



# **State aid issues for RDI programmes**

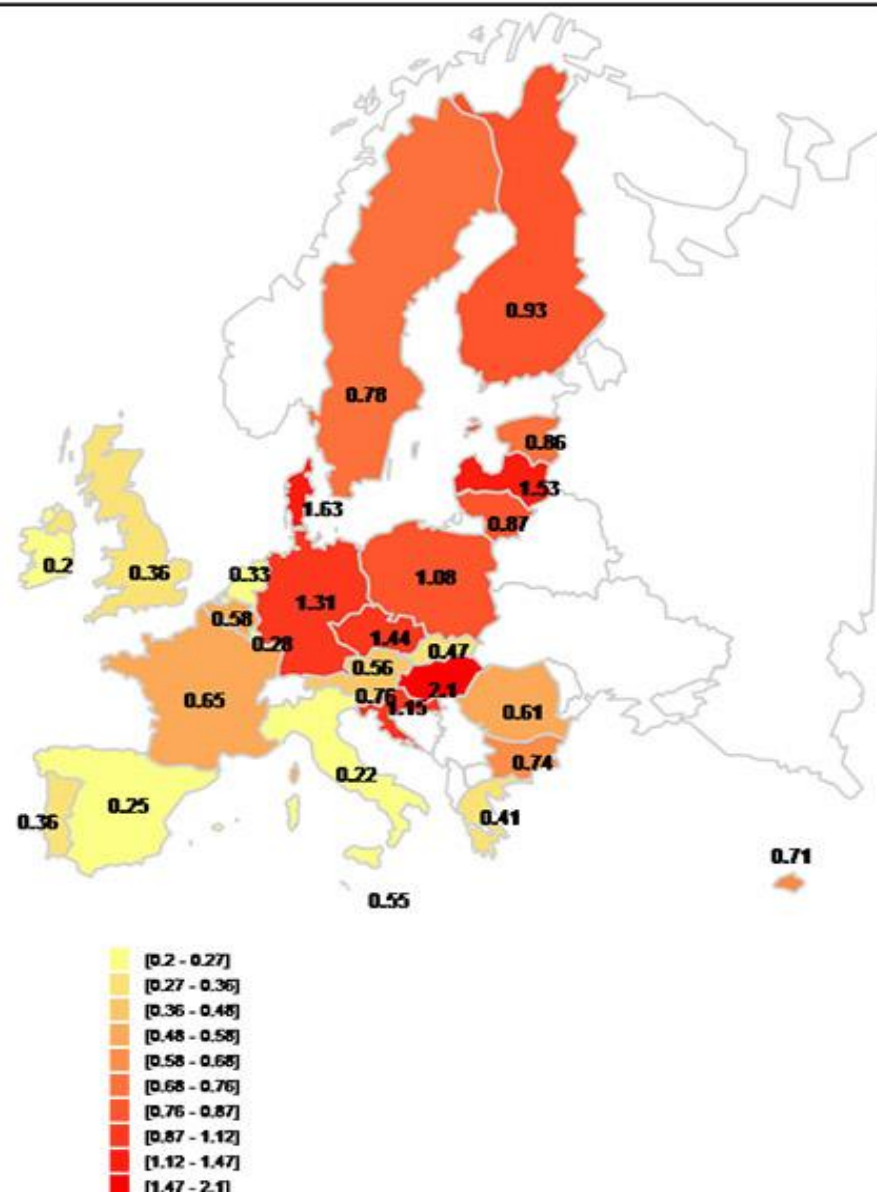
*Workshop on RIS3 Cross-regional Learning, Chania-Greece, 21 February 2018*

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Total State aid expenditure as % of GDP in 2016, less railways

