

### Summary

- 1 The Agriculture and Horticulture Development Board ('AHDB') intends to undertake research and development activities in relation to agriculture.
  - 1.1 These activities will be financed by parafiscal taxes.
  - 1.2 They will be undertaken in compliance with Article 9 of the Community Framework for State Aid for Research and Development and Innovation.

### Agriculture and Horticulture Development Board structure

- 2 The Agriculture and Horticulture Development Board undertakes activities in relation to the cereals and oilseeds sector in the United Kingdom, the horticulture, milk and potato sectors in Great Britain, and the English pig and English beef and lamb sectors. The products of these sectors are listed in Annex I of the Treaty on the Functioning of the European Union. The research and development activities that will be administered and performed under this scheme will benefit producers in these sectors and economic operators in the supply chain of agricultural products to consumers.
  - 2.1 Statutory levy is used by AHDB to undertake work to assist with the development of the relevant sectors, notably work that would not be done under normal market conditions. This results from the fact that producers in these sectors, and also in many cases processors and other economic operators in the supply chain to consumers, are too small to be able to resource such areas of work themselves.

### *Legal basis*

- 3 AHDB was set up under powers provided by Sections 87-91, 93, 94, 96 and 97 of the Natural Environment and Rural Communities Act 2006. Those powers also enabled the provision of funding. The Agriculture and Horticulture Development Board Order 2008 ('AHDB Order') set up AHDB and the parafiscal levy arrangements by which its activities are funded.

### *Purpose, Scope and Accountability*

- 4 AHDB is established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character
  - 4.1 The AHDB Order defines the scope of the Board's structure in Article 2.
  - 4.2 Article 3 specifies the purposes for which AHDB is run. These include increasing efficiency or productivity in the industry, improving marketing in the industry, improving or developing services that such an industry provides or could provide to the community, and improving the ways in which such an industry contributes to sustainable development.

- 4.3 Schedule 1 of the AHDB Order indicates the functions of AHDB.
- 5 AHDB performs its activities for the benefit of the UK Government, not undertaking any commercial or other activity outside the scope of relevant State aid schemes. This is AHDB's main purpose and function
- 5.1 Services may be provided by AHDB itself but where value for money can be obtained outside the AHDB structure, services may be procured from private sector organisations. Contracts will be awarded on the basis of market principles in line with European Union procurement rules.
- 5.2 The AHDB structure may also engage in commercial activities but such activities will be undertaken by a wholly-owned commercial subsidiary company of AHDB. This is a separate company established under Article 5 of the AHDB Order. Any commercial activities will be only a small proportion of the overall activities undertaken, and such activities will be entirely ring-fenced to prevent cross-subsidisation. Separate accounts will be kept for such activities.
- This company will not carry out State aid activities, except where it is contracted to do so through open and transparent procurement procedures.
- 6 The objects of AHDB are limited to running the scheme in the public interest.
- 6.1 Article 3 of the AHDB Order states the purposes for which AHDB is run; these are all in the public interest. They include increasing efficiency or productivity in the industry, improving marketing in the industry, improving or developing services that such an industry provides or could provide to the community, and improving the ways in which such an industry contributes to sustainable development.
- 6.2 Article 5 of the AHDB Order allows for the establishment of subsidiary companies as may be conducive or incidental to AHDB's functions.
- Subject to paragraph 5.2 above, AHDB's subsidiary companies will not undertake activities under this scheme.
- 7 The UK Government controls the expenditures of AHDB and its companies by exercising a right of approval of the business plan for all its activities. An agreement between the UK Government and AHDB ensures that the latter will act in accordance with the public sector requirements.
- 8 The UK Government will retain control over the disbursement of government funds as described in relevant State aid schemes.

## **The Scheme**

- 9 The aim of the Scheme, which will be administered by AHDB, is to undertake research and development in relation only to agricultural products produced from within the sectors covered by the statutory levy.
- 9.1 The scheme will be restricted to products listed in Annex I of the Treaty on the Functioning of the European Union and will comply with the requirements of GBER Regulation (EC) No 800/2008<sup>1</sup>, notably Article 34 thereof. See also the Appendices.

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<sup>1</sup> Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation); OJEU, L 214, 9 August 2008, p.3.

