

Ministry of Trade, Industry and Fisheries
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Norway

Subject: Prolongation of the 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 objections¹ 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 16 June 2021.²

3 Description of the measure

3.1 Background

3.1.1 The COVID-19 Guarantee scheme

- (3) By Decision No [028/20/COL](#) of 26 March 2020, ESA approved a scheme aimed at ensuring access to liquidity for micro, small and medium-sized enterprises (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 such as credit institutions (“the scheme”).
- (4) By Decision No [031/20/COL](#) of 2 April 2020, ESA approved an amendment to the scheme (inclusion of large undertakings). By Decision No [048/20/COL](#) of 25 May 2020, ESA approved a prolongation of the scheme. By Decision No [100/20/COL](#) of 31 July 2020, ESA approved a further amendment to the scheme (aid to micro or small enterprises in difficulty). By Decision No [133/20/COL](#) of 12 November 2020, ESA approved a further prolongation and amendments to the scheme (extension of the maximum duration of guaranteed loans to six years and rules on guarantee premiums for loans with duration longer than three years).
- (5) In the abovementioned decisions, ESA applied the compatibility conditions set out in Section 3.2 of the [Temporary Framework](#) for state aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”) as amended at the time of the decisions.³ The Temporary Framework sets out

¹ 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.

² Document Nos 1208426 and 1208428.

³ Communication from the Commission – Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak of 19 March 2020, OJ C 91, 20.3.2020, p. 1, amended five times, (i) on 3.4.2020, OJ C 112, 4.4.2020, p. 1, (ii) on 8.5.2020, OJ C 164,

temporary state aid measures that the Commission considers compatible under Article 107(3)(b) TFEU, which corresponds to Article 61(3)(b) of the EEA Agreement.

3.1.2 The continued impact of COVID-19

- (6) Both the COVID-19 outbreak and public preventative measures have had a major negative impact on the Norwegian economy. While the Norwegian authorities expect that the economy will recover as COVID-19 restrictions are progressively lifted, there are still ongoing outbreaks of the virus in Norway. The Norwegian authorities cannot rule out the continued need for stricter COVID-19 measures or lockdowns, or that disturbances in the credit market for businesses may occur in the coming months.
- (7) According to the Norwegian authorities, the scheme has been widely used since it was established, and it is likely to have saved many businesses and jobs across Norway. As of 9 June 2021, the scheme has provided NOK 12.3 billion (approximately EUR 1.21 billion) of necessary liquidity to businesses. About 75% of the funds have gone to SMEs, which have been distributed in 4 400 loans.
- (8) Since the beginning of 2021, more infectious virus mutations have spread, and many public preventative measures remain, and are expected to remain in place for several months still. Given the continued negative impact of COVID-19 outbreak on the Norwegian economy, the Norwegian authorities consider it appropriate to prolong the scheme until 31 October 2021.

3.2 The notified measure

- (9) The existing scheme is set to expire by 30 June 2021. However, following an amendment of 28 January 2021, point 25 of the [Temporary Framework](#) now allows for guarantee schemes to remain in force until 31 December 2021. The Norwegian authorities propose to extend the scheme until 31 October 2021. The measure would consequently allow for new guaranteed loans to be granted until 31 October 2021.
- (10) All other conditions of the scheme will remain the same.

3.3 National legal basis and budget

- (11) The national legal basis of the scheme consists of the Act on State guarantee scheme for loans to small and medium sized enterprises (“the Act”),⁴ and the Regulation for loans to small and medium sized enterprises (“the Regulation”).⁵ The prolongation of the scheme will be effectuated by a regulation amending the Regulation.⁶
- (12) There are no changes to the budget of NOK 50 billion (approximately EUR 4.91 billion). As of 9 June 2021, 24.3% of the budget has been used.

13.5.2020, p. 3, (iii) on 29.6.2020, OJ C 218, 2.7.2020, p. 3, (iv) on 13.10.2020, OJ C 340, 13.10.2020, p. 1, and (v) on 28.01.2021, OJ C 34, 01.02.2021, p 6.

⁴ [LOV-2020-03-27-14](#) lov om statlig garantiordning for lån til små og mellomstore bedrifter.

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

⁶ Forskrift om endring i forskrift 27. mars 2020 nr. 490 til lov om statlig garantiordning for lån til små og mellomstore bedrifter.

4 Presence of state aid

- (13) Article 61(1) of the EEA Agreement reads as follows: “Save as otherwise provided in this Agreement, 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.”
- (14) The qualification of a measure as aid within the meaning of this provision 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.
- (15) ESA has concluded that the COVID-19 Guarantee scheme constitutes aid within the meaning of Article 61(1) of the EEA Agreement in five previous decisions. There is nothing that indicates that this conclusion should be altered with respect to the measure. On this basis, ESA concludes that the measure constitutes state aid within the meaning of Article 61(1) of the EEA Agreement.

5 Procedural requirements

- (16) 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.”
- (17) The Norwegian authorities have notified the measure and have yet to let it enter into force. They have therefore complied with the obligations under Article 1(3) of Part I of Protocol 3.

6 Compatibility of the measure

- (18) 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”.
- (19) In the context of the current COVID-19 outbreak, the Commission adopted the Temporary Framework that sets out temporary state aid measures that it considers compatible under Article 107(3)(b) TFEU, which corresponds to Article 61(3)(b) of the EEA Agreement. This type of aid is available for a limited period to remedy the liquidity shortages faced by undertakings, to ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability.
- (20) The proposed prolongation until 31 October is within the allowed time frame of the Temporary Framework.
- (21) The Norwegian authorities have also confirmed that all the applicable rules on reporting and monitoring will be adhered to.

7 Conclusion

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

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