



Llywodraeth Cymru
Welsh Government

PUBLICATION

GBER legacy subsidy scheme: Welsh Government SME development scheme

State aid reference no: SC10184. The following scheme provides the legal cover for award of support in line with the General Block Exemption Regulation. The scheme does not provide any additional funding or budget.

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Contents

Member State

Region

Title

UK legal basis

EC legal basis

Definitions

Objective

Authorised body

Scope

Duration

Budget

Form of aid

Eligible activities

Incentive effect

Cumulation

Monitoring and reporting

Schedule 1

Schedule 2

Schedule 3

1. Member State

United Kingdom

2. Region

Wales

3. Title of aid scheme

Welsh Government SME development scheme

4. UK legal basis

Powers of the Welsh Ministers which allow the Welsh Government to support enterprises under the scheme are contained in:

- the Welsh Development Agency Act 1975 (section 1) (as amended)
- the Housing Grants, Construction and Regeneration Act 1996 (section 126), and
- The Industrial Development Act 1982 (section 7)

The legislation which gives effect to EC Law in Wales is:

- the European Communities Act (1972) (section 2(1)), and
- the Government of Wales Act 2006 (section 80)

5. EC legal basis

All aid provided under this scheme will be within the limits set out in Articles 18, 19 and 20 of Commission Regulation (EU) No 651/2014 of 17 June 2014 and amended by Commission Regulation (EU) No. 2017/1084 of 14 June 2017 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation).

[Full version of the regulation](#) on EUR-Lex

[Full version of the amending regulation](#) on EUR-Lex

Summary information relating to the scheme has been registered with the Commission under reference SA.60350.

6. Definitions

In this scheme, the following expressions have the same meaning attributed to them as in the General Block Exemption. For ease of reference these have been

replicated below (definitions are presented alphabetically):

Aid

Means any measure fulfilling the criteria laid down in Article 107(1) of the Treaty.

Aid scheme

Means any act on the basis of which, without further implementing measures being required, individual aid awards may be made to undertakings defined within the act in a general and abstract manner and any act on the basis of which aid which is not linked to a specific project may be granted to one or several undertakings for an indefinite period of time and/or for an indefinite amount.

Agricultural product

Means the products listed in Annex 1 to the Treaty, except fishery and aquaculture products listed in Annex 1 to Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013.

Date of granting the aid

Means the date when the legal right to receive the aid is conferred on the beneficiary under the applicable national legal regime.

Dedicated infrastructure

Means infrastructure that is built for ex-ante identifiable undertaking(s) and tailored to their needs.

Fisheries and aquaculture sector

As covered by Regulation (EU) 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council regulations (EC) 1184/2006 and (EC) 1224/2009 and repealing council regulation (EC) 104/2000.

Gross grant equivalent

Means the amount of the aid if it had been provided in the form of a grant to the beneficiary, before any deduction of tax or other charge.

Individual aid

Means ad hoc aid; and awards of aid to individual beneficiaries on the basis of an aid scheme.

Marketing of agricultural products

Means holding or display with a view to sale, offering for sale, delivery or any other manner of placing on the market, except the first sale by a primary producer to resellers or processors and any activity preparing a product for such first sale; a sale by a primary producer to final consumers shall be considered to be marketing if it takes place in separate premises reserved for that purpose.

Primary agricultural production

Means production of products of the soil and of stock farming, listed in Annex I to the Treaty, without performing any further operation changing the nature of such products.

Processing of agricultural products

Means any operation on an agricultural product resulting in a product which is also an agricultural product, except on-farm activities necessary for preparing an animal or plant product for the first sale.

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.

SME

Means an enterprise that falls within the criteria and parameters of the definition of micro, small and medium-sized enterprises contained in the [Commission Recommendation of 6 May 2003](#) concerning the definition of micro, small and medium-sized enterprises (2003/361/EC), which took effect on 1 January 2005 (see also the [New SME Definition User Guide and Model Declaration](#)).

Undertaking in difficulty

Means an undertaking 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 3 years or, for the purposes of eligibility for risk finance aid, 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" refers in

- particular to the types of company mentioned in Annex I of Directive 2013/34/EU³⁴ and "share capital" includes, where relevant, any share premium.
- 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 3 years or, for the purposes of eligibility for risk finance aid, 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 the types of company mentioned in Annex II of Directive 2013/34/EU.
 - 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 and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.
 - e. In the case of an undertaking that is not an SME, where, for the past 2 years:
 - a. the undertaking's book debt to equity ratio has been greater than 7,5 and
 - b. the undertaking's EBITDA interest coverage ratio has been below 1,0.

7. Objective of the scheme

The aim of the scheme is to allow the Welsh Government to provide support to SMEs in Wales to actively promote additional consultancy activity and participation in trade fairs. In particular the scheme will:

- Encourage consultancy activity for SMEs
- Offer flexibility to ensure business receive consultancy/advisory support relevant to the problems they are facing
- Provide incentive for SMEs to procure external support using an open market procurement model with the aim of highlighting the benefits of such advice, as well as providing the direct impact of developing the beneficiary business and improving business growth.

8. Government body authorised to implement the scheme

Welsh Government

9. Scope of the scheme

The scheme will be open to all enterprises in Wales excluding those in the following sectors:

- Fisheries and aquaculture
- Primary agricultural production
- The processing and marketing of agricultural products when:
 1. the amount of aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the enterprise concerned or
 2. where the aid is conditional on being partly or entirely passed on to primary producers.

