

Final Report for

**The European Commission
Directorate-General for Agriculture**

**EX-POST EVALUATION OF MEASURES
UNDER REGULATION (EC) NO 951/97
ON IMPROVING THE PROCESSING
AND MARKETING CONDITIONS
OF AGRICULTURAL PRODUCTS**

Submitted by

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Contents

S1. Executive Summary	1
1. Introduction	1
2. Regulatory framework	2
2.1. The context	2
2.2. The objectives of the Regulation.....	2
2.3. The intervention logic	2
2.4. Criteria for investment	3
2.5. Member State plans	4
2.6. Instruments of the Regulation	5
2.7. Eligible investments	5
2.8. Rates of aid	5
3. Objectives and scope of the evaluation	6
4. Evaluation methodology and constraints.....	7
4.1. National ex-post evaluations (carried out for Member States at the end of the programming period)	7
4.2. National ex-post evaluation (carried out specifically for this meta-evaluation) ..	8
4.3. Meta-evaluation methodology	8
4.3.1. Constraints to meta-evaluation	13
5. Socio-economic context	15
5.1. Agricultural context	15
5.2. Policy context	18
5.3. Sectoral context	20
5.4. Conclusion.....	27
6. Design of the scheme, implementation and uptake.....	29
6.1. Design.....	29
6.2. Implementation.....	33
7. Results and impacts	41
7.1. Increased competitiveness	42
7.2. Primary producers' benefits	49
7.3. Health conditions	51
7.4. Environmental impact.....	52
7.5. Targeting of aid	52
7.6. Side effects of the scheme	54
8. Judgement	57
9. Recommendations.....	60

Tables

TABLE 5.1: DEFLATED PRODUCER PRICE INDICES FOR CROP PRODUCTS (1990=100)	17
TABLE 5.2: DEFLATED PRODUCER PRICE INDICES FOR ANIMALS AND ANIMAL PRODUCTS (1990=100)	17
TABLE 5.3: AGRICULTURAL PRODUCTS SOLD THROUGH CO-OPERATIVES, 1996 (%).....	18
TABLE 5.4: FOOD, DRINK AND TOBACCO - BREAKDOWN BY SIZE OF ENTERPRISE 1990 (%)	23
TABLE 5.5: EU FOOD RETAILING CONCENTRATION RATIOS (%) OF THE FIVE LARGEST FIRMS, BY MEMBER STATE	27
TABLE 6.1: CONTRIBUTION TO FUNDING OF INVESTMENTS UNDER REGULATIONS (EEC) NOS 866/90 AND 867/90 1993-99 (NON-OBJECTIVE 1 AND 6) (1,000 ECU) 1993-99	33
TABLE 6.2: FINANCING PLAN AND COMMITMENTS FOR REGULATION 951/97 (AND REGULATION 867/90) BY SECTOR (€MILLION).....	34
TABLE 6.3: NUMBER OF APPLICATIONS MADE UNDER REGULATION 951/97 AND RATE OF APPROVAL AND IMPLEMENTATION	40

Figures

FIGURE 5.1: INDIVIDUAL MEMBER STATES' SHARE IN FINAL AGRICULTURAL PRODUCTION, 1996.....	15
FIGURE 5.2: SHARE OF INDIVIDUAL PRODUCTS IN FINAL AGRICULTURAL PRODUCTION, 1996	16
FIGURE 5.3: PRODUCTION AND VALUE ADDED OF FOOD AND DRINKS INDUSTRY, 2000 ESTIMATE	21
FIGURE 5.4: PRODUCTION VALUE AT CONSTANT PRICES OF FOOD AND DRINKS INDUSTRY IN THE EU	22
FIGURE 5.5: NUMBER OF PERSONS EMPLOYED IN THE FOOD AND DRINKS INDUSTRY IN THE EU	23

Glossary of abbreviations

BSE	Bovine Spongiform Encephalopathy
CAP	Common Agricultural Policy
CSF	Community Support Framework
DG AGRI	Directorate-General for Agriculture
EAGGF	European Agricultural Guarantee and Guidance Fund
EC	European Community
EU	European Union
GATT	General Agreement on Tariffs and Trade
OP	Operational Programme
PDO	Protected Designations of Origin
PGI	Protected Geographical Indications
SME	Small and medium sized enterprise

S1. Executive Summary

S1.1. Background to Regulation 951/97

In 1997, the European Union adopted the Council Regulation (EC) No 951/97 (henceforth referred to as Regulation 951/97). The Regulation provided Community co-funding (a total of €1.5 billion over the six years of the programming period) from the EAGGF (European Agricultural Guarantee and Guidance Fund) Guidance Section under Objective 5a of the Structural Funds¹ for the agri-food sector with the objective to “facilitate the improvement and rationalisation of the treatment, processing and marketing of agricultural products”. The scheme was also intended to help achieve Objectives 1, 6 and 5b. The Regulation stipulates that it must be ensured that farmers have a share in the economic benefits of the investments and that they create new market outlets for the primary sector and/or increase the value added of the primary product.

The logic for intervention in the processing and marketing of agricultural products is a continuation of a rationale conceived in the 1970s, when the Commission perceived a need to increase the efficiency of processing and marketing sector. This would place the sectors downstream from agriculture in a better position to pay improved prices to producers, diversify output, stimulate demand and re-orientate production towards exports. Regulation 951/97 continued this logic. It was designed to contribute to the financing of investments that fell under a range of criteria including facilitating the:

- improvement and rationalisation of marketing channels;
- improvement of product quality and presentation;
- development of new outlets for agricultural products;
- adoption of new environmental technologies; and,
- adjustment of regions facing economic changes in the agricultural sector.

¹ Objective 5a had the aim of “speeding up the adjustment of agricultural structures” in the EU.

Focus of the scheme

- The main focus of the design of measures under Regulation 951/97 was on facilitating companies to increase their competitiveness through cutting production costs and adding value. An important element of the measures was also to help companies meet EU regulations on the environment and health and safety. Several Member States also explicitly designed their measures around support for “innovative” projects such as new product lines and niche market products.

Under Regulation 951/97, the aid was implemented within the framework of national plans designed to improve the processing and marketing of the various products in question. Expenditure could be made on investments in property construction or purchase (not land), new machinery and equipment and general costs. Investments could not be made at a retail level or in the processing and marketing of products from third countries. The aid was provided at a maximum of 50% of the total costs of investments in Objective 1 and 6 regions and 30% in other regions. Member States provided at least 5% of the total cost of the investment. The recipients of the aid were required to provide at least 25% of the total cost of the investment in Objective 1 and 6 regions and 45% in other regions.

S1.2. Objectives of the evaluation

Objectives of the evaluation

- The primary objective of the ex-post meta-evaluation is to provide an evaluation synthesis on how effectively the measures implemented under Regulation 951/97 have responded to the stated objectives in terms of relevance, coherence, effectiveness and efficiency, utility and sustainability.
- The aim was also to consider the implementation and effects of the Regulation in the various Member States, what can be said about the objectives underlying the Regulation and the conditions of success in its design and implementation.

The evaluation was carried out primarily through analysis of Member State ex-post evaluations submitted to the European Commission. These evaluations were complemented by a review of programming documents, statistical analysis and the carrying out of qualitative interviews with relevant stakeholders. The main limitation to the work was the lack of statistically significant scheme data which meant it was

difficult to assign causality to impacts. Where these gaps in data existed further interviews were conducted and secondary data reviewed.

A number of constraints were encountered during the research:

- ex-post evaluations were not available from all Member States;
- some ex-post evaluations were made available to the researchers too late in the life of the project, so that they could not be taken into account fully for the sub-contractors evaluations;
- the quality of the ex-post evaluations was variable;
- methodologies and indicators used in the ex-post evaluations were not always consistent;
- the evaluation questions appear to have been devised after the Regulation was introduced. The schemes were therefore not implemented with an evaluation in mind and therefore full data to facilitate such evaluations was not being collected;
- no consistent database (number of beneficiaries, money disbursed, etc.) at the EU level for all years was available thus making it impossible to fully compare implementation over the whole period by Member State;
- the incorporation of Regulation 951/97 into the Operational Programmes for Objective 1 and 6 regions. This means that there is no ex-post evaluation in these areas relating specifically to Regulation 951/97 measures.

This evaluation also investigated to what extent the national authorities' evaluations, which were used as a basis of this study, followed the Commission's guidelines to the national authorities for evaluation of measures under Regulation 951/97.

It emerged that on average, 85% of the core questions were fully or partially answered, while only a small number of the other questions were addressed in the national authorities' evaluations. This is mainly due to the fact that only the core questions were obligatory but also due to a lack of data caused by insufficient monitoring systems in some regions or Member States. National and regional administrations also found some of the evaluation questions too complex.

This leads to the recommendation to set out a concise set of clear and accessible evaluation questions. It is worth noting that the Commission provided at the beginning of the 2000-2006 rural development programming period a set of common evaluation questions including a description of the intervention logic, criteria, indicators, and information sources.

S1.1. Socio-economic context

The implementation of the Regulation 951/97 took place against the background of the following key market and policy trends in the EU agri-food sector. The years prior to and during the programming period were characterised by a marked concentration of the agri-food sector, whereby an increasing share of the market in processing, wholesale and retail was taken up by fewer enterprises. As the size of companies increased they could wield greater power in the marketplace. The primary sector by contrast remained fragmented, with the exception of Member States like Finland and Denmark which have traditions of co-operative farm structures. This fragmentation meant that farmers were generally in a relatively poor bargaining position and so did not benefit from economic gains in the processing and retailing sector.

At a policy level the most important development in this period was the final completion of the process of trade and labour liberalisation in the EU. The creation of the Single Market allowed the faster growth of companies and increased the agri-food sector's competitiveness as administrative costs were reduced. This process also contributed to the sector's concentration.

At a consumer level, there was a small rise in consumption in real terms but preferences were changing towards more health oriented food (fresh vegetables, fish, cereals etc.) as well as convenience food, accompanied by a greater demand for information on how the food was produced. This does not appear to have caused the agri-food sector difficulty in responding and has created opportunities for small and medium enterprises (SMEs) who produced niche products.

The increasing concentration of the sector and its growing size and economic power raises questions about the type of market intervention that is suitable and whether it should constitute aid for such companies or be targeted in a different way. The changes in consumer preferences towards more health orientated produce and for more information on the production processes also raise new challenges for the design of the appropriate intervention. This evaluation seeks to analyse whether the Regulation is relevant to this socio-economic context and if the scheme needs to be better oriented towards these new realities.

Socio-economic context

- Liberalisation of trade across the EU as a result of the Single Market programme
- Increasing company size and concentration in the sector
- New regulations on health, safety and the environment for companies to comply with
- Greater demand from the consumer for health orientated, niche products

S1.2. Implementation of measures under Regulation 951/97

The relative size of the bureaucracies required to design and implement the scheme varied across the EU. Several Member States delegated scheme administration to external agencies whilst Ministries retained executive authority. Other Member States implemented the scheme through a combination of Ministries (e.g. Agriculture and Trade). Regional authorities in several Member States were fully responsible for implementing the scheme. Selection procedures varied between Member States. In several cases there were long time lapses between submission of applications and approval of projects. In general the level of awareness about the scheme was high, although companies, especially smaller ones, complained about the complexity of the application process.

Implementation of the scheme

- Different models including outsourcing to private sector
- Differences in size of bureaucracies
- Variation in selection procedures and timing of approvals
- High level of awareness within industry

S1.3. Impact of the scheme on competitiveness in the agri-food sector

The *added value of products* is achieved primarily through improvements in product quality and processing, by means of investment in both technological hardware and “soft” technologies like new management systems and better reading of market trends. Five Member States (Denmark, France, Germany, Greece, and the Netherlands) provided strong evidence that the scheme helped *improve product quality*. Across the EU, there is reasonably strong evidence that investments led to improved quality, manifested mainly through the more widespread implementation of quality control procedures and investment in specific new plant and machinery, but also as a side effect of other investments. However, it should be noted that there were also strong market and regulatory incentives for companies to improve performance in this area. Nevertheless, based on evidence from surveys of beneficiaries and stakeholder surveys, one can conclude that the scheme had a positive impact on the value added of products in the EU agri-food sector.

An *improvement in marketing channels* may be achieved in a number of ways, including the improvement in timing of the processing, the delivery of optimal supply and sufficient homogeneity, the creation of new market outlets and the degree of information exchange between market actors. There is evidence in a third of the Member States that the investments led to improvements in the marketing channels. In the remaining countries it was observed that the weight of total investment under the scheme was too small to enable any measurable improvements.

It is difficult to isolate the effect of the scheme on *the cost of processing and marketing of agricultural products*, because the focus of firms changed as they responded to new market incentives and regulations (and so probably increasing the cost of production) and achieved economies of scale (so reducing the cost of production). However, in half the Member States beneficiaries expressed the opinion that the scheme helped to reduce the cost of processing and marketing of agricultural products.

Furthermore, under the scheme investments were made in improvements in the collection of raw materials, improvement in storage facilities and compliance with EU health and safety regulations.

A priori reasoning suggests that investment in improved processing technology should result in *more efficient use of resources, resulting in less waste*. However, there is little evidence with which to address this question, mainly due to the lack of an established monitoring system during the course of the programming period.

Impact on competitiveness

- Improvements in product quality due to implementation of quality control procedures and investments in new plant and machinery
- Improvements in timing of processing, delivery of optimal supply and homogeneity
- Reductions in the costs of production and marketing
- Contribution to improvements in the collection of raw materials, improvement in storage facilities and compliance with EU health, safety and environment regulations
- Lack of monitoring means little evidence on use of natural resources and wastage

S1.4. Impact on primary producers

An important objective of Regulation 951/97 is that the primary sector shares in the economic benefits enjoyed by the agri-food sector as a result of the investments. In one third of Member States, the majority of beneficiaries believed that the investment led to increased demand and improved prices for producers. There is no independent evidence to corroborate this perception. In the remaining Member States, there is no strong evidence of improvements in prices and demand due to the scheme.

The extent to which producers benefit from this increased demand from the agri-food sector depends on their bargaining power. In a situation where upstream retailers and wholesalers exert strong market power, a fragmented farming community is in a poor position to negotiate an increased share of the value added in the supply chain. This trend is illustrated by the divergence between falling producer prices and increasing consumer prices. **Where farmers are organised into co-operatives or have a financial stake in the processing sector, the economic benefits enjoyed by the food processing sector can be more easily transferred to primary producers.**

We recommend further analysis to assess any correlation between co-operative structures and the primary sector gaining a greater share of the profits earned over the supply chain. The findings of such research could feed into any future review of the design of the Regulation.

There is very limited evidence that *co-operation between primary producers and processors* increased.

Impact on primary producers

- Powerful market position of processors vis-à-vis farmer, so few economic benefits of investments shared with farmers
- More evidence of benefits for primary sector in Objective 1 and 6 regions

S1.5. Impact of the scheme on health conditions in the workplace and the environment

Given the lack of monitoring procedures accompanying investments it is difficult to estimate the likely environmental impact of the scheme other than by *a priori* reasoning (that investments in new technology should increase the efficiency of resource usage). Evidence suggests that in several Member States specific investments did improve environmental performance, but otherwise improvements were attributed to the side effects of investing in improved machinery and management procedures.

Impact on health in the workplace and the environment

- Lack of hard scheme data on health and environmental impacts
- Some positive side effects observed for new investments

S1.6. Targeting of aid

In its implementation at Member State and regional levels, the aid was generally made available to all eligible beneficiaries (i.e. non-competitive applications) and for investments that met the objectives of the scheme, namely to improve the competitiveness of the sector. However, it was noted in several Member States (Sweden, Spain, Finland) that the scheme did not target “innovative” investments that would enable companies (usually SMEs) to access and develop new markets. This failing has been acknowledged in Denmark with the inclusion of the criteria of “innovation” in the current programming period of the Rural Development Regulation.

In the Netherlands, the administration developed a more targeted approach to direct aid to “innovative” products and processes, areas for which it would normally be more difficult to access capital, especially for SMEs.

The majority of Member States took a “traditional” approach, concentrating on improving competitiveness, helping companies meet EU regulatory requirements

and increasing added value. This also meant that there was a higher potential for “deadweight”² in the investments, partially as a result of the non-targeting of aid and partially due to the small amount of aid that was granted as a proportion of total investment. However, whilst failure to receive the subsidy would not necessarily have prevented applicants to go on to make the investment anyway, the scheme is considered to have speeded up investments.

Targeting of aid

- Lack of targeting and low weight of funding gave rise to deadweight
- Aid speeded up investments
- Lack of targeting to “innovative” projects

S1.7. Side effects

The evaluation finds that the scheme had important side effects: creation of employment, improved health and safety conditions in the workplace and an improvement in the environmental performance of companies. However, in view of the saturation of the agri-food market, any increases in employment in one company may well be just displacing employment in either another region or Member State. This, however, is not necessarily a negative outcome as there may be consumer benefits from efficiency gains.

Side effects

- Important side effects observed with respect to job creation, improved health and safety in the workplace and environment
- Displacement effect in employment

S1.8. Judgements

Relevance

National and regional authorities in the EU implemented Regulation 951/97 in a mainly “traditional” way, concentrating on improving competitiveness, helping companies meet EU regulatory requirements and increasing added value. The aid was principally focused on four sectors (meat, dairy, fruit and vegetables and wine). Given the need for firms to compete on price and quality in an enlarged EU, the scheme as far as the agri-food sector is concerned, can be judged as being relevant to the needs of the industry. The scheme was particularly relevant for SMEs for which access to capital is more difficult than larger companies.

² That the change would have taken place anyway without the scheme intervention.

The relevance of the scheme for primary producers is less clear cut. The evaluation observed that the scheme stimulated demand for primary products, but given the small level of investment in relation to the overall gross product of the industry, any increase in prices was temporary.

The primary sector did not share the economic benefits of increased gross product in the agri-food sector over the period of the scheme. As the agri-food sector grew increasingly concentrated, the negotiating position of farmers worsened and the upstream industries captured most of the added value in the supply chain. The structure of the agricultural and agri-food sector has altered significantly from the early 1970s when the logic of the intervention was originally conceived as manifested in Regulation 355/77. Farmers bargaining power has only tended to improve when they are organised into co-operatives and in cases where they have taken equity stakes in the processing sector. Similarly where the industry is at an early stage of development and wields less market power, the primary sector has benefited from higher prices or contracts with the processor. This was, for example, observed in Objective 1 and 6 regions.

Relevance

- Regulation 951/97 implementation mainly focused on improving competitiveness, helping companies meet EU regulations and increasing added value, therefore relevant to industry
- Particularly relevant to needs of SMEs
- Market has changed substantially since the scheme's conception in the 1970s. Due to market concentration, primary sector could not benefit from scheme, except in Objective 1 and 6 regions and where cooperation/downstream equity stakes have increased

Efficiency

Efficiency

- The investments under Regulation 951/97 were granted to applications which were already substantially funded by the private sector. In this respect the market had already assessed the risk on the investment was worth bearing and that it was likely to yield a return. On the assumption that the market delivers efficient investments, the evaluation therefore judges that the investments were in most cases efficient.

Effectiveness

Over the whole programming period of 6 years, the scheme provided approximately €1.5 billion worth of investment. Whilst not an insignificant amount, as a proportion of the total output (e.g. €726 billion in 2000), the size of the investment cannot be considered as effective within the industry as a whole. However, in the peripheral regions of Europe, and those designated as Objective 1 and 6, where the development of the sector is less advanced, the Regulation was more important in stimulating investment and thus contributing to wider cohesion of the EU. Furthermore, the measures were linked into a range of measures for industry under the Operational Programmes of Objectives 1 and 6. This holistic approach where properly integrated and co-ordinated improved effectiveness.

A further consideration is that the support for investments to reduce production costs and improve marketing may well increase the competitiveness of EU companies in export markets. There is however no specific research on this impact and given the size of the investments in relation to the overall gross product of the sector, these effects are difficult to detect.

The evidence for the effectiveness of the spending itself and what was achieved under the scheme suggests that whilst the sector viewed the subsidies favourably and in cases planned investments were speeded up as a result of the intervention, many investments would have taken place anyway.

Effectiveness

- Effectiveness limited by small scale of intervention compared to overall industry output
- Regulation 951/97 important for Objective 1 and 6 regions
- Implementation of Regulation 951/97 within Operational Programme framework represented more holistic approach

Coherence

The internal coherence³ in the scheme is constrained by the structure of the market which has changed since the scheme was first conceived in the 1970s, when it was feasible that investment in the processing sector would lead to benefits in the primary sector. The objectives in the scheme thus do not complement one another in this respect, except in parts of Objective 1 and 6 areas.

The external coherence⁴ is partially dependent upon the manner in which the national and regional authorities have implemented the scheme and what national fiscal policies and subsidies already existed for the sector. There was no evidence that suggested incoherence in this respect. Within the Objective 1 and 6 regions, Regulation 951/97 was successfully integrated into Community Support Frameworks and so could be judged as coherent with other EU-wide policies.

Coherence

- Internal coherence limited by market concentration and poor bargaining position of primary sector
- Externally coherent, particularly with respect to Objective 1 and 6 areas

Utility

The extent to which the Regulation 951/97 corresponds to society's needs and solves socio-economic problems is difficult to judge. There is evidence from national authorities that the scheme created jobs, but one may also reasonably conclude that there were displacement effects. This would therefore have reduced the net employment effect.

Given the dynamism of the sector, it is questionable as to whether it merits a public subsidy, except in regions where the original rationale applies. The market is reasonably efficient in allocating resources provided it works within a strong regulatory framework with respect to food safety, health and safety and the environment. Many beneficiaries were not located in rural areas and so did not generate important multiplier effects for the rural economy. The utility was greater in those regions where development is constrained by lack of investment, skills and market access. Overall however, these effects were mainly enjoyed in urban areas and so society (irrespective of the spatial dimension) benefited.

Utility

- Utility greatest in regions where development is constrained by lack of investment and skills

³ Defined as the "correspondence between the different objectives of the same intervention", MEANS Collection 6, p89 (EC 1999).

