

# State Aid Transparency in the EU and North Macedonia during the Covid-19 Situation

Center for Economic Analyses – CEA



Skopje,  
September, 2020

**Project:** Competition and State Aid Policies Monitor  
**Implemented by:** Center for Economic Analyses - CEA  
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**Publisher:** Center for Economic Analyses - CEA  
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The study was supported by the Swedish International Development Cooperation Agency (Sida) through the project "Nordic Support for Progress of North Macedonia" implemented by the United Nations Office for Project Services (UNOPS). The authors and CEA are responsible for the content, and it does not reflect the views of Sida, the Secretariat for European Affairs of the Government of the Republic of North Macedonia, and UNOPS.

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## Abbreviations

GDP	–	Gross Domestic Product
RAPI	–	Request for Access to Public Information
TFEU	–	Treaty on the Functioning of the European Union
EC	–	European Commission
EU	–	European Union
EUR	–	Euro
LSAC	–	Law on State Aid Control
CPC	–	Commission for Protection of Competition
SME	–	Small and Medium Enterprises
RNM	–	Republic of North Macedonia
SAA	–	Stabilization and Association Agreement

## State Aid Transparency in the EU and North Macedonia during the Covid-19 Situation

The Covid-19 pandemic outbreak poses a serious threat not only from a health aspect, but also from an economic aspect due to the negative worrying effects on the global economy. The European Union (EU), its member states, but also candidate countries such as the Republic of North Macedonia (RNM) are looking for ways to mitigate the negative economic effects through ambitious fiscal packages of state aid measures. This situation, besides fiscal challenges, also poses challenges concerning policy, processes, and the application of EU state aid control rules, which are equally applicable to RNM.

### **KEY FINDINGS: Are rules of good transparency & accountability practices applied for Covid-19 state aid?**

- *The national evaluation and supervisory body of any state aid granted in RNM is the CPC. The usual procedure for obtaining a decision, i.e. approval for granting state aid, starts with a notification by the provider, followed by CPC's approval with Decision within 60 days (when it is in accordance with the law and granted), and only then the provider can proceed with granting assistance to the beneficiary.*
- *The exceptional urgency caused by Covid-19 requires a faster response from the competent institutions. The CPC responded relatively promptly to the notifications related to state aid for Covid-19 and issued decisions granting state aid (when according to law) to the applicants within one to ten days.*
- *There is a general prohibition for state aid (Article 7, LSAC), and it is granted only by exceptions and with established procedures. The state aid for dealing with Covid-19 is considered an exception and as aid for dealing with damage caused by exceptional events.*
- *RNM adopted the EC's Information and Temporary Framework to support the economy in the context of the coronavirus outbreak relatively late.*
- *The CPC doesn't publish information about state aid notified by state aid providers even though it is a legal requirement (Article 29, LSAC).*
- *Although delayed by almost four months, the CPC has published the decisions for the approval of state aid to providers in the context of Covid-19; however, this information has not yet been published in the Official Gazette.*
- *The CPC still doesn't fully comply with the rules and good practices for timely, up-to-date publication of detailed data on the providers and the beneficiaries of state aid.*
- *The national portal Open Finance and the section on Covid-19 are not fully comparable, i.e. there are errors, and data are not easily processable for additional analyses.*
- *The granted aid, called de minimis (aid that doesn't exceed EUR 200 thousand in 3 years per beneficiary), is not subject to a decision approval procedure, and the beneficiaries are not made public, as it is not considered state aid (Article 9, LSAC).*

## Introduction

The Covid-19 pandemic not only poses health challenges, but also carries risks to the global economy. Countries are looking for ways and means to mitigate the economic shock effects through significant and ambitious policies and packages of fiscal state aid measures.

This creates challenges for the proper and transparent application of state aid control rules in line with EU rules. Faced with the challenge and the need for a rapid response<sup>1</sup> that should enable the ***reduction and/or elimination of the phases of the routine state aid control process, which is not allowed under "normal" circumstances***, the EC has adopted a set of rules in the regulation exclusively concerning state aid that is aimed at tackling the crisis caused by Covid-19.

The European Commission (Commission) responded to this challenge by adopting a Communication<sup>2</sup> setting out a Temporary Framework for State Aid Measures to Support the Economy in the Current Covid-19 Outbreak (Temporary Framework<sup>3</sup>).

As the IMF (2020) notes, however, what poses a challenge as well is maintaining fiscal transparency, public accountability, and legitimacy of the emergency responses taken by the governments through various measures. The exceptional response in terms of scale and speed has challenged traditional approaches to ensuring fiscal transparency, safeguarding public accountability, and maintaining institutional legitimacy. Nevertheless, “all three aspects are key for the success of the Covid-19 fiscal policy response, including by (i) enabling citizens and economic actors to understand the objective, size and cost of the policy package and how it will affect them; (ii) helping to sustain widespread support for the overall policy package and confidence that it is not misused; (iii) getting a clear picture of the medium- to long-term risks associated with the policy response; and (iv) bolstering market confidence, notably by highlighting the strength of the short-term response and its consistency with long-term fiscal prudence”<sup>4</sup>.

As the special issues of the IMF (2020) on the fiscal responses to Covid-19 state, in order to achieve these objectives, attention will have to focus on three aspects and challenges: 1) Design - key challenge is to balance urgency and timeliness of the response in a volatile economic environment with achieving transparency in the identification and presentation of the response measures, 2) Implementation - main challenge is to have adequate control and tracking/traceability of budget and off-budget interventions, to ensure that the agreed emergency measures are deployed effectively and in line with their intended purpose, 3) Oversight - key challenge is to put in place comprehensive and transparent reporting and public accountability procedures that oversight institutions such as the Parliament, the Supreme Audit Institution, independent fiscal councils, civil society organizations, and the public at large are able to enforce while the support measures are being designed and implemented<sup>5</sup>.

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<sup>1</sup> The first notification requests are approved in a record 48 hours after application

<sup>2</sup> [https://ec.europa.eu/competition/state\\_aid/what\\_is\\_new/sa\\_covid19\\_temporary-framework.pdf](https://ec.europa.eu/competition/state_aid/what_is_new/sa_covid19_temporary-framework.pdf)

<sup>3</sup> [https://ec.europa.eu/competition/state\\_aid/what\\_is\\_new/covid\\_19.html](https://ec.europa.eu/competition/state_aid/what_is_new/covid_19.html)

<sup>4</sup> IMF, Fiscal Affairs Department, Fiscal affairs, Special Series on Fiscal Policies to Respond to Covid-19, 2020, Keeping receipts: Transparency, Accountability, and Legitimacy in Emergency responses, prepared by Claude Wendling, et al.

<sup>5</sup> Ibid.

## What is technically not considered state aid in Covid-19 circumstances?

Financial support for health services or other public services for resolving the situation with Covid-19 does not fall within the scope of state aid control and the rules or regulations that apply to it. The same rule applies to any public financial support given directly to citizens.

In addition, support measures available to all companies equally, such as extending tax deadlines, do not fall within the scope of state aid control, as they do not provide a selective advantage only to certain companies but apply to all equally. This type of measures can be conditional and implemented by countries without seeking approval from the competent bodies that control state aid.

On the other hand, when a given measure or scheme of state aid favors/singles out concrete or specific companies or certain production, it may constitute state aid, provided that particular conditions are met.

## What are the EU state aid rules?

The provisions on state aid are set out in Articles 107 to 109 of the Treaty on the Functioning of the European Union (TFEU)<sup>6</sup>, which prohibit the governments of the EU member states from granting state aid in the form of grants and subsidies if they distort competition and trade within the EU.

Measures that are selective in nature, i.e. are restricted to certain sectors, regions or types of business activities, may be prohibited under state aid rules. EU state aid rules are overseen by the European Commission (EC), which has the power to investigate cases of illegally or improperly paid state aid and order member state governments to reimburse the paid subsidies.

