
Review Branch

**Direction générale de
l'examen de programmes**

**A REVIEW FRAMEWORK
FOR THE *AGRICULTURAL MARKETING
PROGRAMS ACT* (AMPA)
FINAL REPORT**

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 Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

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EXECUTIVE SUMMARY

The executive summary for the final report on the review framework of AMPA is divided into five sections:

- Introduction;
- Methodology;
- Observations;
- Findings and Recommendations; and
- Implementation Plan.

Introduction

The *Agricultural Marketing Programs Act* (AMPA) -- which includes the Advance Payments Program (APP), the Price Pooling Program (PPP), and the Government Purchases Program (GPP) -- received Royal Assent by Parliament in April, 1997. According to the *Act*, the Minister of Agriculture and Agri-Food Canada (AAFC), in consultation with the Minister of Finance, “must review the provisions and operations” (*Agricultural Marketing Programs Act*, at 41) of AMPA during its fifth year, and subsequently table a report to Parliament on his or her findings. Given this legislative requirement, the purpose of this report is to assist the review process that culminates in a report to Parliament before April, 2002.

In June 1998, AAFC’s Review Branch was requested by Market and Industry Services Branch (MISB) to create a review framework for

the Program¹. Due to this request, the framework was developed and based upon to the four attributes of performance measurement that were approved by the Departmental Management Committee (DMC). The four attributes are:

- Acceptance/Relevance;
- Cost/Benefit;
- Management Effectiveness; and
- Results.

Methodology

The methodology used in this report was divided into three parts. Firstly, conceptualizing the review framework involved situating AMPA into AAFC’s performance measurement framework by linking up the expected impacts of the Program with the key result areas of the business lines relevant to AMPA (see Figure 1). Secondly, gathering data for the purpose of creating the framework consisted of two techniques: Reviewing numerous documents related to AMPA, and/or its precursor or component programs; and interviewing 23 persons within and outside the Department. Thirdly, planning for implementation of the review framework entailed identifying appropriate indicators and corresponding data sources to match the review questions for AMPA that had been formulated from the data gathering processes. Once this information was prepared, the review questions -- with respective indicators and data sources -- were presented to AMPA’s management who then

¹ The word *program* may be confusing because it can be used to refer to AMPA or its three component programs. In this document, “Program” is utilized to mean AMPA, and “program” to refer to a program in a generic sense or to refer to the APP, PPP, and/or GPP.

ranked each question according to its relative importance for the upcoming review process.

Observations

Three recurring themes related to AMPA that emerged from the data gathering are:

- A clear rationale for the Program and its component programs must be established;
- The impact of AMPA must be identified; and
- Evidence for the necessity of *interest-free* cash advances in furthering the objective of AMPA should be collected.

Several other important issues also were highlighted are, and they are:

- Put more emphasis on orderly marketing;
- Determine if cash advances provide additional financing to producers;
- Bring in measures to evaluate AMPA's effectiveness;
- Achieve greater transparency on issues related to AMPA by introducing mechanisms which allow more information exchange between management and stakeholders inside and outside AAFC;
- Establish the relevance of AMPA;
- Identify the corporate risks associated with AMPA -- contingency liability² (PPP) and default rates (APP) were mentioned in the interviews -- and regularly monitor them;
- Balance client satisfaction on the timeliness of PPP price guarantees with caution to avoid contingency liability;

- Explore the feasibility of alternatives to AMPA; and
- Recognize and understand the popularity and support that the interest-free aspect of the APP has within the agriculture and agri-food sector.

Findings and Recommendations

In order to address the observations presented above, four recommendations have been made to the Department; they are:

- 1) Develop a set of program indicators so that it can regularly monitor the Program and, from this process, develop a semi-annual status report on AMPA for distribution to AAFC managers and other key stakeholders;
- 2) Develop a policy paper, to be distributed to stakeholders, clarifying the objective and impact(s) of AMPA and its component programs within the overall agriculture and agri-food policy framework;
- 3) Initiate four activities to prepare for the upcoming evaluation, including a complete a legal assessment of AMPA's vulnerability to litigation and the creation of targets for defaults and loss-ratios for the APP; and
- 4) Conduct a full evaluation of AMPA.

The recommendations are to be addressed by a number of review strategies which are summarized in Figure 2.

² The contingent liability of the PPP refers to any monetary loss incurred due to the difference in set price guarantees derived by the Department and actual commodity prices.

Implementation Plan

An implementation plan for AMPA addresses the resource and time requirements for the review strategies (see Figure 3).

The implementation plan was devised in such a way as to identify who is responsible for each review strategy and to estimate how long each strategy would take. Briefly,

- 1) In developing key program indicators for the Program, AMPA's management should organize a one-day session with program managers to identify the indicators. Review Branch can be relied upon to facilitate this meeting.
- 2) In developing the policy paper on AMPA, a Policy Branch/MISB joint initiative should be undertaken to situate the Program within the overall agriculture and agri-food policy framework.
- 3) In carrying out the review strategies related to managing the Program, AMPA's management should assign responsibility to program managers for each strategy. In assessing AMPA's vulnerability to litigation, Legal Services has indicated that the process would take their office between 1 and 2 days.
- 4) With respect to the evaluation of AMPA, Review Branch should lead this process. Estimates of the human resource, travel, and consultants' costs associated with the

evaluation are presented in Figure 3. The six elements of a full evaluation of AMPA are³:

- Interviewing stakeholders;
- Assessing the Program's management systems;
- Conducting an economic analysis study;
- Completing an access to credit study;
- Carrying out case study analyses;
- Surveying producers.

The total resource allocation for the evaluation of AMPA is estimated at 210 FTDs⁴, \$50,000 in consultants' fees, and a \$30,000 travel budget.

³ Because all six of the evaluation elements may be considered resource-intensive for the Department, they are presented in an order that represents their priority in relation to each other.

⁴ FTD represents Full-Time Days for one Review Branch employee. While this represents a best estimate of the time taken to complete the evaluation element, the days may not be consecutive.

INTRODUCTION

Also known as Bill C-34, the *Agricultural Marketing Programs Act* (AMPA) -- which includes the Advance Payments Program (APP), the Price Pooling Program (PPP), and the Government Purchases Program (GPP) -- received Royal Assent by Parliament in April, 1997. Importantly, the *Act* specifies that the Minister of Agriculture and Agri-Food Canada (AAFC), in consultation with the Minister of Finance, “must review the provisions and operations” (*Agricultural Marketing Programs Act*, at 41) of AMPA during its fifth year, and subsequently table a report to Parliament on their findings. In light of the legislative requirement for a review of AMPA, the purpose of this project was to outline a review framework for the Program that would culminate in a report to be tabled in Parliament by April, 2002. This report is divided into six sections; they are:

- 1) A brief introduction to the review framework project⁵;
- 2) The objectives and scope of the project;
- 3) Methodology;
- 4) Observations;
- 5) Findings and recommendations; and
- 6) An implementation plan for the review strategies contained in this report.

The next section begins with the objectives and scope of the review framework for AMPA.

⁵ Background information on AMPA appears in Annex 2.

OBJECTIVES AND SCOPE

In June 1998, AAFC’s Review Branch was requested by Market and Industry Services Branch (MISB) to develop an evaluation framework⁶ for AMPA. The purpose of this framework was to “set the stage” for a subsequent evaluation of AMPA by providing program management with key issues and questions relevant to future decision-making on the Program. According to the terms of reference⁷ for the framework, the objectives of the project are to:

- ▶ Clarify AMPA’s objective(s) and that of its component programs;
- ▶ Outline the activities and outputs of AMPA, as well as its expected results (i.e., impacts);
- ▶ Provide a list of issues and questions for future studies of AMPA;
- ▶ Identify performance indicators for program effectiveness and efficiency; and
- ▶ Address future information needs, including data collection requirements.

To understand the performance of programs within AAFC, the Departmental Management Committee (DMC) has requested that senior management be provided with comprehensive information to determine: whether or not a program’s results are being achieved, the program continues to be

⁶ Originally, an *evaluation* framework was planned. However, throughout the project it was realized that an expansion of the scope of the framework to include other review actions for AMPA was both necessary and possible. Hereafter in this report, the term *review* framework will be used to describe the project envisioned in the terms of reference.