Where an undertaking is active in both an excluded sector and a non-excluded sector, aid may be given to fund non-excluded activities with the condition that activities in the excluded sector do not benefit from aid granted under this scheme.

Aid will not be allowed in the following circumstances:

- Aid to export related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity
- Aid to facilitate the closure of uncompetitive coal mines, as covered by Council Decision No 2010/787
- Where aid is subject to the obligation for the beneficiary to have its headquarters in the relevant Member State or to be predominantly established in that Member State

- Where aid is subject to the obligation for the beneficiaries to use nationally produced goods and services
- Aid contingent upon the use of domestic over imported goods
- Where the aid measure restricts the possibility for the beneficiaries to exploit the research, development and innovation results in other Member States.

Aid may not be given where the proposed recipient is:

- Subject to an outstanding order for the recovery of aid which has been declared by the Commission to be illegal and incompatible with the common market, or
- Where aid is granted to an undertaking in difficulty (see definition)

10. Duration of the scheme

Aid under this scheme may be granted until 31 December 2026.

This scheme, registered under the General Block Exemption Regulation, will supersede the current Welsh Government SME Development Scheme SA.49657.

11. Budget for aid under the scheme

Although there is no defined budget for aid under this scheme, it has been estimated that the total expenditure will be in the region of £27.5 million.

12. Form of aid

All aid awarded under the scheme will be transparent and in line with criteria set

out in Article 5 of the General Block Exemption Regulation. Aid may be awarded by way of:

- Grants (capital, revenue and repayable capital)
- interest rate subsidies
- loans
- repayable advances

13. Eligible activities to be supported under the scheme

The scheme supports SME development measures. Detailed descriptions of the eligible activities that can be supported are set out in Schedules 1, 2 and 3:

- Schedule 1: Aid for consultancy in favour of SMEs
- Schedule 2: Aid to SMEs for participation in fairs
- Schedule 3: Aid for cooperation costs incurred by SMEs participating in European Territorial Cooperation projects

14. Incentive effect

Aid recipients must demonstrate that the aid is required for projects to proceed by submitting a written application before work on the project activity has started. The application will as a minimum contain the following information:

- a. Name and size
- b. Description of the project, including its start and end dates
- c. Location of the project
- d. List of project costs
- e. Form of and amount of public funding needed for the project.

15. Cumulation

In determining whether the individual notification thresholds and the maximum

aid intensities are respected, the total amount of public support for the activity or project shall be taken into account, regardless of whether that support is financed from local, regional, national or community sources.

Aid provided under this scheme will not be cumulated with other forms of aid nor with aid classed as de minimis aid in regard to the same eligible costs if the result would breach the applicable aid intensities.

A mechanism is in place as part of the application process to ensure that cumulation of aid does not exceed the maximum allowable aid intensities of the Scheme. Due diligence checks will be carried out during the awarding process.

16. Monitoring and reporting requirements

All recipients of aid under the scheme will be informed that aid has been provided under the scheme, registered under SC10184 pursuant to 18, 19 or 20, of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation).

Records will be kept for 10 years from the date the last award of aid under the Scheme. Records will be sufficiently detailed to establish that the conditions of the Scheme are met.

Details of any award exceeding €500,000 given under this scheme will be made publicly available via a State aid website within 6 months of granting.

An annual report on the expenditure under this Scheme will be provided to the Commission.

The Welsh Government shall provide the Commission with all the information and documentation the Commission considers necessary to monitor the application of this Regulation, within 20 days of such request from the Commission.

Contact information:

State Aid Policy Unit
Welsh Government
Cathays Park
Cardiff CF10 3NQ
United Kingdom
Tel: + 44 (0)3000 253568
E-mail: state.aid@gov.wales

Schedule 1: Aid for consultancy in favour of SMEs

For the purpose of calculating aid amounts and eligible costs, all figures used shall be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.

Eligible costs

The costs of the project must be transparent and directly and exclusively related to the project.

The eligible costs are the costs of the consultancy services provided by external consultants.

Aid Intensity

The aid shall not exceed 50% of the eligible costs:

Notification threshold

€2 million per undertaking, per project.

Schedule 2: Aid to SMEs for participation in fairs

For the purpose of calculating aid intensities and eligible costs, all figures used shall be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.

Eligible costs

The costs of the project must be transparent and directly and exclusively related to the project.

The eligible costs are the costs incurred for renting, setting up and running the stand for the participation of an undertaking in any particular fair or exhibition.

Aid amounts

The aid shall not exceed 50% of the eligible costs.

Notification threshold

€2 million per undertaking, per year.

Schedule 3: Aid for cooperation costs incurred by SMEs participating in European Territorial Cooperation projects

For the purpose of calculating aid intensities and eligible costs, all figures used shall be taken before any deduction of tax or other charge. The

eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.

Eligible costs

The costs of the project must be transparent and directly and exclusively related to the project.

The eligible costs shall be the following:

- Costs for organisational cooperation including the cost of staff and offices to the extent that it is linked to the cooperation project
- Costs of advisory and support services linked to cooperation and delivered by external consultants and service providers
- Travel expenses, costs of equipment and investment expenditure directly related to the project and depreciation of tools and equipment used directly for the project.

Definitions

Organisational cooperation

Means the development of joint business strategies or management structures, the provision of common services or services to facilitate cooperation, coordinated activities such as research or marketing, the support of networks and clusters, the improvement of accessibility and communication, the use of joint instruments to encourage entrepreneurship and trade with SMEs.

Advisory services linked to cooperation

Means consulting, assistance and training for the exchange of knowledge and experiences and for improvement of cooperation.