The Potential of an Enhanced *Cooperation* Measure in the EAFRD (2014-2020): the case of Ireland

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1. Introduction

The need for diverse forms of cooperation involving *primary food suppliers*; *scientific, extension and industry agents*; and multiple *firms* is emphasised in Ireland's FOOD HARVEST 2020 strategy. While cooperation is an explicit objective of the strategy in addressing issues such as scale, fragmentation, coordination and pooling of skills and competencies, cooperation is also instrumental in expediting and enhancing the achievement of the strategy's broader goals in relation to innovation, productivity and efficiency. Cooperation activities (ranging from farm partnerships, contract rearing and producer groups/clusters; to multi-actor learning clusters such as discussion groups; to extension projects in technology transfer) as distinct from policy measures that offer short-term incentives to individual participants, are *organisational innovations,* entailing the development of new collaborative behaviours and relationships (new institutions). Involving the development of new collaborative behaviours and associated sharing of knowledge and expertise, cooperation activities have the potential to be longitudinally transformative - socially and economically – in creating conditions to realise structural change, participant diversity and associated enhancement of innovation and competitiveness in the agri-food sector. These benefits emerge from the increased scale and expanded resources of cooperation efforts, but also from the increased skill-sets and efficiencies of actors working together leading to new and innovative processes and products.

The current *Proposal for a Regulation of the European Parliament and of the Council on support for Rural Development by the European Agricultural Fund for Rural Development (EAFRD)* includes Article (36) *Cooperation* that is potentially instrumental for realising the objectives of FOOD HARVEST 2020[4]. The purpose of this report is to assess the scope and potential of Article 36 in the context of Irish agriculture and its findings have four key aspects. First, the main areas of confluence between Article 36 and primary policy objectives as set out in Food Harvest 2020 are identified. Second, a range of cooperation categories and types relevant to Article 36, many of which are operational in Ireland, are profiled. Third, drawing from case-studies of these co-operation types[5], the operational characteristics of each type are presented, focusing on compatibility with Article 36. Possible supports that would encourage and assist the formation and operation of the cooperation types on a broad scale into the future, and also any possible constraints that would prevent success, are indicated. Fourth, a brief discussion of some key implementation considerations arising from the analysis overall is presented.

[1] This report was funded by the Department of Agriculture, Food and the Marine (DAFM) through the National Rural Network (February-May, 2012).
[2] Rural Economy and Development Programme (REDP), Teagasc.
[3] Brosnan Communications.
[4] Article 36 is presented in Annex I.
[5] An overview of the case-studies of cooperation types, identifying the factors influencing formation; success; and difficulties/obstacles experienced is presented in Annex II.

2. Cooperation and FOOD HARVEST 2020

Article 36 is deliberately broad and is intended by the European Commission to accommodate diverse forms of cooperation activity that respond to the different development conditions and rural structures of member states. There is an expectation that Article 36 will be implemented in such a way that is tailored to suit member states' needs (ICOS, 2012) in accommodating a diversity of cooperation types. COM (2011, p.19) states, "it has become clear that supporting a much broader range of types of cooperation, with a wider range of beneficiaries, from small operators to larger ones, can contribute to achieving the objectives of rural development policy by helping operators in rural areas to overcome the economic, environmental and other disadvantages of fragmentation". The rationale underpinning Article 36 is to address the issue of poor coordination and fragmentation among actors in the agri-food sector and also to improve innovation through the pooling of skills, competencies and networks.

Article 36 differentiates between three broad types of cooperation activity: *cooperation activity involving two or more actors in agriculture, the food chain or forestry* (e.g. farm partnerships; share milking; producer groups; bio-energy groups); *clusters or networks* (e.g. discussion groups; farm clusters); and *operational groups for agricultural productivity and sustainability* (e.g. the Dairy Efficiency Programme; Teagasc's BETTER Farm Programme; Teagasc Monitor Farms). These broad types of cooperation activity are instrumental to achieving the smart, green, growth strategy of FOOD HARVEST 2020 in the following ways:

Smart

Cooperation activity is definitive of how FOOD HARVEST 2020 strategises a smart agri-food economy. The development of *new working relationships*, new *collaborations and convergences*, the *piloting of new product streams, greater partnership between industry and science*, enhancing levels of *productivity and competitiveness*, and *developing leadership* is identified as critical to the 'Smart' approach (FOOD HARVEST 2020, p. 4).

Article 36 explicitly supports all of these various types of cooperation activity. *Horizontal and vertical co-operation among supply chain actors for the establishment of logistic platforms to promote short supply chains and local markets* (Article 36, 2d), involving cooperation between primary food producers and between food producers and processors, for example, is consistent with the objectives of FOOD HARVEST 2020 (p.4) to develop *new working relationships* and *new collaborations and convergences*. The cooperation effort involving processors and primary food producers underpinning 'Farmers to Market' production of chicken is one successful example of *enhanced market responsiveness* and established firms collaborating together *pilot new product streams* as advocated in FOOD HARVEST 2020 (P.4).

The establishment and operation of operational groups of the EIP for agricultural productivity and sustainability[6], critical to the smart approach of FOOD HARVEST 2020[7], is supported by Article 36 (1c). Examples of such operational groups are the Teagasc/Irish Farmer's Journal BETTER Farm Programme and Teagasc Monitor Farms that involve end-users (farmers) and *greater partnership between industry and science* to enhance knowledge transfer (FOOD HARVEST 2020, p.4). These are types of cooperation activity are directly instrumental for achieving the FOOD HARVEST 2020 strategy, with *skills, training and education* and *technology*

[6] See also Article 62.

[7] FOOD HARVEST 2020 (p.36) states "enhanced collaboration between State agencies is required to ensure that relevant research outputs are applied at farm level, especially through the greater use of the BETTER farms programme and discussion groups. Primary producers must be encouraged to optimise efficiency by adopting new technology and best commercial practice. Attendance at relevant discussion group meetings, farm walks and demonstration events should be built into the conditions of new schemes as appropriate".

transfer ranked as critical across many sectors (FOOD HARVEST 2020, p.16). Capacity-building efforts to promote innovation and knowledge transfer such as agricultural discussion groups, recognised as cooperation clusters or operational groups under Article 36 (1b, 1c), are essential for both stimulating and providing fora for *leadership* (FOOD HARVEST 2020, p.4).

Green

Cooperation is required for high-impact environmental projects facilitating *reduced input costs particularly on energy* and *the development of renewable energy* sources (FOOD HARVEST 2020, p.5). Cooperation is also instrumental for the development of goods and value chains that *promote positive branding of Ireland as green and clean,* responding to the *growing consumer demand for products that are produced and branded ethically* (FOOD HARVEST 2020, p. 5, p.41). Alternative energy production is identified as a key industry-level challenge (FOOD HARVEST 2020, p. 20)

Critical mass is vital to ensuring the future viability of the energy crop sector in Ireland. Irish groups involved in the production and supply of miscanthus is one example of horizontal cooperation in this regard. Such groups are supported by Article 36 (2h), which specifies support for *horizontal and vertical cooperation among supply chain actors in the sustainable production of biomass for use in food, energy production and industrial processes*. The premise of Article 36 in relation to environmental projects is that projects involving scale have greater impact: "*Support for collective approaches to environmental projects and practices should help to provide greater and more consistent environmental and climate benefits than can be delivered by individual operators acting without reference to others (for example, through practices applied on larger unbroken areas of land)"* (COM, 2011, p.19).

Cooperation projects involving the coordination of small food producers participating in short value chains are relevant to exploiting the green market opportunities identified in FoodHarvest 2020. Producer groups such as 'Ring of Kerry Quality Lamb' use their *'clean and green'* local environment to brand and differentiate their products in the market, which is advocated in FOOD HARVEST 2020 as an integral component of *'Brand Ireland'* (FOOD HARVEST 2020, p. 31). The promotion of 'local markets' is specified in Article 36 (2e): *promotion activities in a local context relating to the development of short supply chains and local markets.* Whether for local, national or export markets, producer groups are critical to developing critical mass of differentiated, premium Irish products to have a strong market presence and to enhance Ireland's status in the profile of foods registered with the EC according to denomination of origin (Protected Geographical Indication / Protected Designation of Origin / Traditional Speciality Guaranteed).

Growth

The *growth* element of Ireland's FOOD HARVEST 2020 strategy is very much tied in with its *smart* element, particularly with regard to cooperation. Cooperation directly responds to the need to address through a *smart* approach fragmentation and consolidation, which are recognised as critical factors determining future growth and competitiveness of Ireland's agri-food sector (FOOD HARVEST 2020, p. 7). For primary producers, considering Irish land mobility characteristics, cooperation between existing farmers/farm families is a promising means of achieving *greater economies of scale through a less fragmented production base* (FOOD HARVEST 2020, p. 7). Article 36 provides support for *support small operators to organise joint work processes and share facilities and resources, [which] should help them to be economically viable despite their small scale* (COM, 2011, p.19). Cooperation forms such as farm partnerships and contract rearing are relevant here and also discussion groups and farm clusters, which have significant potential in coordinating the activities of single operators including the purchasing of feed and engaging in contracts with

processors/retailers.

FOOD HARVEST 2020 also highlights a critical need for *greater value chain coordination; processing coordination*; and *coordinated and resourced marketing campaigns including those under an umbrella brand for Ireland* (FOOD HARVEST 2020, p. 7). Article 36 (2d) supports horizontal and vertical forms of cooperation involving primary producers and actors such as processors. Large cooperation entities such as 'Responsible Irish Fish', which is a branding and certification cooperative, cooperate with processors in promoting a differentiated and premium product in the market. The result is *less exposure to price volatility* (FOOD HARVEST 2020, p.7) in comparison to undifferentiated world commodities. Opportunities for such cooperation entities and also for farm clusters to cooperate to achieve the necessary scale and volume of product in dealing with processors, distributors and export markets, stand to be pursued. Large cooperation entities, such as Producer Organisations (POs), Inter-Branch Organisations (IBOs) and, arguably, Federated Cooperatives (umbrella cooperatives of small producer groups/cooperatives) that *contribute to achieving the objectives and priorities of rural development policy* are eligible for support under Article 36 (1a).

3. Cooperation in Irish Agriculture

Three broad categories of cooperation activity are specified in Article 36: *cooperation in production; clusters/networks; and operational groups of the European Innovation Partnership (EIP).* For the purposes of this report, a representative group of main types of cooperation activity in Ireland's agri-food sector corresponding to these three categories were selected for case-study analysis. Actors directly involved in the cooperation activities were interviewed. In addition, 'key informants', actors who are experts in a particular type of cooperation activity as extension agents or other professionals, were interviewed. Such actors could give informed views in relation to past experiences and future potential of cooperation activities. Secondary analysis of data and literature relevant to the case-studies was undertaken. An overview of the findings of the individual case-studies, listed below, is presented in Annex II.

Table 1: Categories of Cooperation Activity: Irish Agriculture

Cooperation in production	• Cooperation in Primary Production (farm partnerships, share farming, contract rearing) • Producer Groups • Cooperation in Forestry • Cooperation in Energy Production • Inter-Branch Organisations and Federated Cooperatives
Clusters/networks	• Agricultural Discussion Groups • Farm Clusters
Operational groups of the European Innovation Partnership (EIP)	• Multi-Actor Cooperation for Technology Design and Adoption (BETTER Farm Programme) • Cooperation for Piloting New Technologies (Monitor Farms)

4. Ireland's Cooperation Types: future development and compatibility with Article 36

The case-studies of each of the cooperation types set out above sought to profile their main operational characteristics and to assess their compatibility with Article 36. The supports of optimal relevance and benefit to end-users involved in cooperation entities were identified, and how these supports correspond to the supports (eligible costs) set out in Article 36 was established. Table 2 presents an overview of how the case-study cooperation entities correspond to eligible cooperation types, activities and costs as set out in Article 36. The following discussion expands on the case-study data (an overview of which is presented in Annex II), noting some key considerations for the

implementation/adaptation of Article 36 so that it can be of optimal support to the cooperation types studied.

