

INTERREG IVC Project: **OSAIS –** **Observatory on State Aid Impact**

Veneto Region **Action Plan**

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Introduction

The Veneto Region Action Plan is a pragmatic policy tool for improving and innovating regional State Aid Schemes (hereinafter SAS) by transferring (parts of) Good Practices from OSAIS partner regions as well as by learning from the analysis and interregional workshops. Pragmatic policy tool means focusing on the most effective, efficient and feasible way to support the SMEs' performance in the single regions. The Action Plans suggestions are addressed to the Veneto Region and to any public body, company, entity that grants State aid at regional level and that is directly or indirectly controlled by the Region¹.

Veneto Region Action Plan was based on an intensive cooperation through Conferences, Thematic Seminars, Staff Exchanges, Study Visits and Interregional Workshops, thanks to OSAIS experience.

The analysis was developed per State Aid Schemes Regional System (analyzed in the first chapter), per State Aid on the Topic Investment in Industry and Commerce – Veneto Region Revolving Fund Industry and Veneto Region Revolving Fund Crafts SASs (analyzed in the second chapter) and per State Aid on the Topic SME ICT Consultancy Service – Veneto Region Business Service SAS (analyzed in the third chapter).

It was preferable to follow an incremental approach per every chapter as follows:

- description of the current situation of State Aid Schemes;
- OSAIS Lessons Learnt, Good Practices and findings in general, obtained thank to Thematic Seminar, Staff Exchanges, Study Visits and OSAIS experience in general;
- possible follow-up of the OSAIS findings in Veneto Region;
- ideas for improvement of the State Aid Schemes or particular procedural aspects, in the form of operational indications.

In order to correctly identify the future actions to be carried out, regional law-makers should consider at the same time OSAIS findings, the Commission new State Aid Modernization Strategy (hereinafter "SAM")² and, as for Italy, the very recent report called "Analysis and recommendations on public aid to enterprises (Analisi e raccomandazioni sui contributi pubblici alle Imprese)", drafted for the Italian Government by a team of University teachers and researchers³.

¹ It goes without saying that the following observations may be relevant also for any other public body granting State aid, such as the Chambers of Commerce.

² The Action Plan takes into consideration the State Aid Modernization strategy, and its new objectives, recently published by the European Commission, which are in line with Europe 2020 strategy for sustainable growth.

The Action Plan articulates its proposal to improve State Aid policy in the light of the Commission priorities emerging from the State Aid Modernization: basically, public spending must become more efficient and really targeted at growth-promoting policies, strengthening budgetary discipline and improving the use of taxpayers' money.

We remind that the objectives of the modernization strategy are:

- a) to foster sustainable, smart and inclusive growth: there is "good State Aid" only when the State Aid has an incentive effect, i.e. it induces the aid beneficiary to undertake activities it would not have done without the aid, and only when it has the greatest impact on growth without being distortive for competition; Action Plan suggests to improve the incentive effect of every State Aid;
- b) to let the Commission focus its ex ante scrutiny on cases with the biggest impact on internal market, and, at the same time, to strengthen the Member States cooperation in State aid enforcement: responsibilities of Member States for ensuring the correct enforcement of State aid rules must increase, and the ex post control by the Commission will grow; Action Plan suggests to emphasize the role of every Public Administration that manage State Aid;
- c) to streamline the rules and provide for faster decisions.

³ "Analisi e raccomandazioni sui contributi pubblici alle Imprese", pag. 21, prof. F. Giavazzi e altri, 23 giugno 2012, the document refers to the current Italian situation (the original text is in Italian). The researchers state that "the only available assessments of State aid granted during the last decades are the result either of academic works or of the Italian Central Bank analysis. Except for very few cases, the lack of assessments carried out by the different public aid granting and Managing Authorities, is both significant and worrying; it is a clear evidence that assessment is not a part of new State aid granting decision process. However accurate the granting criteria are, only the ex post evaluation can certify if those granting criteria are confirmed by the results obtained and therefore if they may be applied for future State aid measures. [...] State aid granting Managing Authorities should publish any data applied for their assessments, so that the results achieved may be controlled by external researchers".

In drafting the Action Plan, Veneto Region managed also to get an environmental sustainability and an equal representation of men and women without discrimination on grounds of race, religion, age, disability and sexual orientation.

Veneto Region State Aid System presents mainly two weaknesses:

- there is not a Regional Authority Responsible for State Aid European Law enforcement: the ex-ante control, to ensure compliance with the European Union rules on State Aid, is under the responsibility of every Regional Offices;
- there is not an ex post assessment of the State Aid impact: the ex post control consists simply in the data gathering required by the European Commission.

In addition it should be relevant to work on the improvement of the incentive effect, when it's not enforced de minimis Regulations.

Taking into consideration the State Aid Modernization Strategy input "to emphasize the role of national administrations" and, in consequence, of every Authority that manages State Aid Scheme, by proposing new tasks for them taking into consideration OSAIS experience in general we suggested the following operational indications for advisable improving of Veneto Region State Aid System.

Selection of the State Aid Topics to finance: It is recommendable to organize *every year a call for any interested stakeholder to identify the new topics* for which subsidies should be granted that appear more relevant in a mid-long term perspective. According to OSAIS findings, the State Aid Modernization Strategy and Giavazzi's report, the Region should *focus next State Aid policies and measures on RDI, green technologies and human capital development only to the benefit of SME's*.

Creation of an in-house task force for the ex ante and ex post control: *the Region should create a real in-house task force to carry out both ex ante and ex post SAS assessment*. The *ex ante assessment* should guarantee the respect of the relevant rules (including the block exemption regulations) focusing on the incentive effect of the measures. It could be advisable to create a figure similar to the *Cyprus Commissioner at Regional Level*. The *ex post assessment* should select the SAS measures according to their impact and their effectiveness. It should be advisable to adapt, if possible, the *Innovation Assessment Methodology of Lower Austria to Veneto Region*. In particular the development of a *clear strategy*: each stakeholder/intermediary has a clear responsibility and all of them have clear instruments for implementation.

Improve the incentive effect of SAS in general: according to OSAIS findings, the State Aid Modernizations Strategy and the principle of "*less and better targeted aid*" , the Region *should limit the application of the de minimis regulation*, which does not impose the respect of the incentive effect of the aid. *Any measure that does not prove to have a real incentive effect must be improved, otherwise eliminated. Any measure with low effectiveness or low efficiency must be improved or eliminated*.

Facilitate State Aid Application: on the ground of OSAIS surveys, it is highly recommendable to *simplify SAS application forms, to use electronic files and to use the certified e-mail system* (Posta Elettronica Certificata – PEC).

Training courses in State Aid Matter: OSAIS experience has shown once again that the average knowledge in SAS matters must be improved. The Regions and all the stakeholders must organize *training courses for their civil servants and associates*. Veneto Region should improve the role of the *European Observatory on State Aid (EOSA)*. The EOSA is a tool aiming at providing private and public actors with up-to-date information to foster a correct implementation of European rules on State aid.

Facilitate State Aid Assessment: OSAIS has shown how difficult is to create a trustworthy SAS impact assessment methodology: the Region should lobby the European Commission in order to create a standard harmonized EU SAS impact assessment methodology. OSAIS has demonstrated how difficult is to collect data that are truly correct and reliable: the Region should urge the Central Government to *improve the s.c. BDA (Banca Dati Anagrafica), the SAS national data bank*. Any new State Aid measure should include a form containing questions that are posed to the beneficiaries enterprises for the SAS assessment. There should be a *legal obligation on the beneficiaries to answer*, at least if the amount of the subsidy exceeds a certain threshold (i.e. 5.000 euros as Gross Grant Equivalent). OSAIS has proved that the best method to collect data is the face-to-face interviews, which is a time and money very consuming process: therefore *the questionnaires must be extremely clear in the definition of the concepts and must limit the questions only to the crucial data*. State Aid assessment has to be based by *analysis per objective and relevant indicators*. It's possible to find 2 examples of implementation of the SAS assessment by analysis per objective and relevant indicators in the chapter number 2 for the Topic Investment in Industry & Commerce and for the Topic SME ICT Consultancy service in the chapter number 3.

Per State Aid on the Topic Investment in Industry and Commerce – Veneto Region Revolving Fund Industry and Veneto Region Revolving Fund Crafts SASs (analyzed in the second chapter) and per State Aid on the Topic SME ICT Consultancy Service – Veneto Region Business Service SAS (analyzed in the third chapter): Action Plan contents some operational indications in order to improve this SASs by importing OSAIS knowledge and other Partners Good Practices, in particular working on the *improvement of the incentive effect*.

It is recommendable to create/reinforce the Regional task force within 2013, since in 2013 many regulations will be amended and in 2014 new set of rules will enter into force according to the SAM strategy.

Given the economic downturn and the lack of public resources, the tax rate decrease is a top priority also for enterprises. If the Region starts to effectively apply a SAS impact assessment methodology, it will definitely be able to implement the principle of “less and better targeted aid”, saving public funds which may allow a decrease of tax burden .

We really hope that OSAIS may become a concrete and effective (at least) starting-point for a new global approach to State aid impact assessment, to the benefit of all the stakeholders, including consumers-tax payers, who have the ultimate right to claim for less and better targeted aid.

1 The regional State Aid System of Veneto Region at a glance and some advisable improvements

1.1 Current situation

1.1.1 Description

Italian Government and Administrative Structure are divided into several levels: Central Government, Regions (i.e. *Veneto Region*), Provinces, Municipalities and other Public Bodies. State Aid Schemes are granted and managed by the respective entity level or by the entity “under level” or by special agencies. State Aid are granted also by Chambers of Commerce or by other public bodies (or private bodies participated by public entities).

Regions are mainly autonomous concerning State Aid matters.

The Veneto Region Government is composed by:

- The *Regional Assembly*: the Region legislative body, that defines the political and administrative course of the Region actions (*also in the State Aid matters*), and has powers of control over their implementation;
- The *Regional Council*: the Region executive body that performs functions to promote and implement policies and take initiatives in compliance with the political and administrative guidelines defined by the Regional Assembly (*also in the State Aid matters*). The Regional Council has also the statutory competence to submit to the Veneto Region Assembly Action Plans even in the field of State Aid;
- The *Regional President* who presides the Regional Council and coordinates its administrative action.

The Regional Council allocates every year a relevant part of its budget in policies to enhance the competitiveness of SMEs. The funds are granted in several areas (Innovation, R&D, environment, ICT, commerce, etc.) with the involvement of several Structures (Service, Department, Direction, Office), depending by the Regional Council, and special regional agencies (Veneto Innovazione SpA and Veneto Sviluppo SpA).

Veneto Region grants State Aid to SMEs mainly on the basis of National Laws or Regional Laws or Regional Operative Program (part of ERDF and ESF).

The *ex-ante control*, to ensure compliance with the European Union rules on State Aid, is under the responsibility of every Regional Office. There is not a Regional Authority Responsible for State Aid European Law enforcement.

From the national point of view, *Permanent Representation of Italy to the European Union* plays an informal role on State Aid procedure: the Representation assists Administrations in notifying to the European Commission State Aid measures to be adopted and carries out a final check on notifications before formally forwarding them to the Commission (i.e. validation process). Moreover the Representation, when deemed necessary, arranges meetings with the Commission prior to the formal notification, in order to facilitate and speed up the subsequent examination of the proposed measures. During the whole procedure, the Representation carries out a connecting role with the competent Commission General Directorates thus helping the adoption of a positive decision.

Representation officials also attend multilateral consultations set up by the Commission during the revision process of the Community policy on the matter.

In addition, the recent Italian Law n. 240 of 24th December 2012 “*General rules on Italy's participation in the formation and implementation of legislation and policies of the European Union (Art. 44-52 State aid)*”, states that authorities who notify projects to create or change State aid within the meaning of Article 108, paragraph 3, of the Treaty on the Functioning of the European Union, to the European Commission, at the same time of the notification, submit to the *Prime Minister's Office - Department for European policies* a summary of the notified measure.

The *ex-post control*, to collect data on State Aid granted, is coordinated by the *Regional Monitoring Direction* that gathers data from every Regional structure, that manages State Aid Schemes. State Aid Data Census of National, Regional and other Public Entities measures, required by the European Commission, are collected from every Public Entity (also Veneto Region), that manages State Aid Scheme and forwards to the *Italian Ministry of Economic Development* in order to redact the “State Aid Evaluation Framework”.

See the Figure 1 below.

Enforcing the recent Regional Law n. 26 of 25th November 2011 “*Rules of Participation of Veneto Region in the regulatory process and the implementation of the law and policies of the European Union*”, work are in progress in order to reorganize also Veneto Region State Aid System.

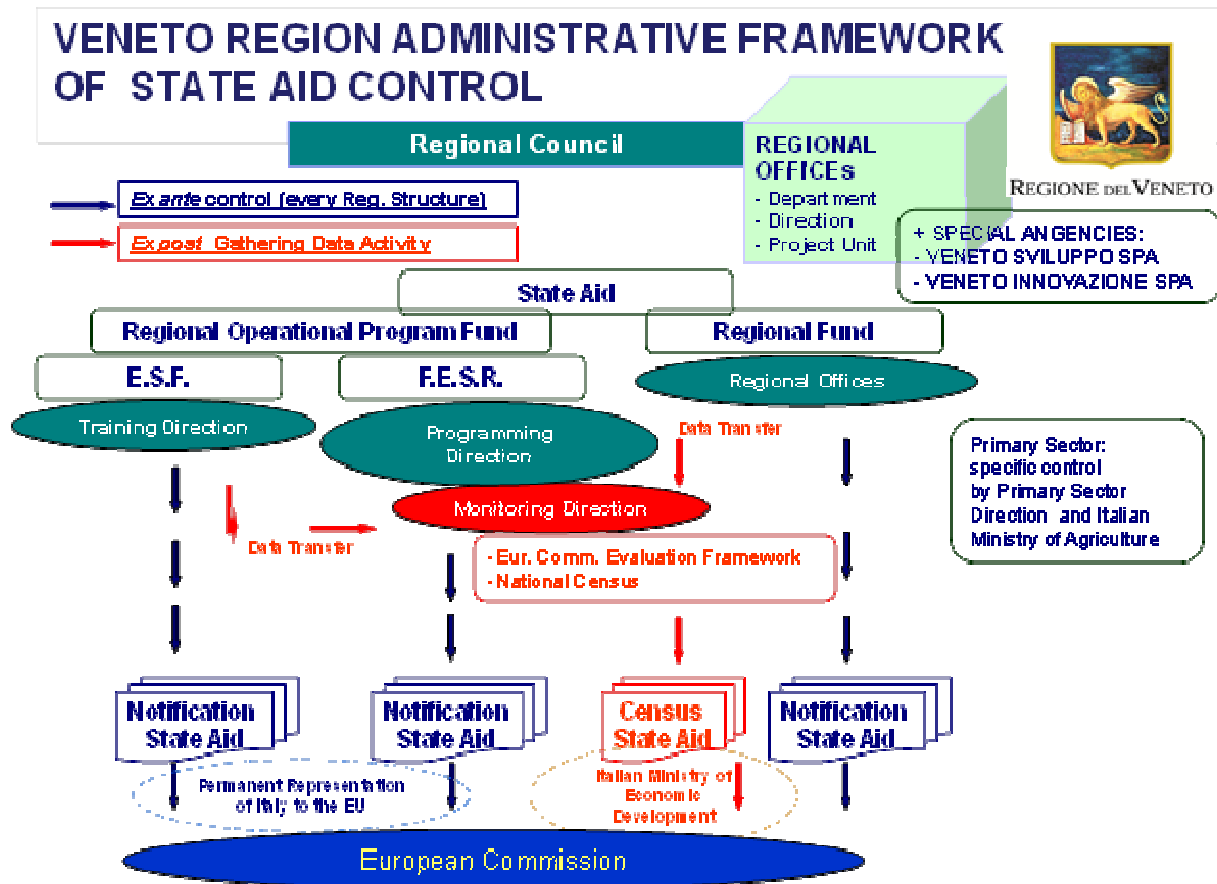


Figure 1. The administrative Regional Framework: State Aid Control (Source: European Observatory on State Aid)

1.1.2 Overview over regional State Aid Schemes and the interlinked Regulations

OSAIS Partners decided to analyse some State Aid Topics: Investment (divided in „Investment in Industry and Commerce“ and „Investment in Tourism“), SME (divided in „SME consultancy“ and „SME internationalization“), R&D&I, Temporary crisis, by gathering quantitative and financial data on the *Aggregated Overview* (see Annex 3) , underlying the European Regulations enforced and selecting a minimum of 3 State Aid Scheme for the in-depth analysis, as follow for Veneto Region.

