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Ministry of Agriculture, Nature and Food quality

“Organic more mainstream”

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Part: external research

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Summary

In 2000 the document of the ministry of LNV titled 'Een biologische markt te winnen, Beleidsnota Biologische Landbouw 2001-2004' (An organic market to conquer, policy document Organic Agriculture 2001-2004) was published. The ambition formulated in the policy document is "it would be good for The Netherlands to have 10 per cent of the agricultural area under organic management in 2010" The policy document contains the following policy spear heads:

- Professionalizing of the demand-oriented supply-supply-chains (supply-supply-chain development)
- optimize transparency and closing of the supply-supply-chains
- knowledge development and – dissemination
- stimulating organic primary production
- other measures (e.g. fiscal measures)

An important change in the conducted policy was that the focus changed towards developing the demand side, the sales of organic products, instead of the supply side (stimulating primary production)

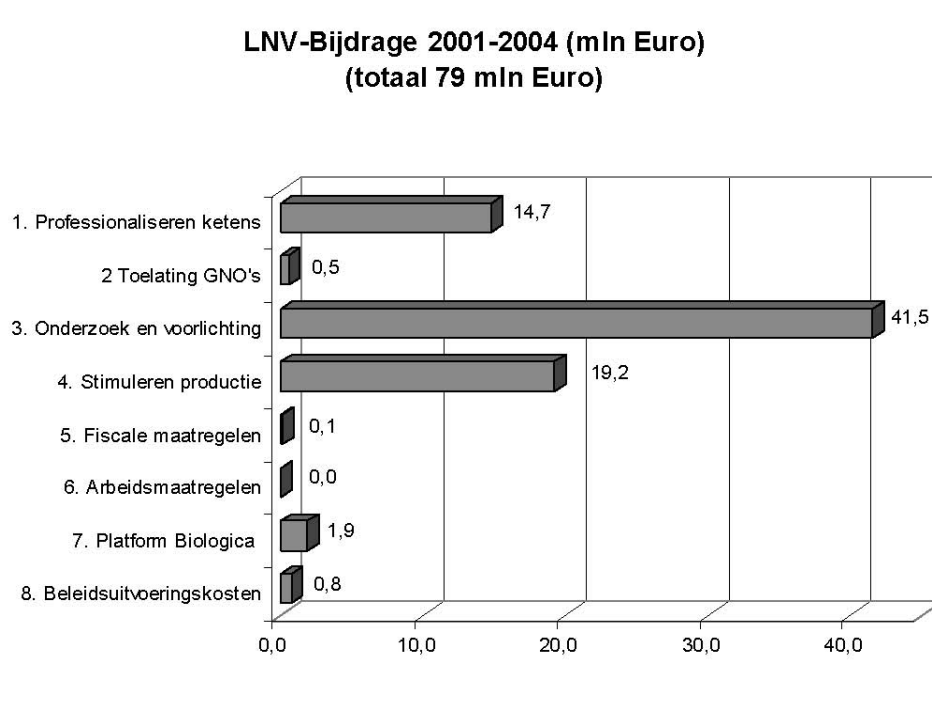
With the policy some policy measures were formulated. The policy measures related to professionalizing of the supply-supply-chains still needed to be translated into activities. Eventually the following policy measures have been implemented and evaluated in this research.

Spearheads and policy instruments

1. Supply-supply-chain development and stimulating demand:
 - forming a Task Force MBL (marktontwikkeling biologische landbouw, market development organic agriculture) and agreement MBL
 - financial support supply-supply-chain activities and supply-supply-chain management
 - co-innovative projects
 - media campaign
2. Closing the supply-supply-chain:
 - allowing use of GNOs (gewasbeschermingsmiddelen van natuurlijke oorsprong, crop protection measures of natural origin)
3. Knowledge development and dissemination: – research – extension and education (DLV, Demonstration scheme, VIA scheme, Framework letter 2002, (Green course education scheme, GCO)
4. Stimulating production
 - RSBP (Regeling Stimulering Biologische Productiemethode, Organic Production Financial Incentives Scheme)

- IBV (Investeringsregeling voor biologische varkenshouderijen, investment support for organic pig producers)
 - Framework regulation knowledge and advice
5. Fiscal measures
- Sustainable enterprise tax deduction, BTW (VAT)-deduction (both didn't get implemented)
 - 'Green' scheme, VAMIL, EIA, MIA,
6. Arbeidsmaatregelen (Labour measures, AM)
- Research labour pools and labour decreasing measures
7. Platform Biologica

In the following table an overview is given of the financial contribution of LNV for the policy



Achieving target

The ambition of the policy was that in 2010 10 per cent of the area should be organic. Furthermore the Task Force in the Agreement Market development organic agriculture has formulated that the organic products in the Netherlands have a market share of on average 5 per cent of the consumer's expenditure on food.

Growth in organic agriculture

The area under organic management has grown from 2000 to 2004 with on average 6,5% per year. Within the calculation a growth of 0% in 2004 is used. The growth has decreased every year. At the moment the share of organic is 2,2% of the total agricultural area. This is not enough to reach the target of 10% in 2010.

The amount of organic businesses has increased between 2000 and 2003 with on average 3,1% per year, while the amount of mainstream businesses has decreased with 4% per year. This resulted in an increase of organic businesses of 1,4% in 2000 to 1,8% in 2003. Livestock has shown a considerable increase between 2000 en 2002 of 10-15% per year.

Stagnation in the growth of the sales caused a stagnation in the conversion. The target of 10% in 2010 is not realistic any more, because it would implicate a growth of 30% from 2004. The target however seems to have a good symbolic function and should be kept, coupled to a different date.

Consumer expenditure

The part organic consumer expenditure has grown in the period 2001-2003 on average 10% per year. Last year has shown a very small growth. Expectations are that 2004 shows a small increase of the growth.

At the moment organic consumer expenditure are approximately 1,6% of the total turnover. This was 1,2% in 2000.

The percentage differs strongly between the different product groups.

AGF (Potatoes, Vegetables and Fruits) accounts at the moment for 3,8%.

Competitive position

Organic farming has, as appears from the figures above, grown in the last few years compared to mainstream agriculture. For the next years a potential growth exists. Organic agriculture is very dependent on export. The competitive position compared to other countries is under pressure because of the deteriorated export position. Dutch consumption needs to increase.

Conclusion

The area under organic management and the consumer expenditure have grown in the last years, although in 2003 a stagnation of the growth occurred. It is being described to the bad economical situation. The growth in the whole period is not enough to fulfil the (too) high ambitions.

Professionalizing the supply-supply-chain and stimulating demand (€14,7 million)

The spearhead professionalizing the supply-supply-chain has been the most important part of the policy of the last years. It was a unique experiment, in which together with the different market players, based on an agreement and based on consensus activities have been developed to achieve a clear objective: 5% organic consumer expenditure.

General

The focus has changed towards stimulating the demand. In the beginning it was thought that a high potential consumers' demand existed and that mainly the functioning within the supply-supply-chain needed to be improved. It was thought that it was needed to especially professionalize the supply-supply-chain. The focus of the activities has however changed from professionalizing the supply-supply-chain to directly stimulating demand. It appeared that the lack of increasing demand, especially within the bad economical situation, still was the most important difficulty. That is why the most projects, starting with support of the Task Force, have focused on stimulating demand.

Instruments continuously developed.

The current intervention strategy has been operationalized during the process. After signing an agreement with relevant parties of supply-supply-chain stakeholders, the Task Force has started developing business plans and programmes for the supply-supply-chain. This seemed to offer insufficient stimulation and clues for supply-supply-chain stakeholders involved to develop project activities. Later people started focusing more on specific supply-supply-chains by employing supply-supply-chain managers and developing the so-called multi-annual upscaling plans (MOPs) for the specific supply-supply-chains. This has been a search process, which could have been faster. The approach is appreciated by the involved parties. A lot has been learned about what does and what does not function in trying to professionalize supply-supply-chains or stimulate consumers' expenditures. The key seems: demand focused tailoring, focused on demand stimulation.

Supply-supply-chain directed activities have had a few impacts.

In the first place more organic consciousness has developed with both consumer and retailer. Or in other words: organic has become more mainstream. For a few stakeholders organic has received more mainstream attention (CBL, supermarkets, LTO). Little structural change of commercial policy has occurred with supermarkets apart from some exceptions. The supermarkets are still in the middle of the process.

More consistency, cooperation and harmonization between and within the different supply-supply-chain parties have occurred. This was an important condition for further upscaling. The supply of organic has improved (both assortment and sale points) as a result of the policy. The market perspective for the primary producers generally hasn't improved in the last years. However within the specific MOPs better market perspectives are created for the primary producers.

The eventual approach (Task Force + agreement + supply-supply-chain management + MOPs) can be called successful, especially with a context in which price interventions by for example fiscal measures don't seem possible. Without the policy a fall back could have occurred in organic consumers' expenditure and market perspective and the infrastructure for the organic produce might not have that good organized.

Several views on evaluation of the supply-supply-chain development process

The policy concerning supply-supply-chain development can be evaluated in different ways. Depending the way of evaluating, different perspectives arise:

Used perspective for policy concerning supply-supply-chain development	Evaluation of the policy
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Experiment to see which interventions function well in such a policy field	Very successful
Instrument to make organic a more mainstream product	Successful: organic has become a more mainstream product for 'mainstream' market players (supermarkets and consumers)
Experiment to see the extent to which the organic world can be influenced	More or less successful: with a lot of effort it can be influenced. Influence of external situations have been shown
Creating favourable conditions for a autonomous process	More or less successful: infrastructure for organic has clearly improved
Means to make all the potential consumers conscious about organic	Failed: large-scale consumers and caterers have not been involved
Means to achieve consumption' objectives	Failed: objectives are haven't been achieved

Policy measures concerning supply-supply-chain development

The mix of instruments that has been developed finally, is reasonably effective: "The agreement was the most important part, the media campaign was the roots and the supply-supply-chain managers with the MOP money were the catalyser.

Task force en Agreement MBL

The agreement approach worked out well. It creates a context for further activities. However it seemed insufficient to leave the execution of the Agreement to umbrella organization. Direct and intensive contact with the field, in this case mainly the supermarkets, by the coordinating team (president, supply-supply-chain managers and secretary) was necessary, because the developing activities else would have started a lot slower. It didn't work out to involve caterers with the Task Force. Important potential sales points have therefore been left unnoticed.

Supply-supply-chain managers

Supply-supply-chain managers have shown to be useful means in gathering supply-supply-chain partners and in stimulating sales channels, especially supermarkets, to do more in organic.

Supply-supply-chain managers have contributed greatly to the increase of cooperation within the supply-supply-chain. The effectiveness is however person specific.

Promotion schemes

The CBL scheme, (financial support for promotion activities of supermarkets), has stimulating, but also had an ad hoc character, both within the policy of the Task Force as for the supermarkets. It started a change, but the change has not yet been coupled to a structural approach of the supermarket.

With the PBS scheme (support of promotion and education for organic retailers) this is not so much the case. Especially the part 'structural sales stimulation' (entrepreneurs' education, shop certification and development of shop modules) of the master plan were evaluated as effective.

Multi-annual extending plans (MOPs)

At the moment about 30 MOP projects exist. They are especially directed towards upscaling activities (more supply and sales of organic products) and coupled to specific stakeholders.

This evolves into tailoring. The majority of these plans have started last half year or still have to start. With the multi-annual extending plans, as far as it is able to preview, an effective instrument has been developed for extending. Actual effectiveness will be shown in a later phase.

Media campaign

The campaign has been very useful looking to its process and is therefore appreciated. It has created a context in which supermarkets could join in. Some stakeholders thought the campaign to be little informative or were missing a clear message about organics. This last thing was hampered by the involvement of different stakeholders, including the ministry of LNV, which had also their own interests involved.

Co-innovation schemes

The co-innovation projects are meant for knowledge questions of the corporations. By co-financing of the corporations a certain commitment is secured. 25 co-innovation projects have started, of which in the meanwhile 5 have finished. The conditions (obliged presence of knowledge institutes and the project procedures) are experienced to be hampering. The programme is entering a phase in which more attention will have to be paid at dissemination of knowledge.

Multiplication-effect

In most cases the use of financial means of the ministry of LNV had a multiplier effect of about 1, 5-2 because of the co-financing by the corporations.

Allowing Gewasbeschermingmiddelen van Natuurlijke Oorsprong, GNOs (Crop protection measures of natural origin) (€0,5 million)

Aim of this part of the policy (contribution € 0,5 million) is to stimulate the use of crop protection measures of natural origin (GNOs). Checked is whether the requirements for allowing GNOs can be simplified. It didn't seem possible to simplify requirements, but it is possible to simplify the way of meeting the requirements by using argumentation based on available knowledge instead of new research, to answer dossier questions. This decreases costs. Besides that the project GENOEG (crop protection measures of natural origin effective use) tried to allow GNOs by contributing in the research costs. As a result four GNOs most probably will be allowed for use in 2005.

Besides that four other substances will be placed on the RUB list (regulation exception crop protection measures).

Because of the small GNO market, producers will be financially supported to have more GNOs commonly accepted.

Research (€38,1 million)

Research is in terms of financial means the most important part of the policy: € 38,1 million. It concerns a reallocation of means from mainstream research towards organic research in accordance with the Waalkens Resolution.

In the meanwhile approximately 9% of the total research budget of DLO (of Wageningen University and Research Centre (WUR)) was spent on organic agriculture.

General

Research coordination, guidance and the dissemination of knowledge have improved over the last years. Organic research seems to be ahead of mainstream research. Active knowledge dissemination is however a weak point. A central region function for the whole knowledge domain which makes sure that the specific knowledge questions of the stakeholders (market stakeholders, supply-chain stakeholders and primary producers) are investigated, put out and accompanied by the stakeholders.

At the moment the formulation of the specific question still happens too much ad hoc.

Stipulation of the demand

The commission Beckers has improved the importance of demand related issues in research themes. Besides that the commission Beckers has improved the representation of the primary sector via the sector working groups. The majority of the advices of the commission Beckers have been accepted by the ministry of LNV especially the advices directed towards primary production.

Focus of the research

The research budget is used for 95% for research on primary production and for 5% for other research. Although according to the policy document, this division is found to be undesirable by some stakeholders. There is a need for research on added value of organic, health aspects, food quality and safety and supply-chain directed research (coupled or not coupled to research in the primary sector). The formulation of the question for these other subject areas is a difficulty. There is no clear target group or owner of the problem. Besides that it requires a more supply-chain-directed and businesslike approach.

Lack of long term vision on the future role of organic agriculture, also related to sustainable agriculture, and on the way in which the organic concept should be positioned, causes a lack of clear reference point for comparing different research themes and to prioritize.

Research carried out.

Few final results exist because a big part of the approximately ten research programmes will continue for one or two years. Parts of the projects have been finished with usable midterm results. From the field part of the research is thought to be too descriptive and inventoried and little practical- and problem oriented.

The research itself needs to be more demand oriented: this means more involvement of the users at the stage of formulating and accompanying the research on project level.

The BIO projects, in which from the very start cooperation exists with primary producers, are in this respect thought to be very effective.

Fast increase of organic research caused lack of organic oriented researchers. This hampers the effectiveness of the organic research. The LBI (and the Applied Research Institutes) do not have this problem.

Fundamental research is needed, but more research should be done conform the approach in the bio projects (living labs). There is a need for more short term research, directed towards directly usable results.

Dissemination of knowledge

Coordination of research and the dissemination of knowledge has been improved immensely with IBL and the umbrella programme. When a farmer is in need of knowledge he should be able to find it. More attention needs to be paid to active communication of available knowledge to the primary producers and stakeholders and more attention also needs to be paid to direct accompaniment during implementation instead of more research. Primary producers learn the most of contact with each other, via for example the business networks and/or study gatherings. The concept used by the BIO project for knowledge development and –dissemination is successful.

Effects

Knowledge results have contributed to the improvement of the business management of organic primary producers. Results of organic agricultural research are in a few cases used by the mainstream agriculture. Knowledge is at the moment however no factor playing an important role in the conversion. Primary producers mainly look to sales opportunities, output, and other when deciding to convert.

Extension and education (€3,4 million)

DLV (€2,7 million)

DLV Advisory group (previous Direction Agricultural extension) received during the period 2001-2004 a fixed contribution for extension related to organic farming. DLV participates in the BIO projects.

Demonstration scheme (€0,3 million)

The demonstration scheme supports stimulation of adaptations and innovations on agricultural and forestry businesses which from the viewpoint of the environmental- and nature policy, but also looking to improvement of the competitive abilities competitive strength, are thought to be necessary. The theme Organic was part of the demonstration scheme in the period of 2002-2003. This year there is another opportunity to use the scheme. From the 22 proposed project plans in the area of organic agriculture 7 projects have been approved with a total contribution of € 324.000. The demonstration schemes haven't finished. Four of the seven projects aim at improving knowledge.

Educational schemes (€0,4 million)

Within the framework of education the scheme reinforcement and innovative agricultural education (VIA scheme) is relevant. The scheme does not only apply to organic

education. In 2002 the scheme was directed towards the theme organic agriculture. In total five applications have been made. One of the applications has received payment.

The scheme Groen Cursusonderwijs ('Green' Course education, GCO) is for information provision and continuing education. The scheme has opened for applications twice. The theme 'organic agriculture' has been used only in 2002 is. Within the scheme GCO no course has started. The schemes VIA and GCO have therefore not contributed to an increase of the actual knowledge of the (future) organic entrepreneurs.

The educational schemes VIA en GCO are supply oriented and don't take into account the needs from the field. They are as such not effective.

Stimulating production (€19,1 million)

RSBP scheme (€16,0 million)

The scheme Stimuleren Biologische Productiemethode (Organic Production Financial Incentives, RSBP) aims to stimulate conversion of conventional agriculture to organic farming in the Netherlands. Primary producers can receive a financial contribution for the first 5 years after conversion. The scheme provides also a small payment for continuation of organic management. In 2003 the scheme could not be used and in 2004 the actual RSBP can be used for the last time.

Earlier research had already shown that the RSBP was not a reason for conversion. The last years it has not been used a lot. Concluded is that the scheme has mainly had a symbolic function. Business economy and market perspective are at the moment the main reasons for conversion. The RSBP is not efficient within its design.

IBV scheme (€3,0 million)

The investment scheme for organic pig production has been introduced end 2001 with the support of Albert Heijn, De groene Weg/Dumeco (butcher) en de Vereniging Biologische Varkenshouders (Association Organic Pig producers). It is a closed agreement for upscaling of the organic pig production. The investment scheme tries to stimulate conversion of the organic pig production by decreasing the risks of the high investments of changed housing.

The IBV scheme is used intensively. The scheme is normally used by conventional farmers because farmers of free-range pig meat have less investment costs when converting. Eventually approximately 30% of the 'covenant farmers' with a sales contract used the IBV scheme.

The IBV has not directly contributed to conversion. The IBV contribution of the government has therefore not proved to be effective.

However an important signal function has arisen for the supply-supply-chain stakeholders: without an IBV scheme the market players most probably would not have been willing to offer sales contracts. The sales contracts seemed an important reason for conversion.

The scheme was known to be available once which turned the implementation not efficient.

Framework regulation Knowledge and advice (€0,1 million)

De Kaderregeling for knowledge and Advice aims at stimulating entrepreneurs to develop activities related to the ongoing development process of their business. The scheme was first available in the beginning of 2003, for amongst others organic agriculture. The market perspective at the moment is not favourable for conversion. This does not stimulate farmers to have a conversion plan compiled. The scheme helps in this and therefore has an positive effect for organic agriculture.

General

The schemes IBV and RSBP did not or hardly result in extra conversion. The schemes are however seen as an extra, symbolic support.

Fiscal measures

In the policy document a sustainable business deduction measures had been announced. The means were almost 40% of the total available budget of approximately 125 million euros. The measures however have not been implemented because they were contradictory with the European rules and regulation. The proposal to reduce the VAT-tariff for organic product from 6% to 0% has also not been implemented, because support of the other EU member states was lacking. The non-implementation of these fiscal measures is seen as a lack in the stimulation of organic production.

The investment deduction instruments VAMIL (Willekeurige afschrijving Milieu-investeringen), KIA (KleinschaligheidsInvesteringsAftrek), EIA (Energie investeringsaftrek) en MIA (Milieu-investeringsaftrek) are no extra impulses for conversion. That is because they can be used by all primary producers.

The 'green scheme' offers an added value and can be seen as an extra support for organic primary producers. But also this measure didn't give an extra impulse to conversion of farmers.

The measures do improve profitability by reducing the costs. For the investment schemes there is no difference between mainstream and organic

Labour measures

An investigative research has been done on the feasibility of labour pools. The results have shown that the concept labour pools are not feasible. Besides that it was found that the labour problem also occurs in economical bad times. One of the research programmes of DLO was about reducing hand weeding in organic agriculture. Labour reducing measures contribute to the reinforcement of organic business management, but do not stimulate conversion.

Platform Biologica (€1,8 million)

The means used by LNV for buying (policy advice) and supporting activities of Platform Biologica have been used effectively and target oriented seeing the targets of the document. Comparing costs-benefits-balance of the instruments shows this. It would have been difficult to reach the same output if Platform Biologica would not have been used.

Recommended is to continue with the purchase and support of activities of Biologica, but to replace the fixed yearly contribution by programme financing coupled to clear targets and objectives.

General conclusions

Changing the focus of the supply oriented policy, to a demand oriented policy has shown to be a good choice. The policy instrument used, being a covenant, based on consensus with relevant stakeholders, supported by a Task Force with financial means for stimulation of activities, has shown to be both innovative and effective, even though the final objectives have not been met.

The approach has stimulated change. The demand-oriented policy has contributed to the creation of necessary conditions for upscaling. Without the supply-supply-chain oriented policy the organic sector would have been worse qua potential and organizational level.

Moreover, it must be concluded that only 20% of the available financial means are used for the demand-oriented policy. The corporations add a comparable amount of money by co-financing. It was considered to be an efficient approach when comparing its costs to the costs of the other instruments (mainly research and information provision, 50%, and stimulation schemes like the RSBP, 25%)

The high ambition of 10% of the area in 2010 has hardly come closer. The last years the economical decline played an important role in this. The most important reason however for the lacking growth, is the fact that the ambition, demanding a structural growth of the area of 20-25% per year, was too high. It was shown that a moderate, more structural development will occur. This needs more time, which most probably is the most important lesson of the last 4 years

Both in the direct management and in the implementation of the policy fragmentation is observed, especially if also the policy of the provinces and local government is taken into account. Especially in the area of coordination of the knowledge questions, the cooperation between the traditional sector and the new persons entering and the harmonization between national, provincial and local governmental policy fragmentation occurs. A more demand oriented organization of the available instruments is desirable. Looking ahead the following starting points are recommended for the new policy. The key word with this is *integration*

Continuation of the actual focus on demand stimulation;

- Extending to other groups at the user side (caterers or large scale users);
- diversification and coordination of PR-activities;
- more integration of the policy implementation (one-office-thought) (één-loket-gedachte);
- changing the focus of the research toward supply-supply-chain, health and food quality and buyers behaviour
- developing of a central regional function for the knowledge domain.
- strategic elaboration concerning the organic concept, the positioning of it and the social role expected of organic agriculture.