Article 36 1(a) ***Co-operation approaches among different actors in the Union agriculture and food chain, forestry sector and among other actors that contribute to achieving the objectives and priorities of rural development policy, including inter-branch organisations***

4.1.1 ***Cooperation in Primary Production***: Primary producers cooperate in various ways to improve scale, efficiency, productivity and farm-based innovation. Cooperation activities such as farm partnerships; share farming; share milking; and contract rearing are noted to give rise to several benefits for farm performance and social sustainability in rural areas (Hennessy *et al*., 2009; Macken-Walsh, 2011b). In this light, FOOD HARVEST 2020 (p.18) states, "Any remaining obstacles to partnership formation and other new models of farming should be removed". It is acknowledged that improved productivity and efficiency result from increased scale, combined resources and facilities, and pooling of producers' expertise and skill-sets (DAFM, 2011). Primary producers require assistance and information on best practice in establishing workable cooperation activities, particularly in establishing complex farm partnership agreements. Producers involved in cooperation activities also require ongoing support in maintaining workable, fruitful cooperation activities.

Cooperation among primary producers has been demonstrated to be workable in Ireland and in countries across Europe but for its widespread establishment, targeted support and promotion programmes are required. Comparative to Ireland, other European countries such as France and Norway have a far greater number of primary producers involved in cooperation activities. In the five years subsequent to the introduction of farm partnerships in Norway and in Ireland, for example, the Norwegian rate of uptake was over double the corresponding rate of uptake in Ireland (Macken-Walsh, 2011b). As part of its strategy towards meeting the objectives of FOOD HARVEST 2020 it is critical for Ireland to strive to achieve levels of uptake comparable to other EU member states.

Article 36 has the potential to assist the process of promoting greater uptake of cooperation among primary producers. Animation and facilitation of farmers to become involved in cooperation activities is needed, and such is recognised as an eligible cost in Article 36 (5b: Animation, Training, Networking). Agricultural extension agencies such as Teagasc, which recruit and train facilitators to implement programmes such as the Dairy Efficiency Programme (DEP) and the Beef Technology Adoption Programme (BTAP), could potentially coordinate animation and networking extension supports to facilitate the establishment of cooperation activities. Teagasc advisory services and private consultants, as potential beneficiaries of Article 36, can be supported to undertake programmes to comprehensively facilitate farmers' establishment of cooperation activities using, for example, an group extension method such as an incubation group model (Macken-Walsh and Roche, 2012). Successful working models of programmes to encourage farmers' uptake of joint farming ventures are the 'Fresh Start Initiative' in Cornwall, UK and the 'Farm On' programme in Wisconsin, US[8].

Sophisticated templates/specimen agreements have been developed by multi-stakeholder efforts to provide templates for successful cooperation and it is important that primary producers use these templates as they provide a vital regulatory and protective function to the parties involved[9]. Of critical importance is that farmers are facilitated to contemplate cooperation options in an informed way and that they customise their cooperation agreements to have maximum effectiveness (Macken-Walsh and Roche, 2012). This is particularly the case in relation to more complex cooperation agreements such as farm partnerships. Support eligible under Article 36 to finance the process of developing a

[8] http://datcp.wi.gov/Farms/Wisconsin_Farm_Center/Farm_Transfers/Farm_Link/index.aspx

[9] For example, Specimen Agreements for Milk Production Partnerships; Share Farming; and Contract Rearing published by Teagasc.

Table 2: Overview of Compatibility of Cooperation Types with Article 36

Cooperation Action	Cooperation in Primary Production	Producer Groups	Cooperation in Certification and Branding	Multifaceted Cooperation Entities	Cooperation in Energy Production	Inter-Branch /Federated Organisations	Agricultural Discussion Groups	Farm Clusters	Multi-Actor Cooperation for Technology Adoption	Cooperation for Piloting new Technologies
Article 36										
Eligible Type										
1 (a) Cooperation	✓	✓	✓	✓	✓	✓				
1(b) Clusters, Networks							✓	✓		
1 (c) EIP									✓	✓
Eligible Activities										
2 (a) Pilot Projects										✓
2 (b) New Products, Practices, Processes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2 (c) Joint Work Processes	✓	✓	✓	✓	✓	✓		✓	✓	✓
2 (d) Logistic Platforms, Short Supply Chains		✓	✓	✓	✓	✓		✓		
2 (e) Promotion, Short Supply Chains		✓	✓	✓	✓	✓		✓		
2 (f) Climate change					✓	✓	✓	✓	✓	✓
2 (g) Environmental		✓	✓	✓	✓	✓	✓	✓	✓	✓
2 (h) Biomass					✓					
2 (i) Public/Private					✓				✓	✓
2 (j) Forest Management										
Eligible Costs										
5 (a) Planning and strategising	●	●	●	●	●	●	●	●	●	●
5 (b) Animation, Training, Networking	●	●	•	•	●	●	●	●	●	●
5 (c) Running Costs	•	•	•	•	●	•	•	●	•	•
5 (d) Direct implementation costs/innovation	•	•	•	•	●	•	•	•	●	●
5 (e) Promotion		●	●	●	●	●		•	•	•

● : *of critical importance*; ● : *of major importance;* • : *important*

comprehensive cooperation agreement, which can be protracted and expensive as a result of legal and other professional fees, is of utmost importance to farmers. Article 36 (5a), by supporting costs associated with farmers' planning processes, may incentivise farmers to put in place comprehensive, workable farm partnership agreements.

'Running costs' are also eligible under Article 36 (5c). One of the main running costs is the annual registration fee for Milk Production Partnerships (currently paid by farmers to Teagasc), which in the future will probably extend to other formalised partnership types and cooperation activities. This fee supports the operation of existing agreements and maintains the farm partnership register. More in-depth facilitation supports for those involved in cooperation activities to periodically review and possibly enhance their arrangements would be of benefit and such running costs could potentially correspond to Article 36 (5c).

Costs associated with implementing cooperation activities, such as new roadways and facilities, could theoretically be supported under Article 36 (5d: direct implementation costs). However, there are issues relating to legal ownership and the upholding of eligibility criteria that must be considered when deciding eligibility of direct implementation costs under Article 36. If an investment in the form of a fixed asset such as a farm building is co-financed by a Farm Partnership, for example, in the event of the dissolution of the Farm Partnership, the farmers ideally[10] rely on the terms of agreed written provisions underpinning their cooperation activity. Such written agreements, for example, may stipulate that the farmer on whose land the fixed asset is located must buy the other farmer out. In cases where the fixed assed has been part-financed through a funding measure, complexities arise in relation to the status of a fixed asset where the cooperation activity has been dissolved or discontinued. In the absence of a need for one farmer to buy the other out to the full market value of the asset (conferring advantages on one farmer over the other), and considering the discontinuation of the cooperation agreement upon which the funding of the asset was originally conditional, the status of the asset in the context of a discontinued cooperation agreement is uncertain. While an option is to make funding of fixed assets conditional on the cooperation activity remaining in place for a minimum duration (five years, for example), such may be counter-productive in the sense that a major factor positively influencing farmers' willingness to enter into cooperation activities is that they are free to discontinue the cooperation activity at any time (Macken-Walsh and Roche, 2012). Enforcing a five-year minimum duration may disincentivise farmers and also may be counterproductive in enforcing farmers to remain for longer than necessary in unworkable agreements. Instead, a greater emphasis on facilitation supports to review, enhance and support workable cooperation agreements funded under Article 36 (5c: running costs) could potentially be more productive.

In the case that direct implementation costs associated with farm partnerships/contract rearing etc., such as new farming buildings to service the cooperation activity, are decided to be ineligible for funding under Article 36, it is possible that such projects may be eligible for funding under more traditional farm investment and modernisation measures independently of cooperation agreements and Article 36. Written agreements underpinning cooperation ventures can provide for and regulate the shared use of farm resources and facilities that are financed and owned by individual participants in the cooperative ventures.

4.1.2 Producer Groups: For the purposes of this report, Producer Groups are understood as groups established by primary producers, generally located in one geographical location, that promote a differentiated product in the marketplace. Though such groups are generally small, typically involving 10-25 farmers[11], they cooperate to achieve some degree of scale to facilitate collective branding,

[10] In cases where there is no written agreement, serious disputes can potentially arise and there is an absence of a pre-defined process to deal with such disputes (such processes are set out in formalized written agreements).
[11] While the number of members in Irish producer groups is typically small, there can be over 100 (occasional) input suppliers to the groups, such as the case of Connemara Hill Lamb.

marketing, processing and direct retailing. The groups are important to pursuing growing opportunities in niche, differentiated and premium foods markets that are branded according to the 'clean and green' production environments and standards emphasised in Food Harvest2020. Producer groups are instrumental to improving Ireland's status in the profile of foods registered with the EC according to denomination of origin (Protected Geographical Indication / Protected Designation of Origin / Traditional Speciality Guaranteed). Examples of producer groups in Ireland are: Ring of Kerry Lamb; Little Milk Company; Connemara Hill Lamb; Mayo Lamb Direct; Burren Beef & Lamb; and the Blackcurrant Growers Group. Many such groups receive a higher price than commodity prices for their products but can experience difficulties in undertaking and coordinating the range of production, processing, marketing and distribution tasks involved (Macken-Walsh, 2011a). They operate at a small scale and consistency of supply can be problem. There are models for cooperation between producer groups that address such problems. 'Umbrella' cooperatives of producer groups/small cooperatives (federated cooperatives[12]) have demonstrated success internationally in coordinating and enhancing marketing, processing, distribution and flows of product. Article 36 has the potential to support producer groups and also cooperation entities between producer groups, such as federated cooperatives.

The legal status of producer groups varies and in Ireland producer groups are organised as informally operating groups; cooperatives; private companies limited by shares; and private companies limited by guarantee not having a share capital. It is advisable that due to issues such as public liability that producer groups have some type of formalised legal status. Producer groups currently have no representative or coordinating agency and there is no representative view in relation to the legal status that is most conducive to producer groups' operation. There are numerous studies that point to the benefits of cooperative structure in comparison to Private Limited Companies (PLCs) (see, for example, Boyle, 2004) and the conduciveness of a federated cooperative structure to supporting small producer groups (Macken-Walsh, 2011a).

It is important that producer groups have a common and identifiable legal status so that their operation can be understood, supported and developed in a structured and iterative way. Agriculture policy provisions/support from schemes for specific groups are often contingent on such groups having a defined status. The planning and strategising support offered by Article 36 (5a) has the potential to aid producers to acquire formalised legal status, and to draw up comprehensive management and business plans with the assistance of professionals. In the short to mid-term, given the inconsistencies in legal status among producer groups, it may transpire that producer groups with any type of formalised legal status are eligible for support under Article 36[13] to facilitate uptake of measures offered by the Article.

Animation, training and networking support, provided by Article 35 (5a) can potentially facilitate producer groups to establish at local levels. Producer groups (as distinct from farm clusters, discussed further on) typically promote premium, differentiated products. Using innovative animation techniques, local farmers families could be facilitated to appraise local food heritage (indigenous breeds, gastronomy). The objective would be facilitate the formation of producer groups to valorise this local food heritage in pursuing niche markets and registration of food products according to denomination of origin. Agencies such as Teagasc, Enterprise Ireland or County & City Enterprise Boards could potentially issue tenders for such animation activities.

Producer groups can have different needs in terms of running costs (5c), direct implementation costs (5d) and promotion costs (5e). Smaller producer groups such as Ring of Kerry Quality Lamb have an agreement with external processors and distributors whose services are contracted by the producer group. Larger groups such as Farmers to Market involve a processor as a key partner/shareholder

[12] Carbery Cooperative is the most prominent, if only, Irish federated cooperative.

[13] Article 28 *Producer Groups* recognises a producer group as any group that has a business plan indicating that they are operating as a producer groups.

who takes responsibility for the commercial aspects of the business including branding, marketing, sales and distribution. Larger producer groups with higher volume of product, such as Farmers to Market, because of the involvement of a prominent processor as a partner in the cooperation activity, concentrate mainly on coordination of production processes. Smaller producer groups, by contrast, in the absence of sufficient scale to engage a dedicated employee/subcontractor, often require producers themselves to undertake coordination of production, processing, packaging, distribution and undertaking of sales, marketing and public relations. While support for the formation of new producer groups is clearly eligible for support under Article 36, eligibility for producer groups to cooperate together should also be eligible. Qualifying as organisations cooperating in a broadly similar ways to POs /IBOs, Federated Cooperatives (structuring cooperation between several producer groups/small cooperatives) have the potential to overcome some of the key inhibitors to producer groups' success.