## 2017 Scoreboard

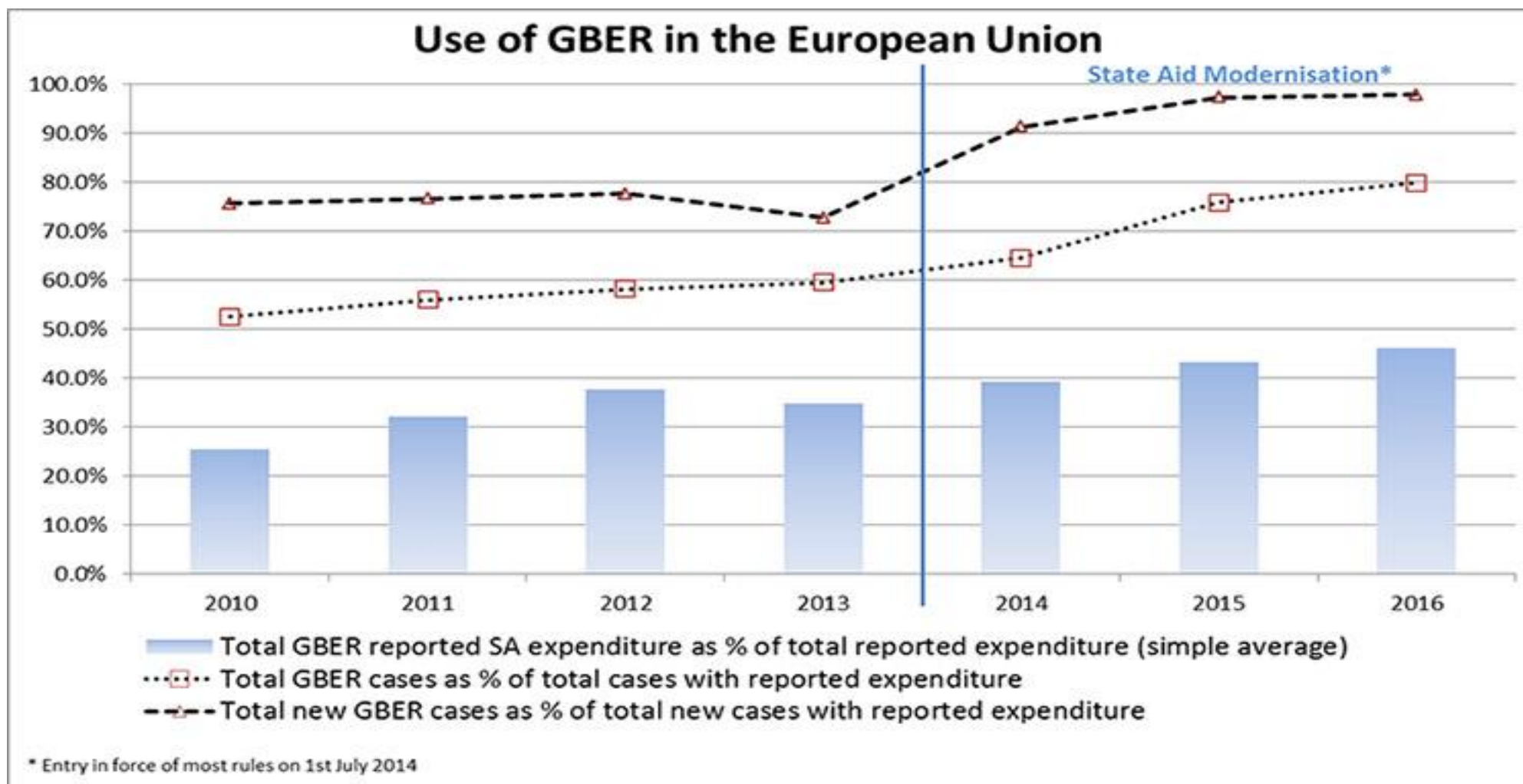
2016: EUR 106 billion (i.e. 71% of GDP)  
+ 0.03p.p. compared to 2015  
+EUR 5.6 billion



## Total state aid by instrument

Instrument	%
Grants	63
Tax exemptions	32
Other (e.g. guarantees, loans, equity participation)	5

