

APPROVED

By Order of The Antimonopoly

Committee of Ukraine

dated August 26, 2021, No. 17-пн

ANNUAL REPORT

on providing State aid to undertakings in Ukraine

in 2020

Tables of Contents

Introduction.....	4
1. The system of monitoring and control of State aid to undertakings in Ukraine	5
1.1. The concept of State aid to undertakings.....	6
1.2. Activities of the Committee as an Authorized body for State aid.....	7
Some of the decisions adopted by the Committee in the operative part contain several conclusions.....	11
1.3. Function of the Committee as an authorized body for monitoring State aid	17
2. State aid for 2020.....	19
2.1. General indicators of State aid	19
2.2. Indicators of State aid by type of aid (based on information provided by grantors).....	20
2.3. Indicators of State aid by the form of aid (based on information provided by grantors).....	21
2.4. Indicators of State aid by type of economic activity (based on information provided by grantors)	22
2.5. Indicators of State aid by the source of funding (based on information provided by grantors).....	23
2.6. Indicators of State aid by region (based on information provided by grantors).....	23
2.7. Indicators of State aid by the form of ownership (based on information provided by grantors)	25
2.8. Indicators of State aid in the context of the purpose (s) of providing State aid (based on information provided by grantors).....	25
3. Indicators of de minimis State aid	26
3.1. Indicators of de minimis State aid by type of aid (based on information provided by grantors).....	26
3.2. Indicators of de minimis State aid by the form of aid (based on information provided by grantors)	26
3.3. Indicators of de minimis State aid by the source of funding (based on information provided by grantors)	27
3.4. Indicators of de minimis State aid by region (based on information provided by grantors).....	28
3.5. Indicators of de minimis State aid by the form of ownership (based on information provided by grantors)	28
3.6. Indicators of de minimis State aid in the context of the purpose (s) of providing State aid (based on information provided by grantors).....	29
3.7. Indicators of de minimis State aid by category of State aid provision (based on information provided by grantors)	29
4. Indicators of state support for municipal and state-owned enterprises	30
5. Legislative and rule-making activities	31
6. Raising awareness in the field of State aid	36
Conclusions and areas requiring attention	38
List of annexes	42
Annex 1	43
to the Report	43
The Committee's decision on the compatibility of State aid for competition, adopted in 2020.	43

Annex 2	61
to the Report	61
The Committee's decision on the incompatibility of State aid for competition, adopted in 2020	61
Annex 3	65
to the Report	65
Amount of State aid provided by the type of economic activity.....	65
(based on information provided by grantors) in 2020.....	65

Introduction

Annual report on the provision of State aid to undertakings prepared by the Antimonopoly Committee of Ukraine (hereinafter – the Committee), which is the authorized body for issues of State aid¹, according to part seven of article 16 of the law of Ukraine "On State aid to undertakings", according to which the authorized body annually, before 1 September of the following year, prepares an annual report on the granting of State aid in Ukraine for the previous financial year and submits it to the Cabinet of Ministers of Ukraine.

The law of Ukraine "On State aid to undertakings" (hereinafter – the Law), which entered into force 02.08.2017 was adopted by the Verkhovna Rada of Ukraine on 01.07.2014 for the international obligations of Ukraine, which arose, in particular, by the signing of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States (hereinafter – Association Agreement), on the other hand, and of the Treaty establishing the Energy Community².

One of Ukraine's obligations under Article 263 of the Association Agreement is to ensure transparency in the field of State aid. For this purpose, each party to the Association Agreement annually sends a notification to the other party on the total amount, types and industry distribution of State aid, which may affect trade between the parties.

To fulfil this obligation, the Committee annually reflects relevant information in its reports on the provision of State aid to undertakings. Reports for 2017, 2018 and 2019 were sent to the European Commission through the contact point of the Ukrainian side for the exchange of information.

This report provides information on State aid to undertakings in 2020, based solely on information that was provided to the Committee by State aid providers and received during the consideration of communications and cases on State aid. Thus data is presented excluding the temporarily occupied territory of the Autonomous Republic of Crimea, Sevastopol and temporarily occupied part of the territories in the Donetsk and Luhansk regions.

¹ Following the first part of article 8 of the Law, the Authorized body is the Antimonopoly Committee of Ukraine.

² The Association Agreement was ratified by the law of Ukraine from 16.09.2014 No. 1678-VII.

1. The system of monitoring and control of State aid to undertakings in Ukraine

The law establishes the legal basis for monitoring State aid to undertakings, monitoring the compatibility of such aid for competition, establishes the obligation of State aid grantors to submit reports on new and existing State aid, and defines a mechanism for returning State aid that is incompatible for competition. The law is aimed at ensuring the protection and development of competition, increasing the transparency of the State aid system and compliance with Ukraine's international obligations in the field of State aid.

According to article 3 of the Law, the Law applies to all support entities grantors of State aid through state resources or local resources for the production of goods or execution of certain types of economic activity except for the cases stipulated by part two of article 3 of the Law.

The Law does not apply to the following aid³:

1) agricultural production and fishery, production of weapons and military equipment for the Armed Forces of Ukraine, other formed under the laws of Ukraine of military formations and law enforcement agencies of special purpose, state special transport service, State Service of Special Communications and Information Protection of Ukraine;

2) economic activities related to:

investment in infrastructure using public procurement procedures;

provision of services of general economic interest, in terms of compensation for reasonable costs for the provision of such services. The list of services of general economic interest is established by the Cabinet of Ministers of Ukraine⁴;

3) projects implemented by the Ukrainian Cultural Fund following the procedure established by the Law of Ukraine "On the Ukrainian Cultural Fund"⁵.

4) projects implemented by the Ukrainian book Institute by the procedure established by the Law of Ukraine "On state support for book publishing in Ukraine"⁶;

5) projects implemented by the Ukrainian Youth Foundation under the procedure established By The Law Of Ukraine "On the basic principles of youth policy"⁷.

³ Following article 3 of the Law.

⁴ Resolution of the Cabinet of Ministers of Ukraine dated 23.05.2018 No. 420 "On approval of the list of services of general economic interest" as amended by resolution of the Cabinet of Ministers of Ukraine dated 27.12.2018 No. 1141.

⁵ The second part of article 3 is supplemented by paragraph 3 Under law No. 2481-VIII of 03.07.2018.

⁶ Part two of Article 3 is supplemented by paragraph 4 according to law No. 692-IX of 16.06.2020.

⁷ The second part of Article 3 is supplemented by paragraph 5 according to law No. 1414-IX of 27.04.2021.

To ensure the effective implementation of the powers assigned to the Committee as an Authorized body, the Committee has a Department for monitoring and controlling State aid (hereinafter referred to as the Department). The Department's staffing level at the end of 2020 was 30 people. The department worked with the following units:

four departments with a distributed industry specialization, which, exercising the powers of the Committee following the requirements of the law, in particular, monitor and control State support to undertakings and assess the compatibility of such support for competition, as well as develop regulatory legal acts on state support issues;

analytical sector, which performs analytical and statistical generalization of the results of the Department's work and ensures the functioning of the database of the Register and the Portal of State aid, their administration.

1.1. The concept of State aid to undertakings

According to the definition given in paragraph 1 of article 1 of the Law, State aid to undertakings (hereinafter, State aid) – support in any form of undertakings through state resources or local resources, distorts or threatens with distortion of economic competition by creating advantages for production of certain goods or the implementation of certain types of economic activity.

State aid to undertakings is support in any form of undertakings at the expense of the state or local resources, which distorts or threatens to distort economic competition, creating advantages for the production of certain types of goods or the implementation of certain types of economic activities⁸.

Grantors⁹ of such State aid are represented by authorities, local self-government bodies, administrative and economic management and control bodies, as well as legal entities acting on their behalf, authorized to dispose of state or local resources and initiate and/or provide State aid to the recipient¹⁰.

State support is State aid if the following conditions are met simultaneously:

- support is provided to the undertaking;
- financing of state support is carried out at the expense of state or local resources;
- support creates advantages for the production of certain types of goods or the implementation of certain types of economic activities;
- support distorts or threatens to distort economic competition.

⁸ In accordance with paragraph 1 of the first part of article 1 of the Law.

⁹ In accordance with paragraph 6 of the first part of Article 1 of the Law.

¹⁰ In accordance with paragraph 12 of part one of Article 1 of the Law: recipient of State aid – a undertaking that receives State aid.

Therefore, a support measure is considered State aid only if the 4 above-mentioned cumulative criteria provided for in the definition of State aid are met (see figure 1).

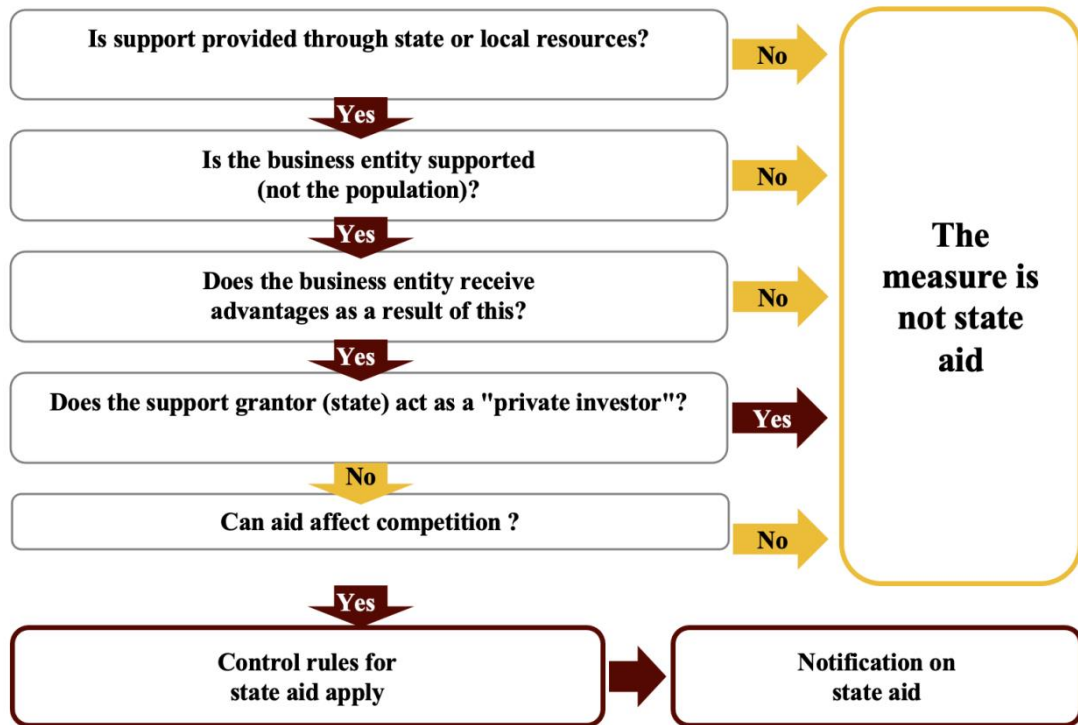


Figure 1. Scheme for determining State aid support measures

When forming the annual budget of Ukraine, State aid grantors must comply with the requirements of part four of article 35 of the Budget code of Ukraine. In accordance with this part, if the budget request provides for the granting of State aid to undertakings at the expense of the state budget in any form, the main managers of budgetary funds added to the budget request a copy of the decision of the Authorized body on State aids, adopted on the results of reviewing notifications of new State aid, or cases of State aid according to the Law, or written report about their release from the obligation of notification of new State aid regarding the provisions of this Law and normative legal acts, which established the appropriate conditions for dismissal.

1.2. Activities of the Committee as an Authorized body for State aid

The Committee exercises the powers to control the compatibility of State aid for competition, in particular, by making decisions defined in part six of Article 10 and part seven of Article 11 of the Law, based on the results of consideration of notifications of new State aid or cases on State aid.

As defined in part five of Article 9 of the Law, notifications of new State aid are submitted by State aid grantors to the authorized body in accordance with the procedure determined by it, taking into account the terms of consideration of the notification and case on State aid defined by this Law.

The deadline for submitting notifications on new State aid by grantors is determined in the procedure for submitting and processing notifications of new State aid and making changes to the terms of current State aid¹¹ (hereinafter referred to as Procedure 2-рп).

In accordance with Procedure 2-рп, notification of new State aid is submitted to the Committee at least 105 days before the planned date of entry into force of the relevant regulatory legal act or decision of the grantor, which allows undertakings to receive new State aid.

Part five of Article 10 of the law regulates that consideration of such a notification is carried out by the Committee's bodies within two months from the date of its beginning and ends with the adoption of a decision of the Committee determined by Part Six of Article 10 of the Law.

The scheme for reviewing a notice of new State aid and making changes to the terms of current State aid is shown in Fig. 2.

¹¹ Approved by order of the Antimonopoly Committee of Ukraine No. 2-RP dated 04.03.2016, registered with the Ministry of Justice of Ukraine on April 04, 2016, under No. 501/28631.

