



The General Block Exemption Regulation 2014-2020 (GBER)

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** The information and views of this presentation are those of the speaker and do not necessarily reflect the official position of the EU Commission*

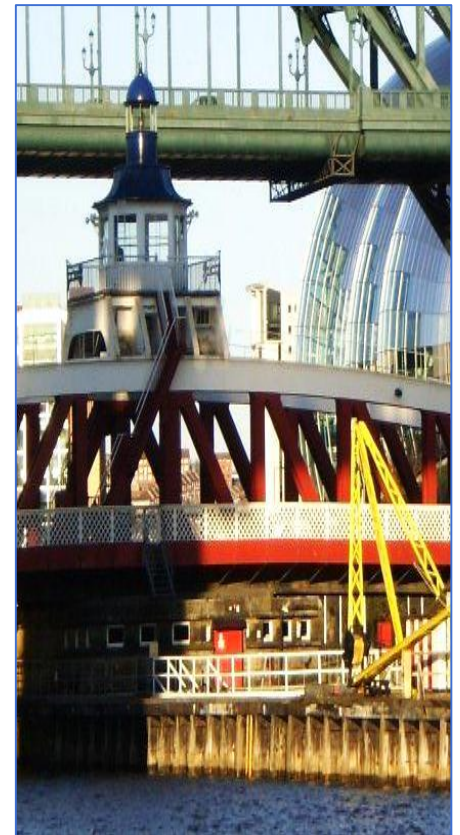
Context

State Aid Modernisation: a review of the State aid rules with aim of:

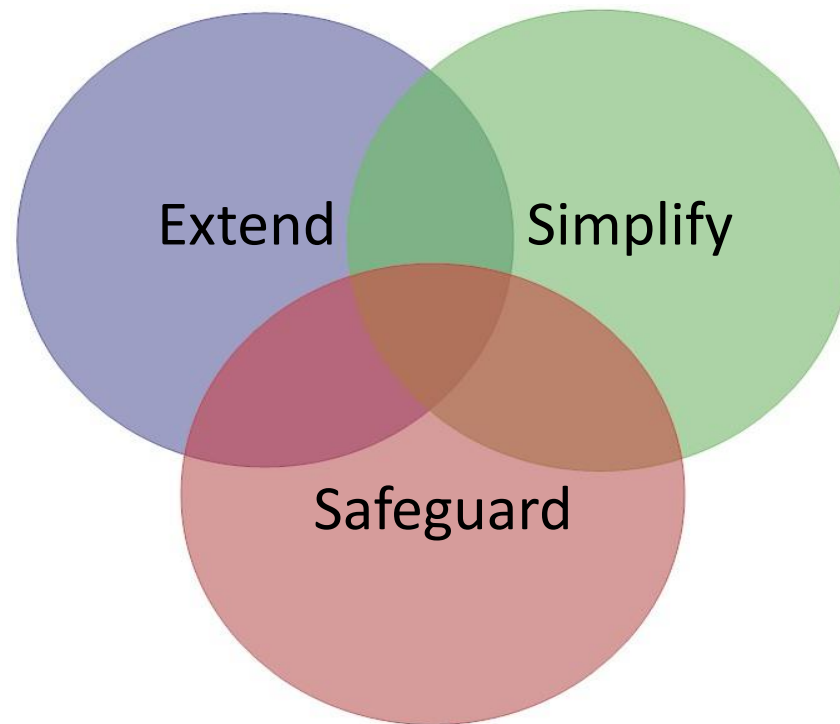
- Fostering growth in a strengthened, dynamic and competitive internal market
- Focussing enforcement on the cases with the biggest impact on the internal market and
- Streamlining the rules and enabling faster decisions