1 Introduction

1.1 *Impetus and background*

In 2000 the policy document of the ministry of LNV titled 'Een biologische markt te winnen, Beleidsnota Biologische Landbouw 2001-2004' (an organic market to conquer) appeared (called shortly policy document). With this policy document the ministry gave importance to the role which the central government, and especially the ministry of LNV, in the period 2001 up to 2004 wanted to fulfil for the organic supply-supply-chain.

The ambition formulated in the policy document is that "it would be good if in 2010 10% of the agricultural area is under organic management." This meant that in the practical situation stating in 2001 the area under organic management would have to grow every year with on average 25%. Because the growth in 2000 only was 16% the policy document shows that acceleration has to start, an acceleration which not only should be realized by the government, but by all involved market stakeholders together. Important difficulties blocking the acceleration are mentioned: -the not optimal functioning supply-supply-chains within the organic agriculture – the lack of trust of the consumers – the lack of new knowledge and insufficient knowledge dissemination.

To execute her own task as booster the ministry has formulated a few policy spearheads in the policy document:

- Professionalizing the demand oriented supply-supply-chains
- Optimizing the transparency and closing of the supply-supply-chains
- Knowledge development and dissemination
- Stimulating of organic primary production
- Other measures (for example fiscal measures)

This meant an important change in the policy. Instead of on the demand side, the stimulation of primary production, the policy was directed more to the development of the demand side, the marketing supply-supply-chains of the organic products. With the policy spear heads a large amount of policy measures and instrument have been made available. A description of these policy measures are to be found in chapter 2.

The last years have been directed to implementation of the policy. In 2002 an mid term evaluation was done. It was mainly directed to the process oriented activities concerning professionalizing the supply-supply-chains and to the effects of one of the policy measures, the Regeling Stimulerend Biologische Productiemethode (RSBP) (Organic Production Financial Incentive Scheme).

Formally the policy implementation continues up to the end of 2004. Because at the moment the policy document for the period 2005-2009 is prepared it has been decided to do the final evaluation of the policy document Organic Agriculture 2001-2004. It does not only include a justification (how good has the money been used') but also to learn: what went well, what should be continued, what should change?

This report contains the results of the evaluation research. The research is done by an independent external advice bureau. The evaluation is designed conform the legal

directives as described in the Regulation 'Prestatiegegevens en Evaluatieonderzoek van het ministerie van LNV' (RPE, 2000).

1.2 Research questions and starting points

1.2.1 Aim of the evaluation

The aim of the evaluation is formulated by the project group of LNV as follows:

- Conclude whether the social aims of the policy document 'Een biologische markt te winnen' are realized and the contribution of the followed policy to it. As far as the aims for later year have been formulated, an expectation based on data is formulated.
- Provide justification to the parliament. In accordance with the project "Van Beleidsbegroting Tot Beleidsverantwoording" (VBTB), the national government has to provide justification for the policy.
- Learn of experiences. In the government agreement 2003 the ambition is maintained that in 2010 the total organic agricultural area is 10%. Partly based on the result of the evaluation the following policy for organic agriculture after is defined.

1.2.2 Research subjects and- questions

In order to formulate the research questions the project group of LNV used causality diagram per policy spear head two causality schemes have been defined: one in accordance with the policy document and one in accordance with the actual policy implementation. Using these schemes the project group has formulated the evaluation questions . Within this per subject the main questions are given on which the evaluation give an answer

1. The degree of achieving the target.

- Growth of the area. Will the target of the organic area in 2010 (10%) be realized? Is the aimed growth of the organic area realized?
- Consumer' expenditure. Does the Dutch consumer end 2010 belong to the top users of organic products in Europe?
- Competitive strength. Does the sector end 2010 compete internationally end 2010?

2. Effectiveness of the policy.

- Has the policy contributed enough to the growth of the organic area and the growth of the consumer expenditure to organic products? This main question is further operationalized according to the following research question per sub subject

2a. Professionalize supply-supply-chains

- Have the measures/ instruments contributed enough concerning the professionalizing the supply-supply-chains
 - professionalizing organic supply-supply-chains;

- increase the part of consumers expenditure to organic food;
- improve the market perspective of the Dutch organic farmers
- growth of the organic area/ amount of organic businesses
- the competitive strength of the sector?

2b. Transparency and closing of the supply-supply-chain.

- Do the activities concerning GNO contribute to the improved business management on the primary business?

2c. Knowledge development and – dissemination.

- Do the activities concerning KO contribute to more conversion of businesses?

2e. Stimulating production.

- Did the activities result to more conversion of businesses?

2f. Fiscal measures.

- Have the actual and new fiscal instruments given an extra impulse to the development of organic agriculture (by more positive profitability and therefore more conversion)?

2g. Labour measures.

- Have the measures concerning the improvement of labour facilities and of labour reduction led to more conversion?

3. Effectiveness of the implementation.

- Could the implementation of the policy (product and services) of the national government have been done with less means, without damaging the quality?

4. Platform Biologica.

- To which degree has Biologica with her activities financed by LNV contributed to the objectives of the policy document (ex post)? What will Biologica do if the yearly fixed contribution of LNV is removed?

Every research question led to a few sub questions. For these specific research question per subject will be referred to the annexes.

1.2.3 Used starting points

Attention for the big differences between supply-supply-chains

The supply-supply-chain approach or the effectiveness of a policy measure do not exist. Both are strongly context related. In a relative simple supply-supply-chain, like bread and dairy, the (relative) effectiveness of a measure be bigger than in the sectors as AGF (aardappelen groente en fruit, potatoes vegetable and fruit) or the catering, in which the field is fragmented and a lot of different stakeholders are involved. In this last case people should work more on micro-level, with as a result lower (relative) effectiveness. In this evaluation as much as possible supply-supply-chain directed

information is collected and based on that judgements are done on the evaluation-subjects.

Learning perspective

The research has primarily had a justification aim, but has besides that also a learning perspective, especially concerning the supply-supply-chain approach. During the process specific attention is given to this. The researchers have taken always an expert role and have not been facilitating specific learning processes with the involved actors.

Use of existing research

Existing research has been used as much as possible. Besides that extra information is gathered, as well via a large amount of interviews as via written information, provided by different project leaders and – coordinators.

Persons to be approached

As a starting point for persons to be approached it is chosen to approach as much as possible persons who are not directly beneficiaries and representative persons of the eventual target group, trying to get a better view of the eventual effects of the policy.

1.3 Research approach

1.3.1 Methodological starting point

Research levels

Information has been collected on two levels:

- The more quantitative line: collecting information on project level
- The more qualitative line: using interview to research difficulties, critical factors, general picture, ideas, relative effectiveness, appreciation, etc. on measurement level

(Sub) measure level

On sub measure level investigate what the overall effect have been, what would have happened if measures hadn't been, whether a better (more effective) approach would have been possible, etc.

Project level

For all measures projects/ activities or cluster of projects/ activities have been defined. Of every project group the following information is collected:

- visible outputs, results
- effects of that output
- causality (would this also have happened if no policy measure was applied?)

Filtering

Because of the amount of subjects which needed to be taken into account it was desirable to filter during the process of collecting data. A two step approach was used

to do this. This resulted in inserting an extra phase (phase 4) in order to go into more depth in certain subjects. This phase was preceded by a *go/no go decision moment*. During the meeting with accompaniment group and other persons involved it was discussed whether it was desirable to collect more specific data for certain subject. This decision was based on the actual data available.

Ways of working

During the research different ways of working have been used. The most important way of working existed of desk studies of already available material and interviews.

Interviews

The interviews have existed of individual interview (in principle oral, but for some part via the telephone). In total 47 personal interview have been held and 54 interviews have been done over the telephone). With some of the interviewed persons more than once has been spoken

Document study

For an overview of the documents collected during the research referred is to the annexes

Written questions, per email,

In a few cases email was used for reasons of efficiency in order to ask questions to respondents

Fact sheets projects

In order to compare data of comparable project people involved were asked to fill in a standard format. These fact sheets are bundled in a separate annex for intern use.

Sounding board meeting

During the research one meeting is held with the sounding board group.

(For an overview of the member of the klankbordgroep see annex)

No inquiry

The research does not serve for a large inquiry, because the research question and the actors involved were too diverse. However a small inquiry is done over the telephone in which some more quantitative data related to specific questions have been collected. This is done to collect the opinion of more (potential) converters about the relation between knowledge and conversion and improvement of the business management and about the stimulating measures.

Consultation with the accompaniment commission

During the research a go/no go consultation moment was introduced between the different phases. This was a discussion with the accompaniment commission on development and possible adaptations of the research.

1.3.2 Content related starting points

Focus on results

The focus of the evaluation was directed to actual achieved results. It is explicitly asked for. The results are distinguished both at project level as on measure level. For an overall view of possible results see annex.

Difference interpretation/ idea questions

Difference is made between interpretation/ idea questions on one hand and question based on facts on the other hand. With the interpretation/ idea questions the perspective of the involved actor-respondent is explicitly involved. Interviews are hereby the research method. For the fact questions pre-structured questions or tables are used.

Extrapolation

Result of questions concerning the revenues of the policy should be extrapolated as much as possible to the following year. In interviews an estimation is asked including the following year.

Actual policy

Evaluation subjects of an area in which changes of policy have taken place, are evaluated on a basis of the actual policy. In the report it is explained why the differences with the original policy document have taken place.

Phasing of the evaluation

The research has been implemented in phases. The preparation phase has been done by an internal project group of LNV. Phase 1 until 5 have been done by the external research office.

Phase 0. Preparation phase

In October 2003 the internal project group of the evaluation of the project plan has been defined. Mid November 2003 it was decided using the casualties schemas and a description of the decided instruments, which evaluation questions should be answered and which indicators and aimed values will be used with this. Partly based on the document in which the question was formulated, the project group created an 'Programma van eisen' (programme of demands), to which the evaluating research should abide. Based on this document several external offices were asked to make an offer for doing the actual evaluation. The organization advice office IME consult did the research.

Phase 1. Develop research set up

The first phase consisted of reaching an agreement about the research approach. An intake-round was held with several people of the most important stakeholder groups. The aim of the conversations was on the one hand an orientation on the subject and a refining of the research approach and on the other hand the acquiring of the available documents.

Phase 2. Collecting data

Phase 2 consisted of collecting data via desk studies, interviews and collecting extra actual data.

Phase 3. Analysis and first feed back

In Phase 3 an analysis was made based on the first findings related to the research question. This analysis was discussed with the klankbordgroep (see project organization). At the end of this phase it was also defined, partly because of discussed issues within the klankbordgroep, where to go into more depth.

Phase 4. Going into more depth

In Phase 4 certain parts have been done in more depth.

Phase 5. Reporting and presentation

The results of the evaluation research have been processed in a concept report, which has been discussed with the steering committee. A few directly involved persons have also made remarks. The remarks have been processed and used for the final report. The most important result and conclusions have been presented during the meeting with external people involved with organic agriculture. This meeting was organized by the department Agriculture of LNC.

1.3.3 Organization and planning

Steering the research

For the research a steering committee was established by the ministry of LNV. The research was accompanied by a steering committee.

Within the Begeleidingscommissie a person was chosen to function as a contact person for the researchers in order to plan the midterm meetings and to make the logistic appointments.

Besides the Begeleidingscommissie one time an Klankbordgroep with representatives of LNV, EC-LNV and other involved actors is used for discussing the results. In the annex the composition of the different committees is given.

Time frame

The evaluation research has taken place from the 15th of February until the end of May 2004.

1.4 Lay out

The structure of this report is as follows:

- In chapter 1 and 2 the background, objectives, research methodology are described and a short description is given of the policy and the policy measures described in the policy document.
- Chapters 3 and 4 describe the degree in which the main objectives have been achieved and the effects of the entire policy (effectiveness)
- In chapters 5 and 6 one of the most important spear heads of the policy, the professionalization of the supply-supply-chains and the supply-supply-chain

development are discussed.

After addressing the entire spearhead, all the instruments of this spearhead are discussed.

- Chapter 7 addresses the origin of the crop protection measures.
- Chapter 8 addresses the research related to organic agriculture and the way in which the results of the research are disseminated amongst the target groups.
- Chapter 9 describes the measures relating extension and education.
- Chapter 10, 11 and 12 describe stimulating measures relating to the primary production, to fiscal measures and to the labour measures taken.
- Chapter 13 describes finally the contribution of Biologica.

A separate annex report is part of this report. Besides that a separate annex is made with fact sheets of the projects. This annex is meant for internal use only.

Finally

We want to thank all people involved and interviewed persons for their some time intensive cooperation to this research. The interviews were without exceptions frank and informative. Furthermore especially a few project coordinators have put a lot of time in collecting information on project level. Without this cooperation this evaluation-report could not have been made.

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2 Short description of the policy

2.1 *Aimed effects*

In the policy document 'Een biologische markt te winnen' (an organic market to conquer) no specified aims to be realized within the time of the policy document (2001-2004) are mentioned. The only objective with an aimed value is the "growth of the organic sector", with ambition that in 2010 10% of the area should be under organic management. This means a yearly growth of 20-25%. Besides that qualitative words describe what the sector should look like at the end of this decennium, an "ideal"

Because of lack of aimed values for the goals which should be realized within the time of the policy document, the only question can be: are we going in the right direction? For the "ideal" no specific aims are formulated. For an aimed value it can be chosen to. At least some sort of progress for all parts of the desired image can be aimed for.

In the agreement Marktkontwikkeling Biologische landbouw (market development Organic Agriculture), created after the policy document, the market stakeholders and LNV have integrated a target which can be evaluated: in 2004 5% of the consumer expenditure should be within the segment organic food. This target is a more specific definition of one of the "ideals" from the policy document and is therefore also included in this evaluation.

In the added causality schema an overall view is given of the different policy measures and the aimed effects per measure. With the division of the schema the spearheads of the policy documents are taken as a base. – professionalizing demand oriented supply-supply-chains (Task Force activities)

- GNOs – supply-supply-chain development and – dissemination
- stimulating organic production
- fiscal measures
- labour related measures

2.2 *Spearheads and instruments*

2.2.1 Professionalizing supply-supply-chains and supply-supply-chain development

A good market perspective is a condition for a sustainable conversion to organic agriculture. With the demand oriented approach it is tried to stimulate the demand and to relate the demand and the supply better. This was to lead to an increase of the part consumers' expenditure on organic products, which has to improve the market perspective for the Dutch organic farmers. This improved market perspective contributes then to more conversion, while already converted farmers continue to produce organically. This results in an increase of organic area and /or the amount of organically managed businesses. The instruments used are:

- Task Force Marktkontwikkeling Biologische Landbouw;
- the agreement;

- supply-supply-chain- and market oriented activities (supply-supply-chain plans and programmes; multi-year upscaling plans);
- supply-supply-chain managers;
- co-innovation programmes;
- media campaign.

2.2.2 GNOs (crop protection measure of natural origin)

According to the policy document the transparency and the reliability of the organic supply-supply-chain are important to realize the trust of the consumer in the supply-supply-chain. This trust is a condition for a growing market share. For this to occur, an as much as possibly closed supply-supply-chain, transparency of the production process and a trustworthy control- and certification system are needed.

The part of the policy evaluated related to this spearhead is about crop protection measures of natural origin (GNOs). It is about the availability of the GNOs for the primary producer in order to improve his primary business management. The undertaken policy activities come from the policy document “Zicht op gezonde teelt” (view on healthy production), in which the policy of the government of 2001-2005 are described.

2.2.3 Research

In the policy document knowledge is seen as the solution for the difficulties in the organic business management. The development and dissemination of knowledge can lead to an improved business management or to better production conditions for the primary producers. This facilitates conversion. The use of knowledge for this reason is based on advice of the Becker commission (now the Knowledge Commission). This commission takes care of the demand articulation by the sector, which was signaled in the policy document as a difficulty. The secretary of the commission is financed by LNV. Partly based on the advices of the commission Beckers LNV defines the use of means for the implementation of research done by the WUR and other knowledge institutes.

2.2.4 Extension and education

A second more general objective for knowledge is the influencing of the attitude of (future) agricultural entrepreneurs relating organic agriculture. This is about extension to farmers, courses and agricultural education. Day education is many times very general and not specifically directed to organic agriculture. Day education does have a big influence on the attitude of future employees and entrepreneurs in the agricultural sector related to organic agriculture. For innovation of education within the agricultural education are means available (VIA scheme) to which individual schools can apply for on their own initiative. In the other policy document the measure will be used for organic agriculture. A budget for extension and for continuing education is available (demo scheme en scheme ‘green’ course education).

2.2.5 Stimulate production

Except for activities to influence positively basic conditions for the entrepreneur (business management, market perspective), the policy is also direct to the direct

support of entrepreneurs deciding to convert. Both the instrument already used in the period before the policy document was applied, the RSBP which gives support without a direct link with the market, as with the new instrument the IBV (in the policy document named 'guarantee') in which an explicit link is made with the market. Besides that, farmers interested in converting, can have their business analysed thoroughly analysed with payment. This makes the risks involved in conversion visible.

For this the instrument Kaderregeling Kennis en Advies are mentioned. Farmers can with payment have an business analysis plan made, which gives them some insight in their own business situation and increases the possibilities for conversion to organic business management

2.2.6 Fiscal measures

Except for the four spearheads a few other measures were announced to stimulate organic agriculture. This is in the area of fiscal measures and labour measures. At the moment the extra price of organic related to mainstream products an important difficulty for further growth. Using fiscal measures the national government can influence the extra price. IN the policy a sustainable entrepreneurs deduction of VAT is proposed and research to the possibility of VAT-deduction. Furthermore instrument like the measure 'green' financing and investment deduction measures (VAMIL, EIA, MIA, and KIA) are mentioned.

2.2.7 Labour related measures

The availability of labour for the organic agriculture is very dependent of the macro-economical situation and therefore only limitedly possible to be influenced by the national policy. The possibility of labour pools will be investigated according to the policy document. Further research, related to labour reducing in the business management, via development of labour reducing techniques are mentioned.

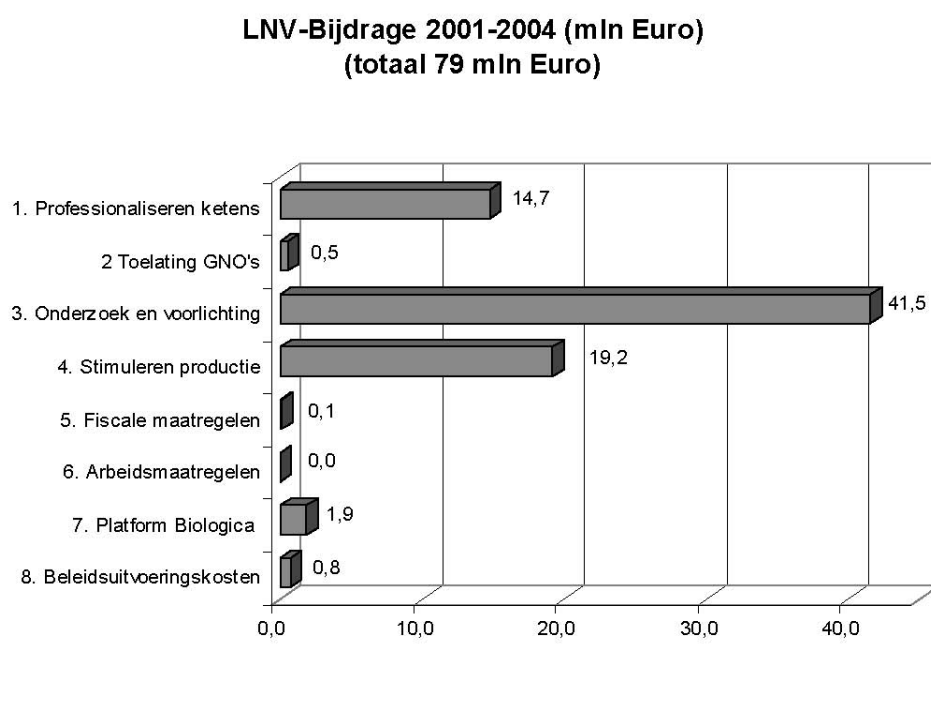
2.3 Financial measures

In the following table an overview is given of the financial contribution of LNV per policy part. In the last column this contribution is compared with the budget that is mentioned in the policy document. Besides that an indication is given of the contribution of corporations as a result of the principal of co-financing used within many projects. Some of these activities most probably also would have taken place without the contribution of LNV, but on a smaller scale. For a complete overview see annex.

Explanation:

- The amounts are the actual expenses (cash) in a certain year.
- The amounts include the contributions of the EU. This is the case for the Demo scheme (under extension and education) and for the ??
- The contribution for the schemes include the implementation costs of for example Laser.
- The costs of research for labour reducing measures are taken up in the part 3a of the budget: research.
- Half of the financial means, the contribution for research includes the change of research money for DLO of WUR from mainstream research to organic research. These is not done with extra available research. Organic research is at the moment approximately 9% of all research money for DLO.

For detailed information about the contribution per year and the division per part of the policy see Annex 2.



	Total contribution LNV 00 tm 04	investment Corporations		Total	budget according Policy document
1. Professionalize supply-chains	14.739	19%	13.227	27.966	14.249
1a. Task force and TF support	1.837	2%		1.837	
1b. supply-chain plans and activities:	5.380	7%	7.990	13.370	
Creating Supply-chain business plans, other start activities	774	1%	460	1.234	
Supply-chain managers	622	1%		622	
Package deal/Meerjarige opschalingsplannen (multi-annual upscaling plans	2.183	3%	4.480	6.663	
CBL- Communication scheme Organic Promotion campaign	900	1%	1.800	2.700	
Biologische Speciaalzaak (PBS) (Organic Specialist)	900	1%	1.250	2.150	
1c. Co-innovation - programme	1.922	2%	5.237	7.159	

1d. Media campaign	5.600	7%	5.600	
2 Transparency/closing supply-chains (GNO)	542	1%	542	
3. knowledge development and dissemination (KO)	41.515	53%	41.515	37.210
3a. Research	38.114	48%	38.114	32.445
3b. Extension and education	3.402	4%	3.402	4.765
4. Stimulating production (SP)	19.189	24%	19.189	24.504
4a. RSBP	16.024	20%	16.024	13.613
4b. IBV	3.044	4%	3.044	9.076
4c. Kaderregeling kennis & advies (Knowledge and advice scheme)	120	0%	120	1.815
5. Fiscal measures (FM)	116	0%	116	48.101
5a. DOA, btw tariff	not applicable		not applicable	48.101
5b. Groenregeling, VAMIL, EIA, MIA	116	0%	116	
6. Labour related measures (AM)	pm			
6a. Research labour pools.	not applicable		not applicable	
6b. Research reducing measures	pm		pm	
7. Platform Biologica	1.856	2%	1.856	1.634
8. Policy implementation costs	754	1%	754	
Total Programme costs	78.711	100%	13.227	91.938
				125.697

From the financial overviews the following conclusions can be made:

- The realized contribution of LNV of € 78,7 million is almost the same as the total available budget as mentioned in the policy document, € 77,6 million, excluding the reservation of € 48 million for the planned, but not realized Duurzame ondernemingsaftrek DOA. (sustainable business deduction). This means an actual saving of € 48 million.
- The expenses have yearly increased. This is related to the fact that many project activities, especially those related to the supply-chain development, have started in 2003 and in 2004 only.
- Research (including extension) is with 53% of the total budget largely the biggest cost, followed by the 'stimulating of the production (24%) and 'professionalizing the supply-chains' with 19%.

