



Department  
for Environment  
Food & Rural Affairs



The European  
Agricultural Fund  
for Rural  
Development:  
Europe investing in  
rural areas

## 2014 to 2020 European Structural and Investment Funds Growth Programme

**Call for Applications to support investments that  
add value to primary agricultural and horticultural  
products.**

**European Agricultural Fund for Rural Development**

<b>Managing Authority</b>	<b>Department for Environment, Food and Rural Affairs</b>
<b>Local Enterprise Partnership Area</b>	<b>Cornwall and the Isles of Scilly (CIOS)</b>
<b>Call Reference</b>	<b>05RD15BS0001</b>
<b>Deadline for the submission of applications</b>	<b>Friday 30 October 2015 at 1700 hours</b>

Read the [Growth Programme](#) guidance. This explains what applicants must do to apply for a grant, how grant applications are assessed and how to meet the terms of a grant funding agreement if an application is successful.

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# 1. Call Context

## 1.1. Background

A single European Structural and Investment Funds (ESIF) Growth Programme has been set up to combine three separate European Funds. These are the European Regional Development Fund (ERDF), the European Social Fund (ESF) and part of the European Agricultural Fund for Rural Development (EAFRD).

ESIFs are managed by the Department of Communities and Local Government (ERDF), Department for Work and Pensions (ESF) and the Department for Environment, Food and Rural Affairs (EAFRD). These government departments are the Managing Authorities (MAs).

The Government has allocated £177 million of rural development funding from EAFRD for delivery through the Growth Programme. DEFRA has identified types of activity for support using rural development funding. These are:

- funding and developing micro, small and medium-sized rural businesses including food processing;
- funding for small scale tourism infrastructure and tourism co-operation.

## 1.2 Local Enterprise Partnerships

Local Enterprise Partnerships (LEPs) are private sector-led partnerships between local authorities and businesses. Each LEP has set out in its ESIF strategy the local priorities for this funding the aim of which is to achieve economic growth in its area. There are 39 LEPs covering England, 37 have an allocation of rural development funding. To apply for this funding the project must be located in a rural area in England.

## 1.3 Other Rural Development Funding

Other rural development support for agricultural and forestry businesses will be available through LEADER Local Action Groups (LAGs), the Countryside Productivity Scheme and Countryside Stewardship.

## 1.4 Local Context

**This call invites applications for investments that add value to primary agricultural and horticultural products. The call seeks applications from existing and new businesses looking to expand and grow, create new jobs and increase productivity.**

The agriculture sector in CIOS is worth in excess of £244 million (2012 - Office National Statistics) with 263,000 hectares in agricultural use across the area. The food sector in CIOS covers a range of agricultural, horticultural and food businesses spanning production, processing, retailing and hospitality.

The majority of businesses in CIOS are micro, small and medium sized enterprises. The CIOS ESIF strategy identified supporting growth, the creation of jobs and improving productivity within micro, small and medium sized enterprises as key objectives for the development of the food and farming sector. The following documents contain further details on the objectives of CIOS in the food and farming sector:

- CIOS [Strategic Economic Plan](#) (Conditions for Growth and Growth for Business);
- The [LEP's strategy](#) (supporting bedrock sectors);
- [Cornwall Councils Economy and Culture Strategy](#) (supporting bedrock sectors);
- [Cornwall Agri-food Council Strategy](#) (increasing added value processing and supply chain development); and
- [Scilly Strategic Economic Plan](#).

CIOS's ESIF Strategy is available at

<http://www.cornwallandislesofscillylep.com/assets/file/EU%20Investment%20Strategy/EU%20Structural%20and%20Investment%20Fund%20Strategy%20CloS%20LEP.pdf..>

## 2. Call Overview

### 2.1 Purpose of the Call

#### **Theme – Food Processing**

**This call seeks applications that support micro, small and medium businesses.**

The Government wants to see a thriving rural economy. This call provides support for:

- Micro, Small and Medium-sized businesses seeking to expand and create jobs in the food processing sector.

By providing EAFRD investment support for new and expanding businesses, CIOS wants to see an increase in jobs, particularly in higher paid, more highly skilled jobs; and in Gross Value Added to the rural economy.

## 2.2 Support Available

Applications are sought from [micro, small and medium sized enterprises] in [rural and urban areas] that are seeking grant assistance for investments in [processing and/or development of agricultural products]. All projects must be located in CIOS.

The aim of this call is to help farmers, growers and food processing businesses grow and develop existing markets and expand into new markets. Applicants must demonstrate how their project provides direct economic benefits to the CIOS area including the creation of new jobs and increased productivity. Applicants must show how the farmers and growers that supply the raw materials will directly benefit from the project.

Micro, small and medium sized businesses can apply for these grants if they process Annex 1 agricultural and horticultural products. Examples include meat, milk, fruit and vegetables. The exception is fisheries products, which are not eligible for these grants. Further details on Annex 1 products is in the Growth Programme guidance.

Project activities will need to demonstrate how they will contribute to one or more of the following:

- develop existing and new local, national and international markets;
- introduce innovation;
- create opportunities for joint-ventures and partnerships, such as those that link producers with processors so that resources and experience can be shared and improve the profitability, transparency and efficiency of the supply chain.

Applications will be prioritised in the following order:

1. Projects targeting export markets.
2. Projects with the potential to increase turnover.
3. Projects creating jobs paying above the average salary for CIOS (currently £17,389 per annum).
4. The number of new products and/or new techniques delivered by the project.

Grants up to 50% are available in CIOS. If an outline application is successful, applications will need to address one or more of the following;

- How the project will directly benefit farmers and growers that supply raw materials;
- Number of businesses in the supply chain supported;
- How the project will create jobs paying above the average salary for CIOS;

- How the project will increase productivity;
- How the project will reduce the consumption of resources such as water, fuel or electricity.

