

**COMMENTS ON GBER REVIEW CONSULTATION DOCUMENT**  
**BY CROATIAN MINISTRY OF SCIENCE AND EDUCATION**

No.	Place in the document text	Comments/Proposals
1.	<p>Page 20:</p> <p>(2) in Article 4, paragraph 1 is amended as follows:</p> <p>.....</p> <p>(b) the following point (ja) is inserted:</p> <p>“(ja) for investment aid for testing and experimentation infrastructures: EUR 15 million per infrastructure;”</p>	<p>Article 4 of GBER refers to notification thresholds and in the amended version it is suggested that the Regulation shall not apply to investment aid for testing and experimentation infrastructures which exceeds EUR 15 million per infrastructure.</p> <p>Having in mind that this kind of infrastructure can be very costly and, as described in more detail in the 3<sup>rd</sup> comment, that it is EU interest to give incentive to construction and upgrade of this kind of infrastructure, <u>we consider this threshold too low and suggest the increase to 20M€, especially if we have in mind that the threshold for research infrastructure is 20 M€ per infrastructure.</u></p>
2.	<p>Page 33:</p> <p>(17) Article 25 is amended as follows:</p> <p>(a) in paragraph 3, point (e) is replaced by the following:</p> <p>“(e) additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project; without prejudice to Article 7(1) third sentence, indirect R&amp;D project costs may also be calculated on the basis of a simplified cost approach in the form of a flat-rate of up to [15 %], applied to total eligible direct R&amp;D project costs. In this case, both categories of direct and indirect costs shall be established on the basis of normal accounting practices, shall comprise only eligible R&amp;D project costs listed above in points (a) to (d), and shall be duly justified.”;</p> <p>(b) paragraph 6, point (b), is amended as follows:</p>	<p><u>We consider proposed flat-rate threshold too low and suggest the increase of the percentage up to 25%.</u></p> <p>Our experience in monitoring RDI projects that were implemented so far under Cohesion policy in Croatia shows the need to have higher percentage of indirect costs in RDI projects and also the need to include new categories of costs, such as research consumables for example, which would contribute to more flexible implementation that is very much needed in case of RDI projects and would also increase the fluency of project implementation.</p>

	<p>(i) point (ii) is replaced by the following: “(ii) the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software;”;</p> <p>(ii) the following point (iii) is added: “(iii) the beneficiary commits to widely disseminate the research results, including where the beneficiary commits to, on a timely basis, make available licences for research results of aided R&amp;D projects, which are protected by intellectual property rights, at a market price and on non-exclusive</p>	
3.	<p>Pages 33-34:</p> <p>(18) the following Article 26a is inserted:  <i>“Article 26a</i>  <b>Investment aid for testing and experimentation infrastructures</b>  1. Aid for the construction or upgrade of testing and experimentation infrastructures shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.  2. The price charged for the operation or use of the infrastructure shall correspond to a market price or reflect their costs plus a reasonable margin in the absence of a market price.  3. Access to the infrastructure shall be open to several users and be granted on a transparent and non-discriminatory basis. Undertakings which have financed at least 10 % of the investment costs of the infrastructure may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access shall be proportional to the undertaking's contribution to the investment costs and these conditions shall be made publicly available.  4. The eligible costs shall be the investment costs in intangible and tangible assets.  5. The aid intensity shall not exceed 25 % of the eligible costs.”;</p>	<p><u>We consider aid intensity of 25% far too low and suggest to raise it to aid intensity for research infrastructures (50%) and even more.</u></p> <p>This is why:  The reasoning that was presented on the meeting on December 7<sup>th</sup> stated that the difference in intensity for research infrastructure (50%) and testing and experimentation infrastructure (25%) derives from the fact that RDI activities in testing and exp. infrastructure will be closer to the market than the ones conducted in research infrastructure, but the use of both infrastructures and the services provided on it will be charged at market prices.  In addition, the support that is in question here is support to the establishment of such an infrastructure (construction and/or upgrade) and also the infrastructure will serve the needs of wider community (mostly industry users). Furthermore, in GBER revised document it is clearly stated that such an infrastructure involves high initial investment costs and that there is a market gap that has to be bridged.  Commission Staff Working Document ‘Technology Infrastructures’, SWD (2019) 158 final, 8.4.2019.” clearly describes why this kind of infrastructure highly depends on public sources of investment (extract from Section 3. Key findings and main challenges):</p>

		<p>“Technology infrastructures require high investment both in the set-up and for keeping up with the state-of-the-art. Despite the income generated from their clients, many technology infrastructures depend on public funding, especially in high-risk technological areas where there is no possibility of obtaining risk premiums for the continuous and large investment needed to remain state-of-the-art.</p> <p>Due to market failure, there is underinvestment from the private side. Therefore, public investment in technological infrastructures is indispensable and ensures that the high cost of pilot and demonstration actions can be mitigated, for instance, for SMEs through the availability of open access capabilities.</p> <p>Moreover, the positive externalities for the innovation system as a whole (i.e. job creation and investments in new production lines at the technological infrastructures customers’ premises) justify public support to open technological infrastructures.”</p> <p>Let us consider an example: If the aid intensity of 25% is applied, and let’s say that an enterprise contributes with 10% of costs, it means that research organization (in this case recipient of the aid) will have to bear the rest of 65% of the investment which is extremely high percentage for ROs to bear.</p> <p><u>It is important to emphasize that ROs have a core responsibility for technological upgrading and play a key role in development of these infrastructures, producing knowledge and assisting in the support of local industry, around specific industrial technologies or sectors.</u></p> <p><u>Therefore, if development of this kind of infrastructure is one of European priority investments for future economic growth, it is necessary to adapt State aid rules accordingly, including GBER, as it enables more efficient project implementation. We therefore consider GBER should allow aid intensity of at least 50% and any higher percentage would be indeed welcome.</u></p>
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