

Interreg Baltic Sea Region research and development and innovation aid scheme 2014-2020

Scheme reference number: SA.44437

1. Legal basis

The Interreg Baltic Sea Region research and development and innovation scheme 2014-2020 (the 'scheme') operates under Commission Regulation (EU) 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Article 107 and 108 of the Treaty¹ ('GBER 2014-20').

The legal basis for the scheme is the European Territorial Cooperation programme "Interreg Baltic Sea Region" (CCI 2014TC16M5TN001), ('the Programme').

2. Objectives

The objective of the scheme is to support research and development and innovation in the context of Interreg Baltic Sea Region.

3. Definitions

The definitions set out in Article 2 of GBER 2014-20 shall apply to this scheme.

4. Exclusions

This scheme shall not apply to activities excluded from eligibility under Article 1 of GBER 2014-20. In particular:

Export aid

The scheme is not available to

- Export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity
- Aid contingent on the use of domestic over imported goods

¹ OJEU L187/1 of 26 June 2014.

Sectoral coverage

This scheme is not available to:

- The primary agricultural production sector, with the exception of aid for research and development projects (Article 25 of GBER 2014-20), investment aid for research infrastructures (Article 26 of GBER 2014-20), aid for innovation clusters (Article 27 of GBER 2014-20), innovation aid for SMEs (Article 28 of GBER 2014-20) and aid for process and organisational innovation (Article 29 of GBER 2014-20).
- The processing and marketing of agricultural products in the following cases:
 - Where the amount of aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned
 - Where the aid is conditional on being partly or entirely passed on to primary producers
- Facilitate the closure of uncompetitive coalmines, as covered by Council Decision No 2010/787.²

Firms subject to recovery orders or in difficulty

This scheme explicitly excludes the payment of aid in favour of an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market.³

This scheme is not available to firms in difficulty (as defined in Article 2(18) of GBER 2014-20).

5. Eligibility criteria

There is no automatic entitlement to support under this scheme.

This scheme is available in the EU Member States and European Free Trade Association States participating in Interreg Baltic Sea Region, i.e. Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland and Sweden.

Specific eligibility requirements are associated with different categories of aid. These are detailed below.

² OJEU L336/24 of 21 December 2010.

³ The firms affected are listed here:

http://ec.europa.eu/competition/state_aid/studies_reports/recovery_statistics.xlsx

6. Type of aid

This scheme shall offer only forms of aid that are considered transparent. Aid is considered transparent if it is possible to calculate precisely the gross grant equivalent of the aid ex ante without any need to undertake a risk assessment. This includes aid comprised in grant and interest rate subsidies and aid comprised in loans where the gross grant equivalent has been calculated on the basis of the reference rate prevailing at the time.⁴

7. Incentive effect

This scheme is only available to projects where it will have an incentive effect. An incentive effective will be considered present if the beneficiary has submitted a written application before work on the project or any activity starts.

8. Cumulation

Aid under this scheme may be cumulated with other forms of aid exempted under GBER 2014-20 provided that either: those measures concern different identifiable eligible costs; or, where there is partial or total overlap in eligible costs with other aid exempted under GBER 2014-20 or awarded under the *de minimis* Regulation, that the highest aid intensity or aid amount applicable under GBER 2014-20 is not exceeded.

9. Categories of aid

The categories of aid set below reflect the eligibility criteria set out in GBER 2014-20. The aid amounts are the maximum levels of support that may be offered. In practice, lower levels may be applied. Moreover, the type of project supported and the scope of eligible expenditure must also meet the requirements of Interreg Baltic Sea Region.

10. Aid for research and development projects

Aid for research and development projects under this scheme shall comply with GBER 2014-20, Article 25.

The aided part of the research and development project shall completely fall within one or more of the following **categories**:

- (a) fundamental research;
- (b) industrial research;

⁴ Interreg Baltic Sea Region offers aid in the form of grants only.

(c) experimental development;

(d) feasibility studies.

The **eligible costs** of *research and development* projects shall be allocated to a specific category of research and development and shall be the following:

(a) personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;

(b) costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible.

