



## IMPACT OF EU STATE AID RULES ON THE 2014-20 RURAL DEVELOPMENT PROGRAMME FOR ENGLAND (RDPE)

### Introduction

1. This advisory note sets out the legal framework and rationale for applying state aid rules to payments made under 2014-20 Rural Development Programme for England (RDPE). It is used as a reference by those making decisions about applications for RDPE support. Potential beneficiaries of RDPE support should [contact RDPE advisors in Natural England, the Forestry Commission or the Rural Payments Agency](#) for advice.
2. Responsibility for oversight of state aid in England rests with the Department for Business, Innovation and Skills (BIS), who have published [State Aid: The Basics Guide \(July 2015\)](#) and the [State aid manual \(July 2015\)](#). These documents provide more information on the state aid criteria and concepts referred to in this guide.
3. For issues relating to agriculture and forestry sectors and rural areas, including agricultural processing and marketing, responsibility rests with the Department for Environment, Food and Rural Affairs (Defra) and for transport the Department for Transport (DfT).
4. A [European Commission website](#) also provides links to relevant State aid legislation.

### What is a state aid?

5. State aid is a Member State's financial aid to business which meets the criteria set out in Article 107(1) of the [Treaty on the Functioning of the European Union \(TFEU\)](#). That Article declares that state aid, in whatever form (e.g. as a direct monetary payment or indirectly as tax incentives or services in kind), which could distort competition and affect trade by favouring certain undertakings or the production of certain goods, is incompatible with the internal market – unless the Treaty allows otherwise.
6. The state aid rules only apply to aid to undertakings which fall within four criteria:
  - it is granted by the State or through State resources;
  - it favours certain undertakings or production of certain goods;
  - it distorts or threatens to distort competition; and
  - it affects trade between Member States.

#### **If the aid does not meet all four of these criteria it is not a state aid.**

7. However, in determining this, it should be noted that the thresholds for meeting the third and fourth criteria on distortion of competition and effect on trade between Member States have been set very low by Commission precedent and decisions of the European courts. This is especially true of agricultural producers who are mainly small enterprises.

### Why is it important?

8. The European Commission takes a serious view of Member State aid being provided without its approval and a particularly serious view of aid in contravention of the state aid rules. In these circumstances there can be serious repercussions, for instance:
  - the aid payment could be halted;
  - the recipient could be required to repay the aid, plus interest;
  - aggrieved competitors may also seek legal action for damages;
  - the Commission could commence infraction procedures against the Member State, possibly resulting in a fine.

### What state aid rules apply the 2014-20 RDPE?

9. The state aid rules apply to the RDPE in different ways, depending on whether the support is for agriculture, forestry or other industrial products or sectors, including rural areas.
10. The [European Union Guidelines for State aid in the agriculture and forestry sectors and in rural areas 2014 to 2020](#) set out the rationale for applying state aid rules to payments made for

activities funded through the RDPE. However, some activities (e.g. industrial activities such as broadband development or renewable energy) will fall outside these guidelines.

11. Commission Regulation (EU) No [1305/2013](#), the Rural Development Regulation (RDR), provides the main basis of state aid cover for RDPE grants. Article 81 of the RDR explains that normal state aid rules apply unless the RDR provides other specific provisions:
12. The following provides guidance on the state aid provisions that apply to the RDPE:

|                            |  |
|----------------------------|--|
| <a href="#">Annex A(1)</a> | Countryside Stewardship  |
| <a href="#">Annex A(2)</a> | Countryside Productivity   |
| <a href="#">Annex A(3)</a> | European Growth Programme  |
| <a href="#">Annex A(4)</a> | LEADER   |
| <a href="#">Annex B</a>    | state aid provisions detailed by RDPE sub-measure  |
| <a href="#">Appendix 1</a> | details of the agricultural and industrial <i>de minimis</i> , General and Agricultural Block Exemption Regulations and individual state aid approvals |
| <a href="#">Appendix 2</a> | definition for micro, small and medium-sized enterprises   |

13. These Annexes and Appendices may be amended over time, where appropriate according to modifications that are made to the 2014-20 RDPE. Any such changes will be carefully handled to ensure that any required state aid exemptions and notifications are agreed with the Commission in accordance with conditions laid down in the RDR and the approved RDPE.

### **What additional state aid notifications apply the 2014-20 RDPE?**

14. Where the legislative framework relates to a RDR Article (and respective RDPE sub-Measure) these do not require additional state aid cover. This is because they are covered by Article 42 of the TFEU which, as noted in para 11 above, deems them to be covered for state aid purposes by virtue of Article 81 of the RDR.
15. Activities outside Article 42 of the TFEU for which funding is provided through the RDPE do require additional state aid cover – therefore Defra has submitted the following registrations/notifications to the Commission:
  - SA.41675 - RDPE 2014-2020 Countryside Productivity Scheme (ABER)
  - SA. xxxxx - RDPE 2014-2020 Countryside Productivity Scheme (GBER)
  - SA.41676 - RDPE 2014-2020 Countryside Stewardship Scheme (ABER)
  - SA.41673 - RDPE 2014-2020 Countryside Stewardship Scheme (GBER)
  - SA.41677 - RDPE 2014-2020 European Growth Programme (ABER)
  - SA.41678 - RDPE 2014-2020 European Growth Programme (GBER)
  - SA. xxxxx - RDPE 2014-2020 Leader (ABER)
  - SA. xxxxx - RDPE 2014-2020 Leader (GBER)
  - SA.41674 - RDPE 2014-2020 Cooperation Measure

### **Options for dealing with new state aid schemes**

16. Where it is established that state aid rules apply to an new investment proposal (whether under the RDR or otherwise), the options for dealing with it are:
  - a) developing or adapting existing proposals to omit or minimise the element of state aid;
  - b) designing or adapting existing proposals to fit within the terms of one of the state aid schemes which the European Commission has already approved for the UK.
  - c) designing or adapting existing proposal to fit within one of the existing block or group exemptions which allow state aid to be approved under simplified procedures.
  - d) designing or adapting existing the aid to fit within *de minimis* rules (note that agriculture has its own *de minimis* rules).
  - e) designing or adapting a proposal which may be capable of individual approval by the Commission.
17. Options (a) and (b) are normally considered first, although in practice there may be limited scope to redesign activities funded under RDPE measures. If neither of those two options is feasible, then options (c) to (e) are considered.