EU regulation stipulates that the granted state aid needs to be transparent. Transparency in this context means providing relevant information to the market participants for public interventions that can have potentially detrimental effects on competition and trade within the EU, i.e. for the executive power to give selective advantages to companies through the granting of state aid.

The State Aid Modernization Program (SAM<sup>7</sup>), adopted in 2014, introduces **mandatory state aid transparency at the beneficiary level**. The requirement was introduced in 2014 and entered into force without exception on July 1<sup>st</sup>, 2016, and it states “*The Commission has introduced new transparency requirements. A Communication adopted today [21 May 2014] aligns the transparency requirements across all the recently revised state aid rules. Member States will publish all state aid awards above €500,000 on a dedicated website. The information to be made available includes the name of the beneficiary and the amount of aid granted. It will specify whether the beneficiary is an SME or a large company, where the beneficiary is located and in which sector it is active. It will also concern the aid instrument, the date of granting and the legal basis*<sup>8</sup>.”

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<sup>6</sup> [https://ec.europa.eu/competition/state\\_aid/legislation/compilation/a\\_01\\_03\\_11\\_en.pdf](https://ec.europa.eu/competition/state_aid/legislation/compilation/a_01_03_11_en.pdf)

<sup>7</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_12\\_458](https://ec.europa.eu/commission/presscorner/detail/en/IP_12_458)

<sup>8</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_14\\_588](https://ec.europa.eu/commission/presscorner/detail/en/IP_14_588)

## How will state aid rules be applied during the Covid-19 crisis?

As a response to the pandemic, on March 19<sup>th</sup>, 2020, the Commission adopted the "*Temporary Framework*" concerning the temporary state aid measures considered by the European Commission as compatible with the EU internal market and for which "*rapid*" consent/approval can be obtained, followed by a notification process by each Member State. Following the initially adopted framework, the Temporary Framework was further expanded three times with an additional list of 'allowed' measures (the first amendment from 3/4/2020, the second from 8/5/2020, and the third from 29/6/2020).

### Temporary framework to support the economy

The adopted Temporary Framework is to be applied and valid during the entire fiscal year 2020, i.e. from March 19<sup>th</sup>, 2020 to December 31<sup>st</sup>, 2020. The Temporary Framework provides detailed direction on what type of measures may be chosen due to the Covid-19 outbreak; however, it eliminates the possibility of causing severe disruptions to the economic system. The Temporary Framework includes measures that Member States may adopt and how they may grant state aid without first seeking the Commission's approval, but the Framework also outlines how the Commission will assess state aid measures to be notified by countries and their approval for those needing approval before being paid out.

In a very short time, the Commission made a number of decisions within the Temporary Framework, covering a wide geographical area. The Temporary Framework distinguishes between two major groups of measures:

- (a) Aid measures that do not need to be notified to the Commission for approval; and
- (b) Aid measures requiring notification and approval by the Commission.

For all of the measures there are strictly set up rules, criteria, as well as limitations on giving state aid to legal entities either in absolute and/or relative terms.

**Table: Short overview of the Temporary Framework measures as of March 19<sup>th</sup>, 2020**

<b><i>Measures that are not required to be notified to the Commission for prior approval</i></b>	<b><i>Measures requiring notification and approval by the Commission</i></b>
<ol style="list-style-type: none"><li>1. <b><i>Measures that apply to all companies:</i></b> measures such as wage subsidies, suspension of payments for corporate and value added taxes or social security contributions that apply to all companies. (These measures do not qualify as state aid within the meaning of Article 107(1) of the TFEU because they do not provide a selective advantage.)</li><li>2. <b><i>Financial support directly provided to consumers:</i></b> measures for the direct benefit of consumers, such as canceled services or tickets that are not reimbursed by operators. (These measures do not qualify as state aid within the meaning of Article 107(1) of the TFEU because they do not provide an advantage to undertakings).</li></ol>	<p>The following types of assistance refer to the determination of conditions concerning state aid in the form of:</p> <ol style="list-style-type: none"><li>a) Direct grants, advances for repayable loans, or tax benefits;</li><li>b) Loan guarantees; and</li><li>c) Subsidized interest rates on loans.</li></ol> <ol style="list-style-type: none"><li>1. <b><i>Rescue and Reconstruction Assistance</i></b> (Article 107(3)(c) TFEU): state aid measures to address the acute liquidity and support the needs of companies facing financial difficulties, also due to or exacerbated by Covid -19. These measures should comply with the strict criteria set out in the Guidelines for Assistance and Restructuring<sup>9</sup>.</li></ol>

<sup>9</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2014.249.01.0001.01.ENG](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2014.249.01.0001.01.ENG)

<i>Measures that are not required to be notified to the Commission for prior approval</i>	<i>Measures requiring notification and approval by the Commission</i>
<p>3. <b>Measures designed in accordance with the General Block Exemption Regulation (GBER):</b> state aid measures falling within the scope of the General Block Exemption Regulation qualify as state aid within the meaning of Article 107(1) of the TFEU, but may be carried out without prior notification to the Commission.</p>	<p>2. <b>Compensation for damages caused by natural disasters and exceptional occurrences</b> (Article 107(2)(b) TFEU): Member States may compensate undertakings in sectors particularly affected by Covid-19 (e.g. transport, tourism, culture, hospitality and retail) for damages directly caused by the pandemic (by establishing an exception and a direct causal link between the exceptional occurrence and the damage suffered).</p> <p>3. <b>Measures to remedy a serious disturbance in a Member State's economy</b> (Article 107(3)(b) TFEU): members may take measures to remedy serious disturbances in their economy if the disturbance affects all or a substantial part of the economy. The Temporary Framework explains that in the context of the emergence of Covid-19, Member States may rely on this basis for state aid measures for a limited period, in order to address the liquidity problems of enterprises and their sustainability, and in particular small and medium enterprises.</p>

**Table: Short overview of the additional measures according to the three consequential amendments of the Temporary Framework**

<p><b>First amendment as of 3/4/2020<sup>10</sup></b> (notifications where applicable)</p>	<p>Additional 5 state aid measures related to state aid in the form of:</p> <ul style="list-style-type: none"> <li>a) direct grants, advances for repayable loans, or tax benefits;</li> <li>b) loan guarantees; and</li> <li>c) subsidized interest rates on loans and under clear conditions and criteria for the same if the Member States apply: <ul style="list-style-type: none"> <li>(i) Support for coronavirus <b>research and development</b>;</li> <li>(ii) Support for the <b>construction and upgrading of test facilities</b>;</li> <li>(iii) Support for the <b>production of products relevant to coronavirus management</b>;</li> <li>(iv) Dedicated support in the form of <b>tax deferrals</b> (tax payments and/or social security contributions) to deal with liquidity problems and save jobs;</li> <li>(v) Dedicated support in the form of <b>employee salary subsidies</b> to avoid layoffs.</li> </ul> </li> </ul> <p>As for all, these measures, if they are general and refer to the whole market, do not require EC approval, but if they refer to a selection on some basis as a region or sector, notification and approval by the Commission are required.</p>
<p><b>Second amendment as of 8/5/2020<sup>11</sup></b> (notifications where applicable)</p>	<p>The second amendment expands the Temporary Framework to <b>allow targeted public interventions in the form of recapitalization assistance to non-financial corporations</b>.</p> <p>This amendment refers to state interventions in Member States that intervene through a share in the capital of strategic companies that must be notified and approved by the Commission.</p> <p>This amendment provides principle guidelines and clear conditions for eligibility and their approval, as well as guidelines and deadlines for the "withdrawal" of state capital and share in the use of this type of state aid, including the request for an exit strategy and clear restrictions for the beneficiary of state aid in this form in the period / deadline to which this granted state aid refers.</p>

<sup>10</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_570](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_570)

