
OFF-FARM

SCHEME OF GRANT AID FOR THE DEVELOPMENT OF THE ORGANIC SECTOR

EXPLANATORY NOTES

&

CONDITIONS

- ❖ It is important to read the Explanatory Notes and Conditions before making application under this Scheme

Funded by the Irish Government
under the National Development Plan 2007 – 2013

Definitions

For the purpose of this Scheme –

“Approved” shall mean either approved by the Minister or by an officer authorised by the Minister to convey approval.

“Completed application” shall mean a fully completed application, including all required documentation.

“Council Regulation (EEC) No 2092/91” of 24 June 1991 as amended on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs.

“Department” shall mean the Department of Agriculture & Food.

“Holding” shall mean all the production units in the State (owned, leased, and rented) that are under the control of the applicant.

“Lease” shall mean a term of years absolute in possession for at least 5 years from the commencement date of the contract.

“Minister” shall mean the Minister for Agriculture & Food.

“Off-farm income” includes gross income from employments (whether self-employed) or as an employee, or income from a FAS Scheme, investment income, income from leasing/setting of lands, lease income from quotas and certain payment from the Department of Social Community and Family Affairs.

“Organic production” shall include all stages in the production, preparation, storage and distribution of products in compliance with the requirements of Council Regulation 2092/91 as amended and Statutory Instrument 112 of 2004.

“Preparation” as defined in Council Regulation (EEC) No 2092/91 shall mean the operations of preserving and/or processing of agricultural products, (including slaughter and cutting for livestock products) and also packaging and/or alterations made to the labelling concerning the presentation of the organic production method of the fresh, preserved and/or processed products.

“Scheme” shall mean the Off-farm Scheme of Grant Aid for the Development of the Organic Sector

Scheme Description

1. Objective

The aim of the Scheme is to facilitate the development of the organic sector so as to ensure a regular supply of high quality organic produce to the market.

Financial assistance will be directed towards projects which:

- Improve the organic sector and provide the producers of the basic product with an opportunity of enhancing income
- Help to guide production in line with foreseeable market trends or encourage the development of new outlets for agricultural products
- Help to improve production, handling and preparation of organic produce
- Facilitate the adoption and application of new technologies

2. Scope of Scheme and Financial Aid

This Scheme will provide financial assistance in respect of approved investments/development projects as follows:

Developing facilities for preparation, grading, packing, storage, distribution and/or sale of organic products in viable enterprises.

3. Eligibility Criteria

To be eligible for consideration for grant aid under this Scheme, the following conditions will apply:

- Applicants must be licensed organic operators registered with an approved inspection body.
- Applicants must be registered with the Department.
- Applicants must be the landowner or have leasehold title to the land on which is it proposed to carry out the development.
- Projects costing less than €1,500 (excluding VAT) will not be eligible for grant assistance.

- Applicants must possess necessary occupational skills and competence for the running of the business. In the case of group or joint enterprises, at least one member of the enterprise will be required to demonstrate that they have the necessary skill and competence.
- Applicants may be required to attend specialist training courses.
- Appropriate environmental protection measures must be put in place.

Viability

Economic viability of the project must be demonstrated in a business plan. Applications must be supported by a satisfactory business plan containing a comprehensive profile of current and proposed enterprises, marketing outlets, employment, etc.

Audited accounts should be included with business plan.

Please see Annex 1, which provides guidelines for the preparation of a business plan.

4. Eligible Investment - Grant Rate & Ceiling.

The Grant Aid is payable at 40% of the eligible cost. However the maximum grant aid payable is €500,000 per holding over the duration of the Scheme (up to 2013).

5. Equipment

- Only expenditure on **new** equipment is eligible for grant assistance.
- Only specialised equipment will be eligible for grant assistance.
- The applicant must be the beneficial owner following delivery/installation. In this regard expenditure on leasing/hire purchase is ineligible for aid.

6. Applications

- Applications must be submitted on the official application form which should be returned to the Organic Unit, Department of Agriculture & Food, Johnstown Castle Estate, Wexford.
- Applications must be accompanied by the following:
 - ❖ Completed application form
 - ❖ Quotation(s), **excluding V.A.T.** as follows:
 - **Purchase of Equipment** – A minimum of 1 quotation
 - **All other proposed investments** – A minimum of 2 quotations
 - ❖ Site location map 6” or Discovery Series
 - ❖ Copy of Planning Permission (if applicable)¹
 - ❖ For investment projects, excluding the purchase of equipment, the applicant must submit a detailed site plan - to scale, including measurements and indicating the location of the proposed investment.
- Incomplete applications will not be accepted by the Department and will be returned to the applicant. Applicants may then submit a revised completed application to the Department for re-consideration.
- Projects approved for grant aid under another Scheme will not qualify for grant assistance under this Scheme. In circumstances where aid is inadvertently duplicated, the amount of aid under this Scheme may, where the Minister so determines, be reduced accordingly.
- The Department of Agriculture & Food will not be responsible for any loss which an applicant may incur as a result of
 - failure to submit a fully completed application or
 - delay in providing additional information sought.

