



**Value for Money Review of the
Capital Investment Scheme for the
Marketing and Processing of Agricultural
Products
(2000-2006)**

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GLOSSARY

AAI	Assistant Agricultural Inspector
ACBI	Associated Craft Butchers of Ireland
AI	Agricultural Inspector
AP	Assistant Principal Officer
CO	Clerical Officer
DAFF	Department of Agriculture, Fisheries & Food
DCRGA	Department of Community, Rural and Gaeltacht Affairs
DETE	Department of Enterprise, Trade & Employment
EC	Enhanced Competitiveness
EFSA	European Food Safety Authority
EI	Enterprise Ireland
EO	Executive Officer
ESRI	Economic and Social Research Institute
EU	European Union
FIDG	Food Industry Development Group
FQ/S	Food Quality and Safety
FSAI	Food Safety Authority of Ireland
GDP	Gross Domestic Product
HEO	Higher Executive Officer
ICOS	Irish Co-operative Organisation Society
IFA	Irish Farmers Association
IGFA	Irish Grain and Feed Association
MAPS	Marketing and Processing Scheme
NDP	National Development Plan
PI	Productivity Improvement

PLM	Programme Logic Model
PO	Principal Officer
PSOP	Productive Sector Operational Programme
R&D	Research and Development
RDA	Regional Development Agency (England)
T&S	Travel & Subsistence payments
ToR	Terms of Reference
VA	Value Added
VFM	Value for Money

EXECUTIVE SUMMARY

Context

This Value for Money review is undertaken in accordance with the Department of Finance Value for Money and Policy Review Initiative, which was introduced to secure improved value for money from public expenditure. VFM reviews aim to analyse government spending in a systematic manner and provide a basis on which more informed decisions can be made on priorities within and between programmes. Each VFM review is undertaken by a joint Steering Group representing the relevant spending Department/Office and the Department of Finance.

Terms of Reference

The purpose of the Marketing and Processing Scheme (MAPS) VFM review, as set out in the Terms of Reference, is to:

1. Outline the objectives of the Marketing & Processing Scheme.
2. Examine the current validity of those objectives and their compatibility with relevant National and EU policy documents including the Department's Statement of Strategy, AgriVision 2015 Action Plan and the National Development Plan 2007-2013.
3. Outline the outputs associated with the Scheme activity and the level and trend of those outputs.
4. Examine the extent that the Scheme's objectives have been achieved, and comment on the *effectiveness* with which they have been achieved.
5. Provide a breakdown of the Department resources employed on the Marketing & Processing Scheme and comment on the *efficiency* with which it has achieved its objectives.
6. Evaluate the degree to which the objectives warrant the allocation of public funding on a current and ongoing basis and examine the scope for alternative policy approaches to achieving these objectives on a more efficient and/or effective basis.
7. Specify potential future performance indicators that might be used to better monitor the performance of the Marketing & Processing Scheme.

Marketing and Processing Scheme

The National Development Plan (NDP) sets out Ireland's development strategy and investment priorities over a 7-year framework. The Marketing and Processing Scheme formed part of the Industry priority of the Productive Sector Operational Programme of the NDP 2000-2006. It now forms part of the Enterprise, Science and Innovation Priority of the current NDP (2007-2013).

The MAPS provides grant aid for capital investment by “near-farm” enterprises engaged in the marketing and processing of primary agricultural products or enterprises engaged in livestock marketing. It is targeted at enterprises in the horticulture, potato, grain and egg sectors, in addition to livestock marts and abattoirs. The scheme predominantly funds building works and handling/processing equipment.

Awards of just over €45million were made during the period under review (NDP 2000-2006). As some of the projects are still ongoing, actual expenditure during the period amounted to €32 million.

Methodology

The methodology applied in this review involved the following:

- Use of a Programme Logic Model to provide a systematic and visual way to present and share understanding of the cause-effect relationships between inputs, activities, outputs and outcomes (results and impacts);
- Review of 64 completed projects so as to catalogue the outputs from the scheme and to identify intended outcomes;
- Survey of all 93 enterprises that received funding under the NDP 2000-2006. Questionnaires were also issued to those eligible enterprises that had not been successful at selection committee stage;
- Consultation with the stakeholders identified by the Steering Group;
- Review by external evaluator with subsequent consideration of comments.

Findings

Terms of Reference 1&2: Objectives of the Marketing and Processing Scheme

The two primary objectives of the MAPS are to:

- Enhance the competitiveness of the enterprises and products aided and;
- Increase the added value of the products aided.

The Steering Group also acknowledged two secondary effects that the literature frequently linked with the MAPS. These are to:

- Improve food quality and safety;
- Contribute to the sustainability of rural communities.

These objectives were found to be closely aligned with *inter alia* the aims of the NDP, DAFF’s Statement of Strategy and the Department’s Action Plan for the future of the agri-food sector (Agri Vision 2015 Action Plan).

Term of Reference 3: Scheme Outputs

It is clear that a large amount of storage and processing facilities (specifically buildings and equipment) have emerged from the expenditure under the MAPS – this report

categorises the output in each of the sectors supported by the scheme. In addition, the scheme has generated considerable volumes of private sector investment (approximately €65million), much of which would not have occurred in the absence of the MAPS – this is another important output from the scheme.

While this report has categorised and quantified much of the output in each sector, the Steering Group finds that more information could be forthcoming on scheme outputs, particularly the changes in storage and processing capacities.

Term of Reference 4: Outcomes and Scheme Effectiveness

The Steering Group found that there was a dearth of information on the outcomes from the scheme and the methods for the routine collection of such data needed to be explored. Nonetheless, a methodology for considering effectiveness was developed for the purposes of this review, based on the views of grant recipients as submitted through questionnaires.

Outcome-results

The three outcome-results identified in the Programme Logic Model are (i) adding value to products, (ii) improving productivity, and (iii) enhancing food quality and safety. Based on the responses received from recipients, it is clear that improved productivity is the main outcome-result from the scheme across all sectors – being noted as a primary benefit in 74% of projects. Enhanced food quality and safety was also a prominent outcome from the scheme, being a primary/main benefit in 2 out of every 5 cases and noted as an outcome in an average of 70% of cases overall.

Despite being one of the primary objectives, adding value to products was found to be a smaller outcome-result relative to the previous two. Nonetheless, it was still an outcome in an average of 33% of cases. Notably, it was more prevalent in the fruit and vegetable sectors, which is perhaps not surprising given the priorities identified for the other sectors.

Outcome-impact

Outcome-impacts are (i) the medium term competitiveness of the enterprises aided and (ii) their contribution to the sustainability of the rural areas in which they operate. While the competitive performance of the sectors aided over the review period varied, the response from the cohort who received funding under the MAPS suggests that the scheme is impacting on the competitiveness of the enterprises supported, with notable success in terms of customer numbers, turnover and profitability.

Evaluating the link between this scheme and rural sustainability is problematic. What can be said is that nearly all of the supported enterprises could be described as small or medium sized enterprises and they are spread throughout 23 of the 26 counties of Ireland. In addition, this report identifies (i) the significant turnover of these enterprises (median turnover of €4 million) which is, to an extent, reinvested in the same geographic region (ii) the effect of the investment on the large number of people employed by these businesses throughout the regions (10 is the median number of employees/enterprise) and (iii) the possible impact of the scheme on the producers who supply these enterprises with primary goods.

Term of Reference 5: Efficiency and Scheme Management

The review finds that funding is provided on a relatively competitive basis and the scheme is operated in an efficient manner, specifically in terms of staffing resources, assisting applicants, processing applications and making payments.

Staff costs for the scheme represented approximately 5% of grant payments in 2007 – the Steering Group considers this to be an efficient outturn, especially as compared to the costs identified for a similar scheme in England.

Nonetheless, the Steering Group notes some inconsistency in the methods used to evaluate applications submitted in the different sectors. In addition, the review also highlights delays in completing a number of projects.

Term of Reference 6: Continued Relevance and Alternative Approaches

A central premise of this review, as can be seen in the discussion under Terms of Reference 1&2, is that the objectives of the MAPS are worthwhile and are compatible with general Government policy. The Steering Group believes these objectives are unlikely to be achieved in the absence of MAPS given that the level of deadweight derived from the analysis is estimated to be below 35%.

As regards alternative approaches, the projects funded by this scheme would not have received support under the other funding programmes available through DAFF, EI or LEADER. Furthermore, the approach taken in England, where 8 different regions decide on the need for processing and marketing type investment in their areas, would not be suitable in Ireland.

However, the Steering Group acknowledges previous efforts by DAFF to provide reduced funding rates to certain projects during the latter part of the review period and considers there to be scope for further initiatives in this area.

Term of Reference 7: Performance Indicators

The Steering Group developed performance indicators to aid programme management and review. They were categorised using the terminology of the Programme Logic Model.

The source of this data was also identified so as to ensure that the indicators were practical and implementable. As with any Performance Indicators, these should be subject to regular review

Recommendations

- 1. Outputs and Outcomes:** Expand the final inspection (undertaken by DAFF personnel) to incorporate changes in capacities and capabilities at the supported sites. This final inspection (which is presently restricted to the verification of expenditure) should also be used to rate the investment in terms of the outcome indicators developed for the scheme (pg. 42).
- 2. Objectives:** Restate the objectives to give a clearer understanding of the scheme. Enhanced competitiveness and rural sustainability should be regarded as the two high

level objectives of the scheme. These two objectives are targeted through (i) Productivity Improvement, (ii) Value Added and (iii) Enhanced Food/Quality and Safety. In addition, there is a need to explore whether to realign funding more towards the projects that demonstrate added value/innovation (e.g. new products, new packaging etc) or whether to continue the current focus (pg. 56).

3. **Outcomes:** Consider the feasibility of requesting annual accounts from grant recipients for each of the three years following completion of the grant awarded project – this would provide regular data on the impact of the funding on these enterprises (pg. 56).
4. **Sectoral priorities:** Given the central importance of targeting priority areas within each sector, it is important that these priorities are the right ones. A formal *ex ante* evaluation of investment requirements and strategic priorities should be undertaken so as to ensure that the funding is targeted appropriately (pg. 59).
5. **Application form:** Changes in the capacity and capabilities of grant recipients is an important output from the scheme – there is a need to clarify the data which is required in applications so as to better inform *ex ante* and *ex post* evaluation (pg. 61).
6. **Evaluation of applications:** Engage with an external evaluation capability in order to enhance the robustness of the evaluation of applications and to ensure a consistent approach across each sector. This evaluator would be involved in developing a suitable scoring mechanism and provide a level of quality control on completed project evaluations and rankings (pg. 62).
7. **Repeat applicants:** Verify the achievements of repeat grant applicants against the projections submitted under previous applications (pg. 62).
8. **Project overruns:** Enforce the 6-month deadline for project commencement. In addition, all new projects must be completed within the timeframe agreed at the outset and no project should be ongoing 24 months after the closing date for applications (pg. 68).
9. **Tracking efficiency:** The verification of efficiency would benefit from greater tracking of certain administrative tasks such as the time required to process payments and applications (pg. 68).
10. **Reduced aid rates:** Continue to investigate means of providing lower aid rates to projects. Possibilities include (i) favouring applications which suggest an aid rate lower than the standard 40% or (ii) providing lower aid rates for building works than for the purchase of processing equipment (pg. 75).

CHAPTER 1

REVIEW INTRODUCTION

Chapter 1 introduces the Department of Agriculture, Fisheries & Food (DAFF), the Value for Money Review process (VFM Review) and the Marketing and Processing Scheme (MAPS). It identifies the Steering Group, and outlines the Terms of Reference for the review as agreed by this Steering Group. Finally, chapter 1 includes a brief outline of the structure and methodology utilised as part of this review.

1.1 The Department of Agriculture, Fisheries and Food

The Department of Agriculture, Fisheries and Food operates the Marketing and Processing Scheme. The mission of DAFF is:

‘To lead the sustainable development of a competitive, innovative, consumer-focused agriculture, food, fishery and forestry sector and contribute to a vibrant rural and coastal economy and society’

DAFF seeks to realise this mission through the achievement of five high level goals that include:

- *‘Provide an appropriate policy framework to support the development of an internationally competitive, innovative and consumer-focused sector;*
- *Promote economic, social, environmental sustainability, and appropriate structural change in the agriculture, forestry, fisheries, bio-energy and food production sectors;*
- *Operate all our schemes and programmes in an efficient, effective and customer focused manner, improve the quality of service delivery, and minimise and simplify the regulatory burden on our clients’.* (DAFF, 2008)

The Department spends over €2.9 billion, funded by EU and Exchequer funds, in support of the achievement of these and the other goals. Implementation of the various strategies underpinning these goals involves a staff complement of nearly 4,300 full-time equivalents, the vast majority of whom work outside of Dublin.

1.2 The Marketing and Processing Scheme

The MAPS provides grant aid for capital investment for “near-farm” enterprises engaged in the marketing and processing of primary agricultural products or enterprises engaged in livestock marketing. It is targeted at enterprises in the horticulture, potato, grain and egg sectors, in addition to livestock marts and abattoirs.

This review covers investment under the scheme during the period of the last National Development Plan (NDP) from 2000 to 2006. Grant awards during that period amounted to just over €45million, with actual expenditure of approximately €32 million (not all projects were completed in the period under review).

1.3 Background to the Value for Money Review Process

The Government's Value for Money and Policy Review Initiative was introduced in 2006 to replace the Expenditure Review Initiative, which had been in operation since 1997. The Value for Money and Policy Review Initiative aims to secure improved efficiency and effectiveness from public expenditure.

The objectives of the Value for Money and Policy Review Initiative are to analyse Exchequer spending in a systematic manner and to provide a basis on which more informed decisions can be made on priorities within and between programmes. It is one of a range of modernisation initiatives aimed at moving public sector management away from the traditional focus on inputs to concentrate on the achievement of results.

The Government has approved 92 formal reviews for the 2006-2008 round. Within this round, the DAFF is reviewing 9 major spending programmes – one of which is the MAPS. The aim is (i) to assess the objectives, efficiency and effectiveness of the programmes and to identify ways to improve their delivery, and (ii) to identify indicators which will improve monitoring of the performance of the programmes and their success in meeting their objectives.

1.4 Review team

Value for Money reviews are conducted under the aegis of Steering Groups, which are representative of the Departments/Offices managing the programmes/areas being reviewed.

For this review, the following Steering Group was established:

- Marian Byrne (Chair), Principal Officer, Food Division, DAFF;
- Gráinne McGuckin, Principal Officer, Sectoral Policy Division, Dept. of Finance;
- Declan Coppinger, Assistant Principal, Food Division, DAFF;
- Aodh O Gallchoir, Assistant Principal, Crop Production and Safety Division, DAFF;
- Liam Hyde, Agricultural Inspector, DAFF;
- John Paul Mulherin (lead reviewer), Administrative Officer, Economics and Planning Division, DAFF.

The Steering Group met on 5 occasions, the first of which took place on 2nd October 2007.

1.5 Terms of Reference

The Terms of Reference agreed by the Steering Group, and approved by the Secretary General of DAFF, and by the Department of Finance, are as follows:

1. Outline the objectives of the Marketing & Processing Scheme.
2. Examine the current validity of those objectives and their compatibility with relevant National and EU policy documents including the Department's Statement of Strategy, AgriVision 2015 Action Plan and the National Development Plan 2007-2013.

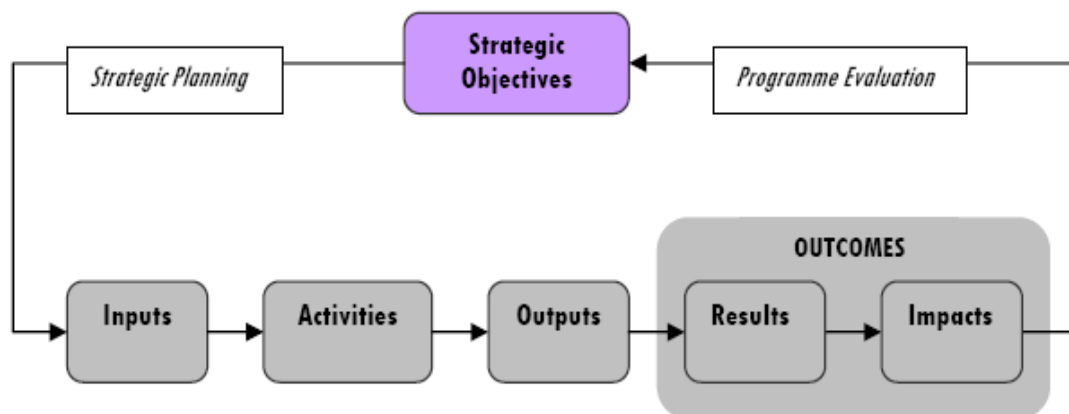
3. Outline the outputs associated with the Scheme activity and the level and trend of those outputs.
4. Examine the extent that the Scheme's objectives have been achieved, and comment on the *effectiveness* with which they have been achieved.
5. Provide a breakdown of the Department resources employed on the Marketing & Processing Scheme and comment on the *efficiency* with which it has achieved its objectives.
6. Evaluate the degree to which the objectives warrant the allocation of public funding on a current and ongoing basis and examine the scope for alternative policy approaches to achieving these objectives on a more efficient and/or effective basis.
7. Specify potential future performance indicators that might be used to better monitor the performance of the Marketing & Processing Scheme.

1.6 Review Methodology

In order to answer the questions posed by the Terms of Reference, this review utilises the following methodological approach:

Programme Logic Model

Figure 1.1 Programme Logic Model



The Programme Logic Model (PLM) maps out the structure and logical linkages of a programme. It provides a systematic and visual way to present and share understanding of the cause-effect relationships between inputs, activities, outputs and outcomes (results and impacts), each of which are arranged to achieve specific strategic objectives. The PLM developed for the MAPS is contained in Appendix A.

Table 1.1 Components of a Programme Logic Model

Programme Logic	Definition	Example
Input	What goes into a programme – physical & financial resources	Staff hours, programme budget
Activity	Actions that transform inputs into outputs	Processing and evaluating applications
Output	What are produced by a programme	No. of projects awarded, new storage capacity etc.
Result	Effects of the outputs on targeted beneficiaries in the short or medium term	Value added to products, increased productivity etc.
Impact	Wider effects of the programme from a sectoral/national perspective in medium/long term	Enhanced competitiveness

The PLM also includes a separate breakdown of the elements/indicators that make up the outcomes noted in the PLM – these are the tangible deliverables that together make up the more intangible outcomes such as “*competitiveness*” and “*value added*”. In essence, they are the Steering Group’s considered interpretation of what is encapsulated by the outcomes (such as “*value added*”) referred to in the PLM. They are important elements of this report as much of the discussion on effectiveness, and the achievement of outcomes, is based on the achievement in these indicator areas.

Desk research

A large volume of documentation relating to the scheme, including other relevant reports, was examined.

A review of the files associated with 64 completed projects was undertaken so as to catalogue the level of output from the investment in the scheme. This process also identified suitable outcome indicators for the Programme Logic Model referred to above. These 64 projects constituted all projects completed upon commencement of the review (31/10/2007). Projects that were still ongoing were excluded from this portion of the analysis as many of the outputs and outcomes associated with these projects would not be realised until the projects are completed.

Survey of grant recipients and non-recipients

Questionnaires were issued to all 93 enterprises that received funding during the NDP 2000-2006 (see Appendix C for questionnaire). Questionnaires were also issued to those eligible enterprises that had unsuccessfully applied for funding. Details of the survey methodology employed are contained in Appendix B. The primary data gathered informed the analysis of objectives, efficiency, effectiveness and outcomes (result and impact).

Stakeholder Consultation

Submissions were requested from the Irish Business & Employers Confederation (IBEC), An Bord Bia (the Irish Food Board), Enterprise Ireland (EI), the Irish Grain and Feed Association, the Irish Egg Association (IEA), the Irish Farmers Association (IFA), the Irish Co-Operative Organisation Society (ICOS) and the Associated Craft Butchers of Ireland (ACBI). Each of these stakeholders was asked for their views on the scheme,

particularly the continued need for the scheme, the manner in which the scheme is operated, and the impact of the funding in the various sectors aided.

Replies were received from EI, Bord Bia, and the IGFA.

Carcase Classification

€1.6 million was awarded to 25 projects for the purchase of mechanical carcase classification equipment, which was a one-off measure outside that normally provided under MAPS. Justification for this expenditure was provided by a VFM carried out on the beef carcase classification scheme in 2004. The VFM recommended that slaughter plants should be actively encouraged to move to automated classification, which would allow for a reduction in DAFF staff numbers from 65 to 10 (DAFF, 2004a).

Consequently, this expenditure (4.6% of total) was not deemed to come within the scope of this VFM review and was excluded from the analysis. However, an indication of the savings resulting from this expenditure (approx. €5.3 million) is included in Appendix E.

External Assessor

Finally, in line with VFM requirements, the penultimate draft of the review report was quality assessed by Mr. Kealan Flynn of the consultancy firm, iWrite, who is a member of the panel of independent evaluators. His key findings have been attached at Appendix H.

1.7 Report structure

Chapter 1. Review Introduction

Introduces review background, team, terms of reference, methodology and structure.

Chapter 2. The Marketing and Processing Scheme

Provides an overview of the Marketing and Processing Scheme and concludes with a consideration of previous evaluations of the scheme.

Chapter 3. MAPS Objectives & Policy Fit (ToR 1&2)

Examines the MAPS objectives, including the sectoral priorities identified, and considers their compatibility with national and EU Policy.

Chapter 4. Inputs and Outputs (ToR 3)

Looks at the input in terms of Scheme expenditure and subsequently the outputs associated with the 64 projects (from NDP 2000-2006) completed at the time of commencing the review.

Chapter 5. Outcomes and Scheme Effectiveness (ToR 4)

Appraises the effectiveness with which the MAPS objectives were achieved, specifically as regards the 5 outcomes identified in the Programme Logic Model.

Chapter 6. Efficiency and Scheme Management (ToR 5)

Considers the procedures adopted for managing the programme, the resources employed and the levels of efficiency achieved.

Chapter 7. Deadweight & Alternative Scheme Delivery (ToR 6)

Provides an estimate of the level of deadweight in the scheme and investigates the possibilities for alternative scheme delivery.

Chapter 8. Performance Indicators (ToR 7)

Introduces a number of performance indicators for the effective management of the Marketing and Processing Scheme.

Chapter 10. Conclusions and Recommendations

Synopsis of conclusions and recommendations arising from the analysis.

Appendices

- A. Programme Logic Model
- B. Survey Methodology
- C. Survey of Grant Recipients - Questionnaire
- D. Primary Benefit of Scheme as Identified by Grant Recipients
- E. Beef Carcase Classification
- F. Costing Staff Time
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CHAPTER 2

THE MARKETING AND PROCESSING SCHEME

Chapter 2 provides an overview of the Marketing and Processing Scheme and refers to previous evaluations of the scheme.

2.1 The Agri-Food sector

The agri-food sector is one of Ireland's largest indigenous industries. There are more than 131,000 farm holdings in Ireland. The agri-food sector accounts for 8.1% of GDP at factor cost and 8.1% of total employment – some 163,400 jobs. The gross value added of the sector is over €12 billion and the food industry alone has a turnover of over €20 billion. Total exports from this sector were over €8 billion in 2006. The main export areas were dairy products and ingredients, prepared foods, beef, and beverages. Edible horticulture and cereals account for about 3% of agri-food exports (DAFF, 2007a).

Moreover, the agri-food sector makes a significant contribution to the net inflow of funds to the Irish economy¹. Net foreign earnings of the sector, comprising agriculture, forestry, fisheries, food, drink and tobacco industries, amounted to 32 percent of the total net earnings from primary and manufacturing industries in 2005 (Riordan, 2008).

2.2 The Marketing and Processing Scheme

The following section provides an overview of the focus and evolution of the Marketing and Processing scheme.

2.2.1 Defining the scheme

The MAPS is formally known as the “Capital Investment Scheme for the Marketing and Processing of Agricultural Products”. As the title indicates, the scheme provides grant aid for capital investment in the agri-food sector. In announcing the first monetary awards under the scheme, Minister of State Noel Davern T.D. identified the aims of the state's investment:

‘The aid being provided will assist in the development of the egg, livestock, horticulture and grain sectors by improving and upgrading the storage, handling and marketing facilities in the enterprises concerned. These investments will make a positive contribution to the competitiveness of the industry, will enhance food safety and quality, and will play a role in sustaining rural communities’ (DAFF, 2002a)

The scheme is administered by the state development agencies (Enterprise Ireland, and Údarás na Gaeltachta) and DAFF. It provides capital investment for what it terms “near-farm” type enterprises engaged in the marketing and processing of primary agricultural products or enterprises engaged in livestock marketing. The development agencies deal with projects ‘*involving more sophisticated and/or industrial scale processing*’ (EU

¹ Net inflows are measured as the net value of exports i.e. the inflows associated with exports, minus the associated outflows on imported materials and repatriation of profits by foreign export businesses

Commission, 2001). The primary focus of this VFM review is on the DAFF element of the Marketing and Processing scheme although commonality and conflict with other schemes/funding agencies will be considered.