- 9.2 AHDB will undertake fundamental research, industrial research and experimental development intended to improve the efficiency and quality of production of Annex I products for the benefit of consumers, and increase consumption.
- 10 All of the activities under this scheme will satisfy the criteria for aid for research and development in the agricultural sector set out in Article 9 of the Community Framework for State Aid for Research and Development and Innovation:
- 10.1 The principal beneficiaries will be the producers and growers of the agricultural products. However, the research and development activities will be of interest to all operators in the particular sector or sub-sector concerned, including all operators throughout the processing and supply chain from producers to consumers.
- 10.2 AHDB will create and maintain web pages on the internet where it will publish the following information in relation to each activity under this scheme:
- (a) A statement that the activity will be carried out;
  - (b) A description of the objective of the activity;
  - (c) An indication of the date when the results of the activity are expected to be published on the internet, and that those results will be available at no cost;
  - (d) An indication of the place where those results will be published, which may be in the form of a link that will provide access to that place of publication;
- 10.3 The results referred to above will:
- (a) be made available on the internet for at least five years;
  - (b) not be given to members of any particular organisation before being so published on the internet except insofar as they may be provided to participants in the activity for the purposes of the activity including to enable such participants to contribute to the development and presentation of the results.
- 11 The results of the Scheme will therefore be made available promptly through publication to all operators throughout the Union.
- 11.1 As an exception to the above, results believed to be commercially significant may be withheld from publication pending protection of relevant intellectual property rights and commercialisation by transparent means.
- 12 AHDB will grant aid under this scheme directly to the research organisation.
- 12.1 AHDB will not grant non-research-related aid directly under this scheme to a company producing, processing or marketing agricultural products.
- 12.2 AHDB will not provide price support under this scheme to producers of agricultural products.
- 12.3 The aid intensity will not exceed 100% of the eligible costs, which will be restricted in accordance with Article 31(5) of Regulation 800/2008 to:
- (a) Personnel costs (researchers, technicians and other supporting staff to the extent employed on the research project);
  - (b) Costs of instruments and equipment to the extent and for the period used for the research project. If such instruments and equipment are not used for their full life for the research project, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice, will

- (c) Costs for buildings and land, to the extent and for the duration used for the research project. For buildings, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice will be considered eligible. For land, costs of commercial transfer or actually incurred capital costs will be eligible;
- (d) Cost of contractual research, technical knowledge and patents bought or licensed from outside sources at market prices, where the transaction has been carried out at arm's length and there is no element of collusion involved, as well as costs of consultancy and equivalent services used exclusively for the research activity;
- (e) Additional overheads incurred directly as a result of the research project;
- (f) Other operating costs, including costs of materials, supplies and similar products incurred directly as a result of the research activity.

13 This scheme will be published in the form of this document on the internet at:  
<http://www.ahdb.org.uk/about/Procurement.aspx> .

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## APPENDIX 1 to AHDB R&D Scheme

1	Member State	United Kingdom
2	Region	United Kingdom: cereals and oilseeds sector Great Britain: horticulture, milk and potatoes sectors England: beef, pigs and sheep sectors
3	Title of Aid Scheme	AHDB R&D scheme
4	UK Legal Basis	The specific legal powers under which support will be provided under this Scheme are contained in: <ul style="list-style-type: none"> <li>• The Natural Environment and Rural Communities Act 2006</li> <li>• The Agriculture and Horticulture Development Board Order 2008</li> </ul> The legislation which gives general effect to EU Law in the United Kingdom is: <ul style="list-style-type: none"> <li>• European Communities Act 1972</li> </ul>
5	EU Legal Basis	All aid provided under this Scheme will be within the limits set out in Section 7 notably Article 34 of Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation) (“GBER”; OJ L213, 9.8.2008, p.3)
6	Definitions	In this Scheme, the expression “SME” has the meaning assigned to it in Annex I of the General Block Exemption Regulation.
7	Objective	The scheme will undertake research and development activities in relation to the agriculture sectors indicated above for the benefit of agricultural producers in those sectors.
8	Implementing body	The Agriculture and Horticulture Development Board
9	Scope	The activities under the scheme will be for the benefit of all producers in the relevant sector or sub-sector and will be undertaken using transparent and objective procedures in accordance with Section 7 of the General Block Exemption Regulation.
10	Duration	Aid under this scheme may be granted until 31 December 2016. Aid granted after 31 December 2013 will comply with the General Block Exemption Regulation during any extension to the duration of the applicability of GBER including any transitional period to a successor to GBER, and with such successor regulation thereafter.
11	Form of Aid	All aid awarded under the Scheme will be transparent and in line with criteria set out in Section 7 of the General Block Exemption Regulation.
12	Eligible activities	Research and Development activities, of interest to all operators in the particular sector or sub-sector concerned.

