



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

HIE FISHING AND AQUACULTURE SUBSIDY SCHEME

Scheme Number	
Date registered with DEFRA	17 May 2021
Region	Scotland - Highlands and Islands
Sectors	Fishing, Aquaculture and related processing
Subsidy type	Grant, loan, equity or guarantee
Published	www.hie.co.uk/subsidy-schemes
Version and Date	1.0 April 2022

Contents

1. Introduction	4
1.1 Purpose of this scheme	4
1.2 Duration	4
1.3 Legal Basis for the scheme	4
1.4 Types of subsidy	4
1.5 Geographic scope	5
1.6 Eligible beneficiaries and sectors	5
1.7 Sectors and support NOT covered by this scheme	5
1.8 Scheme Objectives	6
1.9 Intensity levels and cumulation (aggregation of different subsidy awards).....	6
1.10 Publication of subsidy awards for transparency	6
Support measures	7
M1: Minimal Subsidy	7
M2: Advisory services for the fishing and aquaculture sectors	7
M3: Energy efficiency in the fishing sector	9
M4: Infrastructure of fishing ports, landing sites and auction halls	10
M5: Productive investment in aquaculture	11
M6: Conversion to eco-management or organic aquaculture	13
M7: Marketing of fishery and aquaculture products.....	14
M8: Processing of fishing and aquaculture products	16
M9.1: Support for the start-up of new <i>small</i> enterprises.....	17
M9.2: Support for the start-up of new <i>small</i> innovative enterprises.....	17
Research, Development and Innovation (R&D&I)	19
M10: Fundamental research.....	19
M11: Industrial research.....	19
M12: Experimental development	19
M13: Feasibility studies	19
M14: Support for Investment in research infrastructures.....	22
M15: Support for innovation clusters.....	22
M16: and M16c: Innovation support for SMEs.....	23
M17: Process and organisation innovation	24
People-related measures	25
M18: Training support	25
M19: Subsidy for the recruitment of disadvantaged workers.....	26
M20: Subsidy for the employment of workers with disabilities	27

M21: Subsidy for the added costs of employing workers with disabilities	28
M22: Subsidy for the costs of assistance provided to disadvantaged workers.....	29
Annex 1 - Products covered by the scheme.....	30
Annex 2 – Definitions	31
1. Change Log.....	36

1. Introduction

1.1 Purpose of this scheme

Highlands and Islands Enterprise (HIE) was established to promote the economic and social development of the HIE area, to enhance employment and business skills, improve industrial efficiency, international competitiveness and the environment to achieve these. This scheme is aimed at supporting specific sectors of the blue economy, namely aquaculture, fish processing and small-scale inshore fisheries activity. As with our other subsidy schemes, HIE will grant subsidy in pursuit of our strategic priorities of producing: Successful, productive and resilient businesses; Conditions for growth; and Strong, capable and resourceful communities.

1.2 Duration

The scheme takes effect from 1 January 2021 with an anticipated end date of 31 December 2022.

1.3 Legal Basis for the scheme

This scheme is designed to comply with the UK Government guidance on complying with the UK's international obligations on subsidy control as issued from time to time. In all cases a proposed subsidy will have been assessed to meet the definition of a "subsidy" and awards shall be compatible with the World Trade Organisation (WTO) Agreement on Subsidies and Countervailing Measures (ASCM) which the UK has signed up to as part of its membership of the World Trade Organisation. Sectors involved with fishery and aquaculture products are excluded from the EU-UK Trade and Cooperation Agreement, which covers the majority of HIE subsidies, which explains why HIE needs a separate scheme covering fishery and aquaculture products. The criteria and limitations of the scheme are designed to limit the effects of permitted subsidies to fall within a safe harbour (of effects) such that it is possible to award subsidies with a reduced risk of challenge under the WTO rules.

The scheme may be modified or replaced prior to December 2022 once further UK legislation on subsidy control within the UK comes into effect.

HIE implements this scheme under our powers conferred in Section 8 of the Enterprise and New Towns (Scotland) Act 1990 as amended 1 April 2001 by Scottish Statutory Instrument 2001 No 126.

1.4 Types of subsidy

HIE has powers to offer grant, loan, equity, and guarantees. Applicants must state the amount and type of assistance requested at application stage, however, the final decision on the amount and form of any subsidy award will remain at HIE's discretion, informed by our strategic priorities and choices (more at 1.8) and the outcome of due diligence.

1.5 Geographic scope

The scheme applies to awards made by HIE to beneficiaries based, with an operating presence or a provides significant employment in the HIE area and whose activity has, or could have, an effect on trade or investment with competitors in:

- third countries covered by Free Trade Agreements (FTAs)
- any member of the World Trade Organisation (WTO) that is covered by the Agreement on Subsidies and Countervailing Measures (including the EU)
- **Northern Ireland.** If HIE subsidies were to genuinely affect trade in goods (not services) between Northern Ireland and the EU then the Northern Ireland Protocol to the EU Withdrawal Agreement applies. The Protocol aims to avoid having border checks on goods crossing the Northern Ireland – Eire border by applying EU State aid rules (and other trade rules) on both sides. This includes the Undertaking in Difficulty assessment (see definition 10). HIE is under an obligation to consult Northern Ireland’s Department of Agriculture, Environment and Rural Affairs (DAERA) for their advice about any proposed subsidy that could be affected by the protocol.

1.6 Eligible beneficiaries and sectors

Subsidy under this scheme is open to all types of commercial entity (regardless of their legal or profit-distributing status) engaged in catching, processing and/or marketing of fish and fish products, whether sourced through harvesting of natural products or aquaculture farms. This will include fish, shellfish, molluscs but not seaweed, which comes under WTO Agreement on Agriculture and therefore the HIE Agriculture, Food and Drink Scheme.

1.7 Sectors and support NOT covered by this scheme

- General industrial sectors. These are covered by the HIE Economic Development Subsidy Scheme and the UK-EU Trade and Cooperation Agreement (the “TCA”).
- Agricultural product production, processing and marketing, horticulture and forestry, seaweed harvesting or growing, which are covered by the HIE Agriculture, Food and Drink Subsidy Scheme under WTO Agreement on Agriculture (AoA) rules.
- Prohibited subsidies i.e. -
 - Export performance - subsidy must not be used to fund the direct operating costs of exports i.e. staff, materials or other revenue costs tied to the export performance of goods or services.
 - Domestic content - HIE will not place an obligation on beneficiaries to favour UK suppliers and goods as a condition of the funding.
 - Unlimited state guarantees where the amount or duration is not limited
- Subsidy likely to cause adverse effects or serious prejudice to the interests of WTO Member countries (referenced at ASCM Articles 5 and 6.3 (a) though (d)) – might any of the following apply as the effect of cumulative UK subsidy to the enterprise, sector or region:
 - displacement or impedance of the imports of a like product of another Member into the market of the UK;

- displacement or impedance of the exports of a like product of another Member from a third country market;
- significant price undercutting, price suppression, price depression or lost sales experienced by a like product of another Member in the same market; or
- an increase in the world market share of the UK in a particular subsidised primary product or commodity.
- Certain subsidy limitations and conditions apply to rescue and restructuring of ailing or insolvent applicants and at least for the initial period of this scheme they will be dealt separately as ad hoc cases outside of this scheme.

