

DRIVING GROWTH 

**New RIF Funding Scheme:
«STEP: Setting up facilities and
production lines for manufacturing
new innovative products/services»**



ΙΔΡΥΜΑ
ΕΡΕΥΝΑΣ ΚΑΙ
ΚΑΙΝΟΤΟΜΙΑΣ

► Objective

To finance local companies interested in developing critical technologies and setting up facilities and production lines for manufacturing new innovative products in **digital and deep technology innovation, clean and resource efficient technologies and biotechnologies**, in line with the STEP Regulation.

Link to STEP Regulation https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202400795

Link to EC STEP Guidance Note https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202403209

▶ Basic Principles of STEP Regulation

The technologies shall be deemed **critical** where they meet either of the following conditions:

- (a) they bring to the internal market (EU) an innovative, emerging and cutting-edge element with significant economic potential;
- (b) they contribute to reducing or preventing strategic dependencies of the Union.

The STEP Regulation highlights the vital importance of **strengthening the entire value chain associated with the development or manufacturing of critical technologies** to reduce the Union's strategic dependencies and preserving the integrity of the internal market. The term '**value chain**' relates to: final products; specific components and specific machinery primarily used to produce the final products; critical raw materials; associated services critical for and specific to the development or manufacturing of those final products; and technologies that fall under the scope of the Net-Zero Industry Act (NZIA).

▶ Basic Principles of STEP Regulation

Development refers to activities aimed at:

- achieving technological breakthroughs,
- perfecting the technology for market needs, including enhancing its efficiency, reliability, and

Manufacturing includes:

- setting up production lines,
- first-of-a-kind-facilities,
- the extension or repurposing of existing facilities,
- scaling up processes to meet demand, and/or
- implementing quality control mechanisms to ensure the consistent production of high-quality products.

STEP does not include the installation and deployment of the final products, but it does cover associated services that are critical and specific to the development and manufacturing of these products within the STEP sectors.

▶ Main Programme Provisions

- ❑ The production facilities must be set-up in territories under the control of the Republic of Cyprus.
- ❑ Projects must necessarily include Manufacturing activities. They may also include Development activities.
- ❑ The Requested Funding for Development activities should not exceed 200.000 Euro.
- ❑ Orders for the machinery and equipment necessary to set up the facilities/production line must be placed no later than 12 months from the start date of the project.
- ❑ The proposed facility/production line should be fully operational by the end of the project.
- ❑ Each Enterprise can submit one proposal under this Programme.

► General Call Information

- ❑ Expected Call Announcement: March 2025
- ❑ Proposal Submission Deadlines: July 2025
- ❑ Programme Budget: € 10.000.000
- ❑ Budget Distribution:
 - *Digital and deep technology innovation* € 3.333.333
 - *Clean and resource efficient technologies* € 3.333.333
 - *Biotechnologies* € 3.333.333
- ❑ Maximum Funding per Project: € 2.000.000
- ❑ Project Duration: 24-36 Months
- ❑ Project Start Date: 2/1/2026 at the latest

► Relevant State Aid Articles

For Development of Critical Technologies:

- *Article 25 Aid for research and development projects*
- *Article 28 Innovation aid for SMEs*

For Manufacturing of Critical Technologies :

- *Article 22 Aid for start-ups*
- *Article 29 Aid for process and organisational innovation*
- *Article 14 Regional investment aid*
- *Article 17 Investment aid to SMEs*
- *Article 31 Training aid*
- *De Minimis*

Link to State Aid Regulation: <https://eur-lex.europa.eu/eli/reg/2014/651/oj/eng>

Link to General Block Exemption Regulation (GBER): <https://eur-lex.europa.eu/EN/legal-content/summary/general-block-exemption-regulation.html>

Maximum Aid Intensity *(Funding Percentage on Eligible Expenses)*

	Eligible Expenses	Funding Aid intensity		
		Large Enterprises	Medium Enterprises	Small Enterprises
Article 14: Regional investment aid Supports initial investment, expansion of initial investment & diversification into a new product line (only for RAM “c” areas – see next slide)	Personnel Costs (new working positions for 2 years) , Investment costs (capital expenditure)	15% limited only to initial investment and diversification into new products.	25%	35%
Article 17: Investment aid for SMEs	Personnel Costs (new working positions for 2 years), Investment costs (capital expenditure)	--	10%	20%
Article 22: Aid for start-ups (Up to €0.5M in all areas or €0.75M in RAM “c” areas – see next slide)	Personnel costs, Investment costs (capital expenditure)	--	--	85%
Article 25: Aid for research and development projects	Personnel Cost, Costs for Instruments and Equipment (depreciation), Costs for External Services, Costs for Travelling Abroad, Consumables, Other specific costs, Overheads.	25%	35%	45%
Article 28: Supports the cost of innovation advisory & support services obtained by SMEs	Costs for External Services	--	50%	50%
Article 29: Supports the cost of process & organisational innovation	Personnel costs, costs of instruments, equipment (depreciation), additional overheads and other operating costs, including costs of materials, supplies and similar products, incurred directly as a result of the project.	15% possible only if they collaborate with SMEs that incur at least 30 % of the total eligible costs.	50%	50%
Article 31: Training costs	Personnel Cost of trainees, Costs for Travelling Abroad, Costs for External Services	50%	60%	70%
De Minimis	Personnel Cost (for activities related to production, communication, investment attraction and market penetration activities), Costs for Instruments and Equipment, including industrial production equipment (full cost), Costs for External Services, Costs for Travelling Abroad (for promotional/marketing purposes and/or for investment attraction), Other specific costs (real costs for promotional/marketing activities)			

► Definitions

RAM “c” area

*Currently, the Regional Aid Map [RAM] of Cyprus allows investment aid only at a maximum rate of 15%. Given that Cyprus is a “c” area [but please note that the RAM does not cover the whole of the territory of Cyprus controlled by the Republic], The RAM of Cyprus has been approved by Commission decision SA.100726 can be accessed at:
https://ec.europa.eu/competition/state_aid/cases1/202211/SA_100726_40001D7F-0000-CC6A-8D0F-648D8E3158F3_49_1.pdf The eligible areas for regional investment are listed in the annex of the Commission decision.*