



# **The General Block Exemption Regulation 2014-2020 (GBER)**

# **1. Introduction**

## **2. General provisions**

## **3. Specific provisions**

# 1. Introduction

# Context

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

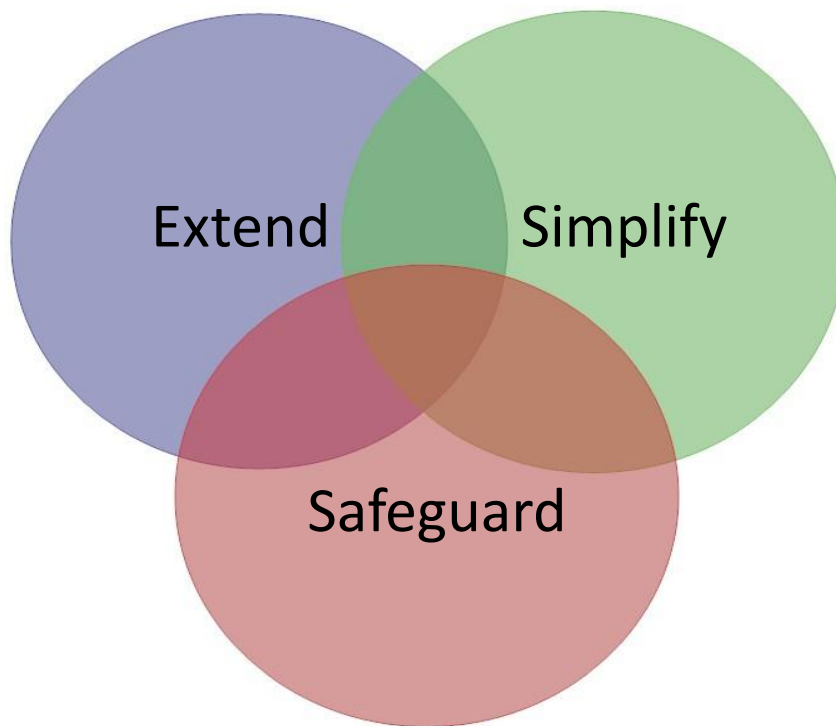
- Fostering growth in a strengthened, dynamic and competitive internal market.
- Focussing enforcement on the cases with the biggest impact on the internal market.
- Streamlining the rules and enabling faster decisions.



