



Marine
Management
Organisation



European Fisheries Fund

Business Relations Team, Marine Management Organisation, Lancaster House, Hampshire Court,
Newcastle upon Tyne, NE4 7YH

Tel: 0191 376 2694/2676, Fax: 0191 376 2681, Email: eff.projects@marinemanagement.org.uk

All projects in England

European Fisheries Fund: Eligibility guidance notes For help with completing applications for investments on board fishing vessels

The European Fisheries Fund may give financial support to meet a number of economic, environmental and social goals. These eligibility guidance notes will help you to apply for grants for investments on board your fishing vessel. Your vessel will need to have been registered on the EU/UK Fishing Vessel Register for 5 years unless you are applying for gear replacement. If you are applying for gear replacement, your vessel will need to have been registered on the EU/UK fishing vessel register and been fishing for 12 months or more.

Grants can be awarded for:

1. improvements to on board safety
2. improvements to working conditions
3. improvements to hygiene
4. improvements to product quality
5. improvements to the selectivity of fishing gear and methods
6. replacing your engine (**for engine replacement please submit a standalone application – you cannot include any other vessel improvement with such an application**)
7. improvements in energy efficiency

Higher than normal grants may be awarded if you are involved in small-scale coastal fishing, that is if your fishing vessel's overall length is less than 12 metres and does not use towed gear.

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General guidelines

These notes will help you to apply for EU grant aid from the European Fisheries Fund (EFF) for **Investment on board fishing vessels** projects. You will need to use the correct form (**EFF-APP-AX1-VEM001**) when you apply or a decision on your application could be delayed.

In these notes:

- **You** means the applicant for grant. You can employ a consultant to help you complete your application form but you will still have to sign the form. You will be responsible for ensuring that all of the terms and conditions for grant are fulfilled. In particular, this means that you will be expected to keep ownership of the work which is being grant aided.
- **We** means the Marine Management Organisation (MMO).

The information provided in these guidance notes must only be taken as a guide to the grants which are available. The legal basis for the grants is Council Regulation (EC) 1198/2006, Commission Regulation (EC) 498/2007 and the Grants for Fishing and Aquaculture Industries Regulations 2007 (S.I. 2007/3284) and Council Regulation (EC) 744/2008. On 24 July 2008 the European Commission introduced a Council Regulation (EC) No 744/2008 to help those affected by the economic crisis, in particular the higher cost of fuel at the time. These eligibility guidance notes will also help you to complete your application for additional measures under this regulation.

Further advice is available from:

Business Relations Team
Marine Management Organisation
Lancaster House
Hampshire Court
Newcastle upon Tyne
NE4 7YH
Tel: 0191 376 2505
Fax: 0191 376 2681
Email: eff.projects@marinemanagement.org.uk
Website: www.marinemanagement.org.uk/fisheries/funding/eff.htm

Who may apply for grant?

Grants for vessel modernisation are available to vessel owners in the private sector.

When can you apply for grant?

You may apply at any time. Depending on the cost of your project and how complicated it is your application form and business case might have to go forward to a selection panel. These are normally held three times a year. We reserve the right to close the programme earlier if the funds allocated to the programme have been used up. You should also note that the eligibility criteria will be reviewed from time to time during the lifetime of the programme. The latest copy of these eligibility guidance notes will be posted on the MMO website.

What things might be eligible for a grant?

The following list will help you to decide that what you want to apply for is eligible for a grant from the European Fisheries Fund.

Please contact the Business Relations Team if you are in doubt about the eligibility of an item. The inclusion of an ineligible item in an application will not normally render the whole project ineligible,

but its cost will not be included in the amount upon which grant is calculated. You can also get details of the selection criteria that will be used to approve projects from the MMO website.

The following can be applied for on the same application form:

1. improvements to on board safety
2. improvements to working conditions
3. improvements to hygiene
4. improvements to product quality
5. improvements to the selectivity of fishing gear and methods
6. improvements in energy efficiency
7. engine replacement.