## GBER uptake



# State aid spending in Greece

Greece								
	2009	2010	2011	2012	2013	2014	2015	2016
<b>Total State aid, less railways (1+2)</b>	<b>2635.6</b>	<b>2170.1</b>	<b>2633.6</b>	<b>2028.3</b>	<b>2978.7</b>	<b>1762.1</b>	<b>2301.4</b>	<b>710.1</b>
<b>(1) Non-Agricultural Aid</b>	<b>1996.8</b>	<b>1736.1</b>	<b>2218.7</b>	<b>1699.5</b>	<b>2661.1</b>	<b>1642.1</b>	<b>2191.6</b>	<b>630.4</b>
of which (by objective)								
<i>Closure aid</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Compensation of damages caused by natural disaster</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Culture</i>	2.2	1.9	1.4	1.7	3.1	3.6	1.8	0.6
<i>Employment</i>	0.0	0.0	0.0	0.0	0.0	3.2	20.2	1.7
<i>Environmental protection incl Energy saving</i>	36.4	0.0	1.4	6.4	56.3	14.4	28.5	5.7
<i>Heritage conservation</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Promotion of export and internationalisation</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Regional development</i>	1317.0	1526.1	2119.9	1543.0	2357.2	1370.9	1922.1	230.3
<i>Rescue &amp; Restructure</i>	92.0	29.8	52.0	0.0	21.3	1.5	0.0	0.0
<i>Research and development incl Innovation</i>	9.2	1.5	2.0	4.1	6.9	54.8	38.6	78.8
<i>Sectoral development</i>	404.0	6.4	2.3	5.0	209.2	154.1	127.3	141.9
<i>SME incl risk capital</i>	122.3	157.9	27.7	19.2	7.0	26.0	42.0	51.8
<i>Social support to individual consumers</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Training</i>	0.3	0.0	0.0	0.0	0.0	0.2	0.2	0.1
<i>Other</i>	13.5	12.4	12.0	120.1	0.3	13.4	10.9	119.5
of which (by aid instrument)								
<i>Equity participation</i>	45.0	0.0	0.0	0.0	6.6	43.0	83.7	100.1
<i>Grant</i>	803.2	762.5	717.7	352.1	716.3	567.8	467.7	530.3
<i>Guarantee</i>	699.8	922.4	1472.0	1322.1	1913.9	1031.3	1640.1	0.0
<i>Soft loan</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Tax deferral</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Tax exemption</i>	434.3	51.2	29.0	25.2	24.4	0.0	0.0	0.0
<i>Other</i>	14.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which								
<i>Co-financed</i>	1031.8	765.9	713.8	350.8	694.6	554.4	509.0	498.0
<i>Not co-financed</i>	965.0	970.3	1505.0	1348.7	1966.5	1087.8	1682.6	132.3