Producer groups, because they sell products directly to consumers, have running costs specific to their cooperation activity such as quality control costs, website maintenance, direct sales and distribution. They also have processing costs, which is typically contracted to a third party processor. Given the processing capacity in Ireland, there may be a weak business case for establishing individual processing facilities to directly serve producer groups individually. Also, the legal status of assets financed under Article 35 (5d) (direct implementation costs) in terms of ownership is uncertain (see discussion under *cooperation in primary production*, p.4). Instead, a growth in a culture of cooperation between producers and processors warrants to be fostered and strengthened, perhaps using financial incentives associated with eligible costs under Article 36 (5c: running costs or 5d: direct implementation costs).

Because producer groups are selling differentiated, premium products directly to the consumer, promotional activities are critical to their success. Associated costs under Article 36(e) include advertising, marketing, and attendance at trade fairs/promotional events, networking, and organisation of public relations events. Support to assist with these costs is particularly crucial in early stages of the business, which falls within the scope of the funding duration specified by Article 36 (first seven years of the cooperation activity).

4.1.3 Cooperation for Branding and Certification: Cooperation activities focusing on branding and certification are generally cooperatives that represent producers and collaborate with existing cooperatives and processors. They are distinctive in the sense that they themselves do not undertake coordination of flows of product, sales, processing or distribution. Responsible Irish Fish, as the primary example of such a cooperation entity in Ireland and representing a blueprint for cooperation in other food sectors, focuses entirely on quality control, environmental standards, and brand promotion. Responsible Irish Fish is owned and operated by fishermen. The product promoted by Responsible Irish Fish, certified and branded according to responsible fishing standards and Irish origin (in terms of both fishing waters and fishing vessels), is a differentiated product on the market. It is relatively less differentiated than products with regional denomination (such as Connemara Hill Lamb, for example) so it can operate at a far larger scale. Responsible Irish Fish is a cooperative that operates as a representative organisation of 105 fishing vessels (a significant proportion of the total 240 Irish fishing vessels) in liaising with existing processors and large fish cooperatives. It has a distinctive logo that differentiates its fish products, and processors and large fish distributing companies channel the products to the relevant markets.

The business and strategic planning support offered by Article 36 (5a) is critically important to such cooperation entities and such planning is the bedrock of their activity.

In order to promote the establishment of cooperation activities for branding and certification among Irish primary food producers, Article 36 (5b) (animation, training and networking activities) holds significant potential. A distinctive aspect of cooperation activities for branding and certification is that

they typically large and mobilised by one 'leader' or a small group of 'leaders' (dissimilar to smaller, locally-mobilised producer groups where most members are involved in the initial stages). Animation, training and networking activities (Article 36, 5b) relevant to the support of such leaders and animators of large groups is potentially oriented to making successful case-studies and innovative ideas accessible to potential leaders so that they can 'run with' new models of doing business. In the case of Responsible Irish Fish, its leader was exposed to a BIM 'road-show' of experience from Australia. It is a branding and certification cooperation model that is transferable to other food sectors, for example fresh meats branded according to environmental sustainability e.g. REPS/AEOS compliance. Article 36 (7) states that 'Co-operation among actors located in different regions or Member States shall also be eligible for support'. In this regard, international cooperation in animation, training and networking (Article 36, p. 5b) has significant potential (similar to the LEADER programme's transnational measure).

Running costs are mostly confined to coordination costs (labour) and website costs. Similar to other cooperation activities promoting a differentiated product, branding and certification cooperation entities are reliant on a large promotion effort, which is potentially supported by Article 36 (5e).

4.1.4 Multifaceted Cooperation Entities: Multi-faceted cooperation entities are large cooperative businesses that can involve thousands of members/shareholders. They are distinct from *producer groups* on the basis that operate on a larger scale and engage in a multitude of functions, and distinct from *branding and certification cooperation* activities because they undertake production, processing and distribution. An example is Donegal Rapeseed Oil, which is a subsidiary company that emerged from an existing cooperative of 6000 members (the Donegal Farm Relief Service). Donegal Rapeseed Oil, which began as a bio-energy project, required significant investment from the parent cooperative in terms of engineering and equipment. It has sophisticated branding and distribution infrastructure and is a relatively large-scale project that is focused on developing additional aspects to its business into the future. Although Donegal Rapeseed Oil is a relatively large entrepreneurial business that emerged as a result of the strategic development plan of a large 6000-member cooperative (as distinct from, for example, a small local initiative involving a small number of farmers), a critical aspect is the cooperation of primary producers at the base of its operation. Large numbers of primary producers, engaged in coordinated production processes, can be dependent on the commercial success of large and innovative multifaceted cooperation entities such as the Donegal Farm Relief Services.

Business and strategic planning is necessary for the rapeseed oil business, as supported by Article 36 (5a). Animation, training and networking supports (Article 36, 5b) would potentially be of most support if available through transnational cooperation (elaborated under *Cooperation for Branding and Certification*, above). Running costs (5c) are similar to producer groups/branding and certification cooperation and amount to website costs and management costs. Promotion (Article 36, 5e) is a critical aspect of the rapeseed oil business, particularly as a new product. Direct implementation costs, such as machinery and engineering, may also be eligible for financial support under Article 36 (5d). For large companies with secure financial histories that wish to engage in new subsidiary cooperation ventures, part-financing significant direct implementation costs associated with experimental methods of processing and production may represent an incentive.

4.1.5 Cooperation in Energy Production: there is a range of cooperation activities pursuing energy production in Ireland. The full range, including wind, bioenergy, solar and geothermal, is set out in Comhar (2011). Cooperation activities involving energy production take various legal forms, with farming groups advocating a cooperative legal structure[14]. Similar to other forms of cooperation, it is recommended that entities applying for assistance under Article 36 are legally registered rather than operating informally due to liability issues among others (see discussion on 'Cooperation in Primary

[14] See Young (2011) and Waterford Renewable Energy http://wrecoop.homestead.com/

Production', above). While cooperation approaches involving farmers to establishing and exploiting anaerobic digesters are common in other European countries, such as Denmark's Community Anaerobic Digesters (CADs), they do not exist in Ireland. One factor mitigating against Ireland in this regard are the high civil costs associated with the installation of district heated piping, an integral aspect of the required infrastructure. Among primary producers in agriculture, the most prevalent form of cooperation activity in energy production is the miscanthus supply chain, which currently covers 3,000 hectares in Ireland and involves three farmer-owned groups. Such groups involve farmers who grow, harvest and process the miscanthus bio-energy crop. A factor mitigating against the growth in number of such groups the lack of supply chain and market development that constricts the logistic and economic viability of bio-energy supply chains. Funding support for research and development, installation and running costs and the development of bioenergy markets is identified as critical to encouraging farmers' engagement in bioenergy and other forms of energy production.

Business and strategic planning (Article 36, 5a) is critical as primary producers experience challenges in developing new production methods, identifying/developing new markets for bioenergy products, and addressing infrastructure issues (FOOD HARVEST 2020, p. 27)[15]. Animation, training and networking (Article 36, 5b) is necessary to encourage a greater number of farmers to grow energy crops. While funding the various costs associated with establishing and operating bioenergy production groups represents an important incentive, a potentially effective aspect of animation is the development of pilot or model projects. Public sector organisations could potentially be encouraged with the support of Article 36 (5b) to cooperate with farmer-owned bioenergy production groups in the establishment of woodchip/woodpellet biomass boilers and Combined Heat and Power (CHP) systems (producing heat and energy from forest pulpwood). Such projects correspond to the 'public/private' cooperation referred to in Article 36. 'Innovation grants' could also be channelled through agencies such as Enterprise Ireland to prospective boiler manufacturers to generate technologies that offset harmful by-products such as particulates and NOx (nitrogen oxide emissions).

Due to the relatively new status of bioenergy production in Ireland, primary producers require incentives to offset some of the financial risks associated with installation. For the first five years, there is typically no cash-flow in energy crops and this can represent a major disincentive for farmers engaging in energy crop production. To offset this disincentive, financial assistance with running costs (Article 35, 5c) particularly with drying, transport, labour costs would be beneficial. A critical incentive required to encourage alternative energy production is a mechanism to compensate costs associated with installation (buildings, weigh-bridges, planters, harvesters, drying equipment, processing (grading, pelleting, briquetting, granulating) equipment). Article 36 (5d: direct implementation costs) is of potential assistance in this regard.

The promotion support offered by Article 36 (5e) could effectively be used by agencies promoting energy production by designing comprehensive information and learning campaigns for farmers to access scientific and market-oriented information on new forms of energy production. Furthermore, intensive marketing campaigns to promote new bio-energy products to consumers are required.

4.1.6 Cooperation in Forestry: A limited version of the currently proposed Article 36, restricted to cooperation in forestry, is included in the current CAP and was originally included in Ireland's Rural Development Programme (RDP) (2007-2013). Forestry has since been withdrawn from the RDP (2007-2013). However, projects compatible with the cooperation measure have been funded, such as the following[16]:

- Monitoring Quality of Supplied Wood Chip (Waterford Institute of Technology) (research and development project)
- Resourcing Charcoal Production and Marketing Network (research and development project)

[15] FOOD HARVEST 2020 (p. 27) recognises significant opportunities in wind energy production, however.

[16] Information on projects such as these may be sought from Mr. Richard Gregg, Forest Service, Department of Agriculture, Food and the Marine.

- Production, Marketing and Sale of Wood Fuel from Forest Thinnings (research and development project)
- Co. Clare Wood Energy Project

With the future role of forestry in the RDP remaining unclear, and a lack of available information on activities implemented to date, such projects are not included as case-studies in the current exercise.

4.1.7 Inter-Branch Organisations and Federated Cooperatives*:* Inter-branch Organisations (IBOs) are recognised as such by the EC on the basis that they are based in one or more European regions and hold a significant proportion of the market share in those regions. An IBO is a representative body[17] or union of producers/Producer Organisations[18] (PO) that subscribes to and promotes various rules and procedures set out by the European Commission (see, for example, DG-AGRI, 2011). There are no IBOs in Ireland as Ireland's Producer Organisations are limited in number and relatively small in scale. Furthermore, as IBOs involve predominantly horticultural POs, and considering that Ireland imports the majority of its fruit and vegetable requirements, Irish POs do not have a dominant market share in any Irish region. IBOs are prevalent in France.

The main policy objective of IBOs is to support vertical cooperation along the supply chain and to promote in particular cooperation between producers, and between producers and retailers. However, the experience in practice is that retailers can dominate how IBOs operate, particularly in relation to stipulating to producers production and product standards and characteristics. It is the considered view of some key informants that IBOs are facilitating the shift in monitoring responsibilities of production and product standards away from statutory agencies to private retail conglomerates that are driven by corporate mandates.

Federated Cooperatives are umbrella cooperatives involving a number of producer groups/cooperatives. There is one such cooperative in Ireland, the Carbery Cooperative. Federated Cooperatives are prevalent internationally, particularly in the US, where the federated model is used to promote a collective of small producer groups/cooperatives that individually can have insufficient scale and resources to operate efficiently[19] (Gray, 2009; Macken-Walsh, 2011). Federated cooperatives in this context provide and coordinate marketing, processing, distribution and sales

[17] There are also Associations of Producer Organisations.

[18] Producer Organisations (POs) are similar to branding and certification cooperation entities (discussed above) but have distinctive organisational characteristics and the support of dedicated EC schemes (Council Regulation (EC) No. 1234/2007 and Commission Regulation (EC) No. 1580/2007). POs are specific to the horticulture sector in Ireland, and there are currently three in operation (a strawberry PO; a tomatoes/cucumber/peppers PO; and a mushroom PO). POs can experience difficulties in relation to economic viability and in competing with vastly larger POs/companies operating in other European and non-European Countries. POs experience quite significant difficulties in operating in accordance with EC schemes. Irish POs have also experienced cooperation-related difficulties. POs can have established marketing arrangements with retailers/purchasers that they wish to protect. Joining a PO entails the replacement of such arrangements with contracts between the PO and the retailer/purchaser. A consequence is that the linkage between the producer/grower, product, and retailer/purchaser is obscured/broken. The products marketed and sold by POs are amassed products produced by all members and are not typically differentiated according to individual members (unlike in the federated cooperative structure, described below). This can represent a disincentive because a characteristic of Irish horticultural growers in particular is that they can be proud of their produce and wish to retain their direct linkage with their product in relationships with retailers/purchasers. In the functioning of existing POs, there is a need for an effective regulative framework that governs the production standards and operation of members. Insufficiently regulative modus operandi are identified as representing serious threats to the operation of POs. 'Trust', it is argued by key informants, is insufficient for regulating PO but trust can emerge from an effectively regulated PO where all members are keenly aware of and operate according to the terms and conditions of cooperation.

