



Rural Development Programme 2007-2013

# EU Agricultural and Forestry Processing and Marketing Grant Scheme

## Information Brochure-Shortened Version



Department of  
**Agriculture and  
Rural Development**

[www.dardni.gov.uk](http://www.dardni.gov.uk)

AN ROINN

**Talmhaíochta agus  
Forbartha Tuaithe**

MÁNNYSTRIE O

**Fairms an  
Kintra Fordèrin**



'The European Agricultural Fund  
for Rural Development: Europe  
investing in rural areas'.

# EU Agricultural and Forestry Processing and Marketing Grant Scheme

Copies of this document can be made available on request in alternative formats, e.g. in large print, in Braille, on computer disk, on audiocassette (for those with vision difficulties) and in other languages.

If you require any assistance, please contact:

**Department of Agriculture and Rural Development  
Rural Development Division  
Room 145  
Dundonald House  
Upper Newtownards Road  
Ballymiscaw  
Belfast  
BT4 3SB**

**Telephone: 028 9052 4880 or 028 9052 4219 or 028 9052 4871**

**Fax: 028 9052 4776**

**E-mail: [pmginfo@dardni.gov.uk](mailto:pmginfo@dardni.gov.uk)**

**Website: [www.rdpni.info](http://www.rdpni.info)**

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# **EU Agricultural and Forestry Processing and Marketing Grant (PMG) Scheme**

## **1. Introduction**

This brochure is a shortened guide to the EU Agricultural and Forestry Processing and Marketing Grant (PMG) Scheme. The information contained in it will help you understand the conditions of the Scheme and the processes involved before your application can be considered for funding by a Selection Panel. A more detailed version of the information brochure can be found on the website or provided through any of the points of contact listed on the front cover.

The Scheme is part of the Northern Ireland Rural Development Programme (RDP) and is part-financed by the European Agricultural Fund for Rural Development (EAFRD) under Axis 1, Measure 1.2.

The Scheme is designed to improve the economic performance and international competitiveness of the agri-food processing and forestry sectors through the application of appropriate technology together with sound manufacturing and environmental management practices. It also aims to encourage greater integration and collaboration between producers and processors.

For the purpose of the Scheme, "processing and marketing" is taken to mean all the steps involved in supplying the right products, at the right price and at the right time. An example is where a raw material is subjected to some form of additional treatment, handling or management resulting in a physical change in the end product that adds value and increases competitiveness.

With the exception of forestry products, the end product must fall within the list of primary agricultural products or miscellaneous edible preparations defined in Annex 1 to the Treaty of Rome.

## **2. EU Objectives**

**To be eligible for funding, a project must contribute to one or more of the following EU objectives:**

- to guide production in line with foreseeable market trends;
- to encourage greater collaboration between producers and the rest of the supply chain;
- to improve the uptake of technology or innovation that will make the business more competitive;
- to encourage the better use or elimination of by-products and waste;
- to encourage the development of added-value products; or
- to promote the production and processing of renewable energy.

### **3. What Financial Support Is Available?**

Projects must have a minimum total eligible investment of £15,000 to be considered for support under the Scheme.

Financial support will be available to those projects with an eligible investment used to:

- erect new buildings;
- refurbish old buildings; or
- purchase new equipment (including computer hardware or software to operate it).

Only one application may be submitted by a project promoter for each tranche of applications.

Financial support may also be available towards the cost of a business plan and related technical costs. Should you wish those costs to be considered for grant aid, you must discuss them with the DARD staff member during the site visit.

Please note that under the Scheme certain items that you may wish to include in a project are not eligible for grant aid. Examples are listed at Appendix 1.

### **4. What Is The Grant Rate?**

A grant up to a maximum of £50,000 may be available at a rate of up to 40% of eligible costs.

The Scheme Selection Panel will decide the rate of grant and the financial assistance that each project will receive. Please note that separate Selection Panels will be convened to assess applications seeking up to and including £50,000 and those seeking more than £50,000.