The GBER 2014-2020

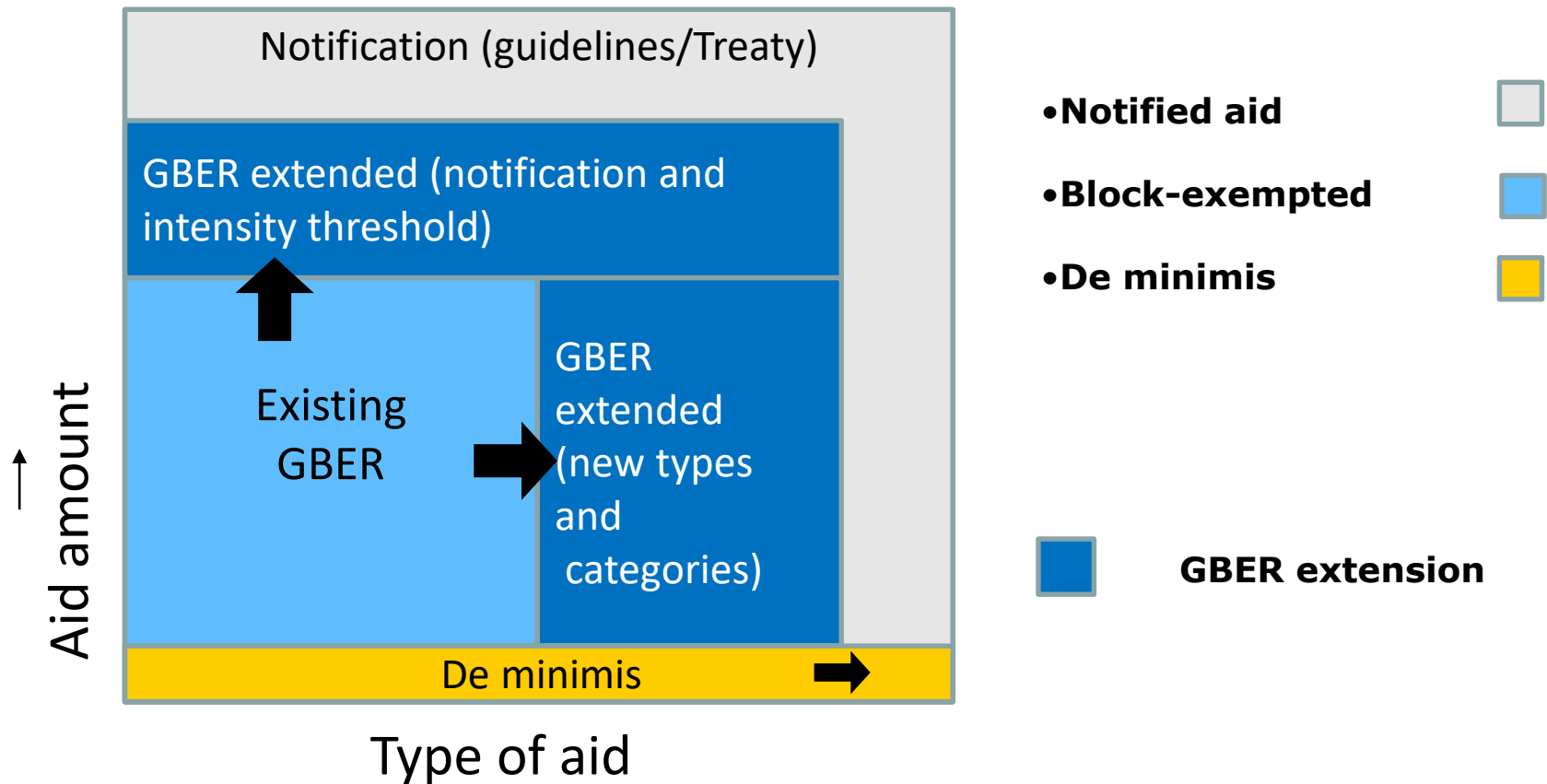
- The GBER 2014-2020 is a set of 45 exemptions that can be used to provide effective and compliant State aid.
- Aid under GBER can be provided without prior approval from the Commission.
- To use the GBER, the granting body must publish a scheme on the internet and complete an online form which goes to the Commission.



