



Welsh Government – European Maritime and Fisheries Fund 2014-2020

Support for Marketing and Processing

Guidance Notes

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INTRODUCTION

1. These Guidance Notes explain the European Maritime and Fisheries Fund (EMFF) Support for Marketing and Processing - and the kind of projects and investments that may qualify for grant aid. Please read them carefully. If you then consider your investment plans or project may qualify for grant and you want to apply for support, please read the “How to Apply Section” of this Guidance Note and the accompanying ‘How to Apply’ Guidance.
2. Grant aid is available under the EMFF programme 2014-2020. The programme shall contribute to the achievement of the following objectives:
 - promoting competitive, environmentally sustainable, economically viable and socially responsible fisheries
 - fostering the implementation of the Common Fisheries Policy (CFP)
 - promoting a balanced and inclusive territorial development of fisheries areas
 - fostering the development and implementation of the Union’s Integrated Maritime Policy (IMP) in a manner complementary to cohesion policy and to the CFP.
3. The pursuit of those objectives shall not result in an increase in fishing capacity of a vessel nor increase the ability of a vessel to find fish.
4. This guidance should be used for projects and investments relating to:
 - marketing of fishery and aquaculture products
 - processing of fishery and aquaculture products.
5. EMFF is important to the fishing industry and coastal communities as it will help businesses adapt to the reformed CFP and support the long term sustainability of the sector and economic growth of the area.
6. The focus for Wales is to develop a vibrant, competitive and sustainable fishing sector, facilitating CFP implementation, exploiting the potential of aquaculture and encouraging partnerships between fishermen and scientific institutions.
7. It is the responsibility of the applicant to ensure that proposed projects or investments are technically viable, comply with all relevant health and safety legislation and any other project specific safety requirements.
8. It is the responsibility of the applicant to ensure that any equipment purchased with EMFF funding meets all necessary legal requirements. If equipment purchased subsequently becomes obsolete or illegal then this is at the applicant’s own risk; there can be no refunds or claims against the scheme.

9. Where applicable, applicants must also demonstrate that a viable market has been identified for their product(s) and that the project would not proceed without the grant.
10. The Programme is discretionary and the amount of grant offered would relate to individual circumstances and would always be the **minimum amount necessary** to allow the project to go ahead.
11. This is only an outline to the Programme and the way it is operated, the detailed rules for eligibility criteria may be subject to change.

SPECIFIC MEASURES

12. This Guidance Note covers the following EMFF Measures:

- Measure IV.3: Article 68 – Marketing measures
- Measure IV.4: Article 69 – Processing of fishery and aquaculture products

STRATEGIC AND THEMATIC OBJECTIVES

13. The EMFF aims to support sustainable development in the fishing and aquaculture sectors and conservation of the marine environment, alongside supporting growth and jobs in coastal communities, through:

- Promoting sustainable, resource efficient, innovative, competitive and knowledge based fisheries:
Focus on innovation and added value, promoting environmentally sustainable, resource efficient, competitive fisheries which are more selective, produce less discards and do less damage to marine ecosystems
- Fostering sustainable, resource efficient, innovative, and competitive and knowledge based aquaculture:
For an aquaculture sector that is environmentally sustainable, resource efficient and competitive; to help such businesses to become economically viable and competitive
- Fostering the implementation of the Common Fisheries Policy (CFP): To support the implementation of the CFP through the collection and management of data to improve scientific knowledge. This also supports the monitoring, control and enforcement of fisheries legislation
- Increasing employment and territorial cohesion:
To increase employment and promote economic growth and social inclusion in communities dependent on fishing through community-led local development (CLLD)
- Fostering marketing and processing:

- To improve marketing and processing for fishery and aquaculture products
- Fostering the implementation of the Integrated Maritime Policy: To support a more coherent approach to maritime issues.

14. The main priorities for the EMFF in Wales include:

- facilitating CFP implementation, including the landing obligation
- exploiting the potential of aquaculture
- improving the safety of the fishing industry
- encouraging partnerships between fishermen and scientific institutions
- community-led local development
- increasing added-value of Welsh fish
- encouraging the use of Information Technology within the industry.

15. All projects supported through the European Structural and Investment (ESI) Funds including EMFF must make a contribution towards the achievement of one or more strategic policy objectives or thematic objectives. These may include programme level horizontal principles (Cross Cutting Themes). Projects may contribute to several such objectives and progress in achieving those must be reported on when each grant claim is submitted.

16. Article 65 of Regulation (EU) No 508/2014 explains that Marketing and Processing related measures under EMFF shall contribute to the achievement of the specific objectives under the Union Priority set out in Article 6(5) of the same Regulation.

17. Article 6(5)(a) is relevant to Article 68 as it stipulates “Fostering marketing and processing by pursuing the following specific objective – the improvement of market organisation for fishery and aquaculture products.”

18. Article 6(5)(b) is relevant to Article 69 as it stipulates “Fostering marketing and processing by pursuing the following specific objective – the encouragement of investment in the processing and marketing sectors.”

19. In addition projects must address one or more of the Cross Cutting Themes (CCTs) included in the Operational Programme where it is appropriate to do so within the context of the activities expected to be delivered and the expected outputs or results. The CCTs are:

- Promotion of equality between men and women and non-discrimination
- Sustainable development.

