

EMFF OP 2014-2020

Implementation plan Covid-19 Aquaculture Support Scheme

Operational Programme	EMFF Operational Programme 2014-2020
Thematic Objective	TO 3 enhancing the competitiveness of small and medium-sized enterprises.
Priority	Union Priority 2 Sustainable Development of Aquaculture
Specific Objective	Specific objective 4: Promotion of aquaculture having a high level of environmental protection, and the promotion of animal health and welfare and of public health and safety
Scheme	Covid 19 Aquaculture Support Scheme
Legal Basis	Articles 55(1)(b) EMFF
Grant Rate	100%
EU Co-financing Rate	50%

1. Definitions

BIM means Bord Iascaigh Mhara, Ireland's Seafood Development Agency, the designated intermediate body administering this scheme;

EMFF means the European Maritime and Fisheries Fund (EU Regulation 508/2014);

EMFF OP means the operational programme for the EMFF;

Managing Authority means Marine Programmes Division, Department of Agriculture Food and the Marine

2. Objective of Intervention

The objective of this intervention is to assist in maintaining viable aquaculture enterprises which have suffered an economic shock in 2020 arising from a significant reduction in production or sales as a consequence of the Covid-19 Pandemic, so that these enterprises may recover and contribute to the sustainable growth of production, value and employment in the aquaculture sector in the years ahead.

3. Eligibility Criteria

This scheme is open to oyster and rope mussel farmers who:

- Have a statutory consent to engage in aquaculture and any necessary consent under the Foreshore Acts, and who are in compliance with the terms and conditions of those consents;
- For each of the years 2017, 2018 and 2019 complied with their legal obligation to submit returns to BIM of the Annual Aquaculture Production and Employment Survey. Businesses with less than 3 years production may be eligible if the business was set up in the last 3 years and this is the reason for which no return was received;
- Had stock on site during the period February to June 2020 and who submit a self-declaration to this effect;
- Suffered a reduction in production or sales in the period 1 February to 30 June 2020 as a consequence of the Covid 19 outbreak and who submit a self-declaration to this effect.
- Are admissible for EMFF aid pursuant to article 10 of the EMFF Regulation (508/2014) and have made the self-declaration required under that article.

4. Description of Intervention

Shellfish farming takes on average 24-30 months to get a crop to market. Shellfish must be harvested and sold at their peak, both to maximise value and to make room for the next crop / year class. If not sold at their peak, oysters may go beyond marketable size. Any residual value of the oyster stock for low-value processing may be negated by costs such as transport. In the case of mussels, Mature mussels may begin to drop from the ropes and be lost, while over the Summer months they may become fouled with a naturally occurring calcareous tube worm that renders them unsightly for the fresh market and unsuited to processing. The timing of and duration of the first wave of the Covid-19 Pandemic, together with the closure of the restaurant and food service markets in Europe and Asia for public health reasons, resulted in a significant reduction in sales of mature fresh oyster and rope mussel product, a reduction of 59% by volume for oysters and 34% for rope mussels. The Farmers impacted by these lost sales are SMEs with limited financial capacity to absorb these losses and thus the financial impact on these farmers risks the viability of otherwise good businesses with strong growth prospects.

This scheme will provide financial aid to rope mussel and oyster farmers who have suffered a reduction in production or sales in the period 1 February to 30 June 2020 as a consequence of the Covid-19 Pandemic. The aid will be in the form of a one-off payment. This payment will be designed to compensate the farmer for the cost of production of the products that they were unable to sell because of the Pandemic.

As the full financial impact on individual enterprises cannot easily be determined in 2020 and in order to reduce the administrative burden, a simplified cost approach will be taken. Using official data on production levels at an individual enterprise level in previous years, together with official data on cost of production and on exports for the period February to June, the average loss per business is calculated for each of three enterprise size classes. The methodology is explained in more detail in the Annex.

5. Selection Criteria

This is a non-competitive measure.

BIM will select applicants for funding under this scheme based on their meeting the eligibility criteria specified in section 3.

Step	Description	Carried Out By
1. Call for applications	Applications invited	BIM
2. Eligibility Check and evaluation	To ensure compliance and to assess validity	BIM
3. Grant Offer	Issue of letters of offer awarding EMFF funding.	BIM

6. Support Rates

Aid will be provided at 100% of eligible costs using a Simplified Cost approach. The calculations underlying these simplified costs are set out in the Annex to this document.

Aid will be paid in the form of one-off fixed payments having regard to the classification by BIM of applicants by their historic production levels using data held by BIM for the years 2017-2019 from the Annual Aquaculture Production and Employment Surveys.