(c) Costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible.

(d) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;

(e) additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project;

The eligible costs for *feasibility studies* shall be the costs of the study.

The **aid intensity** for each beneficiary shall not exceed:

(a) 85% of the eligible costs for fundamental research; subject to a ceiling of EUR 40 million per undertaking, per project (EUR 80 million for Eureka, Article 185 or 187 TFEU projects) where the project is predominantly fundamental research (i.e. fundamental research accounts for more than half of eligible project costs);

(b) 50% of the eligible costs for industrial research; subject to a ceiling of EUR 20 million per undertaking, per project (EUR 40 million for Eureka, Article 185 or 187 TFEU projects) where the project is predominantly industrial research (i.e. where fundamental and industrial research together account for more than half of eligible project costs);

(c) 25% of the eligible costs for experimental development, subject to a ceiling of EUR 15 million per undertaking, per project (EUR 30 million for Eureka, Article 185 or 187 TFEU projects) where the project is predominantly experimental development (i.e. where experimental research accounts for more than half of eligible project costs);

(d) 50% of the eligible costs for feasibility studies, subject to a ceiling of EUR 7.5 million per study.

The aid intensities for industrial research and experimental development may be increased up to a maximum aid intensity of 80% of the eligible costs as follows:

(a) by 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises;

(b) by 15 percentage points if the following condition is fulfilled:

the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.

The aid intensities for feasibility studies may be increased by 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises.

Summary of main aid intensities and ceilings for research and development aid

	Large enterprise	Medium enterprise	Small enterprise	Wide dissemination (max. 80%)	Ceiling	Ceiling for Art 185, 187 TFEU and Eureka
Fundamental research	85%	85%	85%		EUR 40 m	EUR 80 m
Industrial research	50%	60%	70%	+15%	EUR 20 m	EUR 40 m
Experimental development	25%	35%	45%	+15%	EUR 15 m	EUR 30 m
Feasibility studies	50%	60%	70%		EUR 7.5 m	

11. Investment aid for research infrastructures

Investment aid for research infrastructures under this scheme shall comply with GBER 2014-20, Article 26.

Where a research infrastructure pursues both economic and non-economic activities, the financing, costs and revenues of each type of activity shall be accounted for separately on the basis of consistently applied and objectively justifiable cost accounting principles.

The price charged for the operation or use of the infrastructure shall correspond to a market price.

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.

The eligible costs are the investment costs in intangible and tangible assets.

The aid intensity shall not exceed 50% of the eligible costs, subject to a ceiling of EUR 20 million per infrastructure.

Where a research infrastructure receives public funding for both economic and non-economic activities a monitoring and claw-back mechanism shall be put in place in order to ensure that the applicable aid intensity is not exceeded as a result of an increase in the share of economic activities compared to the situation envisaged at the time of awarding the aid.

12. Aid for innovation clusters

Aid for innovation clusters under this scheme shall comply with GBER 2014-20, Article 27.

Aid for innovation clusters shall be granted exclusively to the legal entity operating the innovation cluster (cluster organisation).

Access to the cluster's premises, facilities and activities 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 innovation cluster 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.

The fees charged for using the cluster's facilities and for participating in the cluster's activities shall correspond to the market price or reflect their costs.

Investment aid may be granted for the construction or upgrade of innovation clusters. The eligible costs shall be the investment costs in intangible and tangible assets.

The aid intensity of investment aid for innovation clusters shall not exceed 50 % of the eligible costs. The aid intensity may be increased by 15 percentage points for innovation clusters located in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty and by 5 percentage points for innovation clusters located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty. The aid amount is subject to a ceiling of EUR 7.5 million per cluster.

Operating aid may be granted for the operation of innovation clusters for a maximum of 10 years.