## Annex A(1) - Application of state aid rules to activity funded 2014-20 RDPE Countryside Stewardship (CS)

### Annex A(1): CS - M04: Investments in physical assets

| Sub-Measure [and RDR Article]  | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme  | [Registration ref] and/or Legislative framework          |
|--|-------------------|---|--|
| <a href="#">(4.3) Support for investments in infrastructure related to the development, modernisation or adaptation of agriculture and forestry [Article 17(1)(c)]</a> | Forestry          | 40% (50% in less developed areas) for productive investments  | <b>[SA.41676]</b> ABER Article 40(9)                     |
| <a href="#">(4.4) Support for non-productive investments linked to the achievements of agri-environment-climate objectives [Article 17(1)(d)]</a>                      | Agriculture       | Payments no more than 100% of calculated costs at payment rates set out in Section 8.2.3.3.4 of the approved Programme Document   | RDR Article 17(4) - further defined by the approved RDPE |
|  |                   | Payments no more than 100% of calculated costs. Additional National financing (not EU co-financed) for capital payments for educational access onto agricultural holdings | RDR Article 82   |

### Annex A(1): CS - M07: Basic services and village renewal in rural areas

| Sub-Measure [and RDR Article]   | Sector / Activity           | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework |
|---|-----------------------------|--|---|
| <a href="#">(7.6) Support for maintenance and upgrading of the cultural and natural heritage [Article 20(1)(f)]</a> | Agricultural holding        | Up to 100% where a non-productive investment is linked to the achievement of agri-environment-climate objectives   | RDR Article 20(1)(f)                            |
|   |                             | Where linked to an active agricultural activity - limited to €500,000 per undertaking and €10,000 per year for capital works where they are completed by the farmer and/or their employees | <b>[SA.41676]</b> ABER Article 4 and 29         |
|   | Off an agricultural holding | Up to 80%  | <b>[SA.41673]</b> GBER Article 53(8)            |

### Annex A(1): CS - M08: Investments in forest area development and improvement of the viability of forests

| Sub-Measure [and RDR Article]  | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework                     |
|--|-------------------|--|---|
| <a href="#">(8.1) Support for afforestation/creation of woodland establishment costs and maintenance premium per ha [Article 21(1)(a)]</a> | Forestry          | 80% - cost of establishment and protection   | <b>[SA.41676]</b> ABER Article 32(16) – further defined by the RDPE |
|  |                   | Annual premium for maintenance will be £200/ha/annum for a period of 10 years - calculated as being about 60% of the annual average costs associated with maintaining new planted woodland |   |

|  |          |      |                                       |
|--|----------|------|---------------------------------------|
| <a href="#">(8.3) Support for prevention and restoration of damage to forests from forest fires and natural disasters and catastrophic events [Article 21(1)(c)]</a> | Forestry | 100% | <b>[SA.41676]</b> ABER Article 34(12) |
| <a href="#">(8.4) Support for restoration of damage to forests from forests from forest fires and natural disasters and catastrophic events [Article 21(1)(c)]</a>   | Forestry | 100% | <b>[SA.41676]</b> ABER Article 34(12) |
| <a href="#">(8.5) Support for investments improving the resilience and environmental value of forest ecosystems [Article 21(1)(d)]</a>                               | Forestry | 100% | <b>[SA.41676]</b> ABER Article 35(8)  |

### Annex A(1): CS - M10: Agri-environment-climate

| Sub-Measure [and RDR Article]   | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework |
|---|-------------------|--|---|
| <a href="#">(10.1) Payment for agri-environment-climate commitments [Article 28(1)]</a> | Agriculture       | Payments no more than 100% of calculated additional costs and income foregone – rates set out in Annex to the approved RDPE. Subject to the land use ceilings in Annex II of the RDR | RDR Article 28(8)                               |
|   |                   | Additional National financing (not EU co-financed) for top-up payments above the land use ceilings in Annex II of the RDR  | RDR Article 82                                  |
|   |                   | Additional National financing (not EU co-financed) for revenue payments for educational access onto agricultural holdings  |   |

### Annex A(1): CS - M11: Organic farming

| Sub-Measure [and RDR Article]  | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework |
|--|-------------------|--|---|
| <a href="#">(11.1) Payment to convert to organic farming practices and methods [Article 29(1)]</a> | Agriculture       | Payments no more than 100% of calculated additional costs and income foregone – rates set out in the approved RDPE measure text. Subject to the land use ceilings in Annex II of the RDR | RDR Article 29(5)                               |
|  |                   | Additional National financing (not EU co-financed) for top-up payments above the land use ceilings in Annex II of the RDR  | RDR Article 82                                  |
| <a href="#">(11.2) Payment to maintain organic farming practices and methods [Article 29(1)]</a>   | Agriculture       | Payments for additional costs and income foregone – rates set out in the approved RDPE measure text. Subject to the land use ceilings in Annex II of the RDR                             | RDR Article 29(5)                               |
|  |                   | Additional national financing for top-up payments  | RDR Article 82                                  |

|  |                          | above the maximum aid in Annex II of the RDR   |   |
|--|--------------------------|--|---|
| <b>Annex A(1) CS: - M15: Forest environmental and climate services and forest conservation</b>                                       |                          |  |   |
| <b>Sub-Measure [and RDR Article]</b>   | <b>Sector / Activity</b> | <b>Rate of aid and/or conditions to be applied in the Programme</b>  | <b>[Registration ref] and/or Legislative framework</b>        |
| <a href="#">(15.1) Payment for forest environment commitments [Article 34(1)]</a>  | Forestry                 | Payments for additional costs and income foregone – rates set out in Annex to the approved RDPE. Subject to the maximum support rate of £100/ha/annum (€125/ha/annum).     | <b>[SA.41676]</b> ABER Article 37(9)                          |
| <b>Annex A(1): CS - M16: Co-operation</b>  |                          |  |   |
| <b>Sub-Measure [and RDR Article]</b>   | <b>Sector / Activity</b> | <b>Rate of aid and/or conditions to be applied in the Programme</b>  | <b>[Registration ref] and/or Legislative framework</b>        |
| <a href="#">(16.5) Support for joint approaches to environmental projects and ongoing environmental practices [Article 35(2)(g)]</a> | Agriculture              | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied) | <b>[SA.41674]</b> 1.1.11 (323) of the EU State aid guidelines |
|  | Forestry                 |  | <b>[SA.41674]</b> 2.6 (577) of the EU State aid guidelines    |
| <a href="#">(16.8) Support for drawing up of forest management plans or equivalent instruments [Article 35(2)(j)]</a>                | Forestry                 | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied) | <b>[SA.41674]</b> 2.6 (576) of the EU State aid guidelines    |

## Annex A(2) - Application of state aid rules to activity under 2014-20 RDPE Countryside Productivity (CP)

### Annex A(2): CP - M01: Knowledge transfer and information actions

| Sub-Measure [and RDR Article]  | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework                    |
|--|-------------------|--|--|
| <a href="#">(1.1) Support for vocational training and skills acquisition actions [Article 14(1)]</a> | Agriculture       | 70%  | RDR Article 14 - further defined by the approved RDPE              |
|  |                   | 100% - emergency training in relation to disease outbreaks and where there is no economic benefit in attending the training                        |  |
|  | Forestry          | 70%  | [SA. 41675] ABER Article 38 - further defined by the approved RDPE |
|  |                   | 100% - emergency training in relation to disease outbreaks and where there is no economic benefit in attending the training                        |  |
| <a href="#">(1.2) Support for demonstration activities and information actions [Article 14(1)]</a>   | Agriculture       | 100% of eligible costs   | RDR Article 14   |
|  | Forestry          | 100% of eligible costs (max of 10% relating to costs linked to construction, acquisition (including leasing) or improvement of immovable property) | [SA. 41675] ABER Article 38  |

