



State aid rules applied to financing and investment operations supported by InvestEU Fund

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InvestEU GBER proposal

- Under the set-up of the InvestEU Fund, national funds can be involved in the following situations:
 - When National Promotional Banks are implementing partners and/or financial intermediaries under EU/Member State compartment of InvestEU;
 - In case of the EU guarantee under the Member State compartment (supported by European Structural and Investment Funds).
- The Commission wants to enable a more seamless combination of European, national and private funds.
- Proposal to revise the General Block Exemption Regulation (**InvestEU GBER proposal**) entails significant **simplifications** vs normal GBER rules:
 - It is built on safeguards relevant for competition policy, which are already embedded in the rules on the InvestEU Fund (EU objectives, additionality and market failure, limiting of the crowding-out of private operators).
 - It contains simplified eligibility conditions, no quantification of aid required, no need to exclude aid at intermediary levels.



InvestEU – No State aid when:

a. **No State resources / support is not imputable to Member State**

- E.g. InvestEU with EIB as implementing partner and not co-financed with State resources
- ↔ ESIF resources and resources from public development banks constitute State resources

b. **State resources on market terms**

- Support on market terms when invested at the same time with private investors (whose participation is not merely symbolic) on pari passu terms (risk and remuneration).
- In case of layered funding structures this condition has to be fulfilled in all the tranches

c. **State resources not on market terms**, but support is not for economic activities or is small (de minimis) at the final beneficiary level and aid is excluded at financial intermediary level



InvestEU – State aid is compatible:

- **General Block Exemption Regulation (GBER):** Aid will be block exempted under the new section 16 of the GBER with simplified rules:
 - **Normal block exemption scenario InvestEU GBER (article 56e):**
 - Limited conditions of minimum pricing
 - Sector-specific eligibility criteria of final beneficiary + max thresholds of financing (higher amounts subject to notification)
 - **Alternative scenario (article 56f) for limited amount of aid:**
 - No eligibility conditions on the final beneficiary
 - For products supporting smaller financing (up to 6-10 million EUR per company)
 - Selection of final beneficiary by commercial financial intermediaries and with co-participation of market funds.
- **Notification of State aid for authorisation by the Commission**

InvestEU GBER benefits

- The proposed InvestEU GBER articles significantly simplify existing GBER rules
- The set of criteria can be lighter based on the safeguards in terms of governance, design and implementation of the InvestEU Fund + Financial Regulation & InvestEU specific rules

Requirements under the Current GBER	Requirements under InvestEU GBER
- Detailed eligibility conditions	- Limited eligibility conditions (main scenario 'article 56e') or no eligibility conditions (alternative scenario 'article 56f')
- Quantification of aid	- No quantification of aid required
- Exclusion of aid at intermediary level/pass-on	- No exclusion of aid at intermediary level required
- Absolute and relative limit of aid amount (aid intensities) and/or limitation to funding gap	- Absolute financing amount + basic pricing requirement (article 56e)
- Incentive effect (additionality)	- No need to separately demonstrate incentive effect
- Publication, reporting, evaluation	- Requirements maintained



InvestEU GBER - Example

- **InvestEU provides budgetary guarantee for a FP with NPB as Implementing Partner. The Financial Product involves loans to energy efficiency projects up to 10MEUR**
 - Financing from FP can be block-exempted from the notification requirement when it complies with the eligibility conditions and thresholds of main scenario (article 56e)
 - E.g. improving climate and environmental protection beyond mandatory standards (below financing threshold)
 - Minimum pricing conditions
 - Exclusion of firms in difficulty
- **InvestEU provides budgetary guarantee for a FP with NPB as Implementing Partner. The Financial Product is a guarantee to banks (20% risk retention by bank) to provide 5-year loans to certain SMEs up to 1MEUR**
 - Financing from FP can be block-exempted from the notification requirement, since it is eligible under
 - main scenario (article 56e): financing to SMEs under 1MEUR, noting certain types of SMEs have substantial higher max financing amounts
 - under the alternative scenario (article 56f): no eligibility conditions for final beneficiary for State aid rules



InvestEU GBER proposal: timeline/process

- **Mandatory steps for GBER review**, ensuring input from other DGs as well as external stakeholders duly taken into account:
 - 3 ISCs (before each public consultation as well as before adoption)
 - 2 public consultations (first 12 weeks, second 8 weeks)
 - first public consultation ended on September 27; 100+ contributions received; 26 contributions from Member States
 - 2 Advisory Committee Meetings with Member States
- **Next steps of GBER review:**
 - Preparation of the second draft of the InvestEU GBER proposal: ongoing
 - Second public consultation: Q1 2020
 - Second Advisory Committee with Member States
 - Adoption in time for the next MFF: Tentative Q3 2020
 - Effect as of 1/1/2021



Feedback 1st public consultation

Need to provide guidance when State aid rules apply in the context of InvestEU (~imputability, State resources)

Need to ensure consistency with 'normal' State aid rules and InvestEU GBER articles

- With regard to horizontal conditions (e.g. Undertakings in Difficulty)
- With regard to sectoral conditions (e.g. broadband)
- With regard to definitions (e.g. innovative companies)

Need to ensure equality of treatment between the different Implementing Partners (NPB vs EIB) and intermediaries (NPBs vs commercial financial intermediaries)

Need to provide guidance on cumulation rules applicable to InvestEU (considered as complex)



Feedback 1st public consultation

Pricing condition should be adjusted (~EURIBOR) and not appropriate in some cases (e.g. small social loans)

Diverging comments on eligibility conditions of 'main' scenario and request to add additional categories (e.g. energy efficiency)

Notification thresholds considered to be restrictive for (mainly) SME financing

- Especially for art 56e11b (maximum amount and duration restriction)

NPBs roles considered to be too limited (not possible to provide financing to final beneficiary in article 56f)



State aid rules Fitness check

- 7 January 2019: launch of the evaluation of the rules: a “fitness check”.
- A **backward looking exercise** to collect evidence on how the rules have worked in practice, to verify to which extent the rules are fit for purpose and to identify the areas that need an update.
- The findings of the fitness check will serve as a **basis for drawing policy conclusions** on how well EU policies have been performing and will feed into possible consideration on the future design of the rules.
- To decide whether to prolong or possibly update the rules.
- The evaluation will cover for example:
 - General Block Exemption Regulation (GBER)
 - De minimis Regulation
 - Guidelines on State aid to promote risk finance investments
 - Regional Aid Guidelines

State aid rules Fitness Check