State Aid Topic	Investment	R&D&I	SME consultancy & participation in fairs	Temporary crisis
Veneto Region Current status – comparable prior and forerunner regulations are listed: [...]	1. General block exemption Regulation (EC) No 800/2008 (SME Investment aid) [art. 4 - 6 Regulation (EC) No 70/2001] 2. Art. 2 Regulation (EC) No 1998/2006 De minimis [and previous version]	1. Community framework for state aid for R&D&I 2. General block exemption Regulation (EC) No 800/2008 (SME Investment aid – R&D Aid) [art. 4 - 6 Regulation (EC) No 70/2001] 3. Art. 2 Regulation (EC) No 1998/2006 De minimis [and previous version]	1. General block exemption Regulation (EC) No 800/2008 (SME Consultancy) [art. 5 Regulation (EC) No 70/2001]	Art. 2 Regulation (EC) No 1998/2006 De minimis
Type of funding schemes	Loan, Grants, Guarantees, Equity	Grants	Grants	Loan
Selected state aid schemes for in-depth analyses	<u>Investment in Industry & Commerce SAS “Fondo di Rotazione per l’Artigianato Regionale - LR 2/2002”</u> (Revolving fund for the granting of subsidised loans to CRAFTS small and medium-sized enterprises - <i>Regional Law n. 2/2002 art. 21 crafts sector – DGR n. 4323/2005</i>) <u>Investment in Industry & Commerce SAS “Fondo di Rotazione per la concessione di finanziamenti agevolati alle PMI - LR 5/2001”</u> (Revolving fund for the granting of subsidised loans to industries small and medium-sized enterprises - <i>Regional Law n. 5/2001, art 23 Industries – DGR n 70/2004</i>)		<u>SME Consultancy SAS “DOCUP Ob. 2 2000-2006 misura 1.5 Bando 2006, Lett. D Miglioramento Processo e Prodotto”</u> (Measure 1.5 “Business Service” of Single Programming Document (SPD) 2000-2006 - European Regional Development Fund (ERDF) - Objective 2 and phasing-out areas; Regional Law n. 3/1997; Regional Law n.3/1998 - Call 2006 letter D “Introduction of innovative business strategies, technological innovation”)	<u>See Annex 2</u> Veneto Region Working Paper 2010 and OSAIS Guide Lesson Learnt “How to deal with SAS in times of crisis?”

Table 1. Overview over regional State Aid Schemes and the interlinked Regulations

1.1.3 Veneto Region State Aid System Weaknesses

Veneto Region State Aid System presents mainly two weaknesses:

- 1) There is not a Regional Authority Responsible for State Aid European Law enforcement: the *ex ante control*, to ensure compliance with the European Union rules on State Aid, is under the responsibility of every Regional Offices;
- 2) There is not an *ex post assessment* of the State Aid impact: the *ex post control* consists simply in the data gathering required by the European Commission.

In addition it should be relevant to work on the improvement of the incentive effect, when it's not enforced *de minimis* Regulations.

1.2 Gap the weaknesses: OSAIS findings & possible follow up in Veneto Region

Taking into consideration the State Aid Modernization Strategy input “to emphasize the role of national administrations” and, in consequence, of every Authority that manages State Aid Scheme, by proposing new tasks for them, we analysed the State Aid System of the other Partners.

Cyprus and Lower Austria State Aid System experience could be of interest for Veneto Region State Aid System improvement.

1.2.1 The Cyprus Commissioner: OSAIS Findings & possible follow up in Veneto

(Source: *Lesson Learnt n. 1 “Consider Regional Particularities” OSAIS Guide; 1st OSAIS Thematic Seminar “Introduction of Partners and their state aids for firms” , Wien, 18-19 March 2010; OSAIS Study Visit in Larnaka, 15-17 January 2013*)

In Cyprus, regarding state aid in general the situation is under the control and monitoring of the Commissioner for state Aid schemes.

The Commissioner for State Aid Control is an independent government official. He is appointed by the Council of Ministers in consultation with the Parliamentary Committee on European Affairs, and his tenure of office is six years.



The Commissioner's role is determined by the State Aid Control Laws of 2001 to 2004. The competences and responsibilities of the Commissioner, concerning the *ex ante* control, are as follows:

- To examine and issue legally binding decisions on the compatibility with state aid rules of draft aid measures granted on the basis of the block exemption regulations i.e. aid for small and medium-sized enterprises, employment and training
- To carry out a preliminary assessment and issue non-binding reasoned opinions on the compatibility with state aid rules of all other draft aid measures.

(Regarding the management of State Aid Schemes in Cyprus, each managing Authority is responsible for preparation of draft version of any new proposed state aid scheme which has to be sent to the Commissioner. The Commissioner is responsible within 2 months of receiving the draft to approve or reject it explaining the reason behind his decision that is published in the

Government official gazette. He/She carries out preliminary assessment and issues non-binding reasoned opinions on the compatibility with State aid rules of many draft aid measures. No draft version of State aid scheme can be processed without the decision of the Commissioner. The main weaknesses out of this procedure is that it is generally very bureaucratic, as well as the fact that many information cannot be easily reached (as they are not published)).

- To apply the provisions of Council Regulation (EC) No 659/1999 [laying down detailed rules for the application of Article 93 of the EC Treaty (at present Article 88)] and the implementing provisions adopted by the European Commission according to Article 27 of the Regulation.

The Commissioner has also competences and responsibilities on the monitoring *ex post* control, but actually there is no real in process monitoring system in the way; just the commissioner is following certain cases where it seems that problem is arising on the way. In fact he/she has:

- To monitor the implementation and the final impact of all aid granted.
- To collect progress reports from all aid granting authorities in order to monitor the implementation and the final impact of all aid granted.
- To submit to the European Commission all information required including information regarding state aid granted in Cyprus.
- To collect, compile and monitor all information concerning state aid.
- To prepare and keep an up-to-date inventory of all state aid schemes / ad hoc measures, as well as an up-to-date central inventory on de Minimis aid.

In addition he/she has to:

- To train all aid granting authorities and other parties involved on State aid matters.
- To prepare and submit to the President of the Republic an Annual Report on the exercise of his duties and responsibilities, with comments and suggestions, as well as an Annual Statistical Survey regarding all state aid granted in Cyprus.
- To represent the Republic of Cyprus in the EU Advisory Committee on State Aid as well as in any other committees and working groups dealing with the development or the implementation of state aid policy taking place in Cyprus or abroad.

For Veneto Region, considering the fact that in Cyprus actually there is no real in process monitoring system in the way, is mainly of interest the *ex ante* control role of the Commissioner and, in general, the figure of the Commissioner itself.

First of all, we have to take into consideration that Cyprus is a Nation (Member State), while Veneto Region is not a Member State, but a Region.

In Italy (Member State) Permanent Representation of Italy to the European Union plays an informal role on State Aid sector on the *ex ante* control and Italian Ministry of Economic Development play a role on the *ex post* control, as explained above.

It could be advisable to create a figure similar to the Cyprus Commissioner at Regional Level. See the operational indications below.

1.1.2 The case of Lower Austria, The State Aid System of Niederösterreich (Lower Austria) with focus on monitoring and evaluation: OSAIS findings & possible follow up in Veneto

(Source: Lesson Learnt n. 1 “Consider Regional Particularities” OSAIS Guide; 1st OSAIS Thematic Seminar “Introduction of Partners and their state aids for firms” , Wien, 18-19 March 2010; OSAIS Study Visit in St. Polten, 13-14 November 2012)

As all 9 federal provinces of Austria have a high degree of political and financial autonomy in regional innovation and economic policy. The Government of Lower Austria itself is the managing authority of the Regional Operational Programme managed by the Department for Spatial Planning, the interface to European Commission. The *Department for Economic Affairs, Tourism and Technology (WST3)* is the main implementing body for Lower Austria’s Regional Operational Program. WST3 is responsible for the Economic Strategy Lower Austria and related programs, including all respective State Aid Schemes for companies and Research & Technology & Innovation Support. In the regional philosophy the impact of the financial direct State Aid Schemes to companies are accompanied by “Soft Services” as depicted in the following graph:

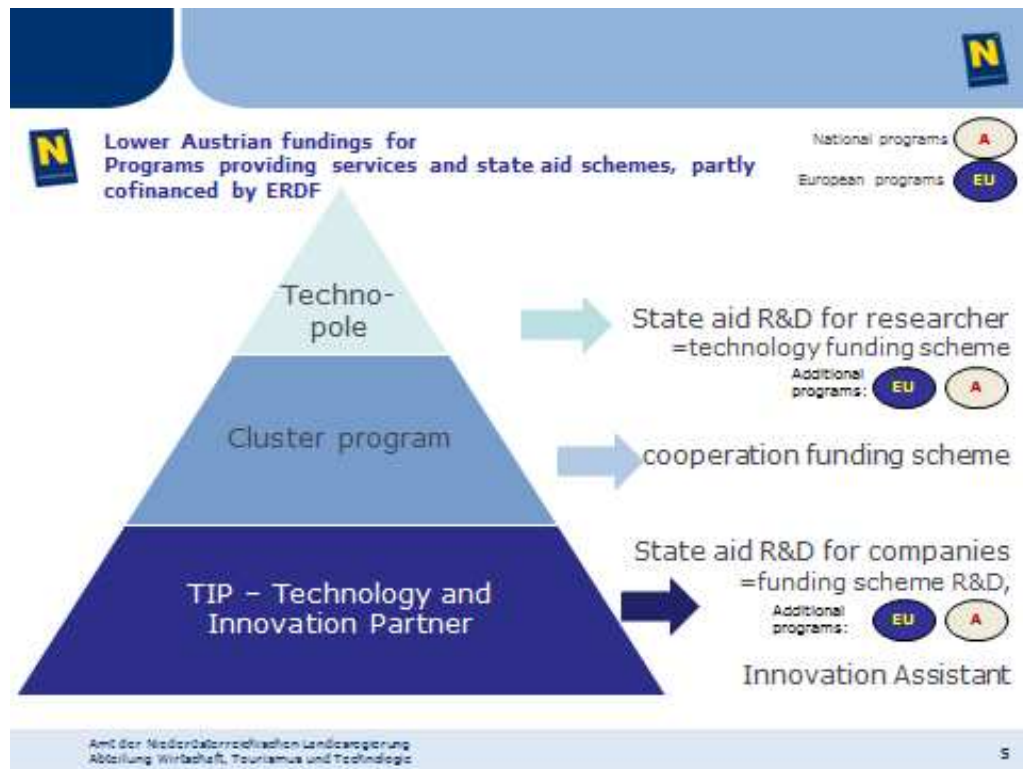


Figure 2. Lower Austria’s technology and innovation program with related State Aid Schemes

All schemes/programs are financed by regional, partly in combination with national budgets. The regional sources with their annual contribution of the regional parliament and regional funds for Economy, Tourism and Technology ensures an extraordinary high degree of regional flexibility in terms of State Aid Schemes and Soft Service Programs which is of utmost importance for the reaction on particular needs of single boosting companies or on the latest changes in terms of regional key enabling technologies, the “regional needs”.

The main objective of regional economy and innovation policy is the proper usage of regional budgets – with the leverage effects by involving national and European funding sources – to increase the regional know-how and establish a critical mass in well defined (niche) markets. With these objectives and the experiences of implementation activities the regional companies and RTO (Research and

Technology Organisations) – which are the clients of the Government of Lower Austria WSt3 – are properly prepared and fit for the international competition.

An important success factor of the Lower Austrian System is the clear strategy: each stakeholder/intermediary has a clear responsibility and all of them have clear instruments for implementation. And the number of regional stakeholders/intermediaries as responsible bodies and thus the coordination effort is limited.

The Department for Economic Affairs, Tourism and Technology (WST3) is responsible for defining and implementing the Economic Strategy of Lower Austria as well as for the related monitoring and evaluation activities. Therefore Lower Austria has a comprehensive system of different monitoring and evaluation tools for its innovation and economy policy to gain deep insight into the results and the impact of State Aid Schemes and further support services with the aim to improve single policy instruments as well as to coordinate the overall regional innovation system with all involved actors/intermediaries – the so-called Innovation Assessment Methodology of Lower Austria (I-AM Lower Austria). The gained results provide required information for the regional government to justify the public budget spent for regional economic/innovation policy and to promote its success. The comprehensive monitoring system is one success factor why Lower Austria was awarded by the Assembly of European Regions (AER) as the most innovative region in Europe in 2008.

Lower Austria is distinguishing three monitoring levels:

- Project level – monitors the results of individual state aid projects or innovation services in terms of output and impact.
- Programme level – monitors the impact of a public intervention in form of a state aid scheme or soft service program like clusters (provided by either the regional government itself or responsible intermediaries), the impact on the beneficiaries = the regional companies. The BSC (Balanced Scorecard) methodology is applied on this level
- Regional level – monitors regional statistics (macroeconomic data) and allows interpretation of the effects of the regional innovation policy on the overall regional performance by running particular and tailor-made surveys and studies.

The comprehensive monitoring experiences of Lower Austria in combination with its regional high political and financial autonomy are probably the main reasons why Lower Austria has the best access to companies in the OSAIS project compared to the other OSAIS partner regions and thus was able to gather the highest number of filled in data sets for impact analysis.

For Veneto Region, is extremely interesting the monitoring experience of Lower Austria and it should be advisable to adapt, if possible, the Innovation Assessment Methodology of Lower Austria to Veneto Region. In particular the development of a clear strategy: each stakeholder/intermediary has a clear responsibility and all of them have clear instruments for implementation. See the operational indications below.

1.3 Veneto Region State Aid System advisable improvements: operational indications

(Source: OSAIS Guide; OSAIS Thematic Seminars; OSAIS Study Visits; OSAIS Staff Exchanges; OSAIS experience in general)

Taking into consideration OSAIS experience in general we can suggest the following operational indications for advisable improving of Veneto Region State Aid System.

Selection of the State Aid Topics to finance

It is recommendable to organize every year a call for any interested stakeholder to identify the new topics for which subsidies should be granted that appear more relevant in a mid-long term perspective.

The data collected under OSAIS project were not sufficient in order to clarify the assumption that the larger is the Gross Grant Equivalent the higher is the impact of the aid. Therefore, OSAIS investigation could not lead to the selection of the perfect threshold of an aid, i.e. a certain absolute amount under which there cannot be an incentive effect. This is a very important issue. The Region may further investigate OSAIS results in order to improve OSAIS SA impact assessment methodology.

According to OSAIS findings, the State Aid Modernization Strategy and Giavazzi's report, the Region should focus next SA policies and measures on RDI, green technologies and human capital development only to the benefit of SME's.

