



# Effects of developing food processing on the involvement of producers in the food chain: Experience from Hungary

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# Background

Aim of the RDP “Increasing the value of agricultural products”: supporting the investments in processing facilities (only processing of Annex I products)

Beneficiaries:

1. Agricultural enterprises,
2. Micro and small-size food processors,
3. Any other micro- and small-size enterprises.

Main evaluation questions in ex-post evaluation:

- What was the purpose of the subsidied developments?
- How significantly did the competitiveness, productivity and profitability of the beneficiaries increase?
- Did the agricultural beneficiaries gain a better position in the value chain?
- To what extent did the value of the agricultural product increase significantly?

# Additional evaluation questions

- Did the given measures contribute to the income level of producers?
- Has the increase in competitiveness been accompanied by an increase in quality, a higher level of processing and more added value?
- What kind of proposals can be drafted in order to accomplish the results expected by the CAP even more effectively in the coming programming period?
- What supported activities have/will the beneficiaries carry out thanks to the grant?
- What was the purpose of the subsidied developments?

Judgment criteria	Indicators	Data sources
Profitability of the beneficiaries has increased (compared to basic population)	ROS (Return on Sales), ROA (Return on Assets), ROI (Return on Investment)	<u>Data of National Tax Office/Operations Database</u>
Labour productivity of beneficiaries has increased (compared to basic population)	Profit before Tax/Number of Employees, Operating Profit/Labour Cost	
Competitiveness of beneficiaries has increased (compared to all food industries)	Export Ratio	
Target activity/sector	Number and amount of investment/subsector	Operations Database/ <u>Questionnaire</u>
Main purposes of the investments	Share of product development, technology development, market diversification etc. Applications	Operations Database/ <u>Questionnaire</u>

# Methods/approaches used to answer the evaluation questions

**Databases:** Data provided by applicants (Operations Database). Main limitation: missed data/data of National Tax Office; only agricultural and food industrial enterprises

## Surveys:

1) Short questionnaire sent to every applicant:

- Main data of applicants (sector, size, size of project)
- Main aim of the project (sector, target of investment)
- Result of the application
- Opinion on application process

2) Short questionnaire sent to potential applicants via National Agricultural Chamber

Survey methods: Simple descriptive statistics (frequencies, and averages), Cross-table analysis , different tests to analyse the relationship between variables.

**Interviews:** PA Experts, experts of consulting companies and other organisations:

- General opinion on the program, application process, experiences, good practices, typical problems arisen

# Advantages and disadvantages of the approaches used

## Advantages

- New approach of the evaluation (new evaluation questions, with more quantitative emphasis, financial indicators)
- Relatively simple calculation methods (financial indicators) but high value-added in terms of information gain
- Possibility of qualitative evaluation
- Results of financial analysis and surveys can lead to both theoretical and practical recommendations during the ex-post evaluation.

## Disadvantages and risks

- Proper data collection is limited/not available/at high risk
- Identifying control groups is a challenge
- Limited timeline: real effects of investments can be measured only 2-3 years after finalisation/other factors may affect profitability, productivity etc.
- Subjectivity of respondents

## Recommendations/suggested improvements for future CAP based on our ongoing evaluation (mainly for MAs)

- Better targeting of possible applicants during the next period
- Simpler but more targeted data provided by applicants
- Faster and simpler evaluation process of applications for deciding on support
- Easily calculable financial data and indicators — instead of qualitative presentation — also may help to speed up the application assessment process (also relevant for evaluation in the future)



# Thank you

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