

23 June 2020

EAPB response to Targeted review of the General Block Exemption Regulation (State aid): extended scope for national funds to be combined with certain Union programmes (2nd consultation)

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Background and general comments

The European Association of Public Banks, EAPB, welcomes the possibility to provide feedback on the second consultation on the Draft Commission Regulation amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (GBER) .

As National and Regional Promotional Banks and institutions (NPBIs) EAPB members perform a public mission of fostering economic development and social cohesion. They act based on a public mandate -defined by law- and support their competent authorities' socio-political objectives. They thus often also play a key role in granting State aid. Many will also play an important role as Implementing partners of Invest EU.

We support the Commission's objective to simplify the GBER so that it will be easier to apply in practice for Implementing partners, Financial intermediaries and final beneficiaries under the next programming period. The new exemptions proposed in the GBER amendment are primarily intended to facilitate the combination of national funds with financing from the EU budget (InvestEU). This is to be welcomed. We also expect the new State aid rules to sustain the success of InvestEU.

1

However, the added value of the new exemption regime for economic and structural policy objectives in the EU could be all the greater if the new rules also applied to other EU funding used for blending purposes, such as Structural funds or also to purely national support programs.

Moreover, the primary focus of attention should be the project impact rather than the distribution channel. The Commission should not impose particular restrictions on NPBIs, compared to other Implementing partners or financial intermediaries when they act on the same economic principles.

Detailed comments

Article 1 Point 68

In view of our members the definition of commercial financial intermediary should not exclude national promotional banks. In this context, it should be noted that any such possible exemption should refer rather to the nature and characteristics of the business conducted by a specific entity and should not refer to the legal status which in accordance to EU State aid law should be in fact of secondary importance.

In addition, the EC proposed for commercial financial intermediaries a State aid measure (under Article 56f) with simplified conditions. It should be noted that possible classification of financial intermediaries as '*commercial*' and '*non-commercial*' may lead to a situation when on the same market and at the same time, two or more financial intermediaries, due to the scope of definition on *commercial financial intermediaries*, will in principle be able to offer to the same final beneficiaries for the implementation of the same investments loans under different conditions.

The text should be adopted as follows:

(168) "commercial financial intermediary" means a financial intermediary which operates on a for profit basis and at full own risk, without a public guarantee. ~~National promotional banks or institutions are not considered to be commercial financial intermediaries;~~

Article 2, point 173

The proposed definition of social housing does not reflect the reality in many Member States. Against this background, a single EU wide definition of social housing would not be helpful. We rather suggest listing the characteristics of social housing. Against this background, we propose the following amendment:

(173) "*social services*" means clearly identified services, meeting social needs as regards health and long-term care, childcare, access to and reintegration into the labour market, social housing ~~(which means housing for disadvantaged citizens or socially less advantaged groups who due to solvency constraints are unable to obtain housing at market conditions)~~ and the care and social inclusion of vulnerable groups (as defined in recital 11 of Commission Decision 2012/21/EU);

173a. Key characteristics of social housing are

- a) A regionally differentiated financial support/promotion of an object which is dependent on the housing market and the purpose of which is to provide a living space for people**
- b) The people benefiting from social housing do not exceed a certain income threshold (which reflects the different financial and social conditions in the EU)**
- c) The financial support leads to a rent level control and to occupancy commitments (social obligations)**
- d) Compliance with these social obligations is supervised by public authorities.**

Article 56d(1)

We welcome the new wording and thank you for considering our suggestion.

Article 56d(4)

We consider the new wording to be precise and thank you for considering our comments.

Regarding Article 56e(1)(b)

We welcome this new approach to determining the aid value of loans for InvestEU-supported subsidies and are grateful for the specification on the interest rate that corresponds at least to the base rate of the reference rate applicable at the time of the granting of the loan. As in the first draft, the scheme now chosen no longer distinguishes between loans with fixed interest rates and loans with variable interest rates. We therefore assume that the regulation will now apply to all conceivable forms of loan, including, for example, variable-rate loans.

On the other hand, we miss the previous specifications from the first draft on State aid conformity of InvestEU-supported support in the form of guarantees and equity capital measures.

Also, in our members' view it would be reasonable to allow to provide support below the base rate, at least for some of the InvestEU projects. The possibility of granting loans at "0%" interest rate should be provided for projects, at least within the Social and Skills Window, in which support will be targeted at non-commercial projects aimed at achieving social goals, which in general will not generate any profit. Having that in mind, especially in the context of the effects of the COVID-19 pandemic, it is necessary to enable support for social projects on the most preferential terms possible.

Article 56e(9)(b)

We welcome the waiver of term-based loan volumes per final recipient and support the increase of the maximum loan volume to EUR 2 million.

** **The European Association of Public Banks (EAPB)** gathers over 30 member organisations which include promotional banks such as national or regional public development banks and local funding agencies, public financial institutions, associations of public banks and banks with similar interests from 17 European Member States and countries, representing directly and indirectly the interests of over 90 financial institutions towards the EU and other European stakeholders.*