

THE FUTURE OF ORGANIC FARMING IN EUROPE:

How do European rural development Programmes support Organic Farming?

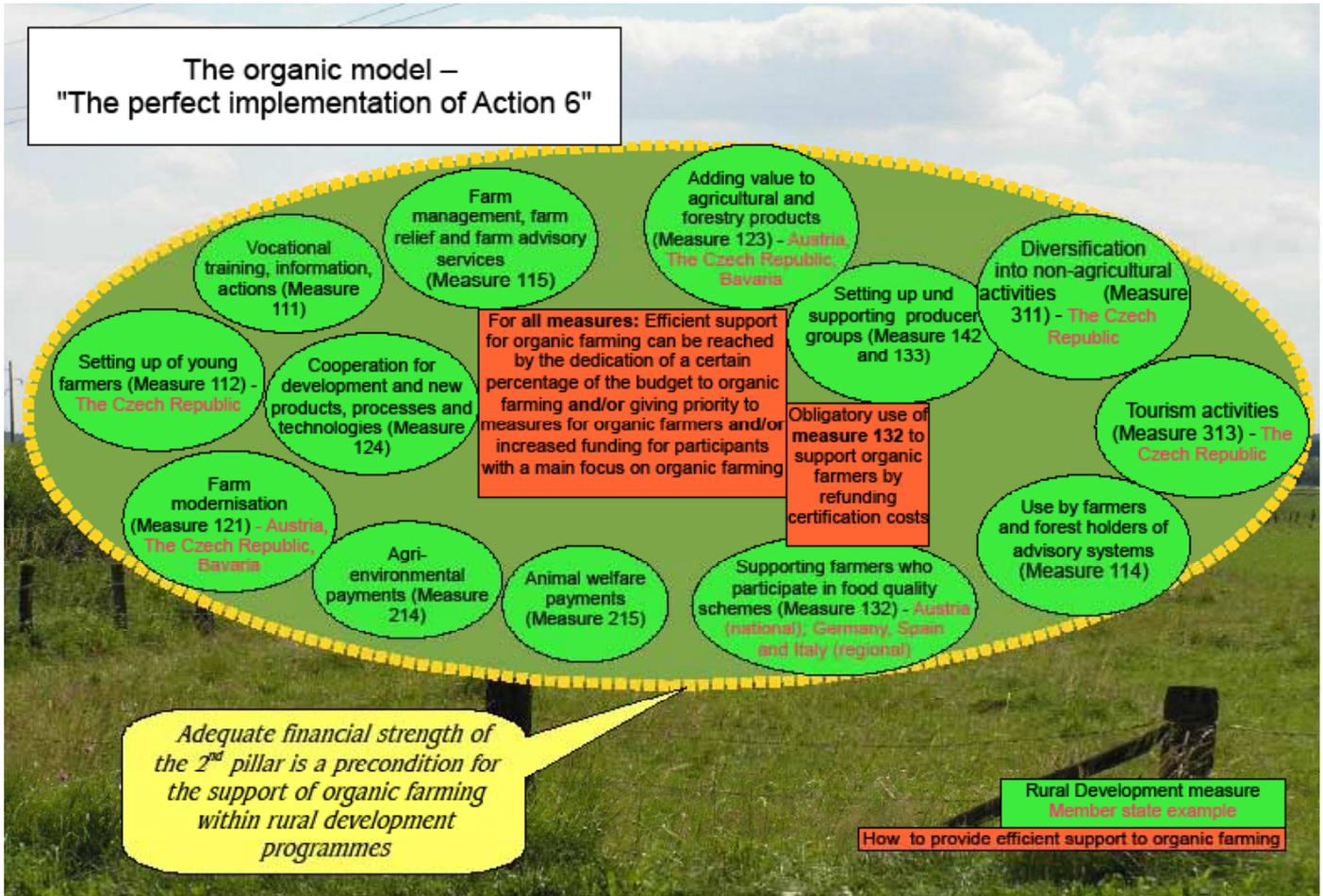
Alexandra Pohl

PUBLISHED AND EDITED BY



WORKING FOR ORGANIC FOOD
AND FARMING IN EUROPE

The organic model: Illustration for chapter 7 (p. 30)



The Future of Organic Farming in Europe: How do European Rural Development Programmes support Organic Farming?



Edited and published by
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Brussels April 2009

Author: Alexandra Pohl
Editor: Thomas Fertl

Language editing: Jenny Jobbins

Production and Layout: Lena Wietheger, Camilla Mikkelsen

Printed on Cyclus print paper

Download of electronic version from: www.ifoam-eu.org

This dossier is co-financed by the European Community, Directorate-General for Agriculture and Rural Development. The sole responsibility for the communication/publication lies with the author. The Commission is not responsible for any use that may be made of the information contained therein.

For their contribution to this report I would like to thank:

Hiltrud Nieberg (Johann Heinrich von Thünen-Institut (vTI) Braunschweig, Germany) Patrizia Pugliese (IHEAM-IAMB Bari, Italy).

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1. Summary and Conclusions

The European Action Plan for Organic Food and Farming (EU Commission 2004, COM(2004)415 final) contains the main instruments for the European-wide development of the organic sector. Action 6 relates the Action Plan to the instruments of the CAP and recommends full use of the Rural Development programmes for the support of organic farming in the Member States.

For full implementation of Action 6 of the Organic Action Plan, this recommendation should be reflected in all the Member States' Rural Development programmes, first in the general considerations for the programme, then by setting aims for the development of the organic sector in the Member State (region) and lastly by defining the tools needed to reach the aims through comprehensive measures and a substantial budget for the sector. This budget is limited, due to the dominant 1st pillar payments of the CAP that claim a share of two-thirds of the total EU agricultural budget (national co-financing included). Within the Rural Development programmes, organic farming has to compete with a multiplicity of measures that reduce the potential support for the sector – if the programme does not foresee a certain share dedicated to organic agriculture.

The majority of programmes set aims for the future development of organic farming that should be achieved during the period 2007-2013. These aims range from maintaining the existing land area and number of organic farms to increasing the number of farms, and developing the product range and product quality by supporting processing and marketing projects.

With reference to the implementation of Action 6, the Member States and regions can be divided in three categories:

- One group of Member States' programmes lack – in their considerations and explanatory statements for the set up of the Rural Development programmes – reference to the EU Action Plan, which could be interpreted as bypassing implementation of Action 6.
- A second group of Member States link their considerations and justifications for certain measures to the relevant Community documents and therefore to the EU Organic Action Plan.
- A third group of Member States has set organic farming as a priority for the Rural Development programme in general.

Considering the Organic Action Plan and setting organic farming as a priority – the last two categories can be regarded as Member States having Action 6 implemented, but this does not necessarily guarantee the quality of the programme from the point of view of organic farming.

Member States have generally taken up the recommendations of the strategic guidelines by implementing measures for organic farming – but only in Axis 2 ("Improving the environment and the countryside") inside the Agri-environmental programme. Support for organic land area is offered through most programmes, but in many cases only for conversion. Additional measures for organic farming can only be found in some of the national and regional Rural Development programmes, though most of the programmes mention organic farming as one of the priorities for certain measures – mainly in Axis 1: In particular, measure 121 "Farm modernisation", measure 123 "Adding value to agricultural and forestry products", measure 132 "Supporting farmers who participate in food quality schemes", and measure 133 "Supporting producer groups for information and promotion activities for

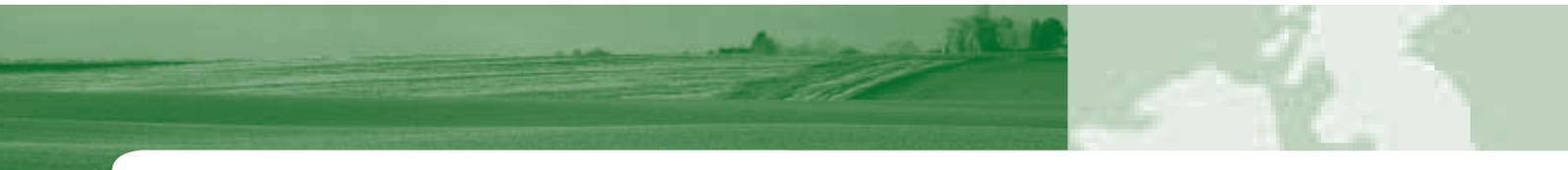
products under food quality schemes". Clear preference for organic farms or projects is offered only in a few programmes throughout Europe.

