



**CHAPTER III: HISTORY AND  
OVERVIEW OF PUBLIC  
SUPPORT TO ORGANIC  
AGRICULTURE GLOBALLY**



Looking at the major growth factors for organic agriculture, it becomes clear that government intervention can play a critical role. Most of the time, sector growth is a result both of policies conducive to growth and a particular dynamism in the private organic movement. However, there are states in which the effect of government policies and programs on organic sector growth has been the decisive factor in accelerating this growth, for example Tunisia, Austria, Czech Republic, the state of Sikkim in India and Bhutan. Saudi Arabia is another example of government-driven organic growth, but with a focus on consumption.

The EU is a case of mixed factors: the region has dynamic private organic movements, but it also has had a conducive policy environment. Meta studies done on the topic of the use and efficiency of EU policies in favor of organic agriculture have shown that policy matters – a lot. The quantitative and qualitative analysis showed that public support for the organic sector is the major driver for organic sector development and the sector has developed within the framework of state intervention<sup>39</sup>. However, the analysis has shown that public support measures do not act alone and may have little impact if other non-public support factors are absent. Environments supportive to organic farming are those in which organic businesses are economically viable and represent a well-functioning competitive industry, where the public is positive towards organic, where the organic movement is strong and well organized, and where there is a positive market environment so that organic operators see market prospects, and where all actors investing in organic business have confidence in policies. These factors considerably influence the development of the organic sector.

Recent research<sup>40</sup> shows that governmental organic farming support has a significant impact on the development of the number of farms and organic area. Some studies have also found that, in the UK and Denmark, the provision of organic extension as well as marketing support correlates positively with the number of organic farms and the area under organic management.

The effect of public policies on encouraging conversion to organic is particularly visible when one compares the USA and the EU (see text box below). The EU is the region of the world with the highest general level of support to organic agriculture, and one where organic agriculture is comparatively well developed. This development, especially on the production level, can clearly be linked to the impact of its supportive policies.

#### **Comparison between US and EU level of public support to organic agriculture**

The USA has traditionally had (and still has) relatively low levels of public support to organic agriculture. To date, it has converted only 0.6% of its agricultural land to organic – a very low achievement compared to the European Union (with much more pro-active pro-organic policies) which has achieved a total average of 5,7%. This is despite the fact that the USA has the largest organic market in the world and a market share for organic products higher than in the entire EU market share.

<sup>39</sup> Sanders et al., 2011, *Use and efficiency of public support measures addressing organic farming*.

<sup>40</sup> Daugbjerg et al., 2011; Lesjak, 2008; Bahrs and Held, 2006

In some countries, organic production has developed significantly despite the near-absence of supportive organic policies (beyond mere regulation), for example in Argentina, Peru or Uganda (although in the last two, foreign donor support has been very important), but those countries are mostly exporters of organic raw materials. They do very little value addition and have a low level of domestic demand for (and consumption of) organic products.

Below, we detail further the history of public support in some of the world's regions.