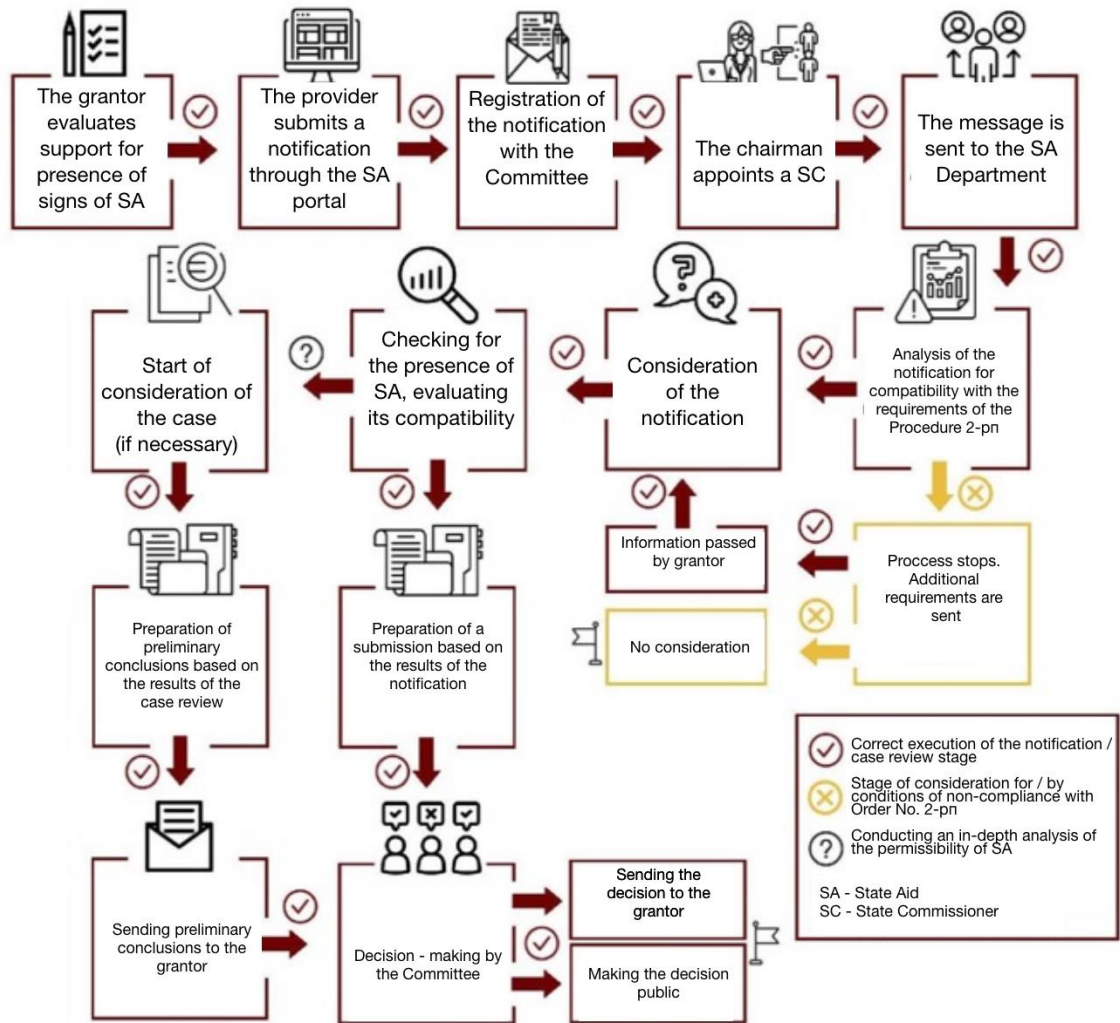


Figure 2. Scheme for reviewing a notification on State aid

If there are reasonable grounds for concluding that State aid is incompatible with the competition or that an in-depth analysis of the compatibility of State aid for the competition is carried out on the grounds specified in part one of Article 11 of the Law, the Committee begins to consider the case on State aid following the procedure determined by it.

New State aid provided without notifying the authorized body or in the period after notification, but before the authorized body makes a decision on the compatibility of State aid for competition, or provided contrary to the decision of the authorized body declaring new State aid incompatible with competition, except for categories of State aid, the grantors of which according to this law are exempt from the obligation to notify about new State aid, is illegal State aid following Paragraph 8 of part one of Article 1 of the Law.

The consequence of the Committee's decision to recognize new State aid as incompatible for competition is its termination and return to the relevant budget in full.

The procedure for returning illegal State aid that is incompatible for competition is determined by Article 14 of the Law and resolution of the Cabinet of Ministers of Ukraine No. 468 of 04.07.2017.

At the same time, the legislation establishes that State aid grantors to undertakings, analyzing certain measures of state support for the presence of signs of State aid, taking on their responsibility, have the right not to submit a notification to the Committee, considering that such measures of state support are not State aid, or if State aid is provided in the amount of less than the equivalent of 200 thousand euros for three years, notification of the provision of which is not necessary.

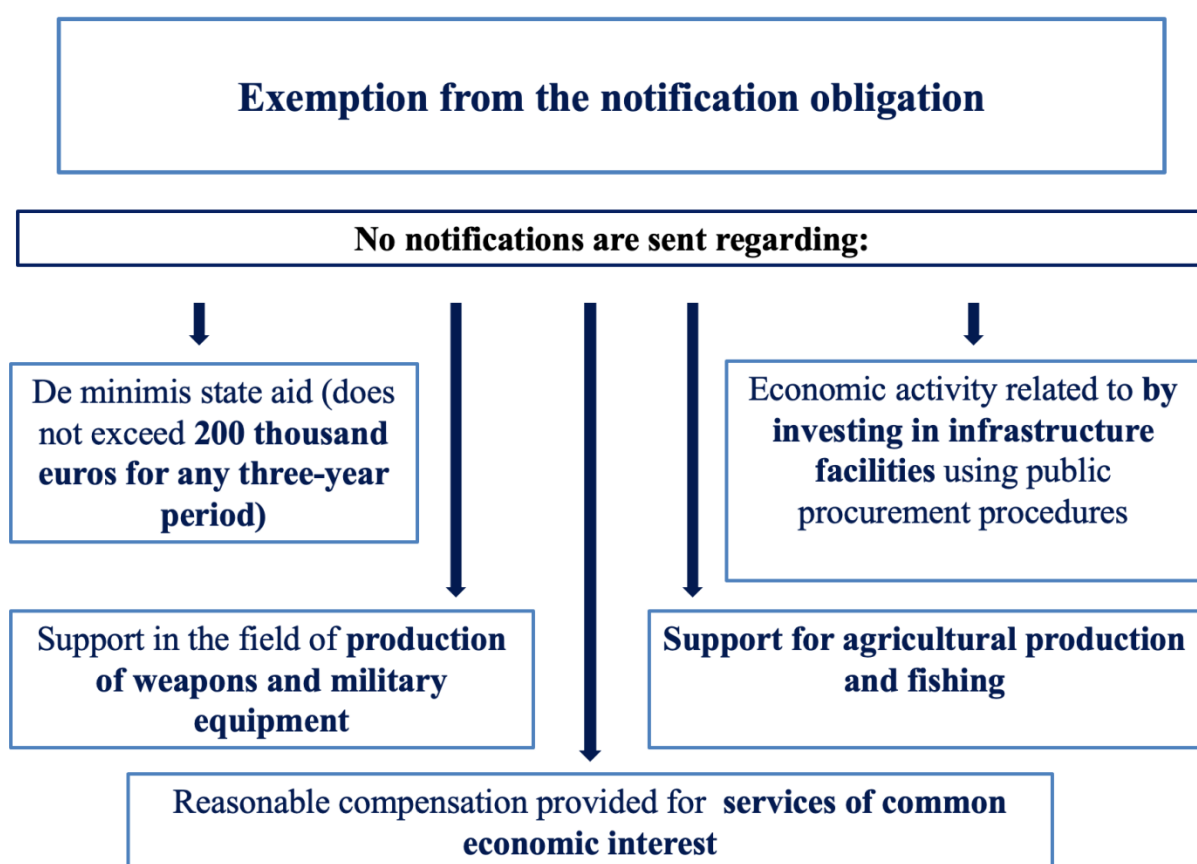


Figure 3. Cases provided for by law in respect of which notifications are not submitted to the Committee

During 2020, the Committee made **216** substantive decisions in the field of State aid (see figure 4). For comparison, in 2019, **324** decisions were made. The decrease in the number of decisions occurred, in particular, due to a decrease in the number of notifications on new State aid, according to the results of consideration of which state support to undertakings was recognized as non – State aid in accordance with the Law (such decisions in 2020 – 157, in 2019-269).

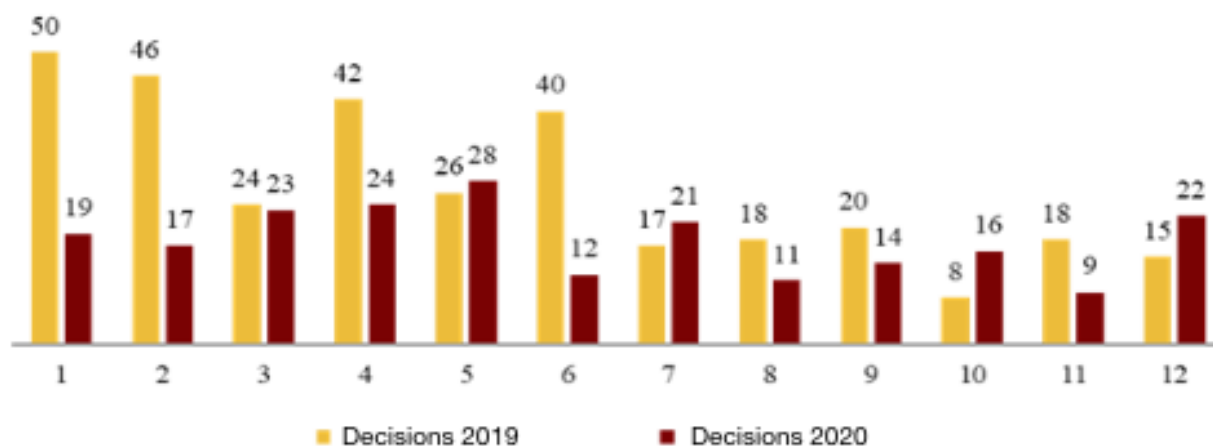


Figure 4. Number of decisions of the Committee in the field of State aid for 2019-2020 (by month)

**Number of conclusions set out in the decisions¹²,
adopted in 2020:**

support for undertakings is recognized as not State aid	157 units.
compatible State aid for competition	74 units.
State aid is incompatible for competition	19 units.
current State aid	17 units.

In 77 decisions adopted in 2020, the Committee defined obligations for State aid grantors to eliminate non-compliance with the Law, of which 15 decisions have obligations to return illegal State aid recognized as incompatible for competition.

Quantitative indicators of the Committee's decisions in the field of State aid for 2020 by type of aid are shown in figure 5.

¹² Some of the decisions adopted by the Committee in the operative part contain several conclusions.

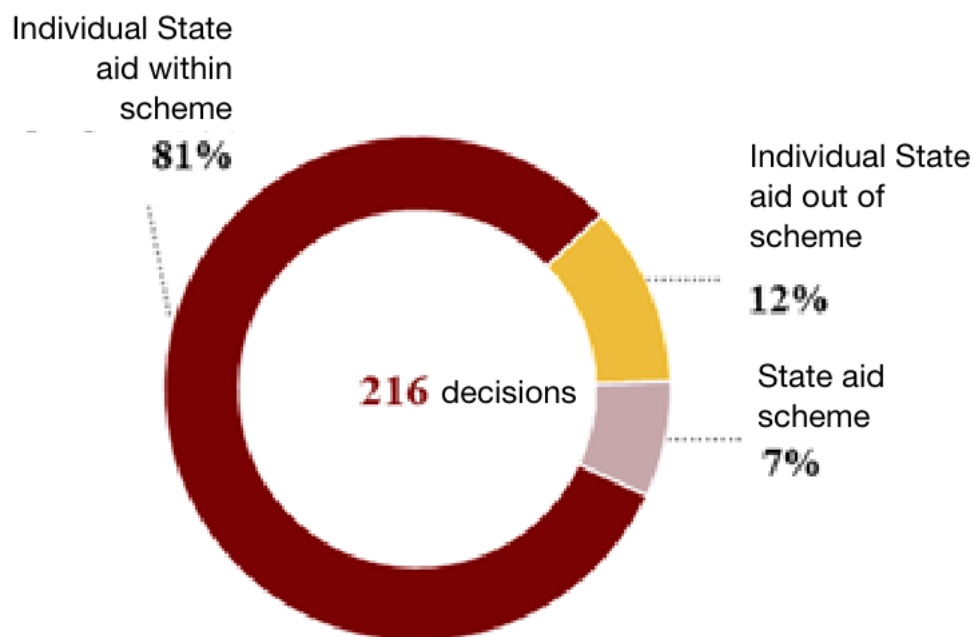


Figure 5. Quantitative indicators of the Committee's decisions in the field of State aid for 2019, by type of aid

Table 1 below provides information on the number of decisions taken by the Committee on State aid grantors in 2020, which are related to reports on State aid from Central Executive authorities, local authorities, and other state institutions.

Table 1

Number of decisions taken by the Committee for State aid grantors in 2020

Support/State aid grantors	Number of decisions made, units
Local government authorities	166
Executive authorities	26
Central executive authorities	23
State administration of affairs	1.

According to the information shown in Table 1, out of the total number of decisions taken by the Committee in 2020, the share of decisions related to the provision of State aid by local self-government bodies is 77%. In 2019, the share of such decisions was 84%.

Quantitative indicators of the Committee's decisions in the field of State aid

for 2020 by form of ownership are shown in figure 6.

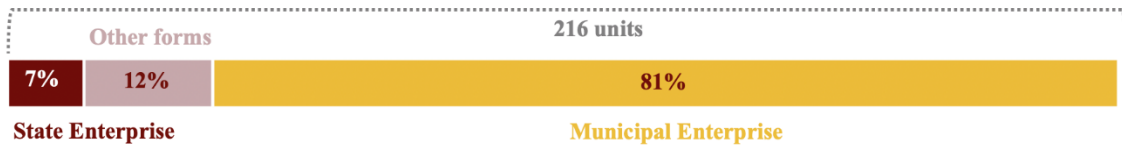


Figure 6. Number of decisions taken by the Committee by forms of ownership of recipients of State aid in 2020

In 2020, the overwhelming number of decisions of the Antimonopoly Committee of Ukraine related to support for municipal enterprises – 81% of the total number of decisions on State aid, continuing the trend of 2019. In 2019, the share of such decisions was about 84%.

Quantitative indicators of the Committee's decisions in the field of State aid for 2020 by funding sources are shown in figure 7.



Figure 7. Number of decisions taken by the Committee by sources of funding in 2019, units.

Table 2 shows information on the number of decisions taken by the Committee in 2020 in accordance with the classifiers of economic activities (CEA section).

Table 2

Number of decisions taken by the Committee by CEA sections

CEA section	The number of decisions, units.
Administrative and support services activities	65
Transport, warehousing, postal and courier services	40%
construction is underway	23
Processing industry	23
Arts, sports, entertainment and recreation	17%
Water supply sewerage, waste management	9%
Other	9%
Health and social aid	8%
professional, scientific and technical activities	8%
Supply of electricity, gas, steam and air conditioning	6.
Information and telecommunications	5.
Provision of other types of services	2.

Public administration and defence; compulsory social insurance	1.
--	----

The largest number of decisions was made regarding activities in the field of administrative and support services, including the section of the CEA "Maintenance of houses and territories".