⁷ The terms of reference for this project appear in Annex 3.

relevant and acceptable, as well as the costs of achieving program results and the effectiveness of management in delivering a program. Based upon this request, the review framework for AMPA was developed to provide information according to the following four attributes:

- Acceptance/Relevance (i.e., *Is a program and its activities relevant, appropriately designed and implemented, and perceived as acceptable by clients and stakeholders?*);
- Cost/Benefit (i.e., *Are the costs of a program in line with its benefits?*);
- Management Effectiveness (i.e., *How well is a program being managed?*); and
- Results (i.e., *Are a program's objectives being achieved and are there any secondary impacts?*).

It is Review Branch's belief that these goals have been accomplished without creating too complex an infrastructure for AMPA's management to be able to proceed, in a practical fashion, with the necessary review of AMPA. How the findings of the review framework were identified appears in the upcoming methodology section.

METHODOLOGY

The methodology for this report has been divided into three parts

- Conceptualizing the review framework;
- Gathering data; and
- Planning for implementation.

Part 1: Conceptualizing the Review Framework

Early on in the process for developing the review framework for AMPA, it was decided that it was necessary to link the Program to the AAFC performance framework and the business line activities of AAFC. The two business lines relevant to the AMPA's impacts are *Expanding Markets* and *Strong Foundation for the Sector and Rural Communities*⁸. (The key result areas [KRAs] of these two business lines are outlined in the *Main Estimates Report on Plans and Priorities* for 1998-99 [AAFC, 1998a]).

Figure 1 was created to show this link between AMPA and AAFC's business line activities. On the left-hand side of the figure, a summarized logic model for the Program is represented. One can see that the purpose of AMPA and its component programs, as well as the primary and secondary impacts of the Program, is depicted. On the right-hand side of Figure 1, the two business lines related to AMPA and their respective KRAs are shown. It is hoped that by following the recommendations contained in this report, a further solidification of the link between AMPA and AAFC's strategic direction will result.

Part 2: Data Gathering

Once the review framework for AMPA was conceptualized, the next step was to identify specific review actions by collecting information on

⁸ Strictly speaking, AMPA falls within the *Expanding Markets* business line. Secondary impacts of the Program, however, may carry over into *Strong Foundation for the Sector and Rural Communities*, so it is included here.

the Program. The two main methods of gathering data in this project were consulting extant documents and conducting interviews with persons both within and outside of AAFC. Each of these methods is considered in more detail below.

Document Review. Many documents have been written on the programs which preceded AMPA. Any report, evaluation, memoranda, or executive summary that allowed for a better understanding of AMPA and/or its component programs was used to gather information about the Program and is cited in the bibliography that follows this report. Documents of particular interest were ones that addressed the history, objective, and/or current activities and impacts of AMPA. The documents which were found to provide the most insight into AMPA are listed in chronological order:

Ernst & Young (1992), *Evaluation of APCMA, PGAPA, APCA & CFEP*;

- Agriculture Canada (1993), *APCMA, PGAPA, APCA, CFEP: Executive Report [of Ernst & Young's (1992) Evaluation]*;
- Andersen (1994), *Evaluation of APCA and PGAPA*;
- Cash Advance Working Group (1994), *"Marketing Impacts" Report [on PGAPA & APCA]*;
- Riddell (1996), *Collection of Memoranda and Documents Related to the 1995 Nation-wide Consultations on APCMA, PGAPA, APCA & APBA*;
- Office of the Auditor General (1998), *Chapter 11: Audit of Cash Advance Program [APP]*.

The second type of data gathering used in this project, conducting interviews, is considered next.

Interviews. In conjunction with the a review of existing documentation related to AMPA, 23 interviews were conducted in July and August of 1998 with individuals⁹ who were familiar with either the Program, its component program(s), or both. The names for potential interviewees were obtained from a list compiled by program managers and Review Branch, and approved by the Director General of Agriculture Industry Services Directorate. The response to requests for interviews was overwhelmingly positive. All persons who were contacted, except for two academics who believed AMPA to be outside their area of expertise, agreed to be interviewed¹⁰. The majority of interviewees (19) worked for AAFC, but 2 individuals with the Department of Finance as well as 2 academics, also were interviewed. Two interviewers conducted the interviews which ranged from 30-90 minutes, and interviewees received a copy of the interview guide¹¹ and a program profile in advance of the interview. A list of interviewees according to their area of expertise is as follows:

Within AAFC

- 3 Program managers
- 3 Strategic Business Planning
- 3 Farm Income Policy
- 2 Senior managers
- 2 Finance
- 1 Co-Op Secretariat
- 1 Market Analysis

⁹ Except on one occasion where two persons were interviewed together, all interviews were carried out with one individual at a time.

¹⁰ Two potential interviewees referred to colleagues as replacements; in both cases, the colleagues agreed to be interviewed.

¹¹ The interview guide appears in Appendix 4.

- 1 Legal Services
- 1 Grains & Oilseeds
- 1 International Trade & Policy Development

Within the Department of Finance:

- 2 Finance

Outside Government:

- 2 Subject-matter experts in Academia

The results of the document review and interviews were compiled and analysed with the purpose of allowing this information to guide the recommendations outlined later in the final report. Before turning to the observations which came out of this project, a few words on planning for the implementation of the AMPA review framework are presented.

Part 3: Planning for Implementation

After determining critical review questions for AMPA from existing documents and the interviews as described in the preceding two subsections, it was necessary to develop appropriate indicators and corresponding data sources to match the review questions for the Program. Once this information was prepared, the review questions, with their respective indicators and data sources, were presented to program managers who ranked each question according to its relative importance for the upcoming review process¹². Given that nearly all of the issues were ranked to be of high importance by AMPA's program managers, only two issues which received a low ranking were discarded from the review framework. The first issue, stakeholders' perception of AMPA's ability to facilitate orderly marketing, was believed to be

¹² This information can be seen in Annex 5.

something that already was known from previous studies (e.g., OAG, 1998; Agriculture Canada, 1993). The second issue, Canadian import rates of AMPA-eligible products, was believed to be too complex a phenomenon to be attributable to one program (AMPA) in a meaningful manner.

In the next section, observations made during the data gathering processes are presented and described in detail.

OBSERVATIONS

Before citing the observations that were made out of the document review and the interviews, a few words specific to compiling the themes from the document review and interviews are in order.

After reviewing the documents for this project, it became clear that while some of the issues¹³ related to AMPA's precursor programs have been addressed, there are issues which have persisted even after earlier programs were consolidated into AMPA.

In analysing the interviewees' remarks, three points must be raised regarding the interview process. Firstly, it was revealed that there was not a lot of similarity in interviewees' responses to the interview guide. One reason for this lack of agreement may be that interviewees held various positions within or outside the Department, and consequently they came to their interview equipped with different areas expertise (e.g., finance, trade,

¹³ These issues include creating control mechanisms with the purpose of reducing default and non-compliance rates, and introducing one *Act* to decrease confusion, regional inequity, and costs.

policy, program management). Secondly, at times interviewees expressed conflicting views on the Program. For instance, whereas one individual suggested that a given alternative to the APP would be an excellent avenue for the Department to explore, a second individual indicated that the same alternative would *not* be feasible. Thirdly, many of the comments that were made in the interviews were evaluative in nature¹⁴ rather than being relevant to creating a review process (i.e., the expressed purpose of the interviews). Only interviewees' comments which addressed the task of facilitating a review of AMPA are represented in the observations.

Major Observations Out of the Document Review and Interviews

From both data gathering techniques, three recurring themes emerged:

- ▶ A clear rationale for the Program and its component programs must be established;
- ▶ The impact of AMPA must be identified; and
- ▶ Evidence for the necessity of *interest-free* cash advances in furthering the objective of AMPA should be collected.

Each of these themes is explained below.

Clear Rationale. As a result of the document review and the interview processes, it was possible to observe that a rationale for AMPA -- as well as *raisons d'être* for the APP, PPP, and GPP -- needed to be clarified as they were not clearly understood.

¹⁴ Comments such as “Better overall marketing and market stabilization results because of AMPA”, “There is an ‘element of compulsion’ to AMPA” were recognized as being evaluative.