<sup>11</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_838](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_838)

<p><b>Third amendment as of 29/6/2020<sup>12</sup></b> (notifications where applicable)</p>	<p>The third amendment addresses the expansion of the Temporary Framework through <b>additional support for micro and small enterprises, including start-up companies</b>, to meet liquidity challenges and limited access to finance:</p> <p>(i) Support to <b>micro and small companies, including start-ups</b>, through expansion to all micro and small enterprises that have been facing difficulties since 31/12/2019.</p> <p>(ii) Incentive measures for <b>private investors to participate in coronavirus-related recapitalization</b> measures where it is possible for private investors together with the state to contribute to the increase of capital in companies.</p> <p>(iii) Single market protection and level playing field. The Commission clarifies that <b>assistance should not be conditional on the relocation of production</b> activity or other activity of the beneficiary from another country within the European Economic Area (EEA) to the territory of the Member State approving the aid, as it would be particularly detrimental to the internal market.</p>
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At the beginning of July 2020, the Commission made an additional amendment to **extend the validity of certain state aid rules** for the Covid-19 aid measures that would otherwise expire at the end of the 2020<sup>13</sup> calendar year. The time extension refers to certain guidelines and measures, depending on the measure, for either an additional one year or for an additional three years.

## Reporting and transparency in the Covid-19 situation

The European Commission is a supranational body responsible for the approval of the notified state aid by the member states, as well as oversight and control for the proper allocation of state aid. On the other hand, the candidate countries have a national authority, which in the countries of the Western Balkans comes in different legal forms, but all with the same purpose<sup>14</sup>.

At the European Union level, all measures falling within the Temporary Framework for state aid during Covid-19, including the subsequent amendments, are reviewed in detail, and state aid notifications and the EC's state aid approvals, including the amount of planned state aid for each measure, are published.

On a regular basis (daily, weekly), complete information is published with the accompanying documentation for all notified and all approved measures by date and by country. There are regular publications prepared covering the full list of measures, per country and according to the TFEU articles of state aid, as well as the basis for granting state aid (including state aid measures granted on the basis of Articles 107(a)(b)(c) of the TFEU and/or the Temporary Framework).

<sup>12</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1221](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1221)

<sup>13</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1247](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1247),

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2020.224.01.0002.01.ENG&toc=OJ:C:2020:224:FULL](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2020.224.01.0002.01.ENG&toc=OJ:C:2020:224:FULL)

<sup>14</sup> Please see more on the institutional set-up in RNM in Competition Policy: Key to a market economy <https://cea.org.mk/wp-content/uploads/2020/04/0.-FINALFINAL-POLICY-STUDY-Ch-8-Regulatory-Instit-CIP-w-design-21042020.pdf>, and for the region in Attracting foreign investments in the region of Western Balkan with state aid: Race to the bottom or necessity? ([https://cea.org.mk/wp-content/uploads/2020/06/1.-STUDIJA-Strans-Invest-Finalna-verzija\\_compressed-pdf.pdf](https://cea.org.mk/wp-content/uploads/2020/06/1.-STUDIJA-Strans-Invest-Finalna-verzija_compressed-pdf.pdf))

**Image: List of measures notified and approved within member states according to Article 107 of the TFEU and the Temporary Framework (cutoff date 20/7/2020)**



Source: European Commission, State Aid, Coronavirus Outbreak - List of Member State Measures approved under Articles 107(2)b, 107(3)b and 107(3)c TFEU and under the State Aid Temporary Framework<sup>15</sup>

The European Commission continuously reports on the measures of all member states through its website's state aid section - individually through a summary of each program/measure that each country undertakes. It also provides information on the submitted request/notification and the approvals of compatible state aid for the coronavirus outbreak. The information on the website also provides a link to a detailed overview of each individual measure and a link to the appropriate case number assigned to the State Aid Register<sup>16</sup>.



Source: European Commission, Support measures to help citizens and companies during the significant economic impact of the coronavirus pandemic per country, [https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/jobs-and-economy-during-coronavirus-pandemic/state-aid-cases\\_en](https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/jobs-and-economy-during-coronavirus-pandemic/state-aid-cases_en)

<sup>15</sup> Full publication available at:

[https://ec.europa.eu/competition/state\\_aid/what\\_is\\_new/State\\_aid\\_decisions\\_TF\\_and\\_107\\_2b\\_107\\_3b\\_107\\_3c.pdf](https://ec.europa.eu/competition/state_aid/what_is_new/State_aid_decisions_TF_and_107_2b_107_3b_107_3c.pdf), last time seen on 22/7/2020

<sup>16</sup> [https://ec.europa.eu/competition/elojade/isef/index.cfm?clear=1&policy\\_area\\_id=3](https://ec.europa.eu/competition/elojade/isef/index.cfm?clear=1&policy_area_id=3)

ec.europa.eu/competition/elojade/isef/index.cfm?fuseaction=dsp\_sa\_by\_date

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**this section:** State Aid

## State Aid Cases

New Search

**State Aids cases by date - Last 3 months**

**july**  
20 July 2020  
[SA\\_57984](#) Malta, COVID-19 Grant Scheme for Bluefin Tuna (BFT) Fishers (Decision)

**17 July 2020**  
[SA\\_58043](#) Ireland, COVID19: Sustaining Enterprise Scheme - modifications of SA.57036; SA.57509 and SA.57453 (Decision)  
[SA\\_58007](#) Greece, COVID-19 – Extension of State aid measures (1) support to SMEs loan obligations (SA.56839), and (2) Capped business loans portfolio guarantying amending SA.56857) (Decision)  
[SA\\_57767](#) Hungary, COVID-19: Scheme to provide payroll related exemptions in the aviation industry (Public version available)  
[SA\\_57762](#) Cyprus, Support Scheme for newspapers - CY- COVID-19 (Public version available)  
[SA\\_57752](#) Italy, COVID-19- Italy, Grants to small businesses and self-employed (Public version available)  
[SA\\_57710](#) Sweden, Compensation for damages suffered by passenger ferries due to COVID-19 (Public version available)  
[SA\\_57691](#) Cyprus, SA.57691(2020/N) – Cyprus – COVID-19 - Incentive scheme towards airlines (Public version available)  
[SA\\_57655](#) Latvia, Guarantees for large and medium-sized undertakings affected by the COVID-19 outbreak (Public version available)  
[SA\\_57640](#) Austria, COVID-19: Ausweitung der Garantiemöglichkeiten nach KMU-Förderungs- und Garantiegesetz (Decision)  
[SA\\_57612](#) United Kingdom, COVID-19 Temporary Framework for Gibraltar Authorities (Public version available)  
[SA\\_57607](#) France, COVID 19: Garantie de l'État en soutien à l'assurance-crédit (Decision)  
[SA\\_57595](#) Croatia, State Aid Programme of the Ministry of Culture to Support the Economy in the Current COVID-19 Outbreak (Public version available)  
[SA\\_57574](#) Malta, Bond subscription facility By the Malta Development Bank (Public version available)  
[SA\\_57485](#) Slovakia, Covid-19 ESIF Basic Level Liquidity Needs Support State Aid Scheme - SIH (Public version available)  
[SA\\_57484](#) Slovakia, Covid-19 Government Resources Basic Level Liquidity Needs Support State Aid Scheme - SIH (Public version available)  
[SA\\_57483](#) Slovakia, Covid-19 Government Resources Higher Level Liquidity Needs Support State Aid Scheme - Eximbanka (Public version available)  
[SA\\_57420](#) Italy, COVID-19 - Tax exemptions and tax credits adopted as a consequence of the economic crisis caused by COVID-19 (Public version available)  
[SA\\_57405](#) France, Covid-19 - Groupe Novares (Public version available)  
[SA\\_57305](#) Luxembourg, COVID-19: Luxembourg Investment aid for certain sectors (Public version available)  
[SA\\_33909](#) Spain, Girona and Reus Airports - Aid to Ryanair and other airlines (Public version available)

Source: European Commission, Review of the cases, per notified and approved state aid, per date, number, and country, available at: [https://ec.europa.eu/competition/elojade/isef/index.cfm?fuseaction=dsp\\_sa\\_by\\_date](https://ec.europa.eu/competition/elojade/isef/index.cfm?fuseaction=dsp_sa_by_date)

Each country's primary fiscal response is (and will be) from the national budget through the planning of state aid measures. The adopted temporary state aid rules allow for the governments to provide liquidity to the economy to support both citizens and companies, and especially small and medium-sized enterprises, in order to keep jobs in the EU. The Commission has adopted over 200 decisions approving national measures by all Member States, such as guarantee schemes for companies and funds to support the production and medical equipment and masks supply.

