

Annex 4

Case Study Monograph

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Case Study Monographs

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1. Austria

1.1 Characteristics of the organic sector

Austria is one of the leading countries in organic farming in Europe with a 20 % share of organic farmed land. The number of organic farms as well as the organic area is steadily increasing since 2007. A major impulse for market development was given to the rapid development by large trade chains which began marketing organic products in 1995. Nowadays, there are different types of public support measures for organic farming implemented. Furthermore, an organic action plan as well as additional, not co-financed national support measures have been implemented. Access to primary data on farm level for all organic farms is available.

Table 1.1 Overview development of the organic market, the number of organic farms and the organic area in Austria

Year	Organic area in ha	Number of organic farms	Organic sales in Mio EUR
1990	21,546	1,539	n.a.
1991	27,580	1,970	n.a.
1992	84,000	6,000	n.a.
1993	135,980	9,713	n.a.
1994	185,500	13,321	n.a.
1995	260,000	18,542	n.a.
1996	299,921	19,433	n.a.
1997	259,948	19,996	n.a.
1998	290,335	20,316	n.a.
1999	284,086	20,121	n.a.
2000	429,167	19,027	257
2001	410,525	18,293	n.a.
2002	425,248	18,576	330
2003	447,978	19,144	n.a.
2004	460,848	19,826	280
2005	479,817	20,391	420
2006	477,802	20,162	496
2007	482,337	19,922	739
2008	492,632	20,089	810
2009	518,757	21,000	868
2010	545,212	22,132	986

n.a.= data not available

Source: Eurostat amended by data provided by national Ministry of Agriculture, University of Aberystwyth, Bio Austria, Organic Retailer Association.

1.2 Qualitative impact analysis

Statistics and results of the QSA

Table 1.2 Average impact of context and policy factors on number of organic farms and organic area in Austria: results from web survey 1

Impact factors	Impact
Difference between non-organic and organic support payments	3,8
Profitability of organic farms	3,5
Pressure on conventional farmers for change	2,6
Farmers' attitude towards organic farming	3,2
Farmers' access to organic market channels	3,6
Functioning of the organic supply chain	3,2
Reliability & continuity of governmental support for organic farming	3,8
Profitability of organic processing and retailing of organic products	3,0
Role of large conventional retail chains in the organic market	3,4
Domestic consumer demand for organic products	3,3
Commitment of government towards organic farming	3,7
Activities of organic farming interest	3,2
Availability of knowledge about organic farming	3,1
Availability of organic products for consumers	2,6
Clarity of organic labelling	2,4
Public attention towards organic agriculture	2,9
Activities of mainstream agricultural interest groups	3,0
Feasibility to comply with organic regulations	3,1
Availability of non-organic trademarks competing with organic products	2,5
Organic area payments	3,5
Support organic farming associations	2,9
Organic action plan	2,9
Modernisation of holdings and buildings	2,7
OF marketing support	3,0
Reimbursement of certification costs	2,3

4 = strong impact 3 = medium impact 2 = weak impact 1 = no impact

OF = organic farming

Table 1.3 Average impact of context and policy factors on organic market development in Austria: results from web survey 1

Impact factors	Impact
Role of large conventional retail chains in the organic market	4,0
Availability of organic products for consumers	3,9
Domestic consumer demand for organic products	3,9
Clarity of organic labelling	3,5
Functioning of the organic supply chain	3,5
Perceived profitability of organic processing and retailing	3,7
Perceived profitability of organic farms	3,1
Farmers' access to organic market channels	3,7
Availability of non-organic trademarks competing with organic products	3,1
Public attention towards organic farming	3,7
Commitment of government towards organic farming	3,3
Activities of organic farming interest groups	2,9
Reliability & continuity of governmental support for organic farming	2,7
Feasibility to comply with organic regulations	2,6
Activities of mainstream agricultural interest groups	2,8
Availability of knowledge about organic farming	2,4
Pressure on conventional farmers for change	2,7
Difference between non-organic and organic support payments	2,8
Farmers' attitude towards organic farming	2,6
Organic area support	2,6
Support organic farming associations	2,8
Organic action plan	2,5
OF marketing support	2,4
Modernisation of holdings and buildings	1,9
Reimbursement of certification costs	1,5

4 = strong impact 3 = medium impact 2 = weak impact 1 = no impact
 OF = organic farming

Table 1.4 Impact matrix of mutual impacts of context and policy factors: number of organic farms and the organic area in Austria

	Impacts																	Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
1 Difference between non-organic and organic support payments	0	1	0	0	1	0	0	0	0	1	1	0	0	2	0	0	2	8
2 Perceived profitability of organic farms	2	0	1	1	1	0	1	0	0	0	1	0	0	0	0	0	1	8
3 Farmers' attitude towards organic farming	0	1	0	0	0	0	0	0	0	0	1	1	0	0	0	0	1	4
4 Farmers' access to organic market channels	0	2	0	0	1	0	2	1	0	0	1	0	0	0	0	0	2	9
5 Perceived profitability of organic processing and retailing	0	1	0	2	0	1	1	2	0	0	0	0	0	0	0	0	1	8
6 Role of large conventional retail chains in the organic market	0	1	0	2	2	0	2	2	0	0	0	0	0	0	0	0	1	10
7 Functioning of the organic supply chain	0	2	0	1	2	1	0	1	0	0	1	0	0	0	0	0	1	9
8 Domestic consumer demand for organic products	0	2	0	1	2	2	1	0	1	0	1	0	0	0	0	0	1	11
9 Commitment of government towards organic farming	2	2	0	1	1	1	0	1	0	2	1	0	2	2	2	2	2	21
10 Reliability & continuity of governmental support for organic farming	1	1	0	0	1	0	1	0	0	0	1	0	1	1	1	1	2	11
11 Activities of organic farming interest groups	2	1	1	1	0	1	1	1	1	1	0	2	1	1	1	1	1	17
12 Availability of knowledge about organic farming	0	1	1	1	1	0	1	0	0	0	1	0	0	0	0	0	1	7
13 Modernisation of holdings and buildings (121)	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2
14 Organic Area payments	2	2	1	0	1	0	1	0	0	0	0	0	0	0	0	0	2	9
15 Organic Action Plan	0	1	0	1	0	0	0	1	1	1	1	1	1	0	0	1	1	10
16 Support organic farming associations	0	1	0	1	0	0	0	1	0	0	1	1	0	0	0	0	1	6
17 Organic Farms & Area	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Passivity	9	20	4	12	13	6	11	10	3	5	11	5	5	6	4	5	21	150

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

Table 1.5 Impact matrix of mutual impacts of context and policy factors: organic market in Austria

	Impacts															Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1 Role of large conventional retail chains in the organic market	0	1	1	2	1	2	2	2	1	2	0	0	0	0	2	16
2 Perceived profitability of organic processing and retailing	2	0	1	2	1	2	0	2	1	0	0	0	0	0	2	13
3 Perceived profitability of organic farms	1	1	0	2	2	2	0	1	1	0	0	-1	0	0	1	12
4 Farmers' access to organic market channels	2	1	1	0	1	1	0	1	0	1	0	0	0	0	2	10
5 Functioning of the organic supply chain	2	2	2	2	0	2	0	1	-1	1	0	0	0	0	2	15
6 Availability of organic products for consumers	2	1	1	0	1	0	1	2	1	1	0	0	0	0	1	11
7 Clarity of organic labelling	2	1	1	1	0	0	0	2	1	1	0	0	0	0	2	11
8 Domestic consumer demand for organic products	2	2	2	2	1	2	1	0	-1	1	1	0	0	0	2	17
9 Availability of non-organic trademarks competing organic products	2	-1	-2	-1	0	0	-2	-1	0	-1	0	0	0	0	-1	11
10 Public attention towards organic farming	1	1	1	1	1	2	1	2	-1	0	2	0	0	0	2	15
11 Commitment of government towards organic farming	1	1	1	1	1	1	1	1	0	2	0	2	2	2	1	17
12 Organic Area payments	0	1	2	0	2	1	0	0	0	0	0	0	0	0	1	7
13 Organic Action Plan	0	1	1	0	1	1	2	1	-1	2	1	0	0	2	1	14
14 Support organic farming associations	0	0	0	1	1	2	0	1	0	1	0	1	1	0	1	9
15 Organic Market	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Passivity	17	14	16	15	13	18	10	17	9	13	4	4	3	4	21	178

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

Table 1.6 Estimated contribution of public support measures for organic farming and of context factors to the development of the number of organic farms and the organic area in Austria between 2000 and 2011

Impact Factors	Estimated contribution to organic farming development
Difference between non-organic and organic support payments	0,45
Perceived profitability of organic farms	0,44
Farmers' attitude towards organic farming	0,23
Farmers' access to organic market channels	0,50
Functioning of the organic supply chain	0,51
Reliability & continuity of governmental support for organic farming	0,55
Perceived profitability of organic processing & retailing	0,45
Role of large conventional retail chains in the organic market	0,55
Domestic consumer demand for organic products	0,65
Commitment of government towards organic farming	1,00
Activities of organic farming interest groups	0,88
Availability of knowledge about organic farming	0,37
Organic area payments	0,43
Support organic farming associations	0,35
Organic action plan	0,57
Modernisation of holdings and buildings (Measure 121)	0,09

1 = very positive contribution

Table 1.7 Estimated contribution of public support measures for organic farming and of context factors to the development of the organic market in Austria between 2000 and 2011

Impact factors	Estimated contribution to organic farming development
Role of large conventional retail chains in the organic market	0,86
Availability of organic products for consumers	0,64
Domestic consumer demand for organic products	0,98
Clarity of organic labelling	0,59
Functioning of the organic supply chain	0,85
Perceived profitability of organic processing and retailing	0,69
Perceived profitability of organic farms	0,55
Farmers' access to organic market channels	0,61
Availability of non-organic trademarks competing with organic products	-0,36
Public attention towards organic farming	0,91
Commitment of government towards organic farming	1,00
Organic area support	0,39
Support organic farming associations	0,54
Organic action plan	0,83

1 = very positive contribution
Negative figure = negative contribution to organic market development

Assessment of the contribution by experts

Development of the number of organic farms and the area of organic land

Are the factors identified and their classification reasonable?

- In general, the classification of context and policy factors is fine for Austria.
- There is consent that following factors are to be considered as policy factors:
 - reliability and continuity of public support for organic farming is a policy factor;
 - Commitment of government towards organic farming;
 - Difference between non-organic and organic support payments.
- Measures of the organic action plan (e.g. support organic farming associations, organic farming extension support) have an impact on context factors.
- Support for the modernisation of holdings and buildings is in Austria of lower relevance.
- Apart from organic farming policy support, Council Regulation EC No 834/2007 should also be considered as a context factor.
- The Austrian rural development program provides support measures which are not specifically targeted to organic agriculture. These support measures however take an important role for the development of the organic sector (e.g. marketing support).
- It is important that organic farming support measures can be combined with other support measures.

Driving forces for the development of the organic area and the number of farms are: consumer demand, difference between non-organic and organic support payments reliability and continuity of public support for organic farming, commitment of government towards organic farming and knowledge transfer. Very important for the development of organic farming in Austria were the conventional retail chains.

Following factors are considered to act as catalyser for organic farming: farmers' access to organic market channels, availability of knowledge about organic farming which reduces risk for conversion, and profitability. However, the relevance of the latter factor is often overestimated.

The following factors are expected to have an important impact on the number of farms and organic area in the future:

- Availability of non-organic trademarks competing with organic products;
- Consumer demand;
- The business strategies of the conventional retail chains;
- Regional availability of organic raw products;
- Positive perception of organic farming in the public.

Development of the organic market

Are the factors identified and their classification reasonable?

- Following factors are to be considered as policy factors:
 - Commitment of government towards organic farming;
 - Support of organic marketing projects.

- It is questioned why organic marketing support (measure 133) was not considered to be relevant in the first web survey.
- Following factors should also be considered:
 - Consumer attitude towards organic farming;
 - Development of organic prices compared to conventional prices;
 - Organic exports.
- There were controversial views among the workshop participants as far as the relevance of bottlenecks in organic supply chains was concerned.

Driving forces for organic market development are: clarity of organic labelling, consumers' appreciation of organic products, role of conventional retail chains, and public attention towards organic farming. It was stressed that labelling requirements are very important for the organic market development.

Following factors are expected to have an important impact on the number of farms and organic area in the future:

- Perceived profitability of organic processing and retailing;
- Positive perception of organic farming in the public;
- Honouring of the provision of public goods;
- Development of consumer demand for organic products;
- Market development of the conventional products.

The effectiveness and efficiency of the current policy support measures for organic farming could be improved by following issues:

- Knowledge transfer;
- Provision of knowledge and extension particularly for vegetables and fruits;
- Bonus for organic farmers in the rural development programme;
- Clear commitment of the government towards organic farming (organic farming = highest level of sustainability and food quality);
- Clarity of organic labelling;
- Coherence with other support measures;
- The organic action plan should ensure that the link of organic policy support is linked in an optimal way to the Rural Development Programme.

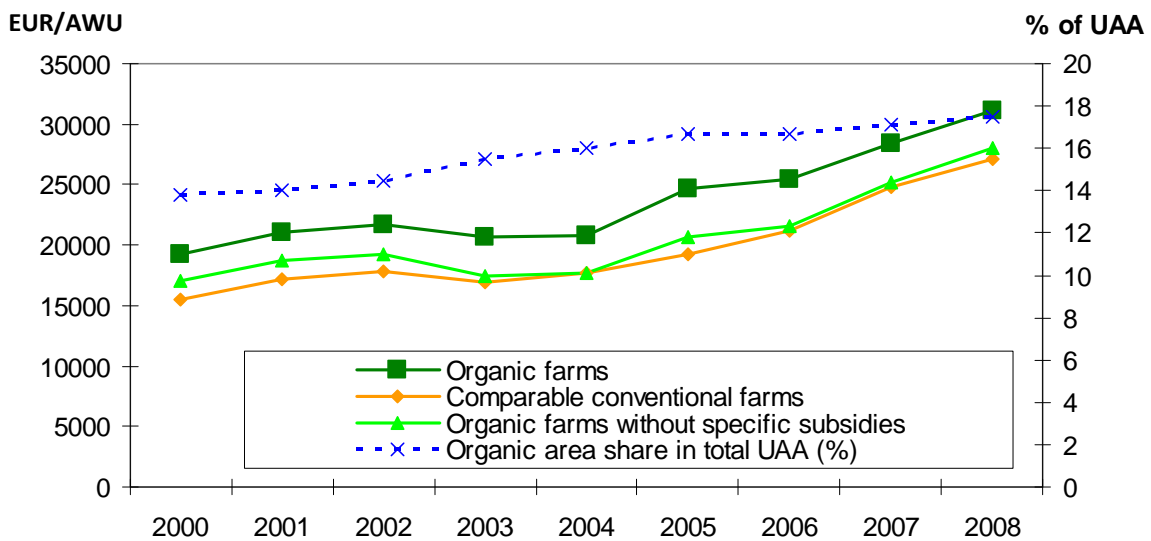
1.3 Quantitative impact indicators

- The average income of organic farms in Austria was significantly higher than that of comparable conventional farms during the entire period (Figure 1.1). This corresponds to a steadily increasing share of organic farming in total UAA.
- Area support for organic farms was effective at providing a significant financial incentive for maintaining or converting to organic farming. Without the specific extra support to organic

farms, incomes would have been equal to or only slightly higher than those of comparable conventional farms in all years.

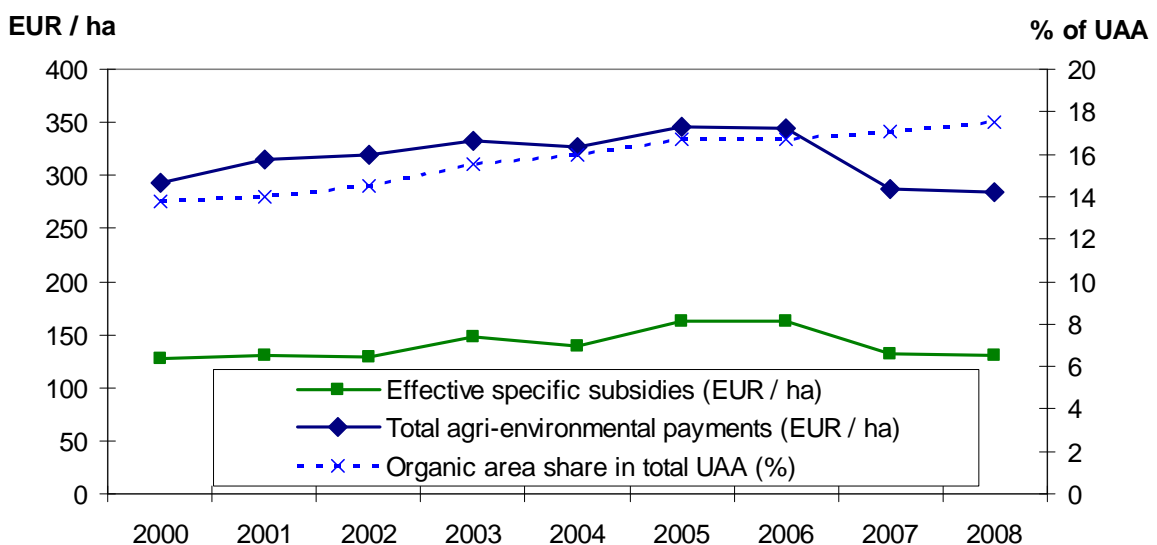
- Measured in EUR/ha, the effective specific area support to organic farming increased by 28 % from 2000 to 2006 (from 127 to 162 EUR/ha), and seems to be positively correlated to the share of organic area in total UAA. The significant drop in the level of effective specific area support in 2007 and 2008 following the implementation of the 'new' Austrian Agri-Environmental Programme ÖPUL has not had a visible effect on the trend of an increasing area share.

Figure 1.1 Income (FNVA/AWU) in organic and comparable conventional farms in Austria, 2000-2008



Source: Own calculation based on EU FADN, DG-AGRI.

Figure 1.2 Effective specific area support to organic farms in Austria, 2000-2008, EUR/ha



Source: Own calculation based on EU FADN, DG-AGRI.

1.4 Representation of organic farming in the RDP

Austria considers its rural areas as very important for farming but also the value of agriculture landscape for tourism is widely recognised. An efficient and sustainable economy, an attractive residential location, a sound social structure, strong regional identity, stable ecosystems and an attractive landscape are all considered as important foundations for vital rural regions (BMLFUW, 2009b).

The small-scale agricultural structure is seen as a weakness in relation to competitiveness of the sector but also as strength for the preservation of cultural heritage and the aesthetic value of the landscape. The Alpine region with its mainly extensive grasslands is of particular importance to the country's economy.

The RDP is part of an integrated policy for rural areas with a strong focus on Axis 2 to which is allocated 74 % of the total RDP budget (BMLFUW, 2009b). The Austrian agri-environmental programme (ÖPUL) is thus an important part of the RDP and delivers Measure 214 that specifically addresses organic farming. It is seen as an integrated strategy that aims for an area-wide environmental scheme for Austrian agriculture. The modular structure of the scheme includes an entry-level scheme with basic environmental orientation, which is supplemented by issue and region specific measures. Organic farming is seen as important part of an integrated strategy that aims for greater ecological orientation of Austrian agriculture.

The main measure is the support for organic farming under 214-1. Measure 214-18 applies only in the region *Niederösterreich* where additional points are awarded organic farmers. Austria also has provision for organic farmers under Axis 1 (BMLFUW, 2009b).

In Axis 1 higher grant aid (30 % for organic farms compared to 25 % for non-organic) applies to Measure 121 (Modernisation of agricultural holdings) in relation to investment for animal husbandry. This is also true for Measure 123 (Adding value to agricultural products), where projects related to organic processing and marketing receive a higher contribution. In Measure 132 (food quality schemes) there is higher level of support for organic products (80 % in the first year compared to 50.% for other schemes).

The following measures are offered and organic farmers can apply like other farms but are not given higher grant aid or preferential treatment: 111, 124, 133, 211, 212, 214, 215, 311, 312, 313, 321, 322, 323, 413 and 421. Measure 111 (Advisory services) is a relevant support measure for organic farming because vocational training programmes specifically addressing organic farming are offered (what is part of the national action plan).

Organic support is administered alongside other measures and the programme is well signposted.

RDP effects diagram

No	Action Point	Intermediary objectives			Overall impact
111	Education and training	education and extension service	establishing of environmental-friendly crop rotation		
331	Information and education		best practice for management of farm fertilizers		
43	LEADER special training		minimizing synthetic fertilizers and pesticides		
121	Modernization		closed cycles of material		
214-1	Organic farming		raise biodiversity		
214-18	Ökopunkte NÖ	financial compensation of benefits for environment	improve rentability of production	keep farming and the cultivated landscape in disadvantaged (mountainous) areas	benefits to environment (soil, water, climate, biodiversity)
124	Cooperation in development of new products and technologies				
132	New quality schemes	especially animal-friendly keeping		higher prices for higher quality of organic products	
215	Animal protection				
412	LEADER environment and agriculture				
133	Information and marketing				
312	Founding and development of small enterprises				
411-413	LEADER improvement of life quality in rural regions				

Targets and evaluation of organic farming measures in the MTE and other reports

An operational target of increasing the through Measure 214-1 supported land area to 390,000 hectares annually was set, which represents an increase of 21.1 % compared to 2006 (BMLFUW, 2009b). The MTE reports that an increase of 66,072 hectares from 321,971 hectares in 2006 up to 388,043 hectares in 2009 (+20.5 %; excluding alpine areas) has been achieved, what is a realisation degree of 99 % (BMLFUW, 2011a; BMLFUW, 2010b).

In the RDP period 2007-13, on the basis of an average of EUR 520 million per annum for Measure 214, organic farming has a 17.5 % share (BMLFUW, 2009b). This equates to EUR 637 million for organic farming sub-measure 214-1 for the whole period or an average of EUR 91 million per annum.

The MTE further comments on the contribution of organic farming to climate protection; one important reason for the decline of emissions from agriculture is the increased number of conversions to organic farming and its likely impact on closing nutrient cycles and careful treating of soil (BMLFUW, 2011a).

Concerning measure 123 there was no target set relating to organic processing. However, the MTE states that the average share of organic raw material in examined processing enterprises has increased through the supported projects.

In relation to Measure 132, it is reported in the MTE that during the evaluation period 2007-2009 a total of 16,652 enterprises took part of which 74 % were organic. Reaching the target of 45,000 supported enterprises by the end of the programming period appears possible.

Whilst Measure 124a offers no specific provision for organic farmers, the only two projects funded through this measure happen to be organic. The MTE comments that despite only two projects, the target of 2,300 participating enterprises has already been exceeded. The first project is the installation of a vertical supply chain partnership for organic pig production with online-quality-management, and the second project targets the marketing of regional organic products of high quality with system to increase traceability and transparency concerning the “carbon-footprint” of the single product (label “prüf nach”). In total, 13 % of all Austrian organic farms take part in these two nationwide projects at a cost of EUR 1.765 million (a share of 42 % of the budget for 124a at the date of MTE).

There are no references within Measure 111 to organic farming in the MTE.

The MTE comments on the fact that in the current programming period there is greater emphasis on Axes 1, 3 and Leader, whereas in the past much more attention was given to payment for environmental aspects and preserving the cultivated landscape (Axis 2).

The *ex-post* evaluation of the previous programming period analysed the growth in land area and pointed out that Austria started from a comparably high level at the beginning of the environmental programme (ÖPUL) within the RDP (BMLFUW, 2010a). But many farms especially in grassland regions quit the first ÖPUL 95 measure after five years because the scheme had not met their expectations. It further recognised the impact of organic farming on soil whereby the diverse crop rotations required with fertility building lead to a reduction of erosion and reduction of manure-input (*ibid.*).

The *ex-post* evaluation further highlighted that raising the acceptance of organic farming (60,000 ha) in arable crops and specialised arable crops was part of the RDP for the target of soil protection. Other measures: high participation in ÖPUL – 2.2 million ha, keeping the acreage of permanent grassland – 940,000 ha, changing of arable land to grassland – 5,000 ha, greening of arable land during winter period – 1 million ha) (*ibid.*).

Axis 2 has several other measures besides organic and organic has a relatively low share of the budget (12 % of Axis 2, 9 % of total RDP) which appears to be less than in other countries (BMLFUW, 2009b).

The strategic guidelines for the protection and improvement of the natural resources show consolidation of the contribution of organic farming but also priorities in relation to climate change, and promotion of environmental benefits and husbandry appropriate to species (both closely linked to organic farming) among three other focus actions (BMLFUW, 2007b).

Supporting organic farming continues to have priority, but particular attention needs to be paid to bringing more products from grassland farms to the (organic) market (*ibid.*).

Addressing the issues referred to in Action 6 of EU Organic Action Plan (SQ 3)

The RDP is seen as an important instrument in support of Action 6 of the EU Organic Action Plan and the National Strategy (2007) and the National Strategy Revision (2009) both refer to EU Organic Action Plan (BMLFUW, 2007b; BMLFUW, 2009b).

Austria uses the RDP to address most of the issues referred to in Action 6 of the EU Organic Action Plan. Organic farming's contribution to preserve the benefits for environment conservation and nature protection is acknowledged in several places, such as in the ex-post evaluation of the previous programming period in relation to soil protection, in the RDP, in relation to reducing the use of potentially hazardous inputs and in the MTE in relation to reducing greenhouse gas emissions.

Organic farming is not targeted in environmentally sensitive areas, but whole farm conversion is encouraged by making it an eligibility requirement for participation in the organic farming scheme under 214-1.

The RDP is used to stimulate demand for organic products through quality schemes under Measures 132 (food quality schemes with special provisions for organic farmers) and like others they can also benefit from Measure 133 (Supporting producer groups for information and promotion activities). The relevance of Measure 132 to organic farmers is illustrated by high participation (74 %) in the scheme.

Incentives to improve distribution and supply chain integration are provided under Measure 121 where organic farmers have the same access to grant aid as other farms, but can receive an additional 5 % for investment in relation to animal husbandry. In relation to extension services and training opportunities (Measures 111/114) the same support applies to organic farmers as to other farms.

1.5 Other national policies to support organic farming

Organic farming is seen as important part of the integrated strategy aiming for an area-wide ecologisation (or greening) of Austrian agriculture. An action plan for organic farming has existed since 2001 and has regularly been updated. The newest published version (from 2009, implementation in 2011) aims to re-establish Austria's organic lead in the EU (BMLFUW, 2009a). It covers market measures such as promotion and procurement of organic food for nurseries, extension support, research including the participation in the ERA-Net Core Organic and some measures for the modernisation of organic farms (which is partly realised through the RDP).

The plan has land area and market targets. The main targets of the action plan 2008-2010 are to increase the share of organic land area to 20 %, to ensure that all organic products are marketed organically, to ensure that supply is covered by domestic production, to better communicate environmental benefits, to improve consumer information about organic farming (e.g. through schools and the media) and to raise efficiency and profitability by focusing on training and investment (BMLFUW, 2009a).

A new organic action plan exists in draft form, but is not yet published. This will also include priorities in addressing kindergartens, schools and gastronomy for education and information. National promotions for organic farming will focus on benefits to the environment, importance for regional development as well as health and enjoyment. The main targets of the action plan 2010-2013 are to raise the share of organic area above 20 %, to support farmers that have to meet adjustments for regulation EC 889/2008, to market all organic products as organic, and to provide information to the public about the environmental benefits and quality of organic products. Measures in the field of education, training and extension service shall be continued to meet future challenges (climate-debate, efficient use of resources, competition) (Rech, 2011).

Additional national measures in Austria are:

- The promotion of organic products through EU co-funded campaign led by AMA Marketing GmbH (EUR 3 million from 10/2007 to 03/2011, 50 % EU, 30 % AMA and 20 % Federal Ministry of Agriculture, Forestry, Environment and Water Management).
- The government also supports organic farming associations (2007-2011 approximately EUR 1.32 million per annum).

Evaluation of national policies

The action plan does not have a dedicated budget and has not been formally evaluated. A status quo analysis was carried out during its development but this is not publicly available.

Effects diagram national action plan

No	Action Point	Intermediary objectives		Societal impact
1	leonardo cerorganic			No specific societal goals are stated.
2	organic edunet			
3	special courses in organic farming	"train the trainer"		
4	research (ERA-NET CORE Organic, production technology)	(further education and exchange of know-how of extension service personnel and teachers)	professionalization	
5	elaborate extension service material			
6	Bio Austria farmers' days			
7	standard database			
8	Bionet extension service on choice of variety			
9	business- and education-plan	information education and training for farmers		
10	working-group-extension service			
11	competence for entrepreneurship in schools		improve efficiency and profitability of production	
12	promotion of investments			
13	promotion for covering control costs	improve production conditions		
14	promotion of quality management and certification	all organically produced goods should be marketed organically		
15	information material on organic farming for (farmers- and primary-)schools, kindergarden, gastronomy	marketing development		
16	public relation (AMA, Bio Austria, Agricultural Chambers, Ministry)	improve consumer trust	increase share of OF-products at food-retailers	
17	keeping out GMO	communicate benefits of OF (environmental effects, quality)		
18	cooperation with ADA	better information of consumers		
		promotion of OF in developing countries		

1.6 Assessment of policy coherence

The Rural Development Programme and organic action plan show complementarities. RDP measures are more oriented on the production side (environment-protection, profitability of production and education/training) whereas the action plan focuses on education/training and marketing/public relations to raise supply and demand of organic products.

As overall-impact in the frame of CAP-reform the Austrian OAP cites further development of organic farming. The RDP puts the emphasis on sustainable use of the natural resources and maintenance of the cultivated landscape as the main Austrian strategy (but less than in the former programming period concerning the budget allocation).

The focus of rural development programmes has changed over time. The first ÖPUL 95 (and earlier national programmes) encouraged many farmers, especially in extensive grassland regions, to convert to organic farming. Farms in the extensive and alpine grassland regions could easily meet the requirements of Regulation EC 2092/91. The situation changed around 2000 with a decrease of the number of organic farms. This was attributed to the new rules for livestock, as well as five year grant agreements coming to an end. Many organic products still had to be marketed as non-organic despite the engagement of two multiple retailers. The aim in the RDP period 2000-2006 changed to maintain a high level of organic farming rather than more growth which started again in 2002. Since then the sector has shown slow by steady growth. In the RDP period 2007-2013 the aim is consolidation as well as an environmental focus on stopping climate change and improving animal welfare. Market development is to be seen necessary for arable crops and specialised crops. It is also a target to get especially organically produced grassland products like milk and cattle meat a hundred per cent marketed as organically to avoid another wave of farmer quitting organic. A third major retailer HOFER (ALDI) entered the organic market with its own marketing campaign.

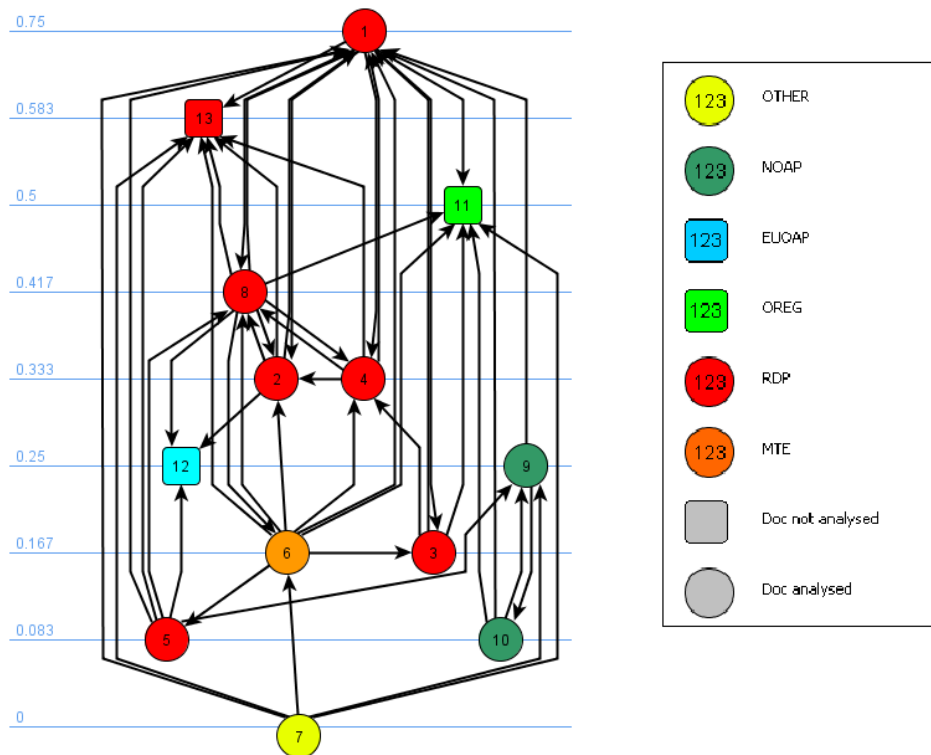
So it was of course not a rigid system of political targets but always corresponding to the development of the sector. The current programme places its focus on training, qualification and modernisation of farming infrastructure in the fields of production, processing and animal husbandry, on according supply and demand of domestic products and on better communication of the benefits to consumers and future consumers (children).

The constant element in RDP policy is the recognition of organic farming as the most significant ecological measure in Austria's landscape.

The analysis shows policy coherence between the RDP and organic sector policies as illustrated by the following points:

- Stimulate new markets - strategy: ensure know-how by training and promotion of enterprise-concepts, investment assistance (Axis 1 and 3); measure 132 can especially be used by organic farms and farms with quality seals, as they mainly cover the promotion conditions;
- Consolidation of organic farming - strategy: environment measurements, investment assistance, training and education (Axis 1 and 2);
- Protection and maintenance of biological variety - strategy: agri-environmental measurements and nature-protection contracting (Axis 2);
- Better integration of supply chain – strategy: investment assistance and projects for associations (Axis 1);
- Protection of environment and nature - strategy: basic requirements as good agricultural practice and cross compliance regulations

Document network map



List of documents

Doc.	Shortname	Longname	Type
analysed			
1	RDP	Österreichisches Programm für die Entwicklung des Ländlichen Raums 2007-2013	RDP
2	RDP_national strategy_2007	Ländliche Entwicklung 2007 – 2013 Nationaler Strategieplan Österreichs für die Entwicklung des ländlichen Raums 2007 - 2013	RDP
3	RDP_ex post_revision_2008	Evaluierungsbericht 2008 Ex-post-Evaluierung des Österreichischen Programms für die Entwicklung des ländlichen Raums	RDP
4	RDP_ex ante	Anlage III Ex-ante Evaluierung gemäß VO (EG) Nr. 1698/2005 Art. 85 (this is Annex III to RDP)	RDP
5	RDP_national strategy_revision_2009	Ländliche Entwicklung 2007 – 2013 Nationaler Strategieplan Österreichs für die Entwicklung des ländlichen Raums 2007 - 2013	RDP
6	MTE	Evaluierungsbericht 2010 Halbzeitbewertung des Österreichischen Programms für die Entwicklung des ländlichen Raums (parts A,B,C1,C2)	MTE
7	GB_2010	Grüner Bericht 2010 Bericht über die Situation der österreichischen Land- und Forstwirtschaft	OTHER
8	RDP_umweltbericht	Österreichisches Programm für die Ländliche Entwicklung 2007 – 2013 Umweltbericht im Rahmen der Strategischen Umweltprüfung gem. RL 2001/42/EG (this is Annex IVa to RDP)	RDP
9	OAP_08-10	Aktionsprogramm Biologische Landwirtschaft 2008-2010	NOAP
10	OAP_11-13	5. Aktionsprogramm Biologische Landwirtschaft 2011-2013	NOAP
Not analysed, but considered for referencing			
11	EC 2092/91 resp. 834/2007	EC 2092/91 resp. 834/2007	OREG
12	EU Organic Action Plan	EU Organic Action Plan	EUOAP
13	EU 1698/2005	EU 1698/2005	RDP

Involvement of stakeholders

Stakeholders were actively involved in the development of the RDP. The interests of the organic sector were represented through Bio-Austria and environment NGOs. About 10 meetings were held and Bio Austria was involved in the whole process of action plan development.

Assessment of policy coherence by workshop participants

Question 1: How would you assess the coherence of policy in support for the organic sector in your country?

The workshop participants judged policy coherence as good to average. They commented on the fact that there are several levels of environmentally friendly farming and this can have both positive and negative impact on the organic sector. On the one hand, farmers are led toward more environmentally friendly methods, but on the other hand they also have a range of alternatives to choose from. It is therefore important to consider how the less restrictive measures can be used to encourage farmers towards conversion to organic. It was commented that a few contradictions exist within the programme, e.g. support for housing systems for non-organic farms that would not meet requirements of organic standards.

Question 2: What were the reasons that supporting organic farming is considered an important (not important) instrument in the national/regional agricultural and rural development policies?

The main three reasons why supporting organic farming is considered an important instrument in the national/regional agricultural and rural development policies are the aim to support farming activities in extensive areas, to meet consumer expectations for healthy products and the environmental contribution of organic farming. A number of other factors were suggested, including a high public engagement with “bio”, the financial situation of producers, more fun and reduced dependency in agriculture, maintaining rural employment and the positive attitude of consumers towards healthy food choices.