Impact(s) of AMPA. Out of the document review process, it was discovered that the impact of AMPA needs to be identified. More specifically, whether the Program provides orderly marketing to the sector and/or income support to individual producers must be resolved. For example, interviewees were confused in terms of which of these two possible impacts they thought was attributable to AMPA. Somewhat related to the first observation above was that, despite being very different impacts, these two potential effects of the Program have been confused in the past.

Interest-Free Cash Advances. A third observation was that the Department needs to establish evidence which shows why cash advances to producers should be interest-free. Some of the interviewees argued that the APP inclusion criteria were inequitable because not all commodities were eligible. Further, some question the policy of interest-free advances given today's fiscal environment and the fact that interest-free programs are not available to other industries.

Other Observations Out of the Document Review and Interviews

Apart from the major observations identified above, issues other than the three main themes arose out of the document review and interview processes. They are:

- ▶ Put more emphasis on orderly marketing;
- ▶ Determine if cash advances provide additional financing to producers;
- ▶ Bring in measures to evaluate AMPA's effectiveness;
- ▶ Achieve greater transparency on issues related to AMPA by introducing mechanisms which allow more information exchange between

management and stakeholders inside and outside AAFC;

- ▶ Establish the relevance of AMPA;
- ▶ Identify the corporate risks associated with AMPA -- contingency liability¹⁵ (PPP) and default rates (APP) were mentioned in the interviews -- and regularly monitor them;
- ▶ Balance client satisfaction on the timeliness of PPP price guarantees with being cautious to avoid contingency liability;
- ▶ Explore the feasibility of alternatives to AMPA; and
- ▶ Recognize and understand the popularity and support that the interest-free aspect of the APP has within the agriculture and agri-food sector.

In the subsequent section, review recommendations for AMPA that take into account the main observations, and many of the other issues described in this section, are presented.

FINDINGS AND RECOMMENDATIONS

During the document review and interview processes, issues were identified and categorized based upon the following performance measurement attributes agreed to by AAFC's DMC:

- Relevance/Acceptance;
- Cost/Benefit;
- Management Effectiveness; and
- Results.

¹⁵ The contingent liability of the PPP refers to any monetary loss incurred due to the difference in set price guarantees derived by the Department and actual commodity prices.

Annex 5 provides a thorough listing of the issues which includes the indicators to be used to address the issues, the data sources for indicators, and the level of importance of each issue as determined by program managers.

From this detailed list of pertinent issues related to AMPA, a framework to review the Program was developed. All the review strategies in the framework are shown in Figure 2.

There are three main elements to the review framework for AMPA, each with corresponding recommendations: Monitoring program indicators, management actions, and Program evaluation. Each element outlines the specific work that should be undertaken over the next three years such that appropriate review information is available to prepare the report to Parliament by April, 2002. A summary of the four recommendations contained in this report is featured in Exhibit 1.

Exhibit 1: Recommendations

- ▶ Develop a set of program indicators for AMPA and distribute a semi-annual status report to stakeholders
- ▶ Develop a policy paper clarifying AMPA's objectives and impacts and distribute this information to stakeholders
- ▶ Undertake a number of management activities in support of the Deputy Minister's vision
- ▶ Conduct a full evaluation of AMPA

The recommendations will be described in this section. The first element in the review framework

to be considered is monitoring program indicators for AMPA.

Monitoring Program Indicators

Monitoring a key set of program indicators on a regular basis provides periodic updates on the program’s performance. The purpose of ongoing monitoring is three-fold; monitoring:

- ▶ Identifies areas where the Program may be vulnerable and where further analysis may be required;
- ▶ Enables AMPA’s management to convey performance information to stakeholders¹⁶; and
- ▶ Provides a base of information that would be used for the annual report for AMPA, as set out in Section 41 of the *Act*.

Thus,

1) It is recommended that the Department develop a set of program indicators so that it can regularly monitor the Program and, from this process, develop a semi-annual status report on AMPA for distribution to AAFC managers and other key stakeholders.

Some suggested indicators for the ongoing monitoring of AMPA are posited in Exhibit 2.

Exhibit 2: Key Program Indicators

APP, PPP, & GPP

- ▶ Annual administration costs
- ▶ Number of agreements per year
- ▶ Volume of product covered

APP

- ▶ Number of participating producers per year
- ▶ Annual interest costs & impact of interest rate fluctuations on future program costs
- ▶ Annual advances (total for program and average per producer)
- ▶ Annual default rate (total outstanding: recoverable vs. unrecoverable, and collection costs)

PPP

- ▶ Number of participating producers per year
- ▶ Annual contingent liability rate
- ▶ The impact of price fluctuations in commodities on future program costs

In developing program indicators, management should consider the following questions:

- ▶ Which stakeholders should receive a semi-annual monitoring report?
- ▶ What should be the level of analysis for the indicators (e.g., by region, commodity, producer organization)?
- ▶ How frequently should the information be collected?
- ▶ Who is responsible for collecting and reporting the information?
- ▶ What are the resource levels and systems required for monitoring AMPA’s indicators?

Management Actions

One of the common themes that emerged from both the document review and interview processes

¹⁶ The term *stakeholders* is defined here in the broadest sense to include representatives of the CWB, producer organizations, regional (cf. centralized) financial institutions, AMPA program managers, and AAFC management.



conducted for this project was that the impact of AMPA was not clear¹⁷. Some of the individuals interviewed were of the opinion that supporting producers' income is the overall impact of the Program, while others believed that facilitating the orderly marketing of agriculture and agri-food products was the more likely result of AMPA. In the analysis done for this report, it was concluded that determining the impact of AMPA was not an either/or task. The federal government, via AAFC, is using AMPA to support the marketing systems of agriculture and agri-food products and one impact out of this activity would be optimizing producers' returns. However, to ensure that AMPA's objective and impacts are understood clearly,

2) *It is recommended that the Department develop a policy paper clarifying the objective and impacts of AMPA and its component programs within its overall policy framework. The paper should be distributed to stakeholders.*

The Deputy Minister of AAFC recently has outlined his vision for the Department. Exhibit 3 summarizes this vision as a 7-point plan. Each manager and management team in the Department is expected to do their part in bringing this vision to reality and making AAFC one of the best-managed organizations in Canada.

¹⁷ To bring some clarity to the objective of AMPA, the *Agricultural Marketing Programs Act* states that the Program is to "provide support for the marketing of agricultural products" (at Summary). The purpose of the APP and PPP are identified in Sections 4 and 26 of the *Act*, respectively. Section 31 deals with the GPP, but does not include a statement of its purpose *per se*.

**Exhibit 3: Deputy Minister's Vision
for the Department**

- ▶ Hearing all stakeholders
- ▶ Managers as leaders
- ▶ Readiness for the future
- ▶ Information that supports excellence
- ▶ High performance workforce
- ▶ Responsiveness
- ▶ Results: Performance Excellence

Source: Claydon (1998)

In support of the Deputy's vision, AMPA's management (see AAFC, 1998b) has undertaken a number of initiatives. Namely:

- ▶ Conducting regular program audits of producer compliance and the effectiveness of third-party program delivery; and
- ▶ Working on AMPA's Business Plan a human resources plan, and annual operational plans.

With respect to management actions to be initiated,

3) *It is recommended that the Department initiate the following:*

- Establish targets for acceptable default rates¹⁸ and loss target ratios;
- Assess AMPA's vulnerability to litigation;
- Review and consolidate information in the AMPA database and files to ensure that necessary information is available for future review use and other requests (see Exhibit 4); and
- Discuss the review framework and proposed review process with an advisory

¹⁸ Two starting points for benchmarking default rates may be Riding (1997) and Norton (1998).

group made up of clients and other stakeholders.

Exhibit 4: Information Required from AMPA's

Files & Database

- ▶ Annual crop volumes supported by APP & PPP
- ▶ GPP applications and implementation details
- ▶ Decisions for implementing & not implementing GPP
- ▶ Cost of AMPA compared to pre-AMPA programs
- ▶ Proportion of defaults on advances under & over \$50k
- ▶ Number of defaults within the CWB and each producer organization
- ▶ Actual selling prices obtained by producers (APP & PPP)

The last point requires further elaboration. One element of the Deputy Minister's vision is to "hear our stakeholders". It is important that AMPA's stakeholders are well aware of the overall review process at an early stage relative to the time when the report is tabled to Parliament. The reason for early involvement is two-fold. Firstly, by consulting representatives of the agriculture and agri-food sector, AMPA's management can gain valuable feedback on its review strategies as well as attain stakeholders' acceptance of the review process. Secondly, given that the Minister of AAFC "must review the provisions and operation of [AMPA] in consultation with the Minister of Finance" (*Agricultural Marketing Programs Act*, at 42), it is essential to confer with the Department of Finance throughout the review process to incorporate Finance's suggestions well in advance of preparing the report.