According to set guidelines, each state aid notification that is completed and sent<sup>17</sup> to the EC is registered with its own identification number, has several options for an interested party to reach all the details following different variables and characteristics. That is, as mentioned above, the information is available in compact form, by country list, by legal basis, and as short summary reports; and the State Aid Register<sup>18</sup> contains the case number, country, date of the decision, name of the measure, summary details, original request/notification, decision, and the publication in the Official Journal of the EU.

### Example:

Policy Area	Case Number	Member State	Last Decision Date	Title
State Aid	SA_56787	Germany	24.03.2020	COVID-19: Bundesregelung Bürgschaften 2020
<b>SA_56787 COVID-19: Bundesregelung Bürgschaften 2020</b>				
<b>Member State:</b> Germany				
<b>Primary Objective:</b> Remedy for a serious disturbance in the economy				
<b>Legal basis primary:</b> Art. 107(3)(b) TFEU - Remedy serious disturbance				
<b>Legal basis secondary:</b> Covid-19 - Temporary Framework Covid-19				
<b>Aid Instrument:</b> Guarantee				
<b>Case Type:</b> Scheme				
<b>Duration:</b> until 31.12.2020				
<b>Notification or Registration Date:</b> 21.03.2020				
<b>DG Responsible:</b> Competition DG				
<b>2020/N</b>				
<b>Decision on 24.03.2020:</b> Decision not to raise objections				
<b>Decision Text:</b> Letter to the Member State - authentic language <a href="#">en</a> <a href="#">de</a>				
<b>Publication on 08.05.2020:</b> Official Journal: <a href="#">JOCE C/158/2020</a>				

Source: State Aid Register

<sup>17</sup> Form and altered form for reporting state aid according to the Temporary Framework, [https://ec.europa.eu/competition/state\\_aid/what\\_is\\_new/notification\\_template\\_107\\_2\\_b.pdf](https://ec.europa.eu/competition/state_aid/what_is_new/notification_template_107_2_b.pdf), [https://ec.europa.eu/competition/state\\_aid/what\\_is\\_new/notification\\_template\\_TF\\_coronavirus\\_revised\\_after\\_3rd\\_amendment.pdf](https://ec.europa.eu/competition/state_aid/what_is_new/notification_template_TF_coronavirus_revised_after_3rd_amendment.pdf)  
<sup>18</sup> [https://ec.europa.eu/competition/elojade/isef/index.cfm?clear=1&policy\\_area\\_id=3](https://ec.europa.eu/competition/elojade/isef/index.cfm?clear=1&policy_area_id=3)

## Amount of State Aid Approved

According to the available data<sup>19</sup>, the notified and approved state aid at the EU level is large both in amount and in scope. As of March 12<sup>th</sup>, 2020, when the first state aid was approved per the notification of Denmark (SA.56685 State aid notification on compensation scheme cancellation of events related to COVID-19), for a period of around four months, potential state aid in the amount of EUR 2.6 trillion<sup>20</sup> has been approved in order to assist the business sector. This aid covers over 270 separate measures/cases, and their number is still growing. In addition to this value of state aid is the value of aid that in technical terms does not constitute "state aid", i.e. when approval from the Commission is not required, but is aimed at supporting business entities, as well as assistance aid that is awarded to citizens.

Other measures taken by countries aimed at the mitigation of the effects of the pandemic that do not qualify as state aid are measures such as: suspensions/delays in the payment of taxes such as profit tax, value added tax, or social security contributions, viewed as benefits for all enterprises without exceptions.

To illustrate the magnitude of the planned EU aid to mitigate the effects of Covid-19, we can present the following case as an example. Ireland's rescue program was worth EUR 85 billion during the financial crisis, while at the height of the Covid-19 crisis, in just one day, on March 21<sup>st</sup>, the Commission approved a EUR 300 billion state aid package at the request of France, which falls within the scope of state aid regulation (three French measures mobilizing EUR 300 billion of liquidity support for companies, state aid case: SA.56709).

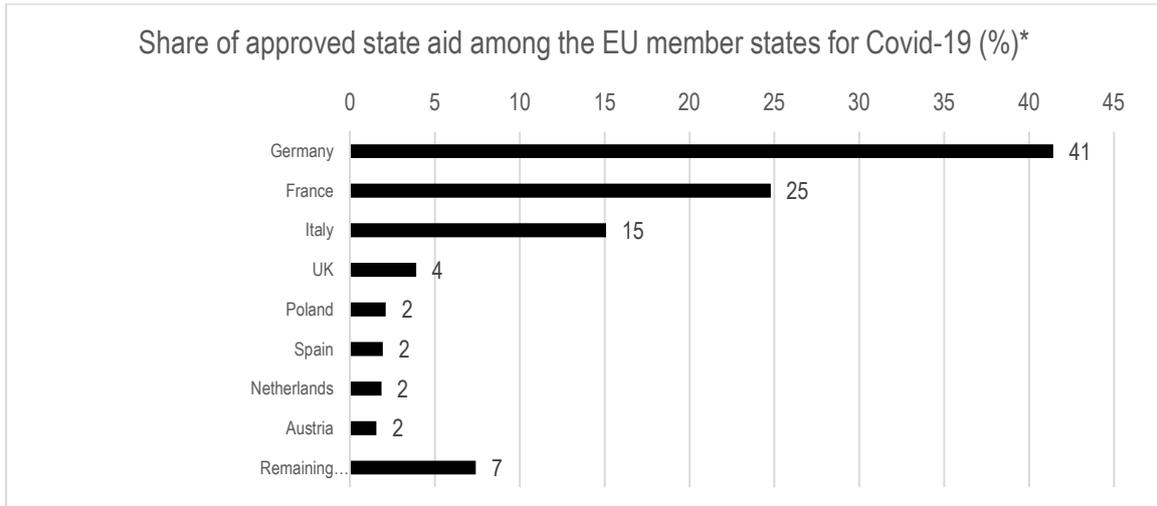
However, the amount and the share of state aid in the EU depends on each country individually. States allocate from their own budgets for their economies, hence the large differences in the absolute and relative value of approved state aid at an individual Member State level. The amount that each country plans, allocates, and distributes after approval varies according to the size of the economy, policies, fiscal space, and borrowing capacities; thus, each member state has a different share.

Namely, as of September 14<sup>th</sup>, the share of the German approved state aid was about 41% of the total approved at the EU level (about EUR 644 billion), the share of France was 25% (about EUR 385 billion), Italy's was 15% (about EUR 234 billion), while the other 25 countries had a total of 19%.