1.8 Scheme Objectives

Successful applicants should be able to demonstrate the following **HIE Criteria**. These should be assessed through an appropriate level of due diligence according to the value of the ask and risk profile of the project.

- The outcomes will contribute to HIE's strategic objectives and Operating Plan priorities.
- The project will deliver commercial benefits to the applicant enterprise and to the HIE area
- The project would not be able to proceed at all, or not at the same scale, quality or speed without public assistance (additionality)
- The applicant has the capacity to implement the project effectively to enhance its future competitiveness
- The applicant is financially viable at the time of application and is unlikely to become insolvent or be at risk of going out of business in the short to medium term.

1.9 Intensity levels and cumulation (aggregation of different subsidy awards)

- The maximum subsidy intensity (percentage intervention level) applies to the combined subsidy value of all forms of public support towards the same eligible project costs. This might include other UK public funders or EU funding and where a mix of grant and subsidised loan is being considered.
- The subsidy value of loans is awarded based on the gross grant equivalent i.e. not the nominal value of the loan but a calculation of the level of subsidy it contains compared to a commercial loan.
- Subsidy under this scheme may be offered alongside other categories of subsidy under this Scheme, up to the maximum for each measure, provided they concern different eligible costs.

1.10 Publication of subsidy awards for transparency

HIE aims to publicise all financial awards, regardless of the value, on its website.

Support measures

Subsidies provided by HIE are described as Measures which have specific eligibility criteria and controls on subsidy levels. They are listed in detail below.

M1: Minimal Subsidy

Small amounts of subsidy capped over three consecutive years. This is a de minimis type of subsidy where the level of subsidy has been designed to have limited effects on trade and are highly unlikely to have damaging effects on trade. Because the amounts are small it is possible to have relaxed rules as follows:

No restrictions on eligibility

No restriction on types of subsidy

Eligible Activities - No restrictions so long as they are not listed in “Prohibited Subsidies” above.

Subsidy Limits.

The cumulative subsidy limits to one enterprise (at group level) shall be capped during a three-year period that includes a particular award. If a beneficiary has been in receipt of EU De Minimis within the 3-year period then that De Minimis must also be counted towards the cumulative ceiling for this measure.

Fishing & Aquaculture Minimal subsidy	
Ceiling over 3 consecutive years	£60,000

M2: Advisory services for the fishing and aquaculture sectors

Eligible activities

Activities which improve the overall performance and competitiveness of operators and promote sustainable fisheries:

- (a) feasibility studies and advisory services that assess the viability of projects
- (b) the provision of professional advice on environmental sustainability, with a focus on limiting and, where possible, eliminating the negative impact of fishing activities on marine, terrestrial and freshwater ecosystems;
- (c) the purchase of farm advisory services of a technical, scientific, legal, environmental or economic nature by scientific or technical bodies, as well as by entities providing legal or economic advice with the required competences. Such services should cover
 - a. the management needs to enable aquaculture farms to comply with national environmental legislation, as well as with maritime spatial planning requirements;
 - b. environmental impact assessment
 - c. the management needs to enable aquaculture farms to comply with national aquatic animal health and welfare or public health legislation;
 - d. health and safety standards based on national legislation;
 - e. marketing and business strategies.

- (d) the provision of professional advice on health and safety and business and marketing strategies

The feasibility studies, advisory services and advice in (a) and (c) shall be provided by scientific, academic, professional or technical bodies, or entities providing economic advice that have the required competences.

Geographic eligibility

The entire HIE area.

Sectoral eligibility

Support open to a) fishing and aquaculture operators, and b) organisations of fishermen, including producer organisations, or public law bodies.

Subsidy limits

Measure	Subsidy intensity	Supplement A	Supplement B	Supplement C
M2 Advisory services for fishing and aquaculture	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: <ul style="list-style-type: none"> (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grants and loans.

Condition attaching to the Subsidy

Subsidy for advice pertaining to the acquisition of a fishing vessel shall be repayable if the vessel is transferred outside of the UK within 5 years of the date of payment of the Subsidy. The amount to be repaid shall be proportionate to the amount of time during the 5 years that the vessel has been transferred out of the UK.

Maximum Subsidy Amounts Per Project

FASS Subsidy Measure	Maximum value of subsidy per project	Comment
M2 advisory services	£2m	Towards eligible costs
	£1m	Per undertaking per year

M3: Energy efficiency in the fishing sector

Sector: Please note this measure **only applies to the fishing sector**, but in the aquaculture sector energy efficiency is eligible under the capital investment measure.

Eligible activities

Aid to improve energy efficiency and to mitigate the effects of climate change, with the exception of aid to replace or modernise engines:

- (a) investments in equipment or on board aimed at reducing the emission of pollutants or greenhouse gases and increasing energy efficiency. Investments in fishing gear are also eligible provided that they do not undermine the selectivity of that fishing gear;
- (b) energy efficiency audits and schemes;
- (c) studies to assess the contribution of alternative propulsion systems and hull designs to the energy efficiency of fishing vessels
- (d) normal operating costs are not eligible for this measure.

Support for the replacement or modernisation of main or ancillary engines on fishing vessels may be granted only:

- (e) for vessels up to 12 metres in overall length, provided that the new or modernised engine does not have more power in kW than the current engine;
- (f) for vessels between 12 and 18 metres in overall length, provided that the power in kW of the new or modernised engine is at least 20 % lower than that of the current engine;
- (g) for vessels between 18 and 24 metres in overall length, provided that the power in kW of the new or modernised engine is at least 30 % lower than that of the current engine.

Support for the replacement or modernisation of main or ancillary engines may only be granted in respect of vessels belonging to a fleet segment for which the report on fishing capacity has shown a balance with the fishing opportunities available to that segment.

For fishing vessels not subject to a certification of engine power, support shall only be granted for the replacement or modernisation of main or ancillary engines in respect of which the consistency of engine power has been verified for fishing quotas and which have been physically inspected to ensure that the engine power does not exceed the engine power established in the fishing licenses.

Geographic eligibility

The entire HIE area.

Eligibility constraints

Support shall only be granted to owners of fishing vessels and shall not be granted more than once for the same type of investment for the same fishing vessel.

