

Brussels, 25 May 2020  
Case No: 85210  
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Decision No 048/20/COL

Ministry of Trade, Industry and Fisheries  
PO Box 8090 Dep  
0032 Oslo  
Norway

**Subject: Prolongation of COVID-19 Guarantee scheme**

## 1 Summary

- (1) The EFTA Surveillance Authority (“ESA”) wishes to inform Norway that, having assessed the notified prolongation of the COVID-19 Guarantee scheme (“the measure”), it considers that the measure constitutes state aid within the meaning of Article 61(1) of the EEA Agreement and decides not to raise objections<sup>1</sup> to the measure, as it is compatible with the functioning of the EEA Agreement, pursuant to its Article 61(3)(b). ESA has based its decision on the following considerations.

## 2 Procedure

- (2) The Norwegian authorities notified the measure on 20 May 2020<sup>2</sup> and provided additional information the same day.<sup>3</sup>

## 3 Description of the measure

### 3.1 The COVID-19 Guarantee scheme

- (3) By [Decision No 028/20/COL](#), ESA approved a scheme, which aims at ensuring access to liquidity for SMEs facing a sudden shortage of liquidity due to the economic effects of the COVID-19 outbreak, by means of public guarantees on loans channelled through financial intermediaries. By [Decision No 031/20/COL](#), ESA approved an amendment to the scheme (inclusion of large undertakings). For more background information on the scheme, reference is made to these two decisions.

### 3.2 The notified prolongation

- (4) The Norwegian authorities have explained that, as of 6 May 2020, the COVID-19 Guarantee scheme has provided liquidity to 2 225 SMEs and 98 large enterprises, and that NOK 6.8 billion of the total budget of NOK 50 billion had been used. According to initial projections, the use of the scheme has so far been somewhat modest, partly because banks seem to have been able to accommodate some enterprises’ liquidity needs by granting payment deferrals, and partly because other government measures may have contributed to a temporary relief for some enterprises.
- (5) In the initial notification of 25 March 2020, the Norwegian authorities limited the duration of the scheme to 1 June 2020. However, because there are still significant preventative measures in place, affecting many enterprises’ ability to

<sup>1</sup> Reference is made to Article 4(3) of the Part II of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice.

<sup>2</sup> Document Nos 1133887–1133889.

<sup>3</sup> Document No 1134009.

run their businesses normally and the effects of the coronavirus outbreak is still unfolding, the Norwegian authorities find that the duration of the guarantee scheme should be extended to 31 December 2020 by an amendment regulation (not yet adopted)<sup>4</sup> to the national legal basis.<sup>5</sup> Due to the draw on the scheme being more limited than expected, the budget (NOK 50 billion) remains unaffected by the notified prolongation.

#### 4 Presence of state aid

(6) Article 61(1) of the EEA Agreement reads as follows:

"[...] any aid granted by EC Member States, EFTA States or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Contracting Parties, be incompatible with the functioning of this Agreement."

(7) The qualification of a measure as aid within the meaning of this provision therefore requires the following cumulative conditions to be met: (i) the measure must be granted by the state or through State resources; (ii) it must confer an advantage on an undertaking; (iii) favour certain undertakings (selectivity); and (iv) threaten to distort competition and affect trade.

(8) ESA has concluded that the COVID-19 Guarantee scheme constitutes state aid within the meaning of Article 61(1) of the EEA Agreement.<sup>6</sup> There is nothing in the measure (a pure prolongation), which alters that conclusion. In light of that, ESA concludes that the measure constitutes state aid within the meaning of Article 61(1) of the EEA Agreement.

#### 5 Procedural requirements

(9) Pursuant to Article 1(3) of Part I of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice ("Protocol 3"): "The EFTA Surveillance Authority shall be informed, in sufficient time to enable it to submit its comments, of any plans to grant or alter aid. .... The State concerned shall not put its proposed measures into effect until the procedure has resulted in a final decision."

(10) The Norwegian authorities have notified the measure, which will only enter into force subject to the approval of ESA. They have therefore complied with the obligations under Article 1(3) of Part I of Protocol 3.

#### 6 Compatibility of the measure

(11) Pursuant to its Article 61(3)(b), ESA can declare state aid compatible with the functioning of the EEA Agreement "to remedy a serious disturbance in the economy of an EC Member State or an EFTA State".

(12) In the context of the current COVID-19 outbreak, the Commission adopted the Temporary Framework that sets out temporary state aid measures that it

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<sup>4</sup> Forskrift om endring i forskrift 27. mars 2020 nr. 490 til lov om statlig garantiordning for lån til små og mellomstore bedrifter.

<sup>5</sup> [FOR-2020-03-27-490](#) forskrift 27. mars 2020 nr. 490 til lov om statlig garantiordning for lån til små og mellomstore bedrifter.

<sup>6</sup> Decision No 028/20/COL, paragraphs 35 to 41.

considers compatible under Article 107(3)(b) TFEU, which corresponds to Article 61(3)(b) of the EEA Agreement. The Commission confirms that the current situation, specifically the effect of the containment measures adopted by national states on their economies, justify that aid can be granted on the basis of this provision. This type of aid is available for a limited period to remedy the liquidity shortage faced by undertakings to ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability.

- (13) In order to ensure uniform application of the state aid rules throughout the European Economic Area, in line with the objective of homogeneity established in Article 1 of the EEA Agreement, ESA applies the compatibility conditions set out in the Temporary Framework to state aid granted by the EEA EFTA States under Article 61(3)(b) in the context of the COVID-19 outbreak.
- (14) The Norwegian authorities designed the COVID-19 Guarantee scheme to comply with Section 3.2 of the Temporary Framework. The Commission has amended the [Temporary Framework](#) (“TF”) twice (on 3 April and 8 May), since ESA adopted its latest decision concerning the COVID-19 Guarantee scheme.
- (15) The Norwegian authorities confirm that no changes were made to the guarantee premium structure of the scheme. Thus, the guarantee premiums still comply with paragraph 25(a) TF, and the alternative guarantee premium mechanisms set out in paragraph 25(b) TF remain irrelevant for the notified measure.
- (16) The relevant elements of paragraph 25 TF have essentially remained substantively unaltered by the two amendments. With the notified prolongation, the duration of the scheme extends to 31 December 2020. This is in line with paragraph 25(c) TF.
- (17) The Norwegian authorities have confirmed that the scheme will be amended to comply with the newly introduced paragraph 24bis TF on cumulation. Hence, aid granted under the scheme will not be combined with any aid for subsidised interest rates for loans, beyond what is expressly allowed pursuant to paragraph 24bis TF.
- (18) The Norwegian authorities confirm that they will comply with the monitoring and reporting requirements of paragraph 86 TF and footnote 53 TF.

## 7 Conclusion

- (19) On the basis of the foregoing assessment, ESA considers that the measure constitutes state aid within the meaning of Article 61(1) of the EEA Agreement. Since no doubts are raised that this aid is compatible with the functioning of the EEA Agreement pursuant to its Article 61(3)(b), ESA has no objections to its implementation.
- (20) The Norwegian authorities have confirmed that the notification does not contain confidential information.

For the EFTA Surveillance Authority,

Yours faithfully,

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*This document has been electronically authenticated by Bente Angell-Hansen,  
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