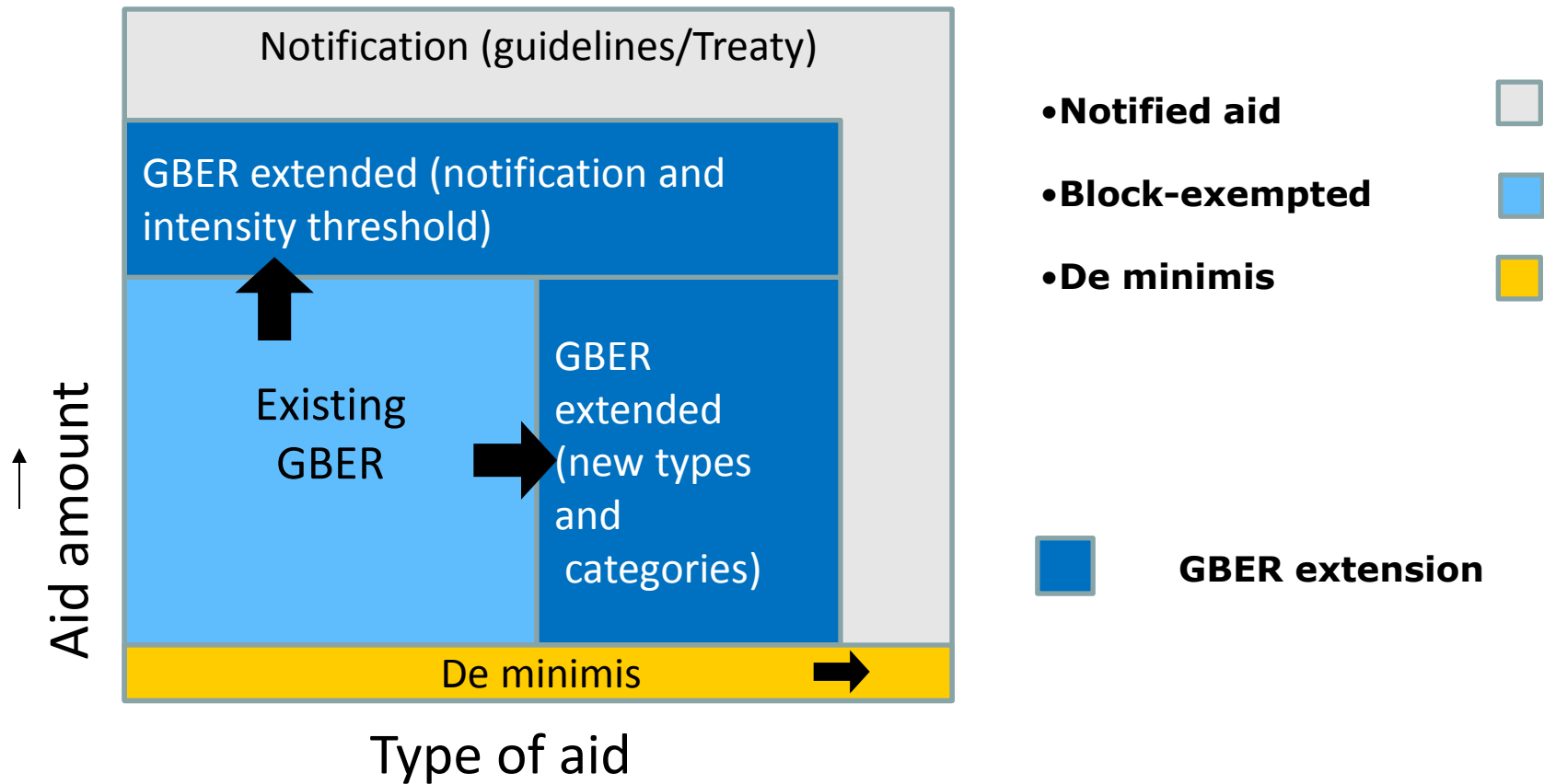
# The GBER 2014-2020

- The GBER 2014-2020 is a set of 43 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

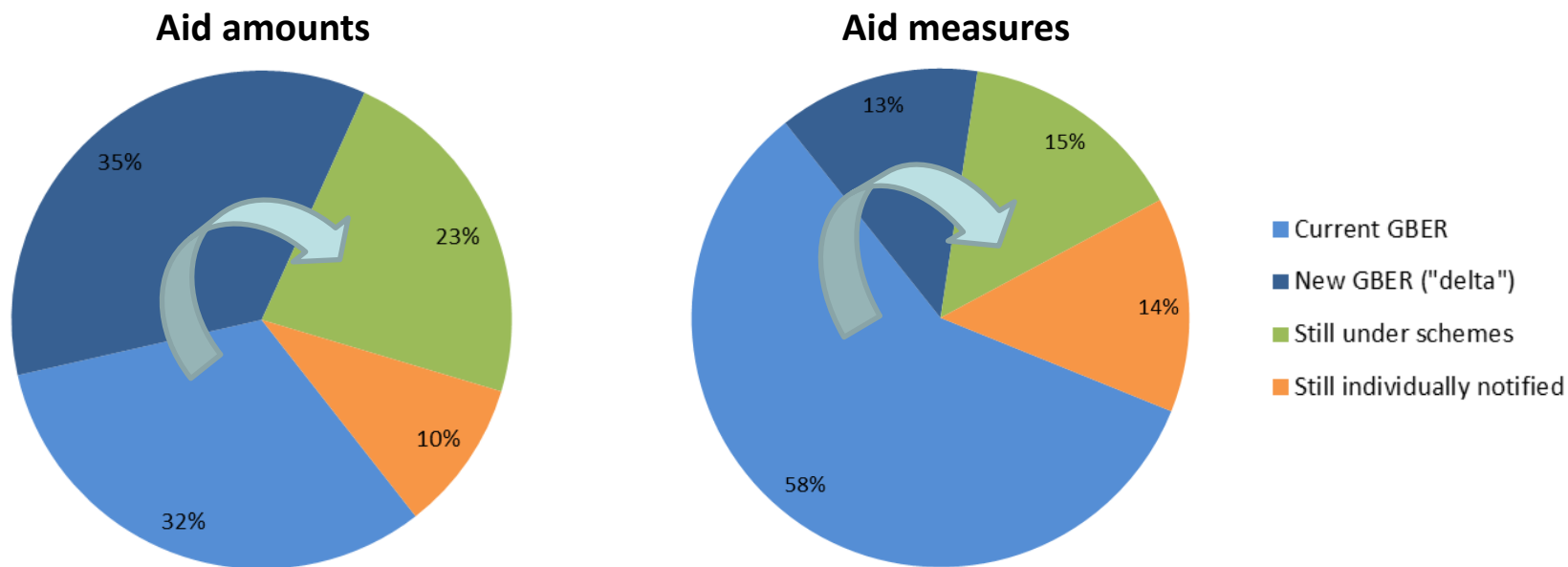
New block exemption includes:

- 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 66% of aid amounts and 75% of aid measures are likely to be 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. The Commission has revised parts of the document to address these.
- For example, we have simplified the test for "incentive effect", conditions for start-up aid and innovation aid for SMEs.