Examples of the types of investment include:

- The processing, cleaning and grading of flower bulbs;
- Support for dairy farmers or processors to manufacture dairy products;
- Support for livestock farmers or processors to add value to their meat after slaughter to increase turnover;
- Support for vegetable and salad growers or processors to add value to their product.

The following types of activity are eligible for support:

- Investment in equipment, technologies or processes to develop new or better quality products;
- Construction and/or conversion of buildings used for processing activities.

### 2.3 Size of grants available

Grants will be available for this call from £35,000 (£10,000 for micro and small enterprises on the Isles of Scilly) up to £1,000,000. State aid rules will apply which may affect the amount of grant offered. Further details on state aid rules are available from gov.uk.

Applicants can apply for a grant to cover up to 50% of the project's total eligible costs. See the table below for details. The minimum total eligible cost of a project for this call would therefore be £70,000 (£20,000 for micro and small enterprises on the Isles of Scilly).

Where a business is using Annex 1 raw materials, but producing an end product that is not Annex 1, the amount of grant money available will depend on the state aid cover used. In most cases, de minimis state aid will apply, so grant amounts will generally be limited to the sterling equivalent of the de minimis state aid level (€200,000) in any three year period.

In general, the proportion of the project costs that can be met by a grant depends on whether or not the end product of the processing is still an Annex 1 product.

Raw materials in	Product out	Business size	Grant rate
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Annex 1 product	Annex 1 product	Micro, small and medium businesses	Cornwall and the Isles of Scilly up to 50%
Annex 1 product	Not an Annex 1 product	Micro and small businesses	Cornwall and the Isles of Scilly up to 45%. Or up to 40% to de minimis limits in all areas
		Medium	Cornwall and the Isles of Scilly up to 35%. Or up to 40% to de minimis limits in all areas

The applicant must pay for any eligible costs not covered by the grant with private funding, such as savings or a commercial bank loan. If private funding is not used, the Rural Payments Agency (RPA) can reclaim any money already paid and withhold future grant payments.

## 2.4 Total Funding Available

The total grant funding available for this call is £2,500,000. Funding will be offered to a maximum of 71 projects, but the actual number of projects supported may be lower, dependent upon the scale and range of the projects coming forward. All applications are competitive and for this specific call applications will be assessed after the close of the deadline.

## 3. Outputs to be delivered

Project proposals will be expected to show how they will contribute to the achievement of the following outputs in their application:

- Number of new products introduced (to the business) – minimum of 1 new product per £100,000 of grant;
- Number of new techniques introduced (to the business) – minimum of 1 new technique per £100,000 of grant;
- Number of jobs created - minimum of 1 job created per £33,866 of grant;
- Increase in wage bill. For projects that focus on improving productivity the wage bill may remain constant or reduce.
- Increase in Gross Value Added

Applicants will need to be able to demonstrate how they will deliver the outputs, committed to within the proposal along with any methodology used. Further details on the evidence requirements for each output will be available at full application stage.

Applicants will also need to ensure robust project management systems are in place, that will capture and record the outputs. A detailed description of the systems will need to be provided at full application stage. All projects will be required to collect evidence to show that outputs have been achieved and report progress with each claim.

## **4. How to apply**

There are two stages to the application process. Applications will be assessed at both stages and only the strongest will be successful. The 2 stages are:

- Stage 1: an outline application
- Stage 2: a full application

Further details on how to apply for a grant and an outline application form are available from gov.uk. The applicant will only be invited to submit a full application if their outline application is successful.

Work must not start on any part of a proposed project before the applicant has received and signed a grant funding agreement from the RPA. This includes ordering or paying a deposit on materials or equipment.

## **5. Information to consider before making an application**

### **5.1 Eligibility**

There will be standard eligibility requirements for each type of grant offered. Applicants will need to refer to gov.uk for further information on each of the types of grants available.

### **5.2 Register with Rural Payments**

Before applicants can submit an application for a grant from the Growth Programme, they will need to register on [Rural Payments](#). If the applicant is already registered on Rural Payments, they will not need to do this again.



### 5.3 Cross Cutting Themes

All applications received under this call must demonstrate how the Cross Cutting Themes have been addressed in the project design and development. The cross cutting themes for all projects are sustainable development and equality and diversity. Further details on these can be found in the Outline Application form.

### 5.4 Quotes

Applicants must ensure that they obtain best value for money when buying goods or services. Important information on the number and format of the quotes required to demonstrate best value are available from gov.uk. Applicants will be required to submit these if invited to develop a full application.

#### 5.4.1 Publicising the Grant

When a project is successful in obtaining rural development funding through Growth Programme, the grant beneficiary will be required to publicise the grant. The RPA will provide beneficiaries with further information with the grant funding agreement but they may expect beneficiaries to:

- mention it in any press releases or when communicating with customers, for example in newsletters and on their website (if applicable); and
- display a poster, plaque, or billboard, including EU logos, depending on the amount of funding received and the type of investment.

If the applicant does not do this, the RPA may apply a penalty by deducting payment from the grant.

## 6. Support

Guidance on how to apply for a Growth Programme grant is available at [www.gov.uk/government/collections/growth-programme-grants-for-the-rural-economy](http://www.gov.uk/government/collections/growth-programme-grants-for-the-rural-economy). Applicants can call the Rural Payments helpline on 0300 0200 301 or Email [GPEnquiries@rpa.gsi.gov.uk](mailto:GPEnquiries@rpa.gsi.gov.uk) for further support if required.

## 7. Submitting applications

Send the completed outline application form to [growthapps@rpa.gsi.gov.uk](mailto:growthapps@rpa.gsi.gov.uk). The RPA will email to confirm that they've received it.