Creation of an in-house task force for the *ex ante* and *ex post* control

The Region should create a real in-house task force to carry out both *ex ante* and *ex post* SA assessment. For instance, it could be reinforced and improved the already existing Monitoring Direction (Cabina di Regia) working at the Programming Direction (Direzione Programmazione), actually for the *ex ante* control and the *ex post* monitoring of the State Aid granted by the Regional Operational Program, European Regional Development Fund (ROP-ERDF) .

The *ex ante* assessment should guarantee the respect of the relevant rules (including the block exemption regulations) focusing on the incentive effect of the measures.

The *ex post* assessment should select the SA measures according to their impact and their effectiveness⁴. The experience of Lower Austria is very useful (see above).

Clear strategy: each stakeholder/intermediary has a clear responsibility and all of them have clear instruments for implementation.

Improve the incentive effect of SAS in general

According to OSAIS findings, the State Aid Modernizations Strategy and the principle of "*less and better targeted aid*"⁵, the Region should limit the application of the *de minimis* regulation, which does not impose the respect of the incentive effect of the aid.

⁴ Pursuant also to Decreto Legislativo n. 123/1998, "*Disposizioni per la razionalizzazione degli interventi di sostegno alle imprese [...]*", art. 11, "*Monitoraggio e valutazione dell'efficacia*".

Any measure that does not prove to have a real incentive effect must be improved, otherwise eliminated. Any measure with low effectiveness or low efficiency must be improved or eliminated.

Facilitate State Aid Application

On the ground of OSAIS surveys, it is highly recommendable to simplify SA application forms, to use electronic files and to use the certified e-mail system (Posta Elettronica Certificata – PEC).

Training courses in State Aid Matter

OSAIS experience has shown once again that the average knowledge in SA matters must be improved. The Regions and all the stakeholders must organize training courses for their civil servants and associates.

Veneto Region should improve the role of the *European Observatory on State Aid (EOSA)*.

The EOSA is a tool aiming at providing private and public actors with up-to-date information to foster a correct implementation of European rules on State aid. More in detail, the EOSA wants to help private and public actors in determining whether a certain public decision or instruments constitutes a State aid, and if so, whether it complies with the European law. The EOSA helps Veneto Region State Aid Schemes System Actors by awareness-raising and assistance for a correct implementation of European rules on State aid: Meetings; web site www.osservatorioaiutidistato.it with Up-to-date online information; Web desk information “Ask your question”; Newsletters.

The EOSA needs to be refinanced and to have a more recognized and specific role at regional level.

Facilitate State Aid Assessment

OSAIS has shown how difficult is to create a trustworthy SA impact assessment methodology: the Region should lobby the European Commission in order to create a standard harmonized EU SA impact assessment methodology.

OSAIS has demonstrated how difficult is to collect data that are truly correct and reliable : the Region should urge the Central Government to improve the s.c. BDA (Banca Dati Anagrafica), the SA national data bank.

Any new State Aid measure should include a form containing questions that are posed to the beneficiaries enterprises for the SA assessment. There should be a legal obligation on the beneficiaries to answer, at least if the amount of the subsidy exceeds a certain threshold (i.e. 5.000 euros as Gross Grant Equivalent). OSAIS has proved that the best method to collect data is the face-to-face interviews, which is a time and money very consuming process: therefore the questionnaires must be extremely clear in the definition of the concepts and must limit the questions only to the crucial data.

State Aid assessment has to be based by analysis per objective and relevant indicators. OSAIS indicators can be divided in group in order to evaluate specific objective of the State Aid Schemes. It's possible to find 2 examples of implementation of the SA assessment by analysis per objective and relevant indicators in the chapter number 2 for the Topic Investment in Industry & Commerce and for the Topic SME ICT Consultancy service in the chapter number 3.

⁵ EU Commission's 2005 Action Plan on State Aid.

2 Main findings on State Aid scheme analysed and the advisable improvement - Topic Investment in Industry & Commerce

2.1 Current situation

2.1.1 Description of the State Aid Schemes

Veneto Region, with the help of Veneto Sviluppo SpA (joint stock finance company controlled by the Veneto Region), has started about 15 years ago the development of Financial Engineering State Aid Schemes instruments in order to help enterprises and has in-depth knowledge of Financial Engineering approach.

An integrated set of financial tools meant to bring more efficiency to public funds' management, by so making renewable resources to SMEs available and, in the meantime, boosting additional financing.

In the eyes of the EU, it can also be seen as any form of financial support other than unrecoverable grants, typically:

- Revolving soft loans;
- Guarantees (to make access to credit easier);
- Risk capital (equity/quasi-equity)

Preferably, to be jointly/synergically combined.

In particular Veneto Region analysed two State Aid Schemes under the OSAIS Topic Investment in Industry & Commerce related to Financial Engineering:

- “FONDO DI ROTAZIONE PER L’ARTIGIANATO REGIONALE - LR 2/2002”, “Revolving fund for the granting of subsidised loans to CRAFTS small and medium-sized enterprises” (Regional Law n. 2/2002 art. 21 crafts sector – DGR n. 4323/2005) (from here RF CRAFTS);
- “FONDO DI ROTAZIONE PER LA CONCESSIONE DI FINANZIAMENTI AGEVOLATI ALLE PMI - LR 5/2001”, “Revolving fund for the granting of subsidized loans to industries small and medium-sized enterprises” (Regional Law n. 5/2001, art 23 Industries – DGR n 70/2004) (from here RF INDUSTRY) .

The State Aid Scheme are very similar and use the Revolving Fund Instrument.

The Revolving Fund works in financing and leasing operations through a bank or leasing company with the effect of reducing the interest rate applied.

The loan/lease is divided into two parts:

- Bank Quota, financed by private bank assets, at conventional interest rate;
- Regional Quota, financed by regional public assets, at zero interest rate, thanks to the Revolving Fund tool.

The percentage of the Quota depends on the measure, company size and projects financed.

The progressive reimburse of the Regional quota restores the assets of the Revolving Fund, so it's possible to fund new investments.

In the case of the Revolving Fund Crafts the Loan/Lease has to be accompanied by guarantee, released by Guarantee Institutions accredited by Regional legislation (R.L. n. 48 of 6th September 1993, art. 2 par. 1 lit. b), c), d), e)).

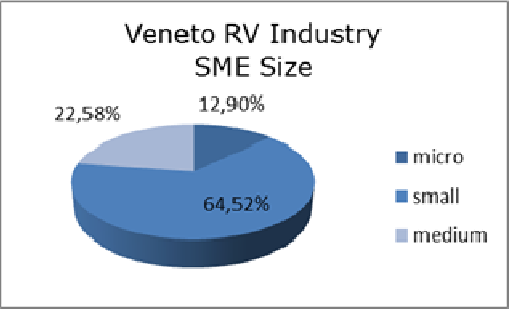
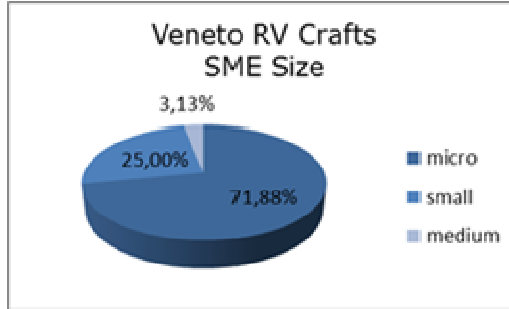
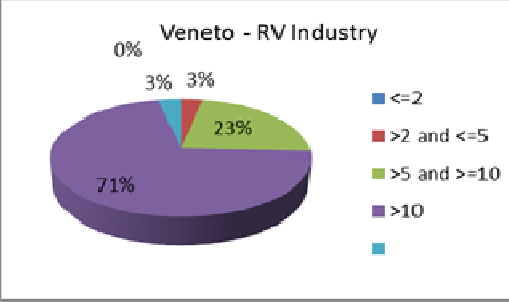
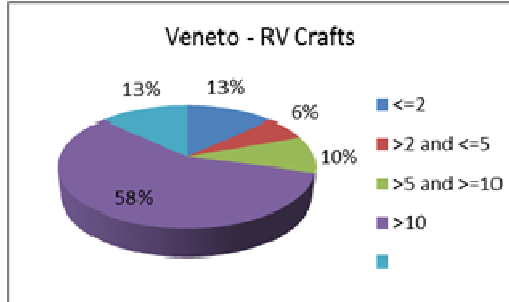
The **Gross Grant Equivalent (GGE)** is calculated evaluating the difference between the interest rate, sets periodically by the European Commission, and the effective rate of funding, prevailing at the time of the grant (the weighted average between conventional interest rate on the Bank quota and the zero interest rate on the Regional quota. In this case: GGE of the Bank quota + GGE of the Regional Quota).

Name of the State Aid	RF INDUSTRY	RF CRAFTS
Responsible organization managing the state Aid Program Contact person:	<p>Managing Authority: Regione del Veneto – Direzione Industria ed Artigianato Michele Pelloso (- Giulio Cavinato)</p> <p>Veneto Sviluppo SpA (<i>Veneto Region Agency</i>) Antonio Peretti (- Marco Trevisan)</p>	
State Aid is running since...to...:	<p>Open call</p> <p>Data gathering from 2005 to 2009</p> <p>Focus on project closed, approved on 2006 – 2007, only one project for SME</p>	
Type of aid	Subsidised Loans - Leases	
Particularity of the State Aid / brief description of the program	<p>Eligible costs for Innovation Investments:</p> <p>A) In compliance with Reg. 70/2001 (GEBR):</p> <p>Tangible assets: Building costs, Plant, Equipment, Vehicle Investment (excluding cars);</p> <p>Intangible assets: patent rights, licences , know-how and unpatented technical knowledge; <i>(NO data sets in the OSAIS SAMPLE)</i></p> <p>Studies, designs and advice: outsourced, associated with the investment program and not connected to the normal operation of the company. <i>(NO data sets in the OSAIS SAMPLE)</i></p> <p>B) In compliance with De minimis:</p> <p>Tangible and intangible investments: expenses related to the recognition of product brands and quality, research, prototyping, research and market analysis, promotion and improvement of sales network, participation in trade fairs. <i>(NO data sets in the OSAIS SAMPLE)</i></p>	<p>Eligible costs for Innovation investments:</p> <p>Building costs / Machinery, Plant, Equipment Costs, Vehicle Investment / Technical expenses / Intangible assets</p> <p>+ Anti-crises Measure since 2010 <i>(NO data sets in the OSAIS SAMPLE)</i></p>

	<p>+ Anticrisis Measure since 2010 (<i>NO data sets in the OSAIS SAMPLE</i>)</p> <p><u>Aid intensity:</u></p> <p>A) GEBR GGE: max.15%/225.000€ for Micro-Small; max. 7,5%/112.500€ for Medium [Loan = Investment: max. 1.500.000 €]</p> <p>B) De minimis GGE: max.15%/52.500€ for Micro-Small; GGE: max.7,5%/26.250 € for Medium [Loan = Investment: max. 350.000 €]</p> <p>- <i>More agevolution for Youth and Female SME</i></p> <p><u>Minimum amount of contribution:</u></p> <p>Investment/Loan: 25.000 €</p> <p>Gross Grant Equivalent: not applicable</p>	<p><u>Aid intensity:</u></p> <p>GGE: in compliance with <i>de minimis</i> [Loan = Investment: Max 100% (depending of Type of eligible costs) - Max. 300.000 euro]</p> <p><u>Minimum amount of contribution:</u></p> <p>Investment/Loan: 12.500,00 €</p> <p>Gross Grant Equivalent: not applicable</p>
<p>Objectives of the State Aid</p>	<p>To strengthen <u>the industries productive system</u> in Veneto by granting subsidised loans to small and medium-sized enterprises that carry out significant innovation investments.</p>	<p>To strengthen <u>the crafts sector productive system</u> in Veneto by granting subsidised loans to small and medium-sized enterprises that carry out significant innovation investments.</p>
<p>Number of SMEs aided</p>	<p>157 SMEs with project closed, approved on 2006 – 2007</p>	<p>3.055 projects aided (from 2005 to 2009) 191 SMEs with project closed, approved on 2006 – 2007</p>
<p>Amounts dedicated (total)</p>	<p><i>The progressive reimburses of the Regional quota restore the assets of the Revolving Fund, so it's possible to fund new initiative.</i></p> <p>Consistency of the revolving fund ad 31st December 2006: 101.576.097,82 €</p>	<p><i>The progressive reimburses of the Regional quota restore the assets of the Revolving Fund, so it's possible to fund new initiative.</i></p> <p>Consistency of the revolving fund at 31st December 2006: 59.925.828,90 €</p>
<p>European State Aid Regulation (according to 41. + 42. <i>Functional topic of state aid, Standard Interview Guide for</i>)</p>	<p>A) Regulation EC n. 800/2008, Art 13. Regional investment and employment aid, Art 15 SME investment and employment aid</p> <p>B) Regulation EC n. 1998/2006, De Minimis</p> <p><u>The state aid legal basis is also representing the preceding, former articles, namely (name of previous legislation):</u></p>	<p>Regulation EC n. 1998/2006 De Minimis (L 379/5 v. 28.12.2006)</p> <p><u>The state aid legal basis is also representing the preceding, former articles, namely (name of previous legislation):</u></p>

<p><i>Impact Analysis)</i></p>	<p>A) Regulation EC n. 70/2001, art. 4 and art 5 <i>(Information communicated by Member States regarding State aid granted under Commission Regulation (EC) No 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 enterprises – Aid No XS 66/2001</i> http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2003:023:0002:0004:EN:PDF)</p> <p>B) Regulation EC n. 69/2001 (previous De minimis Regulation) until 31 December 2006</p>	<p>Regulation EC n. 69/2001 (previous De minimis Regulation) until 31 December 2006</p>
<p>Distribution over size, geographical position, age and sector for overall population of respected state aid scheme:</p>	<p><u>POPULATION: 157 projects</u> <u>Size:</u> Micro : N/A number Small : N/A number Medium : N/A number</p> <p><u>Geographical position :</u> [Favorable conditions for Municipalities located in Objective 2 and phasing-out areas (Regional Aid Maps 2000 – 2006) Area Ob 2 is changed on Regional Aid Maps 2007-2013: only some area in Venice)] Municipalities located in Objective 2 (Regional Aid Maps 2000 – 2006): 20 Phasing-out areas (Regional Aid Maps 2000 – 2006): 31 Other zone: 135 N/A: 3</p> <p><u>Age: N/A</u></p> <p><u>Sector (Code NACE Rev. 1.1) SME with main activity in the secondary or tertiary sector (in compliance with Reg. 70/2001 (GEBR) and de minimis rules)</u> <u>List of the sector:</u> 14: 3 ; 15: 3 ; 17: 4 ; 18: 3 ; 19: 11; 20: 7 ; 22: 3 ; 25: 4 ; 26: 5 ; 27: 1 ; 28: 34 ; 29: 7 ; 31: 4 ; 32: 2 ; 33: 4 ; 36: 7 ; 37: 1 ; 45: 74 ; 50: 4 ; 52: 1 ; 74: 4 ; 93: 2 ; N/A: 3.(Code : number of SME aided)</p>	<p><u>POPULATION: 191 projects</u> <u>Size:</u> Micro/Small : 153 Medium : 34</p> <p><u>Geographical position :</u> [Favorable conditions for Municipalities located in Objective 2 and phasing-out areas (Regional Aid Maps 2000 – 2006) !!! Area Ob 2 is changed on Regional Aid Maps 2007-2013: only some area in Venice)] Municipalities located in Objective 2 (Regional Aid Maps 2000 – 2006): 17 Phasing-out areas (Regional Aid Maps 2000 – 2006): 30 Other zone: 108 N/A: 2</p> <p><u>Age: N/A</u></p> <p><u>Sector (Code NACE Rev. 1.1) SME Crafts sectors, (in compliance with de minimis rules)</u> <u>List of the sector:</u> 15: 1 ; 17: 7 ; 18: 1 ; 19: 10 ; 20: 3 ; 21: 1 ; 22: 2 ; 24: 5 ; 25: 19 ; 26: 4 ; 27: 4 ; 28: 42 ; 29: 19 ; 31: 6 ; 33: 1 ; 34: 1 ; 36: 15 ; 37: 1 ; 45: 13 ; N/A: 2. (Code : number of SME aided)</p>