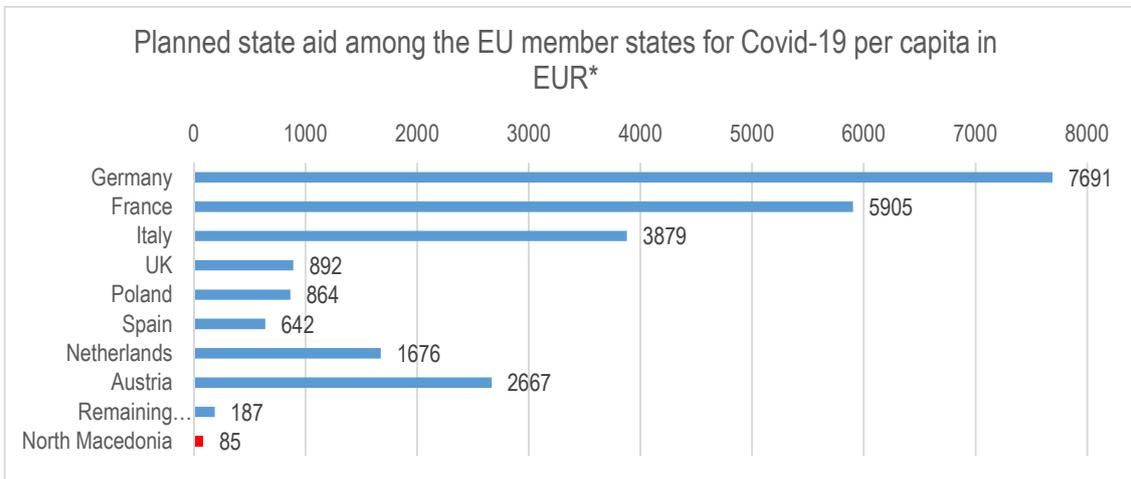
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<sup>19</sup> Last report as of 20/7/2020, seen on 21/7/2020 Corona Outbreak

<sup>20</sup> "Best estimate" because all measures do not have a concrete amount and can be altered in the coming period



Source: EC data for state aid, notifications and approvals of measures, author calculations on 14/9/2020. \*The EU data are for notified / planned state aid based on Article 107 of the TFEU and the Temporary Framework.



Source: EC state aid data, notifications and approved measures, author calculations on 14/9/2020. Note: Data for EU countries are based on reported planned state aid based on all paragraphs of Article 107 of the TFEU and the Temporary Framework, divided by the number of inhabitants in a given country. For RNM, the amount of state aid has been summed up in accordance with all issued and published decisions as of 2/9/2020 by the CPC, stating that the measure is state aid (scheme). The de minimis decisions are not included as they are not considered state aid.

## State aid control in North Macedonia<sup>21</sup>

The main reason why state aid is controlled is that every company/business entity that receives support from the state (at any level) gains an advantage over its competitors. Therefore, the TFEU<sup>22</sup> **prohibits state aid**, except in exceptional cases if they are justified as to achieve general economic development<sup>23</sup>. As a signatory to the Stabilization and Association Agreement (SAA) with the EU, North Macedonia is also committed to the enforcement of state aid rules. The SAA contains provisions (Article 69 prohibiting state aid<sup>24</sup>) relating to state aid,

<sup>21</sup> See more in the policy study, Competition protection policy, Key to a market economy, <https://bit.ly/39GCGkt>

<sup>22</sup> Treaty on the Functioning of the European Union, TFEU, aka the Lisbon Treaty

<sup>23</sup> Article 107(3) of the Lisbon Treaty states that aid granted by countries is in line with the common market: (a) aid to promote economic development in regions where the standard of living is unusually low or where there is a high unemployment rate, and in the regions mentioned in the Aid granted by countries in Article 349, in relation to their structural, economic and social situation; (b) assistance in carrying out a significant project of common European interest or in repairing serious disturbances in the economy of a Member State; (c) aid to facilitate the development of certain economic activities or of certain economic areas, provided that such aid does not adversely affect trade conditions to an extent contrary to the common interest; (d) aid for the promotion of culture and the preservation of heritage, provided that such aid does not affect trade conditions and competition within the Union to an extent contrary to the common interest; (e) other assistance which may be determined by a decision of the Council on a proposal from the Commission

<sup>24</sup> SAA with Macedonia, Article 69, <https://bit.ly/2Tr2FW3>

including competition protection, by which *Macedonia has committed to its fulfilment and application*<sup>25</sup>.

However, exceptions to the general prohibition on the granting of state aid are applicable<sup>26</sup>, i.e. state aid is allowed if it compensates for damage caused by natural disasters or other exceptional events, including military actions. Hence, the granting of state aid is allowed by the competent institution for the control of state aid, in the case of North Macedonia the CPC, if the assistance meant to deal with Covid-19 is intended for the compensation of damages under exceptional events.

**The CPC is the national body for the assessment and supervision of any form of state aid in RNM. The usual procedure for obtaining a decision / approval of state aid by the CPC begins with a notification by the provider, after which the CPC should approve (when it is in accordance with the law) by way of a decision within 60 days, and only then can the provider proceed to grant assistance to the beneficiary.**

**Given the "uniqueness" and urgency of the need to grant state aid for Covid-19 relief, the response of the competent authorities (EC in the case of EU member states) is to reply and authorize aid according to the Temporary Framework within an exquisitely short time. Hence, the CPC in Macedonia, as a country that applies and has adopted the same Temporary Framework, should provide a rapid response to the requests of state aid providers.**

## State aid measures in RNM as a Covid-19 response

The Government of RNM has announced three sets of economic measures to deal with Covid-19. These are categories of economic measures primarily aimed at vulnerable and affected groups of businesses and citizens, with an estimated relative value of 5-5.5% of the GDP or about EUR 555 million, most of which is covered through the third package of measures, as published in mid-May 2020.

**Table: Short overview of the economic measures of the Government for dealing with the Covid-19 crisis in RNM**

<i>1<sup>st</sup> Set as of 18/3/2020</i>	<i>2<sup>nd</sup> Set as of 31/3/2020</i>	<i>3<sup>rd</sup> Set as of 15/5/2020</i>
<p><b>Goal: Liquidity protection, job retention and support for the vulnerable categories of citizens.</b></p> <p>(estimated value EUR 200-250 million, of which EUR 4.7 million is for loans Covid-1 line; EUR 8 million Covid-2 line, total about 2% of the GDP)</p>		<p><b>Goal: Back up of the domestic economy through support of domestic demand and stimulus for consumption.</b></p> <p>(private sector liquidity and job retention, support to the citizens to stimulate domestic consumption, competitiveness of the agricultural sector and farmers)</p> <p>(estimated value EUR 355 mil)</p>
<ul style="list-style-type: none"> <li>• <i>Tax breaks for profit tax and personal income tax;</i></li> </ul>		<ul style="list-style-type: none"> <li>• <i>Payment voucher card for most vulnerable households for Macedonian products up to 9,000 MKD;</i></li> </ul>

<sup>25</sup> Macedonia signed the SAA in 2001

<sup>26</sup> Law on state aid control, Article 7, Official Gazette of RM (145/2010)

<i>1<sup>st</sup> Set as of 18/3/2020</i>	<i>2<sup>nd</sup> Set as of 31/3/2020</i>	<i>3<sup>rd</sup> Set as of 15/5/2020</i>
<ul style="list-style-type: none"> <li>• 50% subsidies for the social benefits for employment contracts for “the most” affected sectors;</li> <li>• Direct support to the private sector for employment contract salaries up to 14,500 MKD per employee in May and June;</li> <li>• Direct support for the most vulnerable through direct payments;</li> <li>• Liquidity support through no-interest loans, low interest rate loans, postponing of loans payments for citizens and reprogramming of loans for the business sector;</li> <li>• Reduced/halved penalty for late payments and late payment interest;</li> <li>• Food prices freeze.</li> </ul>		<ul style="list-style-type: none"> <li>• Tourism sector through payment cards with a value of 6,000 MKD for citizens for domestic tourism services;</li> <li>• Support of the youth and students for financing ICT skills development;</li> <li>• Financial reward for medical personnel;</li> <li>• Support for unemployment of those who have lost employment;</li> <li>• No-VAT weekend for certain sectors’ products;</li> <li>• No interest loans with 30% grant component for micro and small enterprises;</li> <li>• State guarantee scheme for commercial loans;</li> <li>• Platform for alternative sales;</li> <li>• Support for innovation and start-up;</li> <li>• Matching funds for event organizing;</li> <li>• Credit lines for agriculture and agribusiness;</li> <li>• Payment cards for gas for mechanization.</li> </ul>

Source: Government of RNM

Out of the three packages (sets) and the separate measures within the packages that have been adopted so far, some are assistance to individuals or citizens, which, according to the legal provisions and the definition of state aid, is not technically considered state aid, and hence the measures are not within the scope of the law, i.e. assessment and control of the CPC.

