



# Subsidies for Agri- environmental Practices Compatible with Organic Production

**Pacific Organic Policy Toolkit**  
<http://www.organicpasifika.com/poetcom>

## ***Subsidies for agri-environmental practices compatible with organic production***

### ***Political justification***

Offering subsidies to all farmers for practices that are highly compatible with organic farming may be more politically palatable in some countries while providing easy access by organic farmers to funds. Unlike most existing general subsidies which are calculated on the basis of higher costs and potentially lower yield of organic farming, the agri-environmental subsidies can be linked to sustainable development goals. The support program for these practices may be an effective way to induce farmers to convert to organic production systems as well as to support existing organic farmers.

### ***Suitable contexts***

*Stage of sector development:* 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

*Regulatory context:* The action is suitable in any organic regulatory environment.

*Culture of government intervention:* Such measures are typically only implemented by countries where it is commonly accepted that the government should intervene on the agricultural markets with taxes/subsidies to correct market deficiencies and/or to economically support the agricultural sector.

*Policy objectives:* It will not be a relevant measure if the only policy objective to support organic is to earn foreign currencies, but for any other policy rationale, it will be relevant.

### ***Possible modalities of implementation***

A government may start by reviewing its agricultural policy goals and identifying those that could form a framework for an incentive program for certain farming practices. Governments should also estimate the cost-benefits of potential measures. This policy instrument would require a system of application, review, approval, and monitoring, which may be challenging for some governments to implement and for small producers to navigate. A common incentive program is for reduction or elimination of pesticides and/or synthetic fertilizer application. Other typical incentive offers are for enhancing biodiversity, erosion prevention, and water quality management. A package of climate change related farming practices could also be considered for payments, especially for soil carbon sequestration.

### ***Pitfalls and challenges***

As with area payments, once direct payment systems like this are in place and significant, it is important to ensure their continuity and stability over a longer period than political mandates. Every time the subsidy scheme is discontinued or modified, the rate of conversion to organic agriculture drops and producers fall out of the scheme. The way to overcome those challenges is to develop longer-term support schemes, and to provide sufficient administrative support (e.g. through the extension services) to farmers to help them understand the schemes (and changes thereof) and to file their applications. More important than the size of the payments is the fact that government think long term (not just 4 or 5 years) to ensure stability and continuity of the payments.

In case that such subsidies increase the rate of conversion to organic systems, it will also be important to have measures to increase demand for organic products, so that new producers will find organic markets for their produce.

### ***Countries examples***

United States: The National Conservation Reserve Service (NCRA) EQIP (Environmental Quality Initiative Program) program assistance helps producers plan and implement new conservation practices to support the environmental sustainability of their organic operations. Financial assistance is limited to totals of a maximum of US\$ 20,000 per fiscal year AND no more than US\$ 80,000 over a rolling six year Farm Bill. EQIP is available to all, but an “Organic Initiative” is a special budget and offering inside EQIP for organic and transitioning producers to implement programs consistent with organic practices. The USDA publishes a Handbook on Organic Farming, to support NRCS conservation planners and other agricultural professionals as they work with organic producers to optimize their participation. The handbook describes organic systems and identifies key resources to guide conservation planning and implementation on organic farms.

Switzerland: All direct subsidies to farmers (whether organic or conventional) are subject to the preliminary fulfillment of certain ecological criteria that are highly compatible with organic farming. Those include, for example, a demonstration of farm nutrient balance (no over-application of N or P), seven percent of the farm area being left aside for biodiversity, crop rotations, measures against soil erosion, and pesticide use restrictions. Once those baseline conditions are fulfilled, farmers can receive direct payments for various socio-environmental contributions, many of which are also highly compatible with organic farming, for example: extensive grasslands, hedges and other bio-diverse areas, the non-use of herbicides. Collective projects can also be set-up by cantons in order to achieve water protection objectives, whereby farmers are compensated (on the basis of additional costs and income foregone) for reducing or not using fertilizers and pesticides.

Republic of Korea: The government has supported biological insect prevention practices under its “Biological Disease and Harmful Insect Prevention Project” since

2005. Its policy objective 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 3,000 metres qualify for support.