The eligible costs of operating aid for innovation clusters shall be the personnel and administrative costs (including overhead costs) relating to:

- (a) animation of the cluster to facilitate collaboration, information sharing and the provision or channelling of specialised and customised business support services;
- (b) marketing of the cluster to increase participation of new undertakings or organisations and to increase visibility;
- (c) management of the cluster's facilities; organisation of training programmes, workshops and conferences to support knowledge sharing and networking and transnational cooperation.

The aid intensity of operating aid shall not exceed 50% of the total eligible costs during the period over which the aid is granted.

13. Innovation aid for SMEs

Innovation aid for SMEs under this scheme shall comply with GBER 2014-20, Article 28. SMEs are as defined in Annex I of GBER 2014-20.

The eligible costs shall be the following:

- (a) costs for obtaining, validating and defending patents and other intangible assets;
- (b) costs for secondment of highly qualified personnel from a research and knowledge-dissemination organization or a large enterprise, working on research, development

and innovation activities in a newly created function within the beneficiary and not replacing other personnel;

(c) costs for innovation advisory and support services;

The aid intensity shall not exceed 50% of the eligible costs, subject to a ceiling of EUR 5 million per undertaking, per project.

In the particular case of aid for innovation advisory and support services the aid intensity can be increased up to 85% of the eligible costs provided that the total amount of aid for innovation advisory and support services does not exceed EUR 200,000 per undertaking within any three year period.

14. Aid for process and organisational innovation

Aid for process and organisation innovation under this scheme shall comply with GBER 2014-20, Article 29.

Aid to large undertakings is only compatible if they effectively collaborate with SMEs in the aided activity and the collaborating SMEs incur at least 30% of the total eligible costs.

The eligible costs are:

(a) personnel costs;

(b) costs of instruments, equipment, buildings and land to the extent and for the period used for the project;

(c) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions;

(d) additional overheads and other operating costs, including costs of materials, supplies and similar products, incurred directly as a result of the project.

The maximum aid intensity is 15% of the eligible costs for large undertakings and 50% of the eligible costs for SMEs, subject to a ceiling of EUR 7.5 million per undertaking per project.

15. Aid for research and development in the fishery and aquaculture sector

Aid for research and development in the fishery and aquaculture sector under this scheme shall comply with GBER 2014-20, Article 30.

The aided project shall be of interest to all undertakings in the particular sector or sub-sector concerned.

Prior to the date of the start of the aided project the following information shall be published on the internet:

- (a) that the aided project will be carried out;
- (b) the goals of the aided project;
- (c) the approximate date for the publication of the results expected from the aided project and its place of publication on the internet;
- (d) a reference that the results of the aided project will be available to all undertakings active in the particular sector or sub-sector concerned at no cost.

The results of the aided project shall be made available on the internet from the end date of the aided project or the date on which any information concerning those results is given to members of any particular organisation, whatever comes first. The results shall remain available on internet for at least 5 years starting from the end date of the aided project.

Aid shall be granted directly to the research and knowledge-dissemination organisation and shall not involve the direct granting of non-research related aid to an undertaking producing, processing or marketing fishery or aquaculture products.

Eligible costs are set out in GBER 2014-20 Article 25(3), namely:

- (a) personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;
- (b) costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible.
- (c) Costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible.
- (d) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;

(e) additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project;

The aid intensity shall not exceed 85% of the eligible costs.⁵

16. Reporting

In compliance with GBER 2014-20 Article 11(b), the Managing Authority will assure the compilation of the data required for the submission to the Commission an annual report for each whole year or each part year during which this scheme applies.

17. Monitoring

In compliance with GBER 2014-20, Article 12, the Managing Authority will assure the maintenance of detailed records with the information and supporting documentation necessary to establish that all the conditions laid down in GBER 2014-20 are fulfilled. Such records shall be kept for 10 years from the date on which the last aid was granted under the scheme. The Managing Authority will enable the provision to the Commission within a period of 20 working days or such longer period as may be fixed in the request, all the information and supporting documentation which the Commission considers necessary to monitor the application of GBER 2014-20.

⁵ Note: no absolute ceiling for this category of aid is provided for in GBER 2014-20, but the Programme's maximum co-financing rate will be applied.