Question 3: What could be done to improve the second Pillar of the CAP (Rural Development Programme) in the next period (after 2014) to achieve better support policies for the organic sector?

The most important suggestions for improving organic support policies under the second Pillar of the CAP (Rural Development Programme) were: no cuts in the 2nd pillar, setting a minimum budget amount for spending on organic, greening of pillar 1 without reducing the budget for pillar 2, more organic agriculture in intensive regions, and stronger consideration of the recognition of organic farming in water protection (particularly in protected areas). Also a more prominent positioning of organic farming in contributing to climate change could be made.

Question 4: How could the co-ordination between the regional/national RDP and Organic Action Plans be improved?

At EU level the co-ordination between the regional/national RDP and Organic Action Plans could be improved through giving the European Organic Action Plan more profile and making it more binding for the Member States. It was further suggested whether a council working group could be established and whether the EU Organic Action Plan in relevant regulations could be implemented through relevant regulations and that updating and a mid-term evaluation of the EU organic Action Plan were overdue.

The main suggestion at national level was to allow more participation of stakeholders.

Extent of overall strategy to develop organic farming (SQ 4)

Organic farming support in the rural development programme

Organic farming is one of several agri-environmental policies (Measure 214) that is considered to increase biodiversity and thus contributes to societal goals of benefits to the environment (biodiversity, soil, water, and climate). Organic farming is also supported under Axis 1 (competitiveness). Thus, adjacent to production increasing measures also market oriented measures have been implemented.

Our analysis has not focussed in particular on competing schemes under this measure although there is some mentioning of this by the workshop participants that other less demanding schemes can both lead participants to organic farming but also compete with it. There is limited reference to organic farming in the context of climate change.

National support policies

A national action plan for organic farming exists since 2001 and has been continuously updated. It aims to support organic farming and is mainly designed to complement RDP activities and includes several supply and demand led measures and has actions related to several EU initiatives, such as CORE organic, EDU-net, and Leonardo. Its actions are largely complementary to the RDP policies.

Overall policy coherence

The cross impact matrix does not indicate any negative interaction and relatively good integration of the different organic policy initiatives.

The document network map shows the RDP in a central position indicating this as an important policy document which makes strong reference to the EU frameworks.

Main strengths:

- Continuity of support framework over several programming periods giving policy security;
- Embedding of organic farming support policies through recognition of organic farming as the most consequent ecological measure in Austria's landscape.

Potential weaknesses:

- Not utilising more RDP funding streams to support the organic action plan;
- Potential competition from less demanding agri-environmental schemes;
- Too few regular interaction and involvement of stakeholders.

Overall policy coherence is good.

1.7 References

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2. Czech Republic

2.1 Characteristics of the organic sector

In the Czech Republic the movement for organic farming began its formation from the mid 1980s. Since 2004, the area payment scheme for organic farming has been included in the agri-environmental measures of the Rural Development Programmes 2004-2006 and 2007-2013. At the end of 2009 the organic land area represented 9.4 % of UAA, at the end of 2010 this had increased to 10.6 %. There is a steady raise of the organic area and the number of organic holdings since 2005. Taking into consideration the low amount of organic food production the Ministry of Agriculture decided to improve the allowance for organic farmers and organic food producers within the framework of the RDP measures applied within Axis 1 and Axis 3. The Czech Republic has implemented a new organic action plan in 2011 and offers additional, not co-financed national support measures for organic farming.

Table 2.1 Overview development of the organic market, the number of organic farms and the organic area in the Czech Republic

Year	Organic area in ha	Number of organic farms	Organic sales	
			in Mio EUR	in Mio CZK
1990	480	3	n.a.	n.a.
1991	17,507	132	n.a.	n.a.
1992	15,371	135	n.a.	n.a.
1993	15,667	141	n.a.	n.a.
1994	15,818	187	n.a.	n.a.
1995	14,982	181	n.a.	n.a.
1996	17,022	182	n.a.	n.a.
1997	20,239	211	n.a.	n.a.
1998	71,621	348	n.a.	n.a.
1999	110,756	473	n.a.	n.a.
2000	165,699	563	n.a.	n.a.
2001	217,869	654	n.a.	n.a.
2002	235,136	721	n.a.	n.a.
2003	254,995	810	n.a.	n.a.
2004	260,122	836	9	240
2005	254,982	829	18	350
2006	255,090	963	27	760
2007	293,650	1,318	46	1,290
2008	320,311	1,834	72	1,800
2009	376,923	2,689	67	1,770
2010	435,610	3,517	n.a.	n.a.

n.a. = data not available.

Source: Eurostat amended by data provided by national Ministry of Agriculture, University of Aberystwyth, Green Marketing.

2.2 Qualitative impact analysis

Statistics and results of the QSA

Table 2.2 *Average impact of context and policy factors on number of organic farms and organic area in the Czech Republic: results from web survey 1*

Impact factors	Impact
Difference between non-organic and organic support payments	3,8
Profitability of organic farms	3,5
Pressure on conventional farmers for change	2,8
Farmers' attitude towards organic farming	2,7
Farmers' access to organic market channels	3,0
Functioning of the organic supply chain	2,6
Reliability & continuity of governmental support for organic farming	3,9
Profitability of organic processing and retailing of organic products	2,6
Role of large conventional retail chains in the organic market	2,6
Domestic consumer demand for organic products	2,9
Commitment of government towards organic farming	3,2
Activities of organic farming interest	2,9
Availability of knowledge about organic farming	2,8
Availability of organic products for consumers	2,4
Clarity of organic labelling	2,0
Public attention towards organic agriculture	2,5
Activities of mainstream agricultural interest groups	2,5
Feasibility to comply with organic regulations	2,9
Availability of non-organic trademarks competing with organic products	1,8
Organic area payments	3,8
Organic action plan	2,9
OF extension support	2,6
Modernisation of holdings and buildings	2,8
OF marketing support	2,4
Support of young farmers	3,0

4 = strong impact 3 = medium impact 2 = weak impact 1 = no impact

OF = organic farming

Table 2.3 Average impact of context and policy factors on organic market development in the Czech Republic: results from web survey 1

Impact factors	Impact
Role of large conventional retail chains in the organic market	3,9
Availability of organic products for consumers	3,4
Domestic consumer demand for organic products	3,8
Clarity of organic labelling	3,4
Functioning of the organic supply chain	3,7
Perceived profitability of organic processing and retailing	3,6
Perceived profitability of organic farms	3,0
Farmers' access to organic market channels	3,6
Availability of non-organic trademarks competing with organic products	2,6
Public attention towards organic farming	3,5
Commitment of government towards organic farming	2,9
Activities of organic farming interest groups	2,9
Reliability & continuity of governmental support for organic farming	2,5
Feasibility to comply with organic regulations	2,6
Activities of mainstream agricultural interest groups	2,4
Availability of knowledge about organic farming	2,4
Pressure on conventional farmers for change	2,4
Difference between non-organic and organic support payments	2,4
Farmers' attitudes towards organic farming	2,2
Organic area support	2,5
Organic action plan	2,9
OF extension support	2,1
OF marketing support	3,1
Modernisation of holdings and buildings	2,5

4 = strong impact 3 = medium impact 2 = weak impact 1 = no impact

OF = organic farming

Table 2.4 *Impact matrix of mutual impacts of context and policy factors: number of organic farms and the organic area in the Czech Republic*

	Impacts														Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1 Difference between non-organic and organic support payments	0	1	0	0	1	2	1	1	1	1	0	2	0	2	12
2 Perceived profitability of organic farms	-1	0	1	0	0	2	0	1	1	1	1	-1	0	2	11
3 Farmers' access to organic market channels	0	1	0	2	0	0	1	0	0	1	0	0	0	1	6
4 Domestic consumer demand for organic products	0	1	1	0	1	0	1	0	0	1	0	0	1	1	7
5 Commitment of government towards organic farming	2	1	1	1	0	2	1	2	2	2	1	2	1	1	19
6 Reliability & Continuity of governmental support for organic farming	1	1	0	0	1	0	0	1	1	1	0	2	1	2	11
7 Activities of organic farming interest groups	1	0	1	1	0	1	0	0	1	1	1	1	1	1	10
8 Setting up young farmers (measure 112)	0	1	0	0	0	0	0	0	1	1	0	0	0	1	4
9 Modernisation of holdings and buildings (121)	0	2	0	0	0	0	0	0	0	1	0	0	0	1	4
10 Adding value to agricultural and forestry products (measure 123)	0	1	1	1	0	0	0	0	1	0	0	0	0	0	4
11 OF extension support (regional support; measure 111)	0	1	1	0	0	0	1	0	0	1	0	0	0	1	5
12 Organic area payments	2	2	1	0	1	2	1	2	0	0	1	0	0	2	14
13 Organic Action Plan	1	1	1	1	1	1	2	0	1	1	0	1	0	1	12
14 Organic farms & area	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Passivity	8	13	8	6	5	10	8	7	9	12	4	9	4	16	119

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

Table 2.5 *Impact matrix of mutual impacts of context and policy factors: organic market in the Czech Republic*

	Impacts													Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	
1 Role of large conventional retail chains in the organic market	0	2	2	2	1	1	0	1	0	0	0	0	2	11
2 Functioning of the organic supply chain	1	0	2	2	1	1	1	2	0	0	0	0	2	12
3 Farmers' access to organic market channels	0	2	0	2	1	1	1	1	0	1	0	0	2	11
4 Availability of organic products for consumers	2	1	2	0	1	2	1	2	0	0	0	0	1	12
5 Perceived profitability of organic processing and retailing	2	1	1	1	0	1	1	0	0	2	0	0	2	11
6 Domestic consumer demand for organic products	2	2	1	2	1	0	1	1	0	1	0	1	2	14
7 Clarity of organic labelling	1	1	1	1	1	1	0	1	0	0	0	0	1	8
8 Public attention towards organic farming	1	0	1	1	0	1	1	0	0	0	0	1	2	8
9 Modernisation of holdings and buildings (121)	0	0	1	1	0	1	0	0	0	0	0	0	1	4
10 Adding value to agricultural and forestry products (measure 123)	0	1	1	2	1	1	1	1	0	0	0	0	1	9
11 Organic area payments	0	0	1	1	2	1	0	1	2	1	0	0	0	9
12 Organic Action Plan	0	0	1	1	0	1	1	1	0	1	1	0	1	8
13 Organic Market	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Passivity	9	10	14	16	9	12	8	11	2	6	1	2	17	117

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

Table 2.6 Estimated contribution of public support measures for organic farming and of context factors to the development of the number of organic farms and the organic area in the Czech Republic between 2000 and 2011

Impact Factors	Estimated contribution to organic farming development
Difference between non-organic and organic support payments	0,74
Perceived profitability of organic farms	0,22
Farmers' access to organic market channels	0,26
Reliability & continuity of governmental support for organic farming	0,68
Domestic consumer demand for organic products	0,39
Commitment of government towards organic farming	1,00
Activities of organic farming interest groups	0,55
Organic area payments	0,81
Organic action plan	0,71
OF extension support (regional support; M 111, 114)	0,21
Modernisation of holdings and buildings (M 121)	0,15
Adding value to agricultural and forestry products (M 123)	0,14
Setting up young farmers (M 112)	0,14

1 = very positive contribution

Table 2.7 Estimated contribution of public support measures for organic farming and of context factors to the development of the organic market in the Czech Republic between 2000 and 2011

Impact Factors	Estimated contribution to organic farming development
Role of large conventional retail chains in the organic market	0,83
Availability of organic products for consumers	0,92
Domestic consumer demand for organic products	1,00
Clarity of organic labelling	0,62
Functioning of the organic supply chain	0,86
Perceived profitability of organic processing and retailing	0,80
Farmers' access to organic market channels	0,80
Public attention towards organic farming	0,55
Organic area payments	0,61
Organic action plan	0,55
Adding value to agricultural and forestry products (M 123)	0,68
Modernisation of holdings and buildings (M 121)	0,31

1 = very positive contribution

Assessment of the contribution by experts

Organic area and number of farms

Are the factors used and the results of the impact analysis reasonable?

- „Area support for organic farming under AEMs" is an important driver since it is the main factor for organic farming development (area / number of farms) in the Czech Republic. It is confirmed by an increase of acreage as well as number of organic farms always after policy change 1998/2004/2007. Workshop stressed the dominant role organic area payments have. The relevance of area payments is directly linked to the difference between non-organic and organic support payments.
- The role of the organic action plan was very much discussed and workshop participants had two different views:
 - Some participants do not see the role of the action plan to be so important and powerful. It is a rather passive instrument stabilising the organic sector due to its weak implementation. It was stressed that “nothing important arises from the action plan”.
 - Other participants, on the contrary, consider the action plan as an important / effective policy instrument. This is not due to its content or implementation but due to its existence. The action plan is a document approved by the government and has therefore a particular value for organic farming. Additionally, thanks to the action plan, key actors meet regularly and take further steps in organic farming development (national information campaign, implementation of support for organic farming in axis I and III, launch of three large organic research projects).
- “Setting-up of young farmers” is seen to be the main reason for the large increase of the number of organic farms in the Czech Republic during the last three years.
- The role of the market was discussed. According to some participants, the factors “Domestic consumer demand for organic products” (rather indirectly) and “Access to organic market channels” (directly) have also a significant role. But these market factors have significant influence only for organic farming on arable land and partly for dairy breeding. Furthermore, the factor “Access to organic market channels” is a driving force.
- Economic issues play an important role in the decision to convert to organic farming: e.g. current prices for organic milk are so low and therefore hinder conversion (too much organic milk in the Czech Republic). Contrarily, high prices for special types of cereals motivate farmers to convert due to the high probability of these crops.
- It was finally recommended (based on discussion) that it will be good to distinguish between factors influencing organic grassland and organic arable land. On arable land the market factors have definitely a higher impact than on organic grassland. The share of organic support payments on the income is lower for arable than for grassland farms.

Other interesting factors which came up from the discussion and which have also an impact on organic farming development in the Czech Republic:

- History of organic farming development: in the Czech Republic, most farms are grassland based farms for which conversion to organic farming is interesting for optimising public support. Nowadays, farmers converting to organic farming consider more the advantages or disadvantages of conversion, have more questions about production and consider the market opportunities.

- Even though there is demand for particular crops in organic quality (spelt, buckwheat) and high price premiums are provided, here is a lack of supply of such crops. The reason for this is that farmers do not have experience with planting these crops as well as apathy and lack of interest.
- Independency from chemical industry.
- Until 2013, in the Czech Republic it will not be possible for new applicants to apply for agri-environmental measures. Only existing commitments can be prolonged to 2013 (all should end in 2013). Participants expect that this situation has a higher impact on organic farming development than other factors analysed. The stop of agri-environmental programs is expected to lead to stagnation in organic farming development (decrease is not expected): the organic area will probably stagnate while the number of organic farms will probably moderately increase (expected is increase of smaller market oriented farms). Arguments for stagnation of organic farming development are: existence of organic farming support for farmers in previous agri-environmental scheme and a high probability that support for organic farming will continue after 2013.
- High share of import of organic foodstuffs: this factor influences also indirectly organic farming since the share of imported goods of about 60 % is too high and limits market opportunities for organic products from Czech origin. On the other hand, a lot of organic raw materials are exported.

Factors which are expected to have an important impact on the number of farms and the organic area in the future:

- Pressure of biotechnology (GMO) is expected to increase: in the Czech Republic there is no strong pressure of GMO proponents but maybe due to the increasing share of organically managed land and loss of customers for inputs the pressure may increase.
- “Domestic consumer demand for DOMESTIC organic products” will become a driver for organic farming. Such a trend is already observed: organic farms are more and more interested not only in the level of support but in market opportunities for organic products. Even organic farms with grassland started to be interested more in the market for organic beef.
- Consumer might prefer more regional / Czech organic products. However, Czech organic products are currently hardly available (valid statement: “I would buy organic foodstuffs but I will buy conventional from Czech origin instead organic from abroad”).
- The factor “Consumers’ concern towards food safety, environmental issues, animal welfare, GMO (genetically modified organisms) risks” is expected to increase since more and more people are becoming interested in “green” ideas.
- The organic action plan will remain an important policy instrument but its success will depend on the way it is implemented.
- Area support for organic farming remains the main driver. In Czech Republic there is no problem with the payments level but with cumulating support on large grassland farms where “area of grassland become a machine of money”.
- Other measures addressing organic farming within the rural development program will have also an important role for organic farming development however require better targeting.
- “Access to organic market channels” is considered as an important factor for future organic farming development but it is expected that it will remain an underdeveloped area.
- The relevance of the factor “Profitability of organic farms” will increase for the decision process of farmers to convert to organic farming.

- The way organic farming interests groups will lobby for organic farming within the public administration is considered to become a very important factor for future organic farming development. It will depend on the capacity of the organic farming movement (key actors) to promote organic farming interests.
- In the future, the role of implementation “ecological tax” (as already exists abroad) could be an important measure.

Development of the organic market

Are the factors used and the results of the impact analysis reasonable?

- Most of respondents consider the role of retail chains as very important. Arguments are:
 - Share of retail chains in sales of organic foodstuffs in the Czech Republic is around 80 %;
 - Retail chains have started marketing organic products in the Czech Republic;
 - Supply of organic products in retail chains is independent from policy measures. It is based on marketing strategies and furthermore is also less dependent on consumer demand (“retail chains do it rather for its “green” image than due to consumer demand”).

However some participants argue that in the Czech Republic there is no driver for organic market development as:

- Retail chains do not actively develop organic markets. The main motive is to keep a “green” image.
 - Promotional activities are very poor and unprofessional.
 - Sales from organic products are provided as a part of very basic advertisement without public education.
 - Until 2007, conventional retail chains had no interest in organic products. Since 2007, there has been an organic boom and also assortment in organic food increased, private brands were launched. But now due to the economic crisis, retail chains drastically reduced the provision of organic food.
- “Consumers’ concern towards food safety, environmental issues, animal welfare, GMO risks...”: in the Czech Republic, people interest in such issues is very low. People still do not have money for this: the main topic is prices not quality. Since organic foods are connected with health food / life style, it is more difficult to be successful and people still laugh at them. A way could be to present organic foodstuffs as “luxury goods” and not to stress too much “organic farming”.

Is it correct, that so far there was no real driver of organic market development in Czech Republic?

The answer is not easy – both views are valid:

- The Czech Republic lacks a real key actor who could be the motor for further organic market development. There is a lack of specialized organic retail chains and conventional retail chains do not promote the organic market directly / wilfully.
- On the other hand, the role of retail chains is very important for organic market development as organic food is now more visible and people learn to buy it. Retail chains supply only a narrow and basic organic assortment.

The most important factors which might influence the future development of the organic market are: Promotion and public education, conventional retail chains, domestic consumers demand for organic products and EU agricultural policy and public support for agriculture in general.

The effectiveness and efficiency of the current policy support measures for organic farming could be improved through following strategies:

- Implement an expert group only for organic farming to discuss proposals how to adjust conditions of measures in the rural development program;
- Try to improve the current support system (better than to change it totally since continuation is very valuable and nothing innovative will be probably proposed) – essential is right targeting and setting of good conditions / requirements;
- To implement functional control mechanisms at ministry level.

There are some proposals for organic farming area payment support improvement:

- Whole farm approach: organic farming payment should be available only for fully converted farms or for farms converting partly at a significantly lower level;
- Argument against whole farm approach: conversion of larger farm with arable land is not easy / possible and much more suitable will be to put commitment to convert farm into organic farming system within a certain period of time.
- Gradually increase livestock density but in lower speed for organic farming (to maximum 0,3 LU/ha grassland instead of 0,5 LU/ha grassland proposed for AEMs);
- Stricter requirements for permanent crops (orchards / vineyards);
- Payment calculations should be updated and made transparent to farmers.
- Better targeting organic farming support within the rural development program. Focus should be led more on market support.

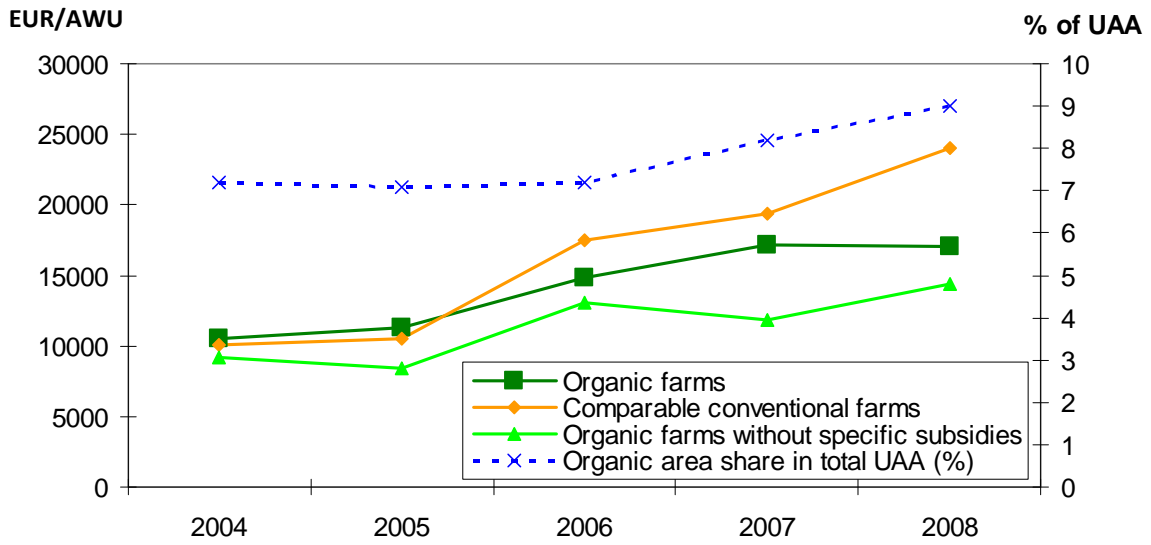
2.3 Quantitative impact indicators

The average income level of organic and comparable conventional farms in the Czech Republic was very similar during 2000-2005. In the subsequent years, incomes in organic farms were lower by 15-29 %. The share of organic farming in total UAA increased over the entire period, and thus no obvious link can be established to the development of relative profitability.

Area support for organic farms was not sufficient to maintain relative competitiveness in the more recent years, which however did not prevent the share of organic area in total UAA to increase.

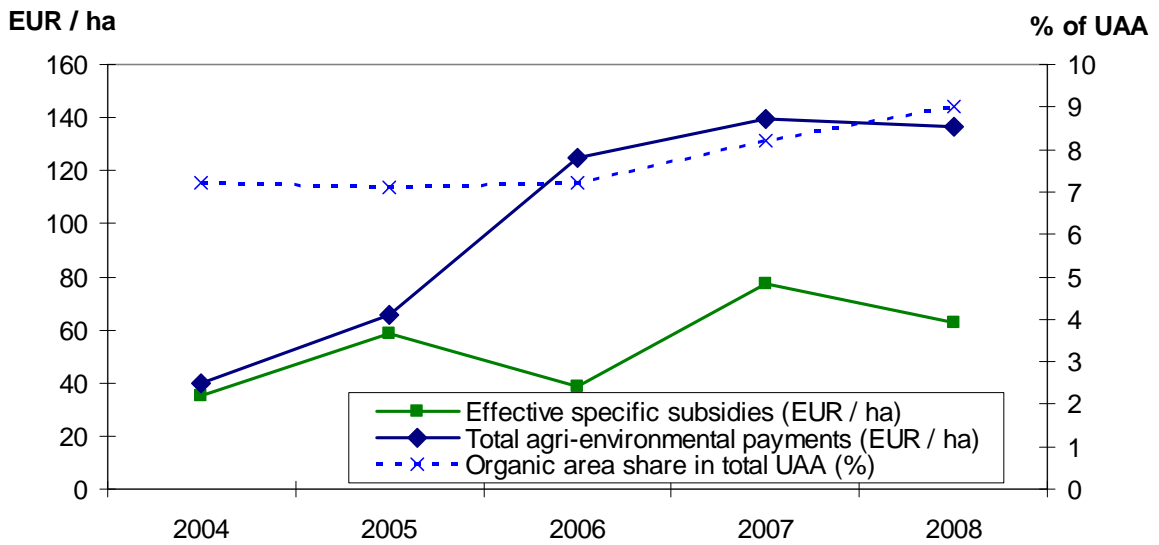
Measured in EUR/ha, the effective specific area support to organic farming increased by 80 % from 2004 to 2008 (from 35 to 63 EUR/ha), which seems to have contributed to the increase in the share of organic area in total UAA in the more recent years.

Figure 2.1 Income (FNVA/AWU) in organic and comparable conventional farms in the Czech Republic, 2004-2008



Source: Own calculation based on EU FADN, DG-AGRI.

Figure 2.2 Effective specific area support to organic farms in the Czech Republic, 2004-2008, EUR/ha



Source: Own calculation based on EU FADN, DG-AGRI.

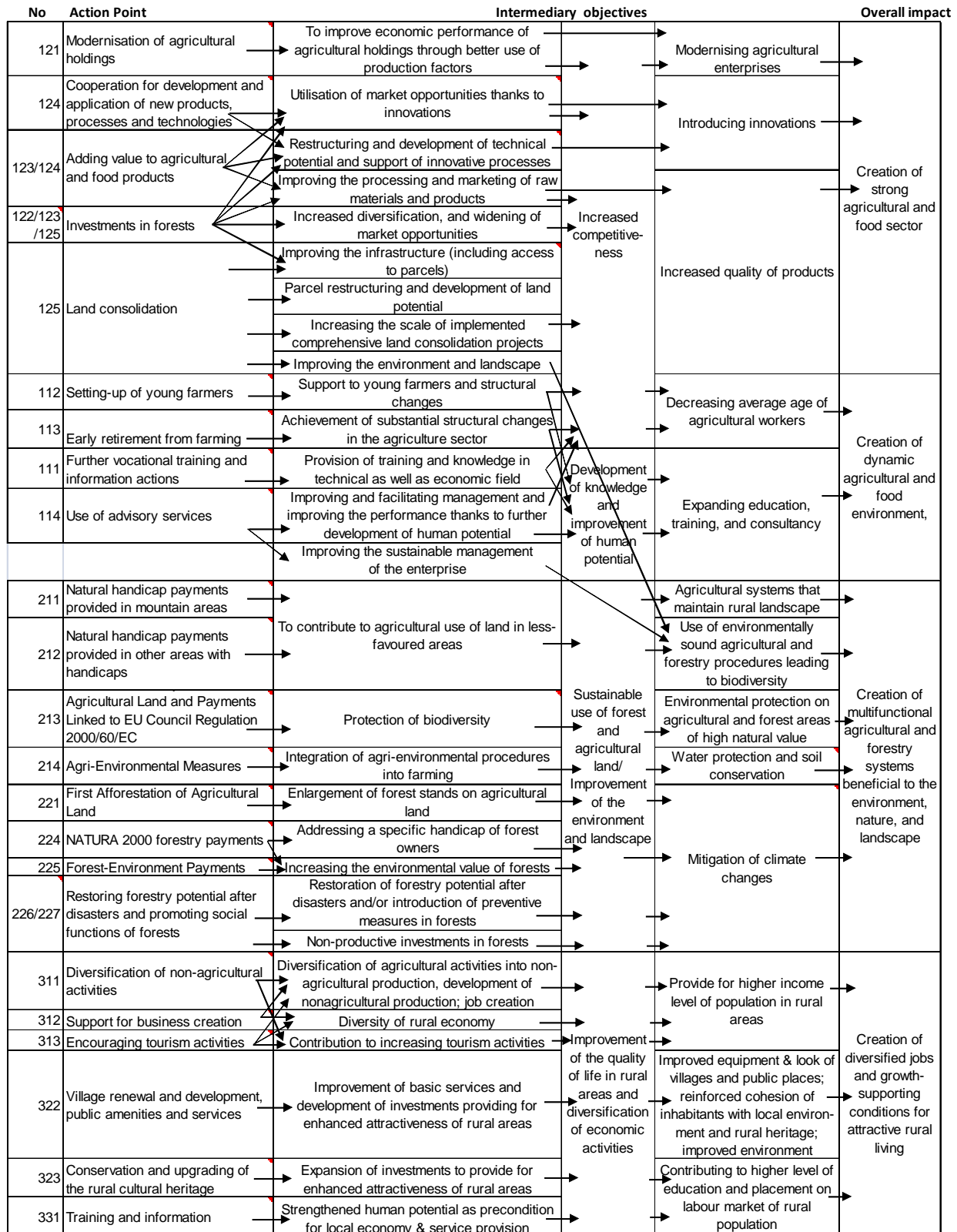
2.4 Representation of organic farming in the RDP

The Rural Development Programme of the Czech Republic aims to develop rural areas according to the principles of sustainable development, environmental protection and reduction of the negative impact of intensive agriculture (MoA & VÚZE, 2007). The programme also intends to increase the competitiveness of the Czech Republic in basic food commodities and support and expand the diversification of economic activities in the countryside, with the goal of developing entrepreneurship, creating new jobs, reducing unemployment in rural areas and strengthening the cohesion of the rural population.

These objectives are reflected in the budget where the most important areas of support are (according to the budget) Axis 2 (53 % of the RDP budget) followed by Axis 1 (23 %) and Axis 3 (18 %) (MoA & VÚZE, 2007). Within Axis 2 the highest amount of funding is allocated to disadvantaged areas and agri-environmental payments.

Due to the low level of organic food production in CZ, the Ministry of Agriculture has provided a built in advantage for organic food producers and organic farmers through a point-evaluation of submitted projects in five measures in addition to the main Measure 214 for area support for organic farming. These measures are: Setting-up of young farmers (112); Modernisation of agricultural holdings (121); Increasing the added value of agricultural and forestry production (123); Diversification into non-agricultural activities (311); and Encouragement of tourism activities (313). Overall, organic farming is considered in Axes 1, 2 and 3. In addition, Measure 114 mentions provision of advisory services for environmentally friendly systems of farming is relevant to organic farming but there are no special provisions made for organic farmers/processors within the mentioned measures.

RDP effects diagram



Targets and evaluation of organic farming measures in the MTE and other reports

According to the MTE, there is synergy between organic farming and LFA payments. It is noted that the organic area supported under Measures 211/212 (LFA) has increased from 15.8 % in 2007 to 38.3.% (17.9 % of operators) in 2009 (MoA, 2010b). There are some regional variations with a higher proportion of supported land in mountain areas (50.5 %) and areas with specific handicaps (47.6 %), and a lower share in other LFA (19.3 %).

The MTE comments on the growth of the organic sector stating that at the end of 2009 there were 2,689 organic farmers and 501 producers of bio-foodstuffs (MoA, 2010b). Agricultural land cultivated organically increased to 398,407 ha (9.4 % of the total agricultural area). This represents an increase of 143,261 ha since 2005. The target for this measure was met at the end of 2009, although the target had been set lower than in the previous period. The MTE considers the contribution of organic farming support to the objectives of Measure 214 to be significant. The MTE also comments on the relatively low uptake of organic farming for arable land, horticulture and viticulture in spite of a specific policy focus on these land use types through higher area payments.

Organic farmers were well represented in the Measures 112 and 121 resulting in a significant increase in the number of organic farms (a 47 % increase between 2007-2008 and a further 40 % between 2008-2009) (MoA, 2010b). However, the MTE is critical of the point evaluation system in relation to these two measures. It recommends a reduction of the points for these measures with a view to discouraging operators from becoming organic in order to qualify for grant aid and reconverting to non-organic farming once the commitment is over. An alternative could be to restrict preferential treatment to those organic farmers whose farms are wholly converted or who market their products as organic or are willing to do this if their application is successful.

The analysis of secondary data (IS SAIF) shows an increasing share of organic farmers among successful applicants concerning Measure 121, which also implies an increase in funding for organic farmers (MoA, 2010b). The volume of organic farmers' funding identified in "round 9" (took place in 2010) came to approximately 20 % of the total funding volume which represents a doubling compared to the 10.4 % share of UAA being farmed organically.

In the MTE, there is no reference made to organic farming within the Measures 123 and 311. Concerning Measure 313, the MTE states that until 18/05/2010 in total 109 projects have been executed and approximately one fifth thereof applied to environmental farmers (organic farmers among). These projects were predominantly focused on accommodation, boarding or sporting capacities or sporting facilities. The tourist elements in the agricultural sector may be said to deepening the relationship and enhancing foreknowledge of the public towards the agriculture, and the relationship between the men and the countryside generally.

Addressing the issues referred to in Action 6 of the EU Organic Action Plan (SQ 3)

The Czech RDP uses Axis 2 to preserve the benefits of organic farming for the environment and nature protection (MoA & VÚZE, 2011). Payments are set per hectare, differentiated according to land use with the same support paid for conversion to as well as maintaining organic production. Organic farming is not given any particular preference in environmentally sensitive areas.

In 2008, a second payment for organic grassland was introduced to support whole farm conversion by paying support at a higher rate (89 EUR/ha compared to 71 EUR/ha) if the whole farm is managed organically. However, at the national workshop there were some concerns that farmers are splitting holdings into different legal entities in order to qualify. Whole farm conversion is also encouraged

through other measures by awarding additional points if the whole farm is managed organically (Measures 112, 121, 311 and 313).

There are no measures to stimulate demand in the Czech RDP, but market development is supported under Measure 123, where applications from organic farmers receive higher points.

Organic farmers are more likely to receive investment support (121), because of the additional points awarded to applications from organic farmers. This measure focuses on investments improving overall performance of agricultural holdings in order to increase their competitiveness and meet modern requirements of animal welfare and environment protection, but the measure is not limited to any specific sector.

Organic farming is also mentioned as a specific topic for advisory support (114) alongside other agri-environmental measures, but the RDP was not used to provide direct training for organic operators.

2.5 Other national policies to support organic farming

Following on from the first organic action plan (2004-2010), the second action plan approved in 2010 (running period 2011-2015) is seen as a strategic political document to help find additional financial resources for supporting the development of the organic sector, as well as to achieve the goals proposed by all actors who participated in the action plan design (MoA, 2010a). The vision for organic farming to 2020 in the action plan is *“Organic agriculture will be a fully developed agricultural sector with all appropriate characteristics such as a stable market, services and state policy supported provision of public goods incl. aspects relating to the environment and animal welfare”* (MoA, 2010a, p. 17).

Its three main goals are:

- To develop the production base (competitive but in line with principles of organic agriculture);
- To develop the infrastructure for the organic sector;
- To build effective linkages between production and processing, also for non-food products.

The action plan contains five main areas for organic sector development:

- Market for organic food and consumer confidence (target of 3 % share in the total of processed food and increased share of domestic production to 60 %);
- Advisory services, research, education and knowledge transfer;
- Contribution of organic farming to the environment and animal welfare;
- Management skills and financial viability;
- Promotion of organic products.

Specific measures are designed to supplement support given under the RDP (particularly agri-environment) focussing on other (demand oriented) activities in support of the sector.

The action plan is characterised as top-down initiative for which there is no dedicated budget. Responsibility for implementation of the action plan and organic support under the RDP lies with different departments.