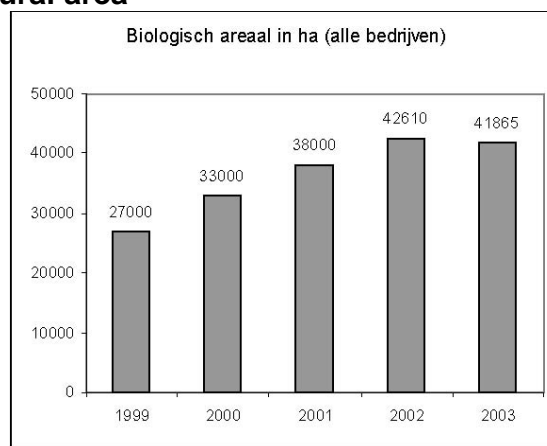
3 The degree of target achievement

3.1 Growth of the area

Will the aimed part of the area under organic management in 2010 be realized? Is the aimed growth under organic management realized?

In the policy document under the head 'Ambition' the following is written: "It would be good for the Netherlands if in 2010 10% of the area is under organic management". In order to achieve this, the area, starting in 2001, should have increased with approximately 20% per year, given a linear growth. Between 1993 and 1998 the area has increased with 16%.

Growth of the agricultural area



Source: EKO-monitor

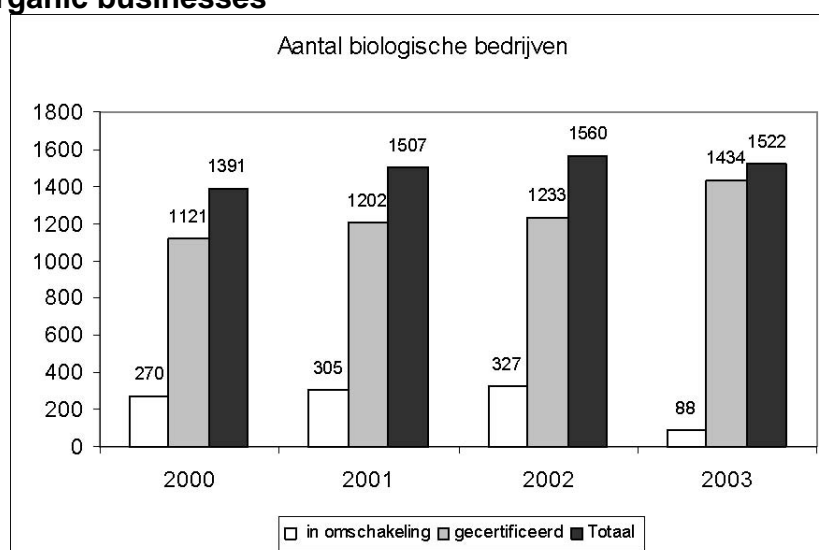
AREA	1999	2000	2001	2002	2003
Organic agriculture					
Area under organic management in ha (all businesses)	27000	33000	38000	42610	41865
Increase per year		22%	15%	12%	-2%
% of the total area increase per year	1,34%	1,70% 27%	1,95% 14%	2,19% 12%	2,18% 0%
Average per business (ha)	22,2	23,7	25,2	27,3	27,5
Agriculture total					
Total area (ha)	2.020.000	1.940.000	1.953.000	1.949.000	1.924.000
Increase per year		-4,0%	0,7%	-0,2%	-1,3%
Average area per business (ha)	20,0	20,0	21,0	21,8	22,5

From the data above the following conclusions can be made:

- The area under organic management has ,within the policy period up to now (2001-2003), increased in total with 27% which is on average 8,5% per year. The total agricultural area has in the same period decreased with almost 1% or 0,3% per year.

- The increase has especially taken place in the first two years of the policy period. As of the small effects of the supply-chain development, the increase is mainly a result of the positive economical developments of the years before.
- The percentage of area under organic management (target 10% in 2010) has increased of 1,7% in 2000 to 2,2% in 2003. This gives an average increase of 8,8% per year.
- If we suppose that in 2004 the area under organic management stays the same, this means an increase of on average 6,5% in the policy period 2001-2004. As mentioned above the (ambitious) target is 20% per year. The results do not coincide with the aimed results, however it can be concluded that organic has been a growing market compared to mainstream, even if at this moment a stagnation of the growth of area occurs.

Amount of organic businesses



Source: EKO-monitor

Amount of businesses	1999	2000	2001	2002	2003
Organic agriculture					
Total amount of organic businesses		1391	1507	1560	1522
- of which certified		1121	1202	1233	1434
(increase)			7,2%	2,6%	16,3%
- of which in conversion		270	305	327	88
(increase)			13,0%	7,2%	-73,1%
% of total amount of businesses		1,4%	1,6%	1,7%	1,8%
Increase per year			8,3%	3,5%	-2,4%
Agriculture total					
Total amount of businesses	101.000	97.000	93.000	89.580	85.500
Increase/ decrease		-4,0%	-4,1%	-3,7%	-4,6%

Explanation:

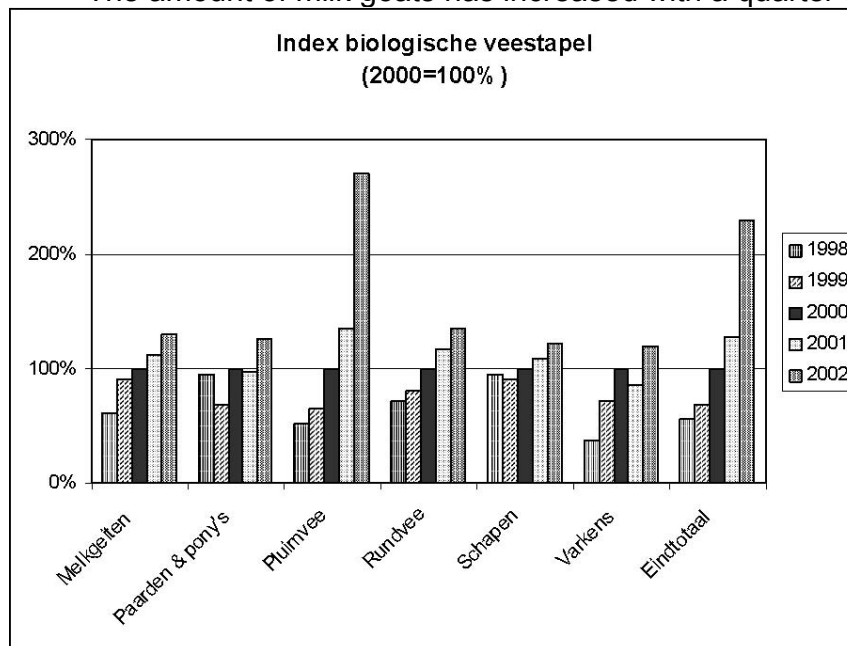
- The amount of organic businesses has grown with 3,1 % per year from 2001 onwards whereas the amount of conventional businesses decreased with more than 4%.

- We see that the amount as a percentage of the total amount of businesses up to now has increased every year. This also is the case for the amount of certified businesses.
- The growth of the total organic businesses in the beginning has stagnated.

Growth livestock

IN the following tables an overview is given of the development in the growth of organic livestock. For an extended overview see Annex.

- Every sector shows a considerable increase of between 10 and 15% per year. The total amount of organically managed chickens has doubled in 2002 compared to the year before to more than 600 thousand. Both the amount of table poultry as laying hens has doubled.
- The organic cattle has increased between 2000 and 2002 with 36%.
- The amount of pigs increased with 20%.
- The amount of milk goats has increased with a quarter to more than 12 thousand.



Source: Statline CBS

Organic livestock (amount of animals)	1998	1999	2000	2001	2002
Milk goats	8.619	12.970	14.220	15.973	18.380
Horses & ponies	819	593	864	836	1.085
Poultry	120.654	150.530	232.945	315.754	629.676
Beef	22.162	25.113	31.089	36.383	41.824
Sheep	18.004	17.199	18.882	20.604	23.088
Pigs	9.129	17.602	24.449	20.965	29.158
End total	179.387	224.007	322.449	410.515	743.211

Expectation

Expected growth of area in 2004

In 2004 the RSBP scheme will be open for application again (the last time was in 2002). Given the negative market perspective at the moment, the stagnation in the growth of consumer expenditure in 2004 little interest for conversion is expected. LASER expects approximately 50 applications.

Feasibility target

In order to still achieve the 10% target in 2010, the area will have to grow with 30% from 2005 onwards. Given the growth of 6,5% over the last 4 years (including no growth in 2004) this does not seem to be very realistic, unless the Dutch consumers converts massively to organic and an increase of the export occurs at same rate.

Keep ambition

Conversations show that the ambition has a good symbolic function and gives a powerful message but at the same time it should be concluded that 10% in 2010 is not feasible. Therefore it is recommended to keep the ambition and adapt the year or to not mention the year in which the target should be achieved. It is also recommended to formulate for every policy period feasible targets.

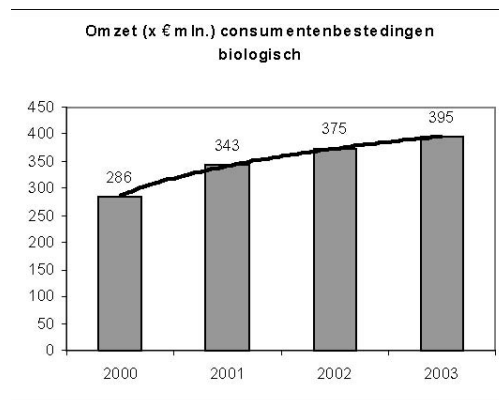
Conclusions

- The area under organic management has grown between 2000 and 2004 with on average 6,5% per year. No growth (0%) in 2004 is taken into account.
- The growth has reduced every year. At the moment the part organic is 2,2% of the total agricultural area. This is not enough to achieve the target of 10% in 2010, because 30% growth per year is unlikely.
- The amount of organic businesses has increased between 2000 and 2003 with on average 3,1% per year.
- The amount of animals has grown between 2000 and 2002 considerably with 10-15% per year.
- Stagnation in the growth of the sales, does result in an stagnation of the conversion at the moment
- The ambition of 10% in 2010 is as a target not realistic, but has a good symbolic function and should therefore be unchanged. Mentioning the ambition without mentioning a year, combined with feasible target for every policy period should occur.

3.2 Growth consumption

Does the Dutch consumer in the end of 2010 belong to the top of the largest consumers of organic products in Europe? What is (the growth) of the percentage of the organic consumer expenditure?

Current market size¹



sales (x € million)	2000	2001	2002	2003
Supermarkets		160	180	183
Specialist organic shops*		138	145	160
Others**		45	50	53
Total organic	286	343	375	395
Total sales food			23600	24000
Organic part	ca 1,20%	ca 1,45%	1,59%	1,65%

Growth sales	2000	2001	2002	2003
Supermarkets			13%	1%
Specialist organic shops *			5%	10%
Others**			11%	5%
Total		20%	9%	5%

Market size	2000	2001	2002	2003
Supermarkets		47%	48%	46%
Specialist organic shops *		40%	39%	41%
Other**		13%	13%	13%
Total		100%	100%	100%

* health food shops, whole food shops and organic butchers

** on farm sales, markets, other specialist, caterers

Explanation

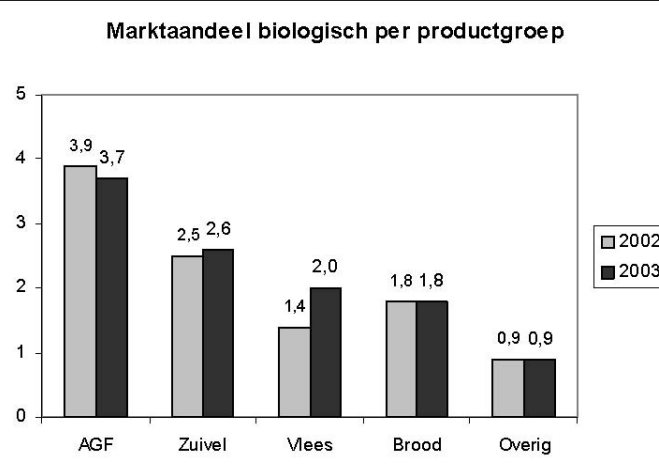
- Data come from the EKO-monitor. They are based on several sources. It partly concerns estimates. The limits of the data should be taken into account.
- A good comparison between 2002 and the preceding years are not possible because in 2003 a new method for data collection was introduced. For these years estimates are made based on the estimated growth data for the total organic sales.

Conclusions

- The part organic consumer expenditure has increased with approximately 10% per year between 2001 and 2003; of approximately 1,2% in 2000 to 1, and 6% in 2003. The growth occurred especially in 2001 and less in 2002. It is lower than in the most other European countries³.

- The growth of the part organic stagnated in 2003 slightly. This is partly a result of the economical situation and the price war: the consumer has started again to look to the prices while shopping.

Market share per product group



Explanation

- Source: EKO-monitor 2003. Data are only presented for the year 2002 and 2003. This is partly because the data for 2001 are not available and partly because of the use of a new data collection method.
- Data need to be seen as an indication. Although AGF (Fruit and vegetables) shows decrease, the two most important suppliers for supermarkets mention a national growth of the AGF⁴.

Conclusions

- Especially the market share of meat has increased considerably in 2003. This is partly a result of the joined effort of the supermarkets, manufacturer and the Task Force on this area and a result of the pig covenant (agreement).
- Dairy and eggs (within 'overig' (others) has increased a little in 2003.
- More qualitative data show that the market share of AGF increased between 2001 and 2002⁵, as does the vlees (meat), while the market share for zuivel (dairy), brood (bread) and overig (others) did not change.

Expectation 2004

The Task force and directly involved people are optimistic and expect a year of 'harvesting' because a lot of the projects (MOPs) have only recently started or still have to start. Some of these MOPs contain ambitious plans. Some people think that in 2004 the 'price war' will continue to influence the policy of the supermarkets. Maybe 2004 will show an increase of organic consumers' expenditure for certain product groups (mainly AGF). The dairy sector expects an increase of 10% in 2004. The increase of the total organic sector is according to expectations small, because other product groups like bread and others (in total 40% of the organic consumption) won't increase a lot.

Feasibility target

The target of 5% consumer expenditure will not be achieved in 2004. This is not a result of the policy but of the ambition of the target. In order to achieve the target the organic consumer expenditure should have grown since 2001 with on average 43% per year. For a single product group like AGF, meat or dairy this growth% would have been feasible, but not for all of them.

To realize a market share of 10% in 2010 a yearly growth percentage of 30% per year is needed. With this growth percentage a market share of 5% will be realized in 2007-2008. This is very ambitious. It is desirable to differentiate the target per product group so that feasible plans can be developed.

Expectations for the coming years are very different per product group. For AGF some market players think a market share of 7% feasible. Dairy expects think to have a market share of 5% in 4-5 years. Long term expectations are that maximum 7% is feasible.

Conclusions

- The part organic consumer expenditure has increased between 2001 and 2003 with on average 10%.
- Last year a small growth has occurred. A small increase of the growth is expected for 2004.
- At the moment the part organic consumer expenditure is approximately 1,6% of the total sales. The 5%-target of the covenant MBL has not been achieved.
- A strong variation exists between the product groups. AGF has a share of 3,8% at the moment.

3.3 Competitive position

Will the sector in the end of 2010 internationally compete at its own force?

Changes in the competitive position with mainstream agriculture

Market share

The position of organic agriculture as compared with mainstream agriculture has improved over the last years, when looking at the market share

- The area under organic management has increased within the policy period up to now (2001-2003) with 27%. This is on average 8,5% per year. The total agricultural area has in the same period decreased with almost 1% (0,3% per year)
- The amount of organic businesses has increased with on average 3,1% per year from 2001, whereas the amount of conventional businesses has decreased with more than 4%.
- The amount of organic animals shows an increase of 10-15% per year.
- The consumption of organic products has increased between 2001 and 2003 with on average 10% per year at the cost of conventional agriculture.
- The sector has been professionalized with the introduction of new comers and the improvement of the infrastructure in the area of cooperation and knowledge⁶.

Growth perspectives for consumption of organic products are still considered to be positive by the market players, even when a stagnation in the growth occurred in the last year. Comparing research of EU-countries shows a positive correlation between the market share of organic and the national organic production⁷. This means that an increase of the consumption of organic products will also lead to an increased national demand.

As a result of the small size of the organic supply-chain, all increases in volume will result in an improved efficiency. As a result the competitive position compared to conventional will improve.

It is a disadvantage for organic agriculture that Dutch consumers compared to foreign consumers do not spend a lot of money on food.

Independently in 2010?

This evaluation and an internal evaluation show that it is still too early to stop the stimulation from the government. The basis has become stronger within the last policy period, but is still too weak to have it grow independently. As a comparison: in Denmark the government also still has a directing and stimulating role in action programmes directed to amplification of the market demand and development of the production, whereas Denmark is one of the pioneer within the EU concerning production and consumption (besides Austria, Finland, Italy and Switzerland). Stimulation by the government furthermore has an important symbolic function.

Conclusion:

The competitive situation (compared to conventional) measured in market share, has improved over the last years and will according to expectations continue improving. Governmental stimulation of is still desired; mainly the stimulation of demand.

Changes in the export situation⁸

Influence of the foreign market and other foreign factors differs per product group.

AGF (Potatoes, Vegetables and Fruit)

- AGF depends for 70% on export. The export markets have reduced. In Europe the last years an increase of the supply has occurred. This has put the export under pressure.
- English 'Buy British' policy reinforces this. Also in Germany a trend exist of buying more German products.
- More (export) possibilities arise for sales to the VS and Canada as a result of the gen-tech discussions there.

Greenhouse production

- Greenhouse production is also oriented for more than 70% on the export. The increasing tendency of other countries to want to buy organic primarily from their own country, plays a role.

Beef and pig meat

- Since 2002 no import of pig meat worth mentioning occurs.

- 35% of the organic beef comes from other countries, mainly Germany and Austria. Competition is hard because other breeds (double purpose breeds) are used and prices are lower as a result of more favourable situations. Import from South America is relatively cheap because the supplement for organic products in these countries is almost zero. Moreover, the advantage exist that one can import only the parts one need.
- Export of organic meat is small (15-20% mainly to England and Germany).

Table poultry

- The organic table poultry sector has suffered heavily form the bird flue. Although the Netherlands was not in the area of the bird flue, we have in the past suffered from the import ban of chicks, generally taking place in France. Import bans, made production impossible. Buyers were not able to buy meat and have started buying in other places in Europe. Large surpluses existing elsewhere made this very easy. This has resulted in a problem for the Dutch sector because many buyers have continued buying in other places in Europe.

Dairy

- Export of dairy is a relatively small part of the sales, particularly cheese and butter. Prices are under pressure.

Regulation and government policy

Although basic regulation has been harmonized, still different regulations concerning organic agriculture and food exist in the different EU-member states. As a result the products imported from outside the EU are imported via the EU country with the most flexible regulation. As the Dutch government does interpret the rules some times stricter than other countries this results in a comparative disadvantage for the Dutch producers. France allows coated seed and certain crop protection measures, whereas these are forbidden in the Netherlands. Rules need to be more uniform and need to in one line within Europe regulation. Regarding the stimulation policy the Netherlands, Luxemburg, Denmark and Great Britain are countries in which no structural area subsidies are given.

The conclusion is that organic agriculture is very dependent on other countries and the competitive situations are always under pressure. The weakened export situation makes that national consumption must increase.

4 The policy as a whole

Within the discussion of every policy instrument the effectiveness will be explained: namely the aimed effects and the degree in which the policy instrument has contributed. This chapter only addresses effectiveness concerning the final targets and the side effects of the whole policy. Conclusions are partly based on findings on effectiveness per policy measure, addressed in the next chapters.

4.1 Effectiveness

Main question: Effectiveness addresses the question about how much the policy has contributed to the growth of the area under organic management and the increase of consumer' expenditure for organic products.

The effectiveness is difficult to judge because the targets of the policy (growth of the area and increase of the consumers' expenditure on organic products) are formulated in such a way that various other factors can influence them.

Effectiveness measured via targets

As seemed from the last chapter, the growth of the area under organic management has stagnated at a too low level (2,2%). Only in 2001 and in 2002 an increase of 14% respectively 12% has occurred. Organic consumer' expenditure has increased over the last few years, but stagnates at the moment at 1,6%. Growth of consumer' expenditure has also only occurred in the first two years of the policy.

The growth does not seem to be influenced by the policy, directed towards increase of consumer' expenditure and related market perspective, because the policy was not yet effective. It was a period in which the policy measures did not function that well yet.

Absolutely, taking into account only the figures, it can be concluded that the policy has contributed insufficiently (or: could have contributed) to the growth of the area and the increase of consumer' expenditure, when the results are compared to the formulated targets (5% consumers' expenditure in 2004 and 10% are in 2010).

Added value of the policy

Added value of the policy is in this context just as relevant. It concerns the question what the situation would have been if the policy measures would not have taken place. Almost all people involved think that without the policy the situation would have been worse and that a decrease of consumer' expenditure would have occurred as a result of the unfavourable economical situation instead of the actual stagnation.

The influence of the policy on the amount of area under organic management is most probably small, because during conversion primarily the market perspective seems to be of importance. Moreover, little reversion to conventional agriculture occurs, even if the market perspective is worse for a short time.

Differences per product group

The observations mentioned above apply for both area and expenditure as a whole. Looking to the separate product groups, a more differentiated view appears. The policy related to AGF and pig meat products has been more effective. Especially organic pig meat has realized a considerable growth between 2001 and 2003 of approximately 60%. The policy seems to have contributed greatly to that. A lot of efforts have been made in

relation to AGF. These efforts will show slowly. The policy has not been able to change consumers' expenditure on products of the dairy, bread and other sectors.

Analysis

Effectiveness in 2004

People involved in the policy say that the 2004 policy will be more effective. The used instruments will only in 2004 show change in the actual consumers' expenditure. It concerns the instruments MOPs and the campaign which was more directed to the actual buyers' behaviour in the second phase. It was mentioned earlier that the impacts of the price war and the economical situation still continue to be felt. The effectiveness of the policy in 2004 will increase, even if it is only a little.