2.1.2 Analysis of the State Aid Schemes Samples

RF INDUSTRY	RF CRAFTS																				
<p>31 datasets completed (compulsory indicators)+ 7 datasets not completed</p> <p>Size: Micro : 4 - Small : 20- Medium : 7</p>	<p>32 datasets completed (compulsory indicators)+ 7 datasets not completed</p> <p>Size: Micro : 23 - Small : 8 - Medium : 1</p>																				
 <p>Veneto RV Industry SME Size</p> <table border="1"> <tr><th>Size</th><th>Percentage</th></tr> <tr><td>Micro</td><td>22,58%</td></tr> <tr><td>Small</td><td>64,52%</td></tr> <tr><td>Medium</td><td>12,90%</td></tr> </table>	Size	Percentage	Micro	22,58%	Small	64,52%	Medium	12,90%	 <p>Veneto RV Crafts SME Size</p> <table border="1"> <tr><th>Size</th><th>Percentage</th></tr> <tr><td>Micro</td><td>71,88%</td></tr> <tr><td>Small</td><td>25,00%</td></tr> <tr><td>Medium</td><td>3,13%</td></tr> </table>	Size	Percentage	Micro	71,88%	Small	25,00%	Medium	3,13%				
Size	Percentage																				
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Small	25,00%																				
Medium	3,13%																				
<p>1) Small 2) Medium 3) Micro</p>	<p>1) Micro 2) Small 3) Medium</p>																				
<p>Age: 1953 : 1 ; 1961 : 1 ; 1969 : 1 ; 1971 : 2 ; 1974 : 1 ; 1975 : 1 ; 1976 : 1 ; 1978 : 1 ; 1980 : 1 ; 1983 : 1 ; 1984 : 1 ; 1987 : 1 ; 1988 : 1 ; 1989 : 1 ; 1990 : 2 ; 1991 : 1 ; 1992 : 2 ; 1993 : 1 ; 1996 : 2 ; 1997 : 1 ; 1998 : 2 ; 1999 : 2 ; 2001 : 1 ; 2002 : 1 ; N/A : 1 (Year of SME beginning activity : number of SMEs aided)</p>	<p>Age: 1968 : 1 ; 1974 : 1 ; 1983 : 1 ; 1984 : 3 ; 1986 : 1 ; 1987 : 2 ; 1988 : 1 ; 1989 : 1 ; 1991 : 1 ; 1992 : 1 ; 1993 : 1 ; 1994 : 1 ; 1995 : 1 ; 1996 : 3 ; 1999 : 2 ; 2001 : 1 ; 2003 : 1 ; 2005 : 1 ; 2006 : 2 ; 2007 : 1 ; N/A : 5 (Year of SME beginning activity : number of SMEs aided)</p>																				
 <p>Veneto - RV Industry</p> <table border="1"> <tr><th>Age Group</th><th>Percentage</th></tr> <tr><td><=2</td><td>0%</td></tr> <tr><td>>2 and <=5</td><td>3%</td></tr> <tr><td>>5 and >=10</td><td>23%</td></tr> <tr><td>>10</td><td>71%</td></tr> </table>	Age Group	Percentage	<=2	0%	>2 and <=5	3%	>5 and >=10	23%	>10	71%	 <p>Veneto - RV Crafts</p> <table border="1"> <tr><th>Age Group</th><th>Percentage</th></tr> <tr><td><=2</td><td>13%</td></tr> <tr><td>>2 and <=5</td><td>6%</td></tr> <tr><td>>5 and >=10</td><td>10%</td></tr> <tr><td>>10</td><td>58%</td></tr> </table>	Age Group	Percentage	<=2	13%	>2 and <=5	6%	>5 and >=10	10%	>10	58%
Age Group	Percentage																				
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>5 and >=10	10%																				
>10	58%																				
<p>«>10» - old companies beneficiaries</p>	<p>«>10» - old companies beneficiaries</p>																				
<p>Sector (Code NACE Rev. 1.1) List of the sector: 15 : 0 ; 17 : 2 ; 18 : 0 ; 19 : 0 ; 20 : 0 ; 21 : 0 ; 22 : 0 ; 24 : 1 ; 25 : 4 ; 26 : 1 ; 27 : 0 ; 28 : 8 ; 29 : 6 ; 31 : 1 ; 33 : 0 ; 34 : 1 ; 36 : 2 ; 37 : 0 ; 45 : 5 (Code : number of SME aided)</p>	<p>Sector (Code NACE Rev. 1.1) List of the sector: 14 : 0 ; 15 : 1 ; 17 : 0 ; 18 : 1 ; 19 : 1 ; 20 : 2 ; 22 : 1 ; 25 : 0 ; 26 : 3 ; 27 : 0 ; 28 : 7 ; 29 : 3 ; 31 : 1 ; 32 : 0 ; 33 : 0 ; 36 : 1 ; 37 : 0 ; 45 : 9 ; 50 : 1 ; 52 : 0 ; 74 : 1 ; 93 : 0 ; N/A : 0 (Code : number of SME aided)</p>																				

RF Industry sample show the predominance of Small companies financed, followed by Medium companies and Micro companies. Beneficiaries are mainly companies older than 10 years with main activity in the secondary or tertiary sector.

RF Crafts sample show the predominance of Micro companies financed, followed by Small companies and Medium companies. Beneficiaries are mainly companies older than 10 years with activity in the crafts sector.

2.1.3 G.G.E. and eligible costs

Region - State Aid Scheme	avg 60 Total project budget [EURO]	avg 72 Total grant equivalent GGE	avg 71.b What is the share of total grant equval. in relation to eligible project costs	avg 69 share actual eligible costs / granted eligible project costs	avg 61 Granted eligible project costs [EURO]
P01 Veneto					
RF Industry	208.406	4.169	2%	100%	177.486
RF Crafts	62.813	1.874	4%	99%	54.575

2.1.4 Analysis of the Structural data samples at project start

Region - State Aid Scheme	average 17-36 b 1 Number of employees (in Equivalent FTE)	average 17-36 b 2 Annual turnover (in €)	average Annual turnover / FTE at project start	average 17-36 b 3 R&D staff in relation to total staff (FTE) (in %)	average 17-36 b 4 R&D budget in relation to turnover (in %)	average 17-36 b 5 Export share in relation to turnover (in %)	average 17-36 b 6 Equity Ratio (in %)	Note on Analysis Reliability and compliance of average structural data with Sample
P01 Veneto								
RF Industry	28,0	6.308.446	241.499	0,5%	0,2%	16,4%	26,8%	Compatible with Small size predominance
RF Crafts	4,9	814.270	144.543	12,0%	4,5%	0,1%	37,9%	Compatible with Micro size predominance

RF Industry sample structural data are compatible (taking into consideration the European “quantitative” definition of Small company) with Small companies predominance of the sample above.

RF Crafts sample structural data are compatible (taking into consideration the European “quantitative” definition of Micro company) with Micro companies predominance of the sample above.

It means that the samples are reliable.

2.2 OSAIS Findings

2.2.1 SASs Interregional Analysis reliability using OSAIS instruments (Linear Regression – Top Rankings – PIVOT applications)

	Number of Data sets in OSAIS database
P01 Veneto RF Crafts	POP: 191 project financed and closed 2006-2007 = data sets prefilled SAMPLE: 32 data sets compl. X comp. indicators, there of 10 compl. X opt. indicators) OSAIS SAMPLE: 31 data sets
P01 Veneto RF Industry	POP: 157 project financed and closed 2006-2007 = datasets prefilled SAMPLE: 31 data sets compl. X comp. indicators, there of 10 compl. X opt. indicators) OSAIS SAMPLE: 30 data sets

All OSAIS interregional analysis are possible for Veneto Region State Aid Schemes.

2.2.2 Main analysis results

(Source: OSAIS Guide Veneto Region Good Practice; OSAIS Thematic Seminars; OSAIS Study Visits on the Topic Investment in Industry & Commerce; OSAIS Veneto Region Staff Exchanges with Lower Austria, Opolskie, Timis, Trencin, Bautzen – [SEE ANNEX 4 FOR INTERREGIONAL ANALYSIS RESULTS](#))

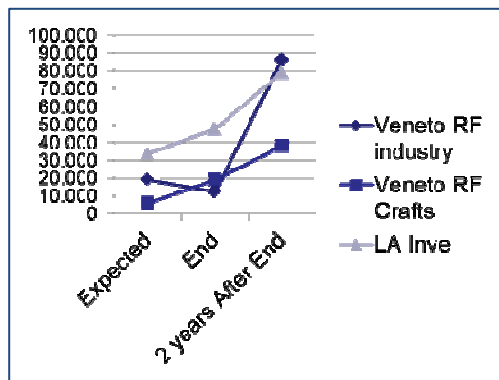
Analysis per objective and relevant indicators

Comparison of SAS should be done for SAS with the same objectives in order to ensure the comparability of the SAS. Therefore it was recommended for interregional comparison of State Aid Schemes to elaborate an overview over their individual objectives in order to identify comparable State Aid Schemes and the most relevant indicators for comparison. RF Crafts and RF Industry have the same objective and it's possible the analysis per objective and relevant indicators (by using Normalized indicators= $\frac{\text{additional value}}{\text{GGE} \cdot 1000 \text{ €}}$) as follow.

Main objective of RF Crafts and RF Industry: Strengthening the regional sector productive system

a) Strengthening regional economic structure (Turnover Indicators)

Region - State Aid Scheme	average Annual turnover / FTE at project start	average Additional turnover / 1.000€ GE expected at project start	average Additional turnover / 1.000 € GE at project end	average Additional turnover / 1.000€ GE 2 years after project end
P01 Veneto				
RF Industry	241.499	18.978	12.525	85.977
RF Crafts	144.543	6.041	19.030	38.088



RF Industry: Additional Results 2 years after project end = per 6 time higher than the additional results at project end – Expected results are not reliable.

1.000 € of State Aid creates an Additional Turnover of 86.000 € 2 years after project end

RF Crafts: Additional Results 2 years after project end = per 2 time higher than the additional results at project end and per 6 higher that the expectation.

1.000 € of State Aid creates an Additional Turnover of 38.000 € 2 years after project end

Positive impact on Turnover: Increase of Turnover thanks to SASs, more than the SMEs Expectation

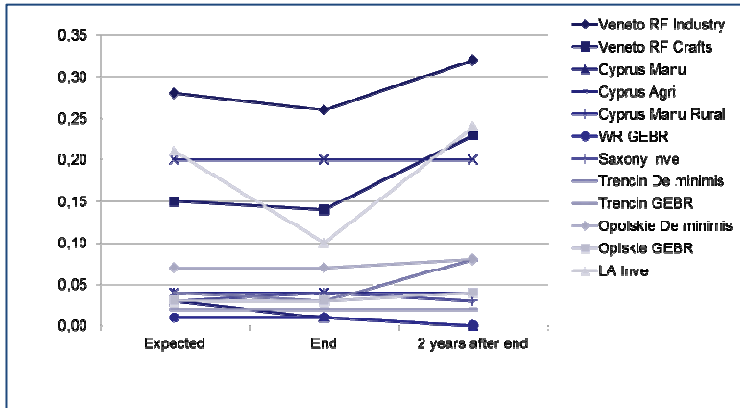
The objective “strengthening the regional sector productive system” is achieved.

b) Safeguarding of Jobs (Maintained Jobs Indicators – OSAIS meaningless)

The PIVOT table reveals inconsistencies for the estimated impact on maintenance of jobs. Component 3 Coordinator had recommended not using the indicators “maintained jobs” for the OSAIS impact analysis.

c) Creation of Jobs (New Jobs Indicators)

Region - State Aid Scheme	average 17-36 b 1 Number of employees (in Full Time Equivalent FTE)	average New jobs / 1.000€ GE expected at project start	average New jobs / 1.000€ GE at project end	average New jobs / 1.000€ GE 2 years after project end
P01 Veneto				
RF Industry	28,0	0,28	0,26	0,32
RF Crafts	4,9	0,15	0,14	0,23



RF Industry: Additional Results 2 years after project end are higher than the additional results at project end and then the expectation. On average 0.3470 jobs per 1,000 Euro GE were created and could still be found after two years. That indicates an average of ca. 3,750 Euro GE per job. This would be a very small amount of GE per job. Note that all projects in the estimation received windfall gains – it must therefore be

doubted that the 3,750 Euro GE per job are real.

RF Crafts: Additional Results 2 years after project end are higher than the additional results at project end and then the expectation.

On average 0.23 jobs per 1,000 Euro GE were created and could still be found after two years. That indicates an average of ca. 4,300 Euro GE per job.

Positive impact on Job creation: Increase of Additional Jobs thanks to SASs, more than the SMEs Expectation

The objective “Creation of Jobs” is achieved.

d) Strengthening and developing production/structure/processes capacity (qualitative indicators)

Region - State Aid Scheme	avg 180 Has the project improved the technical manufacturing process and/or increased flexibility	avg 181 Has the project increased the productivity or reduced the costs	avg 182 Has the project increased the production capacity	avg 185 Has the project improved the quality of products/services
P01 Veneto				
RF industry	2,6	2,6	2,8	2,2
RF Crafts	1,9	2,1	1,8	1,4

Legenda: **Impact** No =0; Small=1; Some=2; Relevant=3; High=4; Essential=5

RF Industry: Some/Relevant Effect on the objective Strengthening and developing production/structure/processes capacity

RF Crafts: Small/Some Effect on the objective Strengthening and developing production/structure/processes capacity

The main objective of RF Crafts and RF Industry “Strengthening the regional sector productive system” is achieved, taking in consideration the positive results on the additional value on turnover, job creation and qualitative indicators, thanks to the project.

Wind Fall Gains / Carrying out project without SA funding

The answers result to the question “Would have you carried out project without SA funding?” is showed in the following table.

Region - State Aid Scheme	Yes (1)	Yes, but longer (2)	Yes, but smaller (3)	No (4)	score
P01 Veneto					
RF Industry	59%	35%	0%	6%	1,9
RF Crafts	29%	38%	15%	18%	2,6

The results indicate a high percentage of windfall gains in the case of RF Industry, when **59%** of the answering beneficiaries would carry out the project without funding in the same way.

In the case of RF Crafts **29%** of the answering beneficiaries would carry out the project without funding in the same way and 38% would carry out the project longer.