What is in the competence of the CPC is the assessment and control of state aid granted to legal entities and aid that is/would be granted on some selective basis to a certain group of legal entities.

## The process of approving state aid in North Macedonia for Covid-19

According to the law<sup>27</sup>, and valid for this situation as well, each state aid provider planning to grant state aid submits a notification to the CPC, as the competent institution, with a request for approval. The response upon notification from the CPC for the approved state aid is issued with a Decision.

According to the publicly available information from the CPC’s website, the process for state aid planned for economic assistance for the Covid-19 outbreak in North Macedonia started with an Opinion issued by the competent body. The CPC issued an Opinion dated 23/4/2020, based on a request for an Opinion for compliance with the EC Temporary Framework for measures of state aid to support the economy during the emergence of Covid-19 for the second set of measures (request for an opinion by the Government of the RNM received by the CPC on 22/4/2020). The set of measures for dealing with the Covid-19 situation was adopted by the Government on 31/3/2020. The opinion was prepared and returned by the CPC the following day, 23/4/2020, and it was published on the CPC website on 15/5/2020, three weeks after its issuance.

<sup>27</sup> Law on state aid control

In the Opinion for the second set of measures, the CPC states that state aid is regulated by Articles 8(1)(b) and 8(2)(b) of the Law<sup>28</sup>.

**Exceptions to the general prohibition of granting state aid**

**Article 8**

(1) The granting of state aid is always allowed, if:

- a) the aid is of social character, granted to individual consumers, if there is no discrimination related to the origin of goods and / or services; or
- b) the aid compensates the damage caused by natural disasters or other exceptional events, including war activities.

(2) The granting of state aid may be allowed in the case of:

- a) regional aid for enhancement of the economic development of areas in the Republic of Macedonia in which the standard of living is extremely low or where there is high unemployment;
- b) aid intended to eliminate difficulties in the domestic economy or for promotion of the realization of projects of significant economic interest for the Republic of Macedonia;
- c) aid for rescuing and restructuring companies in difficulty;
- d) aid intended for the enhancement of culture and the protection of cultural heritage, when it does not significantly affect trade conditions and market competition;
- e) horizontal aid; and
- f) other state aid granted on the basis of the Law referred to in paragraph (3) of this Article.

It also states that the criteria arising from the EU state aid rules are applied in an appropriate manner, according to Article 69 of the SAA, i.e. Article 3(3) of the Law on State Aid.

**OPINION**

The Commission for protection of competition (in the following text "Commission") on 22.04.2020 received a Request for an Opinion no. 03-98/1 for the Information with suggestion for compliance with the Temporary framework of the European Commission for measures for state aid to support the economy during the COVID-19 (in the following text "Information"), delivered to the Government of the Republic of North Macedonia.

6. For assessment of the second set of economic measures of the Government for dealing with COVID-19 crisis, adopted on 31.03.2019 it is needed that the provider of state aid deliver notifications for planned state aid in the Form which is Annex I in the Decree for the manner and procedure for submission of notification for granting state aid, as well as the procedure for conducting oversight of the existing state aid (Official Gazette of Republic of Macedonia no. 142/11), for each individual measure separately.

7. The Commission will act according to its authority after receiving the notifications and based on each notification for planned state aid will prepare and provide decision.

*Source: CPC, the whole Opinion available at <https://bit.ly/30eO3g6>*

At the same time, the Opinion notifies the requester, the Government of RNM, that for the adopted measures as of 31/3/2020 as the second set of measures, it is necessary for the provider to submit a notification according to the established Form as in the Decree on the manner and procedure for submitting a notification for awarding state aid<sup>29</sup> **for each measure separately**, after which the CPC would prepare a Decision for each notification, i.e. measure, where adequate.

<sup>28</sup> Ibid.

<sup>29</sup> Official Gazette of RM 142/11

**According to the submitted RAPI, for information regarding which state bodies submitted notifications on the basis of the 2<sup>nd</sup> set of measures, a response was received from the CPC that 7 (seven) potential providers of state aid submitted notifications (by the end of June 2020) as follows: Development Bank of North Macedonia AD Skopje, Agency for Youth and Sports, Ministry of Culture, Government of RNM, Ministry of Labor and Social Policy, Ministry of Economy, and Fund for Innovation and Technological Development.**

**According to RAPI, an answer was provided that (four) 4 Decisions accordingly were issued by the CPC; however, no answer was provided as to when the decisions would be published on the CPC website. After several requests and insistences, the decisions were published on 13/8/2020, almost four months after their adoption, while the Decision on the Government's notification was published later on 2/9/2020<sup>30</sup>.**

**According to EU regulations and the practice concerning member states, the Notifications submitted by the providers planning to grant state aid are published promptly and in their full form, in a separate Register. On the other hand, the CPC does not publish the notifications on the RNM's website (as in the prescribed Form) for any case of granted state aid. Although such a category exists on the CPC's website, this is blank, and there is no past practice for their publication<sup>31</sup>.**

The Law on State Aid Control in Article 29, paragraph 1, prescribes that the Decisions issued by the CPC are published in the Official Gazette of the Republic of Macedonia. In the period until 13/9 (September), the decisions issued by the CPC regarding the approval of state aid on the basis of measures related to dealing with the economic consequences of Covid-19 have not been published in the OG of the RNM.

Also, paragraph (4) of Article 29 stipulates that *information on each notification* by the state aid provider is to be published on the CPC's website. As we have stated, this is not a practice of the Macedonian competent authority. We point again to the cases in the EC, where the full notifications for each measure/case are published.

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<sup>30</sup> Last time checked on 14/9/2020

<sup>31</sup> <http://kzk.gov.mk/category/izvestuvanja-za-drzavna-pomosh/>

**Publication of decisions and data**  
**Article 29**

(1) The decisions of the Commission for Protection of Competition referred to in Article 15 of this Law are published in the "Official Gazette of the Republic of Macedonia".

(2) The decisions of the Commission for Protection of Competition, as well as the judgments, i.e. the court decisions, are published on the website of the Commission for the Protection of Competition.

(3) The published text of the decision must contain the name of the state aid provider and the basic content of the decision.

(4) The website of the Commission for Protection of Competition shall also publish information on any notification in the sense of Article 13 of this Law, as well as information for initiating procedure in the sense of Article 15 paragraph (4) of this Law, to which all interested persons are called within a certain deadline to submit their comments, opinions and remarks on the state aid in question.

(5) The data that are business or official secret, in the sense of Article 30 of this Law, are not published.

No Opinion has been published by the CPC for the third set of measures. In response to the RAPI, the CPC responds that providers planning state aid through the third set of measures adopted by the Government of the RNM have submitted notifications - a total of three notifications have been submitted by the Ministry of Economy and the Fund for Innovation and Technological Development. The CPC states that it has made the appropriate Decisions, which will be published on the CPC website.

Regarding the deadline for the providers of state aid to submit a report on the amount and the beneficiaries of state aid granted, we received an answer (through RAPI) that the providers are required to submit data according to their annual reports on granted state aid by 31<sup>st</sup> of March of the current year for the previous year.

