

Synthetic Summary

Objective and scope of the evaluation

This evaluation commissioned by the European Commission (DG AGRI) is an independent assessment of its information and promotion actions for agricultural products on the internal market and in third countries (Council Regulation (EC) No 3/2008).

The examination covers the period from 2002 to 2010, with a synthesis of the previous framework contract evaluations (commissioned in 2006 and implemented until 2008 for four sectors and in various third countries), and the period 2008-2010 subject to more in-depth analysis based on current programmes. It covers the EU-27 Member States.

The study examines the relevance and effectiveness of the measures with respect to the achievement of their objectives, the management of programmes as well as their coherence and complementarities with other promotional measures applied under the CAP or by private actors and Member States.

Evolution of EU promotion policy

In the CAP, the EU support to promotion and information on agricultural products has been evolving significantly since the early 1980s. From 2000 to 2007, activities were ruled by two distinct regulations, one on the internal market and the other in third countries. Since 2008, one single harmonised regulatory scheme exists (Council Regulation (EC) No 3/2008 and Commission Regulation (EC) No 501/2008).

The main objective is to improve the image and knowledge of EU agricultural products and their production methods in order to reverse static or declining consumption, expand the demand or open new markets. With a co-financing mechanism (up to 50% of EC contribution¹, at least 20% of financial participation from the private sector and the remainder by the Member States concerned), the support seeks to supplement and have a multiplier effect on national and private actions.

Promotion actions must be generic and focusing on the intrinsic quality of products. They may cover public relations work, promotion and advertising as well as information campaigns. They are presented in a programme submitted by professional trade organisations in response to national calls for proposals. Programmes are pre-selected by the Member State and final selection is done by the EC.

Over the recent years, a high number of submitted programmes (up to 57%) were rejected by the European Commission (DG AGRI), mainly for eligibility and quality reasons. To

¹ The EC contribution can be increased from 50 to 60% for actions to promote the consumption of fruit and vegetables targeted at children in educational establishments, and for information on responsible drinking patterns and harm linked to hazardous alcohol consumption

clarify requirements and expectations, DG AGRI has issued several guidelines since 2006, incorporating lessons learned from the experience and the framework contract evaluations.

EC expenditure for promotion measures increased from minor amounts in 2002 to relatively stable amounts since 2007, between 45 and €50m yearly, the three quarters being dedicated to the internal market and the rest to third countries.

Regarding products and themes, six of them account for 78% of all EC expenditure from 2002 to 2010: fruit and vegetables; dairy; meat; European quality schemes (PDO, PGI & TSG); organic products; wines. As for the repartition per country, 56% of expenditures by the Commission have been for programmes proposed by Italy, France, Spain, Germany and Greece. A further 16% of the budget has been allocated to multi-country programmes².

Out of the 458 programmes signed between 2001 and 2010, single proposer programmes targeting internal market in their own country are dominant. Multi-country programmes, which are prioritised in the selection process, represent less than 10% of the total in number.

Different promotion measures exist under the CAP other than the scheme governed by Council Regulation (EC) No 3/2008. Promotion can indeed be undertaken for the wine and fruit & vegetable sectors (under the CMO Regulation), and for quality schemes under the Rural Development Programme.

Methodology

The evaluation combined desk and field work. It includes a descriptive part and an evaluation part. The descriptive chapter is mainly based on EU Regulations and documentation. The comprehensive synthesis is based on 9 reports produced by the framework contract evaluations previously commissioned by DG AGRI (4 sector-specific evaluations on the Internal Market, 5 country evaluation of promotion in Third Countries)³.

The replies to the evaluation questions are the core of the study, based on the above-mentioned elements, in addition to a questionnaire sent to Competent Bodies in all 27 Member States and the analysis of a sample of 15 programmes originating from 9 EU Member States. Both programme document analysis and stakeholder interviews were performed for these programmes.

The evaluation is organised around 12 evaluation questions which cover three themes as showed in the conclusions below.