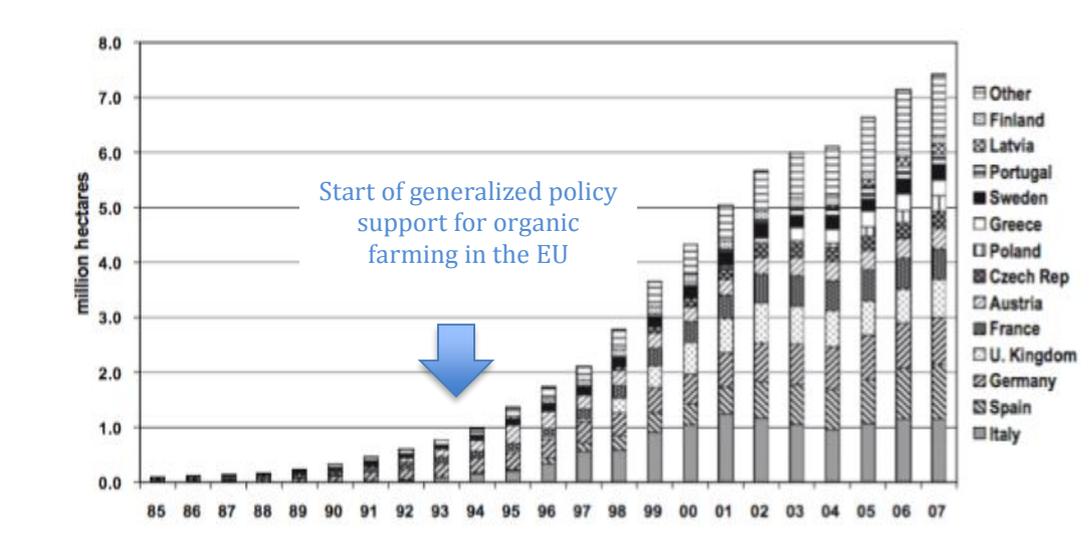
*Europe:* Europe has been the front-runner in terms of public support to organic agriculture, both in the EU and other European states. The first scheme specifically targeted at organic farming was introduced in Denmark in 1987, followed by other countries such as Austria and Switzerland. As part of the reform of the EU Common Agricultural Policy (CAP) in 1992, the introduction of agri-environment programs provided a unified framework for supporting conversion to and maintenance of organic production across the EU. These conversion and maintenance area payments started in 1994 across the EU and have constituted the cornerstone of public support to organic agriculture since then. During this period, supporting organic farming was a means to an end and not a policy goal itself. Towards the end of the 1990s, however, the importance of organic farming in the context of the CAP shifted. Due to changing policy, economic and societal framework conditions, organic farming goals and CAP goals increasingly converged. Although a wide variety of measures were developed to support the promotion of the organic food sector (all under the agri-environmental programs of the CAP), organic area payments<sup>41</sup> remained the main instrument, when judged from the overall level of financial expenditure. To give an idea of the scale of support given to organic farming in the EU-15 during this period, in 2001, organic farming was supported across the EU within the agri-environmental programs, with a budget totaling EUR 520 million for that year<sup>42</sup>.

The impact of these organic agriculture policies on the growth of the organic sector in the EU is generally considered to have been very significant. The graph below illustrates this:

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<sup>41</sup> Fixed subsidy per ha given to organic producers depending on the type of crops they grow – see Chapter V, section 2.e. for more details.

<sup>42</sup> Häring et al., 2004, *Organic farming and measures of European agricultural policy*. Organic Farming in Europe: Economics and Policy, Vol. 11.



**Figure 1: Certified organic and in-conversion land area (M ha) in Europe, 1985-2007**

Source: *Policy for organic farming: Rational and concepts*, Stolze M. and Lampkin N., 2009

In the new EU CAP for 2014-2020, the role of organic farming is recognized as a way of farming that responds to consumer demand for more environmentally-friendly farming practices. In line with the motto “Public money for public goods”, the new CAP 2014-2020 makes organic farming more visible and confirms its role as a measure for providing public goods<sup>43</sup>. As a result, the expansion of organic farming has itself become a policy goal in several EU countries, and policies to support organic farming are now widely applied in many EU countries. The total budget specifically allocated to organic agriculture in the CAP 2014-2020 (under measure 11) is set at EUR 6.3 billion in the EU-28. Additionally, the organic sector may benefit from a number of the other measures, to which they are sometimes given priority access.

**North America:** Public policies towards the organic sector in Canada and the USA have focused mainly on fostering orderly markets and public confidence in the organic label through regulation and enforcement. Governments do not officially recommend organic agriculture for achieving broader policy goals, and avoid the appearance of giving preferential support to the organic sector vis-à-vis other agricultural sectors. On the other hand, these governments have implemented measures to ensure that the organic sector and its operators are accommodated on an equitable basis in other programs. In a span of several years the USDA has: increased budgets for organic agriculture research, adjusted its risk management (crop insurance) program to reduce barriers to access by organic farmers, and introduced more organic data collection and dissemination. Canada supports organic market promotion through an organic roundtable, which is one of 15 such working groups on specific agricultural sub-sectors.