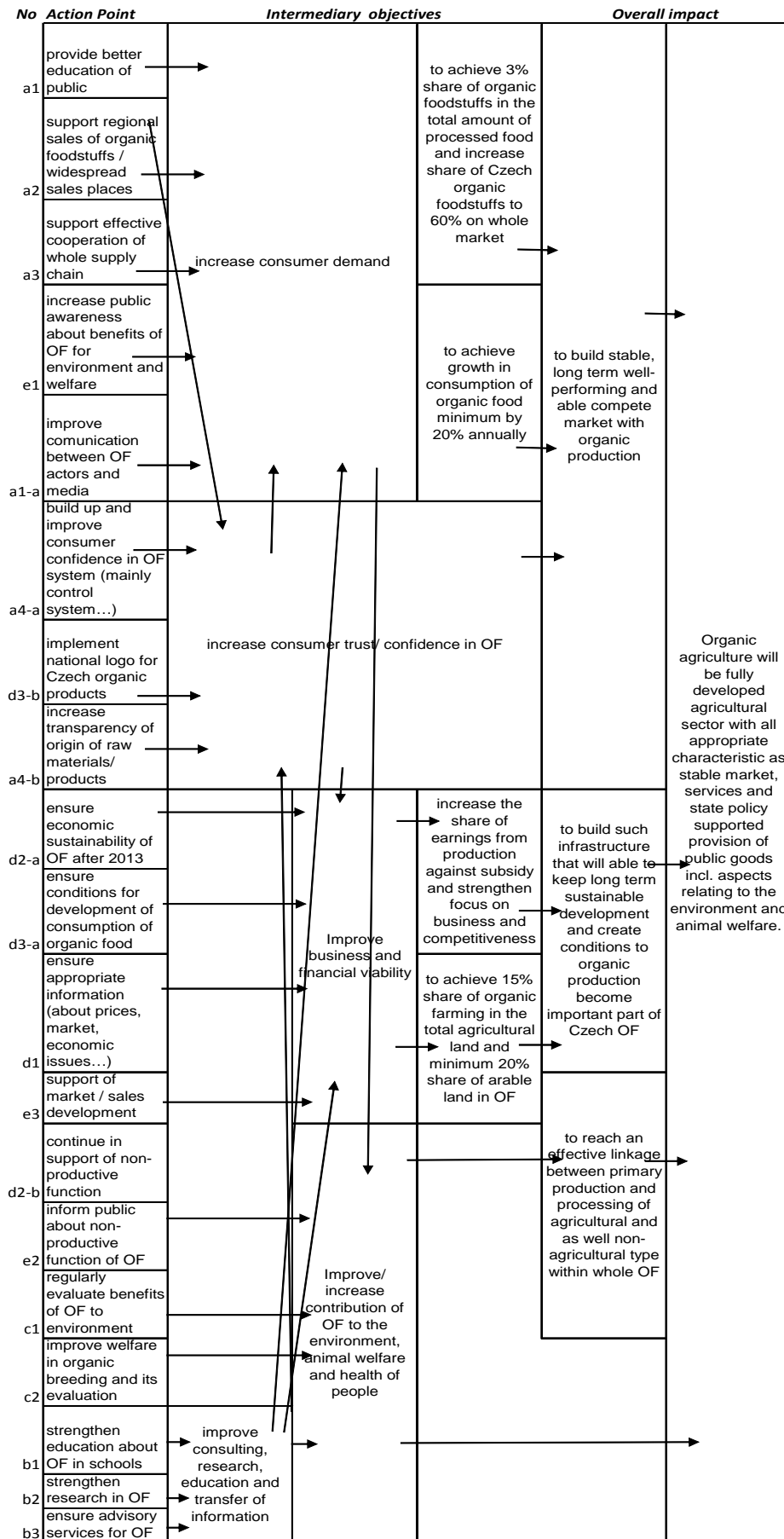
In addition to the action plan a number of other national support schemes exist:

- Support for restructuring fruit orchards has recently been made available for organic farmers (MoA, 2004b);
- Support for the Czech Technology Platform for Organic Agriculture was implemented in 2010 by the Ministry of Agriculture; this umbrella association aims to unite and link a wide range of organisations in the field of organic food and farming with emphasis on covering research activities and transfer of findings in all key areas of the sector;
- A three-year consumer campaign (2008-2010) was co-financed by the Ministry of Agriculture aimed (50 % of the costs paid by EU fund) at generic promotion of organic food; the national contribution was partly financed through the 'Organic Farming and Processing Organic Foods' programme funded by the first organic action plan (MoA, 2004a; MoA, 2007b);
- Support for three large research projects: a) Introducing organic food to schools and pre-school facilities; b) support for the development of regional sales of organic produce; c) organic farming and processing, also funded through the 'Organic Farming and Processing Organic Foods' programme (MoA, 2007b);
- Other measures in line with action plan goals are a) education and promotional activities; b) regular support for the Institute for Agricultural Economics and Information for statistical data collection; c) occasional contributions to other NGOs.

Evaluation of national policies

Both the first and second action plan were based on a status quo analysis of the organic sector which contained basic descriptive statistics of the organic sector as well as detailed descriptions for certain areas analysing the weaknesses of the organic sector.

Effects diagram national action plan



2.6 Assessment of policy coherence

The national action plan includes several measures that are designed to supplement support given under the RDP focusing on demand oriented activities, research and vocational training/education. Other measures are similar to those in the RDP, like support for processing of organic raw material (Adding value to agricultural products – Measure 123). Some measures in the RDP addressing organic farming are not referred to in the action plan, e.g. setting up of young farmers (Measure 112), encouragement of tourism activities (Measure 313).

With regard to agri-environment, the action plan considers the RDP support as given but foresees activities to evaluate the benefits of organic farming to the environment through appropriate research and to develop and apply suitable indicators as well as to improve animal welfare (by supporting the development of methods and monitoring as part of inspection).

Cross impact matrix

No	Policy measure/action	RDP							a1	a2	a3	a4	b1	b2	b3	c1	c2	d1	d2	d3	e1	e2	e3	AP			Oth	
		Young farmers	Holding modernisation	Adding value	Agri-environment	Non-agricultural	Tourism	Advisory services	Public education	Regional sales	Supply chain co-operation	Consumer confidence	School education	Research	Advisory services	Environmental benefits	Animal welfare	Economic data	Economic sustainability	Market development	Promotion campaigns	Public benefit information	Sales development	Public procurement	Regional sales	Increase know-how	Promotional campaign	Restructuring fruit orchards
RDP	Young farmers																											
RDP	Holding modernisation	2																										
RDP	Adding value	0	2																									
RDP	Agri-environment programme	0	0	0																								
RDP	Non-agricultural diversification	0	1	0	0																							
RDP	Tourism	1	0	0	0	1																						
RDP	Advisory services	0	0	0	2	0	0																					
a1	Public education	0	0	0	0	0	0	0																				
a2	Regional sales	0	0	2	-1	0	2	0	2																			
a3	Supply chain co-operation	0	0	0	0	0	0	0	0	2																		
a4	Consumer confidence	0	0	0	0	0	1	0	2	2	2																	
b1	School education	0	0	0	0	0	0	0	2	2	1	2																
b2	Research	0	0	0	0	0	0	0	2	0	0	1	1															
b3	Advisory services	0	0	0	0	0	0	2	0	1	1	0	0	2														
c1	Environmental benefits	0	1	0	2	1	1	2	2	0	0	2	0	2	1													
c2	Animal welfare	0	1	0	2	1	0	2	2	0	0	2	0	2	2	1												
d1	Economic data	0	0	0	0	0	0	0	1	1	1	1	1	1	2	1	1											
d2	Economic sustainability	2	2	2	2	2	2	2	1	1	0	1	1	1	1	-1	-1	0										
d3	Market development	0	0	0	0	0	0	0	2	2	2	2	0	0	1	0	0	0	1									
e1	Promotion campaigns	0	0	0	1	1	0	0	2	2	0	2	1	2	0	2	2	2	1	2								
e2	Public benefit information	0	0	0	1	1	1	0	2	1	0	2	1	2	0	2	2	2	1	2	2							
e3	Sales development	0	0	1	0	0	1	0	1	2	2	0	0	1	1	1	1	1	1	2	1	1						
AP	Public procurement	0	0	0	0	0	0	0	2	1	1	1	2	0	1	0	0	0	1	2	1	0	2					
AP	Regional sales	0	0	2	0	0	2	0	2	2	1	1	1	1	0	0	0	0	2	2	1	2	1					
AP	Increase know-how	0	0	0	0	0	0	2	0	1	0	0	1	2	2	2	2	1	2	0	1	1	1	0	1			
AP	Promotional campaign	0	0	0	0	0	0	0	2	2	0	2	0	1	0	1	1	1	1	2	2	2	2	1	2	0		
Oth	Restructuring fruit orchards	1	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	1	0	
Oth	CZ technology platform	0	0	0	0	0	0	0	2	1	1	1	1	2	1	2	2	2	2	1	2	2	1	1	1	2	2	0

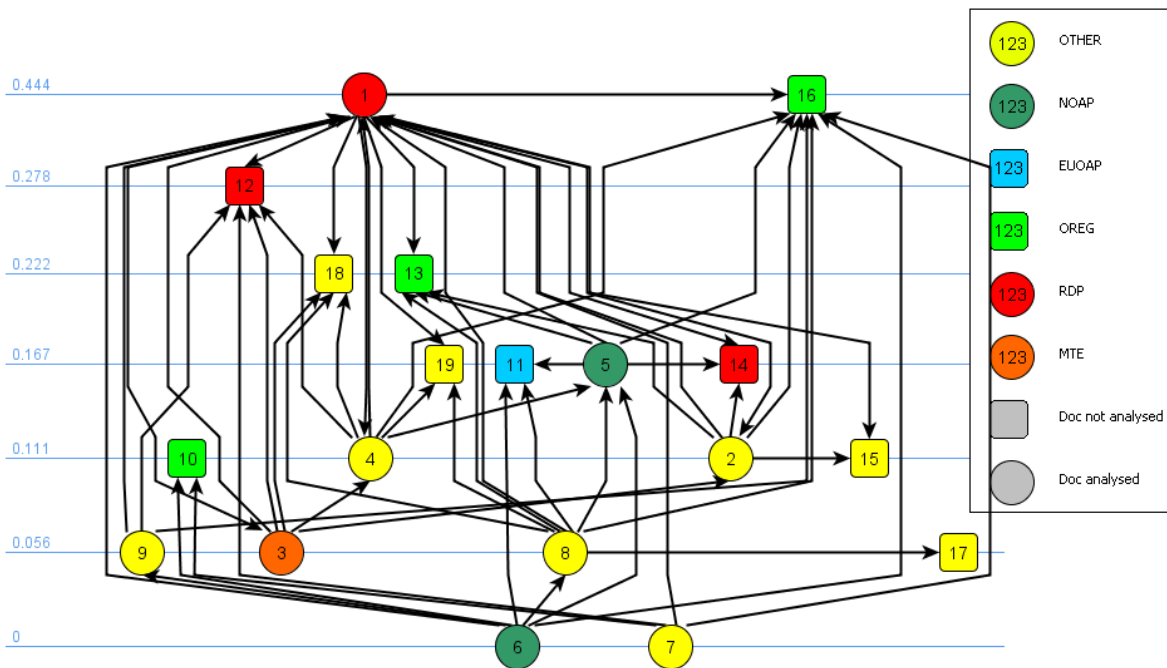
+ 2= strong synergy; +1 = weak synergy; 0 = no interaction; -1 = weak conflict; -2 = strong conflict

28 measures considered

Positive synergy score 0.754

Negative synergy score (3 cases) 0.5

Document network map



List of documents

Doc.	Shortname	Longname	Type
analysed			
1	RDP CZ 07-13	Rural Development Programme of the Czech Republic for 2007-2013	RDP
2	Eval HRDP 04-06	Ex-post evaluation of HRDP (2004-2006)	Other
3	MTE report	Mid-term evaluation report	MTE
4	Nat Strat RDP	National Strategic Rural Development Plan of the Czech Republic 2007-2013	Other
5	OF Action Plan 10	Action Plan of the Czech Republic for the Development of Organic Farming by 2010	NOAP
6	OF Action Plan 11-15	Action Plan for Development of Organic Farming in the Period 2011-2015	NOAP
7	Meth Dec 79/2007	Methodology for provision of Government Decree no. 79/2007 on conditions of AEMs	Other
8	Prog SCP	Programme of sustainable consumption and production "Organic Farming and Processing Organic Foods"	Other
9	Nat	National subsidy programme "Principles defining conditions for providing subsidies on the basis of § 2 and 2d of Act No 252/1997	Other
Not analysed, but considered for referencing			
10	EC 834/2007	EC 834/2007	OREG
11	EU Organic Action Plan	EU Organic Action Plan	EUOAP
12	EC 1698/2005	EC 1698/2005	RDP
13	EC 2092/91	EC 2092/91	OREG
14	EC 1257/99	EC 1257/99	RDP
15	Meth AEM	Methodology for AEMs	Other
16	CZ 242/2000	Law on OF 242/2000	OREG
17	Conc FoodInd	Conception of food industry in CZ after EU accession (2004-2013)	Other
18	SD Strategy	Strategy for Sustainable Development of the Czech Republic	Other
19	AP Strategy	Strategy of Agrarian Policy	Other

Involvement of stakeholders

Organic stakeholders participated in the Axis working groups involved in the preparation of the Rural Development Programme (MoA & VÚZE, 2011). For example, the proposal for bonus points for organic farmers in selected measures in Axes 1 and 3 was based on the recommendation of a group of experts set up for the first organic action plan. The organic sector was able to influence its development mainly due to a favourable policy climate and overall agreement about the need to support the sector. During implementation of the RDP, organic sector representatives worked alongside with the Ministry of Agriculture administrative staff responsible for the organic sector in Axes monitoring committee.

For the action plan, several organic stakeholders representing all key institutions in the sector participated in its design, including representatives from the Ministry of Agriculture, advisory groups, organic farmers and research institutes (MoA, 2010a).

Assessment of policy coherence by workshop participants

Question 1: How would you assess the coherence of policy in support for the organic sector in your country?

The workshop participants judged the policy coherence as average for the following reasons:

- Lack of sufficient targeting of policies
- Lack of emphasis on production
- Lack of measures focused on domestic market development and promotion of consumption
- Lack of coherence in the Ministry of Agriculture's approach to organic farming. Its main focus is the support of organic agriculture through the rural development programme.

Question 2: What were the reasons that supporting organic farming is considered an important (not important) instrument in the national/regional agricultural and rural development policies?

Historically organic farming has been quite influential and has been well regarded for a long time. The organic movement became integrated with mainstream agricultural policy when it was enshrined in law and inspection and certification systems were established. There is widespread acceptance of the need for financial support for organic farming. The organic movement is active and influential and is able to represent and promote the interests of organic operators very effectively. Other reasons were suggested such as the fact that organic farming is seen as a way of tackling problems of rural areas such as employment.

Question 3: What could be done to improve the second Pillar of the CAP (Rural Development Programme) in the next period (after 2014) to achieve better support policies for the organic sector?

The main suggestions for improving the CAP Rural Development Programme were to improve the targeting of organic area payments, to ensure explicit mention of organic farming in conditions for the measures, to include support for 'soft' activities such as consultation, research, training etc., to identify a main strategy for the development of organic farming which includes a whole farm approach, and to improve the process of evaluation and implementation of necessary changes in

conditions of measures addressing organic farming during their operation. Other suggestions include a strategy for promotion and public education.

Question 4: How could the co-ordination between the regional/national RDP and organic action plans be improved?

- Improve the structure of communication between the Ministry of Agriculture and the organic movement;
- Create an expert group coordinated by the Ministry of Agriculture that will systematically prepare documents / studies as arguments / answers for OF promotion;
- Ensure participation of organic farming representatives in decision-making groups such as monitoring and evaluation groups;
- Ensure greater linkage between the action plan and the RDP in terms of objectives, targets and commitments;
- The organic sector is afraid that if the action plan would be too closely linked with RDP (financial demands or demands to particular measures) this could reduce the likelihood of it being accepted;
- Responsibilities for organic farming are currently divided between two government departments; this could be better coordinated or restructured;
- Harmonise time frames for drafting and preparation of the action plan and the RDP to avoid inconsistencies and conflicting aims/targets: For example, the RDP was approved in 2006 and the latest action plan in 2010 so when the RDP target area for organic farming was set, the current 15 % share mentioned in the new action plan was unrealistic;
- The preparation of new measures under the new RDP (after 2013) should become content of one working group which could and will be probably created within implementation of the 2nd action plan (become one of the main action plan tasks = nominated committee for implementation of the action plan should create several working groups according to main issues selected for solving and working group “RDP” should be created to ensure such coordination).

Extent of overall strategy to develop organic farming (SQ 4)

The overall aim of the RDP rates sustainable development and environmental protection at a higher level, alongside competitiveness. A clear advantage for organic farming has been created under several measures.

Our analysis did not reveal any information about competing agri-environmental schemes (Measure 214).

National policies in the form of the second organic action plan aim to fully develop organic farming including a stable market in support of its provision of public goods related to environment and animal welfare. To achieve this, actions to support the market as well as production exist including market development, to build infrastructure, and link primary production to the market.

However, there is a disparity between the second action plan and the current RDP in terms of targets for organic farming (15 % of UAA = 630,000 ha compared with 283,100 ha). The lower target in the RDP is apparently to be seen as a reflection of lower growth rates of the organic sector when the RDP was prepared but this could create problems with budget if no flexibility exists.

The cross impact matrix shows an overall high positive score but three potentially negative interactions are identified between regional sales and the agri-environmental programme, economic sustainability and environmental benefits, and finally economic sustainability and animal welfare.

The document network analysis shows the RDP and the Czech national law for organic farming as the two documents to which most other documents refer.

Main strengths:

- Good organic stakeholder participation in the development of both RDP and national action plan resulting in a high level of recognition and acceptance;
- The concept of providing financial support for organic farming is widely accepted and is seen as part of the ‘natural’ policy mix.

Potential weaknesses:

- Lack of sufficient targeting of policies and lack of coherence in supporting organic farming;
- Lobby position of organic farming is not institutionalised and therefore vulnerable to reduced influence in future.

Overall policy coherence: good

2.7 References

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3. Denmark

3.1 Characteristics of the organic sector

Denmark was the first European country to introduce national organic standards and public organic farming support. Moreover, in 1998, Denmark was one of the first countries to develop an organic action plan and thus a forerunner for many EU Member States. Apart from government financial support, organic farming development was boosted by the entry of conventional retail chains into the organic business in 1993. After a period of steady decline of the organic area from 2004-2006, it slightly rose in 2007 and then stagnated in 2008 and 2009 which might reflect the maturity of the Danish organic sector, which started to develop before the majority of the other Member States. It seems that organic agriculture in Denmark has reached a certain plateau with only limited potential for growth. However, organic land area increased again in 2010 and now has a 5.7 % share of UAA (FRA Danmark Statistik, 2010). The organic market is well-developed.

Table 3.1 Overview development of the organic market, the number of organic farms and the organic area in Denmark

Year	Organic area in ha	Number of organic farms	Organic sales in Mio EUR
1990	11,035	523	n.a.
1991	17,155	672	n.a.
1992	18,138	675	n.a.
1993	19,761	640	n.a.
1994	20,688	676	n.a.
1995	38,334	1,050	n.a.
1996	44,991	1,166	n.a.
1997	59,963	1,617	n.a.
1998	93,201	2,228	n.a.
1999	137,294	3,099	n.a.
2000	157,676	3,466	384
2001	168,372	3,525	n.a.
2002	174,350	3,714	270
2003	165,146	3,510	273
2004	154,921	3,166	305
2005	134,129	3,036	383
2006	138,079	2,794	434
2007	145,393	2,841	580
2008	150,104	2,753	724
2009	156,433	2,694	765
2010	162,903	2,677	791

n.a.= data not available.

Source: Eurostat amended by data provided by Plant Directorate, Statistics Denmark.

3.2 Qualitative impact analysis

Statistics and results of the QSA

Table 3.2 Average impact of Context and policy factors on number of organic farms and organic area in Denmark: results from web survey 1

Impact factors	Impact
Difference between non-organic and organic support payments	3,0
Profitability of organic farms	3,6
Pressure on conventional farmers for change	2,3
Farmers' attitude towards organic farming	3,4
Farmers' access to organic market channels	3,7
Functioning of the organic supply chain	2,7
Reliability & continuity of governmental support for organic farming	3,4
Profitability of organic processing and retailing of organic products	2,8
Role of large conventional retail chains in the organic market	3,5
Domestic consumer demand for organic products	3,3
Commitment of government towards organic farming	3,4
Activities of organic farming interest	3,1
Availability of knowledge about organic farming	3,3
Availability of organic products for consumers	3,2
Clarity of organic labelling	3,2
Public attention towards organic agriculture	2,5
Activities of mainstream agricultural interest groups	2,7
Feasibility to comply with organic regulations	2,7
Availability of non-organic trademarks competing with organic products	2,0
Organic area payments	3,4
Organic action plan	3,0
OF marketing support	3,0
Tax foundation for supporting development of OF	2,5

4 = strong impact 3 = medium impact 2 = weak impact 1 = no impact
OF = organic farming

Table 3.3 Average impact of context and policy factors on organic market development in Denmark: results from web survey 1

Impact factors	Impact
Role of large conventional retail chains in the organic market	4,0
Availability of organic products for consumers	3,6
Domestic consumer demand for organic products	3,5
Clarity of organic labelling	3,8
Functioning of the organic supply chain	2,9
Perceived profitability of organic processing and retailing	3,2
Perceived profitability of organic farms	3,0
Farmers' access to organic market channels	3,5
Availability of non-organic trademarks competing with organic products	2,4
Public attention towards organic farming	3,2
Commitment of government towards organic farming	2,9
Activities of organic farming interest groups	3,2
Reliability & continuity of governmental support for organic farming	2,4
Feasibility to comply with organic regulations	2,5
Activities of mainstream agricultural interest groups	2,2
Availability of knowledge about organic farming	2,1
Pressure on conventional farmers for change	2,2
Difference between non-organic and organic support payments	2,2
Farmers' attitude towards organic farming	2,5
Organic area support	2,1
Organic action plan	2,9
OF marketing support	2,8
Tax foundation for supporting development of the organic sector	2,5

4 = strong impact 3 = medium impact 2 = weak impact 1 = no impact
 OF = organic farming

Table 3.4 *Impact matrix of mutual impacts of context and policy factors: number of organic farms and the organic area in Denmark*

	Impacts																		Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
1 Perceived profitability of organic farms	0	1	1	2	1	1	0	1	0	2	1	2	0	-1	0	0	1	1	15
2 Farmers' attitude towards organic farming	0	0	1	0	1	1	1	1	1	1	1	2	0	1	0	0	0	1	12
3 Difference between non-organic and organic support payment:	2	1	0	0	1	1	0	1	0	0	1	2	0	2	0	0	1	1	13
4 Farmers' access to organic market channels	2	1	0	0	1	1	0	1	1	1	2	2	1	0	1	1	1	2	18
5 Reliability and continuity of governmental support	1	1	2	0	0	1	2	2	2	1	0	0	0	2	1	0	2	1	18
6 Commitment of government towards organic	1	1	2	1	2	0	1	2	2	0	0	1	1	2	2	2	1	1	22
7 Availability of knowledge about organic farming	0	1	0	1	0	0	0	1	0	0	1	1	0	0	0	0	1	1	7
8 Activities of organic farming interest groups	1	2	1	1	2	2	2	0	2	1	1	1	2	1	2	2	2	1	26
9 Collaboration between organic/non-organic actors	1	1	2	0	1	2	1	1	0	1	0	0	1	2	2	2	2	1	20
10 Role of large conventional retail chains in the organic market	1	1	0	2	0	1	0	2	1	0	2	2	1	0	2	0	0	1	16
11 Availability of organic products for consumers	1	0	1	2	1	1	0	1	0	2	0	2	2	1	1	1	1	1	18
12 Domestic consumer demand for organic products	2	1	1	1	2	2	1	1	1	2	2	0	2	1	2	1	1	1	24
13 Clarity of organic labelling	1	0	1	0	1	0	1	0	-1	1	1	2	2	0	0	1	0	1	13
14 Organic area payments	2	1	2	0	0	0	0	1	0	0	1	0	0	0	0	0	1	2	10
15 OF marketing support	1	0	0	1	0	0	1	1	1	1	1	1	0	0	0	0	0	1	9
16 Tax Foundation for supporting organic sector development	1	1	0	0	0	1	2	2	1	0	0	0	0	0	0	0	1	1	10
17 Organic Action Plan	0	0	1	0	1	2	1	2	1	0	0	0	1	1	0	1	0	1	12
18 Organic farms & area	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Passivity	17	13	14	12	13	17	12	21	14	13	15	18	11	14	14	10	16	19	263

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

Table 3.5 *Impact matrix of mutual impacts of context and policy factors: organic market in Denmark*

	Impacts															Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1 Role of large conventional retail chains in the organic market	0	2	1	1	2	1	1	2	2	1	0	1	0	0	2	16
2 Farmers' access to organic market channels	2	0	1	1	1	1	0	1	0	0	0	0	0	0	1	8
3 Perceived profitability of organic farms	0	1	0	1	1	2	0	1	0	0	-1	0	0	0	1	8
4 Perceived profitability of organic processing and retailing	2	1	1	0	0	0	0	2	1	0	0	0	0	0	2	9
5 Public attention towards organic farming	1	1	1	1	0	2	1	2	2	1	0	1	0	0	2	15
6 Activities of organic farming interest groups	2	1	1	1	1	0	2	1	1	1	1	1	1	1	1	16
7 Collaboration between organic/non-organic actors	1	1	1	0	0	2	0	1	0	0	1	1	1	1	1	11
8 Availability of organic products for consumers	2	0	1	1	2	0	0	0	2	0	0	1	0	0	2	11
9 Domestic consumer demand for organic products	2	1	1	1	2	1	1	2	0	0	1	1	0	0	2	15
10 Clarity of organic labelling	2	0	1	0	1	1	0	1	1	0	0	0	0	1	2	10
11 Organic area payments	0	0	2	0	0	0	0	1	0	0	0	0	0	0	1	4
12 OF marketing support	1	0	1	1	0	1	1	1	2	0	0	0	0	0	1	9
13 Tax Foundation for supporting organic sector development	0	1	1	1	1	1	0	0	1	0	0	0	0	0	1	7
14 Organic Action Plan	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	2
15 Organic market	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Passivity	15	9	13	9	11	13	6	15	12	3	4	6	2	3	20	141

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

Table 3.6 Estimated contribution of public support measures for organic farming and of context factors to the development of the number of organic farms and the organic area in Denmark between 2000 and 2011

Impact Factors	Estimated contribution to organic farming development
Difference between non-organic and organic support payments	0,57
Perceived profitability of organic farms	0,65
Farmers' attitude towards organic farming	0,55
Farmers' access to organic market channels	0,76
Reliability & continuity of governmental support for organic farming	0,69
Role of large conventional retail chains in the organic market	0,75
Commitment of government towards organic farming	0,86
Activities of organic farming interest groups	1,00
Availability of knowledge about organic farming	0,31
Availability of organic products for consumers	0,77
Clarity of organic labelling	0,49
Collaboration between organic and non-organic actors	0,73
Organic area payments	0,37
Organic action plan	0,50
OF marketing support (national support; M 124, 133)	0,41
Tax foundation for supporting organic sector development	0,40

1 = very positive contribution

Table 3.7 Estimated contribution of public support measures for organic farming and of context factors to the development of the organic market in Denmark between 2000 and 2011

Impact Factors	Estimated contribution to organic farming development
Role of large conventional retail chains in the organic market	1,00
Availability of organic products for consumers	0,75
Domestic consumer demand for organic products	0,92
Clarity of organic labelling	0,63
Perceived profitability of organic processing and retailing	0,57
Perceived profitability of organic farms	0,44
Farmers' access to organic market channels	0,55
Public attention towards organic farming	0,95
Activities of organic farming interest groups	0,90
Collaboration between organic actors and government	0,58
Organic area payments	0,18
Organic action plan	0,11
OF marketing support (national support; M 124, 133)	0,60
Tax foundation for supporting organic sector development	0,43

1 = very positive contribution

Assessment of the contribution by experts

Are the identified factors and their classification reasonable?

The central discussion was about the role of organic policy in developing the sector. All participants stressed that organic policy works and policy matters, and organic policy have been one of the main drivers in the sector.

Other factors off course had an effect, but most of them had an effect within the frame of state intervention. Collaboration between organic and non-organic organizations – that is one of the drivers was for example had a very strong affect in helping organizations to develop important capacities for developing the sector, developing the market and its structure and in developing a suitable organic policy. Collaboration however was one of the government main strategy for developing the sector and therefore has been one of the drivers in shaping this collaboration. Collaboration has been playing a central role, in supporting farmers and relevant activities in the sector, but that collaboration has been shaped to large extent within the frame of stat intervention. Organic farming has a long tradition of cooperation between organic/non organic organizations and the state, which all agree has been a driver – but it was also a part of the state policy.

Secondly the conversion scheme does play an important role in motivating new farmers to convert to organic farmers. It is not a driver in itself – but it is a driver together with the other factors. One of the participants claims that the conversion scheme is one of the drivers, when supporting new organic farmers, but it is not a driver in getting existing organic farmers to convert more land. However, it was not possible to separate between the two in the survey, and therefore participants might have undermined this factor. Other participant claim, that due to the fact that conversion scheme has a stabilizing effect- making it very important because in preventing the processes in going backward- therefore the stabilizing factors needs to be regarded as factors with strong effect.

All participants agreed that market channels have played an important role – but building those channels, and the ability to come with new products has been to a large extent supported by the state, or by the capacities of the organic and conventional organizations – however those capacities has to larger extent has been supported by the state.

There was an agreement that the activity of organizations, and their ability to build capacities, had played a very important role in pushing the sector forward. However, those capacities have, to a larger extent, been supported by the state.

All and all the main conclusion – is that the factors defined as important do matter – especially collaboration within the sector but policy also matter. However it is not the single instrument that need to be evaluated but the mix of instruments, and how they affect different areas in the organic sector. In Denmark, policy has been designed to affect both supply and demand. There is a consensus that this business minded policy had different effects on different parts of the sector – and therefore has supported both consumption and supply. But supply and demand cannot be separated or be limited to one policy instrument. The way the state has supported the sector has a lot to do with the process of implementation, and not with the existence of a single measure. Furthermore it is the combination of different factors that plays a role. It is very difficult to evaluate the effect of a single factor.

Collaboration between organic/non organic organization, associative capacities, domestic consumption and distribution channels will continue to play an important role in the development of organic farming. Future factors that need more attention is advisory services, more research and increasing consumption in public institutions. However, in order to support those factors some changes in the public support has to be done. Some of the stakeholders also wish to underline the

conversion, and production support scheme is still a very important factor – in stabilizing the development, but also as a supportive factors that help farmers to take the “right decision” towards organic – and therefore should not be removed.

As to the organic market development, there was again consensus regarding the fact that the mix of instruments – that has been applied in Denmark has been important.

- The national certification system is important, because it creates confidence and visibility. However, as is a national states owned system it a policy measure within Danish organic policy- and is embodied in the Danish organic law. However, it is important to mention that the organic label is not a driver by itself but works together with the other factors mentioned as catalysts.
- Domestic demand is regarded as a very important driver, but it cannot be isolated from the other factors. The capacity of organic organizations, collaboration between organic/non organic and even the role of retailers has partly been influenced by public support – that again is to some extent a driver in that connection.
- Factors that affect supply also affect demand. Therefore it is hard to separate between the two processes. It is the way policy and other factors affect both demand and supply that is the important for developing the sector.

The same factors that participants have been defined as drivers will continue to be the drivers in the future.

There are two main conclusions:

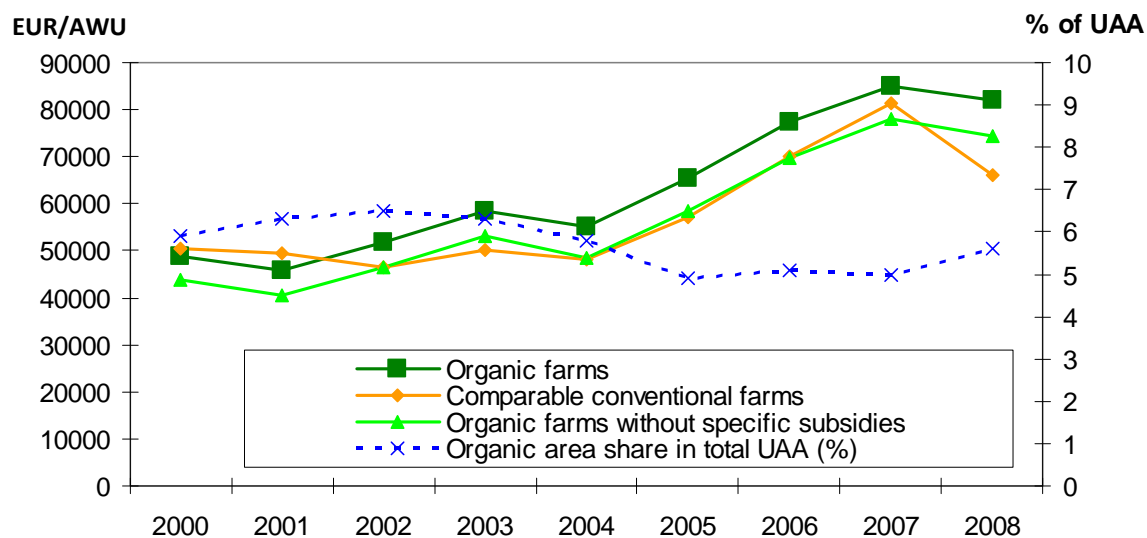
It is impossible to separate between factors, and the way they act and affect each other. It is also the combination of factors that plays a significant role in shaping the organic sector. It is not meaningless to separate between drives, catalysts etc. But more specification regarding those factors and what it precisely means is needed. Policy matters a lot. The participants felt that it was important to get that message through. Some of the measures, applied by the state (from before 2000) has not been included. Furthermore, the development of the Danish organic sector had happened within the frame of state intervention – that had a business minded approach that is a focus on developing the sector as well functioned competitive industry. This approach – according to all participants was the main driver in developing the sector. However, it is a process that has been going on for many years, and it is more on the effect of mix of instruments and how they were implemented during these years – rather than a single measure – which explains the development of the sector.

3.3 Quantitative impact indicators

- The average income level of organic farms in Denmark was higher than that of comparable conventional farms in all except the first years in the analysed period. However, relative profitability does not seem to be correlated to the share of organic farming in total UAA, which fluctuates significantly over the years.
- Area support for organic farms played an important role for the relative competitiveness. Without the specific extra support to organic farms, incomes would have been lower or equal to those of comparable conventional farms in most years. The support to organic thus was effective at providing an additional incentive for conversion to organic farming.

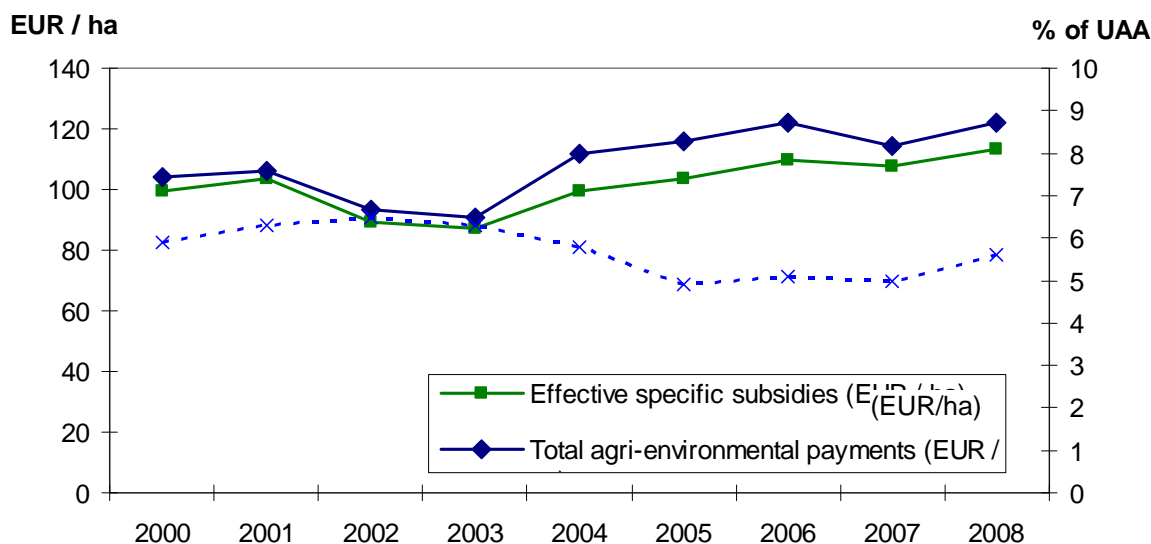
- Measured in EUR/ha, the effective specific area support to organic farming increased by 14 % from 2000 to 2008 (from 99 to 113 EUR/ha). However, no relationship to the development of the share of organic area in total UAA is visible.¹

Figure 3.1 Income (FNVA/AWU) in organic and comparable conventional farms in Denmark, 2000-2008



Source: Own calculation based on EU FADN, DG-AGRI.

Figure 3.2 Effective specific area support to organic farms in Denmark, 2000-2008, EUR/ha



Source: Own calculation based on EU FADN, DG-AGRI.

¹ However, Daugberg et al. (2011) found a significant positive effect of the 1997 direct support schemes for organic farming on organic land area and number of organic farms.

3.4 Representation of organic farming in the RDP

The overall objective of the Danish Rural Development Programme is to promote sustainable and coherent development in rural areas (MFAF, 2010b). The aim is also to develop agricultural and forestry production whilst taking the environment, animal welfare and ecology into consideration (Ministry of Food, Agriculture and Fisheries 2010).

The RDP is seen as an instrument to implement the objectives of the Grøn Vækst (or Green Growth) programme in rural areas. This programme, where economic growth and nature conservation go hand in hand, was introduced by the Danish government in 2009. Some changes were made to 2007-2013 RDP measures for the 2010-2013 period in order to match the programme to the Green Growth initiatives.

The RDP states a target of supporting 1,000 farms under the conversion scheme between 2007 and 2009 (MFAF, 2010b). This was overachieved but in the same period the number of organic farms decreased and therefore the organic (maintenance) target has not been fully reached.

