



STEP Strategic Technologies for Europe Platform

BOOSTING INVESTMENT FOR INNOVATION



[DG BUDG – June 2024]

Brochure for STEP National Contact Points and Managing Authorities concerning
certain provisions of Regulation (EU) 2024/795 establishing the
Strategic Technologies for Europe Platform (STEP)

Indicative – version 1

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The purpose of this indicative Brochure drafted by the services of DG BUDG of the European Commission is to present practical elements on certain provisions of the STEP Regulation to facilitate its implementation at national level. While the document occasionally paraphrases the provisions of EU legislation, it is not meant to add to or diminish the rights and obligations set out in the STEP Regulation.

Introduction

On 1 March 2024, the Regulation (EU) 2024/795 establishing the Strategic Technologies for Europe Platform (STEP) entered into force. The aim of STEP is to support the development and manufacturing of critical technologies in three areas (i.e. digital technologies and deep – tech innovation, clean and resource efficient technologies, and biotechnologies). STEP also supports investments aimed at strengthening industrial development and reinforcing value chains, thereby reducing the EU’s strategic dependencies, strengthening European economic security, and addressing labour and skills shortages in those strategic sectors.

Eleven EU programmes/funds are contributing to STEP: the Digital Europe Programme, the European Defence Fund, EU4Health, Horizon Europe, the Innovation Fund, InvestEU, the Recovery and Resilience Facility, as well as the Cohesion Fund, the European Regional Development Fund, the European Social Fund+, and the Just Transition Fund.

The European Commission has issued a Communication on the Guidance Note concerning certain provisions of Regulation (EU) 2024/795 establishing the Strategic Technologies for Europe Platform (STEP)¹ on 08.05.2024. The note is available in all EU languages, and is a useful resource clarifying in particular:

- The indicative list of technologies considered as relevant for STEP
- Criteria to assess the alignment with STEP objectives and conditions
- The definition of associated services

This Brochure is meant to complement existing resources such as the Guidance Note on the scope of STEP, in order to help Managing Authorities and STEP National Contact Points in the implementation of STEP at national level.

The Brochure is structured as follows:

- Section 1 highlights the main features of the STEP Seal;
- Section 2 focuses on the implications of STEP under cohesion policy funds;
- Section 3 outlines the implications of STEP under RRF, including the InvestEU Member State Compartment;
- Section 4 clarifies the State aid rules applicable for projects with a STEP Seal.

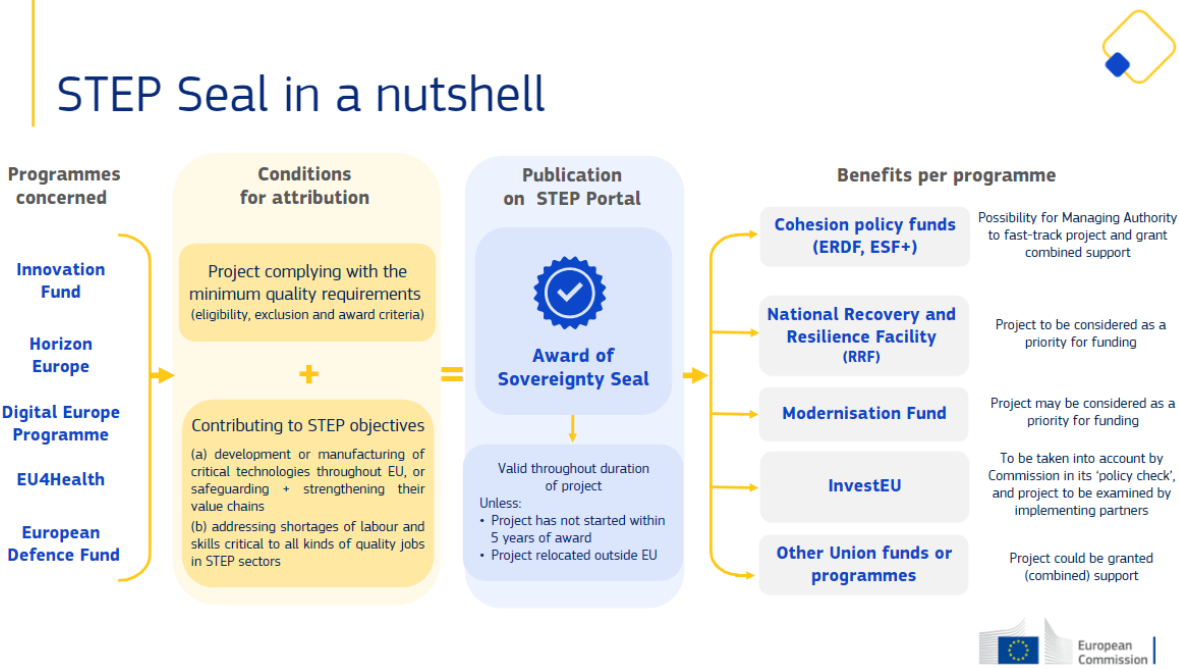
¹ Available at: https://strategic-technologies.europa.eu/document/download/e204ce9e-0407-4f03-82f8-6f518ce12886_en?filename=C_2024_3148_F1_COMMUNICATION_FROM_COMMISSION_EN_V6_P1_3408774.PDF

