Subject: State Aid SA.61802 (2021/N) – Greece
COVID-19: 2nd Round of 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 4 February 2021, Greece notified aid in the form of limited amounts of aid under the name “2nd Round of Support to SME loan obligations due to COVID-19” (the “measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”).1 Greece provided supplementary information on the measure on 10, 11 and 16 February 2021.

   (2) Greece 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 1/19582 and to have this Decision adopted and notified in English.

2. **DESCRIPTION OF THE MEASURE**

   (3) Greece considers that the COVID-19 outbreak affects the real economy. The measure forms part of an overall package of measures and aims to ensure that

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2 Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.
sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the outbreak, to ensure that the disruptions caused by the outbreak do not undermine the viability of the undertakings and thereby to preserve the continuity of economic activity during and after the outbreak.

(4) Greece confirms that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.

(5) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

2.1. The nature and form of aid

(6) The measure provides aid in the form of direct grants.

2.2. Legal basis

(7) The legal basis for the measure is Article 6 of the Act of Legislative Content “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 Α’ 68/2020), the Law 4314/2014, as amended (Government Gazette Α’ 265/23-12-2014) and the draft call for applications for the measure, which will be issued with a Ministerial Decision.

2.3. Administration of the measure

(8) The “Managing Authority of the Operational Programme Entrepreneurship, Competitiveness and Innovation (EPANEK)” acting under the supervision of the Ministry of Development and Investments is the aid granting authority responsible for administering the measure. The Managing Authority will be supported in the implementation of the measure by the “Ειδική Υπηρεσία Διαχείρισης και Εφαρμογής Τομέων Βιομηχανίας Εμπορίου και Προστασίας Καταναλωτή (ΕΥΔΕ - ΒΕΚ)” (Managing and Implementation Service for Industry, Commerce and Consumer Protection sectors) of the Ministry of Development and Investments.

2.4. Budget and duration of the measure

(9) The estimated budget of the measure is EUR 500 million.

(10) The measure will be co-financed by the European Regional Development Fund (ERDF) and the rules applicable under this Fund will be respected.

(11) Aid may be granted under the measure as from the notification of the Commission’s approval until no later than 31 December 2021.

3 The draft call for applications was provided by the Greek authorities with the notification.
2.5. Beneficiaries

(12) The final beneficiaries of the measure are small and medium-sized enterprises ("SMEs")\(^4\) active in Greece. However, credit and financial institutions, bodies governed by public law and offshore companies\(^5\) are excluded as eligible final beneficiaries.

(13) Aid may not be granted under the measure to medium enterprises that were already in difficulty within the meaning of the General Block Exemption Regulation ("GBER")\(^6\) on 31 December 2019. Aid may be granted to micro and small enterprises that were in difficulty within the meaning of the GBER on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid\(^7\) or restructuring aid.\(^8\)

(14) Aid is granted under the measure through financial institutions as financial intermediaries. All financial institutions active in Greece have the obligation to participate in the measure. Regarding the payment of the aid, the draft call for applications (recital (8)) for the measure foresees the transfer of the amounts of the aid to financial institutions holding eligible loans of eligible undertakings, which then transfer that amount to the respective aid beneficiaries.

2.6. Sectoral and regional scope of the measure

(15) The measure is open to all sectors except the financial sector and primary agriculture, fisheries and production, processing or marketing of tobacco\(^9\). It applies to the whole territory of Greece.

2.7. Basic elements of the measure

(16) The measure provides aid in the form of grants to cover interests on fixed-maturity loans, bonds, syndicated loans or bank overdrafts of SMEs affected by the COVID-19 outbreak for a period of three months, namely January to March 2021.

(17) In order to be eligible, SMEs should have registered a decrease of more than 20% in their 2020 turnover compared to their 2019 turnover\(^10\). SMEs that started their activity in 2020 are considered as fulfilling this eligibility criterion.

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\(^5\) Greek authorities confirmed that offshore companies are those based in a so called “tax haven” countries, as indicated in the Greek Law 3091/2002 (Government Gazette A’ 330/2002) (http://www.et.gr/index.php/anazitisi-fek)


\(^7\) Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

\(^8\) Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

\(^9\) Details of the non-eligible sectors are provided in Annex V of the draft call for applications (recital (8)) for the measure.
The measure covers interests, payable as of 1 January 2021 until 31 March 2021, on fixed-maturity loans, bonds, syndicated loans or bank overdrafts, concluded before 1 January 2021 and performing on 30 September 2020 or before the submission date of the application.

