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**Subject: State aid N 726a/2007 – The Netherlands – Omnibus Decentraal – R&D&I
scheme**

1. PROCEDURE

- (1) By letter dated 7 December 2007, registered at the Commission on the same date, the Dutch authorities notified the above mentioned measure, pursuant to Article 88(3) EC. By letter dated 4 February 2008, the Commission asked for additional information, which was received by letter dated 14 February 2008, registered at the Commission on the same date.
- (2) The notification follows on a pre-notification (PN101/2007) that was registered by the Commission on 1 October 2007.
- (3) Since the notified measure pursues two different objectives, namely support to research, development and innovation activities on the one hand and to risk capital investments in small and medium-sized enterprises on the other hand, the Commission split the notification and treated it under case N 726a/2007 and N 726b/2007, respectively. This decision only pertains to 726a/2007.

2. DESCRIPTION OF THE SCHEME – GENERAL CHARACTERISTICS

2.1. Objective

- (4) The Omnibus Decentraal scheme aims at offering a single generic framework applicable to measures taken by provinces and municipalities in the field of research, development and innovation (R&D&I). It follows on the willingness of various State aid granting authorities

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and organisations to have a single and transparent legal framework regarding State aid rules and procedures.

2.2. Legal basis

- (5) In the Netherlands, decentralized authorities have an autonomous competency to grant aid, on the basis of the *Provinciewet* (for provinces) and of the *Gemeentewet* (for municipalities). The legal basis for providing grants is the *Algemene wet bestuursrecht, Titel 4.2 (Subsidies)*.
- (6) The scheme Omnibus Decentraal does not constitute a legally binding measure. It only offers the framework within which decentralised grants can be given. It enables decentralised authorities to grant aid for R&D&I projects without having to get first the Commission approval, insofar as decentralised authorities satisfy all the criteria, definitions and procedures established by the Omnibus Decentraal scheme.

2.3. Aid amount, duration and instruments

- (7) The scheme starts from 1 October 2007 (although no aid will be granted before the approval of the Commission) and will last until 31 December 2015. The duration of the scheme takes into account the method of the Structural Funds that allows for grants up to two years after the duration of the current Structural Funds Regulations (2007-2013). The Dutch authorities have committed to take appropriate measures should the Community Framework for State aid for Research and Development and Innovation ("the R&D&I Framework")¹ be modified in the meantime.
- (8) The total budget for the period will be €3,745 billion for the whole Omnibus Decentraal scheme (that is including both R&D&I measures (N726a/2007) and risk capital measures (N726b/2007)). The yearly budget will be €468 million. The aid will be funded through the budget of the Dutch provinces and municipalities. Since the entire scheme, i.e. both types of measures, has a common objective (developing the knowledge-driven economy), the Dutch authorities were not in a position to give separate budgets for the two types of measures.
- (9) The scheme will use direct grants, as well as aid "*in kind*", however exclusively for advisory work.

2.4. Cumulation

- (10) The aid ceilings fixed under the scheme shall apply regardless of whether the support for the project is financed entirely from State resources or is partly financed by the Community, except in the specific and limited context of the conditions established for Community funding under the RTD Framework Programmes².
- (11) Where the expenditure eligible for aid for R&D&I is eligible in whole or in part for aid for other purposes, the common portion will be subject to the most favourable ceiling under the applicable rules. This limitation does not apply to aid granted in accordance with the Community guidelines on State aid to promote risk capital investment in SME³.

¹ OJ C 323/1, 30.12.2006, p.1.

² The RTD Framework Programmes have been adopted in accordance with Title XVIII of the EC Treaty or Title II of the Euratom Treaty.

³ OJ C 194, 18.8.2006, p.2.

