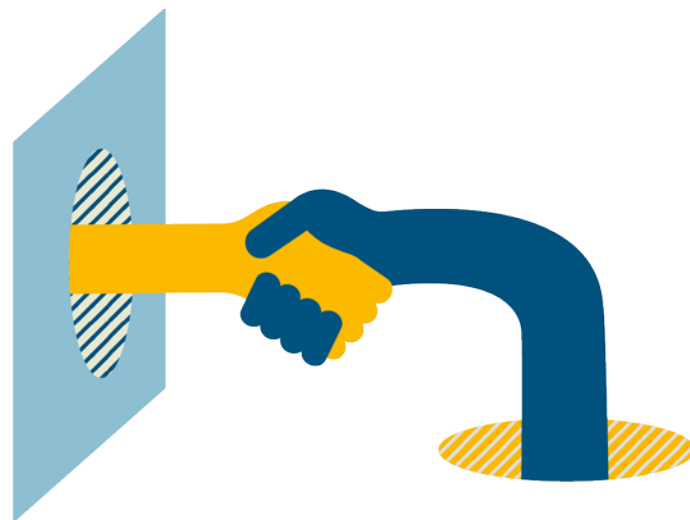


Programme Strategies to deal with State aid

14 June 2017 | Sliema, Malta

 @InteractEU

Przemysław Kniaziuk, Interact Programme



Ruling out State aid at the start

A few programmes ban State aid at project development or approval stages, impose conditions such as:

- **No activities potentially relevant to the market**
- **No private partners**
- **Public procurements**
- **Open access to outputs and results, open source software, services open to everyone, etc**
- **...**



Ruling out State aid at the start

Consider:

- **Often very relevant project activities are banned**
- **Difficulties meeting programme goals**
- **Ruling out State aid requires project assessments and monitoring if conditions are met**
- **Works for some programmes not for others**



Applying *de minimis*

Eg.,

- **To all private partners**
- **To all partners with activities that could potentially be economic**
- **To all work packages that could potentially be economic**
- **To all suspicious cases OR selective, following a thorough assessment**
- **With or without help of external experts**



Applying *de minimis*

Consider:

- Overuse of *de minimis* can close the door for *de minimis* from other sources
- Key partners in Interreg projects often require more funding than 200.000 EUR allowed under *de minimis*
- Some partners cannot be funded at all because they had already reached the *de minimis* limit
- Some projects cannot be implemented at all under *de minimis*



Applying *de minimis*

New *de minimis* regulation has made it explicit that *de minimis* applies 'per Member State'*

The following is possible:

- **Countries (of eg., MA, Lead Partner) providing *de minimis* to undertakings in other countries**
- **Undertakings receiving part of *de minimis* from country A and another part from country B**
- **Programme using this new rule to support good projects even if it means adding *de minimis* from different countries (eg to a total of EUR 1.200.000).**

* Regulation (EU) 1407/2013 of 18 December 2013; Art 3(2) and recital 3



Applying the GBER*

- **Rare practice in 2007-2013, mostly research and development GBER category, much more frequent in this period**
- **Requires familiarity with the GBER + scheme**
- **Can lead to mosaics of funding (different co-financing rates for different partners and activities within the same project)**

* General Block Exemption Regulation: Council Regulation No 651/2014 of 17 June 2014



Notifying State aid to DG COMP

- **Rare practice in Interreg**
- **Lengthy process**
- **Requires committed national State aid experts**
- **Leads to high certainty if approved by DG Competition**



More information

- **State aid working group: a cooperation of Interreg programmes and State aid experts**
- **Interact State aid Q&A: Based on cooperation of ETC programmes and State aid experts**
- **Interact State aid online forum: State aid concepts, tools, practices and experiences of Interreg programmes**



Programme case studies using the example of the Managing Authority Hauts-de-France

**Petra Geitner & Ilaria Piazza, Interreg Europe Programme
Przemysław Kniaziuk, Interact Programme**





MA of Investment for Growth and Jobs programme

3 ETC programmes



Urban Innovative Action



North-West Europe Programme

- **About 80% of the projects involve some state aid relevant activities of some partners**
- **It is the response of the programme to the EU2020 Strategy (Innovation objective, economic activities, private companies as partners and final beneficiaries)**
- **Infrastructures financed (sometimes commercial purpose)**
- **The strategy behind – project officers + contact points trained several times, topic discussed by PPG and MC, MS state aid experts' group, state aid plans submitted, activities assessed at the development level**



Direct state aid + indirect state aid

- **Multiple de minimis (6*EUR 200k) = EUR 1,2m**
- **2 GBER schemes used**
 - **S.A. 40646 for Article 20**
 - **S.A. 45348 for Article 25, 26, 27... (12 in total)**
- **Article 25 (R&D&I) the most popular**
- **Easy to implement because the maximum intensity rates similar to programme co-financing rate (60%)**
- **But eg. large companies max. intensity at 40% only**
- **Indirect state aid in voucher schemes and trainings – the system similar to Interreg Europe**



Challenges

- **Reporting on GBER still being developed, provisional TAM, reporting in SARI should be done by the programme, not the high levels of administration.**
- **State aid relevancy assessment consists of having different information**
- **In borderline cases, the opinion whether activity is economic or not, whether it interferes with the internal market or not very subjective -> audits should take it into account.**



Interreg Europe

Phase 1

- **Activities focused on exchange of experience = not state aid relevant**
- **Assessment project applications by JS**
- **Remove state aid activity if project approved**

Phase 2

- **Possible in pilot actions**
- **First cases from 2018, up to 80K€ max,**
- **Only de minimis (self-declaration)**
- **maybe 3 to 4 cases?**
- **Assessment by JS, MC decision**
- **Indirect state aid = more likely (project partner to comply with monitoring obligations e.g. collect self-declaration)**

Only de minimis!

- **Art. 20 GBER not feasible**
- **SME definition**
- **Interreg Europe co-financing rates 75-85% + some PS granting public national co-financing**
- **50% applied to the total partner budget**



Different co-financing rates phase1/phase 2 not possible

Can be more convenient to finance outside the project!



Country providing de minimis

Discussion in MC Malta (March 2017)

- **Multiple de minimis (in theory: 28EU-MS*200K€)**
- + **Equal treatment, financial flexibility**
- **Registration in central registers (where exists)?**
- **Contractual link only with MA**



Country providing de minimis

Discussion in MC Malta (March 2017)

- **MS where the beneficiary is located**
 - + **Equal treatment, easier follow up**
 - **Contractual link only with MA**
- **MA country (France)**
 - + **Easier follow up**
 - + **contractual link with MA already existing**
 - **Unfair for FR partners (1*200K€)**
 - > **Preferred option by majority of MS**



State aid follow-up

- **State aid checks in programme FLC checklist**
- **FLC to check that**
 - state aid relevant activities are implemented as approved
 - no other state aid cases



Challenges

**Very low state aid risk BUT
complete expertise & procedures & training
to be put in place on JS/project/FLC level**



**Administrative burden + cost vs actual state aid risk /
impact on market?**



Proportionality?



Future

Cooperation = genuine European interest

Programme logic + several MS deciding (all EU-28 for Interreg Europe!) = mechanism to prevent one MS to grant aid to one undertaking with risk of real market distortion



European Aid ≠ State aid

- > More like Horizon 2020 + UIA?**
- > General exemption for ETC?**