The trend in the number of decisions by region in 2020 coincides with the trend in 2019. So, for example, the number of decisions on providing State aid to undertakings in Kyiv remains the largest (58 decisions were made in 2020, 99 decisions in 2019) and accounts for 27% of the total number of decisions taken by the Committee in 2020. The top five regions in terms of the number of decisions made in 2020, similar to the previous year, included the following: Kyiv, Zaporizhia, Dnipropetrovsk, Kharkiv and Donetsk regions.

Quantitative indicators of the Committee's decisions in the field of State aid for 2020 by region are shown in figure 8.

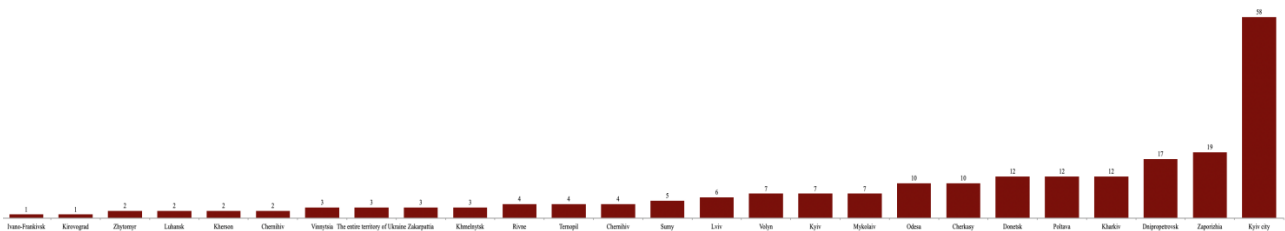


Figure 8. Number of decisions taken by the Committee by region in 2020

Table 3 shows the number of decisions taken by the Committee in 2020 by the forms of State aid provision.

Table 3

Number of decisions taken by the Committee
by forms of State aid provision

Form of State aid provision	The number of decisions, units.
Subsidy	80%

Fiscal measures	31
Current and capital transfers	27
Other forms	20
Guarantees	16
Capital transfers	15
Current transfers	11
Increase of the state share in the authorized capital of undertakings	10%
Dotation	5.
Compensation of losses to undertakings	1.

The Committee's decisions related to support and State aid totalled **UAH 28,251.36 million** (excluding guarantees), including:

- the Committee's decision on the compatibility of State aid for competition concerned the amount of UAH 5,381.55 million;
- the Committee's decision to recognize State aid as incompatible for competition concerned the amount **of UAH 238,1 million**;
- the decision of the Committee to recognize support for undertakings as not as State aid concerned the amount of
- **UAH 20,831.59 million**;
- state support specified in decisions on the implementation of the functions of the customer, for which the corresponding amounts of compatible/incompatible State aid for the competition cannot be established at the time of making such decisions, **UAH 1,800.12 million**.

During 2020, 16 decisions were made regarding the provision of State aid in the form of a guarantee for a total amount **of EUR 454,615 thousand** and UAH 1,805.11 million.

The decision of the Committee on the compatibility of State aid for competition (see Annex 1)

The Committee made **74 decisions** on the compatibility of State aid for competition. Separate decisions contain conclusions on the compatibility of the State aid provider makes changes to the terms of its provision, or if obligations are fulfilled, as well as on the compatibility for competition of State aid after 02.08.2022 if changes are made to the terms of its provision and obligations are fulfilled.

The decision of the Committee on the incompatibility of State aid for competition (see Annex 2)

The Committee adopted **19 decisions** on the incompatibility of State aid for competition, which concerned **performing the functions of the customer for the construction, reconstruction and repair of social and industrial infrastructure facilities, tax exemption by municipal enterprises, institutions and organizations** and others. The decisions concerned the **amount of UAH 238.1 million**.

At the same time, it should be noted that most decisions on the incompatibility of State aid for competition do not define the amount of illegal State aid, which is recognized as incompatible for competition and which should be returned to the relevant budget, due to the lack of a clear transparent calculation (or at least a methodology for such calculation), in what amount State aid should be provided.

The Committee decides on cases of State aid solely based on the information that it receives from grantors, recipients and third parties (if any). The Committee does not determine the amount of State aid that is incompatible for competition.

Compensation to the income of the general fund of the relevant budget is subject to the amount of illegal State aid actually used, which was recognized as incompatible for competition in accordance with the decision of the Committee.

In 2020, after a long trial, the budget of the Vinnytsia City United territorial community returned in full the actually used illegal State aid in the amount of UAH 40,187,800, which was recognized as incompatible for competition in accordance with the decision of the Committee of 20.11.2018 No. 652-p¹³.

This decision of the Committee was recognized as lawful by courts of all instances.

On March 31, 2020, in case No. 640/65/19, for the first time in the history of law enforcement of legislation on State aid in Ukraine, the Supreme Court decided to

¹³ Grantor: Department of energy, transport and communications of the Vinnytsia City Council.

Recipient: municipal enterprise "Vinnytsia transport company".

State aid in the form of financial support – subsidies to cover losses from the provision of public passenger road transport services, including losses from free transportation of passengers by municipal vehicles on the days of national, citywide, new year and other holidays and events, for the period from 01.01.2018 to 31.12.2023 in the amount of UAH 407,772.2 thousand.

Justification of the Committee's decision:

ME "Vinnytsia transport company" was determined as a carrier without competition, the mandatory conduct of which is directly provided for by the law of Ukraine "On-road transport", so this enterprise is not a proper recipient of State aid;

ME "Vinnytsia transport company" competes with other carriers that carry out bus transportation of passengers in Vinnytsia;

the selectivity of providing support specifically for ME "Vinnytsia transport company" sets advantages for it and leads to a distortion of competition in the market of passenger transportation services;

since the company received State aid before the Committee's decision was made – it is illegal.

dismiss the cassation appeal of the Department of energy, transport and communications of the Vinnytsia City Council, and leave the decision of the court of the first instance, which refused to satisfy the administrative claim, unchanged.

In August 2020, the Department of energy, transport and communications of the Vinnytsia City Council provided the Committee with copies of relevant bank statements confirming the fact of returning illegal State aid.

The Committee's decision to recognize support for undertakings as not a State aid

The Committee adopted **157 decisions**, which in the resulting part contain a conclusion on recognizing the support of undertakings as such, which is not State aid. The decisions concerned the amount of state support in the amount of **UAH 20,831.59 million**. In 2020, the share of relevant decisions from the total number of decisions taken on the merits was 73%, in 2019, such decisions were 83% of the total number, in 2018 – 94%.

1.3. Function of the Committee as an authorized body for monitoring State aid

The law assigns the Committee the function of monitoring State aid. Paragraph 5 of the first part of article 1 of the Law provides that monitoring of State aid is the collection and analysis of information on State aid in order to monitor compliance with the requirements of this Law and the decisions of the authorized body on State aid defined by this Law, as well as the preparation and submission of reports on State aid.

In terms of performing the function of monitoring State aid, the Committee analyzes draft regulatory legal acts regarding the presence of norms on State aid in them.

Thus, in 2020, the Committee analyzed and:

➤ conclusions were given to 193 draft Laws and Statutory Instruments (LSI) that have been received for approval from ministries and other central executive authorities, including:

agreed without comments – 124 LSI;

agreed with the comments – 63 LSI;

agreed after taking into account the comments provided – 6 LSI;

➤ comments were made on 55 LSI included by the Cabinet of Ministers of Ukraine in the agenda of meetings of the Government and Government Committees.

According to section 8 "Monitoring of State aid" of the Law, the Committee maintains a register of State aid, which is posted on the official website of the Committee under the heading "Portal of State aid".¹⁴

This section also contains information about decisions taken by the Committee in the field of State aid and in relation to cases of State aid. During 2020, the Department of monitoring and control of State aid provided technical support for the State aid portal and filling in information by category:

- Register of State aid;
- Decision on State aid;
- State aid cases.

The Register information and analytical system include the function of the State aid register and the function of electronic document flow between State aid grantors and the Committee.

When monitoring State aid to undertakings, the Committee uses both information created in the Committee and information received from external sources.

In particular, in order to obtain indicators of State aid, the Committee summarizes information from State aid grantors about the current State aid, its purpose, forms, sources, recipients and their shares in the total amount of State aid provided during the last financial year under the relevant scheme, and information that no State aid was provided during the reporting year. According to the requirement of part three of Article 16 of the Law, all State aid grantors are required to submit relevant information to the Committee for the reporting year before April 1 of the following year for the reporting period. The procedure, forms and requirements for submitting information on current State aid to undertakings to the Committee were approved by the Committee's Order No. 43-pп of 28.12.2015 (as amended by the Committee's Order No. 15-pп of 19.07.2018).

However, despite the constant educational work of the Committee, which is carried out, in particular, by conducting training, seminars and webinars for representatives of various levels of government bodies, as well as sending reminder letters about the need to provide information to the Committee under the requirements of the law and the Committee's order of 28.12.2015 No. 43-pп, there is a possibility of incomplete provision of information about current State aid by grantors.

When monitoring the submission of State aid notifications by grantors to the Committee, it was revealed that, as in previous years, the statistics on the submission of notifications by central executive authorities are very low. Of the total number of

¹⁴ <http://pdd.amc.gov.ua/>

notifications on State aid to undertakings received by the Committee during 2020, notifications from central executive authorities amounted to less than 10 % (in 2019 – 13 %).

In other words, the central executive authorities, which are the most significant grantors of State aid, do not fully fulfil their duty to submit notifications of State aid to undertakings.

In addition, even in the case of sending relevant notifications, as a rule, this is done after the adoption of a regulatory legal act, when it is too late to make any changes to it so that the State aid provided is compatible. Although, as noted above, the legislation stipulates that State aid grantors must submit to the Committee a notice of new State aid at least 105 calendar days before the planned date of entry into force of the relevant regulatory legal act or decision of the grantor allowing undertakings to receive new State aid.

Consequently, the process of notification of State aid, which is planned to be provided to undertakings, still requires significant improvement and control by the central executive authorities.

2. State aid for 2020

State aid should be a lever for developing strategies for the development of various sectors of the economy and ensure the achievement of goals by effectively spending public funds, mainly through State aid schemes. The practice of EU Member States shows that the development of State aid schemes will help reduce the number of cases of individual State aid that require assessment and approval of their compliance. Generally, government aid schemes make it much easier to provide aid at both the central and regional/local levels. Such government aid schemes would also increase the degree of legal certainty for beneficiaries, the general awareness of the business community about access to public finances, and the corresponding equal conditions in the markets.

2.1. General indicators of State aid

Some of the decisions taken by the Committee contain several conclusions:

157 decisions contain conclusions on the recognition of support for undertakings as such, which is not State aid;

74 the decisions contain conclusions on the compatibility of State aid for competition and concerned the amount over **UAH 5 billion**;

19 decisions contain conclusions on the recognition of State aid as incompatible for competition and concerned the amount over **UAH 238 million**.

The amount of State aid provided in 2020 in Ukraine, according to Central and local executive authorities and local self-government bodies, was **UAH 10,500.27**

million, with the average exchange rate of the National Bank of Ukraine for 2020 (1 euro = 30.79 UAH¹⁵) – **EUR 341.03 million**. Also, according to the information provided by State aid grantors, the amount of de minimis State aid provided in 2020 was **UAH 319.26 million**.¹⁶

So, the total amount of State aid, taking into account de minimis State aid, was **UAH 10,819.53 million** in 2020.

Ukraine's GDP (in actual prices)¹⁷ in 2020, amounted to **UAH 4,194.10 billion**,¹⁸ or **136.22 billion euros**.

State aid in 2020, according to data received from grantors, can be estimated at **0.26 %** of Ukraine's GDP.

The number of employed people aged 15-70 years in Ukraine in 2020 amounted to **15,915.3 thousand people**¹⁹.

State aid for each employed person aged 15-70 years in 2020, according to the data provided by the grantors, can be estimated at the level of **679.83 UAH/person**, or **EUR 22.08/person**.

The average annual population of Ukraine for 2020 is **41,575,748 people**²⁰.

State aid for each citizen of Ukraine in 2020, according to the data provided, can be estimated at the level of **260.24 UAH/person**, or **EUR 8.45/person**.

2.2. Indicators of State aid by type of aid (based on information provided by grantors)

Information from State aid grantors on State aid provided in 2020 by type of aid is shown in figure 9.

Individual State aid²¹ – public aid event conducted outside public aid schemes, as well as individual measures of State aid under the public aid scheme, but subject to notification in accordance with the terms of such scheme and this Law.

¹⁵ According to the NBU https://bank.gov.ua/files/Exchange_r.xls

¹⁶ The legislation does not provide for the decision of the Committee to recognize the relevant State aid as de minimis. The State aid grantor independently decides whether such State aid is de minimis.

¹⁷ Excluding the temporarily occupied territory of the Autonomous Republic of Crimea, Sevastopol, and parts of the temporarily occupied territories in the Donetsk and Luhansk regions.

¹⁸ Official website of the State statistics service of Ukraine

http://www.ukrstat.gov.ua/operativ/operativ2020/vvp/vvp_kv/vvp_kv_u/vvpf_kv2020u.xls

¹⁹ Official website of the state statistics service of Ukraine (employed population by type of economic activity in 2012-2020)

http://www.ukrstat.gov.ua/operativ/operativ2014/rp/zn_ed/zn_ed_u/zn_ed_2020_ue.xls

²⁰ Official website of the State Statistics Service (population (estimated) as of January 1, 2021, and average population in January-December 2020)

http://www.ukrstat.gov.ua/operativ/operativ2020/ds/kn/xls/kn1120_ue.xls

²¹ Under paragraph 3 of the first part of article 1 of the Law.

State aid scheme²² – a normative legal act or a set of acts based on which certain categories of undertakings are provided with State aid for a certain or indefinite period in a certain or indefinite amount.

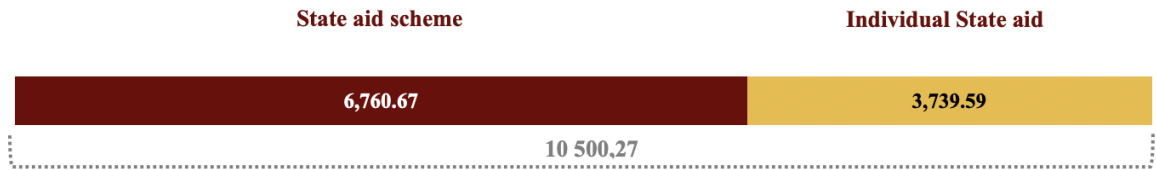


Figure 9. Indicators of State aid by type of aid (based on information provided by grantors) in 2019, mln UAH

In 2020, the volume of support under State aid schemes exceeded the volume of aid provided as individual State aid and amounted to 64% of the total amount of State aid provided.