For specific questions, you can contact the STEP Task Force of the European Commission by email at EC-STEP-PARTNERS@ec.europa.eu

1. The STEP Seal

The STEP Seal is a label, which aims to increase the visibility of quality projects available for funding. It can be awarded **only** by the Commission through dedicated STEP calls published under five programmes directly managed by the European Commission: the Innovation Fund, Horizon Europe, the Digital Europe Programme, EU4Health and the European Defence Fund. STEP Seals are automatically awarded to projects submitted to a call for proposals of one of these programmes if they comply both with the minimum quality requirements of the call (eligibility, exclusion, and award criteria) and contribute to STEP objectives.

Projects that have received STEP Seals will be published on the STEP Portal², which is maintained by the European Commission, They will also be regularly communicated to STEP National Contact Points. The STEP Seal is valid throughout the duration of the project, unless the latter has not started within five years of the award, or it relocates outside the EU.



The STEP Seal aims to attract alternative and cumulative funding for quality projects, and simultaneously to provide a potential project pipeline for regional and national programmes. Particularly relevant are the following options:

- Under two of the cohesion policy funds (ERDF, ESF+), managing authorities can directly award support to projects that received STEP Seals, provided these projects comply with the programme, are consistent with the relevant strategies, provide an effective contribution to the achievement of the specific objectives of the programme, ensure that selected operations which fall within the scope of an enabling condition are

² Available at: https://strategic-technologies.europa.eu/index_en

consistent with the corresponding strategies, and are aligned with the scope of the corresponding funds (as per Article 73(4) of the Common Provisions Regulation (CPR). Support to STEP Seal holder projects can also be granted through the Just Transition Fund (JTF) and the Cohesion Fund (CF) – but these funds are not covered in the direct award possibilities of Article 73.

- Under the Recovery and Resilience Facility (RRF), projects awarded STEP Seals should be considered as a priority for alternative or cumulative funding when national Recovery and Resilience Plans (RRPs) are revised.
- Under the Modernisation Fund, awarded projects may be considered as a priority for funding.

2. STEP under cohesion policy funds

2.1 Specific objectives and programme amendments

The STEP Regulation establishes a new specific objective for STEP under Policy Objective 1 (Smarter Europe) for all STEP sectors (Specific Objective 1.6, only under ERDF) and a new specific objective under Policy Objective 2 (Greener Europe) for clean tech sector only (SO 2.9 under ERDF and the Cohesion Fund). Support may be programmed under any of relevant PO4 specific objectives under ESF+ and under the JTF SO.

Support for productive investment in enterprises other than SMEs (including large enterprises), under Article 5.2(e) ERDF, is eligible for STEP priorities under ERDF only in less developed/transition regions and more developed regions in Member States with GDP/capita below the EU-27 average³. Such support is also available under the JTF, in line with fund-specific rules.

