

100 % SACHSEN-ANHALT

Challenges in the line with urban multisectoral projects in
Saxony Anhalt, Germany

11.07.2023

**WIR BEWEGEN
ZUKUNFT.**



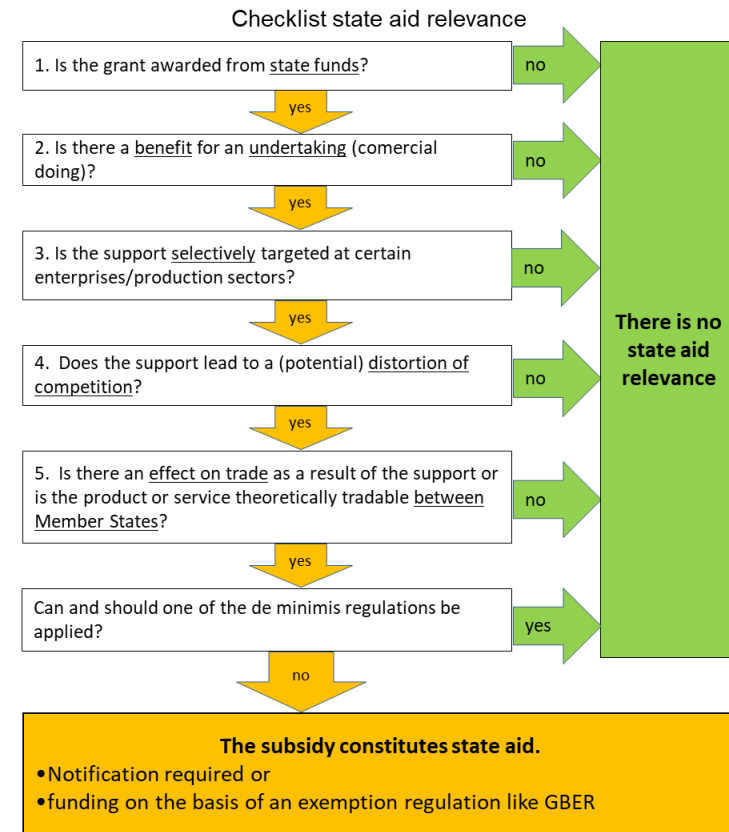
**Investitionsbank
Sachsen-Anhalt**



AGENDA

1. Presentation of the challenge
2. Assessment under state aid law
3. Conclusion

- ✓ Programme ERDF/JTF 2021-2027 Saxony-Anhalt provides the funding priority "Impulses for architecture, the construction industry and coexistence within the framework of the New European Bauhaus (NEB)" with a volume of EUR 38 million from JTF.
- ✓ According to Art. 74(1) of Regulation (EU) No 2021/1060, it has to ensure that funding complies with the applicable law -> this also includes state aid law
 - Examination of the elements of state aid pursuant to Article 107(1) of the TFEU at the level of the funding scheme or of each project
- ✓ NEB projects should add a cultural and creative dimension to the Green Deal and has to meet the criteria of sustainability, aesthetics and inclusion
 - Linking science and innovation with arts and culture to generate sustainable, innovative, accessible, affordable and life-enriching solutions - holistic approach
- ! However: no specific (holistic) toolbox available under state aid law



Solution 1:

No state aid relevance at the level of the funding scheme;
e.g. fundamental exclusion of an economic activity of any
beneficiaries or exclusion of selectivity
→ unfortunately for our funding scheme, the search for
such arguments had not yet been successful

Overall project

Solution 2:

Assessment of each individual project with the risk of
atomising overall projects according to the legal basis for
state aid and approving them separately
→ Extremely high administrative burden

Sub-project
no state aid
relevance

Sub-project
no state aid
De-minimis

Sub-project
state aid
GBER 38a

Sub-project
state aid
GBER 41

Assessment under state aid law

Approaches for exemplary projects or parts of them



Kofinanziert von der Europäischen Union



Use-related remediation of contaminated sites
with reuse of materials to prepare the site for
the implementation of NEB projects
Beneficiary: municipality

If no subsequent economic activity is take place on the entire redeveloped area -> no status of an undertaking and the project can be implemented free of aid

If an economic subsequent use cannot be ruled out or is certain, an economic activity would have to be assumed -> funding has to classified as relevant for state aid; -> Exemption pursuant to Art. 45 GBER

Open space development + temporary plantings
Beneficiary: municipality

No economic activity/use, therefore no relevance to aid

Interim uses of the area for cultural interventions
Beneficiary: municipality
Partner: Universites and other research institutions

Cultural education
Cross-location and location-related as a cross-sectional task (such as Bauhaus agents, transfer residencies, summer camps, cooperation and integration of other cultural initiatives, Crowd Innovation Challenge, etc.)
Beneficiary: private foundation
Partners: regional art academies, research institutions, several municipalities, schools in the region

Consideration according to margin 34 of the NoA:
Aid relevance can be excluded if income from commercial activities covers only a fraction of the costs (max. 50%; borderline with economic activities in the field of culture/cultural heritage).

