid measures to support
the economy in the current COVID-19 outbreak**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 27 March 2020, Greece notified the aid scheme ‘*Support to SME loan obligations in the current COVID-19 outbreak*’ (“the measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”).¹ By emails of 3, 5 and 6 April 2020, Greece submitted supplementary information on the measure.
- (2) The Greek authorities confirm that the notification does not contain confidential information.
- (3) Greece exceptionally agrees to waive its rights deriving from Article 342 TFEU, in conjunction with Article 3 of Regulation 1/1958,² and to have this Decision adopted and notified in English.

¹ Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, 19 March 2020, OJ C 91I, 20.3.2020, p. 1-9, as amended on 3 April 2020.

² Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

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2. DESCRIPTION OF THE MEASURE

- (4) Greece considers that the COVID-19 outbreak is a serious challenge for Greek citizens and companies. The compulsory closure of enterprises and the significant effect of the restrictions, both on demand and supply, have taken a severe toll on economic activity. Notably, following the confirmation of the first COVID-19 case in Greece at the end of February and the subsequent spread of the virus to other regions of the country, the Government decided to close all educational institutions, and cease all athletic and art activities and other public activities at nationwide scale. Following that decision, the Government imposed the closure of all business operations that are considered of high risk for the spread of the virus, namely all related to high concentration of people i.e. restaurants, catering, cafes, bars, cinemas, theatres, museums, athletic centres, gyms, entertainment venues, etc. The closure of hotels, hostels and all retail shops was the next step. At this point in time, only specific undertakings continue to operate to ensure that the population has access to essential goods and services (e.g. supermarkets, pharmacies), undertakings related to the supply chain of the former and some undertakings operating in the agriculture and industry sectors. Since 23 March 2020, strict measures have entered into force for the restriction of all movements to a minimum to prevent the uncontrolled increase in the number of COVID-19 cases and to preserve the efficient operation of the health care system. According to the Greek authorities, the size and the extent of the impact of the COVID-19 outbreak on the economy will depend on the type and the scope of the support measures and schemes that will be implemented.
- (5) The notified measure is one of a wider package of measures to support the economy that the Greek authorities envisage to take in line with Article 107(3)(b) of the Treaty on the Functioning of the EU (“TFEU”), and under the Temporary Framework.
- (6) Other measures of the package include the measures under SA. 56815 (2020/N) ‘Greek COVID measure: Repayable Advance Scheme (RAS) for undertakings in the current COVID-19 outbreak’ and SA.56857 (2020/N) ‘Greek COVID measure: First loss business loans portfolio guarantees for new working capital loans in the current COVID-19 outbreak’.
- (7) The measure is expressly based on Article 107(3)(b) TFEU, as interpreted by Section 2 of the Temporary Framework.

2.1. The nature and form of aid

- (8) The measure provides aid in the form of grants intended to support the availability of working capital for small and medium-sized enterprises (“SMEs”) affected by the COVID-19 outbreak. It applies to SMEs active in sectors particularly affected by that outbreak, as defined in the list of activities (NACE codes), specified in the call for applications for aid³.

³ The call for applications for aids under the measure will be adopted by a ministerial decision, which will set out in detail the conditions to receive aid, the procedure to follow and documents to submit to apply for aid, the commitments taken by the aid beneficiaries, the controls and reports to be done by the Managing Authority.

- (9) The grants cover interest payable as of 1 April 2020 on fixed-maturity loans, bonds or bank overdrafts for a period of 3 (three) months. This period can be extended by two (2) additional months by decision of the Deputy Minister of Development and Investment, meaning that the grants can cover interests payable for a period of maximum five (5) months. The grants may not, in any event, cover interests due after 31 December 2020. Nor may they cover default interests or other penalties. The measure only applies to fixed-maturity loans, bonds and overdrafts, concluded before 1 April 2020 and performing on 31 December 2019. In particular, for overdrafts, the measure covers only interests up to the debt balance on 31 March 2020.

