



Department of
**Agriculture,
Food and the Marine**

An Roinn
**Talmhaíochta,
Bia agus Mara**

Value for Money Review of the Organic Farming Scheme

November 2014

Table of Contents

Table of Contents	Pg ii
List of Annexes	Pg iii
Glossary	Pg iv
Executive Summary	Pg vi
Balanced Scorecard	Pg xi
Chapter 1 - Introduction	Pg 1
Chapter 2 – The Organic Farming Scheme	Pg 4
Chapter 3 – Objectives of the Organic Farming Scheme	Pg 17
Chapter 4 – The Programme Logic Model	Pg 23
Chapter 5 – Efficiency of the Scheme	Pg 25
Chapter 6 – Effectiveness of the Scheme	Pg 36
Chapter 7 – Policy Options	Pg 55
Chapter 8 – Performance Indicators	Pg 60
Chapter 9 – Recommendations	Pg 66
References	Pg 68

List of Annexes

Annex 1	List of Organic Control Bodies approved by the Competent Authority	Pg 73
Annex 2	Penalties Applicable to the 2007 Organic Farming Scheme	Pg 74
Annex 3	Ranking System for Selection for all new Applications from 2010 onwards	Pg 75
Annex 4	Penalties Applicable to the 2010 Organic Farming Scheme	Pg 76
Annex 5	Penalties Applicable to the 2012 Organic Farming Scheme	Pg 78
Annex 6	Organic Farming Scheme Application Checklist 2013 (Admin HQ)	Pg 79
Annex 7	Organic Farming Scheme Business Plan Checklist 2013	Pg 80
Annex 8	Organic Farming Scheme Application Checklist 2013 (Admin Local Office)	Pg 83
Annex 9	Organic Farming Scheme A Checklist 2013	Pg 84
Annex 10	Annual Declaration of Farming Activity – OFS 2 – Payment for Year 2013	Pg 87
Annex 11	Stakeholder Consultation Summary	Pg 88
Annex 12	Efficiency Staff Questionnaire	Pg 91

Glossary

AAI	Assistant Agricultural Inspector
AEOS	Agricultural Environmental Options Scheme
AES	Agricultural and Environment Structures
AHCS	Animal Health Computer System
AI	Agricultural Inspector
AIMS	Animal Information Movement System
AIRs	Annual Implementation Reports
AP	Assistant Principal Officer
AS	Agricultural Structures
BFCP	Burren Farming for Conservation Programme
c.	circa
CAP	Common Agricultural Policy
CO	Clerical Officer
DAFM	Department of Agriculture, Food and the Marine
DAS	Disadvantaged Areas Scheme
DPER	Department of Public Expenditure and Reform
DS	District Superintendent
EC	European Commission
ECA	European Court of Auditors
EEU	European Economic Union
E.g.	For example
EO	Executive Officer
Etc	Et cetera
EU	European Union
FAO	Food and Agriculture Organisation
FiBL	Das Forschungsinstitut für biologischen Landbau (Research Institute of Organic Agriculture)
FTE	Full Time Equivalent

GAEC	Good Agricultural and Environmental Condition
GMOs	Genetically Modified Organisms
IACS	Integrated Administration and Control System
IFE	Institute of Farm Economics
IFOAM	International Federation of Organic Movements
Ipso facto	By the very fact or act
IT	Information Technology
Ha.	Hectares
HEO	Higher Executive Officer
HQ	Head Quarters
LPIS	Land Parcel Identification System
LU	Livestock Units
MSD	Management Services Division
N	Nitrogen
NA	Not Applicable
OCBs	Organic Control Bodies
OFS	Organic Farming Scheme
PIs	Performance Indicators
PO	Principal Officer
PPC	Personal Pension Contribution
REPS	Rural Environment Protection Scheme
RDP	Rural Development Programme
SAO	Supervisory Agricultural Office
SI	Senior Inspector
SI	Statutory Instrument

SM6	Supplementary Measure Number 6
SMR	Statutory Management Requirements
SPS	Single Payment Scheme
TAMS	Targeted Agricultural Modernisation Scheme
UAA	Utilisable Agricultural Area
UK	United Kingdom
WTO	World Trade Organisation

EXECUTIVE SUMMARY

Background and Methodology

This Value for Money (VFM) Review has been carried out as part of the Value for Money and Policy Review Initiative and forms part of the Department of Agriculture, Food and the Marine's (DAFM's) programme of VFM reviews for 2012-2014. VFM reviews aim to analyse Government spending in a systematic manner and provide a basis on which more informed decisions can be made on priorities within and between programmes. This review examines the efficiency and effectiveness of the Organic Farming Scheme and was overseen by a Steering Committee, which was comprised of an independent Chairman and representatives of Department of Agriculture, Food and the Marine, Department of Public Expenditure and Reform and Teagasc.

The Steering Committee met seven times in 2013 and 2014 and also oversaw a stakeholder consultation process. Its terms of reference were:

- To identify the Scheme's objectives.
- To examine the current validity of those objectives and their compatibility with the overall strategy of the DAFM.
- To define the outputs associated with the Scheme's activity and identify the level and trend of those outputs.
- To examine the extent to which the Scheme's objectives have been achieved, and comment on the effectiveness with which they have been achieved.
- To identify the level and trend of costs and staffing resources associated with the Scheme and thus comment on the efficiency with which it has achieved its objectives.
- To evaluate the degree to which the objectives warrant the allocation of public funding on a current and ongoing basis and examine the scope for alternative policy or organisational approaches to achieving these objectives on a more efficient and/or effective basis.
- To specify potential future performance indicators that might be used to better monitor the performance of the Scheme.

The Organic Farming Scheme

The Organic Farming Scheme is a measure included in the Common Agricultural Policy (CAP) Rural Development Plan, co-funded under the National Development Plan 2007-2013 and the European Agricultural Fund for Rural Development of the European Union.

The EU define organic production as *“an overall system of farm management and food production that combines best environmental practices, a high level of biodiversity, the preservation of natural resources, the application of high animal welfare standards and a production method in line with the preference of certain consumers for products produced using natural substances and processes”*. Organic farming places a strong emphasis on environmentally friendly practices, with particular concern for animal welfare.

The organic sector in Ireland remains very small in relation to agriculture as a whole. As at February 2013 there were 1,639 organic operators in Ireland with over 52,000 hectares of land under organic production methods, which equates to just less than 1.2 % of our utilisable agricultural area. An objective of achieving 5% of farmland under organic production is included in the Food Harvest 2020 Report; a key recommendation of which is that support to the sector should continue through the Organic Farming Scheme.

Under the Rural Development Programme (RDP) 2007-2013, the OFS became a stand-alone scheme and ceased to be a supplementary measure in REPS, under which support had previously been provided. Organic farming goes well beyond the farming practices required to meet the agri-environmental baseline of Good Farming Practice and Cross Compliance requirements of the Single Farm Payment Scheme and this is the central principle under which additional payments are provided. The Rural Development Plan 2007-2013 states: *“The objective of this measure is to promote conversion to organic production methods, thereby delivering enhanced environmental benefits and responding to supply deficits and societal demands for organic produce”*.

The basic payment under the Scheme is €212 per hectare for those ‘in conversion’ and €106 for those with ‘full organic status’. Slightly higher payments are available to horticulture only producers but only up to 6 hectares. Anything over 55 hectares is paid at a substantially reduced rate. The Scheme includes minimum production criteria, both for crop livestock production, thus linking the Scheme to increasing production, one of its objectives. The table

below outlines the total number of farmers who participated in the OFS each year from 2007 to 2013. It also outlines the total area of land farmed under organic rules and the total annual expenditure on the OFS for each year.

Year	No of Farmers (Cumulative)	Total Farmed Area (ha)	Total Annual Payment
2007	6	311	*
2008	179	6,252	*
2009	527	18,956	452,923
2010	907	34,445	1,958,958
2011	1,188	46,018	4,293,412
2012	1,383	53,789	3,318,415
2013	1,146	57,724	4,554,459
		Total 2009-13:	14,578,167

**OFS expenditure was not separately identified within the REPS budget in 2007 and 2008*

Conclusions and Recommendations

In summary, regarding organic farming, the Review found:

- There is significant market demand for the produce of organic farming.
- National policy, in the form of Food Harvest 2020, and EU policy, in the form of the Common Agriculture Policy, support organic farming.
- Organic farming delivers enhanced environmental and animal welfare benefits.

With regard to the OFS and its effectiveness and efficiency, the Steering Group concluded that:

1. There is a significant overlap between participation in the OFS and the number of new organic producers. However there was a decline in participation by new entrants in the OFS in recent years due to weaknesses in the current scheme.
2. The current scheme has not succeeded in attracting sufficient numbers to meet the demand that exists for organically produced food.
3. The cessation of the scheme would reverse any progress made and be hugely detrimental to the development of the Organic Sector.
4. The cost of administration of the schemes is disproportionate when the level of participation is considered.

The Steering Group believes that neither the continuation of the scheme in its current form nor its complete cessation is desirable and made the following recommendations:

- Recommendation 1 – Preferred Policy Option: The adoption of Policy Option 3, a new OFS refocused in the context of the new RDP, with the aim of addressing issues identified in the Review. In addition the objectives of the OFS should be reviewed.
- Recommendation 2 – Efficiency: The Department should carry out a business process improvement examination of the administration of the scheme. A fixed opening period for applications should be implemented and the current applicant selection process and ranking system should be reviewed to ensure that they are reflective of the OFS priority objectives.
- Recommendation 3 – Effectiveness and Data: Enhanced basic monitoring data, both for the organic farming sector and the OFS, should be identified.

Table 8.2 in Chapter 8 outlines the performance indicators required to facilitate the effective measurement of all aspects of scheme performance and recommends the following for any new OFS:

Recommended PIs for the next OFS within the new RDP

Objective	Performance Indicator
Enhanced Environmental Benefits	Area under organic production, with target to achieve a 50% increase in UAA under organic production over the lifetime of the next RDP.
Enhanced Animal Welfare Benefits	Change in number of farmers converting to organic standards, linked to stock numbers.
Response to Market Demand for Organic Produce	<ul style="list-style-type: none"> • Number of participants in the OFS, with target to achieve a 50% increase in participation. • Data from processors, retailers and exporters on organic produce available. • Changes in levels of organic imports and exports. • Detailed annual output return for each participant to enable quantification of 1) OFS cost per livestock unit/arable area equivalent and 2) per unit of agricultural output.

BALANCED SCORE CARD

The Comprehensive Expenditure Report 2012 – 2014 (Department of Public Expenditure and Reform, 2011), stated that in order to bring greater uniformity and standardisation to the evaluation process, each Value for Money Review must include a ‘Balanced Scorecard’ which will be used to assess the programme under examination against a range of criteria of use to decision makers. Therefore as part of the updated process, all Reviews must have to include a standard report – a ‘balanced scorecard’ – based upon a number of important criteria that are common to all evaluations. The balanced scorecard for the OFS Review is detailed in Box 1 below as per the format required by the Public Spending Code.

Box 1 – OFS Balanced Scorecard

Quality of OFS Programme Design

- The programme objectives are clearly specified.
- The objectives are consistent with stated Government priorities (i.e. Food Harvest 2020) and there is a clear rationale for the policy approach being pursued.
- Performance indicators have been in place from the outset, but recommendations have been made to enhance them.
- Other alternative approaches have been considered and costed.
- The resource implications of the OFS have been clearly specified.

Implementation of OFS

- The OFS objectives have been partially met. There have been clear environmental and animal welfare benefits arising from the OFS and it has contributed to responding to the market demand for organic food. However the relatively low level of participation in the OFS has limited these outcomes.
- The OFS has disproportionately high administrative costs compared to its level of output, but these are adversely impacted by high complexity, low participation levels and the absence of a computerised system.
- The views of stakeholders have been taken into account.

Cross-cutting aspects of OFS

- While there are elements common to a number of agriculture schemes, these are not in the nature of duplication. Any future scheme should be considered in the context of any new agri-environmental schemes targeted at conventional farmers.
- Due to the nature of the OFS there is limited scope to broaden cross-departmental involvement in its delivery.
- Use of shared services and e-Govt channels are limited. The Review recommended a business process improvement review to optimise delivery structure and a new IT structure for processing OFS applications and payment.
- Part of the Scheme is provided by external service providers, Organic Control Bodies (OCBs), who carry out inspection, certification of organic operators on behalf of the DAFM.

CHAPTER 1 – INTRODUCTION

1.1 Background to Value for Money and Policy Review Initiative

This review forms part of the Value for Money and Policy Review Initiative which was introduced by Government in 2006 as the successor to the 1997 Expenditure Review Initiative. The objectives of this programme of reviews are to analyse Exchequer spending in a systematic manner and to provide a basis on which more informed decisions can be made within and between programmes. It is one of a wide range of modernisation initiatives aimed at moving public sector management away from the traditional focus on inputs to concentrate on the achievement of results.

Value for Money Reviews are organised in three year cycles. This review forms part of the Department of Agriculture, Food and the Marine's (DAFM's) programme of reviews for the 2012 – 2014 cycle.

1.2 Steering Committee

All Value for Money Reviews are overseen by a Steering Committee. The Steering Committee for this Review met on seven occasions between February 2013 and November 2014. During the course of its work, some changes occurred in the Committee's membership due to staff transfers and promotions. The members of the Steering Committee were:

- Chairman – Brendan Ingoldsby
- Gordon Conroy, Agricultural Structures (AS) Division, DAFM (February 2013 to June 2013), and replaced by
- Bernie Brennan, AS Division, DAFM (July 2013 to February 2014), and replaced by
- Ronan O'Flaherty, AS Division, DAFM (March 2014 to completion)
- Joan Furlong, AS Division, DAFM
- Kevin McGeever, AS Division, DAFM
- Frank Macken, Agricultural Environment and Structures Division, DAFM
- Fintan O'Brien, Economics and Planning Division, DAFM (February 2013 to July 2013), and replaced by
- Sean Bell, Economics and Planning Division, DAFM (October 2013 to completion)
- Noel Collins, Economics and Planning Division, DAFM
- Eoin Dormer, Central Expenditure Evaluation Unit (CEEU), Department of Public Expenditure and Reform (DPER)
- Niamh Callaghan, CEEU, DPER (February 2013 to October 2014), and replaced by

- Laura Watts, CEEU, DPER (November 2014 to completion)
- Terry Jennings, Vote Section, DPER
- Dan Clavin, Teagasc

1.3 Terms of Reference

The Steering Group drafted Terms of Reference for the review using the template provided in the Value for Money and Policy Review Initiative Guidance Manual. The Terms of Reference were approved by the Secretary General of the DAFM as follows:

- To identify the Scheme's objectives.
- To examine the current validity of those objectives and their compatibility with the overall strategy of the DAFM.
- To define the outputs associated with the Scheme's activity and identify the level and trend of those outputs.
- To examine the extent to which the Scheme's objectives have been achieved, and comment on the effectiveness with which they have been achieved.
- To identify the level and trend of costs and staffing resources associated with the Scheme and thus comment on the efficiency with which it has achieved its objectives.
- To evaluate the degree to which the objectives warrant the allocation of public funding on a current and ongoing basis and examine the scope for alternative policy or organisational approaches to achieving these objectives on a more efficient and/or effective basis.
- To specify potential future performance indicators that might be used to better monitor the performance of the Scheme.

1.4 Acknowledgements

The Steering Group would like to acknowledge the valuable assistance and inputs of all persons who contributed to the completion of this review. We would particularly like to express our gratitude to the persons and representative organisations, including individual farmers, who contributed to the public consultation meetings. A list of these contributors is included in Annex 11.

1.5 Format of this Report

The outline of the remaining Chapters in this report is as follows:

Chapter 2 – Sets out the background to the Organic Farming Scheme and its current configuration.

Chapter 3 – Identifies the objectives of the Organic Farming Scheme and examines their continued validity by reference to the wider policy context.

Chapter 4 – Describes the Programme Logic Model and Methodology.

Chapter 5 – Examines the question of the efficiency of the Scheme.

Chapter 6 – Examines the effectiveness of the Scheme.

Chapter 7 – Examines possible alternative approaches aimed at increasing the efficiency and effectiveness of the Scheme.

Chapter 8 – Proposes some possible performance indicators for the Scheme.

Chapter 9 – Summarises the conclusions and recommendations of this review.

CHAPTER 2 – THE ORGANIC FARMING SCHEME

2.1 Organic Farming Scheme in Ireland

The Organic Farming Scheme is a measure included in Ireland's Common Agricultural Policy (CAP) Rural Development Plan, co-funded under the National Development Plan 2007-2013 and the European Agricultural Fund for Rural Development of the European Union. For the purposes of this review, reference will simply be to "the OFS".

The organic sector in Ireland remains very small in relation to agriculture as a whole. As at February 2013 there were 1,639 organic operators in Ireland with over 52,000 hectares of land under organic production methods, which equates to just under 1.2 % of our utilisable agricultural area. An objective of achieving 5% of farmland under organic production is included in the Food Harvest 2020 Report – the strategic vision for the agriculture, food and fishing sector for the period 2010 to 2020. One of the recommendations of the Food Harvest report was for the DAFM to continue to support the sector directly through the Organic Farming Scheme.

2.2 Definition of Organic Farming

Under the governing Council Regulation (EC) No. 834/2007, Organic production is defined as *"an overall system of farm management and food production that combines best environmental practices, a high level of biodiversity, the preservation of natural resources, the application of high animal welfare standards and a production method in line with the preference of certain consumers for products produced using natural substances and processes"*.

Organic farming therefore places a strong emphasis on environmentally friendly practices, with particular concern for animal welfare. The principles and methods employed in organic farming promote practices that co-exist with natural systems and help protect and enhance the environment. From an operational perspective, it concentrates on the nourishment of the soil through the use of natural inputs, avoids the requirement for herbicides, fungicides and insecticides by using crop rotations, maximises access to the outdoors using more appropriate breeds of animal (including traditional breeds), provides liberal space when indoors and excludes the use of Genetically Modified Organisms (GMOs).

2.3 International Overview of Organic Farming

The International Federation of Organic Agriculture Movements defines organic agriculture as follows (IFOAM, 2009):

"Organic agriculture is a production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Organic agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved."

Since 1990, the value of the world market for organic products has grown from a relatively low base to an estimated \$55 billion in 2009. This demand has driven a similar increase in organically managed farmland which has grown over the years 2001-2011 at a compounding rate of 8.9% per annum. As of 2011, approximately 37,000,000 hectares (91,000,000 acres) worldwide were farmed organically, representing approximately 0.9% of total world farmland (Willer et al, 2011).¹

Organic farming and the organic foodstuff sector is established in the European Union as a sustainable farming and production system which fulfils a dual societal role by responding to an increasing consumer demand for organic products while also delivering public goods which contribute to the protection of the environment, animal welfare and rural development. The following statistics help to place the relative importance of organic farming in an EU context:

- The organic sector amounted to an estimated 8.6 million hectares in 2009, i.e. 4.7% of EU-27 Utilised Agricultural Area (UAA). In the period 2006-2009, the average annual rate of growth was 7.7% in the EU-15 and 13% in the EU-12;²
- The area under organic agriculture is close to or higher than 9% of the total UAA in five Member States: the Czech Republic, Estonia, Latvia, Austria and Sweden.
- In 2008, it is estimated that there were about 197 000 holdings involved in organic agriculture in the EU-27, i.e. 1.4% of all EU-27 holdings (0.6% in the EU-12 and 2.9% in the EU-15);

¹ Willer, H. and Kilcher, L. The World of Organic Agriculture, Statistics and Emerging Trends, 2011.

