



EUROPEAN COMMISSION

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**Subject: State Aid SA.63394 (2021/N) – Slovakia
COVID-19: Second amendment to SA.57484 and SA.57485 under the
Temporary Framework**

Excellency,

1. PROCEDURE

- (1) By electronic notification of 9 June 2021, Slovakia notified the second amendment (the “notified amendments”) to the following State aid measures:
- (a) SA.57484: The National Development Fund I guarantee and grant scheme for loans with a nominal amount of maximum EUR 2 million;
 - (b) SA.57485: The National Development Fund II guarantee and grant scheme for loans with a nominal amount of maximum EUR 2 million,

which were authorised in June 2020 (the “initial decision”)¹ and amended by SA.59982 in December 2020² (collectively, the “existing aid schemes”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”).³

¹ Decision C(2020) 4146 final of 18 June 2020.

² Decision C(2020) 9299 final of 15 December 2020.

³ 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

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- (2) Slovakia 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 1/1958⁴ and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE NOTIFIED AMENDMENTS

- (3) Slovakia wishes to amend the existing aid schemes listed in recital (1) as follows:
- (a) Following the fifth amendment of the Temporary Framework, the duration of the measures will be prolonged from 30 June 2021 to 31 December 2021.
 - (b) Also following the fifth amendment of the Temporary Framework, the maximum nominal value of the grants, which are used to waive the guarantee fees, will be increased to EUR 1.8 million per undertaking. By way of derogation, the maximum value of the grants will be increased to EUR 270 000 for undertakings active in the fishery and aquaculture sectors and to EUR 225 000 for undertakings active in the primary production of agricultural products.
 - (c) The publication of relevant information on each individual aid will be set at EUR 100 000 for all undertakings, except for the primary agriculture and in the fisheries sectors where the threshold is set at EUR 10 000, as required by point 88 of the Temporary Framework.
 - (d) The deadline for the determination of the “employment maintenance factor”, which requires beneficiaries not to reduce employment levels after the first drawdown of the guarantee as an eligibility conditions for the guarantee premium waiver as described in the recital (24a) of the initial decision, will be prolonged from 31 December 2020 to 31 December 2021.
 - (e) The first eligibility condition for the guarantee premium waiver, relating to the preservation of employment levels, and the second eligibility condition, relating to overdue social contributions, will also be amended. As described in the recitals (24a) and (24b) of the initial decision respectively, these conditions require that the beneficiary (i) maintains the same employment level in the 12 months following the first drawdown of the loan as the 12 months preceding the request for the loan, subject to the employment maintenance factor; and (ii) does not have any social security contributions that are more one month past-due during 12 months following the first drawdown. The amendment will address issues that may arise when the documents on employment levels or the declaration of overdue commitments are issued towards end of a calendar month while

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).

⁴ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

the drawdown has occurred at a date between the ends of the two calendar months.

- (4) The legal basis of the measure was also updated to reflect the consequences of the second wave of COVID-19. On top of the legal texts outlined in recitals (7) and (8) of the initial decision, the national legal basis now includes Resolutions concerning (i) the prolongation of declared state of emergency (No 807/2020, No 77/2021, No 88/2021, No 160/2021, No 169/2021, No 176/2021, No 215/2021, No 519/2021, No 607/2021, No 696/2021); (ii) the declaration or amendment of measures in the framework of the declared state of emergency (No 645/2020, No 678/2020, No 693/2020, No 704/2020, No 808/2020, No 1/2021, No 30/2021, No 44/2021, No 123/2021, No 229/2021); and (iii) the update of the COVID-19 risk map (No 225/2021).
- (5) Apart from the notified amendments, Slovakia confirms that no further amendments are proposed to the existing aid schemes and that all other conditions of those schemes remain unaltered.
- (6) Aid may be granted under the existing aid schemes, as amended, as from the notification of the Commission's approval of the notified amendments.

3. ASSESSMENT

3.1. Lawfulness of the measure

- (7) By notifying the amendments before putting them into effect, the Slovak authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

- (8) 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 be liable to affect trade between Member States.
- (9) The existing aid schemes constitute State aid within the meaning of Article 107(1) TFEU for the reasons set out in recitals (38) to (43) of the initial decision. The notified amendments do not affect that conclusion. The Commission therefore refers to the respective assessment of the initial decision and concludes that the existing aid schemes, as amended, constitute State aid within the meaning of Article 107(1) TFEU.

3.3. Compatibility

- (10) The existing aid schemes are compatible with the internal market pursuant to Article 107(3)(b) TFEU, since they meet the conditions of section 2 and sections 3.1 and 3.2 of the Temporary Framework for the reasons set out in recitals (44) to (53) of the initial decision. The Commission therefore refers to the respective assessment of the initial decision.

- (11) The notified amendments do not affect that conclusion. In particular, the modifications outlined in recital (3)(a) to (3)(c) are in line with the fourth and fifth amendments of the Temporary Framework, notably with points 22 a) and d), 23 a) and 25c) and 88 of the Temporary Framework. The deadline for the determination of the employment maintenance factor, as set out in recital (3)(d) of this decision will be extended in parallel with the prolongation of the duration of the measure, as described in recital (3)(a). The modification of the eligibility condition for the guarantee premium waiver regarding overdue social security contributions (recital (3)(e)) will be put in place to address one of the technical shortcomings of the original scheme and does not have any impact on the compatibility assessment. These later eligibility conditions have been introduced by Slovakia in addition to the requirements of the Temporary Framework and the Commission considers that the notified amendments do not alter the conclusion that the existing schemes are in line with the Temporary Framework.
- (12) Apart from the notified amendments, the Commission notes that no further amendments are proposed to the existing aid schemes and that all other conditions of those schemes remain unaltered.
- (13) 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 schemes 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

