

**Further Development of
Organic Farming Policy in Europe
with Particular Emphasis on EU Enlargement**

QLK5-2002-00917

Discussion paper

**The potential of the new EU Rural Development
Programme in supporting Organic Farming**

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September 5, 2005

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This report has been carried out with financial support from the Commission of the European Community under Key Action 5 of the Fifth Framework Research and Technological Development Programme for the project "Further development of Organic Farming Policy in Europe, with Particular Emphasis on EU Enlargement". The views expressed are those of the authors and do not necessarily reflect the views of the European Commission, nor do they in any way anticipate the Commission's future policy in this area.



Background

In July 2004, the Commission presented a new proposal for a Council Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) for the programming period 2007 – 2013 which has been agreed upon in June 2005 (European Commission 2005a, Council of the European Union 2005a and 2005b). The explanatory memorandum of the new Rural Development Programme (RDP) presented by the European Commission mentions that after a period of reforms of the First Pillar of the CAP, now focus will be led on the reform of rural development policy. However, this does not mean a paradigm shift but rather a consolidation and administrative simplification making rural development policy more efficient and coherent (Wehrheim 2005). Compared to current Council Regulation (EC) 1257/1999, the new RDP considers in Article 6 to strengthen the partnership approach through close consultation of competent regional, local and other public authorities as well as Non-governmental organisations and private bodies representing civil society (European Commission 2004b).

The regulation seeks dovetailing policies of first and second pillar: e.g. through modulation. On the other side, EU rural development policy should move towards a more strategic approach, reinforcing it and simplifying its implementation (European Commission, 2004a). To ensure the sustainable development of rural areas, the new RDP focuses on a limited number of core priority objectives relating to agriculture and forestry (European Commission, 2004b):

1. improving the competitiveness of agriculture and forestry by means of support for restructuring, development and innovation
2. improving the environment and the countryside by means of support for land management
3. improving the quality of life in rural areas and encouraging diversification of economic activity:

Each of these core objectives relates to one thematic axis for which each a range of measures are proposed:

Axis 1: Improving the competitiveness of the agriculture and forestry sector

Axis 2: Improving the environment and the countryside

Axis 3: The quality of life in rural areas and diversification of the rural economy

In addition a fourth overarching axis is introduced which relates to all three objectives:

Axis 4: “LEADER” Axis

While so far the 2nd Pillar of the CAP was funded by two different financial sources (EAGGF Guidance and Guarantee section), the new regulation envisages the creation of only one new fund for Pillar 2: The European Agricultural Fund for Rural Development (EAFRD). Thus, current differences of Guidance and Guarantee section as concerns programming, administration and monitoring will be dispensed, which might lead to a significant ease of administrative tasks (Grajewski 2004). The resources available for the period 2007 to 2013 amount according to Article 70 of the Council proposal to 88,75 billion Euro at constant 2004 prices (European Council,

2005). The minimum EU fund contribution at axis level shall be 20%. In the case of Axis 1 and 3, maximum funds are ceiled to 50% of the eligible public expenditures (75% in convergence regions). For Axis 2 and the Leader Axis the maximum rate will be 55% (80% in convergence regions), expressing the EU priority attached to these axes. For the outermost regions the maximum co-financing rates are increased by 5 points (Council of the European Union 2005a).

The implementation process of the new policy foresees adoption of the Community level strategic guidelines for rural development by autumn 2005 in order to enable Member states to finalise their national strategic plans until mid 2006 (European Commission 2005a).

So far, there has only been some scientific discussion on earlier stages of the respective regulation (Grajewski et al. 2004, Schader and Stolze 2005, Wissenschaftlicher Beirat Agrarpolitik, nachhaltige Landwirtschaft und Entwicklung ländlicher Räume beim Bundesministerium für Verbraucherschutz, Ernährung und Landwirtschaft 2005). Generally the approach of the regulation was considered to be an improvement. However, little reference has been made so far in the discussion to the prospects the new policy holds for support of organic farming, inspite of the fact that there are economic arguments in favour of support for organic farming (Dabbert et al. 2004).