“Near-farm” enterprises are generally considered to be smaller scale enterprises. They are predominantly located on or near operating farms rather than in urban areas or in areas far removed from the source of the agricultural raw materials they use. These entities are concerned with less advanced operations than some of the more high-tech food processing companies. The measure supports primary processors where the end product retains its primary product status, even after processing. Primary agricultural products are products in their basic state, as referred to in Annex 1 of the Treaty establishing the EU, such as meat, fruit, vegetables, and cereals. Processed products such as ready-made meals are not eligible for funding.

The scheme refers to marketing and processing. While the processing element is rather self-explanatory – activities undertaken in making or treating a product – the marketing element requires clarification. Aid for marketing is directed at activities and processes involved in bringing the primary product to market rather than providing aid for branding, advertising or other elements of what is commonly referred to as the “marketing mix”.

In general, the projects funded under this scheme are those that are not covered by supports offered by the development agencies such as the “Growth Fund” (previously the “Productivity Improvement Fund” and “Competitiveness Fund”) operated by EI. They are also projects that do not involve on-farm structural improvement at primary production level, which is subject to alternative DAFF funding (e.g. funding for specialised horticultural plant and equipment, investment in new or improved storage and other marketing facilities for potato growers, or assistance for the development or upgrade of grain storage facilities on farms²).

The MAPS is an important intermediary funding source for enterprises that have moved down the supply chain into processing primary products but would not yet be categorized as more advanced export orientated food enterprises. It is directed at particular growth requirements of “near-farm” enterprises, in targeted sectors, that would not otherwise receive aid.

2.2.2 Scheme evolution

The Marketing and Processing Scheme commenced in 2001 following approval of the measure by the European Union under its State Aid rules³. It replaced the FEOGA (European Agricultural Guidance and Guarantee Fund) co-funded Marketing and Processing scheme for agricultural products, which formed part of the Food Sub-Programme of the Operational Programme for Industrial Development 1994-1999. As such, its predecessor was a component of the Community Support Framework (National Development Plan) 1994-1999.

² For more information see NDP Regional Operational Programmes at http://www.ndp.ie/viewdoc.asp?mn=pubq&nID=1&UserLang=EN&StartDate=1+January+2007&fn=/documents/eu_structural_funds/operational_prog/index.htm#1

³ State aid considered to provide advantage on a selective basis must meet rules laid down by the EU

Under this preceding scheme, aid was provided for a range of rationalisation and development measures aimed at improving food processing, marketing and quality. An important criterion for any investment under the preceding scheme was that it would improve the economic performance of the primary producers of the products. In essence, the investment was to benefit those at the root of the supply chain. The final implementation report on the Operational Programme for Industrial Development notes that the scheme funded 223 projects and made ‘*a significant contribution to the development of the sector... particularly in terms of job creation, sustaining rural economies and the generation of national wealth*’ (DETE, 2000).

With the new NDP, which would run from 2000 to 2006, came the new Marketing and Processing Scheme. This time the scheme was a component of what was termed the Productive Sector Operational Programme (PSOP) and was to be financed solely from national exchequer funds. The PSOP had four specific priorities viz. (1) Research, Technological Development and Innovation; (2) Industry; (3) Marketing; and (4) Sea Fisheries Development. The Marketing and Processing Scheme formed part of the food industry measure of the Industry Priority. According to the Programme Complement setting out the details of the scheme, the focus of this scheme under the new NDP (2000-2006) was to be on ‘*competitiveness and market orientation rather than on job creation*’.

2.2.3 Focus and funding

The MAPS is a targeted scheme – it is not available to all “near-farm” agri-food initiatives but is reserved for the following sectors: horticulture; potatoes; eggs; grain; abattoirs and livestock marts. Funding is only available in tranches as opposed to EI’s continuously available “Growth Fund”. DAFF advertises various funding rounds for the different sectors based on sectoral needs and available exchequer resources. There were 5 rounds of funding under the National Development Plan 2000-2006:

Table 2.1: MAPS Funding Rounds

Date of funding round	Sectors
September 2001	Horticulture, potato, egg, grain, livestock (marts and abattoirs)
June 2004	Horticulture, potato, egg, grain, livestock (marts and abattoirs)
February 2004	Beef Carcase Classification Scheme
April 2005	Grain – storage in North Tipperary, Laois and Offaly ⁴
October 2005	Fruit & Vegetable Sector

Over the period of the last NDP (2000-2006), DAFF awarded funding of just over €45 million to 144 projects. Of these, 89 have been completed, 11 have been cancelled or revoked and the remaining 44 are ongoing. The main areas awarded funding were grain, horticulture and potatoes, which together account for 98 projects and 84% of awards (€38.1 million). There were also a large number of projects in the meat/livestock category – these predominantly relate to smaller scale investments provided for the installation of carcase classification equipment at beef processing plants in line with the

⁴ Introduced to address grain storage capacity problem following the closure of a plant in the area

recommendations of the “Expenditure Review of the Beef Carcase Classification Scheme”⁵ (see Section 1.6 Review Methodology).

2.3 Previous evaluations

2.3.1 ESRI Mid-term evaluation of NDP

The Economic and Social Research Institute (ESRI) carried out a mid-term evaluation of the NDP as a whole, in association with an independent economic consultancy group. The PSOP was part of this evaluation and the draft final report was published in October 2003.

The ESRI evaluation covers the entire NDP and, as such, gives minimal attention to any specific area. It notes that policy makers, when subsidising what it considers to be desirable economic activity, often have limited information on the likely rate of return for different projects. Having a competitive application process helps to overcome this information gap and assist in allocating funds where the economic return is highest.

The ESRI suggests that all businesses (including food) compete together under the industry priority of the PSOP rather than allocating budgets to individual sectors. “*By setting up separate budgets for support for different sectors of the economy it makes it most unlikely that the same rate of return will be obtained from investment in each sector*” (ESRI, 2003). DAFF has long argued the importance of the food sector to the Irish economy, the contribution it makes to regional economies, and the special position it reserves *vis á vis* other sectors.

2.3.2 Indecon Mid-term evaluation of PSOP

The Processing and Marketing Scheme was evaluated as part of the DETE’s mid-term evaluation of the PSOP. An independent consultancy firm, INDECON, carried out the evaluation and the draft report was published in the autumn of 2003.

This report details progress under the MAPS in the years 2000-2002 as regards the number of projects supported and the level of expenditure. It notes that expenditure under the scheme did not commence until 2002 due to a number of issues including (i) difficulties brought about by Foot and Mouth disease and (ii) the late receipt of state aid approval for the scheme. Actual spend in 2002 was at 23.5% of the forecast amount and Indecon conclude that the original targets may have been overly ambitious.

This review probably came about too early for the MAPS given that it was late commencing. In any event, the analysis is restricted to examining physical progress in terms of the number of projects awarded funding and the amount of expenditure made.

2.3.3 Expenditure review of programmes in the potato sector⁶

The Expenditure review of programmes in the potato sector was conducted by DAFF in 2004 and covered all of the programmes associated with the potato sector under 6

⁵ http://www.agriculture.gov.ie/publicat/publications2005/Exp_Rev_Beef_Class_Sch.pdf

⁶ http://www.agriculture.gov.ie/publicat/publications2004/potato_sector_review.pdf

headings, one of which was “grant assistance”. Within the “grant assistance” section, the review deals with both on-farm (storage and ancillary facilities) and near-farm schemes simultaneously, with a distinct emphasis on the on-farm component. As such, the analysis of the Processing and Marketing scheme is a small component relative to the overall report. In addition, it doesn’t isolate the impact of the Processing and Marketing scheme from the overall impact of grant assistance. Nonetheless, it concluded that:

‘without grant aid there would be less investment in the sector with a bigger exit of the smaller grower-enterprises, in particular, from the sector;

the need to provide capital grant aid for the processing/value added sector will be essential in ensuring that the potential of this rapidly expanding area is fully realised and;

the schemes are efficiently administered by the Department’

2.4 ADAS Review of England’s Processing and Marketing Grant Scheme

ADAS Consulting and the University of Reading (2003) undertook a review of a similar scheme in England. This gave detailed consideration to the various rationales for the scheme and concluded that they were only ‘*weakly supported by the evidence*’, the scheme had little impact on primary producers, and was not very cost effective. It did however encourage businesses ‘*to invest in new technology, expansion and other measures that increase productivity and competitiveness*’. The results of this report are used as a comparator in some areas of this review.

2.5 Conclusion

The above provides a general introduction to the Marketing and Processing Scheme and provides a brief outline of its achievements as reported under previous evaluations. Chapter 3 builds on this introduction by considering the objectives associated with the Marketing and Processing Scheme and their compatibility with National and EU Policy.

CHAPTER 3

MAPS OBJECTIVES AND CURRENT POLICY

Chapter 3 outlines the objectives of the Marketing and Processing Scheme and provides a brief discussion of the purpose/rationale for each. It goes on to consider the validity of these objectives in light of prior, and current, National and EU policy. It concludes with the views forthcoming from the questionnaires and stakeholder consultation.

3.1 Extrapolating the objectives

Ireland's state aid notification to the EU stated that the Marketing and Processing Scheme would be *'in line with the support mechanism for improving the processing and marketing of such products [those falling within the scope of Annex 1 of the EU Treaty] provided for in Chapter VII of Council Regulation (EC) No. 1257/1999'*. In order to understand the *raison d'être* of the Processing and Marketing Scheme, it is instructive to look at the EU programme that originally underpinned it.

Article 25 of Council Regulation (EC) No. 1257/1999 notes the general rationale of the scheme was to facilitate improvement and rationalisation, so as to increase competitiveness and added value. Within this, the aid had the following objectives:

- To guide production in line with foreseeable market trends or encourage the development of new outlets for agricultural products;
- To improve or rationalise marketing channels or processing procedures;
- To improve the presentation and preparation of products or encourage the better use or elimination of by-products or waste;
- To apply new technologies;
- To favour innovative investments;
- To improve and monitor quality;
- To improve and monitor health conditions;
- To protect the environment.

It is clear from the scheme literature that the aims of the 2000-2006 MAPS have evolved from its predecessor. The NDP Productive Sector Operational Programme prioritises public funding for food safety/quality, market access and competitiveness measures. The core objective of the current Marketing and Processing Scheme, as stipulated in the programme literature, is *'to enhance the competitiveness and added value of these agricultural products'*.

Numerous DAFF press releases associated with the Marketing and Processing Scheme also mention the aims of playing a role in sustaining rural communities and in enhancing food quality and safety. In addition, the guidance documents for the scheme refer to *'improved efficiencies'* and making a positive contribution *'to one or more of the following – the environment, equality, poverty and rural development'*.

Based on the scheme literature, the Steering Group notes that the two primary objectives of the Marketing and Processing Scheme are: (1) to enhance the competitiveness of the enterprises and products aided and (2) to increase the added value of the products aided. These two objectives are quoted in the NDP and scheme literature, they concur with the

overriding aim of the scheme's predecessor (Article 25 (1) of Regulation (EC) No. 1257/1999), and they were noted in the approval received from the EU Commission (EU Commission, 2001).

In addition, the scheme contributes to two important spillover benefits that are important outcomes from the investment; (i) to improve food quality and safety and (ii) to contribute to the sustainability of rural communities. These two secondary effects are referenced in 8-of-the-9 DAFF press releases issued in relation to the scheme from 2000-2006 and they are in line with the overall objectives of the NDP PSOP.

3.2 MAPS objectives

Enhance the competitiveness of the enterprises and products aided

The central objective of the Marketing and Processing Scheme is undoubtedly to improve the competitive position of Irish agricultural products. Indeed, this is the '*primary objective*' of DAFF's strategic plan for the future of the agri-food sector (DAFF, 2006a). The competitive position of this sector, and the enterprises within it, is dependent on a number of factors. Increasing trade liberalisation through the World Trade Organisation, the continued reform of the Common Agricultural Policy (CAP) and rising global food demand are impacting on the external environment. However, it is the internal environment that is the focus of this scheme. Capital investment, modernisation, and innovation are important criteria for sustainable business success in a competitive environment – so too are new technologies and efficient processes.

The role of policy makers in improving competitiveness is multifaceted. Forfas⁷ talks about having the right business environment (regulation, taxation etc.) and investing in both physical infrastructure and knowledge infrastructure. The essential conditions for Ireland's competitiveness include investment, entrepreneurship, innovation, and productivity (Forfas, 2006). All of these are vital for the agri-food sector. The Marketing and Processing Scheme helps to address these latter issues in near-farm enterprises by aiding investment, innovation and productivity gains.

Improved productivity is an important component of enhanced competitiveness. ADAS (2003) noted a positive relationship between capital grants and productivity. Productivity is improved if the grant increases the technological development of the enterprise or helps to better utilise economies of scale.

Increase the added value of the products aided

Added value is the increase in value of a product as a result of processing, handling, storage etc. In the agri-food sector, adding value can mean anything from washing vegetables to producing high-tech functional foods – it means adding value to the product. Bringing the raw material further along the supply chain, differentiating the product offering, and including something additional to the product is a means of adding value that can enhance the sustainability of the enterprises concerned.

This objective is inherently linked to the previous one – adding value to the products produced is an important component in any competitiveness strategy. When addressing Ireland's future competitiveness, the Enterprise Strategy Group (2004) noted that

⁷ National policy and advisory board for enterprise, trade, science, technology and innovation

‘product differentiation and the capability to satisfy evolving consumer requirements will be essential’. Distinguishing a product from others by adding value improves the offering to buyers and enhances the position of that product *vis á vis* competitors. The MAPS provides funding for buildings and equipment that result in value added e.g. by permitting longer product storage or new package sizes.

3.2 Secondary effects

Improve food quality and safety

The maintenance of a safe food supply chain is central to much of the regulatory efforts in the agri-food sector, both at National and EU level. DAFF, the Food Safety Authority of Ireland (FSAI), the European Food Safety Authority (EFSA) and the Food Safety Promotion Board (SafeFood) all play a role in protecting public health and maintaining confidence in the food supply.

‘The Department of Agriculture & Food continues to place huge emphasis on safety and quality with around 45% of its staff dedicated to maintaining and improving food safety and quality control measures’ (DAFF, 2007a).

Of course, it is individual enterprises that are at the frontline of food safety initiatives; minimum standards are exactly that – a minimum threshold. Individual enterprises must go beyond minimum requirements if they are to remain competitive. *‘Safety does not mean uniformity. The EU promotes diversity based on quality’* (EU Commission, 2005).

Product quality is a means of differentiation and an important driver of consumption decisions, particularly in a developed market such as Ireland’s. Investment under the Marketing and Processing Scheme helps to improve the position of “near-farm” enterprises in terms of food safety and quality by supporting investment that not only meets minimum regulatory standards but also improves product quality.

Contribute to the sustainability of rural communities

Rural development is one of the two major spending areas or “pillars” of the CAP and its significance has grown under successive CAP reforms. *‘Without the two pillars of the CAP, market and rural development policies, many rural areas of Europe would face increasing economic, social and environmental problems’* (EU Council, 2006). The White Paper on Rural Development (1999) noted a number of issues facing rural communities including a trend of urbanisation, declining farm numbers and agricultural employment, relative difficulty in attracting investment compared to urban areas, social deprivation and the need to protect the environment.

Projects supported under the processing scheme must make a positive contribution to the environment, equality, poverty or rural development. Support for the food industry is support for regional economies – *‘the food sector exhibits a wider regional spread than the manufacturing sector as a whole’* (DAFF, 2007a). The Marketing and Processing scheme is supporting rural communities by investing in the sustainability of near farm enterprises. Not only are the proprietors and employees of these enterprises seen to benefit but so too are the stakeholders and wider community, particularly the service providers and suppliers of the primary products.

3.4 Sectoral priorities

Drilling down from these objectives, the scheme targets different areas within each sector. Throughout the seven years of the last NDP, these sectoral priorities have remained fairly constant. The following is a brief outline of the priorities in each sector as detailed in the guidance notes issued to applicants.

Eggs

Investment was provided for the modernisation of packing premises and the purchase of new equipment for grading and packing eggs. Projects had to improve the efficiency and hygiene at egg packing centres while no additional egg production capacity could result from the investment.

Grain

Aid was to improve the standards of grain storage at commercial grain stores with priority given to the renovation or replacement of existing stores and the purchase of new fixed intake equipment. A targeted call in North Tipperary, Laois and Offaly prioritised new storage facilities due to anticipated capacity problems in this region.

Horticulture

In 2002 and 2004, DAFF prioritised aid for buildings and new specialised plant/equipment in commercial enterprises involved in the marketing or processing of primary products. An additional call for the fruit and vegetable sector in 2005 specified investment for (1) *Preparers* who bulk buy produce for washing, cutting and packing; (2) *Packers* who provide an administrative, handling and marketing role for primary producers and; (3) *Primary Producers* who specialise in value added production aimed at the retail and food service sectors.

Potatoes

While the text of the 2002 and 2004 calls varied slightly, both targeted specialised facilities for the handling and marketing of potatoes. There was a distinct emphasis on storage of both seed potatoes (for replanting) and ware potatoes (for human consumption) in the 2002 programme. The 2004 call placed more emphasis on marketing equipment (for grading, brushing, preparing, washing, packing, weighing, labeling and handling potatoes) and states that storage facilities must be refrigerated.

Livestock marketing and processing sector

Aid was provided for the rationalisation and relocation of livestock marts. Finance was also available for the improvement of domestic abattoirs which added value, improved food safety or enhanced efficiency.

3.5 Policy upon commencement of MAPS

The Marketing and Processing Scheme had its origin in the Community Support Framework 1994-1999 and was funded under the NDP 2000 – 2006, which had the following objectives:

- Continuing sustainable national economic and employment growth;
- Consolidating and improving Ireland's international competitiveness;
- Fostering balanced Regional Development;

- Promoting Social Inclusion.

The Marketing and Processing Scheme can, to a greater or lesser extent, be seen to contribute to the first 3 of these objectives. The PSOP, of which this scheme is a part, had the key objective of increasing productivity in an environmentally sustainable way. The PSOP identified a number of means of achieving this objective – the one that follows corresponds closely to the aims of the MAPS:

‘Maximising the potential of the food industry through attention to competitiveness and market orientation, and by providing for quality and food safety assurance at all stages of the food chain and to respond to changing consumer requirements.’

(NDP 2000)

The strategy of the PSOP is based on the reports of the Food Industry Development Group (FIDG) and the Agrifood 2010 committee⁸. The report of the FIDG in 1998 pinpointed *inter alia* that:

- *Progress along the value-added chain has, however, been limited and will have to be accelerated;*
- *The large number of small and medium-sized enterprises inhibits cost competitiveness and access to markets. It is also a barrier to investment in product/process innovation and in the development of human resources;*
- *[There is a] need to ensure that developments in the industry are underpinned by a strict adherence to the highest possible standards of food safety.*

The challenges and opportunities facing many of the sectors targeted by this scheme (potato, fruit & vegetable, egg and cereal sectors) are similar and they require significant investment if they are to remain competitive.

The Agri Food 2010 Committee talks about shared responsibility for food safety and quality products, building strategic partnerships across the entire food chain, the requirement for structural change in primary processing and the role of agriculture in the economic development of rural areas. The aims of the MAPS as regards competitiveness, value added, productivity gains and food safety are clearly devolved from the above reports.

The rationale for the MAPS is also evident in current policy, specifically the policy areas outlined below.

3.6 Current policy

Enterprise Strategy Group

In July 2003, an Tánaiste established the Enterprise Strategy Group to develop policy options for a strategy for growth and employment in Ireland.

The Group’s report “Ahead of the Curve” stated that:

⁸ Both groups were convened by Ministers within DAFF to identify strategies for the future of the Agri-food sector

‘Ireland’s future competitiveness as a food exporter will depend on efficiencies across the entire supply chain, from primary input production to manufacturing, marketing and distribution. Product differentiation and the capability to satisfy evolving consumer requirements will be essential.’

NDP 2007-2013

The aims of the MAPS appear to have an even greater alignment with the latest NDP; at least they are more recognisable in the high-level objectives outlined. Among the high level objectives of the current NDP are balanced regional development; supporting enterprise, innovation and productivity and; supporting agriculture and the rural economy.

The Enterprise, Science and Innovation Priority, of which the MAPS forms a part, aims to:

- *Improve the capacity of indigenous industry to compete in the domestic and global marketplace by addressing key issues including productivity,*
- *Produce quality Irish food products from an agri-food industry that supports rural economies and preserves our countryside and,*
- *Promote economic development in rural, Gaeltacht and island areas (Government of Ireland, 2007).*

Agri Vision 2015 Action Plan

The successor to the Agrifood 2010 committee (referred to earlier) was known as the Agri Vision 2015 Committee. It was established to ‘*review the strategy and recommendations contained in the AgriFood 2010 Report in the context of developments since the report was completed*’ (DAFF, 2006a). The Agri Vision 2015 Action Plan is the Government’s response to this report – it sets out the blueprint for the future of the agri-food sector.

The Action Plan describes its vision for ‘*an industry attaining optimal levels of efficiency, competitiveness and responsiveness to the demands of the market*’. It goes on to emphasise the need for change at every level, including the requirement to:

- *Focus on the requirements of the consumer at every stage in the value chain, especially in ensuring the highest standards of food safety, quality as well as on the range and type of product,*
- *Continue, and accelerate, the process of structural change at farm and processor level to achieve the most competitive structures possible.*

DAFF Statement of Strategy 2008-2010

The mission statement of DAFF is ‘*to lead the sustainable development of a competitive, innovative, consumer-focused agriculture, food, fishery and forestry sector and contribute to a vibrant rural and coastal economy and society*’. (DAFF, 2008)

The MAPS feeds into 3 of the Department’s 5 high level goals referred to in Section 1.1 as regards the support of a competitive and consumer-focused sector (goal 1),

contributing to economic and appropriate structural change in the food production sector (goal 3), and the operation of schemes in an efficient and effective manner (goal 4).

Towards 2016, Ten Year Social Partnership Agreement 2006 – 2015

The latest social partnership agreement outlines the priorities and objectives for the agri-food sector in the coming years. The goals of the social partners include:

- *A competitive agri-food sector providing quality and safe products on both domestic and international markets;*
- *Preparation of a framework for rural development taking account of the needs of rural dwellers and the wider rural economy;*
- *Promoting structural change and capacity building throughout the agri-food sector to increase efficiency and competitiveness;*
- *Developing a competitive, knowledge-based food and forest products industry.*

In referring to the task of strengthening competitiveness in the food industry, the social partners identified the need to ‘*consider in the framework of the NDP appropriate supports for R&D, capital expenditure, marketing and promotion...*’ (Department of the Taoiseach, 2006)

Rural Development Policy

There are an array of documents outlining EU and Irish policy in the rural development area. Member States’ rural development strategies are based on six strategic guidelines decided by the EU Council, one of which is improving the competitiveness of the agricultural and forestry sectors. Within this it seeks to:

‘Contribute to a strong and dynamic European agrifood sector by focusing on the priorities of knowledge transfer, modernisation, innovation and quality in the food chain, and on priority sectors for investment in physical and human capital.’

(EU Council, 2006)

Ireland’s Rural Development Programme 2007-2013 has three main priorities, one of which is to improve the competitiveness of the agriculture sector. In order to prosper in the future, it recognises that Ireland must:

‘Focus on the requirements of the consumer at every stage in the value chain, especially in ensuring the highest standards of food safety

Continue, and accelerate, the process of structural change at farm and processor level to achieve the most competitive structures possible.’

(DCRGA, 2007)

3.7 Stakeholder views

None of the grant recipients disagreed with the objectives of the Marketing and Processing Scheme, while the objective of enhancing competitiveness received the most backing. This support is perhaps not surprising given that they have all benefited from the scheme.

Of more interest is that only three of the 69 respondents suggested alternative objectives. One referred to lowering '*the carbon footprint of production of goods*' (the Steering Group notes that environmental impact is referenced on all applications). Another referred to the aim of supporting jobs (the NDP PSOP "Programme Complement" specifically states that job creation is not to be the focus of the scheme) and supporting existing enterprises (the aim of improving the viability of these enterprises is inherent in the other objectives).

As regards the stakeholder consultation, Bord Bia refers to the importance of supporting livestock marts whose '*extremely low operating margins... militate against their ability to invest*'. Bord Bia refers to pressure on price returns and changing consumer demands driving the need for investment and consolidation in the horticulture sector: '*the market is continuing to evolve and change and will be important going forward that the industry also continues to invest to meet the challenges these developments will bring*'. Enterprise Ireland mentions the benefit of, and demand for, local products that don't have to be transported long distances. EI also notes that standards and requirements are rising all the time – those that receive support are more likely to grow.