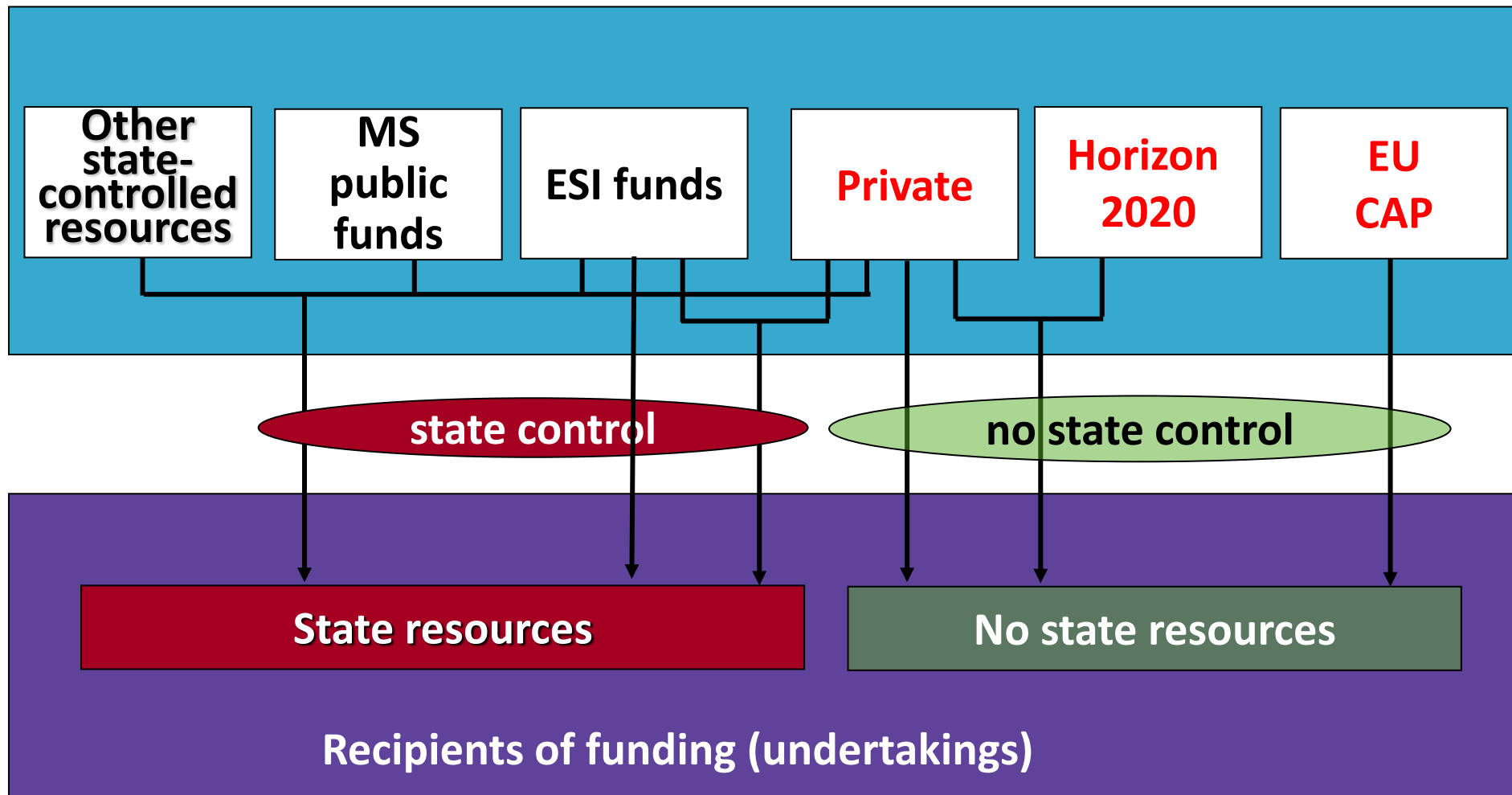
## Criteria for state aid definition

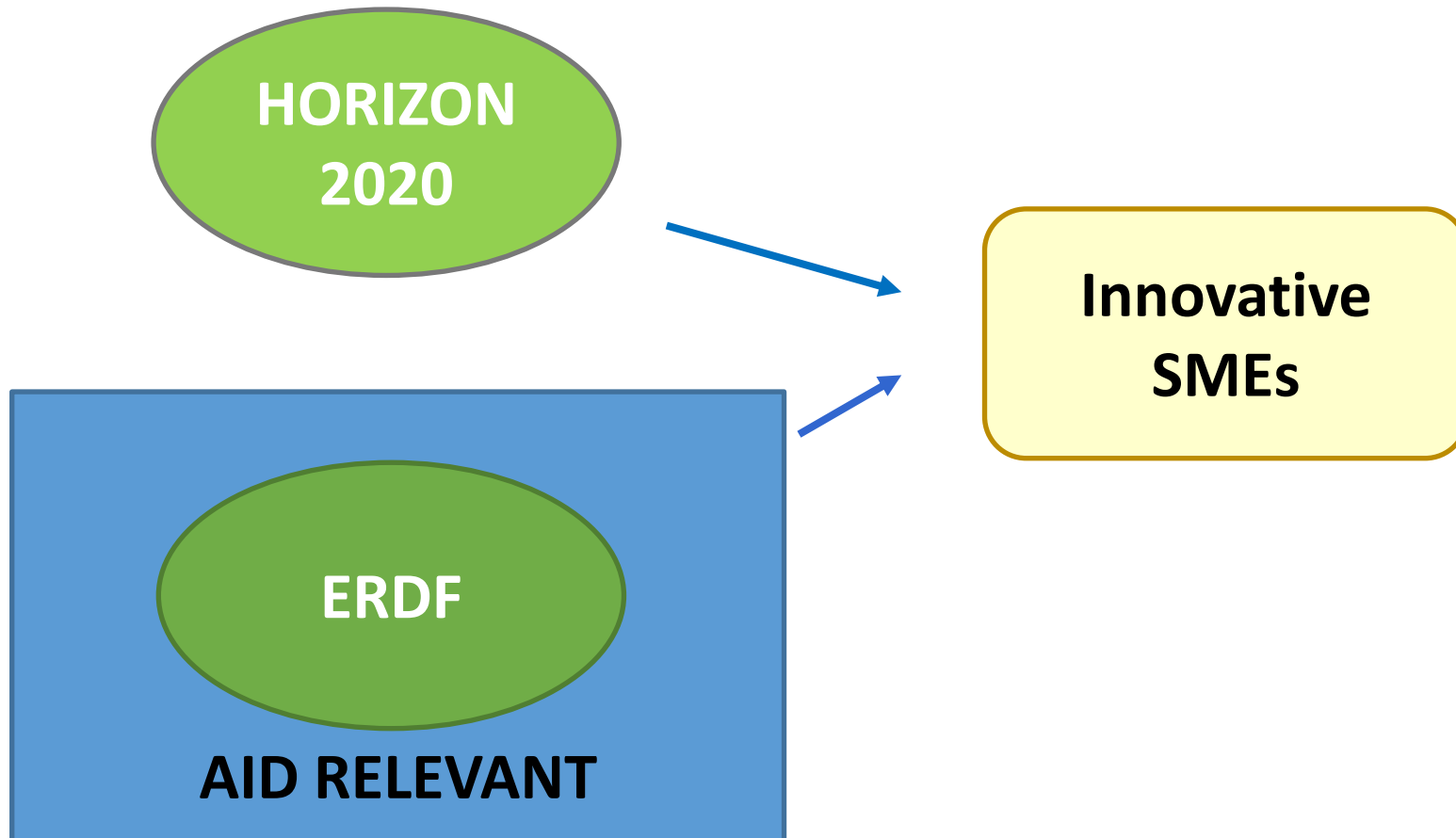
- Aid granted to undertakings from public funds [MS or State resources]
- Aid confers advantage
- Aid is selective
- Aid affects trade between MS
- Aid distorts or risk to distort competition