Organic farming is mentioned only once in the regulation, as a minor point and without any specifics. This seems to be in contrast to the importance given to organic farming by other statements of the Commission (European Commission 2004c). Also the recent Commission proposal for strategic guidelines (European Commission 2005b) is more explicit on the role of organic farming for rural development. It thus seems worthwhile to take a closer look at this aspect.

Objectives and approach

The objective of this paper is to outline options for the consideration and integration of measures supporting organic farming into the new rural development programmes. In order to do this a brief overview of some key aspects are reviewed.

In a first step, for each axis the new regulation is assessed in contrast to the implementation of the Rural Development Programmes 2000-2006. Specifically, newly introduced aspects and changes are evaluated in view of their potential impact on organic farming.

In a second step, in order to introduce a forward-looking perspective, stakeholders' assessments and suggestions for improvement regarding the previous regulation are introduced. This stakeholder assessment results from a review of reports on workshops in 11 European countries (AT, DE, DK, CH, CZ, EE, HU, IT, PL, SI, UK) regarding the further development of organic farming policy (Häring et al. 2005). By these workshops stakeholders assessment of very different professional backgrounds and cultural settings were considered and a bottom-up approach to the formulation of policy strategies at the national and EU level was achieved (Häring et al., 2005) ¹. This takes the need for a bottom-up management of social and economic sustainable

¹ Subproject "Identification of the dimensions of a new European Organic Farming Policy post EU-expansion", which is part of a larger project "Further Development of Organic Farming Policy in Europe, with particular emphasis on EU Enlargement (EU-CEEOP)" (QLK5-2002-00919).

rural development into account and provides the opportunity for a bottom-up policy design and wide policy transfer.

The Cork declaration of 1996 (European Commission 1996; Fischler 1996) already underlined the need of the participation, bottom-up approach and partnership concepts: stakeholders should be involved in monitoring and evaluation and not simply being consulted. This highlights the problem of evaluation: since rural development is a multifaceted process, affected by a range of external and local influences, an analytical approach could be inappropriate and difficult to realize since accurate information is not available (Midmore 1998). Furthermore, regional development must be guided by a broad definition of development which embraces economic, sociological and ecological considerations (Kearney et al 1994). Indication of the success of such initiatives can be obtained by combining quantitative and qualitative analyses. In this context, focus has been given on qualitative information deriving from stakeholder intuitive information in view of the implementation of the Rural Development Programmes 2000-2006.

Guiding questions of both steps were: Which measures of the Regulation are considered valuable in supporting organic farming are missing? Which measures mentioned in the Regulation could be improved? Which concepts could be interesting to explore in the future?

Axis 1: Evaluation

A short overview of the measures of Axis 1 is given in Box 1. The measures of Axis 1 have to be seen against the background that efficiency and competitiveness remain key aims while taking into account the diversity of agricultural potential in different rural areas. Pursuing competitiveness means in this context improving the economic performance of agriculture by, for example, reducing production costs, increasing the economic size of holdings, promoting innovation and more orientation towards the market or by taking advantage of the opportunities offered through diversification of economic activities, a focus on quality and value-added products that consumers demand, including non-food products and biomass production, and on cleaner and more environmentally friendly production techniques (European Commission 2004b). Both aspects provide significant opportunities for organic farms, particularly the strong focus on Community food quality schemes.

The spectrum of measures suggested in this new regulation is similar to that of Council Regulation (EC) 1257/1999. The most important changes in Axis 1 are:

- More focus is led to food quality schemes
- Investment aid for young farmers is improved
- Investment aid to improve marketing and processing is limited to Micro, Small and Medium Sized Enterprises

Compared to the previous regulation, Axis 1 stresses value adding aspects and diversification into non-agricultural activities such as the non-food and energy sector (Grajewski et al. 2004) and beneficiaries can now also be non-agricultural firm holders. This may clearly encourage the development of firms, e.g. in processing and marketing, in rural areas. Investment aid to improve marketing and processing is limited to Micro, Small and Medium Sized Enterprises which might further support this development.