WHO CAN APPLY

20. The following are eligible to apply for EMFF support, **unless stated otherwise in paragraphs 21-22**:

- public law bodies
- fishermen and / or owners of fishing vessels that are on the European Union (EU) fishing fleet register and which are administered by the Welsh Government from a port in Wales¹
- producer organisations, inter-branch organisations or public or semi-public organisations
- aquaculture businesses or organisations
- organisations of fishers
- organisations involved in the production, processing, marketing, distribution or commercial retail of fisheries and aquaculture products
- non-governmental organisations
- associations, including new aquaculture farmers
- micro, small and medium and large enterprises² (unless Measure-specific eligibility restrictions apply in relation to large enterprises – please see paragraphs 21-22)
- public-private partnerships.

Measure IV.3: Article 68 – Marketing measures

21. The organisations and entities listed in paragraph 20 are eligible to apply for support.

Measure IV.4: Article 69 – Processing of fishery and aquaculture products

22. In derogation from the provisions of paragraph 20, enterprises which are not SMEs are **not** eligible to apply for support from Measure IV.4: Article 69 – Processing of fishery and aquaculture products.

Definition of an SME

23. A SME is an undertaking that employs less than 250 employees (based on fulltime equivalents) and has an annual turnover not exceeding 50 million euros and/or an annual balance sheet total not exceeding 43 million euros. Part-time staff and seasonal workers should be treated as a fraction of a full time equivalent.

- SMEs consist of 3 sub-categories of enterprises: micro, small and medium
- micro enterprises employ less than 10 employees, small enterprises less than 50 employees, medium enterprises less than 250 employees

¹ Vessels owned and operated outside of Wales should apply to their own country.

² An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form.

- the size of the enterprise also refers to the annual turnover and annual balance sheet total in certain situations.

For a full definition please refer to the European Commission user guide and model declaration, 'The new SME definition'².

All Measures

24. Applications will not be accepted from organisations, businesses or individuals who have been convicted of fraud under either the European Fisheries Fund (EFF) or the EMFF.
25. Applications will not be accepted from organisations, businesses or individuals who have been convicted of an offence that the Welsh Government or European Union (EU) consider to be a 'serious infringement' or fraud, in the 12 months before applying. Please see separate Guidance Notes on Serious Infringements and Fraud.

ELIGIBLE ACTIVITIES

All Measures

26. Please refer to the Introduction to this Guidance Note for key principles and eligibility requirements that apply to all Measures.

Measure IV.3: Article 68 – Marketing measures

27. Activities will support improved marketing expertise focused on market research to identify opportunities for new products and enhancement of product presentation and packaging. Promotional activities will support awareness of local wild seafood and quality labels, including the direct marketing of small scale coastal fisheries or local aquaculture products. It will also support the creation of producer organisations within the aquaculture and inshore sectors to help resolve their fragmented nature.
28. Eligible activities are marketing projects for fishery and aquaculture products that:
- create producer organisations, associations of producer organisations or inter-branch organisations to be recognised in accordance with Section II of

² European Union, (2015), User guide to the SME definition, European Union, Belgium, (which is derived from): Commission Recommendation (EU) of 6th May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ 124, 20.5.2003, Annex 1, p. 4-6)

Chapter II of Regulation (EU) No 1379/2013 on the Common Organisation of the Markets in Fishery and Aquaculture Products³

- find new markets and improve the conditions for the placing on the market of fishery and aquaculture products, including:
 - species with marketing potential
 - unwanted catches landed from commercial stocks in accordance with technical measures, Article 15 of the CFP (Regulation (EU) No 1380/2013)⁴ and Article 8(2)(b) of Regulation (EU) No 1379/2013 on the Common Organisation of the Markets in Fishery and Aquaculture Products
 - fishery and aquaculture products obtained using methods with low impact on the environment, or organic aquaculture products within the meaning of Regulation (EC) No 834/2007 on Organic Production and Labelling of Organic Products⁵
- promote the quality and the value added by facilitating:
 - the application for registration of a given product and the adaptation of concerned operators to the relevant compliance and certification requirements in accordance with Regulation (EU) No 1151/2012 of the European Parliament and of the Council on Quality Schemes for Agricultural Products and Foodstuffs⁶
 - the certification and the promotion of sustainable fishery and aquaculture products, including products from small-scale coastal fishing, and of environmentally-friendly processing methods
 - the direct marketing of fishery products by small-scale coastal fishermen or by on-foot fishermen
 - the presentation and packaging of products
- contribute to the transparency of production and the markets; and conduct market surveys and studies on the Union's dependence on imports
- contribute to the traceability of fishery or aquaculture products and, where relevant, the development of a Union-wide ecolabel for fishery and aquaculture products as referred to in Regulation (EU) No 1379/2013 on the Common Organisation of the Markets in Fishery and Aquaculture Products
- draw up standard contracts for SMEs, which are compatible with Union law
- conduct regional, national or transnational communication and promotional campaigns, to raise public awareness of sustainable fishery and aquaculture products - these projects shall not be aimed at commercial brands.

³ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32013R1379>

⁴ http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2013.354.01.0022.01.ENG&toc=OJ:L:2013:354:TOC

⁵ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32007R0834>

⁶ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012R1151>

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

Measure IV.4: Article 69 – Processing of fishery and aquaculture products

30. Activities will support increased efficiency, technical innovations and utilisation of catch. The majority of funding will be dedicated to projects that reduce energy consumption and for technical innovation in environmental footprint reduction, which will benefit the efficiency of the business and its environmental impact. Funding will also be provided for projects that support improved approaches, products and systems, which will enhance the reputation and competitiveness of the industry. Technical innovations in processing technology would also meet the need for creating opportunities to utilise unwanted catches (by-catch and unfamiliar species) that will be landed under the landing obligation, so they can be placed on the appropriate market.

31. Projects under Measure IV.4: Article 69 will also support improvements to products, processes and management in processing, supporting the UK's strategy to create better conditions for growth in the industry.