At the same time, it should be noted that there is a tendency for State aid grantors to neglect the development of State aid schemes and, in particular, the obligation to report various support measures, which can lead to a situation where State aid is not covered by pre-existing (ex-ante) controls.

2.3. Indicators of State aid by the form of aid (based on information provided by grantors)

Information from State aid grantors on the forms of State aid provided in 2020 is shown in figure 10.

²² Under paragraph 15 of the first part of article 1 of the Law.

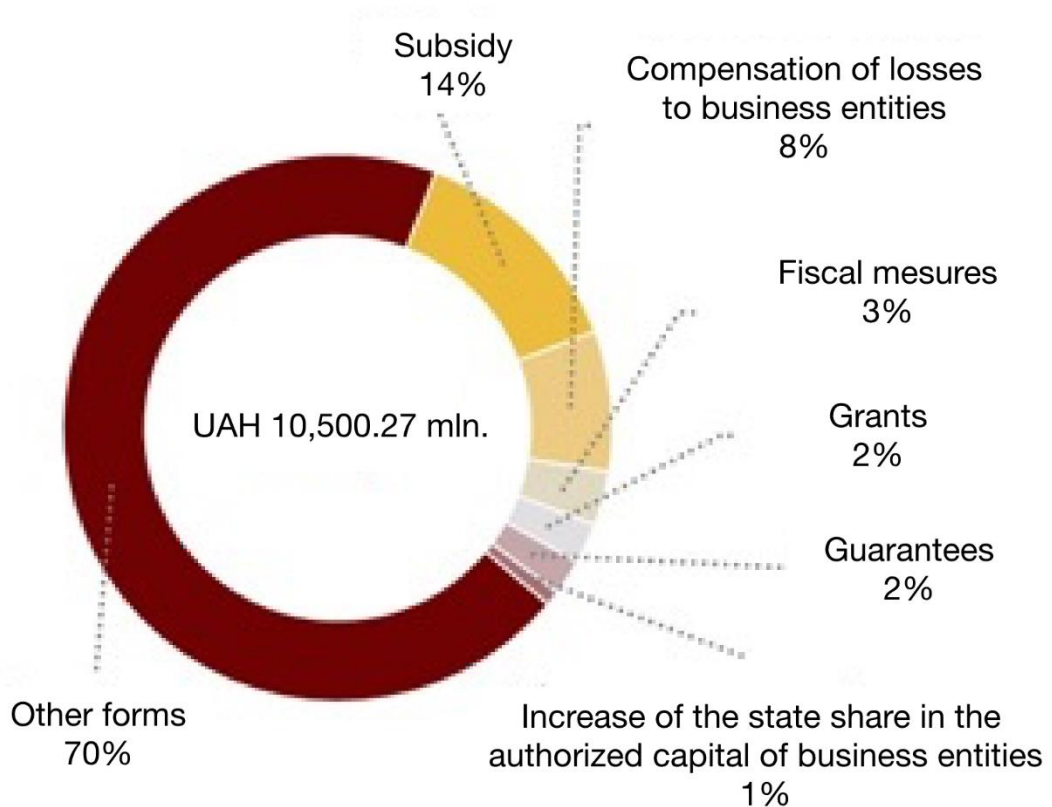


Figure 10. Amount of State aid by forms of aid (according to information provided by grantors) in the structure of State aid in 2020

The most common form of State aid in 2020 is a subsidy, which, according to information provided by grantors, was 14%. Compensation for losses to undertakings amounted to 8%, fiscal measures – 3%, subsidies – 2%, guarantees – 2%, an increase in the state share in the authorized capital of undertakings – less than 1%. Other forms of State aid – 49%.

2.4. Indicators of State aid by type of economic activity (based on information provided by grantors)

The largest amount of State aid in 2020 was provided for the extraction of hard and brown coal (50%), the operation of land and pipeline transport (27%), activities in the field of creativity, art and entertainment (5%), sports (2%), air transport (2%), maintenance of homes and territories (2%). State aid to other types of economic activity did not exceed 1%.

The full list of State aid provided by the type of economic activity in 2020 is given in Annex 3 to the report.

2.5. Indicators of State aid by the source of funding (based on information provided by grantors)

Information from State aid grantors on State aid provided in 2020 by funding sources is shown in figure 11.

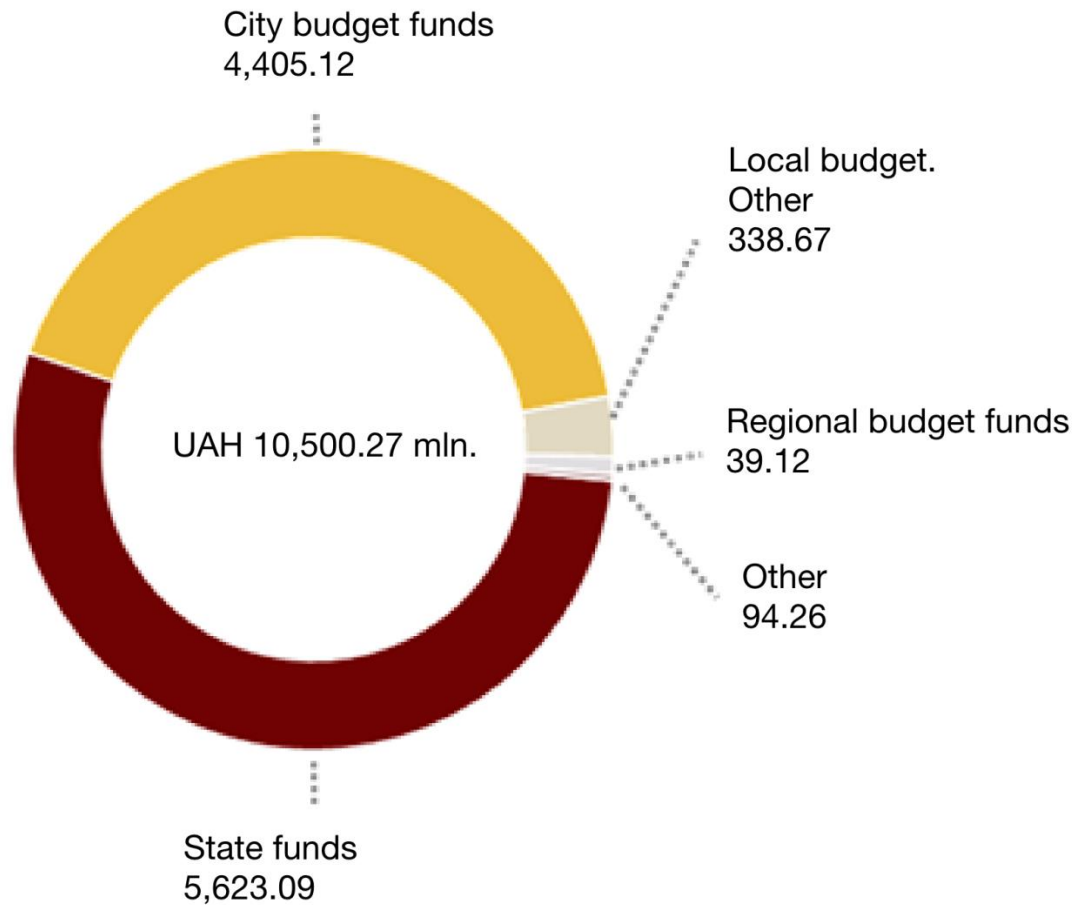


Figure 11. Amount of State aid by sources of financing (according to information provided by grantors) in the structure of State aid in 2020, mln UAH

According to the information provided by State aid grantors, State aid in 2020 at the expense of local budgets amounted to 45% (including: city budgets – 42%), the state budget – 54%.

2.6. Indicators of State aid by region (based on information provided by grantors)

Information from State aid grantors on State aid provided in 2020 by region is shown in table 5.

Amount of State aid by region
(based on information provided by grantors) in 2020

Region	Amount, mln UAH
Kyiv city	2,754.78
Donetsk Oblast	2,358.19
Luhansk Oblast	1,352.89
Lviv Oblast	1,210.17
Kharkiv Oblast	808.29
Zaporizhia Oblast	557.45
The entire territory of Ukraine	355.10
Volyn Oblast	340.04
Dnipropetrovsk Oblast	264.97
Khmelnysk Oblast	262.13
Ivano-Frankivsk Oblast	78.29
Vinnysia Oblast	29.86
Ternopil Oblast	29.23
Zhytomyr Oblast	25.15
Odesa Oblast	16.48
Kyiv Oblast	14.45
Cherkasy Oblast	11.57
Rivne Oblast	11.42
Sumy Oblast	7.12
Poltava Oblast	4.34
Kirovograd Oblast	2.80
Kherson Oblast	2.67
Mykolaiv Oblast	1.74
Chernihiv Oblast	0.59
Zakarpattia Oblast	0.56

2.7. Indicators of State aid by the form of ownership (based on information provided by grantors)

Information from State aid grantors on State aid provided in 2020 by type of ownership is shown in figure 12.

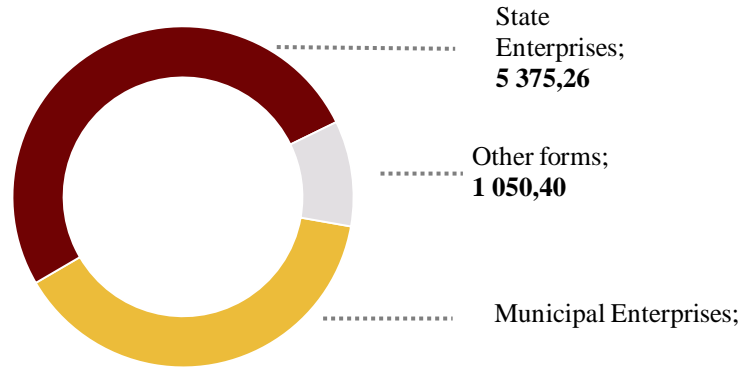


Figure 12. Amount of State aid by the form of ownership (according to information provided by grantors) in the structure of State aid in 2019, mln UAH

2.8. Indicators of State aid in the context of the purpose (s) of providing State aid (based on information provided by grantors)

Information from State aid grantors on State aid provided in 2020 in the context of the purpose (s) of providing State aid is shown in table 6.

Table 6

The amount of State aid in the context of the target (goal) State aid (based on information provided by grantors) in 2020

Goal (objective)	Amount, mln UAH
Implementation of national development schemes	5,712.14
aid to undertakings in certain economic areas (zones)	2,285.13
Promotion of certain types of economic activity	1,247.35
Other	901.18
Solving social and economic problems of a national nature	305.36
Support and preservation of national cultural heritage	36.98
Promotion of socio-economic development of regions	12.13

3. Indicators of de minimis State aid

De minimis²³ State aid is State aid to one undertaking, the total amount of which, regardless of its form and sources, does not exceed for any three-year period the amount equivalent to EUR 200 thousand, determined at the official exchange rate established by the National Bank of Ukraine, effective on the last day of the financial year.

According to Article 9 of the Law, notification of de minimis State aid is not submitted if it does not directly relate to the support of export operations or the predominant use of domestic products in comparison with imported products.

The legislation does not provide for the decision of the Committee to recognize the relevant State aid as de minimis. The State aid grantor independently decides whether such State aid is de minimis.

However, information on de minimis State aid is provided by the provider of such aid to the Committee within the framework of the authorized body monitoring State aid in compliance with the requirements of the procedure, forms and requirements for submitting to the Committee information on current State aid to undertakings, approved by the Order of the Committee of 28.12.2015 № 43-пп, registered with the Ministry of Justice of Ukraine 26.01.2016 № 140/28270 (as amended by the Order of the Committee of 19.07.2018 № 15-пп, registered with the Ministry of Justice of Ukraine 16.08.2018 for No. 942/32394).

State aid providers provided information on the de minimis State aid provided in 2020 in the amount of **319 260,23 thousand UAH**.

3.1. Indicators of de minimis State aid by type of aid (based on information provided by grantors)

Information from State aid grantors on de minimis State aid provided in 2020 by type of aid is shown in table 7.

Table 7

De minimis State aid provided in 2020 by type of aid

Type of State aid	Amount, mln UAH
Individual State aid under the State aid scheme	137.35
State aid scheme	136.95
Individual State aid outside the State aid scheme	44.95

3.2. Indicators of de minimis State aid by the form of aid (based on information provided by grantors)

Information from State aid grantors on de minimis State aid provided in 2020 by forms of State aid is shown in table 8.

Table 8

²³ Paragraph 9 of the first part of Article 1 of the Law.

De minimis State aid provided in 2020 by the forms of provision
(based on information provided by grantors)

Form of State aid provision	Total, million UAH
Other forms	161.79
Subsidy	64.58
Dotation	22.48
Fiscal measures	19.83
Credit on preferential terms	18.34
Compensation of losses to undertakings	9.85
Compensation for damages	8.51
Increase of the state share in the authorized capital of undertakings	6.22
Servicing loans at preferential rates	3.23
Providing services to undertakings at below-market prices	1.58
Guarantees	1.57
Grant	1.27
Reduction of financial obligations of undertakings to mandatory state social insurance funds	0.01

3.3. Indicators of de minimis State aid by the source of funding (based on information provided by grantors)

Information from State aid grantors on de minimis State aid provided by the source of funding is shown in table 9.

Table 9

De minimis State aid provided in 2020 by sources of funding (according to information provided by grantors)

Sources of funding	Amount, mln UAH
Local resources. City budget funds	144.48
Local resources. The expense of regional budgets	40.10
Local resources. Other	35.88
State resources	24.48
Local resources. Funds from the budgets of villages and their associations	21.12
Local resources. Funds from village budgets	14.03
Local resources. The expense of district budgets	12.14
Local resources. Land owned by territorial communities of villages, towns, cities, districts in cities	11.79
Other	8.12
At the expense of state and/or municipal enterprises	3.92

Local resources. Movable and immovable property owned by territorial communities of villages, towns, cities, and districts in cities	3.18
--	------

3.4. Indicators of de minimis State aid by region

(based on information provided by grantors)

Information from State aid grantors on de minimis State aid provided in 2020 by region is shown in figure 13.