Box 1: Key measures of Axis 1 (Improving Competitiveness of the agriculture and forestry sector)

Measures aimed at promoting knowledge and improving human potential through:

- vocational training,
- information actions including the diffusion of scientific knowledge and innovative practises for persons engaged in the agricultural, food and forestry sectors,
- setting up of young farmers,
- early retirement of farmers and farm workers,
- use by farmers and forest holders of advisory services
- setting up of farm management, farm relief and farm advisory services, as well as of forestry advisory services;

Measures aimed at restructuring and developing physical potential and promoting innovation through:

- farm modernisation,
- improving the economic value of forests,
- adding value to primary agricultural and forestry products,
- cooperation for the development of new products, processes and technologies in the agriculture and food sector,
- improving and developing infrastructure related to the development and adaptation of agriculture and forestry,
- restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions;

Measures aimed at improving the quality of agricultural production and products by:

- helping farmers to adapt to demanding standards based on Community legislation,
- supporting farmers who participate in food quality schemes,
- supporting producer groups for information and promotion activities for products under food quality schemes;

Transitional measures for the new Member States concerning:

- supporting semi-subsistence farms undergoing restructuring,
- supporting setting up of producer groups.

Support for investments related to adding value to primary agricultural production may be granted only to micro, small and medium sized enterprises². Support for compliance with Community standards which have been newly introduced is only planned for micro enterprises.

Support aiming to improve the quality of agricultural production and products stresses the participation in food quality schemes and promotion activities of producer groups for products intended for human consumption of Community food quality schemes (e.g. “organic” or “designated origin”). Similarly, information and promotion activities for products can only be supported if these are part of a Community quality scheme.

Transitional measures for the new Member States (until 2010) shall be offered to semi-subsistence farms undergoing restructuring and to producer groups in order to facilitate the setting up and administrative operation of formally recognised producer groups.

In conclusion, Axis 1 provides a broad range of measures which can make a valuable contribution to the support and development of any farming system (e.g. organic or conventional farming).

Links between single subsections and Axes with similar aims emphasise the option for enterprises to combine support from different measures in order to achieve the stated objectives of diversification and food quality. For example, measures aimed at restructuring physical potential include not only support for modernisation of farms but also for value adding activities in primary agricultural production. Specific measures for modernisation and value adding activities in organic farming linked to Natura 2000 areas could highlight organic farming’s role model function in supporting a nature conservation network as proposed for Axis 2.

Stakeholders proposed a range of measures appropriate for supporting organic farming (Häring et al. 2005), which may well fit and be implemented in the new regulation: The measures aimed at promoting knowledge may accommodate stakeholders demands for more diverse capacity building in organic farming with a wider range of beneficiaries (farmers, public sector employees). Specifically, by establishing advisory systems, training of staff of advisory centres, increasing the number of organic advisors, supporting existing private advisory organisations, and carefully monitoring their work, launching an internet portal for organic food and farming with capacity building contents, introducing organic food in curricula of the food processing industry. Apart from farmers, the beneficiaries of capacity building measures should be all public sector employees, particularly policy implementers. To encourage best practice among farmers, participation in certain training courses could be linked to organic farming support, but provided free of charge.

The measures aimed at improving the quality of agricultural production and agricultural products could provide measures to support of local and regional producer co-operatives, direct marketing initiatives or small organic food shops, to stimulate the development of new products to increase product variety, e.g. convenience products. Furthermore, measures could be implemented to stimulate

² Micro enterprise: less than 10 employees, up to € 2 million turnover or total Balance sheet; Small enterprise: less than 50 employees and up to 10 million turnover or total balance sheet; Medium Enterprises: less than 250 employees, up to € 50 million turnover and/or € 43 million total balance sheet.