Reasoning: Interdependent Features



Extend

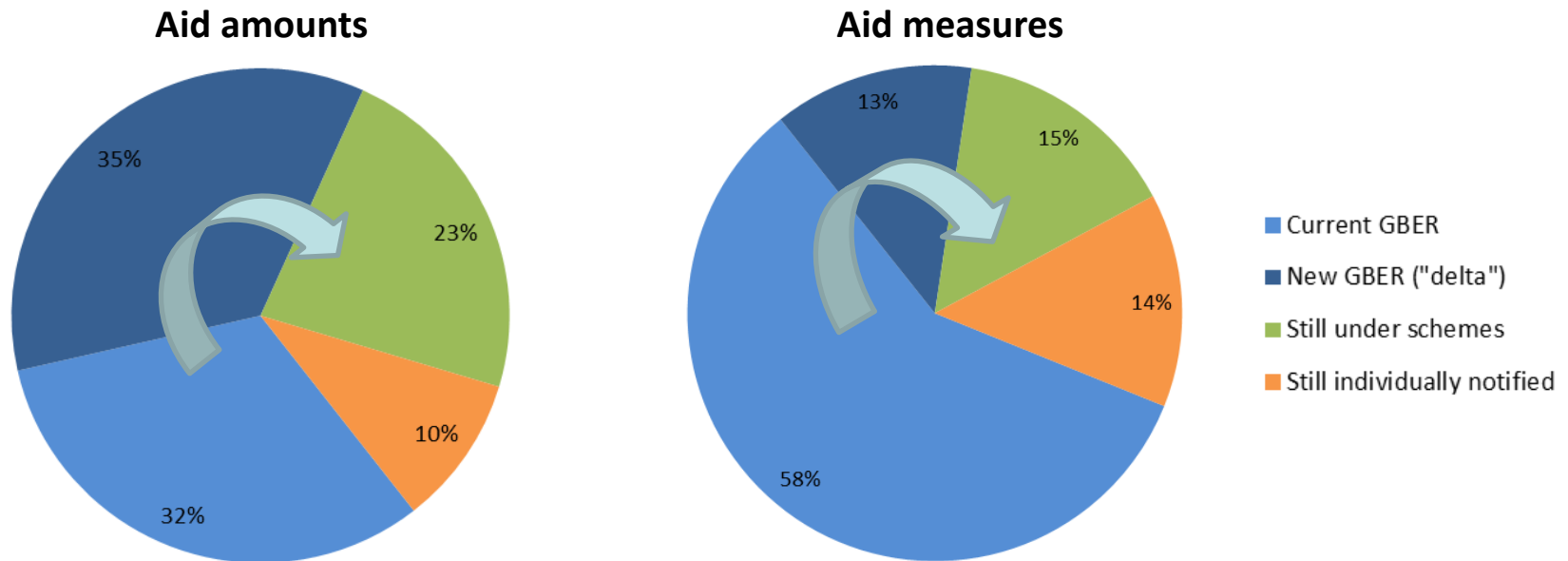


New Aid Categories

- New block exemption includes:
 - Aid to make good the damage caused by certain natural disasters
 - Social aid for passenger transport
 - Aid for broadband infrastructures
 - Aid for culture and heritage conservation
 - Aid for audio-visual works
 - Aid for sport and multifunctional recreational infrastructures
 - Aid for innovation clusters
 - Aid for process or organisational innovation
 - Research infrastructures
 - Aid for local infrastructure

Extend

- Between 2014 and 2020, it is estimated that 90% of aid amounts and 75% of aid measures are currently exempted under the new GBER.



Data: analysis based on aid amounts awarded in 2012, aid measures notified/block-exempted in 2012

Simplify

- A significant number of rules have been **simplified or clarified**
- During four consultations, Member States have provided feedback on areas of difficulty.
- In **2017** the Commission has **revised** parts of the document to address these.
- For example, we have simplified the **regional operating aid provisions**.

Safeguards

- State aid is only exempted under GBER where **all compatibility conditions are met.**
- There will be more **ex-post checks by the Commission.**
- Member States should have appropriate processes in place to **administer the GBER.**
- The Commission **may suspend or withdraw the GBER** where non-compliance is identified.

General Provisions (Articles 1-12 and 57-58)

When GBER applies

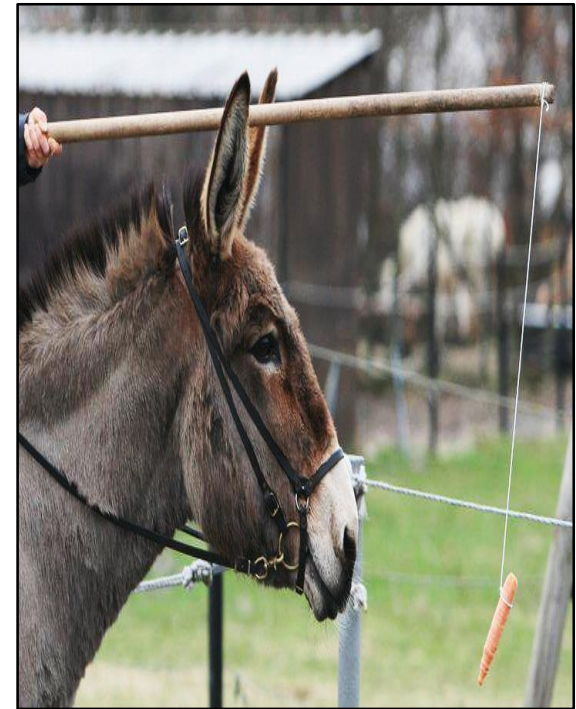
- Certain types of aid **excluded** in Article 1, such as:
 - Aid for export related activity
 - Some aid measures to the fishery and aquaculture sector – **but possible for OR**
 - Some aid measures in the primary agricultural production sector - **but possible for OR**
 - Aid to facilitate the closure of uncompetitive coal mines
 - Aid to undertakings in difficulty - **but possible for OR**
- **Notification thresholds** – GBER covers aid up to the levels set out in Article 4 – above => notification.
- Aid must be **transparent** : it is possible to calculate precisely the GGE of the aid ex ante

Incentive Effect

State aid should encourage the beneficiary to undertake an activity in the common interest.

SMEs + LEs aid under schemes - incentive effect present **if they have not started the activity before applying for the aid.**

In case of ad hoc aid to large enterprises – additional documentation needed.