Subsidy limits

Measure	Subsidy intensity	Supplement A	Supplement B	Supplement C
M3 Energy efficiency in the fishing sector	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant or loan

Maximum Subsidy Amounts Per Project

FASS Subsidy Measure	Maximum value of subsidy per project	Comment
M3 Energy efficiency in the fishing sector	£1.5m	Towards eligible costs

M4: Infrastructure of fishing ports, landing sites and auction halls

Eligible activities

1. Investments improving the infrastructure of fishing ports, auctions halls, landing sites and shelters, including investments in facilities for waste and marine litter collection, for the purpose of increasing the quality, control and traceability of the products landed, increasing energy efficiency, contributing to environmental protection and improving safety and working conditions.
2. Investments in fishing ports, auction halls, landing sites and shelters in order to facilitate better working conditions, the organisation of markets in Fisheries and Aquaculture products, as well as to add value to under-used components of the catch.
3. Investment in the construction or modernisation of shelters to improve the safety of fishermen
4. Support shall not cover the construction of new ports, new landing sites or new auction halls.

Geographic eligibility

The entire HIE area.

Subsidy limits

Measure	Subsidy intensity	Supplement A	Supplement B	Supplement C
M4 Infrastructure of fishing ports etc.	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: <ul style="list-style-type: none"> (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant or loan

Maximum Subsidy Amounts Per Project

FASS Subsidy Measure	Maximum value of subsidy per project	Comment
M4. Capital investment in fishing ports, landing sites, auction halls and shelters	€2m	Total eligible costs
	€1m	Per undertaking per year

M5: Productive investment in aquaculture

Eligible activities

The following productive investments in aquaculture:

- (a) productive investments in aquaculture
- (b) the diversification of aquaculture production and species cultured;
- (c) the modernisation of aquaculture units, including the improvement in working and safety conditions of aquaculture workers;
- (d) improvements and modernisation related to animal health and welfare, including the purchase of equipment aiming at protecting the farms from wild predators;
- (e) investments reducing the negative impact or enhancing the positive effects on the environment and increasing resource efficiency;
- (f) investments in enhancing the quality of, or in adding value to, aquaculture products;
- (g) the restoration of existing aquaculture ponds or lagoons through the removal of silt, or investments aimed at the prevention of silt deposits;
- (h) the diversification of the income of aquaculture enterprises through the development of complementary activities - only if the complementary activities relate to the core aquaculture business of the enterprise, including angling tourism, environmental services related to aquaculture or educational activities concerning aquaculture.

- (i) investments resulting in a substantial reduction in the impact of aquaculture enterprises on water usage and quality, in particular through reducing the amount of water or chemicals, antibiotics and other medicines used, or through improving the output water quality, including through the deployment of multi-trophic aquaculture systems;
- (j) the promotion of closed aquaculture systems where aquaculture products are farmed in closed recirculation systems, thereby minimising water use;
- (k) investments increasing energy efficiency and promoting the conversion of aquaculture enterprises to renewable sources of energy

Where operations consist of investments in equipment or infrastructure **ensuring compliance with future requirements** relating to the environment, human or animal health, hygiene or animal welfare **under UK law**, support may be granted until the date on which such requirements become mandatory for the enterprises.

Support shall not be granted to the farming of **genetically modified organisms**.

Support shall not be granted to aquaculture operations in marine protected areas, if it has been determined by the competent authority, on the basis of an environmental impact assessment, that the operation would generate significant negative environmental impact that cannot be adequately mitigated.

Eligible Costs

The eligible costs are therefore all of the actual costs involved in implementing the permitted activities. In terms relevant to HIE appraisal procedures the eligible costs are defined as follows:

- additional/first-time capital costs. This includes all items that will be capitalised on the balance sheet, including those revenue costs included such as installation work and professional fees. It does not include any element of replacement of assets.
- Additional working capital. This means the additional costs consequent on the new or additional eligible activity, based on the increase in the formula of “stocks plus debtors minus creditors”. The ‘before and after’ calculation of increased working capital is the steady state of trading following completion of the investment compared to the period in the year before the investment.

Conditions for Approval

Entrepreneurs entering the sector shall provide a business plan and, where the amount of investments is more than £50,000, a feasibility study including an environmental assessment of the operations.

Support shall be granted only where it has been clearly demonstrated in an independent marketing report that good and sustainable market prospects exist for the product.

Geographic eligibility

The entire HIE area.

Sectoral eligibility

Aquaculture enterprises only

Subsidy limits

Measure	Subsidy intensity	Supplement A	Supplement B	Supplement C
M5 Productive investment in aquaculture	50%	Not applicable	Not applicable	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant or loan

Maximum Subsidy Amounts Per Project

FASS Subsidy Measure	Maximum value of subsidy per project	Comment
M5. For the productive investment in aquaculture	€2m	Total eligible costs
	€1m	Per undertaking per year

M6: Conversion to eco-management or organic aquaculture

Eligible activities

In order to promote the development of organic or energy-efficient aquaculture, the Subsidy may support:

- the conversion of conventional aquaculture production methods into organic aquaculture
- the participation in eco-management and audit schemes.

Geographic eligibility

The entire HIE area.

Conditions for Approval

Support shall only be granted to beneficiaries who commit themselves to participate in an eco-management scheme for a minimum of three years or to comply with the requirements of organic production for a minimum of five years.

Form of assistance

Support shall take the form of compensation for a maximum of three years during the period of the conversion of the enterprise to organic production, or during the preparation for participation in an eco-management scheme. The compensation shall be calculated on the basis of:

- a) the loss of revenue or additional costs incurred during the period of transition from conventional into organic production
- b) the additional costs resulting from the application and preparation for participation in the eco-management scheme.

Subsidy limits

Measure	Subsidy intensity	Supplement A	Supplement B	Supplement C
M 6. Conversion to eco-management or organic aquaculture	50%	Not applicable		Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant or loan

Maximum Subsidy Amounts Per Project

FASS Subsidy Measure	Maximum value of subsidy per project	Comment
M 6. Conversion to eco-management or organic aquaculture	€2m	Total eligible costs
	€1m	Per undertaking per year

M7: Marketing of fishery and aquaculture products

Eligible activities

The Subsidy may support marketing measures for fishery and aquaculture products which are aimed at:

- (a) creating producer organisations, associations of producer organisations or inter-branch organisations

- (b) finding new markets and improving the conditions for the placing on the market of fishery and aquaculture products, including:
 - (i) species with marketing potential
 - (ii) unwanted catches landed from commercial stocks
 - (iii) fishery and aquaculture products obtained using methods with low impact on the environment, or for organic aquaculture products
- (c) promoting the quality and the value added by facilitating:
 - (i) the application for registration of a given product and the adaptation of concerned operators to the relevant compliance and certification requirements
 - (ii) the certification and the promotion of sustainable fishery and aquaculture products, including products from small-scale coastal fishing, and of environmentally-friendly processing methods
 - (iii) the direct marketing of fishery products by small-scale coastal fishermen or by on-foot fishermen
 - (iv) the presentation and packaging of products
- (d) contributing to the transparency of production and the markets and conducting market surveys
- (e) contributing to the traceability of fishery or aquaculture products
- (f) drawing up standard contracts for SMEs.
- (g) conducting regional, national or transnational communication and promotional campaigns, to raise public awareness of sustainable fishery and aquaculture products. Support should not be aimed at commercial brands.

