

## **“ENVIRONMENT, CLIMATE CHANGE AND LOW CARBON ECONOMY” PROGRAM**

### **Call # 2 - Projects to Promote the Circular Economy in the Construction Sector**

**Total allocation available: € 3.500.000**

**Minimum amount of financing for each project: € 200.000**

**Maximum amount of financing for each project: € 500.000**

#### **Legal framework:**

Aid for research and development projects, pursuant to **Article 25 of Commission Regulation (EU) No. 651/2014, of 16 June, declaring certain categories of aid compatible with the internal market, in application of Articles 107 and 108 of the Treaty**, as amended by Commission Regulation (EU) 2017/1084, of 14 June, as regards aid to port and airport infrastructure, the notification limits for aid in favor of culture and heritage conservation and for aid to multifunctional sports and recreational infrastructures, as well as regional aid schemes operating in the outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation eligible costs.

#### **This Call is intended to:**

##### **Priority areas**

A. Development and implementation of construction projects demonstrating economic and environmental advantages, of concepts that assume zero waste, of energy efficiency and material productivity, **namely through the use of technologically innovative construction solutions, such as modularity**. The projects to be developed in this area must account for all the observed environmental and economic advantages, and include a life cycle approach,

including the deconstruction phase and the realization of the reuse and recycling of recovered materials and components.

B. Projects that promote the performance and environmental profile of materials, components and products developed in Portugal, including buildings, **through the application and promotion of innovative methodologies and technologies, namely:**

- i. Circular passports for buildings and components;**
- ii. Development and application of environmental product declarations;**
- iii. Projects demonstrating the application of the LEVEL (S) system of the European Commission.**

C. Projects that promote cooperation between companies with a view to **reducing construction and demolition waste and promoting materials and products that incorporate materials recovered from waste**, namely through:

- i. Promotion of cooperative systems, especially aimed at small and medium-sized builders, for the application of specific protocols and guides to reduce the production of construction and demolition waste, and to materialize their material valorization, with the communication of competitive advantages associated (environmental, economic and social);
- ii. Promotion of cooperative systems for the removal, repair and reuse of components in works, and communication of the associated advantages (environmental, economic and social);
- iii. Development of materials and / or products that incorporate materials from waste (RCD or others), promote the demonstration of their application on site and communicate the associated advantages (environmental, economic and social).

### Analysis:

To verify the existence of State Aid, it is necessary to verify the following conditions

- Support is provided by the State or comes from state resources;
- The intervention is liable to affect trade between MS (affects tradable goods or services);
- The intervention confers an advantage on the beneficiary (the support to be granted constitutes an economic advantage for those who receive state aid compared to other competitors, that is, it could not be obtained on the market);
- It was assigned on a selective basis (ie it is a discretionary act unlike general measures);
- Competition has been or is likely to be distorted, which presupposes that there is a competitive market.

In the case under analysis, it appears that the support comes from state resources; the intervention focuses on tradable goods or services; the support to be granted constitutes an economic advantage for those who receive state aid over other competitors, that is, it could not be obtained on the market; was allocated on a selective basis; competition is likely to be distorted in the context of a competitive market.

The aspects of the aided project fall into the following categories, provided for in the same article of the Regulation concerned:

- a) **Industrial research;**
- b) **Experimental development**

In fact, the priority areas that guide the projects that are the object of this Call refer to **industrial research work**, as they imply planned research aimed to acquiring new knowledge for the development of new products, processes or services, or to introduce a significant improvement in existing products, processes or services.

**Examples:** *A. Development and implementation of construction projects demonstrating economic and environmental advantages, concepts that assume zero waste, energy efficiency and material productivity, **namely through the use of technologically innovative construction solutions**, such as modularity*

*B. Projects that promote the performance and environmental profile of materials, components and products developed in Portugal, including buildings, **through the application and promotion of innovative methodologies and technologies**, namely:*

*C. Projects that promote cooperation between companies **with a view to reducing construction and demolition waste and promoting materials and products that incorporate materials recovered from waste**, namely through (...).*

It will involve also **experimental Development** processes, as it includes the demonstration, preparation of pilot projects, testing and validation of new or improved products, processes or services, when the main objective is to introduce new technical improvements in products, processes or services that are not largely established.

**Examples:**

*In priority A. Development and implementation of construction projects demonstrating economic and environmental advantages, concepts that assume zero waste, energy efficiency and material productivity, **namely through the use of technologically innovative construction solutions**, such as modularity. The projects to be developed in this area must account for all the observed environmental and economic advantages, and include a life cycle approach, including the deconstruction phase and the realization of the reuse and recycling of recovered materials and components.*

Priority B. *Projects that promote the performance and environmental profile of materials, components and products developed in Portugal, including buildings, through the application and promotion of innovative methodologies and technologies, namely:*

- i. Circular passports for buildings and components;*
- ii. Development and application of environmental product declarations;*
- iii. Projects demonstrating the application of the LEVEL (S) system of the European Commission*

In priority C. *Projects that promote cooperation between companies with a view to reducing construction and demolition waste and promoting materials and products that incorporate materials recovered from waste, namely through:*

*(...)*

- iii. Development of materials and / or products that incorporate materials from waste (RCD or others), promote the demonstration of their application on site and communicate the associated advantages (environmental, economic and social).*

Thus, and as it is a subsumable aid in sub-paragraphs b) and c) of paragraph 2 of article 25.º of Regulation (EU) No. 651/2014 of 16 June, (GBER), the paragraph 1, which determines that aid for research and development projects is compatible with the internal market, within the meaning of Article 107 (3) of the Treaty, and should be exempted from the notification obligation imposed by the Article 108 (3) of the Treaty, provided that it fulfills the conditions set out in this Article and Chapter I.

The notification thresholds that are at stake are those provided for in sub-paragraph i) of paragraph 1 of article 4.

## **Control**

Therefore, and despite the fact that this aid constitutes an exception to the principle of incompatibility of State Aid, and is exempt from the obligation of prior notification to the European Commission under the terms already explained above, falling within the scope of the GBER, is however, subject, to reporting obligation to the European Commission.

Thus, and in accordance with Article 11 and Annex II of the GBER, the Member State must provide the Commission with information on the measures within 20 working days after the application of the measure, together with a link to access the full text of the measure, including its amendments, which is communicated via SANI 2 electronic notification system.