3.8 Conclusion

The objectives of the MAPS are to:

- Enhance the competitiveness of the enterprises and products aided;
- Increase the added value of the products aided.

In addition, the scheme contributes to two important spillover benefits described as secondary effects:

- Improve food quality and safety;
- Contribute to the sustainability of rural communities.

The Marketing and Processing scheme is a joint product of *inter alia* the NDP and the Department's Action Plan for the future of the agri-food sector. The NDP 2007-2013 seeks to improve the capacity of indigenous industry to compete and aims to deliver quality products from an agri-food industry that sustains rural economies. The Action Plan developed by DAFF for the agri-food sector emphasises the need for structural change at farm and processor level so as to enhance competitiveness, and also focuses on advancing food safety and quality in addition to expanding the range and type of products produced.

CHAPTER 4

INPUTS AND OUTPUTS

4.1 Introduction

Chapter 4 initiates our examination of the various elements of the Programme Logic Model (see Appendix A for details). It is predominantly an analysis of the outputs associated with each sector, specifically with reference to those projects fully completed by the review date. The financial input for each sector is also given so as to provide a context for the various outputs described.

4.2 What inputs/outputs to look for?

Inputs are the resources utilised such as people, time and money. In this chapter we consider the amount awarded in each sector and the actual expenditure on those projects that have been completed. The input of DAFF staff & resources, and the processes employed in managing the scheme, are considered in Chapter 5.

As noted in chapter 3, outputs refer to the things produced by a programme (the outputs are produced from the aforementioned inputs). The volume of new buildings, facilities and equipment, as well as changes in storage and/or processing capacities, are all key outputs – notably the type and focus of these varies between sectors. Regardless of the sector, the overall number of investment projects supported and the number of completed projects are also important outputs from the MAPS.

The cumulative level of investment generated by the MAPS is identified as another significant output. While the level of public investment by DAFF is an input into the scheme, this input generates even larger amounts of private sector investment that, it is held, would not otherwise have occurred.

4.3 General situation

DAFF awarded funding of just over €45 million to 144 projects over the period of the last NDP (2000-2006). Actual expenditure in this period was €32 million (see Table 4.1).

Year	Expenditure (€million)
2002	2.75
2003	5.24
2004	3.60
2005	7.58
2006	5.96
2007	6.80
Total	31.93

As can be seen from Table 4.2, the main areas of expenditure were grain, horticulture and potatoes, which together account for 98 projects and 84% (€38.1 million) of the total award amount. The average award per project was €14,000, with some considerable variation between sectors (particularly 25 smaller projects involving expenditure on carcass classification equipment).

Table 4.2: Grant Awards by Sector					
Sector	Number of Projects approved	Number of Projects cancelled/revoked	Amount awarded €m	Average award €	Number of Projects completed
Horticulture	34	4	10.6	312,000	14
Potatoes	24	2	8.2	342,000	11
Egg packing	7	0	2.8	400,000	5
Grain	40	3	19.3	483,000	28
Livestock marts	10	2	2.2	220,000	4
Abattoirs	4	0	0.5	137,000	2
Carcass Classification	25	0	1.6	65,000	25
Total	144	11	45.2		89

4.4 Sectoral analysis

4.4.1 Grain sector

Forty projects were awarded funding under the NDP 2000-2006, 3 of which were subsequently revoked. The 37 completed/ongoing projects account for a total investment (both public and private) of €3.7 million. The total amount awarded by DAFF for these 37 was €1.8 million.

A breakdown of the outputs in terms of ongoing and completed projects, and the actual amount awarded by DAFF, is given in Table 4.3 below.

Table 4.3 Grain Sector: award amounts & project numbers							
2001				2004			
<i>Ongoing</i>		<i>Complete</i>		<i>Ongoing</i>		<i>Complete</i>	
<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
2	€687,306	17	€1,389,427	4	€3,557,458	10	€4,021,655
2005							
<i>Ongoing</i>		<i>Complete</i>					

<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
3	€1,985,672	1	€158,520

As shown above, 28 projects have been completed to date. These involved planned investment of €34.8 million, of which DAFF had awarded the sum of €1.6 million. The actual DAFF expenditure on these projects, upon completion, was 91% of the amount originally awarded.

The outputs specific to the grain sector are the level of new, renovated and relocated storage, the volume of new storage capacity and the amount of new handling equipment.

Projects vary between completely new storage in the existing location, renovation or replacement of existing storage, and relocation of storage to another area for consolidation or efficiency reasons. The 28 projects can be sub-divided as follows:

- 20 concerned the construction of new storage facilities (4 of the new stores replaced existing inadequate facilities while 6 involved the relocation of existing storage facilities to a new location);
- 6 involved some form of renovation of existing facilities and;
- 2 invested in modernised intake facilities rather than actual storage.

In addition to funding the building of this storage capacity, MAPS also invests in the fixed intake, handling and other ancillary equipment required at these stores such as weighbridges, intake hoppers, cleaners, conveyors, elevators, rollers, aeration equipment, driers and auxiliary electrical equipment. All 28 projects involved some combination of the above equipment.

An important output from this investment is not just the number of storage projects aided but also the volume of improved storage as a consequence of this investment. For the enterprises concerned, these 28 projects resulted in an increase in storage capacity from 424,750 tonnes to 520,200 tonnes. This is a net increase of 95,450 tonnes (22%). However, this figure gives the net additional storage volume rather than the actual volume of modernised storage capacity delivered as a direct result of this investment – it does not capture the full scale of activity in terms of replacement and renovated storage facilities. The actual volume of new and renovated storage facilities directly resulting from this investment is approximately 212,350 tonnes. This latter figure gives a closer estimate of the output from the scheme in terms of new/modernised storage capability.

Grant recipients are also requested to indicate the increased processing capacity and marketing capacity that will result from this investment. The ability to process more product on completion of the project is an output from the investment. The review of the 28 completed projects showed an increased processing capacity of 61,300 tonnes. This figure is likely to be substantially below the true figure for enhanced processing capability as:

- 11 of the project applicants did not complete this section of the application and processing capability is not dealt with in the inspection reports;

- There may be some confusion between the request for information on changes in storage, processing and marketing capacity – in some cases these may all constitute the same thing;
- Differences in net processing capacities fail to identify improvements in existing processing capabilities, increased efficiencies or new added value processing.

While improved processing is a difficult output to encapsulate in a quantitative manner, more information is required on the processing improvements delivered as a result of this investment. There may be more scope for identifying and recording this at both the application and *ex-post* inspection stages; this is considered further in Sections 4.5 and 5.5.

4.4.2 Horticulture Sector

34 horticulture projects were awarded funding under the NDP 2000-2006. 2 of these were subsequently revoked, another was deemed ineligible upon receipt of the claim and a fourth was renounced by the applicant. The 30 projects that are completed/ongoing account for a total investment (both public and private) of €27.4 million. The total amount awarded by DAFF for these 30 projects was €10.2 million.

A breakdown of the outputs in terms of ongoing and completed projects, and the actual amount awarded by DAFF, is given in table 4.4 below.

Table 4.4 Horticulture Sector: award amounts & project numbers							
2001				2004			
Ongoing		Complete		Ongoing		Complete	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
1	€10,293	10	€1,909,266	2	€1,244,521	2	€741,073

2005			
Ongoing		Complete	
Number	Amount	Number	Amount
13	€5,967,543	2	€215,340

14 projects have been completed to date. These involved a total planned investment of €7.2 million of which DAFF had awarded the sum of €2.9 million. The actual DAFF expenditure on these projects, upon completion, was 88% of the amount originally awarded.

The outputs specific to the horticulture sector are the volume of new buildings, the amount of processing equipment purchased and the changes in processing capacity. Five of the 14 completed projects resulted in new buildings – a new packing/grading house in each case with some form of cold store refrigeration. 2 of these involved mushrooms and 1 each for peppers, apples and cabbage/broccoli.

13 of the 14 investment projects led to the purchase of various processing equipment. Each project financed different combinations of equipment for conveying, washing,

grading, packing, weighing, labelling and storing fruit and vegetables. One project concerned peeling root vegetables while another two, each from the same proprietor, resulted in the purchase of equipment for pressing/juicing apples and berries.

Six of the completed projects were undertaken by primary producers who process their own produce and another five by primary producers who also process fruit and vegetables from a number of different suppliers. Some form of preparers/facilitators undertook the remaining three investments.

The increased processing capacity of these 14 enterprises is a further output. The processing capacity for cabbage increased by 91,000 crates; an increase of 54%. The processing capacity for other fruit & vegetables increased by 18,186 tonnes/annum – from approximately 24,488 tonnes to 42,674 tonnes⁹. This involves a considerable variety of products from carrots to cauliflower, pumpkins to peppers etc.

Given the variety of produce concerned, the aggregate increase of 18,186 tonnes per annum is difficult to interpret. However, what can be said is that the processing capacity increased by an average of 74% for all of the fruit and vegetable products mentioned above. This figure is based on the total increase in capacity of the 14 completed projects averaged across all of the products concerned. Significant variation between products is to be expected. The caveat remains here that, as with the grain sector, increases in capacity don't capture the complete picture as regards efficiencies and added value.

Nonetheless, a 74% increase in capacity is considered to be significant. Given that the level of production has not increased by this amount, it is likely that the increase reflects some improved (rather than additional) processing and a shift in some processing capabilities up the supply chain to “near-farm” enterprises.

4.4.3 Potato Sector

Twenty-four potato projects were awarded funding under the NDP 2000-2006, 1 of which was subsequently revoked and another withdrawn. The 22 projects that are completed/ongoing account for a total investment (both public and private) of €18.4 million. The total amount awarded by DAFF was €7.6 million.

A breakdown of the outputs in terms of ongoing and completed projects, and the actual amount awarded by DAFF, is given in Table 4.5.

Table 4.5 Potato Sector: award amounts & project numbers							
2001				2004			
Ongoing		Complete		Ongoing		Complete	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
0	0	5	€1,405,149	11	€4,706,242	6	€1,465,786

11 projects have been completed thus far. These involved a total planned investment of €7.2 million, of which DAFF had awarded the sum of €2.9 million (40%). The actual

⁹ Based on the information supplied in the application and subsequent verification of expenditure (not processing capacity) in inspection reports.

DAFF expenditure on these projects, upon completion, was 80% of the amount originally awarded.

The outputs specific to the potato sector are the level of new storage and handling buildings, the purchase of new equipment, and the changes in storage & processing capacities.

The investment is divided into four different categories below – all completed projects involved expenditure under at least two of the four categories. Two projects also involved expenditure on office, canteen and sanitation facilities.

Type of Investment Number of projects	Marketing Equipment	Handling Buildings	Storage Buildings	Refrigerated Storage
	8	8	2	7

All of the 11 completed projects involved improvements in processing/marketing capabilities, either through the construction of new buildings or the installation of new equipment. As regards the 8 that acquired marketing equipment, each involved some combination of washing, grading, packaging and labelling equipment. One of these included slicing equipment used to meet the needs of the catering sector.

All of the 2001 projects involved cold storage. Only 2 of the 6 completed projects from the 2004 round involved cold storage despite this becoming an explicit priority under that round.

The change in respective storage and processing capacities as a direct result of this investment is a useful indicator of the size of these outputs. Based on the application forms received, it can be shown that the temp controlled/cold storage increased by approximately 11,100 tonnes (from 8,600 tonnes to 19,700 tonnes). This is an approximate figure, as capacities are not confirmed in the final inspection reports.

Where the investment led to increases in processing capabilities, the processing capacity increased by approximately 17,000 tonnes from 16,450 tonnes/year to 33,370 tonnes/year. The same caveat as regards confirmation of capacities applies here as applied in the grain and horticulture sectors.

4.4.4 Egg sector

Seven projects were funded under NDP 2000-2006, accounting for a total investment (both public and private) of €6.9 million. The total amount awarded by DAFF was €2.8 million. Five of these projects have now been completed.

A breakdown of the outputs in terms of ongoing and completed projects, and the actual amount awarded by DAFF, is given in Table 4.6.

Table 4.6 Egg Sector: award amounts & project numbers							
2001				2004			
Ongoing Projects		Completed Projects		Ongoing Projects		Completed Projects	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
1	€7,634	2	€1,212,708	1	€150,824	3	€1,345,136

As regards the five completed projects, the actual spend was 88% of the amount originally awarded. This cumulative public and private investment (€6.4 million) led to the following outputs:

- The modernisation/extension of existing packing premises,
- Purchase of new grading and packing equipment,
- New ancillary facilities such as office space, toilets, showers etc.

In the egg sector, no additional capacity was permitted under this scheme. Nonetheless, both projects led to significant increases in capacity at their respective sites. This was due to rationalisation within the industry and movement of capacity from other sites rather than the generation of new additional capacity.

4.4.5 Livestock marketing and processing

The 2001 guidance note for the MAPS noted that grant assistance would be geared towards improved facilities in the livestock marketing and processing sector. The 2004 scheme goes further to define this as aid for livestock marts and local abattoirs.

Livestock Marts

10 projects were awarded funding under the NDP 2000-2006, 1 of which was subsequently revoked and another renounced by the applicant. The 8 projects that are completed/ongoing account for a total investment (both public and private) of €7.4 million. The total amount awarded by DAFF was €2 million. A breakdown of the outputs in terms of ongoing and completed projects, and the actual amount awarded by DAFF, is given in Table 4.7.

Table 4.7 Livestock Marts: award amounts & project numbers							
2001				2004			
Ongoing		Complete		Ongoing		Complete	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
0	0	1	€9,559	4	€1,277,759	3	€16,798

The 4 completed projects involved a total planned investment of €1.8 million, of which DAFF had awarded the sum of €0.7 million (40%). The actual DAFF expenditure on these projects, upon completion, was 86% of the original award amount given above.

Grant aid in this area was prioritised towards the rationalisation and relocation of existing facilities. Only one of the four completed mart projects involved rationalisation or relocation – the relocation of Listowel mart. The other three involved improvements to existing facilities. Two of these concerned the development of, amongst other things, new effluent treatment plants.

Local Abattoirs

4 projects were awarded funding under the NDP 2000-2006, 2 of which have been fully completed. The 4 projects account for a total investment (both public and private) of €1.4 million. The total amount awarded by DAFF was €0.5 million (40%). A breakdown of the outputs in terms of ongoing and completed projects, and the actual amount awarded by DAFF, is given in Table 4.8.

Table 4.8 Meat Sector: award amounts & project numbers							
2001				2004			
Ongoing		Complete		Ongoing		Complete	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
1	76,151	2	277,347	1	194,851	0	0

The 2 completed projects involved a total planned investment of €0.7 million, of which DAFF had awarded the sum of €0.3 million (40%). The actual DAFF expenditure on these projects was 78% of the original award amount.

Grant aid was prioritised for projects aimed at enhancing food safety, efficiency and added value products. The 2 completed projects resulted in a new boning hall and chill room in one abattoir and extended facilities in the other (new offal and hide storage areas, lairage facilities and loading bay). Both also purchased necessary ancillary equipment.

4.5 Conclusion

In broad terms, the output achieved from the investment under the NDP 2000 – 2006 has been outlined heretofore. Actual expenditure in the grain sector was 91% of the award amount compared to 88% in the horticulture sector and 80% in the potato sector. This should inform future budgeting for the scheme. In addition, this chapter highlights the large level of private investment generated by the public investment under the scheme – based on expenditure levels to-date, MAPS is likely to generate private investment (excluding carcass classification) in the region of €65million.

It is also clear that a large amount of storage and processing facilities have emerged from this expenditure – the MAPS is resulting in significant levels of output in terms of buildings and equipment. Cataloguing the exact items built and purchased under the programme would be of little added value to this report – this information is, in any event, available within DAFF.

However, the Steering Group feels more consideration needs to be given to documenting the changes in storage and processing capabilities generated by this scheme. The application form includes a section for securing information on capacities but the information provided is limited and unverified upon the completion of the project. In many cases it is not clear what distinguishes storage, processing and marketing capacities from one another – these need to be further explained in the application form (see Chapter 6, Recommendation 5).

The final inspection report undertaken by DAFF should provide more information regarding the new processing and storage capabilities generated by the investment, and

how this impacts on the business, rather than just verifying the buildings and equipment that has resulted from the capital grant. It could also report on the impact on local suppliers, turnover and employee levels. Therefore, the Steering Group recommends that the format of final inspections be expanded to incorporate the new capacity and capability generated by the investment. These reports would also record the achievements in terms of the various outcome (results) indicators referred to in the next Chapter. Agricultural Inspectors conducting the inspections would be asked to select from the list of outcome indicators (PLM Appendix A) and to provide specific details on those selected.

Recommendation 1: Expand the requirements of the final inspection report to include information on changes in capacity and capability across all sectors, as well as an indication of the effect of these changes on the recipients business. The report should also rate the investment in terms of the outcome (results) indicators referred to in the Programme Logic Model.

CHAPTER 5

OUTCOMES AND SCHEME EFFECTIVENESS

5.1 Introduction

The examination of effectiveness is essentially a consideration of the relationship between outputs and outcomes; ‘*Outcomes reflect the intended and unintended results from government actions*’ (Kristensen et al, 2002).

Mulreany (1999) notes that measuring effectiveness has proved a rather elusive goal. While mindful of this difficulty, the following section considers the effectiveness of the Marketing and Processing Scheme in delivering on the outcomes described in the Programme Logic Model, and hence in meeting its objectives.

DAFF does not have sufficient information to identify the outcomes achieved by each of the grant-aided businesses. In light of this information gap, the Steering Group felt that the assessment of effectiveness should be based on the outcome indicators reported (through questionnaires) by the grant recipients themselves. Subsequently, recommendations are made to overcome this information gap and capture the data required to facilitate the future evaluation of effectiveness.

5.2 MAPS Outcomes (results)

Grant recipients were given a list of indicators/ investment effects (see question 18, Appendix C) which corresponded with the programme logic model indicators for the outcomes (results) of value added (VA), productivity improvement (PI) and food quality/safety (FQ/S) – 4 indicators were given for each.¹⁰

Grant recipients were asked to choose one or more of the outcomes that had resulted from their investment under the Marketing and Processing Scheme, with most of the 67 replies identifying multiple outcomes. Table 5.1 presents the results.

Table 5.1 Survey Results – selection of outcome indicators

Answer Options	Rank	Outcome area	Response Percent	Response Count
Extended variety of existing products	9	VA	38.8%	26
Completely new products developed	12	VA	19.4%	13
More market orientated packaging/package sizes	11	VA	31.3%	21
Longer shelf/storage life for products	10	VA	38.8%	26
Changing consumer/retail demands met	8	EC	41.8%	28
More efficient processing/technologies	4	PI	68.7%	46
Greater economies of scale	6	PI	64.2%	43
Increased product throughput	3	PI	77.6%	52
Rationalisation /relocation of business	13	PI	16.4%	11

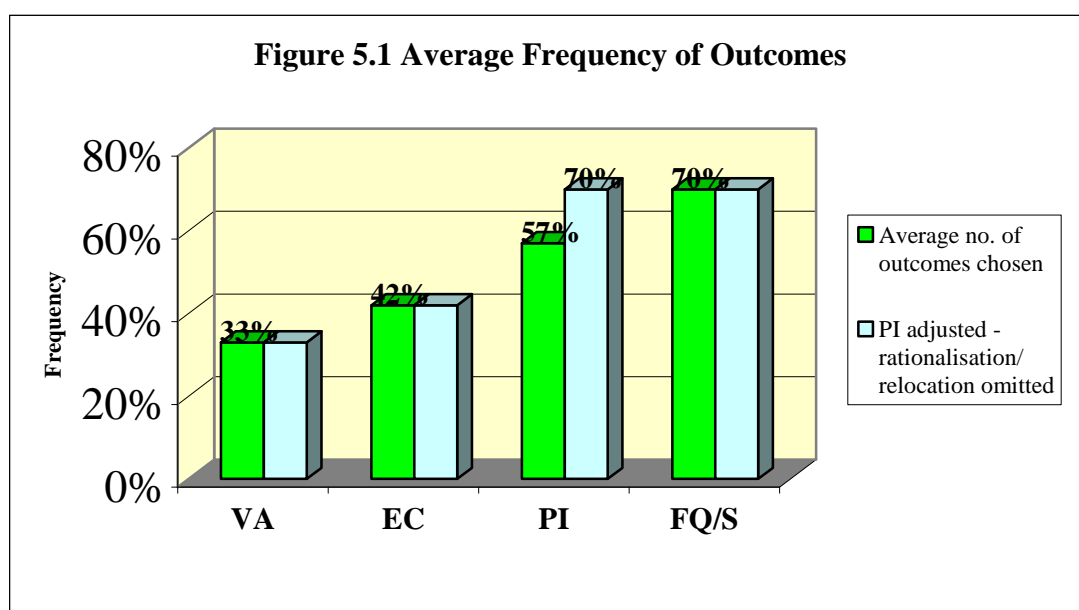
¹⁰ One indicator was also given for the outcome (impact) of “enhanced competitiveness” (EC) which is dealt with in detail in Section 5.4.1

Enhanced product traceability	7	FQ/S	50.7%	34
Improved quality and hygiene controls	1	FQ/S	82.1%	55
Demands of quality standard /assurance scheme met	5	FQ/S	65.7%	44
Safer storage/ processing	2	FQ/S	79.1%	53
Total				452

452 investment results arose from the 67 reported projects. The top three investment results/indicators were seen in 82% (*improved quality and hygiene controls*), 79% (*safer storage/processing*) and 77% (*increased product throughput*) of the projects aided.

There is a noticeable divergence in achievement under outcome areas. The seven most common investment results/indicators were all in the “food quality/safety” and “productivity improvement” outcome areas. Excluding the *rationalisation/relocation of business* result (which is a PI indicator), the indicators associated with the “value added” outcome were the 4 least common investment results – they were achieved in between 19% and 39% of projects. While this can still be considered a reasonable return, it does indicate that the Marketing and Processing Scheme is having a relatively bigger impact on productivity and food quality/safety. The “enhanced competitiveness” outcome is seen in 28 (42%) of the projects but this figure is only based on one indicator/investment area rather than the four indicators used for the other outcomes.

For each outcome, the average number of investment results chosen by respondents was calculated and depicted in Figure 5.1 below e.g. the 4 PI indicators were chosen 46, 43, 52 and 11 times respectively, giving an average of 38 (or 57% of the total). Given that there was only one investment result for competitiveness, this figure is not an average. As can be seen, the main outcome from the scheme appears to be in the area of food quality/safety. Each of the “food quality/safety” investment results/indicators were evident in an average of 47 (70%) projects compared to an average of 22 (33%) projects that resulted in “value added” investment results – more than double.



“Productivity improvement” was also a significant outcome given that it was reported on an average of 38 projects (57%). This average figure rises significantly to 47 (70%) if you adjust the figure for productivity improvement so as to exclude the *rationalisation/relocation of business* indicator; this indicator skews the results for the PI outcome as it is only a factor in 16% (11) of projects, which is less than a quarter of the other PI indicators. These averaged results confirm the views noted earlier regarding the relative success in achieving the “food quality/safety” and “productivity improvement” outcomes.

As a check on the answers given above, grant recipients were also asked to identify ‘*the main benefit of the scheme for [their] business*’. 48 respondents offered “open-text” replies as to what they perceived to be the primary benefit from the investment – some suggested more than one main benefit¹¹. The responses received were categorised among the four outcome areas noted above i.e. value added (VA), enhanced competitiveness (EC), productivity increase (PI), and food quality/safety (FQ/S). The results are given in Figure 5.2 below.

The information supplied here is important as respondents were forced to articulate the main benefit derived from the investment rather than simply ticking the box beside an investment result which may be only loosely related to the investment. The full list of benefits given by respondents is provided in Appendix D.

34 projects (74%) resulted in “productivity improvements” – this is nearly twice as many as the next most common benefit/outcome, which was the achievement of “food safety/quality” improvements in 18 projects (39%). Value added was one of the primary benefits in about 30% of the projects.

The 74% for productivity improvements is similar to the 70% given for adjusted PI in Figure 5.1 above, and it supports the proposition that productivity gains are being realised in about 7 out of 10 of the projects financed. That the main benefit from 30% of the projects was in the area of value added also corresponds with the 33% provided in Figure 5.1 above. As such, we can have confidence in these figures for both the VA and PI outcomes.

When asked to identify the main benefit from the investment, 39% of respondents proffered outcomes that could be categorised as “food quality/safety” improvements. This figure is approximately half the number (70%) noted in Figure 5.1 above when the average number of investment results chosen by respondents was calculated for each outcome. While the figures diverge considerably, the Steering Group believes they are not necessarily contradictory.