- (12) Aid for R&D&I shall not be cumulated with *de minimis* support in respect of the same eligible expenses in order to circumvent the maximum aid intensities laid down in the Omnibus Decentraal scheme.
- (13) Provinces and municipalities are in charge of ensuring that, when granting R&D&I aid, the maximum aid intensity is respected.
- (14) All State aid granted to a given project is added together in order to define the maximum aid level and the authorities can therefore verify compliance with the maximum aid intensities. The advantages derived from aid instruments that do not involve State aid, have to be deducted from the eligible costs.
- (15) In case of collaboration between undertakings and research organisations, the cumulated amount of aid granted for a research project and the contributions made by the research organisations, insofar as they include aid, cannot be higher than the aid ceiling for each eligible undertaking.

2.5. Beneficiaries

- (16) Beneficiaries of the scheme will be enterprises of any size and sector. The Dutch authorities estimate that there will more than 1000 beneficiaries. Eligible SMEs are defined within the meaning of Regulation (EC) No 70/2001⁴. Aid for undertakings in difficulty within the meaning of the Community Guidelines on State aid for rescue and restructuring undertakings in difficulty⁵ is excluded from the scope of the scheme.
- (17) The scheme applies to all Dutch provinces and municipalities. Aid granting authorities may require that aid recipients have a location in the concerned member state or region. It would mean that the aid recipients have an establishment or an agency that carries out the supported economic activities in the region concerned. Such requirement might be applied to all members in case of a cooperative project.
- (18) Regional authorities may require that R&D&I activities are carried out to a large extent in a given region when the objective of the aid is in line with a broader regional objective to support R&D&I. However, the Dutch authorities confirm that there is no territorial restriction as far as the exploitation of the results of the research project is concerned.
- (19) The scheme also supports the participation of research organisations to R&D projects. A *research organisation* is defined as an entity, such as university or knowledge institute, irrespective of its legal status (organised under public or private law) or way of financing, whose primary goal is to conduct fundamental research, industrial research or experimental development and to disseminate their results by way of teaching, publication or technology transfer; all profits are reinvested in these activities, the dissemination of their results or teaching; undertakings that can exert influence upon such an entity, in the quality of, for example, shareholders or members, shall enjoy no preferential access to the research capacities of such an entity or to the research results generated by it.

⁴ OJ L 10, 13.01.2001, p. 33.

⁵ OJ C 244, 1.10.2004, p.2.

3. DESCRIPTION OF THE SCHEME – ELIGIBLE ACTIVITIES, ELIGIBLE COSTS AND AID INTENSITIES

- (20) The Omnibus Decentraal scheme supports various R&D&I activities. *De minimis* aid and aid exempted from notification are also accounted for in the scheme.

3.1. Aid for R&D projects

- (21) Research projects that belong to the following categories: fundamental research, industrial research or experimental development can be supported under the scheme.

3.1.1. *Fundamental research*

- (22) Fundamental research means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct practical application or use in view.

3.1.2. *Industrial research*

- (23) Industrial research means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components of complex systems, which is necessary for the industrial research, notably for generic technology validation, to the exclusion of prototypes as covered by point (24).

3.1.3. *Experimental development*

- (24) Experimental development means the acquiring, combining, shaping and using of existing scientific, technological, business and other relevant knowledge and skills for the purpose of producing plans and arrangements or design for new, altered or improved products, processes or services. These may also include, for example, other activities aiming at the conceptual definition, planning and documentation of new products, processes and services. The activities may comprise producing drafts, drawings, plans and other documentation, provided that they are not intended for commercial use.

The development of commercially usable prototypes and pilot projects is also included where the prototype is necessarily the final commercial product and where it is too expensive to produce for it to be used only for demonstration and validation purposes. In case of a subsequent commercial use of demonstration or pilot projects, any revenue generated from such use must be deducted from the eligible costs.

The experimental production and testing of products, processes and services are also eligible, provided that these cannot be used or transformed to be used in industrial applications or commercially.

Experimental development does not include the routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements.

- (25) When a project encompasses different tasks, each task must be qualified as falling under the categories of fundamental research, industrial research or experimental development or as not falling under any of those categories at all.