Region - State Aid Scheme	Name of the state aid scheme	Media di 72 Total grant equivalent	Media di 61 eligible project costs [EURO]	average 17-36 b 1 Number of employees (in Full Time Equivalent FTE)	average 17-36 b 2 Annual turnover (in €)	average Annual turnover / FTE at project start	average Additional turnover / 1.000€ GE expected at project start	average Additional turnover / 1.000 € GE at project end	average Additional turnover /1.000€ GE 2 years after project end	average New jobs / 1.000€ GE expected at project start	average New jobs / 1.000€ GE at project end	average New jobs / 1.000€ GE 2 years after project end
RF Industry		4.169	177.486	28,0	6.308.446	241.499	18.978	12.525	85.977	0,28	0,26	0,32
	Yes	20	5.990	247.859	35,4	7.043.186	193.659	25.573	15.413	120.344	0,12	0,12
	Longer	12	3.499	166.616	22,1	4.756.075	210.159	5.787	5.787	5.787	0,22	0,37
	No	2	1.200	90.000	6,5	2.966.307	988.769			4,17	4,17	3,75
RF Crafts		1.874	54.575	4,9	814.270	144.543	6.041	19.030	38.088	0,15	0,14	0,23
	Yes	10	2.734	86.256	8,3	1.099.209	220.983	0	13.340	3.689	0,40	0,55
	Longer	13	1.822	65.936	6,0	911.448	103.649	9.073	27.804	71.260	0,00	0,11
	Smaller	5	1.309	37.116	1,2	366.621	183.311	0	0	0	0,00	0,00
	No	6	3.230	73.915	4,2	421.603	97.856	9.007	11.259	13.511	0,04	0,04

RF Industry:

If we look to the structural data (employees and annual turnover) the results show that the State Aid RF Industry is useful (answer “No”) mainly for Micro companies. Small and Medium companies of the sample would carry out project also without funding or longer.

If we look to the new jobs created the results show that RF industry is useful mainly for Micro companies (3.75 new jobs per 1.000 € 2 years after project end – meaningless?).

A suggestion could be to address this kind of SAS mainly to **micro companies** in order to achieve the incentive effects.

RF Crafts:

Results are homogenous. It’s noticeable the zero impact on additional turnover and creation of jobs for companies would carry out the project smaller, also for what concern the expectation. Results on additional value “Yes” are better than “No”.

Indirect effect of SASs

1) Innovating products, services, processes and strategies (qualitative indicators)

RF Industry: Some/Relevant Effect

RF Crafts: Small/Some Effect

2) Strengthening and developing market position (additional export)

RF Industry: 579 € of Additional Export created per 1.000 € State Aid at project end and 2 years after project end, in line with SMEs expectation

RF Crafts: zero

3) Safeguarding of R&D jobs (maintained R&D jobs)

Meaningless indicators.

4) Creation of R&D Jobs (New R&D jobs)

RF Industry: zero

RF Crafts: zero

5) Strengthening Private Regional R&D&I (additional R&D&I budget)

RF Industry: zero

RF Crafts: zero

6) Patent Application Development

RF Industry: zero

RF Crafts: zero

7) Enlargement of Stakeholders Portfolio

RF Industry: Minimal impact on Informal Contacts (0,09 Additional informal contacts per 1.000 € of State Aid) and Minimal impact on Formal collaboration (0,09 Additional Formal Collaboration per 1.000 € of State Aid) - In line with Qualitative Indicators

RF Crafts: Little impact on Informal Contacts (0,49 Additional informal contacts per 1.000 € of State Aid) and Little impact on Formal collaboration (0,12 Additional Formal Collaboration per 1.000 € of State Aid)- In line with Qualitative Indicators

8) Sustainability

RF Industry: Small positive impact on the environment and on the support of the gender aspects.

RF Crafts: Small positive impact on the environment and on the support of the gender aspects.

2.2.3 Export and import of Good Practice on the Topic Investment in Industry & Commerce

Several OSAIS partners are interested to have more knowledge about Financial Engineering State Aid Scheme Instruments. For instance: since now Opolskie Region has used classic State Aid Scheme Instruments (grants). European Funds for SMEs significantly increased in the Programming Period 2007-2013 and, in order to plan the next Programming Period 2014-2020, Opolskie Region is interested to have more knowledge about new State Aid Schemes instruments.

Veneto selected **RF Crafts** as **Good Practice** for the good results obtained by the OSAIS analysis, also in relation with the Wind Fall Gains results. Follow the description of the Good Practice as reported in the OSAIS Guide.

VENETO REGION GOOD PRACTICE “Subsidised loans/leases to crafts SMEs by revolving fund”

Topic of GP

State Aid Scheme for crafts SMEs innovative investments in industry and commerce by revolving fund (loans and leases)

Location of the GP

Country Italy

NUTS 1 North-East Italy

NUTS 2 Veneto Region

Start date – end date

Start Date since calendar year 2002,

current version of guidelines is in force since 2009

End Date on-going

Detailed description

The aim of the State Aid Scheme (SAS) “Subsidised loans/leases to crafts SMEs by revolving fund” is to strengthen the crafts sector in Veneto by granting subsidised loans/leases to SMEs that carry out significant innovative investment.

The Revolving Fund works in financing and leasing operations through a bank or leasing company with the effect of reducing the interest rate applied.

The loan/lease is divided into two parts:

- Bank Quota, financed by private bank assets, at conventional interest rate;
- Regional Quota, financed by regional public assets, at zero interest rate, thanks to the Revolving Fund tool.

The progressive reimburse of the Regional quota restores the assets of the Revolving Fund, so it's possible to fund new investments. The Loan/Lease has to be accompanied by guarantee, released by Guarantee Institutions accredited by Regional legislation.

The SAS is running under the Regulation (EC) n. 1998/2006, De Minimis.

The eligible costs are: building cost; machinery, plant, equipment and vehicle investments; technical expenses and intangible assets.

The maximum investment, that corresponds to the loan/lease, depends on type of eligible costs (min. 10% - max. 100%) and it can be between a minimum of € 25.000 and a maximum of € 300.000. The Gross Grant Equivalent is calculating taking in consideration Bank quota and Regional quota.

Over the years 2005 till 2009 (relevant time frame for OSAIS project) in average 608 SMEs were supported per year with an average of total eligible project cost of € 69.000.

The essential condition for potential transfer of this SAS is the cooperation of the banks and lease companies system of the territory with the Managing Authority.

Evidence of success

The SAS “Subsidised loans/leases to crafts SMEs by revolving fund” is considered as Good Practice due to its efficiency regarding its direct impact on the beneficiaries in terms of new and maintained jobs per € 1.000 Gross Grant Equivalent (GGE) and additional turnover per € 1.000 GGE, by fully achieving the main objective of the SAS to strengthen the Regional economy. This is the result of the Top Ranking analysis of all 33 selected SAS within the OSAIS projects, for the Topic Investment in Industry and Commerce.

The interviewed beneficiaries are reporting that, in average, more than 2 new jobs are created per € 10.000 GGE two years after project end (per 4,5 times more than the expected!) and that more than € 38.000 GGE per € 1.000 of additional turnover is created two years after project end (per 6,3 times more than the expected!).

Contact details

Name Michele Pelloso (Director) - Giulio Cavinato (SAS Responsible)

Organisation Veneto Region, Industry and Crafts Department

e-mail industria.artigianato@regione.veneto.it giulio.cavinato@regione.veneto.it

website www.regione.veneto.it

On the other hand **RF Industry** presents **not so good results concerning the Wind Fall Gains** and some improvements are advisable.

It's difficult to import Good Practice for improvement this kind of State Aid Scheme because OSAIS partners have analysed mainly State Aid in the form of Grant on the Topic Investment in Industry & Commerce (and Lower Austria a mix of Grant and Loan).

So we have tried to import general suggestions and advisable improvement gained during the OSAIS experience in general and mainly during the Staff Exchange and the Study Visit on the Topic.

The main OSAIS findings are the follow:

- SAS is useful (incentive effect) mainly for Micro companies but Micro companies are the companies that apply less for this kind of SAS, cause the cost of applications (if they ask the help of an external consultant, the cost to pay him/her could be higher than the G.G.E.). It's advisable template simplification or help-desk implementation.
- Improve the incentive effect by enforcing GEER and not *de minimis* regulation
- Eligible cost and activities strictly related to the innovation activity, in order to be sure to obtain the incentive effect
- The *ex ante* assessment should guarantee the respect of the relevant rules (including the block exemption regulations) focusing on the incentive effect of the measures.
- The *ex post* assessment should select the SA measures according to their impact and their effectiveness by SA objective and relevant indicators related to innovation.

2.3 Possible follow up in Veneto?

2.3.1 Design/concept

- ❑ *Objectives* : The actual objective “TO STRENGTHEN REGIONAL ECONOMY” has to be more specific in Innovation (relevance of the incentive effect).
- ❑ *Demonstrate the incentive effect* by financing only innovative projects .

According to OSAIS findings, the SAM and the principle of “*less and better targeted aid*”⁶, the Region should limit the application of the *de minimis* regulation, which does not impose the respect of the incentive effect of the aid.

It is advisable to enforces the General Exemption Block Regulation - G.E.B.R. (Reg. (EC) n. 800/2008) – Chapter 1 Common Provision and art. 15 Article 15 SME investment and employment aid .

Specific requirements/criteria for eligibility strictly related to innovation are listed in the art. 12 G.E.B.R. (see the legal box below).

LEGAL BOX

General Exemption Block Regulation - G.E.B.R. (Reg. (EC) n. 800/2008

Chapter 1 Common Provision

In particular it's noticeable:

- Article 8 Incentive effect

1. This Regulation shall exempt only aid which has an incentive effect.
2. Aid granted to SMEs, covered by this Regulation, shall be considered to have an incentive effect if, **before work on the project or activity has started, the beneficiary has submitted an application for the aid to the Member State concerned.**

- Article 12 Specific conditions applicable to investment aid

1. In order to be considered an eligible cost for the purposes of this Regulation, an investment shall consist of the following:
 - (a) an **investment in tangible and/or intangible assets** relating to the SETTING-UP OF A NEW ESTABLISHMENT, the EXTENSION OF AN EXISTING ESTABLISHMENT, DIVERSIFICATION OF THE OUTPUT OF AN ESTABLISHMENT INTO NEW ADDITIONAL PRODUCTS or a FUNDAMENTAL CHANGE IN THE OVERALL PRODUCTION PROCESS OF AN EXISTING ESTABLISHMENT; or
 - (b) the **acquisition of the capital assets directly linked to an establishment**, where the establishment has closed or would have closed had it not been purchased, and the assets are bought by an independent investor; in the case of business succession of a small enterprise in favour of family of the original owner(s) or in favour of former employees, the condition that the assets shall be bought by an independent investor shall be waived. The sole acquisition of the shares of an undertaking shall not constitute investment.
2. In order to be considered eligible costs for the purposes of this Regulation, **intangible assets** shall fulfil all the following conditions:
 - (a) they must be used exclusively IN THE UNDERTAKING RECEIVING THE AID; as regards regional investment aid, they must be used exclusively in the establishment receiving the aid;

⁶ EU Commission's 2005 Action Plan on State Aid.

(b) they must be regarded as AMORTIZABLE ASSETS;

(c) they must be PURCHASED FROM THIRD PARTIES UNDER MARKET CONDITIONS, without the acquirer being in a position to exercise control, within the meaning of Article 3 of Council Regulation (EC) No 139/2004 (2), on the seller, vice versa; or

(d) in the case of SME investment aid, they must be included in the assets of the undertaking for at least three years; in the case of regional investment aid, they must be included in the assets of the undertaking and remain in the establishment receiving the aid for at least five years or, in the case of SMEs, at least three years.

Article 15 SME investment and employment aid

1. SME investment and employment aid shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88(3) of the Treaty, provided that the conditions laid down in paragraphs 2, 3 and 4 of this Article are fulfilled.

2. The aid intensity shall not exceed:

(a) 20 % of the eligible costs in the case of small enterprises;

(b) 10 % of the eligible costs in the case of medium-sized enterprises.

3. The eligible costs shall be the following:

(a) the costs of investment in tangible and intangible assets; or

(b) the estimated wage costs of employment directly created by the investment project, calculated over a period of two years.

4. Where the investment concerns the processing and marketing of agricultural products, the aid intensity shall not exceed:

(a) 75 % of eligible investments in the outermost regions;

(b) 65 % of eligible investments in the smaller Aegean Islands within the meaning of Council Regulation (EC) No 1405/2006 (1);

(c) 50 % of eligible investments in regions eligible under Article 87(3)(a) of the Treaty;

(d) 40 % of eligible investments in all other regions.

Target group are SMEs

Taking into consideration OSAIS analysis, it's advisable to finance mainly Micro companies.

2.3.2 Monitoring and evaluation

State Aid call should include a form containing questions to pose to the beneficiaries enterprises for the SA assessment at project start, at project end, 2 years after project end, 5 years after project end.

The following suggestion for monitoring and evaluation is based on OSAIS indicators used for the regional and interregional analysis.

State Aid assessment has to regard the achievement of the objective of the State Aid by:

(A) the analysis per objective and relevant indicators (with target figures), if possible also for the indirect effects, and

(B) the beneficiaries satisfaction.

A) Analysis per objective and relevant indicators

main Objective: Strengthening the regional sector productive system

1) Strengthening regional economic structure

Turnover Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

2) Safeguarding of Jobs

Maintained Jobs Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

3) Creation of Jobs

New Jobs Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

4) Strengthening and developing production/structure/processes capacity

Qualitative Indicators:

180 Has the project improved the technical manufacturing process and/or increased flexibility?

181 Has the project increased the productivity or reduced the costs?

182 Has the project increased the production capacity?

185 Has the project improved the quality of products/services?

As explained above, **in order to obtain the achievement of the incentive effect, we have to indicate also the innovation objectives as main objective with the relevant indicators:**

5) Innovating products, services, processes and strategies

Qualitative Indicators:

178 Has the project increased the technology know-how / position of the company?

179 Has the project contributed to the improvement of organizational (not technical) structures or processes?

177 Has the project increased (any kind of) qualification?

184 Are new products/services stemming from the project?

175 Has the innovation culture in the company improved?

183 Has the project contributed to the business/innovation strategy?

Indirect Effect:

6) Safeguarding of R&D Jobs

Maintained R&D Jobs Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

7) Creation of R&D Jobs

New R&D Jobs Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

8) *Strengthening Private Regional R&D&I*

Additional R&D Budget Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

9) *Strengthening and developing market position*

Additional Export Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

10) *Patent Application Development*

172a. How many patent applications were filed?

172b. Thereof, how many patent applications are approved?

11) *Enlargement of Stakeholders Portfolio*

170 How many informal contacts (doesn't require formal contract) with external partners were initiated through the project?

171 How many formal collaboration contracts (with formal contract) with external partners were signed?

Qualitative Indicators:

176 Has the project facilitated the access to information and external partners? (like other companies, R&D organisations, higher education institutes, associations, consultants, etc.)

12) *Sustainability*

Qualitative indicators:

173 Has the project positive impact on the environment?

174 Has the project supported gender aspects?

B) SME beneficiaries satisfaction (qualitative indicators)

1) *SAs are SMEs Oriented?*

avg 195.a Is the scheme oriented towards the needs of the company?

avg 195.b Is the state aid scheme providing the right support?

Answer: ☹☹ = 0; ☹ = 1; ☹☺ = 2; ☺ = 3; ☺☺ = 4; ☺☺☺ = 5

2) *Procedure Evaluation and Relationship with Managing Authority*

avg 191.a - 1 How was your relationship with the managing authority of the state aid scheme?

avg 191.a - 2 How was your relationship with the ERDF/ESF responsible organisation?

avg 193.a Was the administrative effort in reasonable relation to the gained results?

avg 193.b Was all requested information by the managing authority really necessary?

avg 193.c Are the templates easy to read and to understand?

Answer: ☹☹ = 0; ☹ = 1; ☹☺ = 2; ☺ = 3; ☺☺ = 4; ☺☺☺ = 5

3) *Overall Satisfaction*

avg 190 - S Are you satisfied with the overall results of the funded project?

