final report

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Evaluation of MLA on-farm programs

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Evaluation of MLA on-farm programs

Our understanding of the task

As part of its evaluation series, MLA is looking to evaluate its Livestock Product Innovation (LPI) programs. This work is aimed being both an input into MLA's evaluation process and an input into the combined RDC evaluation process through the common framework that has been developed by ACIL Tasman.

A previous study was undertaken by Agtrans Research in 2006, which evaluated selected LPI projects. As part of the combined RDC evaluation process, a 'pooled sample' of projects within a given portfolio needs to be evaluated in a formal benefit-cost analysis. Agtrans Research has undertaken to update and modify their 2006 study to ensure that it is adequate to satisfy the requirements of the common evaluation framework, with the pooled sample to be selected by ACIL Tasman for evaluation. As part of this evaluation, the CIE would be required to interface with Agtrans to quantify the benefits from the selected projects using the GMI/Integrated Framework model.

In total this program area comprises over 200 projects – many of these are not standalone projects as they are related or themselves direct inputs to others projects. The 200 plus projects cover six 'clusters' over the following areas:

- Southern Beef
- Northern Beef
- Grain and Graze
- Sheep
- Feedlots
- Capacity Building

Through the process of identifying and sampling projects from each of the clusters it is anticipated that the number of projects that will be evaluated will be in the order of 24. This is the number that Agtrans has quoted on.

Modifying outputs of the Agrtrans process

The Agtrans research will provide quantified benefit-costs including relevant details on time profiles and adoption. The Agrtrans approach in the majority of cases has been to describe net benefits in terms of change in profits on a per head or per kilogram liveweight basis.

While useful, some additional work will be required to either modify the Agtrans output, if their existing research is used, or to work with Agtrans to re-orient their output to the format required for the IF and for MLA's own reporting format.

The IF requires benefits and costs in terms of productivity or changes in costs per unit of output. This can be in terms of change in costs per unit of output. Alternatively, they can be expressed as changes in outputs per unit of input costs. In addition, the way in which the IF is structured, it is also specific about how cost structures change:

- Most productivity allows higher output per unit of a fixed or constraining factor such as land or owner-operators labour.
- This usually involves additional costs such as investments in infrastructure or technologies.

A more accurate quantification will break these components down. We envisage a good deal of negotiation with Agtrans on refining these inputs to the IF. In terms of net benefit and adoption profiles, we will accept the view of the Agtans research.

These costs and benefits will then be aggregated within each area outlined above to provide a 'shock' for the model, which will generate an estimate of the industry wide benefits of each cluster of projects. In essence, the output of this process will be six evaluations quantified at the broad industry level.

Reporting requirements for this analysis

It is anticipated that the CIE analysis will produce a standalone document that can be fed back to, and quoted in, the Agtrans report. The CIE document could be incorporated as an appendix or annex to the Agtrans report or as a standalone report supporting the evaluation glossy for public release.

The scope of the CIE report will be limited to a discussion of the quantification of the outcomes and impacts of the Agtrans analysis and expressing them in a whole-of-industry terms in the MLA reporting format. We will not recite the full reporting format as done in the previous CIE reports for MLA, including discussion of rationale, description of inputs, outputs and outcomes of the program. It makes sense for Agtrans to provide this supporting information in their report given the scope of their work. The CIE document would provide a summary of this information referenced back to Agtrans. The CIE will also provide sensitivity analysis around key assumptions and parameters where necessary, and these would again be identified largely relying on the material provided by Agtrans.

Our understanding is that CIE would complete the evaluation to the format required for MLA's internal uses, with the key results reported as outlined in the common evaluation framework. CIE would also be responsible for modifying the results to fill in the ACIL template spreadsheet.

Estimated budget

It is difficult to be precise about the estimated budget to undertake this task, primarily because it relies significantly on inputs from and negotiation with Agtrans. We envisage an easy working relationship with Agtrans. Assuming there are no major problems with this process, the following budget allows for the major steps involved in quantifying benefits in the 6 broad areas.

Table 1 outlines our estimated budget.

1 **Indicative costing for the LPI evaluation**

Steps	*Consultant days*	*Fees*
Consultations with Agtrans on results	5	12 500
Calibrating inputs and shocks for the model	4	10 000
Running model (per cluster)	2	5 000
Total	12	30 000
Refining results with Agtrans	2	5 000
Sensitivity analysis	2	5 000
Write up report	2	5 000
Fill in ACIL spreadsheet	1	2 500
Consultation and responding to MLA comments	4	10 000
Total (excl. GST)	32	80 000

Note: Excludes any travel, which would be done at cost.

The budget outlined above allows a set amount of time for interaction with Agtrans on the required inputs to the evaluation, and for responding to comments from MLA. It also assumes that Agtrans will largely handle the documentation of program rationale, inputs and outputs. Agrtrans will also document the outcomes of the program in both quantitative and qualitative terms in support of their analysis.

In the event that these elements are substantially different, CIE would seek a variation to contract based on our normal daily rate.