These payments will be as follows:

	Rope Mussels			Oysters		
Enterprise Size Category	<50 T	50<100 T	≥100 T	<50 T	50<100 T	≥100 T
Fixed payment	€1,300	€3,600	€9,000	€6,800	€11,300	€16,300

7. Procedure for dealing with appeals

Applicants who are aggrieved with a determination by BIM concerning their application under this scheme may submit in writing an appeal to BIM and BIM shall have that appeal considered by an appeals officer designated for that purpose.

8. Monitoring and Reporting Arrangements

The following Output Indicator will be proposed for inclusion in the EMFF Operational Programme by way of Programme modification.

Indicator	Measurement Unit	Target Value 2023	Source of Information	Frequency of Reporting
No. of projects on increasing potential of aquaculture sites and measures on public and animal health	#	170	BIM	Annual

The Managing Authority or BIM will provide periodic updates to the Monitoring Committee on the progress of this Scheme. These updates will form part of the agenda for meetings of the Monitoring Committee.

BIM will provide information on the implementation of this Scheme to the Managing Authority to contribute to:

- The compilation of the Annual Implementation Report under article 114 of the EMFF Regulation to be transmitted to the Commission by 31 May each year.

- A Common Monitoring and Evaluation System under article 107 of the EMFF Regulation;
- Data on operations selected for funding required to be submitted to the Commission under Article 97(1)(a) of the EMFF Regulation by 31 March each year.

The Managing Authority will annually present information on the implementation of this Scheme to the Monitoring Committee through the Annual Implementation Report, which will be presented for the Committee's approval.

The Managing Authority and/or BIM will maintain a website providing details of this Scheme and its progress.

9. Information and Publicity

Beneficiaries (excluding natural persons) may be required to publicly acknowledge the EMFF aid under this scheme through appropriate information and publicity measures, as may be specified by BIM in letters of offer.

The Managing Authority and BIM will ensure compliance with Annex V of Commission Regulation 508/2014 concerning the provision of information on the Operational Programme and the co-funding provided by the Union.

10. Document Retention

In accordance with Article 140 of the Common Provisions Regulation (EC) 1303/2013, BIM and final beneficiaries will ensure that all supporting documents regarding expenditure, verification checks, certification and audits on operations for which total eligible expenditure is less than €1,000,000.00 are kept available for the EU Commission and Court of Auditors for a period of three years from 31 December following the submission of the accounts in which the expenditure of the operation is included.

The Managing Authority will inform BIM of the start date of the period referred to above.

Annex

Simplified Cost Calculation Methodology Covid-19 Aquaculture Support Scheme

Data sources

The data sources used in these simplified cost option calculations are as follows:

- Aquaculture Production and Employment Survey 2017-2019
- GTIS (Global trade and Information Service) utilising EUROSTAT data 2017- June 2020

Assumptions

Time period for aid

The Scheme is based on the period 1 February to 30 June 2020. While the impacts of the Pandemic may have been experienced by some producers earlier than February, the EMFF Regulation only allows aid from 1 February 2020. The latest available statistics on exports of oysters and mussels are to June 2020 and this coincides with an opening of European food service markets.

This gives a period of 5 months over which the aid is being calculated.

Categorisation of enterprises

The rope mussel and oyster sectors have been divided into small, medium, and large businesses based on averages of 3 years of production returns to the Aquaculture Production and Employment Survey 2017-2019.

- Small - Less than 50 tonnes
- Medium - 50 to less than 100 tonnes
- Large - Greater than or equal to 100 tonnes

Cost of production

As part of the annual Aquaculture Production and Employment Survey data, economic data is also collected, on a sample basis only, from aquaculture businesses to calculate cost of production. The quality and numbers of sample returns for this data is variable. The data for rope mussels and oyster producers was analysed over the period 2017-2019 into the categories above (small, medium, large). The rope mussel category showed data gaps in the small and medium sized businesses.

	Small	Medium	Large
Rope mussels	1	1	18
Oysters	16	7	6

Table 1 No of economic returns per business size category (source: Aquaculture Production and Employment Survey)

As only a single return was available in each of the small and medium rope mussel categories, the related data was considered unsafe and it was decided to exclude those categories from the calculations and instead use the cost of production figures from the 18 returns received in the large category as a proxy for the entire sector. This is justified by the good number of returns for this size category, the variable nature of production costs at an enterprise level and the similarity in average production costs seen for the three size categories of oyster businesses.