The analysis based on the requirements of Action 6 of the existing national and regional Rural Development programmes shows that most Member States have not or have only partly implemented Action 6. Only in a few Member States has the wide range of possibilities to support organic farming been used and can therefore be seen as sufficiently implemented.

Recommendations for potential support for organic farming in Rural Development programmes are given in Chapter 7 "The organic model". In general, Member States should dedicate a certain budget per measure to organic farming, and/or to treat applications from organic farmers with priority and/or give greater support for organic projects.

Please refer to the illustration of "the Organic Model" in the inner front cover.

Of particular importance is the support for organic farming in the new Member States (NMS). These conclusions of the EU financed project CEE-OFP (Slabe et al. 2006) are valid for all the Rural Development programmes (RDP), but in particular for the new Member States' programmes: "By prioritising organic farming within the overall RDP and developing and combining different measures within the programme axes, national policy-makers could achieve good results and contribute to sustainable growth of the organic sector, and to the overall success of RDPs. The RDPs should also be closely linked to the national action plans for organic farming (which exist in most NMS), as the Community Strategic Guidelines for Rural Development 2007-2013 suggest."



In conclusion, the main factors for proper implementation of Action 6 of the European Organic Action Plan in the national and regional Rural Development programmes are the following:

Table 1 Recommendations

Recommendation	Realisation
Larger share of 2 nd pillar budget in CAP budget in the Member States (especially in „old“ Member States)	Next programming period
Effective use of Rural Development budget with targeted use for the organic sector by defining ambitious aims and delivering appropriate budgets for reaching the aims.	Current programming period
Effective support in agri-environmental programmes (no programme without organic measure, for conversion and maintenance)	Next programming period
Defining the organic farming measure as the top-level measure in the programme, with a considerable gap in the level of support to other measures.	Current programming period?
No discrimination for organic farmers in agri-environmental measures, e.g. lower support level for organic land area in the same measure, maximum support level per hectare/per farm too limited to give incentive to conversion to organic farming, ...	Current programming period?
Setting priority for organic projects and farmers in Axis 1, Axis 3 and Axis 4 (LEADER) measures to support and develop the organic sector from «field to fork».	Current programming period

The present evaluation shows the necessity for an in-depth analysis to be carried out in the near future. This analysis should include an evaluation of all the Member States' and regional Rural Development programmes, including the budgets for the organic sector, and serve as a basis for a new Organic Action Plan, for a reform of the CAP and for the future Rural Development programmes.

2. Introduction

The EU Common Agricultural Policy is in a period of transition, at a pivotal turning point: Following the reform of the CAP in 2003, the EU financial review in December 2006 and the implementation of the new Rural Development regulation 2007-2013 in the Member States, the Commission and the Member States are now implementing the CAP Health Check Decisions. The discussion on the post-2013 period has already begun.

In this context the EU Commission (supported by other EU institutions) acknowledged the important role organic production can play in the future of the CAP by adopting in 2004 the **European Action Plan for Organic Food and Farming** (EU Commission 2004, COM(2004)415 final). The action plan recognises the potential and the benefits of this production system, in particular the environmental and animal welfare benefits and the potential for rural development. In addition, organic food delivers huge market opportunities for the food and farming sector. The current agriculture Commissioner Mariann Fischer Boel emphasised that the future of EU agriculture lies in quality production. The most successfully defined quality scheme is organic farming.

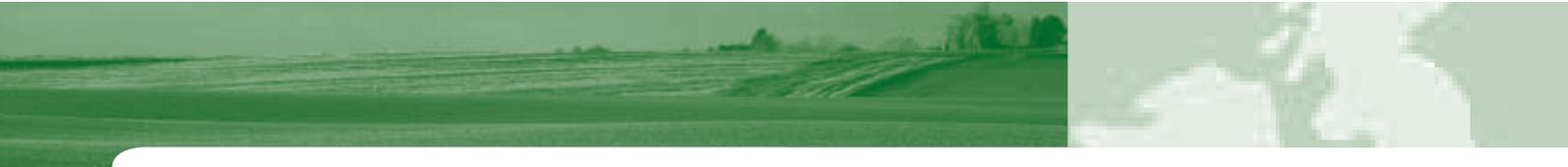
However, whilst most of the actions of the action plan are implemented, it is of the utmost importance to evaluate one of the most important policy actions, Action 6:

In Action 6, a direct link is made to the CAP, by recommending that Member States give strong support to organic farming within the national and regional Rural Development programmes. Furthermore, Commissioner Fischer Boel stated several times that the organic action plan will be implemented through the Rural Development programmes. Therefore, this study should answer the question: "Is Action 6 of the European organic action plan successfully implemented?"

ACTION POINT 6 (EU COMMISSION 2004, COM (2004)415 FINAL):

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 **European Rural Development Fund for the period 2007-2013** has been developed **after** the Organic Action Plan, together with the **EU Community strategic guidelines for rural development**. A recommendation for Axis 2 measures – chapter 3.2 of the strategic guidelines – points out the "consolidation of the contribution of organic farming", because "organic farming represents a holistic approach to sustainable agriculture. In this respect, its contribution to environmental and animal welfare objectives could be further reinforced". Further, the consideration of EU level strategies for the set-up of national strategies is advised: "In working out their national strategies, Member States should ensure that synergies between and within the axes are maximised and potential contradictions avoided. Where appropriate, they may develop integrated approaches. They will also wish to reflect on how to take into account other EU-level strategies, such as the Action Plan for Organic Food and Farming, ..."

Despite these existing instruments, the quality of support for organic farming shows a wide variation – and so does the implementation of Action 6 of the Organic Action Plan. The following analysis will evaluate the quality of support for the organic sector through the measures of the Rural Development programmes 2007-2013 and potential obstacles for further development of the sector. It therefore analyses whether the European Commission was successful with one of the most crucial actions of its Organic Action Plan.

3. Objectives and Methods

Action 6 of the European Organic Action Plan proposes several measures for supporting organic farming within the Rural Development programmes. These measures provide the basis for answering the central question of this analysis:

Has Action 6 of the EU organic Action Plan been successfully implemented?

- Are the recommendations outlined in Action 6 taken up in the national Rural Development programmes 2007-2013? and
- If yes, to what extent are these recommendations implemented?

Action 6 proposals can be related to measures of the Rural Development programmes – an evaluation of the use and the quality of these measures is the method by which to assess the implementation of Action 6.

The study does evaluate the use of measures of Axis 1, Axis 2 and Axis 3 in the Rural Development programmes of selected Member States. Special emphasis will be given to Agri-environmental programmes, because of their central role for organic farming support. Additional information will be given by an analysis of the Member States' CAP and Rural Development budgets.

As a result, a model for best practice will be developed – a synthesis of measures dedicated to organic agriculture in different Rural Development programmes.

3.1. Allocation of budgets in the Member States – A potential financial frame for organic farming

In addition, the allocation of budgets for Pillar 1 and Pillar 2 in the EU-27 (3.1), as well as a comparison of the share of Axis 1, Axis 2 and Axis 3 budgets of the Rural Development programmes (3.2) and – if available – the overall budgets dedicated to organic farming in the Rural Development programmes, aim to **describe the financial frame** that is, actually or potentially, **available to organic measures**.

3.2. Evaluation of Rural Development programmes with regard to Action 6

- Action 6 requires **“actions in order to preserve the benefits for the environment and nature protection in the long term”**.

Rationale

Most Rural Development programmes concentrate on supporting the organic sector through **Axis 2, the agri-environmental programme**, which is by far the most important measure for moving farmers towards organic agriculture and to helping them to continue to farm organically. On the other hand, these payments balance to a certain extent the lower payments received (compared with conventional production) through the 1st pillar. However, the amount of aid is often not sufficient to compensate for the extra costs and reduced yield that organic farmers have to bear. Most important is support during the conversion period – these are the years with the biggest economic pressure, but the period after conversion can still bear enormous risks which cannot be compensated for via the selling price to consumers; therefore continued support is necessary.

A positive impact on the development of organic agriculture requires that two strategies should be considered for agri-environmental programmes:

- Ensuring support for all organic farmers, in conversion and for maintenance
- Providing a considerable gap in the level of support between conventional and organic measures, in order to give a strong incentive to continue in, or convert to, organic farming.

Approach:

The study does compare selected Member States' support levels for organic farming inside the agri-environmental programme (4.2) and highlights the difference between organic and conventional schemes in three cases. (4.1.4).