32. Eligible activities are 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 pursuant to Articles 6 and 7 of Regulation (EC) No 834/2007 on Organic Production and Labelling Organic Products⁷
- lead to new or improved products, new or improved processes, or new or improved management and organisation systems.

33. While the main input to the processing activities must be fisheries and/or aquaculture products; in certain cases, added value can be created for fisheries or aquaculture products by adding some non-fisheries or aquaculture inputs (for example, if the output of the processing is to be fish pies or crab cakes). Therefore, the inputs to the processing activities must be at least 50% fisheries and/or aquaculture products.

⁷ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32007R0834>

INELIGIBLE ACTIVITIES

All Measures

34. There are a number of investments that are not eligible for EMFF support:

- investments to increase the fishing effort, the capacity of a vessel or increase the ability of a vessel to find fish
- investments to increase the capacity of fish holds
- investments to build fishing vessels or import them
- investments to stop fishing activities temporarily or permanently (unless otherwise provided for in the EMFF regulations)
- investments to carry out exploratory fishing
- investments to transfer ownership of a business
- investments to support direct restocking unless explicitly provided for as a conservation measure by a European Union legal act or in the case of experimental restocking
- the purchase or construction of inland fishing vessels
- the construction of Lobster Hatcheries
- the farming of genetically modified organisms
- items and services that are statutory or mandatory requirements of law and byelaws
- scheduled or preventive maintenance costs of any piece of equipment which keeps a device in working order
- activities related to recreational sea or freshwater angling
- pulse trawling
- projects which breach National or EU legislative requirements
- standard industry obligations such as statutory management requirements
- any discrete or standalone activities or items for which a beneficiary already has or intends to receive EU funding other than EMFF.

Measure IV.3: Article 68 – Marketing measures

35. In addition to the provisions in paragraph 34 above, the funding of the following activities is ineligible:

- projects and activities related to retail, defined as the purchase of goods for re-sale or the delivery of an added-value service at the point of delivery such as restaurants, cafes and fast food outlets, including mobile outlets
- projects involving the marketing or promotion of non-fisheries or aquaculture products
- projects to conduct regional, national or transnational communication and promotional campaigns which are aimed at commercial brands (projects aimed at non-commercial brands are eligible).

Measure IV.4: Article 69 – Processing of fishery and aquaculture products

36. In addition to the provisions in paragraph 34 above, the funding of the following activities is ineligible:

- projects involving processing where less than 50% of the inputs are fisheries and/or aquaculture products
- investments at the retail level – defined as the purchase of goods for re-sale to the end consumer or the delivery of an added-value service at the point of delivery such as restaurants, cafes and fast food outlets, including mobile outlets
- investments to replace items previously purchased with EU or Welsh Government grant assistance (within the same business)
- investments in warehousing, storage, transport and/or distribution logistics
- projects involving contract processing (whether or not of eligible fisheries or aquaculture products) where the value being added is not realised by the applicant and/or the applicant does not own the product being processed
- products for which no realistic normal market can be demonstrated
- warehousing and/or freezer and cold stores for finished products as a separate investment that does not include processing activities
- upgrades to premises and/or equipment to meet requirements arising from statutory enforcement action.

ELIGIBLE COSTS

Measure IV.3: Article 68 – Marketing measures

37. Support under Measure IV.3: Article 68 can include:

- consultant's fees, other technical and professional fees; fees incurred for statutory permissions, licences and consents
- costs of marketing and promotional activities, including hire of venues, attendance at trade fairs, design of promotional materials and setting up of websites
- direct costs of specific market surveys or research projects linked to a detailed plan
- consumables (items which are normally written off within a year) which are necessary for and directly related to the delivery of the project
- running costs of a project, such as key staff costs.

38. Subject to the provisions in paragraph 39, support may, where this can be demonstrated to be directly necessary for and directly related to the delivery of the project, cover:

- small tangible assets, such as the purchase and installation of small items of machinery and equipment which cost less than the agreed capitalisation threshold and which therefore do not constitute capital expenditure, up to the market value of the asset (see paragraphs 39 and 40 below)
- intangible assets such as the acquisition or development of computer software, patent rights, licences, copyrights, trademarks and technical and consultancy fees.

Capital expenditure is not eligible.

39. Capital expenditure is normally defined in accordance with a beneficiary's capitalisation threshold. This is usually defined as being any single item with a value of more than £5,000 (and/or a useful life of more than one year). However, those beneficiaries with an organisational capitalisation threshold in excess of £5,000 may, subject to presenting an appropriately evidenced case, qualify for a capitalisation threshold in excess of £5,000 and up to their organisational capitalisation threshold. Beneficiaries who are in this position are advised to contact the Welsh Government to discuss the appropriate capitalisation threshold to be applied to their project.

40. Small items of second hand equipment which comply with the provisions of paragraphs 38 and 39 above are eligible (for SMEs only) where the applicant can demonstrate the following:

- it complies with current health and safety legislation
- is fit for purpose
- has at least five years life expectancy remaining.

Measure IV.4: Article 69 – Processing of fishery and aquaculture products

41. Support under Measure IV.4: Article 69 can cover tangible assets such as land, buildings, machinery and equipment and intangible assets such as computer software, patent rights and licences and technical and consultancy fees:

- the construction, acquisition, or improvement of immovable property, with land only being eligible to an extent not exceeding 10% of the total eligible costs of the investment project
- the purchase and installation of machinery and equipment up to the market value of the asset
- general costs linked to expenditure referred to in the above two bullet points, such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability to an extent not exceeding 12% of the total eligible costs of the investment project
- acquisition or development of computer software and acquisitions of patents, licenses, copyrights, trademarks.