Targets realistic?

Testing the policy for degree of target achievement, one has to take in account that the formulated targets are very ambitious; both the 10% area target and the 5% consumer' expenditure target.

In order to achieve the area target a growth of 20-25% is needed. This percentage is very high and has only been realized in the year 2000 (27% growth related to 1999), so outside the policy period. The average actual growth of the area since 2001 was 6,5%.

For consumer' expenditure an equal reasoning applies. Average growth of consumer' expenditure since 2000 is approximately 10%¹⁰. Trying to achieve the target of 5% consumer' expenditure in 2004, a growth of 40-45% should have occurred: an too ambitious target for the actual market.

Relative effectiveness of the policy

The growth of organic consumer' expenditure during good economical situation (2000) and the decrease of growth during the recent economical crisis and the price war, and the fact that the price difference between organic and not- organic products is still an important limiting factor for higher turnover, shows that the economical context is an important factor in organic consumers' expenditure. Policy can create necessary preconditions, but eventually the economical or social situation (pig crisis, gen technology) is especially on the short term an important influencing factor on organic consumer' expenditure.

4.2 Other results of the policy

Except for the final objectives of the policy mentioned above, other, not explicitly mentioned results of the policy have come forward. These are relevant for the evaluation of the policy. They are midterm- and side results.

The majority of these results are discussed under the subject supply-chain development (next chapter). It is simply referred to here. The most important results, with a more overall character, can be summarized as follows:

- organic has become more main stream and been referred to less as alternative, both by consumers, supply-chain stakeholders, researcher and policy makers.
- stakeholders with a similar view on 'organic' have met, especially stakeholders represented in the Task force. A clear separation exists between different ideological backgrounds.

- Stipulation of the demand and the approach for organic research have improved.

Results which had not yet or little appeared, but were aimed for:

- an structural fall of the prices of organic
- increase of consumer' expenditure
- better market perspective for the producer
- improved efficiency of the supply-chain
- more conversion.

4.3 *The policy design and organization*

In this paragraph a few observations will be discussed which concern the whole policy. The following chapters will elaborate on the conclusions per instrument.

Demand oriented approach seems correct

The organic policy field can be subdivided in five sectors:

Sector	Contribution LNV 2001-2004
Final question: consumers	€ 5 million
Final supply: supermarkets, specialists, caterers, large scale users	€ 11 million
Intermediate production: processing, manufacturer, trade	
Primary production	€ 19 million
Knowledge development and dissemination	€ 44 million
Total	€ 79 million

The early period focus of the policy has changed to the direction of supply-chain production and final supply (mainly supermarkets). The financial means for consumers, final supply and intermediate production (€ 16 million) are relatively modest compared to the means for the primary production and knowledge development.

Effectiveness (with respect to the 10% area target in 2010) effectiveness of the instruments directed on supply-chain professionalizing and stimulating demand is bigger than the effectiveness of the instrument for knowledge development and primary production, as seems from the conclusion in the next chapters. This means that the started change of policy directed towards the demand side is justified and should be continued.

Directing the demand

Last years the instruments directed to professionalization of the supply-chain and stimulation of the demand have focus more and more on demand. This means that wishes coming from the market are integrated in the continuously developed instruments.

Within Knowledge development and dissemination the demand oriented approach should be better integrated, as will be discussed in chapter 8. A important step is made for starting up the research programmes¹¹.

No fiscal support

For fiscal support, especially DOA, an considerable amount was reserved. Not implementing fiscal support (both DOA and VAT reduction), is experienced as a big setback and loss. In general, people agree that fiscal measures can be important and efficient instruments for the stimulation of organic consumption and production. Price is still one of the most important reasons for the majority of the potential consumers (light users)¹² for not buying organic products supports this vision.

Fragmentation of organization and use of instruments

Organization for the implementation of the policy is created using the different instruments. More 'counters' are available for the target group (retail, intermediators and – manufacturers, primary producers): the Task Force, Biologica, AKK, Laser, the provincial governments, IBL, Commission Beckers, and others. This causes fragmentation and efficiency loss.

An overall coordinating centre, working with an integral vision on development of organic, harmonixes the use of instruments and can function as the counter (loket) for the target group when the counter (loket) is missing. This shows that instruments are still supply oriented.

Appreciation of the policy depends on vision

Different visions can be distinguished within the organic world¹³ (hedonist – altruists, rationalists versus idealists, believers versus new comers). Stakeholders with the same vision have not come closer. It seems that the judgement of the policy depends on the 'vision group' within which somebody feels at comfortable. The 'believers' and the pioneers generally have less appreciation for the approach than the 'rationalists'.

The conversations of the researchers with the different stakeholders show that the discussion about the functionality sometimes have a strong or/or character instead of a and/and: this means that the discussion is about the question who has the best approach, instead of about the question how different approaches can reinforce each other.

4.4 Conclusions

Effectiveness of the policy

- The policy has contributed to the creation of the preconditions of achieving the target of 10%.
- Changing the focus of the supply-side to the demand side seemed correct.
- Without the implementation of the policy the organic sector would have had a lower potential and degree of organization. More stagnation would have occurred probably.

- The contribution appeared to be in sufficient for achieving the midterm target. The economical context has played a (modest) role. A slower, more structural development seems to take time.

Instruments

- The organization of the policy implementation is lacking a central governing function resulting in fragmentation. A more coordinated demand oriented input of all available instruments is desirable.

5 Professionalizing supply-chains and supply-chain development

5.1 Original layout of the policy

As mentioned earlier the ambition of the policy is that in 2010 10% of the agricultural area is under organic management. According to the policy one of the most important spearheads to achieve this is the process of 'professionalizing of demand oriented supply-chains'. This process is directed to optimal use of the assumed market perspectives by cooperation between market players. The process was to exist out of two parts:

- a framework agreement, further developed in business plans
- an information and communication plan.

Both parts had not yet been further developed when the policy document was published. In order to create the covenant the ministry of LNV created a Task Force Market development Organic Agriculture, existing of representatives of the different parts of the supply-chain. This Task Force was to show the difficulties and solutions and objectives of the different supply-chains. A framework agreement needed to be signed first. Cooperation between the different market players was supposed to result in business plans for the different supply-chains, with concrete objectives and binding agreements about the stimulation of the organic supply-chains.

Besides the framework agreement with business plans, a new information plan, directed to creation of consumer' support for the real value of the organic product, needed to be developed via for example the Voedingscentrum Nederland. Also a communication plan needed to be developed coupled to the agreement raamconvenant, directed to the (new) consumer and retailers, caterers and large scale users aiming to promote organic products.

Preparation had already started in the beginning of 2000, but the members of the Steering committee of the Task Force have only signed the agreement Market development Organic Agriculture (MBL). The target of the agreement is formulated as follows:

*In 2004 organic products have a market share of on average 5% of the consumers' expenditure on food, including a fair price for all stakeholders, from the consumers up to the farmer/producer.*¹⁴

An Action programme 2001-2004 was coupled to the agreement with in the centre the joined development of supply-chain business plans. The target was further developed in an overview of objectives/ activities per covenant stakeholder.

The original approach was changed. Before discussing the different policy measures in the next chapter, first the aimed results are discussed, followed by the intervention strategy and the development of the instruments.

5.2 Results approach supply-chain development

The next table gives an overview of the research questions on results of the instruments directed to supply-chain development. Before discussing it further, it is good to explain

that the aim of input of instruments has changed over time. While writing the policy document it was thought that enough demand existed and that the lack of professionalizing of the supply-chain was the main difficulty. Further in the process, by insight and as a result of the deteriorated economical situation, the focus was directed more to the actual increase of the sales. This change will be discussed further later.

Midterm effects

☐ Do the integral supply-chain plans/ market activities lead to more cooperation within the supply-chain?

☐ Did the appointment of supply-chain managers lead to more cooperation within the supply-chain?

☐ Did the integral supply-chain plans/ markets activities lead to an improved supply?

☐ Did the improved cooperation lead to an improved supply?

☐ Did the improved cooperation lead to more efficiency?

Did the improved supply and the efficiency lead to a decrease of:

- cost price in the supply-chain
- the consumer price, the supplement for organic?

In which degree did the activities related to the task force/ agreement lead to a more professional organic supply-chain?

Has the improved supply led to an increase of consumer' expenditure on organic food in the Netherlands?

Has a decrease of the supplement for consumers (by improved supply and improved efficiency) led to an increase of the part consumer' expenditure in the Netherlands?

How much have external factors (like purchasing power) influenced the consumer' expenditure in the Netherlands?

Final results

Main question: Did the measures/ instruments related to the measures/ instruments contribute sufficiently to the professionalizing of the supply-chain:

- Professionalizing organic supply-chain?
- Increase of the part consumer' expenditure on organic food?
- Improvement of the market perspective of the Dutch organic farmers and horticulturists?
- Growth of the area under organic management/ amount of organic businesses?
- Competitive strength of the sector?

Did integrated supply-chain plans/ market activities lead to a better market perspective of the Dutch primary producer and the rest of the supply-chain? Or did it prevent a deterioration?

Did the increase of the consumer' expenditure lead to a better market perspective for the Dutch organic farmer/ horticulturist? Or did it prevent an deterioration

☐ How much have external factors (EU-policy, developments related to organic in other (EU) countries) influence the market perspective of the Dutch primary producer?

Did better market perspectives (by Dutch policy) lead to more conversion to organic agriculture?

How much have external factors (EU-policy, developments related to organic in other (EU) countries) influenced the conversion of the Dutch primary producers?

Did unwanted side results of the instruments occur? What the consequences of this for the objectives?

5.2.1 More cooperation

Looking at the process the most important result of the policy of the last years is the fact that the market players have started to cooperate more. Interviews showed that this cooperation is happening on more fronts. Particularly the supply-chain managers (and the actual president) have played a role in the stimulation of more cooperation. The projects and the campaign have also led to more cooperation.

Projects

Within the different projects a lot of new cooperation links have developed. Approximately 60 projects exist in which supply-chain stakeholders work together (see also annex). It concerns multi-year upscaling plans (29 projects including the pioneers), co-innovation projects (25 projects) and demonstration projects (7). All these projects concern both new activities as new cooperation links, as is shown in the table below.

Existing or new activities	existing	Partly existing / partly new	new	total projects
MOPs	8	6	15	29
Co-innovation projects	1	0	24	25
Demonstration projects	3	0	4	7

Existing or new cooperation	existing	Partly existing / partly new	new	total projects
MOPs	5	9	15	29
Co-innovation projects	11	0	14	25
Demonstration projects	3	0	4	7

New networks

A more common focus has developed within the umbrella organization of the Task Force: “talking to each other is not done anymore via the media, but directly”. A new common infrastructure as a basis for further cooperation exists now. This is a big difference with 4 years ago. The marketing consultation should be mentioned within this framework.

There are however still things missing within the cooperation. The caterers and the large scale users still aren’t part of the common organic network. It is furthermore striking that the cooperation between whole food shops on the one hand and supermarkets and normal manufacturers/ trade on the other side have not changed. It are two different worlds. Whole food shops have a lower degree of organization, which hampers communication and setting up a common strategy. The branch organization NOW represents only 90 of 280 specialists.

Pig covenant

The increased cooperation is partly structural, especially with the multi-annual upscaling plans. The most well-known example in this relation is the pig covenant, for which the cooperation is organized with strong engagement. The pig covenant led to a shared responsibility of all involved market players. Cooperation has led to an large increase of sales of organic pig meat over the last years. Eventually the problem of overproduction has also been solved by the same market players.

Activities related to the pig covenant had already been developed before setting up the Task Force at an initiative of Stichting Natuur en Milieu (association Nature and Environment) and Biologica. The activities related to the pig covenant were supported with different projects, financed via the Task Force. In paragraph 10.2 the pig covenant will be further discussed in relation to the Investeringsregeling Biologische Varkenshouderij (IBV scheme, Investment scheme Organic Pig production).

5.2.2 Improved supply

A second result is the improved supply. In the research, improved supply is defined as follows:

- more volume organic or less volume conventional (in case of complete substitution)
- wider assortment (can also be a result of replacement)
- more sales outlets and/or
- better quality.

Improved supply started very late

All MOPs, besides promotion, were directed to creating an improved supply and eventually higher consumers' expenditure. The fact that the MOPs started late makes that the results have started showing only recently. Like mentioned before, in this area little has happened in the first two years of the policy. Since mid 2003 the Task Force (president and supply-chain managers) has become more active in approaching the supermarkets. This has given results. Concrete examples are:

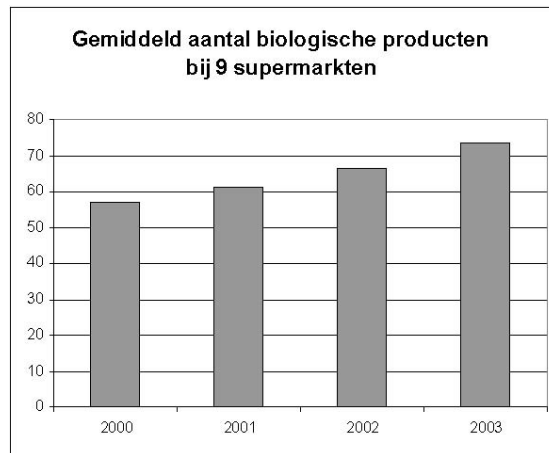
- more supermarkets selling organic products compared to 4 years ago¹⁵.
- an yearly increase of the range of products in the supermarket supply-chains with organic products since 2000 (see below)
- integrated replacement¹⁶ of a few vegetables; Laurus has started with this in the end of 2003 and some other supermarkets have started considering the same now;
- growth in the supply of pig meat;
- Temporarily improved supply by product promotion in shops.

The supply in the intermediary chains has improved as well. This is shown from the in the reduced request of attention of the market for difficulties like availability, trust or quality.

The average amount of organic products per supermarket has increased

An other approach for showing the improvements of the supply is looking at the amount of organic products in the supermarkets. The EKO data, which the Association Milieudefensie (friends of the earth) collects since 1998, show an increase of 6% between 2000 and 2003. This figure is however based on different populations. When we only look to the (9) supermarket supply-chains about which both in 2000 as in 2003 data have been published, it seems that between 2000 and 2003 the amount of organic products have increased with on average 36% or almost 9% per year (see annex). This

is an considerable increase, based on which one can conclude that the range of products supplied has increased yearly (see also annex 6)



Replacement

The Task Force recently estimated that the seven supermarket supply-chains with an joined market share of almost 60% made concrete plans to replace or conventional products AGF by organic, or to increase the organic range of products next to the conventional¹⁷.

Whole food shops

5 New or renewed whole food shops have opened with the support of the LNV means (see PBS scheme). This generates yearly an extra turnover of € 5 million¹⁸, accounting for approximately 3,5% of the total turnover of the wholefood shops channel.

5.2.3 Efficiency and effects on price

More efficiency

Efficiency in the supply-chain concerns:

- shorter total duration,
- better harmonization,
- more efficient use of means
- integration of the organic and conventional segment with the retailer and/or processors.

Only for one co-innovation project¹⁹ the primary focus is supply-chain efficiency. The rest of the projects derives efficiency-effects from other aimed results, especially increase of the sales²⁰. Improved cooperation certainly leads to higher efficiency, especially better harmonization in the supply-chain. Interviews show that an substantial improvement of the efficiency can only be achieved by higher volumes and it is not that developed yet.

Effects on prices

With price effects one can think of:

- lowering consumer price;
- lowering supplement;
- lowering cost price in the supply-chain.

The consumer' price and thereby the supplement compared to conventional products is, like the cost price for the supermarkets, defined mainly by the price strategy used by the supermarkets²¹. Price strategies differ per product, per period (seasonal influences), per supermarket and even (sometimes considerably) per branch of the same supply-chain. Prices show also a few (partly contra dictionary) movements:

- Previous years, a lot of price-offs have occurred, partly as a result of the public campaign and the linked promotion activities. One of the interviewed persons said: "The turnover of organic did not change last year, but the number of packages sold has increased. That is a result of the price."
- a few supermarkets said, Concerning replacement strategy, to want to equal the price of the products with the price of conventional.
- Internal research²² related to the EKO-monitor shows an increasing line for supplement.
- Supermarkets strive for a similar margin 'in cents' instead of a higher margin in percentages²³. The Task Force stimulate this policy.

Cost price in the supply-chain is mainly dependent on the volume. The small increase of volume during the last years shows that no substantial changes have occurred.

5.2.4 More professional organic supply-chains

The policy document calls the covenant and the communication process formally 'Professionalizing demand oriented supply-chains'. It is defined as 'the optimal use of market perspectives by cooperation between market players. It should result in: - stronger supply-chains – with a bigger supply of and – a wider assortment of organic products – in change of lower costs.'

The results above show that a (first) step is made in the direction of more professional supply-chains. Activities related to the covenant have clearly played an important role in this. It is most clear in the pig supply-chain. Moreover, several initiatives have developed in AGF. Dairy is lagging behind, but is attempting to catch up.²⁴ The small sector decorative products also made some improvement. Bread and other sectors do not show development.

Real results are expected however this year and the next years. Results, like lower costs have not yet been achieved. The costs of primary production did decrease only until a certain degree as a result of the extra costs coupled to organic production. According to respondents of the supply-chain the most important factor in the lowering of the cost price for the supermarkets is an volume increase.

5.2.5 Increase of organic consumers' expenditure and influence of external factors

As mentioned in chapter 3, the actual consumers' expenditure grows very slowly. However, big differences exist between the different product groups. The meat sector, especially pig meat showed a big increase²⁵.

Part of the (growth in) consumer expenditure is achieved via the (temporary) price-offs and the promotion involved, and not via a structural lower supplement (as a result of a structural improvement of the supply or the efficiency in the supply-chain). A lot of supermarkets have not yet integrated organic in their policy. IN the coming years more attention should be paid to this.

Influence of external factors on consumer' expenditure

A bad economical situation has, according to many respondents, had a big influence on the decreasing growth of organic. Consumers have become conscious of prices, which directly shows in the sales of organic products as a result of the some times big price differences.

The price war of the supermarkets has added up to this²⁶. Price wars have caused entrepreneurs to be less willing to lower the marge. The real effects are still to come according to some people. Finally the results of the price war start to show, according a person of the supermarkets. "The only thing that counts is the price, price and once again price." Further development of a niche-market, which organic is according to the supermarkets, will be under pressure.

Price war has also lead to big delays in activities as a result of the attention this demands from the supermarkets. Supermarkets need all attention for reacting efficiently to developments. Agreements on upscaling of organic AGF are postponed²⁷ and priorities are adjusted.

5.2.6 Market perspective

Better market perspective can be defined as:

- more sales outlets/ consumers' expenditure in the Netherlands/ other countries;
- better supplying conditions for the primary sector;
- trust of the primary sector in consumer demand;
- more balanced price division in the supply-chain.

The market perspective for the primary producer has not changed or got worse over the last year. After all, however still a small growth of the demand has occurred in the last years also the supply has grown, some times faster than the demand. The market perspective got worse. No change or worse market perspective has occurred in the following sectors²⁸:

- AGF. The market perspective for AGF has decreased over the last years; mainly as a result of an increase of the supply, both national supply and the supply of other countries. Supply has increased as a result of the fast increase of people converting in the years before. The (national)demand has not increased at the same rate.

- Pig meat. The supply of pig meat has increased much more than the demand. This has led to an adjustment of the market perspective and forced measure (sanering) by the market players.
- Dairy. Dairy has had milk surpluses for several year, partly as a result of the bankruptcy of one of the processors. This surplus slowly reduces, so that relatively the market perspective is slowly improving. Last year an stagnation occurred as a result of people attending discounts, causing private labels (AH) to sell less and sell more of the own brand. The last half year the turnover has increased again with 5-10%.

5.2.7 Influence market activities TF and consumers' expenditure on market perspective

Because the market activities of the Task Force are directed mainly on increasing of consumer expenditure these two aspects can be joined, when concerning their influence on the market perspective of producers.

Specific agreements coming from a MOP, have in a few cases improved the market perspective for individual farmers. Complete replacement of products like beetroot, rape, red and white cabbage, fennel, winter carrots and pumpkin have led to a better market perspective for the producers of these products. The same applies for the pig covenant, in which for a few individual farmers the market perspective has improved, although in the beginning the increase of the market perspective was estimated much too high.

The market perspective for the stakeholders involved in the MOPs will improve, because the last half year an considerable amount of MOPs have started or will start in the near future.

A lot of interviewed persons say not to doubt that without the LNV policy organic would have been worse. Policy has been effective, and has prevented the market perspective to become worse, they say.

Influence external market factors

The influence of factors related to other countries, on the market perspective is discussed in paragraph 3.3.

5.2.8 Conversion

The market perspective is for a producer always the main factor in the decision to convert. Market perspective has not improved, which therefore also did not lead to more conversion. It is not clear however whether the policy has prevented farmers from reverting to covenantal farming. Interviews show that organic farmers are not easily tempted to revert, even if the business economical situation temporarily is not so good. This could mean that even without policy few farmers would have reverted to conventional agriculture.

5.2.9 Unwanted side effects of the instruments

Some unwanted side effects of the instruments and the way they are used have come forward from the research.

- The objectives/targets are very ambitious and maybe not realistic so that easily an bad atmosphere can develop: "you see, the policy has failed". The challenge

is to combine an ambitious vision with feasible short term targets and concrete commitments.

- Many instruments were new, which meant that they had to be experimented first. This led to a very slow start, which made a lot of goodwill to be lost.
- The way of organizing the instruments and the financial streams caused a continuous financial support of the government to individual businesses and harmonization with Brussels to be necessary. This hampered progress, credibility, efficiency and effectiveness of the policy severely²⁹.
- The process oriented approach with which the instruments were developed (the policy document only mentioned only the development of a Task Force which would develop a covenant) had the disadvantage that stakeholders involved some times had to wait very long because the situation still was not clear. This can result in people stepping out.
- The instruments, and with it all control mechanisms, are based on an developing approach. This does not coincide with the way of thinking and working of the market players, which have a much more ontwikkelmatige approach. Procedures of the LNV collide with the processes of the corporations. Efficiency is at stake here.

5.3 *Intervention strategy*

Intervention strategy developed during the process

With the developing of the new policy 2001-2004 only at the last moment the choice was made for a demand oriented approach, because the minister preferred it. The Policy document was then written within a very short time. A more process oriented approach is chosen. The policy document only mentioned that the formation of a Task force would occur, with as its task showing the difficulties and solutions and objectives of the different supply-chains. As a result the instruments for the part 'professionalizing of the supply-chain' still needed to be developed at the moment of policy implementation.

Moreover, the originally proposed strategy of business plans for a supply-chain as a whole, mentioned in the policy document and the agreement did not work. This lead to a search process demanding a lot of time and even more being hampered by the European regulation, because this government support to individual businesses is not allowed.