² Common programmes set-up by more than one Member State

³ Four sector-specific evaluations on the internal market were structured according to product sectors and themes (organic products, wine, fruit and vegetables, dairy) and five evaluations in third countries were structured according to third-country markets (USA and Canada; Russia; Japan; China and India and South-East Asia; Norway and Switzerland).

Conclusions

Theme 1: Policy relevance and effectiveness

List of themes and products

The current list of eligible products and themes includes a large number of agricultural and agri-food products at the first processing stage. This list is large and heterogeneous, reflecting the diversity of agricultural products. It allows responding to a high heterogeneity of situations and market trends. However, the list of products and themes alone is not enough to achieve the objectives of the regulation. Although the principles of the policy are defined, an overall strategy is missing.

List of eligible third countries

The list of eligible third country markets covers almost all regions of the world. It is rather unfocused, which is not *per se* a problem for competent bodies and proposing organisations, since it provides flexibility for action. Most important trading partners for the EU are in the list, which is essential. Once again, the list offers an unexploited possibility to define more structured strategies or to prioritise actions in programmes.

Commission initiatives

In line with the subsidiarity principle, the Commission may take the initiative in measures that are of Community interest or where no appropriate proposal has been submitted otherwise by Member States.

On the internal market the Commission undertook initiatives in the organic sector (2005-09) with large visibility, which had a leverage effect on other campaigns.

There is little available information on the Commission's initiative in third countries, namely for the European Authentic Tastes campaign (EAT) promoting European quality schemes (PDO, PGI, TSG and organic), implemented over the 2005-07 period. Although there was evidence of minor coordination problems during implementation, it also led to synergies and reinforcements of later co-funded programmes.

Finally the Commission also undertakes high level trade visits, on average once a year, that should facilitate and further enhance business opportunities. The immediate follow-up of the visits is generally positive; their long term effect on business opportunities is not yet assessed.

Overall, synergies between Commission initiatives and other programmes may gain from enhanced communication between the supra-national and national levels.

Multi-product and multi-country programmes

Multi-product and multi-country programmes have high EU value added potential, through economies of scale, leverage effects, wider target group reach, cooperation and socio-economic cohesion between countries. Although such programmes are encouraged, they do not have the expected occurrence. The number of programmes is limited by the specific difficulties they face for design and implementation. A risk exists that they be proposed for opportunist reasons such as increasing the chances to be selected by Commission services. The main difficulty with multi-product approaches is to find adequate associations of products that make sense, but meaningful combinations exist (e.g. wine and cheese).

Overall, administrative burden, different rules among Member States and different interpretation of guidelines and regulation, as well as language and cultural hurdles complicate the setting up and implementation of multi-country programmes.

Multi-target programmes, involving measures in more than one country present less difficulties and are more widely and easily adopted. They have the advantage to penetrating new markets with sufficient critical mass, allowing for economies of scale and leverage effects.

Evolution of effectiveness

The analysis of improvement of programmes implemented since 2008 is based on the 15 sample programmes chosen for in depth analysis. However, as many of the programmes have only been operating for a year, there is limited evidence yet of the achievement of objectives. Good practices for programme design such as market analysis, definition of clear objectives, defining clear targets, etc. are widely supported and adopted practices among the proposing organisations of selected programmes.

But this is not translated into higher success rates at the level of the EC selection, characterized by important fluctuations without clear trend until the end of 2010. Indeed, there are still weaknesses in a number of submitted programme proposals, such as unclear or inconsistent activities, lack of details in actions proposed and insufficient strategy especially for third country programmes. According to the Commission, applicants should better adapt their communication channels to the target group, with best possible cost efficiency and potential impact.

Theme 2: Management of information and promotion programmes

Overall management set-up

The overall management set-up, from the European Commission, to competent bodies in Member States and proposing organisations (branch organisations) down to the implementing bodies (often advertising agencies), is clearly defined in the Regulations and further guidelines.