42. Consultant's and architect's fees, other technical design costs, site surveys and professional fees; planning application fees and costs; fees incurred for statutory permissions, licences and consents are also eligible, even if they have been completed and paid for prior to approval, provided they are essential for the delivery of the project.
43. Costs related to the purchase and/or refurbishment and/or adaptation of any building must be appropriate to the scale, nature and intention of the project. Grant must be primarily focused on the processing of fisheries or aquaculture products and so cannot be used for the purpose of the acquisition of capital assets that are not essential for the delivery of the proposed activity.
44. Second hand equipment is eligible (for SMEs only) where the applicant can demonstrate the following:
- it complies with current health and safety legislation
 - is fit for purpose
 - has at least five years life expectancy remaining.
45. The purchase or leasing of vehicles for internal transportation and handling is only eligible if the vehicle in question has a direct contribution to the project and is not used by the beneficiary for any other purpose.

INELIGIBLE COSTS

46. The following items are examples of other types of expenditure which are **not eligible** for EMFF grant aid. This is not a definitive list and all items of expenditure will be considered on a case by case basis. Please also refer to the Measurespecific list of ineligible costs below at paragraphs 49-50, which apply in addition to the following list:
- any costs that you could recover in part or in total by making a claim on an insurance policy or by seeking compensation or damages
 - purchase of buildings which have previously been used for the same purpose
 - any physical works on site carried out before the authorised start of work date or other expenditure incurred before the project start date without prior written approval from the grantor (**any such work carried out renders the whole award liable to cancellation**)
 - temporary works not **directly** related to the execution of the project
 - the **purchase** of cars, vans, motorcycles, bicycles and any other form of personal transport (for whatever purpose)

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- the **purchase** of vehicles for external transportation (such as lorries, buses, vans, minibuses or any other kind of vehicle used to transport goods or people) (forklift trucks, or similar, used for internal transportation and handling are eligible for EMFF grant aid if they comply with the specific eligibility requirements of the Measure)
- purchase of trading stock
- working capital
- reclaimable VAT
- preventative or scheduled maintenance costs for vessels and equipment and for existing buildings, plant or equipment, including vehicle maintenance costs
- operating costs
- costs associated with the completion of EMFF application forms, including the payment of consultants to provide support in the completion of the application forms
- own labour and equipment costs
- like for like replacement of existing machinery and equipment
- recreational equipment (though televisions, projectors etc. for educational or business purposes may be eligible)
- landscaping, ornamental work, and provision of leisure amenities
- general office equipment and furniture except desks, chairs, telephone equipment, computer and other IT equipment, software and teleprinters, laboratory and lecture-room equipment essential for the delivery of the project
- training for directors and key staff
- expenses of outside directors
- costs connected with a leasing contract such as the lessors margin, interest financing cost, overheads and insurance charges
- costs of arranging overdraft facilities, loans or other financial support instruments including any associated fees or other charges
- overheads allocated or apportioned at rates materially in excess of those used for any similar work carried out by the applicant
- notional expenditure
- payments for activity of a religious and/or political nature
- depreciation, amortisation and impairment of assets purchased with the help of a European grant
- contingent liabilities
- contingencies/provisions
- profit made by the applicant
- dividends
- interest charges (unless under an approved State Aid scheme)
- service charges arising on finance leases, hire purchase and credit arrangements

- costs resulting from the deferral of payments to creditors
- costs involved in winding up a company
- payments for unfair dismissal
- payments into private pension schemes
- payments for unfunded pensions
- compensation for loss of office
- compensation paid to third parties for expropriation, unharvested crops, etc.
- compensation for additional costs incurred and/or income foregone
- bad debts arising from loans to employees, proprietors, partners directors, guarantors, shareholders or a person connected with any of these
- payments for gifts and donations
- personal entertainments (including alcohol)
- costs associated with requirements arising from statutory enforcement action
- statutory fines and penalties
- statutory taxes (excluding irrecoverable VAT)
- criminal fines and damages
- legal expenses in respect of litigation.

47. Grant cannot be used for the purpose of the acquisition of capital assets that are not essential for the delivery of the proposed activity.

48. Costs related to the purchase of equipment (either new and / or second hand) are only eligible for grant aid if they comply with the specific eligibility requirements of the Measure and when the cost has been correctly defrayed by the claimant. Therefore the full costs of any equipment secured under a hire purchase or lease hire agreement or any other form of financial arrangement is not eligible for grant aid. In certain circumstances the capital element monthly payments may be eligible for a limited period but separate rules will apply.

Measure IV.3: Article 68 – Marketing measures

49. In addition to the provisions in paragraphs 46-48 above, the following costs are specifically ineligible under Measure IV.3: Article 68:

- the construction, acquisition or improvement of immovable property
- the purchase and/or chartering or leasing of vehicles
- capital expenditure (capital expenditure is normally defined in accordance with a beneficiary's capitalisation threshold. This is usually defined as being any single item with a value of more than £5,000 (and/or a useful life of more than one year). However, those beneficiaries with an organisational capitalisation threshold in excess of £5,000 may, subject to presenting an appropriately evidenced case, qualify for a capitalisation threshold in excess of £5,000 and up to their organisational capitalisation threshold.

Beneficiaries who are in this position are advised to contact the Welsh Government to discuss the appropriate capitalisation threshold to be applied to their project).

Measure IV.4: Article 69 – Processing of fishery and aquaculture products

50. In addition to the provisions in paragraphs 46-48 above, the following costs are specifically ineligible under Measure IV.4: Article 69:

- the purchase of land, including associated expenses, where the costs exceed 10% of your project's total expenditure
- revenue costs, such as rent, utilities, salaries for key staff; attendance at trade fairs
- the running costs of processing companies and facilities
- consumables (items which are normally written off within a year).