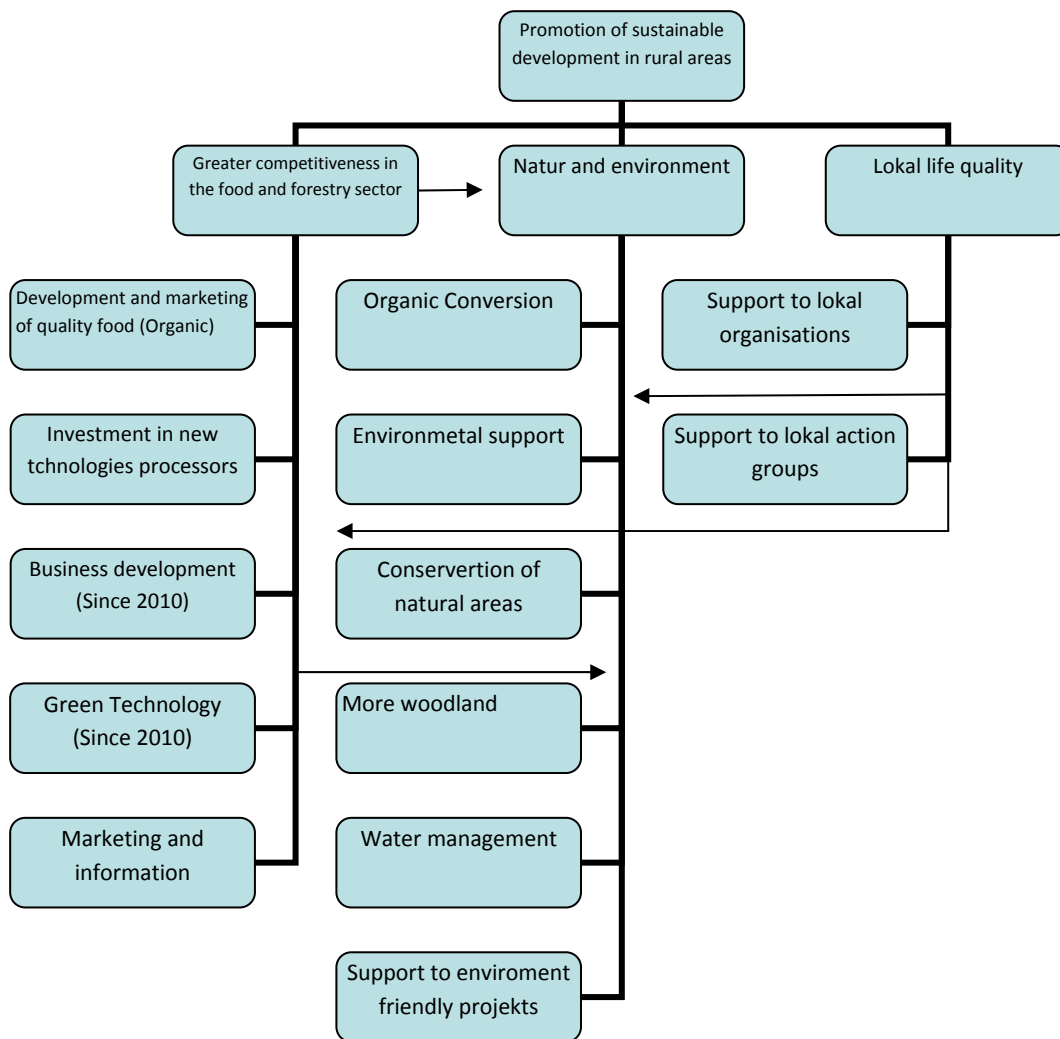
Organic farming is specifically mentioned in five measures and two axes: In Axis 1 within Measure 111 (Vocational training), Measure 121 (Modernisation of agricultural holdings) and the quality food programme (Measure 132 and 133), and in Axis 2 within Measure 214 for conversion to organic farming under environmental support (MFAF, 2010b).

Concerning Measure 111 and 121 organic farmers are named as one of several target groups and do not receive special provisions. Within the food quality programme, organic products are among specific quality food products to be supported. The maintenance scheme of Measure 214 is part of the Environmental Farming Scheme, which is open to all farmers fulfilling the requirements but gives priority to organic farmers. To qualify for the environmental payments farmers are only allowed to use a maximum of 140 kg N/ha or 75 % of the allowed N quota calculated for the field and not use any pesticides. The area must be utilised for some kind of agricultural production. Organic farming is seen as contributing to increased competitiveness of Danish agriculture in terms of quality production and as a solution for environmental problems.

The Danish Rural Development Programme has a specific organic farming chapter, but there is no specific organic farming agri-environmental scheme – organic farmers make extensive use of other options.

The Danish Government and the Danish People's Party made an agreement with Organic Denmark (the "Organic Package") which maintains the organic conversion scheme and gives priority to organic farmers in getting the environmental support schemes as well as guaranteeing a budget of 27 mil DKK per year for 'organic' in the Quality Food Programme (MFLF, 2006).

RDP objectives diagram



Targets and evaluation of organic farming measures in the MTE and other reports

The Green Growth programme sets a target of more than doubling the organic area by 2020 (compared to the area in 2007) – from 6 % to 15 % (Miljøministeriet Denmark, 2009). The second target is to increase area-based grants so that an annual growth up to 18,000 ha organic area can be achieved (ibid.).

For the conversion scheme (Measure 214) the RDP 2007-2009 had set a target of 1,000 farms and 27,000 ha (MFAF, 2010b). Between 2007 and 2009, 1,243 operators were supported, but the number of organic farms has decreased between 2007 and 2009. The MTE shows conversion support for 43,400 ha, so the area target was achieved (DFIA, 2010c).

Out of a budget of DKK 116 million, DKK 174.2 million have been used to support conversion, i.e. the budget has been overspent. It shows that there are enough resources to achieve the targets. There is no specific information on budgets and spending on maintaining organic land area.

A survey of organic farmers indicated that 90 % of farmers find the support arrangement relevant and 78 % find it attractive. Only 34 % of the participants said they would engage in the same activity without getting support.

There are no statements on organic farming concerning the Measures 111 and 121 within the MTE.

There is also no target for quality food programmes (Measure 132), but it is estimated that up to 135 projects can be supported. So far, only 35 projects have been implemented and all relate to information and marketing. According to the MTE, only 75 % of the budget has been used (MTE Quality Food Programme (MFLF, 2010c)). The programme supports mainly information and marketing activities and the long-term effect of this is hard to measure (ibid.)

Addressing the issues referred to in Action 6 of EU Organic Action Plan (SQ 3)

The RDP has been used to preserve the benefits of organic farming for the environment and nature protection by offering conversion and environmentally friendly farming support. It is also used to stimulate demand by using the quality food scheme to support information/marketing, a mobile task force (to supply information) and investment in new technologies. Since 2010, the measure is aimed specifically towards organic food and explicitly refers to the European Organic Action Plan in support of the measure.

The RDP no longer provides incentives for producers to facilitate distribution and marketing or supply chain integration but this had existed within the previous innovation act. The RDP is not used to provide specific extension services but organic farmers are mentioned as target group for training and under capital support. A number of national policies and the new Organic Vision address issues that are mentioned in Action 6, such as distribution and marketing and evaluating the possibility to target organic farming as the preferred management option in environmentally sensitive areas (see below).

3.5 Other national policies to support organic farming

There is no current organic action plan in Denmark. In February 2011, the government published the Organic Vision, which includes 18 new initiatives to promote competitiveness, conversion, exports and knowledge transfer and information (MFLF, 2011). The implementation is planned for 2012-2013, so many of the initiatives are still in the planning phase.

The focus of Organic Vision is market support in particular to create balance between domestic consumption and production. Organic policies therefore have to be aimed at supporting primary production, processing and consumption and therefore the initiatives focus on strengthening primary production, innovation and competitiveness, consumer information, including information in schools, and exports.

Despite changes in emphasis between the two action plans (I+II), the “organic package” and Organic Vision, the Danish policy strategy for supporting the organic sector has continuously been to support both supply and demand (Halpin et al., 2011, Schwartzman forthcoming 2011) based on the view that supporting organic production is an instrument both for environmental protection but also as a tool for improving the competitiveness of the Danish agriculture as a whole.

Other national policies cover research, product innovation and agricultural funds:

- FØJO 3 (DKK 23 million) for 15 research programmes (2006-2010) which was part of the implementation of the water preserve programme 3; the Organic Research, Development and Demonstration Programme (RDD) replaces FØJO 3, as part of the implementation of the Green Growth programme, it will support 11 projects from 2011 (DFIA, 2010b).
- The Innovation law had a specific budget for organic marketing and product development under which more than 200 projects were supported between 2004 and 2009; the programme closed in 2010 to be replaced by the Green Development and Demonstration Programme (GUDP); this is part of the implementation of the Green Growth Programme (not RDP); the programme is not exclusively organic, but as a part of the organic package (see above) an annual budget of DKK 3 million is set aside for marketing activities within Organic Denmark.
- The major agricultural fund (DKK 14 million for organic) is semi-public financed by the return of pesticide and CO₂ fees to agriculture; Organic Denmark has received DKK 10 million (out of a total of DKK 260 million) with a 60:40 split between market development and technical & advisory projects; conventional farming organisations have also received about DKK 5 million in support of organic related advisory activities and projects; the specific fund for organic agriculture, set up in 2002, is also financed through fees on pesticide use, its budget of DKK 10 million per year is mainly spent on research and advisory projects to develop organic production methods, but also on small consumer projects.

Evaluation of national policies

No formal evaluations of national support policies for organic farming have taken place.

Effects diagram of Organic Vision

No	Action Point	Beneficiary outputs		Sector results
1	Homogenising Organic EU rules	Common EU rules for organic production	Level playing field with different countries	Improving competitiveness Increased number/ area of organic holdings/ land (aim to double organic area by 2020) Market growth/ development
2	Simplifying rules for certifying organic as environmentally friendly production	Simple rules for achieving environmental improvements	Easier to convert	
3	Focus on approving plant protection materials	Improved production techniques		
4	Increasing diversity of plant species	Improved food quality/ range		
5	Market analysis	Improved knowledge of barriers to market development	Improved (conditions for) market development	
6	Analysing the administrative demand for certification and control	Reduce administrative impact on market actors		
7	Conversion schemes for berry and fruit producers	Increase production of organic fruit and berries		
8	Support for investment in effectiveness and innovation in organic farms	Improved effectiveness/ productivity		
9	Analysing the possibilities of differentiating support according to the type of production	Improved support for different production types		
10	Bio-gas pilot project	New renewable energy investment		
11	Analysing the reasons for re-conversion and decrease in the number of new convertors	Improving the conditions for conversion (especially young farmers)		
12	Evaluating the possibilities for targeting organic farming as the preferred management option in environmentally sensitive areas	Improved support for conversion		
13	Evaluating new possibilities for export	Increased export opportunities		
14	Organic in schools and kindergartens	Provide information on opportunities	Increased demand from municipalities	
15	Strengthening certification of restaurants and canteens	Document and make organic more visible	Increased demand from caterers	
16	More organic in general farmers education	Improved knowledge of organic farming by potential future convertors		
17	Evaluation of the quality food scheme	Improved support for farmers and product development		
18	Information campaign for the new EU organic logo	Increased recognition	Increased demand	

3.6 Assessment of policy coherence

Organic farming support became mainstream in the 1990s. The government saw organic agriculture as an important tool for developing and innovating the food sector, influenced by two very supportive Ministers (Henrik Dam Kristensen and Riit Bjergaard). Executives at the Danish Food Industry Agency (responsible for the implementation of organic policy) were also supportive actors within the organic sector helping to build relevant capacities and lobby for more support. As a result, a robust framework for collaboration was established between the state, organic/conventional organisations and other actors from the sector both within and outside the Organic Food Council. This has led to effective organic policy able to support the development of the sector (see Halpin et al., 2010). The process of implementation has been equally important as the *ex-ante* measures focused on that project (see also Zacho, 2000; Schwartzman forthcoming 2011). Today the Organic Food Council is less significant, but the collaboration between the state and relevant organisations continues.

For a short period following the 2001 election, there was a decrease in organic support. But after a long process of negotiations (between Organic Denmark and the various political parties) support for organic was secured again. The first step was the organic package (see above), considering organic in the Green Growth programme and in 2011 Organic Vision. In Denmark, there is widespread approval and recognition of their organic sector development and the role that organic policy has played in this. Support for the organic sector is embedded in the overall food and agriculture policy/RDP and is likely to withstand external factors such as changes in government.

With the overall integration of policy support in the national Green Growth programme there appears to be high policy coherence. And there is a strong tradition of supporting organic farming for its contribution to greening of the environment as well as the competitiveness of Danish agriculture. The organic support policies actually implemented encourage both environmentally friendly farming on the one hand and innovation and green consumption on the other which is highly correlated with the objectives of the RDP but also goes further in supporting the main government strategy of Green Growth.

Cross impact matrix

No.	Policy measure/action	RDP			Green Growth	Other					RDP	Other	OAP
		Conversion support	Environmental production support	Quality Food		Adoption of new technologies	Organic RDD (R&D)	FØJO 3 Research 2004-2010	Product and technology development (innovation law)	Agricultural funds market development/advising and technologies	Fund for organic agriculture support to R &D + consumer campaigns	Support for marketing activities at Organic Denmark	Marketing and information activities
RDP	Conversion support	2											
	Environmental production support	1	1										
	Quality Food	0	0	1									
	Adoption of new technologies	0	0	1									
Green Growth	Organic RDD (R&D)	0	0	1	1								
	FØJO 3 Research 2004-2010	0	0	1	1	2							
	Product and technology development (innovation law)	0	0	2	2	2	1						
	Agricultural funds market development/advising and technologies	0	0	2	2	2	0	1					
	Fund for organic agriculture support to R &D + consumer campaigns	0	0	2	2	2	2	2					
	Support for marketing activities at Organic Denmark	0	0	1	0	0	0	2	0				
RDP	Marketing and information activities	0	0	1	0	0	0	1	0	1			
Other	GUDP	0	0	2	2	2	2	2	1	1	2	2	
OAP	Organic Vision	2	0	2	2	2	2	2	2	2	2	2	2

+ 2= strong synergy; +1 = weak synergy; 0 = no interaction; -1 = weak conflict; -2 = strong conflict

13 measures considered

Positive synergy score: 0.844 (Note: high proportion of 2's allocated)

No negative synergies identified

Involvement of stakeholders

Rural Development Programme

Organic Denmark has been heavily involved in preparing the programme through extensive lobbying over two years, resulting in the acceptance of the “organic package” (see above).

Organic Denmark also plays a vital role in the implementation of the RDP, in particular the quality food programme. Groups of companies wanting to apply for this programme (up to 70 % public financing of projects) often commission Organic Denmark to carry out projects on consumer information and marketing campaigns for them. It is also involved in the “conversion checks” programme (DKK five million) that provides a one-stop-shop overview for conventional farmers about conversion as well as group advice about conversion. The programme also supports (at up to 100 %) mobile advisory teams (placed by the companies in Organic Denmark). Finally the Danish Organic Food Council assists the Danish Food Industry Agency in allocating resources to projects under the quality food programme.

National policies

Organic Vision is owned by the Ministry of Food, Agriculture and Fishery in term of setting the overall legal and financial budget. It is likely that the Danish Food Agency will be responsible for implementation. However, each initiative will be implemented by networks involving research organisations, interest groups, public actors and market actors. Thus the plan has a flat implementation structure. Stakeholder participation in its development was high. During 2010, the Ministry of Food, Agriculture and Fishery established an interactive homepage to support developing the vision in cooperation with Organic Denmark.

Assessment of policy coherence by workshop participants

Question 1: How would you assess the coherence of policy in support for the organic sector in your country?

Participants felt that there was a high level of coherence between the RDP and national policy. However, within the national policy there is lack of coherence between: organic and climate policy, organic and public procurement and between national organic policy and regional development programmes. However integration is good within pesticide policy and energy policy.

Question 2: What were the reasons that supporting organic farming is considered an important (not important) instrument in the national/regional agricultural and rural development policies?

Organic has been an important tool especially for developing competitiveness in the food sector but also as an environmental tool. Good deliberation among the government and organic/conventional interest groups was frequently cited as repeated a significant factor in achieving political acceptance of organic as an important tool for developing the overall food sector. Other participants also mentioned as important key individuals within the government who were committed to the development of a successful organic sector.

Question 3: What could be done to improve the second Pillar of the CAP (Rural Development Programme) in the next period (after 2013) to achieve better support policies for the organic sector

The following were considered relevant to improving the effectiveness of support policies:

- Greater focus on measures to balance supply and demand;
- Support for specific environmental projects on single farms (100 % support);
- Greater access to information on conversion for conventional farmers.

Question 4: How could the co-ordination between the regional/national RDP and organic action plans be improved?

- Greater convergence with climate, animal welfare and environmental policy: At the moment organic is seen as a tool for solving some of those challenges, but it could be better coordinated and embedded much more within these policies
- There is a need for greater integration of national organic measures (RDP and others) at regional and local level, especially in the development programmes of each municipality. To date, the programmes act on national level and have only minor impacts at regional and local level.

Extent of overall strategy to develop organic farming (SQ 4)

As mentioned above, financial support for organic farming became mainstream in the 1990s. This is in large part due to the positive attitude that has existed throughout Denmark towards organic food and farming. The influence of some key individuals within mainstream agricultural circles (government and industry) has played a role in establishing organic farming as a major part of the policy mix for developing and innovating in the food sector as a whole to improve competitiveness whilst at the same time making a positive contribution to environmental goals. This positive environment resulted in a robust framework for collaboration between the state, organic/conventional organisations and other actors from the sector both within and outside the Organic Food Council. Support for the organic sector is now firmly embedded in the overall food and agriculture policy/RDP.

There is a high level of convergence between the objectives of the RDP and the Grøn Vækst (Green Growth) programme introduced in 2009. The aim of the RDP is the promotion of sustainable development in rural areas, which is part of the overarching national Green Growth strategy for rural areas. Indeed, changes were made to some of the RDP (2007-2013) measures for the period 2010-2013 specifically to ensure continuity and consistency between the programmes.

Denmark is unique in that the main agri-environmental support scheme is also open to organic farming, criteria to qualify for participation are set in relation to lower nitrogen the 834/2007 and pesticide use but applications from organic farmers have first priority and a separate conversion scheme exists. As such there are not directly competing schemes.

The focus for national policy (Organic Vision) is market support, but it contains various actions that are aimed at strengthening the production base, in support of the overall aim of doubling the organic land area by 2020. How this target links to wider policy objectives is not clear. However, there appears to be continuity in the view that supporting organic production is an instrument both for environmental protection but also as a tool for improving competitiveness of the Danish farming industry.

The cross impact matrix shows a high score and no negative interactions.

The document network analysis confirms the significance of the Green Growth document. In addition, the Natura 2000 document is also important.

In conclusion, the main strengths are:

- Organic policies are embedded in national policy strategy (green growth);
- Continuous recognition that supporting organic production is an instrument both for environmental protection but also as a tool for improving the competitiveness of the Danish farming industry resulting in a stable support policy environment;
- Longstanding focus on market development;
- Good institutional representation of organic interests.
-
- Weaknesses identified refer to
- Lack of coherence with climate policies and public procurement;
- Lack of co-ordination between national RPD and regional programmes

Overall policy coherence: excellent

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4. Germany (Bavaria and Lower Saxony)

4.1 Characteristics of the organic sector

Organic farming has a long tradition in Germany. Since 1990, the organic area as well as the number of organic holdings steadily increases. Organically farmed area has a 5.9 % share of the total agricultural land (2010) and Germany has the largest market (by value) for organic food in the EU.

Bavaria and Lower Saxony were chosen as regional case studies since both federal states differ substantially with respect to the average farm size, number of support policies and share of organic farms in total agricultural holdings allowing contrasting cases within one country to be analysed. Although there is no action plan as such, there is a research and information support programme at federal level (BÖL, Bundesprogramm Ökologischer Landbau) which was extended in 2010 to cover other forms of sustainable agriculture². Before this extension it was the only programme in Germany specifically designed for organic farming.

Table 4.1 Overview development of the organic market, the number of organic farms and the organic area in Germany (total)

Year	Organic area in ha	Number of organic farms	Organic sales in Mio EUR
1990	90,021	3,438	n.a.
1991	158,477	4,274	n.a.
1992	202,379	4,750	n.a.
1993	246,458	5,091	n.a.
1994	272,139	5,866	n.a.
1995	309,487	6,641	1,530
1996	354,171	7,353	n.a.
1997	389,693	8,184	1,800
1998	414,293	9,213	n.a.
1999	452,327	10,425	2,000
2000	546,023	12,740	2,050
2001	632,165	14,702	2,700
2002	696,978	15,626	3,010
2003	734,027	16,476	3,120
2004	767,891	16,603	3,500
2005	807,406	17,020	3,900
2006	825,539	17,557	4,600
2007	865,336	18,703	5,300
2008	907,786	19,813	5,850
2009	947,115	21,047	5,800
2010	990,702	21,942	5,900

n.a.= data not available.

Source: Eurostat amended by data provided by University of Kassel, University of Aberystwyth, Agrarmarkt Informations-Gesellschaft mbH, Federal Ministry of Food, Agriculture and Consumer Protection.

² Since then called Federal Support Scheme for Organic Farming and Other Forms of Sustainable Agriculture (BÖLN, Bundesprogramm Ökologischer Landbau und anderer Formen nachhaltiger Landwirtschaft)

4.2 Qualitative impact analysis

Statistics and results of the QSA

Table 4.2 Average impact of context and policy factors on number of organic farms and organic area in Germany: results from web survey 1

Impact factors	Impact
Difference between non-organic and organic support payments	3,5
Profitability of organic farms	3,6
Pressure on conventional farmers for change	3,3
Farmers' attitude towards organic farming	3,4
Farmers' access to organic market channels	3,7
Functioning of the organic supply chain	3,3
Reliability & continuity of governmental support for organic farming	3,6
Profitability of organic processing and retailing of organic products	2,9
Role of large conventional retail chains in the organic market	2,9
Domestic consumer demand for organic products	3,0
Commitment of government towards organic farming	3,0
Activities of organic farming interest	2,8
Availability of knowledge about organic farming	3,4
Availability of organic products for consumers	2,7
Clarity of organic labelling	2,5
Public attention towards organic agriculture	2,9
Activities of mainstream agricultural interest groups	2,8
Feasibility to comply with organic regulations	2,8
Availability of non-organic trademarks competing with organic products	2,4
Organic area payments	3,3
Support organic farming associations	3,2
Organic action plan	3,1
OF extension support	2,6
OF education and training support	3,2
Support of organic farming research	3,1
OF Competence centre support	2,8
OF marketing support	2,4
Reimbursement of certification costs	2,2

4 = strong impact 3 = medium impact 2 = weak impact 1 = no impact

OF = organic farming

Table 4.3 Average impact of context and policy factors on organic market development in Germany: results from web survey 1

Impact Factors	Impact
Role of large conventional retail chains in the organic market	3,8
Availability of organic products for consumers	3,6
Domestic consumer demand for organic products	3,8
Clarity of organic labelling	3,7
Functioning of the organic supply chain	3,7
Perceived profitability of organic processing and retailing	3,5
Perceived profitability of organic farms	2,7
Farmers' access to organic market channels	3,4
Availability of non-organic trademarks competing with organic products	2,4
Public attention towards organic farming	3,6
Commitment of government towards organic farming	2,8
Activities of organic farming interest groups	2,9
Reliability & continuity of governmental support for organic farming	2,4
Feasibility to comply with organic regulations	2,6
Activities of mainstream agricultural interest groups	2,4
Availability of knowledge about organic farming	2,1
Pressure on conventional farmers for change	2,3
Difference between non-organic and organic support payments	2,3
Farmers' attitude towards organic farming	2,1
Organic area support	2,3
Organic Action Plan	3,2
OF marketing support	2,8
Support of consumer communication	3,1
OF competence centre support	2,6
OF extension support	1,9
Reimbursement of certification costs	1,4
Support of organic farming research	2,4
Support organic farming associations	2,5

4 = strong impact, 3 = medium impact, 2 = weak impact, 1 = no impact

OF = organic farming

Table 4.4 Impact matrix of mutual impacts of context and policy factors: number of organic farms and the organic area in Germany

	Impacts																		Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
1 Difference between non-organic and organic support payments	0	2	1	0	0	0	2	0	0	0	0	0	0	0	0	0	0	2	7
2 Perceived profitability of organic farms	2	0	0	1	0	2	2	2	0	1	0	1	2	0	1	0	0	2	16
3 Pressure on conventional farmers for change	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
4 Farmers' attitude towards organic farming	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
5 Farmers' access to organic market channels	0	2	0	1	0	2	0	0	0	0	0	0	0	0	0	0	0	2	7
6 Functioning of the organic supply chain	0	1	0	1	2	0	0	0	1	0	0	0	0	0	0	0	0	1	6
7 Reliability & continuity of governmental support for organic farm	0	1	0	1	0	0	0	1	1	1	1	1	1	1	1	1	0	2	13
8 BV_area payments	2	2	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7
9 BV_Support organic farming associations	0	0	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0	1	5
10 BV_OF extension support (regional support; measure 111)	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	3
11 BV_OF education and training support	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2
12 BV_Support of organic farming research	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	1	4
13 LS_Organic area payments	2	2	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	6
14 LS_OF Competence centre support	0	0	0	1	1	1	0	0	0	0	0	0	0	0	1	0	0	1	5
15 LS_Support of organic farming research	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	1	4
16 Organic Action Plan	0	1	0	1	1	1	1	0	1	1	1	1	1	0	1	0	0	1	12
17 Biogas support	0	-2	-2	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	-2	7
18 Organic farms & area	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Passivity	6	16	4	14	5	9	6	3	3	3	2	3	4	1	4	1	0	22	106

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

BV: Bavaria

LS: Lower Saxony

Table 4.5 Impact matrix of mutual impacts of context and policy factors: organic market in Germany

	Impacts																		Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
1 Role of large conventional retail chains in the organic market	0	2	1	1	0	1	1	1	0	0	0	0	0	0	0	0	0	2	9
2 Availability of organic products for consumers	0	0	1	0	0	1	1	1	0	0	1	1	0	1	0	0	0	2	9
3 Domestic consumer demand for organic products	2	1	0	0	0	1	1	1	0	0	0	0	0	1	0	0	0	2	9
4 Clarity of organic labelling	0	0	1	0	0	1	0	1	0	0	0	1	0	1	0	0	0	2	7
5 Functioning of the organic supply chain	1	2	1	0	0	2	1	0	0	0	1	0	0	0	0	0	0	2	10
6 Perceived profitability of organic processing and retailing	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	2	6
7 Farmers' access to organic market channels	0	1	0	0	2	1	0	0	0	-1	1	1	0	0	0	-1	0	1	9
8 Public attention towards organic farming	1	0	2	0	0	0	0	0	1	1	1	1	1	1	1	1	1	2	14
9 BV_organic area payments	0	1	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	3
10 BV_Support organic farming associations	0	0	0	0	1	1	1	1	0	0	0	0	0	0	0	0	0	1	5
11 BV_OF marketing support	0	1	1	1	1	1	1	1	0	0	0	1	0	0	0	0	0	1	9
12 BV_Support of consumer communication	0	0	1	1	0	0	0	1	0	0	1	0	0	0	0	0	0	1	5
13 LS_Organic area payments	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	2
14 LS_Support of consumer communication	0	0	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	3
15 LS_OF Competence centre support	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	1	1	1	4
16 LS_Support of organic farming research	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	1	3
17 Organic Action Plan	0	0	1	2	1	1	1	2	0	0	1	1	0	1	0	0	0	1	12
18 Organic market	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Passivity	5	10	11	6	7	13	8	11	1	2	6	6	1	5	1	3	2	21	119

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

BV: Bavaria

LS: Lower Saxony

Table 4.6 Estimated contribution of public support measures for organic farming and of context factors to the development of the number of organic farms and the organic area in Germany between 2000 and 2011

Impact Factors	Estimated contribution to organic farming development
Difference between non-organic and organic support payments	0,61
Perceived profitability of organic farms	1,00
Pressure on conventional farmers for change	0,07
Farmers' attitude towards organic farming	0,07
Farmers' access to organic market channels	0,52
Functioning of the organic supply chain	0,41
Reliability & continuity of governmental support for organic farming	0,71
Organic area payments	0,51
Support organic farming associations	0,31
Organic action plan	0,67
OF extension support (regional support; M 111, 114)	0,22
OF education and training support	0,09
Support of organic farming research	0,26
OF competence centre support	0,25
Support of renewable energy sources	-0,43

1 = very positive contribution

negative figure = negative contribution to development of number of organic farms and organic area

Table 4.7 Estimated contribution of public support measures for organic farming and of context factors to the development of the organic market in Germany between 2000 and 2011

Impact Factors	Estimated contribution to organic farming development
Role of large conventional retail chains in the organic market	0,77
Availability of organic products for consumers	0,69
Domestic consumer demand for organic products	0,74
Clarity of organic labelling	0,54
Functioning of the organic supply chain	0,86
Perceived profitability of organic processing and retailing	0,55
Farmers' access to organic market channels	0,52
Public attention towards organic farming	0,94
Organic area payments	0.2-0.3
Support organic farming associations	0,45
Organic action plan	1,00
Support of organic farming research	0,26
OF competence centre support	0,29
OF marketing support (national support; M 124, 133)	0,78
Support of consumer communication	0.3 - 0.47

1 = very positive contribution

Assessment of the contribution by experts

Effectiveness of public policies

The evaluation of support policy was carried out on the basis of those measures identified as the most important support instruments related to the development of organic production or organic markets within the framework of the web-based survey.³ The following overview shows which measures were addressed in regard to the regions Bavaria, Lower Saxony and the Federal Republic of Germany.

In the discussion measures on the effectiveness and efficiency of support policies for organic farming in Germany were considered.

Region	Support measure	Impact on the number of organic farms and organically farmed land areas	Impact on the market for organic foods
Bavaria	Area support for conversion and maintenance	X	X
	Support of training	X	
	Support of organic associations	X	X
	Research support	X	X
	Support for advisory services	X	
	Marketing support		X
	Consumer communication		X
Lower Saxony	Area support for conversion and maintenance	X	X
	Research support	X	X
	Support of the Competence Centre for Organic Farming in Lower Saxony (KÖN)	X	X
	Consumer communication		X
Germany	National Programme for Organic Farming and other Sustainable Forms of Agriculture (BÖLN)	X	X

In addition to the results of the web-based survey, a table showing the impact and significance of the above-listed individual measures was used as a basis for discussion – differentiated according to effectiveness in the development of organic production or the organic market. A central statement on the part of participants was that an isolated consideration of the impact of individual measures is really not acceptable since the impact, as well as the form of the measure, depends on the special framework conditions encountered. In addition, it must be considered that the impact of a single measure must be seen and evaluated in the context of other support measures, or, better said: the success of a measure must often be evaluated as the sum of many measures.

The following central results can be drawn from the evaluation of the single measures and the subsequent discussion:

³ In the scope of production, measures were considered that were greater or equal to 2.75, in the area of marketing, a result of greater or equal to 2.3. The scale for the evaluation was as follows: 1 = no impact, 2 = weak impact, 3 = average impact, 4 = strong impact.

- The discussed support measures were judged as essentially positive. The question of the level of efficiency of the individual measures, as well as a ranking of the measures, can however, in general, not be seriously answered.
- The impact level of the support measures depends on the regional conditions encountered by the measure (for details see Sections 2.2. and 2.3)
- The impact and significance of single measures can change. Over the course of time they can also be dependent on the developmental stage of the sector. As an example, support for the creation of producer association was used: this was effective and significant in the 1990s to promote the creation of professional marketing structures in the organic sector.
- High interdependency exists between the single measures. Ultimately the concrete form of the measures (i.e., level of area payments), and the interaction of the measures, are decisive for the development of the organic production in a specific area. The successful development of organic fruits in the *Altes Land* (Lower Saxony, South of Hamburg) is cited. This example makes clear that the interplay of many factors (area support, research support, support for advisory services, bundling of competencies, etc.) can lead to a significant expansion of organic farming.
- The area support for conversion and maintenance of organic farming was granted a relatively central meaning for the previous and future development of organic farming. Continuous area support can be considered as the basis upon which the other measures for the support of organic farming (production, marketing, and demand) rest and become effective. So, for example, the Federal Organic Farming Scheme with its emphasis on communication and research measures is not conceivable as a single measure without the existing support of the states.

Which factors influence the effectiveness (and efficiency) of the measures for the development of organic production (number of farms and extent of land area used)?

In general, there was consensus in the group that effectiveness and efficiency of the support measures is dependent on the following factors or framework conditions, while the influence varies according to the support measure (area support, support of consultation, etc) and its form:

- Regional conditions with regard to site factors and farm production form, existing options (i.e., organic farming vs. bio-energy production), relative competitiveness of organic farming, the presence of organic processing enterprises, social milieu and the position of (young) farmers on organic farming. In addition, the specific income and sales structures, as well as prices on the organic market and the alternative premium options in the agri-environment programs, make an impact on the relative profitability of organic farming.
- Accordingly, for example, a certain level of area support for organic farming has a very different impact: in an intensive region it provides very little incentive to convert, while the incentive for an extensive farm in a relatively disadvantaged area is comparably high. There was consensus that in certain regions (i.e., arable crop regions) it is very difficult to expand organic farming with the current support levels.
- Area support for the conversion and maintenance of organic farming is judged to be the basic prerequisite for the previous and future development of organic farming – and thus the domestic organic supply. It effects a minimized risk for the producers and plays a central function as “basic funding” for the entire organic sector.
- The support of training and research for organic farming plays also an important role, albeit in the long term. A functioning transfer of scientific knowledge transfer is perceived, among other things, to be very important.

- The economic viability of organic agriculture is seen to be important for the effectiveness of consultation support: if farms convert to organic production due to the high economic viability, very little advice is needed. In successful conventional farms, more effort / information is needed for the conversion to organic farming.
- The effectiveness of support measures is also influenced by the presentation of organic farming in (professional) public relations as well as political public support.
- A positive influence can be assumed to come from institutions or actors who, for example support consultation in the entire value creation process (such as, for example, the Competence Centre Organic Farming Lower Saxony).

Which factors influence the effectiveness (and efficiency) of measures on the organic market?

- Here it also holds true that the effectiveness and efficiency of the measures are dependent on the regional circumstances they encounter.
- Area support is categorized as a basic prerequisite for the supply of domestic organic foods.
- Marketing was cited as an important factor, particularly in the past, due to the further development of the organic market, in the future support should be granted on the basis of actual demand.
- The impact of consumer communications is seen as dependent on the credibility and security of organic foods. It must be ensured that the monitoring of accordance with EU organic regulations functions throughout the EU and that a uniform observation of standards occurs. In this context, the Organic Certification – like the area support – has a basic significance for the development of the organic market and thus a major influence on the effectiveness and efficiency of the support instruments in the area of marketing.
- In addition, the availability of farm internal quality control systems was considered significant (Key word: Avoidance of scandals). “Green washing,” meaning the type and extent of communication on sustainability from producers and retailing of conventional foods in direct competition with organic product advertising, is also considered important. Effectiveness and efficiency are also dependent on which supply and demand situation currently exists on the market (overall demand and in certain product areas).
- The effectiveness of association support to be considered dependent on the tasks to be promoted (i.e., consultation functions and market development). Here it is necessary to ask which regional tasks can be logically taken over by associations for organic farming and show potential for market development. Undesignated support of associations is not seen as effective.
- Support for research is seen as less important in regard to market development as compared to organic farm production. In the latter, comparatively more unsolved problems remain which are significant or the further development of organic farming. For the further development of the organic market, it is above all decisive that available knowledge be used more and be applied in practice by important market actors.

How can the support of organic farming be improved on the EU level in the ELER Program?

A targeted and sustainable improvement of the relative profitability of the organic farming approach was named as the actual lever to support an expansion of organic farming. The following aspects were mentioned:

- Requirement of obligatory and specific support measures for organic farming in the first and second pillar on the part of the EU;
- Introduction of top-ups for organic farms in the first and second Pillar,
- Allocation of more funds to the second pillar (threshold higher than 25 %);
- Requirement of minimum expenditures for organic farming in the second Pillar;
- Targeting of co-financing levels of the second pillar on environmental goals;
- Introduction of an own axis (funding budget) for especially sustainable forms of agriculture (principal aspects: climate, resources, environment, and animal protection);
- Elucidate in the program planning/ELER program whether or to what extent the overall ELER strategy coheres with the requirements of organic farming;
- Introduction of criteria catalogues in AFP which are targeted to fulfilling the social goals of environmental and animal protection (the fulfilment of animal protection goals is categorized as an Achill's heel for the future social acceptance of agricultural policy);
- Permit the combination of top-up measures with area support measures, i.e., pasturing, open yard husbandry;
- Support the certification costs of other actors in the value creation chain, i.e., actors in catering services;
- Extension of the area support for conversion and maintenance beyond the five year period in order to avoid a stoppage of support at the end of the program period.

How can the support of organic farming in the ELER program and in the National Program for Organic Farming and other forms of sustainable agriculture (BÖLB) be (better) attuned?