General requirement for getting a grant

As a requirement for getting a grant:

- your vessel must have been on the EU fishing vessel register for at least five years
- your vessel must be sound, sea-worthy and must otherwise comply with statutory life-saving, fire-fighting, radio and collision regulations, have a current certificate of compliance and be insured
- your home port must be in England (home port means the port in which a vessel is normally based and from which it normally operates)
- your vessel must be engaged in the commercial exploitation of fisheries
- replacement gear must be more selective in order to receive funding from the EFF
- the modernisation being funded must **not** increase your ability to catch fish
- you or any close relative should not have any financial interest in the companies that supply goods or services to your project
- application costs for grant purposes will only be considered in respect of equipment or work listed on the application form.

What happens when modernisation leads to an increase in tonnage?

To qualify for aid in this case, you must agree to have the vessel re-measured after the work has been done, and obtain the necessary additional licence cover for the changes by buying a licence from another vessel. We will ask to see evidence of the re-measurement and licence transaction before paying the claim.

Adding to or enlarging structures and equipment (such as a shelter or vivier tank) may improve the safety or catch quality of your vessel, but could reduce its stability. You should ask a qualified person (such as a naval architect, expenditure on obtaining planning permission, design and consultancy, obtaining quotations and ordering equipment may be incurred before you receive authority to start work), to confirm that the proposed additions would not adversely affect the stability of the vessel. You should confirm in your business case that the proposed changes would not adversely affect the stability of the vessel.

1. Improvements to on board safety

This can include equipment additional to that required by Maritime and Coastguard Agency rules such as:

- emergency position indicating radio beacons (EPIRBs) for vessels under 15 metres
- life-rafts for open vessels and for under 10 metre decked vessels
- stowage boxes for life-rafts for easy access and protection of safety equipment
- man-overboard recovery systems

- bilge pumps for vessels under 7 metres
- installation of improved lighting systems (including additional generating plant).

2. Improvements to working conditions

Grants can cover equipment and work such as:

- refrigeration equipment for crew use
- installation of heating systems
- installation of ventilation systems
- work to reduce noise and vibration
- installation and upgrading of toilet and washing facilities
- improved cooking or messing facilities
- fitting of lockers and changing facilities.

3. Improvements to hygiene

Grants can cover equipment and work such as:

- gutting sluice
- stainless steel gutting table
- appropriate fish washing facilities (effective fish washer/adequate deck hoses)
- appropriate ice-holding facilities (lockers/insulated bins)
- conveyor systems to the hold with the ability to grade from the conveyor
- disinfection units (knives, overalls)
- power hoses.

4. Improvements to the selectivity of fishing gear and methods

The EFF may contribute to the financing of investments to achieve the selectivity of fishing gear, including up to two replacements of fishing gear over the entire period 2007 to 2013 provided that:

- your fishing vessel is affected by a fishing effort adjustment plan, is changing its fishing method and is leaving the fishery concerned to go to another fishery where the state of the resource makes fishing possible
- the new gear is more selective and meets recognised environmental criteria and practices which go beyond existing regulatory obligations under Community law.

You can modernise or replace your gear or change your method of fishing in favour of more sustainable options. This includes more selective fishing gear to minimise impact of fishing on fish stocks and the wider marine environment. This might include:

- handlining
- longlining
- separator trawls
- trawls incorporating sorting and separator grids
- benthic release panels
- pilchard ring netting and other traditional fishing gear that is species specific
- fish traps
- alternative fishing methods which will enable diversification of effort away from pressurised stocks
- equipment to protect gear from wild predators.

5. Improvements to product quality

Aid will be available towards enhancing the ability of vessels to maintain the quality of fish caught in order to maximise its value at the point of first marketing. Aid can be granted for fish handling and chilling equipment such as:

- gutting machines
- ice-making equipment
- packing equipment
- fish washing equipment
- liver storage containers
- chill dip tanks for nephrops
- oil extractors
- fish handling equipment
- fish waste digesters
- grading machines
- refrigeration equipment
- weighing machines
- upgrading of fish rooms
- equipment to improve the traceability of fish
- insulation of fish rooms
- information systems to assist in scheduling landings
- insulated bins.