3.1.4. *Eligible costs*

- (26) The eligible costs under the scheme are the following:
- (a) personnel costs (researchers, technicians and other supporting staff to the extent employed on the research project);
 - (b) costs of instruments and equipment to the extent and for the period used for the research project;
 - (c) costs for building and land, to the extent and for the duration used for the research project;
 - (d) costs of contractual research, technical knowledge and patents bought or licensed from outside sources at market prices, where the transaction has been carried out at arm's length and there is no element of collusion involved, as well as costs of consultancy and equivalent services used exclusively for the research activity;
 - (e) additional overheads incurred directly as a result of the research project;
 - (f) other operating expenses, including costs of materials, supplies and similar products incurred directly as a result of the research activity.

3.1.5. *Aid intensities and bonuses*

- (27) The Dutch authorities will apply the following aid intensities for R&D projects: 100% for fundamental research, 50% for industrial research and 25% for experimental development.
- (28) These ceilings may be increased in the following cases:
- (a) The intensity will be increased by 10 percentage points in the case of medium-sized enterprises and by 20 percentage points in the case of small enterprises;
 - (b) Up to a maximum intensity of 80%, a bonus of 15 percentage points may be added if one of the following conditions⁶ is fulfilled: (i) the project involves effective collaboration between at least two independent undertakings, (ii) there is effective collaboration between an undertaking and a research organisation, or (iii) there is effective dissemination in case of industrial research.

3.2. Aid for technical feasibility studies

3.2.1. *Eligible activities*

- (29) The scheme grants aid to technical feasibility studies preparatory to industrial research or experimental development activities.

3.2.2. *Eligible costs and aid intensity*

- (30) The eligible costs are made of the study costs.
- (31) The aid cannot exceed the following aid intensities:

⁶ The Dutch authorities refer literally and explicitly to all the conditions listed in section 5.1.3 of the R&D&I Framework.

- (a) for SMEs: 75% for studies preparatory to industrial research activities and 50% for studies preparatory to experimental development activities;
- (b) for large undertakings: 65% for studies preparatory to industrial research activities and 40% for studies preparatory to experimental development activities.

3.3. Aid for industrial property rights costs for SMEs

3.3.1. Eligible activities

- (32) SMEs can receive aid for costs associated with obtaining and validating patents and other industrial property rights.

3.3.2. Eligible costs and aid intensity

- (33) The eligible costs are the following:
 - (a) all costs preceding the grant of the right in the first legal jurisdiction, including costs relating to the preparation, filing and prosecution of the application as well as costs incurred in renewing the application before the right has been granted;
 - (b) translation and other costs incurred in order to obtain the granting or validation of the right in other legal jurisdictions;
 - (c) costs incurred in defending the validity of the right during the official prosecution of the application and possible opposition proceedings, even if such costs occur after the right is granted.
- (34) The aid can be up to the same level of aid as would have qualified as R&D aid (see point 3.1.5 of the decision) in respect to the research activities which first led to the industrial property rights concerned.

3.4. Aid for young innovative enterprises

3.4.1. Eligible activities

- (35) Under the scheme, aid can be granted to young innovative enterprises. They are defined as small enterprises that have been in existence for less than 6 years at the time when the aid is granted, and which meet one of the following conditions:
 - the provinces and municipalities can demonstrate, by means of an evaluation carried out by an external expert, notably on the basis of a business plan, that the beneficiary will in the foreseeable future develop products, services or processes which are technologically new or substantially improved compared to the state of the art in its industry in the Community, and which carry a risk of technological or industrial failure, or
 - the R&D expenses of the beneficiary represent at least 15 % of its total operating expenses in at least one of the three years preceding the granting of the aid or in the case of a start-up enterprise without any financial history, in the audit of its current fiscal period, as certified by an external auditor.

3.4.2. Eligible costs and aid intensity

- (36) The aid cannot exceed €1 million (and €1,25 million in regions eligible for the derogation in Article 87(3)(c) of the EC Treaty). The beneficiary may receive the aid only once

during the period in which it qualifies as a young innovative enterprise. This aid may be cumulated with other aid under the RDI Framework, with aid for R&D&I exempted by Regulation (EC) No 364/2004 (or any successor regulation) and with aid approved by the Commission under the risk capital guidelines.