⁴ Defined as the "correspondence between the objectives of the intervention and those other public interventions that interact with it", MEANS Collection 6, p89 (EC 1999).

Sustainability

The degree to which investments provide durable benefits can only be assessed over the medium-term. This meta-evaluation has taken place only 4 years after the programming period finished (and 9 years after it began) thus partially restricting a judgement that can be made.

The environmental impacts of the scheme were not measured on a Member State level and consequently, there is no firm foundation on which to base a judgement. We recommend that there should therefore be long-term follow-up and specific indicators are developed for the scheme in terms of monitoring, so as to enable sustainability to be properly evaluated.

Sustainability

- Lack of monitoring system limits judgement

S1.9. Recommendations

The following recommendations are made on the basis of this ex-post evaluation.

The share of economic benefits of the scheme

In view of the growth and concentration in the agri-food sector since the scheme's inception in the 1970s and continuation under Regulation 951/97, it is clearly difficult to ensure that a powerful agri-food sector passes on the benefits of investments under Regulation 951/97 to the primary sector. This is not to say that there should therefore be a presumption in favour of small companies. Large companies deliver the consumer low cost produce on the basis of their economies of scale and bargaining power. However, these structural changes to the market place put into question the internal coherence of the scheme. If the objective remains that the scheme should ensure that the primary sector is to benefit from the investment, consideration should be given to targeting aid to organisations that are more likely to pass on these benefits to the primary sector. Such organisations include principally co-operatives, but perhaps also SMEs who wield less market power.

There is therefore need for further research to examine the extent to which organisations that wield less market power do in fact pass on to the primary sector any economic benefits derived from investments. If benefits to producers are transmitted in this way, consideration should be given to further targeting aid to these types of organisations.

Quality of projects

Most Member States directed aid to projects that met the agri-food sector's priorities (competitiveness, meeting new regulations), but mostly through non-competitive tendering processes. As a result deadweight was observed. To overcome this problem in future, aid should be awarded by either the application of stronger eligibility criteria or through competitive tendering procedures. This would help to deliver stronger projects as well as give Member States the opportunity to target aid more strategically.

Scheme monitoring

In order to provide an effective assessment of the scheme's impact, there is a need to build in the capacity to assess sustainability in the medium to long term from the start of the scheme through agreement by Member States on the establishment of effective scheme monitoring systems and indicators as a basis for evaluation. It is therefore welcome that for the current programming period the Commission has in co-operation with the Member States, designed compulsory evaluation questions with associated criteria and indicators with which Member States can evaluate the scheme.

Administration

Member States implemented the scheme according to their own national and regional models. The most frequent problem that arose was the length of the application process, and in some cases lack of transparency in selection. Administrations need therefore to set exact timetables for the review of applications and improve transparency in selection procedures.

Implementation should be carried out with the minimum administration burden both on the taxpayer and the recipient. Member States may wish to examine contracting external agencies to implement the schemes. This was viewed as a positive experience in the Netherlands and Ireland. In particular, the implementation benefited from a clear division between policy formulation and implementation at the ministry level and the specialist administrative skills of the agency.

Main recommendations

- Better targeting of aid to organisations likely to pass on benefits to primary sector
- Strengthen eligibility criteria and introduce competitive tendering process to improve project quality
- Improve monitoring procedures and set criteria and indicators for data collection in advance as basis for quality evaluations
- Administrations to set exact timetable for project cycle and ensure transparency
- Consideration given to the use of external agencies to improve efficiency of implementation

1. Introduction

In September 2002, the European Commission (Directorate-General for Agriculture or DG AGRI) commissioned a study from Agra CEAS Consulting to carry out an ex-post evaluation of measures under Regulation 951/97 for the programming period 1994-99. The evaluation took place over a nine months period. The final report provides the results of the work and is structured as follows.

Chapter 2 provides an overview of the regulatory framework including the objectives of the Regulation, the criteria for investment, the Member States' plans, the instruments of the Regulation, eligible investments and rates of aid.

Chapter 3 details the objectives and scope of the evaluation, whilst the following chapter outlines the meta EU and national evaluation methodologies and constraints.

Chapter 5 provides the agricultural sector, policy and agri-food sectoral contexts to the Regulation.

Chapter 6 details the design, implementation and uptake of measures under the Regulation. Chapter 7 presents the results and impacts including the impact on competitiveness, primary producer benefits, health conditions, environment, targeting of aid and side effects of the scheme. Chapters 8 and 9 provide the judgement and recommendations for the scheme.

2. Regulatory framework

2.1. The context

In 1997, the European Union adopted the Council Regulation (EC) No 951/97 (henceforth referred to as Regulation 951/97). This provided Community co-financing from the EAGGF Guidance Section under Objective 5a⁵ of the Structural Funds for improving the processing and marketing conditions of agricultural products. Regulation 951/97 largely codifies measures that have previously been in place, most recently in Regulation (EEC) 866/90 and Regulation (EEC) 867/90. The measures were implemented through national or regional programmes, which in Objective 1 and Objective 6 areas were co-programmed with other measures eligible under these objectives. The processing and marketing measures now form part of the Rural Development Regulation (chapter VII of Regulation 1257/1999).

Approximately 50 programmes were implemented outside Objectives 1 and 6 and similar measures were included in approximately 35 Operational Programmes (OPs) in Objective 1 and 6 areas. The total Community expenditure (commitments) for the period 1994-1999 amounted to €1.5 billion outside Objectives 1 and 6.

2.2. The objectives of the Regulation

The objective of the Regulation is “to facilitate the improvement and rationalisation of the treatment, processing and marketing of agricultural products”. The Regulation also makes reference to the need to ensure that farmers benefit economically from this form of support. The Regulation is subsumed under Objective 5a which aims to improve the economic prospects of lagging rural regions.

2.3. The intervention logic

Measures to improve the marketing and processing of agricultural products have existed since the early days of the Common Agricultural Policy (CAP) starting with Regulation 17/64 which in Article 11 stated that Guidance funding would be made available to assist with the:

- adaptation and improvement of conditions of production in agriculture;
- adaptation and guidance of agricultural production;
- adaptation and improvement of the marketing of agricultural products;
- development of outlets for agricultural products.

⁵ Namely “...promoting rural development by speeding up the adjustment of agricultural structures in the framework of the reform of the Common Agricultural Policy”.

The rationale for this support was amplified when in 1975 when the Commission introduced the proposals which were ultimately to culminate in Regulation 355/77 (COM(75)431). The reasoning at this point was that a more efficient processing and marketing sector would be better able to pay better prices to producers, to diversify output thus stimulating demand, to concentrate more on exports and to "better handle products from remote areas of the Common Market".

Under the Regulation, Member States were required to draw up for approval by the Commission programmes to "develop or rationalise the treatment, processing or marketing of one or more agricultural products" (Article 2). Individual projects within these programmes could apply to a wide range of activities including the development of new outlets for agricultural products; reducing the burden on intervention by improvements to the structure of a market; assistance to regions having difficulty adjusting to some aspect of the CAP; improvement of marketing channels or rationalisation of the processing of an agricultural product; improvement of quality or presentation, etc. (Article 11). The contribution from EAGGF Guidance for eligible expenditure was set at 25%, although this was later modified in various countries and regions to reflect special cases.

The format under which support was provided remained stable when the support arrangements were overhauled in 1990 to bring them into line with the revision of the Structural Funds. The format remained the same but the rates of reimbursement from EAGGF-Guidance were revised and simplified⁶.

The logic for intervention now (as manifested by Regulation 951/97) in the processing and marketing of agricultural products is a continuation of a rationale conceived in the 1970s, whereby there was a need to increase the efficiency of processing and marketing sector, so that it would then be in a better position to pay better prices to producers, diversify output, so stimulate demand and re-orientate production towards exports.

2.4. Criteria for investment

The Regulation may contribute to the financing of investments, which satisfy at least one of the following criteria:

⁶ For further background on the history of the Regulation, see "The Common Agricultural Policy – Continuity and Change", Rosemary Fennell, Oxford : Clarendon Press, 1997.

- (a) helping to guide production in keeping with foreseeable market trends or encouraging the development of new outlets for agricultural products, in particular through facilitating the production and marketing of new products or of high-quality products, including organically-grown products;
- (b) relieving the intervention mechanisms of the market organisations by furthering long-term structural improvement where this is needed;
- (c) being located in regions which are faced with special problems in adapting to the economic consequences of developments on the agricultural markets, or being of benefit to such regions;
- (d) helping to improve or rationalise marketing channels or processing procedures for agricultural products;
- (e) helping to improve the quality, presentation and preparation of products or encouraging a better use of by-products, particularly by recycling waste;
- (f) contributing to the adjustment of sectors facing new situations as a result of the reform of the Common Agricultural Policy;
- (g) helping to facilitate the adoption of new technologies relating to environmental protection;
- (h) encouraging the improvement and monitoring of quality and of health conditions.

2.5. Member State plans

In order to ensure the effectiveness of the aid and its consistency with Community policy, Member States were required to implement the aid within the framework of plans designed to improve the processing and marketing of the various products in question. The plans were required to include the following information:

- determination of the sectors covered and the reasons for such determination;
- the initial situation and the trends as regards:
 - the importance of agriculture and the prospective outlets for agricultural products;
 - the situation as regards the processing and marketing of agricultural products and in particular the existing capacity of the undertakings concerned and their geographical distribution;
- the plan's aims and means:
 - timing of the execution of the plan (3-6 years);
 - needs and the plan's objectives;
 - any aid measures established in the sector covered by the plan;
 - the means proposed for achieving the objectives (investment amounts and the financial participation of the Member State);

- arrangement with environmental authorities for the preparation and implementation of the measures to ensure compliance with Community rules on the environment.

2.6. Instruments of the Regulation

Under Regulation 951/97, Member States could provide funding in one of following two ways:

- the part-financing of Operational Programmes; or,
- the provision of global grants.

Expenditure in the form of capital grants could be made on the following investments:

- (a) the construction and acquisition of immovable property, with the exception of land purchase;
- (b) new machinery and equipment, including computer software and programmes;
- (c) general costs, such as architects', engineers' and consultants' fees and feasibility studies, up to a ceiling of 12% of the cost referred to in (a) and (b).

2.7. Eligible investments

Investments were required to contribute to improve the "situation of the basic agricultural production sector in question". They had to concern the basic agricultural products listed in Annex II of the Treaty of Rome (excluding most fisheries products) and be profitable. Investment could not be made at a retail level or in the processing or marketing of products from third countries.

2.8. Rates of aid

As a proportion of the total costs of the investments, aid under Regulation 951/97 had a maximum limit of:

- 50% in Objective 1 and 6 regions; and,
- 30% in other regions.

Member States had to provide at least 5% of the funding. As a proportion of the total costs of the investments, the recipients of the aid were required to provide at least:

- 25% of the funding in Objective 1 and 6 regions; and,
- 45% of the funding in other regions.

3. Objectives and scope of the evaluation

As set out in the Terms of Reference for this study the primary objective of this ex-post meta-evaluation is to provide an evaluation synthesis on how effectively the measures implemented under Regulation 951/97 have responded to the stated objectives in terms of relevance, coherence, effectiveness and efficiency, utility and sustainability.

More specifically, the objectives of the research project are as follows:

- (i) to provide a description and quantification of the inputs and outputs of measures under Regulation 951/97 in each of the Member States under consideration;
- (ii) to synthesise the net effects and impacts of Regulation 951/97 measures taking into account Member State-specific measures within a socio-economic context;
- (iii) to assess the effectiveness of the measures in terms of their relevance with the stated objectives, their net effect and impact relative to the financial administrative and legal resources utilised for their implementation;
- (iv) to review the knock-on effects of the measures and assess the measures in terms of their impact on the rural economies and on the welfare of producers and consumers;
- (v) to provide a synthesised evaluation of the measures and the instruments employed in terms of their efficiency in fulfilling the stated objectives; and,
- (vi) to identify the extent to which national evaluations have used the common evaluation questions set out by the European Commission.

4. Evaluation methodology and constraints

This report is a “meta-evaluation” of the operation of Regulation 951/97 across the EU. As obliged to do so under the Regulation, national authorities commissioned “national ex-post evaluations” at the end of the programming period. These are discussed briefly in Section 4.1 below. As part of this meta-evaluation, Agra CEAS Consulting Ltd. and its sub-contractors synthesised and complemented these national ex-post evaluations. This process is discussed in Section 4.2 below. Finally, the meta-evaluation itself drew together these ex-post evaluations at Member State level to provide an evaluation at the EU level. This process of synthesis and judgement is discussed below in Section 4.3.

4.1. National ex-post evaluations (carried out for Member States at the end of the programming period)

The Member States (except the UK and Ireland) commissioned national ex-post evaluations of Regulation 951/97. These were generally completed by 2001 and submitted to the European Commission (DG AGRI). Appendix 2 gives a list of all the evaluation reports that were available. The European Commission had developed guidelines to the national authorities on how to carry out the national ex-post evaluations of measures under Regulation 951/97⁷.

Investigating the extent to which the national authorities' evaluations followed the Commission's guidelines, it emerged that on average, 85% of the core questions were fully or partially answered, while only a small number of the other questions were addressed in the national authorities' evaluations (Appendix 5 provides detailed information on which questions were answered for which Member State, and a quality assessment of the national authorities' evaluations, as done by our sub-contractors, can be found in Appendix 4). This is mainly due to the fact that only the core questions were obligatory but also due to a lack of data caused by insufficient monitoring systems in some regions or Member States. National and regional administrations also found some of the evaluation questions too complex.

This leads to the recommendation to set out a concise set of clear and accessible evaluation questions. It is worth noting that the Commission provided at the beginning of the 2000-2006 rural development programming period a set of common evaluation questions including a description of the intervention logic, criteria, indicators, and information sources.

⁷ These guidelines were developed by the European Commission, DG AGRI, 1999, and are available at: <http://europa.eu.int/comm/agriculture/eval/951en.pdf>.

National authorities did not commission ex-post evaluations on the implementation of Regulation 951/97 in Objective 1 and 6 areas. The evaluations of the Operational Programmes in these areas included measures under Regulation 951/97 which was a small component of the OPs.

A strength of the original national ex-post evaluation reports for the purposes of the meta-evaluations was that they represented a broad mix of data sources including interviews with recipients, enterprises whose applications were rejected and other important stakeholders.

4.2. National ex-post evaluation (carried out specifically for this meta-evaluation)

The national ex-post evaluations carried out for this meta-evaluation were based upon three types of information:

- *National authorities' ex-post evaluations (as discussed in Section 4.1)*
- *Secondary information sources based on statistics and programming documents:*
The evaluators for this meta-evaluation also examined secondary data sources in addition to the national evaluation reports (see Appendix 2). The sources of information included national programming documents, national and regional statistics and academic reports.
- *Primary information sources based on interviews with various stakeholders involved in the design and implementation of, and participation in, Regulation 951/97.*

The evaluators carried out interviews with a range of stakeholders including sectoral representatives, administration officials, farmers' unions and beneficiaries (see Appendix 1 for a list of interviewees and Appendix 3 for an example of a list of interview questions). This provided important qualitative assessment of the scheme, especially where the national reports had not covered particular aspects of the administration or the results and impacts of the scheme.

4.3. Meta-evaluation methodology

The meta-evaluation aims to consider the implementation and effects of the Regulation in the various Member States, what can be said about the objectives underlying the Regulation and the conditions of success in its design and implementation. Member States data are used in order to legitimate and illustrate

the judgements. This framing entails some significant methodological and theoretical differences between the meta-evaluation and the national evaluations which we note below.

- In a European level evaluation, we consider it to be central to analyse the design, rules and principles of the Regulation itself rather than focus on the manner in which the Member States adopted it. In other words, the recommendations should not primarily address the Member State level but rather the EU level.
- In the national evaluations, the core of the evaluation is to address the impacts of the policy (which are the real variables to be explained). The meta-evaluation needs to address the policy itself. The impacts are, to an extent, explanatory variables (in the sense that they give weight to a judgement on the policy).
- What is being sought is an understanding of the diversity of situations and the nature of driving forces rather than a ranking of the Member States. Of course the meta-evaluation is to be based on national evidence and data but it should be noted that in this context some gaps and missing data are not a definitive drawback.

The methodological approach means that this report is not seeking to provide a summary of the national evaluation reports but rather to address the Regulation itself in its substance and to analyse to what extent, why and how it might reach its objectives in their formal definition.

Our conceptual framework relies on the notion that a successful policy is one policy that:

- relies on appropriate tools (with “tool”, we mean the technical components of the policy: plans, financial aids, zoning etc.);
- is implemented on a large scale and delivers a high level of uptake;
- is implemented in respect of appropriate and pertinent targets;
- provides relevant projects for the beneficiaries; and
- achieves the expected effects in respect of national targets and achieves the expected effects at EU level.

This is the logical chain which underlies the Commission's evaluation questions. It is based on a linear chain of causality: one “weak” step can therefore weaken the entire policy.

In the comparative approach we have adopted, we first tried to identify what are the strong and weak points for each country, and analysed these with explanatory variables. Such variables may be “internal” (meaning inside the policy scheme) or “external” (resulting from the context).

The meta-evaluation was conducted in an iterative way, by conducting the analysis and judgement in tandem with our team of sub-contractors (SCs), consisting of experts from most Member States (see Acknowledgements). A key component of this process was the development of explanatory variables through repeated exchanges of information and analysis between the sub-contractors and Agra CEAS Consulting. A core group of evaluation experts was formed by Agra CEAS, consisting of three Agra CEAS staff members (Mr Conrad Caspari, Dr. Alex Kasterine, Miss Doris Haug) and 3 external experts (Dr. Xavier Poux, ASCA, France; Professor Walter Schiebel, Institute for Agricultural Economics, Vienna; Professor Kyösti Pietola, MTT, Helsinki). This core group met several times during the lifetime of the project in order to undertake the following:

- provide a common framework of analysis based upon questions, criteria and indicators for the Member States under examination;
- supervise the review of national studies by the research team; and,
- synthesise the review of national studies in order to carry out the EU-wide evaluation analysis.

This enabled the provision of as uniform and consistent data set for the ex-post evaluation of the schemes as possible across the EU. We were aware that there would be gaps in data. Where data from the national reports was inadequate for the evaluation synthesis, we collected additional data by means of interviews with the relevant parties including national and regional organisations responsible for the schemes' implementation, farmers' unions and beneficiaries. The particular benefit of using interviews was to gain views of key actors including programme managers and beneficiaries and to provide in-depth information to help fine-tune and improve future scheme design and implementation.

For the analysis phase, we made a careful textual analysis and synthesis of the national reports in terms of stated objectives and their relevance, as well as in terms of actual performance within a socio-economic context. We undertook the evaluation synthesis in terms of the evaluation questions stated in the guidelines for ex-post evaluation of Regulation 951/97 (European Commission, DG AGRI, 1999). On the basis of these questions, criteria and indicators we carried out the evaluation synthesis in terms of *conceptual*, *operational* and *empirical* analyses:

- The *conceptual* analysis focuses on answering the question 'should logically the schemes work?' and identifies the objectives of the scheme in relation to the characteristics of the agri-food sector, their relevance and key features. In addition, this stage of the analysis focuses on setting up criteria and on identifying gaps (or strengths) in the logic that underlies the schemes. This stage of the evaluation was carried out by a careful textual analysis of legislation and the national reports. Evaluation questions related to how well targeted the measures are given the needs of the sector, the effectiveness and targeting of the schemes come under this stage of the evaluation synthesis.
- The *operational* analysis focuses on answering the question 'could practically the measures work?'. It addresses the question of how the objectives of the measures are accomplished and identifies the implementing mechanisms for the measures. The analysis in this stage identifies the operational complexities of the measures (budget size, organisation responsible for implementation, timing, selection criteria) taking into account the socio-economic context and the objectives of the measures. An important element of this analysis focuses on whether the administrative mechanisms of the measures 'hit' the measures' targets and objectives with accuracy and completeness. Evaluation questions related to the relevance of administrative arrangements and instruments are addressed in this stage of analysis.
- The *empirical* analysis is central to the evaluation synthesis and focuses on scrutinising the complex body of evidence contained in the national reports and other data. This analysis will provide evidence on the extent of the impacts of the measures and their magnitude and will identify any positive or negative spillovers. One theme of this stage of the analysis is related to the efficiency of the scheme. In this context, efficiency can be defined as the ratio of ends (benefits) to resources (costs) and its measurement will also depend on the synthesis of the deadweight and the leverage observed. This stage will be carried out by textual analysis of the national reports and, if necessary, by analysis of secondary data or data collected by means of telephone interviews. This stage of analysis also takes into account knock-on effects and spillovers in order to provide a holistic picture of the efficiency of the measures.

Agra CEAS originally envisaged that it would develop a typology of regions (distance from markets; rates of unemployment; etc.) to explain the success or otherwise of the scheme (uptake, effectiveness). During the course of this work, it became apparent that such a typology would not be appropriate to use as the scheme is not spatially defined in the same way that other rural development schemes are (e.g. agri-

environmental schemes). Instead, it was more appropriate to explore the effectiveness of the scheme through analysis of wider socio-economic and institutional factors (e.g. market structure, consumer demand, administrative capacity).

The final stage of the evaluation was to make conclusions on the scheme's impact on the basis of the criteria defined in the structuring phase. This includes a consideration of whether the measures under Regulation 951/97 met their stated objectives within a socio-economic context. In order to provide a further underpinning of support to both our finding on the results and impacts, Agra CEAS tested a series of hypotheses for which there was evidence from a substantial number, but not of all sub-contractors' evaluations. We sent those hypotheses and conclusions to the national experts contracted to Agra CEAS. The experts returned these providing validation (or not) of the hypotheses and comments about the conclusions. Agra CEAS is therefore confident that it has explored every possible avenue of investigation in ensuring that all the available evidence has been offered to this evaluation and that judgements have been made on a set of well-founded evidence.

Agra CEAS Consulting Ltd. contracted experts from most Member States to carry out national ex-post evaluations specifically for the meta-evaluation (see Acknowledgements).