### Annex A(2): CP - M02: Advisory services, farm management and farm relief services

| Sub-Measure [and RDR Article]   | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme               | [Registration ref] and/or Legislative framework |
|---|-------------------|--|---|
| <a href="#">(2.1) Support for providing advisory services [Article 15(1)(a)]</a>  | Agriculture       | Maximum of €1,500 per advice   | RDR Article 15(8)                               |
|   | Forestry          |  | [SA. 41675] ABER Article 39(7)                  |
| <a href="#">(2.2) Support for setting up farm management, farm relief and farm advisory services [Article 15(1)(b)]</a> | Agriculture       | No limit but must be degressive over a maximum of 5 years from setting up. | RDR Article 15(8)                               |
| <a href="#">(2.3) Support for training of advisers [Article 15(1)(c)]</a>   | Agriculture       | Maximum of €200,000 per 3 years for the training of advisers               | RDR Article 15(8)                               |

### Annex A(2): CP - M04: Investments in physical assets

| Sub-Measure [and RDR Article]  | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme | [Registration ref] and/or Legislative framework |
|--|-------------------|--|---|
| <a href="#">(4.1) Support for investments in agricultural holdings [Article 17(1)(a)]</a>                | Agriculture       | 40% (50% in less developed areas)                            | RDR Article 17(3)                               |
| <a href="#">(4.2) Support for investment in processing /marketing and/or development of agricultural</a> | Annex I outputs   | 40% (50% in less developed areas)                            | RDR Article 17(3)                               |

|  |  |   |  |
|--|--|---|--|
| <a href="#">products [Article 17(1)(b)]</a>  | Agricultural holding - Non-Annex 1 outputs (SMEs only) | 40% - elsewhere up to €200,000 (including other de minimis grant) over a 3 year period  | Industrial de minimis                                  |
|  |  | 35% - less developed areas (+10% for Micro and Small Enterprises)   | <b>[SA.41675]</b> ABER Article 44(9)                   |
|  |  | 10% - elsewhere (+10% for Micro and Small Enterprises)  |  |
|  | Off an agricultural holding - Non-Annex 1 outputs      | 40% - elsewhere (SMEs only) up to €200,000 (including other de minimis grant) over a 3 year period  | Industrial de minimis                                  |
| 10% (25% for less developed areas)<br>For large enterprises support must be in favour of new economic activity in the area concerned                                   |  | <b>[SA.xxxxx]</b> GBER Article 14(3) - rates according to the Regional Aid Map referred to in Article 107(3) of the TFEU (see p31 of the <a href="#">State aid manual (July 2015)</a> ) |  |
| <a href="#">(4.3) Support for investments in infrastructure related to the development, modernisation or adaptation of agriculture and forestry [Article 17(1)(c)]</a> | Agriculture  | 40% (50% in less developed areas) for productive investments  | RDR Article 17(3)                                      |
| <b>Annex A(2): CP - M06: Farm and business development</b>   |  |   |  |
| <b>Sub-Measure [and RDR Article]</b>   | <b>Sector / Activity</b>                               | <b>Rate of aid and/or conditions to be applied in the Programme</b>   | <b>[Registration ref] and/or Legislative framework</b> |
| <a href="#">(6.1) Business start-up aid for young farmers [Article 19(1)(a)(i)]</a>  | Agriculture  | €40-70,000 per young farmer in at least 2 instalments for a maximum period of 5 years   | RDR Article 19(6)                                      |
| <a href="#">(6.2) Business start-up aid for non-agricultural activities in rural areas [Article 19(1)(a)(ii)]</a>  | Forestry   | €40-70,000 per beneficiary in at least 2 instalments for a maximum period of 5 years  | <b>[SA.41675]</b> ABER Article 45(9)                   |
|  | Rural business   | €40-70,000 per beneficiary in at least 2 instalments for a maximum period of 5 years  | RDR Article 19(6)                                      |
| <a href="#">(6.4) Support for investments on creation and development of non-agricultural activities [Article 19(1)(b)]</a>  | Forestry   | 20% for small and micro enterprises<br>10% for medium size enterprises  | <b>[SA.xxxxx]</b> GBER Article 17(6)                   |
|  | Rural business   | 40% - commercial investments up to €200,000 (including other de minimis grant) over a 3 year period   | Industrial de minimis                                  |
| 100% non-profit making operations (not a state aid)  |  |   |  |

**Annex A(2): CP - M08: Investments in forest area development and improvement of the viability of forests**

| Sub-Measure [and RDR Article]   | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme | [Registration ref] and/or Legislative framework |
|---|-------------------|--|---|
| <a href="#">(8.6) Support for investments in processing, mobilising and marketing of forestry products [Article 21(1)(e)]</a> | Forestry          | 40% (50% in less developed areas)                            | <b>[SA. 41675]</b> ABER Article 41(11)          |

**Annex A(2): CP - M16: Co-operation**

| Sub-Measure [and RDR Article]   | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework               |
|---|-------------------|--|---|
| <a href="#">(16.1) Support for the establishment and operation of operational groups of the EIP [Article 35(1)(c)]</a>                                  | Agriculture       | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied)                 | <b>[SA.41674]</b> 1.1.11 (323) of the EU State aid guidelines |
|   | Forestry          | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied)                 | <b>[SA.41674]</b> 2.6 (572) of the EU State aid guidelines    |
| <a href="#">(16.2) Support for pilot projects / the development of new products, practices, processes and technologies [Article 35(2)(a) &amp; (b)]</a> | Agriculture       | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied)                 | <b>[SA.41674]</b> 1.1.11 (323) of the EU State aid guidelines |
|   | Forestry          | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied <i>applied</i> ) | <b>[SA.41674]</b> 2.6 (572) of the EU State aid guidelines    |
| <a href="#">(16.4) Support for horizontal and vertical co-operation among supply chain actors [Article 35(2)(h)]</a>                                    | Agriculture       | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied)                 | <b>[SA.41674]</b> 1.1.11 (323) of the EU State aid guidelines |
|   | Forestry          | 50% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied)                  | <b>[SA.41674]</b> 2.6 (577) of the EU State aid guidelines    |
| <a href="#">(16.6) Support for cooperation among supply chain actors for sustainable provision of biomass [Article 35(2)(h)]</a>                        | Agriculture       | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied)                 | <b>[SA.41674]</b> 1.1.11 (323) of the EU State aid guidelines |
|   | Forestry          | 50% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied)                  | <b>[SA.41674]</b> 2.6 (577) of the EU State aid guidelines    |



## Annex A(3) - Application of state aid rules to activity under the 2014-20 RDPE European Growth Programme (EGP)

### Annex A(3): EGP - M01: Knowledge transfer and information actions

| Sub-Measure [and RDR Article]  | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme  | [Registration ref] and/or Legislative framework |
|--|-------------------|---|---|
| <a href="#">(1.1) Support for vocational training and skills acquisition actions [Article 14(1)]</a> | Rural business    | 60% for medium sized enterprises  | [SA.41677] ABER Article 47(7)                   |
|  |                   | 70% for micro and small enterprises   |   |
| <a href="#">(1.2) Support for demonstration activities and information actions [Article 14(1)]</a>   | Agriculture       | 100% of eligible costs  | RDR Article 14                                  |
|  | Forestry          | 100% of eligible costs (max of 10% relating to costs linked to construction, acquisition (including leasing) or improvement of immovable property | [SA.41677] ABER Article 38                      |

