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EVALUATION OF THE COMMON MARKET ORGANISATION FOR MILK AND MILK PRODUCTS AND THE REGULATION ON MILK QUOTAS

Quality judgement of the final report submitted by AND-I in July 2002

PRELIMINARY REMARK

The judgement below is made on the methodology, not on the results, conclusions or recommendations reached by the contractor. It has to be pointed out that it is not the content that is judged here, but only the methods used for obtaining it.

1. MEETING THE NEEDS: Does the evaluation adequately address the information needs of the commissioning body and fit the terms of reference ?

The evaluation questions have been understood, as the introducing paragraphs to the answer to each question show. It is regrettable that the systematic structuring (criteria, indicators) carried out was not consequently taken up in the analysis and the conclusions (see points below).

All evaluation questions have been answered and the main issues of this evaluation have been addressed. This does not mean that the answers to the questions are satisfactory as it will be laid down below.

It has to be mentioned in this context that the late delivery of the first draft final report and its poor quality (which made several thorough revisions necessary) limited the usefulness of this evaluation for preparing the midterm review.

Global assessment : *poor*, since the expectations of the steering group were not met

2. RELEVANT SCOPE: Is the rationale of the policy examined and its set of outputs, results and outcomes/impacts examined fully, including both intended and unexpected policy interactions and consequences ?

The introduction chapters provide an overview on the main instruments of the CMO for milk and milk products and the quota system and the development of the market context and production structures as well. A lot of data has been collected and is presented in the report and the annexes. In some aspects, e.g. the length of time series the study goes even beyond the requirements of the terms of reference. It has to be recognised that the evaluation team did a considerable effort in the collection and treatment of the rather voluminous data (mainly due to the considerable number of products concerned)

In two aspects the requirements of the terms of reference are not or only insufficiently met:

- The aid for private storage (notably of cheeses is only treated in a rather superfluous way (see question 1.1) and the overall view of the different measures is not sufficiently developed.

- The different national systems of application of the milk quota and their impacts are only mentioned but not really treated. This is a weakness because in particular for this aspect the terms of reference required to “examine in depth the situation of the sector” in at least the seven specified most important Member States. In particular for the assessment of market and structural impacts it would have been important to use details on the prices or costs (direct and indirect) in the different Member States even if this information is not directly comparable.

Global assessment : *satisfactory*, although “*poor*” for the treatment of milk quotas

3. DEFENSIBLE DESIGN: Is the evaluation design appropriate and adequate to ensure that the full set of findings, along with methodological limitations, is made accessible for answering the main evaluation questions ?

There is some inconsistency in the approach to answering the evaluation questions. The understanding of the question and the criteria and indicators chosen are laid down correctly but this structuring work is not taken up in the analysis and, even more important, in the conclusions. Thus the “filon rouge” is lacking in the answer to most of the questions.

The weakness of the analysis will be laid down below in detail (see point 5). One important aspect is that the methods are explained insufficiently, which makes the conclusions less credible.

Global assessment : *poor*

4. RELIABLE DATA: To what extent are the primary and secondary data selected adequate ? Are they sufficiently reliable for their intended use ?

It has to be recognised that, due to the particularities of the milk sector (many products, various market intervention instruments the evaluators had to collect and

treat a considerable amount of data, mainly from Commission sources. In principle these data are treated and presented correctly. However limits and possible inconsistencies in their use are not pointed out clearly enough (use of conversion coefficients, crossing of budgetary data and market data). Furthermore the data existing on milk quota should have been exploited better, in particular as concerns quota developments at national level.

Too little efforts have been made to complete and cross-check data existing on Community level with national sources. In this context the issue of costs or prices of milk quota has to be mentioned but also other aspects of income (e.g. gross margins, production costs).

Global assessment : *satisfactory*, but “*poor*” for the aspect of milk quota

5. SOUND ANALYSIS: Is quantitative and qualitative information appropriately and systematically analysed according to the state of the art so that evaluation questions are answered in a valid way ?

Generally speaking the analysis is not clear and straightforward enough. For some questions (e.g. question 1.1, 2.1 and 3.1) many details are put together and partial analyses made, which are not synthesised sufficiently in view of answering the questions.

Furthermore the overall view of the impacts of the different instruments and their interactions is not developed sufficiently. This applies in particular for the milk quota.

The methods used and their limits are not explained sufficiently. It is not clear how the effectiveness of internal disposal measures and export refunds is estimated. The precise figures give the impression of a quantitative analysis undertaken, whereas it is assumed that the rates of effectiveness are based on qualitative information obtained at the interviews. This approach should have been described.

Also the model elaborated by INRA mentioned in the context of estimation of effectiveness of export refunds (question 1.3) provides only very limited added value, because its basic assumptions are, as the evaluators admit, too restrictive. However its basic logic could have been exploited more and its structure should have been described more in detail in the annex.