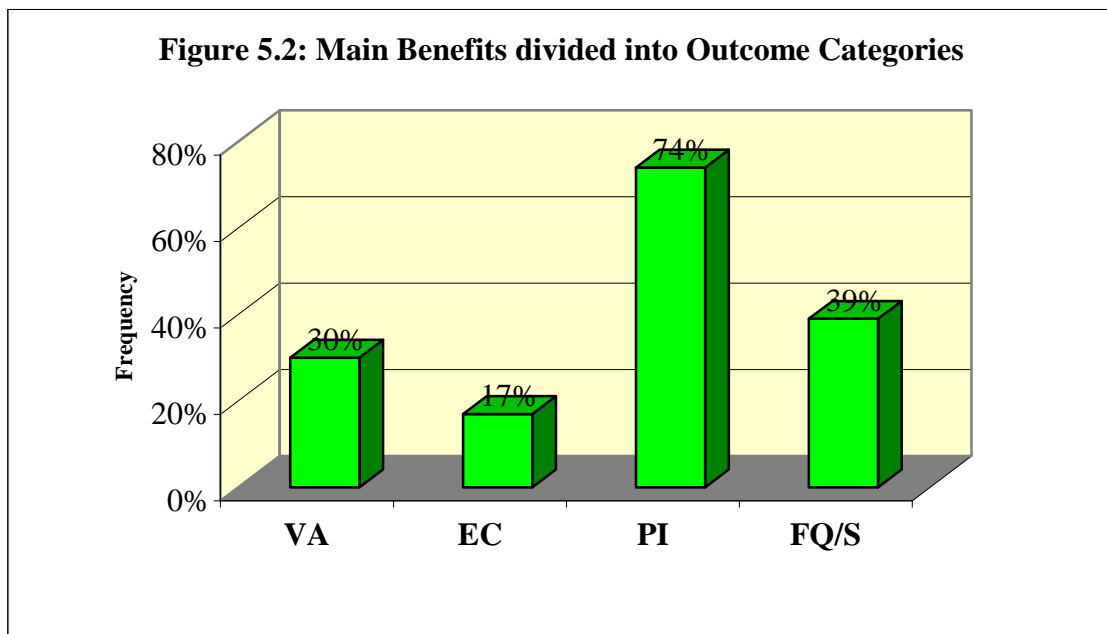
39% is the proportion of respondents who identified food quality/safety outcomes as being the main or primary benefit from the scheme. 70% is the average number of projects that resulted in, amongst other things, outcomes that could be described as food quality/safety improvements. As such, while food quality/safety improvements are evident in approximately 70% of projects, such improvements could only be described as being the primary or main benefit in about half of these projects. Investment is resulting

¹¹ 46 of the 48 replies could be categorised into outcomes listed in the Programme Logic Model. Percentages given are based on 100% of projects being equal to 46.

in food quality/safety improvements but this is often a secondary outcome. This finding is somewhat in keeping with our identification of objectives in chapter 3, when food quality/safety was described as a secondary effect rather than one of the two primary objectives. Although with 39% of respondents identifying it as a main benefit, it is going beyond the position of “secondary effect”.

Disappointingly, particularly given the two primary objectives of the scheme, enhanced competitiveness was noted as a primary outcome/main benefit in only 17% of projects. However, this is only where competitiveness is conceived in terms of longer-term market share and financial indicators as prescribed in the PLM. In practice, productivity improvements brought about through scale, efficiencies and improved storage lead to enhanced competitiveness. PI is the immediate/short-term effect on the targeted beneficiary (outcome result) whereas enhanced competitiveness is the medium to long-term effect (outcome impact) – direct and immediate effects may be more easily associated with the grant-aided investment by respondents. Improved productivity, although delineated as a separate outcome in the programme logic model, is the more direct and immediate manifestation of the enhanced competitiveness outcome, and is an important determinant of the competitive position of any business.

Moreover, the other outcomes of “value added” and “enhanced food quality and safety” could also be said to contribute to the overall objective of enhanced competitiveness. In essence, enhanced competitiveness is the medium-long term outcome that results from investment in PI, VA and EQ/S (see Recommendation 2, pg. 56).



5.3 Breakdown of outcome results

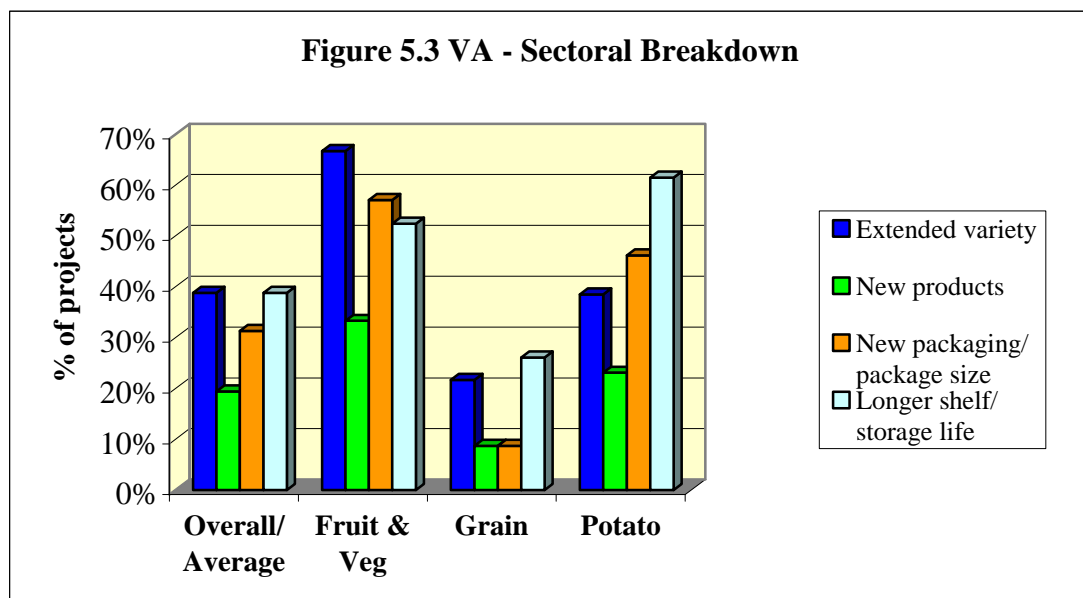
5.3.1 Value added to products (VA)

One of the two primary objectives of the Marketing and Processing Scheme is to add value to the products in the various sectors supported. VA involves improving the product

offering by adding something new or additional to existing products – it literally means adding value through a process of product innovation. The indicators identified for VA are (i) *bringing new products to market*, (ii) *producing a wider variety of products*, (iii) *developing new packaging or new package sizes* and (iv) *adding to the shelf life of products*.

The cross-sectoral analysis in Section 5.2 showed that approximately 3 out of 10 of the projects supported are resulting in VA – the lowest of the four outcome areas and a disappointing return given that this is one of two primary objectives. Extending the variety of products and prolonging the shelf life of products were the most common results – 39% of projects. Completely new products arose in less than 20% of projects.

There is also a considerable variation between the sectors supported. VA indicators were recorded in an average of 52% of projects in the fruit and vegetable sector compared to 42% in the potato sector and 16% in the grain sector. The abattoir, egg and mart sectors recorded VA indicators in an average of 25%, 17% and 0% of projects respectively, although the small number of respondents in each sector limits the value of analysing them individually. A detailed breakdown for each indicator in the main sectors is given in Figure 5.3 below.

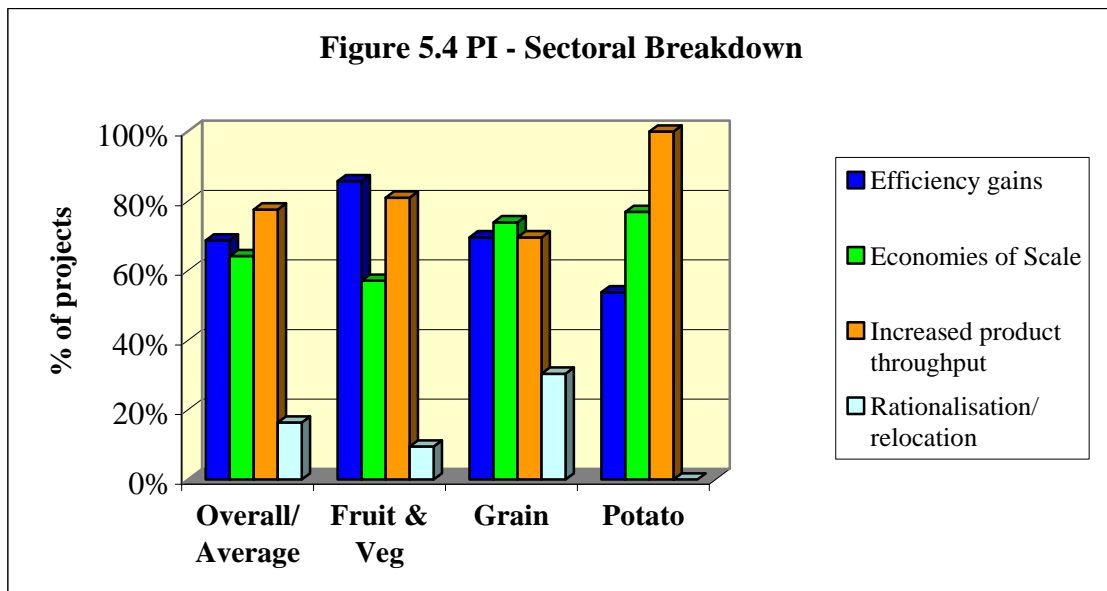


Fruit and vegetable projects scored above average on all value added indicators and scored particularly well in terms of extending the variety of products and achieving new packaging or new package sizes. The potato sector was very strong in the area of extended storage/shelf life while the grain sector was well below the average for all indicators.

In conclusion, while the overall achievement of value added may be disappointing, it is clear that projects in the horticulture sector (and to a lesser extent in the potato sector) perform considerably better in this regard than do the other sectors supported. The Steering Group would have expected this given the priorities outlined for each sector, particularly the priorities in the grain sector (see chapter 3).

5.3.2 Productivity improvements (PI)

Productivity gains lead to more competitive and sustainable enterprises – as noted previously, productivity gains contribute to the achievement of the second of the two primary MAP objectives i.e. enhanced competitiveness. The indicators used for productivity gains are (i) *more efficient processing/technologies including improved storage / handling*, (ii) *greater economies of scale*, (iii) *increased product throughput (either storage or processing)* and (iv) *rationalisation/relocation*.



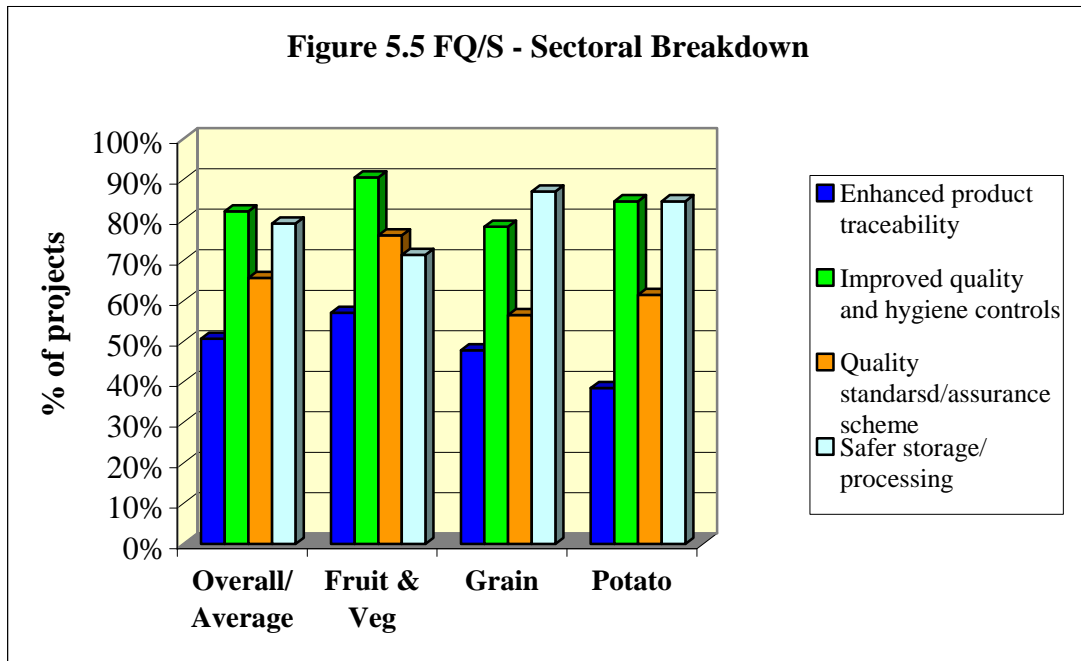
The earlier cross-sectoral analysis showed that improved productivity was probably the greatest gain from the investment under the Marketing and Processing Scheme. The first three PI indicators denoted (i) – (iii) above were reported by 69%, 64% and 77% of respondents respectively. The *relocation or rationalisation* of enterprises was not a major investment effect.

Within the individual sectors (see Figure 5.4), *efficiency gains* are most prevalent in the fruit and vegetable sector, where it was reported in 86% of projects compared to 54% in the potato sector. This trend was reversed for *economies of scale*, which was a result in 77% of projects in the potato sector compared to 57% in the fruit and vegetable sector. All of the potato projects led to increased product throughput. 7 of the 11 projects involving *rationalisation/relocation* were in the grain sector (where this was a sectoral priority), which also scored consistently highly in the other three areas.

To summarise, based on the views of grant recipients, “productivity improvement” appears to be a considerable outcome from the scheme and is evident across all projects, with only slight variations between sectors. However, assigning a precise magnitude to this improved productivity is beyond the scope of this VFM review. The Steering Group are confident that the recommendations contained in this report will provide for more direct information on productivity in the future.

5.3.3 Food quality/safety (FQ/S)

Improving the quality and safety of the food produced is an important secondary effect of the Marketing and Processing Scheme. The four indicators/investment results for this outcome are (i) *enhanced product traceability*, (ii) *improved quality and hygiene controls*, (iii) *meeting the demands of quality standards or quality assurance schemes* and (iv) *safer storage or processing*.



As noted previously, these 4 indicators/investment effects occurred in an average of 70% of supported businesses, the highest level recorded for the four different outcomes. Improvements in food *quality and hygiene controls* was the single biggest indicator reported on, with 82% of respondents stating that this was a result of the investment. *Safer storage and processing* was noted in 79% of businesses.

The sectoral breakdown given in Figure 5.5 above illustrates that results were fairly similar across the different sectors. Fruit and vegetable projects scored above average in all of the indicator areas except in the area of *safer storage and processing*, which was a priority in the potato and grain sectors.

5.4 Breakdown of outcome impacts

5.4.1 Enhanced competitiveness (EC)

The “end-game” for investment under the Marketing and Processing Scheme is undoubtedly a more competitive agri-food industry, specifically as regards the sectors supported. Enterprise Ireland notes that *‘there is a need to ensure that local producers maintain the capability to supply retailers at a time of severe competition in the sector’*. The vast majority of grant recipients (85%) felt that their business sector was more competitive as a result of the Marketing and Processing Scheme. Respondents in the potato sector and grain sector diverged slightly with 93% and 73% respectively believing their sector was more competitive as a result of the MAPS. All of the recipients in the egg, abattoir and mart sector believed their sector to be more competitive. While it may not be surprising to hear grant recipients extolling the virtues of such grants, the Steering

Group notes that only 29% of grant recipients under a similar scheme in England felt that the grant had ‘helped the wider industry become more competitive’ (ADAS, 2003)

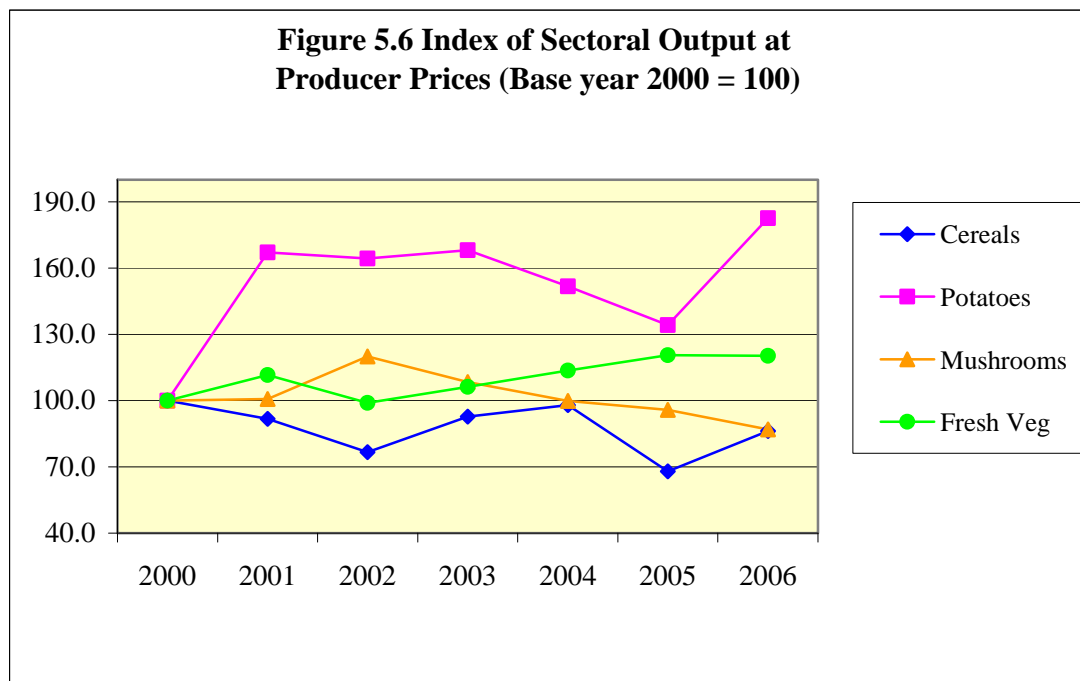
Sectoral Competitiveness

Table 5.2 gives the gross output of the various sectors at producer prices for the period of the NDP 2000-2006.

Table 5.2 Sectoral Output at Producer Prices, 2000-2006¹²

Year	Cereals €m	Potatoes €m	Mushrooms €m	Other Fresh	Fresh Fruit €m
				Vegetables €m	
2000	185.1	58.7	114.8	74.1	7.1
2003	171.7	98.7	124.5	78.7	30.4
2006	159.7	107.2	99.9	89.1	40.8

The horticulture sector – combining mushrooms, field vegetables and fruit – is the largest of the sectors, followed by cereals and potatoes. Output of fresh fruit increased significantly, albeit from a low base. Using 2000 as the base year, figure 5.6 below tracks the changes in gross output for the sectors (excluding fresh fruit where the index value would be 575). In general, mushrooms and cereals both experienced difficult periods, with a decline in the value of gross output. Potatoes showed a marked increase although 2000 was not a very representative year for the potato sector. The performance as regards field vegetables could be described as steady but rising.



Looking at the horticulture sector in particular, McIver Consulting (2007) note that while the value of output is growing, the sector is experiencing considerable consolidation in all

¹² Source – DAFF, 2007(b) Table G3

areas as scale becomes a significant pre-requisite for success. They identify a number of challenges facing the sector, including price pressure from retailers and competition from imports. However, this strategic review focuses on the production side and pays little, if any, attention to needs at processing level. Reviews in the horticulture sector by Agenda Consulting (2002) and InterTrade Ireland (2004) have a similar focus.

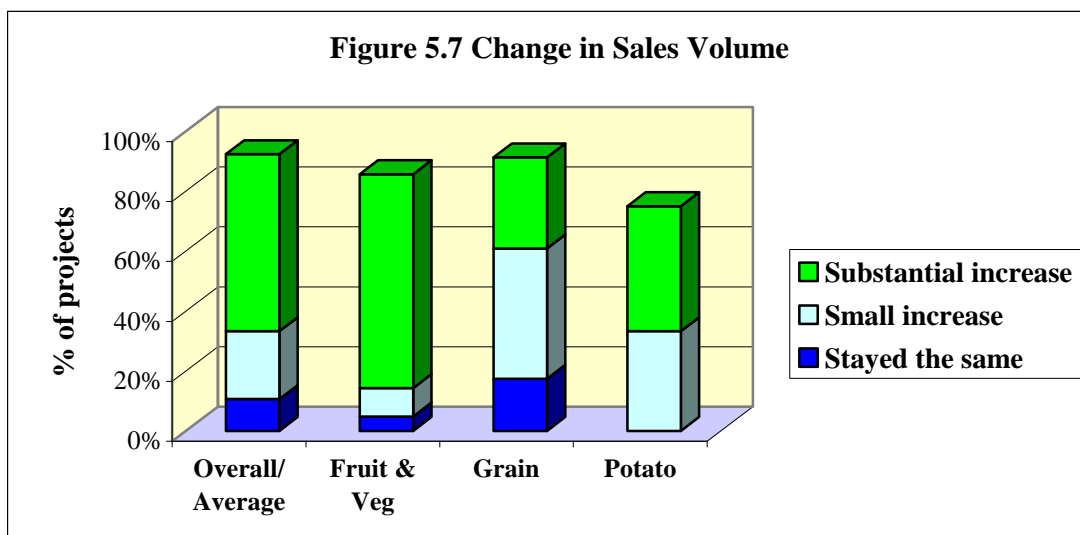
Indeed, grading competitive processing performance at an aggregate sectoral level is not straightforward. Consequently this report goes beyond the aggregate sectoral level to examine the competitive position of the cluster within each sector that have benefited from the MAPS.

Enterprises Supported by MAPS

The ability to *meet changing consumer and retail demands* is one of the indicators used to illustrate “enhanced competitiveness”. 2 out of 3 projects in the fruit and vegetable sector addressed changing consumer demands compared to just over half of the projects in the potato sector and only 17% in the grain sector.

82% of respondents believed that the investment under the Marketing and Processing Scheme had allowed them to target a wider customer base, with this figure rising to 91% in the fruit and vegetable sector and dropping slightly to 74% in the grain sector. All 3 respondents in the egg sector reported success in this area.

Only 1 of the 66 respondents reported a decline in sales volumes, with 82% noting increased sales (either small or substantial). The biggest gains again were in the fruit and vegetable sector with a substantial increase in 71% of businesses compared to 42% of potato enterprises and 30% in the grain sector (see Figure 5.7).



The profitability and the financial sustainability of these enterprises is the final indicator used. The “bottom line” is a vital component in the analysis of the success and competitiveness of any business. At 61%, the number of respondents reporting increased profits (small or substantial) is encouraging.

At a sectoral level, the percentage of respondents reporting increased profits was 67% in the fruit and vegetable sector, 48% in the grain sector and 75% in the potato sector.

Interestingly, only 1 respondent (4%) in the grain sector reported a substantial increase in profits compared to 24% in the fruit and vegetable sector and 41% in the potato sector.

In summary, the grant recipients in the fruit and vegetable sector appear to be in a better competitive position relative to the other sectors, particularly as regards meeting changing consumer demands and increasing sales volumes. The potato sector also performs relatively well.

5.4.2 Rural sustainability

The Marketing and Processing Scheme targets near farm enterprises, i.e. they are regionally dispersed and rural in nature. The 93 enterprises supported under NDP 2000-2006 are distributed throughout 23 of the 26 counties of Ireland. 29% of projects are in the Border, Midland & Western Region. These enterprises help to sustain rural economies through a variety of means including employment creation, purchase of primary produce and expenditure on local goods and services.

Turnover

The businesses supported by MAPS are very diverse in nature, with turnover of survey respondents varying from €20,000 to €250 million – the median turnover being €1 million. The combined turnover of the 65 enterprises that responded to this question in the survey was nearly €1.2 billion – extrapolating this for 93 companies (the full population) gives a combined turnover of more than €1.7 billion¹³. This is a considerable sum of money; a large percentage of which is likely to be reinvested in local communities thus sustaining rural economies. Table 5.3 gives a breakdown of the reported turnover figures.

Table 5.3 Grant Recipients: turnover

	Total	Turnover less than €m	€m < turnover < €m	€m < turnover < €m	€m < turnover < €m	€m < turnover < €m	Turnover greater than €m
Fruit and vegetables	22	4 (18%)	3 (14%)	4 (18%)	3 (14%)	7 (32%)	1 (5%)
Cereals	21	2 (10%)	1 (5%)	6 (29%)	4 (19%)	4 (19%)	4 (19%)
Potato	12	6 (50%)	3 (25%)	1 (8%)	0	2 (17%)	0
Egg	3	0	0	2	0	1	0
Mart	4	0	0	0	2	2	0
Abattoir	3	1	0	2	0	0	0
Overall	65	13 (20%)	7 (11%)	15 (23%)	9 (14%)	16 (25%)	5 (8%)

Using the EU Commission interpretation (EU Commission, 2003), 92% of the supported companies could be classified as small or medium sized companies based on their reported turnover (although number of employees is also a factor in the EU

¹³ In reading this figure it is important to note that the turnover reported by some of the very largest businesses (particularly those over €50 million) may include revenues unrelated to the area in which the MAPS investment was undertaken. Also, a figure for one of the large co-operatives may include turnover submitted by individual members of that co-operative. Nonetheless, the figure given is considered to be indicative.

categorisation). The remaining 8% involved larger co-operatives or public companies, where the grant targeted smaller specific/niche areas within these large enterprises.