<sup>43</sup> For example, under Pillar 1<sup>43</sup> of the CAP, organic farms automatically receive the Greening component without having to fulfill further obligations. Also, under Pillar 2<sup>43</sup>, Organic farming is more prominent under the new Rural Development Regulation (EU) No 1305/2013 with specific mention of support for organic farming conversion and maintenance payments (Article 29), Investments (Article 17), Quality schemes (Article 16) and EIP-AGRI (Title IV).

*Africa:* Tunisia is by far the organic policy leader in the African continent, and a radical example of government-led sector growth within the context of an export-focused organic value chain:

**Tunisia: the African success story of government-led organic export sector growth**

The Tunisian government has taken a very pro-active role in supporting the growth of the organic sector over the past 20 years. Organic agriculture started in Tunisia in the mid 1980s in response to the demand for organic products from Europe. However, until 1997, organic agriculture was limited to a few private initiatives and the government was not aware of the potential of this sector.

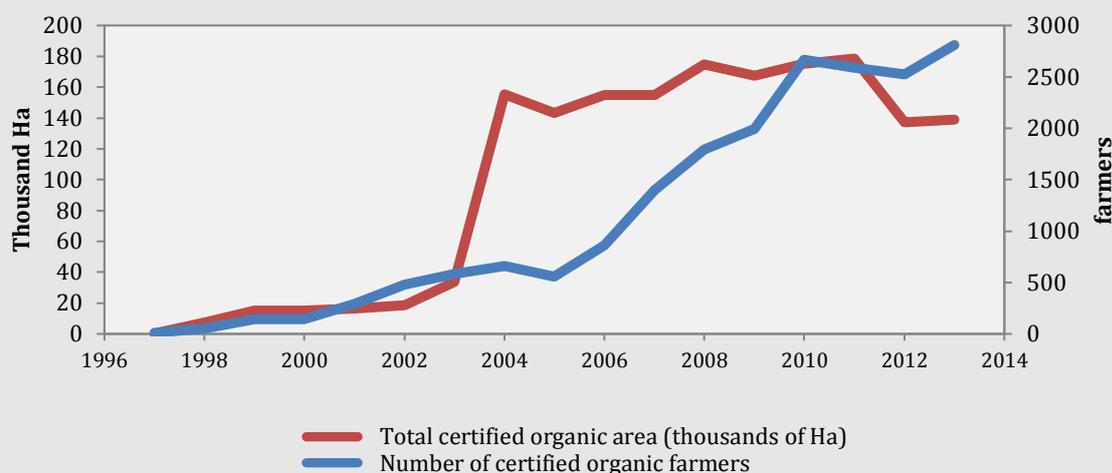
It was after some international exchanges, particularly between a few Tunisian agronomy professors and French organic farmers, that Tunisian public institutions became interested in organic agriculture. Discussions between the professors and staff from the Ministry of Agriculture culminated in 1997 in the organization of a workshop followed by several other conferences. These events heralded government support for the organic sector because it could help achieve some of the national agriculture policy objectives, particularly improving farmers' income and export revenues.

Soon after these events, government support to organic agriculture materialized into explicit support measures. A commission was established to investigate the potential of organic agriculture for Tunisia. This led to the formulation of a draft organic law that went through months of stakeholder consultations involving both non-government stakeholders and several government agencies. The law on organic agriculture was enacted in 1999, covering both organic regulation aspects and organic support measures. The law and a series of complementary decrees resulted in an institutionalization of organic agriculture, as well as considerable public investments into organic research and extension at a very early stage of development of the sector. In particular, a number of specialized central and regional level administrative government agencies and technical institutions were created through the decrees of 1999, among which are the National Commission for Organic Agriculture and the Technical Centre of Organic Agriculture.