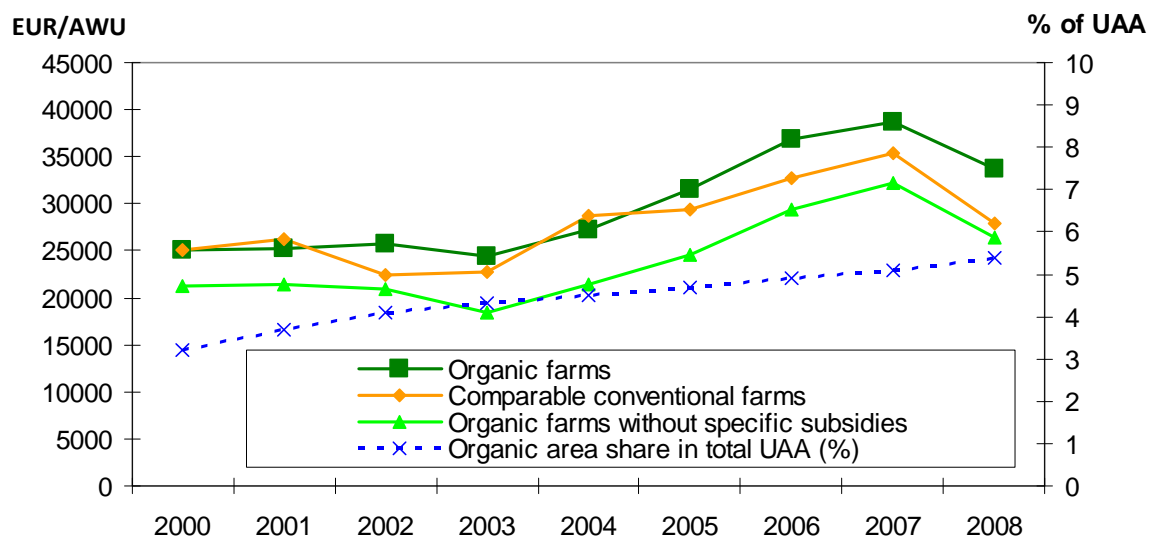
The coordination between national and state governments is seen as a fundamental permanent topic of debate in federalism. From the perspective of the state representatives there is no true coordination of the measures in the BÖLN between the national level (Federal Centre for Agricultural and Nutrition) and the responsible state representatives. This is particularly regrettable in the area of research.

From the perspective of the state representatives responsible for the areas organic farming and extensification, more transparency on the current status as well as the current planning in BÖLN would be desirable (regular flow of information). Also state representatives should be included in the circles responsible for program planning.

4.3 Quantitative impact indicators

- The average income level of organic and comparable conventional farms in Germany was very similar during 2000-2004. In the subsequent years, incomes in organic farms were higher by 14-24 %. The share of organic farming in total UAA increased over the entire period, and thus no obvious link can be established to the development of relative profitability. This may be due to the significant lag between the incentive effect of higher profits and a conversion decision.⁴
- Area support for organic farms played a crucial role for the relative competitiveness. Without the specific extra support to organic farms, incomes would have been lower than those of comparable conventional farms in all years. The support to organic farms thus was effective at maintaining relative competitiveness, or, in the later years, was even providing an additional incentive for conversion to organic farming.
- Measured in EUR/ha, the effective specific area support to organic farming increased by 28 % from 2000 to 2008 (from 104 to 133 EUR/ha), and seems to be positively correlated to the share of organic area in total UAA. The rise of effective support levels stands in contrast to the decrease of nominal rates (see Part A, Chapter 2, National Inventory), which may partly be due to the abolition of obligatory set-aside by the 2003 CAP reform (set-aside areas were not eligible for organic support payments), reduced support for competing agri-environmental measures, and changes in access of farms to the support schemes.

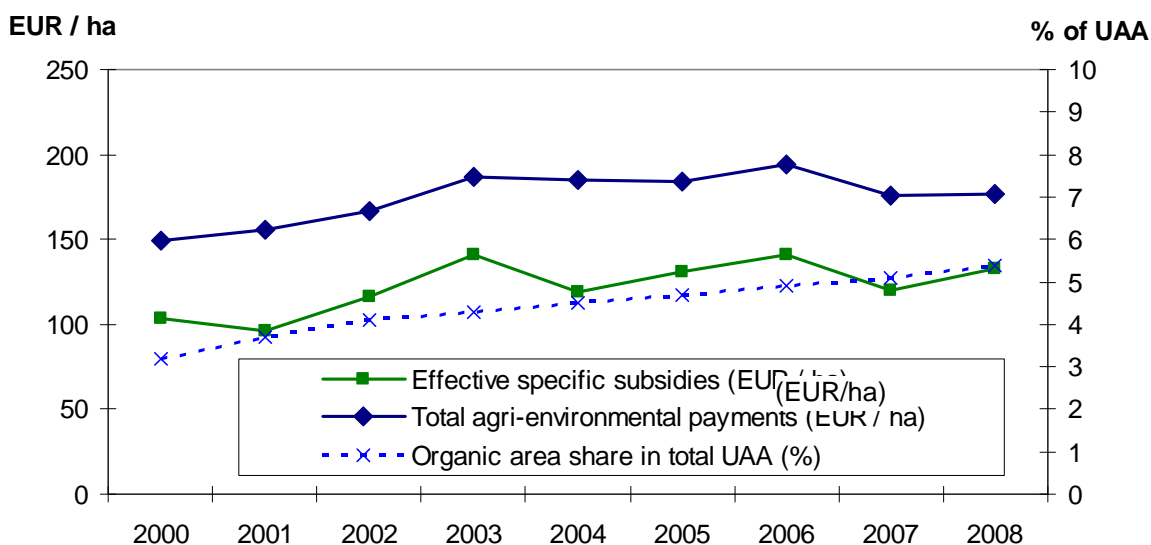
Figure 4.1 Income (FNVA/AWU) in organic and comparable conventional farms in Germany, 2000-2008



Source: Own calculation based on EU FADN, DG-AGRI.

⁴ The lack of a clear relationship between the relative profitability and development of organic farming may also be due to data issues. Studies based on larger farm samples and better data for identifying comparable conventional farms report continuously higher incomes in organic farms since 2001 (Sanders et al., 2011).

Figure 4.2 Effective specific area support to organic farms in Germany, 2000-2008, EUR/ha



Source: Own calculation based on EU FADN, DG-AGRI.

4.4 Representation of organic farming in the RDP

Bavaria supports organic producers through three RDP Measures (121, 123, 214) (StMELF & StMUG, 2010). In Lower Saxony/Bremen, support for organic farming concentrates on Axis 2 agri-environmental payments (Measure 214) in recognition of its environmental benefits. This contrasts with the strong focus of the RDP as a whole on improving competitiveness (i.e. Axis 1) thus prioritising (intentionally or not) conventional farming systems.

Bavaria

The priority for the Bavarian RDP is Axis 2 (61 % of budgeted resources with most of the budgets allocated to 212 (LFA) and 214 (agri-environment), followed by Axis 1 (22 %), Axis 3 (10 %) and Axis 4 (5 %).

In the RDP, organic farming is described as a resource-preserving land management system that plays an important role for the protection of biotic and abiotic (non-living) resources. Against this background, specific payments for organic farming have been identified as a strategic support instrument under Axis 2. Apart from this, the RDP does not contain any specific objectives related to organic farming.

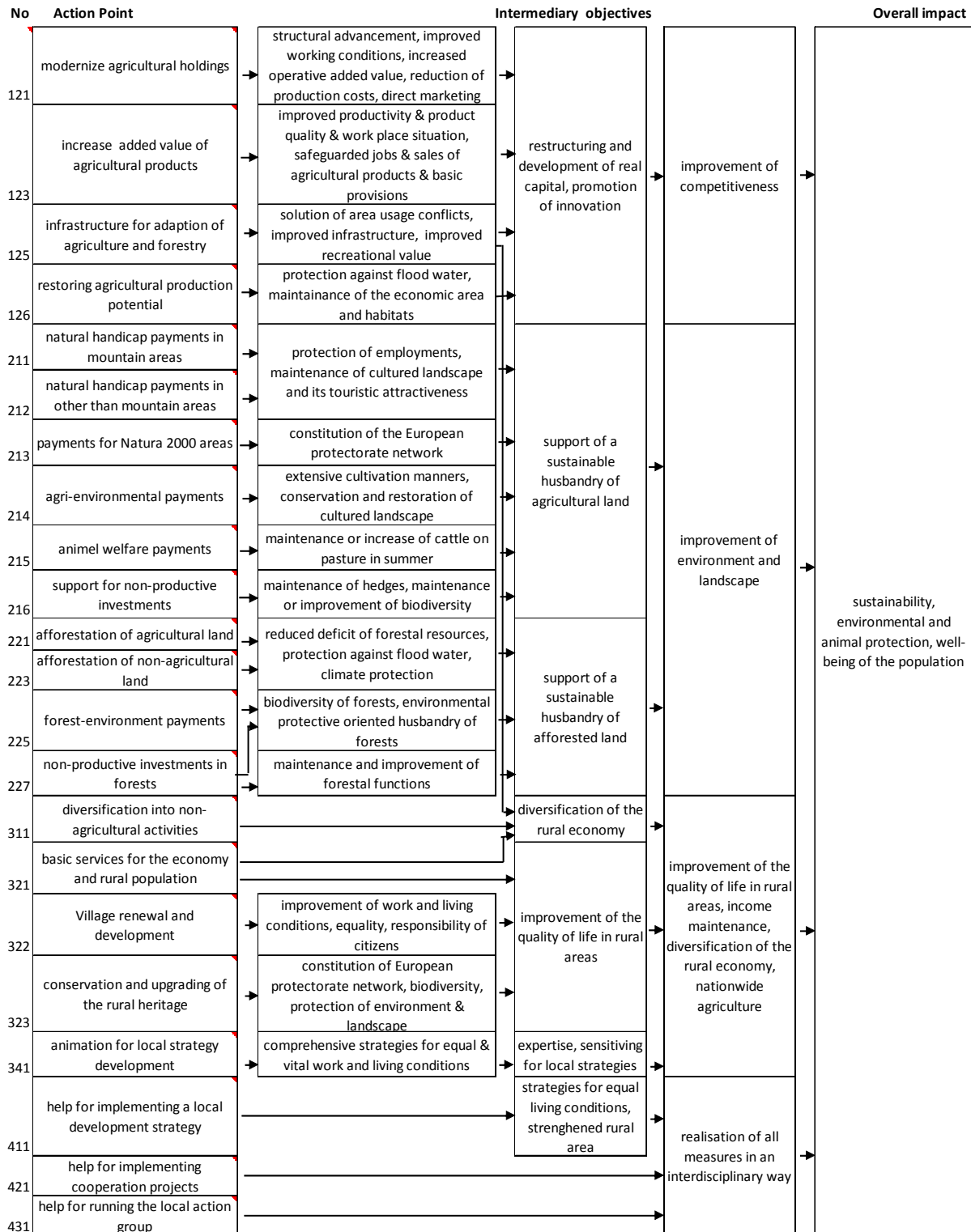
The RDP contains three measures that specifically support organic farming (StMELF & StMUG, 2010). Under Measure 121 (investment support) in an effort to improve animal welfare in Bavarian agriculture, organic farmers as well as farmers in other animal welfare assurance schemes receive higher grant aid (20 % compared to 15 %) for investments in animal housing systems (until 2010, since 2011 equal 20 %). Under Measure 123 (market structure) organic farmers/producers also receive higher grant aid (25 % compared to 20 %) for investments that increase the added value of agricultural products (support scheme closed in 2010). In addition, for organic grant applications the minimum investment amount is also reduced (EUR 100,000 compared to EUR 250,000 for other applications). Under Measure 214 (agri-environment), organic farmers receive compensation for additional costs and income foregone related to organic management.

Lower Saxony/Bremen

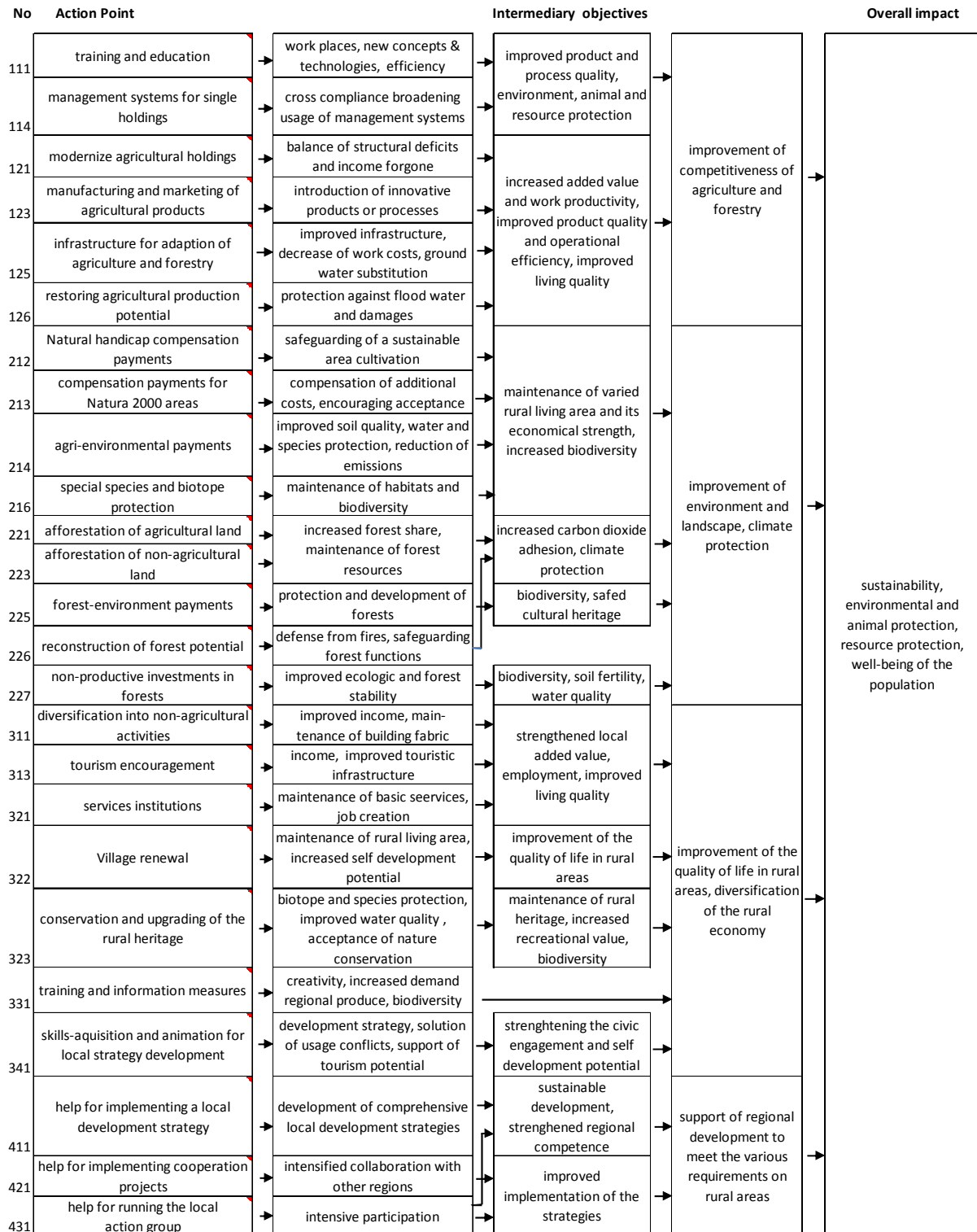
The RDP in Lower Saxony/Bremen places high importance on Axis 1 competitiveness (about 44 % of funds), justified by the importance of agricultural reforms and liberalisation of agrarian markets for the development of rural areas in Lower Saxony (Nds. Ministerium, 2011). Axis 2 receives 25 % of the total budget (the minimum share of the EAFRD-Regulation), a substantial reduction compared to the previous programming period. 23 % are allocated to Axis 3 and the LEADER Axis (Axis 4) is allocated 7.% of the budget, allowing an increase in the number of initiatives from 17 to 30. The RDP for Lower Saxony and Bremen does not state any specific objectives for organic farming, but identifies the low degree of self-sufficiency for specific organic products (e.g. meat) as a weakness. Only one measure specifically addresses organic farming (Measure 214-A). Organic farmers who are not supported under this can receive support under Measure 214-B (ground water protection) but the measures are not combinable. Organic farmers can also apply under Measure 123, where being organic is one of several criteria to qualify for support. The MTE states that organic farmers applying under this measure are given higher priority although this is not clear from the RDP documentation (vTi and entera, 2010).

RDP effects diagrams

Bavaria



Lower Saxony/Bremen



Targets and evaluation of organic farming measures in the MTE and other reports

Bavaria

In Bavaria, both the *ex-post* evaluation of the previous programming period and the MTE acknowledge the positive contribution of organic farming to the environment (Forschungsgruppe ART, 2008; Forschungsgruppe ART, 2010). Based on this, the *ex-post* evaluation recommends that support for organic farming should be continued.

The *ex-post* evaluation notes a below average share of organic holdings (compared to Germany as a whole) in spite of increases in support payments for organic farming (Forschungsgruppe ART, 2008).

According to the MTE, the share of organic farms in the total number of agricultural holdings is particularly high in several municipalities in southern Bavaria (up to 20 % share, but Bavaria was still under the German average until 2010). This is explained by the relatively favourable support for organic farms compared to other grassland measures of the agri-environmental programme, and also the price premiums available for organic milk between 2007 and 2009 (since 2006, the price difference between conventional and organic milk has increased steadily) (Forschungsgruppe ART, 2010).

The RDP states that 7 % of the projects funded under Measure 121 should be related to organic farming (StMELF & StMUG, 2008).

No specific targets were defined for Measure 123 and no evaluation data specific to organic are reported in the MTE, but the evaluation states that the measure has had a positive impact on the organic market and supported projects were able to increase the value of their sales by 44 % (Forschungsgruppe ART, 2010).

For organic support under Measure 214 a target of 150,000 ha is specified which is equivalent to 12.% of the total area (1,250,000 ha) supported under the agri-environmental programmes (StMELF & StMUG, 2008). Actual expenditure from 2007 to 2009 is close to the budgeted amount for this measure and the target was reached in 2009.

Lower Saxony

In Lower Saxony, the targets set for organic support within Measure 214-A (conversion and maintenance) are 1,300 organic holdings and 60,000 ha (Nds. Ministerium, 2011). According to the MTE, 52,944 ha organic area was supported through Measure 214-A in 2007, 50,728 ha in 2008 and 52,119 ha in 2009 (vTI and entera, 2010). In comparison to the set target, the realisation degree accounts for 84.5 % to 88.2 %. The number of encouraged organic holdings amounted to 1,047 in 2007, 987 in 2008 and 1070 in 2009 (ibid.), what is a realisation degree ranging from 75.9 % to 82.3.%.

In the previous programming period, organic land area increased between 2000 and 2006 by 30 % (to 57,679 ha), the number of farms by 8 %, but the targets of 5 % of arable area and 10 % of grassland were not met (just about 2 % share of the land area of Lower Saxony and Bremen). The main increase took place before 2003; the scheme was closed to new applicants in 2004.

There is no other information in the MTE about the impact of agri-environmental payments on the area and number of farms. Because of the important contribution to the protection of abiotic resources, the MTE recommends the continuation of support for organic farming.

The *ex-post* evaluation finds that on average the supported organic farms in Lower Saxony are larger than in Germany as a whole (60 ha compared to the country average of 46 ha) and tend to be found

in more disadvantaged areas (vTI et al., 2008). Furthermore, organic farming support measures are recognised as having an excellent cost-efficiency ratio in terms of protecting areas against soil erosion, protecting water and protecting the environment. According to the *ex-post* evaluation, organic farmers had a higher priority to obtain support under the Measures 121 and 123 in the previous programming period.

Addressing the issues referred to in Action 6 of EU Organic Action Plan (SQ 3)

The RDPs in Bavaria and in Lower Saxony aim to preserve the benefits of organic farming for the environment and nature protection by offering support under Measure 214. Both regions also encourage whole farm conversion by making this an eligibility requirement for the payment of both conversion and maintenance grants.

In addition, the Bavarian RDP has specific incentives to organic producers in Measure 123 supporting distribution and marketing and specific provisions for capital investment to improve animal housing under Measure 121 (see above). Lower Saxony provides the same possibilities for organic farmers to receive investment aid but there is no support exclusively for organic operators.

In both regions conversion advice is free of charge, but this is not funded under the RDP (LK NI, 2011; StMELF, 2011b).

4.5 Other national/regional policies supporting organic farming

There is no national organic action plan in Germany, but the Federal Ministry supports research and information measures through the *Bundesprogramm Ökologischer Landbau und andere Formen nachhaltiger Landwirtschaft - BÖLN* (Federal Support Scheme for Organic Farming and Other Forms of Sustainable Agriculture). This programme has funded more than 500 research projects, as well as the internet portal *Ökolandbau.de* and a considerable number of networking and educational activities (BLE, 2011). The BÖLN is not an organic action plan in a true sense but rather a sector-specific support programme for research and information.

At regional level, neither Bavaria nor Lower Saxony have action plans for organic farming. They do, however, provide support for organic producers and processors in several ways including marketing, advisory services, promotional activities and research (outlined below).

Bavaria

Interestingly, the Bavarian Ministry of food, agriculture and forestry (StMELF) observes that Bavaria provides more support for organic agriculture than any other federal state in Germany and will maintain this policy in the future (StMELF, 2010a).

A programme to strengthen the market position of organic products exists providing support in addition to that granted under Measure 123 (StMELF, 2010b).

The state organic advisory service, set up in 1981, is free of charge. In 2008, the *Verbundberatung* was set up offering advice and training on specific organic issues (StMELF, 2008; StMELF, 2011d).

Promotional activities are carried out by the Bavarian StMELF as well as the regional association for organic farming. Holders of the quality and origin scheme label 'Guaranteed organic quality – Bavaria' receive support from the Bavarian state (StMELF, 2010a; StMELF, 2011c).

The regional office of agriculture coordinates all organic research on organic plant production and animal husbandry. There is a technical school for organic farming as well as a vocational school (Nieberg et al., 2011; StMELF, 2011a).

Lower Saxony

An advisory board advises the federal state government of Lower Saxony about organic processing and marketing (Nieberg et al., 2011). It also suggests research topics and other innovative measures related to organic farming.

There are four different organic advisory services all of which are financially supported by the state of Lower Saxony. The *Kompetenzzentrum Ökolandbau Niedersachsen* (KÖN) also carries out different projects on organic farming, part funded by the state of Lower Saxony (KÖN, 2011b). The centre also offers training for organic farmers and organises promotional events as well as events to support knowledge exchange between organic enterprises (KÖN, 2011a).

Lower Saxony supports projects to improve the sales of organic bakery, meat and milk products (LK NI, 2011) as well as research on organic farming (Nieberg et al., 2011).

A vocational school as well as a university of applied sciences in Lower Saxony offer seminars and modules respectively related to organic farming (Nieberg et al., 2011).

Evaluation of national policies

A first evaluation of the BÖLN programme has been carried out and a second evaluation is currently underway.

No evaluation of regional policies reported.

4.6 Assessment of policy coherence

Bavaria supports the organic sector through a variety of measures. The RDP of Bavaria contains three measures that address organic farming. In addition to that, various regional measures have been implemented as described above. Organic farming appears to have attracted policy-makers in Bavaria and has become one of the agricultural policy priorities of the state. However, organic farming is considered as one strategic option among others. No specific targets have been defined and, in comparison to Austria, considerably fewer RDP measures have been implemented which specifically address organic farming. Moreover, a regional organic action plan, which could help improve the consistency of policy measures affecting organic farming, does not exist. In this context, it is also interesting to note the content of the *Bayernplan 2020*. This white paper was drawn up in 2010 by a group of experts on behalf of the StMELF and recommends long-term strategies and actions for agriculture and the food industry (Zukunftskommission LW, 2010). The experts differ about the future role of organic farming in Bavaria. Only a minority of group members considered organic farming explicitly as a model for Bavaria. The Bayernplan Commission argued for further

support of organic farming within the agri-environmental programme (as one of five key claims) in accordance with future market development. Market support, however, is not recommended as a policy domain for the Bavarian ministry of agriculture. Instead the commission recommends a continuation of the German BÖLN. An ambiguous relationship towards organic farming can also be observed if one contrasts the intended and actual policy activities on organic farming. On the one hand, the agricultural ministry points out that organic farming is of great importance in Bavarian agricultural policy (StMELF, 2010a) and on the other, organic support payments have been reduced in the current RDP period.

The share of organic farming in Lower Saxony is relatively low compared to the average in the whole of Germany. In view of the existing market opportunities as well as the contribution of organic farming to enhance the environment, Lower Saxony has implemented a number of national support measures. Within the RDP, organic support payments are used to provide an incentive for conversion to and maintenance of organic farming. However, as mentioned above, the RDP of Lower Saxony places its main emphasis on the improvement of the competitiveness thereby prioritising conventional farming systems as illustrated by the allocation of funds for Axis 1 and Axis 2. The RDP does not contain any additional specific support measures.

In general, the rural development policy is administered at regional scale. The Federal Government of Germany is only involved in those RDP measures that are co-financed within the Framework of the 'Joint Task for Improvement of Agricultural Structure and Coastal Protection (GAK, Gemeinschaftsaufgabe Verbesserung der Agrarstruktur und des Küstenschutzes). Regional RDP measures implemented by individual German federal states are only co-financed by the Federal Government if they are in line with the various GAK principles (BMELV, 2011). Although it is possible for the federal states to design measures outside of the GAK framework, the consequence of using this option is loss of federal co-financing.

A second is sector-specific support programmes such as the BÖLN. The federal government may also promote certain policy developments, e.g. through white papers. While the former Green Party Minister of Agriculture aimed to use these options to improve the general framework conditions for organic farming, much less engagement is apparent in the current Ministry. This policy shift can be illustrated by two examples:

- The target of 20 % organic area of total UAA is still part of the official sustainability strategy of the federal government, but the target year, 2020, has been dropped.
- The current government has continued the BÖLN, but in November 2010 also opened up the programme to other sustainable farming methods. With no corresponding increase in the budget, it is likely that less financial support will be available for organic projects in the coming years (BÖLW, 2011).

To sum up, organic farming is part of both the national as well as the regional agricultural policies of Bavaria and Lower Saxony. However, it is one policy priority among others.

Cross impact matrix

Bavaria

No.	Policy measure/action	RDP			OAP				
		Measure 121	Measure 123	Measure 214	Support area A	Support area B	Support area C	Support area D	Support area E
RDP	Measure 121								
	Measure 123	0							
	Measure 214	1	1						
OAP	Support area A	0	0	2					
	Support area B	0	1	0	1				
	Support area C	0	2	2	1	1			
	Support area D	1	1	2	2	1	1		
	Support area E	1	1	1	1	1	2	1	

+ 2= strong synergy; +1 = weak synergy; 0 = no interaction; -1 = weak conflict; -2 = strong conflict

8 measures considered
 Positive synergy: 0.636
 No negative synergies identified

OAP Support area A = agricultural production
 OAP Support area B = collection and processing
 OAP Support area C = trade, marketing, consumer
 OAP Support area D = technology development and transfer
 OAP Support area E = Accompanying measures

Lower Saxony

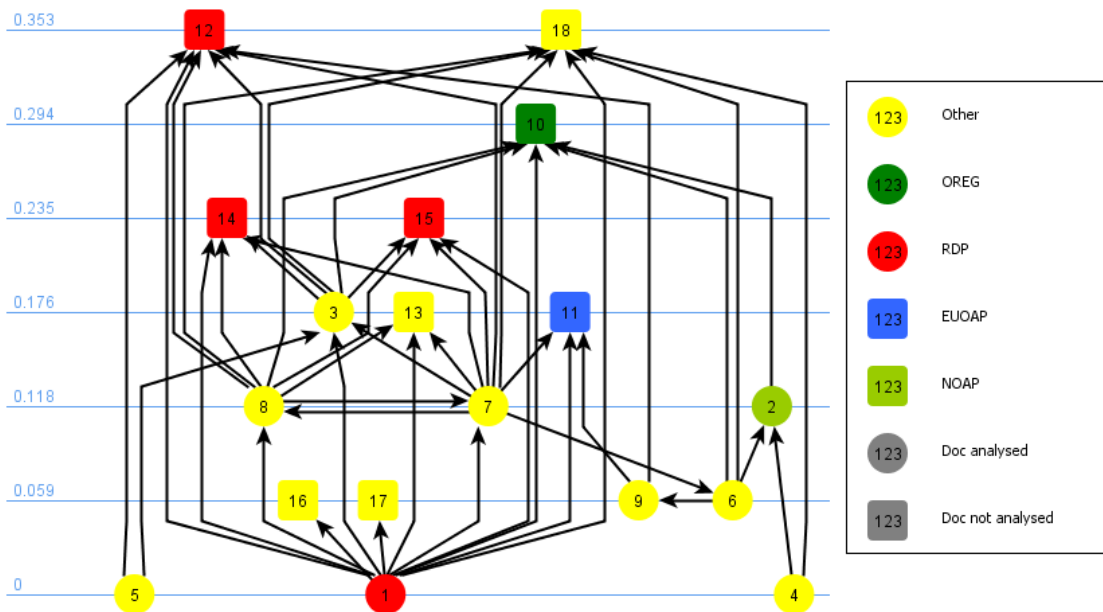
No.	Policy measure/action	RDP	OAP				
		Measure 214	Support area A	Support area B	Support area C	Support area D	Support area E
RDP	Measure 214						
OAP	Support area A	2					
	Support area B	0	1				
	Support area C	2	1	1			
	Support area D	2	2	1	1		
	Support area E	1	1	1	2	1	

+ 2= strong synergy; +1 = weak synergy; 0 = no interaction; -1 = weak conflict; -2 = strong conflict

6 measures considered
 Positive synergy: 0.679
 No negative synergies identified

Document network maps

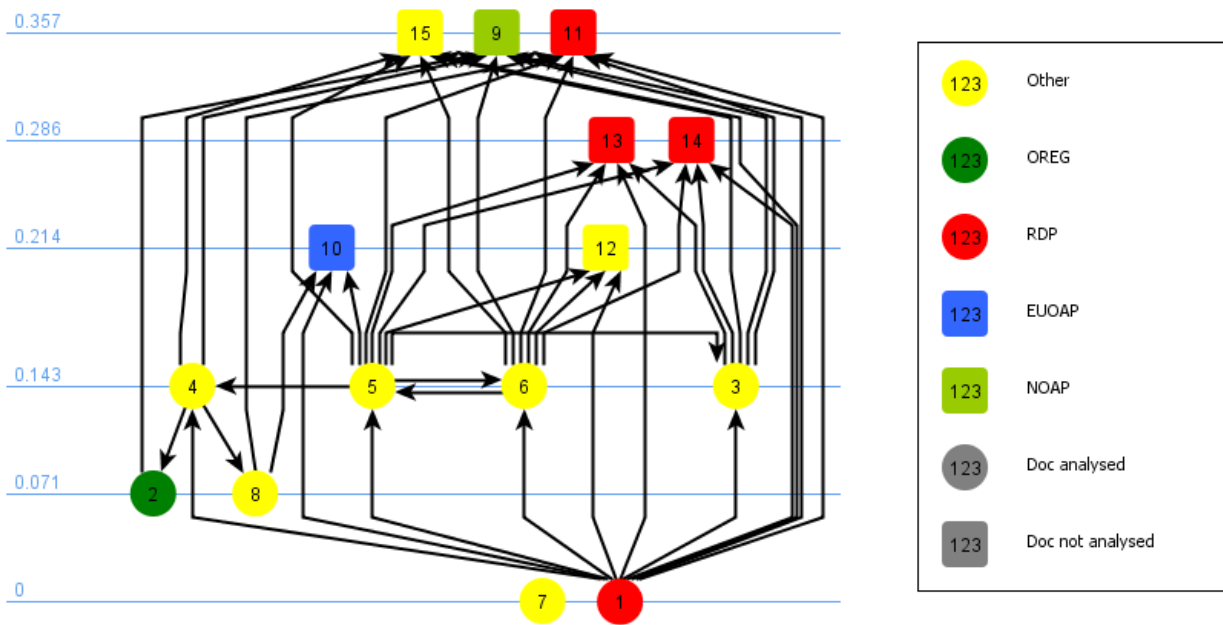
Bavaria



List of documents

Doc.	Shortname	Longname (not applicable)	Type
analyzed			
1	RDP BY 2010		RDP
2	NOAP draft		NOAP
3	EU Agrarreform		Other
4	Bayernplan 2020		Other
5	Bayerisch-österreichische Strategietagung		Other
6	Nachhaltigkeitsstrategie+Indikatorenberichte		Other
7	Nationaler Strategieplan		Other
8	Nationale Rahmenregelung		Other
9	Scenar 2020		Other
Not analyzed, but considered for referencing			
10	EC 834/2007 resp. 2092/91		OREG
11	EU Organic Action Plan		EUOAP
12	EU 1698/2005		RDP
13	Community strategic guidelines for rural development		Other
14	EU 1257/1999		RDP
15	EU 1974/2006 & 1975/2006 Bavarian agricultural economy law - Bayerisches Agrarwirtschaftsgesetz		RDP
16	Agrarwirtschaftsgesetz		Other
17	Directive of the support of marketing projects for organic and regional agricultural products - ÖkoRegio-Richtlinie Bayern		Other
18	Joint task agricultural structure and coast protection		Other

Lower Saxony



List of documents

Doc.	Shortname	Longname (not applicable)	type
analyzed			
1	RDP NI 2011		RDP
2	NAP draft		NOAP
3	EU Agrarreform		Other
4	Nachhaltigkeitsstrategie+Indikatorenberichte		Other
5	Nationaler Strategieplan		Other
6	Nationale Rahmenregelung		Other
7	Visionen 2021		Other
8	Scenar 2020		Other
Not analyzed, but considered for referencing			
9	EC 834/2007 resp. 2092/91		OREG
10	EU Organic Action Plan		EUOAP
11	EU 1698/2005		RDP
12	Community strategic guidelines for rural development		Other
13	EU 1257/1999		RDP
14	EU 1974/2006 & 1975/2006		RDP
15	Joint task agricultural structure and coast protection		Other

Involvement of stakeholders

In Bavaria, 75 different stakeholders have been involved in the development of the RDP of which one was a stakeholder from the organic sector (*Landesvereinigung für den ökologischen Landbau in Bayern e. V.*).

Lower Saxony's RDP was prepared with the involvement of a total of 73 different stakeholders which included one from the organic sector, the *Landesvereinigung ökologischer Landbau*.

Assessment of policy coherence by workshop participants

Question 1: How would you assess the coherence of policy in support for the organic sector in your country?

In the two case study regions a contrasting picture has emerged.

The discussion focused mainly on the importance of organic farming in the political landscape which was considered at the federal level and for the two case study regions of Bavaria and Lower Saxony.

At federal level, the importance of organic farming for national policy making has declined in the last ten years and specific policies, especially support for renewable energy sources (German Energy Source Act) are seen as acting contrary to the further development of organic farming.

With regard to the state of Lower Saxony, the overall assessment was that organic farming has lost value compared to ten years ago. For Bavaria, an average to high value of organic farming in agricultural policy was perceived, with a positive development in comparison 2001 to 2011. The group discussed the following reasons for the varying assessments in Bavaria and Lower Saxony:

Bavaria has a small-scale general farm structure which is more suited to production for market niches and quality schemes. Thus, the support policy is oriented towards this. Politics also have reacted to the high acceptance of organic farming accordingly, this also holds true for the rejection of genetic engineering in the production of foods. Policy aims to support the development of organic farming primarily to meet market demand. The increasing structural change (among other things through the elimination of milk quotas) supports the search for and encouragement of alternatives. Other factors making organic farming attractive as a policy option include the Bavarian protein strategy and lobby activities of the Bavarian organic farming umbrella group (*Landesvereinigung für den ökologischen Landbau in Bayern – LÖV*). There has been continuity in the support programmes giving some element of security to organic producers. Some policies are viewed as not coherent with organic farming support (support for renewable energy, production of the fuel "E10" that contains 10 % bioethanol, policy measures that strengthen conventional agriculture).

Lower Saxony in contrast has a more competitive agricultural and food industry that is comparatively more important for the regional economy and aims to compete on the world market. Organic farming as a viable alternative is here in a comparably difficult competition situation (high relative profitability of conventional agriculture) and must prove itself to be a market option. The point scoring of applications for investment support (Agrarinvestitionsförderungsprogramm (AFP) – programme to support agricultural investments) is considered to favour conventional over organic agriculture and discussions about maintaining the organic support programme create uncertainty for organic producers who interpret this as want of political recognition and detrimental to the image of organic farming. In contrast stands a support programme for actors in the organic supply chain in Lower Saxony including information and advisory services, research and marketing measures (among

others through the Competence Centre Organic Farming Lower Saxony - KÖN), as well as area support. Seen as not coherent are the policies already mentioned for Bavaria.

Question 2: What were the reasons that supporting organic farming is considered an important (not important) instrument in the national/regional agricultural and rural development policies?

Support measures for organic farming in general are considered as important for the development of the organic sector because they stimulate the willingness of farmers to convert (risk minimisation through payments). But there is dependency on the interaction of measures, i.e. just if specific and targeted measures act together it will result in the extension of organic farming. Another fact is that support is of low effectiveness if regional conditions are not considered: in Lower Saxony exist regions of intensive agriculture where conversion to organic farming would require high effort and thus, area payments for organic farming have only low incentive.

