

# Brexit Fisheries Cooperative Transition Scheme

## 1. Legal Basis and State Aid

This Scheme has been submitted to the European Commission for State Aid approval and no application will be approved for aid pending State Aid approval.

Expenditure under this scheme will be proposed for funding under the Brexit Adjustment Reserve.

## 2. Managing Authority and Intermediate Body

- The Managing Authority for the Brexit Fisheries Cooperatives Transition Scheme (hereafter referred to as the Scheme) is the Department of Agriculture, Food and Marine (DAFM).
- The implementing Authority for the Scheme is Bord Iascaigh Mhara (BIM).
- BIM with the agreement of the Managing Authority, reserves the right to alter or amend the conditions of this scheme and/or to suspend the scheme or to substitute the scheme for a different scheme.
- Funding for this scheme is subject to funding being available to BIM. In every case payment of grant aid is contingent on the availability of finance to BIM.

## 3. Task Force Recommendation

Recognising the significant impact of the TCA on the Irish Seafood Sector, the Minister for Agriculture, Food and the Marine set up a Seafood Task force in March 2021. The Task Force was tasked with examining the implications arising from the EU/UK TCA for the Irish Fishing industry and coastal communities particularly dependent upon it. Based on their deliberations, the Task force was asked to outline initiatives that could be taken to provide supports for development and restructuring so as to ensure a profitable and sustainable fishing fleet and to identify opportunities for jobs and economic activity in coastal communities dependent on fishing. In relation to the Fisheries Cooperatives, the Task Force recommended a short-term support scheme be considered as follows:

*“The Task Force acknowledges that the Cooperatives have been directly impacted by the quota transfers under the TCA. In most cases they have challenges, in the short-term, sourcing fish from foreign boats or importing processed fish to sell on. Their sales have been, and will continue to be, impacted significantly by the loss of quota available to their member vessels. Based on the proposal submitted by the four Co-ops, the Task Force considers that this proposal is broadly in line with Section V of the EU BAR State Aid Guidelines for the fishery and aquaculture sector. The Task Force recommends that it should be developed into a fully costed proposal”.*

This scheme represents the implementation of this recommendation.

## 4. Background

The Fisheries Co-operatives form an integral part of the Irish seafood sector. They provide an essential service for the boats and provide significant employment in the coastal communities. There are collective benefits for the member vessels, external vessels, and a myriad of Irish businesses which gain directly and indirectly from the catching and sale of fish through Irish Co-operatives.

The Fisheries Co-operatives collectively manage the sales and distribution of close to €100 million of landings of species such as haddock, megrim, monkfish, whiting and hake as well as *Nephrops*, squid and limited quantities of pelagic species from 90 whitefish and *Nephrops* vessels. Sales are mainly on contract to a range of wholesale customers domestically, to the UK and throughout Europe (France, Spain, Italy, Germany, Belgium). On average the Co-ops export 65% of their landings. While some cooperatives focus on non-TCA quota stocks (e.g. crab, mussels), those primarily focussed on TCA quota stocks are most impacted by the TCA quota reductions.

The Fisheries Co-operatives focussed primarily on TCA quota stocks (hereinafter 'the cooperatives') differ to processors in that they are reliant on the landings of their member vessels and the percentage commission (normally 7.5%) they earn from the first point of sale. As a result, the Co-operatives have been directly and significantly impacted by the quota transfers under the TCA. Their sales have been and will continue to be impacted by the loss of quota available to their member vessels.

Over the course of 2021, it is estimated that sales from the directly impacted co-operatives have been reduced collectively by €13-15 million, compared to the same period in 2019, translating to a loss of commission from sales of €1-€1.2 million. Sales to export markets in the UK and main European markets (e.g. France, Spain and Italy) have been impacted. The Co-operatives have also faced challenges in using the landbridge through the UK to reach European markets for direct sales.

Additionally, the cooperatives have reported that prices reduced considerably in the first half of 2021 as a direct effect of the TCA. Prices slumped in the UK because UK processors had difficulties exporting to Europe, which had knock-on impacts on the price paid back to the Irish Co-operatives. In the second half of 2021, the situation was further exacerbated. The Co-operatives suffered further reductions in available raw material as the vast majority of their member vessels were tied-up for one month over the duration of the voluntary temporary cessation scheme that ran during October to December 2021. The scale of losses in raw material was estimated to be equivalent to a full month of sales from landings over the period.

The combination of all these factors has created acute cash flow difficulties for the cooperatives throughout 2021, with limited options to mitigate against the reduced raw material available.

