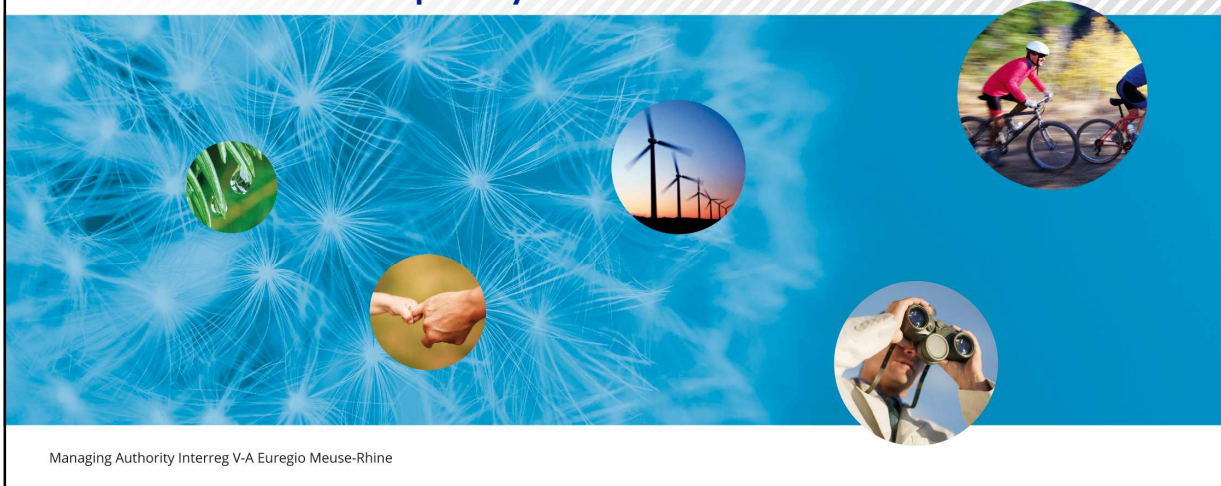


COVID-19 call Temporary state aid framework



Managing Authority Interreg V-A Euregio Meuse-Rhine

Temporary state aid framework

Introduction

- The European Commission has adopted a State aid Temporary Framework to enable Member States to support the economy in the context of the coronavirus outbreak.
(https://ec.europa.eu/competition/state_aid/what_is_new/TF_consolidated_version_as_amended_3_april_2020.pdf)
- This framework contains specific conditions that temporarily allows a higher public support.
- Provisions with regard to the following topics are relevant in the framework of the Interreg EMR COVID call:
 - COVID-19 relevant research and development
 - Testing and upscaling infrastructures that contribute to develop COVID-19 relevant products
 - Production of products needed to respond to the outbreak.

Temporary state aid framework

Aid for COVID-19 relevant research and development (1/2)

- The aid is granted in the form of **direct grants**, repayable advances or tax advantages by 31 December 2020;
- For R&D projects started as of 1 February 2020 or for projects having received a COVID-19-specific Seal of Excellence, the aid is deemed to have an incentive effect; **for projects started before 1 February 2020, the aid is deemed to have an incentive effect, if the aid is necessary to accelerate or widen the scope of the project.**
- **Eligible costs** may refer to all the costs necessary for the R&D project during its duration, including amongst others, personnel costs, costs for digital and computing equipment, for diagnostic tools, for data collection and processing tools, for R&D services, for pre-clinical and clinical trials (trial phases I-IV), for obtaining, validating and defending patents and other intangible assets, for obtaining the conformity assessments and/or authorisations necessary for the marketing of new and improved vaccines and medicinal products, medical devices, hospital and medical equipment, disinfectants, and personal protective equipment; phase-IV trials are eligible as long as they allow further scientific or technological advance;



Temporary state aid framework

Aid for COVID-19 relevant research and development (2/2)

- The aid intensity for each beneficiary **may cover 100% of eligible costs for fundamental research and shall not exceed 80% of eligible costs for industrial research and experimental development;**
- The aid intensity for industrial research and experimental development **may be increased by 15 percentage points**, if more than one Member State supports the research project, or it is **carried out in cross-border collaboration with research organisations or other undertakings;**
- **The aid beneficiary shall commit to grant non-exclusive licences under non-discriminatory market conditions to third parties in the EEA;**
- Aid may not be granted to undertakings that were already in difficulty (within the meaning of the General Block Exemption Regulation) on 31 December 2019