² The European Union (EU) was established on 1 November 1993 with 12 Member States. Their number has grown to the present 28 through a series of enlargements. EU-12 (Nov '93-Dec '94), EU-15 (Jan '95-April '04) and EU-27 (Jan '07-June '13) refers to the number of EU Member States at various points in time.

- Consumer food demand grows at a fast pace in the largest EU markets, yet the organic sector represented less than 2% of total food expenses in the EU- 15 in 2007. In the EU-12 organic food consumption stands at lower levels.

Source: IFOAM³

2.4 Organic Farming Status in World Trade Agreements

The World Trade Organisation (WTO) reform of the global agriculture trading system initiated during the Uruguay Round (1986 – 1994) and culminating in an Agreement in Agriculture attempted to correct trade distortions by requiring heavily subsidising countries to decrease their level of support over time. However the round also established a special category of subsidies called green box payments that are exempt from these commitments. Supports for organic farming are considered to fall into this so called “green box” subsidy payment.

The WTO Agreement on Agriculture negotiated in the Uruguay Round includes the classification of subsidies into ‘boxes’ depending on their effects on production and trade: amber (most directly linked to production levels), blue (production-limiting programmes that still distort trade), and green (causing not more than minimal distortion of trade or production). While payments in the amber box had to be reduced, those in the green box were exempt from reduction commitments.

This special recognition afforded to organic farming in such a comprehensive global agreement continues to have sustained positive impact on funding decisions by governments internationally to provide financial support to the organic farming sector.

2.5 Rationale for OFS payments

Organic farming goes well beyond the farming practices required to meet the agri-environmental baseline of Good Farming Practice and Cross Compliance requirements of the Single Farm Payment Scheme. This is the central principle under which additional agri-environmental area-based payments are provided.

³ International Federation of Organic Agriculture Movements (IFOAM) is the worldwide umbrella organization for the organic agriculture movement which represents close to 800 affiliates in 117 countries.

Organic farming involves farming in an environmentally friendly and sustainable fashion with very restrictive lists of permitted inputs which include the non-use of soluble fertilizers (synthetic fertilizers), certification costs and detailed record keeping. Organic farming involves a very high level of management and substantial economic losses can occur when converting to and continuing with this environmentally sustainable system of farming. Therefore to remedy this market failure the OFS provides financial support at a higher level initially to encourage farmers to switch from conventional to organic farming, and then at a lower financial level of support to incentivise farmers to remain farming organically. However notwithstanding the important need to support organic food production the primary rationale for the market intervention by the State to support the OFS is that organic farming delivers environmental benefits which are an important public good.

Area-based payments to OFS participants are based on the following regulatory principles which underpin the rationale for the payment levels:

- Income forgone and cost incurred with regard to usual good agricultural practice
- Agronomic assumptions used as reference point
- Level of incentive and justification for incentive based on objective criteria.

2.6 Background to the Development of the OFS

2.6.1 CAP Reform and introduction of Organic Supports in REPS

The Common Agricultural Policy (CAP) reform of 1992 provided for the possible inclusion of agri-environment schemes in the Rural Development Programmes of member states. On 29th April 1994 the European Commission (EC) approved an agri-environmental scheme, called the Rural Environment Protection Scheme (REPS), for Ireland in accordance with Council Regulation (EEC) No. 2078/92.

The main objective of the REPS was *“to establish farming practices and controlled production methods which reflect the increasing public concern for conservation, landscape protection and wider environmental concerns”* and *“to protect wildlife habitats and endangered species of flora and fauna”*. This programme incorporated extra payments on top of the basic REPS premium for farmers who undertook additional environmentally friendly farming practices. These additional farming practices were referred to as Supplementary Measures. Organic Farming was identified and approved as a Supplementary Measure and referred to as Supplementary Measure Number 6 (SM6).

As a consequence, a farmer who undertook SM6 in conjunction with his/her REPS contract was entitled to an additional payment per hectare for 3 hectares or more during the two-year conversion period to organic farming. A lower additional payment per hectare was made following the two-year conversion period for the remaining three years of the REPS contract. For farmers who had already attained full organic status prior to joining REPS and SM6, the SM6 payment for the five year REPS contract was at the lower rate per hectare. These payments were subject to a 40 hectare limit. For small scale organic horticultural producers farming a total area of less than 3 hectares, subject to a minimum of 1 hectare, a higher SM6 payment was made during and after the initial conversion period was completed.

For the programming period 2000 to 2006, regulatory provision was made for a continuation of agri-environmental schemes across all member states. As a consequence, Ireland obtained Commission approval for a continuation of the REPS.

For the period 2007-2013, Council Regulation (EC) No. 1698/2005 provides the legal basis for agri-environment measures (Article 39). Payment ceilings are similar to those in the period 2000-2006. Payments for organic commitments are annual and per hectare and are designed to cover the additional costs incurred and the income forgone (e.g. due to lower yields) as a result of organic production methods. Additionally, where necessary, transaction costs (costs associated with the administration of the measures) can be eligible for funding.

2.6.2 Organic Farming Supports in the 2007 – 2013 RDP

Under the Rural Development Programme (RDP) 2007-2013, Organic Farming supports became a stand-alone scheme referred to as the OFS, and ceased to be a supplementary measure under the REPS 4 programme. Organic farming was established as a stand-alone scheme in an effort to make it more attractive to intensive farmers. Its inclusion as a supplementary measure in previous schemes had meant in effect that a farmer had to take on all eleven basic measures of REPS as a condition of converting to organic production methods. The introduction of a stand-alone scheme meant that this was no longer a requirement.

The introduction of the Good Agricultural and Environmental Condition (GAEC) requirements and Statutory Management Requirements (SMR) in the Single Farm Payment

Scheme during the 2000 to 2007 programming period facilitated the establishment of Organic Farming as a stand-alone scheme, as the new requirements of the Single Farm Payment Scheme established an environmental baseline to be respected by all farmers. This created a level of assurance that baseline environmental standards had to be respected by all farmers, including those farming to the Organic Farming Regulations and removed the risk, real or perceived, of environmental degradation occurring on farms receiving support for Organic Farming on a stand-alone basis.

The Ex Ante Evaluation Report of the Rural Development Programme 2007 – 2013 set out the rationale for a stand-alone scheme by recognising:

“Threats to various aspects of the rural environment exist as a result of agricultural practices as well as pressures from economic development. These threats concern air and water quality, biodiversity as well as the visual landscape. Other broader environmental issues including climate change and the need for renewable energy are also recognised. The interventions under this measure address a recognised problem in a holistic manner covering a range of environmental issues that are set out in considerable detail in the RDP”.

A dedicated stand-alone Organic Farming scheme was listed as one such measure to address this issue. The introduction of the OFS therefore broadened the target group because more intensive farmers were eligible to participate for the first time.

2.6.3 Organic Farming Action Plan 2013 – 2015

An Organic Farming Action Plan 2013 – 2015 was completed as a follow up to the Food Harvest 2020 report. It focuses on actions specific to the organic sector to facilitate development of its potential as recognised by the Food Harvest 2020 report. The plan was launched by the DAFM but was drawn up by the Organic Focus Group which is made up of a wide range of stakeholders and provides a forum for discussion on issues that substantially impact the Organic Sector with the stated objective of identifying solutions where possible and developing strategies to progress the Organic Sector for the benefit of all. The overall strategy in the plan is to ensure profitable organic systems which will help maintain existing levels of participation in the Organic Sector and attract new entrants.

2.7 Background Information on other financial supports to the Organic Sector

While the OFS is the main financial support available to organic farmers, other supports are also available. Under the Schemes of Grant Aid for the Development of the Organic Sector, which are 100% exchequer funded, the DAFM also supports investment, both on-farm and off-farm, in equipment and facilities for the production, preparation, grading, packing and storage of organic products. In addition the Department provides money to facilitate the development and promotion of the Organic Sector through two elements, namely:

- Payments to the five Organic Control Bodies (OCBs) that carry out inspection and certification of organic operators on behalf of the DAFM. A list of these bodies is provided in Annex 1. An organic licence is a mandatory requirement in order to be registered as an organic operator. The OCB's must carry out at least one inspection per year on all organic operators. The OCBs receive a subvention of €121 per farm/processor inspected from the DAFM.
- Payments for initiatives to develop the organic sector in Ireland include National Organic Week, National Organic Awards, an Organic Demonstration Farm Programme, a marketing conference, and at international level, Biofach (world's largest trade fair for organic products, held annually in Germany).

OFS participants are also free to avail of other grant aid measures by the DAFM that are available to conventional farmers.

2.8 CAP Rural Development Programme 2007 – 2013

The current OFS is included in Ireland's CAP Rural Development Programme. The Rural Development Plan 2007 – 2013 comprised of measures under the following four axes:

- Axis 1 – Improving the competitiveness of the agricultural sector.
- Axis 2 – Improving the environment and the countryside.
- Axis 3 – Quality of life in rural areas and the diversification of the rural economy.
- Axis 4 – Implementation of the LEADER approach.

The OFS is included as an Axis 2 measure.

The Rural Development Plan 2007-2013 states the objective of the OFS stand-alone measure as follows:

“The objective of this measure is to promote conversion to organic production methods, thereby delivering enhanced environmental benefits and responding to supply deficits and societal demands for organic produce”.

2.9 Payments applicable under the OFS

Under the OFS in the 2007 – 2013 period horticulture only producers, with one hectare or more, were eligible for the payments listed in Table 2.1 provided that at least 50% of the area eligible for organic payment was cropped each year.

Table 2.1 – Payments to Horticulture Only Producers in OFS 2007 – 2013

	Area ≤ 6 hectares (ha)	Area > 6ha and up to 55ha	Area > 55 ha
In conversion	€283/ha	€212/ha	€30/ha
Full organic status	€142/ha	€106/ha	€15/ha

Stockless non-REPS farmers applying green cover during the conversion period may qualify for an additional payment of €240/ha per year up to a maximum of 40 ha. Payment is computed on the basis of a minimum stocking level of 0.5 LU per hectare of the forage area qualifying for payment. Farmers not reaching this stocking rate level receive payment on a pro rata basis in line with their actual level of production. In the case of stockless organic crop producers, at least 50% of the eligible area for organic payment must be cropped each year. For farmers engaged in both arable crop and livestock production, payment for arable crop production is based on the actual area cropped by the farmer.

Applicants with 3 hectares or more of utilisable agricultural area were eligible for payments as outlined in Table 2.2. Once accepted into the OFS participants must remain in the Scheme for at least a five-year period, otherwise clawback of aid applies.

Table 2.2 – Payments to All other Farmers in OFS 2007 – 2013

Organic Status	Farmed Area of ≥ 3ha up to 55ha	Farmed Area > 55ha
In Conversion	€212/ha	€30/ha
Full Organic	€106/ha	€15/ha

Table 2.3 outlines the total number of farmers who participated in the OFS each year from 2007 to 2013. It also outlines the total area of land farmed under organic rules and the total annual expenditure on the OFS for each year.

Table 2.3 – Total Farmers, Area and Payments in OFS 2007 – 2013

Year	No of Farmers (Cumulative)	Total Farmed Area (ha)	Total Annual Payment
2007	6	311	*
2008	179	6,252	*
2009	527	18,956	452,923
2010	907	34,445	1,958,958
2011	1,188	46,018	4,293,412
2012	1,383	53,789	3,318,415
2013	1,146	57,724	4,554,459
		Total 2009-13:	14,578,167

**OFS expenditure was not separately identified within the REPS budget in 2007 and 2008*

Table 2.3 illustrates that the number of participants in the OFS increased from 6 in 2007 to 1,383 in 2012 but the number of OFS participants as of 2013 had fallen to 1,146. Despite this drop the area farmed under the OFS increased by c. 4,000 ha. to 57,700 ha. in the same period, illustrating an increase in average farm size.

A number of factors might be attributed to the recent fall off in participation rate, e.g. the end of five-year contracts in 2012 (OFS participants must sign up to the Scheme for a minimum period of five years), persons withdrawing from the scheme, losing their organic status and consequent eligibility to participate, deceased persons etc..

The decrease in participation rate between 2012 and 2013 (Table 2.3) and the notable decline in new applications since 2010 (outlined in Table 2.4) might also be attributed to the less attractive nature of OFS compared to other schemes such as the Agricultural Environment Options Scheme⁴ (AEOS), where payment rates are higher.

Using the information outlined in Table 2.3 the average payment per participant in the 2013 OFS was €3,974 and the average OFS farm size was 50.4 ha in that year. The average farm

⁴ AEOS was the national agri-environmental scheme that replaced REPS from 2010 onwards. Unlike REPS the whole farm is not subject to the scheme conditions. Actions are chosen for specific areas and from normal cross compliance standards, there are no further requirements on the remainder of the farm.

size in OFS is in line with the average farm size estimated by Teagasc's 2013 National Farm Survey of 49.6 ha.⁵

Table 2.4 outlines the total number of additional farmers who joined the OFS each year from 2007 to 2013. It also outlines the total area of land farmed under organic rules.

Table 2.4 – Total number of farmers who joined the OFS from 2007 – 2013

Year	No. of New OFS Participants	Total Farmed Area of New OFS Participants (ha)
2007	6	311
2008	173	5,941
2009	348	12,704
2010	380	15,489
2011	281	11,573
2012	195	7,771
2013	92	3,935

2.10 Agronomic Calculation of OFS Payment Level

Based primarily on Teagasc baseline farm output figures, on average the difference in margins per hectare between producers in conversion to organic farming and their conventional counterparts is minus €750 /ha/yr.⁶

Participants in OFS are contractually bound to participation for a minimum of five years, and are awarded an annual area based payment. The payment, based on the income forgone and costs incurred, is higher for the two year conversion period which involves higher costs for the farmer e.g. during the conversion period there is no premium from the market for in-conversion products notwithstanding that inputs are more costly and output is lower. The annual area based payment for the conversion period is €212/hectare per annum with the remainder of the contract period (maintenance cost) returning €106/hectare per annum. Due primarily to budgetary constraints the payments may not fully represent the full costs of converting to organic farming.

⁵ The National Farm Survey represents a farm population of 79,000 farmers but excludes smaller farms, which is defined in the survey as those with a standard output of less than €8,000 (equivalent of 14 suckler cows or 6 ha. of wheat).

⁶ Teagasc National Farm Survey Results 1996

Losses sustained on converting to organic production by specialised fruit and vegetable producers on small holding (<3ha) are significantly higher than those outlined above. This is due to efficiencies, higher man hour demand for specialist crops production, economies of scale, costs of inputs etc. Accordingly, a higher level of compensation (approximately +30%) is paid as an annual payment.

2.11 Terms & Conditions of the OFS

2.11.1 Terms & Conditions of the OFS 2007

In order to be eligible to participate in the OFS, applicants had to:

- Be aged eighteen years or over on date of application
- Register with and be approved as an organic operator by one of the OCBs. The participant had to hold an organic licence for the full duration of their Scheme contract.
- Register with the Organic Unit of the Department
- Be engaged in the production of crops or animals intended for food or feed and required to demonstrate that these animals were marketed as organic
- Have a minimum stocking level of 0.5 Livestock Units (LU) per hectare of forage area
- Only declare for areas already declared on Single Payment Scheme application forms for payment
- Comply with the Single Payment Scheme SMR and the GAEC requirements on all of the holding.

In accordance with the governing EU Regulations, the DAFM as the Competent Authority delegates the inspection and certification of organic operators to OCBs – see Annex 1. The DAFM has a service agreement with five OCBs and pays an annual subvention to each OCB on the basis of the number of annual inspections carried out. To be an organic farmer therefore, a farmer must be registered with and licensed by an OCB. The organic licence is an essential prerequisite to participation in the OFS.

2.11.2 Changes to the OFS Terms and Conditions in 2010

In July 2009 in light of financial constraints, the OFS was suspended and a review of the scheme was initiated to determine how available funds could be used to best effect to deliver increased organic production and expand the area of farmland in the organic sector. As a

consequence of this review, the following changes and selection procedures were introduced for all new applications from 2010 onwards:

- A 5-year Business Plan must now be submitted with all new OFS applications. The Minister may restrict admission to the OFS based on an assessment of the business plan provided by the applicant.
- New applicants to organic farming must be able to demonstrate in the business plan that a minimum level of 15 Income Units⁷ from organic farming can be reached within the five-year period of the contract. Existing organic operators must be able to demonstrate that an increased level of organic output and income over the five-year period of the contract can be reached and also that they can reach or exceed where appropriate, a minimum level of 15 Income Units from organic farming within the same timeframe.
- Where an applicant cannot demonstrate a minimum level of 15 Income Units from organic farming, he/she may demonstrate the minimum requirement to the Agricultural Advisor/Agricultural Consultant, using other acceptable criteria, for example, financial accounts, with 1 Income Unit equal to €254. In the latter case, full details must accompany the business plan at the time of lodgement.

Selection Procedure

- While an application may be deemed eligible by reference to the conditions laid down, the number of applications accepted into the Scheme will be determined by the funding available after the closing date for applications each year.
- Applicants will be selected according to criteria which will include:
 - Market requirement for proposed enterprise;
 - Potential to convert land to organic production;
 - Previous history of organic participation and production.
- The Minister reserves the right to alter from time to time the selection criteria and their ranking.

The ranking system in place for all new applications from 2010 onwards is outlined in further detail in Annex 3.

⁷ Income Units refers to the level of income generated where 1 income unit is equal to €254

2.11.3 Changes to the OFS Terms and Conditions in 2012 & 2013

The OFS was further amended in 2012 to clarify administrative penalties under the Scheme and a new penalty schedule was incorporated – see Annex 5. In 2013, specifically to enhance the effectiveness of expenditure incurred under the scheme, the selection procedures required that all applicants must reach a minimum ranking of 25 marks to be deemed eligible for consideration for inclusion in the Scheme.

2.12 – Organic Farming Scheme Post 2013 – EU Developments

The EU Commission's Rural Development post 2013 proposals include an organic element under agri-environment measures. Article 29 of the Rural Development Regulation (No. 1305/2013) establishes organic farming as a distinct measure – the first time organic farming has been given such prominence in the Rural Development Regulation, compared with previous iterations of the Regulation. Article 29 specifies that support under this measure shall be granted, per hectare of UAA, to farmers or groups of farmers who undertake, on a voluntary basis to convert to or maintain organic farming practices and methods as defined in Council Regulation (EC) No 834/2007. Commitments under this measure must be undertaken for a period of five to seven years. Where support is granted for the maintenance of organic farming, Member States may provide in their Rural Development Programmes for annual extension after the termination of the initial period. Payments for organic farming in the Rural Development Programme must be granted annually and must compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made. Where necessary they may also cover transaction costs⁸ to a value of up to 20% of the premium paid for the commitments. Where commitments are undertaken by groups of farmers, the maximum level of compensation for transaction costs is capped at 30%. Maximum support levels under the RDP are €600/ha per year for annual crops, €900/ha per year for specialised perennial crops and €450/ha per year for other land uses.

⁸ Transaction costs are legitimate costs incurred to make the transaction happen. In the case of the OFS, these arise from a decision to convert to organic production. For example a farmer may incur expense accessing information on organic production, time spent reading and researching organics, legal fees, information costs of finding out costs of inputs and returns from market, etc.

CHAPTER 3 – OBJECTIVES OF THE ORGANIC FARMING SCHEME

3.1 Introduction

Clarification of the objectives of a scheme is an essential initial step in any Value for Money Review. The objectives of the scheme concerned are the barometer against which the effectiveness of the scheme can be measured. This is reflected in the terms of reference of this review. Accordingly, this chapter will set out the original objectives of the Organic Farming Scheme, from its origins as a supplementary measure of REPS to its current stand-alone scheme status since 2007, as conferred by the RDP 2007 – 2013. This chapter will also examine the rationale for the continuation of the OFS in the context of the compatibility of its objectives with the overall strategy of the DAFM.