6. Fitting a replacement engine

Please submit a standalone application. Before any engine replacement can be considered, you will have to provide us with a copy of the Certificate of Registry to prove the current power output of the engine that is fitted to your vessel now. Following the replacement, which will be subject to the approval process, you will then be required to apply for a new Certificate of Registry, a copy of which you must submit to us to prove the power reduction in the new engine. Without this we will be unable to proceed with your claim.

The EFF may contribute to one replacement of the engine per vessel, provided that:

- for fishing vessels of an overall length of less than 12 metres and not using towed gear, the new engine has the same power as the old one or less
- for vessels up to 24 metres in overall length, other than those referred to above, the new engine has at least 20 per cent less power than the old one
- for trawlers of more than 24 metres in overall length, the new engine must have at least 20 per cent less power than the old one, the vessel must be subject to a rescue and restructuring plan as referred to in the definitions (see 'firm in difficulty') and change to a less fuel intensive fishing method.

The 20 per cent reduction in engine power may be achieved by a group of vessels subject to all the following conditions:

- all the vessels belonging to the same group are individually identified
- all the vessels belonging to the same group operate in the same management areas
- all the vessels belonging to the same group use the same main fishing gear
- all the vessels belonging to the same group do not exceed fifty in number.

7. Improvements to energy efficiency (including additional measures)

Reducing your energy consumption and using the energy you receive more efficiently will save you money. Lower energy costs associated with reduced consumption will improve the bottom line of your business and help you to run a more efficient operation. With the introduction of Council Regulation EC No 744/2008, energy efficiency measures will attract higher grant rates. Items eligible include:

- replacing energy inefficient machines and equipment with more fuel efficient technologies
- installing sensors and timer controls to minimise the operation of secondary fans on ventilation systems
- more environmentally friendly fuel systems (such as used cooking oil converters for diesel)
- auxiliary motors (in line with Council Regulation EC No 744/2008 the higher grant rates will only apply until 31 December 2010). These cannot be attached to gear or increase your ability to catch fish.

What is not eligible for a grant?

The following items would not normally be eligible for a grant:

- aquaculture service vessels
- winches where these increase the ability to catch fish
- automatic identification system (AIS)
- Value Added Tax, except for a non recoverable Value Added Tax when it is genuinely and definitively borne by a beneficiary
- running or operating costs
- interest on debt
- projects will not be eligible if any work on them (including delivery of equipment) is started before the earliest starting date as specified in the offer letter
- transfer of ownership. The costs of transferring a business are not eligible
- apart from equipment temporarily needed to put the project in place, you must own any grant-aided equipment
- any items on a hire purchase or leasing agreement which have not been paid for in full
- any equipment purchased during the previous 7 years with the aid of EU or national grant is excluded where
 - the price of the equipment exceeds its market value and is more than the cost of similar new equipment or
 - the equipment is not fit for purpose, is not part of a project or does not comply with all necessary standards.
- any costs of an applicant's own current or existing labour/staff and equipment unless directly needed to put the project in place
- office equipment and furniture other than computers, software, printers and other communications equipment that are directly associated with or for a new project
- working capital, bank charges, interest.

What level of grant could you get?

As the scheme is competitive, there is no guarantee that your project will receive grant. Funds will be awarded to projects demonstrating the best value for money however we will always give priority to applicants that are affected by a fishing effort adjustment plan. If your application is successful you will receive a percentage of the total eligible cost of your project.

The minimum amount of grant must be £500. If the grant you are applying for is less than £500, your fishermen's association or producers' organisation may be able to apply for grant on several items of equipment collectively, which would then be owned by the association or organisation and allocated to individual members using the equipment.