While the overall management structure is not questioned, the two-step selection process, at Member State (pre-selection) and EC (selection) levels, is causing an important time spent on the procedure (over 6 months) and some degree of duplication in selection roles. This time span is considered long in the context of promotion. Implementing procedures are considered heavy and time consuming (particularly in the case of multi-country programmes).

Guidelines

The available guidelines and accompanying documents are generally appreciated by applicants, particularly for the *design* of programmes, even if some streamlining and clarification is possible. On the other hand, guidance documents are less adapted for the *implementation* of the programmes, particularly for multi-country programmes.

There are no specific guidelines for programmes in third countries. Consequently guidelines designed for the internal market tend to be used for third countries, which may not be fully adapted.

Some aspects of the guidelines (in particular in the annexes of Commission Regulation (EC) No 501/2008) have not always been updated.

Monitoring and evaluation reports

Reporting requirements are judged excessive in Member States and would require simplification, particularly the quarterly reports which are too frequent, even if one should keep in mind that they are triggering the payments. On the other hand, the template for annual reports is largely oriented towards monitoring and does not include the request of the Commission to evaluate results obtained so far by the programme although the description of expenditure in the contracts mentions this possibility.

The final evaluations, for which 5% of the budget can be earmarked, should provide relevant information on programme achievements and impact⁴.

Administrative requirements for selecting and implementing programmes

As already underlined, the two-step selection process with current overlaps generates misunderstandings, particularly when the rejection rates are high at the Commission level (57% from July 2006 to end 2010, not decreasing over time) in a context of budget availability.

While the EC endeavours to undertake at its level an objective selection, the approaches in Competent Bodies vary from a careful support to applicants to adapt to the perceived Commission requirements, to a much more open approach, leaving the selection to a more

⁴ The final evaluations of the analysed promotion programmes were not yet available, since these programmes were still running.

distant entity. In addition, some selection requirements are considered too detailed namely regarding unit costs of activities throughout the programme.

Regarding implementation requirements, main issues relate to the high reporting frequency, the details of unit costs, and the lack of flexibility in terms of budget transfers leading to administrative burden especially for multi-country programmes.

Theme 3: Coherence and complementarity with other CAP and national and private promotion initiatives

Complementarities and synergies with national and private initiatives

Complementarities between EU co-funded programmes and national and private initiatives are a preoccupation of the scheme reflected in both regulations (Council Regulation (EC) No 3/2008 and Commission Regulation (EC) No 501/2008).

If synergies with national initiatives definitely exist according to competent bodies and proposing organisations, they are almost never the result of a structured promotion strategy. They are most often coincidental although they are among the Regulation's goals.

Two barriers to synergies and cooperation with the private sector exist though. These are the exclusion of brands from the scheme, as well as the restrictions to mention origins (except in cases of recognised quality schemes).

EU added value

EU funding has an important leverage effect on generic, multi-country and multi-product programmes. Without EU co-funding, promotion programmes would have a much smaller scale and would be funded mainly by the private sector (PO). Due to this private funding, they would be brand-oriented and not generic. Some programmes would probably not take place at all, especially for third country promotion, where a minimum critical mass is needed in terms of budget, not often affordable without EU support for smaller operators.

Co-funded multi-country programmes also generate an important leverage effect as several parties participate in a programme, allowing a higher impact. These elements emerge from the previous evaluation reports and interviews with proposing organisations and competent bodies in Member States.

The I&P programmes are generally thought to improve the image of EU products and contribute to the development of positive connotations (e.g. high quality, safety, taste, etc.) according to framework contract evaluations and interviewed competent bodies. The specific contribution of multi-country programmes on the image is recognised by competent bodies and concerned proposing organisations. Promoting the intrinsic value of the products also has a positive effect overall on consumer behaviour. However, there is a

lack of clear evidence as to the direct economic impact (e.g. exports and sales) of generic campaigns, working on the image and awareness.

Coherence of I&P programmes with other CAP measures

Promotion of EU agricultural products can be financed in a horizontal way through Council Regulation (EC) No 3/2008, on a smaller scale for national or EU quality schemes through rural development programmes (RDs) and in a sector-specific way for wine and fruit and vegetables.

