

Summary of the initiatives
for the Food Sector in the
National Development Plan
2000-2006



Foreword by the Minister for Agriculture, Food and Rural Development, Mr Joe Walsh, TD.

The National Development Plan (NDP) 2000-2006 represents the largest investment plan ever drawn up by this State and provides a framework for the continuation of Ireland's strong economic and social performance. The food related initiatives in the Plan will assist the sector to build on its recent satisfactory performance under the Food Sub-Programme of the Industry Operational Programme 1994-1999 which has seen the value of output from the industry increase to over £11 billion (€14 billion).



Developments at EU and international level, as well as changing market trends, present challenges for the sector if it is to continue to grow. Attention to food safety and quality issues are of primary importance to the consumer and this is acknowledged in the measures and funding in the Plan. Enhancing the competitiveness and innovative capability of the industry are recognised as factors which are crucial to exploiting market opportunities and ensuring future progress.

My Department, An Bord Bia and the industrial development agencies will be working together in implementing the initiatives in the Plan. I am confident that with the continued co-operation of all concerned within the industry, the challenges that face the sector can be met and the objectives of the Plan will be fully realised.

Joe Walsh TD
Minister for Agriculture, Food and Rural Development

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Summary of the initiatives for the food sector in the National Development Plan 2000-2006.

Introduction

This booklet draws together details of the food related elements of the National Development Plan (NDP) 2000-2006. Indicative public funding of £282 million (€358 million) has been provided in the NDP for a full range of support measures covering capital investment, research and development, marketing and promotion and human resource development. This funding represents a comprehensive response to the development needs of the industry as identified by the Food Industry Development Group and the Agri Food 2010 Committee.

The booklet summarises the main features of the measures and the supports available. As, however, the details are not exhaustive, relevant contact points for further information are included.

The information in the booklet will be of particular relevance to the agri-food industry and should also prove useful to a wider audience.

The support measures outlined in the booklet are funded by the Irish Government under the NDP and form part of the Productive Sector and Employment & Human Resources Operational Programmes. The full texts of these Operational Programmes are available from the Government Publications Sales Office.



Your Plan - Your Future

Summary of measures

Capital Investment

The total public fund allocation for capital investment is £120m (€152.36m). The aim of the measure is to encourage increased efficiency and competitiveness at primary processing level and to assist added value.

The funding will be administered by the Industrial Development Agencies and by Food Division of the Department of Agriculture, Food and Rural Development (Food Division).

The Industrial Development Agencies will provide capital assistance to those companies that fall within their remit (see page 11 for further details).

Food Division DAFRD will assist capital projects in the horticulture, potato, eggs, grain and livestock mart sectors which do not fall within the remit of the state agencies or are not covered by the Department's on-farm schemes (see page 7 for further details).

Research, Technology, Innovation

The total public fund provided under this measure is £83m (€105.39m). This level of funding recognises the need to enhance the innovative capabilities of the industry and acknowledges the role of research in ensuring that development is underpinned by attention to food safety and quality.

£55m (€69.84m) has been allocated towards the Institutional, or public good, element of the measure, which will be administered by Food Division DAFRD. (see page 10 for further details).

£28m (€35.55m) has been allocated for the purpose of in-company research and technology transfer, to be administered by the Industrial Development Agencies. (see page 11 for further details).

Summary of measures

Marketing and Promotion

The public fund allocation of £48m (€60.95m) will support the promotional work undertaken by An Bord Bia and will also seek to enhance the marketing capabilities of individual firms. (See page 13 for further details).

Human Resource Development

This measure, for which the funding allocation is £31m (€39.36m) and which will be administered by the industrial development agencies, will focus on specific requirements relating to the food industry. In particular there will be an emphasis on training in the areas of food safety and productivity/competitiveness. (See page 11 for further details).

Measures administered by Food Division DAFRD

As outlined on page 5 Food Division DAFRD will provide assistance for (i) capital investment for certain marketing and processing projects and (ii) Institutional, or public good, research.

(i) Capital Investment for marketing and processing of agricultural products.

Under this measure aid will be provided to assist capital projects which are intended to improve marketing and processing in the horticulture, potato, eggs, grain and livestock mart sectors which do not fall within the remit of the industrial development agencies or are not covered by the Department's on-farm schemes. Applications will be subject to an assessment/selection process.