2.2. National legal basis

- (10) The legal basis for the measure is Article 6 of the act⁴ *‘Emergency measures to address the consequences of the risk of the spreading of the COVID-19, support society and entrepreneurship and ensure the smooth functioning of the market and public administration’* of 20 March 2020 (Government Gazette 68/2020), as implemented by the Joint Ministerial Decision 19024/17-3-2020 (Government Gazette B’ 915/2020), the Law 4314/2014, as amended (Government Gazette A’ 265/23-12-2014) and the draft call for applications, submitted to the Commission on 27 March and 3 April 2020.

2.3. Administration of the measure

- (11) The “Managing Authority of the Operational Programme Entrepreneurship, Competitiveness and Innovation (EPANEK)”, as established by Joint Ministerial Decision on *‘Establishment of a Special Secretariat for Competitiveness and Establishment of a Special Management Service for the Operational Program "Competitiveness"’*, (Government Gazette B’ 1502/2000), and acting in its prerogatives under the supervision of the Ministry of Development and Investments in Greece is responsible for administering the measure. The Managing Authority will be supported in its functions by the General Secretariat for Industry of the Ministry for Development and Investments.

2.4. Budget and duration of the measure

- (12) The estimated budget under the measure is EUR 1.2 billion.
- (13) Aid may be granted under the measure as from its approval until 31 December 2020.

2.5. Beneficiaries

- (14) The beneficiaries of the measure are SMEs⁵ active in Greece in sectors affected by the COVID-19 outbreak as defined in the call for applications. Financial institutions are explicitly excluded from the measure. Undertakings active in the fishery and aquaculture sector and in the primary production of agricultural products are not eligible for aid. Aid beneficiaries commit to employ on 31

⁴ Act of legislative content in accordance with Article 44 of the Constitution of the Hellenic Republic.

⁵ As defined in Annex I of the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1651/2014.

December 2020 the same or a higher number of employees compared to the number they employed on 19 March 2020.

- (15) Aid may be granted under the measure only to undertakings that were not already in difficulty within the meaning of the General Block Exemption Regulation (“GBER”)⁶ on 31 December 2019.

2.6. Sectoral and regional scope of the measure

- (16) The measure is open to SMEs from sectors affected by the COVID-19 outbreak, as included in the list of activities (NACE codes), defined in the call for applications.
- (17) It applies to the whole territory of Greece.

2.7. Basic elements of the measure

- (18) The measure provides aid in the form of grants up to EUR 800 000 per undertaking. It is intended to cover interests on regular loans, bonds and overdrafts of SMEs affected by the COVID-19 outbreak for a period of three (3) months, with a possible extension of two (2) more months upon decision of the Deputy Minister of Development and Investment.
- (19) Eligible under the measure are interests, payable as of 1 April 2020, on fixed-maturity loans, bonds and overdrafts, concluded before 1 April 2020 and performing on 31 December 2019. In particular, for overdrafts, the measure only covers interests up to the debt balance on 31 March 2020.
- (20) Applications for aid are submitted electronically and processed by banks, which perform a first compliance check with the conditions provided by the applicable legislation upon submission of the applications. After 31 August 2020, the Managing Authority will carry out a second compliance check with the maximum aid ceiling of EUR 800 000 per undertaking. It also carries out sample checks to ensure that the aid beneficiaries are SMEs. Aid beneficiaries are required to keep supporting documents demonstrating compliance with all conditions required to benefit from the measure. The Managing Authority is responsible for ensuring the correct implementation of the measure and keeps records with all necessary supporting documents for a period of 10 years.

2.8. Cumulation

- (21) The Greek authorities have confirmed that they will comply with the applicable aid ceilings and cumulation maxima regardless of whether the support for the aided project is financed entirely from State resources or partly financed by the Union.
- (22) The Greek authorities confirmed that insofar as a beneficiary may benefit from multiple measures under the Temporary Framework, the maximum thresholds on aid amounts per beneficiary, as specified in the Temporary Framework, are respected.