Going further, 31% of recipients can be classified as “micro enterprises” with a turnover of less than €2million and 37% as “small enterprises” with a turnover between €2 million and €10 million. In general, potato companies tend to be smaller in size with grain companies being of the larger variety; companies in the fruit and vegetable sector are well dispersed among all the various size categories.

Employment

The supported enterprises also make an important contribution to employment creation in rural areas. Similar to the data on turnover, there is much divergence in employee numbers – full-time employee numbers range from 1 to 500, with a median figure of 10 employees. Again here the larger numbers refer to support for specific areas of large co-operatives/public companies. Table 5.4 gives a breakdown of grant recipients based on employee numbers.

Table 5.4 Grant Recipients: employee numbers					
	Less than 5 employees	5 ≤ employees < 10	10 ≤ employees < 50	50 employees ≤	Total
Full time	15 (22%)	17 (25.5%)	18 (27%)	17 (25.5%)	67
Part time	28	4	13	2	47
Temporary/ contract	16	1	1	3	21

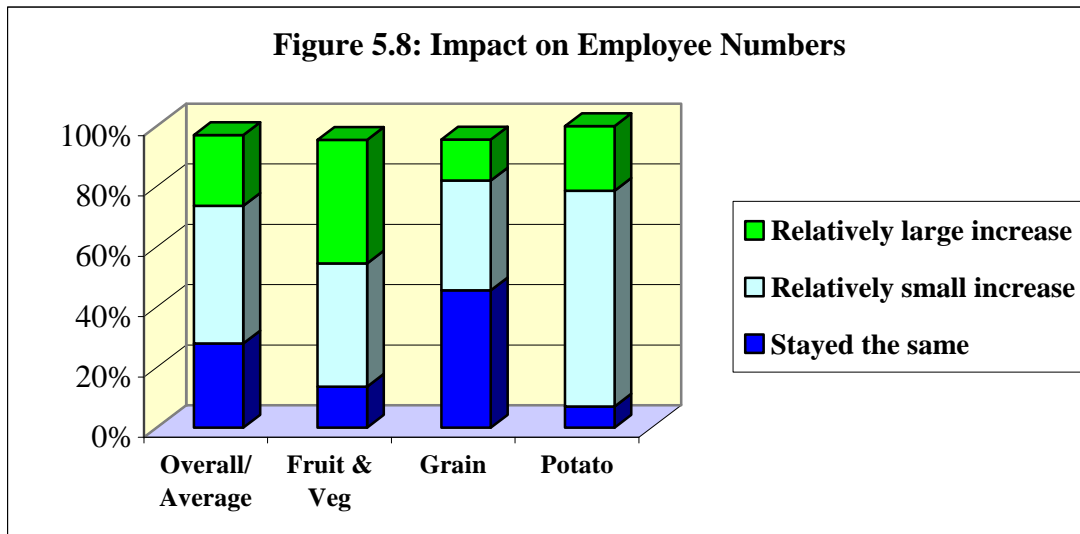
Based on full-time employee numbers, only 2 companies would not be categorised as small or medium sized enterprises. Nearly half (47.5%) of the enterprises could be categorised as “micro enterprises” and another 27% as “small enterprises”. The 67 companies that responded to the survey account for 2,593 full-time, 721 part-time and 243 temporary/contract staff¹⁴. Extrapolating this for the 93 companies supported gives a figure of 3,599 full-time, 1,000 part-time and 337 temporary jobs.

The grant provided by DAFF undoubtedly supports employment in these enterprises by addressing strategic issues such as competitiveness, productivity, value added and food quality/safety. In addition to supporting existing jobs, the grant-aided investment also leads to changes in employee numbers in the various enterprises supported. Only 2 respondents reported a decline in employee numbers since the investment was undertaken. 28% of enterprises reported no change in employee numbers while 69% noted either a relatively small or large increase.

There was some variation between sectors as shown in Figure 5.8. Most respondents (over 70% of enterprises) in the potato sector reported a small increase. Most respondents

¹⁴ As with the earlier caveat for turnover (footnote 13), the employee numbers reported by some of the very largest businesses may include employees unrelated to the area in which the MAPS investment was undertaken. The issue with the co-operative is not believed to be repeated here

in the grain sector (46%) experienced no change. In the fruit and vegetable sector, the same percentage (41%) reported a large increase as reported a small increase.



Primary Producers

The impact of the MAPS on primary producers is an important outcome as regards the aim of viable primary agricultural production and rural sustainability. Increasing the competitive position of primary producers is one of the wider societal benefits that provide a rationale for the scheme. While it is an important outcome, it is a difficult one to measure. Linking MAPS support for near farm enterprises with the success or otherwise of primary producers in a region or sector is fraught with difficulty, particularly as regards attributing causality and netting out the impact of a myriad of other influencing factors. Given this difficulty, the approach taken here is qualitative in nature.

Grant recipients were asked for their opinions as to the benefit of the investment project for the primary producers of the products concerned. Table 5.5 below shows, as might be expected, that the primary benefits were thought to be in terms of increasing the value of products, securing markets and increasing sales i.e. improving the competitive position of the processing enterprises improves the competitive position of the raw material suppliers.

Table 5.5 Grant Recipients: views on benefit of scheme to primary producers

Answer Options	MAPS Response	Response England
Yes, by increasing volume of sales	63%	76%
Yes, by increasing value of produce	57%	56%
Yes, by securing existing markets	71%	76%
Yes, by securing new markets	63%	76%
Yes, by bringing producers together to collaborate	15%	36%
Yes, by involving producers directly in food processing and marketing	18%	38%
There are no direct benefits to producers	1%	4%

The similarity between the figures for the first four benefits in Table 5.5 and those reported in England suggests that the investment in processing benefits the primary

producers of these products. The investment in Ireland is less about moving actual primary producers into processing than may be the case in England, where over a third of recipients felt the investment involved collaboration and direct producer involvement. In Ireland there is no emphasis placed on such collaboration or direct producer involvement, although the IGFA suggest focusing more on collaborative projects. There is nothing to prevent such collaboration at present and further consideration should be given to the role of collaborative projects when deciding future priorities.

5.5 Conclusion

Outcome Results

The approach taken in this report allows recipients to identify the outcomes from the investment in their business through the use of outcome indicators – no doubt they are in the best position to judge this. As a check on their reply, they were also asked to identify the main benefit of the investment for their business. The results show that “Productivity Improvement” is undoubtedly the primary outcome from the scheme across all sectors. “Food quality/safety” benefits are also prominent, however in some cases this outcome would be considered as a secondary effect rather than the primary outcome. For these two outcomes, differences across sectors are minor in nature.

“Value Added” is a smaller outcome than the previous two despite being one of the main objectives of the scheme. Value added is more prevalent in the fruit and vegetable sector, and to a lesser extent the potato sector, than in the other sectors. This is perhaps in line with the priorities identified for each sector.

Outcome Impact

The scheme is impacting on the competitiveness of the enterprises supported, with notable success in terms of customer numbers, turnover and profitability. Evaluating the link between this scheme and rural sustainability is problematic. Nonetheless, this report identifies (i) the significant turnover of the supported companies which is, to an extent, reinvested in rural communities, (ii) the effect of the investment on the large number of people employed by these businesses and (iii) the possible impact on primary producers – undoubtedly improving the competitive position of processors has knock on benefits for the primary producers of these products.

All of the surveyed recipients rated the effectiveness of MAPS as either “good” (57%) or “very good” (43%). This is supported by the above identification and analysis of outcomes, which shows that MAPS is effective – certainly it is enhancing competitiveness and, to a lesser extent, is adding value to the products produced. Indeed, the Steering Group finds it may be more correct to restate the objectives of the scheme. Enhanced competitiveness and rural sustainability should be regarded as the two high level objectives of the scheme and these two objectives are targeted through (i) Productivity Improvement, (ii) Value Added and (iii) Enhanced Food/Quality and Safety. The Steering Group deems these to provide a truer reflection of the scheme focus and achievements.

Regardless of the presentation of objectives, it is clear that MAPS is geared more towards improved productivity than adding value. The Steering Group suggests that DAFF now decides whether to alter the focus of the scheme, and the priorities identified, so as to

target value added more directly, or whether to continue to improve competitiveness by emphasising productivity and food quality/safety.

Recommendation 2: The objectives should be explicitly outlined as involving productivity improvement, value added and food quality/safety leading to higher-level goals of enhanced competitiveness and rural sustainability. In addition, there is a need to explore whether to realign funding more towards the projects that demonstrate “value added” (e.g. new products, new package sizes) or whether to continue the current focus.

The Steering Group are satisfied that the analysis of effectiveness heretofore is both comprehensive and informative. Nonetheless, the Steering Group does acknowledge that much of the analysis is based on the reported views of grant recipients. The future ongoing consideration of effectiveness will require more data on the outcomes from the investment made.

As noted in chapter 4 (Recommendation 1), the final inspection report can be utilised as a budget neutral means of gathering more data on the effectiveness of the scheme. This would involve the relevant inspector grading the project in terms of the *outcome (results)* indicators referred to in the programme logic model and detailing the achievements in the selected outcome areas, including effects on employee numbers and primary producers in the region. In this way, a continuous assessment of the *outcome (results)* of the project could be made. These indicators could then be reviewed and amended as appropriate.

The Steering Group also recognise that the analysis of the effectiveness of the scheme would be strengthened further if more data was available on the development of supported businesses in the years following the investment under the scheme – *outcome (impact)*. Having access to the financial results of these businesses would allow DAFF to examine the achievements of supported firms and compare performance against projections, particularly as regards turnover and profitability.

Recommendation 3: Consider the feasibility of requesting annual accounts from grant recipients for each of the three years following completion of the grant awarded project

CHAPTER 6

EFFICIENCY AND PROGRAMME MANAGEMENT

6.1 Introduction

Efficiency is a comparison of inputs to outputs and can be viewed in two different ways:

- a) Whether the same level of outputs could be achieved with a lower quantity of inputs;
- b) Whether a higher quality or quantity of outputs can be produced from a fixed level of inputs.

A review of efficiency should ask whether “we are doing things right”? In this report we firstly consider the resources/inputs (i.e. staff) employed by DAFF in administering the scheme and benchmark these against a suitable comparator. Subsequently we consider the manner in which the scheme is managed as the “*underlying efficiency question is how were resources/inputs transformed into outputs*” (Department of Finance, 2007b).

6.2 Staffing resources

Food Division manages the scheme with assistance from the DAFF’s Agricultural Inspectorate (concerned with *ex-ante* evaluation and payment inspections) and the Line Divisions relevant to the sectors being grant aided (active in identifying sectoral priorities and evaluating applications).

The cost of administering the scheme (Food Division) and carrying out 44 prepayment inspections (Agricultural Inspectorate) in 2007 is given in Table 6.1. No evaluation took place in 2007 and so there are no associated costs.

Table 6.1 Staff Costs - Administration (see Appendix F for basis of calculation)							
Grade	Number at grade	Total Median Salary (€)	% of Time	% salary on MAPS	Direct Salary	Total salary	Total staff Cost
PO	1	91,523	5%	4,576.15	5,068.09	6,212.12	9,131.82
AP	1	70,543	30%	21,162.75	23,437.75	28,728.43	42,230.80
HEO	2	49,198	105%	51,657.90	57,211.12	70,125.60	103,084.63
EO	2	37,958	120%	45,549.30	50,445.85	61,833.17	90,894.77
CO	1	28,470	100%	28,470.00	31,530.53	38,648.03	56,812.60
				151,416	167,693	205,547	302,155
Staff Costs - Inspection							
AI	6	69,430	34%	23,606.20	26,143.87	32,045.42	47,106.76
AAI	2	48,121	2%	962.42	1,065.88	1,306.49	1,920.53
				24,569	27,210	33,352	49,027
Total Staff Costs							351,182

Table 6.1 shows that staff costs were €351,182. There was also some additional travel and subsistence claims concerning the on-site inspections, which amounted to €6,957. Therefore, the total cost of managing the scheme in 2007 was €358,139. Given expenditure of €6.8 million in 2007, management costs represent 5.3% of scheme expenditure. This compares to running costs for the scheme in England of 15%, although it should be noted that ADAS (2003) concluded that the scheme was '*not particularly cost effective*'.

There were a total 44 inspections in 2007 costing €54,599 (total staff cost, travel and subsistence). This equates to an average cost of inspection of €1,241.

The average cost of evaluating each application was also calculated using 2007 salary levels. The twenty-three applications in the horticulture sector (in 2006) would have cost €193/application if undertaken in 2007. Five applications in the grain sector would have cost of €304/application in 2007.

Economy (getting inputs at the right price) is another important consideration in any value for money review. While DAFF has the flexibility to alter its mix of staff, it cannot procure the same staff at a lower cost. The issue of economy is more relevant to the actual investment projects themselves, rather than the administrative input of DAFF. The Steering Group highlights the importance of considering economy when evaluating applications – supported projects must demonstrate economy in their use of inputs.

6.3 Pre application/consultation

Funding is allocated on a competitive basis with applications invited at intervals throughout the life of the NDP (2001, 2004 and 2005). Prior to calls for applications being announced, Food Division consults with the relevant line/policy divisions to establish the sectoral priorities and the level of interest in carrying out investments within each particular sector. DAFF consults with a variety of stakeholders such as the Association of Craft Butchers of Ireland (ACBI), Bord Bia, Enterprise Ireland, the Irish Co-operative Organisation Society (ICOS), the Irish Farmers Association (IFA) and the Irish Grain and Feed Association (IGFA).

Pre application/consultation: Findings

There is a distinct focus on identifying the sectors that require funding and subsequently identifying the priority funding areas within these sectors. As such, given the targeted nature of the scheme, it is imperative that DAFF policy makers have access to all available information so that they are in the best position to decide on the most appropriate sectors and sectoral priorities. 76% of recipients “strongly agreed” (6%) or “agreed” (70%) that the investment priorities were appropriate. Nonetheless, the Steering Group acknowledges that their replies may be subject to bias given that they have directly benefited from the scheme.

The Steering Group suggests initiating a more formal process for deciding between sectors and identifying priorities within the selected sectors. Given the importance of funding the correct areas, and the difficulty in identifying the most worthy investments, it may be beneficial to develop a protocol for deciding on investment priorities through a formal analysis of the sectors. Therefore, the Steering Group recommends that DAFF

undertakes an *ex ante* cross-sectoral evaluation prior to any decisions on the sectors to fund or the areas within these sectors to target.

Recommendation 4: Undertake an ex ante evaluation of the sectors involved so as to establish the business case for targeting investment in particular areas. A formal evaluation of investment requirements and strategic priorities should help to ensure that the funding is targeted appropriately.

6.4 Application process

An outline of the areas eligible for funding, details of the application process, and the closing date for receipt of applications are advertised in the general and farming press.

The Scheme Guidance Document contains detailed information on grant rates, eligibility criteria, guidelines for applicants, terms and conditions etc. The application form contains standard information on the applicant, the nature of the investment, the financing plan for the project, and an outline of the various costs involved in the project. A completed business plan is also a major part of the application.

Other supporting documentation includes Memorandum and/or Articles of Association, a Tax Clearance Certificate, three years audited accounts and balance sheet projections. Where appropriate, architect drawings and evidence that planning permission has been applied for at the time of application is required. Applicants must also provide a copy of quotations for the buildings and equipment that form the planned investment.

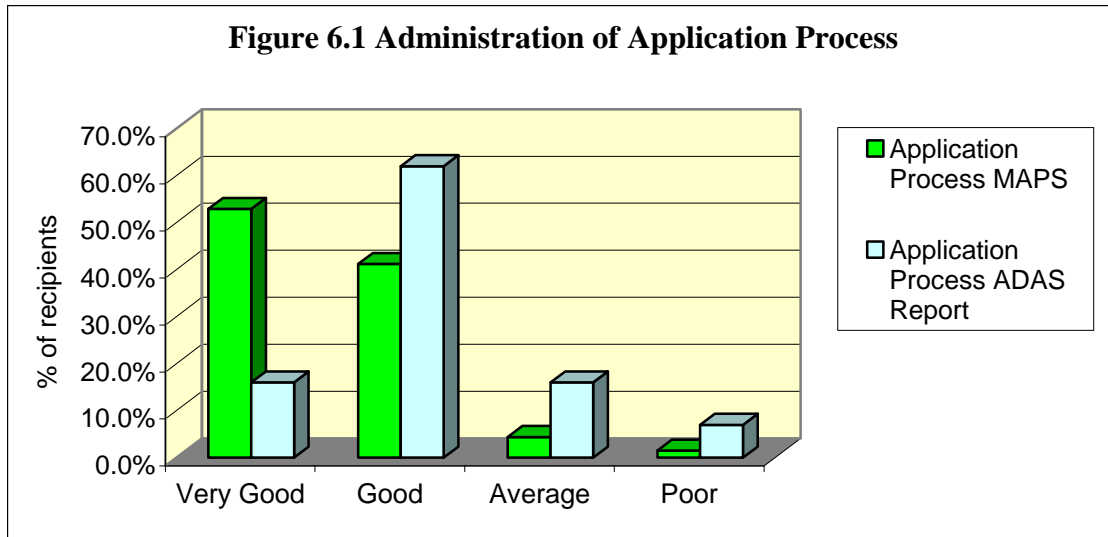
As shown in Table 6.2, interested applicants are given approximately 2 months to submit application forms, business plans and accompanying documentation.

Table 6.2 Duration of Calls for Applications

Year	Date of Call	Closing Date	Duration
2001	8-Jun-01	14-Sep-01	14 weeks
2004 (Beef carcass)	11-Feb-04	13-Apr-04	9 weeks
2004	30-Apr-04	18-Jun-04	7 weeks
2005 (Grain)	22-Feb-05	08-Apr-05	< 7 weeks
2005 (Horticulture)	28-Jul-05	30-Sep-05	> 9 weeks

Application process: Findings

94% of the surveyed recipients rated the administration of the application process as “very good” or “good”. Figure 6.1 below compares these results to those found in the review of the scheme in England.



Guidance Provided

The guidance provided by scheme staff was rated as “very good” by 57% of recipients and “good” by 37% of recipients. The Steering Group considers the scheme guidance document to be a reasonably comprehensive document explaining the terms and conditions underwriting the scheme. Over 90% of those surveyed “strongly agreed” or “agreed” that the scheme documentation provided clear guidelines on the criteria for selection. 35% of applicants felt that the application process involved too much paperwork compared to 60% in the ADAS review in England; another 32% neither agreed nor disagreed. This issue with the level of paperwork is probably reflected in the fact that 61% of those surveyed felt it was necessary to use an adviser or consultant to ensure that they stood a chance of selection.

In light of the long list of requirements noted above, it is perhaps understandable that some applicants feel there is too much paper work and that they require external assistance. Nonetheless, it is clear that a substantial amount of information is required if DAFF is going to be in a position to fully evaluate the merits of each investment proposal. While many applicants engage consultants to draw up business plans or finalise applications, this is a matter for the businesses themselves. Any similar funding application to a private sector financial institution would also require business plans, financial projections etc. Indeed, the Steering Group believes that the grant applicant benefits from having to articulate their business plan and itemise the costs involved in the particular project.

Information on Capacity Changes

A further issue relates to the information required from applicants. The application form requires information on changes in storage, processing and marketing capacities as a result of the investment. From a review of application forms, it would appear that there is some confusion as to the difference between processing and marketing capacities, with considerable variation in how this question is answered – this issue was identified in the discussion on outputs (Chapter 4). The Steering Group identifies capacity change as an important output from the investment and ambiguity in the way this information is supplied impedes effective *ex ante* and *ex post* evaluation. The Steering Group suggests that more emphasis be given to gathering data on capacity changes and explaining what is required from applicants. DAFF would also benefit from a more detailed explanation of

what these changes constitute rather than simply inputting numerical changes e.g. capacity may remain the same but the process may be greatly enhanced.

Recommendation 5: Some applicants are unclear as to what precisely is required in the application form as regards capacity changes. Given the importance of this information for ex ante and ex post evaluation, DAFF should (i) clarify what is required here and (ii) include a text box to allow applicants articulate the change in capacities likely from the investment.

6.5 Assessment and evaluation

Each application is examined in Food Division for eligibility and completeness. Complete applications are acknowledged and the date of acknowledgement becomes the effective start date for the project. As a result, and where the applicant is subsequently awarded funding under the scheme, any appropriate project expenditure incurred from the date of acknowledgement can be included in payment applications. Indeed, the latest round of funding (2008) has allowed individuals to submit an expression of interest form prior to submitting their application – the acknowledgement of this “expression of interest” then becomes the effective start date of the project as far as funding is concerned.

Food Division prepares a 2-page summary of each individual application; referred to internally as a “fiche”. The fiche summarises the following applicant information:

- Applicant details and legal status of company
- Previous grant awards
- Brief description of proposed investment & estimated timetable for implementing investment
- Financial details of the project & financial track record of company
- Projected future financial performance

Food Division carries out a financial analysis of the company’s performance based on the financial data submitted and highlights the trends and any key issues on the fiche. The Line Divisions complete two further sections of the Fiche, covering compliance with (i) State Aid Guidelines and (ii) Sectoral Priorities. The Line Divisions also rank the projects based on the sectoral priorities set out in the scheme guidelines.

Line Divisions devise their own scoring and ranking systems taking into account the sectoral needs and the priorities laid down. This evaluation process generally involves the policy experts in the Line Division and the Agricultural Inspectorate examining each application and business plan before scoring and ranking each application.

Assessment and evaluation: Findings

Evaluation process

In 2004, applications in the grain sector were assessed using a simplified form of multi criteria analysis. Each application was scored under 9 separate criteria e.g. the concentration of primary producers in the area serviced by the applicant or whether the

applicant was a participant in a grain quality assurance scheme. For example, in the case of the former criteria, projects in Cork or Wexford scored twice as high as projects in Carlow, Laois or Wicklow. While similar criteria were established in the horticulture and potato sectors, the actual apportionment of points or the weighting between different criteria is not so readily apparent. In the meat and egg sector, the ranking of alternatives was explained but no scoring system was employed. Only one application was received from abattoirs and so ranking was not appropriate.

The Steering Group takes the view that the system for evaluating projects needs to be standardised across the various sectors. The use of some form of multi criteria analysis, as utilised in the grain sector, provides a robust, transparent and effective means of comparing alternative applications – as such it should be utilised in all sectors. Furthermore, DAFF would benefit from the procurement of an experienced external evaluation capability to supplement the work of Line Divisions and the Agricultural Inspectorate. This would also ensure consistency between the appraisals in each sector.

The Steering Group suggests the use of an external evaluator who would engage with each division prior to the evaluation process in order to develop a suitable scoring mechanism that might include issues such as sectoral priorities, economy, added value, likelihood of success etc. This evaluator would coach/mentor the DAFF personnel involved in the evaluation and subsequently provide a level of quality control after the applications have been evaluated and ranked.

Recommendation 6: Engage an external evaluation capability in order to enhance the robustness of the evaluation of applications and to ensure a consistent approach across each sector. This evaluator would be involved in developing a suitable scoring mechanism and provide a level of quality control on completed project evaluations and rankings.

Analysing the historic record of applicants

According to the survey results, 2 out of every 5 grant recipients have received prior funding for capital investment from DAFF or one of the development agencies. Previous grants provided by DAFF to the applicant are referred to and described in the summary fiche so that the Selection Committee is aware of previous aid provided to the applicant. The Steering Group feels it would be beneficial to compare the actual results from the previous investment against the projections provided as part of that previous application. This should inform the assessment of the likelihood of the applicant achieving the targets identified in the current application.

Recommendation 7: The achievements of grant applicants as regards previous aid provided to them by DAFF should form a part of the evaluation for any new funding. DAFF should verify the achievements of the business against the projections submitted under the previous application.

Project Commencement Date

As noted earlier, DAFF issues a letter to applicants acknowledging receipt of their application – the date of this letter is the first date from which the project can commence. This allows projects commence as quickly as possible without having to wait until the scheme selection process has concluded. The aim is to avoid long lead-in times and allow for a quick ramp up for investment projects. The acknowledgement is not a guarantee of funding and applicants are told that the letter “*may not be taken as an indication that your application is eligible for aid or that grant aid will be awarded*”.

While expediting investment in the relevant sectors is a worthy objective, this procedure does suggest that a number of projects commence without any guarantee of financial support from DAFF. This raises two related concerns as follows:

- (1) Are the projects likely to go ahead regardless of whether grant funding is forthcoming or not?
- (2) Do the applicants believe the funding to be a foregone conclusion once the application is accepted i.e. is the process not perceived to be a competitive one with both winners and losers?