Focus on supermarkets

Since the beginning, the focus has been on the supermarket channels. This focus appeared again in the composition of the Task Force, in which only Biologica represented the wholefood supply-chain (producers, manufacturers, trade and specialists) and the caterers (Veneca) were not represented. It was tried to involve the caterers in the Task Force but these stakeholders were not interested.

Focus approach changed: of 'professionalizing of the supply-chain' to stimulating demand

The original policy of the part 'professionalizing the demand oriented supply-chain' used an demand oriented approach. This meant according to the Policy Document Organic

Agriculture the following: “market is decisive for an entrepreneur; different supply-chain stakeholders have to use the market perspectives for organic products well. Good market perspectives exist: an organic market can be obtained!” This demand oriented approach (in fact an demand side-oriented approach) fitted well in the new policy of the Policy Document “ Voedsel and Groen” and was an response to the supply oriented policy of the period before, namely stimulating primary production. The demand side- or supply-chain oriented approach lead to the desire to professionalize the supply-chains, because that was seen as the weak part. Within The Policy document organic agriculture it was supposed that “the most important stimulation for growth, the market demand, was present”. The emphasis of the Policy document was on cooperation between market players.

This focus changed a lot during the policy period. Market players did not experience the lack of professionalizing of the supply-chain as the most important problem. Mainly supermarkets were convinced that if the demand was stimulated, the rest of the problems within the supply-chain could be solved normally. Meaning that: within the retail-culture, marketing is the most important, the rest is considered to be related to logistics. The majority of the Task Force activities are directed to the stimulation of the consumers’ demand instead of to the professionalizing of the supply-chain. The last is merely derived from it.

This explains also why the other starting point of the Policy document, the market demand is no problem, not to be correct. It is the lacking demand which is a difficult point at the moment and it is the point with all the attention.

Change in instruments used

A change of instruments for the supply-chain approach has occurred within the first 2,5 years. This change can be summarized as follows³⁰ :

- from a supply-chain directed focus to stimulating consumer’ demand (see above);
- from supply-chain business plans, via supply-chain business programmes and package deals to multi-annual upscaling plans (mop’s);
- of problems to opportunities;
- of macro- to micro-level.

From a supply-chain directed focus to stimulating consumer’ demand.

The original idea was that the possibility existed for making a blueprint per product group which could then be used for all specific supply-chains within that product group. Now, it is clear that specific supply-chain within a product group differ strongly in nature and size.

An other idea was that supply-chain business plans could be made. Plans supposed more simplicity than was found in reality. For this reason it was chosen to continue with the more strategic supply-chain business programmes. Four supply-chain business programmes were made: for dairy, AGF, bread and decorative products. Important difficulties per supply-chain were described. These were then coupled with directions for solutions. Then the involved corporations were invited to make proposals for concretizing directions for solutions. Supply-chain business programmes seemed to be

very abstract for many businesses and seemed to be too little challenging. They did not offer help for concrete actions on business level.

From supply-chain business programmes to supply-chain managers and package deals

In the organic pig meat sector supply-chain managers were already used. A supply-chain manager functions as the link between different parts of a supply-chain. He functions as a catalyst in the development process. This approach was the reason to see whether it could be used elsewhere. Afterwards the instrument package deal was introduced. During the focus of supply-chain business programmes for trying to resolve difficulties, the instrument package deal directed itself on creating opportunities. This approach seemed to match with the thinking and actions of enterprises.

From package deals to MOPs

When different businesses had made a proposal for a package deal it appeared that this form of support was to be mentioned in Brussels. A lot of time would pass and it would create a lot of uncertainty. Because almost all package deals concerned promotion activities, the concept multi-annual upscaling plans (MOPs) were introduced. These MOPs, replacing package deals, were seen by the Task Force as an extension of the media campaign and did not have to be mentioned separately in Brussels. Up to now 20 MOPs have started partly.

From problems to opportunities

Within the Task Force a change has occurred in orientation: from thinking in terms of limits/ problems/ difficulties to thinking in terms of opportunities. Supply-chain-business programmes show this change in the change from difficulty analysis to package deals (later called MOPs). An result of the more opportunity - and market directed way of thinking is that more capacity, energy and money was used for public campaigns than originally planned (from € 3 million to € 5,6 million)

From macro- to micro level

Finally the orientation within the supply-chain approach has changed from macro level (planning for a product group as a whole) to micro-level: an upscaling plan for a specific supply-chain or even part of the supply-chain directed to concrete results.

Found the correct approach

With the final intervention strategy the correct approach seems to be found. This approach is characterized by:

- an approach at the level of specific supply-chain in which tailoring is the main part;
- an primary focus on direct upscaling of organic consumers' expenditure by publicity;
- participation of the people responsible of the shop (buyers, category managers);
- support by agreements on umbrella- and management level via an covenant;
- support of the process via supply-chain management;
- Opportunity directed;

- integrated in the regular policy of the supermarkets. This last however does not happen in all supermarkets. Covenant stakeholders support the approach and plea for continuation of the chosen approach.

Still the chosen intervention strategy, especially the promotion strategy, continues to be a point of discussion: “It was more than a round of bird-shot”³¹, according to one of the interviewed. Differences in approaches seem to coincide with the ‘vision group’ and their linked values. On the one side you have the group of the newcomers or ‘rationalists’ (CBL, supermarkets, large scale farmers, ‘mixed’ manufacturers, and others) which like the actual approach: big media campaigns, traditional promotion via publicity, positioning of organic as one of the possible products choices. On the other hand you have the ‘believers’ They want a focus on: approaching pioneers and specific target groups by specific actions, clear information on the added value of organic, striking media attention, and other. The action ‘Adopt a chicken’ of Biologica is an example. Researchers think that both approaches can be effective. The advantage of the chosen approach is that the new comers feel familiar with it.

5.4 Approach

Slow start, but also learning process

The searching process described above has caused the first two years of the policy to give few concrete results in the area of professionalizing or stimulating demand. However in September 2002 the campaign started.

This all caused some Task Force members to become frustrated as a result of progress. Too much paper was thought to be produced without result: ‘continuous nagging according to one of the respondents. Finally, the activities of the media campaign brought back some energy in the process.

Some people involved say that the mentioned above could have been prevented by thinking better about the approach and policy measures before starting and by thinking more about the already functioning initiatives (pig covenant) or experience from the organic sector. Some people say that the strategy was too much ad hoc at some points³².

Others stress that this sort of developments needs time and that they are difficultly accelerated. The first phase is seen as a necessary phase, which had advantages: stakeholders had time to get used to one and other, slowly more trust and appreciation developed. Somebody said:” Everybody has the right to his own conversion process.”

All agreed that it was (in any case) an important learning process. In an klankbordbijeenkomst a participant described it as one big practical research: people found out what does work and what does not work well’.

Communication insufficient

In the beginning good communication to supply-chain stakeholders was lacking because everything still was in development. High expectations were created, which could not be realized. A lot of goodwill and support got lost, especially of the corporations and the businesses not directly connected to the covenant.

Primary producers also have been insufficiently informed by their branch organizations and have not been involved sufficiently in the process. This resulted in an negative

image of the Task Force amongst the farmers. Later extra efforts were made by the coordinating team of the Task Force in order to change this image.

Flexibility appreciated

The policy has been flexibly implemented. LNV played an important and constructive role in this. The covenant stakeholders appreciated this. The originally planned approach, which was not functioning, improved. Flexibility was expressed in

- flexible use of the allocation of financial means
- changing the instruments (use of supply-chain managers, combining extensionsplan with communication plan, changing from supply-chain plans to MOPs).

Criticism on development of instruments

A lot of criticism is given on the way of developing the instrument and on the inefficiency related. One looks in relation to this criticism not only to Brussels, but also to the many times time consuming (juridical and content related) vagueness of LNV: instrument have been used prematurely before thoroughly analysing (guarantee fund, DOA), promises had to be withdrawn because the jurist could not agree (package deal) and procedures took a long time (tender campaign). Generally it is thought that this in a few cases has hampered the progress and the credibility causing a part of the effectiveness or the momentum to get lost.

People have learned that an instrument should be brought forward when one is sure of the feasibility and when one knows whether it abides to the Dutch and European regulations. The dilemma in this case was however that without the instruments the process could not continue and that everybody was waiting for undertaking action. People chose therefore, to continue with the preparation of the package deals waiting for permission of Brussels.

More use of available knowledge and experience

Part of the interviewed persons thinks that in the beginning more could have been learnt of the already available experience within the organic sector. Partly people had to start learn the same things (het wiel is weer opnieuw uitgevonden) or were not taken over until later (supply-chain management, principals of supply-chain specific activities) while successful relevant examples were available (for example the pig sector). On the other hand, some learning processes are needed to create involvement and to avoid the situation 'not invented her'.

2004 an important year?

The activities of the Task Force which really had to influence consumers' expenditure (the MOPs and the second phase of the media campaign directed to influencing buying behaviour), have started only the last half year. 2004 is therefore an important year for the policy. However the target will not be achieved. This year it will become clearer in which degree the MOPs are effective.

5.5 Observations and learning points

More realism about possibilities of influencing the market

It appeared that the optimism in the beginning about the possibilities to influence strongly the market or sales, is not realistic. In fact an important learning point of the last years is that economical influence still is the dominating factor for growth/ stagnation.

Besides that some market players have been too optimistic about the possibilities to stimulate the demand. A good example is the optimism in the beginning about the consumption of pig meat: opportunities were seen to grow from 0% to 15% in a few years time. For dairy is also a too positive estimation is made by one of the market players, with as a final result bankruptcy. The optimism is without doubt related with the high conjuncture of a few years ago and the crises in the conventional agriculture. At the moment people however have become more careful. Economical bad times have resulted partly in realism.

This obliges to some modesty when stimulating market development. Accepting that the development processes need time and that this is certainly the case with development of organic, less high expectation will develop and therefore less big disappointments will occur. Looking at it from this point of view a lot has been achieved during the last years. Organic has continued to grow against the current which is in itself a good thing.

Structural change marketing policy of supermarkets essential

A lot has been done by the supermarket, but a lot still needs to be done for the structural integration of organic in the commercial policy. A lot of ad hoc action have occurred in the supermarkets, like simple price offs, arranged at the last minute, without integrating them in a long term vision. The MOPs are meant to develop a more structural approach. Whether this succeeds will show.

Structural integration mean that an organic vision exists which is taken up in the commercial policy. It means that a concept for organic has been developed which is translated in concrete activities, that category managers and buyers are made responsible for their organic market share. It means that the management supports the development actively and that a plans exist on product group level (for example AGF). Appointing a coordinator at the formulation level (an internal brand manager or manager of the bio-policy) has seemed an important success factor³³. Structural integration should be a focus of the policy for the coming years.

Approach via wholesale and manufacturers

Little attention has been paid to the role of the wholesalers, suppliers and manufacturers. They play a very important role in the promotion of products: they have some interest in and have a lot of knowledge about introducing new products. Successful examples of promotion of manufacturers exist³⁴. These could be a point of attention for the coming policy period.

Monitoring and provision of information a weak point

Provide good figures has appeared to be very difficult. Some figures of the EKO-monitor are not even recognized in the field. In the covenant no clear agreements are made about the supply of figures. Supermarkets in general do not like to do this. In the coming years, more attention needs to be paid to this.

A second point concerns the information provision of the projects of the Task Force, especially the MOPs. This information provision is very scarce. LNV and the Task Force are reluctant in giving information about the MOPs and in mentioning the specific

stakeholders. They say that it concerns market sensitive information. The markets will have to send more signals that transparency is desirable. People need to decide how to make information on the projects better available.

The consumer forgotten?

Directing demand can also imply: Talking to the consumer about the result of his consumption behaviour. Only recently, at a small scale, the campaign 'the Netherlands goes organic' started at the initiative of a large amount of social organizations, because of lack of finances.

LNV more at a distance

In a few cases it appeared that LNV, member of the Task Force, does not have the time to choose the most effective way of promoting organic, and vice versa. The campaign is an good example of this³⁵. The focus should be on how can the Task Force function with less involvement of the government. The advantages and disadvantages of this should be investigated. Maybe in the next phase this can happen. The Danish model³⁶, in which an organization exists between the government and the market with a central coordinating role (also for example research) is an example of a possible model.

Loss of Efficiency by avoiding Brussels?

'Brussels' has played an important (hampering) role in the implementation of the policy measures. The measures were developed in such a way that every time Brussels needed to be consulted. In some cases it appeared that some times at the last minute, policy measures appeared to be impossible or had to be implemented differently because of European legislation. A lot of delay, efficiency- and effectiveness got lost. This concerns especially situations in which governmental support is given to individual businesses. Examples are the package deals, sustainable entrepreneurs' deduction (DOA), package deals, and VAT-deduction. It needs to be investigated whether this can be reduced to one consult and approval of Brussels.

The time consuming public tender procedures of the media campaign are criticized. An alternative however does not exist.

Wrong assumptions make achieving 5% more difficult

The original assumption was that the potential market demand existed. Now this appears not to be the case which as a result makes achieving the eventual target (5% consumers' expenditure) more difficult. Demand needs to be stimulated, instead of support via efficiency measures.

Continuing 'hockey stick-effect'

Researchers had heard already in the mid term evaluation: "This year will be an important year, and we'll make it happen". However, Brussels did not accept the package deal and 2003 turned out to be a bad year because of the price war. The same sounds can be heard now: "we will harvest in 2004". Optimism is important but sometimes more realism can prevent disappointment later on.

5.6 Conclusions

Approach

- The actual intervention strategy of the Task Force has been developed during the process (from business plan to supply-chain development and MOP). This could have been done quicker.
- a lot is learned about what works and what does not work concerning professionalizing supply-chains and stimulating consumers' expenditure. A good support is created for the next policy.
- Attention has correctly changed from professionalizing supply-chains to stimulation of the demand: because it is still the most important problem.

Results of the supply-chain development policy

- More organic awareness of both consumers and retailer. For a few stakeholders organic has become a fixed part on the agenda (CBL, supermarkets, LTO³⁷).
- More harmonization, cooperation between and within the parts of the supply-chain exists. An important condition has been created for further upscaling.
- Supply of organic has improved (both assortment and sales points) as a result of the policy.
- Little structural integration of an organic vision has taken place within in the commercial policy of the supermarkets, with some exceptions. However for CBL and for a lot of supermarkets organic has become a fixed point on the agenda.
- Without the policy a fall back might have occurred in consumers' expenditure instead of the actual growth of 0% and market perspective and the infrastructure for the organic product would have been weaker.
- The market perspective for the primary producers has in general, not improved over the last years. However better market perspectives for primary producers are created within the specific MOPs.
- The optimism of a few Task Force members about the increase of organic consumption in 2004 is not correct.

Different visions for evaluating the process Supply-chain development

The policy for supply-chain development can be evaluated in different ways. Depending on the vision, different perspectives show:

<i>Used perspective for the policy for supply-chain development</i>	<i>Evaluation of the policy</i>
Experiment for investigating which interventions work well in a such a complex policy field	Very successful
Instrument to make organic more mainstream	Successful: organic has become for mainstream market players (supermarkets and consumers) More mainstream
Experimental garden to see the extent to which the organic world can be influenced	Partly succeeded: with a lot of effort, influence can be exerted. Influence of external economical situations has become visible.
Creating favourable conditions for an autonomic process	Partly succeeded: infrastructure for organic has clearly been improved.
Means to make <i>all</i> potential consumers organically aware	Failed: large scale consumers and caterers have not come into the picture
Means to achieve consumption targets	Failed: final targets have not at all been achieved

6 Instruments for supply-chain development

After having discussed the approach and results of the process supply-chain development in the last chapter, this chapter will discuss the instruments for supply-chain development

- the Task Force and the covenant MBL ;
- the different supply-chain plans and- activities;
- supply-chain managers;
- co-innovation projects;
- media campaign.

6.1 Task force and Covenant Market development BL

Implementation

Is an agreement/ are sub-convenants made with sufficient concrete agreements?

Is the Task force created with sufficient representatives from the different parts of the supply-chain?

Have changes in approach been sufficiently based on facts and have they resulted in changes in Task Force members ³⁸ ?

Which learning experiences can be obtained from the approach of the Task Force?

Doelmatigheid

Could the covenant MBL have been implemented in a more efficient way?

Organization structure

The agreement is signed by the following stakeholders:

Overheid	Ministerie van LNV
Bedrijfsleven	Centraal Bureau Levensmiddelenhandel (CBL)
	Land- en Tuinbouworganisatie (LTO)
	Biologica
	Rabobank
	Triodosbank
Maatschappelijke organisaties	Stichting Merkartikel (SMA)
	Stichting Natuur en Milieu

These stakeholders form also the 'Steering committee Marktonwikkeling Biologische Landbouw '(MBL). The Steering committee is supported by a Task Force MBL. In this Task Force the stakeholders mentioned above are also represented, except for the Stichting Natuur en Milieu. The Task Force has a cooperating president and a secretary (via AKK). The president, secretary, campaign coordinator and the supply-chain manager AGF and Meat, also form a coordinating team for the daily activities.

Because the Task Force member, as the umbrella organization were to far from the daily reality, after some time it was decided to create an so-called Marketing group (besides supply-chain managers). In this Marketing group are representatives of individual supply-chain stakeholders. The objective is to realize a more practical exchange and harmonization on policy measures and activities. People involved think that the Market group is very useful because experiences can be exchanged and it

involves the 'field' more with the Task Force activities. The Work group Communication was created at a certain point for harmonization and communication on the media campaign.

Learning points are:

- umbrella organizations have too little direct influence on their members. A translation of agreements to individual members is desirable.
- the coordinating team (facilitating office) should be authorized to do more tasks and have more competence. Progress and efficiency would be stimulated. This is in fact the way in which the coordinating team started working in a later phase.

Representation

A few important stakeholders are missing in the Task Force: caterers, large scale users, consumer representatives, wholefood channel and social organizations. In the beginning people tried to include caterers and the consumers' union in the Task Force. They did not succeed because of lack of interests from involved stakeholders and disturbed relations. The social organizations were until recently, only represented in the Steering committee via the president of Biologica. They did not participate in the Task forces because of bad relations with one other stakeholder. At the moment this has changed. Biologica takes part in the Task Force also on the account of the specialists and the wholefood channel. This was their choice.

Biologica has had an important (and maybe a too difficult) task within the Task Force. The researchers think it desirable to have a wider representation from the wholefood channel, like wholefood shops and/ or manufacturers, partly because the consumers' expenditure via the whole food channel still are equal to the ones via the supermarkets. As a result of the one sided representation, opportunities might have been left open with the specialists. The same applies for the caterers.

Covenant attractive instrument

Using the instrument 'Task Force with covenant' within the policy was new for LNV. LNV has given the regisseurschap (and presidency) to market players. The covenant stakeholders and their supporters will have to do the work. General consensus exists that the instrument, within such a complex policy context in which work is done on a voluntary base, is very functional. It functions as an agreement to which one can refer and to which (directly involved) stakeholders can feel limited. It creates an common focus and stimulates the opportunity of social control ("I can not stay behind and not participate") Besides that it does create the opportunity of an layered infrastructure (umbrella level, management level and field level) with which the policy can be 'weggezet'. It needs to be seen to that enough agreements are made. In the covenant agreements were made with stakeholders, but they have been insufficiently passed to their supporters (achterban)

Stakeholders have grown closer

A very important role of the Task Force, according to people involved, was improving the cooperation between the different stakeholders. The image formation about each other has changed creating more understanding for each others opinions and instead of the original 'everybody for his own interest creating more common interest.

Stakeholders needed time (and got time) to get to know each other, and to create trust and respect for each other. This is one of the good things of the concept Task Force and covenant, but also of the way in which individual stakeholders have helped. The negative side of this is that stakeholders which were not (directly) involved, like the caterers, wholefood shops and –manufacturers and the farmers felt less involved with the Task Force activities, have been informed less and are –maybe because of this– also more critical about the activities.

Sturings concept can be more efficient

General objectives within the covenant have been developed in an overview of concrete targets/ activities per covenant stakeholder. Moreover, an Action programme 2001-2004 was taken up in the covenant. Concrete agreements have been made at covenant level. Business plans per product group were meant to lead to concrete agreements with involved market players. These agreements would even be formally signed by the market players. The concept of creating business plans did not seem to be the right approach, resulting in concrete agreements never to be made, except for in the pig sector.

As a result of the *vrijblijvendheid* which was created, the coordinating team of the Task Force, especially the supply-chain managers and the (new) president, had to put a lot of effort in the stimulating of the market players in order to keep to the general covenant, except for AH and Plus. At the same time on the other side market players got frustrated by the hampering legislation or by the fact that at the last minute the chosen instrument (for example package deal) did not seem possible. The MOPs were a form in which involved stakeholders could agree.

The conclusion is that a covenant should be combined at umbrella organization level with sub-covenants on business level in order to prevent *vrijblijvendheid*. With such a sub-covenant it is easier to make agreements on field level with category managers or buyers, or to develop upscaling activities in a supply-chain. Next, it is very desirable to create an self directing team (mini Task Force) for the specific supply-chain of businesses interested in making upscaling agreements (conform the approach in the pig sector). Such a mini Task Force needs to be accompanied well (for example by the supply-chain manager) because if not everybody is waiting for everybody.

<i>Level</i>		<i>Agreements and aanspreekmechanisme</i>	
		<i>Actual approach</i>	<i>Desired</i>
<i>Task Force</i>		Covenant MBL	idem
<i>Individual TF members (umbrella organizations)</i>		General agreements in the covenant per TF member	idem
<i>Individual businesses</i>	<i>management level</i>	<u>Aimed</u> : participation in supply-chain business plans <u>Actual</u> : spoken to by president TF	Sub-covenant
	<i>buyers, category managers</i>	Approached by supply-chain managers	Approached by supply-chain managers. Creation of a mini Task Force.

Contribution of the covenant stakeholders

The covenant stakeholders have contributed time and input. Stakeholders say that the Task Force has cost more time than estimated originally. Not all agreements concerning actual contribution as mentioned in the covenant have been kept. CBL and Biologica have qua contribution, played a central role within the Task Force. SMA has contributed little. Also the social organizations have up to recently contributed little to the Task Force activities. Important related to this, is that Stichting Natuur en Milieu (association Nature and Environment) which, as a representative of the social organizations, signed the covenant, has not be allowed to join the Task Force. During the process social organizations have developed a more constructive attitude.

Efficiency

The Covenant could have been implemented more efficient in some parts:

- A lot of energy, time and money was put in the development of an acceptable approach.
- A lot of time and thereby money was lost in abiding to European directives concerning tendering and governmental support (campaign, package deals). This is difficult to prevent.
- making more concrete agreements with the separate supply-chain partners instead of, or besides the actual agreement with the umbrella organizations, might have lead to earlier action.

An other organization structure might have been more efficient. For example, an association resulting LNV as a financier to be less involved, combined with an integrated approval from Brussels (instead of the project bound approval). These possibilities and its efficiency need to be investigated. The close involvement of LNV has also had advantages, like more flexibility for allocation of means and extra understanding for delays.