Operations may include the production, processing and marketing activities along the supply chain.

Geographic eligibility

The entire HIE area.

Subsidy limits

Measure	Subsidy intensity	Supplement A	Supplement B	Supplement C
M7 Marketing of fishery & aquaculture products	50%	Not applicable	Not applicable	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: <ul style="list-style-type: none"> (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant and loan

Maximum Subsidy Amounts Per Project

FASS Subsidy Measure	Maximum value of subsidy per project	Comment
M7 Marketing of fishery & aquaculture products	€2m	Total eligible costs
	€1m	Per undertaking per year

M8: Processing of fishing and aquaculture products

Eligible activities

The State aid may support investments in the processing of fishery and aquaculture products that:

- contribute to energy saving or reducing the impact on the environment, including waste treatment
- improve safety, hygiene, health and working conditions
- support the processing of catches of commercial fish that cannot be destined for human consumption
- relate to the processing of by-products resulting from main processing activities
- relate to the processing of organic aquaculture products
- lead to new or improved products, new or improved processes, or new or improved management and organisation systems.

Eligible Costs

The eligible costs are all of the actual costs involved in implementing the permitted activities. In terms relevant to HIE appraisal procedures the eligible costs are defined as follows:

- additional/first-time capital costs. This includes all items that will be capitalised on the balance sheet, including those revenue costs included such as installation work and professional fees. It does not include any element of replacement of assets.
- Additional working capital. This means the additional costs consequent on the new or additional eligible activity, based on the increase in the formula of “stocks plus debtors minus creditors”. The ‘before and after’ calculation of increased working capital is the steady state of trading following completion of the investment compared to the period in the year before the investment.

Geographic eligibility

The entire HIE area.

Subsidy limits

Measure	Subsidy intensity	Supplement A	Supplement B	Supplement C
M 8 Processing of fishing and aquaculture products	50%	Not applicable	Not applicable	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
--------------	---

Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant and loan.

Maximum Subsidy Amounts Per Project

FASS Subsidy Measure	Maximum value of subsidy per project	Comment
M 8 Processing of fishing and aquaculture products	€2m	Total eligible costs
	€1m	Per undertaking per year

Support for the start-up of new *small* enterprises and *small* innovative enterprises

M9.1: Support for the start-up of new *small* enterprises

Eligibility of undertaking

Eligible undertakings shall be Small Enterprises up to five years following their registration which fulfil the following conditions:

- It has not taken over the activity of another enterprise
- It has not yet distributed profits
- It has not been formed through a merger unless the date of registration of the older enterprise in the merger would be less than 5 years from the date the subsidy will be actually granted

For eligible undertakings that are not subject to registration the five years eligibility period may be considered to start from the moment when the enterprise either starts its economic activity or is liable to tax for its economic activity.

Eligible activity

Subsidy is for the start-up costs of newly created small enterprises.

M9.2: Support for the start-up of new *small* innovative enterprises

Eligibility of undertaking

In addition to the eligibility criteria and activity above, an **Innovative enterprise** means an enterprise:

- (a) that can demonstrate, by means of an evaluation carried out by an external expert that it will in the foreseeable future develop products, services or processes which are new or substantially improved compared to the state of the art in its industry, and which carry a risk of technological or industrial failure, or

- (b) the research and development costs of which represent at least 10% of its total operating costs in at least one of the three years preceding the granting of the subsidy or, in the case of a start-up enterprise without any financial history, in the audit of its current fiscal period, as certified by an external auditor

Types of assistance for Measure 9.1 and 9.2

- (a) grants, equity or quasi equity investment, and interest rate and guarantee premium reductions
 (b) loans with interest rates which do not conform with market conditions
 (c) guarantees with premiums which do not conform to market conditions

Geographic eligibility for Measure 9.1 and 9.2

All of the HIE area.

Subsidy limits for Measure 9.1 and 9.2

The limits depend on whether the enterprise is classed as Innovative, and the form of assistance (grants, loans, or guarantees). A beneficiary can receive support through a mix of the instruments referred to above provided that the proportion of the amount granted through one subsidy instrument, calculated on the basis of the maximum subsidy amount allowed for that instrument, is taken into account in order to determine the residual proportion of the maximum subsidy amount allowed for the other instruments forming part of such a mixed instrument.

Note that the loans or guarantees may be charged for at rates less than market rates, and there is no difference in the amounts that can be offered even if the rates charged for the loan or guarantee are zero. The Subsidy limits have been calculated on the assumption of zero charges, therefore this practice would be quite legitimate if HIE considered it appropriate for the project.

For grants the limit is £0.6million. Provided the cumulative amount of all subsidy awards under this measure does not breach the ceiling, then second and subsequent tranches may be awarded.

For different periods of loans and guarantees the ceilings are in the table below:

Type Subsidy	Subsidy limit	Comment
M 9.1: Grant	£600,000	Grant or grant equivalents if phased grant release, per undertaking
M 9.1: Loan	£3,000,000 £2,500,000 £2,142,857 £1,875,000 £1,666,667 £1,500,000	Loan term 1-5 years per firm per undertaking Loan term 6 years per Loan term 7 years per Loan term 8 years Loan term 9 years Loan term 10 years
M 9.1: Guarantees	£2,250,000 £2,500,000 £2,812,500 £3,214,286 £3,750,000 £4,500,000	Per undertaking Guarantee lasting 10 years Guarantee lasting 9 years Guarantee lasting 8 years Guarantee lasting 7 years Guarantee lasting 6 years Guarantee lasting 5 years

Type Subsidy	Subsidy limit	Comment
For M 9.2 only i.e. small innovative enterprises for grants, loans & guarantees	Double those for 'Small enterprise start up subsidy' above	As above Per undertaking

Research, Development and Innovation (R&D&I)

M10: Fundamental research

Experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct commercial application or use in view.

M11: Industrial research

The planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation.

M12: Experimental development

Acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services; Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product, and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements.

M13: Feasibility studies

The evaluation and analysis of the potential of a project, which aims at supporting the process of decision-making by objectively and rationally uncovering its strengths and weaknesses, opportunities and threats, as well as identifying the resources required to carry it through and ultimately its prospects for success.