[19] Federated Cooperatives, when constituted of small producer groups producing differentiated, premium products, are relatively less exposed to price volatility than POs/IBOs promoting undifferentiated commodity products.

supports. The option of joining a federated cooperative to avail of such supports may represent an incentive for a greater number of producer groups to establish. Article 36 supports larger scale cooperation efforts such as IBOs and, potentially, Federated Cooperatives that are arguably more suited to the Irish context than IBOs.

Much of the support offered by Article 36 corresponds to support offered by the EC's dedicated schemes for Producer Organisations. Business planning and strategising supports offered by Article 36 (5a) is of value to IBOs and also, crucially, Federated Cooperatives. Animation, training and networking (Article 36, 5b) to promote the establishment of IBOs/Federated Cooperatives would potentially be of most effectiveness if undertaken through transnational cooperation (elaborated under *Cooperation for Branding and Certification*, above) where groups could come into contact with other groups that are operating in a new and innovative way. One example of such a project is the case of Bord Bia's facilitation of an Irish mushroom PO cooperating with the UK Mushroom Bureau UK in order to engage in joint networking, market research and promotion.

Administration costs are the primary running costs (Article 36, 5c), particularly due to the significant EC reporting mechanisms that IBOs must adhere to. Administration and staffing costs are also a running cost of federated cooperatives. Direct implementation costs (Article 36, 5d) such as equipment costs are currently provided for in the existing POs scheme but outsourced costs (such as processing services outsourced to another company) are not eligible. This raises questions in relation to the likely eligibility of outsourced costs under Article 36, which may be problematic considering the weak business case for investing in customised equipment for individual groups (which is an eligible cost) in a context where there is existing adequate processing capacity in the sector. Promotion (Article 36, 5e) is a critical aspect of IBOs/Federated Cooperatives Operation in their efforts to market their products.

Article 36 1(b) the creation of clusters and networks

4.2.1 Agricultural Discussion Groups[20]: the main type of cluster/network involving cooperation in Irish agriculture is the discussion group. Discussion groups do not have legal status. They are learning and action fora that give rise to diverse types of benefits for primary producers, facilitated by Teagasc advisors or private agricultural consultants. Many groups are strongly oriented to learning about enhancing farm efficiency and productivity and instrumental to this is learning about new technologies and farm management practices[21]. Learning of this kind is identified as critical for achieving the objectives of FOOD HARVEST 2020.

Participation in discussion groups has not been difficult to promote among farmers and there is a relatively long-standing tradition of Teagasc-run discussion groups. Participation has been broadened in recent years by schemes offering to farmers a financial incentive for participation, such as the Dairy Efficiency Programme (DEP) and the Beef Technology Adoption Programme (BTAP).

Discussion groups have traditionally been operated by Teagasc but a greater number of private operators is becoming involved. Teagasc is engaging and training facilitators to service schemes such as the DEP and BTAP. Therefore, support under Article 36 (5b: animation, training, networking) is critically relevant not only to supporting the animation/facilitation work involved in a discussion group (i.e. funding the professional fees of discussion group facilitators) but in training individuals to become animators/facilitators. Designing and implementing regional or national programmes for the

[20] Breeding Societies, of which there are 40 in Ireland formally registered as cooperatives, are also potentially classifiable as a 'cluster or network' under Article 36. Breeding Societies are also potentially classifiable under 'operational groups for agricultural productivity and sustainability under the EIP'.

[21] More informally, discussion groups often engage in subsidiary cooperation activity such as the purchasing of feed or other supplies in bulk. Such activities are discussed separately in this document, under 'Farm Clusters'.

establishment and operation of discussion groups is supported under Article 36 (5a), work which is largely undertaken by Teagasc and DAFM currently[22].

A significant part of discussion group work will focus in the future assisting farmers to develop financial plans and farm management plans that involve technology use. It is possible to incorporate extension methods such as 'participatory clinics' to discussion groups, to facilitate farmers to take ownership of financial planning and to develop innovative farm management plans. Facilitating this, farmers could potentially have access to professional experts in financial and farm management planning and animal production specialists as part of the discussion group's participatory learning process. Such supports (i.e. participatory clinics for business/management planning) are potentially eligible under Article 36 (5a: business/strategic planning) and also (5d: implementation costs).

Considering that facilitators' fees are potentially eligible under Article 36 (5b), running costs (5c) of agricultural discussion groups typically amount to venue hire and consumables, including costs of guest speakers (for example, guest farmers sharing their experiences) and contributing professionals/specialists.

***4.2.2 Farm Clusters*:** 'Farm clusters' are not formally operational in Ireland, but have considerable potential in the Irish context considering the relatively small average farm size and the existing tradition of farmers' cooperation in discussion groups, from which clusters could be developed. Farm Clusters are described as consisting of farms that *are located in relatively close proximity; target similar markets; cooperate to enhance technical skills and market access; and support growth and development of individual businesses* (SFIC, 2005). Farm Clusters potentially involve joint purchasing activities, which are currently engaged in as a subsidiary activity by some discussion groups. Such cooperation activities could potentially be developed from existing discussion groups and are critical to assisting the achieving the objectives of FOOD HARVEST 2020.

Animation activities to support the establishment of Farm Clusters (Article 36, 5b) could potentially be instigated using the network of existing discussion groups nationally. Appropriate animation activities could be designed by private consultants/Teagasc. The development of Farm Clusters stands to be assisted significantly by support from Article 36 (5a) to assist groups of cooperating farmers to develop strategic plans that consider the scope and operational aspects of cooperation opportunities for individual farms to work together. Strategic business plans setting out the operational aspects of cooperation, strategies, targets and performance requirements for cooperating farms are vital. Supports to develop such plans could potentially take the form of the 'participatory clinics' outlined under 'Agricultural Discussion Groups' above.

As regards a Farm Cluster targeting similar markets, in agreeing contracts with processors/retailers or in engaging in joint certification and branding, additional extension supports are required similar to the supports detailed in relation to 'Producer Groups' (above). These additional extension supports could also potentially be supported under Article 36 (5b). In the case of joint certification, support to promote the products would be of assistance (Article 36, 5e). Direct implementation costs (Article 36, 5d), running costs (Article 35, 5c) and promotion costs (Article 35, 5e) are dependent on the extent of cooperation activity in the farm cluster and in some cases, may be similar to the supports required by 'Producer Groups'.

Article 36 1(c) the establishment and operation of operational groups of the EIP for agricultural productivity and sustainability as referred to in Article 62.

***4.3.1 Multi-Actor Cooperation for Technology Design & Adoption*:** Various types of cooperation, involving science, end-users, public extension, and private industry exist to promote the adoption of

[22] With a decrease in Teagasc's advisory staff numbers, there is an increased emphasis on recruiting sub-contracted specialists to implement extension-related programmes/evaluations.

technologies and farm management practices. The Teagasc/Irish Farmers' Journal BETTER Farm Programme, for example, involves cooperation between industry, production scientists, farm advisors and farmers in the implementation of advanced farm management plans on a limited number of Irish farms. These farms are used as learning conduits to disseminate information and best practice to broader members of the farming population, using in the most part farm walks, popular media and 'satellite' discussion groups that are formed around each participating BETTER farm. Such programmes correspond to the 'public/private' cooperation referred to in Article 36. Other programmes are the Dairy Efficiency Programme (DEP) and the Beef Technology Adoption Programme (BTAP), which are sectoral-oriented programmes that encourage greater productivity and efficiency of high numbers of participating farms. The programmes rely to a significant extent on a discussion group model that features contributions from production scientists and farm management experts to encourage technology adoption on farms.

Examples of science and industry collaborations to improve agricultural productivity and sustainability include not only programmes such as the BETTER Farm Programmes, but also the Teagasc/Dairygold Milk Quality Programme; Teagasc/Carbery Joint Programme; the Grass Roots Programme; and the Teagasc/Kerry Agribusiness Joint Programmes. All of these efforts are critically supportive of generating and encouraging use of practical knowledge that is instrumental for achieving the objectives of FOOD HARVEST 2020 and fall within the remit of Article 36 for financial support.

Article 36 (5a) supports the design and planning of such operational groups for agricultural productivity and sustainability. This could potentially involve a publication of tender to invite collaborative proposals from research, industry and extension specialists to design innovative programmes suitable for applied implementation. Animation/facilitation/extension activities to implement such programmes are potentially eligible for support under Article 36 (5b). Running costs eligible under Article 36 (5c) depend on the characteristics of the programme. The BETTER Farm Programme, for example, incurs personnel costs (advisory/extension costs) and veterinary costs. Such costs are also classifiable also as direct implementation costs (Article 36, 5d). Promotion costs (Article 36, 5e) are related to advertising and disseminating information on the programmes' outputs/outcomes in the popular media. All such costs are potentially eligible for financial support under Article 36.

4.3.2 Cooperation for Piloting New Technologies*:* Piloting new technologies in agriculture is achieved through multi-stakeholder collaborations involving farmers, farm advisors, scientists and industry. Monitor Farms, of which there are 100 in Ireland, are typically coordinated by Teagasc in collaboration with an industry partner. The farms are owned and run by private farmers, who collaborate with Teagasc and industry in the piloting and monitoring of new technologies. Monitor farms correspond to the 'public/private' cooperation referred to in Article 36 and are eligible for specific supports under the article because, like more traditional Research Farms, they have a specific remit in piloting new technologies. Monitor farms are regularly opened to facilitate visiting farmers' learning about newly piloted technologies.

Article 36 specifically supports cooperation activities that pilot new technologies. The ways in which Article 36 can support initiatives such as Monitor Farms that pilot new technologies are broadly similar to supports relevant to 'Multi-Actor Cooperation for Technology Design & Adoption' discussed above. However, direct implementation costs (Article 36, 5d) associated with piloting new technologies are considerable. These vary with the particular technology being piloted and relate to designing and putting in place the experimental conditions required to pilot the technology effectively, which can be costly. Promotion activities (Article 36, 5e) to facilitate learning and dissemination opportunities among the general farming population are also critical.

5. Specific Implementation Issues

From the profile of Irish cooperation entities that are eligible for support under Article 36, and from the analysis of how costs eligible under Article 36 are relevant to the operation of Irish cooperation entities, it is clear that Article 36 has broad and strategic application in the Irish context. Furthermore, as various forms of small-scale and larger-scale cooperation are instrumental for realising some of the key objectives of FOOD HARVEST 2020, Article 36 represents an important and encompassing measure for the development of Irish agriculture over the next two decades. In preceding sections of this report, on foot of interviews conducted with Irish participants in cooperation ventures and key informants, the particular ways in which aspects of Article 36 can be implemented to have maximum relevance to various case-study cooperation types are explored. While it is beyond the scope of this report to discuss comprehensively the range of policy design and implementation issues associated with Article 36, the following highlights some of the key issues.

Factors Influencing Uptake

The majority of cooperation types discussed in this report have either been piloted or are established in Ireland. In this sense, there is less risk associated with supporting these cooperation types because they have, to greater and lesser extents, demonstrated capacity to operate in Irish conditions. Article 36 can be used to strategically develop and support such 'piloted' cooperation types by a targeted implementation approach that is informed by participants' experiences and needs to date.