Reprogramming toward STEP priorities follows the standard programme amendment process for ERDF, the Cohesion Fund, the Just Transition Fund and ESF+. Managing authorities are encouraged to discuss and pre-agree the scope of a programme amendment with the Commission before the official submission of their amendment request. Creating STEP dedicated priority is necessary for benefiting from the financial incentives envisaged in the STEP Regulation, such as increased co-financing and additional pre-financing⁴, but it is otherwise not mandatory, as STEP investments can also be implemented without amendment under an existing priority, if it falls under its scope.

All operations funded under STEP-related specific objectives must comply with the STEP objectives. This includes, inter alia, an assessment of compliance with the STEP objectives and conditions during the selection of operations.

³ BG, CZ, EE, EL, ES, HR, IT, CY, LV, LT, HU, MT, PL, PT, RO, SI, SK

⁴ For the JTF, an exceptional 30% pre-financing was automatically paid to all priorities following the STEP Regulation coming into force

2.2 Deadlines

For dedicated STEP priorities under the ERDF and the Cohesion Fund to benefit of a one-off 30% pre-financing, managing authorities must submit their programme amendment request by 31 March 2025⁵.

For STEP dedicated priorities to be excluded from the mid-term review, the request for amendment of a programme must be submitted by 31 August 2024. Member States may fully allocate the flexibility amounts to STEP dedicated priorities in the context of this amendment. In such cases, the whole programme is exempted from the mid-term review.

Moreover, dedicated STEP priorities under ERDF, CF, JTF, and ESF+ can benefit of 100% EU co-financing regardless of when the programme amendment request is submitted. The services of the European Commission (DG REGIO, DG EMPL and DG BUDG) organised a dedicated STEP Q&A Webinar on 25 April, where relevant interpretation questions have been answered in detail. Please consult the recording of the Webinar and the dedicated slides for more details⁶.

3. STEP under the RRF

For official guidance on the reprogramming of national Recovery and Resilience Plans (RRPs), please refer to the Guidance on recovery and resilience plans as amended on 31 May 2024⁷.

3.1 Building a project pipeline

As per the STEP Regulation, when revising their RRFs, Member States shall consider as a priority projects that have been awarded the STEP Seal. STEP National Contact Points, designated by Member States as per Article 6 of the STEP Regulation, will receive from the European Commission information on projects that have been awarded a Seal, and the list of STEP Seals' holders will also be available on the STEP Portal.

Dedicated STEP calls may also be launched under the RRF, including for projects without STEP Seals. Prior to launching any calls for proposals or tendering procedures related to STEP objectives, Member States should communicate the information to their European Commission counterparts for publication on the STEP Portal, in accordance with the Article 19 of the STEP Regulation.

3.2 InvestEU Member State Compartment

Member States can amend their RRFs to allocate an additional amount of up to 6% of their RRF allocations as cash contribution exclusively to STEP priorities via the InvestEU Member State Compartment. Concretely, Member States can either (i) redesign existing measures that already contribute to STEP objectives in such a way that they can be channelled via InvestEU (i.e. convert them into financial products), or (ii) remove existing measures and use the freed-up resources to support new STEP measures in their RRFs via InvestEU.