Transparency

- **Publication of information** on a Member State / regional website
- Information on each scheme as well as individual aid awards **above €500,000** (special rules for tax schemes)
- Information must be published **within 6 months** from the date the aid was granted (for tax schemes - within 1 year from the date declaration is due)



Evaluation

- Concerns aid schemes in some aid categories (regional, SMEs, R&D&I, environment and broadband), with an **average annual budget over €150 million**
- These schemes are covered by the GBER for an **initial period of 6 months**
- Can be extended by the Commission upon **approval on an evaluation plan** (describing e.g. scope of evaluation, result indicators, methods and timeline)



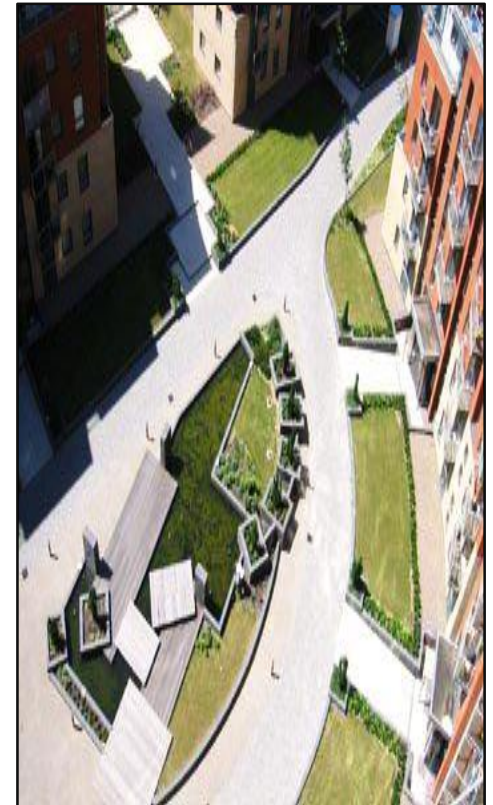
Specific Provisions (Articles 13-56)

Regional Aid



Regional Aid

- Aim: to encourage investment into Assisted Areas (as listed in the national Regional Aid map)
- Regional Investment Aid (Article 14)
- Most common form of aid under GBER
- Allows for State aid to cover the costs of (i) investments in assets and/or (ii) wages for newly created jobs
- Regional Operating Aid (Article 15)



Regional urban development aid (art.16)

Aid for urban development projects in assisted regions when:

- implemented via **urban development funds**
- **co-financed** by the European Structural and Investment Funds
- Based on an **integrated sustainable urban development strategy**
- Total investment **below EUR 20 million per project**

Aid to SMEs



Aid to SMEs

- Investment Aid
 - ✓ EUR 7.5 million per undertaking per project:
 - ✓ aid intensity: 20% for SEs and 10% for MEs
 - ✓ eligible costs cover costs of investment in tangible and intangible assets and estimated wage costs of employment created directly by the investment for two years
- Aid for consultancy in favour of SMEs:
 - ✓ up to EUR 2 million per undertaking per project; intensity 50%
- Aid for Participation in Fairs:
 - ✓ up to EUR 2 million per undertaking per year with aid intensity of 50%

Aid for SMEs' cooperation costs linked to ETC projects

- eligible costs:
 - ✓ organisational cooperation, advisory and support services, travel expenses,
 - ✓ equipment and investment expenditure directly related to the project,
 - ✓ depreciation of tools and equipment,
 - ✓ advisory and support services delivered by external consultants that are not a periodic activity
- up to EUR 2 million per undertaking per project
- 50% aid intensity

Aid to SMEs for access to finance





Risk Finance

- Aim: **attracting and channelling private funding to SMEs** to foster growth and job creation, while maintaining **profit-driven financing decisions**
- Forms of aid: **equity or quasi-equity, loans, guarantees**, tax incentives to independent private investors that are natural persons are also covered
- Scope of eligible undertakings radically increased in comparison with the old GBER: **SMEs from seed/start up and expansion stages but also SMEs in later growth stages**
- **Total investment cap** on the risk finance funding that an eligible undertaking can receive: **EUR 15 million**
- Include schemes that are *de minimis* at the level of the final beneficiary

Aid to Start-ups

- **Loans** with a maximum duration of **10 years** and up to a maximum nominal amount EUR 1 million - **EUR 2 million for OR**. Higher amounts possible for loans of shorter duration
- **Guarantees** with a duration of **10 years** and up to maximum of EUR 1.5 million - **EUR 3 million** of amount guaranteed **for OR**. Higher amounts possible for guarantees of shorter duration
- Grants with a maximum amount from EUR 0.4 million - **EUR 0.8 for OR**

R&D&I Aid



R&D Projects

- **Fundamental** research to **EUR 40 million**
- **Industrial** research to **EUR 20 million**
- **Experimental development** to **EUR 15 million**
- For a EUREKA project or one implemented by a Joint Undertakings under Article 185 TFEU double the above thresholds

Eligible costs cover: personnel costs, costs of instruments and equipment, costs for of buildings and land, costs of contractual research, knowledge and patents bought or licensed, costs of materials