Projects seeking financial assistance must comply fully with the following provisions:

- Support will not be granted in contravention of any prohibitions or restrictions laid down in provisions of the EU common market organisation for agricultural products.
- Projects must demonstrate financial/market viability.
- Enterprises seeking grant assistance must comply with minimum standards regarding the environment, hygiene and animal welfare.
- Normal market outlets for the products concerned must exist.
- Investment must address sectoral priorities. Generally this demands emphasis on improved efficiencies and /or added value.
- Applicants under the scheme must not have received assistance under a similar agricultural measure of the NDP.
- Grant assistance will not be provided towards the cost of replacing equipment which has previously been granted aid.
- Projects should be able to demonstrate their contribution to environmental, equality, poverty and rural development issues.

Measures administered by Food Division DAFRD

Capital Investment for marketing and processing of agricultural products (contd.)

Grant rates

Grant aid of 40% of approved eligible costs on the basis of expenditure actually incurred will apply.

Eligible Costs

Costs eligible for assistance may include:

- (a) the construction and acquisition of immovable property, with the exception of land purchase,
- (b) purchase of new machinery and equipment, including computer software ,
- (c) technical costs directly related to the planning, preparation and execution of the project are eligible e.g. architects, engineers and project managers up to a limit of 10% of costs referred to at (a) and (b) above, and
- (d) Consultant's costs concerning feasibility studies, the acquisitions of patents and licenses, may be assisted up to a limit of 2% of eligible costs referred to at (a) and (b) above.

Sectoral Priorities

Horticulture

Aid will be provided to assist in the development of the sector by grant aiding capital investments in buildings and/or new specialised plant and equipment in commercial enterprises, including "near farm" enterprises, involved in the marketing and processing of horticulture products.

In general only investments exceeding €100,000 will be considered for assistance.

Measures administered by Food Division DAFRD

Capital Investment for marketing and processing of agricultural products (contd.)

Potatoes

Capital investment will be provided towards the capital cost of providing facilities for the storage, handling and marketing of seed and ware potatoes.

Grant aid is geared towards:

- Construction of new storage and handling buildings
- Refurbishment of existing storage and handling buildings, including provision of ventilation and insulation
- Acquisition/installation of storage-related equipment
- Acquisition/installation of marketing equipment (e.g. for grading, brushing, washing, packing, weighing, labelling, handling).

In general only investments in excess of €150,000 will be considered for assistance.

Eggs

Grants will be available towards the cost of providing new equipment for grading and packing of eggs and for modernisation or construction of packing premises. Projects aimed at increasing production will not be aided. The Scheme will apply to approved egg packing centres with an annual throughput of at least 20,000 cases.

In general only investments exceeding €100,000 will be considered for assistance.

Grain

Grant aid will be available towards improving the standards of grain storage at commercial intake points. Grants will be prioritised towards the improvement, renovation, or replacement/relocation of existing commercial stores. Aid will not be provided for stores intended to be used for intervention purposes.

In general only investments exceeding €100,000 will be considered for assistance.

Livestock marts

Grant assistance in this sector will be geared towards, in order of priority, (i)

Measures administered by Food Division DAFRD

rationalisation, (ii) relocation and (iii) upgrading of facilities at livestock marts.

In general only investments exceeding €100,000 will be considered for assistance.

(II) Institutional Research and Development

Under this measure support will be provided for "public good" research carried out by Institutions, including the universities and Teagasc. The research results will be widely disseminated for the benefit of the general food industry. Applications for funding will be invited at intervals throughout the period of the NDP and will be subject to an assessment/selection process. Priority is being afforded to the themes of food safety, new innovative food products and to the enhancement of the Institutions' ability to support development in the consumer foods' area.

Levels of Aid

Aid will cover agreed costs.

Measures administered by the Industrial Development Agencies

Development Approach

The food initiatives in the NDP relating to (i) capital investment, (ii) in company R&D and (iii) human resource development will be implemented by the industrial development agencies as part of their overall strategy of growth and competitiveness for the Irish food industry.

Under that strategy the development agencies will provide a full range of services and expertise to client companies. An agreed Development Plan for each company is drawn up and the needs will be matched with appropriate Agency financial or non-financial solutions or a combination of both, across the following key functional areas:

- Business strategy
- Research, Development and Design
- Human Resource Development
- Production and Operations (including Capital Investment)
- Finance

(In the case of food companies, support for marketing will be administered by An Bord Bia).

In relation to **Capital Investment** the level and type of support will be geared towards the individual needs of each investment.

The **In Company Research and Development Initiative** aims to bring about a substantial net increase in the level of high quality research and development in businesses in Ireland. Aid is available on a competitive basis under the RTI (Research Technology Initiative) Scheme to assist enterprises to develop significant commercially focussed, industry led R&D projects. Assistance is also available, normally on a once-off basis, to encourage companies to build their R&D capability by offering incentives towards the cost of additional facilities and staff beyond their current level of R&D activity, if any. This will be expected to lead to a substantial and sustainable increase in R&D capability in the enterprise.

