
ON-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 –

“Agricultural advisor/agricultural consultant” means a person with a primary degree or higher qualification in agricultural science.

“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.

“Farmer” shall mean an individual agricultural producer, whether a natural or legal person or a group of natural or legal persons, whatever legal status is granted the group and its members by national law, whose holding is within the State.

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

“Income Unit” shall mean an income standard for establishing the extent of the farming and non-farm activity. For non-farm activity one income unit is equivalent to €254 of gross income.

“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.

“Non-farm income” includes gross income from employments (whether self-employed or as an employee, or income from a FAS Scheme), investment income, income from the leasing/setting of lands, lease income from quotas and certain payment from the Department of Social Community and Family Affairs (including farm assist, unemployment benefit, disability benefit, invalidity pension, widows contributory pension and child benefit).

“Organic Farming” shall include dairy farming, livestock production, the cultivation of fodder and tillage crops and the growing of horticultural crops in accordance with Council Regulation (EEC) No. 2092/91 of 24th June 1991 as amended and Statutory Instrument No. 112 of 2004.

“Scheme” shall mean the On-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 on agricultural holdings, including equipment and facilities for production, preparation, grading, packing, storage, distribution and/or sale of organic products.

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

Farmers must have a minimum of 30 Income Units (IUs), of which at least 15 of the Income Units must come from farming.

However, a farmer who has less than 30 IUs may be considered for grant aid provided he/she has at least 15 IUs from farming and has sufficient other income to maintain a viable holding and finance the proposed investments (supporting documentary evidence must be provided). In determining non-farm income, all household income can be taken into account at a rate of €254 gross off-farm income per unit.

The viability criteria must be independently verified in Section 5 of the application form by an agricultural advisor/agricultural consultant.

Where an applicant does not demonstrate viability as set out above, he/she may submit an application, which demonstrates viability, using other acceptable criteria, for example, financial accounts.

4. **Eligible Investment - Grant Rate & Ceiling.**

The Grant Aid is payable at 40% of the eligible cost. However the maximum grant aid payable is €60,000 over the duration of this 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. In general primary cultivation equipment will not be eligible.
- The applicant must be the beneficial owner following delivery/installation.

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 signed original 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 farm sketch - to scale, including measurements and indicating the location of the proposed investment.

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

- 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 Departmental 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.

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 a farmer himself 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.

- Farm buildings should not be erected or a silo constructed underneath or near an overhead power supply.
- Children should not be allowed to play or spend time in the vicinity of any building work.

9. Responsibility of Agricultural Advisor/Agricultural Consultant

- It is the responsibility of the agricultural advisor/agricultural consultant to ensure the accuracy of the documentation validated by them in relation to the application. The Department shall not accept any responsibility for errors, or omissions contained therein. Accordingly, intending participants should only engage the services of appropriately indemnified/insured individuals or companies.

10. Start of Work

- Work on a project must not commence or equipment must not be purchased 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.

11. 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 mainly 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.

12. 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 recoupment 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 farm 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.
- The Department's Agricultural Environment and Structures (AES) Standard National Costing Structures may be used where appropriate.
- 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.

13. 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.

14. Protection of the Environment

To ensure protection of the environment, applicants:

- Are required to comply with the Single Farm Payment statutory management requirements (SMR) and the good agricultural and environmental condition (GAEC) requirements on the entire holding.
- 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.

15. 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

16. 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.

17. Investment Projects

- Where alternative sources of grant aid from the Department of Agriculture and Food are available, organic farmers should in the first instance seek financial support from these sources. Examples may include:
 - ❖ Bovine animal housing
 - ❖ Storage facilities for silage and animal waste
 - ❖ Equipment for the application of farm waste
 - ❖ Dairying facilities

- For other proposed investments, applicants should seek financial support under this Scheme. Areas eligible for consideration may include²:
 - ❖ Removal and re-aligning of cubicles to meet organic production standards
 - ❖ Removal of concrete slats and replacement with reinforced concrete slabs to create a solid floor area where required
 - ❖ Provision of grain drying, milling equipment etc.
 - ❖ Provision of fodder stores excluding concrete silage bases

18. 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.

² This is not a definitive list. Investments not listed above will be considered under this Scheme on a case-by-case basis.