Interreg Programme Management Handbook

Guide to the 2021-2027 period

The Interreg Programme Management Handbook comprises a series of factsheets. They can be read individually, or collectively, to understand the relevance of certain aspects of Interreg management. They cover the relevance, legal basis, key challenges and approaches to the given subject.

Factsheet | State aid

1. What is it? What is the definition of this work?

State aid refers to any advantage provided by state resources to undertakings (in other words any entities engaged in economic activities) on a selective basis.

State aid control is an objective of the EU policy on competition which is enshrined in the Treaty on the Functioning of the EU and the objectives of this policy differ significantly from the objectives of the regional policy. While the regional policy focus on investments the competition policy protects from oversubsidising undertakings and distorting the trade and competition between the Member States.

To be considered as State aid, a measure (any form of aid) needs to have all these features:

1. there has been an intervention by the State or through State resources which can take a variety of forms (e.g. grants, interest and tax relief, guarantees, government holdings of all or part of a company, or providing goods and services on preferential terms, etc.);
2. the intervention gives the recipient an advantage on a selective basis; for example, to specific companies or industry sectors, or to companies located in specific regions;
3. competition has been or may be distorted;
4. the intervention is likely to affect trade between Member States.

Provision of State aid is generally prohibited in the European Union, but there are some notable exemptions relevant to Interreg which enable programmes to provide funding, but without distorting the Single Market. In the context of Interreg, the most relevant exceptions are contained in the General Block Exemption Regulation and the De minimis Regulation (please see point 3).

2. Why are we discussing it?

State aid control is one of the obligations of Member States. As Interreg grants in some cases may constitute State aid the programmes are obliged to verify if partner activities are State aid relevant. Programmes may for example do not allow for financing such activities and exclude projects with economic activities or preferably apply one of the exemptions offered by State aid provisions and allow for economic activities of the partners.

3. What are the Legal references and basis for this topic?

Treaty on the Functioning of the European Union

The article 107 is the basis of the policy, together with the articles 108 and 109.

The definition and the explanation what can be regarded as State aid is found in the Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union (2016/C 262/01)

General Block Exemption Regulation (GBER)

Commission Regulation (EU) 651/2014 (OJ L 187, 26.06.2014) of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty Text with EEA relevance (as amended).

Please note that this regulation has been amended several times, so always refer to the latest consolidated version (current latest amendment 1 July 2023).

Especially the following GBER articles are of importance for Interreg:

Articles 1-12

Article 20

Article 20a

De minimis Regulation

Commission Regulation (EU) 2023/2831 (OJ L, 2023/2831, 15.12.2023) of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

4. What are the challenges, key considerations and frequently asked questions?

The main challenge is to do the proper assessment of State aid relevant partner activities. It should be stressed that such assessment must be done also in programmes which do not allow for financing State aid activities.

The fact that competition policy is significantly different from cohesion policy with its proper terminology and interpretations often causes misunderstandings and questions.

Frequently asked questions:

- What options are available to Interreg programmes to deal with State aid?
- What are advantages and disadvantages?
- What administrative effort is involved?

5. How are they addressed?

Programmes deal differently with State aid, and the most common approaches are:

- Some programmes have opted not to finance any activities that could potentially be relevant to the market, to avoid any State aid. However, this comes with a price since avoiding State aid at any cost can make it difficult for programmes to meet their strategic aims, such as promoting innovation.
- Others are applying the GBER and making use of Article 20 and Article 20a, the exemption which was designed and offered exclusively to Interreg programmes.
- Others are applying (also) de minimis and grant up to 300 000 Euro (per Member State) to an undertaking.

The application of the GBER's Interreg dedicated Articles is the least burdensome way to deal with State aid both for programmes and project partners. The second choice is de minimis but since de minimis within the last 3 years per undertaking cannot exceed 300 000 Euro (per Member State) does not seem attractive for some project partners. Also, the fact that programmes deal with more than one

Member State often causes practical (verification and reporting) problems with the limited access to the national de minimis registers, if they exist.

6. How does it work in practice?

In case of GBER programme usually first has to register the scheme via the national State aid authority and/or Permanent Representation of the Member State to the EU. When the scheme is registered in State aid notification interactive (SANI), the system managed by DG Competition, projects with State aid activities can be approved and State aid can be granted to partners (up to the limit of 2,2 million Euro of all public sources per undertaking and at the same time they cannot exceed 80% of total eligible costs in case of Article 20 or 22 000 Euro per undertaking in case of Article 20a). Then programmes must report on regular basis State aid granted (with some exceptions) in the Transparency Award Module (TAM) and State aid Reporting Interactive (SARI).

In case of de minimis programmes must check either on the basis of self-declarations or in national registers how much State aid was granted to an undertaking (partner) within the last 3 years. If the rolling 3-year threshold was not exceeded de minimis can be granted but always up to 300 000 Euro. The programme must notify the undertaking (in written or in electronic form) the amount that was granted and in case there are national State aid registries in Member States the information has to be put there. This system is going to change as of 2026 and the use of national or EU level registry will be obligatory, and the system of self-declarations will be gradually discontinued.

7. Good practice examples, innovative approaches

There are many programmes which registered GBER schemes, actively grant State aid compatible with GBER exemption and use de minimis.

Interact published a factsheet GBER and Interreg as well as a report on GBER Article 20a. Both documents help navigation what must be done if programmes want to have partners with State aid relevant activities. In the document *GBER and Interreg* you can find examples of programmes which successfully implemented one of the exemptions and finance projects with economic activities.

Interact has read access to State aid wiki managed by DG Competition and offers guidance to programmes regarding the interpretation of State aid rules.

Disclaimer: Cooperation can be complex, and while Interact's job is to make it easier, Interact cannot offer assurances on the accuracy of our pan-European information in any specific context.

Furthermore, understanding and knowledge evolves throughout the programming period. If you spot something out of date or inconsistent, please contact us at communication@interact.eu

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