4.3.1. Constraints to meta-evaluation

Lack of national evaluation reports

In three of the Member States (Ireland, Portugal, and the UK), there was no ex-post evaluation report and so data gaps had to be filled by more reliance on secondary sources and qualitative interviews. In this case (and more generally where there were data gaps) it was important to ensure that the number of interviewees was sufficiently large and covered as wide a cross-section of opinion as possible about the schemes and their effect on all the different sectors. During the course of the national studies, the evaluators made every attempt to “triangulate” the interviews, so that one opinion could be compared with another and so reduce bias in the analysis. One problem that several evaluators faced was that administrators were either no longer in their posts or they (and beneficiaries) could not remember all the details of the scheme's implementation (and impacts), especially at the beginning of the programming period. However, in order for an effective ex-post evaluation to be carried out several years must be allowed for impacts to materialise following the implementation of the measures and this is therefore a problem common to ex-post evaluations in general.

Objective 1 and 6 regions

In Objective 1 regions, there were no ex-post evaluations of Regulation 951/97, but evaluations (some only mid-term evaluations) of the Operational Programmes of which Regulation 951/97 made up one small component. The main constraint therefore to the analysis of impacts of Regulation 951/97 in Objective 1 and 6 regions was that the OP evaluation did not use the same set of common questions set out in the EC guidelines for the ex-post evaluation of Regulation 951/97, instead taking a far broader approach than the focus of Regulation 951/97.

Furthermore, several evaluators reported that as with the Regulation 951/97 reports, there was a lack of monitoring procedures, accompanying indicators and target levels. The national evaluators for this meta-evaluation consequently sought information from national institutions responsible for the implementation of Regulation 951/97. Typically this information would be a database of the number of applications submitted, approved and implemented and the investment and financing of these projects. However, this type of information is only descriptive of the implementation and does not indicate the impacts of the scheme itself. In this case, it was necessary to complement the descriptive data with interviews with the stakeholders involved to gain a qualitative perspective of the scheme. The same approach to filling data gaps was taken where only mid-term evaluations were carried out for the OPs. This was the case in all the countries with Objective 1 and 6 regions. The overall effect of the lack of a consistent data set on which to base the evaluation was to limit the extent to which a counterfactual analysis of the scheme

could be made in which the effect of the scheme could be isolated from wider economic trends. This observation also applies to areas outside Objective 1 and 6.

Surveys

All national ex-post evaluations carried out surveys (mostly by telephone). In half of these, the issue was raised that the samples used would be likely to lead to biased results. This was due to either using small sample sizes or a sample without stratification for company size to accurately reflect the nature of the population. Where the analysis is based on a survey comparison between recipients and non-recipients, the scheme's effectiveness is primarily determined as the difference between the two groups, rather than on the results and impact of the scheme itself. Not all the surveys used control groups, thus reducing the extent to which results could be generalised to the population.

The survey method presents the following problems with respect to the responses from beneficiaries:

- respondents may well be unable to distinguish between the effects of the actual support under Regulation 951/97 and the effect of the investment as a whole, meaning that the effect of the support is probably overestimated; and,
- respondents may provide answers that are biased.

Indicators

The implementation of Regulation 951/97 was not accompanied by a consistent monitoring procedure across the EU Member States. It would appear that the set of EC evaluation questions for the ex-post evaluation of Regulation 951/97 were developed retrospectively, coming after the Regulation's implementation. This means that there is a lack of quantitative data on the impacts of the scheme and a lack of comparable data where the same indicators have been used across the EU.

Secondary data

Common problems that evaluators faced in use of secondary data included:

- data was national and could not be broken down into regions;
- data was collected on a wider sectoral scale than the segment of the same sector covered by the scheme;
- the size of the units contained in data are larger than many of the enterprises receiving aid under Regulation 951/97; and,
- there were cases of discrepancies between data provided in the annual census and data provided by specialised technical departments.

5. Socio-economic context

5.1. Agricultural context

In 1994, the European Union had approximately 140 million hectares of land under agricultural use. Approximately 80% of this land was located in the UK, Germany, Spain, France and Italy. Over 75% of production value from agriculture came from these five Member States (see Figure 5.1).

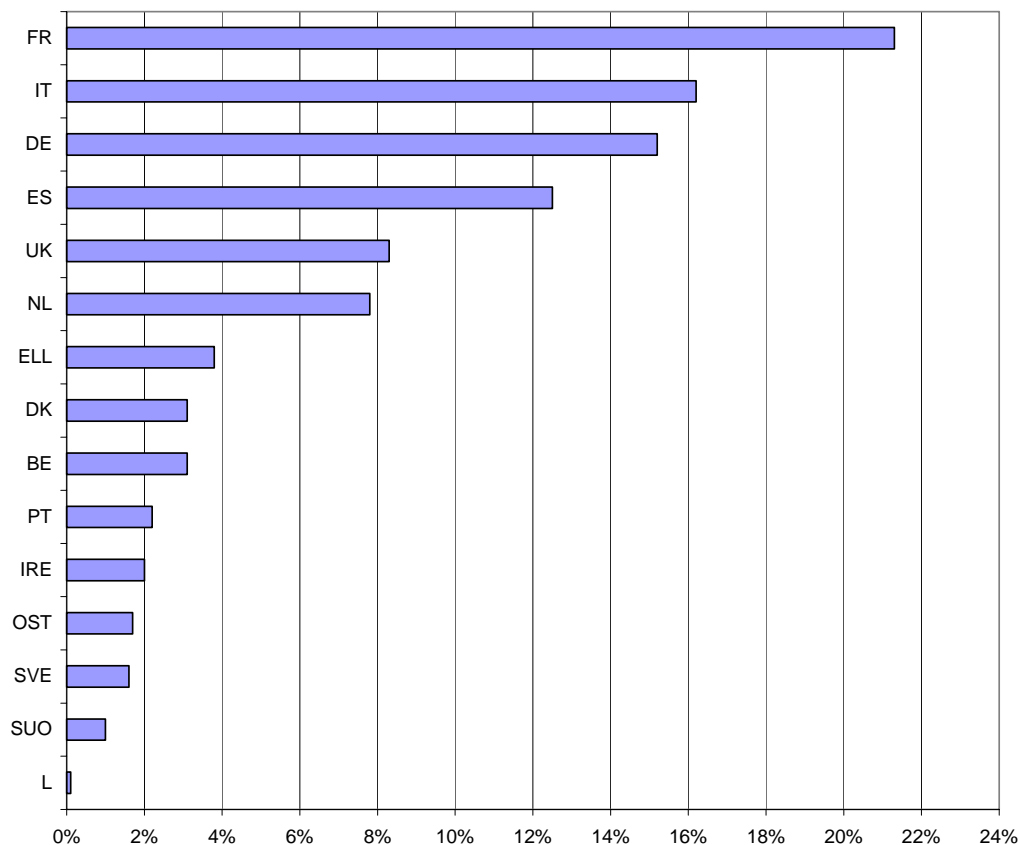


Figure 5.1: Individual Member States' share in final agricultural production, 1996

Source: EUROSTAT (Economic Accounts for Agriculture) and European Commission (Directorate-General for Agriculture)

The most important six products in terms of value were milk, pigmeat, beef/veal, products not subject to EU market organisations (e.g. table potatoes), fresh vegetables and wine and must (see Figure 5.2).

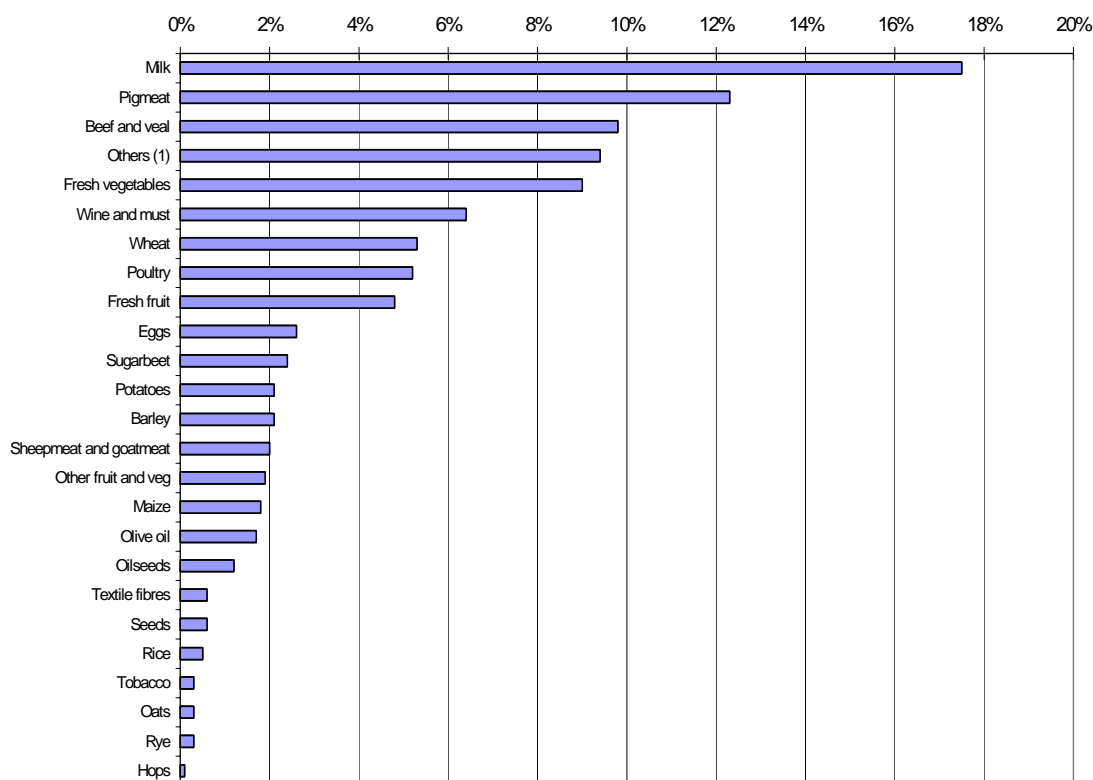


Figure 5.2: Share of individual products in final agricultural production, 1996

(1) Products not subject to EU market organisations

Source: EUROSTAT (Economic Accounts for Agriculture) and European Commission (Directorate-General for Agriculture)

Employment levels in agriculture are in constant decline. In 1994, 5.4% of the civilian working population were employed in agriculture (7.8 million people). By the end of the programming period in 2000, this figure had fallen to 4.5% (6.8 million people). There were however, regional differences in this figure (from 1994) with Portugal, Austria, Ireland and Greece having over 10% of the civilian working population working in agriculture, and the UK, Luxembourg, Germany, France, the Netherlands, Sweden and Belgium under 5%.

The economic situation of farmers was difficult during the programming period as producer prices fell across the main commodities. Table 5.1 and Table 5.2 show how producer prices in both crop and livestock products declined between 1994 and 1999.

Table 5.1: Deflated producer price indices for crop products (1990=100)

	1994	1995	1996	1997	1998	1999
EU-15	84	88	84	80	80	77
OST	85	61	62	62	60	59
BE	92	85	83	79	84	79
DK	81	80	76	73	70	66
SUO	84	56	50	50	50	49
FR	76	78	77	75	76	73
DE	80	82	77	73	71	69
ELL	88	90	90	89	84	81
IRE	95	10	86	78	87	83
IT	86	92	91	89	89	84
L	72	68	75	78	79	78
NL	90	96	94	98	99	92
PT	77	79	74	64	75	70
ES	89	99	93	83	83	83
SVE	78	85	79	72	75	82
UK	86	95	85	69	68	64

Source: EUROSTAT

Table 5.2: Deflated producer price indices for animals and animal products (1990=100)

	1994	1995	1996	1997	1998	1999
EU-15	86	83	82	80	73	69
OST	86	64	63	64	58	56
BE	81	76	77	79	70	63
DK	79	76	78	78	65	61
SUO	88	67	56	54	53	51
FR	86	83	80	82	79	76
DE	79	77	77	78	71	66
ELL	87	83	77	75	74	76
IRE	96	95	90	83	79	73
IT	91	90	87	84	81	77
L	77	75	70	70	68	67
NL	80	77	78	79	69	61
PT	71	66	66	64	58	54
ES	88	86	87	88	79	73
SVE	83	78	75	74	75	69
UK	98	101	101	86	71	68

Source: EUROSTAT

Meanwhile, consumer prices increased over the period suggesting that any gains in value added were not shared with farmers. Figures from DG AGRI show that during the programming period a clear divergence between producer prices for agricultural products and consumer prices for food products in the EU began to emerge. By 2001, the difference between the two had widened by just under 10%

from 1995 levels⁸. One factor that may mitigate against farmers' losses in the share of the added value in the supply chain is improving the farmers' bargaining position through co-operative organisation. As illustrated in Table 5.3, the distribution of co-operatives across Member States varies considerably. They are particularly prevalent in Sweden, Finland, the Netherlands and Denmark, whilst in the UK, Italy and Spain, private enterprises are a more important form of organisation.

Table 5.3: Agricultural products sold through co-operatives, 1996 (%)

	Pigmeat	Beef and veal	Poultrymeat	Eggs	Milk	Sugarbeet	Cereals	All fruit	All vegetables
OST (2)	20	25	70	-	90	100	60	18	28
BE	18	0	-	-	53	-	30	75	85
DK	91	66	0	52	94	0	60	70-80	70-80
SUO	66	65	83	54	97	-	48	-	-
FR (2)	85	30	30	25	47	16	68	40	25
DE	27	28	-	-	52	80	45-50	40	28
ELL(2)	3	2	15	2	20	-	49	57	3
IRE	66	15-20	20	-	100	-	57	14	18
IT (1)	13	12	35	8	40	7	20	43	8
L	37	38	-	-	81	-	79	-	-
NL	34	16	9	14	83	63	65	76	73
PT	-	-	-	-	-	-	-	-	-
ES	7	8	22	25	27	22	20	45	15
SVE	78	76	-	33	99	-	75	20	50
UK	28	-	25	-	67	-	24	67	26

(1) 1994

(2) 1995

Source: European Commission (Directorate-General for Agriculture)

5.2. Policy context

During the programming period of Regulation 951/97 major policy changes were taking place in the arena of trade and agricultural policy. The MacSharry reform of the Common Agricultural Policy was implemented from 1993, the Uruguay Round of the GATT was brought to a conclusion and the Maastricht Treaty was ratified, bringing the Single Market into existence. The discussions concerning the CAP reform and the Uruguay Round in particular initially created a climate of uncertainty for producers and processors since they involved significant change in the way in which agricultural policy and agricultural and food trade would be conducted in future.

Creation of the Single Market

Prior to the introduction of the customs union in Europe, every European country protected its national production with customs tariffs. This prevented the import of goods at prices lower than those of national production, and quantitative restrictions, preventing the import of certain products in quantities exceeding those

⁸ European Commission, Agriculture entering the 21st century, DG Agriculture, 2002.

which were necessary to satisfy local demand not covered by national production. Thus, a country would import the quantities and qualities not normally supplied by its internal production. With industry well protected in this way, there was little incentive to reduce production or innovate to meet changing consumer preferences⁹. As of 1968, the Community was freed of these duties and quotas, but non-tariff barriers to trade still remained as a formidable obstacle. These included regulations (health, safety, and environment) and "formalities" imposed on traders such as stamps authorising cross-border trade. Over the next twenty-five years and particularly after the adoption of the Single Market programme in the mid-1980s, the Community worked to remove these non-customs barriers through harmonisation of legislation and standards. The creation of free movement of labour and capital completed the creation of a single market. The effect for the agri-food sector as with the rest of industry was to reduce administrative and transport costs and allow companies to realise economies of scale and ultimately to increase the competitiveness of the sector internationally.

As part of the Single Market programme there was an extensive range of over 100 items of "horizontal" and "vertical" legislation that affected the whole EU agri-food sector from the mid-1980s onwards. The horizontal legislation deals with general cross-sectoral regulatory issues such as packaging materials, labelling, the use of additives, the characteristics of the production process, etc. At the start of the programming period various key items of legislation were adopted including a wide range of health and hygiene standards, food safety, food labelling, packaging, food quality and food standard issues. For example, in June 1993, the Council approved a directive imposing further hygiene requirements for food products, with special attention to the premises where firms produce. In July 1993, the Council passed two regulations relating to food quality: Council Regulation on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (Regulation No. 2081/92) and the Regulation on certificates of specific character for agricultural products and foodstuffs (Regulation No. 2082/92). This legislation complements Regulation 951/97 in that it enables producers and processors who wish to do so to increase the market value of, and promote, their typical regional and traditional products.

Whilst important in raising standards and ensuring quality, it was easier for larger firms to cope with the cost of meeting the requirements of this new EU-wide legislation, since they could spread their fixed costs over a higher level of output. In this respect the introduction of the harmonised rules across the EU represented another aspect of

⁹ Nicholas Moussis, Guide to European Policies, European Study Service, 7th Revised Edition 2002.

the trade and policy environment that was conducive to increasing the size of firms in the agri-food sector, but placed smaller firms under considerable pressure.

The GATT agreement and CAP reform

The Uruguay Round, and with it the Agreement on Agriculture, was concluded in December 1993 and established a new set of rules for trade in agricultural products. The main policy change under the 1992 CAP reforms consisted of cuts in intervention prices of the major commodities combined with compensatory payments in the form of direct aid to producers.

The shift from commodity support to direct payments to farmers had important implications for the agri-food sector. Together with the GATT agreement, it offered the prospect of supplies of raw materials at lower prices and opened up the possibility of improved market access as import barriers no longer needed for farm income support were lowered. This is aside from the international importance of the reforms that enabled the EU to agree to the Uruguay Round Agreement on Agriculture.

Food safety crises

The BSE crisis led to a sharp drop in consumer demand for beef, particularly in the UK and Ireland. This placed greater demand on the sector to provide the consumer with substitutes (pork, lamb and poultry) and in the medium-term to bring back consumer confidence in beef.

Enlargement of the EU in 1995

In 1995, the most recent enlargement of the EU took place with the accession of Sweden, Finland and Austria. The implications for the agri-food sector and the implementation of Regulation 951/97 are discussed in Chapter 7. For the new Member States, the new enlarged market represented both a set of opportunities for economic growth, but also a threat in terms of competition and potentially higher costs to meet EU regulations.

5.3. Sectoral context

Structure

The agri-food industry is one of the most important branches of economic activity in the European manufacturing industry. In 1993, it represented approximately 10.5% of the gross value added of the EU manufacturing sector at over 100 million ECU and 11.5% of the total workforce (over 2.6 million).

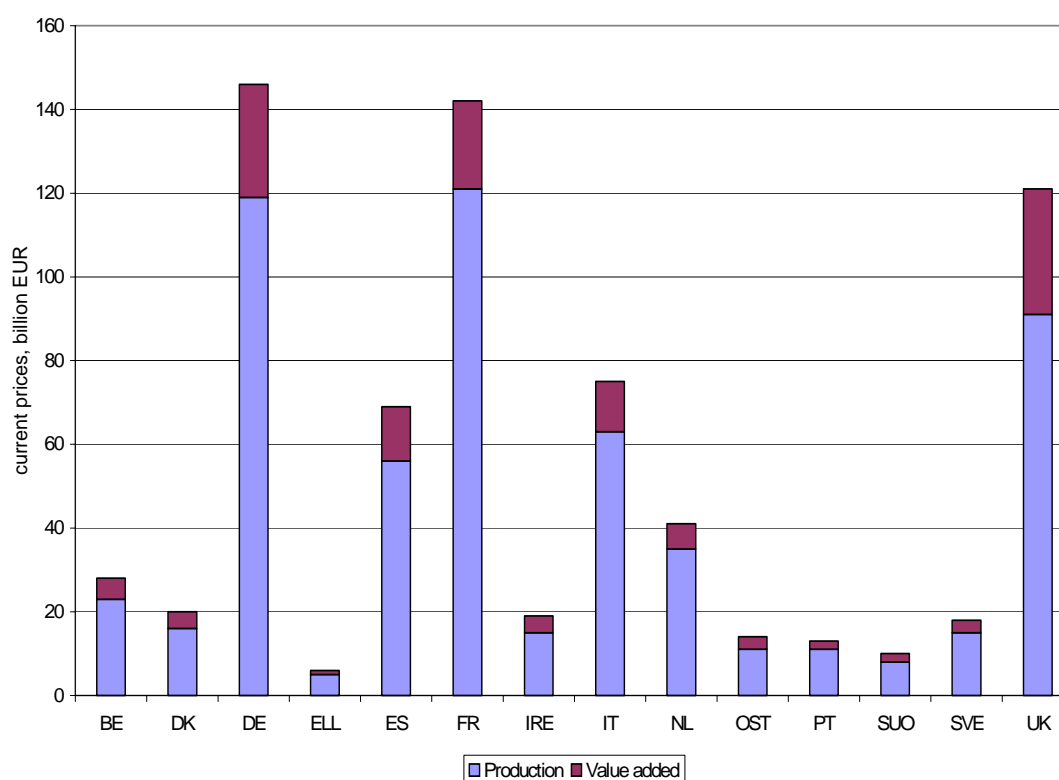


Figure 5.3: Production and value added of food and drinks industry, 2000 estimate

Source: EUROSTAT, CIAA and National Federations

Prior to and during the programming period of Regulation 951/97, the production value of the agri-food sector increased from €460 billion in 1990 to €548 billion in 2000, in constant prices (see Figure 5.4). This represents an increase of 19%.