Materials and constructions:

Establishment of a prototype for a building with recycled materials, creation of a database to record locally available recycled materials in accordance with NEB principles

Beneficiaries: joint project of universities and non-university research institution

Use of the definition of economic activity in margin 20 of the EU R&D&I Framework, no State aid relevance provided:

- Consideration as a prototype/demonstrator of a research infrastructure/research facility;
- implementation of the project in the context of independent research and development and effective cooperation between partners;
- wide dissemination of research results on a non-exclusive and non-discriminatory basis, for example through teaching, freely accessible databases, generally accessible publications or open software

Technology and transformation:

- a. Securing and partial renovation of the interior of a listed building (detached from the renovation of the exterior façade and roof) according to NEB principles for testing purposes,
- b. Development and implementation of an energy concept according to NEB principles for testing purposes,
- c. Construction of a geothermal plant and a heat storage facility according to NEB principles for testing purposes,
- d. Establishment of a Digital Twin for simulations (tool for the implementation of participation formats and basis for BIM applications [BIM = Building Information Modelling], knowledge transfer to the BIM Competence Centre LSA, among others).

Later use a-c: if necessary, cross-user (barrier-free, age-appropriate, social participation of low-income house-holds) letting of the premises as commercial units and for residential purposes.

Beneficiary: Municipality

Partner: non-university research institution, Municipal energy company (determined through a procurement procedure)

Alternative 1 no state aid relevance:

- Consideration of the (sub-)project as the development of a commercially viable prototype or pilot project, as this necessarily involves a commercially viable end product and would be, alone, too expensive to produce for demonstration and validation purposes alone;
- use of the delineation of economic activity from margin 20 of Union R&D&I Framework; considered as a prototype/demonstrator of a research infrastructure/research facility;
- implementation of the project within the framework of independent research and development and effective cooperation between the partners;
- wide dissemination of the research results on a non-exclusive and non-discriminatory basis, for example through teaching, freely accessible databases, generally accessible publications or open software; if research infrastructure, period of permanence 5 years from last payment

Technology and transformation:

- a. Securing and partial renovation of the interior of a listed building (detached from the renovation of the exterior façade and roof) according to NEB principles for testing purposes,
 - b. Development and implementation of an energy concept according to NEB principles for testing purposes,
 - c. Construction of a geothermal plant and a heat storage facility according to NEB principles for testing purposes,
 - d. Establishment of a Digital Twin for simulations (tool for the implementation of participation formats and basis for BIM applications [BIM = Building Information Modelling], knowledge transfer to the BIM Competence Centre LSA, among others).
- Later use a-c: if necessary, cross-user (barrier-free, age-appropriate, social participation of low-income house-holds) letting of the premises as commercial units and for residential purposes.
- Beneficiary: Municipality
Partner: non-university research institution, Municipal energy company (determined through a procurement procedure)

Alternative 2 for partial aid relevance:

2.1 Justification of subprojects a-c
as an energy efficiency measure under Article 38a of GBER:

or

2.2 Justification of subprojects a and b as under point 2.1, justification of subproject c)
as support for renewable energies in accordance with Art. 41 of the GBER:

and

2.3 No aid relevance for sub-project (d)
if implemented by non-university research institution as part of independent R&D with the other partners; wide dissemination of research results on a non-exclusive and non-discriminatory basis, for example through teaching, freely accessible databases, generally accessible publications or open software

Technology and transformation:

- a. Securing and partial renovation of the interior of a listed building (detached from the renovation of the exterior façade and roof) according to NEB principles for testing purposes,
- b. Development and implementation of an energy concept according to NEB principles for testing purposes,
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Later use a-c: if necessary, cross-user (barrier-free, age-appropriate, social participation of low-income house-holds) letting of the premises as commercial units and for residential purposes.

Beneficiary: Municipality

Partner: non-university research institution, Municipal energy company (determined through a procurement procedure)

Alternative 3 complete state aid relevance:

Justification as R&D&I project in the context of experimental development according to Art. 25 GBER



1. State aid rules ensure the functioning of competition in the EU and improve the quality of public subsidies
2. For holistic approaches like in urban multisectoral projects (NEB-projects), there are no specific state aid rules as an answer of these holistic approach
3. Check of state aid relevance and compliance with rules can atomise projects in a large number of sub-projects with separate fundings
4. This means:
 - a. Complex funding procedures
 - b. A significant increase in administrative burdens
 - c. Higher risk of errors in the management and control system
 - d. The risk, that the holistic approach cannot be used to its full effect
5. Our plan:
 - ✓ Further formulation of the funding regulations so as not to restrict the holistic approach
 - ✓ Creation of comprehensive exemption options under state aid law in the funding scheme
 - ✓ Creation of a guide on state aid law with checklists for documentation and coordination with the federal state
 - ✓ Advising beneficiaries on state aid implications in the design of projects.

Documents cited

R&D&I-Guidelines: Framework for State aid for research and development and innovation (2022/C 414/01)

NoA: Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union (2016/C 262/01)

Thank you very much for your attention



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