



State aid and combination FIs

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fi-compass online event “Implementation of grants and financial instruments combined in a single operation”, 30 June 2023

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Disclaimer: This presentation represents purely the views of the presenter and may not in any circumstances be regarded as stating an official position of DG Competition or the European Commission.

Combined financial instruments

- Financial instrument (FI) part:
 - Loan
 - Equity/quasi-equity
 - Guarantee
- Grant part:
 - e.g. capital grant, capital rebate
- Specific case under state aid rules: repayable advances (conditions for the reimbursement of the loan depend on the outcome of a high-risk project, e.g. Research and Development)

Overview application State aid rules to combined financial instruments

- 'Transparent aid' approach: “[...] it is possible to calculate precisely the gross grant equivalent of the aid ex ante without any need to undertake a risk assessment”
 - Applicable to State aid with maximum aid amount/intensity and *de minimis* aid
 - Grants and financial instruments aggregated via gross grant equivalent (GGE) calculation
- 'Carve-out' for specific areas of State aid (e.g. GBER Articles 16, 21, 22, 39, Section 16 (InvestEU))
 - No quantification of aid, but limits on notional financing amounts

Combined financial instruments –GGE Calculation

- GGE of financial instrument:
 - NPV of aid instalments comprised in interest rate of loans and premium of guarantees
 - Safe harbour amounts under *de minimis*
 - Equity/quasi-equity: nominal amount
- Grant amount
 - Full amount to be considered at moment of aid award (legal right to receive aid), even if pay-out conditional (e.g. capital rebates)
 - Grant payable in the future shall be discounted to its value at the moment it is granted

Combined financial instruments under FI-only State Aid

- FI-only State aid categories (GBER Articles 16, 21, 39) => no grants
 - Three layered structure with financial intermediaries and private co-investors
 - No direct quantification of aid amount
 - Eligibility conditions and limits nominal amount to ensure proportionality of aid
- Grant part must be covered by other State aid legal basis, taking into account cumulation rules

GBER and *de minimis* cumulation rules

- Aid with identifiable eligible costs:
 - GBER aid may be cumulated with any other State aid in relation to the same eligible costs up to the highest aid intensity/amount applicable under GBER.
 - Cumulation of de minimis aid and State aid (GBER or individual Commission decision) for the same eligible costs up to the highest relevant aid intensity or aid amount of GBER or decision adopted by the Commission.
 - Example: Aid under Article 39 GBER (financial instrument) and *de minimis* (grant component, up to EUR 200 000), total amount EUR 25 / EUR 30 million

GBER and *de minimis* cumulation rules

- Aid without identifiable eligible costs
 - May be cumulated with any other State aid without identifiable eligible costs, up to the highest relevant total financing threshold fixed by GBER or decision adopted by the Commission.
 - Example: SME receiving risk finance under Article 21 GBER and a grant of EUR 0.5 million under Article 22 GBER, total amount up to EUR 16.5 million
 - De minimis aid and State aid (GBER or individual Commission decision) can be cumulated
 - Example: SME receiving risk finance of EUR 16.5 million under Article 21 GBER is still eligible for *de minimis* aid
 - Cumulation of de minimis aid and State aid (GBER or individual Commission decision) for the same risk finance measures up to the highest relevant aid intensity or aid amount of GBER or decision
 - Example: SMEs receiving EUR 16.3 million under Article 21 GBER and EUR 200 000 grant under *de minimis* (same risk finance measure)
- Aid with identifiable eligible costs and without identifiable eligible costs can be cumulated
- Specific rules for aid under InvestEU applies



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