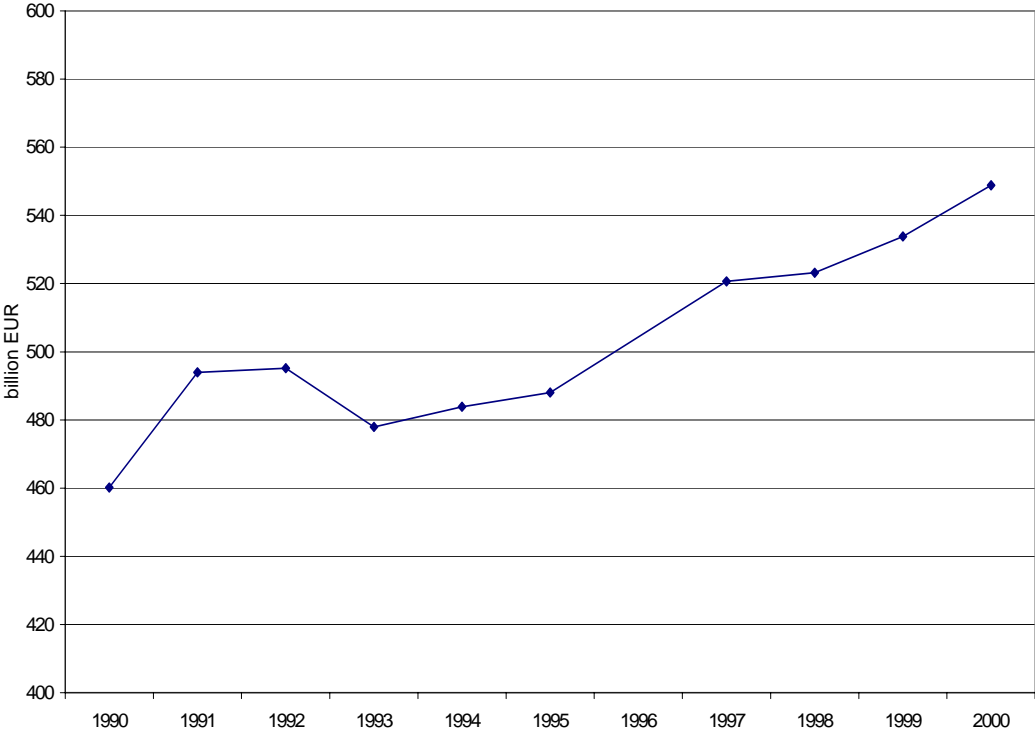


Figure 5.4: Production value at constant prices of food and drinks industry in the EU

Source: EUROSTAT

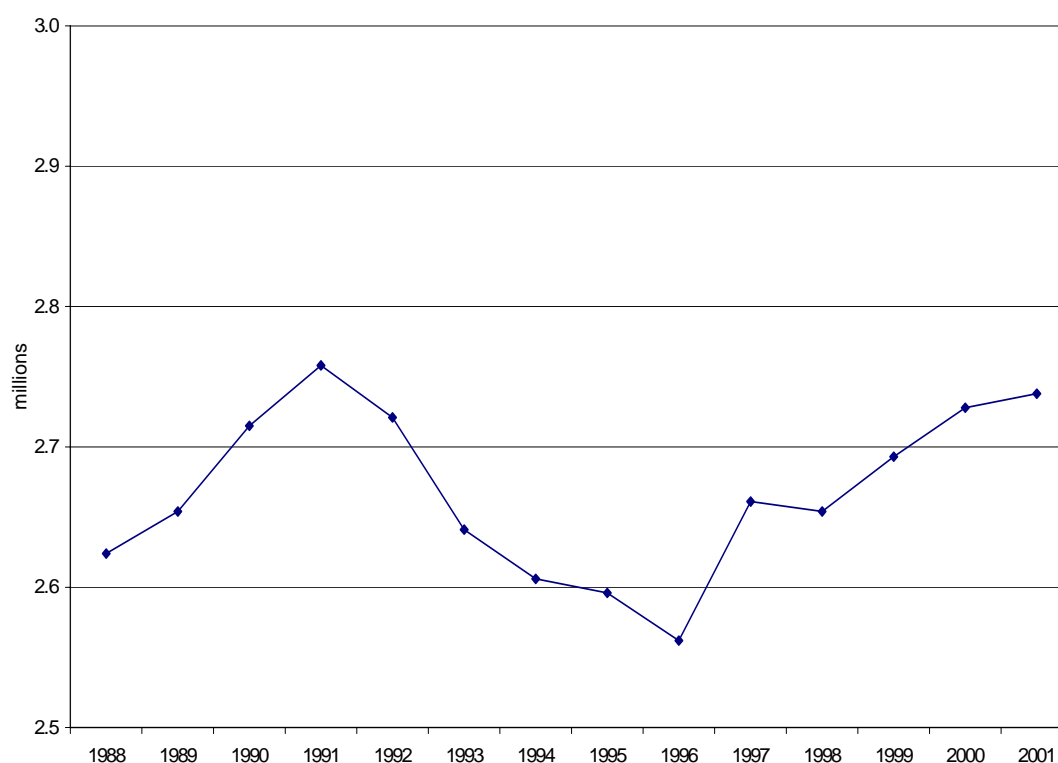


Figure 5.5: Number of persons employed in the food and drinks industry in the EU

Source: EUROSTAT

In 1990, the sector consisted mainly of small companies. Of approximately 233,000 companies, over 92% employed less than 20 employees, although these produced only 12% of total turnover. The largest companies with more than 100 employees, made up only 2% of the total number, but contributed to 68% of the total turnover.

Table 5.4: Food, drink and tobacco - breakdown by size of enterprise 1990 (%)

	No. of enterprises	Share of number of enterprises	Share of employment	Share of turnover
Less than 20 employees	233,280	92	29.5	12
20-99 employees	15,458	6	19	20
100 or more employees	4,213	2	51	68

Source: Eurostat "Enterprises in Europe"

There are different models of ownership within the agri-food sector across the EU. As illustrated in Table 5.3 in Section 5.1, in several Member States, there is a strong tradition of farmer co-operatives. In frequent cases these will have a stake in agri-

food enterprises, so that the economic benefits enjoyed by the food processing sector can be more easily transferred to primary producers.

The number of people employed in the agri-food industry was relatively stable over the period 1989-2001.

Prior to the introduction of the Regulation, the agri-food sector had undergone a restructuring process that saw the progressive replacement of labour with capital-intensive production techniques, leading to higher productivity. This was particularly the case in the less diversified sectors like sugar, the grinding of seeds and grain milling¹⁰. During this period the sector also witnessed a real growth rate of 2.5% per year for production and consumption.

The drivers of increased productivity can be identified as technological change, liberalisation of the EU market (see Section 5.2), changes in consumer preferences, realising economies of scale and rationalising firm structures (through vertical integration).

The large multinational companies grew considerably in size in the period 1989-92 due to a series of take-overs involving those companies with an already strong market share and well-known brands. Eurostat attributes a significant proportion of this activity to the opening up of markets in Eastern and Central Europe and especially the reunification of Germany. Another reason suggested is that small and medium-sized companies in Southern Europe were attractive to those in the North as they offered considerable growth potential.

In contrast, small and medium-sized national companies were facing a strong dual pressure from the growing bargaining power of the major distributors on the one hand and competition from the big national and multinational companies on the other. These companies were faced with reduced strategic choices¹¹ as follows:

- strong product differentiation to access niche markets locally or internationally;
- forming alliances with foreign companies to access international markets that can involve production or reciprocal products marketing or drawing up contracts with a multinational distributor;
- establishing "horizontal" co-operation to reach the "critical mass" of product to market; and,
- selling to the large-scale retail sector under "own-brand" labels.

¹⁰ European Commission, Panorama of European Industry, Eurostat, 1996.

¹¹ ISMEA, The European Agro-Food System and the challenge of global competition, 1999, Giugo, International Food and Agribusiness Management Association.

Trade

In the ten years prior to the implementation of Regulation 951/97 the EU improved its balance of trade in agri-food products due to an increase in exports over imports partially reflecting the effects of creating the internal market (increased competitiveness).

Consumer demand

By the beginning of the 1990s the demand for food in Europe had levelled off. The very small rises in consumption in real terms were due to a stable population and the decreasing proportion of household expenditure made up of food expenditure.

There were also changes in consumption with increases in expenditure in real terms on fruit, vegetables, sugar and confectionery, fish, bread and cereals, whilst there has been a decline in expenditure on meat and bacon, milk, cheese and eggs, oils and fats, tea and coffee. Food consumption patterns altered due to the rise in the number of working women, single-parent families and elderly people, rising per capita disposable incomes, the decline of "traditional" meals in the home and the recognition of "healthy" foods. Consumer trends include increasing demand for convenient, prepared, value added foods and eating out; increasing demand for fresh, healthy foods, often with a short shelf-life; increasing demand for information on where and how food has been produced; and increasing supermarket dominance within retailing, which has led to fewer, more demanding, and possibly more adventurous buyers for food products.

Environmental impact of the agri-food sector

The environmental impact of the agri-food sector is characterised by the intensity of its use of natural resources, the waste it generates in the production process (for example waste oil and organic waste) and the consumer waste it generates from the use of packaging. The trend for increased product differentiation based on new packaging has led to more packaging being used. The growth in production would also imply greater resource usage and waste products in the production processes, although this would be offset by investments in new technologies, in plant and machinery.

Retailer concentration

Significant differences in the structure of the EU food retailing sector exist between the individual Member States. Four broad groups have been identified by Dobson Consulting¹²:

- *UK, Germany and France* tend to have the largest firms and stores, and concentration is high in spite of the relatively large market size. A number of the leading French and German firms are increasingly multinational.

¹² Dobson Consulting, Buyer Power And Its Impact On Competition In The Food Retail Distribution Sector Of The European Union, Report prepared for the European Commission, 1999.

- Amongst the smaller northern Member States, *Sweden, Finland, Denmark and the Netherlands*, concentration is again high (often very high) and advanced retailing methods have achieved high penetration. In contrast, they tend to be dominated by local indigenous firms which, although large relative to the market, are quite small in absolute terms.

The other two groups are rather more fluid and less well defined:

- *Austria, Belgium* and, to some extent, *Ireland* which are relatively small Member States, strongly influenced by adjacent larger neighbours. These are less insular markets. For example, Austria has a strong German presence.
- In the southern Member States, such as *Italy, Portugal, Spain* and *Greece*, traditional retailing structures are much more evident and concentration is discernibly lower.

Table 5.5 illustrates the difference in concentration in the agri-food industry as measured by the amount of market share taken up by the largest five firms in each country.

Table 5.5: EU food retailing concentration ratios (%) of the five largest firms, by Member State

	1993	1996	1999
OST	54	59	77.2
BE			51.7
BE/L	60	62	
DK	54	59	78.4
SUO	94	89	82.6
FR	48	51	68.5
DE	45	45	74.6
ELL	11	28	31.9
IRE	62	64	54.7
IT	11	12	30.3
L			79.7
NL	52	50	65.5
PT	36	56	43.8
ES	22	32	
SVE	79	78	79.4
UK	50	56	61.9

Source: Dobson Consulting (1999)

5.4. Conclusion

The general picture at the time of the programming period was one of increasing consumer and purchaser demand for higher quality produce, more highly processed products and better information on products. This is against a background of stricter

regulations and more intensive price competition and retailer pressure within a European Single Market. The structure of the market is highly concentrated with retailers in particular exerting considerable buyer and seller power. In contrast the primary sector, with exception of some co-operative structures, remained fragmented and in a poor position to benefit economically from improvements in the economic position of the processing and retailing sectors. Regulation 951/97 should therefore be placed within the context of these socio-economic changes.

6. Design of the scheme, implementation and uptake

6.1. Design

The objective of Regulation 951/97 is “to facilitate the improvement and rationalisation of the treatment, processing and marketing of agricultural products.” As outlined in Section 5.2, increased competition was driving structural changes in the agri-food industry in the 1990s with firms having to either reduce unit (fixed) costs by increasing output volumes or seeking new higher value markets based on differentiated product. The introduction of new environmental and health and safety regulations also implied a new set of costs that firms had to face. Investments were needed to meet all these challenges.

The stated objective of the programming documents in all the Member States was to facilitate the increased competitiveness of their agri-food sectors. The focus of investments was therefore in the areas mentioned above: for new plant and machinery to reduce unit costs of production, improve quality and to meet new regulatory requirements.

Two models characterising the type of objectives pursued by Member States in the design of schemes under Regulation 951/97 have emerged in the course of this study. These can be broadly described as explicitly prioritising “innovative” approaches or adopting more “traditional” approaches.

The “innovative” approach

The “innovative” approach may be described as the intention by the national administrations to direct investment towards sub-sectors that are competitive, but also explicitly directing aid towards companies developing and marketing innovative products in areas of growing demand, with higher value added, for example organic food and products for non-food uses.

The challenge for the administrations was to correctly identify those sub-sectors that were more market orientated in this respect. The “innovative” approach was particularly evident in the Netherlands and to a lesser degree in Finland and Denmark. The case study below provides further detail from the Netherlands. Whilst the objectives of the scheme in Denmark were innovative, in practice most of the investments were taken up by just the meat and dairy sectors, where Denmark has historically been successful in the EU and international market. The administration in Denmark consciously excluded non-competitive sectors from the scheme, so that forestry and the cut flower sectors received little aid. In Finland, the stated objectives of the Single Programming Document (SPD) was to increase competitiveness and

innovation but, as was the case with Denmark, the majority of the funding was taken up by just the meat and dairy sectors and the scheme was then ended. Indeed, the administration consciously excluded from participation those sectors experiencing excess production capacity, most notably in the grain industries.

The challenge for administrations taking the “innovative” approach has been to ensure that they possess a sufficient level of knowledge about the market so that aid is appropriately targeted. The approach taken in the Netherlands by the Ministry of Agriculture, Nature Management and Fisheries was to design an integrated set of measures (known as the *Stimuleringskader* (Stimulation Framework)), with the aim of stimulating the agricultural sector, avoiding existing overlaps and to make the implementation of the measures easier and simpler. This approach would appear to require directing perhaps substantial levels of resources to designing a wider, more integrated strategy than just support for the mainstream agri-food sector. Similarly, if a scheme is to be orientated to changes in the market, the scheme must anticipate changes in consumer demand and technological possibilities. Consideration should therefore be given by Member States for taking this approach, especially if aid is to be targeted to SMEs and “innovative” products.

For this approach to be successful, careful planning is necessary. From the administration's perspective it is necessary to remain flexible in eligibility criteria so that it can move with the market. From the applicants' point of view it is important that there is a sufficient number of opportunities over the programme cycle to apply for investment, so that as new market opportunities appear, potential beneficiaries can apply for aid. There is a limited number of windows for projects to be submitted over the course of the 5 year programme (usually 2-3 in total). The market currently operates more efficiently in the respect that it does not have this limitation. For both the “innovative” and “traditional” approaches there is a trade-off to be made in increasing the number of submission dates against the public costs of processing the applications.

Case study 1 – the “innovative” approach for designing measures under Regulation 951/97 in the Netherlands

In the Netherlands, the pre-selection of sectors for investment by the Ministry of Agriculture, Nature Management and Fisheries was based on three objective criteria:

- the level of strategic value of the sectors concerned;
- available options and opportunities to improve the structure of the sectors with the subsidy instrument; and,
- opportunities to target existing bottlenecks.

Usually, Community co-financing amounted to 20%-30% of the total investment. In exceptional cases subsidies of over 30% of eligible costs applied. These concerned subsidies directed to investments in the organic sector, and highly innovative projects in the poultry sector aimed at prevention and reduction of salmonella and camphylobacter infections.

From 1997 onwards – as part of the framework of investment - criteria and priority investments were introduced in the implementation of the scheme. The following priority investments were set and confirmed on a year-by-year basis by the Minister:

- logistical innovations in the chain, and in re-engineering of agro-logistics centres (highly innovative, market-oriented, logistical innovations due to chain integration) (1997-99);
- new production processes and/or new products (1997-99);
- organic agriculture (1997-99);
- environment-protection measures as regards purification sediments (1997-99);
- hygiene measures in the poultry sector (aimed at prevention or reduction of salmonella and camphylobacter infections) (1997-98);
- hygiene measures in the red meat sector (1999);
- labelling of beef and veal (1999); and,
- chain co-operation in the horticultural sector (1997-99).

Over the implementation period 1994-99 a shift in focus occurred to investments in the organic sector, and hygiene in the poultry sector. In addition, projects had to fulfil specific environmental requirements in order to guarantee that they would have no negative environmental effects or that these would be limited to an acceptable minimum.

Source: Ex-post evaluation of Regulation 951/97, NEI, 2002

The “traditional” approach

The “traditional” approach favoured by the rest of the EU Member States (i.e. all EU countries except for the Netherlands, Finland and Denmark) can be described as having the same objectives of improving competitiveness through raising productivity and of helping firms operate in the stricter regulatory environment. The main difference from the “innovative” approach is that administrations did not make innovation a key objective. This should not be necessarily interpreted in a negative way, as the scheme still operates with the twin objectives of increasing productivity and improving technical standards. Under this approach, investments were therefore linked more to existing products rather than innovations. A wide range of sectors was eligible, although in practice the most productive sectors took the bulk

of the allocated aid. This was usually meat, dairy and fruit and vegetables. In France, Spain, Portugal and Luxembourg the wine sector was an important beneficiary.

The adoption of a traditional approach in the majority of the Member States may be partially explained by the fact that Regulation 951/97 was a continuation of older programmes, mainly set in Regulation (EEC) 866/90 and before that Regulation (EEC) 355/77. Regulation 951/97 did not alter the objectives of Regulation 866/90. The schemes under Regulation 951/97 were therefore built upon the basis of former programmes.

One characteristic that both approaches share is evidence that administrations consulted with the agri-food sector in the design of the programmes. This process took the form of the administration inviting representatives from the different sub-sectors to provide input on what were the priority areas for investment. This collaborative approach between government and industry was most evident in Spain, France, Denmark and Sweden.

Accession countries

In 1995, Austria, Finland and Sweden acceded to the European Union. The major challenge facing the respective agri-food sectors in these countries was to ensure that they could compete with other Member States in its areas of comparative advantage. The small structures and domestic focus of many of the firms put the sector at an initial disadvantage on accession. Pre-accession companies in these countries were producing a wide range of goods in small quantities with even the largest enterprises being small in comparison to their EU counterparts.

As well as competing in an enlarged market, the new Member States were required to adopt the *acquis communautaire* to meet Community law regarding environmental protection and food safety during production and processing. This raised the costs of production for many firms thus reducing their competitiveness. Whilst the need for new investment in firms in acceding countries was in cases more pressing than for those companies in the existing Member States, the strategy of the companies in the new Member States was broadly similar, namely to increase added value and/or increase productivity. Regulation 951/97 was timely in this respect.

6.2. Implementation

Table 6.1 shows the level of funding for measures under Regulation 951/97 in each of the EU Member States. The meat, dairy, flowers, potatoes and fruit and vegetable sectors were the largest recipients of aid (see Table 6.2).

Table 6.1: Contribution to funding of investments under Regulations (EEC) Nos 866/90 and 867/90 1993-99 (non-Objective 1 and 6) (1,000 ECU) 1993-99

Member State	Total EAGGF contribution
OST (total)	101,132
BE (total)	50,705
DK	26,830
SUO	29,930
FR	297,014
DE	282,397
IT	207,099
L	4,909
NL ¹³	60,787
ES	291,976
SVE	27,646
UK	52,117
TOTAL	1,482,129

Sources: EU Agricultural Situation Report; National ex-post evaluation reports

¹³ Committed budget.

Table 6.2: Financing plan and commitments for Regulation 951/97 (and Regulation 867/90) by sector (€million).

Sectors	Financing plan 1994-1999		Commitments 1994-1999				
	Total eligible cost	EAGGF contribution	Total eligible cost	EAGGF contribution	%	Number of projects	Average cost of investments
1	2	3	4	5	6 = 5/3	7	8 = 4/7
Forestry products	184,776	33,418	141,201	22,750	68	504	280
Meat	1,895,871	333,419	1,412,717	205,390	62	1,006	1,404
Milk and milk products	985,436	157,852	668,436	105,305	67	435	1,537
Eggs and poultry	456,857	72,476	287,536	45,277	62	194	1,482
Other livestock products	19,183	2,354	1,866	497	21	11	170
Cereals	199,286	30,877	55,186	8,864	29	141	391
Oilseeds	55,696	13,524	13,183	2,967	22	43	307
Wine and spirits	408,884	90,174	174,276	30,987	34	285	611
Fruit and vegetables	1,211,261	251,592	846,760	147,070	58	759	1,116
Flowers and plants	175,182	39,359	72,287	16,869	43	54	1,339
Seeds	89,321	14,422	47,215	8,088	56	91	519
Potatoes	250,811	42,426	178,224	29,432	69	176	1,013
Sundry vegetables	103,939	20,074	52,680	7,394	37	78	675
Other products	82,899	15,472	16,774	1,630	11	14	1,198
Total	6,119,402	1,117,439	3,968,341	632,520	57	3,791	1,047

Source: Agricultural Situation Report in the European Union 2000, European Commission

Weight of bureaucracies

The relevant national and regional Ministries of Agriculture carried out the implementation of Regulation 951/97 in most cases. No data exists as to the respective administrative costs for the implementation of the scheme in each Member State, but it is evident that some countries required heavier bureaucracies than others.

In the Flanders region of Belgium, only 5 part-time employees were involved in the implementation; in Denmark it was reported that the administration was efficient; in Finland 3 full-time people were employed to run the scheme. There is no evidence from the other countries of the amount of staff required to administer the scheme. Whilst the use of a small staff to implement the scheme is desirable in terms of efficiency, this approach does run certain risks, for example, the erroneous interpretation of the rules of the scheme (reported in Finland and the Netherlands). In Denmark the process was considered too pared down and “automatic”.

There is thus a balance to be struck between committing an appropriate level of public funds to the administration of the scheme whilst ensuring that good quality projects are approved, that the application process is fast and the management well co-ordinated. One approach that worked well in this respect was the use of external agencies.

Use of external agencies

To increase efficiency, several national administrations employed external agents to implement the scheme. This was the case in the Netherlands and Ireland. In the former, the specific rationale for a separate agency for selection and screening of projects was to maintain a clear division between policy formulation and implementation. The role of the agency was purely administrative and advisory with the Minister making the final decision. In Ireland, overall responsibility for the scheme rested with the Department of Agriculture and Forestry (DAF), but the responsibility for granting approvals and payments in the industrial and company sectors was delegated to an independent agency known as Enterprise Ireland. In both countries, the use of external agencies in the implementation of the scheme was viewed as a positive experience.