There are two cooperation types discussed in this report – Farm Clusters and Federated Cooperatives - that are not currently operational in the Irish context but on the basis that the required constituent cooperation institutions are in existence (i.e. discussion groups and producer groups) they are likely to be workable in Irish conditions. Other more experimental cooperation types that are not currently operational in Ireland, yet are operational elsewhere and arguably have promise in the Irish context, should also be eligible for support under Article 36. In such a way, they can be piloted in Irish conditions and important learning arising may be achieved[23]. In how Ireland establishes application criteria and procedures for Article 36, a provision allowing for applications from non-specified, experimental cooperation types could potentially be included. In such a way, new and innovative cooperation types suitable to Irish conditions specifically[24] could be fostered and piloted by Article 36, in preparation for the subsequent EAFRD post-2020 where successful types could be supported more strategically. As discussed in the current EAFRD proposal document, individual actors (as distinct from actors involved in cooperation) may also be supported under Article 36 "on condition that the results obtained are disseminated, thus achieving the purpose of diffusion of new practices, processes or products" (EAFRD, p.19). Applications from individuals demonstrating the dissemination and diffusion of new practices, processes or products may also be included as eligible projects as non-specific cooperation types.

While knowledge and experience exists in relation to the more 'tried and tested' cooperation types, it is important that the cooperation entities that currently exist in high numbers are not themselves eligible for support under Article 36 as currently set out. Only newly formed cooperation entities are eligible for support. While many of the key cooperation types that are centrally strategic to Food Harvest 2020 are relatively well established, there is also significant potential for growth. On the basis of interviews conducted with key informants, the following tables presents speculative estimates and official targets (where available) in relation to potential growth in numbers. The speculative estimates were given by key informants who have professional expertise relevant to each individual cooperation type, considering the following i) an assumption that an increase in numbers is

[23] Teagasc research may have a remit in developing an observatory to monitor the operation of such new cooperation types.

[24] While there is an interesting range of cooperation types in operation internationally, not all may suit Irish conditions and Ireland's implementation of Article 36 should not be strictly modeled on these pre-existing cooperation types. There are opportunities to develop Irish-originating cooperation types that suit Irish conditions and from which other countries could potentially learn.

hypothetically *possible*, taking into account various constraints but also the proviso that the required supports to assist farmers/extension to establish the cooperation entities will be available (with reference to the supports available under Article 36 as currently set out) and ii) that the number specified is of *optimal benefit* to the sector in realising the goals of FOOD HARVEST 2020.

Table 3: Cooperation Types: status and potential uptake

Cooperation Type	*Current* uptake (actual and approximate)	*Potential* uptake 2020 speculative / targeted	Prospective Legal/ Organisational Status
Farm Partnerships	• 620 Milk Production Partnerships (MPP) • 3.8% of applications (4,660) under the 2010 Single Farm Payment Scheme submitted by joint applicants	• To reach international rates of 20-30% (19,800-29,700) of total farmers	• Formalised farm partnership adhering to specimen agreement*
Share Farming	• 100 (approx.)	• 500 (of a total of 6200 approx. tillage farmers)	• Formalised share farming agreement adhering to specimen agreement*
Contract Rearing	• 20 (approx.)	• 1,500 (of a total of approx. 15,500 dairy farmers)	• Formalised contract farming agreement adhering to specimen agreement*
Producer Groups	• Depending on definition, 20 groups (approx.) producing lamb, milk, beef, processed food products.	• 100-150, possibly organised in a federated structure to address difficulties	• Cooperative
Certification and Branding Cooperation Entities	• 10 (approx.)	• 200	• Cooperative
Cooperation for Energy Production Groups	• 4000 energy crops (3000 of miscanthus and 1000 of willow) • 40 community energy groups[25] • 3 farmer-owned miscanthus groups • 1 willow energy supply chains (with another operating from NI)	• Additional 70,000 acres (i.e. average of 6 hectares per farmer – 11,000 farmers) to meet 2020 targets in relation to Renewable Heat (RES H) and Renewable Electricity (RES E)	• Cooperative
Multi-Faceted Cooperation Entities	• Depends on definition, 35 (approx.)	• Non-estimable as these are entrepreneurial activities that are once off and not directly replicable. Growth is expected and encourage by agencies such as Enterprise Ireland	• Cooperative
IBOs, Federated Cooperatives	• There are currently no IBOs in Ireland (there are 3 POs) • 1 Federated Cooperative (Carbery Cooperative)	• POs are experiencing difficulties, may be improved by current inter-state efforts to resolve EC bureaucratic issues • IBOs have limited potential	• Formalised IBO, in compliance with dedicated EC schemes • Federated Cooperatives are cooperatives

[25] Listed at: http://maps.google.com/maps/ms?msid=205686614549395399468.000491dbb6301636dee1a&msa=0

		in Ireland • Federated cooperatives have considerable potential	
Agricultural Discussion Groups	• BTAP: 274 Groups (5126 farmers) • DEP: 351 Groups (5,775 farmers) • Other/Private: 400	• 9000 dairy farmers (targeted by Food Harvest 2020) plus other sectors (BTAP) and other/private groups: approx 13000 farmers	• Informal status, however there can be Terms of Reference as set out by schemes such as the BTAP and the DEP. Organised in an official capacity and attendance monitored by Teagasc/Private Advisors
Farm Clusters	• No formalised 'Farm Clusters' • Purchasing Groups (not formally registered) • 40 Breeding/Genetics Groups	• 300 (as a new cooperation type, start with a proportion of discussion groups)	• Cooperative
Multi-Actor Cooperation for Technology Design and Adoption	• 30 BETTER Beef Farms • 7 BETTER Sheep Farms • 3 BETTER Tillage Farms • 3 BETTER Dairy Farms • 15 Joint Industry/Science Programmes	• Replication and extension of such programmes to 80 – 100 (approx.)	• Underpinned by a formalised "Memorandum of Understanding' operated by Teagasc/Private Agencies in accordance with a defined operational programme
Cooperation for Piloting New Technologies	• 100 Monitor Farms	• Sustain to a high standard, potential increase to 120	• Underpinned by a formalised "Memorandum of Understanding' operated by Teagasc/Private Agencies in accordance with a defined operational programme

*Formulated by multi-agency effort (Law Society, Teagasc, DAFM, Revenue Commissioners)

New instances of the above cooperation types are eligible for support under Article 36. One defining characteristic of a new cooperation entity is that it is newly registered as a cooperation entity or that it is seeking new registration with the support of Article 36 (e.g. facilitation services to establish a new farm partnership). This highlights the critical importance of cooperation activities having clearly defined registered status. As well as newly/impending registered status serving as an unambiguous eligibility criterion, registered status in the form of legal status or registration underpinned by a written, comprehensive agreement (such as in the case of Milk Production Partnerships) serves an important regulative and protective function to the parties involved in cooperation activities. From another perspective, individual cooperation entities having a relatively uniform registered status allows for the design and application of strategic support, policy provisions and planning tools. Such can be implemented to develop cooperation entities more strategically than if targeted at cooperation entities that have inconsistent operational characteristics. The final column of Table 3 highlights prospective/preferable formal status of each cooperation type (elaborated in the discussion pertaining to each cooperation type in the main report text).

Allocation, Application & Evaluation Procedures

The allocation, application and evaluation procedures and processes designed to implement Article 36 will represent crucial determinants on the uptake and indeed success of the measures available through the Article. Article 36 has the capacity to support both small cooperation entities (e.g. two farmers establishing farm partnerships) and larger extension efforts (BETTER Farm Programme, for example). Animation activities to support the establishment of cooperation entities are discussed in

this report under each cooperation type . Efficient administration systems, informed by the considerable schematic of how a broad diversity of EAFRD schemes are currently administered, will require development for this extremely broad measure. For such a broad measure, the integration of these systems will be critical, particularly for monitoring and evaluating progress and performance of the implementation and impact of Article 36. Appropriate monitoring methodologies, assessing the measureable and immeasurable aspects of impact are necessary considering the characteristics of Article 36 (see suite of methodologies presented in Annex III).

Environmental Criteria
If Article 36 is implemented in such a way that has obligatory environmental criteria, a relevant precedent may by found in EC regulations in relation to POs. POs have an explicit environmental objective, governed by the EC scheme that frames their operation. All POs are required to undertake one of the following environmental provisions: *include at least two environmental actions in their operational programme; spend a certain minimum percentage of total funding received through the scheme on environmental actions; satisfy a lower limit of 80% of members carrying out a qualifying environmental action under the RDP*. The suite of eligible environmental actions is set out in member states' National Environmental Framework for Producer Organisations, which is subject to a EC commentary process and can be developed iteratively over time. It's important to note that eligible costs for environmental actions under to PO schemes amount to extra costs incurred as a result of implementing the action, and are not paid on an area basis. Therefore, ways of linking such environmental provisions with Ireland's existing relevant schemes must be considered in that light.

Bio-energy production is relevant to the environmental objective of Article 36. Considering Ireland's target to increase bioenergy crop production to 70,000 hectares by 2020, and the need for cross-cutting policies to achieve this, there may be an argument for the recognition of multi-functional benefits of bio-energy crop production (tree-shelter belts; woodland buffers; water quality improvement; biodiversity benefits; sequestration) by agri-environmental schemes that are administered on an area basis. Areas used for bio-energy crop production are potentially classifiable as Ecological Focus Areas (EFAs).

Overlap with other Articles
Article 36 is a broad article and member states' interpretations of the Article in tailoring the supports offered to national conditions may result in overlap with the functions of other Articles set forth in the current EAFRD proposals. The Articles that have greatest confluence with Article 36 include the following:

- Article 15 (Knowledge Transfer and Information Actions)
- Article 16 (Advisory Services, Farm Management and Farm Relief Services)
- Article 20 (Farm and Business Development)
- Article 22 (Investments in Forest Area Development and Improvement of the Viability of Forests)
- Article 27 (Investments in New Forestry Technologies and in Processing and Marketing of Forest Products)
- Article 28 (Setting up of Producer Groups)
- Article 62 (Operational Groups)
- Article 63 (Tasks of Operational Groups)

There is also significant confluence between Article 36 of the EAFRD and EC policies on POs. Particular attention is needed in such instances to avoid problematic issues in relation to demarcation.

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Annex I

Proposal for a Regulation of the European Parliament and of the Council on support for Rural Development by the European Agricultural Fund for Rural Development (EAFRD)

{SEC(2011) 1153}
{SEC(2011) 1154}

Selected Extracts regarding: Article (36) Cooperation

Page 19:
(36) During the 2007-2013 programming period only one type of co-operation was explicitly supported under rural development policy: co-operation for the development of new products, processes and technologies in the agriculture and food sector and the forestry sector. Support for this type of co-operation is still necessary but should be adapted in order better to meet the requirements of the knowledge economy. In this context the possibility should be provided for projects by a single operator to be financed under this measure, on condition that the results obtained are disseminated, thus achieving the purpose of diffusion of new practices, processes or products. In addition, it has become clear that supporting a much broader range of types of cooperation, with a wider range of beneficiaries, from small operators to larger ones, can contribute to achieving the objectives of rural development policy by helping operators in rural areas to overcome the economic, environmental and other disadvantages of fragmentation.

Therefore, the measure should be widened. Support for small operators to organise joint work processes and share facilities and resources should help them to be economically viable despite their small scale. Support for horizontal and vertical co-operation among actors in the supply chain, as well as for promotion activities in a local context, should catalyse the economically rational development of short supply chains, local markets and local food chains. Support for collective approaches to environmental projects and practices should help to provide greater and more consistent environmental and climate benefits than can be delivered by individual operators acting without reference to others (for example, through practices applied on larger unbroken areas of land). Support in these various areas should be provided in various forms. Clusters and networks are particularly relevant to the sharing of expertise as well as the development of new and specialised expertise, services and products. Pilot projects are important tools for testing the commercial applicability of technologies, techniques and practices in different contexts, and adapting them where necessary. Operational groups are a pivotal element of the European Innovation Partnership (hereinafter "EIP") for agricultural productivity and sustainability. Another important tool lies in local development strategies operating outside the framework of LEADER local development – between public and private actors from rural and urban areas. Unlike within the LEADER approach, such partnerships and strategies could be limited to one sector and / or to relatively specific development aims, including those mentioned above. Inter-branch organisation should also be eligible for support under this measure. It should be limited to seven years except for collective environmental and climate action in duly justified cases.