- (37) The beneficiary may receive State aid other than R&D&I aid and risk capital aid only 3 years after the granting of the young innovative enterprise aid.

3.5. Aid for process and organisational innovation in services

3.5.1. Eligible activities

- (38) Aid under the scheme can be granted for process and organisational innovation if the following conditions are met:
- (a) organisational innovation must always be related to the use and exploitation of Information and Communication Technologies (ICT) to change the organisation;
 - (b) the innovation must be formulated as a project with an identified and qualified project manager, as well as identified project costs;
 - (c) the result of the aided project must be the development of a standard, of a business model, methodology or concept, which can be systematically reproduced, possibly certified, and possibly patented;
 - (d) the process or organisational innovation must be new or substantially improved compared to the state of the art in its industry in the Community. The novelty could be demonstrated by the Provinces and municipalities for instance on the basis of a precise description of the innovation, comparing it with state of the art process or organisational techniques used by other undertakings in the same industry;
 - (e) the process or organisational innovation project must entail a clear degree of risk. This risk could be demonstrated by the Member State for instance in terms of: project costs in relation to company turnover, time required to develop the new process, expected gains from the process innovation by comparison with the project costs, probability of failure.

3.5.2. Eligible costs and aid intensity

- (39) Eligible costs are the same as for aid to R&D projects, as defined in (26), except for the costs of instruments and equipment in case of organisational innovation where only the costs of ICT instruments and equipment are covered.
- (40) Maximum aid intensity is 35% for small enterprises, 25% for medium-sized enterprises and 15% for large enterprises if these large undertakings collaborate with SMEs in the aided activity, and the collaborating SME must at least incur 30% of total eligible costs.

3.6. Aid for innovation advisory and for innovation support services

- (41) Aid for innovation advisory services and for innovation support services can only be granted to SMEs. The aid cannot exceed €200 000 per undertaking within any three year period. If the services provider does not benefit from a national or European certification, the aid intensity is limited to 75%. The beneficiary must use the State aid to buy the services at a market price (or if the service provider is a non-for-profit entity, at a price

which reflects its full costs plus a reasonable margin). The Dutch authorities commit to verify that the full costs plus a reasonable margin are in line with current market prices.

(42) The following costs are eligible:

(a) *as regards innovation advisory services*: management consulting; technological assistance; technology transfer services; training; consultancy for acquisition, protection and trade in Intellectual Property Rights and for licensing agreements; consultancy on the use of standards

(b) *as regards innovation support services*: office space; data banks; technical libraries; market research; use of laboratory; quality labelling, testing and certification;

(43) If the service provider is a not-for-profit entity, the aid may be given in the form of a reduced price, as the difference between the price paid and the market price (or a price which reflects full costs plus a reasonable margin). By granting aid "*in kind*" to SMEs (through reduced prices), the Dutch authorities aim at reducing the administrative burden on SMEs and deal with the difficulties involved in quantifying advisory work. The provinces and municipalities will set up a system ensuring transparency about the full costs of the innovation advisory system and innovation support services provided, as well about the price paid by the beneficiary.

3.7. Aid for the loan of highly qualified personnel

(44) Aid can be granted to SMEs for the loan of highly qualified personnel, seconded from a research organisation or a large enterprise. The seconded personnel must not be replacing other personnel, but must be employed in a newly created function in the field of R&D&I. The seconded personnel must have been employed for at least two years in the research organisation or large enterprise, which is sending it on secondment.