MAXIMUM GRANT RATE AND MAXIMUM GRANT THRESHOLD

51. The grant amount is made up from the total public sector contribution to the investment project which includes; monies from the EU; co-finance to the EU funds from Welsh Government; monies from other government departments and agencies, non-departmental public bodies and local authorities; monies from governmental controlled bodies such as the Small Business Service and the National Lottery; and, monies from parafiscal taxes (levies).

52. If other EU or UK public funds are obtained to support the costs of a project they will be discounted against the EMFF grant.

53. The minimum grant threshold per individual project is **£2,400**.

54. At this stage, no maximum grant threshold has been set. However, the Programme is discretionary and the amount of grant offered would relate to individual circumstances and would always be the **minimum amount necessary** to allow the project to go ahead.

Grant Rates

55. Grant rates are the maximum intensity of public aid for which a project can qualify. Therefore the beneficiary must secure the remainder of the funding from nonpublic funds. If other EU or UK public funds are obtained to support the costs of a project they will be discounted against the EMFF grant.

56. The maximum grant rate for a public law body is **100%**.

57. The maximum grant rates for beneficiaries who are not public law bodies are as follows:

- The grant rate for small scale coastal fishermen or for a project which is related to the small scale coastal fisheries fleet is **80%**.⁸
- The maximum grant rate for Producer Organisations, an association of Producer Organisations or an inter-branch organisation is **75%**.
- The maximum grant rate for organisations of fishers or other collective beneficiaries is **60%**.
- The maximum grant rate for SME private organisations who are not small scale coastal fishermen (for a project which is not related to the small scale coastal fisheries fleet) is **50%**.
- The maximum grant rate for large enterprises (non-SME private organisations) who are not small scale coastal fishermen (for a project which is not related to the small scale coastal fisheries fleet) is **30%**.

58. Please refer to the Who Can Apply section of this Guidance Note to confirm your eligibility to apply.

Derogations:

59. Article 95 of EU Regulation No 508/2014 (the EMFF Regulation) specifies:

Member States may apply an intensity of public aid between 50% and 100% of the total eligible expenditure where:

(a) the operation (project) is implemented under Chapter I, II or IV of Title V and fulfils all 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.

60. **The Welsh Government will appraise all applications for a higher level of public aid on a case-by-case basis. The final decision on the level of public aid for which a project may qualify is at the discretion of the Welsh Government.**

Collective Interest and Collective Beneficiary:

⁸ Small-Scale Coastal Fishing (SSCF) means fishing carried out by fishing vessels of an overall length of 11.99 metres or less and not using towed fishing gear as listed in Table 3 of Annex I to Commission Regulation (EC) No 26/2004.

61. A 'collective beneficiary' is an organisation recognised as representing the interest of its members, of a group of stakeholders, or of the public at large. The beneficiary of the project should be the collective organisation itself and not its members.
62. 'Collective interest' is defined as actions undertaken by this organisation which are in the collective interest of its members, of a group of stakeholders or of the general public. Such actions should thus encompass more than the sum of the individual interests of the members of this collective beneficiary.
63. If a project has no direct financial benefit to either the applicant delivering the project or the beneficiary of the project and has both collective interest and a collective beneficiary (or beneficiaries) then it can be considered Collective.
64. If a project has a direct financial benefit to either the applicant delivering the project or the beneficiary of the project then it is considered Non-Collective.
65. In addition, to be eligible for the higher rate of public aid, a project must have innovative features.
66. Innovation can be defined in a number of different ways. For example:
- a **product innovation** is the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics
 - a **process innovation** is the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and / or software
 - a **marketing innovation** is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing
 - an **organisational innovation** is the implementation of a new organisational method in the organisation or firm's business practices, workplace organisation or external relations.

Source: Oslo Manual: Guidelines for Collecting and Interpreting Innovation Data; Third edition (a joint publication of OECD and Eurostat):

<http://ec.europa.eu/eurostat/documents/3859598/5889925/OSLO-EN.PDF>

67. **This list is not prescriptive or exhaustive. It is the responsibility of the applicant to make a robust and convincing case to demonstrate that your proposed project incorporates genuinely innovative features.**
68. Innovative features can be activities that are innovative to the sector or industry but can also be innovative to a business or organisation, but must be present. If the project is being delivered at a local level, the innovative features must be present at that local level.
69. The applicant is also expected to demonstrate that:
- the innovative features are relevant to the aims and eligible activities within the specified Measure and
 - the innovative features are relevant to achieving the aims of the project.
70. Where the proposed innovation relates to an organisation or business, the applicant may also be expected to demonstrate that this activity also represents a degree of innovation within the relevant sector or industry.
71. The value for money represented by the project as a whole, including any proposed innovative features, will be considered as part of the wider appraisal of the project by the Welsh Government.
72. **The Welsh Government will appraise all applications for a higher level of public aid on a case-by-case basis. The final decision on the level of public aid for which a project may qualify is at the discretion of the Welsh Government.**

STATE AID

73. All projects must comply with all eligibility rules of the scheme and State Aid rules to be deemed eligible for funding.
74. Articles 107, 108 and 109 TFEU do not apply to grants provided under this scheme which are made pursuant to Regulation (EU) No 508/2014 of the European Parliament and of the Council on the European Maritime and Fisheries Fund, within the scope of Article 42 TFEU. However, projects must relate to the catching, production and / or processing of fisheries products. These are defined in:
- Annex I of the Treaty for the Functioning of the European Union (found in the Official Journal of the European Union under 2012/C 326/01) and
 - Annex I & II of the Common Market Organisation regulation EU 1379/2013.