- Action 6 requires **“organic farmers having the same possibilities for receiving investment support as non-organic farmers”**.

Rationale

Organic farmers have to comply with stricter rules in animal husbandry and therefore need to invest in reconstruction of stables and other units for animal keeping. These investments often pose an obstacle to conversion. **Measure 121 “Farm modernisation”** is designed to support these efforts, a fact that is taken into account in several programmes by prioritising organic farmers and/or granting higher support levels for organic farmers.

Approach

The study does evaluate the support given to organic farms in measure 121 – based on the sample of analysed Rural Development programmes.

- Further support for organic farmers should be offered to organic farmers – according to Action 6 – through **“training and education for all operators in organic farming, covering production, processing and marketing”** and **“support to extension services”**.

Rationale

Many Member States require obligatory attendance at a training course for organic agriculture and, in addition, organic production is very knowledge-intensive and training courses help to spread the know-how to the farmers. Axis 1 measures can support both (**measure 111/114/115**) – the attendance at courses, as well as organisations offering such courses. Strong support for organic farmers and organic farmers’ organisations, e.g. by setting priorities, can help to secure the quality of organic production and the economic success of organic farmers.

Approach

The study does show whether and how organic farmers are supported through measure 111, 114 and 115, based on the sample of analysed Rural Development programmes.

- Action 6 requires **“developing incentives to producers to facilitate the distribution and marketing by integrating the production chain by (contractual) arrangements between the actors”**.

Rationale

Organic farmers often create new ways of marketing and intensify direct marketing and other new, very successful and consumer-orientated forms of marketing. They also increase farm income by creating their own products through processing on the farm. These activities often make organic farms more viable from an economic point of view and create jobs. In order to take the first steps towards realising such projects, farmers need monetary support, which can be granted by Axis 1 **measure 123 “Adding value to agricultural and forestry products”** and **measure 124 “Cooperation for development and new products, processes and technologies in the agricultural and food sector”**. Making organic projects a priority or creating easier ways for organic farmers to apply for monetary support could help to develop the whole sector.

Approach

The study shows whether and how organic farmers are supported through measures 123 and 124, based on the sample of analysed Rural Development programmes.

- **Action 6 requires** supporting organic agriculture through **“stimulating the demand side by using the new quality schemes”**.

Rationale

Measure 132 “ Supporting farmers who participate in food quality schemes” can be

used to reduce the obligatory control and certification costs for organic farms by reimbursing the amount spent. For the reasons mentioned above (under measures 132, 123, 124), favouring organic producer groups' applications under measure **133 "Supporting producer groups for information and promotion activities for products under food quality schemes"** and **142 "Setting up of producer groups"** can greatly contribute towards building up or developing the organic sector, depending on the current situation in the Member State.

Approach

The study shows whether and how organic farmers are supported through measures 132, 133 and 142, based on the sample of analysed Rural Development programmes.

3.3. Selection of evaluated Rural Development programmes

The selection of the evaluated programmes represents a **sample**, with a wide range of different programme types and approaches – national and regional programmes, programmes from different parts of Europe, old and new Member States, more and less ambitious programmes.

The following programmes are analysed:

- **Austria**
- **The Czech Republic**
- **Finland**
- **France (with regional variations in agri-environmental programmes)**
- **German national framework programme with an overview of 16 regional programmes**
- **Hungary**
- **Italian national framework programme with five regional examples**
- **Ireland**
- **Lithuania**
- **Poland**
- **Spanish national framework programme with four regional examples,**
- **Sweden**
- **United Kingdom with England as example**

Due to the restricted frame of the actual study, an in-depth analysis of all the existing Rural Development programmes cannot be carried out, although this appears necessary. For example, Axis 4 initiatives or measure 333 (Education) are not covered in this study at all, even though they offer a high potential to support organic farming. The given results can be regarded as a limited overview, but still a representative example.

4. Allocation of budgets in the Member States

(Relation Pillar 1 : Pillar 2 within the CAP, Relation Axis 1:2:3 within Rural Development programmes)

An important indicator for the role of the environment and organic farming is the allocation of budgets for Rural Development programmes (pillar 2) (absolute and in relation to pillar 1) and – inside pillar 2 – the relationship of the budgets of Axes 1, 2 and 3. These parameters have been analysed for the EU-27, partly based on the author's calculations.

The reason for including this evaluation is the fact that the EU pillar 2 budget has been severely reduced for the financial period 2007-2013, contrary to the pillar 1 budget that remains untouched. In addition, the requirements to be fulfilled by the Rural Development programmes have grown disproportionately (e.g. climate change, Natura 2000). Therefore the targeted use of these reduced budgets is crucial to the effectiveness of the programmes.

A further indicator is the budget allocated to the organic farming measures in the agri-environmental programme, as well as the share for organic projects in other Rural Development measures. Due to lack of information, these parameters have only been analysed as and when available.

4.1. Relationship Pillar 1 – Pillar 2

The CAP budget is divided in two main parts: Pillar 1 for market and direct aids, pillar 2 for rural development – a division that still “discriminates” against rural development, because

- the EU budget for pillar 2 is much lower than for pillar 1: Based on the EU budget for 2007, the relationship of the two budgets (pillar 1: pillar 2) is 77% : 23%, based on the total budget (EU and national co-financing) the relationship is 67% : 33%
- the 2nd pillar budgets require national co-financing (instead of 100% EU funding for pillar 1), which limits the ability and interest of Member States to implement ambitious Rural Development programmes, because of the necessity of national financing.
- 1st pillar payments only require minimum standards to be fulfilled (Cross compliance), and therefore are available to most farmers throughout Europe – without contributing to improvements on an economic or ecological level.

The distribution of the budget for the first and the second pillars in the Member States is an important indicator of the relevance of Rural Development programmes in the Member States. Considerable financing for the second pillar would ensure a broader range of measures that are better financially equipped and therefore more attractive to farmers. Rural development measures require certain standards, for example environmental standards for participation in agri-environmental programmes. These standards lead to increased public acceptance of financial support for agriculture and rural areas.

Nevertheless, the share of second pillar payments is still rather small, whether the comparison is being made on the basis of EU payments only or on the total budgets. This means 100% EU funding for the first pillar and EU- and national funding for the second pillar. The detailed figures can be found in Table 6 in the annex (Chapter 9.1).

New Member States show a significantly different distribution of 1st and 2nd pillar budgets: depending on the calculation (with or without national co-financing), the 2nd pillar budgets are at least equal to the 1st pillar budgets (without co-financing). As the 2nd pillar budgets are co-financed by the Member States and regions, the proportions shift towards a minimum share 60:40 (pillar 2 : pillar 1). The only old Member States featuring a similar share are Austria (46%) and Portugal (43%), based on EU funded budgets, and Finland (62%), Austria (60%), Luxemburg (59%) and Portugal (49%) based on a calculation with national co-financed budgets.

During the financial period 2007-2013, the national Rural Development budgets undergo constant change: Old Member States' budgets are gradually decreased, except those of Greece, Italy, Portugal and the United Kingdom, while new Member States' budgets are gradually increased, except those from Malta, Cyprus and Poland. The first pillar budgets are gradually decreased also in the period 2007-2013. Due to these changes, the relationship of the pillar 1- and pillar 2-budgets varies throughout the years.

4.2. Inside the Rural Development programmes: Relationship between Axis 1 : Axis 2 : Axis 3

The Rural Development budget has to finance a wide range of measures, such as support for advisory systems and quality production, farm investment, agri-environmental programmes, infrastructure measures on community level, etc. To be effective, these measures require strong financial support, which can be assured because of the reasons mentioned above. Member States had the opportunity to customise the national and regional programmes to local circumstances in the given framework of the Rural Development regulation. The priorities set out in the different programmes will have an important impact on the further development and orientation of agriculture and rural areas.