Research Infrastructures

- Notification threshold: **EUR 20 million per infrastructure**
- Aid intensity: **50%**
- **Access open** to several users and granted on a transparent and non-discriminatory basis
- More flexible conditions for **preferential access for undertakings** that have financed at least 10% of the infrastructure
- **Concept of ancillary economic use** clarified through the introduction of a 20% ceiling (recital 49)
- **Claw-back mechanism** for excessive aid when economic activities exceed the ex-ante estimations – allows flexibility for Member States when it is difficult to estimate the proportion of economic activities in advance

Innovation clusters

- Innovation clusters - structures or organised groups of independent parties designed to stimulate innovative activity
- Aid may be granted exclusively to the legal entity operating the innovation cluster
- Notification threshold: **EUR 7.5 million per cluster**
- **Investment and operating aid** (limited to maximum 10 years)
- Aid intensities:
 - Investment aid: 50% plus regional bonuses **(+15% for OR)**
 - Operating aid: 50%

Innovation aid for SMEs

- Simplified category of Innovation aid to SMEs with streamlined conditions covering:
 - Aid for **industrial property rights costs**
 - Aid for the **secondment of highly qualified personnel**
 - Aid for **innovation advisory and support services**
- Single notification threshold – EUR 5 million per undertaking, per project - and aid intensity – 50%
- Specific provision for aid for innovation advisory and support services allowing to increase the aid intensity up to 100% if the aid amount remains below EUR 200 000 per undertaking within any 3 year period

Process and organisational innovation

- Aid for new or significantly improved production or delivery method (significant changes only)
- Up to EUR 7.5 million
- Aid to large undertakings only if they collaborate with SMEs that incur at least 30 % of the total eligible costs

Training aid



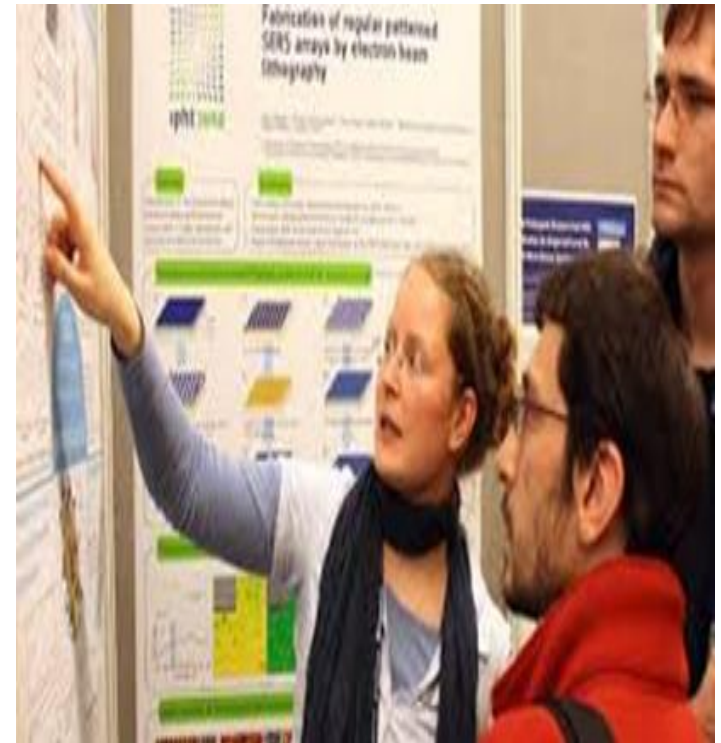
Training aid

No distinction bwn general and specific training

Aid intensity: basic intensity 50% + bonuses – up to 70%:

- 10% for training to workers with disabilities or disadvantaged workers
- 20% for small enterprises
- 10% for medium-sized enterprises

Notification threshold: EUR 2 million per training project





Training aid

Eligible costs include:

- trainers' personnel costs
- trainers' and trainees' operating costs relating to the training project (e.g. travel expenses and equipment)
- costs of advisory services linked to the project
- trainees personnel costs and general indirect costs



Recruitment of disadvantaged workers

Two definitions with a broader scope:

Aid for the recruitment of disadvantaged workers

- '*disadvantaged worker*' (young people between 15- 24 yrs, people without regular paid employment in the previous 6 months, over the age of 50, etc.)
- '*severely disadvantaged*' (unemployed for at least 24 months and unemployed for at least 12 months and having one of other disadvantages)

Notification threshold: EUR 5 million per undertaking per year,
maximum aid intensity - 50%



Employment of workers with disabilities



Notification threshold: EUR 10 mil per undertaking per year

Aid intensity up to 75% of eligible costs

Aid for compensating the additional costs of employing workers with disabilities

Eligible costs extended (costs of training staff to assist workers with disabilities, transport to and from working place, wage costs for time spent on rehabilitation by a worker with disabilities) – maximum aid intensity – 100%