Article 36
Co-operation

Page 58-60

1. Support under this measure shall promote forms of co-operation involving at least two entities and in particular:

(a) co-operation approaches among different actors in the Union agriculture and food chain, forestry sector and among other actors that contribute to achieving the objectives and priorities of rural development policy, including inter-branch organisations;

(b) the creation of clusters and networks;

(c) the establishment and operation of operational groups of the EIP for agricultural productivity and sustainability as referred to in Article 62.

2. Co-operation under paragraph 1 shall relate in particular to the following:

(a) pilot projects;

(b) the development of new products, practices, processes and technologies in the agriculture, food and forestry sectors

(c) co-operation among small operators in organising joint work processes, sharing facilities and resources;

(d) horizontal and vertical co-operation among supply chain actors for the establishment of logistic platforms to promote short supply chains and local markets;

(e) promotion activities in a local context relating to the development of short supply chains and local markets;

(f) joint action undertaken with a view to mitigating or adapting to climate change;

(g) collective approaches to environmental projects and ongoing environmental practices;

(h) horizontal and vertical cooperation among supply chain actors in the sustainable production of biomass for use in food, energy production and industrial processes;

(i) implementation, in particular by public-private partnerships other than those defined in Article 28(1)(b) of Regulation (EU) No [CSF/2012], of local development strategies addressing one or more of the Union priorities for rural development;

(j) drawing up of forest management plans or equivalent instruments.

3. Support under paragraph 1(b) shall be granted only to newly formed clusters and networks and those commencing an activity that is new to them.

Support for operations under paragraph 2(b) may be granted also to individual actors where this possibility is provided for in the rural development programme.

4. The results of pilot projects and operations by individual actors under paragraph 2(b) shall be disseminated.

5. The following costs, linked to the forms of co-operation referred to in paragraph 1shall be eligible for support under this measure:

(a) studies of the area concerned, feasibility studies, and costs for the drawing up of a business plan or a forest management plan or equivalent, or local development strategy other than the one referred to in Article 29 of Regulation EU (No) [CSF/2012];

(b) animation of the area concerned in order to make a collective territorial project feasible. In the case of clusters, animation may also concern the organisation of training, networking between members and the recruitment of new members;

(c) running costs of the co-operation;

(d) direct costs of specific projects linked to the implementation of a business plan, a local development strategy other than the one referred to in Article 29 of Regulation (EU) No [CSF/2012] or an action targeted towards innovation;

(e) costs of promotion activities.

6. Where a business plan or a forest management plan or equivalent or a development strategy is implemented, Member States may grant the aid either as a global amount covering the costs of co-operation and the costs of the projects implemented or cover only the costs of the co-operation and use funds from other measures or other Union Funds for project implementation.

7. Co-operation among actors located in different regions or Member States shall also be eligible for support.

8. Support shall be limited to a maximum period of seven years except for collective environmental action in duly justified cases.

9. Co-operation under this measure may be combined with projects supported by Union funds other than the EAFRD in the same territory. Member States shall ensure that overcompensation as a result of the combination of this measure with other national or Union support instruments is avoided.

10. The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the further specification of the characteristics of pilot projects, clusters, networks, short supply chains and local markets that will be eligible for support, as well as concerning the conditions for granting aid to the types of operation listed in paragraph 2.

Annex II

Overview of Case-Study Data

Cooperation Type	**Cooperation in Primary Production**	**Cooperation in Primary Production**	**Cooperation in Primary Production**	**Cooperation in Energy Production**
Name of entity	Farm Partnerships	Share Farming	Contract Rearing	Miscanthus Supply Chains
Background				
Legal Status	• Formalised Milk Production Partnership (as per Teagasc template) • Farm Partnerships involving dairy/beef farmers registered as Limited Partnerships • There are farm partnerships that operate informally with no legal status (with associated legal risks and risks of dispute)	• Share Farming Agreement (as per Teagasc template)	• Contract Rearing Agreement (as per Teagasc template)	• Various: some are companies, some informal with one cooperative
Rationale for Cooperation	• Increased scale (associated increase in productivity and efficiency) • Access to Milk Quota • Consolidated facilities • Enhanced skill • Sharing of decision-making power	• Increased scale to achieve economic viability • To improve skills and specialisms	• Simplifying production processes, thereby enhancing efficiency • For rearers: security of income and reduced investment risk (knowledge of price in advance) • Divisions of skill/expertise according to competence/preference	• To pursue opportunities in the green energies industries • An effort to develop a profitable business • Incentivised by receiving grants • Energy independence: to "grow in the locality for the locality"
Actors & Processes				
Actors	• Two or more farmers	• Two or more farmers	• Two farmers (owner and rearer)	• Two or more farmers/growers • Typically 10-25 growers • Some groups include a processor
Catalyst for Cooperation	• Teagasc and other (e.g. Macra na Feirme) promotional campaigns • Private legal advice given to farmers • Meeting a suitable farmer with complementary needs	• Teagasc and other promotional campaigns • Private legal advice given to farmers • Meeting a suitable farmer	• Recommendations from Teagasc/Private Advisors • Discussion groups • Public advertisements with complementary needs	• Teagasc/other state agency's information • Schemes such as the bio-energy scheme; the Renewable Energy Feed-In (REFIT) tariff

Cooperation Type	**Cooperation in Primary Production**	**Cooperation in Primary Production**	**Cooperation in Primary Production**	**Cooperation in Energy Production**
Name of entity	Farm Partnerships	Share Farming	Contract Rearing	Miscanthus Supply Chains
Terms of Cooperation	• Farmers share physical and human resources in co-operating their farms • The terms are specified in a written partnership agreement (in the case of formalised partnerships)	• Farmers share physical and human resources in running a joint tillage operation. • Farmers share resources such as dry storage and machinery • The terms are set out in a formalised share farming agreement •	• Contract rearing involves the use of two farms and two farmers separately (by contract) but in the production of the same stock.	• Cooperation of growers of miscanthus to engage with the bioenergy market
Cooperation Characteristics and Logistics	• Joint production processes • Shared use of facilities, resources, occasionally capital • Joint financial management • Shared labour	• Joint production processes • Shared use of facilities, resources, occasionally capital • Joint financial management • Shared labour • Joint crop rotation	• Farmers divide tasks according to their role (owner/rearer) • The rearer generally undertakes husbandry, feeding, dosing etc. • The owner is generally responsible for vaccinations, health, and breeding • Recommendations on tasks according to roles are set out in new Teagasc Contract Rearing Specimen Agreement	• Coordinated production processes • Joint processing • Research and development • Marketing, sales and promotion
Horizontal/vertical?	• Horizontal cooperation between farmers	• Horizontal cooperation between farmers	• Horizontal cooperation between farmers undertaking different roles	• Horizontal cooperation between growners • Vertical cooperation between local, national and international engineers , actors in supply chain
Products/Processes				

Cooperation Type	**Cooperation in Primary Production**	**Cooperation in Primary Production**	**Cooperation in Primary Production**	**Cooperation in Energy Production**
Name of entity	Farm Partnerships	Share Farming	Contract Rearing	Miscanthus Supply Chains
Products/Processes	• Milk, beef (depending on enterprise) • New processes in the coordination of physical/human resources and pooling of skills leading to increased efficiency and productivity	• Wheat, barley, oats, rapeseed • New processes in the coordination of physical/human resources and pooling of skills leading to increased efficiency and productivity	• Beef, dairy • Streamlined, specialised production processes	• Miscanthus crop (biomass) production • Rhizomes production to sell to potential growers
New products/processes?	• New shared work processes • New processes as a result of shared facilities/resources (e.g. milking facilities) • New coordinated production processes	• New shared work processes • New coordinated production processes and crop rotation • New processes as a result of shared facilities/resources (e.g. dry storage facilities and machinery)	• Increase in the specialisation of production processes according to division of labour and specialised roles • Combining of different skills and specialisms • More efficient work processes due to simplification and streamlining	• One of the first farming collaborations to grow miscanthus and produce biomass • Design of boilers • ESCO development locally
Sharing of Facilities/resources/processes?	• Farm facilities and resources are shared	• Facilities and resources are shared	• Two farms and farmers are used for the production of the same stock	• Processing facilities are shared • The operation depends of shared land resources in the production of miscanthus
Promotion/Marketing/Branding?	• Farm Partnerships generally involve farmers producing commodities for sale to processors and consequently do not undertake promotion/ marketing/branding of their product. • However, there are some instances where farm partnerships involve a primary producer and a food processor (small cheese producer) or tourism entrepreneur for example. In such cases, promotion/marketing/branding is	• Share Farming generally involves farmers producing commodities for sale to processors and consequently do not undertake promotion/ marketing/branding of their product. • Share Farming must be promoted by agencies such as Teagasc and DAFM to encourage farmers/ uptake.	• Contract Rearing generally involves farmers producing commodities for sale to processors and consequently do not undertake promotion/ marketing/branding of their product. • Contract Rearing must be promoted by agencies such as Teagasc and DAFM to encourage farmers/ uptake.	• Emphasis on marketing, branding and promotion, particularly nationally and locally • Energy production must be promoted by relevant agencies to encourage farmers/ uptake.

Cooperation Type	Cooperation in Primary Production	Cooperation in Primary Production	Cooperation in Primary Production	Cooperation in Energy Production
Name of entity	Farm Partnerships	Share Farming	Contract Rearing	Miscanthus Supply Chains
	undertaken. • Farm Partnerships must be promoted by agencies such as Teagasc and DAFM to encourage farmers/ uptake.			
Environmental Aspects?/Climate Changes?	• A proportion of the farmers participating in Farm Partnerships are REPS/AEOS compliant	• A proportion of share farmers are REPS/AEOS compliant	• A proportion of the farmers participating in contract rearing are REPS/AEOS compliant	• Miscanthus is a carbon neutral crop.
Supports Used/Required				
Strategic Planning	• Financial management • Business plans • Farm Partnership Agreements (written)	• Financial management • Business plans • Share Farming Agreements (written)	• Business plans • Contract Rearing Agreements (written)	• Business plans • Feasibility plans • Management and strategic plans • Crop rotation strategies
Animation, Training, Networking	• Facilitation is required to assist farm families to establish partnerships • Legal advice is required • Agriculture support agencies must animate, promote and facilitate the establishment of farm partnerships	• Facilitation/information is required to assist tillage farmers to enter into share farming agreements • Some legal advice may be required	• Facilitation/information is required to assist tillage farmers to enter into contract rearing agreements • Some legal advice may be required	• Farmers require technical advice in establishing new energy production businesses (engineering, logistical, financial, market-related). • Extensive Networking at farming events, energy events and construction events, and local markets
Running Costs	• Annual Partnership Registration Fee (where applicable) • Accountancy costs • Other farm costs non-exclusive to cooperation	• Accountancy costs • Other farm costs non-exclusive to cooperation	• Accountancy costs • Other farm costs non-exclusive to cooperation	• Accountancy costs • Research and development • International travel, transportation • Website • Wide-ranging and expensive quipment
Promotional Costs	• For relevant partnerships where a high value-added product is	• N/A	• N/A	• Branding, marketing • Promotional literature, printed

Cooperation Type	**Cooperation in Primary Production**	**Cooperation in Primary Production**	**Cooperation in Primary Production**	**Cooperation in Energy Production**
Name of entity	Farm Partnerships	Share Farming	Contract Rearing	Miscanthus Supply Chains
	produced (see above), branding, marketing			material, advertising. • Participation in promotional events.
Other supports/costs?	• None that have not already been specified above	• None that have not already been specified above	• None that have not already been specified above	• None that have not already been specified above