### Annex A(3): EGP - M02: Advisory services, farm management and farm relief services

| Sub-Measure [and RDR Article]  | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme | [Registration ref] and/or Legislative framework |
|--|-------------------|--|---|
| <a href="#">(2.1) Support for providing advisory services [Article 15(1)(a)]</a> | Rural business    | Maximum of €1,500 per advice                                 | [SA.41677] ABER Article 46(9)                   |

### Annex A(3): EGP - M04: Investments in physical assets

| Sub-Measure [and RDR Article]  | Sector / Activity  | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework            |
|--|--|--|--|
| <a href="#">(4.2) Support for investment in processing /marketing and/or development of agricultural products [Article 17(1)(b)]</a> | Annex I outputs  | 40% (50% in less developed areas)  | RDR Article 17(3)  |
|  | Agricultural holding - Non-Annex 1 outputs (SMEs only)   | 40% - elsewhere up to €200,000 (including other de minimis grant) over a 3 year period   | Industrial de minimis<br><br>[SA.41677] ABER Article 44(9) |
|  |  | 35% - less developed areas (+10% for Micro and Small Enterprises)  |  |
|  |  | 10% - elsewhere (+10% for Micro and Small Enterprises)   |  |
| Off an agricultural holding - Non-Annex 1 outputs  | 40% - elsewhere (SMEs only) up to €200,000 (including other de minimis grant) over a 3 year period                                   | Industrial de minimis  |  |
|  | 10% (25% for less developed areas)<br>For large enterprises support must be in favour of new economic activity in the area concerned | [SA.41678] GBER Article 14(3) - rates according to the Regional Aid Map referred to in Article 107(3) of the TFEU (see p31 of the <a href="#">State aid manual (July 2015)</a> ) |  |

### Annex A(3): EGP - M06: Farm and business development

| Sub-Measure [and RDR Article]   | Sector / Activity              | Rate of aid and/or conditions to be applied in the Programme  | [Registration ref] and/or Legislative framework                                     |
|---|--------------------------------|---|---|
| <a href="#">(6.2) Business start-up aid for non-agricultural activities in rural areas [Article 19(1)(a)(ii)]</a>           | Forestry                       | €40-70,000 per beneficiary in at least 2 instalments for a maximum period of 5 years  | <b>[SA.41677]</b> ABER Article 45(9)  |
|   | Rural business                 | €40-70,000 per beneficiary in at least 2 instalments for a maximum period of 5 years  | RDR Article 19(6)   |
| <a href="#">(6.4) Support for investments on creation and development of non-agricultural activities [Article 19(1)(b)]</a> | Forestry                       | 20% for small and micro enterprises<br>10% for medium size enterprises  | <b>[SA.41678]</b> GBER Article 17(6)  |
|   | Rural business                 | 40% - commercial investments up to €200,000 (including other de minimis grant) over a 3 year period   | Industrial de minimis   |
|   |                                | 100% non-profit making operations (not a state aid)   |   |
| <b>Annex A(3): EGP - M07: Basic services and village renewal in rural areas</b>   |                                |   |   |
| Sub-Measure [and RDR Article]   | Sector / Activity              | Rate of aid and/or conditions to be applied in the Programme  | [Registration ref] and/or Legislative framework                                     |
| <a href="#">(7.2) Support for investments in renewables infrastructure [Article 20(1)(b)]</a>                               | Rural business and communities | Investment aid for small installations of up to 5 MW<br>50% (65% in less developed areas) for micro enterprises<br>40% (55% in less developed areas) for small businesses             | <b>[SA.41678]</b> GBER Article 41   |
|   |                                | Investment aid for energy efficient district heating and cooling<br>50% (65% in less developed areas) for micro enterprises<br>40% (55% in less developed areas) for small businesses | <b>[SA.41678]</b> GBER Article 46   |
|   |                                | 100% for Community project development up to €200,000 (including other de minimis grant) over a 3 year period   | Industrial de minimis   |
| <a href="#">(7.3) Support for broadband infrastructure [Article 20(1)(c)]</a>   | Rural Communities              | Up to 100%  | State aid registration <b>SA.40720(2015/PN)</b> / <b>[SA.41678]</b> GBER Article 52 |
| <a href="#">(7.5) Support for recreational and small-scale tourism infrastructure [Article 20(1)(e)]</a>                    | Rural business                 | 80% - non-profit making multifunctional recreational infrastructure   | <b>[SA.41678]</b> GBER Article 55(12)   |
|   |                                | 80% - non-profit making culture/heritage, including events/festivals  | <b>[SA.41678]</b> GBER Article 53(8)  |
|   |                                | 40% - commercial tourist business and   | Industrial de minimis   |

|   |                          | enterprises up to €200,000 (including other de minimis grant) over a 3 year period   |   |
|---|--------------------------|--|---|
| <b>Annex A(3): EGP - M08: Investments in forest area development and improvement of the viability of forests</b>  |                          |  |   |
| <b>Sub-Measure [and RDR Article]</b>  | <b>Sector / Activity</b> | <b>Rate of aid and/or conditions to be applied in the Programme</b>  | <b>[Registration ref] and/or Legislative framework</b>      |
| <a href="#">(8.6) Support for investments in processing, mobilising and marketing of forestry products [Article 21(1)(e)]</a>                           | Forestry                 | 40% (50% in less developed areas)  | <b>[SA.41677]</b> ABER Article 41(11)                       |
| <b>Annex A(3): EGP - M16: Co-operation</b>  |                          |  |   |
| <b>Sub-Measure [and RDR Article]</b>  | <b>Sector / Activity</b> | <b>Rate of aid and/or conditions to be applied in the Programme</b>  | <b>[Registration ref] and/or Legislative framework</b>      |
| <a href="#">(16.2) Support for pilot projects / the development of new products, practices, processes and technologies [Article 35(2)(a) &amp; (b)]</a> | Rural business           | 50% (exceptionally up to 100% for particularly risky projects or where the benefits accrue to the wider business community) to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied | <b>[SA.41674]</b> 3.10 (710) of the EU State aid guidelines |
| <a href="#">(16.3) (other) co-operation among small operators, including for developing / marketing tourism [Article 35(2)(c)]</a>                      | Rural business           | 50% of costs for commercial operations to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied  | <b>[SA.41674]</b> 3.10 (710) of the EU State aid guidelines |
| <a href="#">(16.6) Support for cooperation among supply chain actors for sustainable provision of biomass [Article 35(2)(h)]</a>                        | Rural business           | 50% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied   | <b>[SA.41674]</b> 3.10 (710) of the EU State aid guidelines |