Energy & Environment



Energy & Environment: aims



In line with Europe 2020 targets

- increase to environmental protection (beyond Union standards)
- more energy savings through energy efficiency measures
- leverage for the funds of public authorities (e.g. in energy efficiency projects related to buildings)
- promotion of renewable energy technologies

Energy & Environment

Investment aid for energy efficiency measures *E.g. improving insulation in a furnace*

- enables undertakings to achieve energy efficiency and to save costs
- aid intensities will not exceed 30% of eligible costs (plus bonus of 20% for aid to SEs and 10% to MEs)

Notification threshold: EUR 15 million per undertaking per investment project



Energy & Environment



Aid for energy efficiency projects relating to buildings *[Europe 2020 priority]*

E.g. for improving the insulation of a building

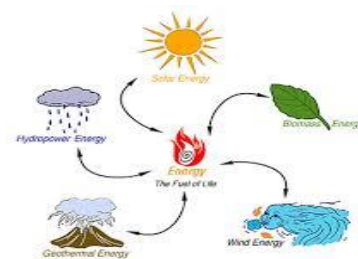
- aid shall **leverage additional private investments** reaching at minimum 30% of the total financing provided to an energy efficiency project
- the aid granted can take the form of **loans or guarantees**
- the nominal value of the loan, at project level, **up to EUR 10 million** and the guarantee should not exceed 80% of the underlying loan

Energy & Environment

Investment aid for promotion of renewable energy sources

e.g. investment for production of sustainable biofuels

- investment to be granted to **new installations only**
- eligible costs will be the extra investment costs necessary to promote the production of energy from renewable sources
- aid intensity varies between **30-45% + bonuses**
- Aid can go **to 100% intensity** if granted in an open bidding procedure.



Energy & Environment

Operating aid for the promotion of **electricity from renewable sources**

- aid granted in a competitive bidding process based on clear and transparent criteria;

Exemptions from technology neutrality are applicable as in EEAG

Operating aid for the promotion of **energy from renewable sources in small scale installations**

e.g. rooftop solar installations

- granted only to installations with a **capacity of less than 500kW** for the production of energy from all renewable sources (for wind energy less than 3MW)
- granted only to installations producing sustainable biofuels other than food-based biofuels

Energy & Environment

Remediation of contaminated sites:

e.g. undertaking that repairs the environmental damage (for instance to soil or water) caused by someone else

- aid covers cases where the **polluter cannot be identified**
- eligible costs will be those incurred for the remediation to the environmental damage **minus the increase in value of the land**
- aid intensity can reach **100% of eligible costs**

Notification Threshold:

EUR **20 million** per undertaking
per project

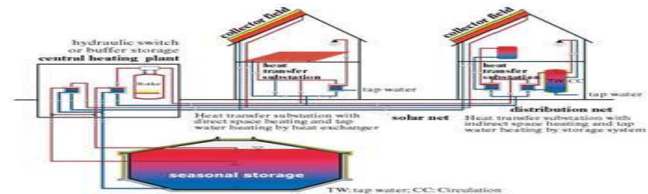


Energy & Environment

Support for district heating and cooling

e.g. for urban supply

- ✓ to incentivise undertakings
- ✓ to achieve a **higher level of environmental protection** than required by **EU** standards
- ✓ to facilitate early adaptation to future EU standards for SMEs



- **Eligible costs:** extra costs needed for the construction, expansion and refurbishment of one or more generation units to operate as an energy efficient district heating and cooling system
- Aid intensity: up to **45% plus bonuses**
- Notification threshold: **EUR 20 million** for the distribution network and **EUR 15 million** for the production plant

Energy & Environment

Investment aid for **waste recycling and re-utilisation** (art. 47)

E.g. waste-recycling plant

- aid granted for recycling/re-utilisation of waste generated by other undertakings
- investment must go beyond the state of the art
- aid intensity up to 35% plus possible bonuses for small undertakings or investments in assisted areas



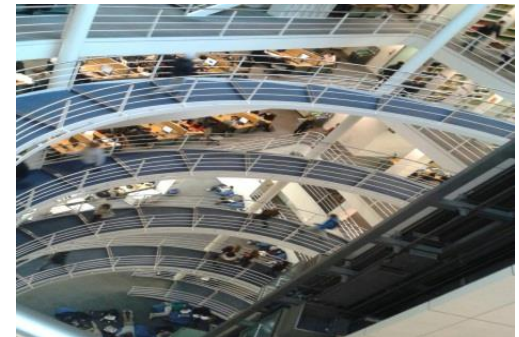
Energy & Environment

Investment aid for **energy infrastructure**

E.g. gas pipelines, ducts etc.