## Overview of prescribed and completed obligations

The EC adopts the Temporary Framework on March 19<sup>th</sup>, 2020 and subsequently amendments on additional assistance measures  
**19/3/2020**

First Amendment of 3/4/2020  
Second 8/5/2020  
Third from 29/6/2020

Government of RNM adopts the Information with a proposal for harmonization of the economic measures of the Government for dealing with Covid-19 with the EC's Temporary Framework for measures of state aid to support the economy during the outbreak of Covid-19 at the 46<sup>th</sup> session on  
**24/4/2020**

The CPC of the RNM receives a Request for an Opinion with no. 03-98/1 on the Information with a proposal for harmonization with the Temporary Framework ... by the Government of RNM for the SECOND set of measures adopted on 31/3/2020, on 22/4/2020

The CPC gives an opinion indicating that the SA provider is required to submit a Notification (according to the Form) for each individual measure separately, the opinion is given on 23/4/2020

*Law on State Aid Control:*  
Each provider is required to report to the CPC on any plans to grant new or change existing state aid

The CPC publishes the Opinion on the SECOND set on its website on 15/5/2020

*Law on State Aid Control:*  
The CPC examines the notification of whether or not it is state aid and will make a Decision (both if it is and if it is not). If it determines that there are doubts about the admissibility, it will initiate a procedure for assessing the admissibility. In that case, after the completion of the procedure, the CPC will make a decision determining whether the measure is not state aid, is state aid with or without a condition, or will not allow granting. The usual deadline is 60 days and if there is a procedure, 18 months.

CPC receives **notifications** for the SECOND set of measures from: Development Bank of North Macedonia (DBNM) on 30/4 and 5/5, Agency for Youth and Sports (AYS) on 6/5, Ministry of Culture (MC) on 8/5, Ministry of Labor and Social Policy (MLSP) on 8/5, Government of RNM on 8/5/2020

*Law on State Aid Control:*  
The planned/intended state aid **must not be granted to a beneficiary/user before it is approved by a Decision** of the CPC (*de minimis* is not considered state aid)

The CPC issues Decisions for providers and measures on the dates from 5/5 to 11/5, three of them are for *de minimis*

The CPC receives **notifications** for the THIRD set of measures:  
Ministry of Economy (MoE) on 3/6/20  
Ministry of Economy (MoE) on 15/6/20  
Fund for Innovation and Technological Development (FITD) on 11/6

CPC issues 3 decisions for the THIRD set of measures:  
On 22/6/2020  
They are all state aid schemes

*Law on State Aid Control:*  
The CPC's Decisions are published in the Official Gazette

The Decisions in the Official Gazette of RNM have **NOT been published** yet, i.e. after more than 4 months following the decisions

*Law on State Aid Control:*  
The decisions of the CPC as well as the judgments and decisions of the court are published on the CPC's website. The decision must contain the name of the provider and the basic content of the decision.

The Decisions of the CPC for state aid are published on the website on 13/8/2020, while the decision for the Government of the RNM on 2/9/2020, **almost 4 months after the decisions are made**

*Law on State Aid Control:*  
Information on each notification of state aid is published on the CPC's website (including for examination procedure, and interested parties are invited for comments and opinions)

There are no posts on Information on the notifications of the requestors (neither for Covid-19 nor for previous periods)

*Law on State Aid Control:*  
Supervision: each provider submits an annual report by March 31<sup>st</sup> to the CPC for the previous year with details including form, conditions, amount per user, and period. Every provider and user is obliged to keep accurate records.

The CPC does not have a Register or database for planned or allocated state aid, neither for Covid-19 nor for previous periods

*Source: Law on State Aid Control and publications and documents of the CPC*

## Monitoring the procedures for approval of state aid for economic measures for Covid-19

Given the urgency due to Covid-19, the granting or approval of the granting of state aid requires a faster response from the competent authority (instead of the legally set deadline of up to 60 days); namely, in the EU, the first measures are approved within two days of the received notification. However, the urgency does not annul the procedure, i.e. the process and procedures for reporting, examination, and preparation of a decision that are necessary before any state aid is granted.

The available published information from the providers planning to grant state aid as well as by the competent body for state aid control indicates shortcomings in following the procedures by the state aid providers, but also non-compliance with the legal provisions for transparency and publicity of state aid information by the competent authority.

Namely, the adoption of the Temporary Framework by the Government of the RNM took place at a Government session on 24/4/2020, in which item 9 of the agenda adopted the Temporary Framework and set a conclusion that for each subsequent proposed measure an opinion / decision of the CPC is to be requested. This wording indicates the possible shortcomings of granting state aid prior to reporting and approval by the CPC in the preceding period. State aid must not be distributed before a decision is issued by the CPC (Article 13, paragraph 2).

Point 9

The Government has considered the Information with the suggestion for compliance of the economic measures of the Government for dealing with COVID-19 crisis with the Temporary framework of the European Commission for measures of state aid for support of the economy during COVID-19 and has adopted the following conclusions:

1. The Ministry of Economy, the Cabinet of the Deputy Prime Minister of the Republic of North Macedonia in charge of the economic issues and coordination with the economic departments, the Ministry of Finance - Public Revenue Office, the Agency for Youth and Sports, the Ministry of Culture, the General Secretariat of the Government of the Republic of North Macedonia, the Ministry of Information Society and Administration, the Ministry of Labor and Social Policy, the Ministry of Finance and the Ministry of Transport and Communications, and the Development Bank of North Macedonia are directed for **each subsequent proposed measure** containing state aid before submitting it to the Government for adoption **to obtain** a positive **opinion / decision** from the Commission for Protection of Competition on compliance with the Temporary Framework of the European Commission for State Aid Measures to Support the Economy during the occurrence of COVID-19 no. C (2020) 1863, adopted on 19.3.2020 and the Extended Temporary Framework C (2020) 2215, adopted on 3.4.2020.

2. The Ministry of Finance - Public Revenue Office, the Agency for Youth and Sports, the Ministry of Culture, the General Secretariat of the Government of the Republic of North Macedonia, the Ministry of Information Society and Administration, the Ministry of Labor and Social Policy, the Ministry of Finance and the Ministry for Transport and Communications, are **directed** and the Development Bank of North Macedonia is **instructed** to submit to the Commission for Protection of Competition a **notification** for planned state aid through the second set of economic measures of the Government to deal with COVID-19 crisis, adopted on March 31, 2020, no later than April 30, 2020.

In terms of time, this indicates that a month passed between the adopting of the EC's framework by the EC and its adoption by the Government of the RNM. An Opinion on the granting of state aid in the context of Covid-19 was requested by the Government on 22/4, and a day later on 23/4, the CPC informed the Government of the RNM that it was necessary to submit a notification (after which it would eventually follow with a Decision) from each provider for each measure separately.

The dates in the publicly available data show that some measures are granted as state aid to beneficiaries prior to a decision being issued. However, information is then later published for these measures that a decision has been made that the assistance is of minor importance, i.e. *de minimis*, thus there is no obligation for approval. The CPC's website has no information on the notification submitted for any measures, while the Decisions were all published on 13/8, except the Decision for the Government, which was published on 2/9.

However, for minor assistance (*de minimis*) (assistance per user that does not exceed EUR 200 thousand in a period of three years), approval is not required prior to granting the aid. According to the Law on State Aid Control, Article 9, paragraph 1, minor importance aid is not considered state aid.

Still, given the scope and effects of state aid, the unavailability of information for this type of state aid means that the system is still lacking transparency, although there is no legal obligation. The non-transparency of the granted state aid in RNM continues to be a challenge,

which in turn has negative effects on the accountability and the perceived trust in the institutions and in public finances overall.

## Governmental transparency portal

Considering the need for enhanced oversight, but above all, transparency of the granted state aid, which we remind once again is generally prohibited, and for the case of Covid-19 is an exception under Article 8, paragraph 1, line b, and paragraph 2, line b, information is publicly available on the website of the Government of the RNM named <https://koronavirus.gov.mk/>, where all payments based on the assistance measures in terms of Covid-19 are listed, starting from May until now.