3.2 Objectives of Organic Farming Scheme Measure

Organic farming is a system of farming whose aim is to produce quality food in a manner beneficial to the environment and wildlife. Organic farmers practise farming in accordance with standards, which have been formulated for crop and livestock production. The thrust of these standards is to develop a system of farming that co-exists with other systems, sustains soil fertility and protects the environment, wildlife and non-renewable resources.

As mentioned in the previous chapter, supports to organic farmers commenced in 1994 with the inclusion of Supplementary Measure No. 6 (SM 6) as part of the Rural Environment Protection Scheme (REPS). This measure incorporated extra payments on top of the basic REPS premium for farmers who undertook additional environmentally friendly farming practices, including organic farming. The overall objectives of REPS were *“to establish farming practices and controlled production methods which reflect the increasing public concern for conservation, landscape protection and wider environmental concerns”* and *“to protect wildlife habitats and endangered species of flora and fauna”*.

The specific objective of the SM 6 Organic Farming measure was to encourage producers to respond to the market demand for organically produced food. When organics became a stand-alone scheme, the objectives were expanded to specifically incorporate the environmental element and were set out as follows:

- To deliver enhanced environmental and animal welfare benefits, and
- To encourage producers to respond to the market demand for organically produced food.

These objectives have remained unchanged throughout the current Rural Development Programme and are contained in the 2013 OFS documentation.

3.3. How is the Organic Farming Scheme expected to deliver on these objectives?

Firstly, from the environmental perspective, scheme participants must practise a method of farming which precludes the use of chemicals such as synthetic pesticides and herbicides. Furthermore, artificial fertilisers are not permitted as farmers are required to develop fertile soil by crop rotation and the use of compost, manure and clover. This delivers increased benefits to the environment when compared to the more intensive conventional methods of production. These environmental benefits include improving soil and water quality, reducing the negative impact on climate change, enhancing air quality and producing biodiversity.

Similarly, the system of production is believed to deliver enhanced animal welfare benefits. The housing requirements for organic production are significantly different from those of conventional agriculture. As the routine use of antibiotics is prohibited in organic farming, the quality of the housing environment is an important consideration in disease prevention. The crucial factor is that an organic house must meet an animal's biological and behavioural needs of comfort and proper freedom of movement. These standards mean that animals raised in organic systems enjoy the very highest welfare standards of farmed animals. A healthy animal is better able to resist disease than a stressed one. Organic livestock farming aims to prevent disease from occurring by promoting health. This is achieved through appropriate diet, high welfare standards for housing, a specified amount of housing space for each animal and taking measures to reduce stress.

Organic food is experiencing high levels of growth on a worldwide scale as consumer awareness of and demand for organic food increases. Food scares have given rise to greater consumer demand for products that are produced in a natural environment, i.e. free from synthetic pesticides, chemicals and genetic modification. Consumers are now more conscious of what they eat and how it will affect the environment and this influences their product choices. Conventional agricultural methods are also coming under increasing scrutiny for being over-intensive and highly-dependent on inputs. Consumer demand and current market return are insufficient to incentivise conventional farmers to switch to organic farming. Therefore providing financial support to farmers to farm organically and produce organic

food outputs is a necessary intervention by State to encourage farmers to switch from conventional to organic farming and thus deliver environmental benefits.

3.4 Are these objectives compatible with current policy?

Having considered the OFS's objectives as constituted in 2013, it is also important to examine whether these objectives remain valid when considered in the context of the wider policy framework in which the Department operates. In addition, it is important to consider whether the issue which the OFS was originally set up to address is still relevant. To this end, the provisions of a number of key domestic and European policy documents were examined.

3.4.1 Department of Agriculture, Food and the Marine Statement of Strategy 2011 – 2014

The Department's Statement of Strategy 2011 – 2014 sets out the opportunities, challenges and goals facing the Department and the sector and presents the framework for a wide range of initiatives to be progressed in that context. The Mission Statement of the Department is set out as "to lead the sustainable development of the agri-food and marine sector and to optimise its contribution to national economic development and the natural environment."

In pursuing this mission, the Strategy Statement sets out four goals and associated strategic actions. Goal Three relates to the rural economy, the marine, and the environment and is described as "*promoting economic, social and environmentally sustainable farming, fishing and forestry*". A number of the strategic actions underpinning this goal clearly reflect the stated objectives of the OFS. These include the implementation of measures to underpin the rural economy, the promotion and support of environmentally sustainable agriculture, and meeting the challenges of climate change and environmental sustainability.

3.4.2 Food Harvest 2020

Food Harvest 2020 is the strategic vision for the agriculture, food and fishing sector for the period from 2010 to 2020. It drew on prior detailed analytical papers produced by the D/AFM and state agencies, and submissions from a public consultation process, and was published in July 2010.

The Food Harvest report noted that the organic sector offers real opportunities for Irish farmers and food processors and stated that this significant growth potential can be realised by focussing on large export markets such as the UK and Germany. It particularly identified

the UK market noting that *“with a current organic market exceeding €2 billion, the UK provides significant export opportunities”*. Based on these opportunities, the Food Harvest 2020 Committee endorsed the organic targets set out in the Programme for Government.

The Food Harvest report points out that a large majority of the Irish fruit and vegetable organic food market is comprised of imports. This is largely due to the fact that both the organic tillage and horticulture sectors are underdeveloped. It highlighted that there is also very considerable scope for exports of organic red meat and therefore the organic sector offers real opportunities for Irish farmers and food processors. The Food Harvest report also states that *“the role of farming in the stewardship of the natural landscape has become far more visible over the last decade and provides a robust platform for the future development of rural Ireland that is economically viable, socially inclusive and environmentally sustainable”*.

The report clearly points out the importance of environmentally sustainable systems and points to the role of family farms in maintaining Ireland’s landscape and the need to keep a critical mass of farmers engaged with the environmental and landscape maintenance issues. It is clear therefore that a number of issues raised in the Food Harvest document are aligned with the objectives as set out for the OFS.

From a broader perspective, the OFS objectives appear to be compatible with the Strategy Statement of the DAFM as they are clearly reflected in the strategic actions outlined therein. The objectives of the OFS also appear compatible with the Food Harvest 2020 report.

3.5 Possible unintended consequences of the Scheme and the policy context

Sections 2.11 and 3.4 show that the domestic and EU policy context clearly supports the rationale for the OFS and the continued validity of its objectives. However, it should also be noted that the OFS may give rise to some unintended consequences which may run counter to the stated policy aims of the DAFM. For example it is possible that an expanded organic sector would actually reduce the level of food production in Ireland. This is because there is a reduced level of production in the organic sector compared to the conventional sector due to a lower stocking density (particularly referring to those farming on a full-time commercial basis) and a prohibition on the use of synthetic fertilisers. Such unintended consequences would run counter to the stated aims in Food Harvest 2020 of increasing the levels of

production. However, the lower inputs in organic farming also provide benefits in reduced costs and greater biodiversity and environmental benefits.

One area where the current OFS may be somewhat incompatible with Food Harvest 2020 is in relation to farm partnerships. Food Harvest included a recommendation that any remaining obstacles in the Department schemes to partnership formation should be removed. Only one OFS payment is permitted for registered farm partnership participants, which may adversely affect uptake in the OFS in the future. The Department is finalising detailed rules to widen the formal registration of farm partnerships from milk producers to all other farming sectors, and it is planned that this register will help to ensure that farm partnership participants are not disadvantaged with regard to eligibility for any Department scheme.

In 2006 (the year prior to the introduction of the OFS), there were 773 organic farming (SM6) participants in the REPS. In the period up to end of 2013 the OFS has attracted 1,146 farmers (Table 2.3 refers).

3.6 Public Consultation

In the course of the Review, the Steering Committee considered it important to consult with relevant stakeholders and consider their observations on the OFS. These consultations (which are described in more detail in Annex 11) were of considerable help to the Steering Committee and have been taken into account in arriving at our conclusions.

In the Steering Committee's consultation with stakeholders, while all groups agreed that the stated objectives were still valid, some amendments were suggested. Group 1 suggested that one objective should be "to increase the production base in order to replace imported organic products." A common suggestion was that reference should be made to sustainability, emphasising "economic and environmentally sustainable organic production" or that a stated objective should be "to promote organic production as an environmental and economically sustainable farming system". Group 2 also suggested that as the OFS is the principal tool to reach the Food Harvest target of 5% of UAA, this should be included as a stated objective. Group 3 reiterated the need to include reference to "sustainability" and pointed out the need for more focus on economic benefits of organic farming and keeping farmers in organic production.

3.7 Conclusion

We have already outlined (at section 2.11) the particular reference to organic farming in the new EU Rural Development Regulation and while the objectives of the OFS remain valid from a stakeholder and national policy perspective, we recommend that serious consideration should be given to reviewing these objectives to reflect the increased emphasis within Article 29 of the Regulation on the importance of maintenance of commitment to organic production systems.

CHAPTER 4 –THE PROGRAMME LOGIC MODEL

4.1 Introduction

The Programme Logic Model is an evaluation tool used in many Value for Money Reviews. This chapter sets out the definition of a Programme Logic Model and the development of the tool specifically for this review.

4.2 The Generic Programme Logic Model

Programme Logic Models are a tool used to articulate a programme's structure and logic. Such models set out the service strategies used to address particular client conditions and the anticipated outcomes. The main elements of the Programme Logic Model link directly to both the main elements of the Terms of Reference of this review and the components of the definition of value for money, i.e. identifying inputs and outputs in respect of efficiency and objectives and outcomes in respect of effectiveness.

The main components of a Programme Logic Model are outlined in Table 4.1 below.

Table 4.1 – The Generic Programme Logic Model

Model Component	Definition
Objective	What the programme sets out to achieve
Input	Resources dedicated to or consumed by the programme
Activity	What the programme does with the inputs in pursuit of objectives
Output	Intended direct products of programme activities
Result	The effects of the outputs on the targeted beneficiaries in the short term
Impact	Wider effects of the programme

4.3 The Organic Farming Scheme Programme Logic Model

An important early step in this evaluation was to agree a Programme Logic Model for the Organic Farming Scheme in order to ensure that a) the Steering Group had an agreed understanding of the structure and logic of the Scheme and b) the data requirements for the review were identified at an early stage (data to be collected in relation to inputs, outputs, and outcomes identified). Following early discussions, the Steering Group decided to adopt the model outlined in Table 4.2.

Objectives of OFS

- to deliver enhanced environmental and animal welfare benefits
- to encourage producers to respond to the market demand for organically produced food

Table 4.2 – The Organic Farming Scheme (OFS) – Programme Logic Model

INPUTS Resources dedicated to or consumed by the programme	ACTIVITIES What the programme does with the inputs in pursuit of objectives	OUTPUTS Intended direct products of programme activities	RESULTS The effects of the outputs	IMPACTS Wider effects of the programme
Exchequer funding	Preparation of OFS Terms and Conditions, and documentation	Number of OFS applications approved and processed	Change in area being farmed in accordance with organic standards	The delivery of enhanced environmental and animal welfare benefits
European funding				
Administrative staff costs	Receipt and registering of OFS applications	Number of OFS payments made to eligible farmers	Change in numbers converting to organic farming production system	Change in organic production in response to the market demand for organically produced food
Technical and Inspectorate staff costs	Processing, approval and inspection of OFS applications	Number of OFS inspections		Change in imports/exports levels
Travel and Subsistence Costs	Making payments			
	Data collection			
	Administration in relation to OCBs			

CHAPTER 5 – EFFICIENCY OF THE SCHEME

5.1 Introduction

Efficiency is a core element of the concept of Value for Money, and evaluation questions linked to efficiency examine the inputs, activities and outputs of the OFS. There are a number of different approaches to examining efficiency, and this Chapter will focus on three elements – throughput, timeliness, and cost.

5.2 The Processing of OFS Applications

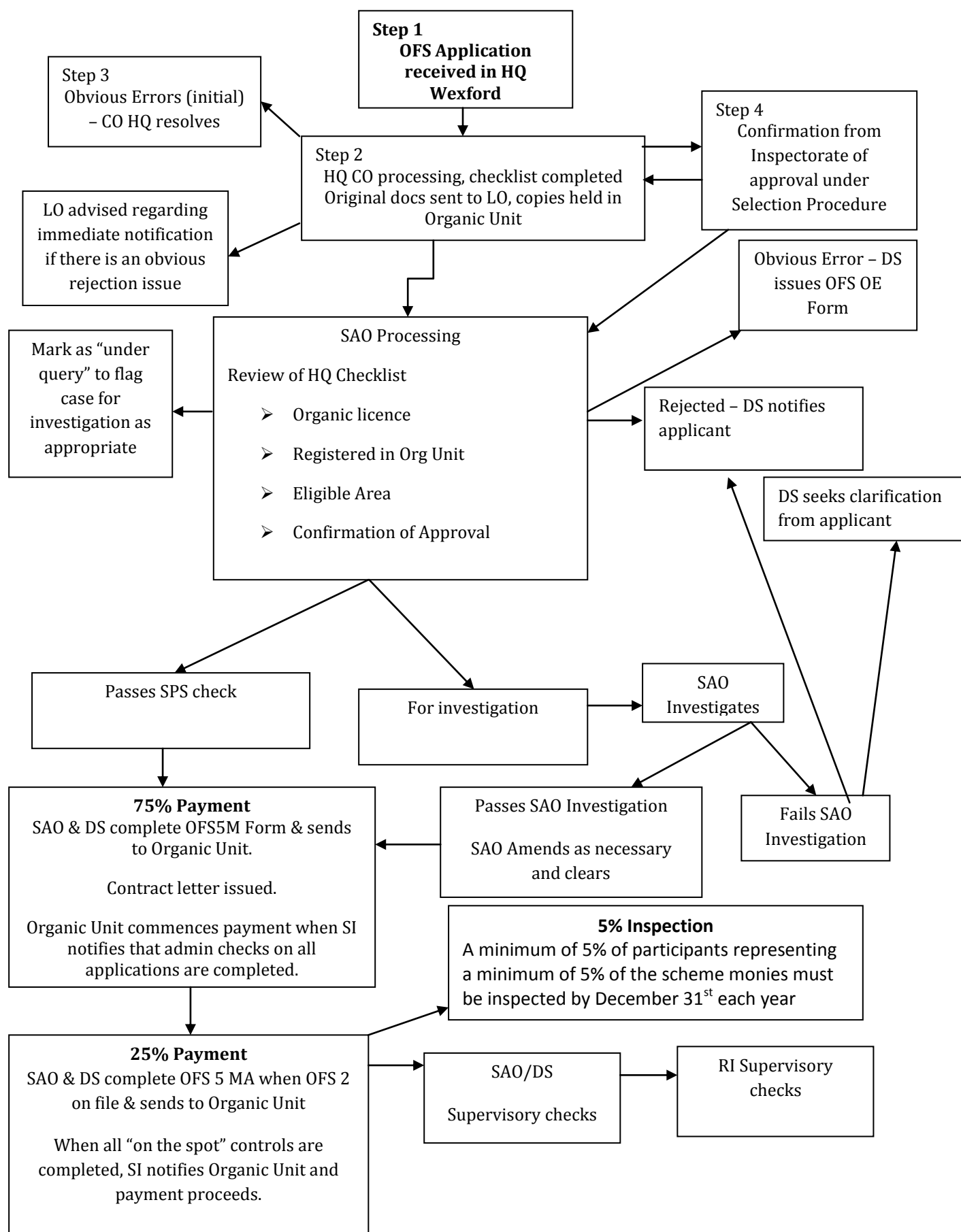
An examination of the systems used to process applications for the OFS allows questions of timeliness and throughput to be addressed. In Chapter 2 (Tables 2.3 and 2.4) we have already quantified the volume of entrants to the OFS over the last seven years, showing a steady rise in numbers of farmers participating to 1,383 over a six year period up to 2012, culminating in a drop to 1,146 OFS farmer participants in 2013. The reduction can be partly attributed to the end of five-year contracts in 2012 (OFS participants must sign up to the Scheme for a minimum period of five years).

5.2.1 Processing of OFS payments for new entrants

Figure 5.1 below summarises the main steps which are undertaken in processing an application through to payment for a new entrant under the OFS.

Step 1 – An application for OFS must be submitted to the Organic Unit, Johnstown Castle Estate, Wexford (HQ). This application includes details of land parcels and current organic status i.e. in conversion and/or fully converted. In accordance with the Scheme conditions, a business plan, organic licence or proof of registration with an approved Organic Control Body and Training Certificate or proof of completion of course, must accompany the application. The closing date for receipt of applications is the Single Payment Scheme closing date, usually 15 May each year.

Step 2 – The initial processing of all applications is carried out in the Organic Unit where a checklist is completed at Clerical Officer (CO) level to verify that all necessary documentation has been submitted – Annex 6 details the relevant checklist for use by administration headquarters in the 2013 OFS. All applications are registered on the OFS database (excel) and allocated an OFS reference number. Applicant's details are cross checked with other relevant databases and schemes e.g. SPS, REPS, AEOS.

Figure - 5.1 – OFS Application Processing and Payment Procedures

5.2.1 Processing of OFS payments for new entrants (continued)

Step 3 – A letter is issued to each applicant by the Organic Unit confirming receipt of application and seeking additional documentation if applicable. Upon completion of the above process, files are sent to the Inspectorate of the Department's Agricultural Environment and Structures (AES) Division for assessment of each business plan. The business plan is either approved or rejected.

Step 4 – Analysis of Business Plan.

A business plan in the required format and signed off by an approved Organic Consultant is required to be submitted by each applicant. The object of the Business Plan is to confirm the viability and sustainability of the organic farming enterprise. It requires the declaration of confirmable empirical data on the farm enterprise to confirm conformity and the potential to attain the output and financial targets set in the Terms and Conditions of the Scheme.

A detailed analysis of each Business Plan is undertaken by AES Division Inspectorate Staff: Agricultural Inspector (AI) and Assistant Agricultural Inspectors (AAI). The plan is vetted against the Terms and Conditions of the Scheme and checked for attainment of increased output targets.

The AAI completes an OFS Business Plan Checklist (see Annex 7) in respect of each application which verifies that:

- The business plan is in the correct format and all relevant information is included,
- The business plan has been signed, dated by the applicant and certified by an advisor/consultant.
- The enterprise is viable and sustainable.
 - The declared income units accurately reflect the current farming enterprises (details declared checked against DAFM databases, e.g. SPS, AIMS, AHCS)
 - The projected increases in output meet the minimum required as per the Scheme conditions.

Where necessary the AAI will communicate with the applicant &/or consultant for clarification of issues or additional information. The AAI will then make a decision on the basis of the projections outlined and approves/rejects the Business Plan of each applicant as appropriate.

Where Business Plans are rejected, the AAI notifies the applicant concerned directly of his/her non-acceptance into the Scheme.

Step 5 – All files including Business Plans are returned to the Organic Unit where entire files are photocopied by Clerical Officers and filed in the Organic Unit. Original files including business plans are sent to the relevant District Superintendent (DS) for approval. All dates of transmission of files are recorded on an administration local office checklist (Annex 8 refers) and/or OFS database.

Step 6 – Applicant is informed by Organic Unit that file has been forwarded to Local Office for approval.

