

# INTERGRAF

European Federation for Print and Digital Communication

## ERDF and State Aid

*4 February 2014*

Henner Sorg  
INTERGRAF



# European Regional Development Fund (ERDF)

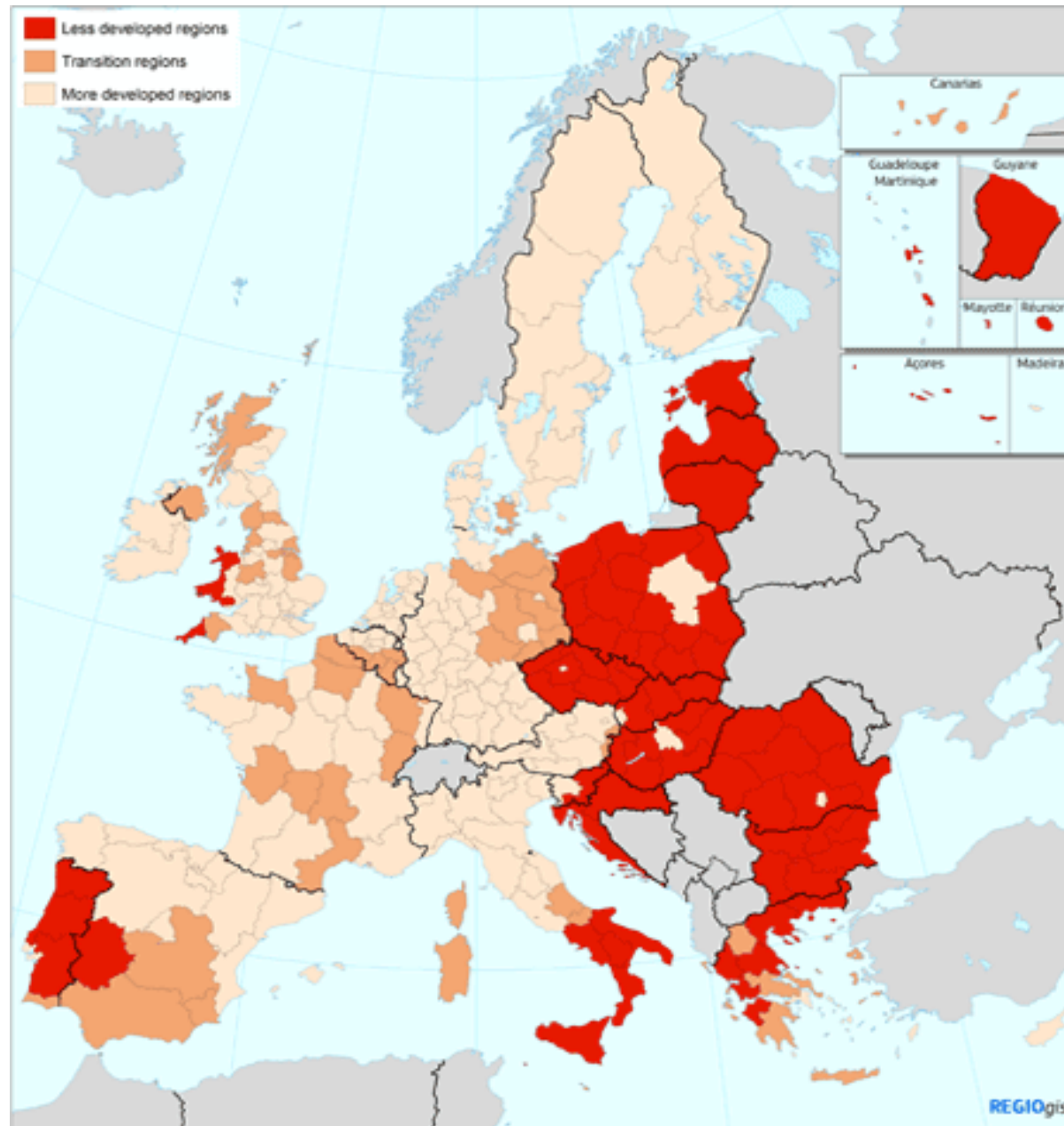
## Background

- Established in 1975 for economic regeneration projects promoted primarily by the public sector.
- The ERDF aims at increasing economic competitiveness, improving employment and strengthening social and economic cohesion between the European regions.
- Co-financing rates for 2014-2020 will be: 75- 85% in less developed and outermost regions, 60% in transition regions, and 50% in more developed regions. Grants only go to projects that would not have taken place without ERDF funding.
- The management of programmes is the responsibility of the Member States. A managing authority (at national, regional or another level) informs potential beneficiaries, selects projects and generally monitors implementation.
- In short, the ERDF funds: Direct aid to companies (in particular SMEs) to create sustainable jobs, infrastructure, financial instruments (capital risk funds, local development funds, etc.) to support regional and local development and technical assistance measures.

# ERDF 2014-2020

- For the 2014-20 period the ERDF has 4 priorities:
  - Research and Innovation
  - Information and Communication technologies
  - Competitiveness of SMEs
  - Low Carbon Economy
- Support for SMEs will double from EUR 70 to 140 billion over the 7 years.
- There will be stronger result-orientation and a new performance reserve in all European Structural and Investment Funds that incentivises good projects.
- Member states will be able to combine ERDF, ESF and Cohesion Fund allocations in multi-fund programmes to allow the greatest impact on the ground and ease coordination with other EU policies.

# ERDF regions 2014-2020



# ERDF and state aid

- All awards of ERDF must comply with EU competition law (including State Aid Law and Government procurement in the EU). Failure to comply may result in irregularity rulings which carry financial implications. That means that aid can be granted on the basis of schemes that have been notified to and approved by the Commission.
- The State Aid legislation can be found in Articles 107(1) to 109 of the Treaty of the Functioning of the European Union. State Aid is public funded support which meets each of the four criteria listed in Article 107(1) of the Treaty. The four criteria are:
  - Is the measure funded by the State or through State's resources?
  - Does the measure favour certain undertakings?
  - Could the measure potentially distort competition within the beneficiary's market?
  - Could the measure affect trade in more than one European Union state?
- Where State Aid is present, support will only be lawful where it is provided:
  - under an exemption approved by the European Commission; or
  - the European Commission approves the support through the notification process.

# National management and control systems

- Member States must submit to the Commission a description of the management and control systems.
- Member States must report to the Commission any irregularities which have been the subject of a primary administrative or judicial finding.
- They then inform it of the procedures instituted with respect to all irregularities previously notified and of important changes resulting from them.
- Each Member State has to report to the Commission and to the other Member States any irregularities discovered or supposed to have occurred, where it is feared that they may very quickly have repercussions outside its territory or they show that a new malpractice has been employed.