

POLICY SUMMARY:

GOVERNMENT SUPPORT FOR AGRI-ENVIRONMENTAL PRACTICES COMPATIBLE WITH ORGANIC PRODUCTION



OVERVIEW

This policy summary provides recommendations on why and how to provide support to organic producers within the context of a program available to all agricultural producers to encourage environmentally sustainable practices. It outlines options for providing this support, followed by examples from various countries.

SUMMARY OF POLICY OPTIONS

Payments under agri-environmental voluntary programs can be area-based or based on a schedule of payments for qualifying projects and practices. Examples of environmental quality objectives that are included in incentive payment schemes are biodiversity preservation, water quality improvement, soil quality and preservation.

Agri-environmental programs prioritize environmental objectives and award farmers for identified projects and practices linked to them.

For organic producers, policy makers can:

- Automatically qualify or streamline qualification requirements for certain practices that are required for organic certification;
- Pay a higher amount to organic

farmers on the basis of their higher costs to implement certain practices e.g. organic seed for cover crops and green manures;

- Include in the program a separate payment to organic farmers reflecting that their organic systems contribute to multiple objectives of the program;
- Establish a separate pool of funds for organic producers;
- Provide special technical assistance to organic farmers to help them implement environmental quality projects.

RATIONALE

The market alone does not internalize costs or benefits related to the environmental impact of farming practices. For example, avoiding nutrient leaching will save public resources in terms of water treatment, but it is often an additional cost for farmers who, without subsidies might not be inclined to perform this service. Sometimes, it is easier politically to install this general type of subsidy for precise environmental practices than to obtain support specifically for organic farms, which may exclude other agricultural systems that can also deliver environmental benefits. These types of support can still be quite beneficial to organic farmers who typically implement



environmental practices. Practicing organic agriculture can be considered in some cases as a de-facto proof that the farm implements a particular subsidized practice or that it delivers equivalent services.

SCOPE

As these types of policies are not targeted directly at the organic sector, but benefit a broader range of producers (among which are organic farmers), it can be implemented at any stage of development of the organic sector. If organic farmers are preferentially compensated or assisted in the program, it will be feasible when an organic regulation is in place such that organic and farmers converting to organic agriculture are identified.

POLICY OPTIONS

Payments under these voluntary programs can be area-based or based on a schedule of payments for qualifying projects and practices. Example of environmental quality objectives that are included in incentive payment schemes include:

- Biodiversity preservation
- Endangered species protection
- Water quality improvement and conservation
- Air quality improvement
- Energy conservation
- Carbon sequestration
- Extensively managed grasslands

- Soil quality and preservation
- Animal welfare
- Pollinator conservation
- Preservation of animal breeds

Agri-environmental programs prioritize environmental objectives and award producers for identified projects and practices linked to them. In general, the amount of these subsidies are calculated, as for organic area payments, on the basis of additional costs and income foregone because of the commitment to the supported practices.

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- Pay a higher amount to organic farmers on the basis of their higher costs to implement certain practices e.g. organic seed for cover crops and green manures;
- Include in the program a separate payment to organic farmers reflecting that their organic systems contribute to multiple objectives of the program;
- Establish a separate pool of funds for organic producers;
- Provide special technical assistance to organic farmers to help them implement environmental quality projects.

Farmers apply for agri-environmental subsidies with a plan showing how



they will manage their particular fields in compliance with the requirements set for each specific measure. Some of the agri-environmental practices

linked to direct payments may need to be verified by external control of the farms (either on a sample basis or as a prerequisite for payment).

COUNTRY EXAMPLES

Colombia: The Checua project has supported since 1998 soil and water conservation practices and more generally conservation agriculture with a focus on ecological and organic approaches. The project has been implemented by the Colombia's Cundinamarca regional corporation (CAR), a government agency in charge of enforcing the country's environmental policies, in partnership with the German Ministry of Cooperation. It has produced results that are widely recognized within the country and beyond.

Mexico: The government disburses subsidies for environmental services such as carbon sequestration, water protection, and biodiversity. These are large subsidy programs. For example, between 2001 and 2012, the Ministry of Agriculture invested EUR 27 million into the Soil and Water Conservation Program, benefiting about 1,4 million producers, including many organic producer groups.

Republic of Korea: The objective of the government's "Biological Disease and Harmful Insect Prevention Project", introduced in 2005, is to reduce the usage of pesticides and produce high quality safe agricultural products by converting chemical

insect prevention to biological insect prevention for enclosed horticulture crops. Operators growing certain eligible crops in greenhouses larger than 3,000m² qualify for support.

EU: In the European Union, virtually all member states are using agri-environmental subsidy measures. An example is Austria, where in 1995 several agro-environmental measures were enacted. The so-called "Basic Support" agri-environmental subsidy targeted 2,3 Million ha. Its main requirements were to respect a code of good fertilizing practice, to maintain existing landscape features, and to maintain a proportion of grassland. This basic support measure was combinable with organic farming area payment support. Subsidies were also given for erosion control measures – which became compulsory for organic farmers to access organic area payments. Austria also established a subsidy for rearing local livestock breeds in danger of extinction, which was combinable with organic payments.

Switzerland: In Switzerland, the overall support to agriculture is strongly oriented towards the payment for environmentally sustainable and animal welfare practices. Agri-environmental



direct payments have represented a significant and growing share of all direct payments received by farmers, about 34% in 2015. All direct payments to farmers (whether organic or conventional) are subject to the fulfillment of certain ecological criteria that are highly compatible with organic farming. These include a demonstration of farm nutrient balance (no over-application of nitrogen or phosphorus), 7% of the farm area being set aside for biodiversity, crop rotations, measures against soil erosion, and pesticide use restrictions. Once the baseline conditions are fulfilled, farmers can receive direct payments for various socio-environmental contributions, many of which are also highly compatible with organic farming: extensive grasslands, hedges and other biodiverse areas, the non-use of herbicides, etc. Switzerland also has animal welfare subsidies e.g. for “controlled free range system” which requires animals to have pasture access, and “animal welfare friendly housing system” requiring deep litter/straw yard housing systems (both payments combinable with organic payments). Collective projects can also be set up by cantons in order to achieve water protection objectives, whereby farmers are compensated for reducing or not using fertilizers and pesticides.

Canada: The province of Quebec, through its “Prime-Vert” program, subsidizes certain practices and

expenses linked to reducing pesticide use, including purchase of mechanical weeding equipment and anti-insect nets. The program also subsidizes the establishment of hedges to reduce pesticide contamination risks for organic fields.

United States: Subsidies for farms to implement voluntary conservation practices was installed in 1985. Initially they focused only on setting aside land from production. Now, the voluntary Environmental Quality Incentives Program (EQIP) provides financial and technical assistance to agricultural producers to plan and implement other conservation practices that improve soil, water, plant, animal, air and related natural resources on agricultural land and non-industrial private forestland. The program is open to all producers, but there is a special budget reserved for organic and transitioning producers, known as the “Organic Initiative” program. To optimize organic farmers’ participation in the program, the USDA provides training and resources on organic farming to the certified Technical Service Providers who help farmers develop their application for this program. By 2016, the program was supporting more than 6,800 farms with EUR 103 million. Individual subsidies are limited to a maximum of EUR about 17,900 per fiscal year and capped at about EUR 72,000 over a rolling six year Farm Bill period.