Step 7 – At Local Office level, a CO checklist is completed and placed on file. The files are then passed to a Supervisory Agricultural Officer (SAO) for processing – OFS A Checklist in Annex 9 refers. The SAO manually calculates the first tranche payment by completing a Form 5M. If satisfied, the DS issues a letter of acceptance to the applicant and approves the payment instruction.

Step 8 – All payment instructions are then forwarded to the Organic Unit where the CO prepares a manual payment form (F4B). This form is then checked by an Executive Officer (EO) and approved by the Higher Executive Officer (HEO).

Step 9 – Processing for payment commences when administrative checks have been completed/initiated on all applications. While OFS Form 5Ms are forwarded to the Organic Unit when completed, 75% payments cannot be made by the Organic Unit until administrative checks have been initiated on all files by the Local Office. Administrative checks must be brought to a stage by the SAO where the file is cleared for payment or marked “Under Query” (checked but requiring further information/processing to facilitate payment). When all files have been recorded at this status the Senior Inspector (SI) of AES Division instructs the Organic Unit that the 75% payments may now issue.

Step 10 – An Annual Declaration of farming activity must be submitted by applicants by the end of February of the following year before processing of 25% payment applications can commence – Annex 10 details the 2013 version.

5.2.2 Processing of annual OFS payments for existing participants

Steps 7, 8, 9 and 10 outlined above are repeated on an annual basis for the processing of annual OFS payments for existing participants.

5.2.3 Commentary on the Processing of Applications

From date of application to issue of final 25% payment, there are a range of staff of varying administrative, technical and inspectorate grades at a number of different locations involved in OFS processing which increases the associated cost of scheme implementation. In addition to the processing of new applications explained above, manual payment instructions for both existing OFS applications and new OFS applications are received in the Organic Unit from each of the regional based local offices of the Department. These instructions are then prepared by clerical staff, checked by a higher grade and then signed off by the manager of the Unit. An instruction is then sent to Accounts Division, copies of which are retained in the Unit and also sent to the Local Office. Payments are calculated in two moieties per annum, an initial 75% payment and a balancing payment, taking into account any reductions and penalties that may apply. In 2013 for example, there were in excess of 2,000 such manual transactions. Unlike other area based, co-funded schemes, there is no computerised system to facilitate processing of OFS payments. While a submission was made by the Organic Unit to the Department's Information Technology Steering Committee seeking a computerised system to streamline activities, this submission was unsuccessful in 2014.

An insight into the relative efficiency of the current system is highlighted when one considers the OFS compared to the throughput of other schemes such as REPS in 2012. In 2012 there were 1,141 participants due to be paid an OFS payment for the scheme year 2012. In early December, 2012 the SI confirmed that it was in order to issue the 75% OFS payments as all administrative checks had been initiated or completed. By the end of December, the Organic Unit had issued 75% payments to 70 organic operators totalling €177,000 approximately.

The pace of the manual OFS payment system, as described above stands in contrast with the automated REPS computer system. In the case of REPS there are various levels of checking at Local Office level including both clerical and SAO level. The District Superintendent gives the final approval for an applicant's payment. This final check gives a status of "confirmed for payment" on the system. In early December 2012, the SI confirmed that 100% of REPS cases had passed their administrative check. Once this was confirmed the centralised REPS Payments Section generated pay runs on the computer system which processed all "confirmed for

payment” files. In total 24,084 of the 30,000 REPS applicants were paid up to end of December 2012.

The notable difference in payments issued is not only attributable to the REPS computer system but also reflects the level of priority given at local office level to processing OFS payments in light of competing demands from other larger expenditure schemes.

It is also important to note that in respect of new OFS applications received by the closing date of 15 May each year, it normally takes a minimum of seven months before letters of acceptance issue to the applicants concerned. While administrative checks must be carried out on all applications including those of existing participants before letters of acceptance and payments can issue, the length of time taken appears excessive when one considers that there are relatively few existing applicants and new applicants annually e.g. 1,141 participants in 2012 of whom 192 were new applicants.

5.3 Control System – Organic Control Body (OCB) Inspection

Organic farming standards under Council Regulation No. 834/2007 are implemented by OCBs and each organic operator must be checked at least once per year. Additional spot-checks, to a level of approximately 10% based on risk-assessment are also carried out by the OCBs. A minimum of 2% of the organic operators are re-inspected by the Department’s Inspectorate (at AAI level) to ensure control standards are maintained between the different bodies. The number of these inspections is discretionary and covers all aspects of the most recent OCB inspections. In 2012, there were a total of 1,696 organic operators (not all organic operators are participants in the OFS – the 1,696 figure includes both non-OFS participants and OFS participants), 34 of whom have been selected for inspection.

As with all EU co-funded schemes there is a regulatory requirement to inspect a selection of OFS beneficiaries for compliance with the Terms and Conditions of the scheme. An inspection regime which includes on-farm inspections of OFS participants is undertaken annually by inspectorate staff (at AAI level in the AES Division). A minimum of 5% of participants representing a minimum of 5% of the scheme monies must be inspected by 31st December each year. The selection of participants for inspection is undertaken in collaboration with inspector colleagues in Integrated Controls Division⁹ to minimise duplication in farm inspections. In the past the selection criteria were based on a mix of risk (25%) and random (75%). In recent years

⁹ Core functions of Integrated Controls Division are the design, planning and carrying out of on-the-spot inspections for all the major Department expenditure schemes.

and in line with the organic regulatory requirements the selection is more risk-based with pre-defined selection criteria. In 2012 the selection was based on 75% risk and 25% random. The selection criteria are reviewed annually to give the opportunity to provide for the inclusion of additional discretionary inspections. The inspections are assigned to the AAIs by Regional Management and carried out as per inspection procedures.

The number of inspections carried out in 2012 was 70, based on a 5% sample of the total population of 1,383. The selection criteria for identifying the 2012 OFS participants inspected are outlined below:

- 15% chosen from participants with arable on their SPS (Major differential between organic and conventional price),
- 20% selected from any operator who was non-compliant,
- 25% chosen on a random basis from the active list,
- 40% from the participants who are at a high stocking rate.

AES Division also undertake inspections for conformity with organic labelling requirements at retail level. This control work – consumer protection – is outside the remit of OFS and not discussed further here.

5.4 Administrative Costs

In order to examine the administrative costs of the OFS, efficiency questionnaires were sent to the following Divisions of the Department which have an input into the Scheme:

- Accounts Division
- Agricultural Structures Division
- Agriculture and Environment Structures Division
- Agriculture Appeals Office

Each Division was asked to identify the number of staff involved in working on the OFS, and the percentage of their time devoted to this work in 2012. A copy of the efficiency questionnaire is included at Annex 12. The cost of the staff time spent on the OFS was then calculated on the basis of the “Costing of Civil Service Time” provisions in the Department of Public Expenditure and Reforms ‘Public Spending Code’. Table 5.3 outlines the results of this process.

Table 5.3 – 2012 Staff Costs¹⁰

Grade	No of Staff	Median Salary¹¹	FTE working on OFS	Salary Attributed to OFS	Direct Salary Cost	Total Salary Cost	Total Staff Cost
PO/SI	1	€94,496	0.05	€4,725	€5,233	€5,847	€7,028
AP	1	€73,408	0.17	€12,479	€13,821	€15,443	€18,563
HEO	1	€51,581	0.50	€25,791	€28,563	€31,916	€38,363
EO	2	€39,963	0.85	€33,969	€37,620	€42,036	€50,528
CO	5	€28,000	4.26	€119,280	€132,103	€147,609	€177,429
DS	22	€49,566	2.20	€109,045	€120,768	€134,943	€162,205
SAO	16	€44,308	1.60	€70,893	€78,514	€87,730	€105,453
AI	8	€72,290	0.90	€65,061	€72,055	€80,513	€96,778
AAI	35	€50,463	1.42	€71,657	€79,361	€88,676	€106,590
Totals	91	N/A	11.95	€512,900	€568,038	€634,713	€762,937

In addition to the staffing costs in Table 5.3, line divisions also report other costs totalling €22,000 (Travel & Subsistence and overtime expenditure). This gives a total cost of €784,937 in 2012. In the context of the total value of payments in 2012 of €3,318,415, this represents an overall administration cost of 23.7%, which appears to be a relatively high figure. This also represents a ‘staff cost per participant’ of €568 in 2012.¹²

Similar analysis of administration costs for other grant-aided Department schemes can be used as comparators in assessing the efficiency of the OFS. While these reviews do not necessarily examine schemes that are structured in the same way as the OFS, their findings still provide an indication of relative efficiency. Table 5.4 sets out the administration costs expressed as a percentage of scheme expenditure in a number of previous Value for Money Reviews.

Table 5.4 – Administration costs from previous Value for Money Reviews

Scheme Reviewed	Administrative Costs as % of Expenditure
Marketing and Processing	5.3%
Fallen Animals Scheme	2.4%
Suckler Cow Welfare Scheme	9.8%
Installation Aid	18%
Disadvantaged Areas Scheme	0.5%

¹⁰ Calculated as per 2013 Version of Technical Reference Document E-01, published by Department of Public Expenditure and Reform, under Public Spending Code.

¹¹ All salary Scales are PPC scales effective from 1 January, 2010

¹² This figure is derived from a total staff cost of €784,937 divided by 1,383 participants in 2012. Note – 1,383 includes existing scheme participants and new applicants to the scheme in 2012

Clearly, Table 5.4 highlights that the overall administration costs of the OFS at 23.7% are significantly higher than for the other schemes listed, which would suggest a high level of relative inefficiency in terms of costs. However the following caveats should be kept in mind when interpreting these figures:

- We would expect the cost to be higher for the OFS given that it is a relatively small scheme in terms of overall expenditure and does not benefit from economies of scale associated with larger schemes, e.g. the Disadvantaged Areas Scheme, for which the figure is particularly low as many of the inspection and administrative functions for that Scheme ‘piggyback’ on the Single Farm Payment structures.
- The relatively low participation rate affects the efficiency outcome negatively.
- Unlike most other Department Schemes, the OFS has no dedicated IT system, so much of the administration work is conducted manually.
- The methodology for deriving total staff costs for Value for Money Reviews has been subject to change over time and was updated as per the new Public Spending Code in 2013, with the percentage of salary cost allocated as overheads and pension cost decreasing. Thus the administration costs set out in Table 5.4 for other Schemes have not been arrived at using the same methodology as used for the OFS, but nevertheless provide useful guidance for reference.

Notwithstanding these caveats, the figure of 23.7% is still high and raises questions regarding the procedures currently in place for the processing of OFS applications.

5.5 Stakeholder views on Administration of Scheme

The stakeholders were broadly pleased with the efficiency of the Scheme. However some were of the view that a longer window of opportunity to join the OFS should be allowed before the annual cut-off date for applications occurs. While Department staff accepted that a longer timeframe to submit applications was desirable, it was pointed out that the opening of the Scheme is dictated by budgetary constraints. A separate view expressed by the stakeholders was that the OFS should be centrally administered through Johnstown Castle rather than the local office network. There was also some concern expressed about the timing of OFS payments, which appeared to occur later than other Schemes, with issues of manual handling, levels of approval and staffing costs being of particular note.

5.6 Conclusions on efficiency

The analysis above highlights concerns in relation to the timeliness, throughput and cost of the scheme. The overall administration cost of the OFS represented 23.7% of the total value of payments in 2012, which is significantly higher than the administration costs of other schemes previously examined in Value for Money Reviews. However it is important to note that in certain instances we are not comparing like with like. For example the administrative costs as % of expenditure for the Disadvantaged Area Scheme is very low as many of the inspection and administrative functions for that scheme ‘piggyback’ on the Single Payment Scheme. As outlined earlier in the chapter it is also important to note that the OFS payments system is not computerised, which has a major impact on the administration cost. It is also important to note that the current administrative procedures for the Organic Farming Scheme are reflective of the structures that were in place in the past and that a major re-organisation of Department structures has taken place in the last few years.

Steering Group Recommendation: The Department should carry out a business process improvement examination of the administration of the scheme.

The Department’s Management Services Division (MSD), which provides the DAFM with analysis and advice on organisational development, business process improvement, resource deployment and change management, was given advance notice of this recommendation and carried out a Review during 2014. Their Review focused on efficient administrative processing of OFS applications, payments and, where appropriate, possible provision of IT solutions. It found that the Scheme is ‘quite complex’, partly because of the nature of organic farming and partly because of additional requirements DAFM have voluntarily incorporated into the Scheme, i.e. the minimum activity/production output and the requirement for a Business Plan. The business processes employed in the current Scheme were reviewed with a view to recommending improvements for the processing of the new OFS and included the following:

- DAFM should get Organic Licences directly from the Organic Certifying Bodies and not from applicants.
- The ‘manual’ calculation of payments, incorporating the minimum activity/production requirement, creates difficulties from an audit and administrative efficiency perspective.
- Processing OFS files in Regional Offices causes delays in payments and leads to inefficiencies and consideration should be given to processing files centrally in Johnstown Castle. Only files under query would be sent to Regional Offices.
- Evidence of training should be sourced from the training provider.

- The practice of requesting maps and farm layout plans from applicants should be discontinued.
- The business plans should be checked as part of the training process.
- There should be a new IT structure for processing OFS, incorporating the suggested changes.

The Review has been completed by MSD and forwarded to Agricultural Structures Division.

CHAPTER 6 – EFFECTIVENESS OF THE SCHEME

6.1 Introduction

Effectiveness is defined in terms of “the extent to which the objectives of the scheme have been achieved and the planned benefits delivered”. Consequently, this chapter will reference the objectives of the OFS as set out in Chapter 3, and examine whether the OFS has:

- Delivered enhanced environmental benefits
- Delivered enhanced animal welfare benefits
- Encouraged producers to respond to the market demand for organically produced food.

To determine the effectiveness of the OFS in delivering on its stated objectives, data from a range of sources including the DAFM, Teagasc, IFOAM and the Food and Agriculture Organisation (FAO) of the United Nations has been analysed. Information has also been obtained from the stakeholder consultation sessions organised by the Steering Committee – See Annex 11 for a summary.

This analysis attempts where possible to consider the evidence from all the above sources and to make an objective assessment of the findings that emerge.

6.2 Delivering Enhanced Environmental Benefits

The first listed objective of the OFS is to deliver enhanced environmental benefits. An essential prerequisite to assessing whether OFS is achieving this objective is an assessment of the data available to support the premise that organic production delivers enhanced environmental benefits. If evidence available supports this contention, then the numbers of OFS applicants since 2007 who converted to organic production at time of application will help identify the success of OFS in delivering this objective.

6.2.1 - Sources

In order to carry out this assessment, the following sources in particular were examined:

- Organic versus Conventional Farming: an environmental comparison review by Dan Clavin, Organic Specialist Advisor, Teagasc 2008
- Organic dairy farming: impacts on insect–flower interaction networks and pollination, Power, Eileen F. and Stout, Jane C. (2011), *Journal of Applied Ecology*, 48 (3), pp. 561-569. This paper looks at biodiversity on organic vs. conventional farms.
- Environmental impacts of organic farming, Kasperczyk and Knickel, 2006

- Working Document from the Commission Services on the linkages between Pillar I and Pillar II in relation to greening – CAP Reform Fiche No 17
- The FAO Inter-Departmental Working Group on Organic Agriculture of the United Nations

6.2.2 – Review of Publications on Environmental Benefits of Organic Farming

The environmental comparison review “Organic Farming versus Conventional Farming” (Clavin, 2008), highlighted a lack of research under Irish conditions and focussed primarily on peer-reviewed scientific research from the UK, Northern Europe and New Zealand. This research indicated that organic farming delivers enhanced environmental benefits. The environmental comparison review based on the scientific research available therefore concluded that there are three significant areas where organic farming was found to deliver enhanced environmental benefits due to the following:

- The significant difference in pesticide use between conventional and organic farming: In terms of environmental impact, pesticides can impact on surface and ground water. There is also the risk of air and soil contamination. Pesticide use in organic farming is very restricted. Synthetic pesticides are completely banned in organic farming. All the reviews studied in the context of this comparison came to the same conclusion: because synthetic pesticides are not permitted for use in organic agriculture, the risk of contamination of air, soil and water in this respect is avoided.
- Soil conservation: Soil care is a guiding principle in organic agriculture. It is expressed in higher levels of soil organic matter, the active promotion of soil organic matter, the active promotion of soil biological activity, more balanced nutrient cycles and in many cases enhanced soil structure.
- Biodiversity: Enhanced biodiversity deemed to be delivered through enhanced richness of flora and fauna.

The paper by Power and Stout (2011), investigated the effects of organic versus conventional farming on insect–flower interaction network size and structure, bee and hoverfly diversity, and pollination in 10 pairs of organic and conventional dairy farms in the Republic of Ireland. This paper concluded that organic farming can benefit insect biodiversity, insect–flower interaction networks and insect-mediated pollination.

In a review of literature related to the environmental impacts of organic farming, Kasperczyk and Knickel, 2006, summarized the absolute and relative impacts of organic farming – see Table 6.1. The findings emphasise the enhanced environmental benefits of an organic production

system in respect of biodiversity, landscape, soil, ground and surface water, climate and air and energy.

Table 6.1 – Overview of the relative impacts of organic farming compared with conventional farming

Area	Aspect	Relative Env. Impact*
Biodiversity	Floral diversity	+++
	Faunal diversity	++
	Habitat diversity	+
Landscape	Landscape structure and aesthetic value	+
Soil	Soil organic matter and acidity	++
	Soil structure	+
	Soil biological activity	++
Ground and Surface Water	Nitrate leaching	++/-
	Phosphorus	+
	Pesticides	+++
Climate and Air	Carbon dioxide (CO ₂)	+
	Nitrous oxide (N ₂ O)	++/-
	Methane (CH ₄)	+
Energy	Intensity of energy use	++/-
	Efficiency of energy use	+

(Adapted from Kasperczyk and Knickel, 2006).

* + = Slightly better;

++ = better;

+++ = substantially better;

++/- = better with some aspects that are negative;

+= better with some uncertainties;

+/- = partly better and partly worse with some uncertainties.

The UK Soil Association published a report on the biodiversity benefits of organic farming (Anon., 2000). It reviewed all the known studies (both peer and non-peer reviewed) which compared the levels of wildlife on organic and conventional farms. It found clear evidence that overall, organic farms support substantially higher levels of wildlife in lowland areas, particularly of those wildlife groups that are declining. Examples include 40% more birds in a three-year peer-review study of 44 farms (Chamberlain et al., 1999), twice as many butterflies in another peer-reviewed study (Feber et al, 1997) and five times as many wild arable plants (Kay and Gregory, 1999).

From a European perspective, the enhanced environmental benefits of organic farming were clearly recognised by the EU when establishing rules for direct payments to farmers within the framework of the new CAP. Farmers complying with the requirements of the organic farming legislation will be entitled *ipso facto* to the greening payment under Pillar I. The Working

Document from the Commission Services on the linkages between Pillar I and Pillar II in relation to greening, (CAP Reform Fiche No 17), states that “Organic Farming is a holistic concept with a clear and comprehensive set of rules ensuring higher environmental benefits going beyond what can be achieved with the greening requirements only”. In addition to this clear recognition of the positive contribution of Organic Farming, the European Innovation Partnership criteria state the need to enhance agro-ecological approaches (the foundation of organic principles) in order to achieve sustainable food production.

There are several long-term EU research studies that conclude soil organic carbon content is higher in organic systems than in conventional farming (Mader et al, 1995; Petersen et al, 1997; Clark et al, 1998; Stolze et al, 2000). With regard to greenhouse gas emissions, on a per hectare scale, research studies found that CO₂ emissions in organic systems were up to 40-60% lower than in conventional systems (Burdick, 1994; Haas and Kopke, 1994; Stolze et al, 2000). The main reasons for these positive effects are the omission of the use of mineral Nitrogen (N) fertilizers with high energy consumption, lower use of high energy consuming feedstuffs and mineral fertilizers as well as the elimination of synthetic pesticides.

