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**Stakeholder assessment of agricultural policies and development of policy instruments: a cross-country synthesis of national policy workshops in 11 European countries**

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# STAKEHOLDER ASSESSMENT OF AGRICULTURAL POLICIES AND DEVELOPMENT OF POLICY INSTRUMENTS: A CROSS-COUNTRY SYNTHESIS OF NATIONAL POLICY WORKSHOPS IN 11 EUROPEAN COUNTRIES

## Abstract

EU enlargement has combined two very different patterns of organic farming development under one market and policy framework. An approach to policy learning and innovation is presented. In the effort in bringing together stakeholders of the organic and general agricultural policy sector within the EU in May 2004 groups of stakeholders met for structured workshops in 11 European countries with the objective to formulate policy recommendations for the development of the organic farming sector. This contribution presents the synthesized results from all national workshops highlighting the current situation of organic farming policy in Europe and providing recommendations for future policy design.

**Key Words:** *Agricultural Policy Q18*

## 1 Introduction

Organic Farming has become an inherent part of European agriculture in the Old and New EU Member States (MS) and specific policy support for organic farming has been developed in all MS (Lampkin et al. 1999, Häring et al. 2004, Prazan et al. 2004). Policy support has played a significant role in stimulating organic farming growth, however, the conditions for the development of organic farming differ widely between Member States. The first policy intervention for organic farming was the implementation of Council Regulation (EC) 2092/91 in 1991 harmonising the definition of organic farming. In 1992, for the first time, area support for organic farming was introduced within the agri-environmental programmes (Council Regulation (EC) 2078/92). The subsequent reform of the European Common Agricultural Policy (CAP) (Agenda 2000) – by the Rural Development Regulation (Council Regulation (EC) 1257/99) – provided a framework for MS to continue the agri-environmental measures and introduce other measures to support the development of rural areas. Among these, MS introduced a range of measures supporting organic farming (Häring et al. 2004). The CAP Reform 2003 continued the Rural Development Regulation MS have the chance to revise their Rural Development Programmes by the end of 2005. Once gain, this poses the question of how to develop a policy framework that ensures the further development of organic farming.

There is no single 'best way' of policy development for organic farming. However, to innovate policies or to assess the transferability of "good practices" from one country to another it is essential to understand the specific national environments policy practices and their impact on the development of the organic farming sector. This requires a broad debate among stakeholders and bottom-up approaches to policy design are necessary. Thus, a structured form of participation of and consultation with policy stakeholders was developed to contribute to a scientifically based formulation of policy recommendations at the national and EU level (Vairo et al. 2005a).

Stakeholder involvement is achieved through two national and one EU level workshop which are managed as to facilitate policy learning (Dolowitz and Marsh 2000) among stakeholders of a country and across countries. The objective of this contribution is to present the developed methodological approach of stakeholder involvement on the one hand. On the other hand, the results of the first series of national workshops will be presented, highlighting the current situation of organic farming policy in Europe and providing policy recommendations for the development of organic farming.

## 2 Methodology

A structured form of participation of and consultation with policy stakeholders was developed to contribute to a scientifically based formulation of policy recommendations at the national and EU level (Vairo et al. 2005a). Stakeholder involvement is achieved through two national and one EU level workshop which are managed as to facilitate policy learning among stakeholders of a country and across countries (Dolowitz and Marsh 2000, Vairo et al. 2005a):

- 1) At the national level, there is an opportunity to facilitate policy learning among stakeholders of a country, to create a national network, and to create agreement able to produce future actions.
- 2) At the trans-national level, there is an opportunity for the MS to learn from each other (e.g. New and Old MS), to create transnational networks, and to reduce the differences in national policies and policy innovation.
- 3) Since these workshops are an EU-wide “experiment” in developing organic farming policy recommendations, there is an opportunity create a link between national and transnational stakeholder networks and the EU commission.

Knowledge and spread of information are central to policy learning and policy transfer (Dolowitz and Marsh, 2000; Rose, 1991). Policy transfer can take place across time, within countries and across countries. For the example of organic farming policy, all Member States (MS) may benefit from learning from other MS, e.g. the New from the Old Member States, in how to best develop their organic farming sector. However, even if ‘trans-national policy learning’ is facilitated, the countries involved in the enlargement process need to verify if all conditions to transfer crucial elements of what made the policy or institutional structure a success in the originating countries. Thus the creation, management and transfer of knowledge becomes crucial.