Joint ministerial implementation

The implementation of the scheme was not always the sole responsibility of the Ministry of Agriculture. For example, in the Wallonia region of Belgium, projects were submitted to either the General Directorate of Agriculture (DGA) or the General Directorate of Economy and Employment. The former handled submissions from the agricultural co-operatives, whereas applications from all other forms of enterprise

were handled by the latter. Similar cases of cross-departmental co-ordination were employed in Finland, France, and Germany. The advantage in implementing the scheme through different Ministries is to draw on the different staff skills, experience and procedures. The risk of this approach is that the co-ordination may become difficult to manage.

Regional government implementation

Countries with strong regional government structures devolved the majority or all of the responsibility for the scheme.

In Spain and Italy the regional authorities received their fund allocations and implemented their respective schemes independently of one another. In Belgium, where the implementation of agricultural policy has been partly regionalised since 1992, the respective regional governments of Wallonia and Flanders had sole responsibility for the scheme's implementation. Germany is governed at national (*Bund*) and regional (*Länder*) levels. Measures under Regulation 951/97 were implemented under the "Community task for agricultural structures and coastal protection" ("*Gemeinschaftsaufgabe Verbesserung der Agrarstruktur und des Küstenschutzes*" or GAK). This is one of three community tasks which was formulated under constitutional law (*Grundgesetz*¹⁴, Art. 91a, 1969) and regulates the collaboration between federal government and the *Länder*. Under the auspices of this regulatory framework, a committee composed of representatives of the federal government and *Länder* elaborate a framework plan of the GAK for a period of four years. Funding for the measures comes from either the federal government or the *Länder*.

The evidence over the advantages and disadvantages of regional implementation is mixed. In Spain it was noted that regions allocated aid to the wine sector in an uneven way due to different expectations of how much in demand the aid would be. The advantage however, of regional implementation, is that authorities can achieve a higher level of targeting due to their deep knowledge of the sector. This was evident in the Belgian region of Flanders.

Accession countries

Whilst the three accession countries had carried out a lengthy "approximation" process in meeting the *acquis communautaire*, there was still a learning process for the administrations in implementing Community legislation. In Finland, as outlined below, some teething problems were encountered in the administration of Regulation 951/97. In Sweden and Austria, there is no evidence of a difficult process

¹⁴ Translated as *basic law*.

for the administrations, although in Sweden, it is acknowledged that administrative routines and the decision making process developed gradually.

Case study 2: Administration of Regulation 951/97 for newly acceded Member State – Finland

The administrative culture in Finland was based on a different tradition than in the old EU. The ministries were working on their own, separate sectors. A new programme based co-operation between administrative sectors had to be learned in order to participate in EU-programmes. The same problem was also evident in information and data services. All administrators had their own traditional systems to organize administrative data. A new learning process therefore took place whilst the administration adapted to the programme orientated working frameworks. However, in the case of Regulation 951/97, this problem does not appear to have been as serious as in other more complex and wide ranging programmes. Furthermore, the Ministry of Trade and Industry had experience of the same type of programmes prior to accession. Nevertheless, some administrative problems resulted in a slow start to the programme and some of the scheme restrictions may have been too tight. The slow start was also due to the fact that the programme was approved by the Commission rather late in November 1995. Consequently, no payments were made in 1995.

Source: Ex-post evaluation, University of Helsinki, Finland

Selection procedures

The selection procedures differed across the EU with respect to the timeframe for the submission of applications, the length of time for applications to be processed and whether a competitive or non-competitive process was used to invite submissions. The number of opportunities for applicants to submit proposals for investment varied from several per year (Belgian region of Flanders) to once per year (Sweden). There is no evidence for the timeframe for other Member States.

There is reasonably strong evidence that the application procedure was too long from the viewpoint of the beneficiaries. The time between lodging an application and receiving a decision ranged from 9 months (in Germany and France) to almost 2 years in Italy and Sweden. In the Netherlands, it was not always clear to beneficiaries when the scheme was open for applications, i.e. when tender opportunities would be published. This made it difficult for the firms to anticipate and prepare proper project applications in time. In several countries (France, Portugal, Spain, Italy) beneficiaries complained of the length of time of processing applications and that this could be improved. In the *Alte Länder* (old federal states) of Germany, the criticism was made that the approval time (282 days on average) represented 39% of the scheme duration. Demand for improvement in the project cycle is currently being observed in the 2000-2006 Rural Development Programme. Across different regions of Spain, beneficiaries have reported that following approval of projects, there were delays to receive the payments, ranging from 6 weeks (Basque country) to 42 weeks.

Levels of awareness of scheme

In general the level of awareness about the scheme was high. In most cases Regulation 951/97 was the continuation of older schemes and so many beneficiaries had contact with the administration in the course of applying for previous funds. Also, the sector is relatively well networked (unlike farmers in some Member States who do not always immediately know of rural support programmes). In most Member States, the administration drew up the Single Programming Documents following consultation with the sector itself, thus contributing to the wider knowledge of the scheme's existence.

Methods for disseminating information regarding the scheme included communication in the press, official journals and informal contact with the sector. In most of the Member States, the sector had a strong historical contact with the implementing authorities based on involvement with earlier schemes. Generally speaking the different aspects of EAGGF were well known in the sector. In 7 of the 15 Member States, surveys showed that beneficiaries were generally satisfied with the provision of information about the scheme. Only in Portugal were there reports based on interviews that the initial provision of information to potential beneficiaries was insufficient and confusing. However, given the relatively high level of education amongst sector managers, it transpired that managers could easily access information. The large number of applications in Portugal suggests that the communication arrangements were not a negative constraint on the scheme's implementation and uptake.

Level of complexity of the scheme

The level of complexity for potential beneficiaries applying for a scheme is potentially an important constraint to participation. Time and effort must be spent by applicants in assessing whether they fall into the eligibility criteria, filling out forms, collecting supplementary data and so on. The time and effort represents a real resource cost to applicants. Given that it is a one-off (fixed) cost coming at the start of the programming period, it is a cost that is easier for larger firms to bear than smaller ones as they can be spread out over a larger volume of production. This is an important consideration if it is a policy goal for the sector to include smaller firms producing high quality, regionally differentiated, "niche" market products. However, there is a trade-off between ensuring quality proposals by increasing the level of specification (and complexity) in the eligibility criteria and widening the scope of opportunity of the entire sector by reducing the level of targeting.

There is evidence that beneficiaries in 3 Member States considered the application process too complex. In France, survey evidence showed applicants were dissuaded from applying for this reason. In the Netherlands, an evaluation of the

project cycle concluded that the inclusion of themes, criteria and priority investments within the project approval cycle made the project selection process slow and non-transparent, for both the applicants and the selection committee itself. In Portugal, interviews with administrators and beneficiaries showed that preparing an application which would suit all the requirements was complicated and involved several components, such as a diagnosis, an extensive investment description, a business plan and a large amount of paperwork. This degree of detail made the application a difficult and sometimes long procedure, which often required the assistance of consultants. In the remaining 12 Member States, there is no evidence that beneficiaries considered the application process burdensome.

Uptake

Table 6.3 presents the number of applications, approvals and projects actually implemented under Regulation 951/97. Due to lack of information from several Member States, one can not provide a complete picture of the number of beneficiaries. However, the table illustrates that not all applications were successful in receiving funding under the scheme and that a proportion of schemes were not implemented despite receiving approval. This was due mainly to project withdrawals (due to uncertainty or complexity), overestimation of the budget necessary for implementing individual projects.

Table 6.3: Number of applications made under Regulation 951/97 and rate of approval and implementation

Member State	Number of applications made	Number of applications approved	Percentage of applications submitted that were approved	Number of approved applications finally implemented	Percentage of applications approved that were implemented
OST (total)	663	524	79.0	524	100
BE (total)	n.a.	285	n.a.	n.a.	n.a.
DK	256	154	60.2	approx. 139	90.3
SUO (total)	461	256	55.6	244	95.3
FR	1,202	1,034	86.0	1,034	100
DE (outside Obj.1)	n.a.	n.a.	n.a.	n.a.	n.a.
DE (inside Obj.1)	n.a.	n.a.	n.a.	n.a.	n.a.
DE (total)	n.a.	n.a.	n.a.	n.a.	n.a.
ELL	1,072	795	74.1	719	90.4
IRE	n.a.	223	n.a.	n.a.	n.a.
IT (outside Obj.1)	1,838	812	44.2	770	94.8
IT (inside Obj.1)	n.a.	n.a.	n.a.	n.a.	n.a.
IT (total)	n.a.	n.a.	n.a.	n.a.	n.a.
L	25	25	100	24	96.0
NL	1,092	486	44.5	n.a.	n.a.
PT	713	650	91.2	603	92.3
ES (total)	6,803	5,467	80.3	5,398	98.7
SVE (total)	1,220	631	51.7	546	86.5
UK (total)	n.a.	n.a.	n.a.	approx. 204	n.a.

Source: National ex-post evaluation reports

n.a. = figures not available

7. Results and impacts

There are various types of evidence that give an indication of the effects of the scheme. These are primarily qualitative in nature for two reasons. Firstly, the scheme did not demand that specific monitoring structures were established at the beginning of the scheme's implementation. Therefore, strong quantitative data was not collected on the scheme impacts that would have facilitated the assignment of causality to the impacts. The second reason is that the scheme itself does not lend itself well to quantitative measurement, with the exception of cost reduction effects (Question 1.3)¹⁵ and to a lesser extent the environmental effects (Question 4). The measurement of other parts of the scheme, for example the impact on value added (Question 1.1), improvement of marketing channels (Question 1.2) and health impacts (Question 3) are best captured through qualitative means such as beneficiary surveys and interviews with the various stakeholders. The effect on producer prices and income are difficult to measure quantitatively because one can not easily disentangle the impact of the scheme from other external economic forces such as supply and demand changes and macroeconomic and fiscal changes. For Question 2, it is thus necessary to rely on survey and interview evidence.

The evidence is summarised for all of the questions. The common questions are the most important and were thus obligatory for the national evaluators to answer in the original reports. There is therefore more evidence for these questions. Where these questions were not answered in the original reports, the ex-post evaluators have sought answers through further data collection or interviews. As outlined in Section 4.3, where evidence was still lacking, Agra CEAS has returned to its contracted national experts with a series of hypotheses about whether the observed effects of the scheme can be generalised to the other members states where no effects were observed.

The common questions have supplementary questions (for example 1.1.2 to 1.2.3). Given their highly particular nature, it may not have been possible to give an answer based on well founded evidence to all these questions, but despite the incomplete body of evidence, the sub-questions provide an important complement to the common questions.

¹⁵ The question numbers are those used in the Annex to the Terms of Reference of the EC tender document.

A conclusion is thus presented for each of the main common questions. This gathers together the evidence for both the common questions and those supplementary questions that are subsumed under them, so as to gain an overall picture.

The following scheme objectives refer to the evaluation questions set by the Commission.

7.1. Increased competitiveness

1. To what extent have the investments helped to achieve more competitiveness of agricultural products?

1.1 To what extent have the investments helped increase the added value of agricultural products (e.g. by better anticipation of market trends)?

The added value of products may be achieved through a number of ways, but primarily through improvement of quality and processing. This is achieved through investment in both technological hardware and "soft" technologies like new management systems and better reading of market trends.

The funds available under Regulation 951/97 are mainly directed towards the first of these two. Investments were made through improvements in the collection of raw materials (better access, unloading, reception, feeding of production lines), improvement in storage facilities and compliance with EU health and safety regulations.

In two thirds of the Member States, there was survey evidence that gave an indication of the beneficiaries' perception of whether the scheme contributed to value added or not. In most of these countries, the majority of beneficiaries expressed the opinion that the scheme contributed to the added value of their products. However, in several of the Member States, less than half of the beneficiaries expressed the opinion that the scheme contributed to the added value of their products. In the remaining Member States, there is evidence that the scheme contributed to the increase in added value over the period of the programme. This perception of the evaluators and interviewees was based on an observation of the general trend of increased value in the sector and the change in orientation of products towards "quality".

Based on this evidence, it is reasonable to conclude that the scheme made a positive impact on the value added of products in the supported companies.

1.1.1 To what extent have the investments helped to improve the quality (e.g. including new receipts) of products?

An important component of a company's strategy to increase value added is to improve the quality of the product. This can be achieved through changing the management of quality control procedures and through the increased use of packaging. The former requires investment in human resources, whilst the latter requires investment in machinery.

Five Member States provided strong evidence that the scheme helped improve product quality. Surveys showed that most beneficiaries perceived that the investments led to an increase in quality. In each of these countries, quality management systems were introduced by beneficiaries. In the new *Länder* in Germany the emphasis of investment was placed more on building up new plants or adding modern components to improve competitiveness, from which improved quality was a side effect.

In the remaining countries of the EU, there is no strong evidence of the investment leading to improved quality or not, although there was evidence that quality may well have been a side effect of different investments. However, in 3 countries the national ex-post evaluators (for the meta-evaluation) considered that on the basis of the limited evidence available that the scheme had a small or only partial effect on product quality.

On balance, across the EU, there is reasonably strong evidence that investments led to improved quality, manifested mainly through the more widespread implementation of quality control procedures and investment in specific new plant and machinery, but also as a side effect of other investments. However, consideration should also be taken of the strong market and regulatory incentives for companies to improve performance in this area.

1.1.2 To what extent was the processing and marketing of PDO, PDI and organic products encouraged by the investments?

An important means to increasing value in the supply chain is through differentiating a product by virtue of its production process (for example by organic farming methods) or its geographical origins (for example by Protected Geographical Indications (PGIs) or Protected Designations of Origins (PDOs)). However, very few investments were targeted towards these designations. Only in Spain and Denmark is there evidence of investments made in this area and the amount of investment made was so small as to be judged insignificant. One can therefore conclude that

within the EU, the scheme had little if any net effect on encouraging the adoptions of PDO, PGI or organic labelling.

1.1.3 To what extent have the investments helped to improve the preparation, processing and presentation of products (new products and existing products)?

With the powerful demands of the retailers and wholesalers, the processors have had to improve the preparation, processing and presentation of products and so investments in new plant and machinery and quality management systems (as discussed in Question 1.1.1) were important in this respect.

1.1.4 To what extent have the investments led to added value of by-products?

There is little evidence that the investments led to any increased added value of by-products. In Spain, interviews with administration officials suggest that there may have been a very minor impact in the case of the meat sector. In Greece, and to a greater degree in Denmark, a minority of beneficiaries perceived that the investments were important in this regard. In the remaining Member States there was no evidence of an impact from the investment.

Conclusion to Questions 1.1 and 1.1.1

There is strong evidence based on beneficiary surveys and interviews with administration officials and the sub-sector representatives that Regulation 951/97 was effective in improving the quality of products for beneficiaries. This is demonstrated most clearly in common questions 1.1 and 1.1.1 and complemented by the supplementary questions 1.1.2 through to 1.1.4.

1.2 To what extent have the investments contributed to improved marketing channels?

The improvement in marketing channels may be achieved in a number of ways. These include (as expressed in the sub-questions 1.2.1 to 1.2.3) the improvement in timing of the processing, the delivery of optimal supply and sufficient homogeneity, the creation of new market outlets and the degree of information exchange between market actors.

Investments were most suitable for the first two of these three as they benefited from the use of more sophisticated machinery. The latter strategy for improvement more dependent on the degree of human capital within a firm rather than the purchase

of new equipment. Question 1.2 is asking in broad terms whether the investments contributed to improved marketing channels.

There is evidence based on surveys that approximately half of the beneficiaries in a third of the Member States perceived that the investments led to improvements in the marketing channels. In several other countries ex-post evaluators observed that the proportion of total investment under the scheme was so small that the effect on this objective would have been minimal.

As in Question 1.1.1, one should also bear in mind that the influence of market forces would appear to have been very important in determining the development of marketing channels. In particular, it was noted that the market power of the retailers and wholesalers was very strong and this made it difficult for firms to find new markets. In Germany, however, the evaluator detected that investments led to increased concentration in the flower sector, thus increasing the countervailing power of the processors vis-à-vis the upstream. The scheme was thus important in this respect.

On 2 Member States, the ex-post evaluators (for the meta-evaluation) concluded that on the basis of the ex-post evaluation reports and subsequent interviews, that the scheme did not improve marketing channels. For example, in the Netherlands, evidence from a survey suggests that there was no difference between beneficiaries and non-beneficiaries in optimising supply and that the latter appear to have been more market orientated as they invested more in adapting to market changes than recipients.

On the basis of the evidence available, one can conclude that the investments that were made in areas relating to improvement of the marketing channels (timing of the processing, optimal supply, sufficient homogeneity, new market outlets and information exchange between market actors) were viewed favourably by beneficiaries. The investments therefore either through targeted intervention or as a side-effect, benefited recipients in this way

1.2.1 To what extent was the supply of intermediate and final products (e.g. timing, homogeneity, quantity) optimised by the investments?

Survey evidence from half of Member States showed that beneficiaries viewed the investments favourably with respect to this question. In the countries where surveys were not carried out, interviews suggested that as a result of investment in management systems that supply of products would have improved (as discussed in Question 1.1.1). Despite strong evidence from only half of the Member States on this

narrowly defined question, one can conclude that at least in the view of the beneficiaries the investments contributed favourably.

1.2.2 To what extent have the investments contributed to the creation of new outlets?

In three Member States there was evidence, based on the perceptions of beneficiaries that the investments led to new outlets for products (although this varied between sectors). In Spain, surveys and interviews showed that small, localised industries re-orientated their markets towards those more demanding of quality following investments. In the new *Länder* of Germany, the market was saturated and so only high quality innovative products were able to recapture market share and enter new markets. In the remaining Member States, there was no evidence that investments led to increased outlets. One can therefore conclude that the scheme was limited in its impacts in this respect.

1.2.3 To what extent have the investments contributed to the transparency of price formation (i.e. information exchange between the actors in the branch)?

A priori one can not reason investments to contribute to greater transparency in formation of price or information exchange as investments do not change the assumption of profit maximising behaviour of firms. Prices are formed internally within companies and investments do not increase the transparency of their formation. Transparency depends more on other variables such as the degree of competition in the market, the existence of prices observatories, the distribution of power amongst primary producers, processors and retailers (i.e. market power) and the presence of co-operatives.

One may conclude on the basis *a priori* reasoning and the absence of any evidence from national reports or supplementary interviews that the investments are most unlikely to have led to an increase in price transparency.

Conclusion to Question 1.2

The common questions 1.2 and 1.2.1 and supplementary questions 1.2.1 to 1.2.3 together provide evidence that the investments contributed in a positive way for beneficiaries to the improvement of marketing channels and optimisation of supply of products. This has been achieved mainly through investment in plant and machinery.

1.3 To what extent has the scheme helped to reduce the cost of processing and marketing of agricultural products?

As sub-questions of Question 1.3, Questions 1.3.1 to 1.3.3 do not provide as much evidence as Question 1.3, which like Question 1.1, is much broader in its scope than its sub-questions.

It is difficult to isolate the effect of the scheme on the cost of processing and marketing of agricultural products, because the focus of firms changed as they responded to new market incentives and regulations (and so probably increasing the cost of production) and also achieving economies of scale (so reducing the cost of production). However, in half the Member States beneficiaries expressed the opinion in surveys that the scheme helped to reduce the cost of processing and marketing of agricultural products. In the remaining Member States the ex-post evaluators (for the meta-evaluation) considered that costs of production were, all things being equal, reduced.

Given the evidence from beneficiary surveys and the logical inference that investment in new technology would lead to cost reduction in production and the positive response of beneficiaries in surveys to the effect of the investments, one can conclude that the investments achieved their intended effect of lowering production costs.

1.3.1 To what extent have the investments helped to rationalise collection, treatment, processing and marketing of products?

Question 1.3.1 in a sense duplicates the objective of Question 1.3. The rationalisation of the treatment, processing of products has the objective of reducing production costs. The answers to this question are therefore not comprehensive across the Member States as they have already been answered in the common Question 1.3.

The reasoning that investments in the modernisation of equipment for processing and packages would naturally lead to improvements in rationalisation was made in 2 Member States where investment in new equipment accounted for up to 62% of the respective budgets. In 3 Member States, surveys showed that between 25% and 45% of beneficiaries believed that the scheme contributed in a minor way to this aim. In France for example, the ex-post evaluation report found that rationalisation was achieved in:

- the collection system through the reduction of information points;
- in the processing system through economies of scale and production tools specialisation; and,

- in the marketing system through the reduction of distribution points and the increase of market sizes.

In the remaining Member States there is little evidence of improvements. However, the ex-post evaluators infer in 4 countries that the investments were made in machinery that would have reduced these costs. For example, in Italy 31% of support in non-Objective 1 regions was directed to investments in new processing equipment

In conclusion, survey evidence and inference suggests that the scheme had a relatively positive effect in several Member States. This reinforces the findings in Question 1.3 that the investments led to lower production costs.

1.3.2 To what extent have the investments led to less seasonal and less uncertain production of processed goods?

This objective is particularly important in the fruit and vegetable sector where producers who can store their produce beyond the harvest period can enjoy higher prices as supply onto the market falls. Technological developments in cold storage have been particularly effective in recent years in prolonging the marketing period for horticultural producers.

There is survey evidence from several Member States (France, Germany, UK and Sweden) that beneficiaries perceived that investments were important in reducing seasonality in their sectors, mainly through improved chilled storage facilities and handling systems. In the Flanders region of Belgium, investments were made in improved storage, but no evidence exists as to whether this reduced seasonality of supply. Surprisingly, in Spain, where the horticultural sector commands considerable importance, only 7% of total investment in the fruit and horticultural sector in non-Objective 1 regions were destined to reduce seasonality, although this is likely to be the side-effect of other investments, for example in new processing equipment.

The evidence from beneficiary surveys, whilst present in only 4 Member States, suggests that the investment were effective.

1.3.3 To what extent have the investments led to reduced loss (e.g. reduced waste) and other cost reducing elements?

There is little evidence that investments that improved processing technology resulted in more efficient use of resources, resulting in less waste. Only in Denmark and Greece did the majority of beneficiaries in surveys perceive that costs were

reduced. In Spain, investments were reportedly targeted in this area, but the effects were not measured in terms of reduced waste. However, one can reason with confidence that these investments had a beneficial effect in these respects. This lack of evidence can be explained by the absence of any monitoring set up to measure the environmental effects of the scheme's implementation.