# Safeguards

- State aid is only exempted under GBER where all compatibility conditions are met.
- There will be more ex-post checks.
- 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.

## **2. 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
  - Some aid measures in the primary agricultural production sector
  - Aid to facilitate the closure of uncompetitive coal mines
  - Aid to undertakings in difficulty
- **Notification thresholds** – GBER does not cover aid above the levels set out in Article 4: such measures must be notified.
- 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 over €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 which can be extended by the Commission upon approval on an evaluation plan (describing e.g. scope of evaluation, result indicators, methods and timeline).



# **3. 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 (ii) wages for newly created jobs.



# Regional Aid

## **Regional Operating Aid (Article 15)**

- Available in outermost and sparsely populated areas, as set out in national Regional Aid map.
- Compensates for additional transport costs of goods (Article 15 (2) a)) and additional operating costs other than transport costs for outermost regions (Article 15 (2) (b)).
- Up to 100% of additional costs (subject to annual cap at Article 15(2)(b)).



# Regional Aid

## **Regional urban development aid (Article 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 - NEW**

- Eligible costs include costs of organisational cooperation , of advisory and support services, of travel expenses, costs of equipment and investment expenditure directly related to the project, depreciation of tools and equipment, the costs of advisory and support services delivered by external consultants that are not a 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 unlisted 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 – replaces the previous limit on annual funding tranches of EUR 1.5 million per year.
- 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 from EUR 1 million to EUR 2 million depending on the region. Higher amounts possible for loans of shorter duration.
- **Guarantees** with a duration of 10 years and up to maximum of EUR 1.5 million to EUR 3 million of amount guaranteed, or EUR 2.25 million depending on the region. Higher amounts possible for guarantees of shorter duration.
- **Grants** with a maximum amount from EUR 0.4 million to EUR 0.8 million depending on the region.

# Aid to Start-ups

- Eligible undertakings shall be unlisted small enterprises up to five years following their registration.
- The guarantee shall not exceed 80% of the underlying loan.
- The condition that a beneficiary can receive start-up aid only once deleted: aid can be granted several times as long as the maximum amount is respected.
- The beneficiary can receive support through a mix of instruments.



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# R&D&I Aid



# R&D Projects

The aided part of the project shall completely fall within the following categories:

- a) fundamental research** - experimental or theoretical work undertaken primarily to acquire new knowledge.
- b) industrial research** - planned research or critical investigation for the developing of new or the significant improvement of current products, processes or services.
- c) experimental development** - acquiring, combining, shaping and using existing knowledge and skills to develop new or improved products, processes or services.
- d) feasibility studies** - evaluation and analysis of the potential of a project.

## R&D Projects

Doubling the thresholds:

- **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

- New category under the GBER.
- 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 (5/15 percentage points)
  - 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).
- Notification if more than 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

**NEW:** no distinction between 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 mil 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*' (includes **young people** between 15- 24 yrs, people without regular paid employment in the previous 6 months, over the age of 50, etc.).
- '*severely disadvantaged*' (includes 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 and 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%.



## NEW

- **Aid for compensating the costs of assistance provided to disadvantaged workers**
- **Measures supporting the disadvantaged worker's autonomy and adaptation to the work environment**

**Notification threshold:** EUR 5 million per undertaking per year.

**Maximum aid intensity:** 50%.

# 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 (art. 38)

*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

## **NEW: 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, shall not exceed EUR 10 million and the guarantee should not exceed 80% of the underlying loan.

# Energy & Environment

## Investment aid for promotion of renewable energy sources (article 41)

*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 (article 42)**

- 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 (article 43)**

*e.g. rooftop solar installations*

- Ranted 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

## **NEW: Remediation of contaminated sites (article 45)**

*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

## **NEW:** 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 (art. 48)**

*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 (art. 49)**

*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.



# New Aid Categories



## 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:** sufficient experience to block-exempt.

**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 100 million per project.
  - ✓ Operating aid: EUR 50 million per undertaking per year.
- **Deduction of operating profits**
- **Maximum aid intensity:**
  - ✓ Small aid (up to 1 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 15 million or the total costs exceeding EUR 50 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 1 million): 80% aid intensity.

# Local Infrastructures

## **NEW: Construction and upgrade of local infrastructure**

- Contributes at improving the business and consumer environment and modernising and developing the industrial base
- Does not apply to dedicated infrastructures, to other types of infrastructure covered by other sections, nor to airport/port infrastructure
- Concession or other entrustment to operate are assigned on an open, transparent and non-discriminatory basis

**Notification threshold:** EUR 10 mil or the total costs exceeding EUR 20 mil for the same infrastructure



**Thank you!**