

## **Format of the report from Member States under Article 9 of the SGEI Decision and paragraph 62 of the SGEI Framework**

Article 9 of the SGEI Decision reads:

*Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:*

*(a) a description of the application of this Decision to the services falling within its scope, including in-house activities;*

*(b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*

*(c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties;*

*and*

*(d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

*The first report shall be submitted by 30 June 2014.*

Paragraph 62 of the Framework sets in principle identical reporting obligations for aid granted under the SGEI Framework.

Please structure your report as follows:

### **1. DESCRIPTION OF THE APPLICATION OF THE SGEI DECISION AND THE SGEI FRAMEWORK AND AMOUNT GRANTED**

**Please structure this part of your report by the following sections:**

- 1) Hospitals (Art. 2(1)(b))
- 2) Social services (Art. 2(1)(c))
  - a) Health and long term care
  - b) Childcare

- c) Access to and reintegration into the labour market
- d) Social housing
- e) Care and social inclusion of vulnerable groups
- 3) Air or maritime links to islands (Art. 2(1)(d))
- 4) Airports and ports (Art. 2(1)(e))
- 5) Other SGEI compensation not exceeding EUR 15 million (Art. 2(1)(a))
  - a) (please specify the respective sector)
  - b) ...
- 6) SGEI compensation under the Framework
  - a) (please refer to the Commission decision approving each measure)
  - b) ...

**For each of the items outlined above please provide information in the form of the following table:**

### CREDIT UNIONS

Clear and comprehensive description of how the respective services are organized in your Member State <sup>1</sup>	
<p>Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the <b>contents of the services entrusted as SGEI</b> as clearly as possible.</p>	<p>Financial services which are provided to those who are financially excluded and therefore not able to access mainstream financial institutions have been identified as SGEI.</p> <p>There is no single definition of financial exclusion. It is a term commonly used to describe people who are not able to access financial products such as loans and savings that are available to the majority of working age adults. People can experience</p>

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<sup>1</sup> If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

	<p>financial exclusion more than once in their lives. For a small number, however, it can be long-term, perhaps even life-long.</p> <p>The majority of people without financial products are excluded by a combination of marketing, pricing and inappropriate product design. A small group, however, have made a conscious decision not to use mainstream financial services from high street banks and other providers. People at highest risk of financial exclusion are those who are on low incomes or claiming means-tested benefits.</p> <p>The Agreement is to enable the provision of basic affordable financial products and services. These products are designed according to the specific requirements (simple, transparent and low cost) to people defined as financially excluded and the agreement entrusts credit unions to carry out this service.</p> <p>In order for the Welsh Government and credit unions to fulfil their mutual objectives, the Welsh Government considers it necessary to provide financial support to cover some or all of the specific costs associated with the services of general economic interest. The service of general economic interest is therefore needed because the financial services market does not provide these services for this group because of the high risk of default associated with the client group.</p>
<p>Explanation of the (typical) <b>forms of entrustment</b>. If standardized templates for entrustments are used for a certain sector, please attach them.</p>	<p>The entrustments are provided as written agreements. They have been issued to all credit unions participating in the Project and entrust to the Service Provider (Credit Unions) responsibility for providing a service of general economic interest.</p> <p>An example of the entrustment is attached at Doc 1.</p>
<p>Explanation of the (typical) <b>duration of</b></p>	<p>The entrustments were in place for three</p>

<p><b>the entrustment</b> and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.</p>	<p>years (October 2010 until December 2013).</p> <p>New entrustments are now in place dated from <b>1 April 2014</b> and shall remain in force until <b>31 March 2017</b>.</p>
<p>Explanation whether (typically) <b>exclusive or special rights</b> are assigned to the undertakings.</p>	
<p>Explanation of the (typical) <b>compensation mechanism</b> as regards the respective services, including the aid instrument (direct subsidy, guarantee, etc.) used and whether a methodology based on cost allocation or the net avoided cost methodology is used.</p>	<p>Funding is provided as a direct subsidy payment to credit unions, with payments made in arrears on a quarterly basis.</p> <p>Funding under these Agreements is limited to that actually required by credit unions to perform the public service obligations imposed by the Agreements i.e. what is necessary to cover the net costs exclusively linked to the public service obligation imposed.</p> <p>Consequently the benefit of the Agreements will accrue directly and exclusively to those who are financially excluded.</p>
<p>Explanation of the (typical) <b>arrangements for avoiding and repaying any overcompensation.</b></p>	<p>Funding under these Agreements is limited to that actually required by credit unions to perform the public service obligations imposed by the Agreements i.e. what is necessary to cover the net costs exclusively linked to the public service obligation imposed. Regular checks are carried out to ensure that compensation paid to the Service Provider does not lead to overcompensation. These checks involve assessment by officials of all financial paperwork detailing all transactions associated with the SGEI funding, to ensure that no overcompensation is made and that the funding is provided for SGEI activity only.</p>
<p><b>Amount of aid granted</b></p>	

<b>Total amount of aid granted.<sup>2</sup></b> This includes all aid paid in your territory, including aid paid by regional and local authorities.	<b>From 31 January 2012 – December 2013</b>  <b>£1,507, 971</b>
<b>other quantitative information<sup>3</sup></b>	

## **2. DIFFICULTIES WITH THE APPLICATION OF THE SGEI DECISION OR SGEI FRAMEWORK**

Please be as specific as possible and include, if applicable, the sector for which the difficulties are relevant.

Providing SGEI to Credit Unions is a well established practice in Wales. The Welsh Government has not experienced any particular difficulty with using the SGEI BER to provide cover.

## **3. COMPLAINTS BY THIRD PARTIES**

Please be as specific as possible and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities. Not applicable.

## **4. MISCELLANEOUS**

### **A. (non-compulsory)**

If your Member State has **not** granted State aid for the provision of SGEI in certain sectors, information regarding other instruments to ensure the provision of those services (direct aid to users, compensation complying with all four Altmark criteria, *de minimis* aid...) could be useful. Please feel free to provide a brief description of these instruments and the areas in which they are used.

No comment

### **B. (non-compulsory)**

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<sup>2</sup> As stipulated in Article 9 b) of the SGEI Decision and Para. 62 b) of the SGEI Framework. Please provide a breakdown by calendar year.

<sup>3</sup> The Commission would welcome data that you might have on aid granted under the SGEI Decision and the SGEI Framework, for example number of beneficiaries per sector, average amount of aid, amount per aid instrument (direct subsidy, guarantee, etc.), size of the undertakings, etc. Should such other quantitative information data not be readily available in a Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

Please describe in what respect the SGEI Decision and the SGEI Framework are easier to apply or more appropriate than the 2005 SGEI Decision and 2005 SGEI Framework.

No comment

C. (non-compulsory)

If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report. No comment