- for energy infrastructure located in assisted areas
- eligible costs shall be investment costs

Notification threshold: EUR 50 mil per undertaking per project



Aid for **environmental studies**

E.g. prior to the designing of a new kind of powerstation, a grant is given to the owner to commission a study reviewing environmentally friendly options

- eligible costs are the cost for the studies
- aid intensity up to 50% plus possible bonuses

Aid for natural disasters

Eligible costs: **material damage and loss of income** due to the full or partial suspension of activity for a period not exceeding six months from the occurrence of the disaster



Main conditions:

- **earthquakes, avalanches, landslides, floods, tornados, hurricanes, volcanic eruptions and wild fires of natural origin** - have to be formally recognised by MS authorities as natural disasters
- existence of a direct **causal link** between the natural disaster and the damages suffered by the undertaking
- specific schemes to be introduced **within 3 years + aid granted within 4 years**

Maximum aid intensity: **100%**, ensuring that there is no over-compensation through deduction of insurance payments

Social aid for passenger transport

Criteria based on notified cases

Form of aid: **ticket subsidies** for a route **linking an airport or port in a remote region with another airport or port within the EEA**

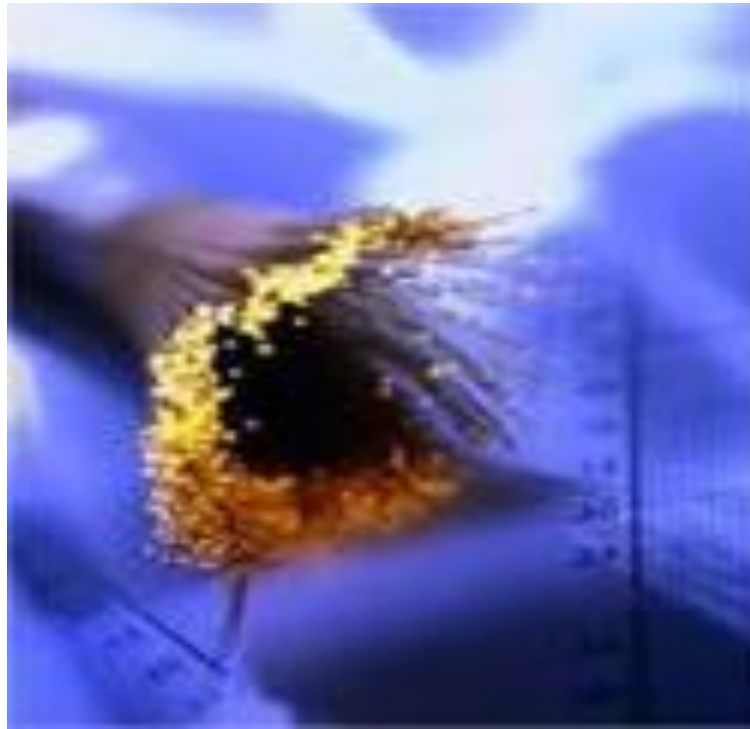
Main conditions:



- benefit to final consumer who is **resident in a remote region** (including outermost regions, islands, sparsely populated areas)
- granted for **air and maritime transport without discrimination as to the identity of the carrier**, type of service and precise route
- eligible costs are the price of a return ticket from or to the remote region, including all taxes and charges invoiced by the carrier

Maximum aid intensity: **100%** of the eligible costs

Aid for broadband infrastructures



Aid for broadband infrastructures

- Aid to “white” and “white NGA” (next generation access) areas (areas, where no relevant broadband operator exists or is likely to invest in the next three years)
- Eligible costs: costs for deployment of passive infrastructure, for broadband-related civil engineering works, for deployment of basic broadband networks and NGA networks
- **Notification threshold:** EUR 70 million total costs per project

Aid for culture and heritage conservation

- **Broad list of block exempted cultural purposes/activities**
- **Form of aid:** (a) investment aid, including aid for construction or upgrade of culture infrastructure (b) operating aid
- **Notification threshold:**
 - ✓ Investment aid: EUR 150 million per project
 - ✓ Operating aid: EUR 75 million per undertaking per year
- **Deduction of operating profits**
- **Maximum aid intensity:**
 - ✓ Small aid (up to 2 million): alternative: 80% aid intensity
 - ✓ Publishing of music and literature: funding gap or 70% of the eligible costs



Aid for audio-visual works

- Aid shall support a cultural product
- Coverage of aid to:
 - Production of audio-visual works
 - Pre-production
 - Distribution
- Also includes aid with territoriality restrictions
- Notification threshold : EUR 50 million
per scheme per year



Sport and multifunctional recreational infrastructures



- Sport infrastructure may not be used by a single professional user
- **Access open** to several users and granted on transparent and non-discriminatory basis
- **Preferential** treatment may be given to undertakings that financed at least **30% of investment costs**
- Aid may take the form of investment or operating aid
- **Notification threshold:** **EUR 30 million** or the total costs exceeding **EUR 100 million per project**; operating aid for sport infrastructure: **EUR 2 million** per infrastructure per year
- Deduction of operating profits
- **Alternative for small aid** (up to 2 million): 80% aid intensity