On the other hand, the so-called process money (costs of president, secretary and supply-chain managers) finally has been used reasonably efficient. Although costs are 17% of the total Task Force expenditure, which can be objectively seen as a lot, the use of an influential president of the Task Force, combined with the input of supply-chain managers, has appeared to be a necessary catalyser.

According to the covenant partners, the approach has lead to a more coordinated use (harmonized to the governmental policy) of available means, especially with the supermarkets.

Moreover, the co-financing structure of the government has lead to extra input of means of businesses. This multiplier effect lies in the order of size of a factor $1,5-2^{40}$.

Conclusions

In summary, these are the conclusions related to the instrument Task Force and Covenant MBL:

- The Covenant is a successful instrument. However, besides the Covenant direct harmonizing consultation with the 'field' is necessary.

- The composition of the covenant partners should to be widened with the Caterers.
- The level on which the covenant is made is too high. The 'field' should have been involved in the covenant earlier.
- Translation of agreements and meetings to individual members of umbrella organizations, by for example sub-covenants is necessary.
- Person related factors (president, supply-chain managers) have seemed to be a very important success factor for the implementation of a covenant.

6.2 Supply-chain managers success formula

Did the Task force appoint supply-chain managers in crucial supply-chains?

In the first place the Task Force members were supposed to 'adopt' their own product group as a portfolio holder for supporting businesses in the process of upscaling of the organic market share. This appeared to be unfeasible. Amongst other, because the Task Force members were not organized according to product group but according to the supply-chain⁴¹ and they were not close enough to the commercial practical situation.

At that moment the concept supply-chain manager was introduced. This concept had already been introduced successfully by Biologica in the organic pig meat sector. Supply-chain managers are mainly financed by the government and the corporations. At the moment, the following supply-chain managers exist:

- Meat and dairy. This supply-chain manager was firstly only responsible for pig meat and later also for beef. He has recently also become responsible for dairy.
- AGF – retail oriented. The supply-chain manager AGF has since 2001 been supported by the Task Force.
- AGF – fruit oriented. The supply-chain manager appointed by the sector is since a short time also supported by the Task Force.
- Decorative products. A new supply-chain manager has recently been appointed for the MOP Bioflora.
- Caterers. Via the project 'Organic catering' of the Environmental federations and Association Natuur en Milieu, 110 stakeholders have signed an intention declaration. At the moment this declaration will have to be transformed in concrete activities. Task Force is investigating how the progress of this initiative can be supported on a small scale.

Tasks

The task of a supply-chain manager is accompanying the process: bringing together stakeholders, stimulating and accompanying cooperation, resulting in a MOP. They operate mainly at the level of operational management and/or category management.

Covering the sectors

The most important sectors do now have a supply-chain manager.

- Dairy sector. The Task Force thought the sector was able to arrange a supply-chain manager itself. This was not the case, resulting in the supply-chain manager of meat also to start working with dairy.
- Meat sector. A supply-chain manager for the meat sector already existed before the start of the policy period. He worked from Biologica and effectively initiated and supported the pig covenant. Later his activities amplified.
- AGF. A lot has happened with the actual supply-chain manager.
- Caterers. The researchers think that for the caterers supply-chain management is necessary to get things going.
- Bread. The bread sector is functioning badly, but it is not sure whether a supply-chain managers will offer solution. In an earlier stage this was tried, but the sector did not succeed to make agreements with the supermarkets. The Task Force has decided to not invest in this for the moment.

Essential role in policy implementation

The supply-chain managers seem to fulfil an essential role as catalyser in the process of supply-chain development and upscaling. There mostly is not only one problem owner and everybody is waiting for everybody is the cause. The situation for organic dairy is a good example of this. This is partly the reason for appointing a supply-chain manager for this sector.

An translation of the policy for the field and vice versa is needed: market players need an external stimulant for translating intentions in actions and plans of market players sometimes need to be adapted to policy framework in order to apply for support. Therefore supply-chain management is a relatively cheap and necessary investment in most sectors.

Preconditions for good functioning

Experience has taught that the following preconditions are important for a good functioning supply-chain manager:

- The supply-chain manager has to think, talk and act from his target group point of view.

The effectiveness of a supply-chain manager depends on the person.

- Support of upscaling plans by the top of corporations is essential. Also at that level a form of 'supply-chain management' is needed (the second president of the Task Force has effectively taken up this role).
- A framework of formal agreements, like a covenant or intention declaration, gives a supply-chain manager legitimacy for entering.
- Every supply-chain needs a unique approach: tailoring is essential.
- Being able to offer financial support as 'change (money)' is very important for a supply-chain manager. If he can not do this his role is more limited.

Conclusions:

- Supply-chain managers appear to be an necessary, successful and an efficient instrument for bringing supply-chain partners together, and to stimulate sales channels, especially supermarkets to do more with organic.
- Supply-chain managers have contributed to the increase of the cooperation within the supply-chain⁴².

6.3 Supply-chain plans and -activities

Implementation

- Have sufficient concrete integrated supply-chain plans combined with market activities been set up?
- Does and balanced division of integrated supply-chain plans/ market activities in the supply-chains exist?

Efficiency

- How efficiently are the supply-chain business plans been made?

Supply-chain plans and –activities can be divided in four categories:

- supply-chain business plans and supply-chain business programmes
- supply-chain managers
- sector measures/arrangements (CBL en PBS)
- package deals, later called multi-annual upscaling plans (mop's).

The supply-chain activities can be seen as the centre of the Task Force programme: they are the projects which finally have to lead to upscaling of the consumers' expenditure.

6.3.1 Supply-chain business plans and -programmes

In the Covenant, it was decided that for 5 product groups (dairy, meat, AGF, bread and meals) concrete supply-chain business plans would be made via round table conferences, existing of concrete and formally defined agreements between (combinations of) market players. These plans should be the basis for the implementation of result directed and coordinated activities in a supply-chain. The assumption was that it was possible to use one blue print per product group which could be applied to all other supply-chains within that product group. It appeared however that every micro supply-chain of specific market players, has specific difficulties and needs tailoring. After a first trial with AGF, it was concluded that it was not possible to use a blueprint.

Then changes were made to more strategic supply-chain business programmes. These describe important difficulties per supply-chain and provide solution directions. After that, businesses were invited to apply concrete projects for tackling these difficulties by co-financing. Using so-called Round table conferences for 3 product groups, supply-chain business programmes with difficulties and solution direction were defined (AGF, dairy and bread). An strength/weakness analysis is made for the product group decorative products.

However it appeared that this instrument stimulated the businesses insufficiently for developing project plans. The instrument was mainly directed to common problems instead of individual market opportunities. In the first, place businesses do not think problem-directed, but opportunity-directed and besides that common problems do not have a clear 'problem owner'.

Some of the interviewed persons think that people should have listened better to stakeholders who have more and for a longer time experience with organic. Others say that the activities created the first opportunity for market players to sit together, which was an important pass forward. It has by any means been an important learning process, as mentioned before. But it has like some interviewed people say caused loss of time and momentum.

Conclusion:

- Plans on product group level directed to common problems instead of to individual opportunities, are no good instruments for developing concrete activities.
- As a result of a delayed start a lot of momentum and goodwill got lost.
- The only function of this phase was joining people (some time for the first time) and starting the thinking process on what the most effective approach is.

6.3.2 CBL measures for supermarkets

€ 0,9 million has been made available by via the CBL the Task Force for the retailers for promotion aims. It concerns a co-financing arrangement in which LNV contributes 1/3 and the corporations 2/3. This CBL measure is directed to stimulating (marketing) communication activities, like sales promoting in the consumers' magazine, folder material, window posters, and others. Price-offs⁴³ were not included. The idea behind the CBL was that supermarkets and other shop owners have more possibilities to influence consumers' behaviour than the Task Force with a general campaign. The media campaign is mainly image forming and informative.

The idea evolved unexpected during a board meeting, in which the retailers proposed: "Give us the financial means, and then we will spend it in a good way". The measure implies that when extra marketing activities are developed by a retailer, one third of the marketing costs are financed by the Task Force MBL. The criteria and approach have been developed together with CBL (see annex). Also here 'Brussels' has delayed the process. The financial means are managed by the CBL.

The measure started working mid 2002 and the end date has been extended from 31 December 2003 to the 1st of July 2004, because some supermarkets applied very late. Retailers could apply and then the means would be divided conform the market share.

Results

- 12 Retailers of the retail organization have used the measure. The given subsidies vary from € 10.000 to € 250.000 Euro.
- Businesses already having organic products could use the measure when extra efforts were made in promoting organic. For a few businesses the measure was a first introduction with new organic products.

- The businesses, reporting on the results⁴⁴, mention an increase of turnover during the action weeks, varying from 40% to 600%. Only one business mentioned a structural increase in turnover.

Analysis and conclusions

The measure was a stimulation for the businesses for starting promotion-activities. The expectation is that if no stimulation was provided little would have happened. Some people took up the possibilities at once. Others needed to be stimulated by the supply-chain managers and needed more time. Some supermarket threatened to quit, because it took a long time to arrange things with 'Brussels'.

Researchers had the impression that the measure had a very ad hoc character, both within the policy of the Task Force and within the supermarket companies. A movement has started, but it was not coupled to a structural approach of the supermarkets. The measure started in a period in which a lot of discussion was taking place about how to act.

It was observed afterwards that the presence of a central coordination point with a retailer (for example a Coordinator organic of product manager) can increase the effectiveness considerably. It prevents an ad hoc approach, in which the turnover is increased via temporary price-offs. The organic vision needs to be integrated in the commercial policy. One can consider making this a condition for support.

6.3.3 PBS scheme for specialists

When the CBL scheme was introduced, Biologica said that a similar scheme should be introduced for organic specialists. This led to the PBS scheme: a contribution of LNV of € 0,9 million, to which the branch has added € 1,25 million. In relation to this measure then the Master plan specialist retail channels 'organic' was created by representing branch- organizations from the specialist wholefood sales channel. The Promotion office Organic Specialists (PBS) was created by a few branch organizations⁴⁵ for organizing, aansturen and implementing the master plan.

In the master plan the following objectives were mentioned, directed to stimulation of the organic sales via specialists:

- contributing to the target of 5% of the Task Force MBL;
- attracting and educating new entrepreneurs, directed to extension of the amount of shops;
- increasing the average m² selling area in organic specialists;
- increase of the average expenditure of the existing customers;
- reaching new green and health aware-consumers.

The idea behind stimulating organic specialists is that a more professional specialist can be a pioneer for the further extension of the organic sales via the retailer channel. The Master plan exists of two parts:

1. structural stimulation of the sales: course for entrepreneurs; certification of shops and development of shop modules;

2. extension and promotion: proeverijen, generic supporting material, etc. See the annex for more detailed information on the PBS scheme.

Results

The results can be resumed as follows. The results of the structural sales stimulation are easy to measure:

- 18 potential entrepreneurs are following courses/ education: PBS thinks that if 50% of them opens an shop and will realize an turnover of on average 750.000 , then an extra turnover of 6,75 million per year can be realized (this is on average 5% of the total turnover of the wholefood shop channel).
- the estimates are that 5 new and renewed shops will open with an extra turnover (omzetplus) of approximately 5 million Euros per (approximately 3% of the total turnover of the wholefood shop channel).

In the area of promotion the proeverijen and the spaaractie have given good results, according to persons involved. The spaaractie resulted in a turnover of 2 million. However mainly existing customers were stimulated. The conclusion according to the PBS is that structural improvements of the specialist channel can improve the best. Promotions have an temporary effect, with more effect when the action is done closer to the shop. Opportunities exist for smart and maybe paid PR, with preference via social organization.

Conclusions

The PBS scheme results in an planned approach and cooperation. This stimulated the effectiveness of the input of means. Interviews have shown that the available mains were sufficient for the moment. Promotion activities did not lead to structural sales stimulation, but to a temporarily increase of the turnover by purchases of the existing customers. They are therefore less effective. A structural pr0blem is the quality, professionalism and visual appearance of the specialist shops. The part 'structural sales stimulation' of the master plan is evaluated as effective and useful.

6.3.4 Package deals and MOPs

Mid 2002 the Task Force started with the introduction of the instrument package deal. The instrument was originally meant for supporting businesses with plans contributing to the covenant objectives, especially the plans which include a lot of risks. 'Brussels' did not seem to agree with supporting promotion by businesses because they see it as a sort of governmental support (state aid). For this reason the financial support was coupled to a generic promotion and presented as a part of the media campaign.

Financial contribution is given for activities which support the marketing of organic products via promotion. Examples are: sales stimulating promotion in or near shops, including courses and education. A condition for receiving contribution is that products need to be available and need to be presented well to the customer and that multi-annual supply-chain agreements are made for support⁴⁶. This kind of cooperation is very suitable for product groups which are not yet very well known with the average consumer, for product groups which play a market strategic role and for product groups which can widen the sales.

The name 'package deal' changed to Meerjarig Upscalingsplan (MOP). This shows clearly that it includes activities in the extension of the campaign, with the aim to improve the development of the market.

Sort of projects

Up to now approximately 20 MOP have been developed. Earlier, 9 projects were implemented (market research, supply-chain management, package deal pig meat, etc.) which are seen as the pioneers of the MOPs. In the annex an overview of all MOPs is given.

The 29 supply-chain projects (pre-MOPs plus MOPs) have the following characteristics:

- All are based on co-financing. The contribution of LNV is, in total, (for the pioneers and MOPs) € 3 million. The own contribution of the businesses is an extra € 5,1 million.
- There is a reasonable division over the different product groups. The dry groceries lag behind (traditionally). In the bread sector the same happens. Dairy stayed behind as well, but has created a master plan.
- There is a reasonable division over the involved parts of the supply-chains. Only the specialists (wholefood shops) and the caterers stay behind. A lot of MOPs are coupled to one retail business.
- Mostly new activities or partly existing/partly new activities take place. The cooperation is also new or partly existing/partly new.

AMOUNT OF MOPs PER PRODUCT GROUP	
1. AGF products:	8
Arable crops (potatoes, sugar and cereals)	2
Open air horticultural vegetables	6
Fruit	3
Covered crops (greenhouse horticulture, mushrooms)	4
2. Meat	8
Pig meat	8
Beef	6
Table poultry and eggs	1
3. Dairy	5
4. Bread	2
5. Decorative products	1
6. Other products	2
7. All products	3
INVOLVED PARTS OF THE SUPPLY-CHAIN	
Central supply-chain:	
Primary producers	21
Processing	17
Trade	12
Retail supermarkets	18
Retail specialists	3
Hotels / cafes	0
Caterers	3
Supply-chain-support:	0
Breeding, feed suppliers	0
Logistic or ICT-services	0
Banks	0

Aimed results

Whereas the 'pre-MOP' activities had different objectives, the MOPs were concentrated on 3 effects:

- increase the public awareness of organic amongst the consumers;
- improvement of the supply (by more volume, wider assortment, more sales points and/or a better quality);
- and as a result of the effects mentioned above an increase of the consumers' expenditure.

The most MOPs started only end 2003 or are still in the preparation phase, causing that at the moment no clear image is available of the structural results of the MOPs. The approach is multi-annual which implies that on the short term little big results are to be expected relating to the consumers' expenditure. Expectations of people involved are that the MOPs are a good instrument for contributing to an increase of consumers' expenditure.

Examples of concrete results of increase of consumers expenditure are:

- An increase of the sales of organic pig meat in one year with 50% respectively 160% in two supermarkets.

- An increase of the total turnover organic frozen vegetables within retail Netherlands with 200% of 500 ton (total 2001) to 1500 ton in 2004

- Growth of 100% in the segment organic leaf vegetables, of 535 ton in 2001 to 1050 in 2004; or from 90 hectares to 120 hectares.

- Doubling of the sales of AGF products after complete substitution within a supermarket.

- Growth of sales of organic potatoes of 7% in the year 2002 to 10% end 2004.

- Growth of the sales of 25% in one year of organic dairy.

- Supermarkets with a common market share of almost 60% have made plans to substitute the conventional product with the organic products, or to increase the organic range of products along the existing conventional.

One of the other projects will only give concrete results this year. Some projects have failed. The upscaling plan for the bread sector failed. Some upscaling plans of supermarkets are struggling because of lack of commitment.

One of the most important midterm results of the MOPs up to now is that more cooperation evolved between the supply-chain stakeholders. This created a basis for structural cooperation in the future.

Findings and analysis

The following learning experiences can be deducted from the results⁴⁷.

- It has seemed necessary to, from the Task Force mainly the supply-chain managers and the president of the Task Force, put a lot of effort in the stimulation of the supermarkets to start. A covenant alone does not appear to be sufficient.

- A big difference exists between supermarkets. Some have their own policy and function well. This is the case for AH and Plus. Others need extra external stimulation. It is positive that as a result of the integration of the instrument in a wider perspective

(the covenant) the supply-chain managers are stimulated to produce good results. (one does not want to lag behind).

- Tailoring and accompaniment of the multi-annual upscaling plans is essential. Every supply-chain (retail, whole food shop or caterers) and every product group wants to have their own marketing approach for organic upscaling. A collective approach in which everybody promotes the same products in a similar way is not used.
- Participating supermarkets generally have a more process oriented approach without defining the project at the beginning. During the process a few products available in sufficient amounts are substituted, and based on experiences linked promotional activities are organized. This can be called a development oriented approach. It is some time contradictory to the - from management point of view – ontwerpmatige approach of the Task Force, which demands that per supermarket an extended project proposal is made.
- Enthusiasm and intensive involvement of the top of the corporations is essential. For that reason it is important that the organic area in the shops is not conquered via simple price offs, but that an organic vision is integrated in the commercial policy, in which it is clear which consumers should be approached in which way.
- Wholesalers and suppliers play an important pro-active role for a few supermarkets in supporting the promotion plans; especially for the products without package/ fresh products. They have knowledge on how organic products can gain consumers' attention effectively.
- An big increase in turnover (depending on the actual market share, from doubling up to increasing tenfold of the turnover) can occur, according to the supply-chain managers, when products are supported well on and around the shop. After stopping the promotion activities the turnover will reduce, but the market share will stay higher than before the action.
- An important condition for success for upscaling of organic AGF is a good accompaniment in the shop. Success of an organic product depends on enthusiasm in the shop. The 'translation' to buyers and activities in the shop is a long term process. It is tempting to use the support for promotion and not for investments in education and training of employees of the shop. This is however very important, because especially when the profit is low the employees should be extra motivated to make organic a success.
- General replacement is a good alternative. However the competition Act does not allow branch related sector-wide agreements. No conscientious organic consumer is educated with this general replacement, because no choice exists.
- Although pig meat has a bad image in the press, it has one of the most successful multi-year upscaling plans.
- The effectiveness of the activities increases considerable when organic is integrated in the commercial policy of a supermarket and an organic coordinator or product manager is appointed.

Conclusion

- The MOPs are, as predicted at the moment, effective instruments for upscaling. The actual results will show this year and next year whether they really are.

6.4 Co-innovation programmes

Implementation

- Have co-innovative project been supported and implemented?
- Have co-innovative project been supported and implemented balanced along the supply-chains?

Results

- Has the implementation of co-innovative project (directed to commercial activities) led to more cooperation in the supply-chain?

The co-innovation programme 'Professionalizing of the organic sales supply-chains, the better of two worlds' started in 2001 as a part of a wider co-innovation programme implemented by the Association Agro Supply-chain Knowledge (AKK)⁴⁸. Aim of this programme is 'further professionalizing of market-oriented organic sales supply-chains and constructing a responsive knowledge infrastructure'. The most important characteristics of Co-innovation projects are:

- market directed and demand oriented supply-chain projects with minimal three supply-chain parts
- directed to solving knowledge-questions of corporations
- in cooperation between the corporations and research institutes (involvement of minimal two knowledge institutes)
- with co-financing of the corporations and research – and with knowledge transfer during and after finishing the project. It concerns applied 'field' research in the organic supply-chains.

Co-financing means that the money exists for 50% of money from the corporations (partly in money and partly in kind), 22,5% from the mainstream means of public financed knowledge institutes and 27,5% from direct contribution of LNV⁴⁹. The programme is formally not connected to the activities of the Task Force MBL. Task Force does however give advice to AKK on the evaluation of proposed projects.

Project data

At the moment 25 have started of which 5 have finished. 2 Projects have stopped after phase1, feasibility phase, because they did not appear to be feasible. In the next table an overview is given of the involved product groups and the projects. In the Annex an extended overview of the projects is given.

Amount per product group	
1. AGF products:	8
Arable crops (potatoes, sugar, cereals)	0
Field scale vegetables	3
Fruit	5
Protected cropping (greenhouse horticulture, mushrooms production)	4
2. Meat	9
Pig meat	6
Beef	4

Table poultry and eggs	0
3. Dairy	2
4. Bread	1
5. Decorative products	2
6. Other products	0
7. All products	6
Involved parts of the supply-chain	
Central supply-chain:	
Primary producers	19
Processing	9
Trade	13
Retail supermarkets	4
Retail Specialists	4
Caterers	3
Supply-chain-support:	
Breeding, feed suppliers	1
Logistic or ICT services	2
Banks	0

Most projects cover more themes. Important themes are: -upscaling of production and sales – consumer and marketing – supply-chain formation- and cooperation and – improvement and guarantee of quality.

From the business world, 67 organizations are involved in the projects and from the knowledge institutes 15. LNV has contributed approximately € 1,9 million directly to the co-innovation projects.

Analysis and conclusions

Soon LNV will have a separate evaluation of the co-innovation projects. For this reason the co-innovations will be addressed only briefly.

- The projects have started slowly. Most of the activities took place in 2003 and 2004. The slow start is a result of the wait-and-see attitude of the businesses: the campaign had not yet started, so no predictions could be done on possible impulses from the demand side. The Task Force also still had to start functioning well. In the meanwhile the available budget has been completely used. Two projects are on a waiting list awaiting possible vrijval of means.
- The structure of the projects, involving at least three parts of the supply-chain, led to more cooperation within the supply-chain. Stakeholders sit around the table and as a result build a network. Up to now none of the projects has ended prematurely, except for two projects of which the aimed concept appeared to be infeasible.
- The demand- and market-directed orientation of the projects is guaranteed by the considerable contribution of the corporations itself.

Attention points:

- Cooperation with knowledge institutes is evaluated in different ways: some times positively, but some times negatively: 'researchers can sometimes learn more of the

corporations than vice versa'. The fact that only these institutes can be involved and not private research institutes is a result of 'Brussels' support. 'Brussels' does not allow support to private research institutes.

- Besides that project procedures are experienced to be hampering.
- On the other hand, corporations have to learn how to provide direction and how to steer the institutes. They are not used to do this.
- An important attention point is the dissemination of the results. Projects appear to be relatively unknown in the policy field. This is partly caused by the late implementation of the project results and the developed concept. Recently initiatives for stimulating knowledge dissemination related to central themes via a separate project have started/ This subject should receive more attention during the next years.

6.5 Media campaign

Implementation

- Has a common communication campaign been implemented, as planned?
- Have before starting the target groups of the communication campaign been defined and have they been reached?