Eligible costs

The eligible costs of research and development projects shall be allocated to a specific category of research and development and shall be the following:

- (a) personnel costs: researchers, technicians and other supporting staff to the extent employed on the project
- (b) costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible
- (c) costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible
- (d) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project
- (e) additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project

The eligible costs for feasibility studies shall be the costs of the study.

Types of assistance

Grant, equity or loan.

Geographic eligibility

All of the HIE area.

Conditions attaching to the subsidy

Note that there is no condition preventing the sale of the R&D results outside the company or region.

Subsidy limits

Type of Research	Small	Medium	Large
Fundamental research	100%	100%	100%
Industrial research	70%	60%	50%
Experimental development	45%	35%	25%
Feasibility studies	70%	60%	50%

The subsidy intensities for industrial research and experimental development may be increased 15%, up to a cap of 80% if one of the following conditions is fulfilled:

Either:

- (a) the project involves effective collaboration:

- (i) between undertakings among which at least one is an SME, or is carried out in the UK and at least one other State, and no single undertaking bears more than 70% of the eligible costs, or
- (ii) between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10% of the eligible costs and have the right to publish their own research results.

or:

- (b) the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open-source software.

The maximum rates for collaboration projects and open access research in (a) or (b) above would thus be:

Type of Research	Small	Medium	Large
Industrial research	80%	75%	50%
Experimental development	60%	50%	40%

Maximum Subsidy Amounts. The amount of subsidy is also restricted to the following ceilings under this scheme.

Type of Subsidy	Subsidy ceiling under the scheme	Comment
R&D - Fundamental Research	£40m grant	Per project per undertaking
	£60m repayable advance	Repayment = advance plus interest at UK base rates plus 1%
	€80m grant	If part of an EU Eureka project or implemented by a joint undertaking
R&D - Industrial Research	£20m grant	Per project per undertaking
	£30m repayable advance	Repayment = advance plus interest at UK base rates plus 1%
	€40m	If part of an EU Eureka project or implemented by a joint undertaking
R&D - Experimental Development	£15m grant	Per project per undertaking
	£22.5m repayable advance	Repayment = advance plus interest at UK base rates plus 1%
	€30m	If part of an EU Eureka project or implemented by a joint undertaking
Feasibility studies for R&D	£7.5m	Per study

M14: Support for Investment in research infrastructures

Eligible activities

Subsidy for construction or upgrade of research infrastructures that perform economic activities.

Eligible costs

The eligible costs shall be the investment costs in intangible and tangible assets.

Types of assistance

Grant, equity or loan.

Conditions attaching to the subsidy

Where a research infrastructure pursues both economic and non-economic activities, the financing, costs and revenues of each type of activity shall be accounted for separately on the basis of consistently applied and objectively justifiable cost accounting principles.

The price charged for the operation or use of the infrastructure shall correspond to a market price. Access to the infrastructure shall be open to several users and be granted on a transparent and non-discriminatory basis. Undertakings which have financed at least 10% of the investment costs of the infrastructure may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access shall be proportional to the undertaking's contribution to the investment costs and these conditions shall be made publicly available.

Where a research infrastructure receives public funding for both economic and non-economic activities, HIE shall put in place a monitoring and claw-back mechanism in order to ensure that the applicable subsidy intensity is not exceeded as a result of an increase in the share of economic activities compared to the situation envisaged at the time of awarding the subsidy

Geographic eligibility

All of the HIE area.

Subsidy limits

The subsidy intensity in terms of grant or grant equivalent shall not exceed 50% of the eligible costs.

Maximum Subsidy Amounts

Subsidy amounts may not exceed £20m per infrastructure under this scheme.

M15: Support for innovation clusters

Eligible activities

Subsidy for the setting up, marketing and operating of innovation clusters

Eligible costs

The eligible costs for the construction or upgrading of an innovation cluster shall be the tangible and intangible assets.

The eligible costs of operating subsidy for innovation clusters shall be the personnel and administrative costs (including overhead costs) relating to:

- (a) animation of the cluster to facilitate collaboration, information sharing and the provision or channelling of specialised and customised business support services
- (b) marketing of the cluster to increase participation of new undertakings or organisations and to increase visibility
- (c) management of the cluster's facilities; organisation of training programmes, workshops and conferences to support knowledge sharing and networking and transnational cooperation
- (d) investment costs in construction or upgrade of innovation clusters, including both tangible and intangible assets. This precludes assisting a property developer via this measure, unless the property developer also becomes the cluster operator

Type of assistance

Grant or loan to the legal entity operating the innovation cluster (cluster organisation). Operating subsidy may be granted for the operation of innovation clusters. It shall not exceed ten years.

Geographic eligibility

All of the HIE area.

Conditions attached to the Subsidy

Access to the cluster's premises, facilities and activities shall be open to several users and be granted on a transparent and non-discriminatory basis. Undertakings which have financed at least 10% of the investment costs of the innovation cluster may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access shall be proportional to the undertaking's contribution to the investment costs and these conditions shall be made publicly available.

The fees charged for using the cluster's facilities and for participating in the cluster's activities shall correspond to the market price or reflect their costs.

Subsidy limits

The Subsidy intensities in terms of grant or grant equivalence are as follows:

Type of subsidy	All firms
Investment subsidy for innovation clusters	55%
Operating subsidy for innovation clusters	50%

Maximum Subsidy Amounts

Subsidy amounts are capped at £7.5m per cluster.

M16: and M16c: Innovation support for SMEs

Eligible activities

Subsidy for the revenue costs of innovation for SMEs

Eligible costs

The eligible costs shall be the following:

M16: Innovation Support

- (a) costs for obtaining, validating and defending patents and other intangible assets
- (b) costs for secondment of highly qualified personnel from a research and knowledge-dissemination organization or a large enterprise, working on research, development and innovation activities in a newly created function within the beneficiary and not replacing other personnel

M16c: Innovation advice for SMEs

- (c) costs for innovation advisory and support services

Geographic eligibility

All of the HIE area

Subsidy limits

The subsidy intensity in terms of grant or grant equivalence shall not exceed 50% of the eligible costs. In the particular case of subsidy for innovation advisory and support services the subsidy intensity can be increased up to 100% of the eligible costs provided that the total amount of subsidy for innovation advisory and support services does not exceed £200 000 per undertaking within any three-year period. Note that despite the similarity between this and the former EU De Minimis subsidy, the three-year period is “any 3 year period” which is not further defined and must therefore be simply 3 X 365 days, and not the fiscal years that are used for EU De Minimis subsidy.

Type of subsidy	SMEs	
Innovation support	50%	
Innovation advice	100%	Maximum of £200k over 3 years

Type of assistance

Grant or loan

Maximum Subsidy Amounts

The amount per subsidy is capped at £5m.