13	Eligible Costs	<p>The costs of the research project will be transparent and will be directly and exclusively related to the project.</p> <p>Aid will only be awarded on the eligible costs, in compliance with Article 31(5) of GBER, including:</p> <ul style="list-style-type: none"> <li>(a) personnel costs (researchers, technicians and other supporting staff to the extent employed on the project);</li> <li>(b) costs of instruments and equipment to the extent and for the period of the research project; depreciation costs will be restricted to those incurred during the life of the project, as calculated on the basis of good accounting practice;</li> <li>(c) cost of contractual research, technical knowledge and patents bought or licensed from outside sources at market prices, and costs of consultancy and equivalent services used exclusively for the research activity;</li> <li>(d) additional overheads incurred directly as a result of the research project;</li> <li>(e) other operating costs, including costs of materials, supplies and similar products incurred directly as a result of the research activity.</li> </ul> <p>Aid will be granted directly to the research organisation. There will be no direct grant of non-research-related aid under the Scheme to any company producing, processing or marketing agricultural products, nor will it provide price support to producers of such products.</p> <p>Maximum aid intensity: 100% of the eligible costs for all enterprises.</p>
14	Incentive Effect	<p>The activities will increase the knowledge base available to the relevant agriculture sector and enable the Agriculture and Horticulture Development Board and operators producing, processing and/or marketing the agricultural products to improve the efficiency of production and supply of the products.</p>
15	Cumulation	<p>In determining whether the notification thresholds and the maximum aid intensities are respected, the total amount of public support for the activity will be taken into account, regardless of whether that support is financed from local, regional, national or Community sources.</p> <p>Aid provided under this Scheme will not be cumulated with other forms of aid nor with aid classed as <i>de minimis</i> aid in regard to the same eligible costs if this would breach the maximum aid intensity.</p>
16	Budget	<p>The budget for the Scheme for the period of the Scheme will be £105 million, including on project management, and a further £30 million on non-economic government duties connected with the Scheme.</p> <p>The Scheme will be financed by a statutory parafiscal levy.</p>

17	Monitoring and Reporting	<p>Information that research will be carried out, and the objective of the research, will be published on the internet, before the commencement of the research. The publication will include an approximate date when the results are expected, their place of publication on the internet, and an indication that the results will be available at no cost.</p> <p>The publication will note that aid has been provided under the Scheme, and that the activities will be undertaken in accordance with the General Block Exemption Regulation.</p> <p>The results of the research will be made available on the internet, for at least 5 years. They will be published no later than any information which may be given to members of any particular organisation, except insofar as they may be provided to participants in the activity for the purposes of the activity including to enable such participants to contribute to the development and presentation of the results. However, results believed to be commercially significant may be withheld from publication pending protection of relevant intellectual property rights and commercialisation by transparent means.</p> <p>Records will be kept for 10 years from the date of the last award of aid. Records will be sufficiently detailed to establish that the conditions of the Scheme are met, to include eligibility of costs.</p> <p>An annual report on the expenditure under this Scheme will be provided to the Commission.</p> <p>Contact information:</p> <p>Agriculture and Horticulture Development Board, Stoneleigh Park, Kenilworth, Warwickshire CV8 2TL</p>
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## APPENDIX 2 to AHDB R&D Scheme

### ANNEX III to GBER

#### Form for the provision of summary information under the reporting obligation laid down in Article 9(1)

Please fill in the information required below:

#### PART I

Aid reference	<i>(to be completed by the Commission)</i>	
Member State	United Kingdom	
Member State reference number		
Region	Name of the Region (NUTS) <sup>(1)</sup> United Kingdom	Regional aid status <sup>(2)</sup> Mixed
Granting authority	Name	Agriculture and Horticulture Development Board
	Address	Stoneleigh Park, Kenilworth, Warwickshire CV8 2TL
	Webpage	www.ahdb.org.uk
Title of the aid measure	AHDB R&D scheme	
National legal basis (Reference to the relevant national official publication)	Natural Environment and Rural Communities Act 2006 Agriculture and Horticulture Development Board Order 2008	
<i>Web link to the full text of the aid measure</i>		
Type of measure	Scheme <input checked="" type="checkbox"/>	
	Ad hoc aid	Name of the Beneficiary
Amendment of an existing aid measure		Commission aid number
	Prolongation	
	Modification	
Duration <sup>(3)</sup>	Scheme	01/04/11 to 31/12/16
Date of granting <sup>(4)</sup>	Ad hoc aid	dd/mm/yy
Economic sector(s) concerned	All economic sectors eligible to receive aid	
	Limited to specific sectors — Please specify in accordance with NACE Rev. 2. <sup>(5)</sup>	A1
Type of beneficiary	SME	<input checked="" type="checkbox"/>
	Large enterprises	<input checked="" type="checkbox"/>

Budget	Annual overall amount of the budget planned under the scheme <sup>(6)</sup>		National currency 18 (in millions)
	Overall amount of the ad hoc aid awarded to the undertaking <sup>(7)</sup>		National currency ... (in millions)
	For guarantees <sup>(8)</sup>		National currency ... (in millions)
Aid instrument (Art. 5)	Grant Interest rate subsidy		
	Loan		
	Guarantee/Reference to the Commission decision <sup>(9)</sup>		
	Fiscal measure		
	Risk capital		
	Repayable advances		
	Other (please specify)		Provision of services at preferential terms
If co-financed by Community funds	Reference(s):	Amount of Community funding	National currency ... (in millions)

<sup>(1)</sup> NUTS — Nomenclature of Territorial Units for Statistics.