The Rural development measures are allocated along three thematic axes:

- Axis 1: Improving the competitiveness of the agricultural and forestry sector (Measures for farm modernisation, the setting up and use of advisory services, participation in food quality schemes, adding value to agricultural and forestry products, etc.)
- Axis 2: Improving the environment and the countryside (Agri-environmental programmes, natural handicap payments, etc.)
- Axis 3: Improving the quality of life in rural areas and encouraging diversification of the rural economy. (Measures for diversification into non-agricultural activities, tourism activities, conservation and upgrading of rural heritage, etc.)¹

A comparison of the programmes throughout Europe shows that Member States mostly set priorities on Axis 1 and Axis 2, by implementing agri-environmental schemes on the one hand, and investment and advisory measures on the other hand (see Table 1). The quality of the single measures strongly depends on the political interest and the allocated budget. The highest budget share of the total Rural Development budget is given to Axis 2 in Ireland (80%), Finland, Austria (74%), UK, Sweden and Denmark (65%). A very low share is given in Romania, Bulgaria, Malta, Latvia and the Netherlands (26 – 30%), close to the legal minimum of 25%. Eleven of the EU-27 give a high priority to Axis 1, especially to measure 121 "modernisation of farms": Between 40 and 50% of the Rural Development budget is reserved for Axis 1 in Belgium, Latvia, Portugal, Hungary, Spain, Greece, Cyprus, Romania, Lithuania, Poland and Bulgaria, as, interestingly, seven countries belong to the "new Member States".

¹ Regulation EC/1698/2005 lays down minimum shares for the different axes: 10% for axis 1 and 3; 25% for axis 2, 10% for axis 3, and 5% for the horizontal axis 4

The share for Axis 1, Axis 2 and Axis 3 in the EU-27, graded for each Axis, can be found in Table 1.

The most common measures at EU level are agri-environmental payments (measure 214) which get 22% of the EU Rural Development funds (20.3 billion Euro), and "modernisation of agricultural holdings" (measure 121), which apply for 11% (9.6 billion Euro, 2007-2013) of the Rural Development funds.

Table 1: Distribution of Rural Development budget on Axis 1, 2 and 3.
(Source: European Union (2008), own calculations)

Share Axis I		Share Axis II		Share Axis III	
Member State	Axis I	Member State	Axis II	Member State	Axis III
Belgium	49,2	Ireland	79,7	Malta	33,6
Latvia	48,7	Finland	74,0	The Netherlands	30,0
Portugal	46,8	Austria	73,7	Bulgaria	29,7
Hungary	46,5	United Kingdom	72,9	Romania	27,4
Spain	45,3	Sweden	70,4	Germany	24,9
Greece	44,0	Denmark	64,6	Poland	19,7
Cyprus	44,0	Luxembourg	58,9	Latvia	19,5
Romania	44,0	Czech Republic	55,5	Czech Republic	17,0
Lithuania	41,7	Slovenia	52,5	Greece	14,1
Poland	41,4	Slovakia	51,0	Slovakia	13,8
Bulgaria	40,8	France	50,6	Hungary	13,6
Italy	38,2	Italy	44,7	Estonia	13,0
Estonia	38,0	Cyprus	44,2	Lithuania	12,4
France	37,7	Portugal	42,3	Slovenia	11,1
Malta	34,9	Germany	41,1	Finland	9,5
Slovenia	33,4	Spain	39,4	Cyprus	9,1
Slovakia	32,1	Lithuania	39,4	United Kingdom	9,0
The Netherlands	30,1	Estonia	39,0	Belgium	8,9
Luxembourg	28,4	Belgium	36,7	Italy	8,7
Germany	28,0	Greece	35,7	Sweden	8,2
Czech Republic	22,5	Hungary	34,2	Luxembourg	6,9
Denmark	20,2	Poland	34,1	Austria	6,6
Sweden	15,5	The Netherlands	29,9	France	6,6
Austria	14,1	Latvia	29,2	Denmark	5,3
United Kingdom	11,9	Malta	27,2	Spain	3,8
Finland	11,2	Bulgaria	27,0	Portugal	0,4
Ireland	10,3	Romania	26,0	Ireland	0,0

4.3. Budget for specific Rural Development measures in the EU Member States per axis

Most Member States focus in their national programmes on the same measures; as a consequence, the main part of the Rural Development budget is allocated to a few measures. Therefore the budget that can potentially be allocated to other measures is limited.

The EU Commission's report "Rural Development in the European Union" (DG Agri 2008), outlines

the facts: Measure “**121 – Modernisation of agricultural holdings**” is the most relevant Axis 1 measure in almost every Member State, except in Spain, the Netherlands, Portugal, Romania, Slovenia, Finland and United Kingdom. At EU-27 level, the share of this measure is 31% of the EAFRD contribution allocated to Axis 1 globally. In Luxembourg, this share is 76%. (...) Generally, this measure is followed by “**123 - Adding value to agricultural and forestry products**” (...).

As for the Axis 2 measures, the “**214 - Agri-environment payments**” is the instrument with the highest financial allocation in most Member States. At EU-27 level, it represents more than 50% of the EAFRD contribution allocated to this Axis and its share is higher than 70% in Belgium (82%), Sweden (78%), the Netherlands (75%), Denmark (73%) and the United Kingdom (72%). Fourteen Member States out of 27 have integrated the measure “**211 – Natural handicap payments to farmers in mountain areas**” which has the highest relative importance within Axis 2 in France (51%).

Within Axis 3 measures, the “**322 – Village renewal and development**” has the highest share with 25% in the EU-27. This share is the highest in Romania (63%), followed by Cyprus (48%) and Estonia (40%). As for the measure “**311 – Diversification into non-agricultural activities**”, it represents 41% of the total EAFRD contribution devoted to Axis 3 in Italy and 39% in Finland.

5. Evaluation of Rural Development programmes with regard to the implementation of Action 6

As discussed above, the design of national and regional programmes strongly influences the bias of agriculture and rural areas. First pillar payments are granted to farmers in the EU-15 (old EU Member States), based on the type of production during the years 2000-2002. Depending on the implementation of the CAP reform 2003, farmers are more or less open to new forms of production.

The impact on farmers that had practised organic farming before the reform has been negative to a certain degree – depending on the model of implementation (Nieberg et al. 2007): The model based on the historical reference, together with partial (not total) decoupling, disadvantages organic farmers compared with conventional farmers, because the share of crops that were not eligible to first pillar payments was higher on organic farms (during the period 2000-2002). The impact of the reform towards environmentally-friendly forms of production, especially organic farming, is – at the present stage of research - not evident.

Rural Development programmes, despite their (in old Member States) considerably smaller budgets, deliver public goods to society by providing support for agricultural methods that maintain and improve the environment (soil, biodiversity, water, etc.). In this way, public money is spent on services that cannot be paid through the market, but nevertheless incur extra costs for the producers. Therefore it is an economic necessity to have external (public) support to help farmers to convert their farms. In addition, new forms of agriculture, such as organic agriculture, often create innovation which helps to improve the economic and social viability of the agricultural sector and rural areas as a whole. In short, if the Rural Development budget is targeted carefully, a range of benefits can be delivered to farmers, rural areas and society, and therefore this type of public expenditure is greatly acceptable to society.

For creating and maintaining a viable organic sector, per-hectare support for organic farmers is of course very valuable, but cannot sufficiently contribute to the sustainable development of the whole sector. The European Action Plan for Organic Food and Farming recommendation is "to make full use of the instruments in the Rural Development programme to support the organic sector". Therefore, measures of the Rural Development programme should target organic farming as a priority and grant better and prioritised support to organic projects (organic farmers and organisations), in addition to the agri-environmental programme.

5.1. Axis 2 – Evaluation of Agri-environmental programmes (measure 214)

Action 6 requirement: "Actions in order to preserve the benefits for the environment and nature protection in the long term".

The most important measure in Rural Development programmes, with direct impact on the development of the number of organic farms or the share of organic land, is the agri-environmental programme with its specific measures for organic farming, and additional measures that can be used by conventional and organic farmers as well. The majority of Member States offer per hectare payments for conversion and/or maintenance of organic land. Depending on the per-hectare premium for organic land (or per capita in the case of animal premium) and the difference between organic and conventional premium, the measure can have more or less, positive or negative impact on the share of organic farms or land area.

Several Member States or regions only offer **support during the conversion period** (for example most regions of France). Others **vary the level of support** (higher aid during the conversion period, lower for maintenance – most German Länder, Italian regions, Spanish regions, some French regions, Ireland, Hungary). Some grant the **same premium for both** (Sweden, the Czech Republic, Hungary, Finland, Austria).

The **maximum level of support** for arable land reaches up to 314 Euro per hectare (Saxony) for the conversion period and up to 285 Euro per hectare (Austria) for converted land, but this level of support is exceptional, compared with most other programmes.