Program Evaluation

Taken with the ongoing monitoring of program indicators and management actions, an evaluation of AMPA will offer a rounded review of the Program. Specifically, the evaluation process will need to collect evidence for demonstrating the impact of AMPA and the benefits of the APP interest-free cash advances, as well the other issues outlined in the Observations section of this report. However, because there is no one indicator which can easily measure the impact of AMPA, the method of triangulation¹⁹ is proposed

so that the evaluation contains a number of different review strategies²⁰.

4) It is recommended that the Department commit to a full evaluation which consists of:

- *Surveying producers and interviewing other stakeholders of AMPA*²¹ to

¹⁹ Triangulation is a strategy that uses different techniques to measure the same phenomenon.

²⁰ To investigate the extent to which AMPA influences orderly marketing, for example, six different data sources have been specified (see Annex 5). However, making attributions on global phenomena -- such as the marketing of agriculture and agri-food products -- to one program, is not always possible much less warranted.

²¹ From the interviews already conducted, it was suggested that the selected survey sample for the evaluation of AMPA consist of large and small producers, and be representative of commodities and regions which participate in the Program. For interviews, it was recommended that interviewer(s) be knowledgeable with the Program and the agriculture and agri-food sector. Finally, a focus group of subject matter experts (i.e., academics) was suggested as a good way to

determine their perceptions on various issues summarized in Exhibit 5;

- *Assessing AMPA's management systems* to ensure that they are efficient and effective;
- *Carrying out an economic analysis of AMPA* to track the Program's impact on the sector in comparison to a variety of alternatives and to gauge the Program's impact on individual farms;
- *Assessing producers' access to credit and repayment terms*; and
- *Conducting case study analyses* with select quantitative and qualitative data to make Program comparisons based upon factors such as commodity type, region, producer characteristics, and farm size.

Exhibit 5: A Summary of Survey and Interview

Issues

- ▶ Stakeholders' perceptions on the impact of AMPA
- ▶ Relevance of AMPA in today's environment
- ▶ Profile of producers who participate in the APP & PPP
- ▶ Client satisfaction on the appropriateness of program design and delivery
- ▶ Stakeholders' perceptions of policy alternatives
- ▶ Appropriateness of the APP's crop eligibility criteria
- ▶ Benefits of interest-free provision (APP) and price guarantees (PPP)
- ▶ Extent of post-AMPA reduction in inequities, inconsistencies, and Program costs

bring together persons who are familiar with AMPA and the agriculture and agri-food sector to have a meaningful discussion for the evaluation.

It is anticipated that the recommendations described in this report will provide AMPA's management with valuable information about the Program and facilitate the preparation of the report to Parliament in 2002. For each element discussed in this section, an implementation and action plan – including the time-line, resources, and responsibilities for all review actions -- has been prepared. The implementation plan for AMPA is the subject of the last section of this report.

IMPLEMENTATION PLAN

An implementation plan has been developed for the review framework of AMPA in order to gain an understanding of the time-line and resource commitments associated with the recommendations and their respective review strategies that were outlined in the previous section. It is expected that all the strategies will be completed six months prior to the report deadline for Parliament which is April, 2002. This six-month period will allow AMPA's management sufficient time to prepare the Parliamentary report.

Responsibility for each review strategy, as well as detailed resource and time requirements, is summarized in Figure 3²².

Implementing Recommendations 1, 2, & 3: Monitoring and Managing AMPA

As to implementing the first three recommendations contained in this report, the following is suggested:

²² Figure 3 features *FTD* which indicates the best estimate of the Full-Time Days required for one employee. It should be recognized, however, that *FTDs* may not be consecutive working days.



- 1) In developing key program indicators for AMPA, its management should organize a one-day session with program managers to identify indicators. Review Branch can be relied upon to facilitate this meeting.
- 2) In developing the policy paper on AMPA, a Policy Branch/MISB joint initiative should be undertaken, with AMPA's management being responsible for creating a stakeholder list and distributing the paper to interested stakeholders.
- 3) In carrying out the review strategies related to managing the Program, AMPA's management should assign responsibility to program managers for each strategy. In assessing AMPA's vulnerability to litigation, Legal Services has indicated that the process would take their office between 1 and 2 days.

Implementing Recommendation 4: The Evaluation of AMPA

It is anticipated that Review Branch will be able to take the lead for the evaluation of AMPA, acting in conjunction with outside consultant(s) and branches within the Department where necessary. Six elements²³ are proposed for the evaluation of the Program; they are²⁴:

- ▶ Interviewing stakeholders;

²³ Included in the elements would be an evaluation report prepared by Review Branch which summarizes the elements but is separate from the report to Parliament.

²⁴ Annex 5 lists the review issues which comprise each evaluation element, as well as the data sources and indicators for each issue.

- ▶ Assessing AMPA's management systems;
- ▶ Conducting an economic analysis study;
- ▶ Completing an access to credit study;
- ▶ Carrying out case study analyses; and
- ▶ Surveying producers.

Because all of the elements taken together may be considered resource-intensive for the Department, they are presented below in an order that represents their priority in relation to each other.

1) Interviewing Stakeholders. It is expected that approximately 50 stakeholders²⁵ -- representative of all stakeholders, regions and types of commodity -- will provide feedback on the Program by participating in face-to-face interviews.

In addition to interviewing stakeholders, this element of the evaluation obviously will include a review of key documents, creation of a list of potential interviewees, development of an interview guide, and analysis of the interviewer's²⁶ notes. Finally, it was recommended during the review framework process that a tour of the CWB in Winnipeg would be essential for evaluators to understand AMPA's "largest client".

²⁵ *Stakeholders* is used broadly in this context to include: Producers; representatives of the Canadian Wheat Board (CWB) and approximately 50 producer organizations; co-operatives; processors; grain delivery companies; (regional) financial institutions; as well as the four program managers of AMPA, and senior AAFC managers.

²⁶ It was suggested in the interviews for the review framework that the interviewer(s) for the evaluation of AMPA be familiar with both the Program and the agriculture and agri-food sector.

2) Assessing AMPA's Management Systems.

The assessment of management systems should include a review of AMPA's Business Plan and Human Resources Plan; address the adequacy of files and data base; and determine the suitability of the review and management control frameworks that have been developed for the Program.

3) Conducting an Economic Analysis Study.

In co-operation with EPAD²⁷, the Economic and Policy Analysis Directorate of AAFC, it may be possible to utilize some pre-existing data relevant to AMPA including information on producers who do not currently participate in the Program for comparison with producers who do participate.

4) Completing an Access to Credit Study.

The access to credit study is envisioned as interviews²⁸ with (regional) representatives of financial institutions, other suppliers of credit to the sector, and a number of producers. It likely would be done for two or three different commodities, and would require approximately 20 interviews. Like the interviewing of stakeholders described above, interviews would be face-to-face and conducted across the country. Given that different issues are to be addressed in this study, a separate interview guide would be required.

²⁷ The commitment made by EPAD to assist Review Branch with this element is dependent upon the availability of EPAD's "in-house" resources when the request for the economic analysis study is made. If the services of an outside consultant were required, the estimated cost is \$20,000.

²⁸ Given that the focus of the study is different from the interviews with stakeholders, it is described here as a separate element of the evaluation.

5) Carrying Out Case Study Analysis.

With the data gathered during the interview phase of the evaluation, a case study analysis of the data is planned. Case studies allow data to be viewed in a more in-depth manner, say with a focus on commodity type, region, and/or producer characteristics. The number of case studies to be carried out is dependent upon resource allocation (i.e., the estimate in Figure 3 is based upon one case study which involves no travel).

6) Surveying Producers.