Participants see the framework rural development programme as fairly bureaucratic and several federal states have partly foregone co-financing to be able to react more flexibly.

Policy has to consider various interest groups and is critical of favouring one over the other. It is therefore not always positive to identify organic producers as key beneficiaries for certain measures. It is felt that it is more important to focus on ensuring that the targeted activities and eligibility criteria are well suited for the organic sector. There was no consensus over the question of only certain parties favouring organic farming.

Question 3: What could be done to improve the second Pillar of the CAP (Rural Development Programme) in the next period (after 2013) to achieve better support policies for the organic sector

Suggestions included:

- Elements of compulsory and specific support programmes for organic farming in the 1st and 2nd Pillar;
- Top-ups for organic in the first Pillar and a higher budget for the second Pillar (higher threshold then 25%);
- Minimum payment rates for organic farming in the second Pillar;
- Tying co-financing to environmental goods;
- Particular axis (or budget heading) for sustainable forms of agriculture particularly taking climate, resource use, environment and animal welfare into consideration;
- Outline strengths and weaknesses of organic farming (similar to mountain agriculture) and policy coherence between mainstream RDP and organic farming support in the main programming document (to what extent coheres overall ELER strategy with the requirements of organic farming);
- Set out criteria in the Agrarinvestitionsförderungsprogramm (AFP – programme to support agricultural investments) to achieve animal welfare targets (which is expected to become increasingly important for political acceptance of agricultural support in future);
- Allow for the combining of certain top-ups (pasturing) with organic agriculture;
- Support of certification costs also for other actors in the supply chain;
- Ensure continuity between programming periods to discourage a mass exodus after only one programming period, especially extension of the area support for conversion and maintenance beyond the five year period in order to avoid a stoppage of support at the end of the program period).

Question 4: How could the co-ordination between the regional/national RDP and organic action plans be improved?

This is a constant theme in a federal state like Germany. Suggestions made related to a lack of consideration of the interests of the regions in the development of the federal research programme (BÖLN). There should be regular information exchange between the federal states and German federation to create higher transparency.

Extent of overall strategy to develop organic farming (SQ 4)

To sum up, organic farming is part of both the national as well as the regional agricultural policies of Bavaria and Lower Saxony.

The RDP of Bavaria has considered more organic measures than Lower Saxony, but supporting organic farming is a policy priority, among others, in both regions. Organic farming support under Axis 2 is seen as one type of extensive land use, contributing to sustainable husbandry and cultural landscapes and supporting the overall goal of sustainability, environmental protection, animal welfare and quality of life in rural areas.

Differences arise from the structure of regional agriculture: Bavaria has a small-scale general farm structure which is more suited to production for market niches and quality schemes, whereas Lower Saxony has larger than German average farm sizes, agriculture is important in regional economy and it wants to compete on world markets.

There is little information on competing policies, but in the workshop support for renewable energy (including the fuel E10) is specifically mentioned as competing directly with support for organic farming because it affects the competitiveness of organic farming and its relative profitability).

At federal level, there is a research and information programme (BÖLN). This is not an organic action plan in a true sense but rather a sector-specific support programme. There are no specific references or cross-links between the BÖLN and either of the RDPs. The BÖLN aims however to supplement existing (RDP) support measures at regional level. Neither Bavaria nor Lower Saxony have regional action plans, although both have several policy measures to support organic farming, such as regional research stations and education, training and extension. In Bavaria, this includes support for market development for regional and organic products. Bavaria has a regional umbrella of organic organisations and in Lower Saxony an organic centre (KÖN) is supported.

Main strengths:

- Federal support programme supporting research and information and linking in with the EU CORE-organic programme;
- Regional support for organic farming is in place;
- Acceptance and involvement of organic stakeholders in the public.

Potential weaknesses:

- Competing support for biomass-generated renewable energy;
- Differences in levels of support between regions that compete on the same market;
- Policy support for organic farming has to compete with various other interest groups leaving it vulnerable to being relegated in the list of priorities;

- Lack of integration between regional and national policy framework.

Overall policy coherence: Moderate.

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5. Italy (Apulia and Marche)

5.1 Characteristics of the organic sector

In the 1990s the organic sector in Italy showed one of the largest average annual growth rates in Europe (Pinton & Zanoli, 2004). Between 2002 and 2004 the number of farms decreased, because in some regions aids were not available any more. In 2005 the number of farms and the land under organic management went up again and remained stable in 2006 and 2007, but decreased again in 2008. Since then, organic holding numbers drop while the organic area increases. However, especially in Southern Italy and on the Islands (Sicily, Sardinia) in the past years many farms converted to organic farming – not because of market or ecological reasons, but mainly because of state subsidies. It has to be said though, that farmers mostly continue farming organically even though they are selling their products with no label in the non-organic market. It is of interest that no market oriented farm went back to the conventional system.

In 2009, in Italy more than one million hectares were under organic management (Greenplanet, 2010). The new figures about the Italian organic sector released by SINAB show a growth by 10 % in organic cultivated areas (SINAB, 2011). Italy still holds the crown in Europe for number of organic certified holdings, while since 2008 Spain hosts the biggest organic area in Europe.

Southern Italian regions are at the forefront as far as organic areas (Sicilia, Apulia and Basilicata) and number of organic holdings (Sicily, Apulia and Basilicata) are concerned. In the north of the country most of the processors are located (especially Emilia Romagna and Lombardia). The main products of the Italian organic industry (excluding grassland) are, in order of importance: grains, olive tree, fruits (including shell fruit), vineyards, citrus fruit and vegetables.

The difference between the Italian regions with respect to organic holdings, organic area payments and organic market development makes Italy an interesting case. Marche and Apulia are proposed as Italian case studies. Marche was among those pioneering organic farming, both in terms of production and policy. The farm structure is mainly based on small family farms highly specialised in cereals (the region has two of the most relevant pasta processors in the organic sector, Alce Nero and Terra e Cielo). Consumption is relevant and there is a tradition of organic catering in state sector schools. The regional policy climate has been highly favourable to organic farming since the 1990s. Apulia, on the other hand, is a region where organic farming developed only recently and the regional government policy has been ambiguous. The farm structure is more varied, and olive oil and vegetables play an important role in the region's organic production which is mainly export-oriented.

Table 5.1 Overview development of the organic market, the number of organic farms and the organic area in Italy (total)

Year	Organic area in ha	Number of organic farms	Organic sales in Mio EUR
1990	13,218	1,500	n.a.
1991	16,850	1,830	n.a.
1992	30,000	2,500	n.a.
1993	88,437	4,656	n.a.
1994	154,120	8,597	n.a.
1995	204,494	10,851	n.a.
1996	334,175	17,393	n.a.
1997	564,913	30,701	750
1998	577,475	38,616	n.a.
1999	911,068	47,005	720
2000	1,040,377	52,796	1,050
2001	1,237,640	56,199	1,050
2002	1,168,213	51,118	1,050
2003	1,052,012	43,928	1,050
2004	954,362	36,955	1,050
2005	1,069,462	44,860	1,050
2006	1,148,162	45,115	1,130
2007	1,150,253	45,221	1,110
2008	1,002,414	44,371	1,190
2009	1,106,683	42,925	1,350
2010	1,113,742	41,807	1,550

n.a.= data not available.

Source: Eurostat amended by data provided by national Ministry of Agriculture, University of Aberystwyth, Biobank, Pinton Organic Consultation

5.2 Qualitative impact analysis

Statistics and results of the QSA

Table 5.2 Average impact of context and policy factors on number of organic farms and organic area in Italy: results from web survey 1

Impact factors	Impact
Difference between non-organic and organic support payments	3,4
Profitability of organic farms	2,9
Pressure on conventional farmers for change	2,6
Farmers' attitude towards organic farming	2,8
Farmers' access to organic market channels	2,8
Functioning of the organic supply chain	3,0
Reliability & continuity of governmental support for organic farming	3,7
Profitability of organic processing and retailing of organic products	2,3
Role of large conventional retail chains in the organic market	2,5
Domestic consumer demand for organic products	3,0
Commitment of government towards organic farming	3,4
Activities of organic farming interest	2,9
Availability of knowledge about organic farming	3,0
Availability of organic products for consumers	2,9
Clarity of organic labelling	2,2
Public attention towards organic agriculture	3,1
Activities of mainstream agricultural interest groups	2,8
Feasibility to comply with organic regulations	3,1
Availability of non-organic trademarks competing with organic products	2,2
Organic area payments	3,1
Organic action plan	2,4
OF marketing support	2,8
Reimbursement of certification costs	2,4

4 = strong impact 3 = medium impact 2 = weak impact 1 = no impact
OF = organic farming

Table 5.3 Average impact of context and policy factors on organic market development in Italy: results from web survey 1

Impact factors	Impact
Role of large conventional retail chains in the organic market	3,5
Availability of organic products for consumers	3,5
Domestic consumer demand for organic products	3,7
Clarity of organic labelling	3,3
Functioning of the organic supply chain	3,7
Perceived profitability of organic processing and retailing	3,2
Perceived profitability of organic farms	2,7
Farmers' access to organic market channels	3,3
Availability of non-organic trademarks competing with organic products	2,8
Public attention towards organic farming	3,8
Commitment of government towards organic farming	3,1
Activities of organic farming interest groups	3,0
Reliability & continuity of governmental support for organic farming	2,7
Feasibility to comply with organic regulations	2,9
Activities of mainstream agricultural interest groups	3,0
Availability of knowledge about organic farming	2,5
Pressure on conventional farmers for change	2,6
Difference between non-organic and organic support payments	2,0
Farmers' attitude towards organic farming	2,2
Organic area support	1,9
Organic action plan	2,6
OF marketing support	1,7
Reimbursement of certification costs	2,3

4 = strong impact 3 = medium impact 2 = weak impact 1 = no impact

OF = organic farming

Table 5.4 Impact matrix of mutual impacts of context and policy factors: number of organic farms and the organic area in Italy

	Impacts														Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1 Difference between non-organic and organic support payments	0	1	0	1	0	1	1	0	0	2	0	1	2	1	10
2 Feasibility to comply with organic regulation	0	0	1	0	0	0	0	1	0	0	0	1	2	1	6
3 Functioning of the organic supply chain	0	1	0	1	0	0	0	1	0	0	1	1	0	1	6
4 Domestic consumer demand for organic products	0	0	1	0	1	1	0	1	0	0	1	1	0	1	7
5 Public attention towards organic farming	0	0	1	1	0	1	0	1	0	1	1	1	0	1	8
6 Commitment of government towards organic farming	0	0	0	0	1	0	1	1	0	1	1	1	1	1	8
7 Reliability and continuity of governmental support for organic farming	1	0	0	0	0	1	0	0	0	0	0	1	2	1	6
8 Availability of knowledge about organic farming	0	1	1	1	1	0	0	0	0	0	0	1	0	2	7
9 Support to improve quality of olive oil (art. 68)	1	0	1	1	0	0	0	0	0	0	1	1	0	1	6
10 Organic Action Plan	0	0	1	1	1	1	0	1	0	0	0	0	0	0	5
11 Adding value to agricultural and forestry products (measure 123)	0	0	0	0	0	0	0	0	0	1	0	1	0	1	3
12 Reimbursement of organic certification costs (measure 132)	0	0	1	0	0	0	0	1	2	0	0	0	1	0	5
13 Organic area payments	0	0	0	0	1	0	0	0	0	0	0	1	0	1	3
14 Organic farms & area	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Passivity	2	3	7	6	5	5	2	7	2	5	5	11	8	12	80

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

Table 5.5 Impact matrix of mutual impacts of context and policy factors: organic market in Italy

	Impacts															Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1 Role of large conventional retail chains in the organic market	0	1	2	1	1	1	1	1	0	0	0	0	0	0	10	
2 Functioning of the organic supply chain	1	0	1	1	2	1	1	0	1	1	1	0	0	1	13	
3 Farmers' access to organic market channels	-1	1	0	1	1	1	1	0	1	1	0	0	1	0	11	
4 Availability of organic products for consumers	1	1	1	0	1	2	1	0	1	1	1	0	0	0	12	
5 Perceived profitability of organic processing and retailing	1	1	0	1	0	1	0	0	0	1	1	0	0	1	8	
6 Domestic consumer demand for organic products	1	1	1	1	1	0	0	1	0	1	1	0	0	1	11	
7 Clarity of organic labelling	1	0	0	0	1	1	0	1	0	-1	0	0	0	0	6	
8 Public attention towards organic farming	1	1	1	2	0	1	1	0	1	1	2	0	0	1	15	
9 Commitment of government towards organic farming	0	0	1	0	0	0	1	0	0	0	0	2	1	1	7	
10 Activities of mainstream agricultural interest groups	-1	0	1	0	0	1	0	0	0	0	2	0	0	0	7	
11 Activities of organic farming interest groups	1	1	1	1	1	1	1	0	0	0	0	0	1	1	11	
12 Support to improve quality of olive oil (art. 68)	0	0	0	0	0	0	0	0	0	0	1	0	0	0	2	
13 Organic Action Plan	0	1	0	1	0	0	0	1	0	0	1	1	0	0	6	
14 Reimbursement of organic certification costs (measure 132)	0	0	0	1	0	0	0	0	0	0	1	1	0	0	3	
15 Organic area support	0	0	0	1	0	0	0	0	0	0	1	1	0	1	4	
16 Market	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Passivity	9	8	9	11	8	10	7	5	3	7	13	3	3	8	4	126

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

Table 5.6 Estimated contribution of public support measures for organic farming and of context factors to the development of the number of organic farms and the organic area in Italy between 2000 and 2011

Impact Factors	Estimated contribution to organic farming development
Difference between non-organic and organic support payments	1,00
Functioning of the organic supply chain	0,72
Reliability & continuity of governmental support for organic farming	0,67
Domestic consumer demand for organic products	0,85
Commitment of government towards organic farming	0,86
Availability of knowledge about organic farming	0,95
Feasibility to comply with organic regulation	0,68
Public attention towards organic farming	0,91
Organic area payments	0,40
Organic action plan	0,63
Support to improve quality of olive oil (Art. 68)	0,70
Adding value to agricultural and forestry products (M 123)	0,35
Reimbursement of organic certification costs (M 132)	0,54

1 = very positive contribution

Table 5.7 Estimated contribution of public support measures for organic farming and of context factors to the development of the organic market in Italy between 2000 and 2011

Impact factors	Estimated contribution to organic farming development
Role of large conventional retail chains in the organic market	0,78
Availability of organic products for consumers	0,84
Domestic consumer demand for organic products	0,80
Clarity of organic labelling	0,39
Functioning of the organic supply chain	0,83
Perceived profitability of organic processing and retailing	0,58
Farmers' access to organic market channels	0,62
Public attention towards organic farming	1,00
Commitment of government towards organic farming	0,33
Activities of organic farming interest groups	0,72
Activities of mainstream farming interest groups	0,31
Organic area support	0,22
Organic action plan	0,47
Reimbursement of organic certification costs (M 132)	0,20
Support to improve quality of olive oil (art. 68)	0,14

1 = very positive contribution

Assessment of the contribution by experts

What are the effects of public support measures on number of farms and acreage of land?

The development of the number of organic farms and the organic area in Italy has always been linked more to public support than to market issues. It's the same, old issue: support is useful to enrol new "organic" farmers and area (till the support is given), but has no impact on committed organic farmers facing the market, and neither on demand. To increase temporarily the numbers of organic farms and the organically managed land, support is a good tool. But to build a resilient organic production and market is a wrong one: much useful would be to support the demand (not the supply) or worthy development projects of farmers (and processing companies, wholesalers and retailers) together with a real green public procurement (school, hospitals, army etc): this kind of approach would be the real and most useful catalyst of a durable development.

But for sure, nowadays the strongest drive of development is the margin between non organic and organic support payments.

The feasibility to comply with the organic regulation should be considered as catalysts of organic farming development. Same applies for "Reliability and continuity of governmental support for organic farming". Domestic consumer demand for organic products stabilizes organic farming development. In Italy, public attention towards organic farming is not a driver.

Which factors might have an important impact on the number of farms and the organic area in the future?

The following factors will continue having an important direct impact, at least in the short term:

- Area support for organic farming (conversion and maintenance);
- The difference between non-organic and organic support payments;
- Feasibility to comply with organic regulations;
- Availability of knowledge;
- Reliability and continuity of governmental support for organic farming.

At the same time, after the booming phases and the subsequent crises of the past decade, now, a significant critical mass exists and factors like "Functioning of the organic supply chain" and "Domestic consumer demand for organic products" are expected to become increasingly important.

Furthermore, organic farming development will depend on the new Common Agricultural Policy. The number of organic farms and acreage will be mostly influenced by public support (even if the most part of farms will be organic only till support will be available).

What are the effects of public support measures on the development of the organic food market?

Direct support measures have a weak impact on the development of market; for this purpose most useful seems to be information and promotional campaigns targeted to consumers, retailers and the food service, together with the help to strategic plans along the supply chain.

The following factors are considered as drivers for organic farming development:

- Domestic consumer demand for organic products;
- Activities of organic farming interest groups;
- Role of large conventional retail chains in the organic market.

The following factors will have an important impact on the development of the organic market in the future:

- Factors associated to the development and functioning of organic supply chains especially in some parts of Italy where the organic market is still poorly developed:
 - Role of large conventional retail chains in the organic market;
 - Functioning of the organic supply chain;
 - Farmers' access to organic market channels;
 - Profitability of organic processing and retailing of organic products;
 - Availability of organic products for consumers;
 - Domestic consumer demand for organic products.
- Factors linked to the commitment (and associated mobilizing and catalyzing force) of key actors in the organic and mainstream agricultural landscape. The success of a number of initiatives (especially in the short supply chain field) shows that these actors will continue to be relevant.
 - Activities of organic farming interest groups;
 - Activities of mainstream agricultural interest groups.

For future development Italy needs a different Ministry's approach: officers have never been on a farm, in a processing plant or in a shop; they don't know anything about the real issues of the organic sector, their approach is bureaucratic and ineffectual. Italian ministry and many regional governments have a superficial idea of a "colour" organic sector (and of marketing tools).

How could (e.g. through policy design, framework conditions) the effectiveness and efficiency of the current policy support measures for organic farming be improved?

To improve the effectiveness of organic farming support, a more participatory approach in policy design is required with a greater and continued involvement of the organic sector representatives. The latter, on the other hand, should adopt a constructive approach in the discussion. Furthermore, information exchange and coordination between the different regional officers in charge of the design and implementation of all measures potentially supporting organic farming should be strengthened. More information exchange and coordination is also required between the different regional authorities in order to achieve greater coherence at the national level.

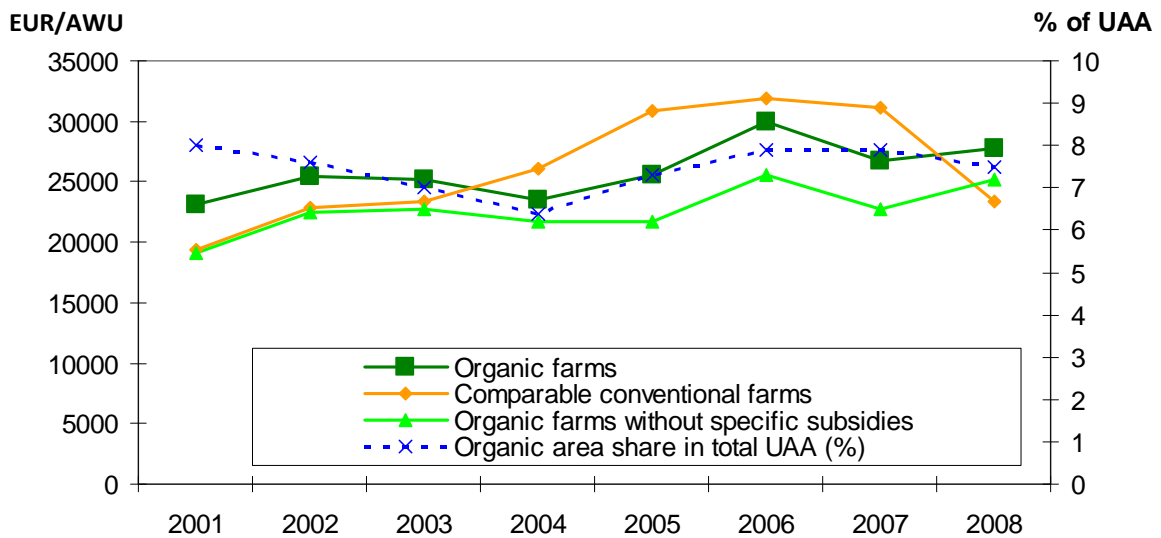
5.3 Quantitative impact indicators

The income of organic farms was higher than that of comparable conventional farms in Italy 2001-2003, but was significantly lower in the subsequent years. No clear relationship to the development of the share of organic area in total UAA can be established, which decreased until 2004 and increased since then.

Area support for organic farms was not sufficient to maintain relative competitiveness in the more recent years, which however did not prevent the share of organic area in total UAA to increase.

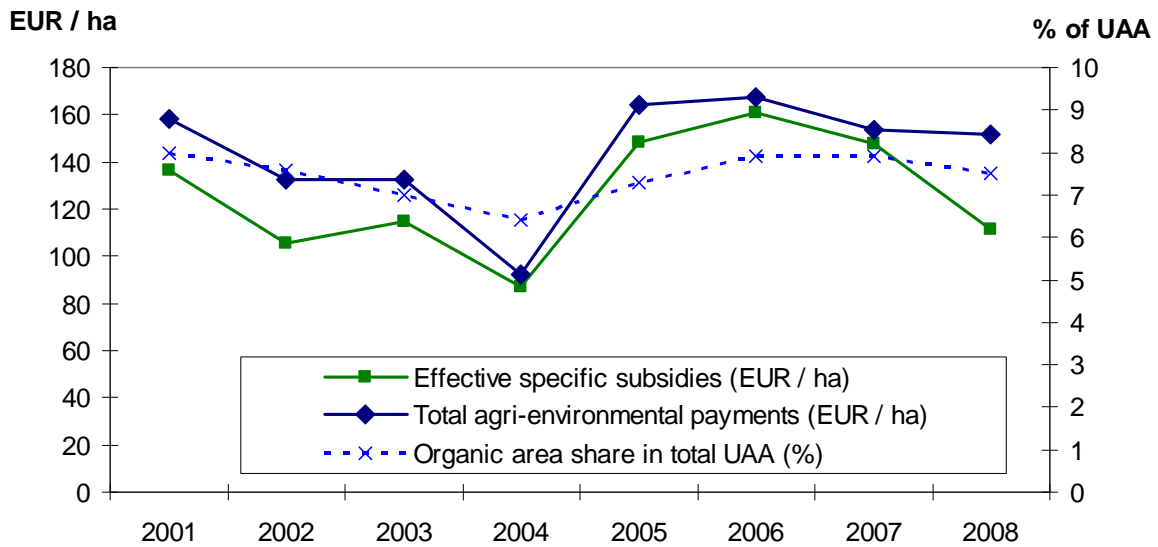
Measured in EUR/ha, the effective specific area support to organic farming decreased by 36 % from 2001 to 2004 (from 137 to 87 EUR/ha), increased by 85 % from 2004 to 2006 (from 87 to 161 EUR/ha) and decreased again by 31 % until 2008 (from 161 to 112 EUR/ha). The level of effective specific area support seems to be strongly correlated with the development of the share of organic area in total UAA.

Figure 5.1 Income (FNVA/AWU) in organic and comparable conventional farms in Italy, 2001-2007



Source: Own calculation based on EU FADN, DG-AGRI.

Figure 5.2 Effective specific area support to organic farms in Italy, 2001-2008, EUR/ha



Source: Own calculation based on EU FADN, DG-AGRI.

5.4 Representation of organic farming in the RDP

The RDPs for Marche and Apulia both emphasise competitiveness (Axis 1) with 55 % and 49 % respectively of their budgets devoted to this (Regione Marche, 2007; Regione Puglia, 2009). Within Axis 2 (25 %/25 % of the RDP budget) there is particular emphasis on organic farming with more than 50 % (52 % and 61 % respectively) of the budgets allocated to this scheme.

The RDP's objectives in Marche are increasing competitiveness in the agricultural and forestry areas; promotion of natural resources, sustainable use of agricultural resources and protection of the landscape; and support for diversification of the rural economy and quality of life in rural areas. Marche offers two measures that address organic farming: Measure 132 (Supporting farmers who participate in food quality schemes) and Measure 214 (Agri-environmental payments). Within M132, organic farmers and other quality food producers receive refunding for inspection and certification costs that occur through the participation in food quality schemes. M214 is used to compensate additional costs and income foregone related to organic management.

The aims of the RDP in Apulia are increasing the competitiveness of agricultural and forestry areas; enhancing the environment and the countryside; improving the quality of life in rural areas; and encouraging the diversification of economic activity.

Like Marche, Apulia uses Measure 132 (Supporting farmers who participate in food quality schemes) and Measure 214 (Agri-environmental payments) to encourage organic farming. Contents of the measures are the same like in Marche.

Thus, both regions have some focus on quality schemes but organic farming stands alongside other schemes (Geographical Indications) and is not specifically targeted. In Apulia, the market development measures (e.g. 132) refer specifically to Regulations for geographical indication but not to organic as a quality scheme.

RDP effects diagram

Apulia

Axis 1

<i>Community Strategic Plan</i>	<i>National Strategic Plan</i>		<i>Rural Development Programme</i>		
EU priorities	General objectives	Priority objective	General objectives	Priority objective	Specific objectives
Modernisation, innovation and quality improvement of the food chain	Improve the competitiveness of the agricultural and forestry sector	Support to modernisation and innovation of the agricultural sector and of the agricultural supply chain	Improve the competitiveness of the agricultural and forestry sector	Support to modernisation and innovation of the agricultural sector and of the agricultural supply chain	
Investments in human and technical capital		Strengthening and development of the agricultural and forestry production		Strengthening and development of the agricultural and forestry production	
Knowledge transfer (this point refers to all the four priority objectives)		Strengthening of the physical and telecommunication infrastructures		Strengthening of the physical and telecommunication infrastructures	
		Improvement of entrepreneurial and professional skills of the agricultural and forestry operators; support for young farmers		Improvement of entrepreneurial and professional skills of the agricultural and forestry operators; support for young farmers	

Axis 2

<i>Community Strategic Plan</i>	<i>National Strategic Plan</i>		<i>Rural Development Programme</i>		
EU priorities	General objectives	Priority objective	General objectives	Priority objective	Specific objectives
Biodiversity and preservation of farming and of forest system with a high natural value	Valorisation of the environment and of the natural areas through management of the territory	Conservation of biodiversity and protection and promotion of agro-forestry systems with high environmental value	Valorisation of the environment and of the natural areas through management of the territory	Conservation of biodiversity and protection and promotion of agro-forestry systems with high environmental value	
Water regulation		Protection of the territory		Protection of the territory	
		Qualitative and quantitative protection of water resources		Qualitative and quantitative protection of water resources	
Climate changes		Reduction of green house gas		Reduction of green house gas	

Axis 3

<i>Community Strategic Plan</i>	<i>National Strategic Plan</i>		<i>Rural Development Programme</i>		
EU priorities	General objectives	Priority objective	General objectives	Priority objective	Specific objectives
Development of employment opportunities and economic growth	Improvement of the living conditions in rural areas and promotion of the diversification of economic activities	Improvement of the appeal of rural areas for business and population	Improvement of the living conditions in rural areas and promotion of the diversification of economic activities	Improvement of the appeal of rural areas for business and population	
		Maintenance and/or creation of employment and business opportunities in rural areas		Maintenance and/or creation of employment and business opportunities in rural areas	

Axis 4

<i>Community Strategic Plan</i>	<i>National Strategic Plan</i>	<i>Rural Development Programme</i>	
EU priorities	Priority objective	Priority objective	Specific objectives
Improvement of the governance	Enforcement of planning capabilities at the local level	Enforcement of planning capabilities at the local level	
Incentive for the potential for endogenous development	Valorisation of endogenous resources of the territory	Valorisation of endogenous resources of the territory	

Marche

RDP Action points	Main objectives	General objective
1 Enhancement of biodiversity	Support and improve organic farming	Protection and improvement of rural environment through territory management
2 Increase of organic farming areas and organic livestock		
3 Protection of surface and deep water resources	Quality improvement of water resources	
4 Support qualitative and quantitative forestry development		
5 GHG emission reduction	Positive effects generating from organic farming practices	
6 Protect regional landscape		
7 Protect soil particularly from erosion and landslides	Improvement in soil protection	

Targets and evaluation of organic farming measures in the MTE and other reports

Apulia

The RDP of Apulia sets the target (within Measure 214) that 13 % of the UAA of Apulia shall be managed organically (Regione Puglia, 2009).

The MTE states in general that all agri-environmental targets (number of holdings and area to be supported) have been achieved already by the end of 2009, but the main report does not explicitly evaluate the organic sub-measure (ECO SFERA, 2010b). Tables in the Annex indicate that 5,000 beneficiaries (approx. 89,000 ha) have been supported between 2007 and 2009, but it is not clear how many of those are new entrants.

There are also information on the budget spend for Measure 214 in the MTE, and Apulia doesn't appear to have overspent.

Concerning Measure 132 (Food quality schemes), there is not a specific target set for organic products of Apulia.

Marche

Regarding Measure 214, there are no quantitative targets fixed concerning organic farming in the RDP, just the number of holdings and area to be supported in general through M214.

The MTE reveals that organic farming sub-measure 214b interventions cover about 13 % of the regional UAA respectively 65,461 ha⁵ (2009) and are very important with regard to water quality (ECO SFERA, 2010a). By 2009, there were 2,600 beneficiaries of the organic farming measure, of which 838 were new beneficiaries for the period 2007-2009 (ibid.). This suggests that the measure has definitely encouraged conversion to organic farming.

The MTE of Marche provides some evaluation of achievement and budgets spent concerning Measure 214; Marche doesn't seem to have overspent.

No specific target was set for organic products within Measure 132 (Food quality schemes).

Addressing the issues referred to in Action 6 of EU Organic Action Plan (SQ 3)

Both regions have used the RDP (Axis 1 and Axis 2) to promote greater adoption of organic farming. Whole farm conversion is encouraged in both regions by making this an eligibility requirement for payments under Measure 214.

The food quality scheme measure (M132) addresses among others organic producers and thus is used to stimulate demand for organic products as suggested by the EUOAP.

Neither Apulia nor Marche target organic farming as the preferred management option in environmentally sensitive areas.

⁵ The supported organic area is higher than the actual organic area in 2009 because of duplication due to the fact that hectare payments to farmers of the old programming period (before 2007) still have been paid after 2007.

Organic farmers can participate in measures for market development, capital support, knowledge and information, training and education but do not qualify for specific conditions or additional benefits because of their organic status.

The EU Organic Action Plan is not used to justify support under either RDP.

5.5 Other national/regional policies supporting organic farming

Italy has had a national organic action plan since 2005, implemented by the Ministry of Agriculture for the whole country. In contrast, responsibility for the RDP lies with the regions.

The action plan contains a range of objectives including strengthening Italy's role as an organic player in Europe and the Mediterranean (including CEE countries); improving supply chains; better integration of the different production areas; developing animal husbandry; increasing domestic consumption; prioritising organic food in public procurement; improving environmental sustainability on organic farms and developing the organic non-food sector.

The four main areas of activity (Axes) of the plan include penetrating international markets; strengthening supply chains and trade (including training and qualifications); increasing domestic demand, and improving public knowledge as well as support services for farmers. Each Axis has between two and eight specific actions, relating to information, training, research, supply chains, processing, market development, certification, inspection and standards. The plan has no specific quantitative targets and has not been formally evaluated.

There have been successive programming periods: 2005-2007 and 2008-2009. Between 2007 and 2009 there was a budget of approximately EUR 10 million per annum. There is no information on which measures the money was spent on (i.e. in which Axis it was spent). The following activities are included and have been funded:

<u>Action</u>	<u>Budget (EUR)</u>
<i>Axis 1: International market penetration</i>	
- International networking	600,000
- Promotion and communication on international markets	3,500,000
<i>Axis 2: Supply chain management and marketing</i>	
- National organic seed plan	2,500,000
- Research: animal farming, soil management, crop protection	1,200,000
- Supply chain management: enhancing logistics and quality assurance, other supply chain networking support	3,000,000
- Capacity building of organic producer organisations	1,400,000
- Scientific assistance for the definition and implementation of organic EU regulations	3,100,000
<i>Axis 3: Domestic market development and institutional communication</i>	
- National logo: market research and strategic positioning	100,000
- IFOAM OWC 2008, National organic congress and other events	1,100,000
- Promotion of local farmers markets	1,000,000
- Promotion of public procurement and organic canteens	2,000,000
- Other organic promotion and communication	5,000,000
- Training courses	200,000

Axis 4: Reinforcement and improvement of public system and farm services

- Extension services	700,000
- In-house consultants for the Ministry organic department	500,000
- Organic data management and IT services	2,000,000
- Enhancement of sampling of organic products	800,000
- EU Reg. National Authority expenses (CBs supervision)	600,000

The action plan is wide ranging containing a variety of actions relating to information, training and education, research, marketing, producer information, public procurement, consumer education, research, production, market development, certification and standards, administration and other areas, such as international trade networks and harmonisation of European and national policies. The plan is specific to the organic sector and there does not appear to be limited justification from the wider policy context for supporting the organic sector.

It was developed following a SWOT analysis of the Italian organic sector with active involvement from organic sector stakeholders. The Ministry of Agriculture charged the organic association FIAO (now FEDERBIO) with the formulation of the action plan proposal. Guidelines as basis for the national action plan development (containing the mentioned SWOT analysis) were elaborated in 2004 and have been presented to the Advisory National Committee for Organic Agriculture. In 2005, on the basis of the elaborated guidelines, the Ministry developed the national organic action plan (proposal). In the same year the action plan and the programme have been presented to the Advisory National Committee for Organic Agriculture and have been submitted to the Permanent Regions-Country Conference.

The development of the Italian Action Plan for Organic Agriculture and Organic Products has started in 2001 and has come into force at the end of 2005.

Evaluation of national policies

There has been no formal evaluation of the Italian Organic Action Plan.

Effects diagram of national support policies

No	Action Point	Beneficiary outputs	Sector results	Societal impact
1.1	Penetrate international markets (create an information system c/o the Italian Embassy and ICE offices – Institute for the foreign trade - on organic farms/actors, their activities and products)	Exploit international markets and opportunities	Reinforcement and qualification of Italy's role as organic producer on world markets and its role within the EU policies and the international Institutions for the organic agriculture development (with particular emphasis to the Mediterranean area and East European countries)	Growth in market opportunities, sales and production
1.2	Creation and reinforcement of international networking (Trade cooperation, Development cooperation, Research and Training cooperation)			
2.1	Harmonisation of European, national and regional rules with specific emphasis on livestock (revision of national rules), aquaculture and minor species animals (definition of national standards)	Increased opportunities for organic livestock production	Development of organic animal husbandry in order to promote national heritage and biotechnical tradition; to allow an optimal cycle management of the organic substance; to promote national cereals and forages productions.	
2.2	Harmonisation of European and national policies with particular attention on rural development policies. Definition of guidelines for the creation of "organic districts"	Improved policy support for producers	Reinforcement, qualification and development of the Italian organic production and the related supply chains. Higher integration of the different production areas present in Italy.	
2.3	Improve farm services (information, training, meetings, advisors networking)	Improved information services		
2.4	Promote virtual supply aggregation/concentration: develop an electronic Stock exchange	Strengthen and improve supply chain organisation and performance		
2.5	Support inter-professional aggregation with particular emphasis on livestock sector (stakeholders organisations)			
2.6	Support trade organisations with particular attention on specialised retails and catering			
2.7	Production standards for non-food sectors (pet food, parks and gardens)	Introduce organic methods and principles in non-food sectors		
2.8	Promote studies concerning new markets development (no-food products)			
3.1	Improve the image of the organic product/sector (public campaigns, systematic approach of media, periodical magazines, promotion campaigns, create a national logo for organic products, etc.)	Promote and increase domestic demand for organic products	Increase of domestic consumption through the differentiation of sale channels and the improvement of organic market organisation	
3.2	Promote public procurement (compulsory or preferential use of technical inputs and organic products in public canteens: schools, hospitals and public administration offices)			
3.3	Define fiscal measures (harmonisation with the European standards)			
4.1	Increase and strengthen government and non-government experts activities in International Institutions	Priority of organic agriculture and organic products in environmental and public health policies in order to increase effectiveness and efficiency of organic agriculture.		
4.2	Promote studies concerning organic products effects on health: the aim is to introduce organic farming concept in health policies			
4.3	Promote studies concerning organic agriculture role within environmental policies	Improve organic farms environmental sustainability through good agronomics practices, the correct use of energy and inputs and the creation of positive externalities.		
4.5	Promote studies concerning environmental efficiency: the aim is to define concrete actions to improve environmental efficiency of organic farms			
4.6	Develop environmental contamination risk analysis for organic farms and define risk standards for farmers			
4.7	Improvement of DCPS (data collection and processing system) (bureaucratic simplification and harmonisation of database)			Reduce environmental impact, improve quality of life and health

5.6 Assessment of policy coherence

Cross impact matrix

Apulia

No	Policy measure/action	RDP AP1	OAP 1.1	OAP 1.2	OAP 2.1	OAP 2.2	OAP 2.3	OAP 2.4	OAP 2.5	OAP 2.6	OAP 2.7	OAP 2.8	OAP 3.1	OAP 3.2	OAP 3.3	OAP 4.1	OAP 4.2	OAP 4.3	OAP 4.5	OAP 4.6	OAP 4.7
		Organic land and livestock																			
		Develop export markets	1																		
		International networking	0	2																	
		Harmonize organic rules	2	2	1																
		Harmonize policies, organic districts	0	1	1	2															
		Farm advisory services	0	1	1	1	0														
		E-market info/co-ordination	0	1	1	1	0														
		Stakeholder groups (livestock)	0	1	v	1	0	1	2												
		Retail/catering trade groups	1	2	1	1	0	1	2	1											
		Non-food production standards	2	0	0	0	0	0	0	0	0										
		New (non-food) market studies	2	2	0	0	0	0	1	0	0	0									
		Organic promotion	1	2	0	0	0	0	1	1	2	0	1								
		Public procurement	0	0	0	0	0	0	2	1	2	0	0	1							
		Fiscal measures	0	0	0	1	1	1	0	0	0	0	0	0	0						
		International expert group	2	0	1	1	1	0	0	0	0	0	0	0	0	1					
		Health impact studies	2	0	0	0	0	0	0	0	1	0	0	2	1	0	0				
		Environmental impact studies	1	0	0	0	0	0	0	0	0	0	0	2	1	0	0	1			
		Improve environmental impacts	0	0	0	0	0	0	0	0	0	0	0	2	1	0	0	1	1		
		Environmental risk analysis	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Improve DCPS/ reduce admin burden	1	0	0	2	1	1	0	0	0	0	0	1	0	1	0	1	1	1	0

+ 2= strong synergy; +1 = weak synergy; 0 = no interaction; -1 = weak conflict; -2 = strong conflict

PLEASE NOTE: by 15/12/2010 only action point 1 has been actually funded. All other action points are not activated (see page 134 Apulia MTE).

