

# Agricultural products: information and promotion on the internal market and the third countries

2007/0095(CNS) - 25/11/2010 - Follow-up document

The Commission presents its report on the application of Council Regulation (EC) No 3/2008 on information provision and promotion measures for agricultural products on the internal market and in third countries. It recalls that two reports have already been presented, in 2004 and 2006. This report covers the operation of the promotion scheme between 2006 and the first half of 2010. It deals mainly with improvements in management and impact assessment as well as with simplification aspects (the two distinct regulations targeting, respectively, third countries and internal markets were merged into one). It focuses on all Commission Decisions adopted since the last report and analyses the data available with regard to the promotion of agricultural products.

**Co-financed promotion programmes:** during the period covered by this report, all Member States took part in promotion efforts, showing a broad interest in the scheme. In all, 430 programme proposals, with a total budget of EUR 505.6m, were received by the Commission departments after a first selection by the national authorities. 183 of them were accepted for Community co-financing totalling EUR 248.6 million. Of these, 134 concerned the internal market and 49 targeted third country markets. Almost all products listed in Annex 1 to Regulation (EC) No 501/2008 benefited from these promotion efforts. Dairy products were the greatest beneficiaries in terms of accepted programmes (36), followed by quality products (PDO, PGI, organic and outermost regions: 32), fruit and vegetables, fresh and processed (30), meat products, including poultry (23), wines and spirits (20), olive oil (8), etc. The main reasons for rejection during the reference period were: the actions were not described in enough detail to give the Commission departments a clear picture of the programme; the budget was not sufficiently detailed to allow the programme's value for money to be assessed, as required by Council Regulation (EC) No 3/2008. The reasons for proposing the programme were not given; elements proving that the implementing body had been well chosen were lacking. In more recent years, another significant ground for rejection was the absence of SMART objectives, or of methods to be used for programme evaluation and impact assessment.

**Promotion activities managed directly by DG AGRI:** the report describes directly managed activities with some emphasis on the high level missions or promotional events, notably to India and China, which were organised as follows from 2007 to 2010. It also discusses the promotion campaign for organic food and farming, and other expenditure under direct management. A detailed description of all activities under direct management by DG AGRI is given in the Commission Staff Working Document accompanying the report.

The report states that the period 2006-2010 featured several amendments to the scheme of EU co-financed programmes for the promotion of agricultural products. It makes the following points:

- the promotion scheme was improved in the light of the last report's recommendations: the **two Council regulations were merged into one** (now Council Regulation (EC) No 3/2008 of the Council) and the two Commission regulations were also merged into one (Commission Regulation (EC) No 501/2008), of the Commission);
- the **selection procedure for the new programmes at Commission level was improved** through the adoption of guidelines and the introduction of quantitative evaluation methods (evaluation grid) and reference costs for the various actions included in the programmes. The paper notes that robust guidelines for preparing promotion programmes have been drawn up and adopted. DG AGRI's

internal audit report of May 2009 noted that the systems in place comply with applicable rules and procedures in a satisfactory manner and that since 2005, there has been a constant increase of the quality of the selection procedure'. The guidelines already adopted and updated will certainly help in this respect;

- improvements were made to the **impact assessment of programmes** during and at the end of their implementation. Since 2008, an assessment of the impact of the programmes is made when the programmes come to an end and is included in the final reports examined by the programme managers. This assessment makes use of indicators such as the budget execution rate or the conformity of the implemented programme with the proposed one. The measures included in the programmes are increasingly successful. Up to now the reports were often drafted by the proposing organisations themselves. From 2010 on, the evaluations will be made by independent assessment bodies. A good indicator of the quality of the promotion tools developed during the implementation of the promotion programmes, and of their positive impact, is the fact that, after many programmes are completed, a request is introduced by the proposing organisation to be allowed to produce additional quantities of these tools for further use at their own cost;
- the **management of the programmes** was consequently improved. The implementation rate (expenditure/appropriations) of the sector increased significantly, to almost 100 %. The trend in the implementation rate has to be underlined: sound management of the promotion sector helped put a stop to the under-consumption that was one of the main features of the sector up to 2006;
- during the report period, the promotion scheme was also used to counter crisis consequences in two cases: avian influenza (2007) and the crisis in the dairy sector (2008).
- Many other improvements were initiated by the Commission departments during the reporting period, in line with the Court of Auditors' recommendations.

Recent audits by the Court of Auditors and DG Agriculture and Rural Development's internal audit unit have confirmed these improvements. Nevertheless, other improvements still have to be made:

- The quality of the programmes sent to the Commission departments needs to be further improved;
- the selection, monitoring and audit of programmes by the Member States' competent authorities also has to be further improved. Greater attention needs to be paid to the tender procedures applied for the choice of the implementing bodies. In this context both Articles 9(2)(e) and 12(2) stress the technical and financial capacities these bodies have to possess in order to ensure that the promotion actions are implemented as efficiently as possible;
- the procedure currently in place to approve co-financed programmes is rather cumbersome. Programmes are evaluated twice: at the level of the Member State and then at EU level. The whole selection procedure takes seven months. Nevertheless, more than 50 % of the programmes received are refused.

The current information and promotion policy will be reviewed in parallel with the discussion on the CAP reform after 2013. The promotion instruments should provide EU producers with an effective tool whilst attempting at the same time to reduce the administrative burden.