75. If you feel that your project does not meet these criteria then you should contact the Welsh Government to discuss your project before making an application for funding.

SELECTING SUCCESSFUL PROJECTS

76. To be selected, a project is expected, as appropriate, to demonstrate:

Fit with the EMFF Operational Programme:

Specifically, a project is expected to demonstrate:

Strategic Fit:

How the proposed project will support the aims of the Union Priority, Specific Objective and Measure by outlining:

All Measures:

- how the proposed project will contribute to fostering marketing and processing.

Specific Objective 1: Improvement of market organisation for fishery and aquaculture products

Measure IV.3: Article 68 – Marketing measures

- how the proposed project will contribute towards Specific Objective 1 of the improvement of market organisation for fishery and aquaculture products
- how the proposed project will contribute towards the achievement of the aims and the eligible activities outlined within the Eligible Activities section of this Guidance Note.

Specific Objective 2: Encouragement of investment in the processing and marketing sectors

Measure IV.4: Article 69 – Processing of fishery and aquaculture products

- how the proposed project will contribute towards Specific Objective 2 of the encouragement of investment in the processing and marketing sectors

- how the proposed project will contribute towards the achievement of the aims and the eligible activities outlined within the Eligible Activities section of this Guidance Note.

Indicators & Outcomes:

- how the project will contribute to the EMFF Result Indicators relevant to the selected Measure as set out in the Result Indicators section of this Guidance Note.

Suitability of Intervention:

- explaining the wider benefits or outcomes which you believe that the project may deliver, in addition to the primary outcomes by which it contributes to the aims of the Union Priority, Specific Objective and Measure (as outlined in the Strategic Fit section above)
- explaining whether your project will contribute to the wider aims and objectives of the EMFF Programme, as set out in the Strategic and Thematic Objectives section of this Guidance Note.

Deliverability:

A project is expected to demonstrate:

Need for funding:

- that the project cannot proceed now without support
- that the costs are not excessive for the nature of the activity involved
- that there is a market failure or funding gap, where applicable.

Please see the 'How to Apply' Guidance Notes for further details.

Ability to deliver:

- viability of the business
- legal compliance
- financial viability of project and sustainability, including exit strategy
- relevant support and commitment of key stakeholders
- project management, monitoring and evaluation arrangements.

Please see the 'How to Apply' Guidance Notes for further details.

77. The greater the importance and contribution that the project or investment can make to the appropriate strategic and thematic objectives the more likely it is to be recommended for selection.

KEY REQUIREMENTS

78. That the project would not proceed in its current form at the current time without grant assistance.
79. That the amount of grant being asked for is the minimum gap funding necessary for the project to go ahead.
80. Applications must also demonstrate that the following have been addressed:
- outline planning permission has been obtained, where required
 - all other consents, licences and permissions have been granted, where required
 - for existing businesses the economic viability of the project and the business, through the provision of accounts for three consecutive years immediately preceding the date of the application and financial forecasts for the period of the project
 - new businesses will be required to supply full details about the background and experiences of the directors along with other evidence necessary to validate the business plan and project proposals
 - compliance with UK and EU Law on equal opportunities and projects should promote and encourage equal opportunities and combat social exclusion
 - compliance with minimum standards and legislative requirements regarding the environment, hygiene, animal welfare and health and safety standards
 - availability of the necessary technical skills and competences within the business.

INDICATORS AND REPORTING

Indicators:

81. The EMFF Operational Programme sets the output and result indicators against which projects will be expected to report.

Output Indicators:

82. The Output Indicator records the number of projects to which a grant has been awarded. They are:

Measure IV.3: Article 68 – Marketing measures

- Number of projects on marketing measures and storage aid

Measure IV.4: Article 69 – Processing of fishery and aquaculture products

- Number of projects on processing

Result Indicators:

83. The Result Indicators are designed to capture the benefits or effects which result from each project supported. The EMFF Operational Programme identifies a range of Result Indicators, which may be applicable to projects under each Measure covered by this Guidance Note.
84. Please refer to the 'Evidencing Results Indicators' section below for further information on the information to be provided to measure achievement against each selected Result Indicator.
85. Further guidance is awaited from the European Commission on the exact Result Indicators which will be applied to each Measure and the specific definitions and evidencing requirements for these indicators. Please note that this may result in amendments to the specific Results Indicators against which projects are expected to report achievement. The Welsh Government will issue further guidance once this information becomes available.

Measure IV.3: Article 68 – Marketing measures and Measure IV.4: Article 69 – Processing of fishery and aquaculture products

- Change in value of first sales in POs (thousand Euros)
- Change in volume of first sales in POs (tonnes)
- Change in value of first sales in non-POs (thousand Euros)
- Change in volume of first sales in non-POs (tonnes).

Evidencing Results Indicators

86. The following information is based on the current draft guidance from the European Commission on the information to be provided by beneficiaries in order to measure and evidence achievement against their selected Result Indicators. This information may be subject to change when updated guidance is issued by the European Commission. The Welsh Government will issue further guidance once this information becomes available.

- Annual total value of first sales in the year before the project
- Annual total value of first sales in the year after the project
- Annual total volume of first sales in the year before the project
- Annual total volume of first sales in the year after the project
- Annual total value of processed products in the year before the project

- Annual total value of processed products in the year after the project
- Annual total volume of processed products in the year before the project
- Annual total volume of processed products in the year after the project.