With regard to Human Resource Development, a national HRD support programme to address the needs of the food processing industry will be managed by Enterprise Ireland. The key areas which the programme will address are;

- Food safety training
- Competitiveness and improved productivity
- Management development
- Innovation management

Measures administered by the Industrial Development Agencies

- Information technology/logistics
- Food core skills
- Food Marketing Skills
- Micro food companies

Support mechanisms and possible levels of support

The support mechanisms available for the above initiatives include non-repayable grants, Preference Shares and Ordinary Share Capital.

Factors taken into account in determining the level of support available include:

- Regional Location
- Company Size
- Stage of Development

In the case of expenditure associated with Research and Development or Training, assistance to SMEs (Small and Medium size Enterprises employing less than 250 persons) in the Objective One (Border, Midlands and West) Region of up to 45% of their expenditure will be considered. Non SMEs located in this region may receive financial support of up to 35% of their expenditure.

If the SME is located in Dublin or any other county in the Objective One in Transition Region, the upper limit will be set at 35%. The upper limit for non SMEs in this region is 25%.

Enterprises which can be supported

The client companies supported by Enterprise Ireland are primarily Irish manufacturing and internationally traded services companies employing ten or more people. New High Potential Start-Ups (HPSU) and companies which employ less than ten people are also supported provided that they can demonstrate significant potential to develop their business. Firms in the food sector in the Mid West are supported by Shannon Development. Firms in the Gaeltacht areas are supported by Údarás na Gaeltachta. Firms employing less than 10 people should contact their local County Enterprise Board.

Measures administered by An Bord Bia

The measure relating to marketing and promotion will be implemented by An Bord Bia. The objective of this measure is to support the marketing and promotion of food and drinks products by helping in the development of new markets and the expansion of current ones. Assistance will be given in the following ways:

- Individual company support
- Support for the development of the industry as a whole

Individual Company Support

Support will be provided through the following measures:

- Development of Marketing Knowledge - attendance at marketing seminars, workshops, provision of strategic advice by consultants ;
- Trade Fairs and Exhibitions - attendance at or participation in trade fairs and exhibitions;
- Product Marketing Development and Improving Product Presentation - costs involved in providing desk and field research, published reports, sample materials and point-of sale material;
- Quality Measures - consultancy costs linked to the feasibility, introduction and application of recognised quality assurance schemes or quality audit systems, audit costs of initial certification by recognised third parties of introduced quality assurance systems, costs of training personnel in the application of quality measures.

Levels of Aid

Participating Companies - A maximum of €100,000 over any three-year period or 50% of eligible costs whichever is the lesser.

Support for the Development of the Industry.

Support for the development of the industry will involve activities in the following areas:

- Promotions/Image Development - promote product awareness through preparation of promotional material and trade/consumer information and attendance at trade fairs etc.

Measures administered by An Bord Bia

- Quality - support the attainment of recognised quality standards by all sectors of the industry;
- Market Studies Research ----- market surveys and the provision of market intelligence by way of regular publications and specialist reports.

Further Information

General information on the food related measures in the National Development Plan 2000-2006 is available from:

Food Division
Department of Agriculture, Food and Rural Development
Agriculture House
Kildare Street
Dublin 2
Tel: (01) 6072841 Fax: (01) 6072038.
E-mail: information@daff.irlgov.ie
Website: www.irlgov.ie/daff

And from the following agencies

An Bord Bia
Clanwilliam Court
Lower Mount Street
Dublin 2.
Tel: (01) 6685155. Fax: (01) 6687521
E-mail: info@bordbia.ie
Website: www.bordbia.ie

Enterprise Ireland
Food and Natural Resources Division
Wilton Park House
Wilton Place
Dublin 2.
Tel: (01) 8082839 Fax: (01) 8082818
E-mail: client.service@enterprise-ireland.com
Website: www.enterprise-ireland.com

Shannon Development
Industry Division
Shannon Town Centre
Shannon
Co. Clare
Tel: (061) 361555. Fax (061) 361903
E-mail: info@shannon-dev.ie
Website: www.shannon-dev.ie

Further Information

Údarás na Gaeltachta,
Na Forbacha,
Gaillimh,
Ireland
Tel (091) 503100; Fax (091) 503101
E-mail: eolas@udaras.ie
Website: www.udaras.ie