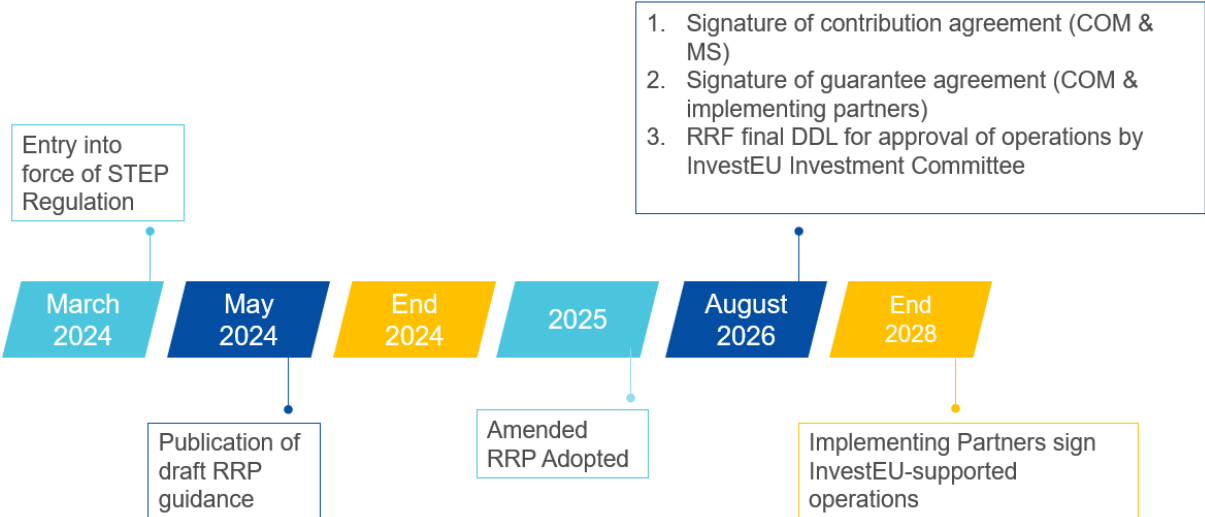
⁵ For the JTF, such pre-financing was already paid – as explained in footnote 4

⁶ Presentation and recording available at: https://ec.europa.eu/regional_policy/2021-2027/technical-seminars/step_en

In case of interest in transferring funds to the InvestEU Member State Compartment, Member States should introduce their request for an RRP amendment as soon as possible in view of completing all the necessary steps (signature of Contribution Agreement and Guarantee Agreement, and approval of operations by the InvestEU Committee) by August 2026.

Considering the time constraints under the RRF, Member States are encouraged to start discussions with the relevant Implementing Partner and the Commission as early as possible. Moreover, the use of existing InvestEU products, particularly those implemented by the EIB Group under the EU Compartment, is highly recommended for such transfers because of time efficiency and lighter state aid procedures⁷.

Once the transfer to InvestEU is made, and the operations are approved by the Investment Committee, underlying operations can be signed **until the end of 2028**, which can provide some flexibility for Member States with implementation.



4. STEP and State Aid

The purpose of this section is to provide information to Member States’s managing authorities on State aid rules potentially applicable for projects with a STEP Seal.

STEP Seal and State aid rules. As per Art. 4(8) of the STEP Regulation, the award of a Sovereignty (STEP) Seal and the provision of cumulative funding is without prejudice to applicable State aid rules. When support to projects holding a STEP Seal constitutes State aid within the meaning of Article 107 TFEU, Member States must comply with the relevant

⁷ When a Member State transfers funds to the InvestEU Member State Compartment to ‘top-up’ existing InvestEU financial products to be implemented in indirect management under the EU Compartment, designed by the European Commission with implementing partners that are International Financial Institutions and where the Member State attaches no conditions other than territorial earmarking to the contribution, the use of such funds can be seen as not imputable to the contributing Member State and be thus subject to State aid consistency requirement only, as per Article 209(2) of the Financial Regulation.

State aid rules. State aid rules provide a number of possibilities to support projects covered by STEP but provide at the same time sufficient safeguards to protect the Single Market from harmful distortions.

STEP and EU State aid rules both aim to provide targeted support where it is needed, ensure a level playing field, and promote cohesion. Both frameworks work together to support the Single Market through investment in critical technologies, taking into account cost efficiency, cohesion objectives and maintaining the level playing field in the Single Market.

Potentially applicable State aid rules for STEP Seal holders. The existing State aid toolbox has a variety of tools that can support various aspects of the respective value chain of (i) digital and deep technologies, (ii) clean and resource efficient technologies, and (iii) biotechnologies:

- **Regional Aid Guidelines (RAG):** to provide investment support for manufacturing in the three STEP key technological areas up to certain aid intensities, if the project takes place in assisted areas.