From an international perspective, the FAO’s Inter-Departmental Working Group on Organic Agriculture identifies the environmental benefits of organic agriculture as follows:

- Sustainability over the long term: Organic agriculture considers the medium and long term effect of agricultural interventions on the agro-ecosystem. It aims to produce food while establishing an ecological balance to prevent soil fertility or pest problems.
- Soil: Soil building practices such as crop rotations, inter-cropping, symbiotic associations, cover crops, organic fertilizers and minimum tillage are central to organic practices. These encourage soil fauna and flora, improving soil formation and structure and creating more stable systems. In turn, nutrient and energy cycling is increased and the retentive abilities of the soil for nutrients and water are enhanced, compensating for the non-use of mineral fertilisers. Such management techniques play an important role in soil erosion control.
- Water: In many agriculture areas, pollution of groundwater courses with synthetic fertilisers and pesticides is a major problem. As the use of these is prohibited in organic agriculture, they are replaced by organic fertilisers and through the use of greater biodiversity (in terms of species cultivated and permanent vegetation), enhancing soil structure and water infiltration. Well-managed organic systems with better nutrient retentive abilities, greatly reduce the risk of groundwater pollution.

- **Air and climate change:** Organic agriculture reduces non-renewable energy use by decreasing agrochemical needs (which require high quantities of fossil fuel to be produced). It also contributes to mitigating the greenhouse gas effect and global warming through its ability to sequester carbon in the soil. Many management practices used by organic agriculture (minimum tillage, returning crop residues to the soil, the use of cover crops and rotations and the greater integration of nitrogen-fixing legumes) increase the return of carbon to the soil, raising productivity and favouring carbon storage. The more organic carbon is retained in the soil, the higher the mitigation potential of agriculture against climate change.
- **Biodiversity:** Organic farmers are both custodians and users of biodiversity at all levels. At the gene level, traditional and adapted seeds and breeds are preferred for their greater resistance to diseases and their resilience to climatic stress. At the species level, diverse combinations of plants and animals optimise nutrient and energy cycling for agricultural production. At the ecosystem level, the maintenance of natural areas within and around organic fields and absence of chemical inputs create suitable habitats for wildlife.
- **Ecological services:** The impact of organic agriculture on natural resources favours those interactions within the agro-ecosystem which are vital for both agricultural production and nature conservation. Ecological services affected include soil forming and conditioning, soil stabilization, waste recycling, carbon sequestration, nutrients cycling, predation, pollination and habitats. The FAO concludes that the hidden costs of agriculture to the environment in terms of natural resources degradation are reduced.

There is plenty of evidence both from peer-reviewed and non-peer-reviewed research to show that organic farming delivers enhanced environmental benefits for example by contributing to biodiversity.

The value of biodiversity to Ireland is estimated to be in the region of €2.6 billion per annum (Bullock, 2008) in terms of its contribution to productive output and human utility. This is, however, an estimate that rests on only a few key examples and which necessarily omits other significant services such as the waste assimilation by aquatic biodiversity and benefits to human health.

Based on the summary evidence presented above, the enhanced environmental benefits of organic production are recognised at a national, European and international level. It is important to note that while organic production delivers enhanced environmental benefits, an organic

producer participating in the OFS delivers further additional environmental benefits. He/she must maintain/produce 0.5 livestock units per hectare, or, (if an organic tillage farmer) must grow organic crops on a minimum of 50% of the land area, to maximise OFS payments. These conditions are not applicable to an organic farmer not participating in OFS.

In particular the stocking density requirement provides for the additional conservation and maintenance of grassland habitats and the delivery of a more desirable biota in both floral and faunal complexity. In organic tillage situations a proper rotation (where the ground lies fallow for a period that allows for the build-up of fertility and the reduction of disease prevalence) is a fundamental prerequisite for developing a sustainable production system and the maintenance of a healthy soil; in the absence of the permitted use of soluble fertilizers, an organic farmer must maintain soil fertility by rotations and the growing and incorporation of green manures back into the soil. This rotational requirement (which in non-OFS situations will invariably be less as the more frequent rotation is not a mandatory requirement of the OCBs licensing regime) also increases soil, plant and invertebrate diversity on organic farms by allowing native plants an opportunity (during the non- cropping phase of the rotation) to develop. The prohibition on the use of synthetic fungicides and broad spectrum herbicides (residual, contact and hormonal) also further contributes to a more diverse ecology on organic farms.

6.2.3 Views of Stakeholders on the role of OFS in delivering Enhanced Environmental Benefits

The general consensus from the stakeholder consultation was that organic farming systems do deliver in respect of enhanced environmental benefits but that it is difficult to quantify the contribution specifically made by the OFS. The stakeholders did not refer directly to enhanced environmental benefits provided by the OFS but some referenced that the positive environmental attributes of organic farming are recognised by the EU's CAP changes where such farmers are recognised as "Green" by definition in Pillar 1. They also pointed to the wealth of published literature (some of which is referenced in this Chapter) which demonstrates the clear environmental benefits of organic farming, under various parameters for measuring environmental sustainability such as biodiversity, greenhouse gases and soil.

In responding to the question as to the extent of the success of OFS in delivering the objective of enhanced environmental benefits, the written submissions received automatically equated the OFS with organic farming and pointed out that organic farming offers a myriad of environmental benefits that enhance biodiversity, improve soil fertility and increase soil organic matter. The most notable feature of all the written submissions was agreement that organic farming delivers

environmental benefits and the perception that the OFS plays a key role in attracting farmers into entering and maintaining organic production systems. One submission stated that the OFS has effectively delivered benefits in terms of environment standards through the maintenance and enhancement of natural soil fertility and soil biodiversity, minimum use of non-renewable resources and off-farm inputs and efficient re-cycling of nutrients. However, another submission pointed out that the OFS is just one element of a considerable improvement in environment enhancement over the last decade. The submission in question nevertheless went on to say that the OFS has delivered.

6.2.4 The Role of OFS in delivering Enhanced Environmental Benefits

In order to determine that the OFS delivers enhanced environmental benefits, some substantiation was sought by means of a comparative analysis with conventional systems through published literature and stakeholder evidence. Environmental benefits encompass a wide range of topics including (but not limited to) soil protection, biodiversity, climate change, habitats and water quality. The published research referred to in the course of this review undoubtedly illustrates enhanced environmental benefits delivered by organic farming systems. However, it does not provide evidence of the contribution made by the OFS. Stakeholder evidence supports the conclusions of the published literature. Stakeholders however attribute the degree of participation in organic farming in Ireland to the support provided under the OFS. The degree of overlap of organic farmers with participation in the OFS is examined below as possible evidence to substantiate the extent to which enhanced environmental benefits are delivered by the OFS. There is significant evidence that links enhanced environmental and animal welfare benefits with organic farming, but the attribution evidence to link these objectives with the OFS is not as obvious.

A register of all organic operators is held by the DAFM. The number of new organic operators registered each year from 2007 to date compared with new applicants to the OFS is an indicator of the role the Scheme plays in attracting farmers into organic production, and thereby delivering on its objectives.

Table 6.3 shows that of the 904 new organic operators who registered with the DAFM since 2007, 636 simultaneously joined the OFS. Over the period 2007 to 2013, 1488 joined OFS although 584 were already registered organic operators prior to joining OFS. 423 of these 584 operators were originally in the organic supplementary measure under REPS. These figures indicate that the OFS has been successful in attracting over 70% of all the new entrants to

organic farming, attracting existing organic farmers into the Scheme and providing a support measure to those leaving REPS, thereby facilitating a continuity of commitment to organic production systems.

As this analysis of the overlap between organic farming and the OFS shows that the OFS plays a critical role as an enabler to convert from conventional for those joining, and also facilitates a continuation in organic farming once established. This is considered significant evidence that the OFS delivers on its objective of delivering enhanced environmental benefits.

Table 6.3 – Number of New Organic Producers and OFS Participation 2007 – 2013

Year	No. of New Organic producers registered per year	No of new OFS applicants per year	Cumulative No of Farmers in OFS	No of new entrants to Organic Farming in OFS per year
2007*	43	6	6	3
2008*	128	173	179	88
2009	193	348	527	158
2010	204	380	907	107
2011	168	281	1,188	149
2012	96	195	1,383	74
2013	72	105	1,146	57
Total 2007 - 2013	904	1488	-	636

Source: DAFM

* Organic Farming scheme was a sub-component of REPS in 2007 & 2008

6.3 Delivering Enhanced Animal Welfare Benefits

Under the rules governing organic production, higher standards of animal husbandry and associated animal welfare benefits are prescribed in the codified organic regulations and standards. Housed animals must be provided with bedding. Good ventilation and a generous floor area for each animal are required. Livestock must be fed with organic feed that meets the animal's nutritional requirements at the various stages of development and must have constant access to permanent pasture and roughage. While the emphasis is on disease prevention through enhanced animal welfare measures, routine preventative treatment of healthy animals is not allowed. Disease prevention is based on breed and strain selection, husbandry management practices, high quality feed and exercise, appropriate stocking density and adequate and appropriate housing maintained in hygienic conditions. The standards for organic livestock

production emphasise preventative strategies based on the principles that an animal is allowed to exhibit natural behaviour, is not subject to stress and is fed high quality feed to meet its nutritional requirements so that the animal has optimal natural resistance to combat disease.

In organic systems, animal health is seen not simply as the absence of disease; it is seen as a positive characteristic which is to be achieved through the application of biological and animal husbandry principles rather than the routine use of conventional veterinary medicines. Where medicines are required, the use of complementary medicines both for the prevention and treatment of disease is encouraged. Failure to treat sick animals may result in the withdrawal of organic status for the entire farm.

When a farm undergoes conversion to organic status an Animal Health Plan is required to be drawn up by the veterinary practitioner. This specifies the current animal health issues on the farm and how the farmer will tackle these problems into the future while conforming to the requirements of organic certification standards.

The development and management of organic livestock therefore requires special care in nurturing positive health and vitality, ensuring the proper control of disease and the encouragement of positive animal welfare. Section 4 of the Organic Food and Farming Standards in Ireland illustrates the emphasis placed on animal welfare: “Husbandry practices, including stocking densities and housing conditions shall ensure that the developmental, physiological and ethological needs of the animals are met”.

Animal welfare is the cornerstone of organic principles with good livestock health required to ensure the animal’s ability to resist infection, parasitic attack, metabolic disorder and recovery from injury (Younie, 2000)¹³.

6.3.1 Views of Stakeholders on the role of OFS in delivering Enhanced Animal Welfare Benefits

As with the environmental benefits, the general consensus from the stakeholder consultation was that organic farming systems do deliver in respect of enhanced animal welfare benefits but that it is difficult to quantify the contribution specifically made by the OFS. The OCB representatives highlighted the strong correlation each year between new entrants to organic production and those joining the OFS. Stakeholders pointed out that organic farming involves the selection of appropriate livestock breeds and practices along with the observance of a high level of animal

¹³ Younie D (2000) Integration of livestock into organic farming systems, health and welfare problems

welfare. The OFS was therefore deemed to be the main stimulus to entering organic production, thereby delivering on enhanced animal welfare benefits.

The governing rules, practices and methods as defined in Council Regulation (EC) No. 834/2007 were the supporting evidence of the enhanced animal welfare standards of organic farming systems put forward by stakeholders in the written submissions received. The consensus among stakeholders was that the OFS has effectively delivered in terms of animal welfare standards by the maintenance of animal health through promoting natural immunity and control of parasites through soil and grass management, selection of appropriate breeds and practices and observance of a high level of livestock welfare.

6.3.2 The Role of OFS in delivering Enhanced Animal Welfare Benefits

The second listed objective of the OFS is to deliver enhanced animal welfare benefits. The primary source of supporting evidence in relation to this is the governing standards of the OCBs, which explain higher animal welfare standards on organic versus conventional holdings and highlight the emphasis placed on disease prevention. If organic production systems deliver enhanced animal welfare benefits by virtue of the governing regulatory requirements, the high proportion of OFS applicants since 2007 who converted to organic production at time of application (as set out in Section 6.5) is taken as significant evidence that the OFS is delivering on this objective.

6.4 Encouraging Producers to respond to the market demand for organically produced food

In 2012, Bord Bia estimated the Irish Organic Market to be worth almost €98 million which compares with an estimated €66 million in 2006. While this is a decrease from a Bord Bia estimate of €124 million in 2009, it is clear that there is a market for organic food, both at home and abroad. At a European level sales of organic products in Europe in 2010 were estimated at €19.6 billion and this market is growing (Willer and Kilcher, 2012).

Bord Bia's research has found that in some categories of organic food, particularly fresh produce, up to 75% is imported. Ireland is self-sufficient in the production of organic red meat for the home market. There is, however, scope for a large increase in exports. Our main processors do not meet the existing demand, particularly for organic beef, from countries like Germany and the United Kingdom. In the conventional sector, Ireland exports 90% of the beef produced. In the organic sector, clearly, there is much the same scope for exporting a multiple

of what is consumed at home. The challenge is to increase the scale and regularity of supply from producers here.

With regard to determining the effectiveness of the OFS in encouraging producers to respond to the market demand for organically produced food, the two primary sources of information are the stakeholders and DAFM statistics. During the stakeholder consultation, producers and processors who are best placed to answer this question gave their views and provided an honest measure of the success of the Scheme from their perspective. Examination of DAFM statistics helps to establish the trends in output levels of scheme participants from 2007 to date and thereby provides a barometer of the contribution made by scheme participants to meeting demand.

6.4.1 Views of Stakeholders on the role of OFS in encouraging producers to respond to market demand for organically produced food

When discussing the effectiveness of the OFS in relation to encouraging producers to respond to the market demand for organically produced food, problems were identified by stakeholders regarding the sourcing of organic beef, organic milk and organic cereals. While market opportunities have been identified, both at home and abroad for Irish organic beef, the levels of supply are fragmented and insufficient to meet demand. From a dairy perspective, there is a scarcity of organic milk. An insufficient supply of cereals and proteins being grown was identified as a problem. This is substantiated by the fact that a large percentage of the Irish market for organic feed is currently being supplied from outside Ireland. The conclusion reached was that the OFS has not convinced enough farmers to convert to organics and that the current payment rates do not provide sufficient incentive to encourage farmers to convert or to stay in organic production. Notwithstanding this criticism, all the stakeholders emphasised that without the Scheme farmers would not even consider either coming into or continuing organic production.

In measuring the progress made, specifically in respect of meeting market demand for organically produced food, the following statistics were put forward by one processor who participated in the consultation process: “Ten years ago there was a nil base in Ireland regarding organic oats. At May 2013, 3,000 tonnes of organic oats were sourced from Irish organic farmers. There is a strong correlation between this growth in organic oat production and OFS participation.” Another example given of OFS participants responding to market demand referenced the group of seven OFS dairy farmers who have recently secured a market for supply

of their mature cheddar cheese into 324 outlets. This was put forward as one example of many, where organic producers in receipt of the OFS have added value and reacted to market demand.

Stakeholders stated that the OFS forms a critical support measure in facilitating diversification, encouraging increased production and driving subsequent on-farm investment, particularly in the Irish drystock sector. From an organic horticultural perspective, it was claimed however that the Scheme has failed to make a significant contribution to meeting demand.

The additional support for farmers via the OFS has proved to be the key incentive in driving conversion and promoting continuance within the sector, thereby responding to the market demand for organically produced food. The fact that organic production in the UK has decreased while Ireland's production has either remained steady, or slightly increased, was deemed to be an indication of the success of the OFS.

The consensus therefore was that the Scheme is critical to the longevity of organic production in Ireland and that its contribution to responding to the market demand for organically produced food cannot be undermined despite the fact that there is still a deficit in supply.

6.4.2 The Role of OFS in Encouraging producers to respond to the market demand for organically produced food.

While there is a deficit in supply and problems were identified by stakeholders in relation to the sourcing of organic beef, milk and cereals, DAFM statistics provide evidence that OFS participants are making a valuable contribution, albeit insufficient to meet the level of demand.

The contribution of the OFS towards meeting the demand for organic beef can be best illustrated by reference to the number of organic herds and organic bovine numbers of OFS participants since 2007 as shown in Table 6.2.

Table 6.2 – Number of Organic Bovines and Herds of OFS Participants 2007 – 2012

	2007	2008	2009	2010	2011	2012
No. of Bovines	350	5,661	6,147	26,355	34,353	40,107
No. of Herds	6	121	152	650	825	907

To appreciate fully the significance of the OFS in terms of supplying organic beef, it is important to note that the total organic bovine population in 2012 was 44,271, of which 41,381

were non-dairy. Of the 40,107 bovines in OFS participants' herds in 2012, 39,910 were non-dairy. Consequently the herds of OFS participants constitute 96.45% of the total non-dairy herd.

From an organic milk perspective, there is a scarcity of organic milk as well, even to supply the home market. In 2008 there were 19 organic dairy farms in Ireland farming 1,028 ha. Of the 27 organic dairy farms in Ireland at May 2013, 25 were OFS participants. As of 2012, the total organic dairy herd consisted of 2,890 animals of which 2,692 were from herds of OFS participants.

From an organic cereal perspective, in 2007 there were 93 organic cereal producers farming 1,283 hectares. At May 2013, there were 156 organic cereal farmers in Ireland farming 2,312 hectares, all of whom were OFS participants. The fact remains however that a large percentage of the demand for organic cereals and proteins is being met by imports.

From a broader perspective, of the 1,372 organic producers registered in Ireland in 2013, 1,146 (or 84%) were OFS participants. This indicates the importance of the OFS to the current production levels of organic produce. It is also important to note and recognise that a minimum output requirement of 0.5 livestock unit per hectare is a mandatory scheme condition, thereby contributing to the OFS objective of responding to the market demand for food.

In conclusion, the statistics above clearly show that OFS participants are responding to the market demand for organically produced food. However, more people need to be encouraged to enter organic production if market requirements are to be met.

6.5 The degree of overlap between the OFS and Organic Producers

Of the new registered organic producers from 2007 to 2013, who did not join OFS, 71% are farming less than 11 hectares and are predominantly engaged in horticultural or poultry enterprises.

6.5.1 Recent fall off in organic farming participation and the OFS

Table 6.2 also identifies the cumulative number of OFS applicants. While the cumulative number of successful applicants from 2007 to 2012 was 1,383, the number of OFS participants as of 2013 is 1,146. This decrease may be attributed to a number of factors including persons withdrawing from the scheme, losing their organic status and consequent eligibility to participate, deceased persons etc.

The decrease and the notable decline in new applications since 2010 may also be attributed to the comparative attractiveness of the organic farming and the OFS to other schemes available to conventional farmers such as the AEOS, where payment rates are higher. For instance AEOS 3 provided for payment rates of up to €4,000 for an average sized¹⁴ farm of 32.7 ha, while the OFS only provides for a payment of €3,466.20 for the same area after the 2-year conversion period (when double this rate of payment is available) has elapsed. Given that the published research evidence examined earlier suggests key elements of the scheme objectives can be met by farming organically, the recent decline in Scheme participation by new entrants and the plateauing of cumulative participation levels is of concern as it would indicate a possible falloff in interest in organic farming.

In order to increase knowledge about farmers' decisions to convert to organic farming, the DAFM undertook a nationwide survey of organic and ex-organic farmers in 2008, in which they were asked to rate the importance of a list of reasons in their decision to withdraw from organic production. Lack of market outlets was stated as the main reason for ceasing organic production, followed by too much paperwork involved in organic farming. The third most important reason for dropping out was that additional organic support payments were insufficient.