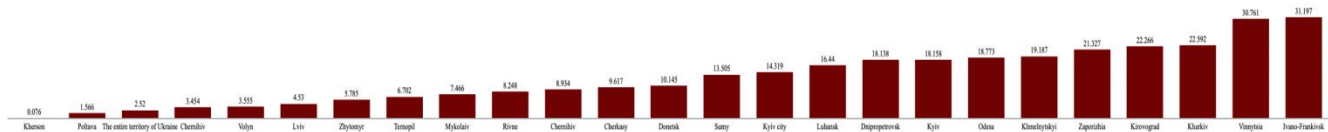


Figure 13. Insignificant State aid provided in 2020 by region (according to the information provided by the providers), mln UAH

3.5. Indicators of de minimis State aid by the form of ownership (based on information provided by grantors)

Information from State aid grantors on de minimis State aid provided in 2020 by type of aid is shown in table 10.

Table 10

De minimis State aid provided in 2020 by the form of ownership (according to information provided by grantors)

Form of ownership	Amount, mln UAH
Municipal enterprise	206.73
Other forms	57.57
Limited liability company	24.19
Citizens ' associations	11.48
Municipal enterprise	8.27
Individuals–entrepreneurs	4.35
State-owned enterprise	4.25
Private enterprise	1.80
Public joint-stock company	0.62

3.6. Indicators of de minimis State aid in the context of the purpose (s) of providing State aid (based on information provided by grantors)

Information from State aid grantors on de minimis State aid provided in 20120 by the purpose (s) of providing State aid is shown in table 11.

Table 11

De minimis State aid provided in 2020 by goal (s)
provision of State aid (based on information provided by grantors)

Goal (objective)	Amount, mln UAH
Other	176.48
Promotion of certain types of economic activity	43.34
Solving social and economic problems of a national nature	29.60
aid to undertakings in certain economic areas (zones)	23.03
Promotion of socio-economic development of regions	22.40
Implementation of national development schemes	18.03
Support and preservation of national cultural heritage	6.36

3.7. Indicators of de minimis State aid by category of State aid provision (based on information provided by grantors)

Information from State aid grantors regarding de minimis State aid provided in 2020 in the context of the category of State aid provision is shown in Table 12.

Table 12

De minimis State aid provided in 2020 by category
provision of State aid (based on information provided by grantors)

Categories of State aid provision	Amounts, mln UAH
Other	139.17
aid in support of individual sectors of the economy.	63.68
Support for small and medium-sized businesses	48.83
aid for regional development	46.86
aid for restoring the solvency and restructuring of undertakings	18.71
aid for employment of certain categories of employees and creation of new jobs	1.50
Aid for environmental protection	0.55

4. Indicators of state support for municipal and state-owned enterprises

In 2020, the Committee adopted 191 decisions concerning financial support for municipal and state-owned enterprises, 25 decisions were made to support specific private enterprises, undertakings regardless of the form of ownership, etc. (see fig. 14).



Figure 14. Recipients of financial support by the form of ownership under the number of decisions taken by the Committee in 2020

Most of the 191 decisions of the Committee concerning the support of municipal and state-owned enterprises, namely 65 decisions, according to the classifiers of economic activities (CEA section) related to activities in the field of administrative and support services (improvement, maintenance of parks, street and road network, outdoor lighting networks, etc.); other decisions: regarding the development of transport-35 decisions; construction – 21 decisions; processing industry – 18 decisions; art and sports – 14 decisions; maintenance and reconstruction of water supply, sanitation, heating networks – 9 decisions; healthcare – 8 decisions; other – 20 decisions (see fig. 15).

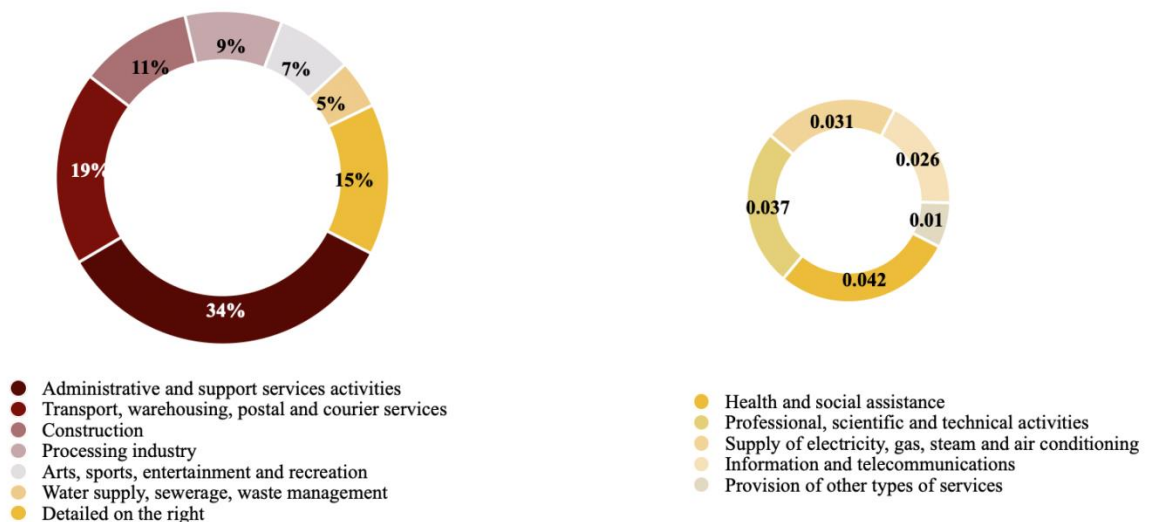


Figure 15. Structure of the Committee's decisions on municipal and state-owned enterprises in 2020 by classifiers of economic activities

The decisions of the Committee, as the authorized body for State aid to undertakings, concerned the support/State aid of municipal and state-owned enterprises for general use

the amount of UAH 27,557.49 million, including:

- ✓ non-State aid – UAH 20,643. 5 million;
- ✓ compatible State aid – UAH 4,853. 39 million;
- ✓ incompatible State aid – 232,5 million UAH;
- ✓ state support specified in decisions on the implementation of the functions of the customer, for which the corresponding amounts of compatible/incompatible State aid for a competition cannot be established at the time of making such decisions, UAH 1,828.11 million.

5. Legislative and rule-making activities

The association agreement stipulates that in Ukraine the system of regulating State aid to undertakings should correspond to a similar system in the EU. Ukraine has an obligation to coordinate competition legislation and its application practices with the EU *acquis*²⁴ in the sphere of State aid (Article 256 of the Association Agreement).

Currently, under Article 264 of the association agreement, the parties have agreed that they will apply articles 262, 263(3) or 264(4) of this Agreement (the article specifically concerning State aid) using as a source of interpretation the criteria arising from the application of Articles 106, 107 and 93 of the Treaty on the functioning of the European Union, in particular the relevant case-law of the Court of Justice of the European Union, as well as the relevant secondary legislation, framework provisions, guidelines and other applicable administrative acts of the Union.

At the same time following Article 267 of the Association Agreement, the transition period for preparing national legislation for the requirements ends in December 2022 legal system European Union.

Therefore, the Committee is constantly taking measures to improve the necessary regulatory framework in the field of State aid.

❖ In 2020, the following criteria for assessing the compatibility of State aid developed by the Committee were submitted to the Cabinet of Ministers of Ukraine:

➤ Criteria for assessing the compatibility of State aid to undertakings in the coal industry.²⁵

²⁴ Legal system European Union.

²⁵ Approved by resolution of the Cabinet of Ministers of Ukraine No. 38 of January 13, 2021.

The criteria for assessing the compatibility of State aid to undertakings in the coal industry were developed to create legal and organizational mechanisms for implementing the provisions of the law of Ukraine "On State aid to undertakings" in terms of assessing the admissibility of State aid in the coal industry.

The implementation of state control over the compatibility of State aid provides for the emergence of relations between the authorized body, grantors and recipients of State aid at various stages of providing state support, in particular, at the stage of its planning.

According to the principles enshrined in the Treaty on the functioning of the European Union, the Association Agreement, the law of Ukraine "On State aid to undertakings", any State aid that distorts or threatens to distort economic competition, creating advantages for the production of certain types of goods or the implementation of certain types of economic activities, is prohibited (except for several exceptions provided for by law).

The introduction of criteria will protect the interests of society from distortion of competition and inefficient functioning of commodity markets due to unsatisfactory and uncontrolled provision of such State aid.

The resolution defines the criteria for assessing the compatibility of State aid provided to undertakings in the coal industry for:

- closure of coal mining enterprises or their separate divisions;
- covering exceptional expenses;
- ensuring access to coal reserves;
- measures for technical re-equipment and modernization of coal mining enterprises;
- covering current expenses.

The regulatory act is designed to introduce legal regulation of relations between the Committee (as the authorized body for State aid), State aid grantors and its recipients when assessing the compatibility of State aid to undertakings in the coal industry.

➤ **Criteria for assessing the compatibility of State aid to undertakings to overcome the consequences caused by the coronavirus disease COVID-19²⁶**

The purpose of the government decree "On approval of criteria for assessing the compatibility of State aid to undertakings to overcome the consequences caused by the coronavirus disease COVID-19" is to establish legal support for the assessment of measures to support undertakings aimed at overcoming the negative economic consequences associated with the coronavirus disease COVID-19.

The criteria were developed for the implementation of the state program to stimulate the economy to overcome the negative consequences caused by restrictive

²⁶ Approved by resolution of the Cabinet of Ministers of Ukraine No. 200 of March 3, 2021.

measures to prevent the occurrence and spread of acute respiratory disease COVID-19 caused by the SARS-CoV-2 coronavirus for 2020-2022, approved by resolution of the Cabinet of Ministers of Ukraine No. 534 of 27.05.2020.

Now the spread of the coronavirus disease COVID-19 is an emergency not only in the healthcare sector but also in any area of the economy that provides society with goods and services. Various disease containment measures are taken by the state, such as social distancing measures, travel restrictions, and other quarantine measures, which can negatively affect both demand and supply and, as a result, restrict and prevent undertakings from carrying out economic activities in full. Often, small and medium-sized businesses experience certain difficulties due to a possible lack of liquidity or a sudden lack of material resources. The state's response in the form of support for certain undertakings is crucial to mitigate the negative impact on the economy associated with the coronavirus disease COVID-19. At the same time, such support can have a negative impact and distort economic competition, so the approval of criteria by the government will allow evaluating such measures for compatibility with competition and the proper functioning of the market for goods and services.

This Regulatory Act defines the range of undertakings to which the criteria are applied, the purpose for which State aid is provided, and its forms.

The criteria define several types of State aid and the conditions under which such State aid is compatible. In particular:

- State aid of up to 400 thousand euros for all undertakings affected by quarantine, which prevents them from carrying out economic activities;
- investment State aid for the production of relevant goods related to the prevention, occurrence, spread, treatment and prevention of COVID-19;
- State aid in the form of new guarantees for individual loans;
- State aid in the form of compensation of interest rates on loans;
- State aid in the form of deferred payment of taxes and/or social security contributions;
- State aid for partial unemployment for the quarantine period.

Criteria for assessing the compatibility of State aid to undertakings have been developed for temporary measures aimed at supporting the economy in the context of the coronavirus disease COVID-19. These criteria are prepared based on the norms of secondary EU legislation²⁷, as well as considering the specifics of national legislation.

²⁷ Temporary Framework to support the economy in the context of the coronavirus outbreak (2020/C 91 I/01); First Amendment to the Temporary Framework to support the economy in the context of the coronavirus outbreak (2020/C 112 I/01); Second amendment to the Temporary Framework to support the economy in the context of the coronavirus outbreak (2020/C 164/03); Third amendment to the Temporary Framework for State aid measures to support the economy in the current Covid-19 outbreak (2020/C 218/03); Amended notification template for the Temporary Framework after the third amendment.

➤ **Criteria for assessing the compatibility of State aid to undertakings for Environmental Protection**²⁸

The purpose of adopting the act is the creation of legal and organizational mechanisms for implementing the provisions of the law of Ukraine "On State aid to undertakings" regarding the assessment of the compatibility of State aid for environmental protection for competition.

Now there is a need to determine the criteria for assessing the compatibility of State aid to undertakings for Environmental Protection at the bylaw level (by an act of the Cabinet of Ministers of Ukraine), which will fix legal and organizational mechanisms for implementing the provisions of the law of Ukraine "On State aid to undertakings" regarding the assessment of the compatibility of State aid for environmental protection for competition.

The problem cannot be solved with the help of existing regulatory acts, since none of them regulates the definition of criteria for assessing the compatibility of State aid to undertakings for Environmental Protection.

Criteria for compatibility the admissibility of State aid for Environmental Protection provided to undertakings for the purposes provided for in part one of Article 6 of the law of Ukraine "on State aid to undertakings", will be applied by the authorized body for State aid to assess the compatibility of current and new State aid for Environmental Protection and make a decision on recognizing such State aid as compatible in accordance with Part Four of Article 6 of the law of Ukraine "On State aid to undertakings".

Defining criteria for assessing the compatibility of State aid to economic entities for environmental protection protects the interests of society from distortions of competition and inefficient functioning of commodity markets due to inefficient and uncontrolled provision of such State aid.

The Regulatory Act is designed to introduce legal regulation of relations between the Antimonopoly Committee of Ukraine (as the Authorized body for State aid), grantors of State aid and its recipients in determining the compatibility of State aid to economic entities for environmental protection.

The draft resolution proposes to define the conditions and criteria for determining the compatibility of State aid for Environmental Protection.

The criteria will determine:

- purpose and forms of State aid;
- categories of recipients of State aid;
- the maximum amount of State aid that can be provided;
- conditions and method for calculating the total amount of State aid;
- expenses that can be reimbursed to recipients of State aid.

²⁸ The draft resolution was re-submitted to the Cabinet of Ministers of Ukraine on 21.12.2020 after revision.

The adoption of the act will facilitate Ukraine's fulfilment of the obligations assumed following the first part of article 267 of the Association Agreement between Ukraine and the EU regarding the adoption of national legislation on State aid.

❖ In 2020, a new version of the Law of Ukraine "On State aid to undertakings" was developed

The new version of the Law of Ukraine "On State aid to undertakings" developed by the Committee was posted on the official website of the Committee, actively discussed and finalized with representatives of the relevant executive authorities, the business community, international partners, and was reflected in the draft law "On amendments to the Law of Ukraine "on State aid to undertakings" and other legislative acts of Ukraine on improving the control and monitoring of State aid to undertakings" (registration No. 5648 of 10.06.2021).²⁹ submitted to the Verkhovna Rada of Ukraine by people's Deputies of Ukraine R. Pidlasa, D. Arahamia and others.