As you cannot receive grant on your project from more than one EU fund, you must therefore confirm on the Application Form that you have not applied for EU grant on your project under another scheme. Your project must comply with EU and UK/England legislation. It must have a funding package which includes match funding from UK public money and private funds. It should not duplicate existing, or other planned, activity or expenditure.

For replacement engines, the maximum amount of grant is £100,000. For all other measures, the maximum amount of grant is £60,000.

Area supported by a grant	Maximum level of grant available (percentage of eligible costs)	
	Non-small scale coastal fishers	Small scale coastal fishers (where a fishing vessel's overall length is less than 12 metres and does not used towed gear)
Improvements to on board safety (safety equipment additional to that required by the Maritime and Coastguard Agency rules)	40	60
Improvements to working conditions	40	60
Improvements to hygiene	40	60
Improvements to product quality	40	60
Improvements in energy efficiency	60	60
Improvements to selectivity of fishing gear and methods to reduce impact on fish stocks	40	60
Replacing your engine	20	40
First replacement of fishing gear	40	60

What will the offer letter contain?

The offer letter is a mutual undertaking between you and the MMO. It will set out details of the conditions attached to the offer of grant and the agreed performance targets and outputs for the project. You must therefore comply with the conditions contained in the offer letter along with any details of eligible expenditure to enable us to pay your claim(s) for grant.

The conditions which will appear in the offer letter will be based on those set out in these eligibility guidance notes. We may also add some conditions specific to your project.

When you receive your offer letter you will want to check it carefully. You will have to sign one copy and return it to us before you can start your project. You should do this within four weeks. After this period the offer will expire, although we may consider allowing an extension to this deadline.

Details of applications will be treated as commercially confidential throughout the assessment stage. Once your project has been approved we will make public some details, in particular the name of the successful applicant, the amount of grant approved and the nature of the project to which grant has been awarded. In accepting an offer you will be regarded as having given your consent to this. In any publicity for the project you should acknowledge that you have obtained EU and MMO grant on it.

Can I change a project after I have accepted an offer of grant?

You may apply for modifications to your project once you have signed the offer letter. However, you must secure approval from us in writing before implementing any modification to your project. If you fail to do this any resulting costs associated with the change could become ineligible for grant aid. You should note that if you make any changes to an approved project, without our prior approval, we may revise or cancel the grant award. You must tell us about any increase or decrease in the cost of projects. If you think that this applies to you at any stage once your project has been approved you should contact us as soon as possible to discuss the situation. Changes in costs of an existing agreed project are not automatically treated as eligible for grant.

Writing your business case

You must provide a detailed business case and attach it to your application. You can obtain help with your business case from the Business Relations Team.

Your business case should show that your project:

- has quantified outputs and clear and attainable targets
- will provide an additional and sustainable benefit to the fishing industry
- has a justified need for grant
- will provide good value for money.

Simpler business cases for smaller projects

A simple statement of costs and benefits with the appropriate number of quotes along with copies of your company accounts will be sufficient for the projects involving:

- improvements to working conditions
- safety equipment additional to that required by Maritime and Coastguard Agency rules
- facilities to maximise fish quality where the costs are less than £1,250
- the adoption of sustainable catching methods where the costs are less than £1,250 (in this case, we will also need the details of your current and future fishing position)

If we need further information we will contact you. For other projects you should include the following information.

Full description of project

You should set out a full description of the project, including how it will operate and be carried out and a business case to show that the investment offers an adequate guarantee of technical and economic viability. If your application covers more than one phase, you should explain precisely the timing involved in each phase and if appropriate provide a separate business case for each phase.

