

The interplay between State Aid and Structural Funds

The Hungarian Experiences

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2011. 05. 12.



The conference is supported
by the European Union.
(VOP-1.1.1-2009-003.)



Content

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- Conclusions



Historical background

- State aid control in Hungary roots back to mid 90s'
- SAMO established 1999
- Pre-accession funds were out of SAMO's scope
- In 2003 heavy burden on the central administration to prepare the use of Structural and Cohesion Funds
- Limited possibilities at national level under State aid rules compared to the present situation



Tasks in 2003

- Setting up the administrative bodies for implementation of SF
- Planning
- Training the staff



Tasks in 2003

- Exploring the State aid involvement in the OPs
- Setting the State aid tables – DG Comp's approval was necessary → legal certainty
 - SA and non-SA measures separated at Commission level
- Using existing rules/schemes and making new if needed



Tasks from 2003

- Learning by doing
- Working groups at the SAMO by OPs
- Existing aid notifications
- Paralell procedures at national and EU level
- Informing the hierarchy



State aid lessons from the first NDP

- Bulk of the work was not done by the planning and law-making
- Big number of call for applications
- First rally in early 2004
- Maintaining coherence between OPs – interpreting the rules
- Separating national sources – excluding overlaps is not easy



Lessons from the first NDP

- Structural Funds cannot be used for all governmental aims – State aid interference
- Changes in the legal background at national level
- Problematic cases appear only after everything thought to be done
- Notion of aid develops (infrastructure, SGEI)
- Important to find balance between SA and non-SA measures (own resources, notifications)

2007-2013

- New State aid rules
- New Structural Fund rules
- No obligation to make State aid tables – bigger responsibility on Member State and on SAMO
- New approach (7 ROPs)
- Existing aid expired at the end of 2006
- New notifications
- Use of block exemption
- Law-making at national level started again



2007-2013

- Higher amount of SF sources – more programs
- Higher number of OPs – higher number of call for applications (CfA)
- Complex development has its advantages and disadvantages
- Long and complex CfAs – hidden state aid measures
- Optional SA solutions – does it work?
- Eligible costs
- Prior check always needed
- Borderline cases



2007-2013

- New staff dealing with OPs – fluctuation
- Training activity of the SAMO
- Some new rules published at the end 2006 (DM, R&D&I)
- Some new rules behind schedule (environmental aid)
- Interpretation of the new rules – not always easy
- From mid 2008 use of the GBER – big relief



2007-2013

- First feedbacks on the application
- Modification of the schemes
- Special rules for transport (1370/2007/EC)
- Additional requirements for no aid scenario
- Limitation of agri / non-agri cases is a constant problem
- Consortiums as beneficiaries (who has the advantage)?



2007-2013

- EGT and Norwegian Fund (+CH Fund)
 - New legislation needed
 - Difficulties under the strategy phase (State resource?)
 - Too broad aims hard to set up categories
 - If CfA is not clear, applicants might be misled → long evaluation with additional work from both sides
 - Individual checks – time consuming
 - Modifications
 - Notification has to be in time



2007-2013

- Interregional cross-border programs
 - Divided responsibility – finding the right person
 - Complex programs
 - Finding counterparts
 - Language
 - More beneficiaries in every application



2007-2013 and the crisis

- New State aid rules
- New notifications
- Central role of the SAMO (legislation and notification)
- Law-making at national level – special tool to be inserted in the national law
- Schemes designed to actual needs (employment – training)



2007-2013 and the crisis

- Complex CfAs
- Timing in 2009 was important – GBER not a solution to all need
- Questions during the application (Accepting eligible cost retrospectively?)
- Cumulation – limited amount of aid
- Phasing out – additional works



Conclusions

- Importance of planning
- There are always additional question and modifications
- The clearer the rules / CfAs the easier the work (better to have two CfA than a complex)
- State aid training should be constant
- Monitoring is important – 10 years!

Questions?



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