Conclusion to Question 1.3

The findings of the common Question 1.3 are complemented and reinforced by the supplementary Questions 1.3.1 to 1.3.3. The results from Questions 1.3 and 1.3.1 present strong evidence that the investments reduced the cost of processing and marketing (including through rationalisation). These results are complemented by evidence from some but not all Member States that investments reduced the seasonality of production. Due to lack of monitoring, there is little strong quantitative evidence that investments reduced waste, but in the cases where new plant and machinery were purchased, there is evidence (mainly from beneficiaries) that resource use was made more efficient.

7.2. Primary producers' benefits

2. To what extent have the producers of the basic products benefited from the investments?

2.1 To what extent have the investments contributed to improve the situation of the basic agricultural products (prices-quantities)?

An important objective of Regulation 951/97 is that the primary sector benefits from the gains in efficiency enjoyed by the agri-food sector as a result of the investments.

One can reason that given that investments would reduce the cost of processing, the demand for raw materials would increase, thus raising the price of goods, until more producers came into the market to meet the increased demand. During that short time frame (perhaps 1-3 years), existing producers of those products would enjoy producer "surpluses" (an excess of revenue over total costs) until more producers entered the market and the price came down once again to where revenue was equal to total costs. However, these gains are temporary and certainly difficult to measure. In general, as illustrated in Table 5.1 and Table 5.2 and in Section 5.1, the sector saw declining producer prices in both crop and animal products over the programming period of Regulation 951/97.

In one third of Member States, the majority of beneficiaries (from surveys) believed that the investment led to increased demand and improved prices for producers. However, this evidence should be treated with caution as interviews with farm

groups do not confirm this perception of the scheme effect. In the remaining Member States, there is no strong evidence of improvements in prices and demand due to the scheme.

In Objective 1 and 6 regions however, where the agri-food sector is less powerful economically, there is evidence that investments benefited producers. For those industries that were beginning to establish themselves, following investments they offered contracts to producers to supply goods over an extended time period. The benefits of this were that it removed a large degree of uncertainty from the market as producers were now well informed of the quality specifications of the industry and knew the price that they would receive. The primary producers were thus able to orientate themselves to a more competitive position. However, these cases represent the minority of cases of investments.

The extent to which producers benefit from this increased demand from the agri-food sector depends on their bargaining power. In a situation where upstream retailers and wholesalers exert strong market power, a fragmented farming community is in a poor position to negotiate an increased share of the value added in the supply chain. This trend is illustrated by the divergence between falling producer prices and increasing consumer prices. Where farmers are organised into co-operatives or have a financial stake in the processing sector, the economic benefits enjoyed by the food processing sector can be more easily transferred to primary producers. Table 5.3 shows the countries where the primary sector has the greatest proportion of co-operatives, and so by implication, greatest bargaining power. In Finland for example, the level of co-operation within the primary sector is very high. Many food production organisations, e.g. the three largest meat enterprises and most of the largest dairies, are owned by farmers co-operatives. However, in Italy farmer co-operatives are more fragmented and so can not wield so much market power.

Further analysis is needed to further assess any correlation between co-operative structures and the primary sector gaining a greater share of the profits earned over the supply chain. The findings of such research could feed into any future review of the design of the Regulation.

2.2 To what extent have the investments encouraged the co-operation between the producers of the basic products and the processing and marketing level (contracts, guarantee of outlets)?

Three Member States have survey evidence to show that a minority (19-31%) of beneficiaries believe that co-operation increased, although no quantitative effects

were measured. Of the remaining 12 Member States, there is no evidence that investments encouraged co-operation. Follow-up interviews with national experts showed that of these 12 countries, 3 experts believed that the investment did not encourage co-operation whilst in the remaining 9, there was insufficient basis on which to make a judgement.

Thus whilst 3 Member States present a positive assessment the remaining countries present a negative or indifferent one.

Conclusion to Question 2

The common Questions 2.1 and 2.2 shows that investments under Regulation 951/97 had little impact on the primary sector. This was due to the lack of any strong incentive for the agri-food sector to pass on the benefits of the investments to farmers. Increased demand and increased prices would have only been temporary and as illustrated by producer prices over the period the trend of declining commodity prices continued. There is little evidence that co-operation increased between the two groups.

However, there is evidence of the primary sector benefiting from contracts from processors in Objective 1 and 6 regions where the agri-food sector is less powerful in the market.

7.3. Health conditions

3. To what extent have the investments improved health conditions by improving hygiene conditions of processing and marketing?

Investments in new technology implies that companies will introduce new machinery that is safer to use and has less negative impact from a health and safety point of view. This is the specific aim of only a small proportion of investments, but may be the positive spill-over effect of a large number of investments.

The majority of sampled beneficiaries from several Member States have expressed the opinion that the investments have led to improvements in health conditions in processing plants. The majority of sampled beneficiaries from Denmark felt that there was no reduction in noise, dust and a cold work environment, although in this case, they perceived that the scheme had contributed to a reduction in repetitive working conditions. In Spain, administration officials considered that almost all projects supported have positive spill over effects for health. In the remaining Member States, there was no evidence of any improvements in health conditions.

There is therefore insufficient evidence on which to base a judgement.

7.4. Environmental impact

4. What are the impacts (positive and negative) of the scheme notably in terms of polluting emissions, waste production and the use of natural resources?

In most of the national ex-post evaluations, Questions 4.1 and 4.2 were considered jointly with common Question 4.

4.1 To what extent have the investments influenced pollution such as emissions to air and water or waste disposal?

4.2 To what extent have the investments influenced the consumption of water and energy?

Waste products in the industry depend on the product. The wine, potato and fruit and vegetable sector are not considered to have a serious waste problem, whilst more concern is expressed about potential impacts in the dairy and meat sectors.

Substantial minorities (30+%) and majorities of beneficiaries sampled in 2 Member States (Denmark, Greece), expressed the opinion that waste was reduced and energy per unit of output reduced due to the investments. In the remaining 13 Member States, there was no evidence of any improvements in the environmental performance.

Conclusion to Question 4

Given the lack of monitoring procedures accompanying investments it is difficult to estimate the likely environmental impact of the scheme. Evidence suggests that in several Member States, specific investments did improve environmental performance, but otherwise improvements could be attributable to the side effects of investing in improved machinery and management procedures.

7.5. Targeting of aid

6. To what extent has the scheme been adequately targeted towards the eligible beneficiaries?

As discussed in Section 6, the level of targeting with respect to sectors was very limited during the design of the scheme. The main prerequisite under the “traditional” approach for investments was the need for aid to help raise competitiveness and meet EU regulatory requirements and so all sectors were generally eligible with little effort to target investments to key sectors or processes. Notable exceptions include Finland that excluded the cereals sector because of

existing over-capacity and Denmark that restricted aid to the forestry and flowers sectors as the administration viewed them as not competitive. In Sweden, the national report highlights the lack of targeting by limiting the scheme to only existing products and that it did not encourage innovations. The Swedish Dairy association (Svensk Mjök), for example, did not think that the scheme met the need for the sector to reach new markets by encouraging product innovations.

In Spain, the evaluator identified the scarce implementation of the scheme in rural areas as a failure of targeting, although adds that investment in general is negatively affected by factors external to the scheme such as poor transport and infrastructure and lack of skilled labour. This observation may be generalised to rural areas in general, especially those in Objective 1 and 6 areas where infrastructure and economic activity is less advanced than outside those areas.

6.1 To what extent and why have some eligible enterprises undertaken similar action without applying for aid?

There is evidence from three Member States (Denmark, Italy, Sweden), that investments would have taken place anyway without the scheme. This evidence is based on the perceptions of beneficiaries in surveys. In Sweden for example, it was observed that a greater proportion of rejected applicants outside Objective 6 areas went on to invest compared to rejected applicants within Objective 6 areas. In both Sweden and Spain, larger companies were more likely to go on and invest following rejection than smaller companies. No explanation is given for this, but is probably attributable to the fact that it is easier for larger companies to get loans from banks than smaller ones. This also probably explains the greater success of companies outside Objective 6 areas, namely that they are larger. By contrast, in 3 other Member States (Netherlands, France and Germany), the aids were viewed as very important.. In the remaining Member States, the ex-post evaluators (for the meta-evaluation) perceived that there was "deadweight" in the scheme.

One can conclude that the scheme in some cases speeded up investments, but failure to receive the subsidy would not necessarily have prevented applicants going on to make the investment anyway, especially with respect to larger companies.

6.2 How relevant was the scheme given the magnitude of the potential needs?

The potential needs of the agri-food sector and the primary sector may be characterised as follows. The agri-food sector competes primarily on price and quality and so invests in areas that can improve its competitiveness in this way. The scheme is relevant in this respect as it directs investments to improving

competitiveness through investment in new plant and machinery. The primary sector's needs are similarly to improve competitiveness but also its share of added value along the supply chain and its bargaining power with processors and retailers. The Regulation directs investments to the agri-food sector on the assumption that their improved position will benefit the primary producer. There is no evidence of this happening despite some instances of increased demand for produce.

6.2.1 To what extent were the investments targeted to key sectors or processes?

The targeting of the scheme is discussed above in the answer to Question 6.1.

6.2.2 How significant was the leverage effect within the beneficiary enterprises?

Evidence suggests that in half of the Member States a leverage effect was detected but insignificant. This judgement was based on the perceptions of beneficiaries and where there were no surveys, the evaluators based their judgements on interviews and interpretation of sectoral data. In Spain, it was noted that the scheme was particularly important for smaller enterprises, co-operatives and producer associations. However, there was variation across sectors, with sectoral experts perceiving that the leverage effect was strongest in the dairy and wine sectors and weakest in the meat sector. In 3 Member States, surveys showed that beneficiaries did not consider that the scheme stimulated further investment.

Conclusion to Question 6

The evidence suggests that the investments were in cases important in speeding up investments but mostly (and particularly with larger companies), the investments would have gone ahead anyway. This is logical given the small proportion of the total investment that derived from the public subsidy. SMEs and co-operatives benefited particularly from the investments due to their difficulty in accessing capital. As detected in Question 6.2.2, the scheme had some small minor leverage effect.

7.6. Side effects of the scheme

7. How adequate are the eligible measures of the scheme compared to its objectives?

7.1 To what extent has the implementation of the scheme produced significant impacts (positive or negative) in addition to its declared objectives (e.g. working conditions, employment, transport), (quantify if possible)?

In addition to the scheme's declared objectives, the reported effects of the scheme include the creation of employment, improved in health and safety conditions in the workplace and an improvement in the environmental performance of companies.

In several Member States, there is evidence based on surveys of beneficiaries that working conditions improved in those firms that received aid under the scheme. In Luxembourg, for example, the national report established that investments contributed to an important reduction of manual operations and heavy handling as well to a reduction of professional risks through the improvement, modernisation and automatisisation of storage and handling installations. Several Member States also highlighted gains in company turnover and employment rates, but no causality was established.

It is possible that the increase in employment in beneficiary countries led to displacement of jobs in other regions or countries. There is no strong evidence that this was the case but interview with the ex-post evaluators (for the meta-evaluation) reveal that in 7 Member States, this was possible. This is not necessarily undesirable as there may well be consumer benefits in terms of cheaper and/or higher quality produce.

A priori one can reasonably assert that the implementation of new technology leads to improvements in working conditions and environmental performance. One can reasonably conclude that on this basis and of the perception of beneficiaries that that the scheme had these important side effects. However, the evidence for employment impacts is not strong and so one can not conclude that there were national net employment gains. Indeed in view of the saturation of the agri-food market, any increases in employment in one company may well be just displacing employment in either another region or Member State.

7.2 To what extent has the implementation of the scheme produced significant impacts (positive or negative) outside the beneficiary enterprises (quantify if possible)?

The multiplier effects of the investment include the greater demand for goods and services from local, national and EU wide suppliers. However the measurement of this can not be achieved without a resource intensive research project which was not feasible under the scheme's arrangements for monitoring. There is thus no evidence to enable the multiplier effect to be assessed either quantitatively.

7.3 To what extent could alternative approaches have achieved the objectives of the scheme and what would be the likely outcome of such approaches (in terms of effectiveness, efficiency, side-effects)?

This question relates to how different approaches to meeting the scheme's objectives could be achieved (for example through better targeting, different instruments and approaches). This commentary is incorporated into Chapter 8, where judgements on the scheme are made.

Conclusion to Question 7

The side effects of the implementation of Regulation 951/97 have not been measured at a Member State level. There is therefore limited evidence that working conditions improved and employment was created.

8. Judgement

Relevance

National and regional authorities in the EU implemented Regulation 951/97 in a mainly “traditional” way, concentrating on improving competitiveness, helping companies meet EU regulatory requirements and increasing added value. The aid was implemented across a wide range of sectors, although principally in the main four (meat, dairy, fruit and vegetables and wine). Only a few Member States targeted the aid explicitly on innovative products. Given the need for firms to compete on price and quality in an enlarged EU, the scheme as far as the agri-food sector is concerned, can be judged as being relevant to the needs of the industry.

The relevance of the scheme for primary producers is less clear cut. As discussed in Section 5, the primary sector did not share the economic benefits of increased gross product in the agri-food sector over the period of the programme. As the agri-food sector grew increasingly concentrated, the negotiating position of farmers worsened and the upstream industries captured most of the added value in the supply chain. Only where farmers are organised into co-operatives has their bargaining power improved and in cases where they have taken equity stakes in the processing sector.

The logic of the intervention was conceived in the 1970s as manifested in Regulation 355/77. At this time it was reasoned that intervention in the agri-food sector would stimulate demand for primary products and that processors would be in a better position following receipt of support, to pay higher prices. As outlined in Section 5, the structure of the agricultural and agri-food sector has altered significantly since then with increasing levels of concentration and far less value added captured by the primary sector. It would appear therefore that the objective of the Regulation (stimulating demand for the primary sector and the primary sector sharing in the economic gains of the agri-food sector) is limited by these changes in the structure of the market.

Efficiency

In the absence of dedicated research or specific monitoring systems there is no data that can provide evidence of the ratio of the economic benefits of the scheme in relation to the costs. There is therefore no strong basis on which to make a judgement other than the market has already assessed that the risk on the investment is worth bearing and that it is likely to yield a return.

Effectiveness

Over the whole programming period of 6 years, the scheme provided approximately €1.5 billion worth of investment. Whilst not an insignificant amount, as a proportion of

the total output (e.g. €726 billion in 2000), the size of the investment can not be considered as effective within the industry as a whole. However, in the peripheral regions of Europe, and those designated as Objective 1 and 6, where the development of the sector is less advanced, the Regulation was more important in stimulating investment as thus contributing to wider cohesion of the EU. Furthermore, the measures were linked into a range of measures for industry under the Operational Programmes of Objectives 1 and 6. This holistic approach if properly integrated and co-ordinated improved effectiveness.

A further consideration is that the support for investments to reduce production costs and improve marketing may well increase the competitiveness of EU companies in export markets. There is no specific research on this impact and given the size of the investments in relation to the overall gross product of the sector, these effects are difficult to detect.

Coherence

Internal coherence¹⁶ in the scheme is constrained by the changes in the market structure, since the scheme's inception in the 1970s. The objectives in the scheme (economic benefits of the investments shared by the primary sector) thus do not complement one another in this respect, except in parts of Objective 1 and 6 areas, where the industry is less developed and where there is evidence that the primary sector has benefited from changes to the processing sector stimulated by the investments under Regulation 951/97.

The external coherence¹⁷ is partially dependent upon the manner in which the national and regional authorities have implemented the scheme and what national fiscal policies and subsidies already existed for the sector. There was no evidence that suggested incoherence in this respect. Within the Objective 1 and 6 regions, Regulation 951/97 was successfully integrated into Community Support Frameworks and so could be judged as coherent with other EU-wide policies.

Utility

The extent to which the Regulation 951/97 corresponds to society's needs and solves socio-economic problems is difficult to judge. There is evidence from national authorities that the scheme created jobs, but one may also reasonably conclude that there were displacement effects.

¹⁶ Defined as the "correspondence between the different objectives of the same intervention", MEANS Collection 6, p89 (EC 1999).

¹⁷ Defined as the "correspondence between the objectives of the intervention and those other public interventions that interact with it", MEANS Collection 6, p89 (EC 1999).

Given the dynamism of the sector, it is questionable as to whether it merits a public subsidy except in regions where the original rationale appears. The market is reasonably efficient in allocating resources provided it works within a strong regulatory framework with respect to food safety, health and safety and the environment. Many beneficiaries were not located in rural areas and so did not generate important multiplier effects for the rural economy and Objective 1 and 6 areas. The utility was greater in those regions where development is constrained by lack of investment, skills and market access. Overall however, these effects were mainly enjoyed in urban areas and so society (irrespective of the spatial dimension) benefited.

Sustainability

The degree to which investments provide durable benefits can only be assessed over the medium-term. This meta-evaluation has taken place only 4 years after the programme finished (and 9 years after it began) thus partially restricting a judgement that can be made.

The environmental impacts of the scheme were not measured on a Member State level and consequently, there is no firm foundation on which to base a judgement. We recommend that there should therefore be a long-term follow-up to the scheme in terms of monitoring, so as to enable the sustainability to be properly evaluated.

9. Recommendations

The following concerns arise out of this ex-post evaluation.

The share of economic benefits of the scheme

In view of the growth and concentration in the agri-food sector since the scheme's inception in the 1970s and continuation under Regulation 951/97, it is clearly difficult to ensure that a powerful agri-food sector passes on the benefits of investments under Regulation 951/97 to the primary sector. This is not to say that there should therefore be a presumption in favour of small companies. Large companies deliver the consumer low cost produce on the basis of their economies of scale and bargaining power. However, these structural changes to the market place put into question the internal coherence of the scheme under pressure.

Research is therefore needed to examine in further depth the extent to which organisations that command less market power, pass on the benefits of new investments to the primary sector. If it is the case that certain sizes of enterprises are optimal, consideration should be given to targeting in this way.

Quality of projects

Most Member States directed aid to projects that met the agri-food sector's priorities, which were principally to increase competitiveness and meet EU health, safety and environmental regulations. However, this was managed mostly through non-competitive tendering processes. As a result deadweight was observed. To overcome this problem in future, aid should be awarded by the application of either stronger eligibility criteria or through competitive tendering procedures. This would help to deliver stronger projects as well as give Member States the opportunity to target aid more strategically.

Scheme monitoring

There is a need to build in the capacity to assess sustainability in the medium to long term from the start of the programme through agreement by Member States on the establishment of effective scheme monitoring systems and indicators as a basis for evaluation. This will facilitate an effective assessment of the scheme's impact. It is therefore welcome that for the current programming period the Commission has in co-operation with the Member States, designed compulsory evaluation questions with associated criteria and indicators with which Member States can evaluate the scheme.

Administration

Member States implemented the scheme according to their own national and regional models. The most frequent problem that arose was the length of the application process, and in some cases lack of transparency in selection. There is therefore a need for administrations to set exact timetables for the review of applications and improve transparency in selection procedures.

Implementation should be carried out with the minimum administration burden both on the taxpayer and the recipient. Member States may wish to consider contracting external agencies to implement the schemes. This was viewed as a positive experience in the Netherlands and Ireland. In particular, the implementation benefited from a clear division between policy formulation and implementation at the ministry level and the specialist administrative skills of the agency.

Appendix 1: Names and institutions of people interview during the course of the ex-post (meta-) evaluation

Austria

Horizontal RDP EC: Mr. Peter Kaltenegger, unit E.3,
Federal Ministry of Agriculture, Forestry, Environment and Water Management Mr.
Ignatz Knöbel, Mr. DI Alois Grabner
Inside Obj. 1: SPD (Burgenland) EC: Mrs. Heiderose Schmidt, unit E.3, Amt der
Burgenländischen Landesregierung, Mr. Dr. Stockinger (EAGGF)
ERP Fonds Mr. Mag. Johann Fussenegger, Head of ERP-Fund
National evaluators: Dr. Rainer Haas, Dr. Oliver Meixner, Dr. Sigfried Pöchtrager, BOKU
Vienna

Belgium

Flanders:

4 February 2003, Ministerie van de Vlaamse Gemeenschap, Afdeling Land- en
Tuinbouwondersteuningsbeleid, Leuvenseplein 4, 1000 Brussel:

- Mr Gilbert Van den Bremt, Afdelingshoofd
- Mrs Veerle Blommaert, Engeneer.