Answer: ☹☹ = 0; ☹ = 1; ☹☺ = 2; ☺ = 3; ☺☺ = 4; ☺☺☺ = 5

4) *Carrying out Project without Funding*

Answer: Yes – Yes, but longer – Yes, but smaller – No

Analysis useful for political decision because Regional Funds are used: where it could allocate public fund? Answer “Yes”= SAS not essential, it could be better to allocate money to different kind of SAS.

2.3.3 Implementation Schedule

- 1) Meeting of Veneto Region Brussels Office OSAIS staff with Industry and Crafts Department to transfer the “OSAIS follow up in Veneto” for Revolving Fund Industry;
- 2) Improvement of the Revolving Fund Industry by “Delibera di Giunta Regionale”;
- 3) Publication of the updated Call.

“Monitoring and evaluation” is under the constrain to establish a regional in-house task force on ex post control.

2.3.4 Transfer and implementation team

Transfer team

Name of Stakeholder Organisation	Veneto Region Brussels Office
Name and contact of person in charge	Angelo Mason
Brief description of responsibilities / activities for implementation of action plan	Transfer the “OSAIS follow up in Veneto” for Revolving Funds

Implementation team

Name of Stakeholder Organisation	Veneto Region Industry & Crafts Department
Name and contact of person in charge	Michele Pelloso – Giulio Cavinato
Brief description of responsibilities / activities for implementation of action plan	Improvement of the existing Revolving Funds taking in consideration the suggestion above

2.3.5 Budget allocation & Resources for implementation

Budget is already available in the respective Revolving Fund.

It's a matter of improvement of the existent Revolving Fund that does not require additional resources.

3 Main findings on State Aid scheme analysed and the advisable improvement - Topic SME ICT Consultancy Service

3.1 Current situation

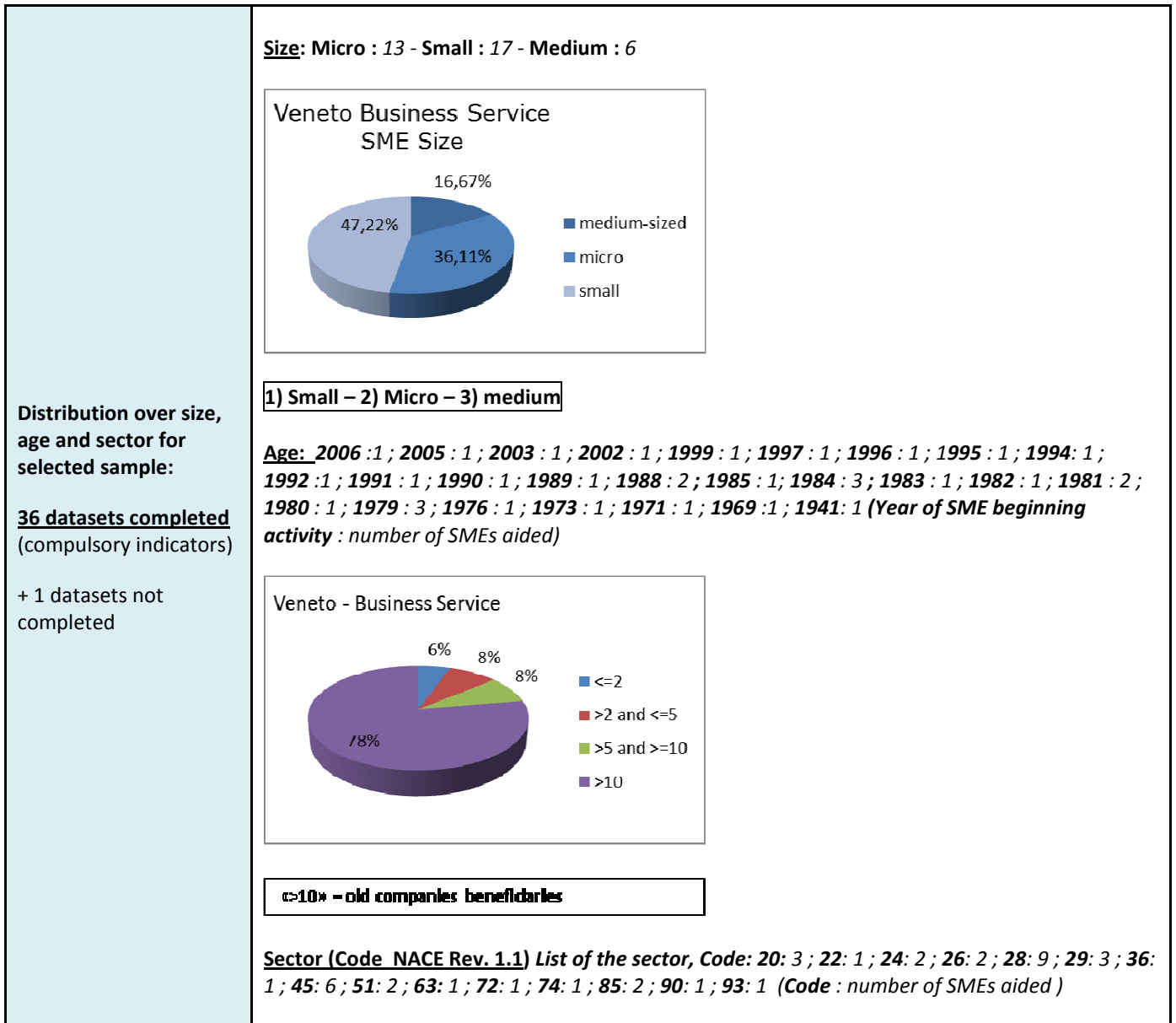
3.1.1 Description of State Aid Scheme

<p>Name of the State Aid</p>	<p>“DOCUP OB. 2 2000-2006 misura 1.5 BANDO 2006, LETT. D MIGLIORAMENTO PROCESSO E PRODOTTO” Measure 1.5 "Business Service" of Single Programming Document (SPD) 2000-2006 - European Regional Development Fund (ERDF) - Objective 2 and phasing-out areas; Regional Law n. 3/1997; Regional Law n.3/1998 - Call 2006 letter D “Introduction of innovative business strategies, technological innovation”</p> <p><u>BUSINESS SERVICE</u></p>
<p>Responsible organization managing the state Aid Program Contact person:</p>	<p>Regione del Veneto – Direzione Industria ed Artigianato Michele Peloso (– Luciana Lorenzon)</p> <p>Confindustria Veneto SIAV (ex ATI Veneto Qualità) Lara Scaramuzza</p>
<p>Functional topic</p>	<p><u>SME ICT Consultancy</u></p> <p>Supporting the dissemination of quality systems, technological innovation, safety, hygiene, environmental impact measures, innovative business strategies, product marking and/or certification and voluntary certification among SMEs operating in the assisted areas (municipalities located in Objective 2 and phasing-out areas) in Veneto.</p> <p>Focus on “Supporting the dissemination of innovative business strategies and technological innovation among SMEs operating in the assisted areas (municipalities located in Objective 2 and phasing-out areas DOCUP 2000 - 2006) in Veneto.</p>
<p>State Aid is running since...to...:</p>	<p>Since 21st March 2006 (publication of the Call) to 10th April 2008 (order to payment of the last instalment)</p>
<p>Type of aid</p>	<p>Grants</p>
<p>Particularity of the State Aid / brief description of the program</p>	<p><u>Brief description:</u> Non-reimbursable grants towards the costs incurred by small and medium-sized enterprises operating in the assisted areas (municipalities located in Objective 2 and phasing-out areas) in acquiring consultancy services relating to quality, certification, technological innovation, safety, hygiene, environmental impact, the introduction of innovative business strategies, product marking and/or certification and voluntary certification.</p> <p>Types of interventions: - benchmarking;</p>

	<ul style="list-style-type: none"> - self-assessments based on business excellence models; - application of the rules UNI EN ISO 9004; - market analyses and customer care; - interventions for innovation and improvement of process or product (including actions of lean production). <p>+ Intangible assets.</p> <p><u>Eligible costs:</u> Realization of a project of qualified external consultants, to be carried at the head office of the applicant's contribution, located in Objective 2 and phasing-out areas, with the purpose of introduction of innovative strategies and innovative technical, business and organizations methods, such as-but not limited to, benchmarking and lean production. Also introduction of intangible assets, as defined under the European regulations in force - investment in transfer of technology through the acquisition of patent rights, licenses, know-how or unpatented technical knowledge - that are subject of the consultancy service.</p> <p><u>Aid intensity:</u></p> <p>- <u>Consultancy Service:</u> 50% of the eligible costs</p> <p>- <u>Intangible assets:</u> (a) 15 % of the eligible costs in the case of small enterprises; (b) 7,5 % of the eligible costs in the case of medium-sized enterprises</p> <p><u>Maximum amount of contribution:</u> € 20.000,00 (there of max. € 8.000,00 for intangible assets)</p> <p><u>Minimum amount of contribution:</u> € 2.000,00</p>
<p>Objectives of the State Aid</p>	<p>Supporting the dissemination of innovative business strategies and technological innovation among SMEs operating in the assisted areas (municipalities located in Objective 2 and phasing-out areas) in Veneto</p>
<p>Number of SMEs aided</p>	<p>191 SMEs aided</p>
<p>Number of job maintained/created</p>	<p>"Improvement and maintenance of employment opportunities" isn't an objective of the State Aid Scheme</p>
<p>Amounts dedicated (total)</p>	<p>772.880,00 euro (2.576.000,00 euro (Call 2006), there of 30% to Letter d) of Call 2006: 772.880,00 euro - <i>Any surplus of resources relating to an intervention had been used to finance operations whose resources would be insufficient in relation to the amount of assistance requested.)</i></p>
<p>European State Aid Regulation <i>(according to 41. + 42. Functional topic of state aid, Standard Interview Guide for</i></p>	<p>Art 26 GEBR: Aid for consultancy in favour of SME</p> <p><u>The state aid legal basis is also representing the preceding, former articles, namely (name of previous legislation):</u> Regulation EC n. 70/2001, art 5, letter a) <i>(Information communicated by Member States regarding State aid granted under Commission Regulation (EC) No 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 enterprises - Aid No XS 76/2003</i> http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2003:301:0002:0005:EN:PDF</p>

<p><i>Impact Analysis)</i></p>	<p>No difference concerning aid intensity (50% of the eligible costs) and eligible costs between art. 26 of GEBR and art. 5 letter a) of Reg. EC n. 70/2001.</p> <p>In same cases Veneto Region enforced in addition Article 4 “Investment” of Regulation (EC) n. 70/2001 for "investment in intangible assets": investment in transfer of technology by the acquisition of patent rights, licences, know-how or unpatented technical knowledge.</p> <p>The gross aid intensity shall not exceed:</p> <p>(a) 15 % in the case of small enterprises;</p> <p>(b) 7,5 % in the case of medium-sized enterprises.</p>
<p>Distribution over size, geographical position, age and sector for overall population of respected state aid scheme: <u>191 projects</u></p>	<p>Size: <u>N/A</u></p> <p><u>Geographical position</u> : Municipalities located in Objective 2 and phasing-out areas (Regional Aid Maps 2000 – 2006)</p> <p><u>Age</u>: 2006 :8 ; 2005 : 8 ; 2004 :5 ; 2003 : 3 ; 2002 : 6 ; 2001 : 8 ; 2000 : 8 ; 1999 : 8 ; 1998 : 4 ; 1997 : 7 ; 1996 :6 ; 1995 : 7 ; 1994 :6 ; 1993 :8 ; 1992 :4 ; 1991 : 3 ; 1990 : 3 ; 1989 : 5 ; 1988 : 3 ; 1987 : 4 ; 1986 : 5 ; 1985 : 11 ; 1984 : 8 ; 1983 : 2 ; 1982 : 3 ; 1981 : 6 ; 1980 : 4 ; 1979 : 6 ; 1978 : 3 ; 1977 : 2 ; 1976 : 3 ; 1975 : 3 ; 1974 : 1 ; 1973 : 2 ; 1972 : 1 ; 1971 : 1 ; 1970 : 1 ; 1969 :4 ; 1968 : 1 ; 1967 : 1 ; 1965 : 1 ; 1962 : 2 ; 1961 :1 ; 1960 : 1 ; 1950 : 1 ; 1941 : 1 (<i>Year of beginning activity</i> : number of SMEs aided)</p> <p><u>Sector (Code NACE Rev. 1.1</u> = Italian Statistical Office (ISTAT) 2002)</p> <p><i>List of the sector:</i></p> <p>All sectors, except for:</p> <ul style="list-style-type: none"> — activities linked to the production, processing or marketing of products listed in Annex I to the EC Treaty, — export-related activities, — coal and steel industry, — synthetic fibres, — motor vehicle industry, — transport (with the exception of Italian Statistical Office (ISTAT) Codes 602, 6021, 6022, 6023, 6024, 6025, 631, 6311, 6312, 632 and 6321), — shipbuilding, — fisheries <p><i>Code</i>:14 : 2 ; 15 : 1 ; 17 : 1 ; 18 : 3 ; 19 : 1 ; 20 : 7 ; 22 : 2 ; 24 : 5 ; 25 : 4 ; 26 : 6 ; 28 : 24 ; 29 : 7 ; 30 : 2 ; 31 : 5 ; 33 : 11 ; 35 : 1 ; 36 : 9 ; 45 : 42 ; 50 : 4 ; 51 : 7 ; 52 : 2 ; 60 : 1 ; 63 : 3 ; 70 : 3 ; 72 : 5 ; 74 : 17 ; 80 : 2 ; 85 : 7 ; 90 : 2 ; 92 :3 ; 93 :1 (<i>Code</i> : number of SME aided)</p>

3.1.2 Analysis of the State Aid Schemes Samples



The sample shows the predominance of Small companies financed, followed by Micro companies and Medium companies. Beneficiaries are mainly companies older than 10 years with main activity in the secondary or tertiary sector.

3.1.3 G.G.E. and eligible costs

Region - State Aid Scheme	avg 72 Total grant equivalent	avg 61 Granted eligible project costs [EURO]	avg 71.b What is the share of total grant equival. in relation to eligible project costs	avg 55 Project duration [weeks]
P01 Veneto				
Busin. Serv	10.074	20.400	50%	48

3.1.4 Analysis of the Structural data samples at project start

Region - State Aid Scheme	average 17-36 b 1 Number of employees (in Full Time Equivalent FTE)	average 17-36 b 2 Annual turnover (in €)	average Annual turnover / FTE at project start	average 17-36 b 3 R&D staff in relation to total staff (FTE) (in %)	average 17-36 b 4 R&D budget in relation to turnover (in %)	average 17-36 b 5 Export share in relation to turnover (in %)	average 17-36 b 6 Equity Ratio (in %)	Note on compliance of average structural data with Sample
P01 BUSIN. SERVICE								
Average	22,9	5.140.853	189.519	1,2%	1,8%	4,0%	57,6%	Compatible with predominance of Small companies

Business Service sample structural data are compatible (taking into consideration the European “quantitative” definition of Small company) with Small companies predominance of the sample above.

3.2 OSAIS findings

3.2.1 SASs Interregional Analysis reliability using OSAIS instruments (Linear Regression – Top Rankings – PIVOT applications)

	Number of Data sets in OSAIS database
Veneto Business Service	POP: 191 project financed = datasets prefilled SAMPLE: 36 datasets compl. X comp. indicators, there of 10 compl. X opt. indicators) OSAIS SAMPLE: 32 datasets

All OSAIS interregional analysis are possible for Veneto Region State Aid Schemes.