In 2004, Tunisia developed its first national organic action plan with funding support from FAO. This plan, implemented from 2005 to 2009, was rooted in the country's broader Economic and Social Development Plan. After a review of the sector situation at the end of the first action plan implementation, a second national organic action plan (2010-2014) followed. Again, this plan was linked to the broader Economic and Social Development Plan for that period. In particular, it made reference to the objectives related to food security, increasing exports of agri-food products and conserving natural resources. To achieve those objectives, increasing organic production volumes, diversity, quality and value addition were the particular focus of the organic plan. The action plan had clear annual targets such as areas under organic management. Market development, both international and national, was another component of the plan. The plan was backed up by a series of support measures including budget allocations to organic institutions, subsidies for operators and investors, and governmental projects.

Government efforts to support organic agriculture in Tunisia have paid off. Private investors responded to the policy measures by investing massively in the organic sector. Between 2005 and 2010, about €5.3 million per year were invested in the sector. In 2012, investment in the organic sector reached €7.59 million, representing more than 52% of the total investment in the Tunisian agriculture sector for that year.

The number of farmers, the certified organic areas and the export revenue from organic products underwent an impressive growth over the decade that followed the start of government support.



**Fig. 2:** Number of Certified Organic Farmers and certified organic area in Tunisia between 1997 and 2013  
Sources: Ben Khedher and Belkhiria, 2006; FiBL-IFOAM, 2012, 2013, 2014 and 2015.

The value of organic exports also increased, from EUR 7 million in 2004, to EUR 35 million in 2008 and to around EUR 140 million in 2015.

Several factors explain the success of the Tunisian government intervention in the organic sector:

- The law provided clearly defined and well-coordinated roles for specialized organic agriculture institutions.
- The organic sector action plans were developed through extensive consultative and collaborative processes including private and government stakeholders. The actions plans were comprehensive, clearly structured and designed in ways that allowed them to be continuously evaluated and updated.
- The linkages of the organic plans to some of the specific objectives in the broader plans of the country have helped ensure political and financial commitment toward their implementation.
- Well-established and highly mobilized public institutions ensured that plans were implemented.

Tunisia is however an exception in Africa. For the rest of the continent organic agriculture has not received significant public support (rather the opposite, with support for non-organic inputs such as fertilizers, pesticides and GMOs undermining organic development efforts). However, in 2011 the African Union published an expression of general support to organic agriculture<sup>44</sup> (which provided the framework for significant foreign donor support) and more recently, a pro-organic program is being developed by the Moroccan government.

Latin America: In Latin America, public support to organic agriculture has also been largely nonexistent, and countries have put the main emphasis on organic regulations rather than on organic support policies. Exceptions are Cuba, Costa Rica, Brazil and more recently Mexico.

<sup>44</sup> See the African Heads' of State Decision EX.CL/Dec.621(XVIII) on organic farming available at [http://www.kilimohai.org/fileadmin/02\\_documents/EOA/AFRICAN\\_UNION\\_RESOLUTION\\_ON\\_ORGANIC\\_FARMING.pdf](http://www.kilimohai.org/fileadmin/02_documents/EOA/AFRICAN_UNION_RESOLUTION_ON_ORGANIC_FARMING.pdf)

Although African and Latin American governments have not invested a lot of their own resources in organic agriculture development, it does not mean that the sector has developed purely out of private investments. Many local NGO initiatives in those regions have managed to attract foreign aid in the form of organic agriculture development projects. In that sense, development partners have filled a role that the national governments have not been willing or able to fill.

*Asia:* In Asia, historically the level of support for organic agriculture has been low, except in South Korea. In the past few years, this situation has changed and a few states have started to set up proactive support policies and programs in favor of organic agriculture, for example the Philippines, Bhutan, several Indian States (particularly Sikkim, Kerala, and Karnataka), and Taiwan. The state of Sikkim is the first state in the world to have achieved full organic status, following a decade of pro-active organic policy intervention (see text box below). The Indian central government has recently initiated some organic development programs, particularly for the Northeastern region. Additionally, organic-compatible policy efforts are underway to phase out agrochemicals and promote organic fertilizers in certain countries, such as Indonesia (Bali) and Sri Lanka. However, in most other Asian countries, the public sector is doing very little to encourage organic, and this includes Russia and all former Soviet Union countries in Central Asia.

