

i. Support for farm income diversification and agro-tourism

Political justification

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 opportunities for farming families. Job diversification is a way to valorize the rural lifestyle, keep the value addition on the farm/village and provide also 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. This ultimately helps to reduce stress and retain people in rural areas.

Additionally, diversified farms such as those farms combining farming and agro-tourism, or farming, food processing and direct marketing activities (on-farm shop, etc.) are often more diverse agronomically and more attractive visually. This contributes to maintaining beautiful rural landscapes.

Finally, 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.

There is a global rise of eco-tourism and agro-tourism. This trend 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.

Public support to farm income diversification and agro-tourism usually benefits organic farms disproportionately, since they fit better with the societal ideal of farming. Their diverse landscapes and non-toxic environments are attractive to the public.

Encouraging agro-tourism on organic farms is also a very good way to support market development and create new demand for organic products, since urban tourists can

discover attractive alternatives to industrial food production, build a relationship with the organic way of farming and transpose the positive picture acquired during their holidays into an every day consumption choice once back in their daily life. Hence such general support measure, even if not targeting organic agriculture specifically, can have a positive impact on developing and maintaining organic farms.

Suitable contexts

Support for farm diversification and agro-tourism can be implemented at various stages of development of the organic sector, but in very early stages of development it may not be a priority line of action in terms of its relevance for the development of the organic sector.

It can be implemented in all types of organic regulatory contexts. This measure tends to fit more interventionist types of government culture. The measures can often fit under budgets other than the agriculture budget, such as rural development, SME development or tourism. Projects can also be municipal or regional in scope.

Supporting farm diversification and agro-tourism is an indirect way to support organic agriculture but can be relevant to the various objectives of organic support, except the objective to earn foreign currency through organic exports.

Possible modalities of implementation

The issues of farm diversification and agro-tourism can be dealt with 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.

Alternatively, the national or local government may deal with farm diversification and agro-tourism issues through a collective approach, supporting community projects and investments to set up other income generating and agro-tourism related activities at the village or district level, like in the cases of Indonesia or Italy. A regional approach to agro-tourism development may include promotion of the region's organic farming image.

Country examples

In the **EU**, the Rural Development Program of the Common Agricultural Policy, Measures 311 and 313 in the 2007-2013 CAP and measures 6, 7 and 16 in the 2014-2020 CAP aimed 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.

Bali, in **Indonesia**, has defined agro-tourism development as one of the strategies to improve sustainable agricultural production and to reduce carbon emissions. Since as early as 1995, local governments in Bali have been supporting community-based agro-tourism projects and allocated funds for capacity building activities as well as the building of facilities and communication materials related to agro-tourism. 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.

A slightly different approach, but interestingly linking agro-tourism and organic agriculture, is the concept of Biodistrict as implemented in **Italy**. It involves cooperation between local governments and municipalities with local private actors to link the development of organic agriculture to the territorial development and the promotion of the territory as an eco-tourism destination. In biodistricts, restaurants and tourist resorts are encouraged to offer local organic products. In the National Organic Plan adopted in 2014, the Italian Ministry of Agriculture recognized the Biodistrict as an important tool for organic sector development. Currently, there are 12 bio-districts in Italy. The region of Calabria has the first biodistrict that was implemented, the Cilento Biodistrict, operational since 2011. The region of Liguria has a regional law on biodistricts, which involves, among others, criteria for eligibility of 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.

There are 3 similar experiences, in **Austria**, although perhaps less advanced, with the Bioregions of Murau, Mühlviertel and Bio-Heu-Region Trumer Seenland. Territorial bioregion projects in those areas have been financed under the EU LEADER funding program for rural development.

The Biodistrict/Bioregion concept has been replicated elsewhere and an international network of Eco Regions called INNER was created in 2014, with regions in Italy, **France**, Austria, **Spain**, **Slovakia** and **Portugal**.

In a similar spirit, the government of Sikkim in **India**, in its 2013-2018 Organic 5-year Plan, foresees the development of the concept of Organic Village Tourism (one model

village in each district, to be developed in coordination with the Tourism department).

In **Tunisia**, the next 5-year development plan foresees the development of Organic Tourist routes in various districts. The concept is still under development.

In the **USA**, the State of Vermont has provided some support for the increase of agriculture and culinary tourism, part of which has gone into the Farm-to-Plate initiative, which is the state plan to strengthen the Vermont's food system. In Vermont, about one third of farms derive some income from agro-tourism and Vermont ranks as the first state in the US in terms of the percentage of organic farms.