For the oyster businesses, use of an average cost of production figure for the entire sector was justified by the similarities in average costs for the three size categories.

The cost of production consists of the following categories:

- Wages and Salaries
- Energy costs
- Raw material costs: Livestock costs
- Repair and maintenance
- Other operational costs
- Depreciation of capital
- Financial costs, net

The cost of wages and salaries has been excluded from the cost of production used in the calculations as these costs are already supported by either the Temporary COVID-19 Wage Subsidy Scheme or the COVID-19 Pandemic Unemployment Payment.

The average cost of production for rope mussels and oysters based on the data sets as laid out above is calculated as follows:

	Rope mussels
Number of enterprises in analysis	18
Total cost of Wages and salaries	1,514,416
Total of Other direct costs	2,771,578
Total Cost of production	4,285,994
Total Cost less wages and salaries	2,771,578
Sales Volume in analysis (tonnes)	6,203
Cost Per tonne produced	691
Cost Per tonne less W&S	447

Table 2 Cost of production for rope mussels (source Aquaculture Production and Employment Survey)

	Farmed oysters
No. of enterprises in analysis	29
Total cost of Wages and salaries	4,829,285
Total of Other direct costs	5,320,346
Total Cost of production	10,149,631

Total Cost-W&S	5,320,346
Sales Volume in analysis (Tonnes)	2,779
Cost Per tonne produced	3,652
Cost Per tonne minus W&S	1,914

Table3 Cost of production for oysters (source Aquaculture Production and Employment Survey)

Loss of Sales

The loss of sales has been calculated using data is extracted from GTIS (Global trade and Information Service) which utilises EUROSTAT data which uses Customs and CSO data. The export data has been used as a direct indicator of reduction in sales as it represents the majority of sales for shellfish from Ireland and there is no other independent source of data on sales from first point of sale of shellfish available in Ireland.

In the calculation of the aid the reduction in export sales only has been used as the basis for the calculation as the income figures are related to profit rather than cost of production.

For the oyster sector the reduction in sales of the time period is 57%

For the mussel sector the reduction in sales over the time period is 34%

Calculation Methods

The maximum caps on aid for each category are based on the average calculated loss per business for each category and the available funding for the scheme of €1.5 million.

Rope mussel aid calculation

Row No	Tonnage produced in 2019	< 50	50 < 100	≥ 100	Total
1	Rope Mussel Businesses (no) (source Aqua Production and employment survey)	16	10	24	50
2	Total tonnes produced by category in 2019 (source Aqua Production and employment survey)	424.00	728.00	9,395.00	10,547.00

3	Monthly average production (tonnes) in 2019 (row 2/12)	35.33	60.67	782.92	878.92
4	Average production for 5 months Feb-June (Row 3 x 5)	176.67	303.33	3,914.58	4,394.58
5	Reduction in sales (34%) over 5-month period (tonnes)2019 vs 2020 (row 4 x 0.34)	60.07	103.13	1,330.96	1,494.16
6	Mussel COP per tonne less wages (table 2 for calculation)	€447	€447	€447	
7	Cost of production of lost sales minus wages (Row 4 x €447)	€26,849.80	€46,100.60	€594,938.38	€667,888.78
8	Average loss per business (Row 7/ Row 1)	1,678.11	4,610.06	24,789.10	
9	Capped Aid per applicant	€1,300	€3,600	€9,000	

Oyster Aid Calculation

Row No	Tonnage produced in 2019	< 50	50 < 100	≥ 100	Total
1	Oysters Businesses (no.) (source Aqua Production and Employment survey)	82	26	23	131
2	Total tonnes produced by category (source Aqua Production and Employment Survey)	1,447.63	1,534.60	6,868.26	9,850.49
3	Monthly average production (tonnes) (row 2/12)	120.64	127.88	572.36	820.87
4	Average production for 5 months Feb-June (Row 3 x 5)	603.18	639.42	2,861.78	4,104.37
5	Reduction in sales (57%) over 5-month period (tonnes) (row 4 x 0.57)	343.81	364.47	1,631.21	2,339.49
6	Oyster COP (less wages) per tonne (table 3 for calculation)	€1,914.00	€1,914.00	€1,914.00	
7	Cost of production minus wages (€) (Row 4 x €447)	€658,055	€697,590	€3,122,139	€4,477,785
8	Average loss per business (Row 7/ Row 1)	€8,025	€26,830	€135,745	

9	Capped Aid per applicant	€6,800	€11,300	€16,300	
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