Local Infrastructures

- Contributes at improving the business and consumer environment and modernising and developing the industrial base
- **NOT** for **dedicated** infrastructures, to **other types of infrastructure covered by other sections, airport/port infrastructure**
- Concession or other entrustment to operate are assigned on an open, transparent and non-discriminatory basis
- **Notification threshold: EUR 10 million** or the total costs exceeding **EUR 20 million** for the same infrastructure

2017 GBER: regional airports



- Case experience: more than 50 decisions on notified investment aid to airports (2005–2014)
- **Investment and operating aid** for **regional** airports up to 3 mil passengers

Investment aid : Main compatibility conditions

- No airport with scheduled traffic within 100 km or 60 minutes ("**catchment area**") → **Exception for airports < 200 000 passengers – not for OR**
- Investment does not exceed what is necessary to accommodate expected traffic → **Exception for airports < 200 000 passengers**
- **Airport open to all potential users** and not dedicated to one specific user
- Aid amount: not to exceed the **funding gap** of the project + **maximum aid intensities** as a max % of eligible investment costs → **One or the other for very small airports**
- **+20% for OR**

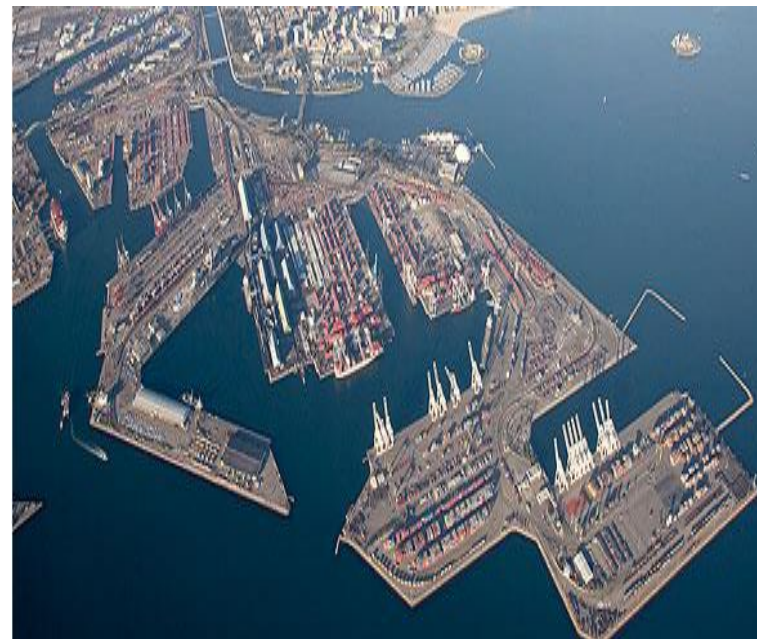
Operating aid : compatibility conditions

- For **very small airports** (passenger traffic **<200 000/year**)
- Airport open to all potential users and not dedicated to one specific user
- Aid amount: **100% of operating losses** calculated ex-ante or ex-post
- Operating aid **not conditional upon the conclusion of arrangements with specific airlines** (relating to airport charges, marketing payments or other financial aspects of the airlines' operations) at the airport concerned

2017 GBER: Ports - Aid intensities and notification thresholds

Port infrastructures:

Up to EUR 20m:	100%
Between EUR 20m and EUR 50m:	80%
Between EUR 50m and EUR 130m	60%
TEN-T core EUR 150 m	60%
For OR	+10%



Access infrastructure:

Up to EUR 130m	100%
TEN-T core network up to EUR 150m:	100%

Dredging:

**Up to EUR 130m (150m TEN-T core)
per calendar year:
100%**



Commission

In any event, the aid amount shall not exceed the so-called **funding gap**

Funding gap: the difference between the eligible costs and the operating profit of the investment.

The operating profit shall be deducted from the eligible costs:

- **Ex ante**, on the basis of reasonable projections, or
- **Ex post**, through a **claw-back mechanism**

Possibility for aid intensity of 80% for:

- Maritime ports – for aid not exceeding **EUR 5 mio**,
- Inland ports – for aid not exceeding **EUR 2 mio**

Investment aid to ports: conditions

- **Eligible costs:**

- ✓ all investments costs, including **planning costs**, for transport-related port **infrastructure**, **access** infrastructure and **all types of dredging** (also maintenance dredging)
- ✓ **NO** for **superstructures** (e.g. surface arrangements, fixed equipment as well as mobile equipment, such as cranes)
- ✓ **NO** for **industrial production facilities, offices, shops in a port**
- Port operators must be **selected** on **a competitive, transparent, non-discriminatory and unconditional basis**
- **Duration of concession – no limits (without prejudice to the EU law on public procurement and concessions, if applicable)**
- The aided port infrastructure shall be made available to interested users on an **equal and non-discriminatory basis** on **market terms**

Thank you!