Cooperation Category	**Producer Group**	**Producer Group**	**Multi-Faceted Cooperation Entity**	**Cooperation for Branding and Certification**
Cooperation Type	**Ring of Kerry Quality Lamb**	**Farmers to Market**	**Donegal Rapeseed Oil**	**Responsible Irish Fish**
Background				
Legal Status	• Cooperative	• Not for Profit Share, Limited Liability Company	• Private limited Company	• Cooperative
Rationale for Cooperation	• Solidarity between local producers: formed a group • To differentiate their product from standard commodity, to promote their product as a premium product, to engage directly with the market, and to gain a higher price for their product • Place-based branding (using quality characteristics of local environment)	• To establish as a group to deal with a large processor: impossible for one chicken producer to do this alone • To differentiate their product, to engage directly with the market, to gain a higher price • Demand for Irish quality free-range chicken products	• To respond to the strategy of the parent cooperative (Donegal Farm Relief Services) by growing rapeseed and availing of new market opportunities • Collective approach required to supply necessary volume of crop	• To differentiate high quality Irish fish products, that comply with environmentally standards, in the marketplace • Large proportion of Irish fishermen cooperated together to make the project viable and have impact on the sector
Actors & Processes				
Actors	• 23 farmers, 1 as part-time sales person	• 12 farmers, processors and retailers.	• 6000 farmer membership of parent cooperative • 70 growers (300 potential growers who may join as the project progresses)	• 105 vessels (of a total of 240 vessels) • 80% of total Irish whitefish catch • Cooperation involves collaborating with other Irish fishing cooperatives and processors.
Catalyst for Cooperation	• Public meeting organised by Teagasc and South Kerry Partnership	• A group of local chicken producers proposed to processor a change in packaging and a higher price as their product was a superior product to the standard product • They did not want their chickens to be included as	• A strategic review of the Donegal Farm Relief Services identified opportunities in rapeseed oil	• Person who pioneered Responsible Irish Fish attended a roadshow organised by BIM featuring an Australian group of fishermen who had established a similar cooperative

Cooperation Category	**Producer Group**	**Producer Group**	**Multi-Faceted Cooperation Entity**	**Cooperation for Branding and Certification**
Cooperation Type	**Ring of Kerry Quality Lamb**	**Farmers to Market**	**Donegal Rapeseed Oil**	**Responsible Irish Fish**
		"special offer chickens" • Chefs identified free range as a better product and consumer demand followed		
Terms of Cooperation	• Cooperative owned by 23 farmers. • Managed by a committee of 10. Realistically there are 5 drivers of the cooperative	• Joint venture between Manor Farms and 12 quality free-range chicken farmers	• 70 growers operating under the direction of the Donegal Farm Relief Services cooperative. All aspects managed by the parent cooperative	• Fishermen/vessels cooperating together to promote the RIF brand and in dealing with processors and other large fishing coops.
Cooperation Characteristics and Logistics	• Producing the lamb • Quality control • Coordination of processing • Coordination of distribution • Direct sales to households and businesses • After-sales services • Management of the cooperative itself	• Promoting and monitoring responsible chicken farming standards. • Processing and distribution in collaboration with processers and retailers.	• Rapeseed production • Joint strategies for crop rotation • Research and development • Marketing and sales • Promotion	• Promoting and monitoring responsible fishing standards • Coordinated fishing activities involving member fishermen/fishing vessels. • Processing and distribution in collaboration with existing processors and cooperatives.
Horizontal/vertical?	• Horizontal cooperation between farmers • Vertical cooperation between the cooperative, processors, customers, distributors	• Horizontal Cooperation between 12 poultry farmers • Vertical collaboration between farmers and processors	• Horizontal cooperation between the growers • Vertical cooperation with distributor and agencies including Good food Ireland and chefs.	• Horizontal cooperation between fishermen/vessels. • Vertical cooperation with processing cooperatives
Products/Processes				
Product Types	• Differentiated premium lamb product	• Free range chickens, farmer-branded	• Rapeseed production/processing. • Donegal Rapeseed oil	• Coordinated fishing activities • Coordinated flows of supply between different depots

Cooperation Category	**Producer Group**	**Producer Group**	**Multi-Faceted Cooperation Entity**	**Cooperation for Branding and Certification**
Cooperation Type	**Ring of Kerry Quality Lamb**	**Farmers to Market**	**Donegal Rapeseed Oil**	**Responsible Irish Fish**
			• Honey and mustard salad dressing	nationwide • Coordinated processing and distribution activities • Certified fish products in accordance with responsible fishing standards • Availability of Irish fish products all year round (frozen)
New products?	• Lamb product differentiated to geographic location (Ring of Kerry) was previously unavailable	• Farmer-branded Irish free range chicken product • Compliant with highest of free range standards in Ireland	• The first Irish Rapeseed oil products	• Certified Irish fish products fished in adherence with responsible fishing standards – previously unavailable to consumers • RIF vessels are committed to collecting drifting rubbish debris at sea and disposing of it responsibly. Consumers buy this service along with the fish product.
Sharing of Facilities/resources/processes?	• Shared breeding strategies. • Uniform strategies for best practice in sheep production	• Investment in high quality housing, fencing, location and planting. • Uniform strategies in poultry production • Working with processor to develop new packaging design	• Joint strategies for crop rotation among 70 growers. • Sharing of machinery	• Strategic use of quota • Cooperation with processors to acquire subsidiary services such as flash freezing and storage.
Promotion/Marketing/Branding?	• Major emphasis on marketing, branding and promotion, nationally and locally	• Major emphasis on marketing, branding and promotion, nationally and locally.	• Major emphasis on marketing, branding and promotion. Internationally, nationally and locally	• Major emphasis on marketing, branding and promotion, nationally and locally
Environmental Aspects?/Climate Changes?	• REPS compliant farms	• Planting up to 5,000 trees in 2012.	• Positive effect on pollination	• Major aspect of rules and regulation is environmental

Cooperation Category	Producer Group	Producer Group	Multi-Faceted Cooperation Entity	Cooperation for Branding and Certification
Cooperation Type	**Ring of Kerry Quality Lamb**	**Farmers to Market**	**Donegal Rapeseed Oil**	**Responsible Irish Fish**
		• No slurry being spread in chicken paddocks. • Plan for planting different species of plants in 2013.		maintenance • RIF vessels are committed to collecting drifting rubbish debris at sea and disposing of it responsibly. Consumers buy this environmental service along with the fish product.
Supports Used/Required				
Strategic Planning	• Business planning • Production planning • Logistical planning: processing, packaging, distribution • Establishment of rules and regulations for membership of cooperative and quality control. • Marketing and branding strategy.	• Business planning • Production planning • Establishment of rules and regulations for membership of not for profit share company and quality control. • Most marketing and branding is undertaken by processor, with some branding and marketing planning (particularly PR events) undertaken by group.	• Business planning • Feasibility plan, management plan, strategic plan. • Corporate and logistical planning: processing, sales, packaging, distribution • Crop rotation strategy • Branding and marketing strategy	• Business planning • Logistical coordination of fishing, processing, distribution (services undertaken by partner cooperatives) • Major campaigns in marketing, branding and promotion
Animation, Training, Networking	• Animation activities are needed to promote the establishment of producer groups (Teagasc, Enterprise Boards, LEADER partnerships etc.) • Farmers joining the group would need to adopt the same high production standards: training potentially involved in this	• Animation activities are needed to promote the establishment of producer groups (Teagasc, Enterprise Boards, LEADER partnerships etc.) • Farmers joining the group would need to adopt the same high production standards: training potentially involved in this	• Training/education events provided to growers, organised by the cooperative • Extensive Networking at food and marketing events	• Additional members (fishermen) recruited on an ongoing basis • Training/education element, particularly in relation to fishing 'code of practice' (environmental etc.) that defines RIF • Extensive Networking at food and marketing events

Cooperation Category	**Producer Group**	**Producer Group**	**Multi-Faceted Cooperation Entity**	**Cooperation for Branding and Certification**
Cooperation Type	**Ring of Kerry Quality Lamb**	**Farmers to Market**	**Donegal Rapeseed Oil**	**Responsible Irish Fish**
	• Extensive Networking at food events, farming events, and local markets	• Extensive Networking at food events, farming events, and local markets		
Running Costs	• Labour • Transport • Animal production costs • Sales • Quality control • Processing, packaging, branding, marketing, distribution costs • Website	• Research and development • Labour • Transport • Production costs • Sales • Quality control • Processing, packaging, branding, marketing, distribution costs • Website	• Research and development • Consumer taste tests • Labour and sales staff • Website • International travel • Transportation	• Labour • Travel costs • Website • Quality control, monitoring
Promotional Costs	• Branding, marketing. • Promotional literature, printed material, advertising. • Participation in promotional events.	• Branding, marketing. • Promotional literature, printed material, advertising. • Participation in promotional events.	• Branding, marketing. • Promotional literature, printed material, advertising. • Participation in promotional events.	• Branding, marketing. • Promotional literature, printed material, advertising. • Participation in promotional events.
Other supports/costs?	• None in addition to what is specified above	• None in addition to what is specified above	• None in addition to what is specified above	• None in addition to what is specified above

Cooperation Category	**Networks and Clusters**	**Operational Groups of the EIP**	**Operational Groups of the EIP**	**Operational Groups of the EIP**	**Operational Groups of the EIP**
Cooperation Type	**Discussion Groups**	**Dairy Efficiency Programme (DEP)**	**BTAP**	**BETTER Farm Programme**	**Monitor Farms**
Background					
Formal Status	• May be affiliated to a particular DAFM/EC scheme (in the case of DEP/BTAP groups, for example)	• DAFM Programme Status	• DAFM Programme Status (Beef Technology Adoption Programme)	• Pre-defined programme (BETTER: Business, Environment and Technology through Training Extension and Research)	• Pre-defined programme
Rationale for Cooperation	• To assist farmers in their: farm management and adoption of new technologies • Facilitate the professional development of farmers, sharing of information between farmers, empowerment of farmers to make decisions, and social contact among farmers	• To leverage the strengths of partner organisations • To maximise the use of these strengths according to high standards • The sharing of knowledge, resources and ideas to improve farm efficiency and productivity • Proven effectiveness of the discussion group model	• The aim is that the progress will be made by the farms that partake BTAP, in terms of taking up new technologies and increasing their profits, • There will be a lot of baseline data established	• To establish 'BETTER" farms modelling best practice and facilitate the general farming population's learning of the best practice • To assist the 'BETTER' farmers in their adoption of new technologies • Monitoring and evaluation of use and impact of technologies • Enhancement of farm management • Strategising for farm expansion • Achieve €1000 gross margin per hectare on participating farms • Trials often carried out on farms	• To demonstrate technologies that improve farm efficiency and profitability • Used as a focal point for extension and discussion groups • To trial new technologies
Actors & Processes					
Actors	• Groups of farmers working with a trained facilitator • Some 'guest experts' may contribute to dizcussion groups	• Industry • Teagasc • DAFM • Dairy Farmers	• Industry • Teagasc • DAFM • ICBF • Meat processors	• Farmers, Teagasc scientific and advisory personnel, DAFM and industry/IFJ representatives • 3 Tillage BETTER Farms • 7 Sheep BETTER Farms	• Participating farmers (farm owners), Teagasc scientific and advisory personnel, industry partners

Cooperation Category	**Networks and Clusters**	**Operational Groups of the EIP**	**Operational Groups of the EIP**	**Operational Groups of the EIP**	**Operational Groups of the EIP**
Cooperation Type	**Discussion Groups**	**Dairy Efficiency Programme (DEP)**	**BTAP**	**BETTER Farm Programme**	**Monitor Farms**
			• Beef farmers	• 3 Dairy BETTER Farms • Teagasc recently expanded programme to 30 beef farmers, cooperating with a number of supporting stakeholders: AIPB, Kepak, Dawn Meats, FBD Agricultural Trust, IFJ, Teagasc	
Catalyst for Cooperation	• Proven and accepted effectiveness of discussion groups as a learning model • For farmers participation, advice from Teagasc advisors, Glanbia, farming media, neighbours, friends. • Farmers' position disposition towards discussion group model – social learning model	• *DAFM Scheme* • Key driver Food Harvest 2020, and the targets that were set • *Farmers receive a financial incentive to join a DEP discussion group*	• DAFM scheme • Key driver Food Harvest 2020, and the targets that were set	• Modelled on 'Monitor Farm': an effective extension model • Joint Teagasc./IFJ/ industry programme • Receptive and ambitious farmers	• Monitor (farmer-operated) farms acknowledged to be more effective as an extension/learning model than demonstration (scientist-operated) farms, for example. • Industry collaboration with Teagasc • Farmers wish to become monitor farms because of intensive advisory and scientific support from Teagasc
Terms of Cooperation					
Cooperation Characteristics and Logistics	• Role of facilitator (an agricultural advisor who is a conduit for technical information as well as his/her facilitation role) • Farmers take ownership of the	• DAFM finances the scheme • Teagasc largely implements the scheme • Participating farmers must have a permanent milk quota entitlement with at least one	• DAFM finances the scheme • Teagasc largely implements the scheme • The farmers must comply with the requirements of the programme, attend a minimum	• Farm business plans in place on all farms • Intensive advisory and research support given to each farm • Regular industry visits to each	• Farm business plans in place on all farms • Intensive advisory and research support given to each farm