The level of grant may be subject to change if EC regulations are amended at any time during the lifetime of the Northern Ireland Rural Development Programme 2007-13. Funding to successful projects will be subject to budget availability.

## **PROCESSING YOUR APPLICATION**

### **5. What Happens Next? – A Site Visit**

DARD will arrange to visit your project location. There will be an opportunity to discuss any queries that either side may have regarding your application. The information gathered (for example, a business plan) will be used to complete an economic appraisal.

**At the visit you will be required to provide evidence of the following:**

- how your project contributes to one or more of the EU Scheme objectives as detailed at paragraph 2.
- confirmation of **your legal entity**, e.g. self-employment registration or certificate of incorporation.
- if an existing business, **proof of the size of your business**, e.g. list of employees or evidence of turnover.
- evidence of **ownership of the project premises**, e.g. a copy of the deeds or a letter from your solicitor advising of ownership. If you lease the premises, a copy of the lease is required. For the purposes of the Scheme the lease must be for a minimum period of five years.
- that you have identified a normal **market outlet** for the product(s) of your project. Evidence may range from specific market research or results of feasibility studies to letters of intent or contracts with new or established customers.
- evidence to demonstrate that your **business is financially viable**, (if an existing business, the last two years' profit and loss accounts), that the project will be profitable and that a grant is needed for the project to proceed (e.g. a business plan).
- information on any **similar enterprises** operating locally or elsewhere in Northern Ireland that your project may affect.
- if your project requires any **statutory approvals** (e.g. planning permission, building control, etc.) you should have copies of those available or be able to provide information on progress towards obtaining them. Other approvals may be required depending on the type of project, for example, veterinary certification or environmental health. **Please note that applications will not be brought to a Selection Panel unless all statutory approvals are in place or applications are at an advanced stage.**
- **quotes** for the equipment and or building work that will justify the amount that you are seeking as a grant.
- evidence that you have the **relevant skills** or competence to undertake the project, e.g. copies of relevant qualifications or evidence of trading experience.
- Projects must be completed within a maximum period of 24 months. The Department reserves the right to restrict funding to Government financial years, i.e. 1 April to 31 March.

## **6. What Happens After The Site Visit?**

Following the site visit to your project, DARD will begin its economic appraisal.

Projects seeking up to and including £50,000 in grant aid **do not** have to provide a business plan. However, if you have a business plan, it will speed up the economic appraisal of your project.

The completion of the economic appraisal is dependent on your providing all the necessary information to the appraiser. Depending on the issues raised, that may take up to three months to complete.

When the appraisal of your project is complete, it will be submitted to a Selection Panel for assessment.

It is important to note that funding for projects is competitive, which means that not all project applications to the scheme will be successful. You should not commit yourself to any expenditure on which grant may be sought until you have received a Letter of Offer confirming an award of funding.

## **7. Selecting Successful Projects**

For the purpose of awarding a grant, the Selection Panel will assess your project against the extent to which the project contributes to the EU objectives. The Selection Panel will also consider whether your project:

- (a) increases the use of raw materials listed in Annex 1 of the Treaty of Rome or forestry products;
- (b) increases exports (sales outside Northern Ireland);
- (c) improves the preparation and presentation of products;
- (d) involves organic or speciality products;
- (e) encourages diversification at producer level;
- (f) creates or safeguards employment; or
- (g) has a positive impact on the Anti-Poverty and Social Inclusion Strategy.

Please note that the Selection Panel will not assess projects that do not have a positive economic appraisal.

### **What happens if my project is awarded a grant?**

If your project is successful in receiving funding, you will be issued with a



Letter of Offer setting out the conditions of the award, the items that are being supported, the targets for your project and the monitoring information that you will be required to provide.

You will also be asked to provide evidence of bank borrowing facilities or of an alternative source of funding for the balance of the total project costs before you start your project.

