Assessing Whether the Intervention is a Subsidy

The Four Limbs

Subsidy Test: The Four Limbs	Application to Blended Finance
The financial assistance is given, directly or indirectly, from public resources by a public authority.	This would include funding provided by a government department, a Public Financial Institution (such as the British Business Bank or National Wealth Fund), or from an appointed private sector fund manager managing a blended finance fund with public sector capital.
The financial assistance confers an economic advantage on one or more enterprises.	This is almost certain to be the case where a blended finance intervention is offered on concessional terms (rather than at market rates) to an enterprise offering goods or services on a market.
The financial assistance is specific, that is, it benefits one or more enterprises over one or more other enterprises with respect to the production of goods or provision of services.	This would include blended finance interventions that: • Support enterprises in specific sectors or industries (such as low carbon power over other power sources) • Support certain enterprises/projects over others. • Support enterprises in a particular geographical area over those in other areas. This includes where the support would be distributed via an open competition where different enterprises can bid for it.
The financial assistance has, or is capable of having, an effect on competition or investment within the UK, or on trade or investment between the UK and another country/territory.	This limb would be satisfied where the intervention is capable of having a genuine, adverse effect on competition or investment, that is more than just incidental or hypothetical. It is very likely that blended finance interventions will satisfy this limb as they are often intended to have such an effect in order to achieve a policy objective and correct a market failure. It is important that any impact on competition or investment is minimised.