

Contribution to the second public consultation on targeted review of the GBER: extended scope for national funds to be combined with certain Union programmes

6 July 2020

First, **the signing organisations welcome the Commission's proposals aiming at facilitating the combination of shared managed and centrally managed funds.** This will help synergies, complementarities and a more efficient use of different funds to become a reality, avoiding overlaps and administrative obstacles. Legal certainty and clarity are critical to these purposes.

Apart from the proposals on the table, we would like to address to the Commission some considerations about assessing the following as state aid:

- **European Territorial Cooperation (ETC) programmes** should benefit from a specific approach in terms of State aid rules. The aids granted by ETC programmes finance collaborative projects of great European added value and they are not subject to the discretion of a single public authority, but they respond to a European interest of cooperation. This is why we understand they should be excluded from the scope of application of state aid rules, as proposed by the European Parliament.

In particular, for aid of max. € 20.000 within ETC, we can question the reality of potential competition distortion effects considering the very low amounts concerned and the collaborative approach under ETC. It should be remembered that *de minimis* aids do not constitute State aid according to the Treaty.

- For **projects selected under the EU Framework Programmes for RD&I (Horizon 2020/Europe)** co-financed by national authorities but where the Member States have no decision power, we can also question if all criteria for qualifying as State aid are met, as Horizon rules will apply for selection of projects.

Furthermore, we consider that the European Commission should carry out a global and in-depth reflection, beyond the modification of the GBER, on the fulfilment of the requirement "funds of state origin" when these funds are destined to projects co-financed with European funding programmes and both EU and state funds are destined to the same eligible costs.

- The current proposal refers to the possibility for Member States to contribute a part of Union shared management funds to the Member State compartment of the EU guarantee under the InvestEU Fund. Such financing may qualify as 'State resources' and may be imputable to the State if the Member States have discretion as to the use of those resources. Conversely, when Member States have no discretion as to the use of the resources or act in line with normal market conditions, the use of those funds may not constitute State aid.

Following to this reasoning on discretion of the granting authority, the same statement should apply to **shared management funds transferred to centrally managed programmes.**

About the proposals by the Commission to extend the scope of the GBER:

- We welcome the exemption of national funding for SMEs for projects labelled with the Seal of Excellence (SoE) under Horizon 2020/Europe. However, **we call for the application of the SoE model to other centrally managed programmes.** European programmes which include the same disposals following the reasoning behind the SoE for Horizon 2020/Europe and are based on an independent evaluation. We think in particular about the COSME part of the Single Market Programme (and notably inter-cluster collaboration projects which includes voucher schemes for SMEs) and about the Digital Europe Programme.
- Also, the proposed exemption remains limited to the case were individual SMEs are supported through grants, while the Commission's proposal for applying the SoE under the next programming period go well beyond this approach. Therefore, **an extension of the proposal in the light of the wider set of projects that will arise, notably collaborative ones, would be very welcomed.**
- We wish to draw attention to the **Interregional Innovation Investments** centrally managed instrument proposed for the next programming period (probably within the ERDF Regulation, following to the negotiations in the Council of the EU).

Firstly, we consider that **the Seal of Excellence disposal should apply to this tool** and benefit from an exemption for the same reasoning applicable to the existing SoE. Secondly, we request that currently **proposed exemptions to apply to possible combinations between national/regional funds (including under ESIF) and this new instrument.**

Secondly, we ask for **additional exemptions for allowing combination between national/regional funds (including under ESIF) and this new instrument.** On one side, for co-financing EU-supported projects approved through an independent selection procedure at EU level. On the other side, on the same basis as the proposed exemption for investment related to teaming projects, regional investments (for example in open innovation infrastructures) related to the implementation of those collaborative interregional projects should also be exempted (under conditions to define).

Being in a collaborative and interregional setting, we think that those kinds of projects could have important impact on EU competitiveness, would be beneficial for SMEs, while having limited negative effects on competition. With the same logic, the reflection could also be opened about an 'IPCEI scheme' adapted to inter-regional collaboration along innovative value chains.

- We finally ask the Commission to consider a **new exemption dedicated to facilitating the support by Member States to inter-cluster collaboration projects,** for example through the implementation of interregional innovation vouchers

schemes. The Commission has gained experience of this kind of approaches through INNOSUP projects for cross-clusters collaboration along value chains. A new exemption would help the development of these kind of approaches by Member States/Regions, leveraging this successful EU initiative. Being collaborative projects with SMEs as beneficiaries, they don't have significant distortive effects on competition while presenting a strong potential for technology deployment and knowledge circulation. Inter-cluster collaborations have also proved their effectiveness during the COVID crisis, supporting the deployment of innovative solutions, and the resilience of European industrial value chains.

This would be also part of the possible set of support tools to mobilise in support of the development of interregional smart specialisation partnerships under S3 thematic platforms promoted by the EC. This in addition to other policy tools such as connecting, mapping, cluster collaboration, business plan development, C5, etc. The provisions regarding cluster support should also be clarified and simplified.