Box 2: Key measures of Axis 2 (Improving the environment and the countryside)

Measures targeting the sustainable use of agricultural land through:

- natural handicap payments to farmers in mountain areas,
- payments to farmers in areas with handicaps, other than mountain areas,
- Natura 2000 payments and payments linked to Directive 2000/60/EC,
- agri-environment payments,
- animal welfare payments,
- support for non-productive investments.

Measures targeting the sustainable use of forestry land through:

- first afforestation of agricultural land,
- first establishment of agro-forestry systems on agricultural land,
- first afforestation of non agricultural land,
- Natura 2000 payments,
- forest-environment payments,
- restoring forestry production potential and introducing prevention actions,
- support for non-productive investments.

The spectrum of measures suggested in this new regulation is similar to that of Council Regulation (EC) 1257/1999. The most important changes in Axis 2 are:

- Agri-environment measures are compulsory for each programme.
- Introduction of cross-compliance measures based on Council Regulation (EC) 1782/2003 enhanced by additional fertiliser and plant protection measures and other mandatory requirements established by national legislation and identified in the programme.
- Non-farming land managers become eligible for grant under the agri-environmental measures.
- As a reference to WTO negotiations, 20% incentives may not be included in the calculation of agri-environmental payments and are replaced by inclusion of transaction costs where necessary.
- Commission reduces share of co-financing from 60% to 55%.
- Re-designation of Less Favoured Areas from 2010.
- Re-name Less Favoured Areas Payments in Natural Handicap Payments and payments for areas with other handicaps.
- Natural handicap payments are increased from 200 Euro/ha to 250 Euro /ha while payments for areas with other handicaps are reduced from 200 Euro/ha to 150 Euro/ha.
- Where appropriate, calls for tender are now possible to select beneficiaries.

national and regional processing, e.g. for medium sized processors or on-farm efforts, by increasing support.

Axis 2: Evaluation

Please refer to Box 2 for a short overview on the measures of Axis 2. Axis 2 includes agri-environment schemes as the only compulsory component of the new RDP and supports the sustainable use of agricultural and forestry land. Furthermore, the new regulation envisages redefining the existing Less Favoured Areas (LFA) to be based on a proposal on the future payment system and the designation of LFAs which will be developed by the Commission until 2010. Designation criteria for the category “other LFA” might be revised as to cover only natural conditions and drop the socio-economic criteria (Anonymous 2005).

The new regulation considers enhanced possibilities for nature conservation payments linked to Natura 2000 and Water framework directive areas (Directive 2000/60/EC).

The new regulation also foresees that farmers should continue to be encouraged to adopt high standards of animal welfare by providing an option to support farmers who undertake to adopt standards of animal husbandry which go beyond the relevant mandatory standards.

The measures listed under Axis 2 provide enough room to include organic farming support in the national programmes. Organic farming area support could again be provided under the agri-environmental and animal welfare measures. Based on the experiences from and evaluations of EU Reg. 1257/99, it is important to ensure that the organic farming payments are sufficiently higher than payments for integrated production. Furthermore, maintenance payments should continue at a sufficient magnitude to conversion payments. In order to minimise interregional distortion of organic trade, the new RDP should ensure that an organic farming scheme will be implemented in each of the national rural development plans of the forthcoming programming period.

While the agri-environment schemes are welcome to remain a compulsory element of rural development programming, we see particular deficits in the development of the new RDP from an area based instrument to an instrument simultaneously addressing also environmental quality issues. In this respect, particularly the measures for payments linked to Natura 2000 areas provide an opportunity for environmental quality improvement as the idea of the Natura 2000 is to establish a nature conservation network which does not stop at national borders nor is limited to single farm areas and thus consequently implements a network integration approach for the benefit to the environment. Pfiffner and Luka (2003) found evidence that the environmental quality of integrated nature conservation networks could be increased by managing these environmental sensitive areas organically. We therefore suggest making organic farming a role model for farming in environmental sensitive areas in general and particularly in Natura 2000 areas. Similar proposals are made of for Axis 3 and 4: the establishment of organic districts in environmental sensitive areas and Natura 2000 regions could further support this effect.