The survey phase of the proposed evaluation for AMPA involves various tasks which include: Constructing a questionnaire, surveying producers, and analyzing the survey data. Importantly, to attain a sample size that is sufficient to make generalizations to the 50,000 or so producers who participate in the APP and PPP, it is anticipated that 1,000 randomly selected producers who use either programs would be required. Given that Review Branch does not have the staff resources to phone 1,000 producers, an outside consultant's services would be required to carry out the surveying and to develop a list of potential respondents.

Such a proposed evaluation element, though useful, is cost-intensive. Given that many of the studies of AMPA²⁹ or its precursor programs already have used self-report measures to gauge the agriculture and agri-food sector's view of the Program, surveying producers for their attitudes is the least effective evaluative element for reviewing AMPA.

²⁹ The OAG's Chapter on the APP provides the most recent view. See also Agriculture Canada's (1993) evaluation for evidence of the sector's support of the Program.

The total resource allocation including all of the evaluation elements described above is presented in the following subsection.

Total Resource Allocation

In looking at each of the evaluation elements outlined above, the total resource allocation for the evaluation of AMPA may be estimated at 210 FTDs³⁰, at least \$50,000 in consultants' fees, and a minimum of \$20,000 in travel budget. By using the information provided in the previous subsection as a guide, it is expected that the Department will allocate the human and financial resources to meet the review strategies required to gain valuable information about AMPA.

³⁰ FTD represents Full-Time Days for one Review Branch employee. While this represents a best estimate of the time taken to complete the evaluation element, the days may not be consecutive.

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ANNEX 1

LIST OF ACRONYMS USED IN FINAL REPORT

AAFC -- Agriculture and Agri-Food Canada
APBA -- Agricultural Products Board Act
APCA – Advance Payments for Crops Act
APCMA -- Agricultural Products Co-operative Marketing Act
AMPA -- Agricultural Marketing Programs Act
APP -- Advance Payments Program
CFEP -- Cash Flow Enhancement Program
CWB -- Canadian Wheat Board
DMC – Departmental Management Committee (of AAFC)
EPAD – Economic and Policy Analysis Directorate (of AAFC)
FTD – Full-Time Days (For One Employee)
GPP -- Government Purchases Program
KRA – Key Result Area
MISB -- Market and Industry Services Branch (of AAFC)
OAG – Office of the Auditor General of Canada
PGAPA – Prairie Grain Advance Payments Act
PPP -- Price Pooling Program



ANNEX 2

BACKGROUND ON AMPA

In developing a review framework, a clear understanding of the program at hand is essential so that questions about the program can be identified and ultimately answered. Accordingly, appreciating how AMPA evolved was a priority in setting up the Program's review framework. The background information on AMPA presented in this section is divided into two areas: History and Component Programs.

AMPA's History

Four separate *Acts* – the *Agricultural Products Co-Operative Marketing Act* (APCMA), *Advance Payment for Crops Act* (APCA), *Prairie Grain Advance Payments Act* (PGAPA), and *Agricultural Products Board Act* (APBA) – preceded AMPA. Additionally, the Cash Flow Enhancement Program (CFEP) was introduced to augment the two advance payments programs that preceded AMPA.

The five programs prior to AMPA were essentially marketing-related activities designed to encourage the orderly marketing of agricultural and agri-food products. The programs were based upon the premise that by providing a cash advance, an initial payment, or having the government purchase a farm product at harvest time, one of three parties (the producer, producer organization, or government) could sell the product as the crop year progressed and in a manner which increases revenues. Thus, the programs worked on a common approach of minimizing the financial and cash flow pressures of producers at harvest time

and to assist a more orderly marketing approach throughout the crop year.

The APCMA, the precursor to the current price pooling program, dates back to 1939 and was originally put in place to assist producers who wished to process and market their products in a co-operative manner. The APCMA authorized the Minister of AAFC to provide a price guarantee to organizations that pooled product and provided producers with equitable returns. The organizations then used the price guarantee to obtain financing to fund initial payments to producers upon product delivery, as well as to fund the processing, storage, and selling costs of the organization.

Introduced in 1957, the PGAPA was for producers who grew Canadian Wheat Board (CWB) eligible crops. Its original rationale related to the limited capacity of the transportation and storage facilities in the CWB area, and the need for short-term capital to alleviate the financial pressures caused by this limited capacity.

The APCA was introduced in 1977. Another early cash advance program, it addressed a much broader spectrum of products than the PGAPA. The rationale for the APCA was to encourage orderly marketing by helping producers avoid harvest-time selling pressures due to financial constraints.

Cash advances³¹ under both the PGAPA and APCA were interest-free until 1989. The interest-free advance was a popular feature of the programs. In 1989, however, the federal government included in its budget various reductions in government spending, one of which was the elimination of the interest-free aspect of the two cash advance programs. The loan guarantee feature of both programs was maintained so that producers still could obtain financing as needed to carry crops from harvest time to delivery. The removal of the interest-free feature in the PGAPA and APCA programs was not well received by the agriculture and agri-food sector, and it resulted in significantly reduced demand for the two programs. In response, the federal government introduced the CFEP for the 1990 crop year to reinstate the interest-free provision for the first \$50,000 of a cash advance. The CFEP was extended each year in an *ad hoc* manner until interest-free advances became permanent under AMPA in 1997.

Finally, under the APBA, the Agricultural Products Board could buy, sell, or import agricultural and agri-food products as well as administer food contracts and other operations. The program provided producers with stable incomes and ensured the availability of a ready supply of agricultural and agri-food products.

One of the main reasons for taking four separate *Acts* and enacting one piece of legislation (i.e., AMPA) was to reduce the confusion and some of the concerns about the pre-existing programs such as overlap in program administration costs. Perhaps to ensure that these initial concerns are

ultimately addressed, a legislative requirement within the *Agricultural Marketing Programs Act* is that a review report of the Program must be reported to Parliament by April, 2002. This report, by necessity, will include an examination of AMPA's component programs which is the subject of the following subsection.

AMPA's Component Programs

In 1997, the programs that preceded AMPA were consolidated into one *Act* with the purpose of "[providing] support for the marketing of agricultural products" (*Agricultural Marketing Programs Act*, at Summary). Three individual programs were written into the *Act* to assist it in its purpose; they are:

- Advance Payments Program (APP);
- Price Pooling Program (PPP); and
- Government Purchases Program (GPP).

The Advance Payments Program (APP). The purpose of the APP is to improve producers' marketing of eligible crops by providing them with cash advances of up to \$250,000 to store their crops after harvest and thereby allowing them to market their crops later in the season when market conditions result in better prices. Cash advances up to \$50,000 are interest-free. Producers access cash advances through their producer organization or the Canadian Wheat Board (CWB), and AAFC provides loan guarantees to the respective organization. Producers are eligible for advances of up to 50% of the expected market price on the volume of the crop that they have in storage. Advances are repaid by producers to their producer organization or the CWB at the time the crop is sold. The organization or CWB then repays the loan at a financial institution on behalf of

³¹ *Cash advances* is used interchangeably with *loan guarantees* in this report.

participating producers. In the APP's first year of operation (1997-98), 45 loan guarantee agreements worth \$770 million and representing approximately 37,000 producers were approved. Interest costs to the AAFC for the first year amounted to \$18 million while the default rate was just under \$17 million (AAFC, 1998b).

Price Pooling Program (PPP). The PPP is a market development program designed to assist and encourage co-operative marketing of eligible agricultural products (including processed products), and to provide equal returns to producers for products of like grade and quality. The program provides a price guarantee to marketing organizations which protects them against unanticipated declines in the market price of products. Under the PPP, producer organizations are required to complete a marketing plan which describes the markets they will service and how the marketing plan will be implemented. The administrative capability and financial means to implement marketing plans also must be demonstrated. If the actual average wholesale price received by the marketing organization is less than the price guarantee, the program allows for payment of the shortfall. If the actual price is greater, by contrast, the surplus is retained by the pool for future use or is distributed to producers according to the quality or grade of the produce that they delivered to the pool. In the 1997-8 crop year, 21,025 producers received initial price guarantees, which totalled \$161 million, from 5 marketing agencies (AAFC, 1998b).