The outlined bottom-up approach to policy design may results in policy transfer, e.g. by identifying relevant organic policies which can be transferred through emulation, adaptation or simply more or less coercive acquisition (Evans and Davies, 1999). Knowledge and information generated and transferred by these workshops favour the establishment of national networks and the consolidation of international consensus. National and trans-national networks potentially created by the outlined series of workshops may facilitate participant’s building of alliances and developing a common language.

Following the approach of a multi stakeholders process (MSPs) (Hemmati 2002), participants from four groups were involved in the process to assure a good representation of perspectives: policy makers, organic sector representatives, non-organic sector representatives and third parties.

In April 2004 the first series of workshops was conducted in 11 European countries (AT, DE, DK, CH, CZ, EE, HU, IT, PL, SI, UK) according to common guidelines (Häring and Vairo 2004a). The objective of these workshops was to assess the effectiveness of different policy instruments in each country, and to develop suggestions for ‘future’ policy instruments to positively influence the development of the organic farming sector in the respective country (Vairo & Häring 2004a, 2004b). The workshop group discussion was structured in 3 phases:

- 1) Definition of SWOT: The analysis of organic farming policy was based on the methodological approach of SWOT analysis. On the one hand, participants analysed their country’s specific policy instruments’ strengths and weaknesses. On the other hand, looking at the external (uncontrollable) environment of the organic farming sector, participants identified those areas that pose opportunities for organic farming in their own country, and those that pose threats or obstacles to its performance.
- 2) WOT rating: Participants assessed which weaknesses were most relevant in the organic farming policies of their country (criteria: high impact and high importance), which opportunities could be exploited for Organic Farming in their country (criteria: high attractiveness and high probability) and which were the threats from which the sector needs to defend itself (criteria: high seriousness and high probability).
- 3) Identification of policy instruments: Participants were asked to elaborate possible policy instruments to address weaknesses, opportunities and threats through a brainstorming. This lead to a list of recommendations for national policy makers and provided the basis for the discussion

of a EU policy frame-work for organic farming during an EU level workshop in February 2005 (Vairo *et al.* 2005a).

Results from all 11 countries' workshop groups were analyzed by iterative coding as to achieve a cross national analysis with the objective to identify the most relevant WOT concepts and policy instruments (Vairo *et al.* 2005a). The separation into strengths, weaknesses, opportunities and threats, rating of WOT and design of policy instruments for the identified WOT was applied mainly to provide a common framework for discussion in the 11 involved European countries. Thus the final step of the synthesising analysis ignored this methodological separation and grouped the obtained information according to topics.

### 3 Results

The results presented in the following are the synthesised but unfiltered statements on policy strategies and policy instruments from a bottom-up approach to policy design and transfer. Results are based on the assessment of stakeholders of very different professional backgrounds and cultural settings and neither represent a group consensus nor conclusions of the synthesis of the whole series of workshops. Normative approaches to policy design would have obtained very different results. Nevertheless, such a bottom-up approach to policy design provides interesting insight to the necessities of the specific sector and stakeholders viewpoints.

#### 3.1 The external environment of the organic farming sector

Organic farming at the dawn of the new century is facing a range of different elements in it's external environment. On the one hand the general **natural conditions** are considered favourable for the development of organic farming, and existing agricultural production systems, e.g. extensive systems, seem to have the potential to be successfully converted to organic production method. However, the existing farming structure, efficiency and organisation of farms was also considered an inhibiting factor for the development of the organic farming sector in some countries. On the other hand, **current societal trends** also seem to potentially favour the development of organic farming. As wealth and the level of education in the enlarged EU rises, people become more and more concerned about environment, health, wellness and food quality, creating demand for organic products.

