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**Subject:** **State Aid SA.63242 (2021/N) – Belgium  
COVID-19: Amendments to scheme SA.57132, “Flemish  
subordinated loan scheme for start-ups, scale-ups, and SMEs”  
and  
State Aid SA.63243 (2021/N) – Belgium  
COVID-19: Amendments to scheme SA.57246, “Second Flemish  
subordinated loan scheme for start-ups, scale-ups, and SMEs”**

Excellency,

## **1. PROCEDURE**

- (1) By electronic notification of 27 May 2021, amended on 15 and 21 June 2021, Belgium notified amendments concerning two existing aid schemes (“the existing aid schemes”), which the Commission had already approved (“the initial decisions”) in light of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”)<sup>1</sup>:
- (a) SA.57132: COVID-19: “Flemish subordinated loan scheme for start-ups, scale-ups and SMEs” (“scheme SA.57132”), which the Commission approved by Decision C(2020) 3039 final of 5 May 2020, amended several times : these amendments were approved by Decision C(2020) 5420 final, SA.58045, of 31 July 2020, by Decision C(2020) 8522 final, SA.59113, of 26 November 2020 and by Decision C(2021) 2256 final, SA.62042, of 26 March 2021;

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<sup>1</sup> Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 91I, 20.3.2020, p. 1), as amended by Commission Communications C(2020) 2215 (OJ C 112I, 4.4.2020, p. 1), C(2020) 3156 (OJ C 164, 13.5.2020, p. 3), C(2020) 4509 (OJ C 218, 2.7.2020, p. 3), C(2020) 7127 (OJ C 340I, 13.10.2020, p. 1) and C(2021) 564 (OJ C 34, 1.2.2021, p. 6).

Son Excellence Madame Sophie Wilmès  
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- (b) SA.57246: COVID-19: “Second Flemish subordinated loan scheme for start-ups, scale-ups and SMEs” (“scheme SA.57246”); which the Commission approved by Decision C(2020) 3198 final of 11 May 2020, amended several times : these amendments were approved by Decision C(2020) 5420 final, SA.58045, of 31 July 2020, by Decision C(2020) 8522 final, SA.59113, of 26 November 2020 and by Decision C(2021) 2256 final, SA.62042, of 26 March 2021.
- (2) Belgium exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with Article 3 of Regulation 1/1958<sup>2</sup> and to have this Decision adopted and notified in English.

## 2. DESCRIPTION OF THE NOTIFIED AMENDMENTS

### 2.1. Amendments to scheme SA.57132, “Flemish Subordinated loan scheme for start-ups, scale-ups, and SMEs”

- (3) On 5 May 2020, the Commission approved the scheme SA.57132. The scheme provides aid in the form of subordinated loans for start-ups, scale-ups and SMEs granted under section 3.1 of the Temporary Framework. The loans have a maturity of three years. Loans granted under this scheme are remunerated as follows: eligible start-ups and scale-ups pay an annual deferred interest of 500 basis points, payable in full on maturity and other eligible SMEs pay an annual cash interest of 450 basis points, payable on a monthly, quarterly or six-monthly basis. These remunerations could be revised downward if the subordinated loans can be notified under one of the European Investment Fund (“EIF”) guarantee schemes. For eligible start-ups and scale-ups, the deferred interest rate could be reduced by a maximum of 2%. For the other eligible SMEs, the deferred interest rate could be reduced to 2%. This reduced interest rate, as a result of the application of one of the EIF guarantee schemes, will mainly apply to loans with a principal amount exceeding EUR 150 000. With regard to loans with a principal amount not exceeding EUR 150 000, a reduced interest rate of 2% can also apply in case the Flemish Region provides a guarantee or compensation for lost income.
- (4) The scheme SA.57132 has already been prolonged until 31 December 2021 and the maximum aid amount granted according to point 22(a) of the Temporary Framework has been increased to EUR 1.8 million.
- (5) The Belgian authorities notified an increase of the aid ceilings referred to in point 23(a), section 3.1 of the Temporary Framework from EUR 120 000 to EUR 270 000 per undertaking active in the fishery and aquaculture sector<sup>3</sup> and from EUR 100 000 to EUR 225 000 per undertaking active in the primary production of agricultural products<sup>4</sup>.

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

<sup>3</sup> As defined in Article 2(1) of Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis aid* in the fishery and aquaculture sector, OJ L 190, 28.6.2014, p. 45.

<sup>4</sup> As defined in Article 2(5) of Commission Regulation (EC) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the

- (6) Where an undertaking is active in several sectors to which different maximum amounts apply Belgium shall ensure, by appropriate means, such as separation of accounts, that the relevant ceiling is respected for each of those activities and that the overall maximum amount of EUR 1.8 million is not exceeded per undertaking. Where an undertaking is active in the sectors covered by point 23(a), the overall maximum amount of EUR 270 000 for undertakings should not be exceeded per undertaking.
- (7) Furthermore, the Belgian authorities notified the possibility to extend new and existing three-year loans up to a maximum duration of ten years. The extension of the loans will take place by 31 December 2021 at the latest and will comply with the conditions of section 3.1 of the Temporary Framework. All other conditions of the existing aid scheme SA.57132 remain unchanged.