M17: Process and organisation innovation

Eligible activities

Revenue costs for process and organisational innovation

Eligible firms

Subsidy to large firms shall only be eligible if they effectively collaborate with SMEs in the subsidised activity and the collaborating SMEs incur at least 30% of the total eligible costs. SMEs may be assisted independently of large firms.

Eligible costs

The eligible costs shall be the following:

- (a) personnel costs
- (b) costs of instruments, equipment, buildings and land to the extent and for the period used for the project

- (c) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions
- (d) additional overheads and other operating costs, including costs of materials, supplies and similar products, incurred directly as a result of the project

Geographic eligibility

All of the HIE area.

Subsidy limits

The subsidy intensities in terms of grant or grant equivalence shall not exceed the following % of the eligible costs:

Type of subsidy	Small	Medium	Large
Process and organisation innovation	50%	50%	15%

Types of assistance

Grants or loans.

Maximum Subsidy Amounts

Subsidies are capped at £7.5m per applicant per project under this scheme.

People-related measures

M18: Training support

Eligible activities

This subsidy covers the costs of training for companies. HIE sometimes finances training events and invites firms to send employees for training, which may be free of charge or charged for at a subsidised price. Where the beneficiaries are commercial undertakings operating in markets that are likely to involve trade between the UK and other States, then this will classify as a subsidy.

Subsidy shall not be granted for training which undertakings carry out to comply with national mandatory standards on training. Note that support for further education and Apprenticeships are not classified as Subsidy.

Eligible firms

SMEs and large firms

Eligible costs

The eligible costs shall be the following:

- (a) trainers' personnel costs (wages plus National Insurance), for the hours during which the trainers participate in the training
- (b) trainers' and trainees' operating costs directly relating to the training project such as travel expenses, accommodation costs, materials and supplies directly related to the project, depreciation of tools and equipment, to the extent that they are used exclusively for the training project.)

- (c) costs of advisory services linked to the training project
- (d) trainees' personnel costs (wages plus National Insurance) and general indirect costs (administrative costs, rent, overheads) for the hours during which the trainees participate in the training

Types of assistance

Grant or loan

Geographic eligibility

All of the HIE area.

Subsidy limits

There is no distinction between general and specific training.

The Subsidy intensity in terms of grant or grant equivalence shall not exceed the following % of eligible costs:

	Small	Medium	Large
Training grant	70%	60%	50%
If training given to workers with disabilities or disadvantaged workers	70%	70%	60%

Where the subsidy is granted in the maritime transport sector, the subsidy intensity may be increased to 100% of the eligible costs provided that the following conditions are met:

- (a) the trainees are not active members of the crew but are supernumerary on board; and
- (b) the training is carried out on board of ships entered in UK registers.

Maximum Subsidy Amounts

The total amount of subsidy is capped at £2m per project.

Support to employ disadvantaged and disabled workers

M19: Subsidy for the recruitment of disadvantaged workers

Eligible activities:

Subsidy schemes to support the recruitment of disadvantaged workers in the form of wage subsidies.

A 'disadvantaged worker' means any person who:

- (a) has not been in regular paid employment for the previous 6 months; or
- (b) is between 15 and 24 years of age; or
- (c) has not attained an upper secondary educational or vocational qualification (International Standard Classification of Education 3) or is within two years after completing full-time education and who has not previously obtained his or her first regular paid employment; or
- (d) is over the age of 50 years; or
- (e) lives as a single adult with one or more dependents; or
- (f) works in a sector or profession where the gender imbalance is at least 25 % higher than the average gender imbalance across all economic sectors, and belongs to that underrepresented gender group; or

- (g) is a member of an ethnic minority and who requires development of his or her linguistic, vocational training or work experience profile to enhance prospects of gaining access to stable employment

Eligible costs

Eligible costs shall be the wage costs over a maximum period of 12 months following recruitment of a disadvantaged worker. Where the worker concerned is a severely disadvantaged worker, eligible costs shall be the wage costs over a maximum period of 24 months following recruitment.

A 'severely disadvantaged worker' means any person who:

- (a) has not been in regular subsidy employment for at least 24 months; or
- (b) has not been in regular subsidy employment for at least 12 months and belongs to one of the categories (b) to (g) mentioned under the definition of 'disadvantaged worker'.

Geographic eligibility

All of the HIE area

Subsidy limits

The subsidy intensity in terms of grant or grant equivalence shall not exceed 50 % of eligible costs,

Maximum Subsidy Amounts

capped at £5m per enterprise per year.

Types of assistance

Grant or loan.

Conditions attaching to the State subsidy

Where the recruitment does not represent a net increase, compared with the average over the previous twelve months, in the number of employees in the undertaking concerned, the post or posts shall have fallen vacant following voluntary departure, disability, retirement on grounds of age, voluntary reduction of working time or lawful dismissal for misconduct and not as a result of redundancy.

Except in the case of lawful dismissal for misconduct, the disadvantaged workers shall be entitled to continuous employment for a minimum period consistent with the national legislation concerned or any collective agreements governing employment contracts.

If the period of employment is shorter than 12 months, or 24 months in the case of severely disadvantaged workers, the subsidy shall be reduced pro rata.

[M20: Subsidy for the employment of workers with disabilities](#)

Eligible activities

Subsidy for the employment of workers with disabilities in the form of wage subsidies

A 'worker with disabilities' means any person who:

- (a) is recognised as worker with disabilities under national law; or

- (b) has long-term physical, mental, intellectual or sensory impairment(s) which, in interaction with various barriers, may hinder their full and effective participation in a work environment on an equal basis with other workers;

Geographic eligibility

All of HIE area

Subsidy limits

The subsidy intensity in terms of grant or grant equivalence shall not exceed 75 % of eligible costs,

Types of assistance

Grant or loan

Maximum Subsidy Amounts

Subsidy capped at £10m Per undertaking per year.

Conditions attaching to the Subsidy

Where the recruitment does not represent a net increase, compared with the average over the previous twelve months, in the number of employees in the undertaking concerned, the post or posts shall have fallen vacant following voluntary departure, disabilities, retirement on grounds of age, voluntary reduction of working time or lawful dismissal for misconduct and not as a result of redundancy.

Except in the case of lawful dismissal for misconduct, the workers with disabilities shall be entitled to continuous employment for a minimum period consistent with the national legislation concerned or any collective agreements which are legally binding for the undertaking and governing employment contracts.

[M21: Subsidy for the added costs of employing workers with disabilities](#)

Eligible activities

The assistance provided shall consist of measures to compensation for the additional costs of employing workers with disabilities.