20 measures considered

Positive synergy score 0.645

No negative synergy identified

Marche

No	Policy measure/action	RDP AP1	RDP AP2	RDP AP3	RDP AP4	RDP AP5	RDP AP6	RDP AP7	RDP 132	OAP 1.1	OAP 1.2	OAP 2.1	OAP 2.2	OAP 2.3	OAP 2.4	OAP 2.5	OAP 2.6	OAP 2.7	OAP 2.8	OAP 3.1	OAP 3.2	OAP 3.3	OAP 4.1	OAP 4.2	OAP 4.3	OAP 4.5	OAP 4.6	OAP 4.7
	Enhancement of biodiversity																											
RDP AP1	Enhancement of biodiversity																											
RDP AP2	Organic land and livestock	2																										
RDP AP3	Protection of water resources	0	0																									
RDP AP4	Forestry development	1	0	1																								
RDP AP5	GHG emission reduction	0	1	0	2																							
RDP AP6	Regional landscape	1	1	2	2	1																						
RDP AP7	Soil protection, erosion and	0	0	2	2	2	2																					
RDP 132	Quality schemes	0	2	0	0	0	1	0																				
OAP 1.1	Develop export markets	0	0	0	0	0	0	0	2																			
OAP 1.2	International networking	0	0	0	0	0	0	0	1	2																		
OAP 2.1	Harmonize organic rules	0	0	0	0	0	0	0	1	2	1																	
OAP 2.2	Harmonize policies, organic districts	0	0	0	0	0	0	0	2	1	1	2																
OAP 2.3	Farm advisory services	0	1	1	1	1	0	1	2	1	1	1	0															
OAP 2.4	E-market info/co-ordination	0	2	0	0	0	0	0	1	1	1	1	0	0														
OAP 2.5	Stakeholder groups (livestock)	0	2	0	0	0	0	0	1	1	0	1	0	1	2													
OAP 2.6	Retail/catering trade groups	0	1	0	0	0	0	2	2	1	1	0	1	2	1													
OAP 2.7	Non-food production standards	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OAP 2.8	New (non-food) market studies	0	0	0	0	0	0	0	2	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
OAP 3.1	Organic promotion	1	2	0	0	0	0	2	2	0	0	0	0	0	1	1	2	0	1									
OAP 3.2	Public procurement	0	2	0	0	0	0	1	0	0	0	0	0	2	1	2	0	0	1									
OAP 3.3	Fiscal measures	0	1	0	0	0	0	2	0	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OAP 4.1	International expert group	0	0	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0	0	0	0	0	1					
OAP 4.2	Health impact studies	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	2	1	0	0						
OAP 4.3	Environmental impact studies	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	2	1	0	0	1				
OAP 4.5	Improve environmental impacts	0	1	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	2	1	0	0	1	1			
OAP 4.6	Environmental risk analysis	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OAP 4.7	Improve DCPS/ reduce admin	0	1	0	0	0	0	0	1	0	0	2	1	1	0	0	0	0	0	0	1	0	1	0	1	1	1	0

+ 2= strong synergy; +1 = weak synergy; 0 = no interaction; -1 = weak conflict; -2 = strong conflict

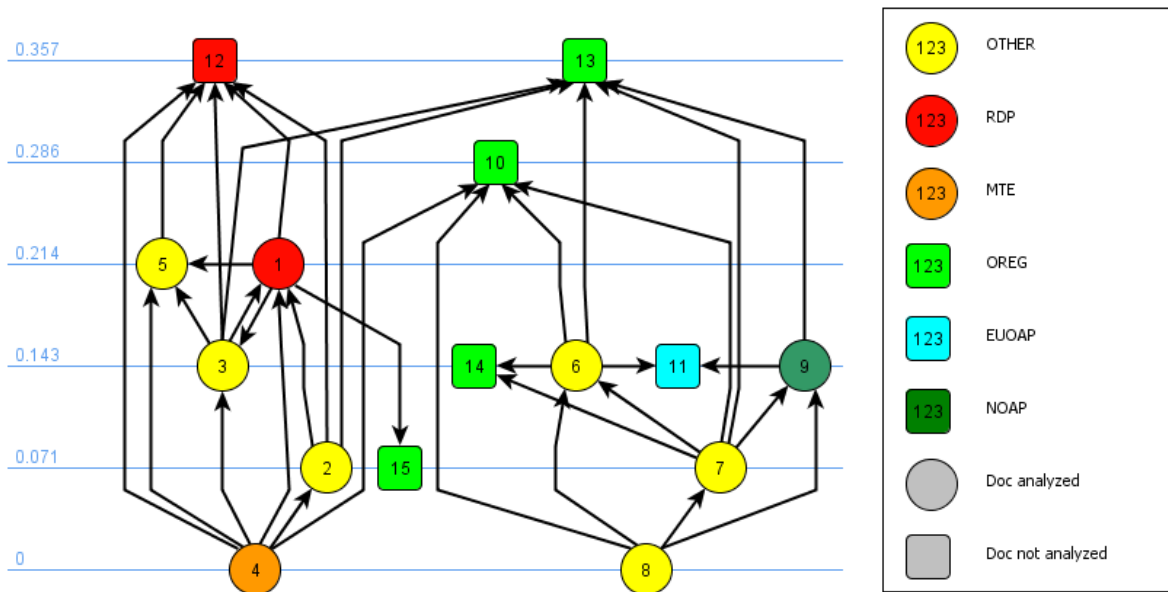
27 measures considered

Positive synergy 0.656

No negative synergies identified

Document network maps

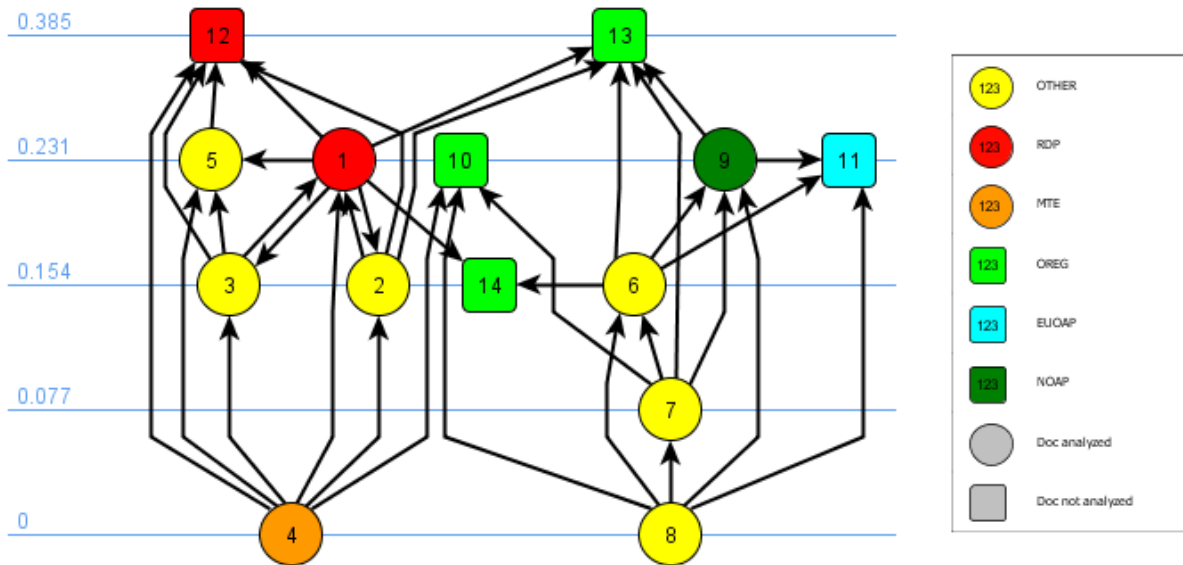
Apulia



List of documents

Doc.	Shortname	Longname	Type
analysed			
1	RDP APU	Programma di Sviluppo Rurale 2007-2013 Reg. (CE) n. 1698/2005	RDP
2	Ex-Post APU	Rapporto di valutazione ex-post PSR Puglia 2000-2006	Other
3	EX-Ante APU	Valutazione ex-ante del PSR 2007-2013	Other
4	MTE APU	Valutazione in itinere, intermedia ed ex post del PSR 2007-2013	MTE
5	PSN	Piano Strategico Nazionale per lo Sviluppo Rurale	Other
6	Prog AB	Programma di azione nazionale per l'agricoltura biologica	Other
7	Prog AB stanz	Programma di azione biologico 2007 con stanziamento	Other
8	Prog AB 08-09	Programma di azione biologico 2008/2009	Other
9	NOAP	Piano di Azione Nazionale per l'Agricoltura Biologica e i Prodotti Biologici	NOAP
Not analysed, but considered for referencing			
10	EC 834/2007	EC 834/2007	OREG
11	EU Organic Action Plan	EU Organic Action Plan	EUOAP
12	EU 1698/2005	EU 1698/2005	RDP
13	EEC 2092/91	EEC 2092/91	OREG
14	EC 1804/1999	EC 1804/1999	OREG
15	EC 889/2008	EC 889/2008	OREG

Marche



List of documents

Doc.	Shortname	Longname	Type
analyzed			
1	RDP APU	RDP	RDP
2	Ex-Post MAR	Rapporto di valutazione ex-post PSR Marche 2000-2006 (in tre parti)	Other
3	EX-Ante MAR	Valutazione ex-ante del PSR 2007-2013	Other
4	MTE MAR	MTE	MTE
5	PSN	PSN	Other
6	Prog AB	Programma di azione nazionale per l'agricoltura biologica	Other
7	Prog AB stanz	Programma di azione biologico 2007 con stanziamento	Other
8	Prog AB 08-09	Programma di azione biologico 2008/2009	Other
9	NOAP	Piano di Azione Nazionale per l'Agricoltura Biologica e i Prodotti Biologici	NOAP
Not analysed, but considered for referencing			
10	EC 834/2007	EC 834/2007	OREG
11	EU Organic Action Plan	EU Organic Action Plan	EUOAP
12	EU 1698/2005	EU 1698/2005	RDP
13	EEC 2092/91	EEC 2092/91	OREG
14	EC 1804/1999	EC 1804/1999	OREG

Involvement of stakeholders

In Marche, a Partnership Board has been set up to guarantee and promote the participation of different actors involved in the development of rural areas in the region.

There is no information about the involvement of organic stakeholders in the development of the RDP in Apulia.

As mentioned above, organic stakeholders were actively involved in the development of the action plan.

Assessment of policy coherence by workshop participants

Question 1: How would you assess the coherence of policy in support for the organic sector in your country?

The policy coherence was generally assessed as poor because there are different, often opposite policy strategies in the different regions and a lack of co-ordination between the regions as well as between the regions and the federation.

Question 2: What were the reasons that supporting organic farming is considered an important (not important) instrument in the national/regional agricultural and rural development policies?

Support of organic farming is seen as important in Italy, because it delivers multiple environmental advantages and forces the production of organic quality food products.

However, a real strategic approach is missing both at national level and in most regions to further develop the organic sector. Only in some regions policies are adapted to the special circumstances there and the necessities of the organic sector. Mostly the dullness of politicians and officers, together with the strong lobby by mainstream farmers associations (for them, organic stakeholders are an annoying minority) prevent the establishment of an overall support. Every effort is done to keep the organic sector small to not trouble the conventional majority and to favour of any kind of "local" production.

Question 3: What could be done to improve the second Pillar of the CAP (Rural Development Programme) in the next period (after 2013) to achieve better support policies for the organic sector?

IFOAM EU proposals are an interesting starting point for discussion. At the same time small- and medium-sized projects supporting OF with an integrated territorial approach should be courageously supported to go beyond the experimental/testing phase of such initiatives.

Question 4: How could the co-ordination between the regional/national RDP and organic action plans be improved?

The point is that in Italy coordination and coherence should be achieved first of all between Regional Authorities designing and implementing OF support measures in RDPs (see previous answers). Only then coordination between RDPs and organic action plan will be really relevant and almost natural.

Until then, in the field of organic farming as well as in many other domains, the national and the regional level will continue to be parallel worlds only occasionally crossing paths.

Extent of overall strategy to develop organic farming (SQ 4)

As far as the Rural Development Programme is concerned, both regions have a strong focus on Axis 1 but cater for organic farming for the main part under Axis 2, where it occupies a large share of the budget. Organic farming support appears to not well embedded in the wider policies goal for agriculture, for the bio-economy and/or rural development.

There is no information about competing agri-environmental schemes so far, but it appears that organic farming is not fully recognised as one of the EU quality schemes.

The Italian national organic action plan, which has been in existence since 2005 and which is regularly updated, recognises the contribution of organic farming to wider environmental goals, mainly (but not only) through growth in the market. The action plan is clearly designed to supplement the policies of regional RDPs.

The cross impact matrix shows only positive synergies for the organic support policies in both regions and does not identify any negative synergy.

The document network reveals that the documents most frequently referred to are the EU Rural Development Regulation and the EC Organic Regulation indicating a high degree of cross referencing to EU policies with three and two documents respectively referring to the EU Organic Action Plan.

Main strengths:

- Reasonably good coherence between policy strategies of the RDPs and the national organic action plan in the two regions analysed;
- Support for EU networking initiatives in the national action plan;
- Framework for organic regions;
- Strong emphasis on public procurement.

Potential weaknesses:

- Limited reference in the justification to support organic farming to wider policy goals;
- Weak co-ordination between the organic action plan (national level) and implementation of policies at regional level;
- Lack in review of the policy areas of the action plan and their impact;
- Lack of involvement of other government agencies in the action plan development.

Despite some weakness in the co-ordination between the regional and national authorities there appears to be reasonably good overall policy coherence.

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6. United Kingdom (England and Wales)

6.1 Characteristics of the organic sector

Unlike many other countries, the UK experienced high growth in domestic demand for organic products but initially low levels of producer uptake, despite pioneering the concept of organic farming since the 1940s. Policy is implemented at regional level in England, Wales, Scotland and Northern Ireland.

England and Wales have been selected because of contrasting policies and uptake under similar market conditions. Both regions started with similar policy frameworks, including a low level of financial support for conversion only, then diverged, with Wales implementing two action plans between 1998 and 2010, which included the establishment of a centre to provide information on organic farming. A third plan is under development. England experienced slower growth while Wales experienced more rapid growth until 2009. Between 2009-2010 total organic land area and the number of organic holdings fell in the UK as a whole and also in Wales, but not in England.

Table 6.1 Overview development of the organic market, the number of organic farms and the organic area in Great Britain (total)

Year	Organic area in ha	Number of organic farms	Organic sales	
			in Mio EUR	in Mio GBP
1990	31,000	700	n.a.	n.a.
1991	34,000	829	n.a.	n.a.
1992	35,000	800	n.a.	n.a.
1993	30,992	655	n.a.	n.a.
1994	32,476	715	n.a.	n.a.
1995	48,448	828	n.a.	n.a.
1996	49,535	865	n.a.	n.a.
1997	54,670	1,026	n.a.	n.a.
1998	78,833	1,462	n.a.	n.a.
1999	425,945	2,538	n.a.	n.a.
2000	578,803	3,563	1,293	787
2001	679,631	4,049	1,457	906
2002	741,174	4,104	1,607	1,010
2003	695,620	4,012	1,620	1,120
2004	690,047	4,321	1,785	1,213
2005	608,952	4,263	2,219	1,600
2006	604,571	4,639	2,557	1,737
2007	660,200	5,506	n.a.	n.a.
2008	726,381	5,383	2,494	2,100
2009	721,726	5,156	2,065	1,840
2010	699,638	4,949	2,006	1,731

n.a.= data not available.

Source: Eurostat amended by data provided by University of Aberystwyth, Soil Association, Defra

6.2 Qualitative impact analysis

Statistics and results of the QSA

Table 6.2 Average impact of context and policy factors on number of organic farms and organic area in the United Kingdom: results from web survey 1

Impact factors	Impact
Difference between non-organic and organic support payments	3,5
Profitability of organic farms	3,6
Pressure on conventional farmers for change	2,7
Farmers' attitude towards organic farming	3,3
Farmers' access to organic market channels	3,3
Functioning of the organic supply chain	2,8
Reliability & continuity of governmental support for organic farming	3,5
Profitability of organic processing and retailing of organic products	2,9
Role of large conventional retail chains in the organic market	2,9
Domestic consumer demand for organic products	3,4
Commitment of government towards organic farming	3,5
Activities of organic farming interest	2,9
Availability of knowledge about organic farming	3,1
Availability of organic products for consumers	3,2
Clarity of organic labelling	2,6
Public attention towards organic agriculture	2,9
Activities of mainstream agricultural interest groups	2,8
Feasibility to comply with organic regulations	3,0
Availability of non-organic trademarks competing with organic products	2,5
Organic area payments	3,7
OF extension support	2,3
OF Competence centre support	2,7
OF marketing support	1,7
Organic Conversion Information Service	2,8
Reimbursement of certification costs	3,0

4 = strong impact 3 = medium impact 2 = weak impact 1 = no impact

OF = organic farming

Table 6.3 Average impact of context and policy factors on organic market development in the United Kingdom: results from web survey 1

Impact factors	Impact
Role of large conventional retail chains in the organic market	3,8
Availability of organic products for consumers	3,6
Domestic consumer demand for organic products	3,4
Clarity of organic labelling	3,4
Functioning of the organic supply chain	3,3
Perceived profitability of organic processing and retailing	3,6
Perceived profitability of organic farms	3,2
Farmers' access to organic market channels	3,4
Availability of non-organic trademarks competing with organic products	3,2
Public attention towards organic farming	3,5
Commitment of government towards organic farming	3,3
Activities of organic farming interest groups	2,8
Reliability & continuity of governmental support for organic farming	2,8
Feasibility to comply with organic regulations	2,8
Activities of mainstream agricultural interest groups	2,7
Availability of knowledge about organic farming	2,2
Pressure on conventional farmers for change	2,7
Difference between non-organic and organic support payments	2,8
Farmers' attitude towards organic farming	2,9
Organic area support	2,4
OF extension support	2,0
OF Competence centre support	2,3
OF marketing support	1,7
Reimbursement of certification costs	2,7

4 = strong impact 3 = medium impact 2 = weak impact 1 = no impact
 OF = organic farming

Table 6.4 *Impact matrix of mutual impacts of context and policy factors: number of organic farms and the organic area in the United Kingdom*

	Impact															Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Difference between non-organic and organic support payments	0	1	1	0	1	0	1	0	1	1	1	1	2	1	1	14
Perceived profitability of organic farms	2	0	2	1	1	1	1	2	2	1	1	-1	2	1	1	21
Farmers' attitude towards organic farming	1	2	0	2	1	2	1	2	1	1	1	0	2	1	2	20
Farmers' access to organic market channels	0	1	2	0	0	0	1	2	0	0	1	0	0	1	1	10
Reliability & continuity of governmental support for organic farming	1	1	1	0	0	0	2	0	2	2	2	1	2	2	2	20
Availability of knowledge about organic farming	0	2	1	0	0	0	1	0	0	1	1	0	0	1	2	10
Commitment of government towards organic farming	2	1	1	0	2	1	0	0	2	2	2	2	2	2	2	22
Domestic consumer demand for organic products	0	2	2	2	1	1	1	0	1	1	1	0	0	1	1	15
ENG_organic area payments	2	1	1	1	2	0	2	0	0	1	0	0	0	0	0	11
ENG_Organic Conversion Information Service	0	1	1	0	0	1	0	0	1	0	0	0	0	0	0	5
WAL_Extension Support	0	1	1	1	0	2	0	0	0	0	0	0	1	1	1	9
WAL_Reimbursement of certification costs	1	1	1	0	0	0	0	0	0	0	0	0	1	0	0	5
WAL_organic area payments	2	1	1	0	2	0	1	0	0	0	1	2	0	1	2	15
WAL_OF Competence centre support	1	1	1	1	1	2	1	0	0	0	1	0	1	0	1	12
WAL_Organic Conversion Information Service	0	1	1	0	0	2	0	0	0	0	1	0	1	1	0	8
Farms & Area	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Passivity	12	17	17	8	11	12	12	6	10	10	13	7	14	13	16	197

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

Table 6.5 *Impact matrix of mutual impacts of context and policy factors: organic market in the United Kingdom*

	Impact																		Activity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
1 Role of large conventional retail chains in the organic market	0	2	2	1	2	2	-1	2	1	1	1	1	0	0	0	0	0	2	18
2 Functioning of the organic supply chain	2	0	2	1	1	1	0	-1	1	1	1	0	0	0	0	0	0	1	12
3 Availability of organic products for consumers	2	1	0	1	1	2	0	-1	1	1	0	1	0	0	0	0	0	2	13
4 Perceived profitability of organic processing and retailing	1	1	1	0	0	1	0	1	1	1	1	1	0	0	0	0	0	2	11
5 Public attention towards organic farming	2	0	1	0	0	2	1	1	1	0	1	0	0	0	0	1	0	2	12
6 Domestic consumer demand for organic products	1	1	1	1	1	0	1	1	1	1	1	0	0	0	0	0	0	1	11
7 Clarity of organic labelling	0	0	0	0	1	1	0	-1	0	0	0	0	0	0	0	0	0	1	4
8 Availability of non-organic trademarks competing organic products	-1	0	-1	-1	-1	0	0	0	0	0	-1	0	0	0	0	0	0	-1	7
9 Perceived profitability of organic farms	1	1	1	1	0	0	0	-1	0	1	1	1	0	0	-1	0	0	1	10
10 Farmers' access to organic market channels	1	1	1	1	1	1	0	0	1	0	0	0	0	0	0	1	1	1	10
11 Commitment of government towards organic farming	0	1	1	0	1	1	0	0	2	1	0	2	2	2	2	2	2	1	20
12 ENG_organic area payments	0	1	1	0	1	0	0	0	1	1	1	0	0	0	0	0	0	0	6
13 WAL_OF education and training support	0	1	1	0	1	0	0	0	1	1	0	0	0	0	1	1	1	0	8
14 WAL_Reimbursement of certification costs	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	3
15 WAL_organic area payments	0	0	1	0	1	0	0	0	1	0	0	0	1	2	0	1	1	1	9
16 WAL_OF Competence centre support	0	0	0	0	1	1	0	0	1	1	0	1	1	2	0	2	0	11	
17 WAL_OF marketing support (national measures, measure 133)	0	1	1	0	0	1	0	0	0	1	1	0	1	0	0	1	0	7	
18 Organic Market	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Passivity	11	11	16	7	13	14	3	9	13	11	10	6	5	5	7	7	7	17	172

0: no or weak impact; 1: medium proportional impact; 2: strong proportional impact; -1: medium inversely proportional impact; -2: strong inversely proportional impact

Table 6.6 *Estimated contribution of public support measures for organic farming and of context factors to the development of the number of organic farms and the organic area in the United Kingdom between 2000 and 2011*

Impact Factors	Estimated contribution to organic farming development
Difference between non-organic and organic support payments	0,66
Perceived profitability of organic farms	0,98
Farmers' attitude towards organic farming	0,99
Farmers' access to organic market channels	0,56
Reliability & continuity of governmental support for organic farming	0,91
Domestic consumer demand for organic products	0,78
Commitment of government towards organic farming	1,00
Availability of knowledge about organic farming	0,49
Organic area payments	0,70
OF extension support (regional support; M 111, 114)	0,43
OF competence centre support	0,62
Organic Conversion Information Service	0,30
Reimbursement of organic certification costs (M 132)	0,28

1 = very positive contribution

Table 6.7 *Estimated contribution of public support measures for organic farming and of context factors to the development of the organic market in the United Kingdom between 2000 and 2011*

Impact Factors	Estimated contribution to organic farming development
Role of large conventional retail chains in the organic market	0,87
Availability of organic products for consumers	0,82
Domestic consumer demand for organic products	0,62
Clarity of organic labelling	0,23
Functioning of the organic supply chain	0,86
Perceived profitability of organic processing and retailing	0,61
Perceived profitability of organic farms	0,57
Farmers' access to organic market channels	0,65
Availability of non-organic trademarks competing with organic products	-0,51
Public attention towards organic farming	0,65
Commitment of government towards organic farming	1,00
Organic area support	0,43
OF extension support (regional support; M 111, 114)	0,49
OF competence centre support	0,58
Reimbursement of organic certification costs (M 132)	0,17
OF marketing support (national support; M 124, 133)	0,48

1 = very positive contribution
negative figure = negative contribution to organic market development

Assessment of the contribution by experts

Question 1: Are the identified factors and their classification reasonable?

Organic Area and number of farms

- The identified factors should be handled carefully and conscious of the fact that they may be highly influenced by the person who filled in the online questionnaire, their personal priorities and who and what they represent (England/Wales/ what sector etc.).
- Organic farmers (in this example a cereal-farmer) do make a profit, but usually this profit is smaller than for conventional farmers. Farmers generally don't maximise profit.
- Conversion-payments/on-going support-payments have a far greater impact in Wales than in England. In England, the extra GBP 30 have little to no effect on farmers and their decision on staying/converting to organic. In Wales on the other hand, the impact is huge. The support payments, especially for beef and sheep farms, make a large difference, also for profitability. For Welsh horticulture and dairy farms the impact of conversion payments is equally large, however the impact of on-going support payments is rather small.
- A conversion to organic for beef and sheep farmers is a much lower effort than for arable/dairy/horticulture farms. So the farming system/type has a big influence on the decision (and the answer).
- A concerning development is the use of conversion-payments to over stimulate production with no consideration of market development. The environmental payments should not be used as an instrument to influence the market. Here is a big mismatch between conversion-payments and on-going support-payments without consideration of the market, regions and enterprises.
- In Wales organic farmers are concerned about the market; they were not always able to sell their products. The difference between organic and conventional prices has been very low in the past few years.
- There is a difference in availability of knowledge and information about organic farming in the Southwest compared for example the West Midlands. Where the farm-structures are comparable, but the sources for information are far greater in the South West than in the Midlands.
- Availability and stability of support measures is considered to be very important (differences exist in England and Wales).
- There is a growing acceptance and credibility of organic systems in Wales, which was a big driver in the past few years. Generally it could be said that there is a more positive attitude towards organic farming in the West and a more negative in the East of the UK. Here the difference between consumers and farmers' attitude is large. Among farmers, the responses from conventional towards organic farmers are still negative.
- Farmers in the East have no idea about the actual market; they have always been able to sell their products. The farmers are rather aware of the consumer demands than the market. But also this issue varies with farm types.
- The availability of knowledge about organic farming is positioned rather low. It should be more important. This good knowledge is needed to make informed business decisions (also for the decision to convert).

Factors which are expected to have an impact on number of farms and organic area in the future:

- Increasing cost of inputs, during the conversion and after. Dependence on certain inputs/suppliers, relying on phosphate inputs, (Fertilizer, Oil, etc.), this input needs to be quantified;
- Consumer/market demand for organic food, food prices, consumer image of organic = expensive, consumers' awareness, farmers' confidence in the organic market, retail space: presentation and availability affect the market;
- Food prices/commodity prices, e.g. cereal production: comparable prices for conventional and organic prices, whereas the risk in organic production is higher. Risk/Stability;
- EU Policy/Government support measures, confidence in the policy framework vs. the actual level of payments. (Recognized-) Value of Environmental contributions of organic farming. Payments for public goods/benefits, public information, valued/supported/promoted by the government;
- Sustainable use of natural resources, (e.g. soil degradation and the impact of years of unsustainable agriculture on conventional farms);
- Profitability;
- Size of farms, type of farms;
- Intensification, GM, pesticides and food security issues could drive more conventional farms for convert to organic in the future;
- Peer pressure on farmers;
- Attitude of non-organic farmers towards organic farmers;
- Feeding the world population;
- Age of the farming community, different attitudes of older and younger farmers, older farmers tend to reduce the number of stock/downsizing can have a positive effect, farm type is no big issue for this point, important is the number of family members that the farm has to support, succession issues;
- R+D, technological improvement, improved performance, the fact that problems are targeted and solved makes it more attractive to the conventional sector, R+D should address the performance challenge and adoption issues, high-performance producers and productivity has never been about feeding the world, but this is used now to describe/justify the new development;
- Animal Health, is actually included in the decisions for organic driving factors, it is crucially important but should be covered by organic standards, it influences the number of organic farms and area because animal health and welfare is one of the driving forces to convert to organic (e.g. dairy or pig farms).

As part of an agreement in to CAP reform Pillar 1 (suggested by the Commissioner), organic farms could automatically qualify for the full single farm payments in the future. Whereas other farms would be expected to take on additional activities in order to qualify for the full payments. Although this may raise negative feelings in the non-organic sector, the evidence is certainly there to justify this provision. It would be a strong policy signal and farmers would surely respond to it. It would show that the EU is generally interested in the development of organic farming.

Organic market development

Government commitment was considered to be a driver.

Role of multiples: was felt o.k. They account for 75 % of the market, but some of them are sitting on the fence.

Public attention towards organic farming: since 2007 this factors could probably have been a driver given the considerable media positive coverage and active engagements of Soil Association, OCW and the like.

Domestic consumer demand is a driver, but it depends a lot on which sector.

Farming Connect was felt to have a strong link to OCW, but was felt to be overstated. The differences between area support in England and Wales should not be overstated. There have been considerable regional initiatives going on in certain areas, notably South West and North East (Organic Centres driven by the Soil Association with Regional Development Agency Support) that were not considered as factors. Similarly, OTB, Soil Association and ORC have plaid their part, but not listed.

Area support (both ENG and WAL) was felt not be to a strong influence on the market.

Profitability of processing: Many processors due organic lines because the multiples ask them to do so, not because they consider it a business opportunity. So maybe lower in influence.

Clarity of labeling: there was some discussion about the meaning of this, and also the question whether it should be more important. The score may be influenced by the fact that fewer marketers answered. The WAL-certification cost scheme seems quite complicated, for not much gain. Profitability of farms: there is a direct interaction between profitability (premiums) and going to market. No domestic market without supply based, but the UK market is important dependents in certain sectors (fresh produce).

Availability of non-organic trademarks: it is felt to have a high influence, thinking of local products that compete with organic, free range in the poultry sector, pesticide free ranges and supermarkets "finest" ranges.

Factors expected to have an impact on number of farms and organic area in the future:

- There was some concern that Pillar II might disappear (possible overstated).
- A positive commitment of government would felt to strengthen confidence of all actors' concerned and possible lead to more investment in the sector.
- Halfway house approaches and general greening of the non-organic sector (half way labels) was seen as a possible threat, it makes it more difficult to explain the total differences to consumers.
- Public procurement and catering market was seen as has having potential.
- The negative impact of the financial crisis with a squeeze on household spending is likely to carry on.
- The UK promotion campaign was so far felt to have had little impact.

Key points made:

- The factors seem to not reflect clearly the fact that environmental benefits for which the money is paid cannot be clearly recognized. Payments seem to be paid based on the assumption that the product would be sold on the market.
- The answer will strongly depend on which sector (*red meat, dairy, fruit and veg, arable and pigs and poultry*) the respondent is influenced by. It is difficult to assess impact for all sectors at the same time.
- Regional difference (ENG/WAL) could also be influenced by the sectors. In Wales there is mainly red meat and milk producers, and farmers in Wales may be more sympathetic to organic and also their farm types (hills and uplands) much more dependent on the support payments.
- Also in ENG farm types vary with the region, with more grazing livestock in the West and arable in the East. For arable farmers the support payment is not as important for overall profitability.
- There is also an age things, if the farmer is looking for a few years before retirement, compared to having just taken over the farm, different things may be acceptable.
- Acceptability of organic farming is higher in areas that have more mixed farms and that are easier to convert. So what is an “acceptable” attitude in the West then in the East. This depends on farm type and farmers objectives related to it.
- Reliability of government support and the balance between conversion and maintenance are an issue. Payments may have driven conversion, but low maintenance payments can mean that farmers drop out.
- For land area/number of farms access to markets may be more important than consumer demand.

New is the acceptance of the public good case, animal health issues may impact on organic farming (expansion of the intensive livestock).

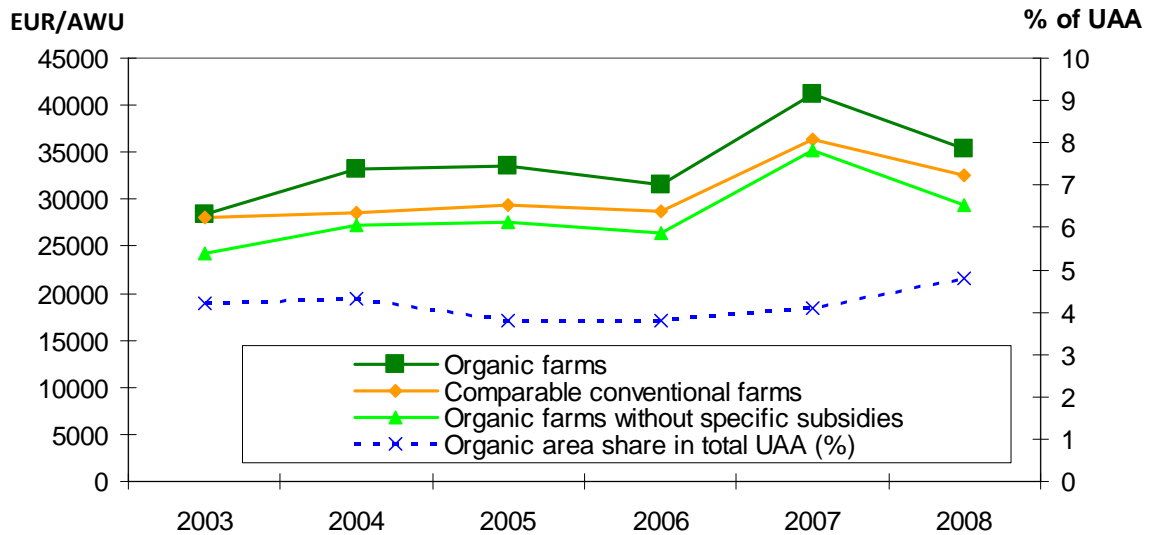
6.3 Quantitative impact indicators

- The average income of organic farms in the UK was higher than that of comparable conventional farms during the entire period (Figure). This corresponds to an increase in the share of organic farming in total UAA in the more recent years.
- Area support for organic farms played a crucial role for the relative competitiveness. Without the specific extra support to organic farms, incomes would have been lower than those of comparable conventional farms in all years. The support to organic farms thus was effective at providing a financial incentive for conversion to organic farming.
- Measured in EUR/ha, the effective specific area support to organic farming increased by 88 % from 2003 to 2008 (from 48 to 90 EUR/ha), which seems to have contributed to the increase in the share of organic farming in total UAA in the more recent years.⁶ The increase in the

⁶ This finding is supported by the analysis of Daugbjerg et al. (2011), who found a significant positive effect of the 1999 ‘Organic Farming Scheme’ and the 2005 ‘Organic Entry Scheme’ on organic land area and number of organic farms. However, other important context factors accounting for growth in the UK

average effective specific area support ha rise may be due to the effect of increased conversion rates for the first two years in 2006-2008, as otherwise nominal rates per ha for the schemes had not changed significantly.