Cooperation Category	Networks and Clusters	Operational Groups of the EIP	Operational Groups of the EIP	Operational Groups of the EIP	Operational Groups of the EIP
Cooperation Type	**Discussion Groups**	**Dairy Efficiency Programme (DEP)**	**BTAP**	**BETTER Farm Programme**	**Monitor Farms**
	group process and procedures in order to maximise their learning • Established groups appoint officers and committees • A common condition of membership is a minimum percentage of attendance. • Members may have to fulfil certain requirements, such as joining herd with ICBF; complete a profit monitor annually; milk recording	registered Milk Purchaser • Participating farmers must be producing and delivering milk to a registered Milk Purchaser • Participating farmers must attend discussion group meetings once a month	number of meetings throughout the year	farm. • Trialling of new technologies • National meeting of farmers twice a year. • Discussion groups established around each BETTER farm • Regular open days/farm walks for general farming population • Dissemination of results/findings to broader population by Teagasc/IFJ/Industry	• Regular industry visits to each farm. • Trialling of new technologies • Regular open days/farm walks for general farming population • Dissemination of results/findings to broader population by Teagasc/IFJ/Industry
Horizontal or Vertical	• Cooperation between dairy farmers • Cooperation may also involve co-ops, banks, suppliers, Teagasc and DAFM	• Horizontal and vertical cooperation	Horizontal and vertical cooperation	• Vertical cooperation between farmers, scientists and industry partners (e.g. AIPB, Kepak, Dawn Meats, FBD Ag trust, IFJ, Teagasc) • Horizontal cooperation between farmers (discussion groups that are part of the programme)	• Horizontal farmer-to-farmer learning, vertical cooperation between farmers, scientists and industry partners
Products and Processes					
Product Types	• Enhance learning process • Enhanced adoption of technologies, leading to enhanced productivity and efficiency • Potential establishment of purchasing/selling groups • Participation in training courses and other learning events.	• Enhance productivity and efficiency on farms: all participating farmers focus on the adoption of best practice in three key areas, (grassland management, breeding, financial management).	• Enhance productivity and efficiency on beef farms	• Innovative production processes • Piloted new technologies	• Innovative production processes • Piloted new technologies
New products?	• Networking and knowledge sharing	• Enhanced production of existing products (no new products	Enhanced production of existing products (no new	• Innovative production processes	• Innovative production

Cooperation Category	Networks and Clusters	Operational Groups of the EIP	Operational Groups of the EIP	Operational Groups of the EIP	Operational Groups of the EIP
Cooperation Type	**Discussion Groups**	**Dairy Efficiency Programme (DEP)**	**BTAP**	**BETTER Farm Programme**	**Monitor Farms**
		necessarily)	products necessarily)	• Piloted new technologies	processes • Piloted new technologies
Sharing of Facilities/resource processes?	• Monthly sharing of fiscal and financial information • Some joint purchasing of resources e.g. weighing scales for weighing heifers	• Members of discussion groups share learning and monthly information on grassland management, breeding and financial management • Industry partners contribute effective strategies in relation to goal setting relevant to markets while Teagasc expertise in relation to the technologies and associated performance indicators (focused on measuring and reporting)	• Members of discussion groups share learning and monthly information on grassland management, breeding and financial management • Industry partners contribute effective strategies in relation to goal setting relevant to markets while Teagasc expertise in relation to the technologies and associated performance indicators (focused on measuring and reporting)	• The farms involved are used to test, implement and monitor innovative production processes in a collaborative way by the farmers involved, Teagasc scientists and advisory personnel, and industry personnel. The findings are disseminated by Teagasc and industry partners/ Irish Farmers Journal	• The farms involved are used to test, implement and monitor innovative production processes in a collaborative way by the farmers involved, Teagasc scientists and advisory personnel, and industry personnel. The findings are disseminated by Teagasc and industry partners/ Irish Farmers Journal
Promotion/Marketing/Branding?	• Promotion to encourage farmers' participation	• The programme required promotion at the outset to encourage farmers' participation	• The programme required promotion at the outset to encourage farmers' participation	• The programme itself (and the results/learning arising from the programme) is promoted to all farmers	• The Monitor Farms (and the results/learning arising from the programme) is promoted to all farmers
Environmental Aspects?/Climate Changes?	• Many of the technologies being promoted through the group lead to green house gas reduction, per kilo of product	• Many of the technologies being promoted (e.g. increased grass diets, higher EBI, increased cow fertility) lead to green house gas reduction, per kilo of	• Many of the technologies being promoted (e.g. increased grass diets, higher EBI, increased cow fertility) lead to green house gas reduction, per kilo of	• The BETTER Farm Programme has specific environmental objectives	• Monitor Farms have integrated environmental objectives

Cooperation Category	Networks and Clusters	Operational Groups of the EIP	Operational Groups of the EIP	Operational Groups of the EIP	Operational Groups of the EIP
Cooperation Type	**Discussion Groups**	**Dairy Efficiency Programme (DEP)**	**BTAP**	**BETTER Farm Programme**	**Monitor Farms**
		product	product		
Supports Used/Required					
Strategic Planning	• Some farmers set fiscal and financial goals for the year • Some draw up full business plan • All discussion groups have a programme design • Some groups engage in periodic evaluation of members' performance	• A condition of the scheme is that participating farmers must produce a 5-year plan, and update this annually. They often require professional assistance with this task.	• A condition of the scheme is that each participating farm will have a business plan drawn up by the end of year one.	• All farmers must have farm business plans, which are monitored and evaluated regularly. Detailed profit monitors are maintained.	• All farmers must have farm business plans, which are monitored and evaluated regularly. Detailed profit monitors are maintained.
Animation, Training, Networking	• Animation, training and networking is the central mandate of the discussion group model	• Animation, training and networking is a central characteristic of the DEP, particularly in the context of the discussion groups: facilitators must be trained and paid by Teagasc/DAFM to undertake this work • Extensive Networking by programme personnel at farming events, seminars, information days, open days etc.	• Animation, training and networking is a central characteristic of the BTAP, particularly in the context of the discussion groups: facilitators must be trained and paid by Teagasc/DAFM to undertake this work • Extensive Networking by programme personnel at farming events, seminars, information days, open days etc.	• A central aspect of the programme is to animate, motivate and provide ongoing education and support to the farmers who are directly involved in the programme. • The programme established a discussion group around each 'BETTER' farm to extend the animation, motivation and education/support process. • Further animation, motivation, education arises from open days, farm walks and intensive dissemination of programme results (through IFJ and Teagasc).	• A central aspect of the programme is to animate, motivate and provide ongoing education and support to the farmers who are directly involved in the programme. • Further animation, motivation, education arises from open days, farm walks and intensive dissemination of programme results
Running Costs	• Facilitators' fees, guest speakers, professional fees (for business planning, for example)	• Facilitators' fees, guest speakers, training programmes, postal contact • Travel & subsistence for programme personnel	• Facilitators' fees, guest speakers, training programmes, postal costs • Travel & subsistence for programme personnel	• Research and development • Costs associated with new technology development and implementation (e.g. contract scientists' salaries and veterinary fees)	• Research and development • Costs associated with new technology development and

Cooperation Category	**Networks and Clusters**	**Operational Groups of the EIP**	**Operational Groups of the EIP**	**Operational Groups of the EIP**	**Operational Groups of the EIP**
Cooperation Type	**Discussion Groups**	**Dairy Efficiency Programme (DEP)**	**BTAP**	**BETTER Farm Programme**	**Monitor Farms**
				• Administration • Travel & subsistence for programme personnel	implementation (e.g. contract scientists' salaries and veterinary fees) • Administration • Travel & subsistence for personnel
Promotional Costs	• Promoting discussion groups to farmers	• Promoting the DEP scheme itself	• Promoting the BTAP scheme itself	• Promoting the programme and disseminating results	• Promoting Monitor Farms and disseminating results
Other supports/costs?	• None in addition to what Is specified above	• None in addition to what Is specified above	• None in addition to what Is specified above	• None in addition to what Is specified above	• None in addition to what Is specified above

Annex III

Evaluation Methods

Terluin, I.J. and Roza, P. (2010). Evaluation methods for rural policy. The Hague: LEI report 2010-037 cited in Terluin I. J. and Berkhout P. (2011) Exploring the perspectives of a mixed case study approach for the evaluation of the EU Rural Development Policy 2007-2013, paper presented at "Evidence-based Agricultural and Rural Policy Making: Methodological and Empirical Challenges of Policy Evaluation", Agricultural Economics Research Institute LEI, The Hague, The Netherlands.

Table 1: Classification of evaluation methods according to their methodological approach

Approach	Method	Source
1. CMEF type approach (indicators and evaluation questions) (9)	Evaluation of the EU Rural Development Programmes 2007-2013 (EU27)	European Commission (2006)
	Evaluation of the Rural Development Programme 2000-2006 (The Netherlands)	Venema et al. (2009)
	Evaluation of the Rural Development Programme 2000-2006 (Flanders)	IDEA Consult et al. (2008)
	Ex-post evaluation of LEADER II programmes 1994-1999 (EU15)	ÖIR-Managementdienste GmbH (2003)
	Mid-term evaluation LEADER+ (2000-2006) (The Netherlands)	ECORYS-NEI (2003)
	Evaluation of Cohesion policy programmes in Objective 1 and 2 regions (France, Germany, Poland, Spain and Sweden)	Tödtling-Schönhofer et al. (2009)
	Evaluation of the Less Favoured Area measure (EU25)	IEEP (2006)
	Evaluation of the set-aside measure (EU25)	Areté srl and University of Bologna (2008)
	Evaluation of the Nordic Aid schemes (Northern Finland and Sweden)	MTT and SLI (2007)
2. Tally approach (5)	Evaluation of the LFA policy (Austria)	Hovorka (2004)
	Evaluation of the Dutch national policy for management of wintering goose populations (The Netherlands)	LNV (2009)
	Evaluation of the nature management measures (The Netherlands)	Milieu- and Natuurplanbureau (2007)
	Evaluation of the greenhouse horticulture policy (The Netherlands)	Algemene Rekenkamer (1996)
	Programme Assessment Rating Tool (PART) (United States)	OECD (2009b)
3. Econometric approach (2)	Non-parametric propensity score matching approach for evaluating agri-environmental and LFA measures (Germany)	Pufahl and Weiss (2008)
	Regression model on farm meadow birds (The Netherlands)	Willems et al. (2004)
4. Modelling approach (3)	Inter-regional Social Accounting Matrix (SAM) (Archanes, Nikos and Heraklion, Greece)	Psaltopoulos et al. (2006)
	Regional Social Accounting Matrix (SAM) (six rural regions in Scotland, Finland and Greece)	Psaltopoulos et al. (2004)
	LEITAP (EU15)	Nowicki et al. (2009)
5. Mixed case study approach (3)	Mixed-method case study (East Wales)	Midmore et al. (2008)
	Evaluation of the measure for setting up of young farmers (The Netherlands)	Ettema (1992)
	Evaluation of the territorial environmental policy (The Netherlands)	VROM (2003)

Source: Terluin and Roza (2010)

Table 2: Assessment of main properties of the evaluation methods.

	CMEF type approach	Tally approach	Econo-metric approach	Model-ling approach	Mixed case study approach
Diagnosis of cause and effect:					
- description of what has happened (in quantitative terms)	x	x	x	x	
- description of what has happened (in qualitative terms)					x
- description of how and why it has happened in interaction with the local context and other policies					x
- impact is measured at the right territorial level	partly	x	x	partly	x
Indirect results of policy intervention are taken into account	x		x	x	x
Unintended effects of the policy intervention are taken into account					x
Reveals reasons why actors participate in a policy measure					x
Covers the whole territory in which measure is applied	x	x	x	partly	
Easy to apply for evaluator		x			x

Source: Terluin and Roza (2010)