Best practice example(s)

Best Practice Example: Support of organic agro-tourism in the bio-district of the Vara Valley, in Italy

The Vara Valley (Val di Vara) is a small territory of 345 km² comprising 8 municipalities within the coastal region of Liguria in Northern Italy. The Valley, characterized by woodland and marginal farmland, had been facing decades of agricultural decline due to an aging population and land exodus. Organic farming started developing in the Valley at the end of the 90s, primarily with organic cattle farming.

The idea of a bio-district dates back to 1998 when a local mayor pushed the idea with the support of the Regional Council. AIAB, the Italian Association for Organic Farming, also played an important role in promoting the idea of the bio-district and encourage involvement and commitment of the various territorial actors – a process that has required many years of incubation.

In 2009, the Liguria region passed legislation that provided the framework for recognition of bio-districts. It is to-date a unique example of such legislation. Inside its regional law on organic agriculture LR 66/2009, the region identifies criteria for a territory to qualify as a bio-district. Among others, the number of organic operators must be at least 13% of total operators in the territory, and the territory must have a minimum area of 250 km². A bio-district is a geographical area where farmers, citizens, tour operators, associations and public authorities enter into an agreement for the sustainable management of local resources based on organic production and consumption. In bio-districts, the promotion of organic produce is inextricably linked with the promotion of the land and its special characteristics, and agro-tourism is a key element.

After long efforts to organize the various stakeholders, including seven municipalities, four farmer associations operating (and competing) in the area and two local farmer cooperatives, the bio-district of the Vara Valley obtained formal and legal recognition in 2013 through a resolution by the Regional Government. In 2014, the bio-district association was founded and started a membership campaign towards single farms and operators to join the bio-district. Restaurants, hotels, B&B, agro-tourism actors, and food shops can also become members of the organization, provided they sell or use local organic products.

Through its legal recognition as a bio-district, the territory gains several policy benefits, such as premium payments and priority support for organic farmers, and no use of agrochemicals in public areas. The bio-district was also able to attract substantial project funding from the region and EU sources in order to finance its tourism promotion activities and implement local development strategies.

The approach has shown clearly positive impacts: while in the region of Liguria as a whole, between 2000 and 2010, 57% of livestock farmers have ceased their activities, only 10% have done so in the Vara Valley. Moreover, between 1999 and 2014, local cooperatives producing cheese and meat in the Vara Valley have doubled their turnover. Organic agriculture now represents 22% of the farms in the bio-district (against a regional share of 1,9% in Liguria) and 50% of the utilized agricultural area (against a regional share of 8%)⁹³. In parallel, regional tourism increased by 126% between 2000 and 2010⁹⁴.

Pitfalls and challenges

An effective strategy for agro-tourism development requires a certain level of attractiveness of the region for tourism, particularly for rural tourism (outdoor activities). Hence, this strategy is not a suitable to all regions.

It may be a challenge for isolated producers to market their agro-tourism offers effectively. Agro-tourism networks offer a common platform for (organic) farmers and other agro-tourism actors to market their offers. It can be a good idea for public programs at the regional or national level to support the establishment or maintenance of such networks. However, given the importance of the positioning and image of agriculture in the agro-tourism sector, such networks are often built on specific views of what a farm should be or should look like in order to be able to join the network (e.g. peasant farming). There may be competing networks and some (local) political sensitivity in the choice of whether to allocate public funds to some, or all of the networks.

The bio-districts or eco-region concepts can face many challenges inherent to the collective aspect of the projects, trying to create cooperation between a variety of (sometimes competing) actors. To help tackle these challenges, they can benefit from linkages to other eco-regions through networks at the national and international level. Those do not only fulfill a role of promotion towards the public and potential tourists, but also a role of sharing of good practices and mutual learning, as well as gaining political visibility.

j. Support to companies for organic processing, product development and marketing

Political justification

Governments can support not only organic producers but also those businesses adding value through processing and marketing. Particularly in those countries with an

⁹³ Triantafyllidis A., 2014, *Local Governance Through Organic Farming – The bio-district of the Vara Valley, a private/public partnership to assure vitality to a rural area*.

⁹⁴ Studio Roberto Vegnuti, 2011, *Imprese, occupati e dinamiche nel settore del turismo in provincia della Spezia*.