

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

Interact Programme

To Whom it May Concern,

INTERACT is the platform of European Territorial Cooperation (ETC or 'Interreg') programmes. One of the objectives of the Interact programme is to support Interreg programmes in the simplification and harmonisation of their approaches to programme and project management.

Interreg programmes provide grants to co-finance cooperation projects across national borders. Decisions to co-finance cooperation projects are taken jointly by all Member States participating in a programme.

Our response below is based on inputs we received from Interreg programmes.

General opinion

Based on the input we received, Interreg programmes **very welcome the proposed amendment and thank for the inclusion of comments** that were submitted in the 1st consultation.

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."

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:

1. 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 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).

1. 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 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.

We very much appreciate your time and consideration and remain available for further elaborations and clarifications if needed.