Results from stakeholder workshops also suggest a range of changes in organic farming support via the agri-environmental measures, which would need to be implemented within Axis 2 (Häring et al. 2005): On the one hand, some stakeholders

proposed to reduce or abolish area payments in order to strengthen other measures (e.g. support of market development). On the other hand, the design of area payments could be improved in several aspects (difference to conventional or between different uses, land types and regions). Furthermore, the difference between organic and conventional agri-environmental payments is considered inappropriate.

Axis 3 and Axis 4: Evaluation

As Axis 3 and 4 are closely connected we deal with them together here (compare Box 3): These two axes are connected with the new major policy objective of strengthening the quality of life in rural areas and promoting diversification of economic activities through measures targeting the farm sector and other rural actors.

The bottom-up, public-private partnership approach, implemented specifically in Axis 4 (LEADER), is also mentioned as means of achieving the wider rural development objectives of Axis 3, together with the more traditional top-down approach developed as close collaboration between national, regional and local public authorities.

Organic farming can benefit from most measures implemented in these two Axes, provided that organic farmers realise that they need to strengthen cooperation among themselves and among other local socio-economic actors in the rural areas, such as small local shop owners, tourist operators (especially hotels & restaurants), and local authorities.

The first group of measures is aimed at *diversifying the rural economy* by non-agricultural farm-based activities, development of micro-enterprises, tourism and protection of the natural heritage. Organic farms may be more appealing as part of local sustainable development strategies, especially if they seek alliances with other local stakeholders, e.g. in order to set up regional, organic, slow-food trails. According to the stakeholders, co-operation among various stakeholders in the supply chain should be developed: co-operation with retailers, local producer co-operation, marketing co-operatives and vertical supply chain integration need to be promoted.

Box 3: Key measures of Axis 3 (The quality of life in rural areas and diversification of the rural economy) and Axis 4 (Leader Axis)

The measures proposed for Axis 3 are:

Measures to diversify the rural economy, comprising:

- diversification into non-agricultural activities,
- support for the creation and development of micro enterprises with a view to promoting entrepreneurship and developing the economic fabric,
- encouragement of tourism activities.

Measures to improve the quality of life in rural areas, comprising :

- basic services for the economy and the rural population,
- village renewal and development,
- conservation and upgrading of the rural heritage.
- A training and information measure for economic actors operating in the areas covered by Axis 3;
- A skills-acquisition and animation measure with a view to preparing and implementing a local development strategy.

The measures proposed for “Leader” Axis are:

- implementing local development strategies as referred to in Article 61 paragraph 1 (a), with a view to achieving the objectives of one or more of the three other axes defined;
- implementing cooperation projects involving the objectives selected under point (a) above;
- running the local action group, acquiring skills and animating the territory as referred to in Article 57.

The spectrum of measures suggested in this new regulation is similar to that of Council Regulation (EC) 1257/1999. The most important changes are:

Axis 3:

- New measure: diversification of rural economies
- New measure: training and information
- Investments in diversification activities become eligible for support
- No equivalent grants are considered for article 33 measures (land improvement and re-parcelling)

LEADER Axis:

- Integration in mainstream support scheme
- Area covered should be coherent and offer sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy.

In general, these measures could specifically be targeted to favour organic agri-tourism, and farm shops, but could also provide incentives to village restaurants and hotels to use local, organic raw materials. For example, “Bio-Hotels” is an association of independent hotels offering holidays based around environmentally friendly tourism and organic products, present in many different regions in Austria, Germany, Italy, Switzerland, Spain and Ireland. Through alliances with local organic farmers and constant developments and improvements in their product ranges, their standards are maintained. Among the micro-enterprises that could be set up in marginal rural areas are those offering integrated services for organic farmers: inputs admitted by Council Regulation 2092/91, technical advice including marketing and other Business to Business (B2B) services, third-party machinery services specific to organic farming.