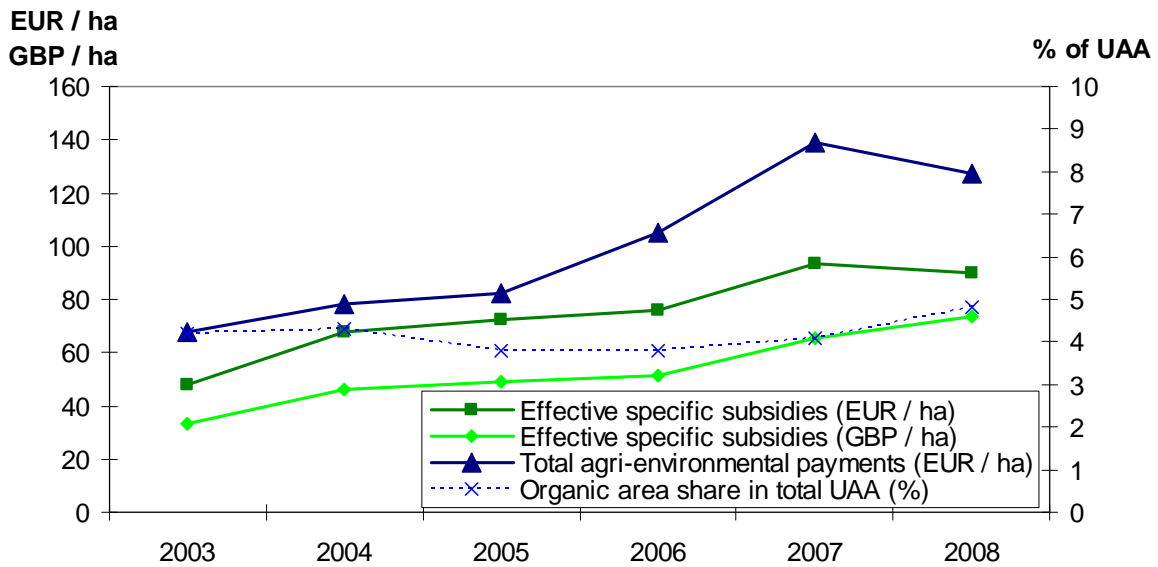
Figure 6.1 Income (FNVA/AWU) in organic and comparable conventional farms in the UK, 2003-2008



Source: Own calculation based on EU FADN, DG-AGRI.

in 2006-2008 were the positive marketing environment and potentially also greater confidence among producers with respect to the impacts of the single farm payment introduced in 2005.

Figure 6.2 Effective specific area support to organic farms in the UK, 2003-2008, EUR/ha



Source: Own calculation based on EU FADN, DG-AGRI.

6.4 Representation of organic farming in the RDP

England

The starting point for the Rural Development Programme for England (RDPE) is the relatively favourable position of English rural areas, with net inward migration from urban areas, good accessibility, high agricultural productivity by comparison with other member states and low risk of land abandonment even in disadvantaged areas. At the heart of the RDPE is Axis 2 which accounts for 80 % of the total budget (Defra, 2007a). Within Axis 2 the emphasis is on agri-environmental payments (Measure 214) with approx. 81 % of the budget allocated to the Environmental Stewardship Scheme (ESS) which includes support for organic farming. With more than 70 % of land in England in agricultural use, this scheme is seen as the most important tool to influence the way the land is managed to produce environmental benefits. Axis 1 is the next priority (in budgetary terms), the strategic focus of which is on improving competitiveness and profitability whilst making a positive contribution to the environment. There is no special provision for organic producers and processors in Axis 1 or 3.

Axis 2 supports for organic farming is provided through the Organic Entry Level Stewardship (OELS) which forms one part of the ESS (Measure 214) run by Natural England. OELS requires the delivery of a range of management options geared to fit with organic management with a view to maintaining the area already under organic management in England and to encouraging the expansion of land under organic production through conversion aid. Along with its 'non-organic' equivalent (Entry Level Stewardship - ELS), the OELS aims to address pollution, soil erosion and the conservation of farmland birds. There is an additional element of the ESS which adds uplands-specific management requirements to the existing range of ELS/OELS options. Measure 214 is the only measure in the RDPE which explicitly provides support for organic producers.

In the status quo analysis underpinning the programme, the imbalance between domestic supply of organic produce and consumer demand is noted, with the gap being met by imports. However, this did not result in specific provisions for organic farming at national level. The RDP document also recognises that there has been a levelling off in the number of farms under organic management in England and that domestic production may not be keeping pace with market demand. The following needs are identified: diversification; innovation and knowledge transfer; improve efficiency and competitiveness through raised skills levels; and also supply chain cooperation to exploit market opportunities for domestically produced higher value products. Although such actions are covered by Axis 1 measures, there is no further mention of how Axis 1 can be exploited to meet these specific needs for organic farming.

In the English regions were consulted the Regional Implementation Plans for the South West (the region with the highest density of organic farms), the North East and the North West. No special provision for organic farming was identified in the schemes for Axis 1 and 3, although a number of initiatives with a strong organic element have been supported, e.g. in relation to training in the South West. Under the previous RDPE, four major organic business development programmes were established by the UK's main organic organisation, the Soil Association, partly also drawing on other funding sources: North West Organic Centre, North East Organic Programme, Yorkshire Organic Centre and South West Organic Programme. They ran from 2002 to 2008 when funding ran out. No similar arrangements were included in the new RDPE.

Wales

The Welsh RDP aims to contribute to the objectives set out in the policy strategy document *Wales: A Better Country*. This sets out seven priority areas of which the first three are relevant in this context. They are concerned with 1) promoting a diverse and competitive economy that minimises demands on the environment; 2) tackling poverty and poor health; and 3) Action on the built & natural environment to conserve natural resources, support biodiversity, promote local employment (Welsh Assembly Government, 2008a). The Ex-ante evaluation concludes that the proposals are coherent with these policy documents (Agra CEAS Consulting, 2006). It also concludes that Axis 2 was informed by the objectives of various EU strategies including the Organic Strategy (although it does not specifically mention the EU Organic Action Plan).

As in England, Axis 2 is at the heart of the RDP in Wales with around 72 % of the total budget (Welsh Assembly Government, 2008a). This reflects the high ecological value placed on the Welsh countryside and the contribution that agriculture can make. Support focuses on actions which increase environmental sustainability throughout Wales, chiefly through increasing farmer participation in one of the agri-environmental schemes (Measure 214). All the agri-environmental schemes will be replaced by one scheme, Glastir, from 2012 when greater integration of Axis 2 with Axes 3 & 4 to support wider rural policy objectives is anticipated. Axis 2 provides the main source of RDP support for organic farming through participation in the Organic Farming Scheme (within Measure 214). The justification for this support lies in the reduction of environmental damage caused by diffuse pollution from artificial fertilisers, synthetic pesticides and other inputs. Improvements to the natural environment, animal health and welfare, food safety and quality are also expected.

Development of the agri-food and non-food processing sectors is an important element of Welsh rural policy objectives, and therefore Axis 1 is seen as the next priority with 16 % of the budget. As part of the Farming Connect programme funded through Axis 1, the Organic Development Programme hosted by the Organic Centre Wales (OCW) provides organic farming training (Measure 111) and advice (Measure 114) with the intention of mainstreaming advice on opportunities for

organic farming. Market demand for organic food is identified as an opportunity to be exploited through Axis 1. The project Better Organic Business Links (BOBL) which aims to develop organic supply chains in Wales is funded under Measure 124.

Organic food and farming is also identified as one of three cross-cutting themes (along with young people from rural communities and energy efficiency). As such the RDP encourages measures under all the Axes to “take full advantage of opportunities offered by this [organic] sector” (Welsh Assembly Government, 2008a, p. 68). However there is no further detail in the RDP to indicate how this might be achieved.

RDP effects diagrams

England

No	Action Point	Intermediary objectives	Overall impact
111	Vocational Training & Information actions	Participation in training	Labour productivity
114/115	Advisory services	Support set up and access to advisory services	
121	Modernisation of agricultural holdings	Support investment	
123	Adding value to agricultural and forestry products	Support investment in improved efficiency, renewable energy, new technologies & market opportunities	
124	Cooperation for development of new products, processes and technologies	Promote cooperation between supply chain actors	
125	Infrastructure related to development and adaptation of agriculture and forestry		
		Improve skill levels on farms and in supply chain	More competitive food & farming sector
		Introduction of new products or techniques	
		Increase in agricultural gross value added in supported farms	
212	Payments to farmers in areas with handicaps other than mountain areas	Avoidance of marginalisation and land abandonment	Improving the environment and the countryside
214	Agri-environment scheme		
216	Non-productive investments		
221/223	First afforestation of (non-) agricultural land		
227	Support for non-productive investments		
		Improvement of biodiversity.	Reversing biodiversity decline
		Improvement of water quality.	Maintenance of high nature value farming and forestry areas
		Mitigating climate change.	Improvement in water quality
		Improvement of soil quality	Combatting climate change
311	Diversification into non-agricultural activities	Increase in non-agricultural GVA	Employment creation
312	Business creation and development	Job creation	
313	Tourism	Increased tourist activity	
321	Basic services for the economy and rural population	Increased internet access	Economic growth
322	Village renewal	Improved services	
323	Conservation and upgrading of the rural heritage		
331	Training and information	Participation in training	
341	Skills acquisition		Improving the quality of life in rural areas
			Encouraging diversification of economic activity

Wales

No	Action Point	Intermediary objectives	Overall impact
111	Farming Connect	Ensure technical and economic training and knowledge transfer	Promote knowledge
			Improve human potential
114	Farm Advisory Service	Improve the sustainable management of holdings	Promote knowledge
			Improve human potential
123	Processing and Marketing Grant	Improve the processing and marketing of primary products	Restructure & develop physical potential
124	Supply Chain Efficiency Scheme	Take advantage of market opportunities through	Promote innovation
212	Tir Mynydd	Contribute in other areas with handicaps to continued use of agricultural land	Improve the environment and the countryside
214	Agri-environment schemes	Respond to increasing demand of environmental services	
216	Tir Gofal Support for Non-productive Investments	Support Agri-environment commitments	
221	Better Woodlands for Wales	Extend forest resources in agricultural land	
223	Better Woodlands for Wales	Extend forest resources on non-agricultural land	Promote sustainable use of forestry land
227	Better Woodlands for Wales	Support forest environmental commitments	
311	Farm Diversification	Diversify farming activities to non agricultural activities	Diversify the rural economy
312	Microbusinesses	Develop non agricultural activities	
313	Tourism	Promote employment	
321	Basic Services	Improve basic services	Improve quality of life in rural areas
322	Village Renewal	Carry out investment making rural areas more attractive	
323	Rural heritage		
331	Training	Enhance human potential for diversification of local economy	Reinforce territorial coherence and synergies
341	Local development strategies	Increase capacity for local strategies	
41	LEADER - Local Devt Strategies	Improve competitiveness Improve quality of life Diversify economic activity	Implementing the Leader approach in mainstream rural development programming
421	LEADER - Cooperation	Improve the environment & countryside Promoting cooperation & best practice	
431	LEADER - Running LAGs	Increase capacity for the implementation of LEADER	

Targets and evaluation of organic farming measures in the MTE and other reports

England

No specific targets were set for OELS in the RDPE (Defra, 2007a). However, the Department for Environment, Food and Rural Affairs (Defra) aimed to have 340,000 ha of organic land under agri-environmental scheme management by 2013. By March 2009, 266,290 ha of organic land were in Environmental Stewardship agreements, 78 % of the target (NAO, 2010). According to the Agri-Environment Stakeholder Group, this had increased to 284,161 ha by March 2011 (AESG, 2011). Uptake is strongest in the South West with just over 140,000 ha (OELS/OHLS).

The MTE evaluates the Environmental Stewardship Scheme as a whole and does not provide any detailed information on how the individual elements (such as OELS) have performed. Appendix 5 of the MTE suggests that it is likely that OELS, along with the other ESS options, has contributed to improvements in biodiversity, water quality, soil quality and landscape (Hyder Consulting, 2010). This is supported by a review of the literature concerning the environmental benefits of organic farming. The National Audit Office report of the scheme also concludes that it is likely to have achieved environmental benefits. According to this report, Defra is taking steps to improve the environmental impact of the scheme by promoting better-targeted measures (NAO, 2010).

Take-up of the scheme broadly reflects take-up of organic farming methods in agriculture as a whole. The scheme benefits larger farms, especially in the beef and dairy sectors, more than smaller farms. However, the number of new applicants for the OELS has been decreasing. The most common reasons given for this in the survey evaluation were that the scheme's rules and regulations were considered too complex or that organic farming is not financially viable.

The NAO report also mentions advice issues referring to the RDP funded ETIP (ELS Training and Information Programme) which seeks to encourage farmers to renew their agreements and to take up the most suitable environmental options. It provides for some limited information on organic farming through its group events, but this could be expanded. However, the report fails to consider the non-RDP funded Organic Conversion Information Scheme (OCIS) which has been the primary source of advice on conversion to organic farming in England.

On a regional level in England, it is interesting to note that both the North West and South West Regional Implementation Plans recognise the importance of the North West Organic Centre and Organic South West (both set up with funding from the previous programming period) in supporting organic farming in their regions. It is ironic that these centres are now no longer being funded and have consequently ceased operation. The reasons given for this are the delays in the implementation of the new Rural Development Programme which meant that there was no funding to plug the gap, and partly due to changes in the design of the RDPE (Stocker, 2011).

Wales

As in England, there were no specific targets set for the organic farming measure under Axis 2. The Mid Term Evaluation draws on evidence presented in other reports and a sample survey of producers participating in the agri-environmental schemes to reach its conclusions (ADAS and Agra CEAS Consulting, 2010a+b). There have been no other formal evaluations of the OFS beyond the rural development framework. Organic Centre Wales has published organic production and market reports for 2008 and 2009. These reports identified potential for markets to be developed given the large numbers of producers converting to organic production, but the later report identified the likelihood of considerable oversupply in the beef and sheep markets. It also suggested that the Welsh

organic sector could contract over the next five years (Moakes & Lampkin, 2009; Moakes & Fowler, 2010).

Based on a sample survey, the MTE concludes that the OFS is more likely to induce management change that promotes sustainable farming than the other agri-environmental schemes. Along with Farming Connect the OFS was found to be the main contributor to restructuring and modernisation of the agricultural sector by helping the expansion of organic agriculture to meet the long-term trend of growing demand in this market.

The MTE identifies successful examples of synergy between Axis 1 and 2 resulting from increased participation in the OFS and the ensuing demand for training and advice. Organic Centre Wales is considered to have played a crucial part in making those connections and maximising synergy. The aim has been to ensure that the organic sector has the same opportunities to access RDP support as the non-organic. Through OCW an attempt is being made to take full advantage of the opportunities offered by organic production and to develop the demand side in addition to supply.

Addressing the issues referred to in Action 6 of EU Organic Action Plan (SQ 3)

England addresses only one issue actively by offering organic farming support as part of the Entry Level Stewardship. Organic farmers can apply for the same capital investment scheme as all farms, i.e. are not actively discriminated against, but there is no preferential treatment or higher support. The EU Organic Action Plan is not mentioned.

Wales addresses most of the issues mentioned in Action 6, but makes no reference to the document itself. Both the RDP and the MTE recognise the contribution of the OFS to the environment and nature protection, but Wales does not target organic farming as the preferred management option in environmentally sensitive areas. Whilst whole farm conversion is encouraged, some flexibility has been retained due to concerns about farmers staggering conversions or taking on additional land. Stimulating demand for organic products is partly realised through various food initiatives that include organic, although many of these are state funded outside the RDP. Supply chain integration is supported through the Better Organic Business Links project. Organic farmers have the same possibilities to receive investment support as non-organic farmers but there is no special prioritisation. Extension services are supported indirectly through Farming Connect and there is one state aid funded measure (OCIS) for conversion extension. Training and education for all operators in organic farming is provided through Farming Connect, OCW and OCIS.

6.5 Other national/regional policies to support organic farming

England had a national action plan starting in 2002 which came to an end in 2007. As it had no significant influence on the 2007-2013 RDPE, it was not analysed further here. Some analysis of the action plan in the context of 2000-2006 RDP is presented in the EUCEEOF and ORGAP studies.

However, there are a number of separate policies for the organic sector in England that have existed since 2007 and which have been considered as part of the policy coherence analysis. The English policy framework appears quite strongly market rather than environmental focused:

- The Organic Conversion Information Service was responsible for delivering information and advice to farmers interested in conversion. Set up in 1996, it closed in March 2011.

- Research: Defra supports a research programme for organic farming on behalf of England and Wales and is a member of CORE organic II.
- Regulation: Defra has UK wide responsibility for the implementation of EU Regulation 834/2007 and the approval of control bodies. The control bodies receive some support from Defra to assist with the statistical report about the organic sector.

Wales has had two organic action plans since 1998. The 2nd action plan ran from 2005 to 2010 and has not yet been evaluated officially. This does not appear to have been cross-referenced by the Welsh RDP. The aims were to support 10-15 % of Welsh land area through OFS payments by 2010 in the context of the sustainable development of the market for Welsh organic products; new marketing and processing opportunities; public education; public health; research and market intelligence and GM-free Wales (Welsh Agri-Food Partnership, 2005). Apart from the first point (supported through the RDP) only limited activities have taken place.

Organic Centre Wales was established in 2000 to provide information on organic farming for producers, market actors and policy makers. In 2003, it extended its focus to public education, public procurement, policy and strategy development. It also runs the Organic Conversion Information Service Wales which operates in the same way as in England, but remains open.

Evaluation of national support policies for organic farming

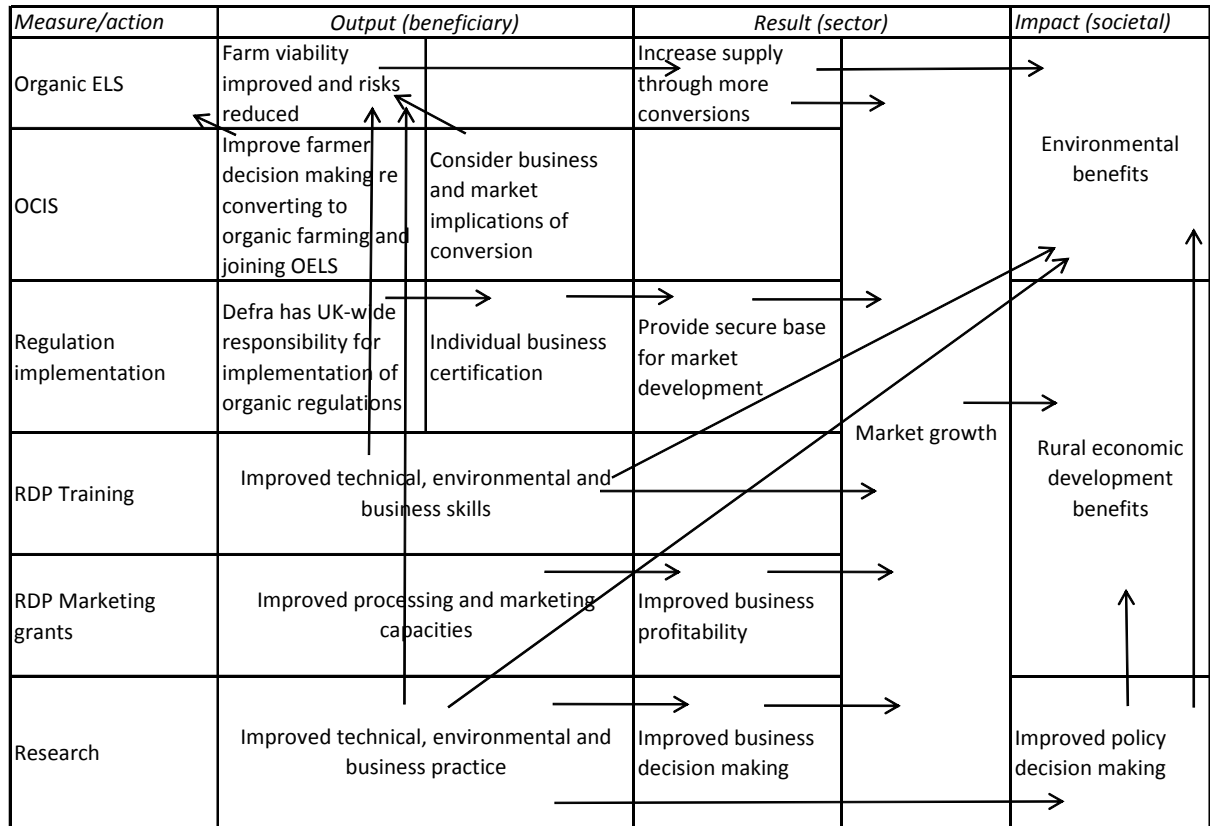
Wales

The second organic action plan foresaw an increase in organic land area from 10 % to 15 % between 2005 and 2010 (Welsh Agri-Food Partnership, 2005), but the RDP budget remained static at GBP 2.5 million from 2007-2012. In fact the expenditure on organic farming had reached GBP 2.5 million already in 2002, and was in the GBP 3-4 million range at the start of the current RDP. Challenged about this at the time the Minister (Carwyn Jones) argued that the major review planned (that has now led to Glastir) would see a significant restructuring of budgets. Following the large expansion in Welsh organic in 2007, expenditure levels rose to GBP 9 million, showing how seriously the implications of the action plan targets had been underestimated.

There was no specific budget for the action plan and it relied on the RDP in many ways. Actions relating to market development, advice and training and organic production support are taken forward as part of RDP measures. Consumer promotion work has not happened to a great extent because of lack of access to funding.

Effects diagram of national policies

England



Wales

Measure/action	Output (beneficiary)	Result (sector)	Impact (societal)
Public education	More promotion campaigns/ educational activities including schools	Improved public/ consumer understanding	Rural economic development
Public procurement	Increase number of outlets	Increased sales	
Market development	More market development initiatives	Improved business profitability	
RDP Processing and marketing grants	Improved processing and marketing capacities	Improved supply chain efficiency/ profitability	
Supply chain development (incl BOBL SCE (RDP) programme)	Implement supply chain development projects		
Organic Farming Scheme	Farm viability improved and risks reduced	Increase supply through more conversions	Market growth
Certification support	Cover costs of scheme participation		
Research & market intelligence	More research and data projects	Improved technical, environmental and business practice	Environmental benefits
Farming Connect Organic Development Programme (RDP)	More training events and activities	Improved business decision making and performance	
OCIS	Improve farmer decision making re converting to organic farming and joining OELS	Consider business and market implications of conversion	Improved policy decision making and implementation
Organic Centre Wales	Support action plan delivery via specific projects	Improved technical, business and environmental information	
Standards development	Ensure specific issues affecting Welsh producers addressed	Ensure organic integrity	
GMO issues	Avoid GMO contamination		Improved policy decision making and implementation
Delivery partnership	Support, monitor and evaluate action plan delivery	Ensure industry representation in policy decision making	

6.6 Assessment of policy coherence

Cross impact matrix

England

		RDP	Oth	Oth	Oth	Oth	
No.	Policy measures/ action points	Organic ELS	OCIS	Regulation	RDP Training	RDP Marketing grants	Research
RDP	Organic ELS						
Oth	OCIS	2					
Oth	Regulation	1	0				
RDP	RDP Training	1	0	0			
	RDP Marketing grants	0	0	1	0		
Oth	Research	1	1	1	1	0	

+ 2= strong synergy; +1 = weak synergy; 0 = no interaction;
-1 = weak conflict; -2 = strong conflict

6 measures considered

The positive synergy score is moderate (min value 0, max value 1) with 0.5625

No negative synergies (conflicts) were identified

Wales

No.	Activity	OAP		Oth	RDP			OAP	RDP	Oth	OAP			
		Public education	Public procurement	Market development	RDP Proc & Mark grants	Supply chain development	Organic Farming Scheme	Certification support	Research & market data	Farming Connect ODP	OCIS	Organic Centre Wales	Standards development	GMO issues
OAP	Public education													
	Public procurement	1												
	Market development	1	2											
Oth	Processing & Marketing grants	0	1	2										
RDP	Supply chain development (RDP)	1	1	2	2									
	Organic Farming Scheme	0	0	1	1	1								
	Certification support	0	0	0	0	0	2							
OAP	Research & market data	1	1	1	1	2	1	0						
RDP	Farming Connect ODP	0	0	1	1	1	2	0	2					
Oth	OCIS	0	0	0	0	0	2	0	1	2				
	Organic Centre Wales	1	1	1	0	2	1	0	2	2	2			
OAP	Standards development	1	1	1	0	1	1	0	1	0	0	1		
	GMO issues	1	0	1	0	1	0	0	0	0	0	1	1	
	Delivery partnership	1	1	1	1	1	1	1	1	1	1	1	1	

+ 2= strong synergy; +1 = weak synergy; 0 = no interaction; -1 = weak conflict; -2 = strong conflict

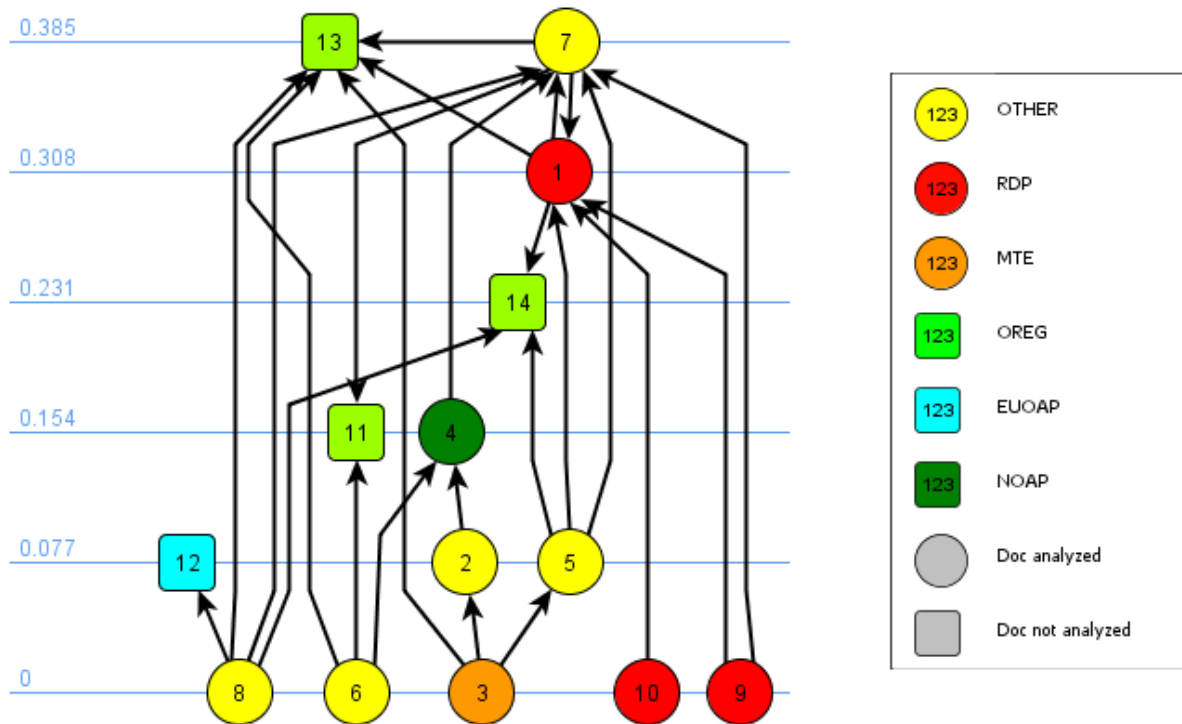
14 measures considered

Positive synergy score: 0.6167

No negative synergies identified

Document network maps

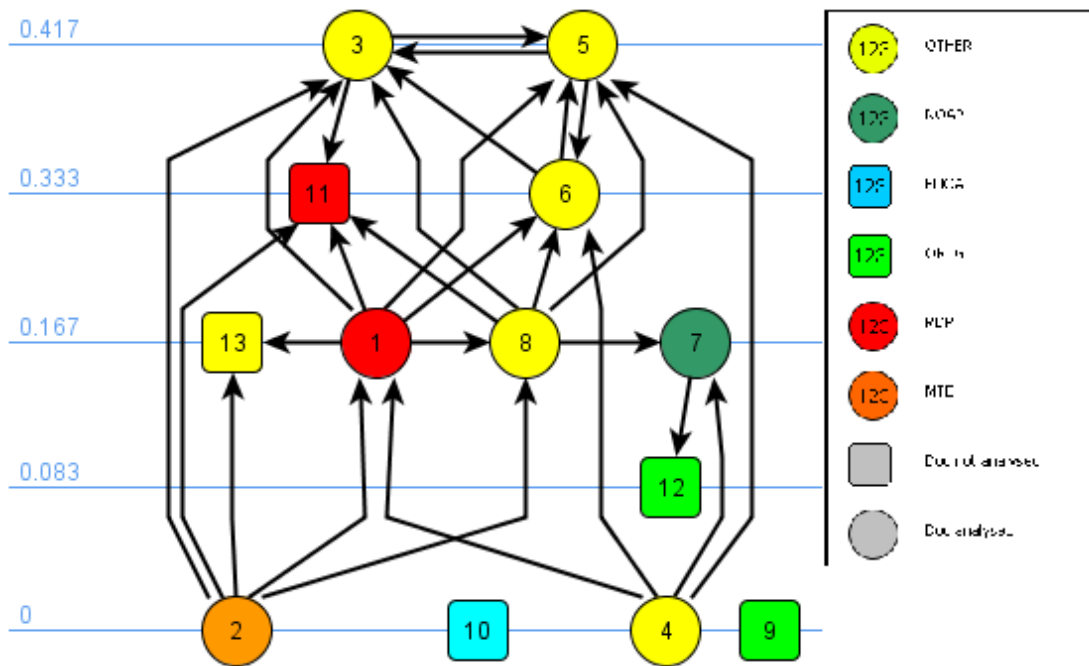
England



List of documents

Doc.	Shortname	Longname	Type
analysed			
1	RDP ENG	Rural Development Plan for England	RDP
2	Ex-Post Eval	Ex-post evaluation	Other
3	Defra RDP ENG	MTE Defra RDP ENG	MTE
4	ENG OAP	Organic Action Plan 2002	NOAP
5	Nat Audit OELS	National Audit office report on OELS	Other
6	Rev OrgStand	Review of the Advisory Committee on Organic Standards	Other
7	OELS	OELS scheme literature (3rd edition)	Other
8	Other	Other	Other
9	RIP SW	SW RDP implementation plan	RDP
10	RIP NW	NW RDP implementation plan	RDP
Not analysed, but considered for referencing			
11	EC 834/2007	EC 834/2007	OREG
12	EUOAP	EU Organic Action Plan	EUOAP
13	EU 1698/2005	EU 1698/2005	RDP
14	EC 2092/91	2092/91	OREG

Wales



List of documents Wales

Doc.	Shortname	Type
analyze		
1	RDP	RDP
2	MTE	MTE
3	Wales: A better country	Other
4	Farming food and countryside	Other
5	Sustainable Development Action Plan	Other
6	Environment Strategy for Wales	Other
7	2nd Organic Action Plan for Wales	NOAP
8	Ex-ante evaluation of the Wales RDP	Other
Not analysed, but considered for referencing		
9	EC 834/2007	OREG
10	EU Organic Action Plan	EUOAP
11	EU 1698/2005	RDP
12	2092/91	OREG
13	ACOS standards	Other

Involvement of stakeholders

England

There was stakeholder engagement in the development of the current agri-environmental measures, and there is an organic representative on the Agri-environment Stakeholder Group run by Natural England and Defra. As far as the RDP as a whole is concerned, there was no specific organic representation.

Wales

For a period (2007-2009), the Organic Strategy Group with support from OCW played a significant role in the review and redevelopment of the OFS working closely with the Welsh Assembly. The funding of a policy officer in OCW was part of the mechanism for supporting a close stakeholder engagement with organic issues. Following staff changes in Welsh Government, this relationship broke down from 2009 and structures for stakeholder engagement are now more 'confused'. Organic interests have been represented on several other strategy and stakeholder groups such as Food and Drink Advisory Partnership and the Dairy Strategy Group.

Assessment of policy coherence by workshop participants

Question 1: How would you assess the coherence of policy in support for the organic sector?

England

Coherence is average to poor (area and sector dependent).

No clear direction and no clear expectation from government regarding future development of organic farming. Land area policies are reducing the risk of conversion and to a lesser extent of being organic, and market aspect is left to the market and in this policy support is quiet coherent. The potential for organic farming is not recognised in other Defra policy documents and there is embarrassment about using the 'O' word.

Wales

Coherence is good to average (was good and is now only average).

This was felt to be better in the past but is current falling apart. There have been a number of stop/start decisions in organic farming support, most recently the introduction of Glastir which has caused confusion among organic farmers. The future of several initiatives, such as Organic Strategy Group, 2nd Action Plan is uncertain and there is limited reference to organic in overall policy strategy.

Question 2: What were the reasons that supporting organic farming is considered an important (not important) instrument in the national/regional agricultural and rural development policies?

Organic farming continues to be seen as a minority issue (only 3 % of farming) and several bodies such as the National Farmers Union, environmental NGOs do not see beyond this the potential it represents to achieve broader environmental objectives. Because of its opposition towards GM (genetical modifications), there is an impression that organic farming is opposed to technological development and progress in general. On the other hand, there has been successful mainstreaming

of organic farming in some sectors (e.g. beef and sheep Wales and South West England) but clearly not in others (most clearly arable farming in the East of England).

Policy-makers tend to favour particular and specific issues rather than whole system approaches. There is not sufficient lobbying of Government and no effective representation of the whole sector.

Question 3: What could be done to improve the second Pillar of the CAP (Rural Development Programme) in the next period (after 2013) to achieve better support policies for the organic sector?

The three most important suggestions were: achieve EU-wide consistency, increased recognition of the potential role of organic farming among policy makers and continuous support for information and training.

Question 4: How could the co-ordination between the regional/national RDP and organic action plans be improved?

The most important suggestions concerned a new (UK-wide) action plan for organic farming and more recognition and support of the public and the government. Further suggestions were: more national programmes in England, the sector providing a coherent vision and strengthening sector coordination, as well as better integration of organic farming in the RDP and documenting the monetary value of the public benefits of organic farming (pounds/hectare).

Extent of overall strategy to develop organic farming (SQ 4)

With respect to the RDP, the two regions analysed differ in their emphasis.

England sees its rural regions as similar to urban regions with a fairly competitive farm structure. It places most resources in the 2nd axis where organic farming is one of three Entry Level Schemes. All these are seen as contributing to the EU's three priority areas of environmental protection. There are no directly competing agri-environmental schemes (apart from ELS?). Organic farming support is only considered under Axis 2. Although an imbalance between supply and demand had been noted in the past, there is no mention how Axis 1 could contribute to develop the organic sector in the national guidelines or in the two regional implementation plans that was looked at. "The organic market is left to the market".

The Welsh RDP is intended to contribute to strategic national policy objectives (outlined in Wales: A Better Country with no reference to organic). Organic farming is considered under Axis 1, mainly in relation to advice and training as well as market development. The most important support is provided under Axis 2 which sees organic farming as contributing to the reduction of environmental damage caused by diffuse pollution from artificial fertilisers, synthetic pesticides and veterinary inputs and thus contributing to overall environmental policy objectives.

At a national level, England no longer has an action plan, but Defra supports research including participation in CORE organic and the implementation of the regulation. It did support conversion advice through OCIS but this has now closed. The Welsh organic action plan is at the end of its running period and has not formally been evaluated.

The cross impact matrix for England and Wales shows a below average score for England and average score for Wales but no negative synergies.

For England, the document network shows the EU Regulation 1698/2005 and the OELS scheme as most referred and there does not appear to be any national policy strategy for supporting organic farming.

The Welsh document map shows two strategic policy documents as most important, but neither of those mentions organic farming. The EU Organic Action Plan and the EU regulation 834/2007 have no linkages, but several documents refer to ACOS (Advisory committee organic standards) which used to be the UK national standard.

Main strength:

- The potential for cross axis synergies is recognised in Wales.

Potential weaknesses:

- Limited cross-referencing of the Welsh organic action plan with the RDP and contradiction between targets in RDP and action plan leading to problems with annual support budgets;
- Cutting of support for regional organic centres in England and potentially in Wales despite their importance being acknowledged by evaluators;
- No effective stakeholder representation in all policy areas;
- Stop and start support creating uncertainty for producers in Wales;
- No accepted recognition of the potential contribution of organic farming to other policy objectives apart from protection of the environment;
- No clear direction and no clear expectation from government regarding the future development of organic farming.

There are very few signs of overall policy coherence (although the English situation is coherent with leaving it to the market).

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