## 5. Brexit Adjustment Reserve

Regulation 2021/1755 of 6 October 2021 established the EU Brexit Adjustment Reserve. The objective of the Reserve is to provide support to counter the adverse economic, social, territorial and environmental consequences of the withdrawal of the United Kingdom from the Union in Member States, including their regions and local communities, and sectors, in particular in those that are most adversely affected by the withdrawal, and to mitigate the related negative impact on the economic, social and territorial cohesion. The Reserve may support measures carried out by Member States to contribute to the aforementioned objectives.

In terms of measures most relevant to this scheme, quoting from article 5 of the BAR, such supports may include:

- a) Measures to support private and public businesses, in particular SMEs, the self-employed, local communities and organisations adversely affected by the withdrawal of the United Kingdom from the Union.
- b) Measures to support the economic sectors most adversely affected by the withdrawal of the United Kingdom from the Union.
- c) Measures to support businesses, regional and local communities and organisations, including small-scale coastal fisheries, dependent on fishing activities in United Kingdom waters, in waters of territories with special status or in waters covered by fisheries agreements with coastal states where fishing opportunities for Union fleets have been reduced as a result of the United Kingdom's withdrawal from the Union.

The eligibility of this scheme under the BAR is further supported by the Commission non-paper “*State aid in the fishery and aquaculture sector to mitigate the effects of the withdrawal of the UK from the European Union*”, section V Liquidity aid for operators other than vessel owners and fishers.

## 6. Scheme Rationale

This short-term aid, which follows closely the Commission non-paper above, is required to offset the reductions in turnover experienced by the Co-operatives during 2021. It aims to covers losses in turnover directly experienced due to reductions in raw material arising from the TCA-induced quota transfers. Reduced fish sales for the Co-operatives means a reduction in the commission received from such sales, thus impacting on the co-operatives’ ability to operate. Most importantly, it will facilitate an orderly transition in the short-term to allow the co-operatives to re-configure and re-structure their businesses in the longer-term to adapt to the changed trading environment under the TCA. The Co-operatives have indicated they are planning long-term initiatives around the areas of increasing processing capacity on site, added value opportunities, improved logistics and increased cooperation to secure and enhance their businesses. The co-operatives must demonstrate that this reduction in turnover is attributed to the TCA in respect of reduced supply of stocks directly impacted by quota cuts. The support is designed to stabilise cashflow and adapt operations to the new trading arrangements with the UK.

## 7. Description of Scheme

The scheme will operate in 2022 only.

The main elements of the scheme are as follows:

1. The scheme would support the Co-operatives through the provision of short-term support aid, to offset the reductions in sales experienced during 2021.
2. The payments under the scheme would be calculated based on the reduction in fish sales for the Co-operative’s boats for the first nine months in 2021 compared to the same period in 2019.
3. The payment would be based on 7.5% (Co-op Commission taken from landings) of the reduction in fish sales (i.e. turnover) for the Co-operative’s boats compared to 2019. This will be verified by audited accounts.
4. Evidence to establish a causal link between the reduction in sales is directly linked to quota transfers under the TCA as well as evidence of the difficulties in market access and trading conditions. This will be verified through the provision of sales notes documentation by stocks.
5. A signed declaration by the directors of the Co-operative and an external accountant to verify that the business is commercially viable and not in financial difficulty.
6. A signed declaration that the Co-operative has no director or shadow director or other officer who has a conviction for an offence concerning professional misconduct, fraud, corruption, involvement in a criminal organisation, theft, money laundering or any other illegal activity where such illegal activity is detrimental to the European Union’s financial interests.
7. Evidence that the directors of the Co-operative have not taken dividends/payments to deliberately reduce turnover.
8. A signed declaration that any payment received will not be distributed back to the member vessels but used solely for the operation of the Co-operative.
9. Payments are capped at a maximum of €250,000 per qualifying Co-operative.

## 8. Eligible Beneficiaries

This scheme is open to Fisheries Co-operatives, registered with the Registrar of Friendly Societies, whose premises are approved by the Sea-Fisheries Protection Authority under Regulation (EC) No 853 / 2004, and that are primarily focused on TCA quota stocks and are reliant on the commission earned from landings of their members' vessels for revenue. For the purposes of this scheme a co-operative is considered to be primarily focused on TCA quota stocks if the total of its members landings is comprised of 75% or more TCA quota stocks.