The **focus of the measure is usually adapted to regional circumstances**, and support is given to certain types of production. For example, Spanish regional programmes offer support for a list of different production types, dependent on the region – arable land, irrigated and non-irrigated fruit production, wine production, olives, citrus orchards, permanent pasture, etc. A second approach is to focus on production types that seem to be interesting for market production and need help to get started. Both approaches can be observed throughout Europe, and appear to be useful, but tend to exclude other production types that might need support as well.

5.1.1 Per-hectare support for organic arable land and grassland in the EU-27

Some of the Rural Development programmes for the period 2007-2013 are still to be negotiated in detail and therefore conditions and amounts of support are in permanent transition. Information about the level of support is taken from the official Rural Development programmes, based on the

data given for the measures for “organic farming” and partly from direct, personal information from experts of the Member States. At the moment, no complete list of agri-environmental measures and aid is available, as the scope of the project is too small to develop such an overview for the EU-27. Tables 2 and 3 contain a selection of per hectare support for land under organic management, arable land and grassland, different production types in various Member States and regions. Several amounts may be – due to ongoing negotiations – in transition.

Table 2: Support for arable land, vegetable and fruit production, horticulture etc.

Member State	Region	Crop	Conversion (Euro per ha)	Maintenance (Euro per ha)
Czech Republic		arable land	155	155
Czech Republic		vegetables, herbs	564	564
Germany	National framework	arable land	210	170
Germany	National framework	vegetables	480	300
Germany	National framework	permanent crops)	900	720
Germany	Bavaria	arable land	300	210
Germany	Baden-Württemberg	arable land	150	150
Germany	Brandenburg/Berlin	arable land	137	137
Germany	Hessen	arable land	160	160
Germany	Mecklenburg-Vorpommern	arable land	135	135
Germany	Niedersachsen	arable land	262	137
Germany	Nordrhein-Westfalen	arable land	262	137
Germany	Rheinland-Pfalz)	arable land	200	120
Germany	Saarland	arable land	0	116
Germany	Sachsen	arable land	314	164
Germany	Sachsen-Anhalt	arable land	160	160
Germany	Schleswig-Holstein	arable land	262	137
Germany	Thüringen	arable land	187	187
Ireland				
Spain	Andalucía	alfalfa	183,7	183,7
Spain	Andalucía	rice, grapes, horticulture	600	600
Spain	Andalucía	nuts	123,1	123,1
Spain	Andalucía	irrigated orchards	588,6	588,6
Spain	Andalucía	vine	230,2	230,2
Spain	Andalucía	cotton	360,9	360,9
Spain	Andalucía	citrus orchards	510,4	510,4
Spain	Murcia	Olives		
Spain	Murcia	Citrus, orchards irrigated, grapes	900	720
Spain	Murcia	nuts, orchards non-irrigated	300	240
Spain	Murcia	vineyards	700	560
Spain	Castilla-La Mancha	rice	600	600

Member State	Region	Crop	Conversion (Euro per ha)	Maintenance (Euro per ha)
Spain	Castilla-La Mancha	nuts	249	249
Spain	Castilla-La Mancha	olives	329	329
Spain	Castilla-La Mancha	orchards	349/398	349/398
Spain	Castilla-La Mancha	grapes	555	555
Spain	Castilla-La Mancha	citrus orchards	535	535
Spain	Castilla-La Mancha	wine	291	291
Spain	Catalunya	cereals irrigated	219	175
Spain	Catalunya	cereals non-irrigated, fodder	127	102
Spain	Catalunya	fodder irrigated	170	136
Spain	Catalunya	rice	600	480
Spain	Catalunya	nuts	195	156
Spain	Catalunya	citrus orchards	500	400
Spain	Catalunya	orchards	420/380	336/304
Spain	Catalunya	horticulture	380/594	304/475
Spain	Catalunya	vine	310	248
Spain	Catalunya	grapes	520	416
Spain	Catalunya	olives	270	216
France		annual crops	200	100
France		vegetables	350	150
Italy	Liguria	seed production, fodder plants	200	180 (conv. 150)
Italy	Liguria	olives	680	555
Italy	Liguria	wine	750	700
Italy	Liguria	orchards	850	700
Italy	Veneto	cereals	180	144
Italy	Veneto	other – potatoes, beets, etc.	240	192
Italy	Veneto	vine, olives	400	320
Italy	Veneto	orchards	600	408
Italy	Abruzzo	cereals, seed	180	150
Italy	Abruzzo	potatoes, beets, vegetables	500	400
Italy	Abruzzo	fodder plants	120	100
Italy	Abruzzo	orchards, vineyards	700	600
Italy	Abruzzo	olives	600	500
Italy	Puglia	cereals	96	96
Italy	Toscana	cereals	160	150
Italy	Toscana	maize	250	230
Italy	Toscana	wine	720	650
Italy	Toscana	olives	600	500
Italy	Toscana	protein/oil plants	150	140
Italy	Toscana	tomatoes for industry	480	390
Hungary		arable land	182	126
Hungary		vegetables	332	176
Austria		arable land	285	285

Member State	Region	Crop	Conversion (Euro per ha)	Maintenance (Euro per ha)
Austria)		vegetables, herbs/spices, strawberries	450	450
Austria		wine, orchards, hops, tree nursery	750	750
Austria		greenhouse production -under glass / plastic	4200/2900	4200/2900
Finland			141	141
Sweden		grain, protein crops, flax, fodder beets, other animal crops	144,4	144.4
Sweden		oil plants, linseed flax, brown beans, grass seed ley	244,2	244,2
Sweden		potatoes, sugar beet, vegetables	555,6	555,6
Sweden		arable land, animal husbandry	177,8	177,8
UK	England		353	90
UK	England	top fruit orchards	900	90
UK	England	improved land	175	

Table 3: Support for grassland, animal husbandry

Member State	Region	Crop	Conversion (Euro per ha)	Maintenance (Euro per ha)
The Czech Republic		(permanent grassland)	71	71
Germany	National framework	(grassland)	210	170
Germany	Bavaria	(grassland)	300	210
Germany	Baden-Württemberg	(grassland)	150	150
Germany	Brandenburg/Berlin	(grassland)	131	131
Germany	Hessen	(grassland)	160	160
Germany	Mecklenburg-Vorpommern	(grassland)	135	135
Germany	Niedersachsen	(grassland)	262	137
Germany	Nordrhein-Westfalen	(grassland)	262	137
Germany	Rheinland-Pfalz	(grassland)	200	120
Germany	Saarland	(grassland)	0	116
Germany	Sachsen	(grassland)	314	164
Germany	Sachsen-Anhalt	(grassland)	137	137
Germany	Schleswig-Holstein	(grassland)	262	137
Germany	Thüringen	(grassland)	187	187
Ireland	- 55 ha / >55 ha	(grassland)	212/30	106/15
Spain	Andalucía	(non-poultry)	201/LU	201/LU
Spain	Andalucía	(poultry)	249/LU	249/LU
Spain	Andalucía	(grassland)	183,7	183,7
Spain	Murcia	(grassland)	90	72
Spain	Castilla-La Mancha	(grassland)	287	287
Spain	Castilla-La Mancha	(animal husbandry)	159/LU	159/LU*
France		(grassland)	100	80
Italy	Liguria	(grassland)	180	170 (conv. 0)
Italy	Veneto	(grassland)	260	208
Italy	Veneto	(pasture)	100	80
Italy	Abruzzo	(cereals, seed)	180	150
Italy	Abruzzo	(potatoes, beets, vegetables)	500	400
Italy	Abruzzo	(fodder plants)	120	100
Italy	Toscana	(fodder crops)	125	125
Hungary		(grazing)	107	107
Hungary	(Non-Natura 2000 / Natura 2000 area)	(mowing)	63/32	63/32
Austria		(grassland)	240	240
Austria	-25% arable land/>25%	(fodder crops)	285/240	285/240
Finland		(livestock unit)	267/LU	267/LU
Sweden		(grassland)	88,9	88,9
UK	England		353	90

Table 4 (arable land) and Table 5 (grassland) illustrates the differences between the old and the new programmes, as well as between conversion and maintenance support:

Table 4: Per hectare support for organic farming, arable land

For 2004/05 (old Rural Development programmes) and 2007 for land in conversion and organic land
(Source: Hrbalova et al. 2005; Tuson et al., 2005; Nieberg 2007)