Implementation Data:

87. In line with the requirements of Commission Implementing Regulation 1243/2014, projects will also be required to report the following information:

Measure IV.3: Article 68 – Marketing measures:

88. Type of project:

- create Producers' Organisations, association or inter-branch organisations
- find new markets and improve marketing conditions
- promoting quality and value-added
- transparency of production
- traceability and eco-labels
- standard contracts
- communication and promotional campaigns.

89. For projects aiming at finding new markets and improving marketing conditions:

- species with marketing potential
- unwanted catches
- products with low impact or organic products.

90. For projects aiming at promoting quality and value-added:

- quality schemes
- certification and promotion sustainable products direct marketing
- packaging.

91. Number of firms benefiting from the project.

92. Number of Producers' Organisations members benefiting from the project.

Measure IV.4: Article 69 – Processing of fishery and aquaculture products:

93. Type of investment:

- energy saving or reducing impact on the environment
- improve safety, hygiene, health, working conditions
- processing catches not for human consumption

- processing by-products
- processing of organic aquaculture products
- new or improved products, processes or management system.

94. Number of firms supported.

95. Number of employees benefiting from the project.

All Measures

96. This information should be provided at two points during the project lifetime:

- anticipated targets / achievement is to be provided as part of the application
- actual achievement is to be reported at the completion of the project.

CROSS CUTTING THEMES

97. The Regulations governing the European Programmes stipulate that all projects funded through the Common Strategic Framework must integrate the CCTs of Promotion of equality between men and women and non-discrimination and Sustainable development. These mandatory CCTs need to be integrated into the design and development of the European Structural and Investment Funds (ESIF) and the activity supported through the funds. This includes the EMFF.

98. The CCTs are intended to add value, raise awareness and understanding while ensuring maximum participation and mitigating adverse impacts. This should help projects move beyond compliance and develop systems which support best practice.

99. Further guidance is available at:

<http://gov.wales/funding/eu-funds/2014-2020/applying/cross-cuttingguidance/?lang=en>

HOW TO APPLY

100. Applications for support can be made by completing the application form and submitting it via WEFO Online (please see separate guidance).

101. Once you have submitted your full application, the Welsh Government will send you an acknowledgement and notification that you may proceed at risk on your project. You will receive this notification within 15 working days of submitting your full application.

102. **You must not start work on your project until you have received this notification.**
103. Subject to the requirements of the Welsh Government's Code of Practice on Public Access to Information, the Freedom of Information Act 2000 and the Environmental Information Regulations 2004: **all information given to the Welsh Government will be treated in strict confidence. You should be aware that if successful, the Welsh Government, the UK Government and the EC reserve the right to publish the name of your company, the amount of grant you were awarded and a summary of your project.**
104. You may use a consultant to prepare your application if you wish **but the application form must be signed by you and not by the consultant. It is your responsibility to ensure that the application is correctly completed and that the information provided in support of your project is accurate.**
105. When you submit your application form, the Welsh Government will acknowledge its receipt. If your project is ineligible, you will be told this as soon as possible. If your application is eligible, it will be subject to a technical and financial appraisal. When the appraisal is complete, support for your application will then be evaluated against the extent to which it meets national and regional objectives and priorities, as described above.
106. There are three possible outcomes:
- (a) Your project is not eligible for the grant. You will be told as soon as possible.
 - (b) Your project is eligible for consideration but is not approved for an award. You will be informed of the reasons why your application was not successful. You may apply again with the same project (amending the application if you wish) **but only if you have not started work.**
 - (c) Your project is eligible and is approved for an award. An approval letter will be issued to you setting out the terms and conditions of the award which you will be asked to sign as agreement that you accept the terms and conditions therein. The letter will also provide you with the authority to start work.

CONDITIONS OF GRANT

107. The EMFF Fund is subject to a range of relevant legislation. Both the Welsh Government and the applicant and the end recipient of support must act in accordance with that legislation.
108. The offer of an EMFF Fund grant is made subject to terms and conditions, including but not limited to those set out below. **Failure to meet the terms and**

conditions of the award could result in the cancellation of your award and/or the recovery of sums already paid, or a reduction of the amount of grant payable.

Conditions:

1. Acceptance of the grant awarded must be made within fourteen (14) working days of the date on the approval letter.
2. The award is made on the basis of statements made by you or your representatives in the application form and subsequent correspondence.

The making of false or misleading statements is an offence.

3. You must not begin any work on the project without first obtaining written authority to do so from Welsh Government.
4. You must meet any legal obligations imposed under EU and UK law, including hygiene legislation.
5. No alterations may be made to the project, including the location of the activity, without the written approval of Welsh Government.
6. No equipment and / or buildings purchased with grant aid must be disposed of, transferred or sold without the prior written consent of Welsh Government during the project delivery and for five years from the project end date. This includes indirect changes e.g. where a premises or vessel changes ownership or where the location of any funded items changes.
7. It is your responsibility as the original applicant to inform the new owners of the funding obligations attached to the item. The new owners will be required to take on the terms and conditions of the funding for the time remaining up to 5 years from the date the original offer of funding was accepted.
8. If the new owner of the item or items does not accept the terms and conditions of the funding attached, then it is deemed that the item has not fulfilled its obligations to the scheme and therefore recovery proceedings may be started and funding recovered from you as the original applicant.
9. You must not transfer a fishing vessel outside the EU for at least 5 years after the payment of EMFF funding to the applicant; if you do this you must give back all or part of the EMFF money you received. The exact amount you have to pay back depends on when you transferred the vessel.

