

The aims and questions of the Funds utilization



Objectives of SF in Hungary 2007-13



Strategic objectives:

- Increased employment
- Promotion of long-term growth
- Strengthening of Hungary's competitiveness

Break-out points:

- Health industry
- Development of the green economy
- Home project – housing
- Enterprise promotion – development of the business environment
- Transport development – Transit economy
- Science, innovation, growth
- Employment



- Gov't decree No. 37/2011. (III.22.) regulating procedures related to state aid and on the statistical effect regions
- Aid schemes = legal acts
elaborated according to OPs, in most cases in the form of Ministerial decrees
- For aid exempted from prior EC notification:
 - Accepted aid schemes listed in the Accession Partnership document
 - Aid under the General Block Exemption Regulation (GBER)
 - „De minimis” aid

The role of NDA in notification



NDA's notification obligation is towards the State Aid Control Office
(Ministry of Development)

Notification is required in the following cases:

- Draft of aid programmes (OPs) subject to prior EC notification
- Draft of aid programmes (OPs) exempted from prior EC notification by the General Block Exemption or „de minimis” regulation
- Draft of Calls for Proposals



The role of NDA in reporting



MS records on State aid: run by State Aid Control Office

Data requested from Managing Authority:

- Annual reporting for the Control Office on aid awarded within the year until 30 April each year
- In the case of transitional aid because of the financial crisis (2008-2010) annual reporting on aid awarded within the year



Forms of state aid by NDA



- Grants
- Guarantee schemes
- Loans
- Interest rate subsidies
- Risk capital
- Subsidised leasing



State aid categories in SF under GBER



Regional aid	EDOP, EEOP, SIOP, SROP, ROPs
Aid for environmental protection	EEOP, ROPs
Aid for consultancy in favour of SMEs and SME participation in fairs	EDOP, SIOP, SROP, ROPs
Aid in the form of risk capital	ROPs
Aid for research, development and innovation	EDOP, SIOP, SROP
Training aid	EDOP, SROP, ROPs
Aid for disadvantaged and disabled workers	SROP



Further state aid categories in SF



Investment aid	TOP
Cultural aid	SIOP, ROPs
Aid in the form of risk capital	EDOP
Public service compensation	EEOP, SIOP, SROP
„de minimis” aid	EDOP, EEOP, SIOP, SROP, ROPs, TOP
Transitional aid because of financial crisis	EEOP, SROP, ROPs



State Aid in Calls for Proposals



- Attention of applicants drawn on State aid/„de minimis” rules and regulations, the CfP declares that certain eligible costs are subject to State aid regulations.
- Activities subject to State aid are listed separately within eligible activities.
- Aid intensity according to State aid rules set for costs eligible under State aid rules, average intensity calculated on project level.
- Parts of the project subject to State aid rules are listed as separate activities (separate column in project budget) with reference to relevant legal regulation.
- This way the relevant aid intensity/(ies) can be recorded in the monitoring system separately.
- Data requested by the Office for Examination of State Aid collected from grant agreements.
- In the case of „de minimis” aid the beneficiary is obliged by law to run records and give a declaration to the Managing Authority on „de minimis” aid received within the year plus the preceding two years.



Tasks of Managing Authorities



1. Define activities eligible for co-financing but subject to state aid regulations and define the relevant state aid categories.
2. Prepare aid programme (ministerial decree and its modification) and have it approved by Control Office.
3. Submit Call for Proposals for ex-ante approval by Control Office.
4. In CfP inform beneficiaries of aid categories, amount of aid and of obligations (e.g preservation of docs, declarations).
5. Report on completion of tasks in annual implementation reports.
6. Ensure the observance of aid cumulation regulations.



Practical experiences



- Different system of concepts of SF and State aid, double EC control according to different rules
- Integrated approach seen as desirable by SF regulations vs state aid rules
- Room for different interpretation of legal regulations, off-marking problems:
 - State aid vs revenue-generating projects
 - State aid vs financial simplification
- Different methods for calculating aid intensity
- Handling of aid cumulation – interpretation of „same” eligible costs
- Handling of cross-border and international projects – higher complexity



Complicates project management



Suggestions



- Procedural simplification is welcome – harmonisation of Structural Funds and State aid rules would be very useful
- Use of average aid intensity in the case of complex projects
- Training by the EC of organisations granting aid in order to facilitate unified interpretation of community regulations and promote MS best practice examples
- Project implementation experiences to be considered when preparing or amending state aid community legislation
- Adaptation of state aid legislation to EU2020 strategy so that the state aid regulations support the achievement of objectives



Thank you for your attention.

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