Arable Land				
	2004/05	2004/05	2007	2007
	Conversion	Maintenance	Conversion	Maintenance
Austria	327	327	285	285
Belgium	500-600	240-350	n.a.	n.a.
Bulgaria	n.a.	n.a.	n.a.	n.a.
Czech Republic	110	110	155	155
Finland	147	147	234/374	234/374
France	366	183	200**	100**
Greece	335	335	n.a.	n.a.
Hungary	178	127	182	126
Ireland	181	91	0	0
Italy	150-200	100-200	96-200 ?*	96-180 ?*
Lithuania	416	416	215	215
Luxemburg	200	150	n.a.	n.a.
Netherlands	148	0	n.a.	n.a.
Poland	149	131	216	203
Portugal	228	190	n.a.	n.a.
Romania	n.a.	n.a.	n.a.	n.a.
Sweden	151	151	144-244	144-244
UK (England)	261	44	353	90

Explanations: * Regional variation of support level

** National framework, not offered in all regions of France

?* Regional variation, more variation possible (overview not completed)

Table 5: Per hectare support for organic farming, grassland, 2004/05 (old Rural Development programmes) and 2007 for land in conversion and organic land

Grassland				
	2004/05	2004/05	2007	2007
	Conversion	Maintenance	Conversion	Maintenance
Austria	251	251	66-240	66-240
Belgium	425-450	55-275	n.a.	n.a.
Bulgaria	n.a.	n.a.	n.a.	n.a.
Czech Republic	34	34	71	71
Germany	200-300	150-190	0-300*	120-210*
Denmark	271	117	n.a.	n.a.
Estonia	74	74	n.a.	n.a.
Spain	117	117	0-287 ?*	0-287 ?*
Finland	103	103	0 /234- 374	0 /234-374
France	160	80	100**	80**
Greece	100	100	n.a.	n.a.
Hungary	59	59	n.a.	n.a.
Ireland	181	91	n.a.	n.a.
Italy	100-200	100-200	0-260 ?*	0-208 ?*
Lithuania	118	118	127	127
Luxemburg	200	150	n.a.	n.a.
Latvia	139	81	n.a.	n.a.
Netherlands	136	0	n.a.	n.a.
Poland	72	57	89	70
Portugal	210	157	n.a.	n.a.

Romania	n.a.	n.a.	n.a.	n.a.
Sweden	58	58	88,9	88,9
Slovenia	230	230	n.a.	n.a.
Slovakia	99	50	n.a.	n.a.
UK (England)	203	33	353	90

Source: Hrbalova et al. 2005; Tuson et al., 2005; Nieberg 2007)

Explanations:

* Regional variation of support level

** National framework, not offered in all regions of France

?* Regional variation, more variation possible (overview not completed)

5.1.2.Examples of other agri-environmental measures

The example of **France** shows the **diversity of regional programmes** that can occur even within one Member State: The budget share dedicated to the measures "Conversion to organic farming" and "Maintenance of organic farming" varies in the regions from 1,1 – 8,9% of the total RD budget and from 4,1 – 27,5% of the budget for agri-environmental programmes. All the French regions offer support for conversion to organic farming, but only nine out of 21 regions for maintaining organic farming. A similar situation shows **Germany** – 16 regional programmes, with a range of 135-314 Euro per hectare arable and grassland in conversion and 116-210 Euro per hectare converted land. The highest per hectare support for organic land is offered in Saxony – but nevertheless, the Minister of Agriculture recognises that this is not enough, neither during the conversion period, nor after conversion. Greater support could help, but economic risks remain.

In comparison – **Ireland** – grants for land in conversion range from 212 Euro per hectare, up to 55 hectares, thereafter 30 Euro; for converted land the amount is 106 Euro per hectare up to 55 ha and 15 Euro thereafter. For farms smaller than 6 hectares, the per hectare premium is 283 Euro for land in conversion and 142 Euro in organic status. These amounts are per hectare amounts for the organic "stand-alone measure", which can be combined under certain circumstances with the following (REPs) measure that is also the core measure for conventional farmers. A comparison on the basis of the REPs measure and the organic measure alone shows that the difference is rather small or even disadvantages organic area, but due to the possibility of combining both, most organic farmers get considerable support. The per-hectare premium for the REPs measure is 234 Euro for the first 20 ha, and for farmers on non-Natura 2000 commonage it is 282 Euro per hectare up to 40 ha.

The region of **Murcia** in **Spain recognises the role of organic farming** for its economic and social value and its positive impact on rural development in general and offers – like most regional programmes in Spain – per hectare **support for a wide range of crops**. Most Spanish regional programmes offer a **per capita premium for organic livestock**. An interesting prerequisite for support is to prove that **20% of the produce is marketed as organic** product.

Some programmes, such as the Spanish region Andalucía or Austria, offer support for **bee-keeping**, 28,40 Euro per bee-hive in Andalucía and 25 Euro in Austria.

Andalucía favours "farmers that practise organic farming" as beneficiaries of the measure "Protection of rare plant species" (214-11).

5.1.3. Conflict support for organic/conventional production

Several programmes put other farming practices than organic farming in the “**pole position**” of the agri-environmental programme (e.g. Ireland), therefore the incentive for converting to or maintaining organic farming is very low and can create an obstacle for the further development of the organic sector (for examples, see 4.1.4). Additionally, lower payments received under pillar 1 payments cannot be sufficiently balanced and therefore lead to market distortion.

Usually, organic farmers can apply for the same additional measures as conventional farmers can, but several programmes **disadvantage organic agriculture** because of lower payments for the same measure (e.g. Hessen/Germany, green manure, 45 Euro/ha for organic farms, 70 Euro/ha for conventional farms). The setting of upper limits for payments, either per hectare or per farm, is useful from a budgetary point of view, but it has to be seen that these limits apply more often to organic farms, and therefore limit the financial recognition of efforts and benefits provided by organic agriculture.

5.2. Axis 1 / Axis 3 – Evaluation

Apart from support through Axis 2 (agri-environment programmes), several measures of Axis 1 and Axis 3 would be appropriate for the support of organic farming. Some programmes include a commitment to organic farming by prioritising organic farmers or projects for certain measures, but only a few programmes would offer organic farmers better conditions for application or support.

The following evaluation reviews whether and how the particular measures could be used by the organic sector and whether organic farming is a priority within the measures and could attract greater support than conventional farming.

5.2.1 Measure 121 – farm investments

Measure 121 “Farm modernisation”

Action 6 requires “Organic farmers having the same possibilities for receiving investment support as non-organic farmers.”

The German State of **Bavaria** offers, in addition to a very high level per hectare premium in the agri-environmental programme, bigger grants for organic farms through measure 121 (investment support) – 20% instead of 15% for investment in animal husbandry. In **Austria** and the **Czech Republic** organic farmers receive better support through measure 121 – in Austria for the rebuilding of stables, in the Czech Republic for a range of projects – both offer a greater percentage of financial support to organic farmers.

The region of **Liguria** in Italy sets several priorities for funding investments through measure 121 – one is organic farming with a focus on horticulture, dairy, meat and fruit production.

Ireland treats organic farmers with priority in measure 121, for on-farm investments. Other programmes mention organic projects as potential applications for the measure, but do not prioritise or give preferential treatment to the organic sector (Italian programmes, Hungary, Finland, ...).

The **French** national framework programme mentions organic farmers and projects as eligible for support in measure 121.

None of the other reviewed programmes mentions organic agriculture in relation to measure 121.

5.2.2. Measure 111, 114, 115 – training and advisory

Measure 111 " Vocational training, information, actions, including diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors"

Measure 114 "Use by farmers and forest holders of advisory systems"

Measure 115 "Setting up of farm management, farm relief and farm advisory services, as well as forestry advisory services"

Action 6 requires "training and education for all operators in organic farming, covering production, processing and marketing and "support for extension services".

None of the reviewed programmes shows any reference to organic farming.

5.2.3. Measures 123, 124 – processing and marketing

Measure 123 "Adding value to agricultural and forestry products"

Measure 124 "Cooperation for development and new products, processes and technologies in the agricultural and food sector"

Action 6 requires "developing incentives for producers to facilitate distribution and marketing by integrating the production chain through (contractual) arrangements between the actors".

Bavaria offers through measure **123** ("Adding value to agricultural and forestry products") higher grants – 25% instead of 20%. The minimum investment level is lower (100.000 instead of 250.000 Euro). Organic farmers in the Czech Republic receive better support through measure 123.

Sweden sets the priority with regard to "investments supporting the supply on the market of food products with added value, for example the processing of certified organic food products from animals grazing semi-natural pastures in the region, etc.