Other actions that could be supported by this measure are organic open farms offering farm attractions, courses and other culturally relevant farm activities (water mills, vegetal dyes, handcrafts). In this way communication with consumers could be increased focusing on new segments: teenagers, elderly people and children (stakeholder assessment, see Häring et al. 2005).

Interesting experiences are reported of non-agricultural micro-enterprises offering children summer camps in rural areas learning-by-doing organic farming, and these action could be targeted within this measure (Sousa, 2005).

The second group of measures is aimed at *improving the quality of life* in rural areas by offering essential services for the economy and the rural population and promoting renovation, restoration and preservation of villages and of rural heritage in general.

These measures are quite generic, and often – in extremely marginal areas – the bottom-up approach could fail due to the lack of private initiatives. In some countries organic eco-villages have been set up in areas abandoned by population, and these have positively affected both the rural landscape and the environment.

Other measures, in less marginal areas, could be aimed at building organic districts, where organic farmers markets take place regularly and public procurement of organic products is part of the strategy of local authorities who could be the first-instance beneficiaries of these measures. Organic districts are local production areas where organic farming and connected activities cooperate for promoting organic local products. Organic districts have the objective to preserve cultural tradition, to develop tourism, to preserve the local culture and to promote organic agriculture & husbandry. From this point of view, organic districts could be the heart of a bundle of related measures, including other axes, too.

For example, *professional training* could be given not only to farmers, but also to other economic actors involved in the local organic supply-chain (bakers, small-scale processors, cooks, etc.) but also to teachers and parents concerning the advantages of promoting organic farming by everyday choices. Stakeholders proposed to include organic farming as a compulsory topic for curricula at secondary education (veterinary and agricultural colleges) and university level (including postgraduate courses in agriculture/veterinary).

This Axis also includes a measure on *capacity building* that could be specifically targeted to all actors in the organic arena (e.g.: advisors, farmers, decision makers, etc.), and could support promotional events (farmers markets again, but also open farm-days) and training of local organic farmers as “leaders”.

For example, in Italy Leader II supported the creation and organisation of local partnerships: Local Action Groups (LAG). These LAG, organised as public and private partners, established and implemented Local Development Plans for small rural areas (708 km² and 49.000 inhabitants) with economic and socio-cultural objectives (INEA 2001a & 2001b). The aim was to involve different actors, organize advisory committees, to develop new tools for consumers' communication and information. Many difficulties arose at local level due to political interests, low professional skills, conflicts between public and private institution. These experiences underline the need to develop professional training, to improve capacity building and to increase co-operation among different actors and stakeholders.

Transnational co-operation projects (supported in Leader II in the previous regulation) helped the Local Action Groups activities in mediating difficulties met during partnership organization (INEA 2001b). During these projects, close contact among countries created a platform to exchange ideas and network at the national and transnational level. Thus, with increasing international cooperation, creation, management and transfer of knowledge and spread of information become crucial. This way to proceed is strongly welcomed by stakeholders as such processes facilitate policy learning among stakeholders from different countries and provide platforms for policy makers, sector representatives and other stakeholder to exchange ideas (Håring et al. 2005). The institutional setting for such efforts should therefore be improved, e.g. in the organic farming sector.

Summary and Conclusions

The new Rural Development Programme, agreed upon by the Council in June 2005, represents a more stringent and consistent programme than its predecessor. The new programme contributes to more transparency, simplifies programming and integrates EU rural development support under a single funding, programming, financial management and control framework for rural development. The Commission's attempt to structure rural development programmes around key objectives, in the form of "priority axes" can be broadly welcomed.