The first issue, which relates to deadweight and additionality, is dealt with in Chapter 7. The second issue relates to the selection of projects and whether this process is, in practice, competitive in nature. This latter issue is dealt with forthwith in Section 6.6.

6.6 Project selection

The Department Selection Committee is comprised of 3 Assistant Secretaries General, the Chief Inspector and a representative from Enterprise Ireland. The Selection Committee, in considering the budgetary situation, decides on the amounts to be allocated under the individual call and the amounts to be allocated to each sector. The Committee’s deliberation incorporates the ranking and comments submitted by the Line Division.

This results in a list of projects recommended for approval by the Minister for Agriculture, Fisheries and Food. The Committee may recommend that the whole or part of the project be approved for grant aid, or may recommend a lower grant rate in certain circumstances. This will depend on the number of suitable projects, the level of grant aid available, and the situation pertaining in the particular sector.

Projects selected by the Committee that have obtained full planning permission or do not require planning permission, are submitted for the Minister’s approval. Other recommended projects are submitted at a later stage when the applicant has furnished proof of planning permission.

Project selection: Findings

Competitive nature of scheme

Having a competitive application process ensures that only the best and most economically viable projects are awarded funding. Indeed, over 82% of those surveyed “agreed” or “strongly agreed” that a competitive process is a fair way to distribute funds.

Table 6.3 shows the number of applicants under each round of funding, the number of those eligible for funding (a number of applications were incomplete or applicants may not have met minimum standards), and subsequently the number of projects awarded funding.

120/218 (55%) of applications received funding during the NDP 2000-2006. Within this aggregate figure, the success rate varies from 9% for abattoirs (2001) to 87% for the grain sector (2001). On the whole, an average application success rate of “1 in 2” suggests that the scheme is very competitive. Nonetheless, it is informative to include a comparator for this figure.

Table 6.3 Successful and Unsuccessful Grant Applicants

Year	Sectors covered	No. of applicants	No. Ineligible	No. sent to selection committee	No. refused	No of applicants awarded in sector	% Successful applicants E/A	% Successful at selection committee E/C
		A	B	C	D	E	F	G
2001	Horticulture	21	7 (30%)	14	0	14	61 %	100 %
2001	Egg Packing	4	1 (25%)	3	0	3	75 %	100 %
2001	Meat/Abattoir	35	32 (91%)	3	0	3	9 %	100 %
2001	Grain	23	3 (13%)	20	0	20	87 %	100 %
2001	Potatoes	27	2 (7%)	25	18 (+ 1 later ineligible)	7 (- 1 later ineligible)	26 %	28 %
2001	Marts	5	2 (40%)	3	0	3	60 %	100%
2004	Egg Packing	5	1 (20%)	4	0	4	80 %	100 %
2004	Horticulture	6	1 (17%)	5	0	5	83 %	100 %
2004	Grain	19	2 (11%)	17	1	16	84 %	94 %
2004	Potatoes	24	6 (25%)	18	0	18	75 %	100 %
2004	Local Abattoir	6	5 (83%)	1	0	1	17 %	100 %
2004	Marts	9	2 (22%)	7	0	7	78 %	100 %
2005	Grain	6	1(17%)	5	1	4	67 %	80 %
2005	Horticulture	28	5 (21%)	23	8	15	54 %	65 %
	TOTAL	218	70 (32%)	148	28 + 1 later ineligible = 29¹⁵	119+ (120 - 1 later ineligible)	55 %	81%

The Processing and Marketing Grant Scheme in England is also considered to be a competitive scheme. The review of that scheme by ADAS Consulting (2003) appears to have surveyed all applicants between 2000 and mid-2003 – 90 successful applicants and 30 unsuccessful applicants. Given the shorter timeframe involved, it is unlikely that applicants had more than one application during the period – therefore we can assume that number of applicants = number of applications. While further information on what constitutes unsuccessful in the ADAS review would be welcome, it would appear that a success rate of 90/120 (75%) is a useful benchmark for the MAPS.

¹⁵ One applicant chosen for funding by the selection committee was subsequently found to be ineligible before contracts were awarded (applicant hadn't requested planning permission before applying).

As such, the 55% success rate for applications in Ireland is certainly lower than the 75% of applications/applicants in England. However, approximately one third (32%) of all applications in Ireland were not actually eligible to be considered for funding and were technically not part of the competitive evaluation process. This was particularly the case with abattoirs in 2001, when 32 of the 35 applications were deemed ineligible.

For example, basing the success rate on eligible applications (rather than all applications) means that 100% of the eligible applicants in the abattoir sector were awarded funding rather than the 9% success rate if you look at all applications. With 148 eligible projects sent to the selection committee, the award rate now becomes 120/148 (as opposed to 120/218) – a success rate of 81%. This is comparable to the 75% selection rate in England.

Another means of comparison with the ADAS results in England is to look at eligible **applicants** rather than eligible **applications** (some applicants applied more than once).

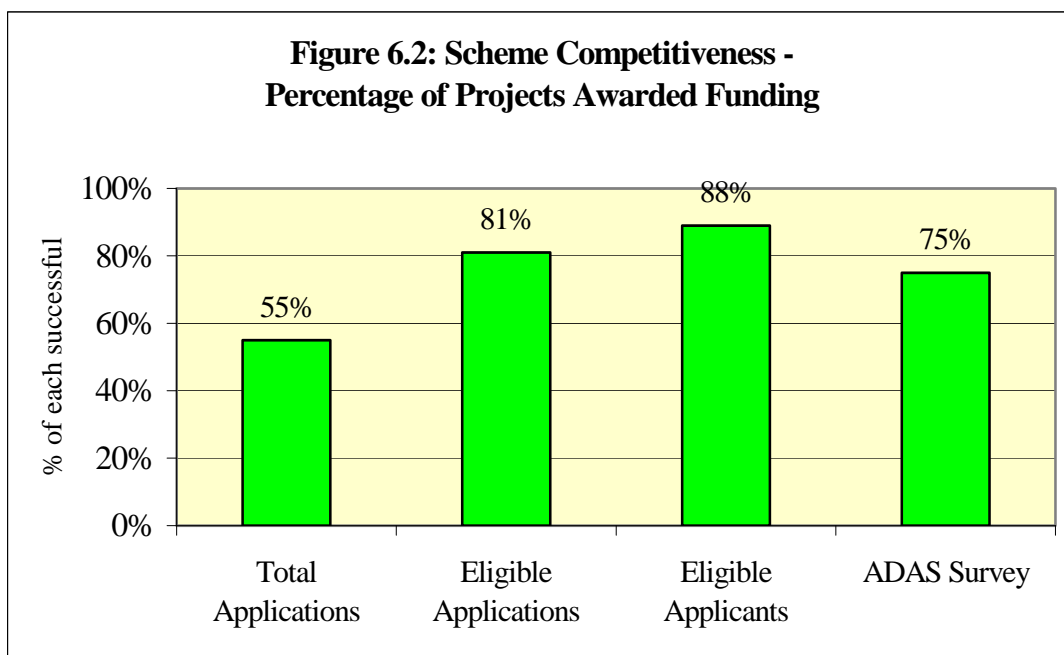
Table 6.4 Grant Applicants: those unsuccessful at selection committee stage

No. of unsuccessful applicants	No. successful under later rounds	No. successful in earlier rounds	No. not successful at any stage of NDP 2000-2006
28 ¹⁶	10	5	13

Table 6.4 shows that 28 eligible applicants were refused funding during the last NDP. 18 of these were in the 2001 potato sector round and were primarily refused due to insufficient funds. All of the 18 unsuccessful applicants were invited to resubmit applications under later rounds – 11 reapplied and 10 of these were subsequently awarded funding. Of the other 9 unsuccessful applicants, 5 had received funding previously under NDP 2000-2006. Therefore a total of 13 eligible applicants were unsuccessful at anytime during NDP 2000-2006 while 93 different businesses were successful under the scheme at some point. This gives an award rate, based on the number of eligible applicants, of 93/106 – a success rate of 88%.

The different success rates referred to above depend on whether you look at all applications, eligible applications only, or the actual number of applicants – each is compared to the ADAS survey results in the Figure 6.2 below. The Steering Group considers the success rate of eligible applications (81%) to be the most appropriate comparison with the ADAS results. As such, the Steering Group concludes that the application process for the MAPS scheme is competitive relative to the scheme in England.

¹⁶ Two of the 29 unsuccessful applications were from the same applicant ∴ there were 28 unsuccessful applicants.



6.7 Grant award and payment

At award stage, successful applicants (beneficiaries) are issued with a letter setting out terms, conditions, grant aid rate, eligible items etc. The beneficiary is asked to sign and return a document entitled “Acceptance of Conditions of Grant by Beneficiary”. The commencement date and completion date for the project is indicated and the beneficiary provides an estimate of the schedule of claims draw down. The beneficiary is also obliged to sign and return a contingent liability agreement whereby the beneficiary undertakes not to dispose of grant aided equipment or buildings for a period of five years, unless approval is received from DAFF to do so. Any subsequent request for a modification to an approved project is referred back to the Line Division for their recommendation.

The supporting documentation required to be submitted with the payment claim is examined in Food Division. The relevant Agricultural Inspector (AI) carries out an on-site physical inspection at the location of the investment prior to payment of all claims. If all is in order, a payment is made via electronic fund transfer. Any issues raised in the inspectors report are followed up and, if required, items are deferred from payment pending completion of the follow-up actions.

Usually, a maximum of only three payment claims will be allowed. A first claim cannot be made until a minimum of 25% of eligible expenditure has been incurred. At least 20% of the aid awarded is held over until the final claim. DAFF aims to issue payments within 12 weeks of receipt of a fully completed claim with all relevant supporting documents included. All documents and accounts pertaining to the investment must be retained for a period of at least three years from the date of the final payment.

Grant award and payment: Findings

Project Duration

The scheme guidance document notes that “*projects should begin within six months of the formal approval*”, although the deadline for completion can be revised upon agreement with DAFF. Table 6.5 divides the projects from the 2001 and 2004 calls for applications between those that are completed and those still ongoing.

Table 6.5 Completed and Ongoing Projects as of 1/11/07

		Egg	Potato	Mart	Grain	Horticulture	Abattoir	Total
2001	Ongoing	1	0	0	2	1	1	5
	Complete	2	5	1	17	10	2	37
2004	Ongoing	1	12	4	4	2	1	24
	Complete	3	6	3	10	2	0	24

5 of the 42 projects¹⁷ from 2001 have yet to be completed. From a cursory review of these five projects, it was ascertained that one is since complete. The delay is predominantly due to successive modifications to the original proposal or difficulty with the private element of the funding. The length of time required to complete these programmes is a cause for concern; the business case for this investment will have changed in the intervening years.

24 of the 48¹⁸ projects awarded funding under the 2004 round of grant awards are ongoing i.e. 50% of projects are not complete approximately three years after funding would have been decided under that round (the closing date for applications was June 2004). All of the horticulture projects in the 2004 round were estimated to require one year or less for completion, and were scheduled to be concluded before the end of 2005 – 2 of the 4 are still ongoing.

As of 1/11/07, 12 (67%) of the projects in the 2004 potato sector round have not been completed. An examination of the project fiches (summary document) associated with the 18 approved potato projects shows that 7 were due to be completed in 1 year or less, 6 were scheduled to take between 1 and 3 years, while 4 would take 3 years or more. Moreover, 11 were scheduled for completion in 2005, 4 in 2006 and 2 in 2007. None were due to be ongoing in 2008. While there may be some slight discrepancies in the information contained in the product fiches, it is clear that expected delivery date and the actual outturn vary considerably.

Projects can no longer be permitted to carry on indefinitely. Indeed, the IGFA, in their submission, suggest ‘*a tighter timeframe for the drawdown of funds*’. A level of flexibility is required regarding timescales and modifications, however the Steering Group sees no value in 50% of projects still being ongoing after more than three years. Indeed, the Steering Group note that they may be displacing investment from more beneficial projects. The number of modification requests is perhaps exacerbated by the views of some grant recipients who feel that once the grant is secured, it is there for the recipient to

¹⁷ An additional 7 projects from 2001 were revoked or renounced

¹⁸ An additional 4 projects from 2004 were revoked or renounced

use as they see fit, rather than being a contribution to a very specific project. The Steering Group highlights the need for DAFF to enforce the requirement that projects commence within 6 months and subsequently limit the time permitted for project completions.

Recommendation 8: Strictly enforce the 6-month deadline for project commencement for all projects. In addition, all new projects must be completed within the timeframe agreed at the outset and no project should be ongoing 24 months after the closing date for applications under that round of funding.

Tracking payments

DAFF aims to process and authorise payment claims within 12 weeks of receipt. 94% of recipients “agreed” or “strongly agreed” that the payment procedures were efficient. This compares to 49% in the ADAS survey in England where they aim to process 90% of applications within 8 weeks of receipt. While it would appear that payments are being made within DAFF’s 12-week timeframe, the Steering Group suggests tracking this performance and examining the scope for reducing this target timeframe

Recommendation 9: Track the time required to process payments so as to verify efficiency achievements. In addition, it would also be beneficial to track other time periods associated with the scheme such as the length of time required to process applications.

6.8 Conclusion

The staff costs associated with the scheme represent approximately 5% of actual grant expenditure, which is considerably less than the costs associated with its counterpart in England. However, the scheme in England may not be a suitable benchmark given that it was found not to be particularly efficient.

On balance, the Steering Group concludes that the MAPS is operated on an efficient basis. Nevertheless, there is room for adjustments, particularly as regards the way applications are evaluated and the time required to complete projects. The Steering Group make a number of recommendations in this regard that, if implemented, should ensure yet increased efficiency levels in the management of the Marketing and Processing Scheme.

In addition, Food Division (DAFF) is currently populating a database that has been specifically designed for the Marketing & Processing Scheme. This new infrastructure should further aid the efficient management of the scheme and assist the collation of data on the performance of the scheme.

CHAPTER 7

DEADWEIGHT AND ALTERNATIVE SCHEME DELIVERY

7.1 Introduction

In addressing ToR 1 and 2 (see chapter 3), this report outlined the objectives of the Marketing and Processing Scheme and illustrated the compatibility of these objectives with current Government policy. Given the argument provided under ToR 1 and 2, that these objectives are worthwhile and compatible with general Government policy, then we must consider whether these objectives may have been met regardless of intervention under the MAPS scheme. The argument in this report is that, for the most part, they would not have been met in the absence of MAPS.

Following on from this, it is also necessary to consider whether any alternative approach to achieving these objectives would be more appropriate.

7.2 Deadweight

'Growth among the recipients of government financial assistance which can be judged to have occurred anyway, in the absence of any assistance, is termed deadweight' (Hart & Lenihan, 2004). The reports referred to in Chapter 2 (Indecon, 2003 & ADAS, 2003) highlighted the potential for deadweight in public investment such as that provided by MAPS. Given the potential for deadweight, it is incumbent on this VFM review to consider the counterfactual i.e. what would have happened in the absence of support under the MAPS.

The approach taken is loosely based on the methodology espoused by Hart & Lenihan (2003, 2004), at least insofar as it is an attempt to extrapolate levels of "partial" deadweight rather than restricting the analysis to a distinction between "full" and "zero" deadweight. The detailed work of Hart and Lenihan, in conducting in-depth interviews and directly extrapolating percentage partial deadweight rates linked to change in employee numbers, is beyond the scope of this review.

However, this report does use a number of indirect deadweight indicators to provide a check on the direct counterfactual deadweight question and also incorporates indirect "positive" benefits of financial grants that may, to some extent, offset a certain amount of "negative" deadweight. The latter include (i) freeing up investment for other areas of a business or (ii) where the investment support by DAFF allows the business to leverage funds from other sources.

The direct counterfactual question asks what would have happened in the absence of grant assistance so as to identify levels of full and partial deadweight. In addition, we ask recipients how their business would have performed in the absence of assistance e.g. grown more slowly, declined or closed, and we also explore where the business would have sourced additional funding in the absence of support through the MAPS –access to other funding is regarded as another good indicator of deadweight (Hart & Lenihan,

2004). Both questions complement the direct counterfactual question and provide a check on any possible respondent bias.

7.2.1 Counterfactual scenario question

Only 2 of the 68 businesses that responded to the survey said they would have gone ahead with the project in the same manner regardless of receiving a grant - a “full”/ “pure” deadweight figure of 3%. Nearly one third of all respondents stated that they would have abandoned the project in the absence of grant aid – a “zero” deadweight figure of 32%. 65% reported that the project would have occurred at a later date, on a smaller scale or through a combination of both i.e. partial deadweight occurs in 65% of cases. It is important to underline that this 65% of cases can be counted as neither “full” or “zero” deadweight, but rather they lie somewhere in-between. This high percentage of “partial” deadweight confirms the importance of including it as part of the analysis.

7.2.2 Alternative deadweight indicator

The respondents’ views as to how their businesses would have performed in the absence of support is another indicator of deadweight and is used to counteract any bias. The 32% “zero” deadweight figure given above is supported somewhat by the fact that 37% of recipients believed their business would have declined or closed in the absence of the grant assistance under MAPS. Furthermore, 59% of grant recipient’s felt that their business would have grown more slowly in the absence of the assistance – this roughly corresponds with the 68% of recipients (above) who reported some form of deadweight.

7.2.3 Converting “partial” deadweight to “full” deadweight

Indeed, only 3% of recipients recorded “full” deadweight insofar as they would have undertaken the investment regardless of grant support. 65% of grant recipients recorded some level of partial deadweight – the “full” deadweight equivalent of this “partial” deadweight is likely to be considerably lower than 65%. Getting a precise “full” deadweight equivalent is problematic – Hart & Lenihan (2003) extrapolate a figure for this based on actual employment changes linked to length of project delay and reductions in the scale of the projects. Such an analysis is beyond the scope of this review, particularly as we do not have exact information on employee numbers, length of delay and scale reductions associated with each individual business.

What follows is a crude evaluation of “partial” deadweight designed to inform this review with an understanding of how “partial” deadweight contributes to “full” deadweight in the case of the MAPS, rather than being a more precise magnitude based on the detailed econometric approach utilised by Hart & Lenihan. Despite its limitations, this approach is considered to illustrate the likely level of deadweight in the scheme.

Of the 65% of businesses reporting “partial” deadweight, 27% would have declined or closed in the absence of assistance. In addition, 50% of those reporting partial deadweight did not believe that they could source the funding elsewhere if they had not received a grant under the Marketing and Processing Scheme. Both of these deadweight indicators suggest that the “partial” deadweight figure could be reduced, at a minimum, by between 27% and 50% when converting it to the “full” deadweight equivalent. Table 7.1 below gives the “full” deadweight figures for the MAPS scheme using sample partial

deadweight conversion rates of 0.73 (27% reduction), 0.6 (40% reduction) and 0.5 (50% reduction). The 40% reduction is included so as to indicate the likely middle ground between the two alternatives.

Table 7.1 Full Deadweight Equivalent Using Sample Conversion Rates

	27% reduction	40% reduction	50% reduction
Full deadweight (as reported in survey)	2.9%	2.9%	2.9%
Full deadweight equivalent (of partial deadweight)	47.5%	39%	32.5%
Total deadweight	50.4	41.9	35.4

The above reduction rates are based solely on whether the business would have declined/closed in the absence of funding and whether the business could have sourced funding elsewhere. The true quantification of “full” deadweight would, at the minimum, incorporate the likely reduction in scale of the project and the likely delay in undertaking the project¹⁹.

“Partial” deadweight respondents were asked to indicate the likely timeframe and scale of projects that would have gone ahead in the absence of funding – some provided details but many, given the difficulty in estimating this, spoke in generalities. Of those that provided more precise information on the likely events in the absence of funding, there were 11 references to the likely delay (in years) of the project and 11 references to the reduced scale (in percentage terms) of the project. Some of each were from the same respondent.

Based on these figures, the average delay in the projects would have been three years. The average scale reduction in the absence of funding would have been 45%. If these figures were representative of all of the projects that reported levels of partial deadweight, then the “full” deadweight equivalent would be very low. A three-year project delay and a 45% scale reduction would amount to a very different proposition.

The earliest any of the projects could have been undertaken is approximately 5 years prior to the survey (January, 2003). If these projects had been delayed by 3 years, then the amount of employment over the five-year period would be 40% of what it was. A 3-year delay on projects undertaken in 2005 would have reduced the employment over the period to zero. Hence the impact on the deadweight estimate, if based on employment over the period, would be considerable. A 45% scale reduction would have a similar impact. As such, the 3 year average delay and 45% average scale reduction, although not based on all of the businesses which reported “partial” deadweight, suggests that the “partial” deadweight figure could be reduced by 50% minimum, and that the 35% total deadweight figure given in Table 7.1 above is at the max of the possible deadweight scale rather than being at the minimum.

In addition, 77% of recipients said that the grant assistance freed up funds for investment in other areas and 47% believed the DAFF buy-in helped them to leverage funds from other sources. Hart & Lenihan (2003, 2004) believe that such additional benefits from the

¹⁹ Hart and Lenihan undertake this on a company-by-company basis while the analysis that follows is restricted to an average of the aggregated results for a subsection of respondents.

intervention should be used to offset some of the deadweight estimate. This further supports the argument for a low “full” deadweight figure.

7.2.4 Comparing MAPS and EI results

A cursory comparison of the results from the EI research (Hart & Lenihan, 2003) and the results of the MAPS survey suggests that the level of deadweight from the MAPS is less than for those projects in the EI research. Table 7.2 shows the different responses received under each. The caveat should be noted that one set of results is from in-depth interviews while the second is from self-administered questionnaires – the comparison is indicative rather than definitive.

Table 7.2 Deadweight results – EI and MAPS compared		
	Enterprise Ireland	MAPS
<i>Deadweight as reported through direct counterfactual question</i>		
Pure/Full Deadweight	19%	3%
Partial Deadweight	74%	65%
Zero Deadweight	7%	32%
<i>Deadweight indicator – what would have happened in absence of assistance?</i>		
Grown at same rate	17%	0
Grown more slowly	64%	59%
Declined	17%	32%
Closed	N/A ²⁰	4%
Not sure	2%	4%

The MAPS recipients report less “pure”/ “full” deadweight and considerably more “zero” deadweight than do the EI interviewees. 36% of the respondents in the MAPS survey believe that their business would have declined/closed in the absence of the grant compared to 17% in the EI interviews. Based on the above results, and even accounting for the differences in methodologies, it would appear that the MAPS is resulting in less deadweight.

The EI research provides deadweight figures in the range of 19% - 82%, depending on methodology, but regards the best estimates to be in the range 46% - 56%. This result from the EI study further supports the hypothesis that the “full” deadweight figure for the Marketing and Processing Scheme is less than 35%, since the level of deadweight in the MAPS survey is likely to be lower than that from the EI research.

7.3 Alternative approaches

The above deadweight figure, although only an estimate, shows that the scheme is achieving high levels of additionality (over 65%). Of course, while the level of additionality is below 100%, there is scope for further improvements and a need to tailor investment support so as to limit possible deadweight. This indicates the need for improvements in the design of the scheme rather than a need to terminate it; particularly when the objectives of the scheme are in line with current policy as discussed under ToRs 1&2; and given the findings in this report as regards the efficiency and effectiveness of MAPS.

²⁰ This was not an option in the EI research

7.3.1 Other funding sources

The projects supported under the MAPS would not have received funding under other schemes operated by DAFF or Enterprise Ireland. The Regional Operational Programme of the NDP 2000-2006 funded a number of on-farm schemes in the grain, horticulture and potato sector. Funding was provided for capital investment in specialised plant and equipment in commercial horticulture and facilities for new or improved storage and other marketing facilities in the commercial potato sector. The scheme in the grain sector is no longer operational. These schemes would not, in any event, fund the projects covered by the MAPS.

Enterprise Ireland is responsible for a portion of the funding under the Marketing and Processing Scheme. While the DAFF component of the measure is limited to capital grants, EI also provide employment grants, preference shares and ordinary shares. Over the period of the last NDP, projects supported by EI were in primary meat & poultry, dairy, horticulture, baby food and animal feed processing. EI's Growth Fund is the main vehicle for investment under this measure. It only applies to businesses aiming to increase or develop export sales, while investment in buildings and building modifications are ineligible for support. Therefore, very few (if any) of the projects supported by DAFF would have been awarded funding in the absence of the MAPS.

However, it is reasonable to expect that there would be a flow of enterprises from the MAPS into the supports offered by Enterprise Ireland, such as the aforementioned growth fund. EI note that some of the companies supported by the MAPS have become clients of EI. EI also suggests that DAFF and EI share more information on these companies so that their progress can be monitored and their potential to grow assessed. The Steering Group agrees that bringing these enterprises to the attention of Enterprise Ireland would further enhance DAFF's investment. Maintaining closer links with Enterprise Ireland would ensure that (i) DAFF is aware of any supported enterprises that go onto to avail of EI support and (ii) the future growth potential of supported enterprises is realised.