#### 3.2 General policy design issues for the development of the organic farming sector

In several countries an opportunity for the development of the organic farming sector is seen in an increasingly **favourable political climate** in the future. For example, the **CAP Reform 2003** is expected to favour organic farming in the EU making organic farming to become more competitive compared to conventional agriculture. Specifically, new development opportunities for organic farming also seem to arise from modulation, regionalisation and financial resource transfer from the 1st to the 2nd pillar. However, currently the expressed general sympathy of policy makers for organic farming has not lead to the implementation of many concrete actions pro organic farming. In times where public budgets are increasingly tight, **decreasing financial support for the agricultural sector** also endangers the organic farming sector. Thus, stakeholders demand more political commitment towards the support of organic farming and, consequently, a coherent design of policy measures with clear quantitative targets and concrete actions for their achievement.

An observed obstacle to the efficient implementation of policies and the development of organic farming seems to be the **lacking coherence of the existing policy framework with regard to organic farming** and a **lacking integration of organic farming policy with other policy areas** (e.g. rural development, environmental, health and food policy).

With regard to policy **design**, especially the poor balance of support measures to different policy goals was criticized. In some countries, only the agri-environmental measures provide options to support the development of the organic farming sector and other measures implemented within the Rural Development Programmes focus too little on the potential integration of the organic sector in other policy areas. Additionally, an inappropriate difference between organic and conventional agri-environmental area payments on the other hand was mentioned.

Stakeholders also proposed to **improve the financial framework** of organic farming by prioritizing environmentally friendly farming systems in the CAP and by prioritising organic farming

in the second pillar of the CAP and nature protection legislation. According to stakeholders, financial funds to finance these efforts could come from non-agricultural sources or from funds for conventional agriculture.

An option to integrate organic farming policy with all agricultural and other policy areas (e.g. nature protection, health policy or tourism) in an efficient way is seen in the development of an **Organic Action Plan (OAP)**. This OAP is to be implemented by a national organic farming committee at the ministry in charge of planning and policy design, supported by an alliance of organic associations which cooperate closely with institutions of other policy areas. National Organic Action Plans should include links to an EU Action Plan and regional Action Plans. This could include options to develop regional projects and the formation of regional organic clusters.

Measures relating to **general agricultural legislation** but with a potentially positive impact for organic farming proposed by stakeholders were a) stricter nitrogen levels in agriculture, and b) an improved food legislation.

### **3.3 Specific policy areas to be developed as to support the organic food and farming sector**

Financial support to organic farming is still paid mainly as **area payments** within the agri-environmental measures and a range of improvements regarding this trend were proposed. On the one hand area payments should be reduced or abolished as to strengthen other measures (e.g. market support). On the other hand the design of area payments could be improved in several aspects (difference to conventional or between different uses, land types and regions).

The current **certification system** is considered too rigid and the required documentation for control authorities too complicated. This may hamper the structural development of organic farming and influence conversion negatively. Thus, a **simplification and harmonization of standards** was demanded by reducing required data collection, coordinating farm inspections of different control systems, establishing special regulations for small scale production and introducing IT technology management in the inspection system. All stakeholders should be included in these revisions, linking regional, national and EU level efforts to simplify and harmonize standards.

On the one hand, these revisions must focus on conserving the quality differential between organic and conventional farming. On the other hand, the definition of high standards and a robust organic certification system, is considered necessary to **conserve consumers confidence and avoid scandals** in organic farming. A range of measures on how to achieve this were proposed. These constant efforts of improving standards should be communicated to consumers to strengthen the credibility of organic farming.

**Consumer confidence in organic food quality** is considered a very important factor for the future development of organic farming. In the conventional sector scandals and food quality is considered to discredit conventionally produced food, by stakeholders. Consumers believe in the credibility of organic producers and organic product quality due to its certification and control. **Consumers accept organic farming** and are highly aware of organic products. Particularly a rising consumers' awareness of healthy nutrition, food quality and the benefits of organic farming seems to be a promising trend.

In contrast, a **weak interest and willingness to pay of consumers** is still observed on some countries. In times of declining economic growth and a high percentage of unemployment, the price sensibility of consumers is high. Thus, consumer interest in organic products is weakening and in general support among consumers and politicians is stagnating in these countries.

Thus, a great opportunity is seen in a **better communication with consumers** on organic product quality. A better engagement of consumers either directly or indirectly through education and local authorities is expected to increase the demand for organic food by raising consumers' awareness, eradicating negative attitudes and developing special market segments. For a better communication with consumers a range of elements for public information and promotion campaigns and educational programmes were proposed. These efforts should focus on consumers expectations and on creating new target groups. As **labels** are an important element of communicating with consumers a range of elements to improve the transparency of labelling to demonstrate the added value of organic food were

developed by workshop groups. These efforts on consumer communication should be financed at the EU level but managed by an alliance of organic associations.