## 9. Scheme Payments

The payments would be calculated by reference to sales information and audited accounts provided by the cooperatives for 2021 compared to 2019. The payments would be based on 7.5% (i.e. the Co-operative commission taken from landings of the member vessels) of the reduction in fish sales for the Co-operative's boats for the first nine months in 2021 compared to the same period in 2019, capped at a maximum of €250,000 per beneficiary.

## 10. Selection Process

Step	Description	Carried Out By
Call for proposals	BIM will invite applications from eligible fisheries co-operatives.	BIM
Eligibility Check and evaluation	To ensure compliance and eligibility.	BIM
Payment	BIM will issue letters of offer to successful applicants and applicants will be required to formally accept the offer.  Participants will be paid following verification of compliance with the T&Cs.	BIM

## 11. Terms and Conditions

1. To qualify for grant aid under this scheme the following terms and conditions must be met in all cases. Applicants should please note that these terms and conditions will apply to all

applications. Applications that fail to comply with these terms and conditions will be deemed ineligible and will not be considered further.

2. The implementing authority, with the agreement of the Managing Authority, reserves the right to alter or amend the conditions of this scheme and/or to suspend the scheme or to substitute the scheme for a different scheme. reserves the right to alter or amend the conditions of schemes and/or to suspend the schemes or to substitute schemes for different schemes, subject to State Aid Notification.
3. Funding for this scheme is subject to funding being available to the implementing authority. In every case payment of grant aid is contingent on the availability of finance to the implementing authority.
4. The implementing authority will supply identification details of applicants to the Managing Authority for the purposes of checking compliance with the terms and conditions of this scheme and compliance with information and publicity requirements.

### Applications

5. Only applications submitted on an official BIM electronic application form sent via the BIM grants portal will be considered for grant aid approval.
6. Acknowledgement of an application does not constitute any form of entitlement to any form of grant aid whatsoever and neither should the applicant constitute any assistance given by officers of the implementing authority as a form of indication that grant aid will become available.
7. The implementing authority will determine the eligibility of applications and applications that do not meet all the mandatory criteria will be deemed ineligible and will be returned to the applicant with an explanatory memorandum.
8. Aid under this scheme shall not be cumulated with public aid from other sources for the same reduction in turnover.
9. Operations identified as ineligible under article 13 of Regulation 2021/1139 shall not be eligible for aid under this scheme.
10. Failure to accept the letter of offer in a timely manner may result in non-payment of grant aid.
11. Officers of BIM, the Department of Agriculture, Marine and Food, Comptroller and Auditor General (C&AG), auditors appointed by BIM or the European Commission or their agents, must be allowed access to all reports, manuals and official documentation including financial and other records related to the project being grant aided for audit and verification purposes. All requests for information must be responded to promptly.
12. As the application will be made through the BIM on-line Grants Portal, the implementing authority does not require a hard copy of the application. However, any original supporting documentation for all on-line applications, must be made available should it be requested at any stage by Officers of the implementing authority and the Department of Agriculture, Food and the Marine or their agents.

### Applicants

13. Applicants must be a fisheries cooperative, must be registered with the Registrar of Friendly Societies, and must have a premises approved by the Sea-Fisheries Protection Authority under Regulation (EC) No 853 / 2004. Applicants must be primarily focused on TCA quota stocks. For

the purposes of this scheme a co-operative is considered to be primarily focused on TCA quota stocks if the total of its members landings is comprised of 75% or more TCA quota stocks.