¹ If planning permission has not been obtained at the time of application, it should be submitted as soon as possible thereafter. If a project is exempt from planning permission, applicant must provide documentary evidence of exemption.

7. **Approvals**

- All or only part of a proposed investment may be approved for aid.
- Due to limited funding available under the Scheme it may not be possible to award aid to all eligible projects and the fact that a project is awarded aid does not create any entitlement for similar projects.
- Every approval under this Scheme shall be subject to all conditions laid down in the letter of grant approval being complied with in full by the applicant.
- Investments approved for aid must be completed by the deadline for completion stated on the grant approval letter or by a revised deadline where an extension has been agreed.

8. **Responsibility on Applicant**

Soundness of Structure

- The approval or payment of aid under the Scheme does not imply the acceptance by the Department of any responsibility as regards the soundness of construction or adequacy for its purposes of any investment, which is the subject of such approval or payment. Neither does approval or payment of aid under the Scheme represent a guarantee by the Department of the quality or suitability for its purposes of any product used in the investment.

Legal Provisions, Consents, etc.

- All works shall be carried out in accordance with the provisions of all relevant statutes, regulations and bye-laws, and the onus of obtaining all consents, permissions, etc. including planning permission, consent to entry on, or interference with land, other property or right of any other person or persons, rests with the applicant.

Safety during building or conversion

- Certain construction dangers may be encountered in the course of building or conversion work. The Minister or any official of the Department will not in any way be liable for the material damage or injury to persons, animals or property in the event of any occurrence relating to the development. If any or all of the work is undertaken by the applicant he/she should seek competent advice and undertake all temporary work required to ensure the stability of excavations, superstructure, stanchion foundations and wall foundations, also to divert any drains, springs or surface water away from the works and to guard against possible wind damage.
If the work is being undertaken by a contractor, the applicant should ensure that the contractor understands the risks and is prepared to guard against them and has insurance cover in the event of mishap.
- Children should not be allowed to play or spend time in the vicinity of any building work.

9. Start of Work

- Work on a project must not commence before written approval has been conveyed to the applicant by the Department. Costs incurred prior to the date of the written notification are ineligible for aid.
- The following preparatory measures will not be deemed to constitute start of work and may be undertaken whenever appropriate:
 - administrative procedures aimed at obtaining planning permission,
 - the ordering of construction plant, equipment, and materials providing that delivery as well as on-site work is not undertaken,
- Commencement of work on a project does not create any entitlement to aid under the Scheme.

10. Payment of Aid

- Draw down of a grant is made on foot of a fully completed and documented payment claim form based on eligible expenditure actually incurred, supported by accounting documentation (e.g. invoices, receipts, photocopies of both sides of encashed cheques, bank statements showing relevant entries).
- Applications for payment under the Scheme must be submitted, on an official form, to the Organic Unit, Department of Agriculture & Food, Johnstown Castle, Wexford not later than 2 months following the deadline for completion of works.
- Payment of aid will at all times be subject to the condition that, in the opinion of the Minister, the investment is justified, has been properly carried out and contributes effectively to rural development, respects the environment and that all conditions contained in the letter of grant agreement have been complied with.
- The approval for, or payment of, aid does not imply any endorsement by the Minister of a project's technical feasibility or economic viability.
- Approval in principle to funding a project is based on the documentation submitted in support of the application. Payments, however, are based on an ongoing assessment of the justification for the investment.
- Expenditure on the project incurred before the date of written approval shall disqualify the project entirely from any grant aid.
- Expenditure on leasing/hire purchase is ineligible for aid.