Eligible costs

- (a) costs of adapting the premises
- (b) costs of employing staff solely for time spent on the assistance of the workers with disabilities and of training such staff to assist workers with disabilities
- (c) costs of adapting or acquiring equipment, or acquiring and validating software for use by workers with disabilities, including adapted or assistive technology facilities, which are additional to those which the beneficiary would have incurred had it employed workers who are not workers with disabilities
- (d) costs directly linked to transport of workers with disabilities to the working place and for work related activities
- (e) wage costs for the hours spent by a worker with disabilities on rehabilitation

- (f) where the beneficiary provides sheltered employment, the costs of constructing, installing or modernising the production units of the undertaking concerned, and any costs of administration and transport, provided that such costs result directly from the employment of workers with disabilities.

Geographic eligibility

All of the HIE area.

Subsidy limits

The subsidy intensity in terms of grant or grant equivalent shall not exceed 100 % of eligible costs,.

Maximum Subsidy Amounts

The subsidy cap is £10m per undertaking per year.

M22: Subsidy for the costs of assistance provided to disadvantaged workers

Eligible activities

The assistance provided shall consist of measures to support the disadvantaged worker's autonomy and adaptation to the work environment, in accompanying the worker in social and administrative procedures, facilitation of communication with the entrepreneur and managing conflicts.

Eligible costs

- (a) employing staff solely for times spent on the assistance of the disadvantaged workers over a maximum period of 12 months following recruitment of as disadvantaged worker or over a maximum period of 24 months following recruitment of a severely disadvantaged worker.
- (b) Training such staff to assist disadvantaged workers.

Geographic eligibility

All of the HIE area

Subsidy limits

The Subsidy intensity in terms of grant or grant equivalent shall not exceed 50 % of eligible costs,

Maximum Subsidy Amounts

The subsidy cap is £5m per undertaking per year.

Types of assistance

Grant or loan.

Annex 1 - Products covered by the scheme

The scheme applies to subsidies on products listed in Chapter 3 of the World Customs Organisation's Harmonised System codes (HS Nomenclature 2017) found at:

http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/instruments-and-tools/hs-nomenclature-2017/2017/0103_2017e.pdf?la=en

The table below gives the link to the Chapter 3 and all its sub-divisions – around 12 pages.

An alternative route to look up and search for products and to find out which chapter they come under can be found through this [WTO link](#).

Abbreviations and symbols	ABBREV-2017E
General Rules for the interpretation of the Harmonized System.	0001-2017E GIR
SECTION I LIVE ANIMALS; ANIMAL PRODUCTS	
3. Fish and crustaceans, molluscs and other aquatic invertebrates	0103-2017E

Annex 2 – Definitions

Please note that this scheme has been developed by HIE to ensure compliance with the WTO Agreement on Subsidies and Countervailing Measures (ASCM) and UK subsidy control obligations when providing subsidies. Although this scheme has adopted some of the terminology used in our former Fisheries and Aquaculture Scheme which was created in accordance with the requirements of Regulation (EU) No 1388/2014 (the fisheries and aquaculture Block Exemption for 2014-2020) and our General Block Exemption Scheme which was created in accordance with the requirements of the GBER (EU) 651/2014 and the Amending Regulation 2017/1084 (“GBER”), please note that the FBER and GBER do not apply to this scheme, nor to any subsidy granted under this scheme. For the avoidance of any doubt, the definitions contained within Article 2 of the FBER and GBER do not apply to this scheme.

Within this scheme guidance we may refer to “beneficiaries”, “undertakings” or “economic actors” when referring to clients receiving subsidy. In using any of these we align with the definition in the UK-EU Trade and Cooperation Agreement (TCA) for “economic actor”.

1. **“economic actor”** means an entity or a group of entities constituting a single economic entity, regardless of its legal status, that is engaged in an economic activity by offering goods or services on a market. If a group of companies, partnership or joint venture concerned in the economic activity are acting together and share the risks and rewards they form part of the single economic entity. However, if they are operating through a supply agreement or service contract which has been competitively tendered the supplier is not considered part of the single economic entity
2. **‘small and medium-sized enterprises’** or **‘SMEs’** means undertakings fulfilling the criteria laid down in the Companies Act 2006
3. **‘large enterprises’** means undertakings not fulfilling the criteria for an SME according to the Companies Act 2006
4. **“subsidy”** means public sector assistance (financial and non-financial) as defined in the UK Government’s “technical guidance on the UK’s international subsidy control commitments from 1 January 2021” (<https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities>), until enactment of the UK Subsidy Control Bill, expected in 2022.
5. **‘individual subsidy’** means awards of subsidy to individual beneficiaries on the basis of a registered subsidy scheme
6. **‘subsidy scheme’** means a scheme registered on the UK Government [publicly available website](#) (or with DEFRA) to support the transparency reporting of subsidies made by UK public authorities
7. **‘date of granting of the subsidy’** means the date when the legal right to receive the subsidy is conferred on the beneficiary under the applicable national legal regime
8. **‘repayable advance’** means a loan for a project which is paid in one or more instalments and the conditions for the reimbursement of which depend on the outcome of the project
9. **‘gross grant equivalent’** means the amount of the subsidy if it had been provided in the form of a grant to the beneficiary, before any deduction of tax or other charge
10. **‘undertaking in difficulty’** means an undertaking (see “economic actor” definition above) in respect of which at least one of the following circumstances occurs:
 - (a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid or subsidy, an SME within 7 years from its first commercial sale that qualifies for risk finance investments

following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' is a public company limited by shares or guarantee or private companies limited by shares or guarantee

- (b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid or subsidy, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to partnerships, limited partnerships, unlimited companies¹
 - (c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors
 - (d) Where the undertaking has received rescue aid or subsidy and has not yet reimbursed the loan or terminated the guarantee or has received restructuring aid or subsidy and is still subject to a restructuring plan
 - (e) In the case of large firms (undertakings that are not SMEs), where, for the past two years:
 - i. the undertaking's book debt to equity ratio has been greater than 7,5 and
 - ii. the undertaking's EBITDA value is less than the cost of interest
11. **fishery and aquaculture products'** means the products defined in Chapter 3 of the World Customs Organisation HS codes 2017:
http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/instruments-and-tools/hs-nomenclature-2017/2017/0103_2017e.pdf?la=en
12. **'small-scale coastal fishing'** means fishing carried out by fishing vessels of an overall length of less than 12 metres and not using towed fishing gear
13. **'vessels operating exclusively in inland waters'** means vessels engaged in commercial fishing in inland waters and not included in the fishing fleet register
14. **'quasi-equity investment'** means a type of financing that ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity and whose return for the holder is predominantly based on the profits or losses of the underlying target undertaking and which are unsecured in the event of default. Quasi-equity investments can be structured as debt, unsecured and subordinated, including mezzanine debt, and in some cases convertible into equity, or as preferred equity
15. **'guarantee'** in the context of this scheme means a written commitment to assume responsibility for all or part of a third party's newly originated loan transactions such as debt or lease instruments, as well as quasi-equity instruments
16. **'equity investment'** means the provision of capital to an undertaking, invested directly or indirectly in return for the ownership of a corresponding share of that undertaking
17. **'first commercial sale'** means the first sale by a company on a product or service market, excluding limited sales to test the market