<sup>(2)</sup> Article 107(3)(a) TFEU, Article 107(3)(c) TFEU, mixed areas, areas not eligible for regional aid.

<sup>(3)</sup> Period during which the granting authority can commit itself to grant the aid.

<sup>(4)</sup> Aid is to be considered to be granted at the moment the legal right to receive the aid is conferred on the beneficiary under the applicable national legal regime.

<sup>(5)</sup> NACE Rev.2 — Statistical classification of Economic Activities in the European Community.

<sup>(6)</sup> In case of an aid scheme: Indicate the annual overall amount of the budget planned under the scheme or the estimated tax loss per year for all aid instruments contained in the scheme.

<sup>(7)</sup> In case of an ad hoc aid award: Indicate the overall aid amount/tax loss.

<sup>(8)</sup> For guarantees, indicate the (maximum) amount of loans guaranteed.

<sup>(9)</sup> Where appropriate, reference to the Commission decision approving the methodology to calculate the gross grant equivalent, in line with Article 5(1)(c) of the Regulation.

PART II

Please indicate under which provision of the GBER the aid measure is implemented.

General Objectives (list)	Objectives (list)	Maximum aid intensity in % or Maximum aid amount in national currency	SME — bonuses in %
Regional investment and employment aid <sup>(1)</sup> (Art. 13)	Scheme	...%	
	Ad hoc aid (Art. 13(1))	...%	
Aid for newly created small enterprises (Art. 14)		...%	
SME investment and employment aid (Art. 15)		...%	
Aid for small enterprises newly created by female entrepreneurs (Art. 16)		...%	
Aid for Environmental protection (Art. 17–25)	Investment aid enabling undertakings to go beyond Community standards for environmental protection or increase the level of environmental protection in the absence of Community standards (Art. 18) Please provide a specific reference to the relevant standard	...%	
	Aid for the acquisition of new transport vehicles which go beyond Community standards or which increase the level of environmental protection in the absence of Community standards (Art. 19)	...%	
	Aid for early adaptation to future Community standards for SMEs (Art. 20)	...%	
	Environmental investment aid for energy saving measures (Art. 21)	...%	
	Environmental investment aid for high efficiency cogeneration (Art. 22)	...%	
	Environmental investment aid for the promotion of energy from renewable energy	...%	

General Objectives (list)	Objectives (list)	Maximum aid intensity in % or Maximum aid amount in national currency	SME — bonuses in %
	sources (Art. 23)		
	Aid for environmental studies (Art. 24)	...%	
	Aid in the form of reductions in environmental taxes (Art. 25)	... national currency	
Aid for consultancy in favour of SMEs and SME participation in fairs (Art. 26–27)	Aid for consultancy in favour of SMEs (Art. 26)	...%	
	Aid for SME participation in fairs (Art. 27)	...%	
Aid in the form of risk capital (Art. 28–29)		... national currency	
Aid for research, development and innovation (Art. 30–37)	Aid for research and development projects (Art. 31)	Fundamental research (Art. 31(2)(a))	...%
		Industrial research (Art. 31(2)(b))	...%
		Experimental development (Art. 31(2)(c))	...%
	Aid for technical feasibility studies (Art. 32)	...%	
	Aid for industrial property rights costs for SMEs (Art. 33)	...%	
	Aid for research and development in the agricultural and fisheries sectors (Art. 34)	100 %	
	Aid to young innovative enterprises (Art. 35)	... national currency	
	Aid for innovation advisory services and for innovation support services (Art. 36)	... national currency	
	Aid for the loan of highly qualified personnel (Art. 37)	... national currency	
Training aid (Art. 38–39)	Specific training (Art. 38(1))	...%	
	General training (Art. 38(2))	...%	
Aid for disadvantaged and disabled workers (Art. 40–42)	Aid for the recruitment of disadvantaged workers in the form of wage subsidies (Art.	...%	

General Objectives (list)	Objectives (list)	Maximum aid intensity in % or Maximum aid amount in national currency	SME — bonuses in %
	40)		
	Aid for the employment of disabled workers in the form of wage subsidies (Art. 41)		
	Aid for compensating the additional costs of employing disabled workers (Art. 42)		

<sup>(1)</sup> In the case of ad hoc regional aid supplementing aid awarded under aid scheme(s), please indicate both the aid intensity granted under the scheme and the intensity of the ad hoc aid.