## Annex A(4) - Application of state aid rules to activity under 2014-20 RDPE LEADER

### Annex A(4): LEADER - M19: Support for LEADER local development (CLLD – community-led local delivery)

| Sub-Measure [and Common Provisions Regulation Article]  | Sector / Activity   | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework |
|---|---|--|---|
| <a href="#">(19.1) Preparatory support [Article 35(1)(a) of 1303/2013]</a>  | LEADER Local Action Groups  | No state aid   |   |
| <a href="#">(19.2) Support for implementation of operations under the Community-led local development strategy [Article 35(1)(b)]</a> | Farmers, foresters, rural micro and small businesses, tourism businesses, rural communities and natural persons | <p>All LEADER activities delivered under sub-Measure 19.2 of the RDPE will deal with the state aid provisions as follows:</p> <p>First, it will be determined whether or not each proposed LEADER activity meets the state aid criteria detailed at paragraphs 5-7 of this guidance note. This will be carefully considered on the basis that we envisage most LEADER projects to demonstrate an investment in the wider rural economy in line with the aims and objectives a Local Development Strategy. Should it be determined that the proposal does not meet all four of the state aid criteria, for example where it can be established that LEADER grant aid <u>will not</u> provide a beneficiary or beneficiaries with what could be considered a unfair economic advantage, it may be deemed to not be a state aid and LEADER could potentially support up to 100% of the justified costs concerned.</p> <p>Second, where it is determined that LEADER support is a state aid, in general we envisage that up to a 40% intervention rate will be available to beneficiaries within the industrial de minimis of €200,000 over a 3 year period, or €15,000 over a 3 year period where it involves an investment in an agricultural activity.</p> <p>Third, where the industrial or agricultural de minimis is not sufficient to cover a LEADER proposal, either because LEADER is looking to award more grant aid or the applicant has already received de minimus support within the last 3 years, then consideration will be given to how each LEADER proposal aligns with the provisions of the sub-measures within the approved Rural Development Programme for England (RDPE) or the Agricultural Block Exemption Regulation (ABER) or General Block Exemption Regulation (GBER); and if it does then the corresponding intervention rates or requirements will be respected according to the activity concerned – as detailed in Annex B of this guidance.</p> <p>Fourth, consideration will be given to whether the LEADER proposal aligns with Rural Development Regulation (RDR) sub-Measures that haven't been implemented under the RDPE; and if it does then the corresponding RDR,</p> |   |

|   |  |  |                            |
|---|--|--|----------------------------|
|   |  | <p>ABER or GBER intervention rates or requirements will be respected according to the activity concerned. For example, where a LEADER proposal aligns with Article 20(1)(b) of the RDR to provide within the scope of sub-Measure 7.4 (not implemented in the RDPE) to provide support for local basic services, then Article 56 of the GBER will apply permitting 'Investment for local infrastructure'. Such investment is required to be open, transparent and non-discriminatory (i.e. not for the exclusive commercial benefit of a specific individual or individuals), have due regard to procurement rules and not provide an investment above and beyond an initial market value of the investment and its operating costs.</p> <p>Fifth, should a LEADER proposal not naturally align with any of the RDR sub-measures, or the proposal goes beyond the scope of the RDR sub-measures and/or the ABER and GBER provisions, then we will seek Commission state aid clearance for the LEADER activities concerned on a case by case basis.</p> |                            |
| <a href="#">(19.3) Preparation and implementation of cooperation activity of the local action group</a><br><a href="#">[Article 35(1)(c)]</a> | LEADER<br>Local Action<br>Groups and<br>local actors | No state aid   |                            |
| <a href="#">(19.4) Support for running costs and animation</a><br><a href="#">[Article 35(1)(d)]</a>  | LEADER<br>Local Action<br>Groups                     | No state aid, but a limited to maximum of 25% of the total public expenditure incurred within the local development strategy   | CPR Article 35 (1303/3013) |

## Annex B - Application of state aid rules to activity under the 2014-20 RDPE Sub-Measures

| Annex B - M01: Knowledge transfer and information actions   |                              |                                     |  |  |
|---|------------------------------|-------------------------------------|--|--|
| Sub-Measure [and RDR Article]   | Scheme                       | Sector / Activity                   | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework                    |
| (1.1) Support for vocational training and skills acquisition actions [Article 14(1)]                    | <a href="#">CP</a>           | Agriculture                         | 70%  | RDR Article 14 - further defined by the approved RDPE              |
|   |                              |                                     | 100% - emergency training in relation to disease outbreaks and where there is no economic benefit in attending the training                        |  |
|   |                              | Forestry                            | 70%  | [SA. 41675] ABER Article 38 - further defined by the approved RDPE |
|   |                              |                                     | 100% - emergency training in relation to disease outbreaks and where there is no economic benefit in attending the training                        |  |
| <a href="#">EGP</a>   | Rural business               | 60% for medium sized enterprises    | [SA.41677] ABER Article 47(7)  |  |
|   |                              | 70% for micro and small enterprises |  |  |
| (1.2) Support for demonstration activities and information actions [Article 14(1)]                      | <a href="#">CP &amp; EGP</a> | Agriculture                         | 100% of eligible costs   | RDR Article 14   |
|   |                              | Forestry                            | 100% of eligible costs (max of 10% relating to costs linked to construction, acquisition (including leasing) or improvement of immovable property) | [SA. 41675] & [SA.41677] ABER Article 38                           |
| Annex B - M02: Advisory services, farm management and farm relief services                              |                              |                                     |  |  |
| Sub-Measure [and RDR Article]   | Scheme                       | Sector / Activity                   | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework                    |
| (2.1) Support for providing advisory services [Article 15(1)(a)]  | <a href="#">CP</a>           | Agriculture                         | Maximum of €1,500 per advice   | RDR Article 15(8)  |
|   |                              | Forestry                            |  | [SA. 41675] ABER Article 39(7)                                     |
|   | <a href="#">EGP</a>          | Rural business                      |  | [SA.41677] ABER Article 46(9)                                      |
| (2.2) Support for setting up farm management, farm relief and farm advisory services [Article 15(1)(b)] | <a href="#">CP</a>           | Agriculture                         | No limit but must be degressive over a maximum of 5 years from setting up.   | RDR Article 15(8)  |
| (2.3) Support for training of advisers [Article 15(1)(c)]   | <a href="#">CP</a>           | Agriculture                         | Maximum of €200,000 per 3 years for the training of advisers   | RDR Article 15(8)  |
| Annex B - M04: Investments in physical assets   |                              |                                     |  |  |
| Sub-Measure [and RDR Article]   | Scheme                       | Sector / Activity                   | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework                    |
| (4.1) Support for investments in  | <a href="#">CP</a>           | Agriculture                         | 40% (50% in less developed areas)  | RDR Article 17(3)  |