The spectrum of measures of Council Regulation (EC) 1257/1999 is broken down and assigned to the three priority axes. Due to this, e.g. investment support measures as well as support measures for vocational training and education can be found in all three axes. With the latter, this new RDP improves the support schemes for capacity building in rural areas.

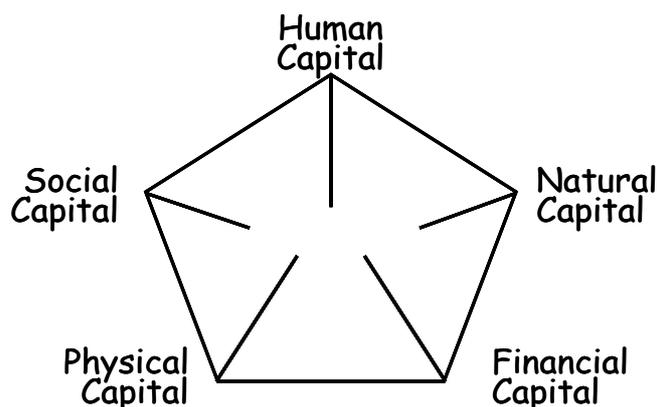
Links between single subsections and Axes with similar aims emphasise the option for enterprises to combine support from different measures in order to achieve the objectives of diversification and food quality of Axis 1. For example, measures aimed at restructuring physical potential include not only support for modernisation of farms but also for value adding activities in primary agricultural production. In addition, compared to the previous regulation beneficiaries can now also be non-agricultural firm holders. This may clearly encourage the development of firms, e.g. in processing and marketing, in rural areas. Investment aid to improve marketing and processing is limited to micro, small and medium sized enterprises which might further support this development.

Box 4: “Multifunctionality” versus “Sustainable Livelihood”

However, the choice of these three priority axes provides some evidence of the theoretical and operational limitations of the “multifunctional” approach to agriculture and rural development. The key elements of “multifunctionality” – as theorised by OECD (1998, 2001) – are: “: i) the existence of multiple commodity and non-commodity outputs that are jointly produced by agriculture; and ii) the fact that some of the non-commodity outputs exhibit the characteristics of externalities or public goods, with the result that markets for these goods do not exist or function poorly.”

In the framework of organic farming policy, it may be preferable to adopt the “Sustainable Livelihood” approach (SLA). The term 'sustainable livelihood' was first used as a development concept in the early 1990s by Chambers and Conway (1991). The SLA aims “to promote development that is sustainable not just ecologically, but also institutionally, socially and economically and to produce genuinely positive livelihood outcomes” (Ashley & Hussein, 2000). In order to develop policies which are coherent to this approach, the notion of the pentagon of five capital assets that are available to rural populations has been widely used:

Figure 1: The Pentagon of Assets (adapted from Cleary, 2003)



Central to the SLA is an accurate and realistic understanding of people’s strengths (assets or capital endowments) and how they endeavour to convert these into positive livelihood outcomes. The SLA approach is “holistic”, in the sense that it acknowledges that people adopt multiple strategies to secure their livelihoods and that there are multiple-actors involved in facilitating this process (Ashley & Carney, 1999). Under this framework – which has been operationalised by the Sustainable Agriculture and Rural Development (SARD) unit at FAO – organic farming contributes to the wealth stock of assets by providing high quality crops and livestock products (physical capital), lower impacts on the natural capital, but needs funding (financial capital) to provide them and to acquire special kinds of physical assets such as adapted machinery and buildings (e.g. animal-friendly stables), to train the human capital to the special knowledge and skills required, and to favour the capacity building of government structures, community and other institutions involved (social capital). Following this approach organic farming would become a general tool for rural development and not solely a “facet” of the “multifunctional” role of agriculture in the society.

In general, we think that the axes are broad enough to support a large menu of measures that could help in developing organic farming. However, these axes are not sufficiently interlinked and lack a common framework aimed at strengthening the contribution of local institutions to rural livelihoods and assisting vulnerable/marginal rural populations. (Some of these problems might be related to the concept of multifunctionality on which the regulation is based, compare box 4).