Novelty for STEP: increased regional aid intensities for STEP projects in the Regional aid Guidelines. For investments covered by the STEP Regulation as from 1 March 2024, the Commission has increased the maximum aid intensities by 10 percentage points in ‘a’ areas and 5 percentage points in ‘c’ areas. Member States need to notify, by 16 September 2024, an amendment to their regional aid map if they intend to apply the bonus to the maximum aid intensities already applicable.

- **State aid Framework for Research, Development and Innovation (RDIF):** to support research and development activities, including open-access infrastructures used for such activities, up to and including Technology Readiness Level (TRL) 8, as well as innovation activities (including support for innovation clusters) in all three key STEP technological sectors.
- **Guidelines on State aid for Climate, Environmental protection and Energy (CEEAG):** to support projects a) aiming at reducing carbon emissions of energy generation or industrial processes using STEP clean technologies; b) aiming at reducing resource consumption production, facilities by means of the introduction of more resource-efficient technologies. CEEAG is relevant for the deployment of the technology, not for developing the technology or manufacturing it.
- **Sections 2.5 and 2.6 of the Temporary Crisis and Transition Framework (TCTF)⁸:** to cover funding for projects targeting the acceleration of (i) deployment of renewable energy and energy storage; (ii) decarbonisation in industry through switching to the use of hydrogen or hydrogen-derived fuels, electrification or energy efficiency measures (use of STEP clean technologies).
- **Section 2.8 of the Temporary Crisis and Transition Framework (TCTF):** to provide investment support for manufacturing on a temporary basis and targeted to several of the STEP clean and resource-efficient technologies for the acceleration of

⁸ Sections 2.5, 2.6 and 2.8 of TCTF aimed at accelerating the green transition and reducing fuel dependencies will remain available until 31 December 2025

the net-zero transition, i.e., batteries, solar panels, wind turbines, heat-pumps, electrolysers and carbon capture usage and storage. The TCTF also makes possible the provision of investment support for production and recycling of related critical raw materials. Higher aid intensities are allowed in assisted areas.

- **State aid General Block Exemption Regulation (GBER) provisions:** for research development and innovation activities, including related open-access infrastructures, covering all three STEP key technological areas as well as for environmental protection and resource efficiency covering in particular STEP clean technologies ; and for investment support for manufacturing projects in assisted areas, up to certain thresholds; and for investment support for manufacturing project of SME's anywhere in the EU, up to certain maximum aid intensities.
 - **Risk finance provisions of the General Block Exemption Regulation (GBER) and the Risk Finance Guidelines:** for facilitating access to finance for SMEs and small or innovative mid-caps active in the three STEP areas, **especially in the early stages of their development**. Support can also be provided on market conditions in compliance with the Commission's guidance on market conform risk finance investment.
 - **Important projects of common European interest (IPCEIs):** projects involving the development of innovative breakthrough technologies in the three STEP areas can be part of an IPCEI designed by several Member States up to the level of first industrial deployment (no manufacturing activities).
- ➔ These possibilities and the relevant legal basis will be further detailed in an upcoming Annex.

Process optimisation. The Commission is committed to maximise synergies between the rules of selected EU instruments, such as the Innovation Fund, and State aid rules to ensure a streamlined process. For instance, the Commission has taken steps in that direction by developing procedural tools to ensure that the decision on State aid is taken at the same time as the funding decision, provided a complete notification by the Member State occurs in due time and that the project does not contradict State aid rules.

Notification templates. A series of documents to provide guidance, guiding templates for the Recovery and Resilience Facility⁹, and notification templates destined to facilitate the work of managing authorities¹⁰.

⁹ Available at: https://competition-policy.ec.europa.eu/state-aid/legislation/rrf-guiding-templates_en

¹⁰ Available at: https://competition-policy.ec.europa.eu/state-aid/legislation/forms-notifications-and-reporting_en