|  |   |  |   |  |
|--|---|--|---|--|
| agricultural holdings [Article 17(1)(a)]   |   |  |   |  |
| (4.2) Support for investment in processing /marketing and/or development of agricultural products [Article 17(1)(b)]                                   | <a href="#">EGP</a> & <a href="#">CP</a>  | Annex I outputs  | 40% (50% in less developed areas)   | RDR Article 17(3)  |
|  |   | On an agricultural holding - Non-Annex 1 outputs (SMEs only) | 40% - elsewhere up to €200,000 (including other de minimis grant) over a 3 year period  | Industrial de minimis                                    |
|  |   |  | 35% - less developed areas (+10% for Micro and Small Enterprises)   | <b>[SA.41675] &amp; [SA.41677]</b><br>ABER Article 44(9) |
|  |   | Off an agricultural holding - Non-Annex 1 outputs            | 40% - elsewhere (SMEs only) up to €200,000 (including other de minimis grant) over a 3 year period  | Industrial de minimis                                    |
| 10% (25% for less developed areas)<br>For large enterprises support must be in favour of new economic activity in the area concerned                   | <b>[SA.41678] &amp; [SA.xxxxx]</b><br>GBER Article 14(3) - rates according to the Regional Aid Map referred to in Article 107(3) of the TFEU (see p31 of the <a href="#">State aid manual (July 2015)</a> ) |  |   |  |
| (4.3) Support for investments in infrastructure related to the development, modernisation or adaptation of agriculture and forestry [Article 17(1)(c)] | <a href="#">CP</a>  | Agriculture  | 40% (50% in less developed areas) - productive investments  | RDR Article 17(3)  |
|  | <a href="#">CS</a>  | Forestry   | 40% (50% in less developed areas) - productive investments  | <b>[SA.41676]</b> ABER Article 40(9)                     |
| (4.4) Support for non-productive investments linked to the achievements of agri-environment-climate objectives [Article 17(1)(d)]                      | <a href="#">CS</a>  | Agriculture  | Payments no more than 100% of calculated costs at payment rates set out in Section 8.2.3.3.4 of the approved Programme Document   | RDR Article 17(4) - further defined by the approved RDPE |
|  |   |  | Payments no more than 100% of calculated costs. Additional National financing (not EU co-financed) for capital payments for educational access onto agricultural holdings | RDR Article 82   |
| <b>Annex B - M06: Farm and business development</b>  |   |  |   |  |
| <b>Sub-Measure [and RDR Article]</b>   | <b>Scheme</b>   | <b>Sector / Activity</b>                                     | <b>Rate of aid and/or conditions to be applied in the Programme</b>   | <b>[Registration ref] and/or Legislative framework</b>   |
| (6.1) Business start-up aid for young farmers [Article 19(1)(a)(i)]  | <a href="#">CP</a>  | Agriculture  | €40-70,000 per young farmer in at least 2 instalments for a maximum period of 5 years   | RDR Article 19(6)  |
| (6.2) Business start-up aid for non-agricultural activities in rural areas   | <a href="#">EGP</a> & <a href="#">CP</a>  | Forestry   | €40-70,000 per beneficiary in at least 2 instalments for a maximum period of 5 years  | <b>[SA.41675] &amp; [SA.41677]</b><br>ABER Article 45(9) |

| [Article 19(1)(a)(ii)]  |  | Rural business                 | €40-70,000 per beneficiary in at least 2 instalments for a maximum period of 5 years  | RDR Article 19(6)   |
|---|--|--------------------------------|---|---|
| (6.4) Support for investments on creation and development of non-agricultural activities [Article 19(1)(b)] | <a href="#">EGP</a> & <a href="#">CP</a> | Forestry                       | 20% for small and micro enterprises<br>10% for medium size enterprises  | <b>[SA.41678]</b> & <b>[SA.xxxxx]</b><br>GBER Article 17(6)                         |
|   |  | Rural business                 | 40% - commercial investments up to €200,000 (including other de minimis grant) over a 3 year period   | Industrial de minimis   |
|   |  |                                | 100% non-profit making operations (not a state aid)   |   |
| <b>Annex B - M07: Basic services and village renewal in rural areas</b>                                     |  |                                |   |   |
| Sub-Measure [and RDR Article]   | Scheme                                   | Sector / Activity              | Rate of aid and/or conditions to be applied in the Programme  | [Registration ref] and/or Legislative framework                                     |
| (7.2) Support for investments in renewables infrastructure [Article 20(1)(b)]                               | <a href="#">EGP</a>                      | Rural business and communities | Investment aid for small installations of up to 5 MW<br>50% (65% in less developed areas) for micro enterprises<br>40% (55% in less developed areas) for small businesses             | <b>[SA.41678]</b> GBER Article 41   |
|   |  |                                | Investment aid for energy efficient district heating and cooling<br>50% (65% in less developed areas) for micro enterprises<br>40% (55% in less developed areas) for small businesses | <b>[SA.41678]</b> GBER Article 46   |
|   |  |                                | 100% for Community project development up to €200,000 (including other de minimis grant) over a 3 year period   | Industrial de minimis   |
| (7.3) Support for broadband infrastructure [Article 20(1)(c)]   | <a href="#">EGP</a>                      | Rural Communities              | Up to 100%  | State aid registration <b>SA.40720(2015/PN)</b> / <b>[SA.41678]</b> GBER Article 52 |
| (7.5) Support for recreational and small-scale tourism infrastructure [Article 20(1)(e)]                    | <a href="#">EGP</a>                      | Rural Business                 | 80% - non-profit making multifunctional recreational infrastructure   | <b>[SA.41678]</b> GBER Article 55(12)   |
|   |  |                                | 80% - non-profit making culture/heritage, including events/festivals  | <b>[SA.41678]</b> GBER Article 53(8)  |
|   |  |                                | 40% - commercial tourist business and enterprises up to €200,000 (including other de minimis grant) over a 3 year period  | Industrial de minimis   |
| (7.6) Support for maintenance and upgrading of the cultural and natural                                     | <a href="#">CS</a>                       | Agricultural holding           | Up to 100% where a non-productive investment is linked to the achievement of agri-environment-  | RDR Article 20(1)(f)  |



|                             |  |                             |  |   |
|-----------------------------|--|-----------------------------|--|---|
| heritage [Article 20(1)(f)] |  |                             | climate objectives   |   |
|                             |  |                             | Where linked to an active agricultural activity - limited to €500,000 per undertaking and €10,000 per year for capital works where they are completed by the farmer and/or their employees | <b>[SA.41676]</b> ABER Article 4 and 29 |
|                             |  | Off an agricultural holding | Up to 80%  | <b>[SA.41673]</b> GBER Article 53(8)    |

### Annex B - M08: Investments in forest area development and improvement of the viability of forests

| Sub-Measure [and RDR Article]  | Scheme                                   | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme  | [Registration ref] and/or Legislative framework                     |
|--|--|-------------------|---|---|
| (8.1) Support for afforestation/creation of woodland establishment costs and maintenance premium per ha [Article 21(1)(a)]                         | <a href="#">CS</a>                       | Forestry          | 80% - cost of establishment and protection<br>Annual premium for maintenance will be £200/ha/annum for a period of 10 years - calculated as being about <b>60%</b> of the annual average costs associated with maintaining new planted woodland | <b>[SA.41676]</b> ABER Article 32(16) – further defined by the RDPE |
| (8.3) Support for prevention of damage to forests from forest fires and natural disasters and catastrophic events [Article 21(1)(c)]               | <a href="#">CS</a>                       | Forestry          | 100%  | <b>[SA.41676]</b> ABER Article 34(12)                               |
| (8.4) Support for restoration of damage to forests from forests from forest fires and natural disasters and catastrophic events [Article 21(1)(c)] | <a href="#">CS</a>                       | Forestry          | 100%  | <b>[SA.41676]</b> ABER Article 34(12)                               |
| (8.5) Support for investments improving the resilience and environmental value of forest ecosystems [Article 21(1)(d)]                             | <a href="#">CS</a>                       | Forestry          | 100%  | <b>[SA.41676]</b> ABER Article 35(8)                                |
| (8.6) Support for investments in processing, mobilising and marketing of forestry products [Article 21(1)(e)]                                      | <a href="#">CP</a> & <a href="#">EGP</a> | Forestry          | 40% (50% in less developed areas)   | <b>[SA. 41675]</b> & <b>[SA.41677]</b> ABER Article 41(11)          |