14. The applicant must complete a self-declaration confirming that none of the situations specified in article 11 of the EMFAF Regulation (Regulation 2021/1139) applies to them, and if they do, provide details. In that declaration, the applicant shall commit to continuing to comply with the rules of the Common Fisheries Policy and with the article 11 provisions throughout the project period and for a period of 5 years after payment. Applications may be deemed inadmissible for a specified period of time where the implementing authority determines that any of the situations described in article 11 apply to them. Beneficiaries of aid under this scheme who fail to comply with the CFP and with article 11 during the period of implementation of the aided project and for a 5-year period after payment shall be required to repay aid provided under this scheme.
15. An applicant who has benefited from earlier unlawful aid declared incompatible by a Commission Decision (either as an individual aid or an aid under an aid scheme being declared incompatible) shall not be eligible for aid under this scheme until that applicant has reimbursed or paid into a blocked account the total amount of unlawful and incompatible aid and the corresponding recovery interest.
16. Applicants must comply with the Department of Public Expenditure and Reform Circular 13/2014 – Management of and Accountability for Grants from Exchequer Funds. Where an applicant is required to file audited accounts with the Companies Registration Office (CRO), these accounts must detail the following information explicitly:
  - Name of Grantor ((Circular 13/2014 Section 5, subsection 21 (a))
  - Name of the Grant Scheme / Programme (Circular 13/2014 Section 5, subsection 21 (b))
  - Purpose of the Grant by appropriate heading (Circular 13/2014 Section 5, subsection 21 (c))
  - Accounting information for the Grant (Circular 13/2014 Section 5, subsection 21 (d))
  - Capital Grant information (if applicable) (Circular 13/2014 Section 5, subsection 21 (e))
  - Employee numbers and benefits categorised, and employer pension contributions (Circular 13/2014 Section 5, subsection 21 (f))
17. The applicant must demonstrate to the satisfaction of the implementing authority its legal identity.
18. The applicant must demonstrate financial viability (at an organisation or individual level as appropriate) and that it is not an 'undertaking in difficulty' as defined in paragraph 20 of the European Commission's 'Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty'.
19. The applicant must comply with the Department of Finance tax clearance procedures. The applicant must provide a Tax Reference Number and Tax Clearance Access Number.
20. Where appropriate the applicant must comply with the provisions of the Data Collection Regulation.
21. The applicant shall indemnify and keep indemnified the implementing authority against all costs, loss, damage and expenses sustained by them and against any claims that may be brought by any partner, employee, agent, sub-contractor or any kind or other party arising out of this project whether by reason of or on account of the breach, default, neglect, non-performance or non-observance by the Grantee or the partners of any of them of the terms and conditions of this Agreement or otherwise.

22. Grant aid may be revoked, or the amount of grant aid be reduced if any of the following should occur prior to grant payment:
- Failure by the grant beneficiary(s) to provide required Tax Clearance information.
  - Should the Grantee commit any breach of the terms of the agreement.
  - Should there be a change in the basis of the undertaking which would obviate in whole or in part the purpose for which the grant was made.
  - An order is made, or an effective resolution is passed, for the winding up of the grantee's business.

#### Claims

23. Applicants must submit a separate claim form. Payments will be made once the pre-payment conditions have been met and a fully completed claim form has been received.
24. Payment will be made into the nominated bank account given on the application form after the above conditions have been met. The implementing authority will endeavour to expedite payments in a timely manner.
25. Payment of grant aid will only be made when all scheme terms and conditions and any special conditions listed in the letter of offer have been fulfilled.
26. Applicants must settle any outstanding debts owed to the Department of Agriculture Food and Marine before grant aid may be paid.

#### Appeals

27. BIM will provide on request a written explanation for award decisions. Following receipt of that explanation, appellants may request that an appeal be considered by an appeals officer appointed for that purpose. An appeals mechanism shall be put in place to adjudicate on appeals from applicants dissatisfied with the determination of their application.

#### Declarations

28. The applicant must complete a self-declaration confirming that they meet all criteria of the scheme and are compliant with the terms and conditions of the scheme. Please note that for on-line applications and claims, by submitting the forms, you are electronically signing all declarations that you have agreed to via a checkbox in the form. This is the legal equivalent to a hand-written signature.

### 12. Publicity and Acknowledgement of Support Requirements

In all cases where a project has received support BIM and the Department of Agriculture Food and the Marine will within six months of payment publicly acknowledge the aid provided via their website or other publications. This may include information such as the applicant/company name, vessel name, the county, NUTS 2 Region, enterprise size (SME etc), economic sector, grant aid paid, % grant rate and portion funded under the scheme, date of payment, form of aid. This information will be made available to the general public without restriction and will be maintained for at least 10 years.

### 13. How BIM will use your information

Any personal data you provide to Bord Iascaigh Mhara ("BIM") will be retained and processed by us for solely the purpose described in this form and as described in further detail in the BIM Data Protection Policy. Our Policy describes in detail how BIM, as a State Agency, is required to collect, process and transfer personal data for the purposes set out in various Irish and EU fisheries and marine

legislation. These purposes include the administration of grants, conducting surveys and performing services for those working in the marine sector, for example, training, education and ice services. Your personal data may be disclosed to third parties where it is necessary and relevant to those purposes, for example, national or EU agencies with responsibility for the marine, grant administration or training awards or accreditation. While BIM does not engage in unsolicited direct marketing, BIM or its agents may contact you in relation to relevant events or initiatives and you can unsubscribe from such communications at any time. You have a right to access and rectify your personal data which can be exercised by writing to the Data Protection Officer, BIM, Crofton Road, Dún Laoghaire, Co. Dublin. The BIM Data Protection Policy is available on the BIM.ie website [www.bim.ie](http://www.bim.ie).