In addition, we see two particular limitations of this new rural development programme:

1. The new programme has not improved the agri-environmental measures considerably in terms of environmental quality to be provided.
2. Reference to organic farming is insufficient.

Environmental Quality: Measures ensuring sustainable rural development are only found under Axis 2. Thus in Axis 1 and 3, measures do not require any environmental or sustainability eligibility criteria, apart from compliance with Community statutory standards.

Reference to organic farming: Currently, in the New Rural Development Programme organic farming is only mentioned in the proposal's recital in the context of investment aid while organic farming is not explicitly mentioned in the four Axes of the new RDP. The strategic approach to rural development shall according to Article 9 of the new RDP be outlined in a Council Decision on Community strategic guidelines for Rural Development for which a proposal was recently published (European Commission 20005b). In this proposal for strategic guidelines the Commission suggests under the heading of translating priorities into programmes that Member States "will also wish to reflect on how to take into account other EU level strategies such as the Action Plan for organic farming" (European Commission 2005b). This statement is somewhat weaker than what is said in the European Action Plan for Organic Food and Farming. There Member States are encouraged to make a more coherent and greater use of the different rural development measures in order to make public support for organic farming more effective (European Commission 2004c). In particular, ACTION 6 of this Action Plan states:

The Commission strongly recommends Member States to make full use within their rural development programmes of the instruments available to support organic farming, for example by developing national or regional Action Plans focussing on:

- stimulating the demand side by using the new quality schemes;
- actions in order to preserve the benefits for the environment and nature protection on the long term;
- developing incentives to organic farmers to convert the whole instead of part of the farm;
- organic farmers having the same possibilities for receiving investment support as non-organic farmers;
- developing incentives to producers to facilitate the distribution and marketing by integrating the production chain by (contractual) arrangements between the actors;
- support to extension services;
- training and education for all operators in organic farming, covering production, processing and marketing;

- targeting organic farming as the preferred management option in environmentally sensitive areas (without restricting organic farming to these areas).

The strategic guidelines for Rural Development do not fully follow this broad based intention of the European Action Plan. Within the proposal for the strategic guidelines organic farming is prominently mentioned under the heading “Improving the environment and country side”, thus with reference to Axis 2. It is said that “Member States should focus support on key actions such as ...consolidating the contribution of organic farming. Organic farming represents a holistic approach to sustainable agriculture. In this respect, its contribution to environmental and animal welfare objectives could be further reinforced;...”.

In order to link these strategic guidelines stronger to the European Action Plan for Organic Food and Farming we recommend that

- organic farming should be a specific priority of each of these four axes, in order to avoid fragmentation of the measure over a large number of targets;
- each subsection should highlight organic farming’s importance in order to “remind” implementers to offer organic farming measures;
- organic farmers should aim at building networks of excellence with other non-organic actors, aiming at capturing the public interest in regional and local, slow-food trails, where organic is the final attribute of excellence, the unifying, obvious element of a value-chain strategy that cannot be overlooked;
- where the bottom-up approach is feasible, the LEADER approach should be preferred, allowing specific public-private partnerships where organic farmers could play the role of “leading actors”;
- in extremely fragile rural environments, where land abandonment has already taken place or is a pending threat, a top-down approach should target these areas by means of promoting bottom-up organic rural initiatives (e.g. in the form of organic districts);
- organic farming area payments implemented within the agri-environmental measures should be included as a mandatory measure for all Member States.

The timetable for the programming steps foresees that discussion on EU and national strategies should be completed in 2005. National and regional programme preparation and approval is scheduled for 2006 so that the programme can be implemented in 2007.

The organic sector should, therefore, actively develop strategies to achieve specific mention of organic farming in the national strategies and develop strategies and propose measures for a (constructive/sustainable) support of organic farming in the specific national or regional contexts by linking regional and national organic Action Plan to the national and regional rural development strategies.

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