### **What happens if my project is not awarded a grant?**

Funding under the Scheme is competitive, and there can be several reasons why your project might not receive funding. Examples are:

- insufficient funding being available to make awards to all applicants;
- the project not meeting the quality threshold score; or
- the economic appraisal of the project being negative.

If you do not receive an offer of funding, you will be provided with a written explanation. You may then request a meeting with DARD to discuss the reasons why your project was not successful. A request for a formal selection review must be received by DARD in writing within 28 days of the letter advising you that your project was not successful.

## **8. Letter of Offer**

If your project is successful, you will be issued with a Letter of Offer explaining in detail all the conditions of the award of grant. You will be given 28 days from the date of the Letter of Offer to consider and discuss the offer with DARD before signing.

## **9. Tendering and Procurement Rules**

Projects are required to ensure that goods and services are purchased in a cost-effective manner that will demonstrate value for money and should therefore seek quotations for goods and services as follows:

Up to £100	No quotations required
£101 to £1,500	Seek two or three oral quotations – fax or e-mail confirmation should be obtained
£1,501 to £10,000	Seek four written quotations or tenders
£10,001 to £30,000	Seek five written quotations or tenders
Over £30,000	Public advertisement for open or restricted tender competition

Goods and services over £30,000 should, where possible, be procured by means of a contract. Contracts for similar goods or services must not be divided into smaller orders for the purposes of



avoiding the appropriate EC financial threshold.

**When tendering for items or services, it is important that:**

- you decide on the specification of the generic items or services that you require;
- the same list of items or services is presented to all companies;
- tenders are opened at the same time with no advance knowledge of bids being made available to anyone before that or during the tendering process;
- a suitably qualified and experienced individual supervises the tendering process; and
- receipts, invoices and copies of all bids are retained for inspection.
- quotations/tenders are dated and where possible be on the suppliers headed paper. If they are received by fax or email you should keep the covering correspondence with the relevant quotation/tender

If it is not possible to seek the required number of quotations or to place an advert for an item of expenditure because, for example, there is only one specialist supplier, you should **obtain DARD's approval before making the purchase.**

**10. DARD Business ID Number**

Under the Scheme you must have a "**DARD Business ID**" number to allow payment of the grant. Where applicable, you may use an existing DARD Business ID number. In those circumstances, any payment of grant will be credited to the bank account associated with the existing DARD Business ID number.

If you do not have a DARD Business ID number, you will be required to apply for one.

In all cases, once you have been notified of an award of funding, DARD will supply the forms and advise you of the appropriate process.

**Appendix 1 - The following items or areas of expenditure are not eligible for grant aid under the Scheme:**

- (a) purchase of land or buildings;
- (b) second-hand equipment; (The Department has sought approval from the EU Commission to permit the purchase of second hand equipment under this Measure).
- (c) new equipment subject to outstanding hire purchase or leasing arrangements at project completion;
- (d) simple replacement items or items that are replacements under an insurance claim;
- (e) recreational equipment;
- (f) vehicles for external transportation (forklift trucks or similar vehicles used for internal transportation and handling are eligible);
- (g) harvesting equipment that is part of a normal farm-based activity;
- (h) costs related to the transfer or installation of existing plant or equipment;
- (i) repair, maintenance and running costs (including consumables normally written off within a year);
- (j) overheads, including your own labour;
- (k) marketing costs not related to the processing of the product, e.g. promotional designs or staff resource costs;
- (l) interest and service charges arising from hire purchase, leasing or credit arrangements;
- (m) value added tax on eligible project costs except where it cannot be reclaimed from HM Customs and Excise;
- (n) financial charges (e.g. bank charges, costs of arranging loans, foreign exchange commissions, costs of guarantees, insurance charges, etc.);
- (o) office equipment used for general administration purposes (e.g. office furniture, telephones (including installation), computers, laptops, printers, etc.);
- (p) contingency sums; and
- (q) anaerobic digesters.

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