Also for the income and structure chapters the analysis is not complete and consistent enough. E.g. the influence of the CMO and the quota on the different elements of income (earnings and costs) could have been examined more in detail. In some cases other data would have been more relevant for the analysis (FADN data instead of farm structure survey for regional analysis in question 2.2, data of the farm structure survey instead of FADN data for analysis of employment).

Global assessment : *poor*

6. CREDIBLE FINDINGS: Do findings follow logically from, and are they justified by, the data analysis and interpretations based on carefully described assumptions and rationale ?

The weakness of the analysis has also implication on the credibility of the findings. The results on the effectiveness of export refunds and internal disposal measures are difficult to be used since it is not clear how they have been calculated. Since the interviews were an essential source of information it is not clear in how far the findings are based, at least indirectly, on stakeholders' views

It is difficult to identify the findings because the conclusive parts in the answer to the questions are relatively short and not well structured. Some interesting findings would have been worth to be analysed further such as the "double parité" (question 1.1) and the more rapid structural change in the milk producing sector compared to other agricultural sectors (question 3.1)

Global assessment : *poor*

7. VALIDITY OF THE CONCLUSIONS: Does the report provide clear conclusions? Are conclusions based on credible results ?

The usefulness of the conclusions presented in the report is rather limited since they are not presented in a clear way. In many cases they do not refer to the criteria presented at the beginning of the respective questions. In some cases (e.g. income, production structure) they could have been reasoned better, in some cases only hints are given which are difficult to understand.

Also the validity of the conclusions suffers from the weakness of the analysis (see point above).

Global assessment : *poor*

8. USEFULNESS OF THE RECOMMENDATIONS: Are recommendations fair, unbiased by personal or stakeholders' views, and sufficiently detailed to be operationally applicable ?

The recommendations presented are rather limited (half a page in the summary), the principal recommendation being that there is no need to generally revise the system (refonte générale du système). Apart from this the recommendations are more of technical nature as improving monitoring and information on the markets for milk products.

Also a proposal not to modify the system would need some more reasoning to make it understandable. There is also no link to the conclusions made in the individual questions. For instance the recommendations could have taken into account in cases when the analysis had revealed measures with low effectiveness and efficiency.

Also the issue of the milk quotas and the fixing of their level should have been addressed explicitly in the recommendations.

Global assessment : *poor*

9. CLEAR REPORT: Does the report clearly describe the policy evaluated, including its context and purpose, together with the procedures and findings of the evaluation, so that information provided can easily be understood ?

The report is generally speaking not presented in a very clear way and not easy to read (see below). It has however to be recognised that the executive summary is and the introducing chapter on the context are quite well drafted and clearly structured.

The texts are sometimes difficult to understand because the way of drafting is not always clear (e.g. remarks and hints, which are not explained).

The structure of the report is not clear enough. There are too many sub points in the table of contents and important aspects of the answers such as findings and conclusions are not pointed out sufficiently.

On the other hand it has to be criticised that the description of market situations and developments and of structural developments takes too much space in several answers to questions (e.g. question 1.1, 1.5 and 3.1). Parts of these descriptions could have been put in the annex in order to facilitate the reading of the report.

Global assessment : *poor*

10. ASSESSMENT OF THE REPORT AS A WHOLE

As the above analysis shows the report is to be considered as “poor” under most of the criteria. This is mainly due to a lack of synthesis of the voluminous qualitative and quantitative information and the weakness of the analysis.

It has however to be recognised that that the scope of this evaluation is rather large and that all aspects of this evaluation have been treated and all questions formally responded.

Taking into consideration all the aspects discussed above, the overall judgement of this evaluation report is : *poor*.

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Concerning these criteria, the evaluation report is :	Unac-ceptable	Poor	Satisfac-tory	Good	Excel-lent
1. Meeting the needs: Does the evaluation adequately address the information needs of the commissioning body and fit the terms of reference?		X			
2. Relevant scope: Is the rationale of the policy examined and its set of outputs, results and outcomes/impacts examined fully, including both intended and unexpected policy interactions and consequences?			X		
3. Defensible design: Is the evaluation design appropriate and adequate to ensure that the full set of findings, along with methodological limitations, is made accessible for answering the main evaluation questions?		X			
4. Reliable data: To what extent are the primary and secondary data selected adequate. Are they sufficiently reliable for their intended use?			X		
5. Sound analysis: Is quantitative and qualitative information appropriately and systematically analysed according to the state of the art so that evaluation questions are answered in a valid way?		X			
6. Credible findings: Do findings follow logically from, and are they justified by, the data analysis and interpretations based on carefully described assumptions and rationale?		X			
7. Validity of the conclusions: Does the report provide clear conclusions? Are conclusions based on credible results?		X			
8. Usefulness of the recommendations: Are recommendations fair, unbiased by personal or shareholders' views, and sufficiently detailed to be operationally applicable?		X			
9. Clearly reported: Does the report clearly describe the policy being evaluated, including its context and purpose, together with the procedures and findings of the evaluation, so that information provided can easily be understood?		X			
Taking into account the contextual constraints on the evaluation, the overall quality rating of the report is considered		X			

