**InterTradeIreland – Challenge Programme**

**State Aid Reference Nos:**

**UK: SA.41051**

**Ireland: SA.41020**

**Member States**

United Kingdom & Ireland

**Region**

Northern Ireland & all regions of Ireland

**Title of Aid Scheme**

InterTradeIreland Challenge Programme (2015 – 2020)

**Legal Basis**

**UK Legal Basis**

The North/South Co-operation (Implementation Bodies) Northern Ireland Order 1999 – Section 2.3 Part 7 of Annex II of the Act empowers InterTradeIreland to invest, grant aid or lend for the purposes of its function.

**Ireland Legal Basis**

British/Irish Agreement Act 1999 (Section 2.3 Part 7 of Annex II of the act empowers InterTradeIreland to invest, grant aid or lend for the purposes of its function) and European Communities Act 1972.

**EC Legal Basis**

All aid provided to SMEs under this Scheme will be aid for innovation advisory and support services within the limits set out in Article 28, specifically Article 28 2(c) and Article 28 4 of *Commission Regulation (EU) No 651/2014 of 17th June, 2014. (General Block Exemption Regulation).*

All aid to large companies under this scheme will be provided on the basis of the de minimis Regulation, Commission Regulation No 1407/2013 of 18th December 2013.

**Objective of the Scheme**

The InterTradeIreland Challenge Programme is aimed at SMEs to assist them in learning and applying a highly effective innovation process. The companies will learn a proven process for methods of defining and commercialising new products and services and will be given one-to-one support to ensure that the new process is embedded into the company.

**Granting Authority Name**

InterTradeIreland

**Scope of the Scheme**

The scheme will be open to all companies located in the island of Ireland (i.e. Northern Ireland, a region of the United Kingdom and Ireland) except those prohibited from receiving aid by Articles 1 (3), (4) and 5 of the General Block Exemption Regulation (GBER) and Article 1(1) of the de minimis Regulation.

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Article 1 (3) details that the GBER shall not apply to:

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| (a) | aid granted in the fishery and aquaculture sector, as covered by Regulation (EU) No 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) No 1184/2006 and (EC) No 1224/2009 and repealing council Regulation (EC) No 104/2000, with the exception of training aid, aid for SMEs' access to finance, aid in the field of research and development, innovation aid for SMEs and aid for disadvantaged workers and workers with disabilities; |

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| (b) | aid granted in the primary agricultural production sector, with the exception of compensation for additional costs other than transport costs in outermost regions as provided for in Article 15(2)(b), aid for consultancy in favour of SMEs, risk finance aid, aid for research and development, innovation aid for SMEs, environmental aid, training aid and aid for disadvantaged workers and workers with disabilities; |

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| (c) | aid granted in the sector of processing and marketing of agricultural products, in the following cases:   |  |  | | --- | --- | | (i) | where the amount of the 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 undertakings concerned; or |  |  |  | | --- | --- | | (ii) | where the aid is conditional on being partly or entirely passed on to primary producers; | |

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| (d) | aid to facilitate the closure of uncompetitive coal mines, as covered by Council Decision No 2010/787; |

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| (e) | the categories of regional aid excluded in Article 13 of the GBER. |

Where an undertaking is active in the excluded sectors as referred to in points (a), (b) or (c) above and in sectors which fall within the scope of the GBER, the GBER applies to aid granted in respect of the latter sectors or activities, provided that Member States ensure by appropriate means, such as separation of activities or distinction of costs, that the activities in the excluded sectors do not benefit from the aid granted in accordance with the GBER.

Article 1 (4) details that the GBER shall not apply to:

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| (a) | aid schemes which do not explicitly exclude the payment of individual aid in favour of an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market, with the exception of aid schemes to make good the damage caused by certain natural disasters; |

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| (b) | ad hoc aid in favour of an undertaking as referred to in point (a); |

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| (c) | aid to undertakings in difficulty, with the exception of aid schemes to make good the damage caused by certain natural disasters. |

Article 1 (5) details that the GBERshall not apply to State aid measures, which entail, by themselves, by the conditions attached to them or by their financing method a non-severable violation of Union law, in particular:

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| (a) | aid measures where the grant of 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; However, the requirement to have an establishment or branch in the aid granting Member State at the moment of payment of the aid is allowed. |

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| (b) | aid measures where the grant of aid is subject to the obligation for the beneficiary to use nationally produced goods or national services; |

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| (c) | aid measures restricting the possibility for the beneficiaries to exploit the research, development and innovation results in other Member States. |

Article 1(1) of the de minimis Regulation details that aid may be granted to undertakings in all sectors, with the exception of:

(a) aid granted to undertakings active in the fishery and aquaculture sector, as covered by Council Regulation (EC) No 104/2000;

(b) aid granted to undertakings active in the primary production of agricultural products;

(c) aid granted to undertakings active in the sector of processing and marketing of agricultural products, in the following cases:

(i) where the amount of the 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 undertakings concerned;

(ii) where the aid is conditional on being partly or entirely passed on to primary producers;

(d) 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 expenditure linked to the export activity;

(e) aid contingent upon the use of domestic over imported goods.

**Date and Period of the Scheme**

Support under this scheme may be granted from 1st February until 31st December 2020.

**Budget for Aid Under the Scheme**

InterTradeIreland, at its discretion, will grant fund projects from its annual departmental budgets under this legal framework.

The annual United Kingdom budget for the scheme will be £55,000 per annum.

The annual Ireland budget for the scheme will be €150,000 per annum.

**Form and Intensity of Aid**

All aid awarded under the scheme will be transparent and will be in the form of consultancy support. Aid to SMEs will be aid for innovation advisory and support services to assist companies in applying new innovative learning, tools and techniques to assist in company growth and will be in line with Article 28 of the General Block Exemption Regulation – innovation aid for SMEs.

Aid to large companies will also be aid for innovation advisory and support services to assist companies in applying new innovative learning techniques but will be provided on the basis of the de minimis regulation.

The aid intensity will not exceed 100% of the eligible costs.

In the case of SMEs, the aid amount will also not exceed €200,000 as required by Article 28(4) of the General Block Exemption Regulation per undertaking within any three year period.

Aid to large companies will be on the basis of the de minimis regulation and, as required by Article 6 of the de minimis Regulation, potential beneficiaries will be informed in writing of the prospective amount of aide, a de minimis declaration will be obtained and a check will be undertaken to ensure that the Challenge grant will not result in the undertaking being granted more than €200,000 in any period of three fiscal years..

**Eligible Activities to be Supported Under the Scheme**

Challenge provides a comprehensive package of support to each company. This includes innovation advisory and support costs associated with one-to-one mentoring up to £6,500/€8,333 per company.

**Publication, Monitoring and Reporting Requirements**

The scheme will adhere to the publication, monitoring and reporting requirements detailed in Articles 9, 10, 11, and 12 of the General Block Exemption Regulation for aid granted to SMEs.

For aid to large companies, the scheme will also adhere to the monitoring requirements detailed in Article 6 of the de minimis regulation.

**Contact Information**

InterTradeIreland

Kilmorey Street

Newry

BT34 2DE

Tel: +44 (0)28 3083 4100 (048 from Ireland)