Telephone interview with the evaluator: University of Gent

Wallonia

18 February 2003, Mrs Monika Becq, evaluator

Denmark

Peter Bernt Jensen, Direktoratet for Fødevareerhverv
Janne Sylvest, PLS Ramboel

Finland

Interviews with administration officials

Ministry of Trade and Industry, Industries Department
Ms. Pirjo Uusitupa
Mr. Jaakko Pulkka

Ministry of Agriculture and Forestry, Department of Agriculture, Rural and Support Policy
Unit
Ms. Sirpa Karjalainen
Ms. Leena Summanen

Interviews with National Evaluators

Pellervo Economic Research Institute

Ms. Raija Volk

Mr. Panu Kallio

Mr. Perttu Pyykkönen

Interviews with Food Industries' Representatives

Ms. Lea Lastikka, Finnish Food and Drink Industries' Federation

Mr. Pentti Isotalo, Farmimuna Oy (Eggs)

Mr. Markku Helander, Helanderin Teurastamo Oy (Meat)

Mr. Simo Palokangas, HK Ruokatalo (Meat)

Mr. Jan Lähde, Munakunta (Eggs)

Mr. Kari Ollikainen, Porlammin Osuusmeijeri (Milk)

Mr. Veijo Meriläinen, Valio Oy (Milk)

France

Administrative officials (Ministry of agriculture):

Service des stratégies agricoles et industrielles

J.B. Danel, sous direction des stratégies industrielles

E. Ayasse-Rondreux, mission des entreprises

Missions des affaires générales

Monique Rousselot

Service de la production et des marchés

D.Rocher, bureau des fruits et légumes

G.Ripaud, bureau du lait

C.Lennoz, bureau des viandes

A.Randriamahefason, bureau des viandes

JM Poirson, bureau des porcs, volailles et diversification

E Mérillon, bureau des porcs, volailles et diversification

F Etzweiler, bureau du vin et alcools

Services déconcentrés

M.Pigner, DRAF Languedoc Roussillon

Professional organisations

M.Solère, Office National Interprofessionnel des Vins (ONIVIN)

M.Greenfeld, Office National Interprofessionnel des Fruits, Légumes et de l'Horticulture, (ONIFLHOR)

M.Farges, Office National Interprofessionnel du Lait et des Produits Laitiers, (ONILAIT)

M.Bénard, Institut National des Appellations d'Origine (INAO)

C.Legrain, Office National Interprofessionnel des Viandes, de l'élevage et de l'aviculture (OFIVAL)

Representatives

M.Gonzales, Fédération coopérative viticole de l'Hérault

M.Teissier, CELIVAR

M.Dupin, Centre National Interprofessionnel de l'Economie Laitière (CNIEL)

Mme Amram, Association Nationale des Appellations d'Origine Laitières Française (ANAOF)

M.Mangenot, Association National de Industries Alimentaires (ANIA)

Mme Riclet, Confédération Française de la Coopération Agricole, (CFCA)

Germany

Jürgen Walter Becker, Regierungspräsidium Gießen

Steven Deters, Landwirtschaftskammer Rheinland

Jan Dietzel, Landesamt für Ernährungswirtschaft und Jagd Nordrhein-Westfalen

Karin Drube, Regierungspräsidium Gießen

Peter Hardt, Ministerium für Wirtschaft, Verkehr, Landwirtschaft und Weinbau des Landes Rheinland-Pfalz

Günter Knüppel, Bayer. Landesanstalt für Ernährung

Erich Steuerwald, Kulturamt Neustadt / Weinstraße

Karsten Bredemeier, Senator für Wirtschaft und Häfen der Freien HB

Heinrich Daseking, Bezirksregierung Hannover

Ursula Emmert, Behörde für Wirtschaft und Arbeit

Thomas Lins, Bundesministerium für Verbraucherschutz, Ernährung und Landwirtschaft

Hans Meyer, Niedersächsisches Ministerium für Ernährung, Landwirtschaft und Forsten

Bernhard Paterok, Niedersächsisches Ministerium für Ernährung, Landwirtschaft und Forsten

Martin Schlotterbeck, Ministerium für den Ländlichen Raum BW

Sabine Schröter, Ministerium für Ländlichen Raum des Landes BW

Heinz Tiedemann, Ministerium für Wirtschaft, Arbeit und Verkehr referat 23

Gert Trautmann, Hessisches Ministerium für Umwelt Landwirtschaft und Forsten

Ingrid Wallfahrt, Ministerium für Umwelt und Naturschutz, Landwirtschaft und Verbraucherschutz des Landes NW

Dietmar Wehking, Ministerium für ländliche Räume, Landesplanung, Landwirtschaft und Tourismus des Landes SH

Wohlgshaft, Ministerium für Landwirtschaft und Forsten des Freistaates Bayern

Marion Schluë, Ministerium für Umwelt und Naturschutz, Landwirtschaft und Verbraucherschutz

Willy Schneider, Ministerium für Umwelt und Naturschutz, Landwirtschaft und Verbraucherschutz

Dietmar Döpke, Niedersächsisches Ministerium für Ernährung, Landwirtschaft und Forsten

Greece

Interviews with Ministry of Agriculture administration officials and producer groups

Ireland

Marian Byrne, Dept. for Agriculture, Food and Rural Development, Dublin

Philip Fanning, Dept. for Agriculture, Food and Rural Development , Dublin

Declan Coppinger, Dept. for Agriculture, Food and Rural Development , Dublin

Joan Arkle, Dept. for Agriculture, Food and Rural Development , Dublin

Derek Breen, Enterprise Ireland

Sean Higgins, Enterprise Ireland

Tom Hayes, Enterprise Ireland

Gerry Gunning, The Irish Farmers' Association, Dublin

Italy

Interviews with regional and national officials in charge of the implementation of Regulation 951/97 1994-99

Dott. Monteleone, Responsabile valutazione reg 951/97, Ufficio Strutture agricole, INEA, Roma

Dott. Manghi Dario, Direttore generale Assessorato all'agricoltura della Regione Emilia –Romagna, Bologna.

Dott. Prina Giancarlo, Direttore settore programmazione agricola, Regione Piemonte, Torino

Authors of the different national and regional evaluation reports

Dott. Roffi Fabrizio, Servizi aiuti alle imprese, Assessorato all'agricoltura della Regione Emilia –Romagna, Bologna.

Dott.ssa Orlandini Claudia, Responsabile settore agroindustrie, Assessorato all'agricoltura della Regione Emilia –Romagna, Bologna.

Prof. Guliemo Wolleb, Università di Parma, Consulente ISMERIA Europa (Ex-post evaluation of QCS Objective 1)

Dott. Calzolari Giampiero, Presidente cooperativa Anca Lega, Regione-Emilia Romagna.

Administration officials from the Ministry of Agriculture, INEA (national institute for agricultural economics) and ISMEA (information service on the agri-food sector)

Dott.ssa Luchetta Maria, Ufficio strutture, Ministero dell'agricoltura, Roma (950-951)

Dott. Murano Roberto, Ufficio politiche strutturali, INEA, Roma

Dott.ssa Savaresi Elisabetta, Valutazione politiche strutturali, ISMEA, Roma

Prof. Cersosimo Domenico, Università della Calabria, Cosenza, Consulente del Ministero del Tesoro (Unità di valutazione), Roma

Dott. Surace Paolo, Responsabile economico, confederazione italiana agricoltori, Roma.

Luxembourg

Interviews with the implementing authority in GDL (Ministry of Agriculture, Viticulture and Rural Development (MoA)) and the evaluators, authors of the original evaluation report (ECAU-ERSA).

February 10th, 2003

Mr André Vandendries, Conseiller de direction, Ministère de l'Agriculture, de la Viticulture et du Développement Rural Ms. Marie-Laure Mir, ECAU (évaluateurs)

Netherlands

Mr R.W.C. Van der Bergh, Ministry of Agriculture, Nature Management and Fisheries, responsible for implementation of the measure VAL in the period 1994-1996, and for the policy design and contacts with the European Commission in the period 1994-1999

Mr M.H.W. Schakenraad, LASER, responsible for implementation of the measure VAL in the period 1996-1999

Mr R.Hoeffelman, President of the Selection Committee (background: ex-Cargill and ex-president of Dutch Committee of Grain Traders)

Mr H.Dollekamp, Selection Committee, (background: several functions in the meat sector)

Mr R. de Man, Selection Committee (background: ex-Nestlé)

Portugal

Mr. José Manuel Lima Santos - President of the Ministry's Cabinet for Agricultural and Agri-Food Policy and Planning;

Mr. Tito Rosa - Manager of the Agricultural Operational Programme included in the III CSF (2000-2006);

Mr. António Moita Brites - Head of the Project Analysis Unit - Instituto de Financiamento e Apoio ao Desenvolvimento da Agricultura e das Pescas (IFADAP);

Mr. Monteiro Alves - Project Analysis Unit - IFADAP;

Mrs. Teresa Boieiro - Statistical Department - IFADAP;

Mrs. Lucília Barros - IFADAP;

Mr. Mário Barreto - IFADAP.

Spain

Guy Beaufoy

Consultant

Instituto de Desarrollo Rural Sostenible, (IDRISI)

Montserrat Cabrera Morales

Coordinadora de las formas de intervención financiadas por Feoga-O

Comunidad Autónoma de Canarias

Alicia Cáceres

Dirección General de Agricultura

Comunidad de Madrid

Luis Miguel Cárcel

Departamento de Industrias Agrarias

Universidad de Valladolid

Federico González

Federación de Industrias de la Alimentación y Bebidas, FIAB

José Luis Miguel

Coordinadora de Agricultores y Ganaderos, COAG

Francisco Montero

Dirección General de Desarrollo Rural.

Ministerio de Agricultura, Pesca y Alimentación.

Fernando Pascual

Director General de ASOCARNE

Fernando Pita

Consejería de Agricultura y Ganadería

Junta de Castilla y León

Manuel Ventura

Dirección General de Alimentación.

Ministerio de Agricultura, Pesca y Alimentación.

Sweden

Ewa Rabinovicz, Ass Professor, Swedish Institute for Food and Agricultural Economics

Helena Nilsson, Economist, Swedish Institute for Food and Agricultural Economics
Ulf Renborg, Professor, Royal Swedish Academy of Forestry and Agriculture
Gunnar Plym Forshell, Function Leader Agricultural Unit, CAB Norrbotten
Kjell Steen, Director, Agricultural Unit CAB Jämtland
Leif Medhammar, Director, Agricultural Unit, CAB Gotland
Karl-Ingvar Malmgren, Consultant Evaluator Swedish 5b, Ledningskonsulterna AB
Lars Larsson, Dr Consultant Evaluator of Swedish LEADER, Dalarna Research Council
Ulf Wiberg, Professor, Evaluator of Swedish Objective 6, Umeå University
Åge Mariussen, Expert on Regional Innovation Systems, STEP-Group, Oslo
Åke Uhlin, Industrial Management, Blekinge Technical University
Sture Sandberg, Regional Growth Programme Coordinator, CAB Gävleborg
Hans Westlund, Dr, Swedish Institute for Growth Policy Studies

United Kingdom

Wendy Hartnell, Marketing Competition and Consumer Division, Department for the Environment, Food and Rural Affairs (Defra)
Damian Andrews, Marketing Competition and Consumer Division, Defra

Appendix 2: Data sources for ex-post evaluations carried out by Agra CEAS Consulting Ltd. and its sub-contractors

Austria

Outside Obj. 1

Ex-post Evaluierung der Massnahme «Verbesserung der Verarbeitungs- und Vermarktungsbedingungen landwirtschaftlicher Erzeugnisse» gem. VO(EG) Nr. 951/97 (Universität für Bodenkultur, Institut für Agrarökonomik, Wien, Walter Schiebel)

Inside Obj. 1

Burgenland

Zwischenevaluation des Ziel 1-Programms Burgenland, vorläufiger Endbericht. (Österreichisches Institut für Raumplanung, Wien,

Dr. Michael Ridder, Regionalberatung und Projektentwicklung, A - Delmenhorst
L&R Sozialforschung, A – Wien, Ferdinand Lechner)

Belgium

Flanders

EX POST EVALUATIE inzake de voortgang en resultaten van de uitvoering van het enig programmeringsdocument voor de structurele bijstandsverlening van de Europese Unie aan de agro-voedingsbedrijven in het kader van Verordeningen (EEG) nr. 951/97 en 867/90 voor de periode 1994-1999 in Vlaanderen (Universiteit Gent, Faculteit Landbouwkundige)

Based mainly on the ex-post evaluation report. A large part of the information contained in the ex-post evaluation for the meta-evaluation could however not be used, mainly for two reasons:

- The report does not treat and answer the common evaluation questions;
- The judgement of the report in terms of the classical evaluation criteria (relevance, effectiveness, etc.) is based on an interpretation of these criteria that is not always accurate for evaluation purposes.

Consequently the authors of the analysis completed information contained in the ex-post evaluation report through desk studies and an extensive face-to-face interview with representatives of the implementing authority.

The desk studies were based mainly on the following documentation:

- The Single Programming Document;

- Statistical information received from the Flemish administration for Agriculture and Horticulture (*Administratie Land- en Tuinbouw*);
- Specific documentation issued by the same administration.

Wallonia

Outside and Inside Obj.1

Evaluation ex-post de la mise en oeuvre du règlement (CE) n° 951/97 en Wallonie pendant la période de programmation 1994-1999.

(Gembloux Faculté universitaire des sciences agronomiques, Mr. Philippe Lebailly)

Inside Obj.1

Hainaut

Evaluation intermédiaire de la mise en oeuvre du DOCUP Objectif N°1 et des programmes d'initiative communautaire en Hainaut

2 lots

(Université libre de Bruxelles DULBEA – Centre d'Économie Régionale et de la Technologie)

Additional socio-economic data extracted from the annual reports prepared by the Centre for Rural Economics of the Federal Belgian Government. (Reports for 1994 and 1999)

The ex-post evaluation report is very exhaustive and provides a substantial amount of data and information.

Denmark

Outside Obj.1

Ex-post evaluating of Strukturprojektordningen; Direktoratet for Fødevarer Erhverv (Coopers & Cybrand and Sant and Bendix A/S Kærsgård 7, 9310 Vodskov, Mr. Jacob Christiansen & PLS Consult, Ms. Janne Sylvest)

PLS Ramboll Management: Ex-post evaluating af Strukturprojektordningen, September 2001". This report is the major source.

Mid-term evaluation "Coopers and Lybrand and Sant/Bendix,

Mid-term evaluation of the Single Programming Document, (The Period 1994-1999)"

Finland

Outside Obj.6

Maataloustuotteiden jalostus-ja markkinointiolosuhteiden kehittaemishjelman 1995-1999 loppuarviointi

(Pellervo Economics Research Center)

Inside Obj.6

Study for comparison of the Finnish and Swedish Objective 6 programmes (mid-term evaluation)

The report of the final evaluation of the Regulation 951/97 in Finland (Pellervo Economic Research Institute PTT, Finland). The report provides a good basis for the evaluation of the Regulation 951/97

France

Outside Obj.1

Evaluation ex-post des mesures prises en France au titre du règlement (CE) n° 951/97 (Arthur Andersen and A.N.D. International)

Ministry of agriculture : financial tables

SCEES : Enquête annuelle d'entreprises (Agri-food sector)

ANIA : L'industrie alimentaire des industries alimentaires

Germany

Outside Obj.1

Ex-post Evaluation der Fördermassnahmen im Rahmen der Verordnung (EG) Nr. 951/97 für den Förderzeitraum 1994 bis 1999 in Deutschland (Bundesländer ausserhalb Ziel – 1)

(Bundesforschungsanstalt für Landwirtschaft (FAL) Institut für Marktanalyse und Agrarhandelspolitik, Braunschweig, Mr. Heinz Wendt)

Zwischenbewertung der EAGFL-Interventionen im Rahmen des GFK (1994-1999) für die neuen Bundesländer – Zeitraum 1994 bis 1996 -

(Bundesforschungsanstalt für Landwirtschaft (FAL), Institut für Strukturforchung, Braunschweig)

(Sächsische Landesanstalt für Landwirtschaft, Dresden)

Inside Obj. 1

Zwischenbewertung des "Operationellen Programmes zur Entwicklung der Landwirtschaft und des Ländlichen Raums im Freistaat Sachsen", 1994-99

Studie zur Evaluierung des Operationellen Programmes zur Entwicklung der Landwirtschaft und des ländlichen Raumes im Bundesland Mecklenburg-Vorpommern im Rahmen des gemeinschaftlichen Förderkonzeptes für das Ziel 1 –

Gebiet der Bundesrepublik Deutschland 1994 – 1999, umfasst 1994-96,
Zwischenbewertung
(Landgesellschaft Mecklenburg-Vorpommern mbH, Leezen)

Zwischenbewertung (Endbericht): Evaluierung des EAGFL – A dominierten
Operationellen Programmes zur Entwicklung der Landwirtschaft und des ländlichen
Raums für den Zeitraum 1994 – 1996 im Land Brandenburg

Zwischenbewertung (Endbericht): Evaluierung des EAGFL – A dominierten
Operationellen Programmes zur Entwicklung der Landwirtschaft und des ländlichen
Raums für den Zeitraum 1994 – 1996 im Land Sachsen-Anhalt
(Landgesellschaft Sachsen-Anhalt mbH, Magdeburg)

Entwurf der Zwischenbewertung des Operationellen Programms Die Interventionen
des EAGFL, Abteilung Ausrichtung im Zeitraum 1994-1996 im Freistaat Thüringen
(Thüringer Landgesellschaft mbH)

Additional information sources included:

- 19 case studies (Those are not representative but positive example projects, since the firm's collaboration was voluntary). The case studies provided detailed and often quantifiable information, which are closely related to the obligatory evaluation questions of the evaluation guide.
- The Mid-Term reports, official statistics, available market studies and professional articles represent the data sources. The official statistics are used e.g. for the representation of general framework conditions or of reference scenarios as well as for the calculation of market shares or self-sufficiency rates..
- Existing programme information and interviews at the Agricultural Ministries and other authorities.

Greece

Totally Obj.1

Ex - post evaluation report of Regulation 951/97

Mid-term evaluation of the Greek CSF, Objective 1

The main primary data were questionnaires and data provided by the Greek Ministry of Agriculture, while the main secondary data were various studies and the on going evaluator reports of the Operational Program "Development of the Agricultural sector of 1994-1999

Ireland

Totally Obj.1

Operational Programme for Industrial Development 1994 – 1999; Mid-Term Review; (Executive Summary of Draft Final Report)
(Ernst & Young; Department of Enterprise & Employment)

Draft report; Operational Programme for Agriculture, Rural Development and Forestry, 1994 – 1999, Follow-up to Evaluation, Recommendations.
(Department of Agriculture and Food)

Mid-Term Review Report; Operational Programme for Agriculture, Rural Development and Forestry; 1994 – 1999 ¹⁸
(Fitzpatrick Associates; Economic Consultants, Dublin)

Draft Mid-Term Review Report; Operational Programme for Agriculture, Rural Development and Forestry; 1994 – 1999
(Fitzpatrick Associates; Economic Consultants)

Progress Report, Mid-Term Review; Operational Programme for Agriculture, Rural Development and Forestry; 1994 – 1999
(Fitzpatrick Associates; Economic Consultants)

Mid-term evaluation : regional impact of the community support framework for Ireland 1994-1999
(Fitzpatrick Associates; Economic Consultants)

CSF Mid-Term Evaluation. Draft final report.
(The Economic and Social Research Institute, Dublin)

Draft Mid Term Evaluation of Local Urban and Rural Development Operational Programme in Ireland, 1994-1999
Coopers&Lybrand, Fanum House, 108 Great Victoria Street, Belfast BT2 7AX, Northern Ireland

Draft Report: Environmental Effects of the OPARDF (Operational Programme for Agriculture, Rural Development and Forestry in Ireland)

¹⁸ general evaluation of Obj.1 (CSF): The 950/97 measures are implemented under 1 of the 7 OP's of the Irish CSF. This OP (ARDFOP) included 3 sub-programmes:

- Evaluation of the Scheme of Compensatory Allowances in Ireland (LFA) – July 1995
- Evaluation of the Scheme of Installation Aid under the OPARDF – February 1997
- Evaluation of the Horticulture & Potato Sub-Measure under OPARDF (Investment aid) – March 1998

(Analysis and Evaluation Unit of OPARDFF)

National ex-post evaluation reports provided by the European Commission

National and regional statistics and other relevant reports

An Bord Glas --- Sector profile ---Potatoes, Dublin, 2001

An Bord Glas --- Sector profile --- Mushrooms, Dublin, 2002

An Bord Glas --- Sector profile --- Horticulture, Dublin, 2001

Agri-Food 2010, Dept. for Agriculture, Food and Rural Development, Dublin, 2000

Agriculture, The Facts and the Future, Supplement to Farmers Journal, Dublin, 2002,

Annual Report of the Minister for Agriculture , Food and Rural Development for 2001, Dublin, 2002

Community Support Framework, Operational Programme for Industrial Development, Food-Subprogramme, 1994-1999, Dublin 1995

Irish Farmers Association, Farm Income Review, Dublin, 2002

Irish Farmers Association, The IFA Guide to Grants, Premiums and Headage payments, April 1992

Irish Farmers Association, The IFA Guide to the New Farm Schemes, Dublin, 2001

Food Development Strategy 1995-1999, Forbairt , Dublin, 1995

Operational Programme for Industrial Development 1994-1999, Final Implementation Report of the Food Sub-Programme, Dublin, undated

Report of the Expert Group on the Food Industry, Dept. for Agriculture, Food and Forestry, Dublin 1993

Luxembourg

Outside Obj. 1

“Ex-Post Evaluation of the SPD Objective 5a) 1994-1999 concerning the transformation and the marketing of agricultural products” for the Grand-Duchy of Luxembourg (GDL).

Bulletins produced by the Statistical Office of GDL (STATEC), Activity Reports (1996 to 2001) of the MoA and programming documents.

Italy

Outside Obj.1

Rapporto di Valutazione Finale

Reg.(Ce) 951/97

Programmazione 1994-1999

(ISMEA , INEA , ERNST & YOUNG, Roma, Mrs. Stefania Dato, Mrs. Elisabetta Savarese)

(INEA : Politische Strutturali, Sviluppo Rurale e servizi di Sviluppo, Roma, Mr. Alessandre Monteleone

(ERNST&YOUNG, Roma Mr Osvaldo La Rosa)
(I.Z.I. S.r.l., Roma)

Inside Obj.1

Valutazione ex-post: Reg 951/97 programmazione 1994-1999 ISMEA, INEA, ERNEST & YOUNG; Giugno 2002

Valutazione finale: Reg 951/97 programmazione 1994-1999 ISMEA, INEA, ERNEST & YOUNG; Dicembre 2001

Rapporto di monitoraggio: Reg 951/97 programmazione 1994-1999 Ministero delle Politiche Agricole e Forestali; Maggio 2002

Ex-post evaluation of the Objective 1 Programmes 1994-99, ISMERI EUROPA, November 2002

Case study on effectiveness on Sicily of QCS obj.1, ISMERI EUROPA; November 2002

MOP Calabria, ISMERI EUROPA; November 2002

Regione Piemonte, Piano di sviluppo rurale 2000-2006, relazione primo anno di applicazione 2001, par. 5.2 "Impatto del precedente periodo di programmazione 1994-1999 del reg. 950/97, reg. 951/97 and obj.5b).

Other documents: Regional implementation reports of reg. 951/97 for the years 1994-99 (for the regions Piemonte, Lombardia, P.A. Trento, P.A. Bolzano, Friuli-Venezia-Giulia, Veneto, Emilia-Romagna, Liguria, Marche, Toscana, Abruzzo), Available for the courtesy of Ministry of agriculture.