Efficiency

- How efficient has the media campaign been implemented?

Results

- Has the media campaign (including the course for shop employees) led to:
 - Bigger awareness and knowledge of the consumers of organic products (including the added value of it)?
 - More consumption by new and existing consumers?
- Has the bigger awareness and knowledge of the consumers on organic led to a bigger share consumers' expenditure on organic?

6.5.1 Description of the public campaign⁵⁰

In the original policy document extension, directed to the creation of understanding of the consumer on the real value of the organic product, via for example the Voedingscentrum Nederland, was included. Also communication coupled to the frame work covenant was included and directed to the (new) consumers and retailers, caterers and large scale users, aiming at promotion of organic products. The Task Force has afterwards ,as a result of the changed approach in the direction of upscaling and promotion, decided to join means and to do a general public campaign.

Approach

The preparations of the campaign have started in the spring of 2002. The first signs on television and written ones were in September 2002. The official start of the campaign was accompanied by a press release in a transformed warehouse of a supermarket of Konmar in Leidschendam, in the presence of minister C, Veerman of LNV. The campaign *Biologisch, eigenlijk heel logisch (organic, very logically)* continues up to the end of 2004.

The campaign has been tendered on European level⁵¹. During the aanbestedings procedure and the preparation of the campaign, which took very long, a small starting-up campaign was conducted in which articles, half and whole pages, were offered for

publishing to the editors of door to door papers. The starting-up campaign is not part of the campaign *organic, very logic*, but was created and implemented in dialogue with the partners of the covenant.

Strategy and aims

The tasks given to the publicity office was: develop an multi-annual campaign which:

- brings organic into the picture under a wide public, so via the mainstream supermarket–visitors and not only the socially engaged part of the public;
- has the sales really grow by creating conditions which make it possible and plausible.

The target group is consumers which already sometimes or regularly buy organic products, and the consumer which say to consider doing this in the future.

The campaign has achieved a different image-aspect and behaviour influencing aspect, both towards the consumers as to the supermarket which will have to do a follow up by offering an range of products, and by giving attention to stimulation of trial purchases amongst other things. Preconditions for communication included: not comparing organic with conventional and NO questionable claims, like 'good for the health'.

The formulated strategy can be resumed as follows:

- organic needs to be positioned in the category food (instead of an agricultural method);
- the campaign is for everybody;
- it has an image of 'natural enjoying' and is build up of two phases: first image and then sales directed;
- media choice with an strong accent on TV (for a fast build up of reaching many people, complemented with print for the extension (first phase) and PR (mainly second phase).

Implementation

The starting-up campaign.

This campaign included door to door papers offered articles, divided over 7 issues⁵².

The actual campaign 'organic, very logic'.

In 2002 and 2003 two TV-concepts were made, for both phases one. An tag-on of 5 seconds was developed which concretized the general concept 'organic' from the first series basic spots to a few for the consumer recognizable product groups (meat, dairy, bread, AGF). The two concepts can be described as follows:

1. The 'vignette film' (up to the summer of 2003): four short scenes with every time and different environment, with voice-over; describing the central values of organic and showing that organic is for everybody⁵³.

2. Introduction of 'Els' (September 2003 up to the end of 2004). Els is an presenter in a shop which finds out that organic products have a lot of positive aspects (taste, animal welfare, responsible/just) so that they almost sell themselves. This last part is to help translate positive intentions of citizens (70% thinks that organic also fits him/her) to purchasing behaviour⁵⁴.

Besides the TV-spots, 5 product group publicities have been developed and in 2002 and the beginning of 2003 published in public magazines and special interest magazines. Moreover, participation on different fairs for the different target groups of the campaign (agricultural fair, Horecava (caterers' fair), National food Week, Biofach) has occurred. As a result of the insisting market players in 2004, more emphasis is put on PR. TV still stays an important medium. A website with background information becomes indispensable in 2004. For budget reasons this was kept simple. The website was adapted in February 2004 (more content-related information on organic range of products).

Translation

'Els' serves very well as a concept for translation to the shop floor. Els is the face of organic and therefore very useful for displays, posters, shop promotions. In the autumn it was decided to extend the budget for the campaign for actions in shops. The condition was that the product (group) s around which the campaign actions are organized really should be available and should be offered at favourable conditions. Besides that those businesses have to make long term plans for this with supply-chain partners⁵⁵. Promotion occurs in most cases in the form of:

- shop promotion (in total almost 1000)
- extension and promotion in shops
- extension and promotion in magazines of the different shop formulas. Price- offs are always paid by the market player.

Monitoring

Campaign- expressions have been pre-tested at different moments. Moreover, the campaign has been regularly monitored by the Government Information Service with different methods⁵⁶ on reach of people, valuation and recognizability and media choice and effectiveness of the buying of media. The research in the middle of phase 1 showed that the message is recognized and acknowledged, but that the adaptation of own behaviour was lagging behind. The viewer, in its role as civilian, agreed with the message, but found it hard, in its role as consumer, to adapt his or her buying behaviour.

Partly for this reason, the commercial for phase 2 was changed greatly from phase 1 to:

- an commercial with more impact, linking up better with the decisive moment of the purchase;
- more face in the campaign: main person is a demonstrator of organic in a shop;
- translate to activities in the shop, using shop promotions, campaign materials. The recognizable music, the voice-over and the style of photography and image registration remained the same. The last series of commercials scored very well in the Verify research: two of the three commercials received more than the benchmark of the 30% best evaluated TV-commercials. Media pressure is , according to the RVD research, fairly low. This is recognized but is a result of the available budget.

Opportunities for manufacturers and retailers to join

Producers and retailers have a wide range of possibilities for joining the campaign. Standard information material is freely available. More expensive products like aprons and big quantities are provided at the cost price. The campaign-logo can be used under certain conditions by manufacturers and retailers.

During the first phase of the media campaign the Task Force offered so called 'tagons': an commercial for a specific product group in the same block of commercials as the basis commercial. These tag-ons could be applied for by the corporations. Condition for participation was starting up branch wide shop promotions at own cost (supplier and retailer). The Task Force contributed the costs for production and broadcasting the tag-on.

With the actual second phase of the media campaign (Els), since September 2003, the possibility exists for the market players to have an own tag-on in the commercial blocks in which the Task Force has commercials. They can communicate their own offers and actions.

A display board is developed for organic businesses for on the business and means of transport can be provided with stickers.

6.5.2 Findings⁵⁷

The *collectiveness* of the campaign

The campaign was set up together with the covenants stakeholders. For the European tendering of the campaign a briefings document was created . All covenant stakeholders have had opportunity to discuss it and have had opportunity to give their input. The document was finally approved by all. This briefing document mentions the aim of the campaign, mentions for whom it is, the conditions (like not comparing with conventional) and other things. In the contract allocation commission, representatives of the covenant stakeholders as far as they had time and interest were present. The advice of the gunnings commission is presented and is agreed upon in the Task Force. In all offices it was felt that in the last phase of the tender procedure (the shortlist) still a lot of discussion and sparing with the offices was needed in order to get to a good final result. Often discussions were communication technical discussions. The Task Force as a platform was not suitable for facilitating these discussions. For this reason, a Communication work group was created in which the communication specialist of the covenant stakeholder took part. This work group advises the Task Force. A campaign coordinator was appointed for the daily coordination.

Change in the planning

Communication to market players has in the beginning of the preparation been estimated too optimistically. The public campaign originally should have started in 2001. Two important reasons exist for this. A lot of time is needed for creating a common campaign message with many stakeholders with a lot of different interests. Besides that the campaign finally was to be European funded: that took a lot of extra time. Finally the campaign has only started in September 2002. This caused that the promise for the starting date of the campaign needed to be changed. It finally started a year later than communicated in the first meeting.

The strategy of PPGH was a two phased communication: first an image round and then a behaviour influencing phase. It was implemented conform the design. The first phase

has run from September 2002 up to September 2003. In September 2003 the second phase (with Els) started.

Joining of the corporations

The joining of the corporations needed a long warming up time. Last year more the corporations showed more interest for joining:

- In the first phase of the campaign tag-ons have been organized for 7 different product groups, of which dairy and AGF, of which the potato trade has used very cleverly the opportunity (as a result a doubled turnover).
- In 2003 the opportunity of an own tag-on was used by Plus. In 2004 Plus, Oerlemans and the wholefood shops (Natudis) used the opportunity.
- The specialists bought the special composed shops packets, with product posters, ceiling pennants, shops window stickers and other.
- The producers have shown interest for a display-board which can be placed outside the business to show people passing that they work organically. The board has recently become available.

Moreover, besides that of course activities related to the CBL scheme and the MOPs (see concerning paragraphs) have been done.

Reach target groups

In the briefing document the following target groups are mentioned:

- wide public, including mainly the persons which already (sometimes) buy organic;
- existing buyers (the pioneers consumers);
- several special groups, like parents and senior people;
- producers, retailers, manufacturers/ processors of organic primary products and products and other actors, like interest organizations in the organic supply-chain. During the selection procedure the group culinary interested persons has added up.

TV was thought to be an indispensable medium. The RVD researches show that the target groups have been reached reasonably balanced. Special groups have been approached extra via publicities in special interest magazines. The reach of people of the campaign is good, according to the last RVD tracking. It is higher than the earlier measurements and has a higher score than the benchmark (the average of comparable governmental campaigns).

The importance of the medium TV 'via the cable' in peoples lives makes that also producers, retailers and others are reached. Moreover, a so called Marketing-group has been created. This platform has partly been used as input of knowledge and suggestions, but has also lead to the creation of a basis and development of a trust relationship. Via continuation reports, disseminated by the covenant stakeholders to their supporters, they see the activities done and stay alert. The education of shop employees was not one of the main aims in the public campaign. However with the choice for Els it was tried to make the campaign more visible for shop employees. From measurements of the RVD (shop employees is no separate group) it can not be seen whether this group was reached extra well. The education of shop employees has been part of the project related to the CBL scheme, and more importantly, of the 'Focus on Organic' project of CBL.

Achieving aims

It is not known whether the media campaign has lead to a bigger public awareness of organic products amongst consumers (including the added value of it).

The aim of the campaign was not so much increasing the public awareness of organic products (from the zero measurement it seems that the public awareness already was high, namely 95%), but more ,combined with other instruments, to stimulate the sales.

The commercial communicates what was aimed:

- The campaign in the first phase shows that organic products are at least as tasteful, represent an conscious way of living and are for everybody (RVD midterm measurement 2002). 27% of the people remembering the campaign say to have been informed by the campaign that organic products are really very logic. One quarter thinks that he or she by seeing the campaign thinks that organic products are something interesting for themselves. Furthermore 13% thinks that the campaign in the shop focuses more on organic products and 8% of the people started buying more times organic products as a result of it⁵⁸.
- In the second phase the most important message is thought to be 'stimulating the sales'. The story in the supermarket seems to have contributed. The public awareness of the slogan has increase: 80% of the consumers know the slogan⁵⁹.

The campaign has resulted according to people involved into two relevant points:

1. the visibility of the actions in the shops has increased,
2. organic products have become more 'mainstream' for the supermarkets. Organic got the attention of buying managers of the retail, because they had to join.

Supermarkets like Dirk van den Broek and Hoogvliet, which previously did not do anything with organic, do now provide the products to the consumers. This is not only as a result of the campaign. Visibility of organic products on television amongst other 'mainstream' products, did contribute. Furthermore need for information on organic has increased.

More consumers' expenditure?

The direct link between the campaign and a structural increase of the sales is difficult to be shown. Temporary increases of sales during the campaign weeks do show increases of sales of 10% up to a tenfold⁶⁰, but this is mainly related to special sales.

An increase of the sales was not the primary aim. The campaign has especially increased the visibility of other actions, like activities related to the CBL scheme or – more recent- the MOPs. It is striking that organic has especially become stronger in how widespread it has become: while earlier only AH was visible, now almost all supermarkets have organic products in the assortment.

Important secondary effects: action

The campaign was done at a moment that the stakeholders involved were tired of talking. The campaign was thereby a good intervention of the process: stakeholders again started to get involved, a certain enthusiasm evolved and the buyer manager was stimulated to join and do more with organic.

6.5.3 Effectivity hampered

Limiting conditions

The following limiting conditions were mentioned for the effectivity of the campaign⁶¹ :

- a. The budget (more media pressure was desired to get to the top brands); in order to position the products usually much bigger amounts were spend;
- b. European rules. The demand of generic expressions instead of concrete purchase directed expressions limits the realization of an aim directed to buying behaviour. Associations to brands are prohibited because it is seen as governmental support to individual market players, even when all players are treated equally. This hampers in fact other EU-policy wanting to promote organic.
- c. external conditions (supermarket war which causes all communication to focus on price, and the bad economical conditions causes the consumer to spend less).

Confusion of the message

Besides the limitations mentioned earlier, the content of the message is criticized a lot. Because all covenant stakeholders were to agree on the content, and especially LNV but also LTO and CBL were afraid that people would revolt against conventional, no clear message could be given. It could not be suggested directly that organic is healthy, more tasteful or better for the environment (the most important reasons for consumers to buy organic). This caused the message to become weak/unclear, while within the limits the best possible has been produced.

Critics think that more information based on facts about organic should have been given. It is thought that lack of information has limited the effectiveness of the campaign considerably: "Why is organic so logic? It is not explained anywhere."

More direct contact with the consumers

Critics mainly from the wholefood channel says that much more links should have been made to local activities, like links to organic farmers in the region, or to give extra attention to organic in regional papers. This form of PR could be next phase of the campaign. A PR-person is added to the coordinating team.

6.5.4 Efficiency of the (implementation of the) campaign

In total € 5,6 million is spend on the campaign. € 4,1 million was reserved for public extension (including project finances for Biologica); later € 1,5 million was added to this for different extra activities. For buying media, contracts and contracts of the RVD were used, making that comparable amounts of money could be paid as for other campaigns. In order to optimize the purchase the knowledge of Media Audits ,with whom RVD started working, is used. MA sees whether the purchase has been done well and makes recommendations for improvements. MA has done research three times within the period of the campaign. Based on the results small changes have been done. Different free publications have been realized in magazines (for example Elle Eten) or publications with big reductions (for example Lekker)

An other form of efficiency is the enlargement of the degree of exceptional expressions. The more exceptional the expressions are the more efficient publicity money is spent. The first commercial was informative, but did not get recognized by people. The same

happened to the tagons. In order to improve this firstly (with success) the tagon was changed and afterwards the basis commercial.

A third form is the degree in which the expression holds attention. When viewers continue zapping it is wasted money. Research of Verify (under auspices of the RVD, end 2003/the beginning of 2004) shows that all three commercials of the second series receive high scores on attractiveness. The story line appears to be onderhoudend and the commercials hold the attention. The commercials score above the benchmarks in most of the categories. (the average of 30% most appreciated commercials on TV). Relatively many people say to find the message of the commercials relevant.

Comparing costs versus effectivity: classical approach or guerrilla-PR?

A second form of efficiency is the effectiveness of the measure compared to the costs. A few stakeholders, especially the wholefood channel, think that the limited budget, could have been used more effectively by using a less generic and large scale approach, and using a more guerrilla-like approach, like also social organizations do. This would exist of: small target-directed and media-directed actions, which opvallen by a high degree of PR, which are directed to specific target groups and which work via direct contact in the shop and via direct media-attention, covering both promotion activities as join television programmes.

Certainly no broad PR and PR-coordination has taken place. An opportunity was lost. Two things have limited the PR: using a classical campaign, with limited means. One of the reasons for not choosing guerrilla PR is that classical publicity bureaus with which the government prefers to work are good in classical forms of publicity via mass media, but much less in more PR- oriented approaches, and are therefore too expensive. The government prefers to work with big bureaus because it tries to safeguard the continuity and trustworthiness, which limits creativity in the approach and *value for money*.

6.5.5 Conclusions public campaign

- The market players are in general satisfied about the appearance of the campaign, which said goodbye to the alternative image of organic.
- The campaign follows a traditional promotion strategy. It is a question whether a more PR-oriented approach, as desired by a part of the covenant stakeholders, would not been much more effective. In any case more attention should have been paid to PR.
- Involvement of all stakeholders made the message get lost, resulting in an unclear and not strong message.
- A lot of criticism has risen on the little informative nature. Critics say that more arguments should be given on why organic is logic.
- The effects in general are evaluated neutral/ positively.
- An important extra effect is the joining of the different stakeholders.

6.6 Conclusions

The following conclusions can be made concerning the used instruments.

- The instruments developed, are reasonable effective and successful: the media campaign were the roots/ basis, the covenant was the body and the supply-chain managers with the MOP money the catalyser.
- De Task Force functioned well after a long starting-up period, but was composed badly which resulted in lost opportunities.

- The covenant can function well when it is directly translated into agreements in the 'field' and an infrastructure for these agreements is designed (direct contact with the activities in the shop, supply-chain management, marketing meetings and others)
- Supply-chain management is necessary in such a context. The effectiveness depends however on the persons/ personality.
- Only demand directed tailoring seems to function well.
- The process of the campaign was useful and has given results, but the message has unfortunately become an unclear compromise because too many stakeholders, having to secure their own interests, were involved. A chance was missed.
- Use of financial means of LNV has had a multiplier effect (of approximately a factor 0.5-1) as a result of the different forms of co-financing.

7 Crop protection means of natural origin

Implementation

- Did simplification of allowing GNOs to be used occur?
- Is creation of temporary stimulation funds for allowing GNOs investigated?
- Why are links sought with the project GENOEG?

Effects

- Did the simplified allowance of GNOs lead to an decrease of the costs for the process of allowing GNOs?
- Did the project "GENOEG" lead to decrease of the costs for allowing GNOs?
- Did decrease of the costs for allowing GNOs lead to more allowed GNOs? If not, why not?
- Does (still) not allowing of GNOs result in difficulties in the business management of the organic primary producers?
- Main question: Did the activities related to GNOs contribute to improved business management of the primary business?

7.1 The project GENOEG

It is important for organic agriculture to enlarge the availability of crop protection means of natural origin. GNOs do facilitate the business management over the whole range of agriculture. Aims are:

- decrease of the use of chemical crop protection means;
- decrease of emission to the environment;
- support of the organic agriculture.

From the policy document "An organic market to conquer" links are sought with the document "vision on healthy production". Stimulating crop protection means of natural origin (GNOs) are according to the policy of the ministry part of the general policy. For Organic was already integrated in the general crop protection policy this choice was obvious. Moreover, the degree of availability has a big influence on the organic business management. From the policy document 'An organic market to conquer' no extra money is used for stimulating the use of GNOs and simplifying the procedures for allowing GNOs.

A simplification of the allowance procedures for GNOs has started with the project GENOEG (crop protection means of natural origin effective use). The project continues up to the end of 2004. GENOEG was an initiative of LTO greenhouse production and was financed for 50% by the corporations (greenhouse production) and for 50% by LNV. The project GENOEG focused on effective use of natural crop protection means for especially greenhouse production

The most important activities of the project are

1. simplifying the process of allowing natural means;
2. executing issue management⁶² of natural means;
3. creating a central, independent knowledge source;
4. effective use of natural means in the field.

In 2002 GENOEG⁶³ tried to create national harmonization of name and definition of natural crop protection means. After a meeting with the stakeholders and a meeting with the involved ministries the following definition of natural crop protection means arose: of natural origin, safe and allowed as a crop protection mean.

An independent knowledge source is used for making an inventory of natural means in the green house production. The means were divided according their activity and admissibility. Every half year a new version of this inventory was published. It was however not possible to add data on safety to the inventory. Natural means are too divers for relating to general indicators of safety. Finally, the inventory showed approximately 1200 natural means which then went for a soundness research.

Via excursions to green house businesses insight is gained on experiences of producers with these means. It seemed that a few producers (in their experience) had used successfully some of the natural means of the RUB list (exception crop protection law) and of the regularly accepted natural means. It is striking how in the soundness research some of these RUB means did not show a significant effect of activity.

Via the project GENOEG 5 of these 200 natural means have been selected for accompaniment in the 'regular' acceptance application. The preselection is experienced as very difficult, partly because of the complexity and costs and partly because the application (and the related researches) scare the producer. It was decided to start, in the project set-up, with 10 means and to continue with the five best for regular acceptance.

7.2 Results

Simplified demands

The research identified the following most important difficulties of the procedure of application for acceptance of GNOs:

- complexity of the acceptance application and dossier creation
- lower activity of the means and therefore a lower market value
- too high costs for evaluation and dossier creation compared to the actual limited market for these means
- 'open end' in the costs for dossier creation
- insufficient communication between partners
- little capacity of the CTB (College of Acceptation of Crop protection means) for natural means and chance on insufficient harmonization between the people doing the evaluation and people responsible for natural means within the CTB.

The sub-project specifically directed to acceptance creates, based on the experiences, building stones for simplified acceptance procedures for natural means. European legislation appeared to be unchangeable.

In the process possible argumentations for dossier question have been investigated, in order to prevent costly extra research. To give opportunity for argumentations expert meetings were held. Knowledge on elements of means or means allowed for use in other parts of the world (for example USA) has been used. This knowledge facilitated the creation of argumentation for dossier questions.

Stimulation fund

Use of a stimulation fund was possible. However it is difficult to design an appropriate arrangement because it is complex matter. Stimulation needs a tailored approach per element/mean. For that reason the stimulation funds have not been presented via a scheme, but via the project GENOEG. Positive experiences with the ongoing project resulted in a continuation of the project with more finances and with a broader work field.

A payment of € 100.000, - per GNO is given to producers who want to coordinate an acceptance. The small market for GNOs and the high investment needed result in conservative attitudes of producers towards participation in such a project.

As producers are already active in the crop protection market, introduction and marketing of GNOs can be done via existing marketing channels. This increases the chance that the market share and use of the new GNOs will increase.

Lowering of acceptance costs

The provisional results show that within the project the dossier costs are lower. It is not clear whether the simplification also result in applications outside the project and in the future. Later this year the costs for acceptance will be discussed via a workshop of the CLM related to the project GENOEG. Research afterwards will then show whether the research costs have reduced drastically and whether it is interesting to have other GNOs accepted.

Improvement business management

At the moment the GNO applications are being investigated by the CTB. When these means are accepted, the business management on the primary organic business will improve. Primary producers can then use the registered and accepted means for their production. The fact that GNOs are not yet allowed creates problems for organic primary producers. Producers are still confronted with diseases and pests, fungi and insects which makes production difficult. When the means become part of the RUB list the means of natural origin can be used for reacting to the diseases and fungi.

New accepted element RUB list

GENOEG has in the summer of 2001 suggested 4 elements and in the beginning of 2003 1 element for acceptance on the RUB list. One of the four proposed element of 2001 was not accepted. Two elements have been accepted in January 2003 and one element has been accepted in June 2003 by the Plantenziektkundige Dienst (PD, plant disease service) and het College voor Toelating van Bestrijdingsmiddelen (CTB, the College for acceptance of crop protection means). The element proposed for acceptance on the RUB list was accepted in April 2004 by the PD and the CTB. The ministry of LNV takes care of the further processing concerning the European acceptance. The status of the means is not yet known formally.