## **2.2. Amendments to scheme SA.57246, “Second Flemish Subordinated loan scheme for start-ups, scale-ups, and SMEs”**

- (8) On 11 May 2020, the Commission approved the scheme SA.57246. The scheme provides aid in the form of subordinated loans for start-ups, scale-ups and SMEs granted under section 3.3 of the Temporary Framework. The loans have a maturity of three years. The applicable annual interest rates for the subordinated loans granted under this measure are at least 600 basis points for the entire maturity of the loan and payable at maturity for start-ups and scale-ups, and 450 basis points for the entire maturity of the loan and payable on a monthly, quarterly or six-monthly basis for other eligible SMEs.
- (9) The scheme SA.57246 has already been prolonged until 31 December 2021.
- (10) The Belgian authorities notified the possibility to extend new and existing three-year loans up to a maximum duration of eight years. The extension of the loans will take place by 31 December 2021 at the latest. All other conditions of the existing aid scheme SA.57246 remain unchanged.

## **2.3. Legal base**

- (11) The legal bases of the existing aid schemes will remain valid. PMV/z-Leningen NV, a subsidiary of the publicly owned investment company Participatiemaatschappij Vlaanderen, which is responsible for implementing both measures will not implement the notified amendments to the existing aid schemes before the Commission’s approval has been obtained.

## **3. ASSESSMENT**

### **3.1. Lawfulness of the measure**

- (12) By notifying the amendments to the existing aid schemes before putting them into effect, the Belgian authorities have respected their obligation under Article 108(3) TFEU.

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internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, OJ L 193, 1.7.2014, p. 1.

### 3.2. Existence of State aid

- (13) 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.
- (14) The existing aid measures concerned constitute State aid in the meaning of Article 107(1) TFEU for the reasons set out in the initial decisions<sup>5</sup>. The proposed amendments do not alter that conclusion. The Commission therefore refers to the respective assessment of the aforementioned decisions and concludes that the existing aid schemes as modified constitute State aid in the meaning of Article 107(1) TFEU. The Belgian authorities do not contest that conclusion.

### 3.3. Compatibility

- (15) The existing aid schemes are compatible with the internal market pursuant to Article 107(3)(b) TFEU, since they meet the conditions of sections section 2, 3.1 and 3.3 of the Temporary Framework for the reasons set out in in the initial decisions. The Commission therefore refers to the respective assessment of the initial decisions<sup>6</sup>.
- (16) The notified amendments do not affect that conclusion. In particular, the Commission considers that the increased notified aid ceiling for the existing scheme SA.57132 is in line with point 23(a), section 3.1 of the Temporary Framework. For undertakings active in several sectors the maximum aid ceiling will respect the conditions set out in point 23bis of the Temporary Framework (recitals (5) and (6)).
- (17) In addition, the notified prolongation of the subordinated loans up to maximum ten years respects the objectives and spirit of section 3.1 of the Temporary Framework (recital (7)).
- (18) Concerning the prolongation of the subordinated loans up to a maximum maturity of eight years granted under section 3.3 of the Temporary Framework, it is noted that the already approved flat minimum interest rates for subordinated loans are above the interest rates referred to in point 27bis of the Temporary Framework (recital (8)). Especially during the first years of the loans the remuneration is considerably higher than required by point 27bis in combination with point 27(a)

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<sup>5</sup> Recitals 27-32 of Commission Decision C(2020) 3039 final, SA.57132, of 5 May 2020; recitals 31-36 of Commission Decision C(2020) 3198 final, SA.57246, of 11 May 2020; recitals 8-9 of Commission Decision C(2020) 5420 final, SA.58045, of 31 July 2020; recitals 7-8 of Commission Decision C(2020) 8522 final, SA.59113, of 26 November 2020 and recitals 9-10 of Commission Decision C(2021) 2256 final, SA.62042, of 26 March 2021.

<sup>6</sup> Recitals 33-40 of Commission Decision C(2020) 3039 final, SA.57132, of 5 May 2020; recitals 37-44 of Commission Decision C(2020) 3198 final, SA.57246, of 11 May 2020; recitals 10-13 of Commission Decision C(2020) 5420 final, SA.58045, of 31 July 2020; recitals 9-13 of Commission Decision C(2020) 8522 final, SA.59113, of 26 November 2020 and recitals 10-15 of Commission Decision C(2021) 2256 final, SA.62042, of 26 March 2021.

of the Temporary Framework. Therefore, the Commission considers that the already approved flat minimum interest rates, which will be applicable during maximum eight years, complies with the conditions of point 27bis in combination with point 27(b) of the Temporary framework.

- (19) Apart from the notified amendments, Belgium confirms that no further amendments are proposed to the existing aid schemes and that all other conditions of these schemes remain unaltered.
- (20) The Commission therefore considers that the notified amendments are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU, since they meet all the relevant conditions of the Temporary Framework. The Commission therefore considers that the notified amendments do not alter the Commission's conclusion on the compatibility of the existing aid scheme in the initial decision.

#### **4. CONCLUSION**

The Commission has accordingly decided not to raise objections to the schemes, as amended, on the grounds that they are compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

The decision is based on non-confidential information and is therefore published in full on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>

Yours faithfully,

For the Commission

Margrethe VESTAGER  
Executive Vice-President