Temporary state aid framework

Investment aid for testing and upscaling infrastructures (1/2)

- The aid is granted for the construction or upgrade of testing and upscaling infrastructures required to develop, test and upscale, up to first industrial deployment prior to mass production, COVID-19 relevant medicinal products (including vaccines) and treatments, their intermediates, active pharmaceutical ingredients and raw materials; medical devices, hospital and medical equipment (including ventilators and protective clothing and equipment as well as diagnostic tools) and necessary raw materials; disinfectants and their intermediary products and raw chemical materials necessary for their production; as well as data collection/processing tools;
- The aid is granted in the form of **direct grants**, tax advantages or repayable advances by 31 December 2020;
- **The investment project shall be completed within six months after the date of granting the aid.** An investment project is considered completed when it is accepted by the national authorities as completed. Where the six-month deadline is not met, per month of delay, 25% of the amount of aid awarded in form of direct grants or tax advantages shall be reimbursed, unless the delay is due to factors outside the control of the aid beneficiary;



Temporary state aid framework

Investment aid for testing and upscaling infrastructures (2/2)

- Eligible costs are the investment costs necessary for setting up the testing and upscaling infrastructures required to develop the products listed in point (a) above. **The aid intensity shall not exceed 75% of the eligible costs;**
- The maximum allowable aid intensity of the direct grant or tax advantage **may be increased by an additional 15 percentage points**, either if the investment is concluded within two months after the date of aid granting or date of application of the tax advantage, or **if the support comes from more than one Member State;**
- **The testing and upscaling infrastructures shall be open to several users and be granted on a transparent and non-discriminatory basis;**
- Aid may not be granted to undertakings that were already in difficulty (within the meaning of the General Block Exemption Regulation) on 31 December 2019.



Temporary state aid framework

Investment aid for the production of COVID-19 relevant products (1/3)

- The investment aid is **granted for the production of COVID-19 relevant products**, such as medicinal products (including vaccines) and treatments, their intermediates, active pharmaceutical ingredients and raw materials; medical devices, hospital and medical equipment (including ventilators, protective clothing and equipment as well as diagnostic tools) and necessary raw materials; disinfectants and their intermediary products and raw chemical materials necessary for their production; data collection/processing tools;
- The aid is granted in the form of **direct grants**, tax advantages or repayable advances by 31 December 2020;
- **For projects started as of 1 February 2020**, the aid is deemed to **have an incentive effect**; for projects started before 1 February 2020, the aid is deemed to have an incentive effect, if the aid is necessary to accelerate or widen the scope of the project. In such cases, only the additional costs in relation to the acceleration efforts or the widened scope shall be eligible for aid;



Temporary state aid framework

Investment aid for the production of COVID-19 relevant products (2/3)

- **The investment project shall be completed within six months after the date of granting the aid.** An investment project is considered completed when it is accepted by the national authorities as completed. Where the six-month deadline is not met, per month of delay, 25% of the amount of aid awarded in form of direct grants or tax advantages shall be reimbursed, unless the delay is due to factors outside the control of the aid beneficiary;
- **Eligible costs** relate to all investment costs necessary for the production of the products listed in the first point and to the costs of trial runs of the new production facilities;
- The aid intensity shall not exceed **80% of the eligible costs**;
- The maximum allowable aid intensity of the direct grant or tax advantage may be **increased by an additional 15 percentage points**, either if the investment is concluded within two months after the date of aid granting or date of application of the tax advantage, or **if the support comes from more than one Member State**;



Temporary state aid framework

Investment aid for the production of COVID-19 relevant products (3/3)

- Aid under this measure shall not be combined with other investment aid for the same eligible costs;
- Aid may not be granted to undertakings that were already in difficulty (within the meaning of the General Block Exemption Regulation) on 31 December 2019.



Temporary state aid framework

Conclusive remarks

- The categories of eligible costs described must be observed strictly by the potential beneficiary
- The specific deadlines are to be observed when designing the project
- The co-financing rates are to be seen as maximal rates
- The current approach does not exclude the use of other categories of state aid for activities where this is not applicable
- The current state aid does not cumulate with other state aid categories
- De minimis can also be used, conditional upon observance of the thresholds