⁶ As defined in Article 2(18) of the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1.

2.9. Monitoring and reporting

- (23) The Greek authorities confirm that they will respect the monitoring and reporting obligations laid down in Section 4 of the Temporary Framework.

3. ASSESSMENT

3.1. Legality of the measure

- (24) By notifying the measure before putting it into effect, the Greek authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

- (25) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.
- (26) The measure is imputable to the State, since it is administered by the “Managing Authority of the Operational Programme Entrepreneurship, Competitiveness and Innovation (EPANEK)”, which is a department of the Ministry for Development and Investments in Greece and it is based on the act *‘Emergency measures to address the consequences of the risk of the spreading of the COVID-19, support society and entrepreneurship and ensure the smooth functioning of the market and public administration’* and its implementing acts. The measure is financed through State resources, since it is financed by public funds.
- (27) The measure confers an advantage on its beneficiaries in the form of grants. The measure thus relieves those beneficiaries of costs, which they would have had to bear under normal market conditions.
- (28) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular SMEs active in the sectors affected by the COVID-19 outbreak, as included in the list of activities (NACE codes), defined in the call for applications for aid.
- (29) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.
- (30) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Greek authorities do not contest that conclusion.

3.3. Compatibility

- (31) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.

- (32) Pursuant to Article 107(3)(b) TFEU the Commission may declare compatible with the internal market aid *“to remedy a serious disturbance in the economy of a Member State”*.
- (33) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (Section 2) that *“the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings”*. The Commission concluded that *“State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs”*.
- (34) The measure aims at supporting availability of working capital for SMEs at a time when the normal functioning of credit markets is severely disturbed by the COVID-19 outbreak and that outbreak is affecting the wider economy and leading to severe disturbances of the real economy of Member States.
- (35) The measure is one of a series of measures conceived by the Greek authorities to remedy the serious disturbance in their economy. The importance of such measures to ensure liquidity of the undertakings most affected by the COVID-19 outbreak is widely accepted by economic commentators and the measure is of a scale, which can be reasonably anticipated to produce effects across the entire Greek economy. Furthermore, the measure has been designed to meet the requirements of a specific category of aid (*“Aid in the form of direct grants”*) described in Section 3.1. of the Temporary Framework.
- (36) The measure notified by Greece meets all the conditions provided for in point 22 of Section 3.1. of the Temporary Framework:
- i. The aid will be granted in the form of grants; hence the condition set out in point 22(a) of the Temporary Framework is met;
 - ii. The maximum aid amount per undertaking under the measure (EUR 800 000) will not exceed the cash equivalent of EUR 800 000, hence the condition set out in point 22(a) of the Temporary Framework is met;
 - iii. The measure is granted on the basis of a scheme with an estimated budget of EUR 1.2 billion; hence the condition set out in point 22(b) of the Temporary Framework is met;
 - iv. The aid will not be granted to undertakings, which were already in difficulty on 31 December 2019, hence the condition set out in point 22(c) of the Temporary Framework is met;
 - v. The aid will be granted no later than 31 December 2020; therefore the condition set out in point 22(d) of the Temporary Framework is met;
 - vi. The aid granted to undertakings active in the processing and marketing of agricultural products is conditional on not being partly or totally passed on to primary producers, fixed on the basis of the price or quantity of products purchased from primary producers or put on market by such producers; hence the condition set out in point 22(e) of the Temporary Framework is met;

- (37) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of Greece and meets all the relevant conditions of the Temporary Framework.
- (38) The Greek authorities have committed to comply with all the monitoring and reporting provisions laid down in section 4 of the Temporary Framework. The Commission may request additional information regarding the aid granted, to verify whether the conditions laid down in the Commission decision approving the measure have been met.
- (39) The Greek authorities have confirmed that they will respect cumulation rules regarding combination with *de minimis* aid and other aid.

4. CONCLUSION

- (40) The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President