6.6 Selection Procedure for OFS Participation

As part of the review of the effectiveness of the OFS it is appropriate to consider the selection procedure employed currently for Scheme participation.

6.6.1 Explanation of Selection Procedure

The current terms and conditions of OFS require that the number of applications accepted into the scheme is to be determined by the funding available. To date the demand for participation has not exceeded the budget. In the event that the scheme is oversubscribed a selection procedure based on a ranking system via a selection matrix with weighted scores is deployed. In 2013 the selection criteria and ranking were based on the priority objective of the scheme (max score 100). In 2013 all applicants had to reach a minimum ranking of 25 marks in order to be deemed eligible for inclusion in the Scheme. The ranking system for selection is outlined in more detail in Annex 3.

¹⁴ Of the c. 140,000 farms recorded in the 2010 Census of Agriculture, Central Statistics Office

6.6.2 Basis of Current Ranking Scheme

The current regulations require the setting of criteria for the selection of participants and promote the adoption of a selection process based on the scoring and ranking of potential participants against these criteria (weightings). These criteria are based on the predetermined objectives of the scheme.

The overall objectives of the Scheme are to deliver enhanced environmental and animal welfare benefits and to encourage producers to respond to the market demand for organically produced food. It was decided that responding to the demand for organic produce was the most important and pressing issue and that priority and weighting should be tilted towards those organic farmers who could deliver on this. It is argued that the enhanced environmental and animal welfare benefits would follow by default if participating in OFS. Therefore, in pursuit of the priority objective and to orientate production and encourage existing and new organic producers to react to real demand, the current weightings are targeted towards the market place and those organic commodities that are currently undersupplied. The potential to convert to organic farming is deliberately weighted towards new applicants as they are best positioned to convert all of their holding to organic production.

The previous history of existing operators is obviously biased towards existing organic farmers. This seeks to recognise their contribution to the sector to date while taking into account any misdemeanours for which they may have been sanctioned in the past in not complying with the organic rules. Obviously this discriminates against new entrants to organic farming who would potentially only be able to access a maximum of 10 points from the available 20.

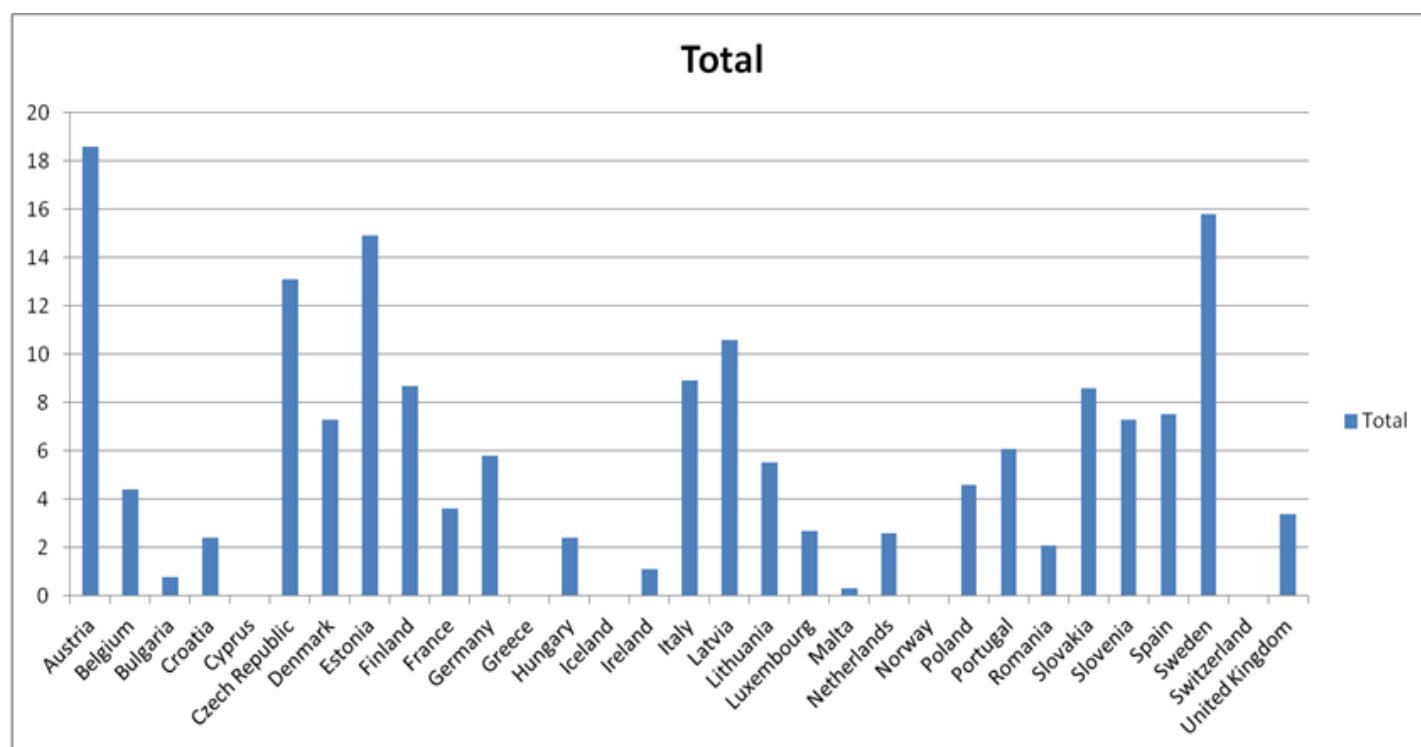
6.6.3 Analysis of Current Selection Procedure

While no selection process is beyond reproach, the current mechanism does provide potential participants with direction on what is required and brings a transparent objectivity to the selection process. However, the current selection process is of its time and reflects priorities which, while still in existence and relevant, may require some adjustment to reflect current policy needs and market trends. Given that we are entering into a new Rural Development Programme period shortly it may be opportune to review the current selection process and ranking system to ensure that they are representative of the priority objectives and targets set in the context of the introduction of any new OFS under the next funding round.

6.6.4 Comparison with European Counterparts

Figure 6.1 illustrates the percentage of utilisable agricultural area under organic production in European countries including Ireland in 2009 (where statistics were available – due to data limitations some countries have a zero value). The area under organic production in Ireland equates to 1.2% of the utilisable agricultural area which compares unfavourably with other European countries where the areas of organic production range from 0.3% in Malta to 18.6% in Austria.

Figure 6.1 – Total Proportion of UAA under Organic Production in European Countries in 2009



Source: Eurostat 2014

While the focus tends to be on scheme conditions, variations in such conditions and the supports available must also be considered and the additionality that they contribute assessed to make a proper comparison.

With the exception of the Netherlands and France, all EU Member States have implemented specific area payments for organic farming in the framework of national/regional agri-environmental schemes to compensate additional costs or income foregone resulting from organic management.

Irish farmers receive €106 per hectare for grassland maintenance after conversion up to 55 hectares. This places Ireland in 8th place on the scale out of 22 member states. The highest payment is made in Cyprus with €450 per hectare which is for organic stock farming. The lowest

payment rate is in Sweden, at €39 per hectare although Sweden provides per unit support payments for livestock on arable and grassland, in the form of an animal husbandry payment.

Per hectare payments for arable land place Ireland 2nd lowest out of 24 countries with the per hectare payment of €106. The variability comes from differing categories, such as type of crops, management practices or land characteristics.

Similarly per hectare payment for vegetables in Ireland is €142 per hectare which is the lowest in the EU. Per hectare payment for perennials, orchards and fruits also sees Ireland in the lowest position for supports in this sector.

There are large variations in the payment rates for the same land type. The use and efficiency of public support measures addressing organic farming (2011 paper by Sanders et al. published by the Institute of Farm Economics and funded by the European Commission) reviewed public support measures in place for organic farming. This study found that maintenance payment rates per hectare vary between €39 and €450 across the EU. Even greater variations were observed for conversion payments. Average public expenditure for organic support payments under the agri-environmental measure per certified organic hectare varied between €7 and €314 for the period 2008 to 2009. On average, public expenditure amounted to €163 per hectare for the EU, excluding Ireland, Romania and England. Substantial differences between the Member States were also found in respect of design and application of eligibility criteria and requirements such as payment limits, stocking rates and additional scheme requirements beyond organic standards, which were not necessarily reflected in the payment rates.

The Sanders et al., Institute of Farm Economics paper examined the extent to which the use of public support measures addressing organic farming contributed to the development of the number of organic farms, area of land under organic management and growth of the organic market for organic products. It concluded that area support payments and organic action plans are the most relevant support measures which strongly contribute to organic sector development with respect to both the development of organic production and the development of organic markets. “Area support payments are an incentive for new organic farmers to convert the farm and thus are able to boost organic farming while continuous area support can be considered as the basis upon which other support measures for organic (production, marketing, and demand) rest and become effective”. Thus, even though the role of organic area payments seems to change during the development of organic sectors, they remain important.

6.7 Conclusions

In assessing the effectiveness of the OFS, this chapter has examined each of the three scheme objectives and attempted to measure their effectiveness by reference to the evidence and statistics available, in conjunction with feedback from stakeholders. With regard to the delivery of all three objectives there are issues relating to attribution, causality and measurement.

The evidence examined in sections 6.2 and 6.3 has shown a strong correlation between entry into organic production and entry into the OFS. However, it is important to caveat this finding with that the fact that the evidence examined has not provided a definitive causal link between the OFS intervention and the delivery of enhanced animal welfare and environmental benefits, as attribution issues remain. Notwithstanding this, and on balance, we have concluded that the OFS, as the main stimulus to entering organic production, has contributed to delivering on the two objectives; delivering enhanced animal welfare benefits and enhanced environmental benefits.

It is an accepted fact that the level of production does not meet demand; however statistics illustrate that the contribution made towards current levels of supply by OFS participants is significant. The correlation between entry to organics and the role of OFS as an enabler which facilitates continuity of commitment to organic production systems means that the OFS is delivering in respect of this stated objective. Department statistics clearly illustrate the significant contribution made by OFS participants to meeting market demand. Yet market demand still exceeds supply.

The fact remains that the Scheme in its current form has failed to convince enough farmers to convert to organics and meet the demand that exists for organically produced food. This fact combined with the decline in new entrant numbers joining OFS since 2010 (attributed to it being less attractive compared to other schemes as already discussed) highlights the necessity to consider a more incentivised targeted scheme.

When we revert to the definition of effectiveness as outlined at the beginning of this chapter therefore, it can be concluded that while objectives have been achieved and benefits delivered, the OFS has not fully met its objectives in delivering the expected benefits to the desired extent.

The Steering Committee notes the Institute of Farm Economics paper findings referenced in section 6.6.4, which underscores the importance of having a strategic framework for the organic sector. The recently published ‘Action Plan for Organic Farming 2013 – 2015’ (see section 2.6.3) provides such a framework. Ongoing budgetary supports through support mechanisms such as the OFS will be necessary to deliver on the Action Plan. The OFS on its own may not be sufficient to help meet all the strategic targets for the sector. Options for complementary funding, such as co-funding for the Organic Capital Grant Scheme under the new TAMS, may also be required although, being outside this Review’s Terms of Reference, this is not intended as a recommendation.

CHAPTER 7 – POLICY OPTIONS

7.1 Introduction

In accordance with the terms of reference, this chapter examines “the scope for alternative policy or organisational approaches” which would lead to more efficient and effective OFS delivery. This examination is undertaken in the context of the findings of the preceding chapters with due consideration of the ambitious target of 5% of UAA under organic production in Food Harvest 2020, mindful of the continuing pressure on the public finances and cognisant of the emphasis on both attracting new organic producers and maintenance of existing organic producers within Article 29 of the recently published EU Rural Development Regulation (No 1305/2013).

Prior to examining the scope for alternative policy or organisational approaches in the future it is important to establish if the objectives of the OFS are still valid in the context of the new Rural Development Programme (RDP). Since the introduction of the OFS in 2007, its objectives have been to deliver enhanced environmental benefits, deliver enhanced animal welfare benefits and respond to the market demand for organically produced food. The recital from the new EU Rural Development Regulation states “Payments to farmers for the converting to, or maintaining, organic farming should encourage them to participate in such schemes thereby responding to the increasing demand of society for the use of environmentally friendly farm practices and high standards of animal welfare”. From an RDP perspective therefore the current objectives of the OFS remain valid.

From a national perspective, as previously stated in Chapter 3, the current objectives are compatible with DAFM policy as highlighted by the Food Harvest 2020 report which recognises the potential opportunities for organic operators arising from the market demand for organic food both at home and abroad. The validity of the current objectives therefore is clear both from a national and European perspective.

The format of the chapter is to present a range of alternative proposals for consideration by the DAFM. Mindful of the aforementioned objectives, we present a range of options intended to inform the DAFM’s deliberations in relation to budgetary decisions and the design of the new OFS provided for under Article 29 of the new EU Rural Development Regulation.

7.2. Policy Options

7.2.1 Policy Option 1: Business as Usual

Option 1 : Business as Usual	
<p>What does this option mean?</p> <p>This means a continuation of the scheme, at its current rates of payment with the same terms and conditions. This could be implemented from 2015 to 2020 under the new RDP.</p>	
<p>Cost Implications?</p> <p><i>Based on the current co-funding rate of 55%, the annual cost to the Exchequer inclusive of staff costs would be approximately €2.787m i.e. the annual exchequer funding of €2.025m plus staff cost of approximately €762,000 as illustrated in Table 5.2. Over the period of the new RDP this would amount to approximately €19.5m.</i></p>	
Pros	Cons
The environmental benefits and animal welfare benefits delivered by existing Scheme participants would continue until the end of their current commitment.	The Scheme in its current format has failed to attract significant numbers to make a notable impact. Furthermore existing scheme participants have indicated that the current level of OFS payments offers insufficient incentive to maintain organic production practices.
As OFS participants must engage in organic production, the continuation of the Scheme would mean OFS participants would continue to respond to market demand.	The fact remains that the Scheme in its current form has failed to convince enough farmers to convert to organics and meet the demand that exists for organically produced food. This fact combined with the decline in numbers joining OFS since 2010 is attributed to the comparative attractiveness of the Scheme to other schemes such as the Agri-Environment Options Scheme (AEOS) where payment rates are higher and highlights the necessity for change.
A review of the Scheme was already carried out in 2009 which led to the introduction of a ranking and selection procedure, a mandatory training course and a business plan. These changes should be given sufficient time to make an impact, before further changes are made.	The overarching need to improve continuously scheme delivery and design in a manner consistent with “Value for Money” principles and the failure of the Scheme to encourage more farmers to convert would suggest that further changes to the OFS are essential.
No increase in costs.	While there would be no increase in costs, the value for money aspect of such a decision would be questionable as the Scheme in its current format has failed to achieve or make a significant impact on the UAA under organic production. The UAA under organic production in 2007 was 0.99% and is currently 1.2%. The target in Food Harvest 2020 is 5%.
	A decision to continue the Scheme in its current format when it has made no significant impact on the UAA under organic production and has not attracted sufficient numbers into organics would be perceived as a lack of commitment to the targets contained within FH 2020, and the Action Plan on Organic Farming, thus damaging the reputation of the DAFM.
<p>Conclusion: The Steering Group concluded that this is not the preferred option.</p>	

7.2.2 Policy Option 2: Cessation of Scheme

Option 2: Cessation of the Scheme	
<p>What does this option mean?</p> <p>The Scheme is discontinued.</p>	
<p>Cost Implications?</p> <p>Saving of the National contribution but loss of 55% EU co-funding.</p>	
Pros	Cons
Saves €2.788 m in exchequer funding per annum i.e. <i>the annual exchequer funding of €2.025m plus staff cost of €763,000 approx. as illustrated in Table 5.3.</i> While the staff costs would not be a direct exchequer saving as they would continue to be employed in the DAFM, in the absence of the Scheme, they would be available for redeployment to other work areas.	Will lead to a loss of 55% EU co-funding in respect of an Organic Farming support measure. It will also undoubtedly result in organic producers leaving the Sector which would have a detrimental effect on the level of Irish organic produce available and ability to meet demand both at home and abroad.
	Such a decision would be contrary to national and European policy. The new EU RD Regulation provides for an organic farming scheme. From a national perspective, it would impact adversely on the FH 2020 target of achieving 5% of UAA under organic production.
	A decision to discontinue the Scheme would be perceived as a lack of commitment to the targets contained within FH 2020 and the Action Plan on Organic Farming, thus damaging the reputation of the DAFM.
<p>Conclusion: The Steering Group concluded that this is not the preferred option.</p>	

7.2.3 Policy Option 3: New Range of Measures

What does this option mean?

A new OFS refocused in the context of the new RDP with the aim of addressing issues identified by this review.

Features of a new re-focused OFS could include:

- A review of the objectives to reflect the importance of maintaining commitment to organic production systems. Article 29 of the new EU Rural Development Regulation places increased emphasis on maintenance of organic farming practices; therefore there must be increased focus within any new OFS on ensuring continuity of commitment to organic production.
- A payment structure which is designed to attract new producers to organic production but also encourage continuity of commitment. At present, the OFS payment rate per hectare is halved following the initial two year conversion period. This is perceived as a sharp decrease in support and not conducive to continuation of commitment. Restructured OFS payment rates which incentivise organic production not only from the perspective of new entrants but also from the perspective of those who are fully converted could be a feature of a new Scheme reflecting the new focus on maintenance of commitment.
- A payment structure which incorporates incentivised options which would target support towards areas which are in deficit and/or help address obstacles to growth
- Consideration of the relative attractiveness of an OFS payment structure with any new agri-environmental scheme in the next RDP period. The higher payments that have been available to AEOS participants compared to OFS participants (post initial conversion period) have been identified as a constraint to uptake.
- A payment to cover attendance at approved courses over the five year period of the OFS, designed to upskill participants and keep them abreast of developments. While this payment might not necessarily be included within the payment structures of the OFS it could be an ancillary support measure provided for within the scope of knowledge transfer.
- Increase the upper limit of 55 hectares before graduating payments based on area, with the aim of encouraging large scale operators to convert and thereby increase area under organic production.
- Provision for and the promotion of partnerships within the OFS, such as examining the possibility for multiple OFS payments for participants in registered farm partnerships. The new EU Rural Development Regulation states that “In order to increase synergy in biodiversity, benefits delivered by the organic farming measure, collective contracts or co-operation between farmers should be encouraged to cover larger, adjacent areas.” Such a policy would also aim to address the barrier of isolation experienced by organic farmers, identified during a nationwide survey of organic and ex-organic farmers carried out in 2008.

Conclusion:

The Steering Group recognise that we cannot prescribe on the exact design of future measures nor have we the scope to advocate or recommend increased expenditure on the scheme. Furthermore the budget available will dictate the ability to achieve any target set in respect of increased area or increased participation.

The target within FH 2020 is to increase the area under organic production to 5% of UAA. It is currently 1.2%. To achieve the FH 2020 target would therefore require an area increase of 400% with a similar increase in budget presumably necessary to achieve this.

While this appears challenging, the achievement of even a 50% increase in current area under organic production with a new OFS is dependent on a significant increase in RDP funding and the potential to accommodate same within the available RDP allocation.

If the targets within FH 2020 and the Action Plan on Organic Farming are to be realised, a new scheme with adequate financial support which incorporates the new range of measures outlined above is an essential prerequisite to encouraging new entrants and maintaining continuity of commitment by existing operators.

Steering Group Recommendation: The adoption of Policy Option 3, a new OFS refocused in the context of the new RDP, with the aim of addressing issues identified by this review.