The financial institutions, intermediaries in the process of transferring the aid to the final beneficiaries (recital (14)), are not allowed to use funds transferred to them for any purpose other than the current measure. The Greek authorities confirm that the advantage will be fully passed on to the final beneficiaries of the measure by the financial institutions and that the financial institutions will not receive any remuneration for the intermediary services provided.

Greece confirmed that the aid may be granted provided its nominal value, for all measures granted in accordance with Section 3.1 of the Temporary Framework, does not exceed EUR 1,800,000 per undertaking (all figures used being expressed in gross, that is before any deduction of tax or other charges).

Applications can be submitted from the date of the notification of the approval of the measure until no later than 31 May 2021.

The Greek authorities additionally confirm that for beneficiaries active in the processing and marketing of agricultural products, the aid is not being partly or entirely passed on to primary producers and is not fixed on the basis of the price or quantity of products put on the market by the undertakings concerned or purchased from primary producers, unless, in the latter case, the products were either not put on the market or were used for non-food purposes such as distillation, methanization or composting by the undertakings concerned.

2.8. Cumulation

The aid ceilings and cumulation maxima fixed under the measure will apply regardless of whether the support for the aided project is financed entirely from State resources or partly co-financed by the European Structural and Investment Funds (ESIF).

The Greek authorities confirm that aid granted under the measure may be cumulated with aid under de minimis Regulations or the GBER provided the provisions and cumulation rules of those Regulations are respected.

For SMEs, which started their activity in 2019 and have therefore less than 365 days of activity in 2019, the figure of their 2020 turnover will be recalculated using the formula (total revenue 2020/365 days) x days of operation in 2019.

The draft call for applications (recital (8)) includes a provision that in case of a possible credit balance remaining in the special bank account each financial institution should hold for this measure, the financial institution is obliged at the end of the measure to transfer this balance back to the State.

(25) The Greek authorities confirm that aid granted under the measure may be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Framework provided the provisions in those specific sections are respected.

(26) The Greek authorities confirm that if the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in point 22(a) of that framework, will be respected. Aid granted under the measure and/or other measures approved by the Commission under section 3.1 of the Temporary Framework which has been reimbursed before 31 December 2021 shall not be taken into account in determining whether the relevant ceiling is exceeded.

2.9. Monitoring and reporting

(27) The Greek authorities confirm that they will respect the monitoring and reporting obligations laid down in section 4 of the Temporary Framework (including the obligation to publish relevant information on each individual aid above EUR 100,000 granted under the measure on the comprehensive national State aid website or Commission’s IT tool within 12 months from the moment of granting\(^{15}\)).

3. ASSESSMENT

3.1. Lawfulness of the measure

(28) 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

(29) 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.

(30) The measure is imputable to the State, since it is administered by the “Managing Authority of the Operational Programme Entrepreneurship, Competitiveness and Innovation (EPANEK)” (recital (8)) and it is based on the legal basis reported in recital (7). It is financed through State resources, since it is financed by public funds (recital (10)).

(31) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (6)). The measure thus confers an advantage on those beneficiaries, which they would not have had under normal market conditions.

(32) The advantage granted by the measure is selective, since it is awarded only to certain undertakings, namely SMEs, except financial institutions, bodies governed

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\(^{15}\) Referring to information required in Annex III to Commission Regulation (EU) No 651/2014.
by public law and offshore companies, active in sectors other than the financial sector and primary agriculture, fisheries and production, processing or marketing of tobacco (recitals (12) and (15)).

(33) 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 (recital (15)).

(34) 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

(35) 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.

(36) 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”.

(37) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (in 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”.

(38) The measure aims at supporting the availability of working capital for SMEs at a time when the normal functioning of 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.

(39) The measure is one of a series of measures conceived at national level by the Greek authorities to remedy a serious disturbance in their economy. The importance of the measure 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 (“Limited amounts of aid”) described in section 3.1 of the Temporary Framework.

(40) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular:

- The aid takes the form of direct grants (recital (6)).

  The overall nominal value of direct grants shall not exceed EUR 1 800 000 per undertaking; all figures used must be gross, that is,
before any deduction of tax or other charges (recital (20)). If the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, this total nominal value of these measures will remain below the overall cap of EUR 1 800 000 per undertaking. The measure therefore complies with point 22(a) of the Temporary Framework.

