

POLICY SUMMARY:

GOVERNMENT SUPPORT FOR FARM INCOME DIVERSIFICATION AND AGRO-TOURISM



OVERVIEW

This policy summary provides recommendations on why and how to provide support for farm income diversification and agro-tourism. It outlines options for providing this support, followed by examples from various countries.

SUMMARY OF POLICY OPTIONS

These options can be categorized as focused on individual operators or on the broader community with a mix of stakeholders.

Individual Incentives

Central governments can establish policies to capacitate investments in income-diversifying initiatives for individual farmers. Examples of such are facilities and equipment for producing non-traditional crops and animals, value-added farm products, farm shops, farm events and recreation, farm food service, and on-farm lodging.

Instruments:

- competitive grants
- low-cost loans
- subsidies
- investment tax breaks

Scopes:

- exclusively available to organic farmers

- preferentially available to organic farmers
- available to organic and non-organic farmers although eligibility requirements may favor organic farmers.

Collective Approaches

Community or regionally sponsored projects can establish branded agro-tourism or similar income-generating programs at the village or district levels. Central governments can support the lower levels of government to establish these programs on the basis of competitive grants or other funding mechanisms. They may also offer support for maintenance of the programs.

RATIONALE

Farm (or village in case of some developing countries) income diversification is the process of reallocation of farm resources (i.e., land, labor or capital) into new non-traditional crop or animal production, into processing, packaging and other forms of value addition (including new forms of marketing), or into non-agricultural activities developed on the farm, such as agro-tourism, education of children, etc. Encouraging farm income diversification is typically a rural development oriented measure. Important challenges faced by rural areas are low income, income



uncertainty (when based on sale of variable harvests at variable prices), as well as low appeal of agricultural occupations for the younger generations. These factors contribute to all the problems associated with rural-urban migrations and human “desertification” of rural areas.

Supporting farm income diversification is therefore a way for governments to tackle those problems at the root by encouraging a rural economy structure that provides more income and job diversification for farming families. Job diversification is a way to valorize the rural lifestyle, keep the value addition on the farm/village and also provide non-agricultural job options in farming areas. Diversification of income also helps to make farms more resilient by reducing the farm’s dependence on commodity prices. Diverse farms tend to be attractive, contributing to beautiful rural landscapes as a backdrop for agro-tourism. Agro-tourism can provide an economic opportunity for countries to derive foreign revenues through activities that enhance the natural, cultural and social integrity of their rural areas.

Diversification often means that the farm is going beyond a simple food commodity production role, and instead develops other linkages with the society at large (consumers, tourists, school children, etc.). This contributes to improving the public’s knowledge and understanding of agriculture and its associated culture

and traditions, and the connection of urban people to the countryside, which is useful to societal cohesion at large.

SCOPE

In very early stages of organic sector development this may not be a priority measure in terms of its relevance for the development of the organic sector. However in countries and regions with heavy tourism, it may be an appropriate policy option if some organic farms are well networked and concentrated. This measure is most feasible where governments are willing to intervene in agriculture with various forms of support and where the government places strong emphasis on rural development.

POLICY OPTIONS

Support for farm diversification and agro-tourism can be provided through individual farm incentives. The classical set of incentives (grants, subsidies, loans with zero or low interests, etc.) can be used to support farm diversification and eco-tourism. Such incentives can be given in a general rural development policy context, or the measure can apply only to organic farmers, or organic farmers can be given priority access in the case of a competitive scheme.

Examples of supportable diversification initiatives:



- production of non-traditional crops and animals;
- value-added on-farm processing
- farm shops
- farm food services (e.g. cafes, farm dinners)
- farm events and recreation (e.g. fishing ponds, harvest festivals)
- farm tours
- farm-based lodging

Alternatively, the national or local government may deal with the farm

diversification and agro-tourism issues through a collective approach, supporting community projects and investments to set up income-generating and agro-tourism related activities at the village or district level. A regional approach to agro-tourism development may include promotion of the region's organic farming image.

COUNTRY EXAMPLES

Indonesia: Bali focuses on agro-tourism as a key strategy to improve sustainable agricultural production and to reduce carbon emissions. The government is encouraging tour operators to create new tourism packages highlighting the Bali's Simantri program of organic farming, which is in line with the island's efforts to become a green and eco-friendly province. Visitors who purchase the packages will have the opportunity to visit villages where organic farming and green small industries are being developed. Simantri accords with Ayurvedic principles for maintaining the environment through recycling of material and nutrients. Simantri villages function on the principle of closed ecosystems. Tourist take

a "Simantri tour" to observe these systems.

European Union: The Rural Development Program of the Common Agricultural Policy aims to diversify the rural economy through grants for the introduction or expansion of service activities (e.g. bed and breakfast), craft activities (e.g. production of local produce), trade activities (e.g. creation of farm shops where self-made products are sold directly to consumers) as well as tourism activities (e.g. information centers or recreational infrastructure). Some of the EU countries have recognized the added value of organic farming to achieve those objectives, and have therefore granted preference to



organic applicants for such measures (e.g. Czech Republic). In the case of the Czech Republic, projects related to organic farming are awarded higher points, which may increase the likelihood of receiving support. Projects are supported in a municipality with not more than 2,000 inhabitants. The minimum total eligible expenditure is about EUR 2,000 per project. Grant levels differ depending on the size of the enterprise and region and range from and 30-60 % of the eligible expenditure.

Italy: The concept of Biodistrict is implemented in Italy. It involves cooperation between local governments and municipalities and local private actors to link the development of organic agriculture to territorial development along with the promotion of the territory

as an eco-tourism destination. In biodistricts, restaurants and tourist resorts are encouraged to offer local organic products. In its National Organic Plan adopted in 2014, the Italian Ministry of Agriculture recognized the Biodistrict as an important tool for the organic sector development. Currently, there are 12 bio-districts in Italy. The Calabria region was the first to develop a biodistrict. The region of Liguria has a regional law on biodistricts, which involves, among others, eligibility criteria for districts to qualify as “bio-districts,” in which case the districts receives financial support for tourism promotion, support payments to farmers are increased, and use of pesticides in public area is prohibited, amongst other measures.

This Policy Summary was prepared by IFOAM - Organics International
www.ifoam.bio/en/global-policy-toolkit-public-support-organic-agriculture