(45) Eligible costs are all personnel costs for borrowing and employing highly qualified personnel, including the costs of using a recruitment agency, as well as a mobility allowance for the seconded personnel. The aid intensity is limited to 50 % of the eligible costs, for a maximum of 3 years per undertaking and per person borrowed.⁷

3.8. Aid for innovation clusters

(46) Innovation clusters are defined as: groupings of independent undertakings (innovative start-ups, SMEs, large undertakings as well as research organisations) operating in a particular sector and region and designed to stimulate innovative activity by promoting intensive interactions, sharing of facilities and exchange of knowledge and expertise and by contributing effectively to technology transfer, networking and information dissemination among the undertakings in the cluster. Preferably, the Netherlands should intend to create a proper balance of SMEs and large undertakings in the cluster, to achieve a certain critical mass, notably through specialisation in a certain area of R&D&I and taking into account existing clusters in the Netherlands and at Community-level.

⁷ This does not include consultancy and advisory costs (payment of the services rendered by the expert, without employing the expert in the undertaking). According to the Dutch authorities, this falls either under aid for innovation advisory services (see point 3.6 of the decision) or under exemption regulation for SMEs (see point 3.12 of the decision).

- (47) *Investment aid* can be granted for the setting up, expansion and animation of innovation clusters exclusively to the legal entity operating the innovation cluster. This entity is in charge of managing the participation and access to the cluster's premises, facilities and activities. Access to the cluster's premises, facilities and activities must not be restricted and the fees charged for using the cluster's facilities and for participating in the cluster's activities should reflect their costs.
- (48) Such aid may be granted for the following facilities: (a) facilities for training and research centre, (b) open-access research infrastructures: laboratory, testing facility, (c) broadband network infrastructures.
- (49) The eligible costs are those related to investment in land, buildings, machinery and equipment. The maximum aid intensity is 15 %. However, it can be increased by 20% for aid to small enterprises and by 10% for aid to medium-sized enterprises.
- (50) *Operating aid for cluster animation* may be granted to the legal entity operating the innovation cluster. Such aid must be temporary and, as a general rule, must be abolished over time, so as to provide an incentive for prices to reflect costs reasonably rapidly.
- (51) Such aid may be granted for a limited duration of five years where the aid is degressive. Its intensity may amount to 100 % the first year but must decrease linearly to zero by the end of the 5th year. In the case of non-degressive aid, its duration is limited to five years and its intensity must not exceed 50 % of the eligible costs. In duly justified cases, and on the basis of convincing evidence provided by the Netherlands, aid for cluster animation may be granted for a longer period of time, not exceeding 10 years⁸.
- (52) The eligible costs are personnel and administrative costs relating to the following activities:
- marketing of the cluster to recruit new companies to take part in the cluster,
 - management of the cluster's open-access facilities,
 - organisation of training programmes, workshops and conferences to support knowledge sharing and networking between the members of the cluster.
- (53) When assessing investment aid or operating aid for cluster animation, the aid-granting authority makes an analysis, which includes the following points: technological specialisation of the innovation cluster, existing regional potential, existing research capacity, presence of clusters in the Community with similar purposes and potential market volumes.

3.9. Incentive effect

- (54) The Dutch authorities confirm that State aid for R&D&I activities must have an incentive effect, resulting in the recipient changing its behaviour so that it increases its level of R&D&I activity (in size, scope, amount spent or speed).

⁸ The type of elements that will be assessed in order to grant aid for a longer period of time are the following: the technological specialisation of the cluster, the existing regional potential, the existing research capacity, the presence of clusters with comparable objectives in the EU, potential market volumes of the activities within the cluster, need for long-term operating aid for cluster animation; added value of the cluster for the technological specialisation involved.

- (55) The Dutch authorities confirm that there is no incentive effect if the R&D&I activities start before the aid application by the beneficiary to the concerned authorities.
- (56) The incentive effect will have to be demonstrated for: project aid and feasibility studies where the aid beneficiary is a large undertaking or an SME with the aid amount exceeding € 7,5 million; aid for process and organisational innovation in services and aid for innovation clusters. In other cases, the incentive effect will be considered to be automatically met. The aid-granting authorities are in charge of analysing and evaluating the incentive effect.
- (57) The Dutch authorities will demonstrate the incentive effect of the aid in the annual reports. Specifically they will look at increases in project size, scope, speed or total amount spent in R&D&I.