10. The applicant is required to comply with the rules on eligible expenditure as detailed in the relevant Measure Guidance Note.
11. Claims must be submitted in the correct format and accompanied by all necessary documentation. If not, they will not be accepted and will be returned to the claimant.
12. Claims must be submitted in accordance with the agreed timetable. You cannot change the agreed timing and value of your claims without written agreement from Welsh Government.
13. Projects should be completed within the timetable agreed with Welsh Government. You cannot change this without written agreement from Welsh Government.
14. You must confirm that none of the items covered by the application are replacements under an insurance claim.
15. You must provide confirmation that no other public funding (whether from EU or UK sources) has been sought.
16. Any publicity given to the project must make reference to the part played by both the European Union and Welsh Government in funding it.
17. Records concerning the activity of the business and the delivery of the project, including all original invoices and other related documents such as competitive tenders or quotes, must be retained until the end of six years after the last payment of financial assistance made to you in relation to the project.
18. You must allow persons authorised by the Welsh Government, including the Auditor General for Wales, the Audit Commission and the European Court of Auditors to inspect the project. On request, you must provide them with information and / or access to original documentation in relation to the project.
19. The information provided in the application and any supporting documentation is subject to the requirements of the Welsh Government's Code of Practice on Public Access to Information, the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.

You should be aware that if successful, Welsh Government and the EU reserve the right to publish the name of your business or company, the amount of grant you were awarded and a summary of your project.

20. The information provided in the application and any supporting documentation is subject to the Privacy Notice available at <https://gov.wales/topics/environmentcountryside/marineandfisheries/european-maritime-fisheries-fund/?skip=1&lang=en>. The Privacy Notice explains the Welsh Government's processing and use of your personal data and your rights under the General Data Protection Regulation (GDPR).

PAYMENT OF GRANT

Claims

109. You may make interim claims during the period of your project. Guidance notes on how to claim will be issued when the award is confirmed and subsequently the claim is invited. Claims will only be paid when the Welsh Government is satisfied the relevant expenditure has taken place and that the work has been completed according to plan. Payment will be made by electronic transfer to your bank account.
110. Final claims for payment of grant should be submitted as soon as possible after the work on the project has been completed. All final claims must be received no later than 30 June 2023 in order for Welsh Government to be able to meet the payment. Failure to submit claims may result in the grant paid to date being recovered.
111. During the lifetime of the grant, when claims are submitted, they may be scrutinised to ensure expenditure is eligible and in line with that approved in the original application. During the project, the project sponsor may be visited and a detailed assessment of the project undertaken, this may include a review of all original supporting documentation. For capital investments, on completion of the physical works, the project may be visited and a detailed assessment of the project undertaken. The information that will be required at the visit could include but not be limited to; original invoices; serial/plant numbers; Building Regulations completion certificate (where appropriate); Health & Safety system including risk analysis; Fire Risk Assessment documents in accordance with the Regulatory Reform (Fire Safety) Order 2005; Cleaning Regime records; Pest control records and Quality Control records. The release of grant will be conditional upon adequate progress having been made.

Incorrect claims

112. You have a responsibility to make sure that each claim submitted is arithmetically correct; that it is only for defrayed expenditure (the money has gone from bank account); that all the items and costs are eligible and that the claim is on time.

113. If the claim is incorrect then your claim will be reduced to the amount that is eligible and the grant to be paid will be calculated accordingly.
114. If you have any doubts about the eligibility of any expenditure you must check before you incur the costs.

Offences

115. The European Maritime and Fisheries Fund (Grants) (Wales) Regulations 2016 No. 665 (W. 182) establishes criminal offences and penalties in relation to certain aspects of European Maritime and Fisheries Funding. Examples of offences include; knowingly or recklessly providing false or misleading information in relation to European Maritime and Fisheries Funding; obstructing an inspector or official; and refusing to provide information when requested to do so.

MONITORING OF PROJECTS

116. It is a European Commission requirement that the progress of your project is monitored and its success evaluated following completion. You will be asked to provide regular updates on its progress and three months following completion, a final report on its performance, when the project will be evaluated against the objectives and targets set out in the approved application. If the project should fail to meet these targets and, on the basis of progress actually made, would not have qualified for grant aid under the scheme, action may be taken to recover the grant paid.
117. It will be a requirement of the grant award that equipment purchased with the aid of a EMFF grant and any buildings on which grant is paid, must be kept in situ, operational and in good repair, and used for the same purpose as set out in the original application, for five years from the project end date. This is to ensure the longevity of the project and, where applicable, to guarantee primary producers a lasting share of the project's benefits.
118. For capital investments, a further monitoring form may be required to be completed two years following completion and again five years following completion. Site visits will be made on a percentage of the capital investment projects approved within five years of the project end date to ensure the applicant still has and is still using the buildings and / or equipment purchased with the grant for the same purposes and that the business is performing as expected.
119. You must allow officials from Welsh Government and the European Commission, or their representatives, to inspect the project at any reasonable time within this five year period.

END OF EMFF PROGRAMME

120. All claims must be submitted to the Welsh Government by no later than 30 June 2023. All project activity must be completed in time for accounts and records to be audited and claims to be prepared and submitted by this date.

APPEALS PROCEDURE

121. If an application is rejected, the reasons for rejection will be explained. We will be prepared to discuss any modifications which might be needed to make the project acceptable.

122. If an application is still rejected an appeals procedure will be established which will take the form of an oral or written submission to persons appointed by and independent of the Welsh Ministers.

COMPLAINTS PROCEDURE

123. If you consider that we have failed to follow the correct procedure in the handling of your request you may wish to make a complaint in accordance with Welsh Government's Complaints procedure which is available by post or via the website at:

https://gov.wales/contact_us/makeacomplaint/?lang=en