¹ As defined in Annex 2 of the EU Directive 2013/34

18. **'loan'** means an agreement which obliges the lender to make available to the borrower an agreed amount of money for an agreed period of time and under which the borrower is obliged to repay the amount within the agreed period. It may take the form of a loan, or another funding instrument, including a lease, which provides the lender with a predominant component of minimum yield. The refinancing of existing loans shall not be an eligible loan
19. **'tangible assets'** means assets consisting of land, buildings and plant, machinery and equipment
20. **'intangible assets'** means assets that do not have a physical or financial embodiment such as patents, licences, know-how or other intellectual property
21. **'wage cost'** means the total amount actually payable by the beneficiary of the subsidy in respect of the employment concerned, comprising over a defined period of time the gross wage before tax and compulsory contributions such as social security, childcare and parent care costs
22. **'net increase in the number of employees'** means a net increase in the number of employees in the establishment concerned compared with the average over a given period in time, and that any posts lost during that period must therefore be deducted and that the number of persons employed full-time, part-time and seasonal has to be considered with their full-time equivalent fractions
23. **'innovative enterprise'** means an enterprise:
 - (a) that can demonstrate, by means of an evaluation carried out by an external expert that it will in the foreseeable future develop products, services or processes which are new or substantially improved compared to the state of the art in its industry, and which carry a risk of technological or industrial failure, or
 - (b) the research and development costs of which represent at least 10 % of its total operating costs in at least one of the three years preceding the granting of the subsidy or, in the case of a start-up enterprise without any financial history, in the audit of its current fiscal period, as certified by an external auditor
24. **'worker with disabilities'** means any person who:
 - (a) is recognised as worker with disabilities under national law; or
 - (b) has long-term physical, mental, intellectual or sensory impairment(s) which, in interaction with various barriers, may hinder their full and effective participation in a work environment on an equal basis with other workers
25. **'disadvantaged worker'** means any person who:
 - (a) has not been in regular paid employment for the previous 6 months; or
 - (b) is between 15 and 24 years of age; or
 - (c) has not attained an upper secondary educational or vocational qualification (International Standard Classification of Education 3) or is within two years after completing full-time education and who has not previously obtained his or her first regular paid employment; or
 - (d) is over the age of 50 years; or
 - (e) lives as a single adult with one or more dependents; or
 - (f) works in a sector or profession in a Member State where the gender imbalance is at least 25 % higher than the average gender imbalance across all economic sectors in that Member State, and belongs to that underrepresented gender group; or
 - (g) is a member of an ethnic minority within a Member State and who requires development of his or her linguistic, vocational training or work experience profile to enhance prospects of gaining access to stable employment
26. **'severely disadvantaged worker'** means any person who:
 - (a) has not been in regular paid employment for at least 24 months; or
 - (b) has not been in regular paid employment for at least 12 months and belongs to one of the categories (b) to (g) mentioned under the definition of 'disadvantaged worker'.

27. **'sheltered employment'** means employment in an undertaking where at least 30 % of workers are workers with disabilities.

Definitions applying to research, development and innovation

28. **'research and knowledge-dissemination organisation'** means an entity (such as universities or research institutes, technology transfer agencies, innovation intermediaries, research-oriented physical or virtual collaborative entities), irrespective of its legal status (organised under public or private law) or way of financing, whose primary goal is to independently conduct fundamental research, industrial research or experimental development or to widely disseminate the results of such activities by way of teaching, publication or knowledge transfer. Where such entity also pursues economic activities the financing, the costs and the revenues of those economic activities must be accounted for separately. Undertakings that can exert a decisive influence upon such an entity, in the quality of, for example, shareholders or members, may not enjoy preferential access to the results generated by it
29. **'fundamental research'** means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct commercial application or use in view
30. **'industrial research'** means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation
31. **'experimental development'** means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services; Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product, and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements
32. **'feasibility study'** means the evaluation and analysis of the potential of a project, which aims at supporting the process of decision-making by objectively and rationally uncovering its strengths and weaknesses, opportunities and threats, as well as identifying the resources required to carry it through and ultimately its prospects for success
33. **'personnel costs'** means the costs of researchers, technicians and other supporting staff to the extent employed on the relevant project or activity
34. **'arm's length'** means that the conditions of the transaction between the contracting parties do not differ from those which would be stipulated between independent enterprises and contain no element of collusion. Any transaction that results from an open, transparent and non-discriminatory procedure is considered as meeting the arm's length principle

35. **'effective collaboration'** means collaboration between at least two independent parties to exchange knowledge or technology, or to achieve a common objective based on the division of labour where the parties jointly define the scope of the collaborative project, contribute to its implementation and share its risks, as well as its results. One or several parties may bear the full costs of the project and thus relieve other parties of its financial risks. Contract research and provision of research services are not considered forms of collaboration
36. **'research infrastructure'** means facilities, resources and related services that are used by the scientific community to conduct research in their respective fields and covers scientific equipment or sets of instruments, knowledge-based resources such as collections, archives or structured scientific information, enabling information and communication technology-based infrastructures such as grid, computing, software and communication, or any other entity of a unique nature essential to conduct research. Such infrastructures may be 'single-sited' or 'distributed'
37. **'innovation clusters'** means structures or organised groups of independent parties (such as innovative start-ups, small, medium and large enterprises, as well as research and knowledge dissemination organisations, non-for-profit organisations and other related economic actors) designed to stimulate innovative activity through promotion, sharing of facilities and exchange of knowledge and expertise and by contributing effectively to knowledge transfer, networking, information dissemination and collaboration among the undertakings and other organisations in the cluster
38. **'highly qualified personnel'** means staff having a tertiary education degree and at least 5 years of relevant professional experience which may also include doctoral training
39. **'innovation advisory services'** means consultancy, assistance and training in the fields of knowledge transfer, acquisition, protection and exploitation of intangible assets, use of standards and regulations embedding them
40. **'innovation support services'** means the provision of office space, data banks, libraries, market research, laboratories, quality labelling, testing and certification for the purpose of developing more effective products, processes or services
41. **'organisational innovation'** means the implementation of a new organisational method in an undertaking's business practices, workplace organisation or external relations, excluding changes that are based on organisational methods already in use in the undertaking, changes in management strategy, mergers and acquisitions, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products
42. **'process innovation'** means the implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment or software), excluding minor changes or improvements, increases in production or service capabilities through the addition of manufacturing or logistical systems which are very similar to those already in use, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products;
43. **'secondment'** means temporary employment of staff by a beneficiary with the right for the staff to return to the previous employer

1. Change Log

Section/measure	Change	Page No
Amendments made in date (Version)		