The purpose of the draft law is to bring national legislation to the rules of control and monitoring of State aid, which are enshrined in the Association Agreement and the EU acquis, as well as to improve the established legal regulation to effectively function the system of control and monitoring of State aid.

In particular, the draft law in the definition of "State aid to undertakings" provides for an important component – the effect on international trade between Ukraine and the EU countries, which is an integral feature for recognizing state support as State aid, according to the provisions of the Association Agreement and the relevant secondary EU legislation.

The draft law also proposes to establish a new definition of "undertaking" for the sphere of State aid and provide a definition of "economic activity" that will be covered by the law, which will also have a positive impact on the work of the Committee, its institutional capacity and narrow the number of cases of recognition of state support as State aid.

In addition, the draft law proposes to provide definitions: "advantage", "date of State aid granting", "date of receipt of State aid at the disposal". The draft law details the provisions on de minimis State aid, services of general economic interest, and forms of State aid, which will have a positive impact on the awareness of State aid grantors.

The proposed changes fill in the gaps existing in the current law. Thus, Article 3 of the current law provides that the list of services of general economic interest is

²⁹ The Committee in compliance with the requirements of § § 111-114 of Chapter 2 of Section 11 of the Rules of Procedure of the Cabinet of Ministers of Ukraine, approved by resolution of the Cabinet of Ministers of Ukraine of July 18, 2007 No. 950 (as amended), participates in the maintenance of the said draft law in the Verkhovna Rada of Ukraine, monitors meetings of the relevant committees of the Verkhovna Rada of Ukraine, in particular, representatives of They participate in their meetings, justify their positions, answer questions, provide comments and suggestions on the relevant provisions of the draft law.

established by the Cabinet of Ministers of Ukraine, but this approach conceptually does not comply with the norms of EU legislation, according to which compensation for the provision of services is assessed either as non-State aid or as compatible State aid.

The provision that the authorized body, in addition to national legislation, is guided by the provisions of international treaties, framework provisions, guidelines and other EU acts when making a decision, ensures compliance with the obligations established by the Association Agreement and also allows for thorough and effective consideration of notifications and cases of State aid.

The draft law proposes to establish an important tool – the statute of limitations for the return of State aid, which does not exist in the current law.

In addition, for effective and rapid consideration of notifications and cases of State aid, the draft law proposes the distribution of powers between the authorized body and the bodies of the authorized body (administrative board (collegiums), State Commissioners of the Committee), improves the procedure for reviewing notifications, cases, reviewing decisions, considering applications for illegal State aid, and also sets a fine for undertakings in case of failure to submit information to the Committee in the amount of one percent of income from the sale of products for the last reporting year as part of the consideration of the case. This provision is borrowed from the European Commission's Secondary Legislation Act 2015/1589.

So, the proposed changes will have a positive impact on the functioning of the system of control and monitoring of State aid in Ukraine, as well as allow focusing the country's attention on larger and more complex cases of State aid that affect international trade between Ukraine and the EU, which is the main goal of the system of control over State aid.

6. Raising awareness in the field of State aid

The development of the national system of State aid control in Ukraine is at an initial stage. To further develop an effective system of State aid, one of the priority areas of the Committee's work, as in previous years, remains the dissemination of knowledge about State aid.

During 2020:

- ✓ more than 7180 consultations were held with State aid grantors;
- ✓ 13 presentations on State aid were made at conferences, seminars and meetings;

In 2020, the Committee provided 106 explanations on the application of legislation in the field of State aid based on written requests from state support grantors and recipients.

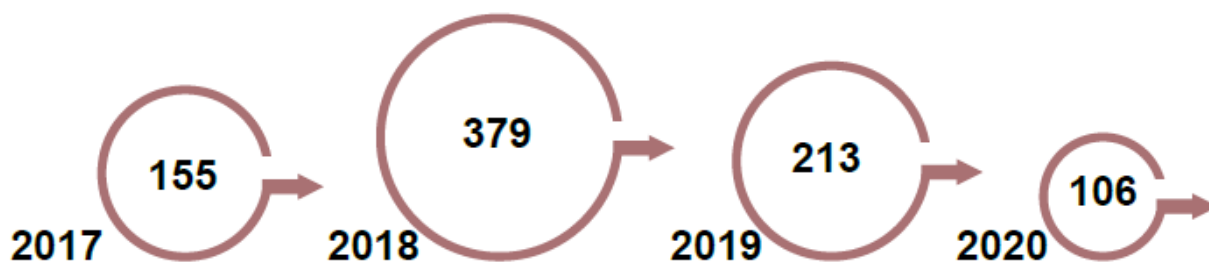


Figure 16. Number of clarifications by year

The number of such clarifications decreases annually, due to the constant holding of relevant consultations by the Committee's specialists. The official web portal of the Committee publishes the most common questions and answers regarding State aid, which are currently relevant³⁰.

During 2020, the Committee continued to cooperate with the EU Technical assistance Project "Support of the Antimonopoly Committee of Ukraine for Enforcing State aid rules" (hereinafter referred to as the SESAR project).

In 2020, specialists of the State aid Monitoring and Control Department of the Committee continuously participated in training courses organized by the SESAR Project to deepen knowledge about State aid to ensure better application of EU State aid rules and develop new skills in evaluating notifications, conducting investigations, preparing decisions, etc.

To implement EU Best Practices in Ukraine, representatives of the Committee took part in a study visit to Slovakia and Hungary in February 2020, during which they got acquainted with the methodology and procedures for considering issues related to State aid to undertakings, as well as the practical implementation and use of criteria for the compatibility of State aid in these countries.

The Committee's specialists took part in seminars on the practical aspects of the system of law enforcement and competition advocacy in the EU countries, organized by the SESAR project in the cities of Zaporizhzhia, Mariupol and Lviv to improve the skills of representatives of the territorial offices of the Committee and the level of awareness of State aid grantors at the local level on the application of legislation in the field of State aid.

The two-day courses of seminars held in these cities covered topics that are essential for understanding by all parties involved in the application of State aid rules defined by law and relevant bylaws. The main goal of the course is to provide participants with a basic knowledge of the concept of State aid, the categories of State aid (objectives) that may be compatible, the main forms and tools of State aid, specific

³⁰ <https://amcu.gov.ua/napryami/derzhavna-dopomoga/vidpovidi-na-poshireni-pitannya>

sectoral rules of aid, and legislative procedures regarding the notification requirement. Speakers and trainers of such seminars were SESAR project experts and Committee specialists.

During the seminars, specialists of the Department of monitoring and control of State aid of the Committee presented topics on the specifics of monitoring and controlling State aid in Ukraine, and EU experts – EU rules and experience on similar approaches in applying State aid rules in Member States.

Starting from April 2020, the SESAR Project started organizing specialized online training for the Committee's specialists with experts of this Project. This format proved to be quite effective for training and communication during quarantine measures.

More than 20 webinars were held, including with the involvement of representatives of the territorial branches of the Committee and interested authorities, in particular, on the following topics:

- "The concept of State aid";
- "Covid - 19 and State aid rules";
- "State aid for professional training of employees";
- "State aid for restoration and restructuring";
- "Return of illegal State aid";
- "Establishing the intensity of State aid";
- "State aid for scientific research, technological development and innovation";
- "Methodology for calculating the aid element";
- "Applicability of general economic interest services in the transport sector";
- "Changes in the Law on State aid. Criteria for the compatibility of State aid for culture";
- "Changes in the Law on State aid. Criteria for the compatibility of State aid for sports";
- "Calculating the aid element. Rural branch of Ukrposhta";
- "Development of guidelines for State aid accounting and Account Allocation".

In Autumn 2020, agreements were reached to extend the SESAR Project for 2 years – until December 2022, which will contribute to the further development of the Institute of State aid in Ukraine and bring national competition legislation closer to EU standards under the Association Agreement.

Conclusions and areas requiring attention

The annual report for 2020 is compiled based on information on State aid to undertakings received by the Committee from Central and local executive authorities, local self-government bodies that provide State aid.

As practice shows, despite the constant educational work of the Committee, which is carried out, in particular, by conducting training, seminars and Webinars for representatives of various levels of Government, Local Self-Government bodies, as well as sending reminder letters about the need to provide information to the Committee following the requirements of the law and orders of the Committee from 04.03.2016 No. 2-пп and 28.12.2015 No. 43-пп, there is a possibility of incomplete provision by financial support grantors of information about current and new State aid, reporting on its volumes, and incomplete reporting on the amount of de minimis State aid.

Accordingly, there is a need to raise awareness of State aid grantors to improve their compliance with the norms of legislation in the field of State aid.

Conclusions

1. Ukraine has established and operates a system for monitoring State aid and monitoring the compatibility of State aid for competition.

In the reporting year, the Committee's quantitative performance indicators are lower compared to 2018 and 2019.

On the one hand, this situation is related to quarantine conditions caused by the SARS-CoV-2 coronavirus, which could lead to a decrease in the number of reports of new State aid.

On the other hand, the number of reports on new State aid, based on the results of consideration of which the Committee recognizes state support to undertakings as not being State aid following the Law, has decreased. There were 157 such decisions in 2020, 269 in 2019, and 174 in 2018, which in relative terms of the total number of decisions taken in the corresponding years is 73% in 2020, 83% in 2019, and 94.1% in 2018.

In the reporting year, compared to 2019, the number of written individual requests for clarification on the application of legislation in the field of State aid halved (compared to 2018 – three times), taking into account the constant conduct of relevant consultations by the Committee's specialists and the most common questions and answers on State aid posted on the Committee's website.

This trend is positive, as it indicates a gradual increase in awareness of State aid grantors as a result of the Committee's outreach work, and also allows the Committee to focus on more complex and significant issues. In particular, such as identifying illegal State aid and recognizing such State aid as incompatible for competition. If in 2018 there were only 2 out of 185 such decisions, in 2019 – 13 out of 324, then in 2020 – 19 out of 216.

2. Currently, the statistics of notification submission by central executive authorities are quite low, as in previous years. Of the total number of notifications on State aid to undertakings received by the Committee during 2020, notifications from central executive authorities amounted to less than 10 % (in 2019 – 13 %). In addition, even in the case of sending relevant notifications, such a notification is sent, as a rule, after the adoption of a normative legal act, when it is too late to make any changes to such an act so that the State aid provided is compatible. In other words, the central executive authorities, which are the most significant grantors of State aid, do not fully fulfil their duty to submit notifications of State aid to undertakings. Consequently, the process of notification of State aid, which is planned to be provided to undertakings, requires significant improvement and control.

3. In 2020, the volume of aid under State aid schemes exceeded the volume of aid provided as individual State aid and amounted to 64% of the total amount of State aid provided. At the same time, it should be noted that there is still a tendency for State aid grantors to neglect the development of State aid schemes.

But, as the practice of EU Member States shows, the development of State aid schemes will help reduce the number of cases of unplanned and non-transparent individual State aid that require assessment and approval of their compliance. Generally, government aid schemes make it much easier to provide aid at both the central and regional/local levels. The development of State aid schemes, instead of individual measures, will increase the investment attractiveness of the country as a whole and its regions, provide legal certainty for recipients, equal and stable conditions of activity in the relevant markets, improve planning and transparency of state and local budget expenditures, as well as the publicity of such information.

4. When forming the annual budget of Ukraine, it is necessary for State aid grantors to comply with the requirements of part four of article 35 of the Budget code of Ukraine. At the same time, many State aid grantors do not comply with this requirement. Accordingly, that direction also required the attention of the Committee.

5. Most of the Committee's decisions in 2020, as in previous years, concerning support for municipal and state-owned enterprises – 88% of the total number of decisions on providing State aid. In 2019, the share of such decisions was about 84%.

It should be noted that the regulatory framework in the field of State aid, which operates in Ukraine, is the same for undertakings of all forms of ownership.

Interested parties have the opportunity to apply to the Committee with an application regarding illegal State aid and/or improper use of State aid. Special requirements for the content and procedure for processing such an application are

defined in the procedure for considering cases on State aid to undertakings, approved by Order No. 8-рп of the Antimonopoly Committee of Ukraine dated 12.04.2016.

6. To coordinate national legislation in the field of State aid with the EU acquis, it is necessary to further improve the regulatory framework and identify measures for State aid grantors that would encourage them to meet the requirements of legislation in the field of State aid.

Now it is extremely important to focus on improving the existing gaps in the practical application of European norms and rules for providing, monitoring and controlling State aid in Ukraine.

In 2020, specialists of the State aid Monitoring and Control Department of the Committee continuously participated in training courses organized by the SESAR project to deepen knowledge about State aid to ensure better application of EU State aid rules and develop new skills in evaluating notifications, conducting investigations, preparing decisions, etc.

At the same time, the Department of monitoring and control of State aid of the Committee carries out significant work in terms of advocacy of the system of monitoring and control of State aid, so that in general the situation of awareness of authorities and recipients in the field of State aid improves. Since this work is long-term and comprehensive, the Committee continues to raise the general level of awareness of grantors and society about the institution of State aid to undertakings.

Taking into account the analysis carried out and the practical work of the Committee during 2020, we can distinguish the following **priority areas requiring attention**

in 2021 on the way to becoming an effective system of State aid:

- making decisions following the law of Ukraine "On State aid to undertakings" based on the results of consideration of notifications and cases on new State aid;
- improving the regulatory framework for State aid;
- ensuring that the European Commission is informed about the provision of State aid in Ukraine following the requirements of the Association Agreement;
- providing explanations on the application of legislation in the field of State aid;
- taking measures to intensify the submission of State aid notifications and relevant reports by central executive authorities;
- advocacy of the State aid system in terms of developing State aid schemes by grantors;

- conducting various events to continuously raise awareness of State aid grantors and recipients.

List of annexes

Annex 1. The Committee's decision on the compatibility of State aid for competition, adopted in 2020.

Annex 2. The Committee's decision on the incompatibility of State aid for competition, adopted in 2020.

Annex 3. The amount of State aid provided by the type of economic activity (according to information provided by grantors) in 2019.

Annex 1
to the Report
(paragraph 1.2.)

Committee's decision on the compatibility of State aid for competition, adopted in 2020.

