Interreg
Central Baltic

6.7.2020

Targeted review of the General Block Exemption Regulation (State aid): extension to national funds combined with certain Union programmes (2nd consultation)

Central Baltic Interreg programme 2014-2020

The Central Baltic Interreg programme's Managing Authority, hosted by the Regional Council of Southwest Finland, is contributing to this second consultation on the targeted review of the GBER.

We support the contribution submitted by INTERACT, the platform of ETC programmes. In particular, the Managing Authority of the Central Baltic Interreg programme welcomes the introduction of the proposed amendments and comments submitted as part of the first consultation on the topic.

As regards the 2nd proposed GBER amendment, we especially welcome that:

- Aid intensity was aligned with the co-financing rate as in the draft Common Provisions regulation 2021-2027 and has been harmonised for all types of beneficiaries,
- Aid granted under Article 20a was removed from the reporting (Art.11) and monitoring (Art.12) requirements of GBER which means simplification coherently with the principle of proportionality
- The principle of proportionality in the context of Interreg programmes is clearly underlined in the preamble with the following words: "given the limited effect on trade and competition of small amounts of aid granted to undertakings participating in ETC projects, simple rules for cases where the aggregate amount of aid per undertaking per project does not exceed a certain ceiling should be laid down."

<u>To make the proposed amendment of Article 20 as effective as possible in reducing burden for beneficiaries and authorities, we would like to reiterate the following points:</u>

- ***Make sure that Article 20 does not specify any additional eligibility rules***

Specification of eligibility of external expertise and services costs in Article 20(3) (making *continuous or periodic activity,* and *usual operating costs such as routine tax consultancy services, regular legal services, or routine advertising* ineligible under the GBER) should be

Central Baltic Programme 2014-2020
C/O Regional Council of Southwest Finland
Address: P.O. Box 273, 20101 Turku, FINLAND
Phone: +358 40 550 8408
E-mail: info@centralbaltic.eu
Website: www.centralbaltic.eu

European Union
European Regional Development Fund

dropped. This is an unnecessary duplication of legislation on eligibility covered by the Delegated Regulation (EU) No 481/2014 and Chapter V of the draft Interreg regulation 2021-2027. This specification of eligibility in the GBER poses the risk of discrepancy of rules and leaves room for interpretation. For this reason, paragraph 20(3) should be deleted.

As regards the new Article 20a, we understand that this covers indirect beneficiaries (undertakings outside the partnership) as well as direct beneficiaries (project partners).

- ***Make sure conditions laid down in GBER Chapter I, Article 5 (Transparency of Aid) do not apply to Article 20a.***

Chapter I, Article 5 stipulates that the GBER …*shall only apply to aid in respect of which it is possible to calculate precisely the gross grant equivalent of the aid ex ante without any risk assessment*.

In the case of Interreg projects providing aid to third parties, it is often difficult to calculate precisely and *ex-ante* the value of the trainings or services. Due to the pilot nature of cooperation projects, similar trainings or services are often not readily available on the market. In many cases it is possible to provide a good indication of the value of the trainings and services (for example based on somewhat comparable trainings or planned costs of the services), but precise ex-ante calculations of the aid per third party often do not seem possible.

To significantly reduce administrative burden, please include under Article 5, paragraph 2, the category of aid granted under Article 20a.

Additional points

1. Editorial note (1): The modified article 20.4 makes reference to Regulation (EU) No 1299/2013, however the maximum co-financing rate was specified in Art 120.3.(e) of Regulation (EU) No 1303/2013. Analogically, the maximum co-financing rate for future Interreg programmes was established in the Article 106.4 draft Common Provisions Regulation COM/2018/375 final - 2018/0196 (COD).

Therefore, the modified GBER article 20.4 shall read *The aid intensity shall not exceed the maximum co-financing rate provided for in Regulation (EU) No 1303/2013 or [new Common Provisions Regulation].*

2. If possible, the requirement to publish each individual aid for beneficiaries active in primary agricultural production exceeding EUR 60 000 should be dropped for Interreg. In sea basin programmes the primary agricultural producers are key stakeholders in the projects dealing with the natural resources and especially marine pollution and reduction of agricultural runoff, pesticides and nutrients which end up in sea waters. The involvement of such stakeholders with limited aid amounts is key to achieve the project results. However, the lower limit for agricultural production undertakings (EUR 60 000) would significantly increase registration requirements for some Interreg programmes. In this context, please also note that, due to the nature of the aid (agriculture), programmes would not be able to manage

C/O Regional Council of Southwest Finland
Address: P.O. Box 273, 20101 Turku, FINLAND
Phone: +358 40 550 8408
E-mail: info@centralbaltic.eu
Website: www.centralbaltic.eu

European Union
European Regional Development Fund

registration via already established procedures. The registration and reporting will have to be performed via ministries responsible for agriculture which means that an additional body in a complicated structure of the programme management will be added. To reduce administrative burden, additional reporting requirements, multiple reporting thresholds, and multiple reporting channels should be avoided.

Central Baltic Programme 2014-2020
C/O Regional Council of Southwest Finland
Address: P.O. Box 273, 20101 Turku, FINLAND
Phone: +358 40 550 8408
E-mail: info@centralbaltic.eu
Website: www.centralbaltic.eu