### Annex B - M10: Agri-environment-climate

| Sub-Measure [and RDR Article]   | Scheme             | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme  | [Registration ref] and/or Legislative framework |
|---|--------------------|-------------------|---|---|
| (10.1) Payment for agri-environment-climate commitments [Article 28(1)] | <a href="#">CS</a> | Agriculture       | Payments no more than 100% of calculated additional costs and income foregone – rates set out in Annex to the approved RDPE. Subject to | RDR Article 28(8)                               |

|  |  |  |   |                |
|--|--|--|---|----------------|
|  |  |  | the land use ceilings in Annex II of the RDR  |                |
|  |  |  | Additional National financing (not EU co-financed) for top-up payments above the land use ceilings in Annex II of the RDR | RDR Article 82 |
|  |  |  | Additional National financing (not EU co-financed) for revenue payments for educational access onto agricultural holdings |                |

### Annex B - M11: Organic farming

| Sub-Measure [and RDR Article]  | Scheme             | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework |
|--|--------------------|-------------------|--|---|
| (11.1) Payment to convert to organic farming practices and methods [Article 29(1)] | <a href="#">CS</a> | Agriculture       | Payments no more than 100% of calculated additional costs and income foregone – rates set out in the approved RDPE measure text. Subject to the land use ceilings in Annex II of the RDR | RDR Article 29(5)                               |
|  |                    |                   | Additional National financing (not EU co-financed) for top-up payments above the land use ceilings in Annex II of the RDR  | RDR Article 82                                  |
| (11.2) Payment to maintain organic farming practices and methods [Article 29(1)]   | <a href="#">CS</a> | Agriculture       | Payments for additional costs and income foregone – rates set out in the approved RDPE measure text. Subject to the land use ceilings in Annex II of the RDR                             | RDR Article 29(5)                               |
|  |                    |                   | Additional national financing for top-up payments above the maximum aid in Annex II of the RDR   | RDR Article 82                                  |

### Annex B - M15: Forest environmental and climate services and forest conservation

| Sub-Measure [and RDR Article]                                     | Scheme             | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme   | [Registration ref] and/or Legislative framework |
|---|--------------------|-------------------|--|---|
| (15.1) Payment for forest environment commitments [Article 34(1)] | <a href="#">CS</a> | Forestry          | Payments for additional costs and income foregone – rates set out in Annex to the approved RDPE. Subject to the maximum support rate of £100/ha/annum (€125/ha/annum). | [SA.41676] ABER Article 37(9)                   |

### Annex B - M16: Co-operation

| Sub-Measure [and RDR Article]  | Scheme             | Sector / Activity | Rate of aid and/or conditions to be applied in the Programme  | [Registration ref] and/or Legislative framework        |
|--|--------------------|-------------------|---|--|
| (16.1) Support for the establishment and operation of operational groups of the EIP [Article 35(1)(c)] | <a href="#">CP</a> | Agriculture       | 100% (other than direct costs) to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied | [SA.41674] 1.1.11 (323) of the EU State aid guidelines |

|   |                     |                |  |   |
|---|---------------------|----------------|--|---|
|   |                     | Forestry       | 100% (other than direct costs) to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied  | <b>[SA.41674]</b> 2.6 (572) of the EU State aid guidelines    |
| (16.2) Support for pilot projects / the development of new products, practices, processes and technologies [Article 35(2)(a) & (b)] | <a href="#">CP</a>  | Agriculture    | 100% (other than direct costs) to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied  | <b>[SA.41674]</b> 1.1.11 (323) of the EU State aid guidelines |
|   |                     | Forestry       | 100% (other than direct costs) to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied  | <b>[SA.41674]</b> 2.6 (572) of the EU State aid guidelines    |
|   | <a href="#">EGP</a> | Rural business | 50% (exceptionally up to 100% for particularly risky projects or where the benefits accrue to the wider business community) to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied | <b>[SA.41674]</b> 3.10 (710) of the EU State aid guidelines   |
| (16.3) (other) co-operation among small operators, including for developing / marketing tourism [Article 35(2)(c)]                  | <a href="#">EGP</a> | Rural business | 50% of costs for commercial operations up a max (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied   | <b>[SA.41674]</b> 3.10 (710) of the EU State aid guidelines   |
| (16.4) Support for horizontal and vertical co-operation among supply chain actors [Article 35(2)(h)]                                | <a href="#">CP</a>  | Agriculture    | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied  | <b>[SA.41674]</b> 1.1.11 (323) of the EU State aid guidelines |
|   |                     | Forestry       | 50% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied   | <b>[SA.41674]</b> 2.6 (577) of the EU State aid guidelines    |
| (16.5) Support for joint approaches to environmental projects and ongoing environmental practices [Article 35(2)(g)]                | <a href="#">CS</a>  | Agriculture    | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied  | <b>[SA.41674]</b> 1.1.11 (323) of the EU State aid guidelines |
|   |                     | Forestry       | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied  | <b>[SA.41674]</b> 2.6 (572) of the EU State aid guidelines    |
| (16.6) Support for cooperation among supply chain actors for sustainable provision of biomass [Article 35(2)(h)]                    | <a href="#">CP</a>  | Agriculture    | 100% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied  | <b>[SA.41674]</b> 1.1.11 (323) of the EU State aid guidelines |
|   |                     | Forestry       | 50% to a max of 7 years (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied   | <b>[SA.41674]</b> 2.6 (577) of the EU State aid guidelines    |
|   | <a href="#">EGP</a> | Rural          | 50% to a max of 7 years  | <b>[SA.41674]</b> 3.10 (710) of the EU State aid guidelines   |