Government Purchases Program (GPP). Under the GPP, the Minister of AAFC is provided with the authority to purchase and sell agricultural and agri-food products. The GPP authority would be

used during unusual market conditions whereby intervening in the market, the Minister is able to influence some degree of market stability. Before the Minister exercises this authority, however, financing for the GPP must be secured from the Treasury Board. Since the AMPA legislation was enacted in 1997, the Minister has not used the authority granted under the GPP, thus it is not a program that is offered to the agriculture and agri-food sector on an ongoing basis.

ANNEX 3

AMPA REVIEW FRAMEWORK: TERMS OF REFERENCE

1. Introduction

Marketing and Industry Services Branch (MISB) has requested Review Branch (RB) assistance in developing an evaluation framework for the Agriculture Marketing Programs Act (AMPA). An evaluation framework is a management tool which identifies the key issues and questions for future decision making. It is intended to give managers direction for the key areas to monitor throughout the program, including performance, cost of achieving desired results, relevance and management effectiveness. The purpose of this framework is to provide assistance to managers by: reviewing the context in which the initiative will operate (including objectives and expected results); establishing issues and indicators of performance for the initiative; and identifying the information and data needs for the purposes of monitoring, evaluation, reporting and accountability.

The Agricultural Marketing Programs Act (AMPA) received Royal Assent on April 25, 1997. It consolidated the activities previously provided under the Advance Payments for Crops Act, the Prairie Grain Advance Payments Act, the Agricultural Products Co-operative Marketing Act and the Agricultural Products Board Act. The legislation also reintroduced the interest-free benefit for cash advances. The new streamlined legislation resulted from a nation-wide consultation process and includes three main components: Advance Payments Program; Price

Pooling Program; and the Government Purchases Program.

Advance Payments Program provides cash advances with an interest-free feature on the first \$50,000 to producers to store crops after harvest. This allows them to market the crops later in the season when the market conditions may result in better prices, thereby, encouraging the orderly marketing of the crop. The program benefits include:

- Provides cash flow after harvest to help producers meet their short term financial commitments,
- Provides producers with the flexibility to store eligible crop immediately after harvest thus encouraging orderly marketing of the crop, and
- Improves the producer's farm income by allowing them to market their crop over an extended season when the marketing conditions are better.

Price Pooling Program is a market development program designed to assist and encourage cooperative marketing of agricultural products including processed products and to provide equal returns to producers for products of like grade and quality. The program provides a price guarantee to the organizations from unanticipated declines in the market price of their products and assists the marketing agency in obtaining financing at attractive rates. The program benefits include:

- Assists in the orderly marketing of agricultural products,
- Establishes a minimum price guarantee to producers and the cooperative marketing organization,
- Provides equitable payments among producers, and
- Improves cash flow position of producers through the provisions of an initial payment, and through better returns for the product resulting from the more professional marketing approach possible in a cooperative marketing situation.

Under the **Government Purchases Program** the Minister may arrange to sell or deliver agricultural products to a government or government agency of any country under an agreement with the government or agency, and for that purpose may purchase agricultural products and make any necessary arrangements for their purchase, sale or delivery.

2. Project Objective

The objective of this project is to develop an evaluation framework for the Agriculture Programs Marketing Act (AMPA) which:

- clarifies the objectives of the AMPA and the specific objectives of its component parts,
- outlines the activities and expected results (ie: outputs, intended impacts and effects) of AMPA,
- provides a list of issues and questions for future considerations,
- identifies performance indicators for both efficiency and effectiveness, and
- identifies future information needs and data/information collection requirements.

3. Scope

The evaluation framework will cover all three AMPA components: Advance Payments Program, Price Pooling Program, and the Government Purchases Program.

In evaluating departmental performance, the Departmental Management Committee (DMC) has requested that senior management be provided with comprehensive information on whether results are being achieved, whether programs continue to be relevant and acceptable, the costs of achieving the results, and the effectiveness of management in delivering the program. Based on this guidance, the evaluation framework for the AMPA will be developed to provide information based on the following context:

- **Results/Secondary Impacts** - The extent to which program objectives are being achieved and are there any secondary impacts?
- **Acceptance/Relevance** - Are all the programs and activities relevant, appropriately designed/implemented and deemed to be acceptable to clients and stakeholders?
- **Costs** - Are the costs in line with the benefits?
- **Management Effectiveness** - How well is the program managed?

As the framework is being developed, it is important that we keep abreast of the review being done by the Office of the Auditor General (OAG) so issues raised by the OAG would be addressed through the framework.

In order to ensure that the future information needs identified in the AMPA evaluation framework becomes available to managers, a plan to implement the evaluation framework will be

developed and included as part of the report. The challenge for this project will be to have meaningful indicators without requiring a complex infrastructure for collecting the information.

4. Project Plan and Methodology

This project will entail three main tasks:

1. Review documents and files
2. Conduct interviews to identify evaluation issues, questions and indicators
3. Analyse information and report findings

Review Branch will manage the overall project and take the lead in writing up the final report - The Evaluation Framework for AMPA. It will be necessary to have considerable input from MISB personnel throughout this project. Their input on the evaluation issues/questions, indicators and information sources will be a critical success factor for the project since ultimately, they will be the ones responsible for monitoring performance and collecting information.

In terms on collecting the information for this project, two methodologies will be used:

Documentation and Data Review: A document and file review is a information collection method aimed at discovering what secondary information exists that could be used in developing the evaluation framework. It is an economical way to collect information and can reduce the need, time and resources for new primary information. Document/file reviews can provide invaluable background information on the program: the rationale for AMPA, the purpose, scope and objectives, expected results, and indicators. Gaps in available information can be identified as part of

the process and primary collection methods (ie: interviews) would be used to fill the gaps. A list of documents and files that will be reviewed as part of this project is attached as Annex I.

Interviews: Interviews with MISB managers will be undertaken to address the information gaps identify as a result of the document/file review. Also, the interview sessions will focus on the development of issues and questions managers need to consider for future decision making and information requirements to assist in addressing them.

Following the interview sessions, a meeting will be held with program management to validate the evaluation issues and questions, and to develop the process to source, monitor and report information. It is at this stage that discussion on the implementation plan commences.

5. Resources

A summary of the resource needs is as follows:

- Review Branch personnel/Consultant **63 days**
- MISB personnel **13 days**

It should be noted that there is a significant commitment of time to this project by both Branches. As the work will be done in-house, out of pocket costs for this project will be limited to travel, and other sundry costs. All out of pocket costs incurred by Review Branch on this project will be reimbursed by MISB.

6. Timing



It is planned that the project would commence as soon as these terms of reference are agreed to and the target date for a draft final report is August 21, 1998.

[Terms of Reference:] Annex I

Review List - Documents and Files

1. Consultation files preceding the AMPA legislation
2. Deloitte & Touche Draft Report
3. Evaluation of the Advance Payments Program, 1992
4. Evaluation of the APCMA, 1992
5. Program Manuals: Administration Guidelines
6. OAG reports and Terms of Reference
7. Memorandum to Cabinet for the new legislation
8. Program files - **need to identify which ones**
9. Treasury Board submissions - for the new Price Pooling and Advance Payments Programs
10. Neilsen Task Force Report
11. Program Review documents
12. Department Studies - Comparing returns on public expenditures based by program type
13. Agricultural Marketing Programs Act
14. Report from the Cash Advance Working Group - 1994



ANNEX 4

INTERVIEW GUIDE

What we want to know	Question
<p>I. Acceptance and Relevance</p> <p>IA. Strategic Goals</p> <p><i>AMPA's Strategic Objectives & Fitting AMPA into AAFC's Performance Framework</i></p> <p>IB. Client Focus</p> <p><i>Relevance/Acceptance of AMPA to stakeholders</i></p>	<p>I. Acceptance and Relevance</p> <p>IA. Strategic Goals</p> <ul style="list-style-type: none"> • <i>What can you tell us about AMPA and its objectives? What about APP, PPP, and GPP?</i> • <i>How do you see the 3 programs of AMPA relating to each other?</i> • <i>Is the AMPA legislation sufficient to meet its objectives?</i> • <i>How do the interest-free provisions in the APP relate to what AMPA is trying to achieve?</i> • <i>How does AMPA (and the APP, PPP, GPP) fit in with the overall strategic objectives of AAFC?</i> • <i>Do you view AMPA primarily as a risk management program, a market development program, or both?</i> <p>IB. Client Focus</p> <ul style="list-style-type: none"> • <i>Who are AMPA's (APP, PPP, GPP) clients?</i> • <i>What do AMPA's (APP, PPP, GPP) clients like about the program?</i> • <i>What are clients' concerns regarding AMPA (APP, PPP, GPP)?</i> • <i>What is the best method(s) of inquiry to investigate clients' perceptions of the program(s)?</i>