**Criteria are cumulative**



## Sources of aid including structural funds







## RDI aid assessment steps

- **No State aid** (e.g. de minimis, no effect on trade, no economic activity, 20% ancillarity, effective collaboration, MEIP)
  - Assessment may need to take place at the level of both the ROs and the contracted undertakings
  
- Public funding of **non-economic** activities
  - Public education
  - Independent R&D in effective collaborative projects
  - Wide dissemination of results
  - Knowledge transfer and reinvestment of profits in research

## RO/RI are not State aid recipients

- When the MEIP principle applies
  - Pari passu, or
  - Sound business plan
  - Doubtful if substantial capital investment can only be recovered in the very long term
- When the 20% ancillarity principle applies
  - RDI Framework (paragraph 20)

## No indirect aid to undertakings

### ■ Research on behalf of undertakings

- ROs or RIs provide a research service to an undertaking and the project costs are at market price or at a price that reflects the full costs or arm's length negotiations (at least marginal costs are covered)

### ■ Collaboration with undertakings

- ROs or RIs collaborate with industry and the undertakings:
  - Either pay full project costs (including indirect costs), or
  - The results are widely disseminated and IPR stay with the entities, or
  - The IPR of the results are proportionally allocated, or the ROs/RIs receive compensation for the IPR transferred



## RDI aid assessment steps (2)

- GBER (EUR 7.8 billion p.a.)
  - Articles 25-29
  - Self-assessment
- RDI Framework
  - Projects, feasibility studies, research infrastructures, innovation clusters, innovation activities
  - Notification – Compatibility principles

## The GBER common provisions

- Scope (sectors, schemes, beneficiaries)
- Transparent aid
- Notification thresholds
- Internal market compliance
- Incentive effect
- Cumulation principle
- *Ex post* evaluation
- Transparency register
- Monitoring

## Granting RDI funding in Norway

### Public funding agencies



**EUR 383 million  
(2016)**

Start-ups  
Growth companies &  
clusters  
Internationalization  
Green innovation  
Cultural and creative  
industries



**EUR 918 million  
(2016)**

Seas and oceans  
Climate, clean energy  
Better public services  
Enabling technologies  
Innovative industry  
World-leading academic  
groups



**EUR 20.7 million  
(2016)**

Incubation  
Business gardens  
Innovation clusters

## RDI scheme in Norway using the GBER

- Skattefunn: tax credit scheme with an annual average budget of EUR 275 million
  - SMEs receive tax credit of 20% and large companies 18% of the eligible costs
  - Legal basis: 25(2)(b) and (c) of the GBER
- Evaluation questions:
  - Effectiveness of the scheme compared to similar tax incentive schemes
  - Could the same effects be obtained with less or different aid?
  - Effectiveness of the scheme on different types of research
  - Any distortionary effects?
- Indicators: additional R&D expenditure and patents registered; number of new researchers; productivity of supported companies

## Questions for discussion

- What are the main obstacles envisaged at national level when implementing RDI schemes to avoid state aid rules?
- How do/can granting authorities design their schemes and conditions in line with state aid rules (e.g. GBER)?
- Do the requirements imposed by state aid rules delay the implementation of EU funded RDI projects and how?
- Can you rank the factors on next slide according to the extent they can be held responsible for the delays in the implementation of EU funded projects?





## DG Comp note to the members of the SAM Working Group

	Public procurement rules		Amount of ESIF guidance
	Environmental rules		Lack of clear guidance
	State aid rules		Competition other funds
	Inconsistency ESIF/SA rules		Auditing requirements
	Complexity of ESIF rules		Lack of nat/reg coordination
	Ex ante conditionality		Other:
	Delays designation MA's		Other:



**Thank You!**

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