The Seafood Processing Scheme is another NDP measure, similar to MAPS, which now comes under the aegis of DAFF. It is aimed at the development of scale and restructuring in the sector. This scheme is something of a hybrid of the DAFF and EI elements of the MAPS: funding is awarded in tranches but the scheme is administered by the development agencies (Bord Iascaigh Mhara, EI and Udaras na Gaeltachta). This scheme is currently being reviewed in response to the Report of the Seafood Industry Strategy Review Group. Of course, funding for "near-farm" investment would not be available under this scheme. Neither is there much possibility for amalgamating the management of these schemes within DAFF given the different focus of each.

LEADER is the community based rural development initiative operated by the EU and "*is designed to involve the bottom-up formulation and delivery of integrated, high-quality, locally-based, innovative and sustainable rural development strategies*" (Fitzpatrick, 2003). One of the main theme areas under this programme is "*the use of know-how and new technologies to make the products and services of rural areas more competitive*" (DAFF, 2001b). Capital assistance of up to 50% of project costs is available subject to a usual maximum of €65,000. The projects funded under the MAPS were of a considerably larger scale.

7.3.2 Rural Development Plan for England (RDPE)

The Processing and Marketing Grant is no longer available under the new Rural Development Programme for England 2007-2013. Each of the 8 Regional Development Agencies (RDAs) are free to identify funding areas based on the objectives and priorities set out in their individual Regional Implementation Plans.

The East of England RDA continues to fund marketing and processing type projects but is aimed more towards collaborative groups rather than single applicants. The South West RDA will provide funding for the abattoir and meat cutting sector following the completion of pre-commissioning sectoral research. The Yorkshire and Humber RDA refers specifically to adding value to and processing of primary agricultural products. The East Midlands RDA will fund projects that add value to agricultural products but appears to be focused more on the primary sector. The North East RDA supports micro enterprise development but is not restricted to food companies. The West Midlands and South East RDA's do not make any specific reference to marketing and processing type funding. The thematic areas for the Northwest area do not suggest marketing and processing type grants.

In summary, while the Processing and Marketing Grant is no longer in operation, some of the Rural Development Agencies in England continue to support similar projects albeit with more of a focus on collaborative projects. The focus in Ireland is on supporting sectors throughout all Ireland rather than selectively targeting certain sectors in certain geographic locations. Ireland's size and population, relative to England, would also inhibit the potential for such a differentiated regional approach under the MAPS.

7.3.3 Reduced Funding levels

The maximum funding rate under the scheme is 40% and, in general, projects were aided at this rate under the 2000-2006 scheme. However, there have been a number of notable exceptions, particularly the 2005 horticulture round where the aid rate was reduced to 35% for all projects. This 12.5% reduction in actual aid to each project did not prevent any of the projects from going ahead.

Such a reduced funding approach should become a regular feature of the scheme. A certain level of innovation is required to arrive at the appropriate funding levels. Applicants could be required to indicate the minimum level of public funding (up to a maximum of 40%) required for them to proceed with the project – projects which identify a level below 40% would receive priority within the overall evaluation process. DAFF would need to emphasise that priority attached to such projects so as to encourage applicants to at least consider the level of funding required. Where less than a specific percentage of applicants identify a lower level of funding, DAFF could automatically reduce the maximum aid rate applicable to all applications under that round to an unspecified figure. Alternatively, lower aid rates could apply to buildings and construction work than apply to equipment for marketing and processing.

Recommendation 10: Towards the end of NDP 2000-2006, DAFF successfully applied lower funding rates to a number of projects. DAFF should continue to investigate means of providing lower aid rates to projects where possible.

7.4 Conclusion

A notable concern for all capital investment grants, such as those provided by the Marketing and Processing Scheme, is the level of additionality provided by the aid. While arriving at a figure for additionality is extremely problematic, this review has provided a robust argument to support the view that at least 65% of the investment supported by MAPS would not have went ahead in the absence of the scheme – i.e. the Steering Group considers the level of deadweight is likely to be below 35%.

As regards alternative approaches to achieving the objectives of the scheme, there is little likelihood that the enterprises supported could receive funding under alternative grant schemes. Furthermore, adopting the regionalised approach utilised in England would not be feasible. However, and not withstanding the previous 9 recommendations for improving the scheme, the Steering Group acknowledges that DAFF has some flexibility to alter the level of aid provided to individual enterprises rather than providing 40% across the board.

CHAPTER 8

PERFORMANCE INDICATORS

8.1 Introduction

'Performance indicators are a means to an end. They are a key component of the reporting structures to meet governance, accountability and management requirements' (Department of Finance, 2002). Performance indicators (PIs) were developed to aid programme management and review by setting targets and standards against which performance can be benchmarked.

Boyle (2005) categorises performance indicators according to the area of the Programme Logic Model covered by the indicator. *Input indicators* look at the resources consumed; *activity indicators* examine the processes undertaken in delivering a programme; *output indicators* measure the products or services produced directly; *outcome indicators* consider the actual effect of the output on the beneficiary and wider society. Boyle divides outcome indicators between *intermediate* (more direct and shorter term effects) and *final* (longer term and ultimate goals) indicators. In order to remain consistent with the Programme Logic Model, the outcome indicators utilised in this review are categorised as *result* and *impact* indicators.

8.2 MAPS performance indicators

The Programme Complement for the PSOP of the NDP 2000-2006 identifies a number of 'quantified indicators' for the Marketing and Processing Scheme. These were the level of expenditure (*input indicator*), number of supported projects (*activity indicator*), percentage of projects successfully completed (*output indicator*), increased sales of assisted products (*outcome [impact] indicator*), and gross value added per employee (*outcome [result] indicator*). At present, DAFF does not have data to measure the two outcome indicators noted above (increased sales and gross value added/employee).

A new set of performance indicators has been developed for the MAPS based on the analysis and discussion contained in this report.

Input Indicator	Source of Data
Annual Total Staff Cost	Food Division records
Annual Grant Award	Food Division records
Annual Scheme Expenditure	Food Division records
Average Award per project	Food Division records
Average Expenditure per project	Food Division records

Activity Indicator	Source of Data
Number of applications received	Food Division records
Number of eligible applications	Food Division records
Number of projects awarded funding	Food Division records
Number of payments made	Food Division records
Average time to process applications	Food Division records
Average time to process payments	Food Division records
Number of Inspection made	Food Division records

Output Indicator	Source of Data
No. of completed projects	Food Division records
% of projects completed successfully i.e. on time and as planned	Food Division records
Amount of private investment generated	Food Division records
% change in storage and processing capacities for aided products	Final Inspection report
Categories of outputs from projects completed each year	Application and Inspection report

Outcome (results) Indicator	Source of Data
Number of each outcome indicator recorded on completed projects	Final Inspection report
Percentage achievement of each outcome	Final Inspection report

Outcome (impact) Indicator	Source of Data
% change in turnover of enterprises with completed projects	Annual accounts submitted on completion of projects
% change in gross profit of enterprises with completed projects	Annual accounts submitted on completion of projects
Employment change as a result of investment	Final Inspection report
Change in volume of product procured from primary producers / change in number of primary producers supplying enterprises	Final inspection report

8.3 Conclusion

The above indicators go further than outlined in the PSOP. The PIs are expanded to provide a more comprehensive view of achievements and are closely aligned with the format of the PLM. In addition, the source of data is identified for each PI. In this way, the Steering Group considers these indicators to be practical and implementable, rather than being merely visionary. Of course, these indicators will need to be regularly reviewed based on experience of their use and evolving requirements.

CHAPTER 9

CONCLUSIONS & RECOMMENDATIONS

9.1 Introduction

This review sets out to investigate whether the Marketing and Processing Scheme provides value for money. This is done through the analysis of seven “Template Terms of Reference” espoused as part of the Department of Finance’s Value for Money framework. The ToRs are designed to address 5 key evaluation criteria (rationale, efficiency, effectiveness, impact and continued relevance) and to provide a multifaceted consideration of the value for money of the scheme.

A Programme Logic Model assisted in addressing these ToRs by dividing the scheme into its important components *viz* objectives, inputs, processes, outputs and outcomes. The review considers the validity and relevance of the objectives in light of current government policy. It identifies and quantifies the inputs into, and the outputs from, the investment. An assessment is made of (i) the efficiency of the processes which convert inputs into outputs and (ii) the effectiveness with which the outcomes have been achieved. The Steering Group makes 10 recommendations with a view to strengthening performance and value for money. Performance indicators, based on each of the Programme Logic Model components, are developed so as to ensure the future and ongoing measurement of the value for money achieved.

Based on this comprehensive assessment process, the Steering Group concludes that the Marketing and Processing Scheme is providing value for money.

What follows are the main conclusions regarding value for money framed in the context of each of the terms of reference.

9.2 ToR1: Outline the objectives of the Marketing & Processing Scheme.

The Marketing and Processing Scheme provides grant aid for capital investment projects in near farm enterprises engaged in the marketing/processing of primary agricultural products or enterprises engaged in livestock marketing *viz* eggs, grain, horticulture, potatoes, abattoirs and livestock marts. The objectives of the MAPS are to:

- Enhance the competitiveness of the enterprises and products aided and;
- Increase the added value of the products aided.

In addition, the scheme contributes to two important spillover benefits described as secondary effects:

- Improve food quality and safety;
- Contribute to the sustainability of rural communities.

Drilling down from these objectives, the scheme targets priority areas within the sectors aided. Priorities typically involve improved storage and specialised handling and processing facilities.

9.3 TOR2: Examine the current validity of those objectives and their compatibility with relevant National and EU policy documents including the Department’s Statement of Strategy, AgriVision 2015 Action Plan and the National Development Plan 2007-2013.

DAFF’s mission statement is ‘*to lead the sustainable development of a competitive, innovative, consumer-focused agriculture, food, fishery and forestry sector and contribute to a vibrant rural and coastal economy and society*’ (DAFF, 2008). 3 of DAFF’s 5 high level goals aim to support a competitive and consumer-focused sector (goal 1), contribute to economic and appropriate structural change in the food production sector (goal 3), and operate schemes in an efficient and effective manner (goal 4).

The NDP 2007-2013 seeks to improve the capacity of indigenous industry to compete and aims to deliver quality products from an agri-food industry that sustains rural economies. The Action Plan developed by DAFF for the agri-food sector emphasises the need for structural change at farm and processor level so as to enhance competitiveness, and also focuses on advancing food safety and quality in addition to expanding the range and type of products produced.

The MAPS sits comfortably with, and feeds into, each of these policy goals.

9.4 ToR3: Outline the outputs associated with the Scheme activity and the level and trend of those outputs.

The MAPS is undoubtedly resulting in the development of large amounts of storage, handling and processing facilities in “near-farm” enterprises. This review categorises the output from the scheme on a sector-by-sector basis and demonstrates the large percentage increase in storage and processing capacities that result from the funding. The public investment under the scheme also generates a considerable volume of private investment in these projects – another important output.

What is also clear however is that more detailed information could be forthcoming as to the real value of this output in terms of increased storage, processing and marketing capacities. The final inspections undertaken by the Agricultural Inspectorate should be utilised to (i) verify the increased capacities achieved and (ii) identify how this capacity change enhances the capabilities of the recipient business. As such, the first of the Steering Groups recommendations is to expand the requirements of the final inspection report to include information on changes in capacity and capability, as well as an indication of the effect of these changes on the recipients business (e.g. the capacity may have remained unchanged but the actual processing could be greatly enhanced).

Inspection reports should also be used to record achievement in terms of the various *outcome (results)* indicators identified in the Programme Logic Model (see Appendix A). This would allow a budget neutral assessment of the effectiveness of the scheme on an ongoing basis.

9.5 ToR 4: Examine the extent that the Scheme’s objectives have been achieved, and comment on the effectiveness with which they have been achieved

A consideration of the effectiveness of the scheme, as part of this review, involves an assessment of the achievement of the 5 outcomes (and the outcome indicators) noted in the Programme Logic Model (see Appendix A). These outcomes more or less correspond with the 4 objectives noted under ToR 1, with the addition of a “Productivity Improvement” outcome – this is considered to be the immediate/short-term effect on the beneficiary that contributes to the medium to long-term effect of enhanced competitiveness. The success recorded for each outcome is based on the success in achieving the indicators denoted for each of the outcomes.

PI outcome

“Productivity Improvement” is the main outcome from the investment in the scheme. With more than 7 out of every 10 applicants reporting productivity improvement as one of the primary outcomes of the scheme, the prospects for the long-term competitiveness of these enterprises are very much improved.

FQ/S outcome

Enhanced “Food Quality and Safety” was the second biggest outcome from the scheme. It was a main benefit in nearly 2 out of every 5 projects and was noted as an outcome in an average of 70% of projects. This had been described as a secondary effect of the scheme in the exploration of objectives. Yet, the MAPS is having more of an impact in this area than it is having in terms of one of its primary objectives i.e. adding value to products through product innovation.

VA outcome

Indicators for “Value Added” include product innovations such as new products, new packaging, and longer shelf/storage life. The “Value Added” outcome resulted in an average of 33% of projects and was a main benefit in 3 out of 10 projects. This level of “Value Added” is less than desirable although it should be noted that the horticulture sector in particular performs considerably better than the sectoral average. The Steering Group notes that it is unreasonable to expect a very high level of value added across all of the sectors when the actual sectoral priorities are predominantly focused on storage and processing efficiencies.

Competitiveness outcome

This review also examines current competitiveness levels and shows that the performance of each of the sectors has, on the whole, been rather inconsistent. However, as regards the cohort of enterprises supported under the MAPS, most reported a wider customer base and increased sales volumes. Over 3/5 of these enterprises reported a small (41%) or substantial (20%) increase in profit levels, with the best results occurring in the horticulture and potato sectors.

Rural sustainability outcome

The final outcome is the impact of the scheme on rural sustainability. The analysis illustrates that support for these businesses results in considerable employment in rural areas (median of 10 employees), generates significant turnover (median of €4 million) – much of which will be released into rural economies – and is likely to benefit primary producers by improving the competitive position of their products.

In summary, the research indicates that the MAPS has been very effective in delivering on its objectives. In terms of the objectives set out for the scheme, and in light of the

discussion on effectiveness, the Steering Group suggests that the scheme objectives be restated. It is more correct to state that enhanced competitiveness and rural sustainability are the two high level objectives of the scheme, and that these objectives are targeted through (i) Productivity Improvement, (ii) Value Added and (iii) Enhanced Food Quality/Safety. Even so, it is clear that the MAPS is geared more towards improved productivity than adding value. The second Steering Group recommendation also urges DAFF to consider whether funding should be realigned more towards the projects that demonstrate “Value Added” (e.g. new products, new package sizes) or whether to continue the current focus.

The Steering Group is also cognizant of the fact that much of the consideration of effectiveness is based on the views of grant recipients as given in questionnaires. It is important that the future consideration of effectiveness be supported by the collection of direct data on the outcomes noted in the Programme Logic Model. Recommendation 1, as referred to in Section 9.4, is the first step in this regard. In addition, the Steering Group recommends that DAFF considers the feasibility of requesting annual accounts from grant recipients for each of the three years following completion of the project. This would provide data on the impact of the funding on these enterprises.

9.6 Provide a breakdown of the Department resources employed on the Marketing & Processing Scheme and comment on the efficiency with which it has achieved its objectives.

This review illustrates that funding is provided on a relatively competitive basis and, on the whole, is operated in an efficient manner, particularly in terms of staffing resources, assisting applicants, processing applications and making payments. The staff costs associated with the scheme represent approximately 5% of total grant payments in 2007, which the Steering Group considers to be a relatively efficient outturn. The Steering Group also make a number of recommendations to further increase efficiency levels in the management of the Marketing and Processing Scheme. A summary of these recommendations follows:

- The verification of efficiency would benefit from greater tracking of certain administrative tasks such as the time required to process payments and applications;
- Given the central importance of targeting priority areas within each sector, it is important that these priorities are the right ones. A formal evaluation of investment requirements and strategic priorities for each sector concerned should help to ensure that the funding is targeted appropriately;
- There is also an issue with project overruns. Long delays raise concerns over the continued validity of the investment and the possible displacement of more beneficial projects. In future, the 6-month deadline for project commencement should be strictly enforced. In addition, all new projects must be completed within the timeframe agreed at the outset and no project should be ongoing 24 months after the closing date for applications.

The success of the MAPS is intrinsically dependent on the projects it funds. Having suitable *ex ante* evaluation procedures ensures that the appropriate projects are funded. As such, a number of recommendations concern the evaluation of applications:

- The use of an external evaluation capability is a key recommendation of the Steering Group, as it would ensure a more robust and consistent approach to evaluation across each sector. This evaluator would be involved in developing a suitable scoring mechanism and provide a level of quality control on completed project evaluations and rankings.
- DAFF should verify the achievements of repeat grant applicants against the projections submitted under previous applications. At present a note is made of previous grant awards but there is no assessment of actual achievement under previous grants – analysing previous performance is a relatively straightforward means of assessing likely future success.
- The change in the processing capacity and capabilities of grant recipients is an important output from the scheme – there is a need to clarify the data which is required from the applications in this regard so as to better inform *ex ante* and *ex post* evaluation.

9.7 Evaluate the degree to which the objectives warrant the allocation of public funding on a current and ongoing basis, and examine the scope for alternative policy approaches to achieving these objectives on a more efficient and/or effective basis?

Given the earlier proposition that the objectives of the Marketing and Processing Scheme are both worthwhile and compatible with general Government policy, this review subsequently asks whether these objectives would be met in the absence of the scheme. In doing so, it considers the combined level of “full/pure” and “partial” deadweight so as to arrive at an indicative estimate of the level of additionality derived from the scheme. This analysis indicates relatively low levels of deadweight associated with the scheme and the Steering Group are confident that the level of additionality is likely to exceed 65%.

While there is scope for improving on this figure, it does indicate the need for improvements in the design of the scheme rather than its termination. In addition, there is effectively no alternative public funding source for the projects supported under the scheme, either through other measures of the NDP, LEADER or Enterprise Ireland. The review also notes that the approach adopted in England, where each of the 8 Regional Development Agencies have the autonomy to decide whether to aid marketing and processing type investment, would be unsuitable in Ireland.

One alternative approach identified, which would result in greater value for money, is to alter the funding rates available rather than applying a flat rate of 40%. Reduced funding rates (less than 40%) have been applied previously without preventing project implementation. It is recommended that the DAFF continues to investigate means of achieving greater value for money by providing lower aid rates to projects where appropriate. One possible approach is to require applicants to stipulate the level of aid required and then to prioritise those that suggest lower aid rates. Alternatively, lower aid

rates could apply to building materials and construction work than applies to equipment for marketing and processing.

9.8 Specify potential future performance indicators that might be used to better monitor the performance of the Marketing & Processing Scheme.

The Steering Group developed performance indicators to aid programme management and review. They were categorised using the format described by Boyle (2005), with some adaptation in order to remain consistent with the terminology utilised in the Programme Logic Model.

The source of this data was also identified so as to ensure that the indicators were practical and implementable. As with any Performance Indicators, these should be subject to regular review.

9.9 Concluding Remarks

The analysis in this report shows that the scheme has provided value for money in the delivery of its objectives. The review of the Processing and Marketing Grant Scheme in England concluded *inter alia* that '*the small scale of agricultural producers and small food firms does provide a convincing rationale for support provided additionality and innovation is high*' (ADAS, 2003).

The Marketing and Processing Scheme appears to have high levels of additionality. The scheme is undoubtedly resulting in the use of new technologies and equipment. It is also resulting in productive efficiency and innovations in the area of food safety and quality. However, there is less evidence to suggest that the scheme is encouraging product innovation and value added. Notwithstanding the recommendations outlined in this review, the scheme's ability to continue to deliver value for money in the future may require a greater focus on product innovation through the value added route discussed throughout this report.

List of Recommendations

Recommendation 1: Expand the requirements of the final inspection report to include information on changes in capacity and capability across all sectors, as well as an indication of the effect of these changes on the recipients business. The report should also rate the investment in terms of the outcome (results) indicators referred to in the Programme Logic Model.

Recommendation 2: The objectives should be explicitly outlined as involving productivity improvement, value added and food quality/safety leading to higher-level goals of enhanced competitiveness and rural sustainability. In addition, there is a need to explore whether to realign funding more towards the projects that demonstrate “value added” (e.g. new products, new package sizes) or whether to continue the current focus.

Recommendation 3: Consider the feasibility of requesting annual accounts from grant recipients for each of the three years following completion of the grant awarded project.

Recommendation 4: Undertake an *ex ante* evaluation of the sectors involved so as to establish the business case for targeting investment in particular areas. A formal evaluation of investment requirements and strategic priorities should help to ensure that the funding is targeted appropriately.

Recommendation 5: Some applicants are unclear as to what precisely is required in the application form as regards capacity changes. Given the importance of this information for *ex ante* and *ex post* evaluation, DAFF should (i) clarify what is required here and (ii) include a text box to allow applicants articulate the change in capacities likely from the investment.

Recommendation 6: Engage an external evaluation capability in order to enhance the robustness of the evaluation of applications and to ensure a consistent approach across each sector. This evaluator would be involved in developing a suitable scoring mechanism and provide a level of quality control on completed project evaluations and rankings.

Recommendation 7: The achievements of grant applicants as regards previous aid provided to them by DAFF should form a part of the evaluation for any new funding. DAFF should verify the achievements of the business against the projections submitted under the previous application.

Recommendation 8: Strictly enforce the 6-month deadline for project commencement for all projects. In addition, all new projects must be completed within the timeframe agreed at the outset and no project should be ongoing 24 months after the closing date for applications under that round of funding.

Recommendation 9: Track the time required to process payments so as to verify efficiency achievements. In addition, it would also be beneficial to track other time periods associated with the scheme such as the length of time required to process applications.

Recommendation 10: Towards the end of NDP 2000-2006, DAFF successfully applied lower funding rates to a number of projects. DAFF should continue to investigate means of providing lower aid rates to projects where possible.

Appendix A: Programme Logic Model

Objective	Input/ Resources	Activity - processes	Output – what is produced by a programme	Outcomes – Results	Outcomes – Impacts
<p><u>Primary Objectives</u></p> <p>Enhancing Competitiveness</p> <p>Increasing added value</p> <p><u>Secondary Effects</u></p> <p>Food quality and safety</p> <p>Rural Sustainability</p>	People	Pre Application/ Consultation	No. of projects awarded No. of completed, ongoing and terminated projects Volume of investment in relevant sectors	Value added to products	Enhanced Competitiveness
	Time		<i>Grain</i>	Productivity increase	Rural sustainability
	Award amount	Application Process	No. of new, renovated and relocated storage facilities Fixed intake, handling and other ancillary storage equipment	Food quality/safety improvement	
	Actual spend	Assessment and Evaluation	Increase in storage and processing capacity		
		Project Selection	<i>Horticulture</i> New buildings and processing equipment Increase in processing capacity Type of enterprise aided		
		Grant Award and Payment	<i>Potatoes</i> No. and volume of new/renovated storage facilities New processing facilities/equipment Increase in storage and processing capacity		
			<i>Egg sector</i> New grading/packing equipment & facilities		
			<i>Livestock marketing/processing sector</i> Mechanical carcass classification equipment Relocation/upgrade of marts and abattoir facilities		

Indicators of Outcomes identified in Programme Logic Model
(derived from business plans submitted)

Outcomes – Results

Value added

New products brought to market
Wider variety of products
New packaging/package size
Longer shelf/storage life

Productivity Improvements

More efficient processing/technologies including improved storage / handling
Economies of scale achieved
Increased throughput – storage and processing
Rationalisation/relocation/expansion/modernisation

Food Quality/Safety

Enhanced product traceability
Improved quality and hygiene controls
Meet requirements of quality standard/ quality assurance scheme
Safer storage/processing

Outcomes – Impacts

Enhanced Competitiveness

Increased turnover/sales and profit
Increased market share
New customers
Meeting changing customer/retailer demands

Enhanced rural sustainability

Regional spread of companies
Extra jobs created
Benefit to producers
Turnover (% of which will be reinvested in regions)

Appendix B: Survey Methodology

Recipient Questionnaire

The survey was applicable to all grant recipients awarded funding during the period 2000 – 2006, except those funded for beef carcass classification equipment. A total of 119 projects were funded during this period. The survey was not applicable to a cohort of 11 projects revoked/renounced (invariably because the proposed project was not going ahead). In addition, 12 businesses received two or more awards during this period. As a result, the total population of companies with ongoing or completed projects awarded under NDP 2000-2006 was 93.