Rapporto finale del progetto di assistenza sulla valutazione degli interventi strutturali del Reg. 951/97, Ministero politiche agricole e forestali, 2002.

Official national and regional statistics, e.g. from INEA (national institute for agricultural economics), from ISTAT (National institute of statistics) and resulting from the Agricultural Census 2000

INEA, Annuario dell'Agricoltura italiana, Roma (Varie annate)

INEA, Rapporto sulle politiche dell'Unione europea, Roma 2002

INEA, Rapporto sulle politiche strutturali dell'Unione europea, Roma, 2001

ISTAT, Censimento generale dell'agricoltura del 2000, Roma 2002

ISTAT, Contabilità regionale 1990-1999, Roma 2000

Netherlands

National ex-post evaluation report of Regulation 951/97 produced by the IOO BV (Institute for Research on Public Expenditure), commissioned by the Ministry of Agriculture, Nature Management and Fisheries (final version received end November 2002).

An analysis of basic documents on the implementation of Regulation 951/97 in the Netherlands. This concerns *inter alia* the Single Programming Document [SPD] and a manual for applicants of the VAL), three (3) annual monitoring reports (years 1997, 1998, 1999), an evaluation report on the VAL as part of the *Stimuleringskader* (Stimulation Framework, see chapter 3), and the final implementation report by the implementing agency LASER to the European Commission

Portugal

Totally Obj. 1

National Evaluation Report, which was an intermediate evaluation of the whole Agricultural Operational Programme (which included the measures under Reg. 951/97), for the 1994-96 period, conducted in 1997.

The data relating to the Measure's execution was obtained directly from IFADAP's Project Database, the national institution responsible for their implementation and for the analysis, financing and control of the investment projects. This database includes information for the 1994-99 period on the number of applications submitted, approved and implemented and the investment and financing of those projects, on a project-by-project basis, with the following breakdown:

- Project location;
- Investment sector;
- Type of investment (new, restructuring, quality, environmental, etc.);
- Investment costs approved and accomplished;
- Aid approved and paid;
- Number of workers in the company before and after the investment;
- Quantity of raw materials transformed in the company before and after the investment;
- Income and costs of the company before and after the investment.

Some of this information was not directly available from the Database, requiring some project-by-project research conducted by Agrogres at IFADAP's headquarters.

Other data from IFADAP came from the publications "Investment in Processing and Marketing of Agricultural Products in the scope of the II CSF", 1999, and "The Agri-Industries in the Nineties – A Global View".

Analysing the Measures' impacts and answering the Evaluation Questions required more general data relating to the economic and physical evolution of the agri-industrial sector. This data was obtained mostly from the National Statistical Office (INE), both from existing publications – the annual "Agri-Industrial Production Statistics", "Company Statistics", "National Economic Accounts" and "Employment

Statistics", all from 1992 to 1998 - and from personal contacts. Publications consulted included also "The Agri-Food Sector in Portugal", by INOFOR, 2001.

Spain

Outside Obj.1

Evaluación Final de los Proyectos Relativos al DOCUP 1994-1999, Regiones de Objetivo 5a) (Análisis Financiero et Cualitativa)

(Dirección Gral. De Planificación Económica y Coordinación Institucional, Ministerio de Agricultura, Pesca y Alimentación. Subdirección General de Coordinación y Planificación Económica y Estadística, Madrid)

(Ofiteco S.A.: Oficina Técnica de Estudios y Control de Obras S.A.)

Inside Obj. 1

Proposición de Asistencia Técnica para la elaboración de la evaluación intermedia del programa de industrias agroalimentarias y medidas estructurales agrarias de Espana 1994-1999

(Juan A. Vázquez García, Departamento de Economía Aplicada, Universidad de Oviedo)

Draft Report: Evaluación del programa operativo del principado de Asturias 1994-1999

Programa Operativo Industrias Agrarias y medidas estructurales agrícolas de Espana 1994 – 1999, Evaluación Intermedia

(Ofiteco S.A.: Oficina Técnica de Estudios y Control de Obras S.A.)

Secondary information sources such as additional data from national and regional statistics and bibliography and interviews with Administration officers at different levels (national, regional and local agencies), agricultural producers associations, agri-food industries representatives and other experts.

Sweden

Report 1998:4 *Utvärdering av investeringsstöd för förädling och avsättning av jordbruks- och skogsbruksprodukter* Jordbruksverket is a Mid-term evaluation of the scheme regulated by Council Regulation (EEC) No 951/97 pursued by The Swedish Board of Agriculture. The analysis is based on both primary and secondary sources of information.

A survey of all firms, which had received investment support 1995-97, was carried out.

Twelve sectors within agriculture and forestry were invited to comment the findings and express their branch organisations' opinion on the scheme.

For explanations of the socio-economic context official information was taken from Statistics Sweden (www.scb.se) and the Swedish Institute (www.si.se)

United Kingdom

Scotland

Scottish Executive and Rural Affairs Department, 2002, Review of the 1994-1999 Agriculture Processing and Marketing Grant Scheme, Edinburgh, DTZ Pidea Consulting.

Inside Obj. 1

Northern Ireland

Mid-Term Evaluation of the Northern Ireland Single Programme for Agriculture and Rural Development (SPARD)

(Environmental Resource Management (ERM), London)

Draft Mid-Term Evaluation of the agricultural measures of the Sub-Programme for Agriculture and Rural Development in Northern Ireland 1994-99

Final Mid-Term Review of the rural development measures (4.1.8 Capacity Building and 4.1.9 Strategic Area Plans and Community Regeneration Projects) of the Sub-Programme for Agriculture and Rural Development for Northern Ireland

Draft Mid-Term Review of the rural development measures (4.1.8 Capacity Building and 4.1.9 Strategic Area Plans and Community Regeneration Projects) of the Sub-Programme for Agriculture and Rural Development for Northern Ireland
(Coopers&Lybrand, Fanum House, Belfast)

Appendix 3: Interview questions Reg. 951 UK/Ireland (carried out by Agra CEAS Consulting Ltd. Jan 2003)

Background questions

- What was the relationship between 951 and GMG and MDS (could people apply to national and EU schemes, was national phased out because it was replaced by 951, were they seen as complementary or not, etc.)
- Were there any substantial differences in operation between UK countries?
- What level of uptake was there? Do figures exist for applications, successful and unsuccessful? What was uptake as proportion of those eligible?
- What payments were made over the period?
- Are there any internal reports that we could see which might be of use?
- What was going on in the agricultural sector at the time (main issues, concerns, problems) and how did that relate to the uptake of measures?
- What were the general and prevailing policies of the time and how did they fit with the measures adopted?
- What were the social and economic reasons for intervention (was there market failure, why target this sector and these people)?
- Which sections of the industry were targeted?
- Are there copies of scheme literature that we could have so we can talk about scheme design and implementation?

General evaluation questions

- What was the degree of deadweight associated with the scheme?
- Were alternative approaches considered to meet the scheme objectives and if so, what were they?
- How did the measures relate to other schemes (was there coherence, synergy, etc.)?
- Did the administration of the scheme facilitate uptake or were there administrative problems/concerns?
- How well was the scheme communicated and did this assist uptake?

Impact on value-added, processing and marketing activities

- To what extent have the investments helped to achieve more competitiveness of agricultural products?
- To what extent have the investments helped to increase the added value of agricultural products (e.g. by better anticipation of market trends)?
- To what extent have the investments helped to improve the quality (e.g. incl. new receipts) of products?
- To what extent was the processing and marketing of PDO, PDI and organic products encouraged by the investments?

- To what extent have the investments helped to improve the preparation, processing and presentation of products (new products and existing products)?
- To what extent have the investments led to added value of by-products?
- To what extent have the investments contributed to improved marketing channels?
- To what extent was the supply of intermediate and final products (e.g. timing, homogeneity, quantity) optimised by the investments?
- To what extent have the investments contributed to the creation of new outlets?
- To what extent have the investments contributed to improved transparency of price formation (i.e. information exchange between the actors in the branch)?
- To what extent has the scheme helped to reduce the cost of processing and marketing of agricultural products?
- To what extent have the investments helped to rationalise collection, treatment processing and marketing of products?
- To what extent have the investments led to less seasonal and less uncertain production of processed goods?
- To what extent have the investments led to reduced loss (e.g., reduced waste) and other cost reducing elements?

Impact on producers of basic products

- To what extent have the producers of the basic products benefited from the investments?
- To what extent have the investments contributed to improve the situation of the basic agricultural production (prices, quantities)?
- To what extent have the investments encouraged the co-operation between producers of the basic products and the processing and marketing level (contracts, guarantee of outlets)?

Impact on health and the environment

- To what extent have the investments improved health conditions by improving hygiene conditions of processing and marketing?
- What are the impacts (positive and negative) of the scheme notably in terms of polluting emissions, waste production and the use of natural resources?
- To what extent have the investments influenced pollution such as emissions to air and water or waste disposal?
- To what extent have the investments influenced the consumption of water and energy?

Effectiveness and administrative arrangements

- To what extent have administrative arrangements influenced the impact of the scheme?

- How far have the selection procedures of projects by Member States or regions (tender procedure, ...) been conducive to the objectives?
- How did the programming and selection procedure take into account special regional needs in addition to sectoral needs where necessary and to what extent did this reinforce or reduce the impact of the investments?
- To what extent have the administrative arrangements accommodated environmental requirements (involvement of environmental authorities, environmental impact assessment, ..)?
- To what extent has the communication undertaken towards potential beneficiaries raised the awareness of the scheme and assisted its uptake?

Efficiency and spillover effects

- To what extent has the scheme been adequately targeted towards the eligible beneficiaries?
- To what extent and why have some eligible enterprises undertaken similar action without applying for aid?
- How relevant was the scheme given the magnitude of the potential needs?
- To what extent were the investments targeted to key sectors or processes?
- How significant was the leverage effect within the beneficiary enterprises?
- How adequate are the eligible measures of the scheme compared to its objectives?
- To what extent has the implementation of the scheme produced significant impacts (positive or negative) in addition to its declared objectives (e.g. working conditions, employment, transport), (quantify if possible)?
- To what extent has the implementation of the scheme produced significant impacts (positive or negative) outside the beneficiary enterprises (quantify if possible)?
- To what extent could alternative approaches have achieved the objectives of the scheme and what would be the likely outcome of such approaches (in terms of effectiveness, efficiency, side-effects)?

Appendix 4: General quality assessment of the national evaluation reports for Regulation 951/97

Please answer with yes, no or partially and add your comments.

1 Methodology	Initial assessment (Yes)	Initial assessment (Partially)	Initial assessment (No)
Is the methodology used adequate?	D; Fin; Den; Aus; G;L;N	P; Sw; Sp; B(Wa); B(Fl) ;Irl; N	
Has the choice of the methodology been discussed and justified?	D; Fin; P; Den; Aus; G; B(Wa); B(Fl) ;F; N	Sw; Irl; L	Sp;
Are the limits of the methodology explained?	D; Fin; P; Den; Aus; G; B(Wa); B(Fl);F	Sw; Irl; L;N	Sp;
Are the relations of cause and effect between a measure and its impacts shown?	Den; Aus; G; F;N	D; Fin; P; Sp; Irl; L	Sw; B(Wa); B(Fl)

2 Reliability of the data	Initial assessment (Yes)	Initial assessment (Partially)	Initial assessment (No)
Is the data used representative?	D; Fin; Sp; Aus; G; B(Wa); L; B(Fl);F	P; Sw; Den; Irl; N	
Are the sources of the data identified?	D; Fin; P; Sw; Den; G Sp; Aus; B(Wa); Irl; L; B(Fl);F;N		
Is the reliability of the data discussed in the report?	D; Fin; P; Den; Aus; G; B(Wa) ;F	Sw; Sp; Irl; L	B(Fl) ;N
Are the constraints of the data explained?	D; Fin; P; Den; Aus; G; B(Wa) ;F	Sw; L; Irl; B(Fl);	Sp; ;N

EX POST EVALUATION OF MEASURES UNDER REGULATION (EC) NO 951/97

Are the constraints of the data collection methods explained?	D; Fin; Den; Aus; G; B(Wa); B(FI) ;F	Sw; Irl; B(Wa)	P; Sp; L;N
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3 Credibility of the results and value of the conclusions	Initial assessment (Yes)	Initial assessment (Partially)	Initial assessment (No)
Do the conclusions derive logically from the analysis?	D; Fin; P; Sw; Den; Aus; G; B(Wa); L;F	Sp; ;N; Irl;	
Is there a clear link between conclusions and analysis?	D; Fin; P Den; Aus; G; B(Wa); L;F;N	Sw; Irl; Sp;	
Are the constraints of the conclusions indicated?	Fin; P; Den; Aus; G;F	D; Sw; Irl; Sp; L	B(Wa) ;N
Are the effects due to the measures isolated from the effects due to the context and the constraints?	Aus; G;F;N	Fin; Den; Irl; Sp; B(Wa);L	D; Sw;

4 Utility of the recommendations	Initial assessment (Yes)	Initial assessment (Partially)	Initial assessment (No)
Do the recommendations derive logically from the conclusions?	P; Den; Aus; G;F	D; Fin; S; Irl; w; Sp; L	N
Are the recommendations impartial?	D; Fin; P; Sw; Den; Aus; G; L;F	Sp; Irl;	N

Appendix 5: Checklist for the common evaluation questions for Regulation 951/97

Those questions that were compulsory for the national ex-post evaluation reports are underlined. For this ex-post evaluation on EU level, all Evaluation Questions have to be addressed.

A. Impact on value-added, processing and marketing activities

QUESTION	ANSWER TO QUESTION: YES	ANSWER TO QUESTION: PARTIALLY	ANSWER TO QUESTION: NO
1 <u>To what extent have the investments helped to achieve more competitiveness of agricultural products?</u>	D; Fin; Den; Sp; Aus; B(Wa)	D; P; G; L	B(FI); N; Irl;
1.1 <u>To what extent have the investments helped to increase the added value of agricultural products (e.g. by better anticipation of market trends)?</u>	D; Fin; Sw; Den; Aus; B(Wa); F;N	P; Sp; G; L	B(FI); D; Irl;
1.1.1 <u>To what extent have the investments helped to improve the quality (e.g. incl. new receipts) of <u>products</u>?</u>	D; Fin; Den; Aus; G; B(Wa); L;F;N	D; Sw; Den;	P; B(FI); Irl;
1.1.2 To what extent was the processing and marketing of PDO, PGI and organic products encouraged by the investments?	D; Den; Aus; L;F	D; Fin; Sp; G	P; Sw; Irl; B(Wa); B(FI) ;N

EX POST EVALUATION OF MEASURES UNDER REGULATION (EC) NO 951/97

1.1.3 To what extent have the investments helped to improve the preparation, processing and presentation of products (new products and existing products)?	D; Fin Aus; G; L;	D; Sw; Sp; ;F	P; G; B(FI); Irl; N
1.1.4 To what extent have the investments led to added value of by-products ?	D; Aus;	Sw; ;F	Fin; P; Den; Irl; Sp; G; L; B(FI) ;N
1.2 <u>To what extent have the investments contributed to improved marketing channels?</u>	D; Den; Aus; L;F;N	Sp; G	P; Sw; Irl; B(FI)
1.2.1 <u>To what extent was the supply of intermediate and final products (e.g. timing, homogeneity, quantity) optimised by the investments?</u>	D; Den; Aus; G; L;F;N	Sp;	Fin; Sw; Irl; B(FI)
1.2.2 To what extent have the investments contributed to the creation of new outlets ?	D; Sp; L;F	F	Fin; P; Irl; Sw; Den; Aus; G; B(FI) ;N
1.2.3 To what extent have the investments contributed to improved transparency of price formation (i.e. information exchange between the actors in the branch)?	D; Aus; L;F;N		Fin; P; Irl; Sw; Den; Sp; G B(Wa); B(FI)
1.3 <u>To what extent has the scheme helped to reduce the cost of processing and marketing of agricultural products?</u>	D; Sw; Den; Sp; Aus; B(Wa); L;F;N	Fin; P	B(FI); Irl;
1.3.1 <u>To what extent have the investments helped to rationalise collection, treatment processing and marketing of products?</u>	D; Den; G; B(Wa); L;F;N	Fin; Sp;	P; Sw; Aus; Irl; B(FI)
1.3.2 To what extent have the investments led to less seasonal and less uncertain production of processed goods ?	D; Sw; G; L;F	Den; B(Wa)	Fin; P; Sp; Aus; B(FI);N; Irl;

1.3.3 To what extent have the investments led to reduced loss (e.g., reduced waste) and other cost reducing elements ?	D; Fin; Den; G; B(Wa) ;F	L; F	P; Sw; Sp; Irl; Aus; B(FI) ;N
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B. Impact on producers of basic products

QUESTION	ANSWER TO QUESTION: YES	ANSWER TO QUESTION: PARTIALLY	ANSWER TO QUESTION: NO
2 <u>To what extent have the producers of the basic products benefited from the investments?</u>	D; Den; Sp; Aus; G; B(Wa); L;F;N	D; Fin;	P; B(FI); Irl;
2.1 <u>To what extent have the investments contributed to improve the situation of the basic agricultural production (prices, quantities)?</u>	D; Fin; Den; Sp; Aus; G; B(Wa); L;F;N	D; Sw;	P; Irl; B(FI)
2.2 <u>To what extent have the investments encouraged the co-operation between producers of the basic products and the processing and marketing level (contracts, guarantee of outlets)?</u>	D; Fin; Aus; G; B(Wa); L;F;N	Sp;	P; Sw; Irl; Den; B(FI)

C Impact on health and the environment

QUESTION	ANSWER TO QUESTION: YES	ANSWER TO QUESTION: PARTIALLY	ANSWER TO QUESTION: NO
3 To what extent have the investments improved health conditions by improving hygiene conditions of processing and marketing?	D; Fin; Sw; Den; Sp; Aus; G; L;F		P; B(Wa); Irl; B(Fl); N
4 <u>What are the impacts (positive and negative) of the scheme notably in terms of polluting emissions, waste production and the use of natural resources?</u>	D; Fin; Den; Sp; Aus; G; B(Wa);L;F;N	P	B(Fl); Irl;
4.1 To what extent have the investments influenced pollution such as emissions to air and water or waste disposal?	D; Fin Den; Aus; G; B(Wa); L;F	Sw; Sp;	P; B(Fl) ;N; Irl;
4.2 To what extent have the investments influenced the consumption of water and energy ?	Fin; Den; Aus; G; B(Wa) ;F;N	Sp; L	Sw; B(Fl); Irl;

D Effectiveness and administrative arrangements

QUESTION	ANSWER TO QUESTION: YES	ANSWER TO QUESTION: PARTIALLY	ANSWER TO QUESTION: NO
5 To what extent have administrative arrangements influenced the impact of the scheme?	Den; Aus; G; B(Wa); L;F;N	D; Fin; P; Sp;	B(Fl); Irl;
5.1 How far have the selection procedures of projects by Member States or regions (tender procedure, ...) have been conducive to the objectives?	D; Fin; Den; G; B(Wa) ;F	Sw; Sp;L	Aus; B(Fl) ; Irl; N
5.2 How did the programming and selection procedure take into account special regional needs in addition to sectoral needs where necessary and to what extent did this reinforce or reduce the impact of the investments?	Sp; Aus; G;F	D; Fin; Sw; Den;	P; B(Wa); L; B(Fl); Irl; N
5.3 To what extent have the administrative arrangements accommodated environmental requirements (involvement of environmental authorities, environmental impact assessment)?	D; Fin; Sp; G; B(Wa); L;F	Sw;	Den; Aus; B(Fl); N; Irl;
5.4 To what extent has the communication undertaken towards potential beneficiaries raised the awareness of the scheme and assisted its uptake?	D; Fin; Den; Sp; G;L;F	P	Sw; Aus; B(Fl); B(Wa); N; Irl;

E Efficiency and spillover effects

QUESTION	ANSWER TO QUESTION: YES	ANSWER TO QUESTION: PARTIALLY	ANSWER TO QUESTION: NO
6 <u>To what extent has the scheme been adequately targeted towards the eligible beneficiaries?</u>	D; Fin; Den; Aus; G; L;F;N	Sp; B(Wa)	P; B(Fl); Irl;
6.1 <u>To what extent and why have some eligible enterprises undertaken similar action without applying for aid?</u>	Den; Sp; Aus;G;L;F;N	D; Fin; P; Sp;	Sw; B(Wa); B(Fl); IRL;
6.2 How relevant was the scheme given the magnitude of the potential needs ?	Aus; G; F;N	D; Sp; B(Wa)	P; Sw; Den; Irl; L; B(Fl)
6.2.1 To what extent were the investments targeted to key sectors or processes ?	D; Fin; Den; Sp; Aus; G; B(Wa); L;F;N	P; Sw;	B(Fl); Irl;
6.2.2 How significant was the leverage effect within the beneficiary enterprises?	D; Fin; Sw; Sp; Aus; G; B(Wa); L;F;N	Den;	P; B(Fl); Irl;
7 How adequate are the eligible measures of the scheme compared to its objectives?			
7.1 To what extent has the implementation of the scheme produced significant impacts (positive or negative) in addition to its declared objectives (e.g. working conditions, employment, transport), (quantify if possible)?	Den; Sp; Aus; G; B(Wa);L;F	D; Fin; P	Sw; B(Fl) ; Irl; N

7.2 To what extent has the implementation of the scheme produced significant impacts (positive or negative) outside the beneficiary enterprises (quantify if possible)?	Aus; L; F	D; Fin; P	Sw; Den; Sp; G; B(Wa); B(FI); Irl; N
7.3 To what extent could alternative approaches ¹⁹ have achieved the objectives of the scheme and what would be the likely outcome of such approaches (in terms of effectiveness, efficiency, side-effects)?	Fin; F	D;	P; Den; Sp; Aus; G; B(Wa); Irl; L; B(FI) ;N

¹⁹ Regulatory approaches, aid for advice, research, patents, promotion...