



EUROPEAN COMMISSION  
Impact Assessment Board

Brussels,  
D(2014)

**Opinion**

**Title**                    **DG COMP – Impact Assessment on the Revision of the Framework for State aid for research and development and innovation**

(draft version of 27 February (updated on 11 March) 2014)\*

**(A) Context**

The Community Framework for state aid for RDI and the General Block Exemption Regulation (the GBER) set the rules under which Member States can grant aid to support RDI activities. Both sets of rules expire on 30 June 2014. The Commission has therefore undertaken to revise them, in line with the State Aid Modernisation (SAM) initiative and taking account of the need to ensure coherence with other EU policy initiatives that aim at promoting R&D investments in view of reaching the Europe 2020 headline target of 3% of the EU's GDP by 2020 (e.g. Horizon 2020, etc.). An evaluation of the Commission's own case experience since the entry into force of the RDI Framework, the results of public consultations and external expert advice indicate a number of areas to address in the revision: the scope, definitions, guidance on the presence of State aid in RDI specific situations, compatibility criteria and the link between GBER and the Framework.

**(B) Overall opinion: POSITIVE**

**The Board has decided to issue a positive opinion on the condition that the sections highlighted below are significantly improved.**

**First, the problem definition should focus on areas in which critical problems have been identified, namely those related to obstacles to R&D&I investments, while also explaining why other issues, such as “the matching clause”, do not pose major problems. More concrete evidence on the amount and the type of state aid granted by Member States should be presented. Second, the options under consideration should be clearly structured around the issues identified in the problem definition, clarifying the different approaches to dealing with them, and the extent to which they would contribute to achieving the objectives. The baseline scenario should better explain why the existing R&D&I Framework would not be effective in tackling the identified issues and better substantiate the proportionality of the proposed revision. Third, the report should assess the options and draw conclusions on their impacts on the basis of concrete evidence (in particular by building on existing case practice), give an indication of the order of magnitude of their impact on total RDI investment, and more robustly assess the risk of negative effects on competition as a result of the**

\* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.

**proposed changes (e.g. to the criteria under the important projects of common European interest (IPCEI)). Finally, the report should better present stakeholders' views, highlighting which specific groups of stakeholders or Member States will be affected.**

### **(C) Main recommendations for improvements**

**(1) Better substantiate the problems and proportionality of the proposed action.** The report should better substantiate how the existing Framework has hampered RDI investment, using concrete evidence and examples. For instance, why is the current Framework not aligned with the EU's growth objectives and why does it not cater for breakthrough technologies or innovative companies and non-technological innovation? What are the concrete shortcomings of the detailed assessment criteria regarding the analysis of market failures, the incentive effect, the appropriateness and proportionality of aid or distortions of competition? The report should include a more robust assessment of the likely evolution of the problems and their consequences under the baseline (e.g. pre-commercial procurement, research infrastructures, R&D collaboration and knowledge transfer). In addition, the report should better explain the proportionality of the proposed revision of the RDI state aid rules, structure and principles given the findings of the mid-term review of the current Framework that this is a useful instrument for well-targeted public support.

**(2) Present the content of the options in further detail.** The report should present a set of truly alternative options or packages thereof, accounting for all the changes proposed. In addition, the report should clarify the approaches to deal with the individual problems with regard to the proposed level of notification thresholds and aid intensities, the complementarities with GBER, the definitions of economic activity and market price, and the applicability of state aid rules. Against this background, the report should improve the coherence of its intervention logic by ensuring a clear link between the options, the objectives and all of the identified problems. It should also better explain how the proposed changes are consistent with the principles underpinning the SAM initiative, in particular the incentive effect and the existence of a genuine market failure.

**(3) Considerably strengthen the assessment of impacts.** The report should considerably strengthen the assessment of the options with concrete evidence, in particular by building on existing case practice (e.g. it should set out the evidence supporting that more RDI activities can be achieved with fewer resources and while limiting undue distortions) and, where possible, refer to quantitative evidence. In addition, the report should assess more robustly the risk of negative effects on competition, as the proposed changes are likely to increase public financing of RDI activities (e.g. changes to the assessment criteria for IPCEI), and the socio-economic and administrative impacts stemming from the options (including on the duration of proceedings), clarifying which groups of stakeholders (particularly SMEs or Member States) will be particularly affected. A separate section should evaluate the implications of the IPCEI Communication for R&D&I investment and the likely effects in other policy areas. Finally, the report should give an approximate indication of the order of magnitude of the impact of the changes on the level of public financing, as well as on total investment in RDI activities.

**(4) Better present stakeholders' views.** The report should better present specific stakeholders' views in relation to key elements of the initiative clearly explaining how any issues of concern or disagreement (e.g. the level of notification threshold or impact of net-

extra cost approach) have been taken into account in the final proposal (including on the public consultation of the IPCEI Communication).

*Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.*

**(D) Procedure and presentation**

The report should avoid overly complex language, explain technical terms (research infrastructures, pre-commercial procurement, ancillary economic activities etc.) and bring the report's length in line with the standard, while strictly respecting the executive summary 2-page limit. In addition, the report should set out more concrete evaluation plans and the indicators that will be used to monitor the implementation of the initiative.

**(E) IAB scrutiny process**

Reference number	2013/COMP/004
External expertise used	No
Date of IAB meeting	Written Procedure.