3.2.2 Main analysis results

(Source: OSAIS Guide Murcia Good Practice; OSAIS Thematic Seminars; OSAIS Study Visits on the Topic SME ICT Consultancy service; OSAIS Veneto Region Staff Exchanges with Lisbon, Timis and Bautzen – SEE ANNEX 5 FOR INTERREGIONAL ANALYSIS RESULTS)

It was recommended for interregional comparison of State Aid Schemes to elaborate an overview over their individual objectives in order to identify comparable State Aid Schemes and the most relevant indicators for comparison.

The analysis of this Topic presents some peculiarity, as explained in the Lesson Learnt “Promote the integrated State Aid Schemes approach of both Investment and Consultancy”, see above, and it had to be developed in a particular way.

LESSON LEARNT “Promote the integrated State Aid Schemes approach of both Investment and Consultancy” (Part 1: Ex Post Assessment results)

The Lesson Learnt “Promote the integrated State Aid Schemes approach of both Investment and Consultancy” came out from some results of the Interregional analysis of the OSAIS Topic SMEs – Information and Communication Technologies, taking in consideration Veneto Region (Measure 1.5, Business Service, d) Introduction of innovative business strategies, technological innovation - DOCUP 2000-2006) and Murcia Region (Information and Communication Technologies - Promotion of ICT Programme) State Aid Schemes analysis and comparison.

Murcia Region State Aid Scheme concerns both Investment in tangible/intangible assets and Consultancy Service connected to it, while Veneto Region State Aid Scheme regards mainly Consultancy Service for innovative business strategies .

What does it mean exactly “Integrated State Aid Schemes approach of both Investment and Consultancy”? It means that one State Aid Scheme finances both Investment in tangible/intangible assets and consultancy services connected to the Investment. If we don’t enforce “De minimis rules”, the relationship between “Consultancy service” and “Investment in tangible assets and intangible assets” has to be strictly related to an Innovation Project with an incentive effect.

The main common objectives of Murcia Region and Veneto Region State Aid Schemes are “Innovating products, services, processes and strategies” and “Strengthening and developing production/structure/processes capacity”.

Taking into consideration that Veneto Region and Murcia Region State Aid Schemes have similar objectives, how can we understand what are the good solutions in terms of entrepreneurship satisfaction and impact on the company, under the OSAIS context?

- 1) Ensuring reliability of the interregional analysis by finding out SASs’ common points: the commonalities of both considered State Aid Schemes are: the same EU Regulation enforced (art. 26 G.E.B.R.), similar main objectives, type of interventions/eligible costs in common (consultancy service), the same type of funding (grant), similar aid intensity (Veneto: 50%, Murcia: 40%), same eligible sectors, similar OSAIS samples in terms of dimension and age of the companies;
- 2) Analyzing the quantitative (the additional value on structural data) and qualitative indicators (the perception of the entrepreneurship concerning some particular qualitative project/company aspects) related to the objectives.

Companies, in particular micro and small, don’t perceive the real and reliable quantitative effect on structural data (jobs, R&D jobs, turnover, export, R&D budget - available thanks to OSAIS Survey) of a project that finances consultancy service on innovation strategies. Obviously, the quantitative effect, perceived by the entrepreneurship, of a project funding investment in tangible assets and intangible assets is more reliable as the face-to-face interviews with beneficiaries as the OSAIS survey has revealed.

I.e.

State Aid Measure that finances a Project for the acquisition of an innovative machinery: an entrepreneur can say that, thanks to the new machinery, company has 1 new worker that works with the machinery (1 new job) and the turnover has increased due to increased production capacity.

State Aid Measure that finances a Project for the consultancy service for the introduction of innovative organizational strategy: an entrepreneur has some difficulties to quantify the real effect on structural data. The supported entrepreneur has difficulties in assessing the direct impact on additional jobs or additional turnover.

In the experience of OSAIS project, we can say that the entrepreneurs' answers are rough estimations for soft measure projects. The proof of reliability of these assessments would only be possible in analysing the performance of a group of beneficiaries in comparison with a controlled group, which was not possible within OSAIS.

The comparison of a "Consultancy Service" program and a "A mix of Investment of tangible/intangible asset and Consultancy service" program only on the quantitative impact figures for new jobs, additional turnover and additional export is very limited.

Therefore in the next impact assessment we would integrate an indicator that measures the "Reduction of cost" thanks to the State Aid Scheme in order to measure in a more reliable way the quantitative impact of the Consultancy Service that innovates business strategies. Such cost reduction indicator was not part of the OSAIS indicator set.

For the reason explained above, the qualitative effects (measured by OSAIS qualitative indicators) of the soft measures projects seem more reliable than the quantitative effects (measured by OSAIS quantitative indicators) as they are better indicating the fuzzy impact estimation by the beneficiary.

Based on the gathered experiences within OSAIS it is recommended to run in addition a qualitative analysis in particular for State Aid Schemes with soft service support.

Analysis per objective and relevant indicators – Topic SME Consultancy service

Main objectives:

1) Innovating products, services, processes and strategies (qualitative indicators)

Region - State Aid Scheme	avg 175 Has the innovation culture in the company improved	avg 177 Has the project increased (any kind of) staff qualification	avg 178 Has the project increased the technology know-how / position of the company	avg 179 Has the project contributed to the improvement of organisational structures or processes	avg 183 Has the project contributed to the business/innovation strategy	avg 184 Are new products/services stemming from the project	avg 185 Has the project improved the quality of products/services	avg 186 Has the project opened new markets and/or enlarged existing market positions of the company
P01 Veneto								
Busin. Service	2,6	2,6	2,3	2,8	2,2	1,1	2,6	1,5

Legenda: Impact No =0; Small=1; Some=2; Relevant=3; High=4; Essential=5

Some effect on innovating products, services, processes and strategies.

2) Strengthening and developing production/structure/processes capacity (qualitative indicators)

Region - State Aid Scheme	avg 180 Has the project improved the technical manufacturing process and/or increased flexibility	avg 181 Has the project increased the productivity or reduced the costs	avg 182 Has the project increased the production capacity	avg 185 Has the project improved the quality of products/services
P01 Veneto				
BUS.SERVICE	2,1	2,0	1,6	2,6

Some effect on strengthening and developing production/structure/processes capacity.

3) Enlargement of Stakeholders Portfolio

Region - State Aid Scheme	avg 170 How many informal contacts	avg 171 How many formal collaboration contracts	average Additional informal contacts / 1.000€ GE	average Additional formal collaboration contracts / 1.000€ GE
P01 Veneto				
Busin. Service	5,4	2,3	0,32	0,153

Considerable effect on the enlargement of stakeholders portfolio.

The effect, considering the main objective of State Aid Scheme, is not so relevant. The answers result show that beneficiaries perceived mainly “some effect” on Innovating products, services, processes and strategies and on strengthening and developing production/structure/processes capacity, while the effect on the enlargement of stakeholders portfolio is considerable.

Wind Fall Gains / Carrying out project without SA funding

The answers result to the question “Would have you carried out project without SA funding?” is showed in the following table.

Region - State Aid Scheme	Yes (1)	Yes, but longer (2)	Yes, but smaller (3)	No (4)	score
P01 Veneto					
Business Service	8%	19%	33%	39%	3,2

The results indicate that **39%** of the beneficiaries would not carry out project without funding, 33% smaller and 19% longer. It means that the SAS is useful.

Region - State Aid Scheme	Number of 40 Name of the state aid scheme	Media di 72 Total grant equivalent	Media di 61 Granted project costs [EURO]	average 17-36 b 1 Number of employees (in Full Time Equivalent FTE)	average 17-36 b 2 Annual turnover (in €)	average Annual turnover / FTE at project start	average 17-36 b 3 R&D staff in relation to total staff (FTE) (in %)	average 17-36 b 4 R&D budget in relation to turnover (in %)	average 17-36 b 5 Export share in relation to turnover (in %)	average 17-36 b 6 Equity Ratio (in %)
P01 Veneto	539	5.448	78.266	18,0	4.421.895	196.830	4,0%	2,1%	6,7%	42,2%
Bus. service										
1	3	13.053	26.107	60,7	11.200.000	265.403	4,7%		0,0%	
2	7	9.714	19.429	18,3	1.785.000	71.814	0,0%	0,0%	0,0%	44,5%
3	12	13.112	26.224	26,0	5.378.652	194.733	1,0%	0,7%	8,1%	64,4%
4	14	9.520	19.991	21,5	4.962.305	207.094	1,2%	4,0%	1,3%	55,0%

If we look to the structural data (employees and annual turnover) the results show that the State Aid is useful (answer “No”) mainly for Micro and Small companies. Medium companies of the sample would carry out project also without funding or longer.

Indirect effect of SAA

The Improvement of Business Service Has Impact on Structural Data? (Additional Export, Additional Leverage, Additional R&D Budget, New Job, New R&D Job)

1) Strengthening regional economic structure (additional turnover)

Region - State Aid Scheme	average 17-36 b 2 Annual turnover (in €)	average Additional turnover / 1.000€ GE expected at project start	average Additional turnover / 1.000 € GE at project end	average Additional turnover /1.000€ GE 2 years after project end
P01 Veneto				
Bus. Service	5.140.853	2.725	2.616	1.310

Meaningless (sample has not a minimum of 10 value).

2) Safeguarding of Jobs (Maintained Jobs Indicators – OSAIS meaningless)

The PIVOT table reveals inconsistencies for the estimated impact on maintenance of jobs. Component 3 Coordinator had recommended not using the indicators “maintained jobs” for the OSAIS impact analysis.

3) Creation of Jobs (new jobs)

Region - State Aid Scheme	average 17-36 b 1 Number of employees (in Full Time Equivalent FTE)	average New jobs / 1.000€ GE expected at project start	average New jobs / 1.000€ GE at project end	average New jobs / 1.000€ GE 2 years after project end
P01 Veneto				
Bus. Service	22,9	0,09	0,06	0,06

On average 0.0632 jobs per 1,000 Euro GE were created and could still be found after two years, with values ranging from zero to 0.54. That indicates an average of 15,800 Euro GE per created job.

4) Strengthening and developing market position (additional export)

Region - State Aid Scheme	average Additional export / 1.000€ GE expected at project start	average Additional export / 1.000€ GE at project end	average Additional export / 1.000€ GE 2 years after project end
P01 Veneto			
Busin. Service	0	0	0

No indirect impact on additional export.

5) Safeguarding of R&D jobs (maintained R&D jobs)

Region - State Aid Scheme	average 17-36 b 1 Number of employees (in Full Time Equivalent FTE)	average 17-36 b 3 R&D staff in relation to total staff (FTE) (in %)	average Maintained R&D jobs / 1.000€ GE expected at project start	average Maintained R&D jobs / 1.000€ GE at project end	average Maintained R&D jobs / 1.000€ GE 2 years after project end
P01 Veneto					
Busin. Service	22,9	1,2%	0,015	0,018	0,018

Indirect positive effect: 0,018 R&D Jobs maintained per 1.000 € at project end and 2 years after project end, in line with SMEs expectation.

6) Creation of R&D jobs

Region - State Aid Scheme	average 17-36 b 1 Number of employees (in Full Time Equivalent FTE)	average 17-36 b 3 R&D staff in relation to total staff (FTE) (in %)	average New R&D jobs / 1.000€ expected at project start	average New R&D jobs / 1.000€ GE at project end	average New R&D jobs / 1.000€ GE 2 years after project end
P01 Veneto					
Bus. Service	22,9	1,2%	0,0029	0,0054	0,0040

Indirect positive effect: 0,0040 New R&D Jobs per 1.000 € 2 years after project end, more than SMEs expectation.

7) Strengthening Private Regional R&D&I (additional R&D&I budget)

Region - State Aid Scheme	average 17-36 b 2 Annual turnover (in €)	average 17-36 b 4 R&D budget in relation to turnover (in %)	average Additional R&D budget /1.000€ GE expected at project start	average Additional R&D budget /1.000€ GE at project end	average Additional R&D budget /1.000€ GE 2 years after project end
P01 Veneto					
Bus. Service	5.140.853	1,8%	172	261	7

Meaningless. Indicators with value > 0 are not relevant because only 1 SME / 13 SME (that answered relative questions) filled in value > 0

8) Patent Application Development

Zero

9) Sustainability

Small positive impact on the environment and on the support of the gender aspects

3.2.3 Import Murcia Good Practice

LESSON LEARNT “Promote the integrated State Aid Schemes approach of both Investment and Consultancy” – (Part 2: Interregional Analysis Results)

The qualitative results show that the main common objectives of the Veneto Region and Murcia Region State Aid Schemes (“Innovating products, services, processes and strategies” and “Strengthening and developing production/structure/processes capacity”) are satisfied and the companies are more satisfied when we have a combination of Investment in intangible assets and Consultancy service. **“Innovating products, services, processes and strategies” and “Strengthening and developing production/structure/processes capacity” are achieved by Murcia State Aid Scheme that finances both, more than by Veneto Region State Aid Scheme.**

Taking into consideration the result of the interregional analysis could be useful for Veneto Region to import Murcia Good practice.

ITC Programme - Murcia

Topic of GP

It is a State Aid Scheme to incorporate the ICT into the companies in order to improve their business management. This includes mainly consultancy but also investment in software and hardware for SMEs.

Location of the GP

Country Spain
NUTS 1 Sur
NUTS 2 Region of Murcia

Start date – end date

Start Date June 1997
End Date on going

Detailed description

Non-reimbursable grants towards the costs incurred by SMEs operating in the Region of Murcia, in order to: Support the implementation of projects that include the deployment of services and applications based on technologies of information and communication. Those projects should be focused to the management of the beneficiary company.

Lines of aids:

- Implementation of ERP's
- Software of advanced management, computerization of stores by radio frequency, fleet management by satellite.
- Extranet / Intranet, interconnection between work centers. Internal networking. Building department online sales / e-business.

Type of Eligible costs:

- Software
- Hardware
- External Collaborations, such as external cost of consultancy and other services related to the project.

Aid intensity: 40% of the Eligible Costs

Minimum amount of contribution: 9.600€ (Minimum Budget per Project: 24.000 €)

Evidence of success

Taking into account the interregional comparison with other similar State Aids Schemes from other OSAIS partner regions, the analysis results of this State Aid Scheme show relevant effects in some issues like:

- Increasing the technology know-how/position of the company
- Improvement of organizational structures processes
- Staff qualification
- Strengthening and developing production/structure/processes capacity

The fact that a high percentage of companies (proximately 75% of them) would develop this kind of projects without any public financial support, reflects that this State Aid Scheme is a good initiative to improve cover real companies needs in the Region of Murcia

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3.3 Possible follow up in Veneto?

3.3.1 Design/concept

- ❑ **Objectives** : Supporting the dissemination of innovative business strategies and technological innovation (that include the deployment of services and applications based on technologies of information and communication among SMEs). Those projects should be focused to the management of the beneficiary company (relevance of the incentive effect).
- ❑ **Demonstrate the incentive effect** by financing only innovative projects with a combination of Investment in intangible assets and related innovation advisory services and innovation support services.

According to OSAIS findings, the SAM and the principle of “*less and better targeted aid*”⁷, the Region should limit the application of the *de minimis* regulation, which does not impose the respect of the incentive effect of the aid.

It is advisable to enforces the General Exemption Block Regulation - G.E.B.R. (Reg. (EC) n. 800/2008) – Chapter 1 Common Provision and a combination of art. 15 SME investment and employment aid and art. 36 Aid for innovation advisory services and for innovation support services.

Specific requirements/criteria for eligibility strictly related to innovation are listed in the art. 12 – 36 G.E.B.R. (see the legal box below).