II. Costs/Benefits

III. Management Effectiveness

IV. Results/Impacts

Fitting AMPA into AAFC Performance Framework

II. Costs/Benefits

- *What are the benefits of AMPA (APP, PPP, GPP)?*
- *How can we quantitatively relate AMPA's (APP, PPP, GPP) program costs to its benefits (i.e., orderly marketing, increased producer returns)?*
- *How will AMPA reduce overall program administration costs?*
- *What are program alternatives to AMPA (APP, PPP, GPP)?*

III. Management Effectiveness

- *Which factors contribute to good management of AMPA and its three component programs?*
- *What are some key measures that would help AAFC judge the management effectiveness of APP and PPP (e.g., default rates, loan contingency)?*
- *Recognizing that the GPP has not been used, when and how should the government use this particular program?*
- *Who is responsible for the GPP?*
- *What are some administrative options to managing AMPA?*
- *What are the corporate risks of AMPA (APP, PPP, GPP)?*

IV. Results/Impacts

- *In your mind, what are the key activities and outputs of AMPA (APP, PPP, GPP)?*
- *How do you see AMPA (APP, PPP, GPP) influencing rural communities? Co-operatives?*
- *Do you see AMPA affecting the self-reliance of the agriculture and agri-food sector?*



ANNEX 5

UNDERSTANDING AMPA’S PERFORMANCE: RELEVANCE/ACCEPTANCE, COST/BENEFIT, MANAGEMENT EFFECTIVENESS, AND RESULTS

REVIEW QUESTION	INDICATOR/MEASURE	DATA SOURCE	IMPORTANCE
RELEVANCE/ACCEPTANCE			
<i>Relevance</i>			
1) Do conditions in the sector exist which show the need for AMPA (APP, PPP, & GPP)?	<ul style="list-style-type: none"> ◆ Stakeholders’ response regarding the need for cash advances, price pooling, and the AAFC Minister’s power to purchase/sell agricultural products (any overlapping programs also should be identified) 	<ul style="list-style-type: none"> ◆ Survey <ul style="list-style-type: none"> ◇ Producers ◆ Interview <ul style="list-style-type: none"> ◇ CWB ◇ Producer organizations ◇ Government officials ◇ Farm leaders 	Lo Med Hi
2) Is the GPP relevant in today’s context?	<ul style="list-style-type: none"> ◆ Past implementation of GPP (i.e., # of requests vs. # of times GPP implemented) 	<ul style="list-style-type: none"> ◆ AMPA database 	Lo Med Hi
	<ul style="list-style-type: none"> ◆ Stakeholders’ response on the relevance of the GPP 	<ul style="list-style-type: none"> ◆ Interview <ul style="list-style-type: none"> ◇ Government officials 	Lo Med Hi
	<ul style="list-style-type: none"> ◆ Content analysis of the rationale for implementing & not implementing GPP 	<ul style="list-style-type: none"> ◆ Review of AMPA files 	Lo Med Hi

REVIEW QUESTION	INDICATOR/MEASURE	DATA SOURCE	IMPORTANCE
<i>Acceptance</i>			
3) What is the profile of producers who participate in APP & PPP?	◆Characteristics of producers who participate in APP and/or PPP	◆Survey ◇Producers	Lo Med Hi
4) Are clients of the APP & PPP (producers, CWB, & producer organizations) satisfied with the program(s)?	◆Producers' satisfaction with program delivery	◆Survey ◇Producers	Lo Med Hi
	◆CWB & producer organizations' satisfaction with program management	◆Interview ◇CWB ◇Producer organizations	Lo Med Hi
<i>Alternatives</i>			
5) What are the implications of changing or eliminating the interest-free or the loan guarantee conditions of the APP?	◆Stakeholders' response to potential changes to the APP	◆Survey ◇Producers ◆Interview ◇CWB ◇Producer organizations ◇Government officials ◇Farm leaders	Lo Med Hi
	◆Proportion of defaults on advances under & over \$50,000	◆AMPA database	Lo Med Hi
	◆Feasibility of APP alternatives	◆Economic analysis study	Lo Med Hi

REVIEW QUESTION	INDICATOR/MEASURE	DATA SOURCE	IMPORTANCE
6) What are the implications of: a) Eliminating the PPP <i>or</i> b) Providing a loan guarantee in addition to the PPP price guarantee?	♦Stakeholders’ response to potential changes to the PPP ♦Feasibility of PPP alternatives	♦Interview ◇Co-ops ◇Financial institutions ◇Government officials ◇Farm leaders ♦Economic analysis study	Lo Med Hi Lo Med Hi
7) What is the feasibility of other alternatives to AMPA (e.g., tax deferrals, cheque directly to producers, NISA contributions)?	♦Stakeholders’ response to alternatives to AMPA ♦Feasibility of AMPA alternatives	♦Interview ◇Co-ops ◇Financial institutions ◇Government officials ◇Farm leaders ♦Economic analysis study	Lo Med Hi Lo Med Hi
8) Could private sector marketing tools (e.g., forward contracting, options, hedging) be as effective as AMPA in supporting the marketing of agricultural products?	♦Producers’ current use of private sector marketing tools ♦Producers’ acceptance of & ability to use private sector marketing tools ♦Expected costs & benefits of forward contracting, hedging, options, and other self-marketing strategies	♦Economic analysis study ♦Survey ◇Producers ♦Economic analysis study	Lo Med Hi Lo Med Hi Lo Med Hi

REVIEW QUESTION	INDICATOR/MEASURE	DATA SOURCE	IMPORTANCE
9) Are financial institutions in a better position to deliver APP?	♦Stakeholders’ response to financial institutions’ delivering APP ♦Current program delivery costs vs. costs of proposed change	♦Survey ◇Producers ♦Interview ◇CWB ◇Producer organizations ◇Financial institutions ♦AMPA database ◇Current program costs ♦Economic analysis study	Lo Med Hi <i>Depends on above</i>
<i>Appropriateness</i>			
10) Is AMPA’s eligibility criteria appropriate (e.g., inclusion of farm-fed grain, use of forward contracting with potatoes)?	♦Stakeholders’ response to appropriateness of AMPA’s eligibility criteria	♦Interview ◇CWB ◇Producer organizations	Lo Med Hi

REVIEW QUESTION	INDICATOR/MEASURE	DATA SOURCE	IMPORTANCE
COSTS/BENEFITS			
11) What is the economic impact of AMPA in relation to its costs?	<ul style="list-style-type: none"> ◆ Cost/benefit ratio with comparison to other agricultural programs ◆ Value of AMPA to specific commodities 	<ul style="list-style-type: none"> ◆ Economic analysis study ◆ Case study analysis 	<p>Lo Med Hi</p> <p>Lo Med Hi</p>
12) What is the interest saving to producer organizations generated by the APP loan guarantees?	<ul style="list-style-type: none"> ◆ Actual financing rate with APP vs. financing rate without APP 	<ul style="list-style-type: none"> ◆ Access to credit study 	<p>Lo Med Hi</p>
13) What benefit does the PPP price guarantee provide to co-operative marketing associations?	<ul style="list-style-type: none"> ◆ Stakeholders' response on PPP's benefits 	<ul style="list-style-type: none"> ◆ Interview <ul style="list-style-type: none"> ◇ Producer organizations ◇ Financial institutions 	<p>Lo Med Hi</p>
14) What are the benefits of the APP's interest-free provision?	<ul style="list-style-type: none"> ◆ Stakeholders' response on the interest-free provision 	<ul style="list-style-type: none"> ◆ Survey <ul style="list-style-type: none"> ◇ Producers 	<p>Lo Med Hi</p>
	<ul style="list-style-type: none"> ◆ Implications to sector & government of eliminating the interest-free provision 	<ul style="list-style-type: none"> ◆ Interview <ul style="list-style-type: none"> ◇ CWB ◇ Producer organizations ◇ Financial institutions 	<p>Lo Med Hi</p>