3.10. Reporting and monitoring

- (58) The Dutch authorities committed themselves to send to the Commission annual reports on the implementation of the scheme. It will also include a brief description of the activity of the cluster and its effectiveness in attracting R&D&I activity. For aid granted to large undertakings under the scheme, the report will explain how the incentive effect has been respected.
- (59) The Dutch authorities will ensure access to the full text of the scheme, which will be published on www.europadecentraal.nl.
- (60) Further, the Dutch authorities will also provide the information sheets as requested by section 10.1.3 of the R&D&I Framework.
- (61) The Dutch authorities will notify individually to the Commission those aid for R&D projects above the following thresholds:
 - (a) if the project is predominantly fundamental research, €20 million per undertaking per project/feasibility study;
 - (b) if the project is predominantly industrial research, € 10 million per undertaking per project/feasibility study;
 - (c) for all other projects, €7,5 million per undertaking per project;
 - (d) for process and organisational innovation in services activities: € 5 million per project per undertaking;
 - (e) for innovation clusters (per cluster): €5 million.
- (62) For EUREKA-projects, the ceiling will be set at twice the amounts, for (a), (b) and (c).

3.11. De minimis aid

- (63) With reference to Commission Regulation n°1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the EC Treaty to *de minimis* aid⁹, the scheme also allows for *de minimis* support.

⁹ OJ L 379, 28.12.2006, p. 5.

3.12. Support to SMEs

- (64) The Dutch authorities mention that aid for consultancy services can be exempted under the Commission Regulation n°70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises¹⁰ ("Commission Regulation n°70/2001"). The aid intensity is limited to 50% and covers the costs of services provided by outside consultants. The services concerned shall not be a continuous or periodic activity nor relate to the enterprise's usual operating expenditure.

4. ASSESSMENT OF THE MEASURE

4.1. Presence of aid

- (65) The measure under assessment involves State resources, as it will be financed through the budget of the State. The measure will be selective, as it will benefit a limited number of firms, which will receive an advantage through this support. Finally, since these firms are or can be active in intra-community trade, the measure will also have an effect on trade. Thus, the scheme meets the conditions of Article 87 (1) EC insofar as grants are awarded to enterprises.
- (66) Regarding public funding of R&D&I activities by research organisation, section 3.1 of the R&D&I Framework considers that it will qualify as State aid if all conditions of Article 87(1) of the EC Treaty are fulfilled. A decisive element will be whether the research organisation is carrying out an economic activity.
- (67) If a research organisation carries out both economic and non-economic activities, the Dutch authorities confirm that the public funding of the non-economic activities will not fall under Article 87(1) of the EC Treaty if the two kinds of activities and their costs and funding can be clearly separated, and cross-subsidisation avoided.
- (68) If research organisations or other not-for-profit innovation intermediaries perform economic activities, this should be done on normal market conditions. In such cases, the Dutch authorities will generally regard public funding of these economic activities as State aid. However, if the research organisation or not-for-profit innovation intermediary can prove that the totality of the State funding that it received to provide certain services has been passed on to the final recipient, and that there is no advantage granted to the intermediary, the intermediary organisation may not be recipient of State aid.
- (69) In case a project is carried out by a research organisation on behalf of an undertaking, the Dutch authorities confirm, in accordance with section 3.2.1 of the R&D&I Framework, that no State aid will be passed to the undertaking through the research organisation, if at least one of the following conditions is fulfilled:
- (a) the research organisation provides its services at market price; or
 - (b) if there is no market price, the research organisation provides its service at a price which reflects its full costs plus a reasonable margin.
- (70) In case of collaboration between research organisations and undertakings, the Dutch authorities confirm that it will be considered that there is no indirect State aid granted to the partner through the research organisation if one of the following condition is satisfied:

¹⁰ OJ L 10, 13.01.2001, p.33.

