

Explanatory note accompanying the changes introduced in second publication of the proposal for the targeted GBER revision

The Commission is launching the second public consultation on the targeted revision of the GBER amidst an unprecedented crisis caused by the fall-out from the pandemic of Covid-19. EU Member States seek to provide assistance to soften the economic impact of this crisis throughout all sectors of the economy. Fully recognising the seriousness of the situation, the Commission has published the Temporary Framework, which clarifies when State interventions in the current crisis are compatible with the functioning of the internal market. But it is necessary to also continue preparing for the post-crisis period so as to finalise the targeted revision of the General Block Exemption Regulation in time for the start of the next Multiannual Financial Framework for the period 2021-2027.

The purpose of this note is to clarify and explain the main changes introduced in the proposal to amend the General Block Exemption Regulation ("GBER") to accompany the next Multiannual Financial Framework ("MFF"), following the first public consultation and based in the feedback received in that consultation. The changes are outlined for each of the three areas that are included in this GBER proposal:

- European Territorial Cooperation projects ("ETC");
- RD&I projects having received a Seal of Excellence under H2020 or Horizon Europe, as well as co-fund projects and Teaming actions under H2020 or Horizon Europe;
- National funding combined with funding under the InvestEU .

European Territorial Cooperation

The updated proposal of the GBER proposal reflects the following main changes with regard to European Territorial Cooperation ('ETC'):

- Aid intensity: The Commission has aligned the aid intensity proposed in Article 20 to the level of the co-financing rate provided for in the draft ETC Regulation for all project partners to simplify the management of ETC projects and to reduce the administrative burden.
- Reporting and monitoring conditions: The Commission has simplified the reporting and monitoring conditions for limited amounts of aid granted under Article 20a. The intention is to cater for ETC projects with numerous participants each receiving very small amounts of aid, for which it is considered appropriate to limit the administrative burden given the very small aid amounts.

RD&I

The updated proposal of the GBER proposal reflects the following main changes with regard to RD&I:

- Clarifications: There are several clarifications of the provisions such as on the relevant funding rate allowed under the Horizon programmes. Based on the comments received as part of the public consultation, the Commission has also removed the original clarifications in the definitions of eligible activities regarding to the Technology Readiness Level to make clear that the originally proposed introduction was not intended to lead to a change in substance. To increase clarity and readability, the Commission has also split the originally proposed Articles related to RD&I into four

separate Articles covering (1) aid for projects having received a Seal of Excellence quality label, (2) aid for Marie Skłodowska-Curie and ERC Proof of Concept actions, (3) aid for co-funded research and development projects and (4) aid for teaming actions.

- Uniform minimum funding from Horizon Europe for co-funded projects: To simplify the implementation of co-funded projects, the requirement concerning the minimum funding for projects stemming from Horizon Europe was adjusted, so that now a uniform minimum funding from Horizon Europe of 30% is required.
- Institutionalized European Partnerships: the Commission has also clarified that Member States' contributions to institutionalized European Partnerships, as defined under the Horizon Europe programme, are eligible as long as Horizon Europe programme rules will be followed and the selection of projects will be carried out by independent experts.

InvestEU

The updated proposal of the GBER proposal reflects the following main changes with regard to InvestEU:

- Definitions: Reflecting the comments from the first public consultation, the Commission has aligned several definitions with the definitions included in the InvestEU Regulation (such as the definition of 'EU guarantee' and 'implementing partner') and the definitions already existing in the GBER (such as the definition of 'innovative enterprise').
- Financing thresholds included in articles 56e and 56f: A number of commentators in the first public consultation considered that certain notification thresholds are too low (e.g. for renewable energy) and that there is an unjustified difference in notification thresholds between various types of SME financing. The Commission has adjusted the relevant financing thresholds, bearing in mind the necessary correlation between the financing thresholds in Section 16 (expressed as total financing) and the current notification thresholds of existing GBER provisions (expressed typically however not as total financing but as aid amounts).
- Eligibility conditions included in articles 56e and 56f: Stakeholders and Member States signalled the need to adjust the pricing conditions in Article 56e(2) (e.g. pricing should not directly refer to IBOR rates) and the duration limitation for loans and guarantees for SMEs under Article 56e(11)(b). The new proposal addresses these concerns. In addition, the Commission has simplified the conditions included in Article 56f to facilitate intermediated, commercially-driven debt products implemented under InvestEU.
- Addition/deletion of categories of projects in Article 56e: The Commission has clarified and added a number of categories of projects that will benefit from the simplified treatment under the new section 16. The Commission has added a new provision for aid for investment in energy efficiency and for aid for the construction or upgrade of innovation cluster facilities. Conversely, the Commission has taken out the type of projects, which are in most circumstances non-economic in nature (such as investment in rail infrastructure). In addition, a number of categories of projects related to broadband infrastructure eligible for financing under CEF2 and InvestEU have been added.
- Evaluation requirement: The Commission has clarified when the evaluation requirement related to State aid schemes exceeding EUR 150m will apply in the context of combination of national funds with InvestEU funds.

Next steps

Following the present public consultation, the Commission will, based on the feedback received from stakeholders, revise the draft Regulation with a view of adopting the final version by the end of 2020, in time for the next MFF.