The **contamination with GMO** is considered the most relevant threat for the organic farming sector. If GMO are registered and certified for conventional production they will contaminate production. Coexistence between GMO and organic is difficult. If GMO residues are found in organic products, trust in organic farming is undermined. Nevertheless, consumers are becoming more interested in organic products as they are afraid of GMO contaminated products. Measures to avoid the contamination of organic farming range from a total ban of GMO to a strict set of rules on GMO which makes GMO production unattractive.

A **high competition on markets** due to the increased EU, emerging countries, globalisation, and the power of large food retailers is perceived a severe threat for the organic sector. To face this situation, stakeholders propose **the development of new markets and marketing channels**, especially the development of distribution technologies and trade possibilities outside the usual retailers. However, stakeholders have identified a **lack of support measures for marketing initiatives**, especially in New Member States. To improve the market situation stakeholders proposed to: a) increase the cost of conventional production by applying a tax on pesticides, fertilisers and nutrient outputs (internalise external costs); b) reduce the cost of organic products; c) equilibrate the comparative costs and quality of organic products from different countries. Furthermore, stakeholders proposed around 20 different options to support the development of the organic marketing structures.

**Capacity building** offers in organic farming are considered insufficient as financial resources are insufficient to match the current needs in organic farming. Similarly, educational offerings on organic farming in agricultural universities and schools are scarce. Around 10 different policy strategies and measures were proposed to tackle the observed deficits in capacity building. The beneficiaries of these measures should be, apart from farmers, all public sector employees, particularly policy implementers. To encourage participation among farmers, training courses should be free of charge and linked to organic farming support.

**Scientific research and development on organic farming** seems to be supported weakly by policy. Neither does a core research strategy exist nor does financial support for research on organic farming meet the current needs. Research activities tackling organic farming could be improved by creating a research institute specialized in organic farming, e.g. a governmental research institution, or by emphasising organic farming in national research funding. A list of topics to be tackled urgently by research was compiled and ranged from research on the comparative advantage of organic farming to scientifically based policy analyses.

Workshop participants evaluated the internal **organisation of the organic sector** in two different ways. Some countries considered the networking of organic actors as productive, while other countries still consider their organic sector networking as insufficient, particularly with regard to lobbying.

The **dialogue of policy makers with organic stakeholders** is considered insufficient, especially in two New Member States. Despite the sustained efforts on behalf of non-governmental initiatives to enter in a dialogue with policy-makers, no common institutions have been established to make such joined efforts work and participation in more informal efforts lack participants from the ministries. An improved institutional setting for organic farming was proposed to support the communication of policy makers and organic stakeholders. A productive **organic actors network** (EU and national) helps building the sectors capacity to communicate with policy makers. Measures to improve networking at different levels are proposed.

#### **4 Conclusions/Outlook**

The described series of national workshops was a first step to policy learning and policy transfer for the organic farming sector in Europe. A wide range of organic farming actors were involved in the assessment of organic farming policy and a wide range of policy instruments and strategies was developed addressing the previously identified weaknesses of organic farming policy, and opportunities and threats for the organic farming sector.

The results presented in this paper are synthesised but unfiltered statements on policy strategies and policy instruments compiled by organic farming stakeholders and policy makers of the organic farming and general agricultural sector in a series of national workshops in 11 European countries.

Thus presented results neither represent a group consensus nor conclusions of the synthesis of the workshop series. However, the ideas on policy instruments and policy strategies developed in these workshops have the potential to spread widely within the organic farming sector. Results have fed into and provided the base for a discussion at the EU level in a second workshop with EU level stakeholders and representatives from national workshop groups in February 2005 (Vairo et al. 2005b). In this EU workshop 5 major EU policy goals were defined for the future implementation of organic farming policy at the national level and proposals were made on the weight which should be given to each policy goal at different administrative levels.

Results also provided the base for the second series of national workshops which was conducted in all participating countries in Mai/June 2005. In this series of workshops details of the implementation of specific national policy instruments addressing the developed EU policy goals was discussed all countries.

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