CHAPTER 8 – PERFORMANCE INDICATORS

8.1 Introduction

Our terms of reference require us to specify potential future performance indicators that might be used to better monitor the performance of the OFS.

8.2 What are Performance Indicators?

Performance Indicators (PIs) are a means to an end, being a key component of the reporting structures to meet governance accountability and management requirements (Department of Finance, 2002). Their main uses include:¹⁵

- Promoting the accountability of service providers to the general public and to other relevant stakeholders,
- Promoting service improvement by publicising performance levels,
- Measuring progress towards achieving corporate objectives and targets,
- Comparing performance so as to identify areas and opportunities for improvement,
- Offering a sense of direction and providing answers to pertinent questions facing public sector organisations, and
- Enhancing consistency and common standards and ensuring good and appropriate use of public money.

The Department of Finance set out the following key characteristics of good PIs:

1. Appropriateness – the user must be able to associate the information with the activity, output or outcome being reported.
2. Accuracy – data should be as free of errors as possible
3. Comprehensiveness – all facets of performance must be captured by the data
4. Consistency – There should be internal consistency so that where indicators are grouped, they should not deliver mixed messages on performance.
5. Manageability – The collection of data should be cost effective and integrated within reporting structures. Results should be delivered in an understandable format and management should play an active role in ensuring data quality.
6. Relevance – The information provided by the indicators should be what the user actually wants.
7. Timely – The most recent available data should be used.

¹⁵ Audit Commission, *On Target: The Practice of Performance Indicators*, London 2000 and Boyle R. *Measuring Civil Service Performance*, IPA, Dublin 1996

8. Verifiable – indicators should be accurate and objective and should meet the standards of an independent examination.
9. Validity – they should cover actual performance.

Given the difficulties associated with implementing a performance measurement system for public sector schemes such as the OFS, what follows is not a presentation of a set of fully developed indicators but rather a number of suggestions which could form the basis for the development of indicators.

8.3 Current PIs

At a macro level the mission and goals of the DAFM are specified in the Statement of Strategy. Each goal in the Statement of Strategy is accompanied by Strategic Actions, which indicate each goal to be achieved. Each Strategic Action is in turn accompanied by PIs, which give guidance for the measurement of the achievements. These indicators should continue to be reviewed for on-going validity.

The PIs set out in the Statement of Strategy and used to monitor the Scheme to date are set out in Table 8.1.

Table 8.1 – OFS PIs set out in the Department’s Statement of Strategy

Objectives	Current PI
Enhanced Environmental Benefits	Area converted to organic production
Enhanced Animal Welfare Benefits	Numbers converting to Organic Farming Production system associated with entry to the OFS
Response to Market Demand for organic produce	Area under organic production

As illustrated in Chapter 3, from the environmental perspective, an organic production system includes the prohibition of the use of chemicals such as synthetic pesticides and herbicides. Furthermore, artificial fertilisers are not permitted as farmers are required to develop fertile soil by crop rotation and the use of compost, manure and clover. This delivers increased benefits to the environment when compared to the more intensive conventional methods of production. These environmental benefits include improving soil and water quality, reducing the negative impact on climate change, enhancing air quality and biodiversity. Thus the greater the area brought into conversion the greater the environmental benefit. It can be concluded therefore that the measurement of area brought into conversion is a worthwhile PI of environmental benefits.

Similarly as outlined in Chapter 3, the organic system of production delivers enhanced animal welfare benefits. The housing requirements for organic production are significantly different from those of conventional agriculture. As the routine use of antibiotics is prohibited in organic farming the quality of the housing environment is an important consideration in disease prevention. The crucial factor is that an organic house must meet an animal's biological and behavioural needs of comfort and proper freedom of movement. These standards mean that animals raised in organic systems enjoy the very highest welfare standards of farmed animals. Organic livestock farming aims to prevent disease from occurring by promoting health. This is achieved through appropriate diet, high welfare standards for housing, a specified amount of housing space for each animal and undertaking measures to reduce stress. It is important to note that over 90% of the current OFS participants are engaged in livestock production. For accuracy however, the current indicator of numbers converting to organic production upon entry to OFS is only relevant if linked to animal production.

In 2013, the Irish Organic Market was estimated to be worth almost €100 million. In addition, 75% of organic fruit and vegetables consumed in Ireland are imported. There is an established market demand for organic produce in Ireland. All OFS participants engaged in livestock production must have a minimum stocking density of 0.5 livestock unit per hectare to maximise payments. In addition, it is a stated condition of the Scheme, that participants must be engaged in organic production. In light of this, the area under organic production is an indicator of organic production; however it does not provide detail of output produced and therefore is not an effective measure of the response to market demand for organically produced goods. Bord Bia research has shown that there is a market demand for Irish organic beef, lamb, fruit, vegetables and cereals yet the current indicator does not provide any detail of the contribution made by participants to meeting this demand.

8.4 Future PIs

8.4.1 Cost Effectiveness Performance Indicators

The analysis on effectiveness in Chapter 6 highlighted the challenges in capturing qualitative aspects of OFS such as environmental and animal welfare benefits in monetary terms. Cost effectiveness indicators provide an alternative means of capturing such benefits. Examples of cost-effectiveness indicators that might be considered could be “OFS cost per hectare converted to organic production” which would complement the current indicator “area converted to organic production”. Indicators such as these could be collected at farm level and this might suggest

future ways to target the scheme to ensure maximum environmental benefit at least cost. Other cost-effectiveness indicators to consider might be:

- OFS cost per livestock unit/arable area equivalent
- OFS cost per unit of agricultural output (e.g. kgs of litre/beef/grain etc.)

It is acknowledged that there will be challenges in capturing the level of information and detail suggested above but this should not invalidate efforts to attempt to quantify them as long as it can be done in an efficient and cost-effective manner. Attempting to apply these indicators at farm level may also help inform the best way to increase organic output, as it might point to factors that ensure a high level of output.

For carbon reduction, there are monetary values for carbon. The OFS should attempt to quantify and monetise the carbon savings and compare this to the cost of carbon savings as a result of the scheme.

Future performance indicators should attempt to identify the additional benefit of the OFS over and above what would happen in the absence of the scheme.

8.4.2 Future PIs in the OFS in the next RDP

Organic farming is specifically identified in the new CAP. Article 29 of the Rural Development Regulation (No. 1305/2013) and provides for MS's under Pillar 2 of CAP to financially support farmers to convert to organic production and to maintain them in the system thereafter. This is the regulatory basis and justification for supporting organic farmers in the new Rural Development Programme via the OFS.

In order to continue to assess the effectiveness of the Scheme and mindful of the provision for a new OFS within the next RDP the following PIs with stated targets as set out in Table 8.2 are recommended.

The first PI listed in Table 8.2 is proposed in the light of the new EU Rural Development Regulation which attaches importance, not only to conversion to organic production, but also to maintenance of existing organic producers. It should be a more effective PI than that which currently obtains.

Table 8.2 – Recommended PIs for the next OFS within the new RDP

Objective	Performance Indicator
Enhanced Environmental Benefits	Area under organic production, with target to achieve a 50% increase in UAA under organic production over the lifetime of the next RDP.
Enhanced Animal Welfare Benefits	Change in number of farmers converting to organic standards, linked to stock numbers.
Response to Market Demand for Organic Produce	<ul style="list-style-type: none"> • Number of participants in the OFS, with target to achieve a 50% increase in participation. • Data from processors, retailers and exporters on organic produce available. • Changes in levels of organic imports and exports. • Detailed annual output return for each participant to enable quantification of 1) OFS cost per livestock unit/arable area equivalent and 2) per unit of agricultural output.

The second PI in Table 8.2 is proposed on the basis that the organic standards governing animal production in an organic farming system provide a framework within which animals enjoy the very highest welfare standards of farmed animals. Recording the stock numbers of the farmers participating in the OFS, would provide a more accurate assessment of the effectiveness of the Scheme in delivering enhanced animal welfare benefits.

With regard to the third PI proposed in Table 8.2, while the area under organic farming is indicative of organic production, it does not provide detail of output or help measure how effectively the participants in question respond to market demand. As engaging in organic production is a mandatory requirement of the Scheme conditions, a targeted increase in OFS participation should equate to greater availability of Irish organic produce. Our conventional farming system is largely grass-based. Therefore if the OFS attracts more participants it should equate to an increase in the production of organic beef, lamb and cereals. The ability of applicants to increase organic production will however be dictated to a large extent by the size of their holdings and current stocking levels. Existing organic farmers may already be at full capacity when joining the Scheme. Notwithstanding this fact, farmers converting to organic production upon joining the Scheme should be able to achieve a certain level of organic production within the timeframe of their OFS contract.

8.4.3 Other PIs to consider for the OFS

As the majority of registered organic operators are OFS participants, feedback from organic processors, retailers, exporters and Bord Bia on availability of produce available would be an

effective indicator of the performance of the Scheme in responding to market demand for organic produce. Similarly statistics on changes in levels of imports and exports of organic produce, if available, would be a good indicator of the response of scheme participants to market demand for organic produce.

At present organic farmers must submit an annual declaration of farming activity to obtain their final 25% payment. If an annual output return detailing production and sales was also requested it could address the current dearth of information available and provide an effective measurement of the contribution made by OFS participants to meeting market demand.

8.5 Conclusions on PIs

In attempting to identify possible performance indicators issues of data availability will arise. From the perspective of responding to market demand, changes in the level of imports and exports of organic products are good indicators. However it is difficult to ascertain this information and more especially to directly relate it to OFS participants. With regard to measuring the effectiveness of the Scheme in responding to domestic market demand, available statistics tend to relate to scanned bar-coded items and do not take account of fresh produce sold at farm level and at farmers' markets. It is important to state however that more fundamental use of the integrated system combined with a computerisation of the OFS system if achieved, may help to address some of the problems regarding data availability.

In conclusion, the Steering Group believes that the existing performance indicators do not facilitate the effective measurement of all aspects of the OFS performance.

Steering Group Recommendation: Enhanced basic monitoring data, both for the organic farming sector and the OFS, should be identified.

CHAPTER 9 – RECOMMENDATIONS

9.1 Recommendation 1 – Preferred Policy Option

The adoption of Policy Option 3, a new OFS refocused in the context of the new RDP, with the aim of addressing issues identified by this review, as outlined in section 7.2.3. In addition the objectives of the OFS should be reviewed as outlined in section 3.7

9.2 Recommendation 2 – Efficiency

9.2.1 Business Process Improvement

The Department should carry out a business process improvement examination of the administration of the scheme. Chapter 5 outlined the efficiency with which the OFS is administered, focusing on throughput, timeliness and cost and concluded that the cost of administration of the schemes is disproportionate when the level of participation is considered. In recent years the DAFM has been engaged in a major change programme with re-organisation at all levels. This has been driven by its Management Services Division (MSD), which provides the DAFM with analysis and advice on organisational development, business process improvement, resource deployment and change management. MSD has conducted major reviews of business units including a number of the agri-environment schemes but not the OFS. Thus it is the Steering Committee's view that the administration of the OFS would benefit from a business process improvement examination by MSD and, therefore, the Steering Committee recommended that this should be included in the MSD work-plan. As part of that examination, the issue of providing an IT-based solution for scheme administration and payment processing should be prioritised. MSD was given advance notice of this recommendation and they finalised their Review during 2014. It has recently been forwarded to Agricultural Structures Division with a view to the recommended processing improvements being considered in the context of the new OFS. A summary of MSD's Review is included at the end of Chapter 5.

9.2.2 Application Period and Selection Process

A fixed opening period for applications is recommended as this would provide a longer window of opportunity for applicants and afford certainty for forward planning, mindful of the requirements that must be fulfilled as part of the application process.

As referenced in section 6.6.3 the current applicant selection process and ranking system should be reviewed to ensure that they are reflective of the OFS priority objectives.

9.3 Recommendation 3 – Effectiveness and Data

Enhanced basic monitoring data, both for the organic farming sector and the OFS, should be identified. The dearth of data and statistics highlighted during the course of this review must be addressed. The DAFM needs to explore with other agencies, such as Bord Bia, Teagasc and the certifying bodies, methods for collecting data on the sector generally. Chapter 8 outlines the performance indicators required to facilitate the effective measurement of all aspects of scheme performance. Integration with the DAFM's Land Parcel Identification System (LPIS) and Animal Identification and Movement System (AIMS) should be considered. In this regard, two other points also need to be borne in mind:

- The European Court of Auditors (ECA) Special Report No.12 of 2013 examined the ability of the Commission and Member States to show that the EU Budget allocated to the Rural Development Policy is well spent. The ECA found that (a) The objectives set for rural development expenditure were not sufficiently clear; (b) There was insufficient information on and reporting of the results achieved to demonstrate the extent to which the objectives set have been met and that the EU's budget has been spent effectively and efficiently; and (c) The monitoring and evaluation information that is available has not sufficiently been used to improve the efficiency and effectiveness of the rural development expenditure. With regard to the objectives of RDP schemes, the Court found that objectives are phrased in general, open-ended terms (to support, to improve, to contribute to, to promote, etc), describing what the programmes aim to do, but leave it uncertain as to what future situation they intend to achieve. In future therefore the focus must be on achieving results with ongoing emphasis on monitoring and evaluation.
- The proposals for the 2014-2020 Monitoring and Evaluation system incorporate a number of changes compared to the Common Monitoring and Evaluation Framework. Instead of a Mid-Term Evaluation, there will be enhanced Annual Implementation Reports (AIRs) in 2017 and 2019, which will incorporate evaluation findings. Member States will be required to carry out evaluation activities throughout the programming period. In this context, a number of compulsory common indicators have been defined, with a requirement for additional indicators where needed to address programme specificities. The need to define some additional indicators to allow monitoring and evaluation is therefore critical.

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Annex 1 – List of Organic Control Bodies approved by the Competent Authority

Irish Organic Farmers & Growers Association,
16A Inish Carraig,
Golden Island
Athlone
Co. Westmeath
Tel: 0906 433680

Organic Trust Limited
2 Vernon Avenue
Clontarf
Dublin 3
01-8530271

Institute of Marketecology
Lough Owel Village
Mullingar
Co. Westmeath
044-9661633

Global Trust Certification Ltd
3rd Floor
Block 3
Quayside Business Park
Mill Street
Dundalk
Co. Louth
042-9320912

Biodynamic Association Certification (Demeter UK Ltd)
The Painswick Inn Project
Gloucester Street
Stroud
Gloucester
UK
GL5 1QG
0044 1453 76629

Annex 2 – Penalties Applicable to the 2007 Organic Farming Scheme

The following penalties applied under the 2007 Organic Farming Scheme.

1. Withdrawal of the licence by the OCB within the term of the 5 year commitment shall mean termination from the Scheme and full recoupment of all aid paid, including interest payable under SI No. 13 of 2006.
2. Non-renewal of an organic licence by the participant within the 5 year commitment period shall mean termination from the Scheme and full recoupment of all aid paid, including interest payable under SI No. 13 of 2006, except where a participant has ceased farming and has already completed three years in the Scheme. Where a fourth or fifth year payment has issued and the participant does not complete the full year for which payment was received, a proportionate re-imbursement will apply to that payment.
3. Where overpayment occurs in any year, due to an incorrect declaration by the participant of the eligible livestock units/area under this Scheme, the Department will recoup the amount of the overpayment, including interest payable under SI No. 13 of 2006.
4. Where an irregularity occurs as determined by the OCB, the Department may impose a 10% penalty on the amount due in that year under this Scheme, including interest payable under SI No. 13 of 2006.
5. Where under the Single Payment Scheme inspection, a breach of cross compliance is detected, the level of penalty determined under the SPS will also be applied to this Scheme payment and, where applicable, to REPS/Natura payment.

Annex 3 – Ranking System for Selection for all new applications from 2010 onwards

Market Requirement for Proposed Enterprise (Max. 60 Marks) [MR]		Potential to Convert Land to Organic Production [PC] (Max. 20 Marks)		Previous History of Organic Participation and Production [PH] (20 Marks)	
Criteria	Max Marks	Criteria	Max Marks	Criteria	Max Marks
1. Integrated System with Full Market Potential	60	1. New holding all land in conversion	20	1. New participant in OFS	0
2. Horticulture	50			2. < 5 years participation	10
3. Dairy	45	2. Part of holding in conversion	10	3. 5 – 10 years participation	15
4. Cereal	40			4. > 10 years participation	20
5. Pork / Poultry	30	3. All of holding already Organic	0	5. Earlier serious irregularity	- 15
6. Beef	30				
7. Direct Sales Own Produce	30				
8. Lamb	20				
9. Other eg. Deer etc.	10				

Annex 4 – Penalties Applicable Under the 2010 Organic Farming Scheme

1. Failure to comply with the scheme terms and conditions will result in an appropriate penalty/sanction. Serious breaches of Scheme conditions may lead to termination of participation and/or exclusion from the Scheme for a period commensurate with the seriousness of the breach, and the refund of monies already paid. Penalty amounts may be deducted from future payments due to the applicant under this scheme or from payments due under other schemes.
2. Monetary penalties will include interest payable at the rate provided for under SI No. 13 of 2006. Interest will be calculated for the period elapsing between the notification of the repayment obligation to the farmer and either repayment or deduction. Penalty amounts may be deducted from future payments due to the applicant under this scheme or from payments due under other EU-financed schemes. Where monetary penalties are not paid or recovered within the period requested, the Department may take whatever further action is deemed necessary for their recovery.
3. Withdrawal of the licence by the OCB within the term of the five-year commitment shall mean termination from the Scheme and full recoupment of all aid paid, including interest payable under SI No. 13 of 2006.
4. Non-renewal of an organic licence by the participant within the five-year commitment period shall mean termination from the Scheme and full recoupment of all aid paid, including interest payable under SI No. 13 of 2006, except where a participant has ceased farming and has already completed three years in the Scheme. Where a fourth or fifth year payment has issued and the participant does not complete the full year for which payment was received, a proportionate re-imbursement will apply to that payment.
5. Reductions/penalties as per SPS rules will be applied to all over-declaration for payments.
6. Where the percentage over-claim is greater than either 2ha or 3% (whichever is the less) but not more than 20% of the area determined, a penalty of double the difference applies — the difference in area found is doubled and the penalty is calculated using the applicable rate of payment.
7. Where the percentage over-claim is greater than 20%, no aid will be paid for the year in question.
8. Where any over-declaration results from irregularities committed intentionally, no aid will be paid for that year.

9. Where overpayment occurs in any year, due to an incorrect declaration by the participant of the eligible livestock units/area under this Scheme, the Department will recoup the amount of the overpayment, including interest payable under SI No. 13 of 2006.
10. Where an irregularity occurs as determined by the OCB, the Department may impose a 10% penalty on the amount due in that year under this Scheme, including interest payable under SI No. 13 of 2006.
11. Similarly where a participant continues to farm organically, i.e. licensed by an OCB, but does not retain the land parcel(s) under organic production methods for the duration of the commitment, the Department will recoup the amount paid in respect of the land parcel(s) not retained under organic production, including interest payable under SI No. 13 of 2006 and future payments will be calculated on the reduced area.
12. Where an application for the Single Payment Scheme is not submitted within the specified period under that Scheme, a penalty of 1% per working day will apply to the Organic Farming Scheme payments. If the delay in submission of the single farm payment applications amounts to more than 25 working days, the application shall be deemed inadmissible and no aid shall be granted for the year to which the application relates.
13. Where, in the course of an inspection under SPS, a breach of cross-compliance is detected, the level of penalty determined under the SPS will also be applied to the payment under the OFS.