No . n/a	Name of the SA grantor	Name of the SA recipient	Region	SA start date	SA completion date	Committee decision number	Date of the Committee's decision	SA compatibility	SA amount, thousand UAH	Amount, thousand euros	Submission forms
1.	The Mykolaiv city Council	Municipal enterprise of the Mykolaiv City Council "Mykolaiv-electrotrans"	Mykolaiv Oblast	01.01.2020	31.12.2032	28-p	16.01.2020	Compatible State aid provided that obligations are fulfilled		20,000.00	Guarantees
2.	Ministry of Economic Development and Trade of Ukraine	State Enterprise "AVIAKON" (Konotop Aircraft Repair Plant)"	Sumy Oblast	09.06.2010	01.01.2025	29-p	16.01.2020	It will be compatible State aid after 02.08.2022, provided that changes are made to the terms of its provision and obligations are fulfilled			Fiscal measures

3.	Ministry of Economic Development and Trade of Ukraine	PJSC "Volchansky aggregate plant"	Kharkiv Oblast	09.06.2010	01.01.2025	30-p	16.01.2020	It will be compatible State aid after 02.08.2022, provided that changes are made to the terms of its provision and obligations are fulfilled			Fiscal measures
4.	Ministry of Economic Development and Trade of Ukraine	PJSC "Dnipropetrovsky aggregate plant"	Dnipropetrovsk region	09.06.2010	01.01.2025	31-p	16.01.2020	It will be compatible State aid after 02.08.2022, provided that changes are made to the terms of its provision and obligations are fulfilled			Fiscal measures
5.	Department of culture and tourism of the Belatserkva City Council	Municipal institution of the Bilotserkovsky City Council "Belotserkivsky City House of organ and chamber music"	Kyiv Oblast	01.01.2018	31.12.2022	25-p	16.01.2020	Compatible State aid	18,792.56		Subsidy, fiscal measures
6.	Department of culture of Lutsk City Council	Municipal enterprise "Lutsk zoo"	Volyn Oblast	01.01.2020	31.12.2021	43-p	23.01.2020	Compatible State aid	20,706.10		Subsidy, reduction of the tax rate

7%	Department of culture and tourism of the Donetsk regional state administration	Regional municipal enterprise "Center of cinematography and culture"	Donetsk Oblast	01.01.2020	31.12.2022	44-p	23.01.2020	Compatible State aid	17,878.20		Current transfers
8%	Sumy city Council	Undertakings engaged in support of theatre and concert events, functioning of theatre and concert halls, theatre and concert Activities	Sumy Oblast	01.01.2020	31.12.2020	46-p	23.01.2020	Compatible State aid provided that obligations are fulfilled			Fiscal measures
9%	Department of Labor and social protection of the population of Khmelnytskyi City Council; Department of Housing and municipal services of Khmelnytskyi City Council	Khmelnytskyi municipal enterprise "Electrotrans"	Khmelnytskyi Oblast	01.01.2016	31.12.2020	47-p	23.01.2020	Compatible State aid provided that obligations are fulfilled	744,415.70		Current transfers subsidy

10 %	Ministry of Economic Development and Trade of Ukraine	State Enterprise "Kharkiv machine-building plant "FED"	Kharkiv Oblast	09.06.2010	01.01.2025	65-p	30.01.2020	It will be compatible State aid after 02.08.2022, provided that changes are made to the terms of its provision and obligations are fulfilled			Fiscal measures
11	Kharkiv City Council	Municipal enterprise "Kharkiv Metro"	Kharkiv Oblast	20.04.2020	20.04.2043	107-p	06.02.2020	Compatible State aid provided that obligations are fulfilled		45,000	Guarantees
12.	Chernihiv City Council	Municipal enterprise "Chernihiv trolleybus department" of Chernihiv City Council	Chernihiv Oblast	01.10.2019	01.04.2041	108-p	06.02.2020	Compatible State aid provided that obligations are fulfilled		6,000	Guarantees
13	Ministry of Youth and Sports of Ukraine	Enterprise Association of citizens "Association "Media center of NKSIU"	The entire territory of Ukraine	01.01.2019	31.12.2020	111-p	06.02.2020	Compatible State aid provided that obligations are fulfilled	27,980.00		Current transfers subsidy
14	Fastiv City Council	Undertakings	Kyiv Oblast	01.01.2020	31.12.2020	112-p	06.02.2020	Compatible State aid provided that obligations are fulfilled			Fiscal measures

15	Department of Housing and municipal services of the executive Committee of the Poltava City Council	Municipal enterprise "Poltavaelectroavt otrans" of the Poltava City Council	Poltava Oblast	01.01.2018	31.12.2020	124-p	13.02.2020	Compatible State aid provided that obligations are fulfilled	254,418.50		Subsidy
16	Department of housing and municipal services of the Kherson City Council	Municipal Utility Company "Khersonteploenergo"	Kherson Oblast	01.01.2019	31.12.2020	131-p	20.02.2020	Compatible State aid provided that obligations are fulfilled	36,828.26		Fiscal measures
17 %	Executive Committee of the Lutsk City Council	ME "Lutsk enterprise of electrotransport"	Volyn Oblast	01.01.2016	31.12.2020	132-p	20.02.2020	Compatible State aid provided that obligations are fulfilled	258,556.00		Increase of the state share in the authorized capital of economic entities
18	Kharkiv City Council	Municipal enterprise "Trolleybus depot No. 3"	Kharkiv Oblast	20.04.2020	20.04.2043	133-p	20.02.2020	Compatible State aid provided that obligations are fulfilled		10,000	Guarantees
19	Department of Housing and municipal infrastructure of the executive body of the Kyiv City Council (Kyiv city state administration)	ME "Kyivteploenergo"	Kyiv city	01.01.2019	31.12.2019	156-p	05.03.2020	Compatible State aid provided that obligations are fulfilled	46,38.,00		Replenishment of the authorized capital, capital transfers

20	Kryvyi Rih city council	Legal entities and individuals	Dnipropetrovs k Oblast	01.01.2020	31.12.2020	160-p	11.03.2020	Compatible State aid provided that obligations are fulfilled			Fiscal measures
21	Sumy city Council	Management company that will be selected based on the results of the competition	Sumy Oblast	28.03.2019	31.12.2024	235-p	09.04.2020	Compatible State aid provided that obligations are fulfilled	180.00		Other form
22	Department of budget and finance of Kharkiv City Council	Economic entities	Kharkiv Oblast	01.03.2017		243-p	16.04.2020	Compatible State aid provided that obligations are fulfilled			Fiscal measures
23	Ministry of Economic Development and Trade of Ukraine	Antonov State Enterprise	Kyiv city	09.06.2010	01.01.2025	240-p	15.04.2020	It will be compatible State aid after 02.08.2022, provided that changes are made to the terms of its provision and obligations are fulfilled			Fiscal measures
24	Ministry of Economic Development and Trade of Ukraine	State Enterprise "Zaporizhzhia Machine-Building Design Bureau "Progress" named after academic A. G. Ivchenko	Zaporizhia Oblast	09.06.2010	01.01.2025	241-p	15.04.2020	It will be compatible State aid after 02.08.2022, provided that changes are made to the terms of its provision and obligations are fulfilled			Fiscal measures

25 %	Ministry of Economic Development and Trade of Ukraine	State Enterprise "Nikolaev aircraft repair plant "NARP"	Mykolaiv Oblast	09.06.2010	01.01.2025	257-p	23.04.2020	It will be compatible State aid after 02.08.2022, provided that changes are made to the terms of its provision and obligations are fulfilled			Fiscal measures
26	Department of Finance of the executive body of the Kyiv City Council (Kyiv city state administration)	ME "Kyivteploenergo"	Kyiv city	02.09.2019	31.12.2033	259-p	28.04.2020	Compatible State aid provided that obligations are fulfilled			Guarantees
27	Ternopil City Council	Municipal enterprise "Miskavtotrans" of the Ternopil City Council	Ternopil Oblast	01.01.2020	20.11.2032	269-p	30.04.2020	Compatible State aid provided that obligations are fulfilled		2,000.00	Guarantees
28	Department of Housing and municipal services of the Belotserkivsky City Council	Municipal enterprise of the Belotserkivsky City Council "Bilotserkva-heating network"	Kyiv Oblast	01.11.2019	31.12.2020	277-p	07.05.2020	Compatible State aid provided that obligations are fulfilled		275.00	Guarantees

29	Department of transport and communications of the Executive Committee of Kryvyi Rih City Council	Municipal Enterprise "Center for electronic payments" of Kryvyi Rih City Council	Dnipropetrovs k Oblast	01.01.2016	31.12.2020	295-p	14.05.2020	Compatible State aid provided that obligations are fulfilled	45,057.78		Other form, current transfers
30 %	Department of information and internal policy of Donetsk regional state administration	Municipal enterprise "Regional TV and radio company "Region – Donbas"	Donetsk Oblast	01.01.2020	31.12.2020	297-p	14.05.2020	Compatible State aid provided that obligations are fulfilled	10,809.08		Subsidy
31	Kharkiv City Council	Municipal enterprise "Kharkiv Metro"	Kharkiv Oblast	20.10.2019	30.10.2035	320-p	21.05.2020	Compatible State aid provided that obligations are fulfilled		80,000.00	Guarantees
32	Executive Committee of the Mykolaiv City Council	Municipal enterprise of the Mykolaiv City Council "Mykolaiv-electrotrans"	Mykolaiv Oblast	01.01.2020	31.12.2022	321-p	21.05.2020	Compatible State aid provided that obligations are fulfilled	742,787		Current transfers increase of the state share in the authorized capital of undertakings

33	Ministry of Economic Development, Trade and Agriculture of Ukraine	State Enterprise "Production Association Southern machine-building plant named after O.M. Makarov"	Dnipropetrovs k Oblast	09.06.2010	01.01.2025	330-p	28.05.2020	It will be compatible State aid after 02.08.2022, provided that changes are made to the terms of its provision and obligations are fulfilled			Fiscal measures
34	Ministry of Economic Development, Trade and Agriculture of Ukraine	State enterprise "Civil Aviation Plant 410"	Kyiv city	09.06.2010	01.01.2025	331-p	28.05.2020	It will be compatible State aid after 02.08.2022, provided that changes are made to the terms of its provision and obligations are fulfilled			Fiscal measures
35	Department of economic development, trade, housing and municipal services and infrastructure of the Balakliya district state administration	ME "Grocery Motor Transport Enterprise"	Kharkiv Oblast	01.01.2020	31.12.2020	337-p	03.06.2020	Compatible State aid provided that obligations are fulfilled	22,260		Other form

36	Department of municipal property of Kyiv of the executive body of the Kyiv City Council (Kyiv city state administration)	Municipal enterprise "Kyivzhilspets-operation"	Kyiv city	01.01.2019	31.12.2021	339-p	03.06.2020	Compatible State aid provided that obligations are fulfilled			Current and capital transfers
37	Department of transport support and communications of Zaporizhia City Council	Zaporozhye municipal enterprise of urban electrotransports "Zaporizhelectrotrans"	Zaporizhia Oblast	01.01.2019	30.09.2020	376-p	18.06.2020	Compatible State aid provided that obligations are fulfilled	90,179		Capital transfers
38	Cherkasy City Council	Legal entities and individuals	Cherkasy Oblast	01.01.2020		377-p	18.06.2020	Compatible State aid provided that obligations are fulfilled			Fiscal measures
39	Cherkasy City Council	Legal entities	Cherkasy Oblast	01.01.2020		378-p	18.06.2020	It will be compatible as a result of amending			Fiscal measures
40 %	State administration of affairs	State Enterprise "National Cultural, Art and Museum Complex "Mystetskyi Arsenal"	Kyiv city	01.01.2020	31.12.2022	380-p	23.06.2020	Compatible State aid	108,460		Subsidy

41	Bilotserkva City Council	Municipal enterprise of the Belotserkivsky City Council "Bilotserkva-heating network"	Kyiv Oblast	09.12.2019	31.12.2023	422-p	03.07.2020	Compatible State aid provided that obligations are fulfilled	307,527		Current and capital transfers
42	Department of social protection of the population of the Slovyansk City Council	Municipal enterprise "Slovyansk trolleybus Department" of the Slovyansk City Council	Donetsk Oblast	01.01.2020	31.12.2024	423-p	03.07.2020	Compatible State aid provided that obligations are fulfilled	75,000.00		Current transfers subsidy
43	Cherkasy City Council	Legal entities and individuals	Cherkasy Oblast	01.01.2020		424-p	03.07.2020	Compatible State aid provided that obligations are fulfilled			Fiscal measures
44	Executive Committee of the Lutsk City Council	ME "Lutsk enterprise of electric transport"	Volyn Oblast	26.02.2020	31.12.2024	433-p	10.07.2020	Compatible State aid provided that obligations are fulfilled	935,870.00		Increase of the state share in the authorized capital of undertakings
45	Horishne-plavniivsky City Council of the Poltava region	Municipal production enterprise "Teploenergo" of Horishni Plavni"	Poltava Oblast	17.04.2018	01.06.2027	438-p	17.07.2020	Compatible State aid provided that obligations are fulfilled		5,000.00	Guarantees

46	Municipal Property Department of the Energodar City Council	Municipal Enterprise "City dairy kitchen" of Energodar City Council	Zaporizhia Oblast	01.01.2020	31.12.2021	467-p	30.07.2020	Compatible State aid provided that obligations are fulfilled	9,377.30		Subsidy
47	Municipal Property Department of the Energodar City Council	Municipal Enterprise "City dairy kitchen" of Energodar City Council	Zaporizhia Oblast	01.01.2019	31.12.2019	466-p	30.07.2020	Compatible State aid provided that obligations are fulfilled	4,142.53		Current transfers
48	Executive Committee of Lymansky City Council	Municipal enterprise "Lymansky service of a single customer"; Municipal enterprise "Lymansky Zelenobud"	Donetsk Oblast	01.01.2018	31.12.2020	469-p	30.07.2020	Compatible State aid provided that obligations are fulfilled	8,673.75		Current and capital transfers
49	Department of social protection of the population of Donetsk regional state administration	Municipal enterprise "Regional Children's and youth Sanatorium and Health Complex "Perlyna Donechchiny"	Donetsk Oblast	08.02.2019	31.12.2020	494-p	06.08.2020	Compatible State aid provided that obligations are fulfilled	14,185.66		Current transfers