Other programmes mention organic projects as potential applicants for the measure, but do not prioritise or give preferential treatment to the organic sector (Italian programmes, Hungary, Finland, ...).

The **Finnish** programme indicates organic projects as potentially eligible for measure **124**, but without offering better support compared with non-organic projects.

None of the other reviewed programmes mentions organic agriculture in measure 124.

5.2.4 .Measure 132, 133, 142 – food quality schemes, producer groups

Measure 132 " Supporting farmers who participate in food quality schemes"

Measure 133 "Supporting producer groups for information and promotion activities for products under food quality schemes"

Measure 142 "Setting up of producer groups"

Action 6 requires support for organic agriculture through "stimulating the demand side by using the new quality schemes".

Measure 132 "Supporting farmers who participate in food quality schemes" can be used by Member States to support organic farms by (partially) refunding costs for certification. For example, the **French** national framework programme mentions organic farming as an example of environmentally-friendly agriculture that should be supported by the measure. The Italian region of **Abruzzo** also mentions organic farming, but without setting any priority for support. The Spanish region **Castilla-La Mancha** dedicates 600.000 Euro to the programme (organic farming) and estimates the average costs per farm to be approximately 400 Euro (for ca. 1100 farms). **Austria** and most **German Länder** offer per-hectare support for control and certification costs up to a certain limit. The Italian region Liguria declares organic producers as eligible for measure 132. In England, this measure (132) is not offered at all.

Measure 133 "Supporting producer groups with information and promotional activities for products under food quality schemes" is recommended by the **French** national framework programme to be used for organic agriculture and environmentally-friendly production methods in general.

5.3. Summary

The Rural Development regulation 1698/2005 offers a range of measures that can potentially support organic farmers and the organic sector in a way that is required by Action 6, the European Action Plan for Organic Food and Farming. The analysis shows that all the evaluated programmes include measures for organic farming – with significant differences in quality.

The main measure is the per-hectare premium for converting land to organic farming, usually offered over 3-5 years. Many programmes additionally offer a lower level of support for converted land, and only a few countries grant the same level of support for conversion and maintenance.

Depending on the regions, per-hectare support is offered to different types of production, from grassland and arable land in general to specialised production, typical for certain regions. A few programmes (for example Spain) offer a per capita premium for cattle, as well as support for bee-keeping.

A common problem for farmers converting to organic farming in many cases is the low level of support for organic and conventional production.

Apart from agri-environmental payments, several of the measures in Axis 1 and Axis 3 are suitable for meeting the requirements of Action 6.

Better conditions for organic farmers are offered under several programmes through measure 121 "Farm modernisation" for investments and through measure 123 "Adding value to agricultural and forestry products". Several programmes offer measure 132 "Participation in food quality schemes" for refunding certification costs.



A good example of a range of measures for organic agriculture is the Czech national programme, ranging from the level of the organic per-hectare support, to easier access to investment funds, support for processing and marketing, the setting up of young farmers, tourism activities and diversification into non-agricultural activities. The Austrian programme shows a similar range of measures – high per-hectare support for organic land, easier access to investment funds, support for the processing of organic products and partial reimbursement for certification costs. Some Spanish programmes indicate good support on the production side through the agri-environmental programme, especially for locally important crops and animal husbandry.

6. Case Studies on Rural Development programmes per Member States

The Czech republic

Organic farmers get support within the agri-environmental programme for arable land, permanent grassland, vegetables, herbs and permanent crops.

The total budget of the Rural Development programme dedicated to organic farming amounts to 19,83 Mio. Euro (540,39 Mio. CZK - applied for 2007); compared with the total Axis 2-budget of 2.284 Mio. Euro, the share for organic farming corresponds to 7%. Organic farming is an overall priority of the Czech Rural Development programme, and this is reflected in several measures of Axis 1 and Axis 3. Organic farmers receive better support through measure 121 "Farm modernisation", 123 "Adding value to agricultural products" and 112 "Setting up of young farmers". Two measures of Axis 3, 311 "Diversification into non-agricultural activities" and 313 "Encouragement of tourism activities" also provide more support for organic farmers.

Germany

A positive example is Bavaria – in addition to a very high level of per-hectare premium in the agri-environmental programme, measure 121 (investment support) offers higher grants – 20% instead of 15% for investment in animal husbandry and measure 123 ("Adding value to agricultural and forestry products") as well – a 25% instead of 20% grant, and the minimum investment level is lower (100.000 instead of 250.000 Euro).

Spain

The Spanish programme for Rural Development (Marco nacional de desarrollo rural 2007-2013) stresses Article 6 of the European Action Plan for Food and Farming and its necessary impact on the Rural Development programmes in the Member States.

Murcia:

The Spanish region Murcia dedicates a budget of 50,8 Mio. Euro to organic agriculture for the period 2007-2013, which is more than half of the budget for the agri-environmental programme.

Murcia has several – very specialised – types of production, which is reflected by the measures in the programme. The highest premium received by farmers is for irrigated orchards, citrus orchards and grapes: 900 Euro per hectare for the first three years, 720 for 4th/5th years. The per-hectare premium for vineyards is 700 (360), for olives and carob 500 (400).

Castilla-La Mancha:

The ex-ante analysis for the regional Rural Development programme showed the deficiencies in organic agriculture: Advisory, education, information, processing, consumer information, marketing structures. The Rural Development programme is aimed at helping to improve the situation by setting different measures, although these are only offered inside the agri-environmental programme. There

are, similar to other Spanish regional programmes, targeted measures for special production types, e.g. rice (600 Euro/ha), different kind of orchards, olives, citrus orchards, vineyards (wine production 291 Euro/ha, grape production 555 Euro/ha). Organic husbandry is supported with 159 Euro per livestock unit.

An example of implementing Action 6 is the Spanish region of Castilla-La Mancha that connects the rural development measures dedicated to organic farming with the Strategic Action Plan for organic agriculture and husbandry Castilla-La Mancha 2007-2011. Twelve areas of activity are highlighted that require support to develop the organic sector further, from encouraging organic production and structuring the organic sector, to improving knowledge, information systems and control, and developing the processing and marketing of organic produce.

Andalucía

This Spanish region offers a variety of support for different production types, from alfalfa (358 Euro/ha), rice (600 Euro/ha), irrigated orchards (588,6 Euro/ha), non-irrigated orchards (123,1 Euro/ha), olives (370 Euro/ha on slopes, 270 Euro/ha others), vineyards (wine 230,2 Euro/ha), to cotton (360,9 Euro/ha). Animals are supported through a per capita premium, 249 Euro/LU for poultry, 201 Euro/ha for other animals.

France

The budget share for organic farming (measures "Conversion to organic farming" and "Maintenance of organic farming") varies in the regions from 1,1 – 8,9% of the total Rural Development budget (average France 3,5%) and in the agri-environmental budget from 4,1 - 27,5% (average France 12,9). All the French regions offer support for conversion to organic farming, but only nine out of 21 regions for maintaining organic farming. The national framework programme mentions organic farmers and projects as eligible for support in the measures 121 "Farm modernisation", 132 "Quality production" (reimbursement of control costs), and 133 "Promotion of quality products" (support for organic producer groups).

Most of the French regional Rural Development programmes highlight the further development of organic farming and the organic sector as a necessity and therefore worthy of support, but the budget does not sufficiently reflect this. The aim of the programme is to increase the organic land area from 2% to 3%, which contradicts the aim of the "Grenelle de l'environnement", launched by the French government in autumn 2007, that claims growth of up to 6% by the year 2012.

Ireland

The support for organic farmers through the agri-environmental programme is described in Chapter 5.1.2.

Organic farmers are treated with priority in measure 121, for on-farm investments.

Organic farmers get better support for measure 121 "Farm modernisation" (re-building of stables) and measure 123 "Adding value to agricultural products".

Italy

Liguria

Several priorities are defined for funding investments within measure 121 "Farm modernisation" – one is organic farming, with a focus on horticulture, dairy, meat and fruit production. For measures 132 ("Quality production") and 133 "Supporting producer groups for information and promotion activities for products under food quality schemes" organic producers are declared as eligible for the measures.

Austria

Organic farmers get 285 Euro per hectare for arable land, 450 for herbs/spices and vegetables, for grassland 240 Euro, and bee-keepers get 25 Euro per hive. Greenhouse production is supported by 4.200 Euro (glasshouses) and 2.900 Euro per hectare (plastic greenhouses).