|   |                    |   |   |  |
|---|--------------------|---|---|--|
|   |                    | business  | (where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied  | the EU State aid guidelines                                |
| (16.8) Support for drawing up of forest management plans or equivalent instruments [Article 35(2)(j)]                                 | <a href="#">CS</a> | Forestry  | 100% to a max of 7 years<br>(where direct costs can be attributed to other sub-Measures the limitations on rates of support applicable for those sub-Measure will be applied  | <b>[SA.41674]</b> 2.6 (576) of the EU State aid guidelines |
| <b>Annex B - M19: Support for LEADER local development (CLLD – community-led local delivery)</b>                                      |                    |   |   |  |
| <b>Sub-Measure [and Common Provisions Regulation Article]</b>   |                    | <b>Sector / Activity</b>  | <b>Rate of aid and/or conditions to be applied in the Programme</b>   | <b>[Registration ref] and/or Legislative framework</b>     |
| <a href="#">(19.1) Preparatory support [Article 35(1)(a) of 1303/2013]</a>  |                    | LEADER Local Action Groups  | No state aid  |  |
| <a href="#">(19.2) Support for implementation of operations under the Community-led local development strategy [Article 35(1)(b)]</a> |                    | Farmers, foresters, rural micro and small businesses, tourism businesses, rural communities and natural persons | <p>All LEADER activities delivered under sub-Measure 19.2 of the RDPE will deal with the state aid provisions as follows:</p> <p>First, it will be determined whether or not each proposed LEADER activity meets the state aid criteria detailed at paragraphs 5-7 of this guidance note. This will be carefully considered on the basis that we envisage most LEADER projects to demonstrate an investment in the wider rural economy in line with the aims and objectives a Local Development Strategy. Should it be determined that the proposal does not meet all four of the state aid criteria, for example where it can be established that LEADER grant aid <u>will not</u> provide a beneficiary or beneficiaries with what could be considered a unfair economic advantage, it may be deemed to not be a state aid and LEADER could potentially support up to 100% of the justified costs concerned.</p> <p>Second, where it is determined that LEADER support is a state aid, in general we envisage that up to a 40% intervention rate will be available to beneficiaries within the industrial de minimis of €200,000 over a 3 year period, or €15,000 over a 3 year period where it involves an investment in an agricultural activity.</p> <p>Third, where the industrial or agricultural de minimis is not sufficient to cover a LEADER proposal, either because LEADER is looking to award more grant aid or the applicant has already received de minimus support within the last 3 years, then consideration will be given to how each LEADER proposal aligns with the provisions of the sub-measures within the approved Rural Development Programme for England (RDPE) or the Agricultural Block Exemption Regulation (ABER) or General Block Exemption Regulation (GBER); and if it does then the corresponding intervention rates or requirements will be respected according to</p> |  |

|  |   |   |                            |
|--|---|---|----------------------------|
|  |   | <p>the activity concerned – as detailed in Annex B of this guidance.</p> <p>Fourth, consideration will be given to whether the LEADER proposal aligns with Rural Development Regulation (RDR) sub-Measures that haven't been implemented under the RDPE; and if it does then the corresponding RDR, ABER or GBER intervention rates or requirements will be respected according to the activity concerned. For example, where a LEADER proposal aligns with Article 20(1)(b) of the RDR to provide within the scope of sub-Measure 7.4 (not implemented in the RDPE) to provide support for local basic services, then Article 56 of the GBER will apply permitting 'Investment for local infrastructure'. Such investment is required to be open, transparent and non-discriminatory (i.e. not for the exclusive commercial benefit of a specific individual or individuals), have due regard to procurement rules and not provide an investment above and beyond an initial market value of the investment and its operating costs.</p> <p>Fifth, should a LEADER proposal not naturally align with any of the RDR sub-measures, or the proposal goes beyond the scope of the RDR sub-measures and/or the ABER and GBER provisions, then we will seek Commission state aid clearance for the LEADER activities concerned on a case by case basis.</p> |                            |
| <a href="#">(19.3) Preparation and implementation of cooperation activity of the local action group [Article 35(1)(c)]</a> | LEADER Local Action Groups and local actors | No state aid  |                            |
| <a href="#">(19.4) Support for running costs and animation [Article 35(1)(d)]</a>  | LEADER Local Action Groups                  | No state aid, but a limited to maximum of 25% of the total public expenditure incurred within the local development strategy  | CPR Article 35 (1303/3013) |

## Regulatory framework for *de minimis* state aid, block exemptions and individual state aid notification

### *De minimis*

The assumption behind the *de minimis* rules is that small amounts of aid will not affect trade and competition between Member States. However, the production of agricultural products is subject to different *de minimis* rules than those that apply to other industrial products. The rationale for this is that, in the Commission's experience, even low levels of state aid in the primary agricultural production sector may distort competition. Where funded activity involves both agricultural and non-agricultural processes, both rules can apply.

- **Industrial *de minimis*** - Commission Regulation (EU) No [1407/2013](#) covers small amounts of aid which do not count as state aid. However, it does not cover undertakings active in the primary production of agricultural products or, in very limited circumstances, to some marketing and processing of primary agricultural products. It also does not apply in the fishery and aquaculture sector. Article 3(2) of this Regulation states that: 'the total amount of *de minimis* aid granted per Member State to a single undertaking shall not exceed €200,000 over any period of three fiscal years.'
- **Agricultural *de minimis*** - Commission Regulation (EU) No [1408/2013](#) allows agricultural *de minimis* to be paid to agricultural concerns involved in the production of annex 1 products. Article 3(2) of this regulation states that: 'The total amount of *de minimis* aid granted per Member State to a single undertaking shall not exceed €15,000 over any period of 3 fiscal years.'

The advantage of using *de minimis* rules instead of a block exemption is that there is no limit on the aid intensity rate. However, where aid could equally well be granted under an approved scheme or a block exemption we recommend that these routes are used rather than *de minimis*. This is because each enterprise's *de minimis* allowance is a limited and finite resource.

It should be noted that *de minimis* covers funding under *de minimis* from other public sources as well as the RDPE. Thus those administering the grants will need to know of any other *de minimis* funding an enterprise has received in the previous three years. Grant awards based on *de minimis* must be carefully explained to beneficiaries as *de minimis* funding, details are included in the BIS guidance document mentioned on page one of this document.

### Block exemptions

The General Block Exemption Regulation Commission Regulation (EU) No [651/2014](#) (GBER) and the Agricultural Block Exemption Commission Regulation (EU) No [702/2014](#) (ABER) allow certain types of investment aid to be paid under simplified procedures, provided that the conditions of the regulation are met. Block exemptions can only be used in relation to the RDPE if they are listed and approved in the Programme document. Use of the exemption will need to be registered with the European Commission. An alternative to use of a block exemption is to offer aid under the Community *de minimis* rules.

### Individual state aid approval

If other options for dealing with a state aid proposal are not appropriate, then the Commission can be asked to approve an individual notification of state aid.

This approval process will usually take at least 6 months and approval must be obtained in advance of implementing the proposal. For the RDPE it is envisaged that only activity funded under Article 35 of the Rural Development Regulation (Measure 16 – Cooperation) has required an individual notification of state aid as there is no cover offered through the Agricultural Block Exemption Regulation. The Commission felt that there was insufficient evidence available to it of the type of activity that would be funded by Member States.

## Definition of small and medium enterprises

---

### Extract from Annex I of Commission Regulation (EC) No [651/2014](#) (GBER)

#### ANNEX I SME DEFINITION

##### Article 1 Enterprise

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

##### Article 2

##### *Staff headcount and financial thresholds determining enterprise categories*

1. The category of micro, small and medium-sized enterprises ('SMEs') is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.
  2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.
  3. Within the SME category, a micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.
- 

### Extract from Annex I of Commission Regulation (EC) No [702/2014](#) (ABER)

#### ANNEX I DEFINITION OF MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES

##### Article 1 Enterprise

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

##### Article 2

##### *Staff headcount and financial ceilings determining enterprise categories*

1. The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.
  2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.
  3. Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.
-