**Sikkim: The first fully organic state**  
*A success story of policy-driven conversion to organic agriculture*

Sikkim, a small Himalayan state located in Northeast India, is well known for its scenic beauty and as a biodiversity hotspot. Its fragile, hilly ecosystems require sustainable farming practices to preserve the natural capital. The state produces a variety of crops due mainly to varied agro-climatic conditions ranging from subtropical to alpine. Tourism is a growing economic sector.

Political commitment to organic agriculture in Sikkim started in 2003. At that time, the state's agriculture faced serious environmental and health problems due to chemically intensive agriculture. As a solution, the Chief Minister of Sikkim, Pawan Chamling, announced his vision for Sikkim to be India's first organic state. In a historical declaration to the State Assembly in 2003, Chamling announced "a long awaited policy initiative of declaring Sikkim as a Total Organic State". This was the first such far sighted and visionary policy commitment of a state in India or indeed the world. Pawan Chamling has been Chief Minister of Sikkim since 1994, having won the legislative assembly elections for 5 terms in a row. This has provided Sikkim the political stability to implement the organic vision in just a little more than a decade.

The 2003 declaration was accompanied by the creation of the "Sikkim State Organic Board" and by an action plan containing a variety of policy measures, including a gradual increase of taxation on chemical fertilizers and pesticides, stopping synthetic fertilizers and pesticides from being imported from outside the state, supporting the production and use of organic fertilizers and organic seeds, and capacity building for extension officers, farmers and young people.

From 2006 onwards, a number of pilot projects on organic group certification involving thousands of farmers were implemented in cooperation with NGOs, service providers (for setting-up the Internal Control Systems) and certifiers.

In 2010, the Chamling government launched the Sikkim Organic Mission with a clear road map and target of converting 50,000 hectares of land, thereby bringing the entire state to organic

status by 2015. Under the Sikkim Organic Mission, a number of actions to support organic agriculture were implemented, including capacity building, organic seedling provision, the set-up of a Sikkim organic retail outlet in New Delhi, and the inclusion of organic farming in school curriculum.

In 2014, the Sikkim government adopted a State Policy on Organic Farming, which was accompanied by a five-year plan for 2013-2018 formulated by the Sikkim Organic Mission.

Sikkim achieved full organic status ahead of schedule in December 2015. This success was widely communicated in India and worldwide. The Sikkim tourism sector benefits from this image. Resorts market themselves as completely organic where tourists can pick, cook and enjoy fresh organic food from kitchen gardens.

The success factors of this rapid state conversion to organic farming have been analyzed as follows:

- The five consecutive reelections of the Chief Minister Chamling allowed him to oversee the entire process.
- Farmers had time to prepare for the change and support to do so, including investments in capacity building and input provision.
- There was a compulsory conversion strategy: the state gradually banned chemical pesticides and synthetic fertilizers. Enforcement included fines and potential jail time for those breaking the law.
- The state communicated clearly about its intent and got its people on board.
- The state is small and culturally homogeneous. Many of the farmers already had knowledge of traditional, organic ways of farming.

In January 2016, the Prime Minister of India, speaking at the inauguration of the Sikkim Organic Festival, encouraged other states in India to follow Sikkim's example. "Sikkim has shown the way and what we are seeing today is the result of tremendous hard work and belief in an idea."

*Middle East:* In the Middle East (excluding Tunisia), Saudi-Arabia is clearly the leader in terms of pro-organic government intervention, with more than a decade of government-funded organic farming development programs implemented with the technical assistance of GIZ International Services.

*Oceania:* Australia and New Zealand generally do not intervene in the agriculture sector, and therefore do not show any pro-organic policies. Political interest for organic agriculture is emerging in the islands of the Pacific Community where there are a few interesting initiatives.

Overall, the gradually growing political interest, on various continents, in supporting organic agriculture, whether from a production or from a consumption point of view, is a noticeable trend. However, outcomes will be influenced by the competition for public funds between various agricultural systems (mostly organic and conventional) and the entrenchment of various supports for conventional systems.