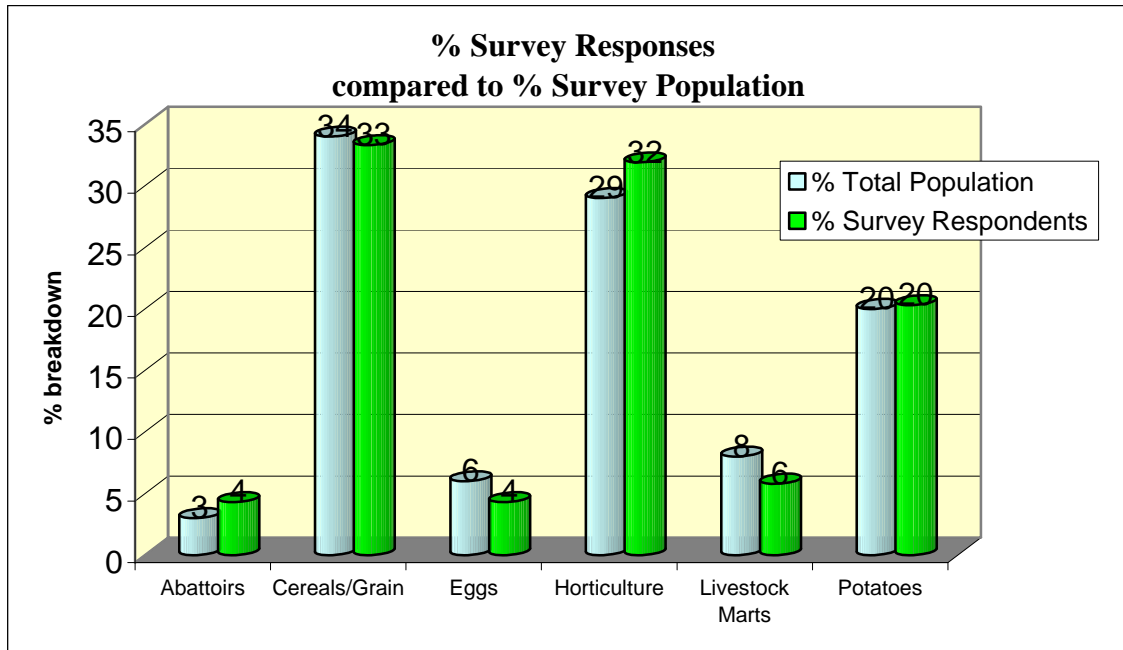
The Assistant Principal responsible for managing the Marketing and Processing Scheme wrote to all of the survey population introducing them to the research, explaining the need to survey grant recipients, and requesting their assistance. It was felt that an official DAFF letter, signed by a person with whom most of the grant recipients would be familiar, would encourage a greater response rate.

Online survey software was used to create the questionnaire so that the respondent could complete it over the World Wide Web. The hyperlink to this questionnaire was emailed to the full population (93 grant recipients) approximately one week after the aforementioned letter was issued. The cover note with this email explained the procedure to be followed, stressed the closed nature of most of the questions, and indicated the approximate time required to complete the questionnaire. Grant recipients were also assured of the confidentiality of responses and that no individual respondent would be identified in the report.

There were difficulties with the email addresses of some grant recipients who were subsequently posted a copy of the questionnaire. There is considered to be no conflict between both survey delivery approaches (i.e. post versus email) as the content of the questionnaire is the same and respondents have to “self administer” the questionnaire in both cases. Where a response had not been received within one week, grant recipients were telephoned in order to encourage a response.

72 responses were received – 69 of which were deemed acceptable for inclusion. All responses with at least 50% of the questionnaire completed were deemed acceptable; two rejected responses had only 2 and 4 questions completed respectively, while another response was received over a week after the final date for acceptance of replies. As such, the response rate achieved was a satisfactory 74% (69/93). This compares to a response rate of 50% for the ADAS survey (ADAS, 2003) and 20% for an internal DAFF survey of grant recipients in the “Scheme of Investment Aid for the Development of the Commercial Horticulture Sector”.

As shown below the sectoral breakdown of survey responses closely reflects the sectoral breakdown for the full population of 93.



Non-recipient Questionnaire

A questionnaire was also issued to those eligible grant applicants who had not received funding. This questionnaire was derived from the one issued to grant recipients. However, it is substantially shorter than its counterpart (for recipients) as the same volume of information is not required, particularly as regards outcomes from the grant awarded.

One response from 13 was received within the available timeframe and this response was incomplete – as such there was no data to analyse.

Appendix C: Survey of Grant Recipients - Questionnaire

Overview

The following questionnaire has issued to all businesses awarded funding through the Marketing and Processing Scheme operated by the Department of Agriculture, Fisheries & Food (DAFF). This funding was awarded during the period 2002-2006. The majority of the questions seek to ascertain your experience of the grant and its' impact on your business.

* 1. What is the name of your business (or name of owner if you are a sole trader)?

2. Which one of the following areas is your business predominantly involved in (if involved in more than one, please select the sector in which the Marketing and Processing grant was received)?

Abattoirs

Horticulture (Fruit & vegetable)

Cereals/Grain

Horticulture (Potato)

Eggs

Livestock Marts

3. What is the approximate annual turnover of your business in euros?

4. How many people are employed by your business?

Full-time

Part-time

Temporary/contract

5. During the period 2002-2006, your business was awarded a grant for a project under the Department of Agriculture, Fisheries & Food's (DAFF) Marketing and Processing Scheme. What is the current status of this project? (please tick one)

Project has not yet commenced

Less than 50% of the project has been completed

More than 50% of the project has been completed

Full project has been completed

6. How did you FIRST find out about the Marketing and Processing Scheme? (please tick one)

Information sent out directly from DAFF

Department of Agriculture, Fisheries and Food (DAFF) website

Through involvement in another DAFF scheme

Press advertisement/ media

Business advisory service/consultant

Trade association/special interest group

Information from other Government Department/Agency

Other (please specify)

Appendix C: Survey of Grant Recipients - Questionnaire

7. Do you agree with the following objectives of the Marketing and Processing Scheme?

	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree
To enhance the competitiveness of the businesses/products supported	jn	jn	jn	jn	jn
To increase the added value of the products supported	jn	jn	jn	jn	jn
To improve food quality and safety	jn	jn	jn	jn	jn

If you have any concerns regarding these objectives or would like to suggest some alternatives, please include below

8. What led you to a decision to apply for a grant through the Marketing and Processing Scheme? (please tick one)

- The scheme enabled an existing idea to be developed
- The scheme was a catalyst/stimulus to develop an eligible project

9. Overall, how would you rate the Marketing and Processing Scheme?

	Very Good	Good	Average	Poor	Very Poor
Administration of application process	jn	jn	jn	jn	jn
Scheme administration once grant was approved	jn	jn	jn	jn	jn
Guidance provided by scheme staff	jn	jn	jn	jn	jn
Level of grants provided	jn	jn	jn	jn	jn
Effectiveness in meeting industry needs	jn	jn	jn	jn	jn

Administration and Results

10. To what extent do you agree or disagree with the following statements about the scheme application process?

	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree
A competitive application process is a fair way to distribute funds	jn	jn	jn	jn	jn
The scheme documentation provided clear guidelines on the criteria for selection	jn	jn	jn	jn	jn
The application process involved too much paperwork	jn	jn	jn	jn	jn
It was necessary to use an adviser/consultant to ensure my application stood a chance of selection	jn	jn	jn	jn	jn
The evaluation of applications was open and transparent	jn	jn	jn	jn	jn

Appendix C: Survey of Grant Recipients - Questionnaire

11. To what extent do you agree or disagree with the following statements about the way the scheme is operated?

	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree
The investment priorities for each sector were appropriate	jn	jn	jn	jn	jn
The minimum investment required for each sector was appropriate	jn	jn	jn	jn	jn
Project reporting and claiming procedures were too onerous	jn	jn	jn	jn	jn
Grant payments procedures were efficient	jn	jn	jn	jn	jn
It was necessary to use an adviser/consultant to process my payment claims	jn	jn	jn	jn	jn

12. If you feel any particular aspect of the operation of the Marketing & Processing Scheme could be improved, please note in the box below.

13. Have you received other funding for capital investment under this or another grant scheme operated by the Department of Agriculture, Fisheries & Food or operated by one of the development agencies (e.g. Enterprise Ireland, Leader) since 1990?

jn Yes

jn No

If yes, please give brief details below

14. Do you agree that the grant awarded to your business under the Marketing and Processing Scheme has resulted in:

	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Too early to say
Additional value being added to the products you produce	jn	jn	jn	jn	jn	jn
Improvement in the competitive position of your business	jn	jn	jn	jn	jn	jn
Safer food production processes	jn	jn	jn	jn	jn	jn
A better quality/standard of product	jn	jn	jn	jn	jn	jn

Appendix C: Survey of Grant Recipients - Questionnaire

15. Has the grant-aided investment allowed you to target a wider customer base?

Yes

No

Please specify

16. Has your volume of sales changed since the grant aided project was undertaken? (please tick one)

Substantial decline in sales volumes

Small decline in sales volumes

Maintenance of existing sales volumes

Small increase in sales volumes

Substantial increase in sales volumes

Too early to say

17. Has your annual net profit changed since the grant aided project was undertaken? (please tick one)

Substantial decline in net profit levels

Small decline in net profit levels

Maintenance of existing net profit levels

Small increase in net profit levels

Substantial increase in net profit levels

Too early to say

Appendix C: Survey of Grant Recipients - Questionnaire

18. The following is a list of results associated with applications under the Marketing and Processing Scheme. Please tick the results which have occurred in your business as a consequence of the the grant aided investment. (If the project has not been completed, please tick the results you expect to achieve)

- | | |
|---|--|
| <input type="checkbox"/> Extended variety of existing products | <input type="checkbox"/> Increased product throughput |
| <input type="checkbox"/> Completely new products developed | <input type="checkbox"/> Rationalisation /relocation of business |
| <input type="checkbox"/> More market orientated packaging/package sizes | <input type="checkbox"/> Enhanced product traceability |
| <input type="checkbox"/> Longer shelf/storage life for products | <input type="checkbox"/> Improved quality and hygiene controls |
| <input type="checkbox"/> Changing consumer/retail demands met | <input type="checkbox"/> Demands of quality standard /assurance scheme met |
| <input type="checkbox"/> More efficient processing/technologies | <input type="checkbox"/> Safer storage/ processing |
| <input type="checkbox"/> Greater economies of scale | |

What has been the main benefit of the scheme for your business?

Economic considerations

19. Do you think that the project has, or will, benefit primary producers directly? Please choose ONE OR MORE of the following responses.

- Yes, by increasing volume of sales
- Yes, by increasing value of produce
- Yes, by securing existing markets
- Yes, by securing new markets
- Yes, by bringing producers together to collaborate
- Yes, by involving producers directly in food processing and marketing
- There are no direct benefits to producers

20. Did the grant aided investment have an impact on the number of employees in your business? (please tick one)

- Relatively large increase in employee numbers
- Relatively small increase in employee numbers
- Employee numbers remained largely unchanged
- Relatively small decrease in employee numbers
- Relatively large decrease in employee numbers

Appendix C: Survey of Grant Recipients - Questionnaire

21. In the absence of grant assistance from DAFF under the Marketing and Processing Scheme, would you have: (please tick one)

- Gone ahead with the project as now unchanged, that is, same scale and time
- Gone ahead with the project at a later date but otherwise unchanged
- Gone ahead with the project on a reduced scale but otherwise unchanged
- Gone ahead with the project at a later date and on a reduced scale
- Abandoned the project

If you would have gone ahead with the project but in a different way, please describe further in the box below e.g. how much later would project have taken place OR how much smaller the project would have been.

22. In the absence of grant assistance, what do you think would have happened to your business? (please tick one)

- Grown faster
- Grown at the same rate
- Grown more slowly
- Declined
- Closed
- Not sure

23. If the project had not received a grant under the DAFF Marketing and Processing Scheme, do you think you could have sourced funding from somewhere else? Please choose ONE OR MORE of the following responses

- Yes, through another DAFF scheme
- Yes, through another Government Department/Agency
- Yes, through lending institutions
- Yes, from other sources not mentioned above
- No, could not have sourced funding elsewhere

24. Has the grant assistance from DAFF freed up funds for investment in other areas of your business?

- Yes
- No

25. Has the grant assistance from DAFF allowed your business to obtain funds from other sources once it could be claimed that the project had DAFF backing?

- Yes
- No

Appendix C: Survey of Grant Recipients - Questionnaire

26. Do you think that your business sector is more competitive as a result of the Marketing & Processing Scheme?

Yes

No

Don't know

27. Do you wish to make any additional comments regarding the benefits or otherwise of the Marketing and Processing Scheme?

Appendix D: Primary Benefit of Scheme as Identified by Grant Recipients

Q18: Main Benefit of Scheme	Outcome Area
It allowed us more time to be spent in packhouse to ensure that the product leaving our shed was in a satisfactory nature to us and our suppliers	PI
Improved quality Year Long Supply	VA & FQ/S
Expansion	PI
Increased sales Increase in production of our produce More competitive	PI & EC
Increase efficiency	PI
Added value. Our crop is worth 100% more now than before aid	VA
Increase in number of animals slaughtered	PI
Better storage & Handling facilities and more available markets for my produce. Also better quality material produced for the crisping sector which I store a lot for, less waste with grading and washing facilities	FQ/S & PI & EC
We have invested a lot of monies since 2000. Over half of our projects received no assistance at all. In context the aid given represented about 20% of total investment. However the assistance did still drive our investment. We would not have invested this much if it were not for the assistance. It acted as the deciding factor to go ahead when the letter of offer arrived.	N/A
More sustainable in medium term	EC
Increased technology and safer processing and traceability (Tracking and tracing)	FQ/S & PI
Larger storage area therefore larger scale of production	PI
Longer storage and improved quality and hygiene	FQ/S & PI
Extended range of products now provided	VA
The opportunity to relocate our grain processing to a new facility. The main benefit at the time was making a marginal project viable, even though as a result our cost base i.e. depreciation and interest cost will increase. The investment had to be made to give the business a future.	PI
Improved efficiency & quality	FQ/S & PI
Production unit standards upgraded. Able to compete with other companies	EC & PI
Improved standards & presentation of product. Product available on demand. Quicker throughput of product from field to supermarket/processor. Freshness assured	FQ/S & PI & VA
More efficient production - higher quality standards met and improvements in storage facilities.	FQ/S & PI
Increase in throughput due to improved grading and packaging system in new pack house	PI
We have improved our product, our markets, our throughput, our standards. We hope in the next round to go even further.	FQ/S & PI & VA & EC
New products developed. Improved quality standard.	VA & FQ/S
Allowed us to streamline our operations to provide better and more efficient service to our customers and to comply with Departmental and hygienic regulations.	FQ/S & PI
Greater capacity to process and better quality storage as a result of scheme.	FQ/S & PI
It has allowed us to store and therefore use more of our own produce rather than	PI & VA & EC

buying from others or importing. It also means we can supply the market directly, more profitable for ourselves and more competitively priced for our customers	
The present facilities allow for a safer environment for both customers and staff for the handling and throughput of animals. It also causes much less stress on the animals and also animal health issues are much better provided for.	FQ/S
Grading sizes, cleaner produce, higher quality working conditions, higher standard of produce	FQ/S & VA
It has allowed us to improve our operation and develop new products that are value-added and will allow us compete with imported products at the same level.	VA & EC
Improved storage facilities	PI
Ability to handle and store greater quantity of grain at harvest and to provide more efficient service to our customers. Provide outlet for grain to local customers who previously grew malting barley.	PI
It has allowed us become more efficient as a business and we hope will help us reduce our unit cost of production. We also believe it will portray us as a more professional and up to date operation in what is a very competitive sector.	PI & EC
We had increased storage and a much safer and efficient way of handling grain.	PI & FQ/S
Extra storage to meet demand of customers. More storage required due to increase in cereal acreage for 2008 harvest.	PI
I have been able to supply one of the large Discounters with washed product. I have been in the position to purchase product from other local farmers to supply this market on a year round basis	VA
We can supply our product all year round thus we do not have to lay off much staff on a seasonal basis. The need for retraining is minimised.	PI
The scheme has been a stimulus to encourage the business to undertake large-scale investments, all of which involve risks, and has given extra confidence to move forward with investments. The above benefits have accrued from these investments.	N/A
The main benefit of the scheme is that it has enabled us to improve and expand our production facilities more quickly than would be possible if we hadn't received grant aid. It also enabled us to improve efficiency, food safety and develop new product ranges.	FQ/S & PI & VA
Improved Efficiency	PI
The grant financed an extension to our existing premises and the building of new packaging, storage and recycling building. We also purchased equipment and software, which ensures complete traceability of our product from farm to consumer. Overall our processing facility was extended giving greater economies of scale.	PI & FQ/S
Upgrade of Business Premises & equipment for modern markets.	PI
More Efficient Processing	PI
We have been able to meet all feed assurance standards. We would be unable to achieve this development without grant input	FQ/S
It has increased our production capabilities threefold, also provided safer storage and processing.	PI & FQ/S
Although not there yet, we envisage the capturing of the human food market for our value added grain products as the main benefit. We have already partially realised many other benefits such as those mentioned in the questionnaire and this has and these benefits are crucial in terms of keeping our core business successful	VA
A more efficient production capacity, meaning more product from a given input of raw materials and labour.	PI

The Grain Grower will benefit from all of the above if we can add value to the raw material in the market place from an agreed payment system we refer to as "The market based review" where by we top up the growers payment as the market rises.	VA
Better shelf life for our products. Increased efficiency in production.	PI & VA
To be able to enter the market when I feel I'm getting a good price and not being forced into the marked because I hadn't good storage.	PI

Appendix E: Beef Carcase Classification

Under EU Regulations, carcasses of adult cattle must be classified according to a scale that describes the conformation and degree of fat of the carcase. Approximately 1.6 million beef carcasses are classified according to the EU classification scale in Ireland on an annual basis. Prior to 2004, technical grade staff employed by the DAFF carried out this function in export approved meat plants. An expenditure review of the Beef Carcase Classification Scheme commenced in October 2003.

Key Recommendations of expenditure review:

- Encourage the uptake of mechanical classification of beef carcasses in meat plants
- Train and licence factory operatives to classify beef carcasses
- Reduce the number of Department officers involved in beef classification to the numbers required for supervisory and control functions.

Implementation of recommendations

Plants were encouraged to introduce mechanical classification systems by providing a 40% grant under the MAPS for the purchase and installation of the required equipment. Mechanical classification is now being used in 25 meat plants, with manual classification being carried out by factory operatives in a further 7 plants (approximately 90% of the National kill is classified by machine).

There are now 8 technical grade staff involved in the supervision and controls required to implement the EU Regulations regarding beef carcase classification compared to over 60 in 2002.

Savings

In the absence of mechanical classification, it is probable that current staff numbers would be similar to those in 2002. The cost of the same number of staff in 2007 is given in the table below (using 2007 salary costs). In addition, a 4% discount rate is applied to 2002 allowance, T&S and overtime costs so as to give an indication of their value in 2007 terms.

As can be seen from the table below, the current cost of carcase classification (€48,802) is €5,344,235 less than what it is likely to have been in the absence of the introduction of mechanical classification (€6,193,037).

As such, savings arising from mechanical carcase classification are likely to exceed €5.3 million annually.

2007 Beef Carcase Classification:

Actual costs versus costs in absence of automated classification

Year	Grade	Number at grade	Median Salary (€)	Salary	Direct Salary	Total salary	Total staff Cost
2002 staff numbers using 2007 salaries	SAO	56	42,162.50	2,361,100.00	2,614,918.25	3,205,193.25	4,711,634.08
	DS	5	47,254.00	236,270.00	261,669.03	320,736.53	471,482.69
	AS	2	56,650.00	113,300.00	125,479.75	153,804.75	226,092.98
							5,409,210
Add costs incl. allowances, T&S, & overtime*							783,827
							6,193,037

Actual salary costs in 2007	SAO	2	42,162.50	84,325.00	93,389.94	114,471.19	168,272.65
	DS	5	47,254.00	236,270.00	261,669.03	320,736.53	471,482.69
	AS	1	56,650.00	56,650.00	62,739.88	76,902.38	113,046.49
							752,802
Add costs incl. allowances, T&S, & overtime*							96,000
							848,802

Appendix F: Costing Staff Time

The approach to apportioning staff costs to the time commitment identified by the various staff is set out below. This is done in accordance with procedures laid down by the Department of Finance (date unknown).

Gross Salary Cost

Civil service pay scales increased by 2% on 1 June 2007 in accordance with the terms of the “Towards 2016” agreement. The gross salary cost for each grade in 2007 was taken as the average between the median on the salary scale for that grade pre-1 June 2007 and the median on the salary scale for that grade post-1 June 2007. Where two separate payscales exist within the same substantive grade, the lower of the two scales was used²¹.

The Gross Salary Cost for each staff member working on this scheme was calculated based on the percentage of time they allocated to the scheme. Where staff time was reported in days (as opposed to a percentage of time spent), the percentage of time equivalent was calculated by dividing reported number of days by the total number of working days per annum. Working days per annum were calculated as being 365.25 – (weekends + public/civil service holidays + annual leave entitlement per grade).

Direct Salary Cost

Direct salary cost is the gross salary paid to an individual at the relevant grade plus the associated employers’ PRSI payment, which is 10.75 *per cent*.

Total Salary Cost

Total salary cost is defined as direct salary cost plus an imputed pension contribution. It is calculated as the Direct Salary Cost plus 25% of the Gross Salary Cost.

Total Staff Cost

Total staff cost is defined as total salary cost plus an allowance for overheads such as office space, materials, use of telephones, security services, training etc. An additional 47% of total salary cost is required to recover overheads.

²¹ See Department of Finance (2006b & 2007a) for salary scales

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Appendix H: Key Findings of the Independent Evaluator²²

- The Steering Group is comprised appropriately of representatives from the Departments of Agriculture, Fisheries & Food, and Finance.
- The planning, approach and management of the review is methodical, it follows the guidance issued by the Department of Finance, and it has resulted in a thorough, well-structured and easy-to-read report.
- The reviewers have made extensive use of primary data from within DAFF, and have utilised a variety of secondary data sources, including stakeholder input and relevant research from England.
- The Terms of Reference are appropriate for this type of review and the report follows them in a systematic, comprehensive fashion.
- The review identifies a critical strategic policy juncture now facing the scheme and the quality of the supporting analysis is good, though an alternative analysis of the evidence suggests further options for building competitiveness around collaboration / networking.
- The conclusions are supported by the evidence presented in the report, and the recommendations of the review flow logically from it.
- The particular recommendation that the engagement of an external evaluator to bring standardisation and robustness to project selection provides an opportunity to introduce standard techniques of project appraisal, such as Net Present Value and Internal Rate of Return. NPV indicates the value of a proposed capital investment in cash terms, while IRR is a measure of the efficiency of a capital investment. The advantage is that applicants are still forced to think critically about cost and revenue, and the Department is assisted in ensuring that scarce public funds are targeted towards the most promising projects.
Comment: The Steering Group agrees that the use of these and other appraisal techniques should be explored with the external evaluator.
- Although the review does not highlight any matters for further investigation, it may be helpful to undertake some further study of the strategic intent of the MAPS with a view to identifying whether a renewed drive to try and achieve the current objectives is feasible, or whether the focus should be put on leveraging the successes of the existing scheme to progress the objectives that remain elusive.
Comment: The requirement to consider the strategic focus of the scheme is an important finding and one which feeds into the Steering Group's second recommendation as regards the restatement of objectives and the need to explore whether to realign the scheme more towards the projects that demonstrate "value added" or whether to continue the current focus.

²² Includes Steering Group comments

- It may be helpful for DAFF to liaise closely with EI with a view to finding out the precise reasons for the apparent differences in attitude to business risk as between the MAPS and Growth Fund clients, and if there are appropriate learning points that could be shared.

Comments: The issue of business risk refers to the deadweight comparisons in Section 7.2.4 and the fact that more of the EI grant recipients would have gone ahead with the investment in the absence of funding. Whether this higher deadweight indicates differing attitudes to risk is debatable. Nonetheless, there is a need to maintain closer links with EI and this is highlighted in Section 7.3.1 (page 73) of the report.

- There may also be scope for investigating the potential of collaborative knowledge networks among producers and funding these via MAPS.

Comment: While acknowledging the potential in this area, the Steering Group feels that any such collaborative developments should be considered within the broader debate on the Department's strategy for the sector and would also need to be cognisant of the work already being done in this area by entities such as Bord Bia and Enterprise Ireland. As regards the focus of funding under the MAPS, recommendation 4 of the report (page 59) deals with the need to formally evaluate future investment requirements and strategic priorities.

- The Performance Indicators proposed dovetail neatly with the recommendations but a small number of additional measures may be suitable if the strategic intent and focus of the scheme is changed.

Comment: Performance Indicators will be reviewed and amended to reflect experience in their use and any changing scheme focus.