If you are applying for grant for more selective fishing gear or an alternative fishing method which will enable diversification away from pressurised stocks, you should include in your business case details of your current position and your proposed position in relation to:

- type of vessel
- type of fishing gear or method
- species of fish caught
- the months in the year when you fish
- how long this change in fishing pattern will last and whether this will be a permanent conversion
- whether it is a seasonal change in fishing pattern
- whether the change in fishing pattern is in response to restrictions on fishing by the EU, the Government or others
- how this change will affect overall fishing effort
- how this change will reduce discards
- how this change will increase your profitability
- the lifespan of the new fishing gear

Why is the work needed?

You should explain why the work is needed, expressing the problem(s) to be addressed in qualitative and quantitative terms.

What are the benefits of the project?

You must quantify the benefits of your project and provide details of how you have calculated them. You should indicate how the benefits of the project will continue to be delivered after the grant support comes to an end.

Financial benefits

You should set out the financial benefits, which directly result from the project to be grant aided showing how these have been calculated. These benefits should distinguish between the benefits which you will get from the project and the benefits which the fishing industry will get from the project.

Environmental benefits

You should set out any environmental benefits of your project, such as the effect on pressurised stocks or discards.

Other benefits

You should set out any other benefits which the project will provide.

How do the benefits compare with the costs?

You should provide a financial appraisal of your project, comparing benefits with costs, and showing what would happen if the project was not carried out.

Your analysis of quotes

You should obtain at least the minimum number of quotes for any individual item, as shown in the following table, and include original quotes, signed and dated by the supplier with your application form. But you may send us your application while you are waiting to receive quotes from suppliers. In that case, please send us the original signed and dated quotes as soon as you receive them. For each item you should set out in your business case which quote you have accepted, and provide an explanation if you have not accepted the lowest quote.

Individual items with an estimated value (excluding VAT) of:	Number of quotes or tenders
Up to £1500	Single written quote
£1501 to £5,000	Two written quotes
£5,001 to £60,000	Three written quotes
£60,000+	Formal tender (you should contact the Business Relations Team before going to tender)

An item of equipment will be something which is standalone and contains the components necessary for the operation. Work contracted to different contractors or items of equipment bought from different suppliers will constitute more than one item. Labour costs of a contractor/supplier for fitting and so on can constitute a separate item.

In exceptional circumstances we may consider accepting fewer quotes than the minimum numbers shown above. For example, it may not be possible to obtain three quotes for specialist equipment. If you are unable to provide the minimum number of quotes or tenders required, your business case should explain why this has not been possible.

What results do you expect from the project?

Targets

The offer letter that you receive will contain targets and conditions based on your business case. You should therefore provide specific details of the expected results of your project and likely timescales. You will need to be in a position to deliver these targets and conditions in order to receive any grant aid which is allocated to your project and therefore you should consider them in detail in drawing up your business case. You should state whether the project will:

- result in safeguarding jobs which are under threat (note: jobs can be safeguarded by a project only if the completion of the project will prevent staff from being made redundant)
- lead to extra permanent, full-time or part-time jobs or job-equivalents being created in the area
- result in increased profitability (either in terms of reduced losses or increased returns)
- lead to increased turnover/demand
- have other benefits (please specify them).

How will you monitor the project?

You should summarise how you will monitor progress on your project to ensure that the work is completed on schedule. You should also explain how you will be able to demonstrate that the expected results have been achieved.

How will you manage your risks to delivery?

Risk Management is the process of identifying and minimising the impact or stopping from happening, risks within a project.

A risk can be defined as “something happening that may have an impact on the achievement of your objectives.” We are concerned with anything that would have an impact on the objectives of your project or programmes.

Risks are, by their very nature, events that have not yet happened. You will need to tell us in your business case what risks you have identified and how you will minimise their impact or stop them happening altogether.

Information about your business

You should describe your experience of running similar projects and the results which were achieved. You should provide company accounts for the last three years to demonstrate that your business is financially sound. If your company is a new business, you should provide evidence that it will be financially viable including a cash flow forecast. If your company is currently loss making, this does not necessarily mean that your project is ineligible for grant. However, you will need to explain carefully in your business case the steps you are taking to make your business financially viable, including the contribution you expect the project to make.