The data include details such as payment date, the provider, recipient and amount. However, in the absence of the Decisions from the CPC on state aid for the providers, it is not possible to determine which assistance from the measures for Covid-19 is state aid as defined by law. The database lists all measures that do not necessarily constitute state aid, according to the law, including payments to physical entities by providing assistance through payment cards (Article 6, paragraph 2, a beneficiary of state aid in the sense of this law is an enterprise ...).

**The web page <https://koronavirus.gov.mk/> states that the source of the data (the payments) is the page Open Finance portal <https://open.finance.gov.mk/>; however, when checking the data to see if they overlap, there are inconsistencies especially in duplicated payment values in June on the site <https://koronavirus.gov.mk/>. This in turn creates an additional need to reconsider the accuracy of the stated value of the paid funds on any basis, published on the page Covid-19, and the total value of the stated payments.**

The screenshots illustrate data from two portals: 'Отворени финансии' (Open Finance) and 'ФИНАНСИСКА ТРАНСПАРЕНТНОСТ' (Financial Transparency). The tables show payment details including dates, recipients, providers, account numbers, and amounts.

**Table 1 (Top Left - Open Finance):**

Датум	Назив на примател	Назив на давател	Сметка на давател	Кonto давател	Програма	Износ
10.07.2020	ЦОВАНИ ДООЕЛ УВОЗ-ИЗВОЗ ВАЛАНДОВО	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	040010007863713	464990	P1	14.500
10.06.2020	ЦОВАНИ ДООЕЛ УВОЗ-ИЗВОЗ ВАЛАНДОВО	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	040010007863713	464990	P1	14.500
14.05.2020	ЦОВАНИ ДООЕЛ УВОЗ-ИЗВОЗ ВАЛАНДОВО	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	040010007863713	464990	P1	14.500

**Table 2 (Top Right - Financial Transparency):**

Датум на исплата	Давател	Примател	Износ	Кonto	Програма	Мерка
30.07.2020	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	ЦОВАНИ ДООЕЛ УВОЗ-ИЗВОЗ ВАЛАНДОВО	14.500,00	4649 90	P1	Ковид - 19
10.06.2020	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	ЦОВАНИ ДООЕЛ УВОЗ-ИЗВОЗ ВАЛАНДОВО	14.500,00	4649 90	P1	Ковид - 19
10.06.2020	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	ЦОВАНИ ДООЕЛ УВОЗ-ИЗВОЗ ВАЛАНДОВО	14.500,00	4649 90	P1	Ковид - 19
14.05.2020	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	ЦОВАНИ ДООЕЛ УВОЗ-ИЗВОЗ ВАЛАНДОВО	14.500,00	4649 90	P1	Ковид - 19

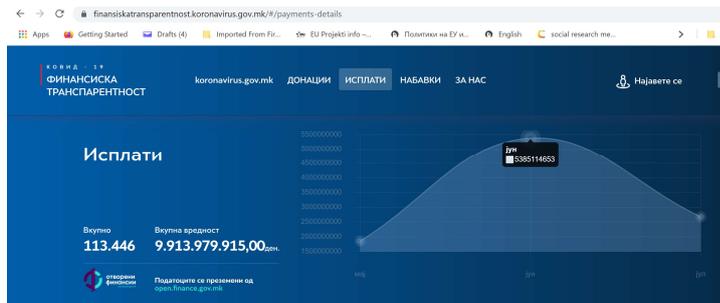
**Table 3 (Bottom Left - Open Finance):**

Датум	Назив на примател	Назив на давател	Сметка на давател	Кonto давател	Програма	Износ
13.07.2020	АВТО АТОМ ДОО КОЧАНИ	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	040010007863713	464990	P1	1.072.341
12.06.2020	АВТО АТОМ ДОО КОЧАНИ	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	040010007863713	464990	P1	1.075.417
14.05.2020	АВТО АТОМ ДОО КОЧАНИ	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	040010007863713	464990	P1	1.094.750

**Table 4 (Bottom Right - Financial Transparency):**

Датум на исплата	Давател	Примател	Износ	Кonto	Програма	Мерка
13.07.2020	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	АВТО АТОМ ДОО КОЧАНИ	1.072.341,00	4649 0	P1	Ковид - 19
12.06.2020	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	АВТО АТОМ ДОО КОЧАНИ	1.075.417,00	4649 0	P1	Ковид - 19
12.06.2020	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	АВТО АТОМ ДОО КОЧАНИ	1.075.417,00	4649 0	P1	Ковид - 19
14.05.2020	ВЛАДА НА РЕПУБЛИКА МАКЕДОНИЈА	АВТО АТОМ ДОО КОЧАНИ	1.094.750,00	4649 0	P1	Ковид - 19

Source: <https://koronavirus.gov.mk/> and <https://open.finance.gov.mk/>



Source: [www.finansiskatransparentnost.koronavirus.gov.mk](http://www.finansiskatransparentnost.koronavirus.gov.mk), last checked on 5/8/2020

It is only possible to download data under a given budget program for Covid-19 for the first half of the fiscal year from the Open Finance site (<https://open.finance.gov.mk/mk/archive>), due to which a full review of measures in the period is unavailable in a format that reflects transparency; thus, it is extremely technically difficult to perform.

## Conclusions and recommendations

1. The transparency of planned and allocated state aid in the RNM needs to be improved. The available information should be extended and published in a timely manner and easily accessible to the public. The annual summary report (in scanned form/not machine readable file) is prepared by the end of March for the previous year, and it is available to the public after adoption by the Parliament, but this is a long period for the public to wait to be informed and from the accountability aspect (namely, due to the non-functioning of the Parliament of the RNM, the annual report for 2019 of the CPC is not yet publicly available, and neither is a draft version);
2. The RNM does not implement European regulations for transparency of state aid sufficiently, much less good practices. Among the European countries, state aid for Covid-19 is regularly updated. In comparison, in the RNM, notifications are not publicly available, i.e. the information on the type of measure and the size of the measure granted by a given state body is not published. The CPC published the state aid Decisions for the second and third set of measures for Covid-19, but only after almost four months. They have not yet been published in the Official Gazette of the RNM;
3. The Temporary Framework for Covid-19 was adopted in the RNM later than in all the other countries in the region. Some countries in the region, although they also do not have a legal obligation, also publish a list (register) of data on recipients of assistance that is considered of *de minimis* as good practice (<http://www.kkdp.gov.rs/de-minimis.php>);
4. There is no practice in the CPC to publish on its website brief information on planned state aid, including Covid-19, based on the notifications, although there exists a separate section of the website, and it is determined by law;
5. The unavailability of timely, consolidated, and clear data on the granted state aid (in every sense) does not leave the possibility to conduct timely and efficient analyses of the effects and effectiveness of a certain measure, scheme, or policy, or to research how well any of these achieve the goal for which public funds have been spent.

## **Recommendations:**

1. The CPC's website could be put into full operation by entering both current and past data as soon as possible and displaying information in a transparent manner; also, information needs to be published on an ongoing basis when timely relevant;
2. The CPC is advised to take care of collecting and consolidating information and data from the state aid providers and to publish those data. The data of the providers, who are obliged to keep records of the state aid granted, are not consolidated and are not published on the CPC's website, which makes review inaccessible and the data non-transparent to the public and, thus, not in line with EU transparency guidelines;
3. There is a need for registers with detailed data on all types of state aid, including *de minimis*, and it should be available in a workable form on the website of the control body, following the example of other countries as well as the EC; this will increase transparency, accountability, and will lead to greater trust in spending public money;
4. The Law on State Aid Control stipulates the obligation to publish decisions and data, but does not provide deadlines for their publication, which leaves room for delays when the relevance and information are outdated.

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