REVIEW QUESTION	INDICATOR/MEASURE	DATA SOURCE	IMPORTANCE
MANAGEMENT EFFECTIVENESS			
<i>Program Management & Delivery</i>			
15) How satisfied are the CWB & producer organizations with AMPA’s program management?	◆CWB and organizations’ satisfaction with program management and delivery (e.g., timeliness of application review & payment system; managers’ awareness of, & ability to meet, clients’ expectations)	◆Interview ◇CWB ◇Producer organizations	Lo Med Hi
16) How satisfied are producers with the program delivery of AMPA by the CWB and producer organizations’?	◆Producers’ satisfaction with program management and delivery	◆Survey ◇Producers	Lo Med Hi
17) Is the program database adequate to meet the ongoing needs of program staff and management?	◆Frequency of successful information requests (i.e., can the database provide the information requested?)	◆Management’s assessment of AMPA’s files & database	Lo Med Hi
18) Are APP and PPP program managers adequately informing the Department and stakeholders about the effectiveness of AMPA?	◆Level of stakeholder awareness of AMPA’s performance	◆Interview ◇Stakeholders	Lo Med Hi
19) Does AMPA management have a good understanding of its human resource needs (e.g., training)?	◆Human resource plan (which includes an examination of staff training and accomplishments)	◆Assessment of Human Resources Plan	Lo Med Hi
20) Do program staff have a clear sense of purpose and know what is expected from them?	◆Staff’s perception of their roles and responsibilities	◆Interview ◇AMPA staff	Lo Med Hi
21) How effective is AMPA’s business planning process in preparing for the future?	◆AMPA Business Plan	◆Assessment of the effectiveness of AMPA’s business plan	Lo Med Hi

REVIEW QUESTION	INDICATOR/MEASURE	DATA SOURCE	IMPORTANCE
22) How effective is AMPA's measurement strategy?	◆AMPA Review framework	◆Assessment of AMPA's review framework	Lo Med Hi
23) Compared to pre-AMPA programs, how effective has AMPA been in reducing current crop and regional inequities, inconsistencies in program administration, and overall program costs?	◆Comparisons of pre- and post-AMPA ◇Program costs ◇Regional and commodity analysis on access, participation, etc. ◇Program administration	◆Interview ◇All stakeholders ◆AMPA database ◆Document review	Lo Med Hi
24) How effective is the management control framework for AMPA?	◆AMPA Management control framework	◆Assessment of AMPA's management control framework ◆Interview ◇AAFC senior managers	Lo Med Hi

REVIEW QUESTION	INDICATOR/MEASURE	DATA SOURCE	IMPORTANCE
<i>Corporate Risks</i>			
25) How effective are the financial and administrative procedures of the CWB and producer organizations in delivering the APP and PPP?	<ul style="list-style-type: none"> ◆Ongoing audit and monitoring of CWB and producer organizations ◆# of defaults within CWB and each producer organization ◆Risk profiles of producers who are in default, by organization (& region) 	<ul style="list-style-type: none"> ◆Assessment of program audit reports ◆AMPA database ◆Establish default & loss-ratio targets ◆Access to credit study (i.e., review credit rating of producers who defaulted) 	<p>Lo Med Hi</p> <p>Lo Med Hi</p> <p>Lo Med Hi</p>
26) What are the risks of the PPP marketing agencies' ability to market agricultural crops?	<ul style="list-style-type: none"> ◆Professional marketers' experience in marketing agricultural crops 	<ul style="list-style-type: none"> ◆Survey <ul style="list-style-type: none"> ◇Producers ◆AMPA files <ul style="list-style-type: none"> ◇Producer organizations' annual marketing strategy 	<p>Lo Med Hi</p>
27) Is AMPA vulnerable to legal action?	<ul style="list-style-type: none"> ◆AMPA's vulnerability to legal action 	<ul style="list-style-type: none"> ◆Assessment by Legal Services 	<p>Lo Med Hi</p>

REVIEW QUESTION	INDICATOR/MEASURE	DATA SOURCE	IMPORTANCE																		
RESULTS																					
<i>Primary Impacts of AMPA</i>																					
28) Does AMPA enhance orderly marketing?	<ul style="list-style-type: none"> ◆ Stakeholders' response on AMPA and stability in the sector ◆ Producers' confidence in the co-operative marketing organizations used in the PPP? ◆ Annual crop volumes supported by APP & PPP ◆ Seasonal price variations & volumes for AMPA crops (harvest & post-harvest) ◆ Assessment of AMPA's contribution to individual agricultural commodities ◆ Comparison with producers in the U.S. 	<ul style="list-style-type: none"> ◆ Interview ◇ Stakeholders ◆ Survey ◇ Producers ◆ AMPA database ◆ Statistics Canada ◆ Case study analysis ◆ Economic analysis study 	<table border="0" style="width: 100%; text-align: center;"> <tr> <td>Lo</td> <td>Med</td> <td>Hi</td> </tr> <tr> <td>Lo</td> <td>Med</td> <td>Hi</td> </tr> <tr> <td>Lo</td> <td>Med</td> <td>Hi</td> </tr> <tr> <td>Lo</td> <td>Med</td> <td>Hi</td> </tr> <tr> <td>Lo</td> <td>Med</td> <td>Hi</td> </tr> <tr> <td>Lo</td> <td>Med</td> <td>Hi</td> </tr> </table>	Lo	Med	Hi	Lo	Med	Hi	Lo	Med	Hi	Lo	Med	Hi	Lo	Med	Hi	Lo	Med	Hi
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REVIEW QUESTION	INDICATOR/MEASURE	DATA SOURCE	IMPORTANCE
<p>29) Does AMPA improve producers' access to short-term capital?</p>	<p>◆Lending practices of banks and other suppliers of credit (e.g., How do practices change over time, are they different for different commodities, how does AMPA impact lending practices?)</p>	<p>◆Access to credit study</p>	<p>Lo Med Hi</p>
	<p>◆Terms and conditions by commodity for producers' operating lines of credit and credit availability from other suppliers (e.g., financial pressures at harvest, repayment terms, need for cash flow)</p>	<p>◆Survey ◇Producers ◆Interview ◇Financial institutions ◇Other suppliers of credit</p>	<p>Lo Med Hi</p>
	<p>◆Producers' response of whether or not AMPA provides additional credit in light of program-related costs (e.g., storage, program fees)</p>	<p>◆Survey ◇Producers</p>	<p>Lo Med Hi</p>
	<p>◆How producers use their APP cash advances (e.g., paying off debts; purchasing seeds, pesticides, &/or farm equipment; NISA contributions)</p>	<p>◆Document review</p>	<p>Lo Med Hi</p>
<p>30) Does AMPA optimize producers' returns?</p>	<p>◆Comparison of actual selling prices obtained by APP & PPP participants at harvest</p>	<p>◆Document review</p>	<p>Lo Med Hi</p>
	<p>◆Assessment of AMPA's impact on producers' farm income including storage, carrying, and other related costs</p>	<p>◆Economic analysis study</p>	<p>Lo Med Hi</p>

REVIEW QUESTION	INDICATOR/MEASURE	DATA SOURCE	IMPORTANCE
31) Does AMPA encourage co-operatives?	◆Stakeholders' response on how effective the PPP has been for co-operatives	◆Interview ◇Stakeholders	Lo Med Hi
<i>Secondary Impacts of AMPA</i>			
32) Has AMPA strengthened producer organizations?	By commodity comparison over time of membership rates Producer organizations' response on the importance of AMPA to their viability (e.g., perceived visibility among producers, and increased membership & administrative experience)	◆Interview ◇CWB & producer organizations	Lo Med Hi Lo Med Hi
33) Does AMPA promote the visibility of the federal government within the sector?	◆Stakeholders' reaction to CFEP ◆Assessment of interest-free provision to government's goodwill (i.e., federal government visibility)	◆Document Review ◆Interview ◇Stakeholders	Lo Med Hi Lo Med Hi
34) Does AMPA help producers manage their own risks?	◆Producers' response regarding participating in AMPA and managing their own risks	◆Survey ◇Producers ◆Economic analysis study	Lo Med Hi