The promotion and information scheme is coherent with these other CAP measures in terms of objectives, messages conveyed, groups targeted and channels used except the possibility of mentioning brands under certain conditions under the CMO (wine as well as fruit and vegetables), which makes an essential difference with Council Regulation (EC) No 3/2008.

Regulations and implementation of CAP promotion measures focus on demarcation lines between each-other rather than actively building complementarities and synergies. More precisely, there are no overlaps between these initiatives because most of them have explicit or implicit specificities in terms of types of beneficiaries or coverage, demarcating them appropriately or thanks to additional demarcation lines. Nevertheless the coexistence of an increased number of promotion measures resulting from recent CMO reforms, with important financial allocations such as for the wine sector, could limit the overall efficiency of the promotion policy.

Recommendations

- **The global objective** of the scheme (to support demand and consumption of EU agricultural products) **should be mentioned explicitly in the regulation together with the potential benefits for the producers and the consumers.**
- While the **lists of eligible countries, regions, products and themes** for promotion actions may remain broad, and even **be enlarged to enable flexibility, countries and products subject to promotion should be prioritised by means of clear National and/or European strategies.**
- A **European strategy** for promotion of agricultural products should be defined and **encompass all promotional measures of the CAP** in order to ensure coherence, differentiated between the Internal Market and Third Countries. The strategy could be revised periodically and a set of tools and criteria could be used to identify priorities, including market trends, such as crisis situations, as well as economic and strategic indicators.
- In addition to the European promotion strategy, **Member States should develop their own national strategies**, clarifying their priorities (e.g. target products and countries) and different sources of funding. This necessary step to ensure internal coherence would also maximise the potential for developing synergies at supra-national level.

- Given the EU value of **multi-country programmes** and their associated administrative burden, the **EU should strengthen their support** to such programmes through a more attractive co-financing rate and by simplifying the administrative requirements (by clarifying roles and interpretations).
- In terms of the **selection of programmes**, the overall procedure could remain unchanged with essentially a **clearer distinction of roles and better communication between the EC and Member States**. Competent Bodies could take care of eligibility checks as well as other verifiable criteria, and should provide sufficient documentation and justification to the EC. The Commission in its turn would assess the potential impact of programmes, their EU dimension and compliance with the European strategy. A scoring system would be used at both levels.
- The **administrative burden** of the different types of programmes **could be alleviated** by (1) reducing the level of **details required in programme proposals about unit costs of actions in year 2 and 3 of the programmes**, (2) **adding flexibility to implementation procedures** (e.g. facilitating budget transfers over 10% if justified), (3) **reducing reporting frequency and requirements**, limited to (bi)-annual progress reports that (4) need to include an **internal evaluation of results obtained so far** (for annual reports) **and retrospective evaluations** at the end of the programme.
- **Streamline the guidelines into one document** which would not be part of the Regulation and which would encompass EU priorities and guidance for the design (as currently Annex I of Council Regulation (EC) No 501/2008 and operational requirements for implementation and evaluation.
- The leverage effect of co-funded programmes could be improved if the **rules governing the reuse of co-funded communication 'material'** (e.g. slogans, messages...) were **made more explicit in order to make this 'material', such as slogans**, accessible also to the private sector under specified conditions. To ensure a European return of generic campaigns and enhance visibility of EU promotion, the **introduction of a European identification to the promotion programmes**, including visual and/or content elements, should be considered.
- Finally, it is suggested to **set up a permanent EU Exchange Platform on Information and Promotion Actions for Agricultural Products**. It would not interfere with the existing decision mechanisms, but would maintain an active community of stakeholders interacting between them, as well as with the competent authorities in Member States and the EC: **exchanges of views, transfer of know-how and good practices, formulation of proposals and suggestions**. Some of its main deliverables could be: a website, workshops, technical documents, catalogues of good practices, lists of FAQs, a helpdesk, etc.