Annex 5 – Administrative Penalties under the 2012 Organic Farming Scheme

- Late submission of the annual application for the Single Payment Scheme will result in the application of penalties for the OFS as outlined in paragraph 10.12 of these Terms and Conditions.
- Late submission of the Annual Declaration of Farming Activity (OFS 2) will result in the application of penalties as outlined in Paragraph 8.1 of these Terms and Conditions.
- The revoking of the organic licence will result in the termination of the contract and the full recoupment of all aid paid under the scheme including, where applicable, interest payable under SI No. 13 of 2006.
- The non-renewal of an organic licence by the scheme participant during the contract period shall result in termination and recoupment of all aid paid under the scheme including, where applicable, interest payable under SI No. 13 of 2006.
- Where a breach of cross- compliance requirements (GAEC, SMRs) is detected or cross reported the penalty will be cumulative with any other specific breaches of OFS found.
- Any breaches of Cross Compliance detected on inspection will be cross reported and may lead to appropriate penalties on your SPS, DAS, REPS, AEOS, BFCP payments.
- In addition to the Scheme specific penalties, reductions/penalties as per SPS/IACS rules will be applied to area over-declarations.

Annex 5 continued - Organic Farming Scheme Penalty Schedule (2012)

Non-Compliance	Scheme Penalty
Livestock manure applied in excess of 170 kgs / Organic Nitrogen per hectare per annum.	100%
Use of Prohibited Pesticides	50%
Use of Prohibited Chemical Fertilisers	50%
Inadequate segregation/separation of conventional and organic enterprise/lands on farm.	20%
Increased output/income as per Business Plan not demonstrated.	10%
Where there is <u>partial conversion</u> of the holding: <u>For crop production:</u> the same species or not easily identifiable variety sown. <u>For animal production:</u> Same species of animal on both holdings	50% 50%
Products not sold as organic despite favourable market conditions	10%
Failure to keep records as required	20%
Use of non-organic seed /vegetative propagating material where not permitted	20%
Use of allopathic (conventional) medicines where not permitted.	20%
Use of non-organic feed where not permitted.	20%
Origin of livestock not in conformity with requirements of the regulation.	20%
Animal housing not meeting minimum requirements of the regulation.	20%
Green Cover Option: not abiding by requirements	100% to apply to Green Cover Option annual payment.

Annex 6 - Organic Farming Scheme Application Checklist 2013 (Admin HQ)

Name: _____

Reps No: _____

Herd No: _____

OFS Ref: **OFS-RS-**_____

1. OFS 1 date stamped? Yes ☐ No ☐

2. OFS 1 signed by applicant? Yes ☐ No ☐
(If two names on application form, it must be signed by both)

3. OFS 1 dated by applicant? Yes ☐ No ☐

4. Business Plan received? Yes ☐ No ☐

5. Is AG Consultant/Advisor
Registered with the Organic Unit? Yes ☐ No ☐

6. Organic Licence received? Yes ☐ No ☐

If no - date requested: ____/____/____ Recd ☐

7. Training Cert received? Yes ☐ No ☐ NA ☐
(Not applicable if previously in SM6 or OFS)

If no - date requested: ____/____/____ Recd ☐

8. Herd No validated? (CCS printout attached) Yes ☐ No ☐

9. REPS No validated? (REPS Printout attached) Yes ☐ No ☐

10. Is applicant in AEOS? Yes ☐ No ☐
(If yes attach printout of AEOS Measures)

11. Date application sent to AAI for Processing of Business Plan: ____/____/____

C.O. Signature: _____ Date: _____

Annex 7 - Organic Farming Scheme Business Plan Check List 2013

Name: _____

Reps No: _____ N/A ☐

Herd No: _____

OFS Ref: **OFS-RS-**_____

Section A: Admin

1. Business plan submitted on required template form?

Yes ☐ No ☐

2. All relevant information included in each section

Yes ☐ No ☐

3. Signed and dated by applicant?

Yes ☐ No ☐

4. Certified and dated by the Agricultural advisor/consultant?

Yes ☐ No ☐

Section B: Assessment of Income units

1. Are all relevant sections completed (pages 9/11 of Business plan)

Yes ☐ No ☐

2. Does the declared Income units accurately reflect the current farming enterprises (check DAFM database SPS, AIMS, AHCS)

Yes ☐ No ☐

3. Do the projected increases in output meet the minimum required as per T&C?

Yes ☐

No ☐

4. Are they Attainable?

Yes ☐

No ☐

Comments:

The targets identified in the business plan are attainable, realistic and measurable.

The Business plan is Acceptable

Yes

☐

No

☐

A.A.I. Signature: _____.

Date: _____.

Annex 8 - Organic Farming Scheme Application Check List 2013

(Admin Local Office)

(File to Local Office)

Name: _____

Reps No: _____

Herd No: _____

OFS Ref: _____

1. Has Business Plan been approved by AAI? Yes ☐ No ☐

2. Is applicant registered with the organic unit? Yes ☐ No ☐
(Attach printout from Register of Organic Operators)

3. Date acknowledgement letter sent to app: ____/____/____

4. Date Original file to Local Office for processing: ____/____/____

Comments:

C.O. Signature: _____ **Date:** _____.

Annex 9 - Organic Farming Scheme A Checklist 2013

OFS A Checklist

(Initial calculation of payment)

Insert Year of payment, i.e. either 2, 3, 4, 5, or 6

Applicant(s) Name: _____ REPS No. _____

C.O. Section

	<u>Ye</u> <u>S</u>	<u>NO</u>	<u>N/A</u>
1. Printout all checklists & place on file for SAO and DS	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is there a printout of SPS summary sheet and parcel list for relevant year on file?	<input type="checkbox"/>	<input type="checkbox"/>	
3. Is there a copy of the current organic licence on file (Certificate not acceptable)	<input type="checkbox"/>	<input type="checkbox"/>	
4. If no has the current Organic Licence been requested from applicant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed: _____ CO Date: _____

SAO Section

	Yes	No	N/A
Is the file selected for SAO Supervisory Check?	<input type="checkbox"/>	<input type="checkbox"/>	

If YES, Carry out sample check and complete question (a) below.

If NO, begin with question 1 in Section B below.

SECTION A

(a) Have Clerical Checks been carried out according to Procedures? ☐ ☐

Section B

- | | | | |
|---|--------------------------|--------------------------|--------------------------|
| 1. Has a printout of SPS summary sheet, parcel list for relevant year been put on file. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Has the applicant applied for his final year payment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. If yes cease processing until OFS 2 is lodged | | | |
| 4. Has the applicant declared AEOS land in Column 11 of his/her SPS application? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. If yes, has the Organic Unit forwarded on details of which option was selected by the applicant? (If no hold processing) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Has any OFS 1 AM (Area Amendment Form) been received? | <input type="checkbox"/> | <input type="checkbox"/> | |
| 7. If there is grassland on OFS 1, does AHCS system indicate that further investigation is required before Initial Annual payment (75%) is made. If yes , there is no further processing for Initial Annual payment (75%) until OFS2 is lodged | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Has applicant applied for green cover payment. If no go to question 12). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. If yes, is applicant a Participant in REPS. If yes, reject for green cover payment. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. If no, is the relevant land in year 1 or 2 of conversion. If no, reject for green cover payment. | <input type="checkbox"/> | <input type="checkbox"/> | |
| 11. If yes, is applicant a stockless operator. If no reject for green cover payment. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Where applicant is in REPS, has any Linnet (SM5) or Riparian Zone (SM4) area(s) been deducted from OFS area prior to calculation of Eligible Area For Payment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. On checking SPS has applicant indicated that any leased lands should be included for Organic Payment. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. If yes, does the OFS 1 state that leased land is planned for a minimum of 5 years from the commencement date of the organic farming scheme | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. If no, has the applicant been written to determine the term of the lease? (Use Annex 17 and hold processing until verified). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. If applicant has been written to, has a satisfactory reply been received and attached to file | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. If in final year of contract does the lease cover the full contract period | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. If no, has Annex 17A been issued to the applicant | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 19. Is the area on the organic licence sufficient to cover the area to be used for the OFS 5M. If no , the area must be reduced accordingly. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. Have all relevant details been entered on OFS 5M and spreadsheet and total payment calculated | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. Have you signed and dated the OFS 5M and spreadsheet. | | | |

Signed: _____ SAO

Date _____

DS Section**Section A. Selected for DS Supervisory Check****Yes No N/A****If YES, carry out procedure as detailed in DS Supervisory CHECK and complete questions (a) and (b) below.**☐ ☐

(a) Are SAO Checks carried out according to SAO Procedures.

☐ ☐

(b) Are SAO errors/other issues identified on OFS A check listed below?

☐ ☐**Section B**

1. If Maximum Area Finalisation Letter (MAFL) has been returned have any penalties been imposed?

☐ ☐ ☐

2. Have all calculations on OFS 5M been rechecked.

☐ ☐

3. Has OFS 5M and spreadsheets been completed and forwarded to Organic Unit for payment

☐ ☐

4. Has a copy of the OFS 5M and spreadsheet been place on file

☐ ☐**Notes:****Signed:** _____ **D.S. Date:** _____

Annex 10 – Annual Declaration of Farming Activity - OFS 2 - Payment for Year 2013

This form ***MUST BE*** completed and **returned to your Local Office by 28th February 2014**, otherwise a penalty of 1% per working day will apply to the Organic Farming Scheme payments. If the delay in submission of the OFS 2 amounts to more than 25 calendar days, the application shall be deemed inadmissible and no aid shall be granted for the 2013 year.

REPS /OFS No: _____

Farmer (Name & Address):

If your Organic Operation consists of **Bovines only**, tick this Box.

☐

If your Organic Operation consists of **Crops/Grass (No Livestock)**, tick this Box

☐

All other livestock on your farm in 2013 should be included in the box below. (Total number on the farm at the end of each month to be included).

In this case, only complete Name and Address, AEOS/ BFCP box, REPS/Organic Farming Scheme No., and Declaration by Applicant.

Are you participating in: AEOS ☐ / Burren Farming for Conservation Programme (BFCP)? ☐

Actual number of animals at end of each month¹

Livestock Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ewe												
Hogget												
Goat (milking)												
Goat (non-milking)												
Horse ²												
Deer (red)												
Deer (Fallow/Sika)												
Sow (farrow to finish)												
Sow (farrow to weaner)												
Finishing Pig												
Laying Hen												
Broiler												
Turkey												

Declaration by Applicant:

I/we declare that, to the best of my/our knowledge, all particulars given on this form are correct. I/we agree to observe and be bound by the Terms and Conditions of the scheme and to make available all required information to the Department of Agriculture, Food & the Marine. I/we understand that it is the applicant's responsibility to acquaint himself/herself with the conditions of the Scheme.

Signature (*applicant1*): _____ Signature (*applicant 2*): _____ Date: _____

¹ For the first year complete from month of commencement of the Organic Farming Scheme and thereafter from the calendar year.

² Female or male horses of 2 years or older, with passport, in the organic operator's name indicating eligibility for human consumption and certified as organic by OCB. All other horses are ineligible and therefore cannot be included in calculating a participant's number of livestock units.

Annex 11 – Organic Farming Scheme Value For Money Review Stakeholder Consultation

Summary

Date: 21 August 2013

Location: Department of Finance, Tullamore, Co. Offaly

VFM Review Steering Group Representatives: Brendan Ingoldsby, Dan Clavin, Kevin McGeever, Joan Furlong, Noel Collins, Fintan O'Brien, Frank Macken, Niamh Callaghan

Group 1: John Purcell, John Flahavan, Mary Buckley, Vincent Cleary, Geoff Hamilton, Padraic Divilly

Group 2: Gavin Lynch, Organic Trust, Gillian Westbrook, IOFGA

Group 3: Pat Booth, Grace Maher, John Liston, E Mackey, Pat Lalor

The consultation focused on six questions as follows:

1. Are the stated objectives of the Scheme still valid or should they be amended?
2. To what extent has the OFS been successful in achieving its objectives?
3. How do you measure progress made against objectives?
4. In your experience of the OFS are there elements of the administration of the OFS which could be improved/made more efficient?
5. Given the ongoing pressure on public finances, what possible alternative approaches could be utilised to ensure a more efficient and effective OFS?
6. Are there any other issues relating to OFS which you wish to highlight?

The combined summarised responses of the various groups in respect of the above questions were:

Q 1 Are the stated objectives of the Scheme still valid or should they be amended?

While it was agreed that the stated objectives were still valid by all Groups, some amendments were suggested. Group 1 suggested that one objective should be “to increase the production base in order to replace imported organic products.” A common suggestion was that reference should be made to sustainability, emphasising “economic and environmentally sustainable organic production” or that a stated objective should be “to promote organic production as an environmental and economically sustainable farming system”. Group 2 also suggested that as the OFS is the principal tool to reach 5% target that this should be included as a stated objective. Group 3 reiterated the need to include reference to “sustainability” and pointed to the need for more focus on economic benefits of organic farming and keeping farmers in organic production.

Q2 To what extent has the OFS been successful in achieving its objectives?

The general consensus from the stakeholder consultation was that organic farming systems do deliver in respect of enhanced environmental benefits and in respect of enhanced animal welfare benefits but that it is difficult to quantify the contribution specifically made by the OFS. The Organic Control Body representatives highlighted the strong correlation each year between new entrants to organic production and those joining the OFS. The OFS was therefore deemed to be the main stimulus to entering organic production, thereby delivering on the enhanced environmental benefits and enhanced animal welfare benefits.

With regard to the objective of encouraging producers to respond to the market demand for organically produced food, problems were identified by stakeholders regarding the sourcing of organic milk, organic cereals and organic beef. The conclusion reached was that the OFS has not convinced enough farmers to convert to organics and that the current payment rates do not provide sufficient incentive to encourage farmers to convert or to stay in organic production. Notwithstanding this criticism, all the stakeholders emphasised that without the scheme farmers would not even consider coming into organic production and therefore that the Scheme is critical to longevity of organic production in Ireland. Stakeholders pointed out that the mandatory course has helped to increase awareness and bring a better quality farmer into organics. The increased quality of organic beef was also attributed to OFS participants. It was highlighted however that the Scheme has failed to make a significant contribution to meeting the demand for organic horticultural produce.

Q3 How do you measure progress made against objectives?

In measuring the progress made specifically in respect of meeting market demand for organically produced food, the following statistics were put forward by stakeholders:

- 10% of world market for organic baby food is now supplied by Ireland and sourced from OFS participants
- 68 new farmers entered organic production in 2013 through the OFS
- Ten years ago, there was a nil base in Ireland regarding organic oats. Today 3,000 tonnes of organic oats are sourced from Irish organic farmers. There is a strong correlation between this growth in organic oat production and OFS participation.

From a broader perspective, one stakeholder regarded the benchmark as the Food Harvest 2020 target of 5% of UAA under organic production. As the UAA under organic production is only 1.2% the progress made was deemed not to be satisfactory.

Q4 In your experience of the OFS are there elements of the administration of the OFS which could be improved/made more efficient?

Group 1 had no issue with administration of Scheme. They highlighted however perceived duplication between Bord Bia Inspection and OCB inspection. It was stated that the mandatory course has helped to filter and identify participants who are committed for the long term. A suggestion was made that funding for the course within the payment structure of the Scheme would be welcome and on a par with previous schemes such as REPS. Group 2 stated that the date of opening of the scheme should be regularised to maximise opportunity to apply. Department representative pointed out that the opening of the Scheme is dictated by confirmation of budget available. This group also stated the fact that OFS is paid late/last in the overall list of schemes causes a huge problem for the Sector. Group 3 reiterated the points made by Group 2.

Q5 Given the ongoing pressure on public finances, what possible alternative approaches could be utilised to ensure a more efficient and effective OFS?

A common recommendation was that an increase in payment rates would attract more applicants. Another recommendation was to have a 5 year option and a 7 year option. It was also suggested that an Organic Farming Scheme with a supplementary agri-environment measure built in as a top-up measure would be more of an incentive to participation. The importance of compatibility with other schemes was raised to ensure that OFS participants are not excluded from participation by virtue of their participation in OFS. More diversity within payment regime on a crop group basis was also suggested. The usefulness of a comparative analysis of profit monitor of organic v conventional was also highlighted.

Q6 Are there any other issues relating to OFS which you wish to highlight?

Group 1 highlighted the fact that without the OFS increased production of organic oats and large baby food contract with Germany would not have been achieved as both are largely supplied by OFS participants. The need for greater emphasis within Government policy was highlighted and the need for higher payment rates to attract in more farmers. Group 2 highlighted the need for a greater advisory service. This Group also stressed the wider benefits of organics as a test bed for sustainable practices, its contribution to local economies due to its labour intensive nature etc Group 3 emphasised the importance of discussion groups.

Annex 12 – Organic Farming Scheme Value For Money Review – Efficiency Staff
Questionnaire

June 2013

To: XXX Unit

The Department is currently carrying out a Value for Money Review on the Organic Farming Scheme. The Review of the Organic Farming Scheme forms part of the Department's ongoing focus on increased efficiency and effectiveness in public expenditure, and is one of a series of reviews which the Department has been undertaking in recent years.

As part of the Review, an examination of the efficiency with which the Scheme is administered is required. This examination will look at a number of aspects of efficiency including the timeliness, throughput and cost of the Scheme. In relation to the cost element, it will be necessary to compile data in relation to the staffing costs associated with the Scheme. Accordingly, I would appreciate if you could fill out the questionnaire attached in relation to the staffing costs associated with the Organic Farming Scheme in your Division.

In certain cases it may not be the case that a ring-fenced staffing resource is committed specifically to work on the Organic Farming Scheme. It is acknowledged that identifying and quantifying the resources used may be difficult. In such instances, it is requested that an estimate be provided in order to answer each question in the form attached.

The Management Advisory Committee have requested that the Review be completed in a short timeframe in order that the findings can feed into deliberations on the Estimates Process for 20XX. Accordingly I would appreciate if you could return the attached form to me (and copy to Noel Collins) by Friday XX June.

Questionnaires can be returned via email or by hardcopy to the address below.

Should you have any queries in relation to this matter please contact me at 057 8694462 or Noel Collins at 01 6072742.

Fintan O'Brien,
Economics and Planning Division,
Pavilion B,
Grattan Business Park,
Portlaoise

Staff Costs Questionnaire

Organic Farming Scheme

Section A – Background Information

Division: _____

Name of officer filling out questionnaire: _____

Contact phone number for officer: _____

Area of responsibility of officer: _____

Please outline briefly the nature of your Division’s involvement with the Organic Farming Scheme:

Section B – Identification of Staff costs

Please state below details in relation to the number of staff in your division dealing with the Organic Farming Scheme in 2012.

Grade _____ No. of staff at that grade _____ % of their time on OFS work _____

Grade _____ No. of staff at that grade _____ % of their time on OFS work _____

Grade _____ No. of staff at that grade _____ % of their time on OFS work _____

Grade _____ No. of staff at that grade _____ % of their time on OFS work _____

Grade _____ No. of staff at that grade _____ % of their time on OFS work _____

Please indicate below whether there is any reason why the staffing resources committed to the Organic Farming Scheme may be significantly higher or lower than the levels in previous years

Section C – Identification of Other Costs

If staff in your Division had to undertake overtime directly attributable to the Organic Farming Scheme during 2012, please estimate the annual cost of this overtime:

If staff in your Division had to incur Travel and Subsistence costs directly attributable to the Organic Farming Scheme during 2012, please estimate the annual costs of these expenses:

Please outline any additional details which you feel may be relevant to the exercise of quantifying the cost of administering the Organic Farming Scheme in DAFM

END