11. General Conditions

- The Department reserves the right to arrange for the inspection at all reasonable times of any land, premises, plant, equipment, livestock and records of participants or applicants for participation in this Scheme. Refusal to allow right of entry will result in withholding or recoument of grant aid.
- The Department reserves the right to close this Scheme temporarily or permanently at any time but must give six weeks notice of its intention to do so in order to allow applicants the opportunity to submit an application under this Scheme.
- If, for the purposes of obtaining aid under this Scheme, a person knowingly makes a false or misleading statement or withholds essential information, all or such portion of the aid given or to be given shall be reimbursed or withheld. The Minister reserves the right to exclude such a person from further participation in the Scheme.
- Approval for grant aid may be withdrawn if the applicant fails to abide by the terms and conditions of the Scheme or in the event of any material change in the circumstances of the applicant, or of the business, or in any other respect, which would be in conflict with the terms or the spirit of the Scheme. In such an event payment is no longer justified and all or such portion of aid given or to be given shall be reimbursed or withheld.
- The Minister reserves the right to vary, where occasion so demands, the amount of financial aid wherever specified in the Scheme subject at all times to the provisions of any relevant legislation.
- Facilities and equipment for which grant aid is approved must not be disposed of by a beneficiary for a period of five years after payment of the grant unless prior permission is received from the Department. To ensure compliance with this requirement, the Department may inspect up to the end of the five-year period.

12. Tax Clearance Requirements

- In the case of grants up to and including €6,500 the applicant must state that his/her tax affairs are in order and quote the tax number. In the case of all grants exceeding €6,500 the applicant must produce a tax clearance certificate from the Collector General.
- In conformity with the general practice of the Government, the payment of financial aid as provided for in this Scheme is subject to the condition that, where a contractor is employed to carry out some or all of the investment included in this Scheme, such contractor must have a current C2 certificate or a tax clearance certificate from the Revenue Commissioners.
- A C2 certificate or tax clearance certificate is not required from suppliers of materials or equipment.

13. Protection of the Environment

To ensure protection of the environment, applicants:

- May be required to make investments or to carry out additional requirements over and above that covered in their initial applications e.g. investment in hygiene or pollution control.
- May be refused grant aid where the Minister is of the opinion that the works proposed to be carried out would cause damage to an environmentally sensitive area or to a structure or area of historical or archaeological importance.

14. Penalties.

The following penalties will apply for non-compliance with the terms and conditions of the Scheme:

Offence	Penalty
Failure to use the equipment/buildings/facilities for the purpose being grant-aided under this Scheme.	Recoupment of 100% of the grant aid paid
Failure to use the equipment/buildings/facilities for the purpose being grant-aided under this Scheme for the full 5 year period after the payment of the grant	Period of non-use: 1 year = 20% penalty 2 years = 40% penalty 3 year = 60% penalty 4 years = 80% penalty
Failure to continue in organic production, i.e. no longer licensed, for the full 5 year period after the payment of the grant	Pro-rata as above
False or misleading information in application form and/or supporting documentation	Exclusion from the Scheme and recoupment of up to 100% of grant aid paid

15. Decision of Minister

- The Minister reserves the right to alter from time to time the conditions of this Scheme and the decision of the Minister on any matter relating to this Scheme shall be final.

16. Force Majeure

- Where a beneficiary is unable to continue complying with the terms and conditions of the Scheme, a case may be made under *force majeure* to waive the recoupment of the grant aid paid. In such cases the beneficiary should inform the Department in writing of the change in circumstances. Without prejudice, the Department will then consider the request.

Annex 1

Guidelines for the Preparation of a Business Plan

The applicant should supply a business plan that includes at least the following information:

1. A brief description of present business

- (A) Background.
- (B) Description of current enterprise, market outlets etc.
- (C) Existing buildings, machinery & employment.
- (D) Details of business turnover and annual profits and levels of efficiency (based on accounts)
- (E) Source of raw materials (especially including details of linkages to primary product/producers)

2. The proposed project (description)

- (A) Description of the proposed project (tenure of land on which investments are proposed, main new investments, extra employment etc.)
- (B) Environmental considerations: Effects on the environment. Where negative effects are identified outline proposals to neutralise impact.
- (C) List the main advantages of the project (e.g. more efficient handling & labour efficiency, better quality produce, larger scale, extending the marketing period / season etc.)
- (D) List the sensitivity of the project to financial and other factors (e.g. price change, yield changes, other costs, market outlets and competitors etc.)
- (E) Demonstrate linkages of proposed project to primary production and development of organic sector

3. Summary of New Investments Proposed

Cost of Investments, VAT and total costs for (a) buildings, (b) fixed equipment, (c) mobile equipment, (d) other.

4. Details of how this project will be financed

E.g. Gross cost, less vat reclaimable, less estimated grant = net cost to be financed (own cash / resources available (if any) plus amount to be borrowed

Loan Details: Loan term and interest rate and total repayments per year.

5. Financial feasibility of project (estimated)

Extra cash inflow, by increased sales / cost savings

Extra cash outflow, by increased expenses / new loan repayments

Net cash surplus or deficit

General comments on financial feasibility.

Any additional information (e.g. more detailed budgets/projection, business accounts etc.)