



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 in
micro, small and medium-sized food and drink
processing businesses**

European Agricultural Fund for Rural Development

Managing Authority	Department for Environment, Food and Rural Affairs
Local Enterprise Partnership Area	Enterprise M3
Call Reference	10RD15BS0003
Deadline for the submission of applications	Friday 8 January 2015 at 1700 hours

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:

- European Regional Development Fund (ERDF)
- European Social Fund (ESF)
- part of the European Agricultural Fund for Rural Development (EAFRD)

The Growth Programme provides funding to help projects in England that create jobs and economic growth. Department for Environment, Food and Rural Affairs (Defra) has responsibility for managing EAFRD. Rural Payments Agency (RPA) manages these grants on behalf of Defra.

Government has allocated £177 million of rural development funding from EAFRD for grants in the Growth Programme. These grants are available for:

- 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 help micro, small and medium sized businesses in the food and drink processing sector in the Enterprise M3 area grow and create jobs.

The Enterprise M3 LEP [Rural Briefing Paper](#) describes the importance to the economy of rural businesses in the LEP area. Businesses in rural areas

represent 15% of those in the LEP area. The [ESIF Strategy](#) shows the area has some large food processing businesses, and over 600 small and medium food and drink businesses. The Rural Briefing paper shows the development of food and drink businesses is a priority for the rural parts of the LEP area.

Farmers and growers in the LEP area can benefit through processing their own produce, or by supplying local processing businesses. Consumers are interested in where their food comes from and how it gets to them. This provides a good opportunity for farmers and growers to diversify into processing their produce.

This call seeks applications from micro, small and medium-sized food processing businesses and farmers and growers wanting to process their own produce. Applications must be for the processing of [Annex 1 agricultural and horticultural products](#). The output of the processing must also be an Annex 1 product. Examples of Annex 1 products include meat, milk, fruit and vegetables.

Applications must show how their proposed project will increase the income or provide new income streams to farmers and growers. Projects can support farmers and growers outside the LEP area but the project must take place in the LEP area.

Enterprise M3 LEP is particularly interested in applications that will introduce new processes, techniques or products linked to academic research.

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, Enterprise M3 LEP 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

This call seeks applications from micro, small and medium-sized businesses in urban and rural areas. Grants are available for investments in the processing of [Annex 1 agricultural and horticultural products](#).

The aim of this call is to grow the food processing sector. Applications should demonstrate how they'll sell more products locally, nationally and through exports.

Examples of support include:

- investment in equipment, technologies or processes to develop new or higher quality products
- construction or conversion of buildings to be used for processing activities

Simple replacement investments will not be supported.

Applications can be from any food and drink business processing Annex 1 products excluding fish and fisheries products. Applications from the following sectors are a priority for this call:

- meat
- milk
- horticulture

Applications from businesses in these sectors will receive further priority if they can demonstrate the following criteria:

- introduce new equipment and processes to the business
- introduce new technologies and processes as a direct result of academic research or trials
- open new product markets to the business
- open up export markets to the business
- create at least 1 full time equivalent for each £15,000 of grant investment

Applications that can meet two or more of these criteria will have higher priority.

2.3 Size of grants available

Grants will be available for this call from £50,000 up to £250,000. 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 40% of the project's total eligible costs. The minimum total eligible cost of a project for this call would therefore be £125,000

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 **£465,000**. Funding will be offered to a maximum of 9 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

Applicants need to show how their project will contribute to the achievement of the following total outputs for the call:

- creation of 31 full time equivalent jobs
- increase in the wage bill
- number of new products generated
- introducing 9 new processes or techniques

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.

5.5 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. Applicants can call the Rural Payments helpline on 0300 0200 301 or Email 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. The RPA will email to confirm that they've received it.