50 (%)	Ministry of Economic Development, Trade and Agriculture of Ukraine	State Enterprise "Kharkiv Aggregate Design Bureau"	Kharkiv Oblast	09.06.2010	01.01.2025	563-p	28.08.2020	It will be compatible State aid after 02.08.2022, provided that changes are made to the terms of its provision and obligations are fulfilled			Fiscal measures
51	Department of Housing and municipal services of Khmelnytsky City Council	Khmelnytsky municipal enterprise "Spetskommuntrans"	Khmelnytskyi Oblast	01.06.2020	01.06.2033	573-p	03.09.2020	Compatible State aid provided that obligations are fulfilled		28,500.00	Guarantees
52	Dnipro City Council	Municipal enterprise "Dnipro energy service company" of the Dnipro City Council	Dnipropetrovsk Oblast	01.01.2019	31.12.2020	574-p	03.09.2020	Compatible State aid provided that obligations are fulfilled	7,014.50		Other form
53	Department of Culture, Sports and tourism of the Horishneplavniivsky City Council of the Poltava region	Municipal Enterprise "City Palace of culture and creativity"	Poltava Oblast	01.01.2020	31.12.2022	572-p	03.09.2020	Compatible State aid	44,385.93		Subsidy, increase of the state share in the authorized capital of economic entities

54 %	Ministry of Economic Development, Trade and Agriculture of Ukraine	Private Joint Stock Company "FED"	Kharkiv Oblast	09.06.2010	01.01.2025	584-p	10.09.2020	It will be compatible State aid after 02.08.2022, provided that changes are made to the terms of its provision and obligations are fulfilled			Fiscal measures
55	The Department for culture, family, youth, sports and tourism of the Kharkiv city Council	municipal enterprise "Druzhkivsky city park of culture and recreation" Druzhkivsky city Council	Donetsk Oblast	01.01.2021	31.12.2021	590-p	17.09.2020	Compatible State aid	6,535.00		Subsidy
56	Department of transport and communications of Zhytomyr City Council	Municipal enterprise "Zhytomyr tram and trolleybus department " of the Zhytomyr City Council"	Zhytomyr Oblast	01.01.2020	31.12.2022	607-p	24.09.2020	Compatible State aid provided that obligations are fulfilled	618,786.00		Replenishment of the authorized capital
57	Zakarpattia regional Council	Zakarpattia regional municipal enterprise "Uzhgorod international airport"	Zakarpattia Oblast	01.01.2020	31.12.2020	616-p	01.10.2020	Compatible State aid	6,329.00		Increase of the state share in the authorized capital of undertakings

58	Department for the implementation of the policy of the Lysychansk City Council in the field of housing and municipal services	Municipal enterprise of the Lysychansk City Council "Electroavtotrans"	Luhansk Oblast	01.01.2020	31.12.2020	617-p	01.10.2020	Compatible State aid provided that obligations are fulfilled	34,890.90		Subsidy
59	Department of Housing and municipal services	Municipal Motor Transport Enterprise 1628	Poltava Oblast	01.01.2020	31.12.2020	631-p	08.10.2020	Compatible State aid provided that obligations are fulfilled	8,450.00		Subsidy
60 %	Department of energy, transport and communications of Vinnytsia City Council	Municipal enterprise "Vinnytsia Airport"	Vinnytsia Oblast	01.08.2020	31.12.2024	633-p	08.10.2020	Compatible State aid	120,086.20		Subsidy, increase of the state share in the authorized capital of undertakings
61	Department of urban economy of Uzhgorod City Council	Avangard Stadium Municipal enterprise	Zakarpattia Oblast	01.01.2018	31.12.2020	637-p	15.10.2020	Compatible State aid provided that obligations are fulfilled	7,309.82		Other form

62	Executive Committee of the Vinnytsia City Council	Municipal enterprise "Vinnytsia-kartservice"	Vinnytsia Oblast	01.01.2020	31.12.2022	638-p	15.10.2020	Compatible State aid provided that obligations are fulfilled	19,723.68		Other form
63	Department of transport, road infrastructure and communications of the Kherson City Council	Municipal Utility Company "Khersonelectrotrans"	Kherson Oblast	01.07.2020	30.06.2032	639-p	15.10.2020	Compatible State aid provided that obligations are fulfilled		10,000.00	Guarantees
64	Bobrovytsk City Council of Bobrovytsk District of Chernihiv Oblast	Municipal enterprise "Miskdobrobut", a subsidiary of "Miskdobrobut - blagoustrii"	Chernihiv Oblast	01.01.2018	31.12.2020	674-p	28.10.2020	Compatible State aid provided that obligations are fulfilled	7,192.00		Capital transfers
65	Department of Health Protection of Cherkasy regional state administration	Municipal non-profit enterprise "Cherkasy Regional Dental Clinic of Cherkasy Regional Council"	Cherkasy Oblast	01.04.2020	31.12.2022	675-p	28.10.2020	It will be compatible as a result of amending			Current and capital transfers
66	Department of innovative development of Dnipro City Council	Municipal enterprise "Dnipro municipal energy service company"	Dnipropetrovsk Oblast	11.10.2017	31.12.2021	693-p	12.11.2020	Compatible State aid			Other form

67	Department of culture of Pavlograd City Council	Municipal institution "Pavlograd drama theater named after B.Y. Zakhava"	Dnipropetrovsk Oblast	01.01.2021	31.12.2025	724-p	19.11.2020	Compatible State aid	25,500.00		Current transfers and subsidiaries
68	Ministry of infrastructure of Ukraine	JSC "Ukrposhta"	The entire territory of Ukraine	01.07.2020	31.12.2040	741-p	26.11.2020	Compatible State aid	1,407,687.60		Guarantees
69	Zaporizhia city Council	Zaporizhia municipal enterprise of the city electric transport port "Zaporizhelectrotrans"	Zaporizhia Oblast	01.10.2020	31.12.2041	759-p	03.12.2020	Compatible State aid provided that obligations are fulfilled	65,040.00	10,840.00	Guarantees, capital transfers
70 %	Kryvyi Rih city council	Municipal Enterprise "High-speed tram"	Dnipropetrovsk Oblast	15.10.2020	14.10.2033	785-p	17.12.2020	Compatible State aid provided that obligations are fulfilled		27,000.00	Guarantees
71	Pension fund of Ukraine	JSC "Ukrposhta"	, Kyiv	22.02.2019	22.05.2019	786-p	17.12.2020	Compatible State aid provided that obligations are fulfilled	500,000.00		Dotation
72	Department of administrative services and consumer market of Kharkiv City Council	Municipal Enterprise "City trade market"	Kharkiv Oblast	01.01.2020	31.12.2020	839-p	29.12.2020	It will be acceptable if the obligations are fulfilled	109,837.06		Other form

73	Ministry of infrastructure of Ukraine	JSC "Ukrposhta"	The entire territory of Ukraine	01.07.2020	31.12.2027	840-p	29.12.2020	Compatible State aid	397,424.31		Guarantees
74	Kryvyi Rih city council	Legal entities and individuals	Dnipropetrovsk Oblast	01.01.2021	31.12.2021	838-p	29.12.2020	Compatible State aid provided that obligations are fulfilled			Fiscal measures

**Annex 2
to the Report**
(paragraph 1.2.)

The Committee's decision on the incompatibility of State aid for competition, adopted in 2020

No. n/a	Name of the SA grantor	Name of the SA recipient	Region	SA start date	SA completion date	Committee decision number	Date of the Committee's decision	SA amount, thousand UAH	Submission forms
1.	Darnytskyi District State Administration in Kyiv (KCSA)	Municipal enterprise "Poznyaki-invest-UKB of the Darnytskyi District of Kyiv"	Kyiv city	01.01.2019	31.12.2019	20-p	14.01.2020	Undefined	Subsidy
2.	Department of Ecology and natural resources of the executive body of the Kyiv City Council (KCSA)	Department of industry and entrepreneurship development of the executive body of the Kyiv City Council	Kyiv city	01.01.2019	31.12.2021	34-p	16.01.2020	5,300.00	Subsidy
3.	Department of education and science of the executive body of the Kyiv City Council (Kyiv City State Administration)	Municipal enterprise for operation and repair of housing stock "ZHITLO-SERVICE"	Kyiv city	20.12.2018	31.12.2020	109-p	06.02.2020	Undefined	Capital transfers
4.	Department of transport infrastructure of the executive body of the Kyiv City Council (Kyiv City State Administration)	Municipal Enterprise "Directorate of construction of road transport structures in Kyiv"	Kyiv city	01.01.2019	31.12.2023	125-p	13.02.2020	129,342.00	Capital expenditures
5.	Department of housing and municipal infrastructure of the executive body of the Kyiv City Council (Kyiv City State Administration)	Municipal enterprise "Kyivzhilspetsexpluatatsiya"	Kyiv city	01.01.2019	31.12.2020	150-p	27.02.2020	Undefined	Capital transfers

Continuation of Annex 2

6.	Sumy city Council	Management company that will be selected based on the results of the competition	Sumy Oblast	28.03.2019	31.12.2024	235-p	09.04.2020	300.00	Other form, fiscal measures
7%	Department of budget and finance of Kharkiv City Council	Economic entities	Kharkiv Oblast	01.03.2017		243-p	16.04.2020	Undefined	Fiscal measures
8%	Department of Housing and municipal infrastructure of the executive body of the Kyiv City Council (Kyiv City State Administration)	Municipal Enterprise "Directorate for capital construction and reconstruction "Kyivstroyrekonstruktsiya" of the executive body of the Kyiv City Council (Kyiv City State Administration)	Kyiv city	01.01.2019	31.12.2019	244-p	16.04.2020	Undefined	Capital transfers
9%	Department of infrastructure development of the city of the Executive Committee of the Kryvyi Rih City Council	Municipal enterprise "Sanserivs" of Kryvyi Rih City Council	Dnipropetrovsk Oblast	01.01.2020	31.12.2024	278-p	12.05.2020	89,114.46	Capital transfers
10 %	Solomenskay district in the city of Kyiv state administration	Municipal enterprise "Solomianka-Service" of the Solomianka District State Administration in Kiev	Kyiv city	01.01.2020	31.12.2020	298-p	14.05.2020	Undefined	Capital transfers
11	Lutsk City Council	Municipal enterprise "Lutskreklama"	Volyn Oblast	26.01.2012		323-p	21.05.2020	Undefined	Other form
12.	Department of municipal property of Kyiv executive body of the Kyiv City Council (Kyiv City State Administration)	Municipal enterprise "Kyivzhilspetsexploatatsiya"	Kyiv city	01.01.2019	31.12.2021	339-p	03.06.2020	Undefined	Current and capital transfers
13	Zakarpattia regional Council	Zakarpattia regional municipal enterprise "Uzhgorod international airport"	Zakarpattia Oblast	01.01.2019	31.12.2019	414-p	24.06.2020	9,000.00	Increase in the authorized capital

Continuation of Annex 2

14	Cherkasy City Council	Legal entities and individuals	Cherkasy Oblast	01.01.2020		424-p	03.07.2020	Undefined	Fiscal measures, provision of tax incentives, reduction of the tax rate
15	Executive Committee of Lymansky City Council	Municipal enterprise "Lymansky service of a single customer"; Municipal enterprise "Lymansky "Zelenbud"	Donetsk Oblast	01.01.2018	31.12.2020	469-p	30.07.2020	639.53	Current and capital transfers
16	Department of Ecology and natural resources of the executive body of the Kyiv City Council (KCSA)	Municipal enterprise for maintenance and operation of special-purpose housing stock "Spetszhilfond"	Kyiv city	01.01.2020	31.12.2020	549-p	20.08.2020	Undefined	Subsidy
17 %	Department of health of the Executive body of the Kyiv city Council (Kyiv city state administration)	Municipal enterprise for the construction of residential buildings "Zhitloinvestbud-UKB"; Municipal enterprise "engineering center" of the executive body of the Kyiv City Council (Kyiv city state administration)	Kyiv city	01.01.2020	31.12.2020	694-p	12.11.2020	Undefined	Capital transfers
18	Department of Ecology and natural resources of the executive body of the Kyiv City Council (KCSA)	Municipal Enterprise "Directorate for capital construction and reconstruction "Kyivstroyrekonstruktsiya" of the executive body of the Kyiv City Council (Kyiv City State Administration)	Kyiv city	01.01.2020	31.12.2020	784-p	17.12.2020	Undefined	Subsidy

Continuation of Annex 2

19	Department of housing and public utility services of the Bila Tserkva City Council	Municipal enterprise of the Belotserkovsky City Council "Special plant for the provision of funeral services"	Kyiv Oblast	01.01.2020	31.12.2021	801-p	22.12.2020	4,400.00	Current transfers
----	--	--	-------------	------------	------------	-------	------------	----------	-------------------

Amount of State aid provided by type of economic activity
(based on information provided by grantors) in 2020

Types of economic activity	Amount, mln UAH
Mining of hard and brown coal	5,304.09
Land and pipeline transport	2,853.00
Other	667.25
Activities in the field of creativity, art and entertainment	550.55
Activities in the field of sports, recreation	252.12
Air transport	217.96
Other professional, scientific and technical activities	203.54
Maintenance of homes and territories	168.06
Administrative and auxiliary office activities	70.69
Building construction	40.58
Other sports activities	26.31
Production of motor vehicles, trailers and semi-trailers	23.68
Food production	19.69
Production of electrical equipment	19.14
Production of films and videos, television schemes, and sound recordings	17.30
Production of computers, electronic and optical products	16.51
Functioning of libraries, archives, museums and other cultural institutions	16.39
Waste collection, treatment and disposal	6.04
Construction of structures	3.31
Production of rubber and plastic products	2.97
Production of other products	2.68
Activities in the field of radio and television broadcasting	2.26

Production of other non-metallic mineral products	2.26
Manufacture of wearing apparel	2.02
Manufacture of finished metal products, other than machinery and equipment	1.96
Furniture production	1.86
Food and beverage supply activities	1.54
Veterinary activity	1.49
Other waste management activities	1.39
Publishing activities	0.77
Production of machinery and equipment	0.52
Beverage production	0.48
Water intake, treatment and delivery	0.47
Production of paper and paper products	0.41
Retail trade, other than trade in motor vehicles and motorcycles	0.38
Production of other non-metallic mineral products	0.16
Provision of other individual services	0.12
Wholesale and retail trade in motor vehicles and motorcycles, their repair	0.09
Production of leather, products made of leather and other materials	0.06
Agriculture, hunting and related services	0.06
Health protection	0.05
Employment activities	0.03
The work of the security services and investigation	0.02
Temporary placement	0.01
Specialized construction works	0.01
Providing social aid without providing accommodation	0.01