LEGAL BOX

General Exemption Block Regulation - G.E.B.R. (Reg. (EC) n. 800/2008

Chapter 1 Common Provision

In particular it's noticeable:

- Article 8 Incentive effect

1. This Regulation shall exempt only aid which has an incentive effect.
2. Aid granted to SMEs, covered by this Regulation, shall be considered to have an incentive effect if, **before work on the project or activity has started, the beneficiary has submitted an application for the aid to the Member State concerned.**

- Article 12 Specific conditions applicable to investment aid

1. In order to be considered an eligible cost for the purposes of this Regulation, an investment shall consist of the following:
 - (a) an **investment in tangible and/or intangible assets** relating to the **SETTING-UP OF A NEW ESTABLISHMENT, the EXTENSION OF AN EXISTING ESTABLISHMENT, DIVERSIFICATION OF THE OUTPUT OF AN ESTABLISHMENT INTO NEW ADDITIONAL PRODUCTS or a FUNDAMENTAL CHANGE IN THE OVERALL PRODUCTION PROCESS OF AN EXISTING ESTABLISHMENT;** or
 - (b) the acquisition of the capital assets directly linked to an establishment, where the establishment has closed or would have closed had it not been purchased, and the assets are bought by an independent investor; in the case of business succession of a small enterprise in favour of family of the original owner(s) or in favour of former employees, the condition that the assets shall be bought by an independent investor shall be waived. The sole acquisition of the shares of an undertaking shall not constitute investment.

⁷ EU Commission's 2005 Action Plan on State Aid.

2. In order to be considered eligible costs for the purposes of this Regulation, **intangible assets** shall fulfil all the following conditions:

(a) they must be used exclusively IN THE UNDERTAKING RECEIVING THE AID; as regards regional investment aid, they must be used exclusively in the establishment receiving the aid;

(b) they must be regarded as AMORTIZABLE ASSETS;

(c) they must be PURCHASED FROM THIRD PARTIES UNDER MARKET CONDITIONS, without the acquirer being in a position to exercise control, within the meaning of Article 3 of Council Regulation (EC) No 139/2004 (2), on the seller, vice versa; or

(d) in the case of SME investment aid, they must be included in the assets of the undertaking for at least three years; in the case of regional investment aid, they must be included in the assets of the undertaking and remain in the establishment receiving the aid for at least five years or, in the case of SMEs, at least three years.

Article 15 SME investment and employment aid

1. SME investment and employment aid shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88(3) of the Treaty, provided that the conditions laid down in paragraphs 2, 3 and 4 of this Article are fulfilled.

2. The aid intensity shall not exceed:

(a) 20 % of the eligible costs in the case of small enterprises;

(b) 10 % of the eligible costs in the case of medium-sized enterprises.

3. The eligible costs shall be the following:

(a) **the costs of investment in tangible and intangible assets**; or

(b) the estimated wage costs of employment directly created by the investment project, calculated over a period of two years.

4. Where the investment concerns the processing and marketing of agricultural products, the aid intensity shall not exceed:

(a) 75 % of eligible investments in the outermost regions;

(b) 65 % of eligible investments in the smaller Aegean Islands within the meaning of Council Regulation (EC) No 1405/2006 (1);

(c) 50 % of eligible investments in regions eligible under Article 87(3)(a) of the Treaty;

(d) 40 % of eligible investments in all other regions.

Article 36 Aid for innovation advisory services and for innovation support services

1. Aid for innovation advisory services and for innovation support services shall be compatible with the common market within the meaning of Article 87(3) of the Treaty and shall be exempt from the notification requirement of Article 88(3) of the Treaty, provided that the conditions laid down in paragraphs 2 to 6 of this Article are fulfilled.

2. The beneficiary shall be an SME.

3. The aid amount shall not exceed a maximum of EUR 200 000 per beneficiary within any three year period.

4. The service provider shall benefit from a national or European certification. If the service provider does not benefit from a national or European certification, the aid intensity shall not exceed 75 % of the eligible costs.

5. The beneficiary must use the aid to buy the services at 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.

6. The eligible costs shall be the following:

(a) as regards **innovation advisory services**, the costs relating to: 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**, the costs relating to: OFFICE SPACE, DATA BANKS, TECHNICAL LIBRARIES, MARKET RESEARCH, USE OF LABORATORY, QUALITY LABELLING, TESTING AND CERTIFICATION.

Target group are SMEs

As required by Article 36 “Aid for innovation advisory services and for innovation support services”

3.3.2 Monitoring and evaluation

State Aid call should include a form containing questions to pose to the beneficiaries enterprises for the SA assessment at project start, at project end, 2 years after project end, 5 years after project end.

The following suggestion for monitoring and evaluation is based on OSAIS indicators used for the regional and interregional analysis. In addition, taking into consideration the Lesson Learnt, it's advisable to use "Reduction of cost" indicators. It's also advisable to use a quantitative indicators related to Number of products, services, processes and strategies innovated.

State Aid assessment has to regard the achievement of the objective of the State Aid by:

- (A) the analysis per objective and relevant indicators (with target figures), if possible also for the indirect effects, and
- (B) the beneficiaries satisfaction.

Analysis per objective and relevant indicators

main Common Objectives: Supporting the dissemination of innovative business strategies and technological innovation

1) Innovating products, services, processes and strategies (main objective)

Number of products, services, processes and strategies innovated (*Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end*)

Qualitative indicators:

- 178 Has the project increased the technology know-how / position of the company?
- 179 Has the project contributed to the improvement of organizational (not technical) structures or processes?
- 177 Has the project increased (any kind of) qualification?
- 184 Are new products/services stemming from the project?
- 175 Has the innovation culture in the company improved?
- 183 Has the project contributed to the business/innovation strategy?

2) Strengthening and developing production/structure/processes capacity

Reduction of cost Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

Qualitative indicators:

- 180 Has the project improved the technical manufacturing process and/or increased flexibility?
- 181 Has the project increased the productivity or reduced the costs?
- 182 Has the project increased the production capacity?
- 185 Has the project improved the quality of products/services?

3) Enlargement of Stakeholders Portfolio (Promotion of the articulation between the enterprises and the scientific and technological system)

- 176 Has the project facilitated the access to information and external partners? (like other companies, R&D organisations, higher education institutes, associations, consultants, etc.)

170 How many informal contacts (doesn't require formal contract) with external partners were initiated through the project?

171 How many formal collaboration contracts (with formal contract) with external partners were signed?

4) Patent Application Development

172a. How many patent applications were filed?

172b. Thereof, how many patent applications are approved?

Indirect Effect:

1) Safeguarding of R&D Jobs

Maintained R&D Jobs Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

2) Creation of R&D Jobs

New R&D Jobs Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

3) Strengthening Private Regional R&D&I

Additional R&D Budget Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

4) Strengthening and developing market position

Additional Export Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

5) Strengthening regional economic structure

Turnover Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

6) Safeguarding of Jobs

Maintained Jobs Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

7) Creation of Jobs

New Jobs Indicators (*Structural Data at project Start; Expectation on Additional value at project start; Additional value at project end; Additional value 2 years after project end; Additional value 5 years after project end*)

B) SME beneficiaries satisfaction (qualitative indicators)

1) SASs are SMEs Oriented?

avg 195.a Is the scheme oriented towards the needs of the company?

avg 195.b Is the state aid scheme providing the right support?

Answer: 😞😞 = 0; 😞 = 1; 😞😊 = 2; 😊 = 3; 😊😊 = 4; 😊😊😊 = 5

2) Procedure Evaluation and Relationship with Managing Authority

avg 191.a - 1 How was your relationship with the managing authority of the state aid scheme?

avg 191.a - 2 How was your relationship with the ERDF/ESF responsible organisation?

avg 193.a Was the administrative effort in reasonable relation to the gained results?

avg 193.b Was all requested information by the managing authority really necessary?

avg 193.c Are the templates easy to read and to understand?

Answer: 😞😞 = 0; 😞 = 1; 😞😊 = 2; 😊 = 3; 😊😊 = 4; 😊😊😊 = 5

3) Overall Satisfaction

avg 190 - S Are you satisfied with the overall results of the funded project?

Answer: 😞😞 = 0; 😞 = 1; 😞😊 = 2; 😊 = 3; 😊😊 = 4; 😊😊😊 = 5

4) Carrying out Project without Funding

Answer: Yes – Yes, but longer – Yes, but smaller – No

Analysis useful for political decision because Regional Funds are used: where it could allocate public fund? Answer "Yes" = SAS not essential, it could be better to allocate money to different kind of SAS.

3.3.3 Implementation Schedule

- 1) Meeting of Veneto Region Brussels Office OSAIS staff with Programming Direction to transfer the "OSAIS follow up in Veneto";
- 2) Prevision of the State Aid Scheme in the Regional Operational Program 2014 – 2020.

"Monitoring and evaluation" is under the constrain to establish a regional in-house task force on ex post control.

3.3.4 Transfer and implementation team

Transfer team

Name of Stakeholder Organisation	Veneto Region Brussels Office
Name and contact of person in charge	Angelo Mason
Brief description of responsibilities / activities for implementation of action plan	Transfer the “OSAIS follow up in Veneto”

Implementation team

Name of Stakeholder Organisation	Veneto Region Programming Direction
Name and contact of person in charge	Carlo Terrabujo
Brief description of responsibilities / activities for implementation of action plan	Prevision of the State Aid Scheme in the Regional Operational Program 2014 – 2020

3.3.5 Budget allocation & Resources for implementation

Depending by Regional Operational Program 2014 – 2020.

4. Conclusions

Our Action Plan's main conclusions may be summarized as follows:

4.1 Addressees

The following suggestions are addressed to the Veneto Region and to any public body, company, entity that grants State aid (hereinafter SA) at regional level and that is directly or indirectly controlled by the Region.⁸

4.2 Where to go and what to do

In order to correctly identify the future actions to be carried out, regional law-makers should consider at the same time OSAIS findings, the Commission new State Aid Modernization Strategy (hereinafter "SAM") and, as for Italy, the very recent report called "*Analisi e raccomandazioni sui contributi pubblici alle Imprese*", drafted for the Italian Government by a team of University teachers and researchers⁹ (hereinafter "*Giavazzi's Report*").

1) The Region should create a real in-house task force to carry out both ex ante and ex post SA assessment¹⁰. The ex ante assessment should guarantee the respect of the relevant rules (including the block exemption regulations) focusing on the incentive effect of the measures. The ex post assessment should select the SA measures according to their impact and their effectiveness¹¹. Any measure that does not prove to have a real incentive effect must be improved, otherwise eliminated. Any measure with low effectiveness or low efficiency must be improved or eliminated.

2) According to OSAIS findings, the SAM and the principle of "*less and better targeted aid*"¹², the

⁸ It goes without saying that the following observations may be relevant also for any other public body granting State aid, such as the Chambers of Commerce.

⁹ "*Analisi e raccomandazioni sui contributi pubblici alle Imprese*", pag. 21, prof. F. Giavazzi e altri, 23 giugno 2012, the document refers to the current Italian situation (the original text is in Italian). The researchers state that "*the only available assessments of State aid granted during the last decades are the result either of academic works or of the Italian Central Bank analysis. Except for very few cases, the lack of assessments carried out by the different public aid granting and Managing Authorities, is both significant and worrying; it is a clear evidence that assessment is not a part of new State aid granting decision process. However accurate the granting criteria are, only the ex post evaluation can certify if those granting criteria are confirmed by the results obtained and therefore if they may be applied for future State aid measures. [...] State aid granting Managing Authorities should publish any data applied for their assessments, so that the results achieved may be controlled by external researchers*".

¹⁰ It could be reinforced and improved the already existing "Cabina di Regia" working at the Direzione Programmazione.

¹¹ Pursuant also to Decreto Legislativo n. 123/1998, "*Disposizioni per la razionalizzazione degli interventi di sostegno alle imprese [...]*", art. 11, "*Monitoraggio e valutazione dell'efficacia*".

¹² EU Commission's 2005 Action Plan on State Aid.

Region should limit the application of the de minimis regulation, which does not impose the respect of the incentive effect of the aid.

3) Any new State Aid measure should include a form containing questions that are posed to the beneficiaries enterprises for the SA assessment. There should be a legal obligation on the beneficiaries to answer, at least if the amount of the subsidy exceeds a certain threshold (i.e. 5.000 euros as Gross Grant Equivalent). OSAIS has proved that the best method to collect data is the face-to-face interviews, which is a time and money very consuming process: therefore the questionnaires must be extremely clear in the definition of the concepts and must limit the questions only to the crucial data.

4) On the ground of OSAIS surveys, it is highly recommendable to simplify SA application forms, to use electronic files and, at least in Italy, to use the certified e-mail system¹³.

5) The data collected under OSAIS project were not sufficient in order to clarify the assumption that the larger is the Gross Grant Equivalent the higher is the impact of the aid. Therefore, OSAIS investigation could not lead to the selection of the perfect threshold of an aid, i.e. a certain absolute amount under which there cannot be an incentive effect. This is a very important issue. The Region¹⁴ may further investigate OSAIS results in order to improve OSAIS SA impact assessment methodology.

6) OSAIS has shown how difficult is to create a trustworthy SA impact assessment methodology: the Region should lobby the European Commission in order to create a standard harmonized EU SA impact assessment methodology.

7) OSAIS has demonstrated how difficult is to collect data that are truly correct and reliable¹⁵: the Region should urge the Central Government to improve the s.c. BDA (Banca Dati Anagrafica), the SA national data bank¹⁶.

8) According to OSAIS findings, the SAM and Giavazzi's report, the Region should focus next SA policies and measures on RDI, green technologies and human capital development only to the benefit of SME's.

9) In line with Lower Austria experience, it is recommendable to organize every year a call for any interested stakeholder to identify the new topics for which subsidies should be granted that appear more relevant in a mid-long term perspective.

¹³ Posta elettronica certificata.

¹⁴ Possibly in cooperation with regional universities and EOSA (European Observatory on State Aid).

¹⁵ It is interesting to note that according to the European Commission SA Scoreboard, Member States granted in 2011 a total of approximately euros 64 billion in the form of non-crisis aid and non-de minimis aid, while, according to Giavazzi's Report, just in Italy, during the same year, the total amount of aid granted (including crisis aid and de minimis aid, though), was about euros 36 billion. Even if we deduct de minimis and crisis aid to this last figure, the two figures (64 / 36) are totally inconsistent.

¹⁶ Similar to the Portuguese CRM.

10) OSAIS experience has shown once again that the average knowledge in SA matters must be improved. The Regions and all the stakeholders must organize training courses for their civil servants and associates.

4.3 When to apply the Action Plan

It is recommendable to create/reinforce the Regional task force within 2013, since in 2013 many regulations will be amended and in 2014 new set of rules will enter into force according to the SAM strategy.

4.4 Final conclusion

Given the economic downturn and the lack of public resources, the tax rate decrease is a top priority also for enterprises. If the Region starts to effectively apply a SA impact assessment methodology, it will definitely be able to implement the principle of “less and better targeted aid”, saving public funds which may allow a decrease of tax burden¹⁷.

We really hope that OSAIS may become a concrete and effective (at least) starting-point for a new global approach to State aid impact assessment, to the benefit of all the stakeholders, including consumers-tax payers, who have the ultimate right to claim for less and better targeted aid.

Annex:

1. Veneto Regional Profile for Context Setting
2. Veneto Region Anti-crisis measures
3. Veneto Aggregated Overview
4. State Aid Schemes “Revolving Fund Industry” and “Revolving Fund Crafts” - Interregional Analysis results presented during OSAIS Study Visit (updated to Larnaka Study Visit)
5. State Aid Scheme “Business Service” - Interregional Analysis results presented during OSAIS Study Visit (updated to Larnaka Study Visit)

¹⁷ See Giavazzi’s Report, pag. 5-6, 20.

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