- Aid is granted under the measure on the basis of a scheme with an estimated budget as indicated in recital (9). The measure therefore complies with point 22(b) of the Temporary Framework.

- Aid may not be granted under the measure to medium enterprises\(^{16}\) that were already in difficulty on 31 December 2019 (recital (13)). The measure therefore complies with point 22(c) of the Temporary Framework. Aid may be granted to micro and small enterprises that were in difficulty on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid\(^{17}\) or restructuring aid\(^{18}\) (recital (13)). The measure therefore complies with point 22(c)bis of the Temporary Framework.

- Aid will be granted under the measure no later than 31 December 2021 (recital (11)). The measure therefore complies with point 22(d) of the Temporary Framework.

- Aid granted to undertakings active in the processing and marketing of agricultural products is excluded when the aid is conditional on being partly or entirely passed on to primary producers, fixed on the basis of the price or quantity of products put on the market by the undertakings concerned or purchased from primary producers, unless, in the latter case, the products were either not put on the market or were used for non-food purposes such as distillation, methanization or composting by the undertakings concerned (recital (22)). The measure therefore complies with point 22(e) of the Temporary Framework.

- The measure introduces safeguards in relation to the possible indirect aid in favour of the credit institutions or other financial institutions to limit undue distortions to competition. All financial institutions active in Greece have the obligation to participate in the measure (recital (14)). The measure provides that financial institutions are obliged to use funds transferred to them only for the purposes of the current measure (recital (19)) and to transfer these funds to the aid beneficiaries (recital (14)). The Greek authorities also confirmed that there is no remuneration to the financial institutions for the intermediary services provided and that the aid will be fully passed on to the final beneficiaries of the measure (recital


\(^{17}\) Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

\(^{18}\) Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.
The safeguards thus ensure that those institutions pass on all the advantages of the measure to the final beneficiaries. The measure therefore complies with points 28 to 31 of the Temporary Framework.

The Greek authorities confirm that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA (recital (4)).

The Greek authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (27)). The Greek authorities further confirm that the aid under the measure may only be cumulated with other aid, provided the specific provisions in the sections of the Temporary Framework and the cumulation rules of the relevant Regulations are respected (recitals (23) to (26)).

The Greek authorities also confirm that the rules under the European Regional Development Fund (ERDF) will be respected (recital (10)).

The Commission therefore considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since it meets all the relevant conditions of the Temporary Framework.

4. COMPLIANCE WITH INTRINSICALLY LINKED PROVISIONS OF DIRECTIVE 2014/59/EU AND REGULATION (EU) 806/2014

Without prejudice to the possible application of Directive 2014/59/EU on bank recovery and resolution (“BRRD”) and of Regulation (EU) 806/2014 on the Single Resolution Mechanism (“SRMR”), in the event that an institution benefiting from the measure meets the conditions for the application of that Directive or of that Regulation, the Commission notes that the measure does not appear to violate intrinsically linked provisions of the BRRD and the SRMR.

In particular, aid granted by Member States to non-financial undertakings as final beneficiaries under Article 107(3)(b) TFEU in line with the Temporary Framework, which is channeled through credit institutions or other financial institutions as financial intermediaries, may also constitute an indirect advantage to those institutions. Nevertheless, any such indirect aid granted under the measure does not have the objective of preserving or restoring the viability, liquidity or solvency of those institutions. The objective of the measure is to remedy the liquidity shortage faced by undertakings that are not financial institutions and to ensure that the disruptions caused by the COVID-19 outbreak do not undermine the viability of such undertakings, especially of SMEs. As a result, aid granted under the measure does not qualify as extraordinary public financial support under Article 2(1)(28) BRRD and Article 3(1)(29) SRMR.

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21 Points 6 and 29 of the Temporary Framework.
Moreover, as indicated in recital (40) above, the measure introduces safeguards in relation to any possible indirect aid in favour of the credit institutions or other financial institutions to limit undue distortions to competition. Such safeguards ensure that those institutions, to the largest extent possible, pass on the advantages provided by the measure to the final beneficiaries.

The Commission therefore concludes that the measure does not violate any intrinsically linked provisions of the BRRD and the SRMR.

5. **CONCLUSION**

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.

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](http://ec.europa.eu/competition/elojade/isef/index.cfm).

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President