- (a) The participating undertakings bear the full cost of the project.
 - (b) The results which do not give rise to intellectual property rights may be widely disseminated and any intellectual property rights to the R&D&I results which result from the activity of the research organisation are fully allocated to the research organisation.
 - (c) The research organisation receives from the participating undertakings compensation equivalent to the market price for the intellectual property rights which result from the activity of the research organisation carried out in the project and which are transferred to the participating undertakings. Any contribution of the participating undertakings to the costs of the research organisation shall be deducted from such compensation.
 - (d) If none of the previous conditions are fulfilled, the Dutch authorities will rely on an individual assessment of the collaboration project. There may also be no State aid where the assessment of the contractual agreement between the partners leads to the conclusion that any intellectual property rights to the R&D&I results as well as access rights to the results are allocated to the different partners of the collaboration and adequately reflect their respective interests, work packages, and financial and other contributions to the project.
- (71) If none of the above mentioned conditions are fulfilled, the Dutch authorities will consider the full value of the contribution of the research organisation to the project as aid to undertakings, in accordance with section 3.2.2 of the R&D&I Framework.

4.2. Legality

- (72) By notifying this measure before implementing it, the Dutch authorities have fulfilled their obligations under Article 88(3) of the EC Treaty.

4.3. Compatibility

- (73) The Commission has assessed the compatibility of the aid measures described in points 3.1 to 3.8 of the decision on the basis of the R&D&I Framework and of the aid measure described in point 3.12 of the decision on the basis of the Commission Regulation n°70/2001. The notified scheme respects all the necessary conditions set out in the Commission Regulation n°70/2001 and in the R&D&I Framework. In particular:

- (a) Regarding the eligible activities, costs, aid intensity and bonuses:
 - aid for R&D projects satisfies the conditions set out in section 5.1 of the R&D&I Framework.
 - aid for technical feasibility studies satisfies the conditions set out in section 5.2 of the R&D&I Framework
 - aid for industrial property rights costs for SMEs satisfies the conditions set out in section 5.3 of the R&D&I Framework;
 - aid for young innovative enterprises satisfies the conditions set out in section 5.4 of the R&D&I Framework;
 - aid for process and organisational innovation in services satisfies the conditions set out in section 5.5 of the R&D&I Framework;
 - aid for innovation advisory services and for innovation support services satisfies the conditions set out in section 5.6 of the R&D&I Framework;

- aid for the loan of highly qualified personnel satisfies the conditions set out in section 5.7 of the R&D&I Framework;
 - aid for innovation clusters satisfies the conditions set out in section 5.8 of the R&D&I Framework.
- (b) The Dutch authorities will ensure that the aid granted will have an incentive effect on the behaviour of the beneficiaries, based on the indicators listed in section 6 of the R&D&I Framework, for aid to large enterprises, aid to SMEs exceeding €7,5 million, aid for process and organisational innovation in services and aid for innovation clusters.
- (c) The Dutch authorities will respect the conditions set out in section 7.1 concerning individual notification of projects above certain thresholds.
- (d) The Dutch authorities intend to ensure that cumulation with other aid will respect the conditions set out in section 8 of the R&D&I Framework;
- (e) The Dutch authorities will respect the conditions set out in section 10 concerning reporting and transparency of the scheme.
- (74) On the basis of the above considerations, the Commission can conclude that the notified scheme meets all the conditions for compatibility included in the R&D&I Framework.

5. CONCLUSION

- (75) In consequence, the Commission considers that the aid measure is compatible with the EC Treaty in application of its Article 87 (3) (c).
- (76) The Commission reminds the Dutch authorities that all plans to alter or modify this aid scheme have to be notified to the Commission.

If this letter contains confidential information, which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site:

http://ec.europa.eu/community_law/state_aids/index.htm

Your request should be sent by registered letter or fax to:

European Commission
Directorate-General for Competition
Directorate for State Aid
State Aid Greffe
B – 1049 Brussels
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Yours faithfully,
For the Commission

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Member of the Commission