United Kingdom

The share of the 2nd pillar budget, compared to the 1st pillar budget is extremely low, therefore the financial frame for rural development measures is too weak to set up an ambitious programme. Some measures are not implemented in the UK programme, e.g. 132 "Quality production", which can provide reimbursement of the control costs for organic farmers. The budget for agri-environmental measures is quite low as well, which results in a low per-hectare support, especially for organic farmers after conversion.

Hungary

Organic production is supported on arable land, orchards and grassland.

The premium for grassland management is lower for land that does not belong to Natura 2000 areas, because of the extra payments for Natura 2000. The second differentiation is made between "mowing" and "grazing" – the premium for mowing grassland is lower than for grazing. Axis 1 and Axis 3 do not include any future measures that are especially dedicated to organic farming or prioritising organic projects.

7. The organic model – "The perfect implementation of Action 6"

The perfect implementation of Action 6 would be a synthesis of the evaluated programmes, a summary of measures supporting the organic sector – from the farmer to the consumer.

The following compilation is an attempt to create an optimal Rural Development programme from the point of view of organic farming, based on experiences from the existing programmes and analysis of the opportunities noted in the Rural Development regulation 1698/2005.

The selection is based on the following two questions, and the proposals are given measure by measure:

- Which measures provide the framework for support for the organic sector?
- How can these measures provide efficient support for the organic sector?

➤ **Measure 111 "Vocational training, information, actions, including the diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors"**

Proposal:

Dedication of a certain percentage of the budget (according to the estimated development of the organic sector) to "organic applicants" and/or

Priority for training measures for organic farmers, knowledge transfer, etc. and/or

Increased funding for participants of measures with the main focus on organic farming

➤ **Measure 112 "Setting up of young farmers"**

Proposal:

Priority for farmers setting up as "organic young farmers"

Example: the Czech Republic

➤ **Measure 114 "Use by farmers and forest holders of advisory systems"**

Proposal:

Dedication of a certain percentage of the budget (according to the estimated development of the organic sector) to "organic applicants" and/or

Priority for advisory measures for organic farmers and/or

Increased funding for participants of measures with the main focus on organic farming

➤ **Measure 115 "Setting up of farm management, farm relief and farm advisory services, as well as forestry advisory services"**

Proposal:

Dedication of a certain percentage of the budget (according to the estimated development of the organic sector) to "organic applicants" and/or

Priority for (private) organisations offering advisory services for organic farmers, and/or

Increased funding for (private) organisations offering advisory services for organic farmers

➤ **Measure 121 "Farm modernisation"**

Proposal:

Dedication of a certain percentage of the budget (according to the estimated development of the organic sector) to "organic applicants" and/or

Priority for organic farmers, and/or

Increased funding for organic farmers (bigger grants for projects on organic farms, e.g. construction of stables, investments in certain production types).

Example: Austria, the Czech Republic, Bavaria

➤ **Measure 123 "Adding value to agricultural and forestry products"**

Proposal:

Dedication of a certain percentage of the budget (according to the estimated development of the organic sector) to "organic applicants" and/or

Priority for organic farmers, and/or

Increased funding for organic farmers (bigger grants for projects on organic farms, e.g. investment in processing units for organic products).

Example: Austria, the Czech Republic, Bavaria

➤ **Measure 124 "Cooperation for development of new products, processes and technologies in the agricultural and food sector"**

Proposal:

Organic farming as a priority within the measure and/or

Increased funding for projects in the organic sector

➤ **Measure 132 "Supporting farmers who participate in food quality schemes"**

Proposal:

Obligatory use of the measure in all rural development programmes to support organic farmers by refunding certification costs for organic production (at least partially).

Example: Austria, Germany (regional), Spain (regional), Italy (regional)

➤ **133 “Supporting producer groups for information and promotional activities for products under food quality schemes”**

Proposal:

Organic farming as a priority within the measure and/or
Increased funding for projects in the organic sector

➤ **Measure 142 “Setting up of producer groups”**

Proposal:

Organic farming as a priority within the measure and/or
Increased funding for projects in the organic sector

➤ **Measure 214 “Agri-environmental payments”**

Proposal:

Obligatory use of the measure in all rural development programmes with support for farmers in conversion and organic farmers, with these measures as the top level of all the programmes, with considerable difference from the level of support to conventional measures.

Dedication of a certain percentage of the budget (according to the estimated development of the organic sector) to the measures for conversion to and maintenance of organic farming

➤ **Measure 215 “Animal welfare payments”**

Proposal:

Obligatory use of the measure in all rural development programmes with priority for organic farmers

➤ **Measure 311 “Diversification into non-agricultural activities”**

Proposal:

Organic farming as a priority within the measure and/or
Increased funding for projects in the organic sector.

Example: the Czech Republic

➤ **Measure 313 “Encouragement of tourism activities also provides increased income for organic farmers”**

Proposal:

Organic farming as a priority within the measure and/or
Increased funding for projects in the organic sector

Example: the Czech Republic

Please refer to the illustration of “the Organic Model” on page 2 (inner front cover).

The list above may not be complete, as the Rural Development programmes offer a wider range of measures that could be dedicated to organic agriculture, but it is a sample of identified measures in the analysed programmes.

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8.3. Links to Rural Development websites

European Commission, introduction to RD policy: http://ec.europa.eu/agriculture/rurdev/index_en.htm

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European Evaluation Network for Rural Development http://ec.europa.eu/agriculture/rurdev/eval/network/index_en.htm

The Leader Websites: http://ec.europa.eu/agriculture/rur/leaderplus/index_en.htm

9. Annex

9.1 Table Relationship pillar 1 : pillar 2

For the following overview, the comparison of pillar 1 and pillar 2 budgets is based on the mean value of the budgets for the financial period 2007-2013.

Table 6: Relation pillar I / pillar II budgets, with and without national co-financing

Member State	Relation pillar I:II		Member State	Relation pillar I:II	
	Based on EU budget			EU + national budget	
	%I	%II		%I	%II
Ireland	96	4	Ireland	94	6
Denmark	94	6	Denmark	90	10
The Netherlands	94	6	The Netherlands	89	11
Belgium	93	7	Belgium	83	17
France	87	13	France	78	22
United Kingdom	86	14	United Kingdom	77	23
Germany	83	17	Germany	75	25
Italy	81	19	Italy	68	32
Sweden	75	25	Greece	66	34
Luxembourg	74	26	Sweden	58	42
Greece	73	27	Spain	57	43
Spain	72	28	Portugal	51	49
Finland	67	33	Luxembourg	41	59
Austria	57	43	Czech Republic	41	59
Portugal	57	43	Austria	40	60
Cyprus	54	46	Hungary	39	61
Czech Republic	47	53	Finland	38	62
Hungary	47	53	Cyprus	37	63
Lithuania	40	60	Lithuania	34	66
Poland	39	61	Poland	33	67
Slovakia	36	64	Slovakia	30	70
Slovenia	28	72	Slovenia	23	77
Estonia	27	73	Estonia	23	77
Latvia	27	73	Latvia	22	78
Malta	15	85	Malta	12	88
Romania	0,6	99,4	Romania	0,5	99,5
Bulgaria	0,05	99,95	Bulgaria	0,04	99,96
Total	77	23	Total	67	33

Source: Grüner Bericht 2008 (Austria), Rural Development in the European Union, Report 2008 (Rural DG AGRI 2008), own calculations

In June 2004, the European Commission published the European Action Plan for Organic Food and Farming. The plan sets out a range of policy measure to support the development of the organic sector in order to meet consumer demands in a market-oriented way and to deliver public goods such as environmental protection and animal welfare. The plan proposes 21 actions in different policy fields. In Action 6, the Commission recommends Member States to make full use within their Rural Development Programmes of the instruments available to support organic farming, giving eight examples.

The present study evaluates the implementation of Action 6 in different member states and presents best practice examples. The study concludes with «The organic model – The perfect implementation of Action 6», a comprehensive recommendation for policy makers on how to make the best use of Rural Development Programmes for the promotion of organic agriculture.



The IFOAM EU Group is the European working level within the International Federation of Organic Agriculture Movements. It brings together more than 340 organisations, associations and enterprises from all EU-27, EFTA and candidate countries. IFOAM's goal is the worldwide adoption of ecologically, socially and economically sound systems that are based on the principles of Organic Agriculture.