New elements for regular acceptance

Four of the five means are investigated by the CTB. Four of the five means are supposed to be accepted in 2005.

7.3 Conclusions

- Most probably four GNOs will be accepted in 2005.
- The elements which might be accepted for the RUB list need to receive European

acceptation. The ministry of LNV will propose these elements/means.

- Crop protection means and acceptance form a complex dossier.
- Demands for Acceptation can not be simplified, the way of acceptance can be
- especially, the use of argumentations is very useful for answering dossier questions of the CTB.
- The project could not have been implemented faster as a result of formal procedures.
- Quantitatively, the results are not very good, but a lot has been learned.
- GENOEG has not contributed explicitly to reducing the difficulties in the business management of organic primary producers because the new means have not yet been accepted. GENOEG therefore also has not contributed to more conversion.
- Research will show whether the costs for acceptance have reduced as a result of the new approach. The results will show whether producers participate more easily in processes related to acceptance of more GNOs.
- The small market of GNOs and therefore the high risk of sales related to the cost of investments make that producers will need to be supported financially for having more GNOs regularly accepted.

8 Research

Research is a very important part for the policy, especially qua financial means. The following research questions are formulated.

Stipulation of the demand

How did the process of the demand stipulation go? Which contribution did the commission Becker give for improvement of the demand stipulation? How have the other questions evolved?

Have the advices of the commission Beckers been taken over by the LNV and other financiers of the research? If not, why not?

Research and dissemination of the results

Have the knowledge questions led to research results? If not, why not?

Have the knowledge questions been answered adequately? If not, why not?

Have the research results been disseminated amongst the target group?

Do the agricultural entrepreneurs know about the results of the research?

Does the, with support of LNV developed, knowledge dovetail sufficiently with the need for knowledge of the farmers?

What are the most important external factors influencing the increase of knowledge of the entrepreneurs?

Effects

Main question: Have the activities directed to the development and dissemination of knowledge contributed to the improvement of the organic business management and production conditions?

Did the increased knowledge of organic farmers lead to improvement of the business management? If not, why not? To which degree does this depend on the research institutes implementing the research?

Has increased knowledge on the organic business management of non-organic farmers led to improved business management?

Final question: Have the activities for Knowledge development and dissemination contributed to more conversion to organic?

Has the increased knowledge of non-organic farmers on organic business management and production conditions led to more conversion?

8.1 Actual data

8.1.1 Research programmes

Wageningen University and research Centre (WUR)

The ministry of LNV has financed the previous 4 year several research programmes which are completely or partly organic. Within the programme different types of research is done; from descriptive to participatory forms of research. The research is directed mainly (95%) on primary production. The biggest part of these research programmes is done by Association DLO⁶⁴ of Wageningen University and research Centre (WUR).

The 100% organic research programmes financed by the ministry and implemented by the WUR are the following (all these programmes are new programmes, except for project 342):

- Development organic agricultural systems unprotected crops (400-I)

- Development organic agricultural systems protected crops (400-II)
- Organic farm inputs (388)
- Quality/ breeding organic farm inputs (388-II)
- Organic production systems in arable crops and unprotected horticulture (342)
- Organic animal husbandry (PO-34)
- Intersectoral cooperation (401-II)
- Weed control and protection in the organic agriculture (343, 397-V)
- Participation co-innovation programme 'professionalizing organic marketing supply-chains'
- Processing and marketing organic products (387)

Moreover, the LNV finances the Umbrella programme organic agriculture (401-I). This programme is directed to increased harmonization between the research programmes. The umbrella programme is led by the Innovation centre Organic (IBL).

Besides these programmes, directed 100% on the organic agriculture, also projects ,within programmes, have been financed which are only for a small part directed towards organic agriculture. These are the programmes: entrepreneurship and market (project number 374), crop protection (project number 397) and the programme Manure and minerals (project number 398).

Every programme exists of several projects with a longer or shorter time schedule. A short description of all programmes (100% organic programme) of the WUR is given in the annex. They include objectives, results and other information. Moreover, they mention which research institutes are involved in the researches.

Louis Bolk Institute

In a few of the mentioned programmes the WUR works closely together with the Louis Bolk Institute (LBI) in Driebergen. The LBI does since 1976 independent research for organic agriculture, food products and health-care. The LBI receives besides the financing of the WUR programmes money from LNV for a few own projects. An overview of these projects is shown in the annex. 7% of the money of LNV for research for organic agriculture goes to the LBI and the rest goes to the WUR.

Other

The previous four years one research has been done by 'others' (TNO-STB)⁶⁵.

Coordination by the Innovation centre Organic IBL⁶⁶

Within WUR, as a result of the report of the coordinating group Organic Agriculture in Wageningen University and Research centre in 2000 titled: "Organic Agriculture in Wageningen |University and Research centre: ,recommendations for research and education' ,the Innovation Centre Organic Agriculture (IBL) was founded in 2001. The IBL coordinates, stimulates and initiates the development and integration of knowledge on organic agriculture and food products within WUR. It involves both development of (new) knowledge and skills as knowledge dissemination. The IBL wants to become the central knowledge point for organic agriculture and food products in Wageningen UR and outside.

The IBL is service oriented. The services differ from organizing workshops to feeding the social debate with knowledge on organic agriculture and food products. Important products are a Project bank with an overview of all projects and experts and a Knowledge Bank on organic agriculture and food products. Within Wageningen UR the IBL plays an important coordinating role in the directing of the research and in the attracting of students for the course Biologische-Productie Wetenschappen (BPW, Organic Production Sciences). IBL is responsible for the earlier mentioned umbrella programme.

8.1.2 BIO projects and field networks

The form in which the research is implemented differs as mentioned before from pure science-oriented, descriptive to participatory research. The participatory research is, within the programmes mentioned above, especially implemented via the field projects. These field projects take place on businesses of a few involved producers and focus on the daily field situation of organic agriculture. In the most cases these projects involve both researchers of the WUR and the LBI and representatives of the DLV advisory group. In a few cases also other partners are involved.

Transfer of knowledge plays an important role within the field projects. Via study meetings in which both directly involved producers and other organic producers and many times also conventional producers take place, the results are directly communicated to the field.

The previous years a few of these types of field networks were established:

BIOVEEM: organic animal husbandry (PO-34, organic animal husbandry)

BLOKAS: organic green house production (400-I, protected crops)

EKOPLUIM: organic poultry production (PO-34, organic animal husbandry)

BIOM: organic Innovation and Conversion in arable production, unprotected horticulture and flower bulb-production (400-II, unprotected crops)

BIOVAR: demonstration project for the organic Pig production (PO-34, organic animal husbandry j)

Within some of these field projects sub-projects are created for Organic decorative products (BIOFLORA), for organic fruit production (BIOFRUITTEELT), for organic mushroom production, for organic tree production and for other.

In total, between 20 and 30 % of the programme money is spent on these field projects.

Besides in these field networks, research also takes place in the praktijkcentra of the WUR. The big difference is that in these centres research is done under more conditioned circumstances which causes that research can not always directly be translated to other situations and environments. Still these researches are important. New techniques can be developed in a small experimental environment and research with high risks can take place which primary producers will and can not do on their farm.

8.1.3 Financial aspects research

The contribution of LNV to research is in the period 2001-2004 in total € 38,1 million, almost the half (48,4%) of the total budget for organic agriculture. This money is divided as follows:

- € 35,4 million is for the WUR (93%)
- €2,6 million is for the Louis Bolk Institute (LBI) (7%)

In the following table an financial overview is given (on programme level). In order to give an complete overview it also mentions how much is spend on Extension and Education. An important part of the money goes to DLV. The schemes related to extension and education are discussed in the next chapter.

	2001	2002	2003	2004	Total contribution LNV 00 to 04
3. Knowledge development and dissemination (KO)	7.976	10.745	12.078	10.716	41.515
3a. Research	7.116	9.957	11.179	9.862	38.114
sector related programmes Praktijk Onderzoek	2.244	320			2.564
Cooperation programmes PO/DLO	4.155	8.885	10.472	9.315	32.827
Quality/ breeding organic farm inputs (388/388-II)	784	790	812	1.385	3.771
Development organic farming systems open air (400-I)		2.036	2.219	1.980	6.235
Development organic farming systems protected crops (400-II)		1.672	1.681	1.505	4.858
Organic animal husbandry, incl BIOVEEM II (PO34)	1.128	1.423	2.700	2.380	7.631
Umbrella programme Organic (databanks), incl Intersect. Cooperation (401-I/II)		318	847	765	1.930
Weed control and protection (343,397-V)		272	910	800	1.982
Contra financing AKK-programme from DLO/PO	1.925	2273	585	500	1.358
Organic production syst. In arable and VGG (breeding research) (34....)	136	1.965	578		4.468
Integration gamma-beta research (Lei-373)	182	136	140		412
Processing and sales org. prod. In food products (ATO-387)					182
Other research	717	752	707	547	2.723
Direct contribution to Louis Bolk Institute	717	593	707	547	2.564
Accelerated growth Agro-Business (TNO-STB)		159			159
3b. Extension and Education	861	789	899	854	3.402
Extension via DLV	861	648	575	594	2.677
Demonstration scheme			324		324
VIA scheme		65		260	325
Kaderbrief innovation content		67			67
'Green' Education 2002					
Arrangement Green Course education		9			9

Waalkens Resolution

In the resolution 'Waalkens' of 1999 it is mentioned that the Association DLO of the WUR should spend an increasing part of the research budget on organic agricultural research, increasing to 10% in 2008. The table below shows that organic research has increased from almost 4% in 2000 to 9% in 2003. This year this percentage has decreased little. LNV is still working well according to the resolution Waalkens, especially when the organic share, included in the 'mixed' programmes, is included.

Financial contribution L NV	2000	2001	2002	2003	2004	TOTAL 2001 to 2004
Total programme means DLO (incl PO)	108.028	116.164	114.915	116.544	112.426	460.049
Organic research	4.235	6.398	9.205	10.472	9.315	35.390
Percentage organic/ total research	3,9%	5,5%	8,0%	9,0%	8,3%	7,7%

8.2 Stipulation of the demand

In this paragraph the process of stipulation of the demand, the selection method of the research questions and the degree in which the formulated research questions link to the needs for the policy field are discussed.

8.2.1 Commission Research Organic Agriculture (Commission Beckers)

In the policy document Organic Agriculture 2001-2004 a plea is made for a better organization of the stipulation of the demand and having the research directed by the organic sector itself. End 2000 the Advisory commission 'Research Organic Agriculture' of Biologica was created by the director Agriculture of LNV. The advisory commission (called nowadays Advisory commission 'Knowledge organic agriculture') was until recently chaired by Biologica president Ria Beckers. Also Wageningen UR, the Louis Bolk Institute, primary producers, processing and trade are represented. The secretary of the commission is from Biologica.

The commission works independently of the research institutes. The commission has the task to advice commissioners of research on the knowledge demand of the organic sector and based on that to give priorities for research. They publish therefore every year an advisory document for the policy Executive Boards of LNV. They also advice the product groups via meetings between the secretaries of the sector work groups and the coordinators of the organic product groups.

Sector work groups

Sector work group are work groups which, supported by and under the umbrella of Biologica, function as a sounding board on behalf of the field. Producers, researchers, advisers and policy makers participate. The groups identify difficulties and advice policy and research. These groups play an important role in the identification of the needs of the sector

The Commission Beckers has focused a lot on the formation and development of these organic sector work groups and the vakgroep Organic Agriculture of LTO. Based on the memorandum on 'Task and methods of the organic work groups', two work groups were reorganized and three work groups were established. Next year one wants to involve the work groups more then before in the (ongoing) research in order to facilitate the dissemination- and use of knowledge.

Findings

- The Commission Beckers has functioned well the last years resulting in improvement in the area of stipulating of the demand.

- Whereas not every farmer knows about the existence of the commission, people are generally satisfied with the role the commission has played the last years. This is also the case for other people involved.
 - Last years the needs from the field are more taken into account.
 - It is not completely sure whether the sector work groups do represent their supporters (and consult them) or that the primary producers act on personal title. •
- The composition of the Commission Beckers and her sector work groups shows a rather strong orientation on WUR and primary producers. This is not desirable. In the meantime it was decided to widen the composition of the Commission and the work groups.

8.2.2 Choice LNV and focus of the research

Selection of subjects by LNV

A big part of the advices of the Commission Beckers has been used by LNV over the last years. The Commission has been satisfied about the acceptance of the advices. From an evaluation held by the commission itself in 2003⁶⁷ it seemed that 15 of the 18 priority themes already have been transformed into activities by the LNV. For two themes (product quality and processing) capacity is sought within the open programming (open application) of 2004. The theme 'People and society' is not yet a priority for LNV.

Research too much directed to the primary producer?

The previous years a lot has happened in the research and research is better then before linked to the needs from the field. People are not completely satisfied. The focus of the research is at the moment still for 95% on the primary production⁶⁸, partly by the choices made by LNV. The main focus is on the Beta research, while at the moment more need exists for gamma research (research to other aspects of the supply-chains like consumer behaviour, lowering cost price, health aspects and others.). A lot of criticism exists (interviews) on this situation

Explanation

Several explanations exist for the strong focus on the primary sector of the by LNV used research themes:

- One possible explanation is that some years ago too little knowledge on production was hampering the conversion of the primary producers. The difficulties were therefore in the primary sector. At the moment this is not the biggest barrier. Primary producers look to the benefits conversion brings. Conversion is at the moment driven by economical motives
- According to LNV the difference between organic and conventional agriculture does exist mainly in the primary sector. General knowledge on supply-chains is also applicable on organic supply-chains and does therefore not need to be developed separately for organic.
- LNV thinks that the co-innovation programmes or the MOPs cover the supply-chain.
- The focus within LNV and DLO has traditionally been on the primary producers.

Actual situation

The image that has been developed is the following (amounts between the brackets are the contribution of LNV between 2001-2004).

	<i>Fundamental and field research</i>	<i>Applied research</i>
<i>Continuation supply-chain</i>	More knowledge questions present Are not addressed	AKK co-innovation programme (2 million). More knowledge questions present, But not achieved.
<i>Primary production</i>	DLO research and field research (25 million)	BIO projects (ca 8-10 million) Louis Bolk (2,5 million)

Other research focus desirable but how to realize?

From different sources and in the interviews pleas are made for a change of focus: more focus on supply-chain development and food products, and less on the primary production.

Recommendations of the Commission

The commission has pleaded for the theme 'product quality'⁶⁹ and has continued to address this in later correspondence⁷⁰. The theme health was added later. This has not resulted in research up to now. Furthermore, the commission has asked attention for supply-chain development and processing of organic products.

IBL day

The approximately 150 participants (from the organic sector, business, research and advisory services) attending the IBL day of 25 November 2003 mentioned the following 6 research priorities:

1. Consumer' behaviour
2. Price definition and market development
3. Organization of the supply-chain
4. Health (ex aequa)
5. Innovation processes methodology development
6. Cycles, soil quality

People showed that there is a big need for dissemination and integration of knowledge and recommends to use experience knowledge and communication within the supply-chain, between the different supply-chain stakeholders.⁷¹ People also mentioned that the development of the vision concerning the organic agriculture and the positioning of agriculture in the whole community should have more attention. However in the field it is understood that this can not be realized in one day.

Research LEI

AKK held in June 2003 a workshop on supply-chain knowledge questions. The recommendations for supply-chain strategic research have been published in the LEI report: "Organic supply-chain knowledge: demand and supply". In this report pleaded is for:

- more focus on supply-chain strategy
- Learn more from existing research
- more interactive, process oriented, and demand oriented research (this asks a different attitude of both researcher and market player which suddenly has to direct).
- More direct coupling of supply-chain questions to research programmes on primary production.

Other

In many interviews, and for example in the EKO congress, the theme health is always addressed. The organic sector could increase when health claims could be founded scientifically. It is though that more attention should be paid for strategic reasons.

New agenda according to WUR

In order to develop a profitable organic agriculture with a wide social support the Coordinating group Organic Agriculture of the Wageningen UR 2003 developed seven research priorities. Researcher of the different disciplines should direct itself to 2009 to:

- Health, safety and product quality;
- Nature development;
- Sustainable management of natural resources;
- Cycles and soil quality;
- Price definition and cost price of products and services;
- Gmo-free supply-chain;
- Innovation processes.

A stubborn practice

It seems very difficult to change the focus from primary production to (more fundamental and applied) research in the supply-chain, even though all stakeholders want to. Aspects playing a role are:

- It does not work to address problems related to more than one part of the supply-chain. This has different reasons:

– There is not always a clear problem owner able to and willing to function as a "puller".
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– There is no clearly defined target group (like with the primary producers) but a big variety of people, causing research to turn into governmental support to one individual enterprise.

– Researchers do not think supply-chain directed or are not capable to formulate good supply-chain knowledge questions.

- Researches do not yet start for several reasons⁷³.
- Some researches on supply-chain questions did not result into the expected outcomes⁷⁴.
- Reports, like the LEI report mentioned above or the study of ATO (387)⁷⁵ in 2001 are still too general. More focus on overall problems rather than focus on the small supply-chain parts.
- Every supply-chain needs tailoring and that does not ask for general research.

8.3 Research and results

This paragraph focuses on research which is already done.

8.3.1 Formulating research questions per programme

From the choices made by LNV based on the advice of the commission Beckers the research questions and programmes are further developed by the involved institutes. In the process of further developing involved institutes have to make choices. The themes are fixed, but the specific research questions are not. How much money do we use for field networks? How much for field research in the praktijkcentra? What do we emphasize? Which specific topics do we tackle within the programmes? In the interviews some critical notes are put forwards regarding this process.

Involvement the target group limited

During the formulation of the research questions per project the contact with the target group seems to get lost. By improving the accompaniment from the target group on project level, people try to improve this. More demand-oriented research should be done.

Vision and way of thinking influences choice research questions

Doing Organic research asks a fundamentally different vision and way of thinking than 'traditional' research. Wide holistic vision is important within the organic agriculture. This vision is not yet integrated in the research within the WUR because of the rapid growth of research.

This can influence the choices during the further development of the research questions. The traditional scientific approach, which is part of the researcher of WUR, can result in making choices which are not always the choices primary producers would have made. Primary producers like to see more field- and solution oriented research be done instead of the supply oriented, investigating research.

It should moreover not be forgotten that Wageningen is an university and research centre, where research should be done.

Simply change names?

People of the field say that the WUR sometimes has simply changed names: research already done now has the cachet of organic. It does not matter, but because organic agriculture, like mentioned above, needs another vision, a vision not available in a 'conventional department' this simply changing names could influence the set-up and effectiveness of the organic research.

Attitude researcher

Besides the above mentioned aspects, personal attitude of the researcher also plays a role. The other vision on agriculture must 'fit you'. Not every researcher seems to be motivated to work on 'organic agriculture'. They are not really 'organic' oriented. (Citaat: "Some researchers only do organic research because they else would be without employment. Whether they really believe in it is to be questioned".)

Researchers of the LBI in Driebergen are mentioned many times as an example of how the attitude of the researchers should be. That a more 'traditional' vision on sub aspects has its added value is shared by interviewed people.

8.3.2 Research method and approach

Participation important

Research can happen in various ways, from descriptive and literature research to participatory. Although many interviewed persons mentioned to know the value of pure scientific or descriptive research they did stress that a lot of research should take place in the field in direct cooperation with the producers.

A few projects, the BIO projects are set-up in that way. These field projects with field networks are mentioned to be an example of how the approach should be. Producers are very enthusiastic about these projects. The BIO projects do however have the risk of too much zooming in on individual knowledge questions of the involved producers, instead of looking to which knowledge questions which are experienced by more farmers. Moreover, the BIO project involves other supply-chain stakeholders insufficiently.

More problem-oriented

It is said that research should be more problem- and solution directed than investigating or descriptive. An example: the development of machines for weed control (see intermezzo). The small size of the organic market, makes that the investment for (for example) agricultural mechanization businesses is too high.

Primary producers give a lot of value to the approach and treatment of the Louis Bolk Institute. They work in a way which is similar to the field and links directly to the needs of the farmer.

Accompaniment of research programmes and projects

In order to involve the primary producers in the research and research questions every research programme has an accompaniment commission, in which primary producers can participate. This commission however does not work: two times per year a bulk-programme is evaluated by an Accompaniment commission (LNV and primary producers). Little can be directed or changed at that level.

Active participation of commission members in this sort of commissions getting into the matters, costs a lot of time. Primary producers have little time and not specifically, like somebody said: "to read the huge amount of paper, which is send little time before the meeting". A lot of meetings are held at moments that the primary producers have a lot of work.

Primary producers are therefore several times not present at these meetings causing direct feedback to the researchers. Although it is intended to involve the primary

producers in the research their influence is smaller than appears in the first instance as a result of the aspects mentioned above.

A possibility for improving the involvement of primary producers is to pay them for the time they invest in the commissions. The accompaniment of the research has already improved. The commission Beckers is changing the accompaniment. They intend to change the accompaniment of programme level to accompaniment on project level. This creates a more direct involvement and facilitates giving direction and change. For doing this sector work of Biologica are used.

Representing supporters

It is not clear to which degree the involved primary producers represent the sector. Consulting the achterban does not seem to happen a lot. Besides that the group of actively involved primary producers is small, except for the field networks. Many times the same names occur in the field.

Intermezzo

Need for practical solutions is big

The following example shows that sometimes a tension seems to exist between the big need of primary producers for practical solution for their problems and the researchers': Weeding is one of the most intensive activities in the organic agriculture. A machine doing this work would supply in a big help. A farmer had an idea for building this machine. He applied for payment. After a lot of discussion finally € 50.000 euro was granted for the project of which € 5000 for the development of the machine and € 45.000 for research. The motivation for the budget was: an agricultural mechanization business should invest and pay for a big part of the developing costs. But the developing costs would be quite high for a machine which maybe only can be sold in a small market, this is a problem for the agriculture mechanization business.

The machine was finally developed by the farmer, by using some of his own money and by using second hand parts. This is not very effective and chance on failure is very high. It would have been better to label the money differently, for example € 25.000 for developing the machine and € 25.000 for research.

At the moment a few stakeholders have tried to create an independent association for developing machines.

8.3.3 Results

The majority of the research has started in 2002. They have been continuing two years now and are halfway the programme (normally 4 years). In spite of the fact that many programmes have not finished yet, some results have been realized for sub-projects. They are described in the concerning programme description in the annex. Sub-projects have finished. More fundamental research has not yet given results.

Primary producers are the most enthusiastic about the result of the BIO projects. These are directly related to the primary producers and are spread via the field networks.

8.4 *Dissemination of knowledge*

8.4.1 Dissemination of the research results

Information is available

Within every research programme a lot of energy is put into the dissemination of knowledge to the target group (see programme description in the annex). A lot of different methods are used for dissemination of knowledge. Some of them are: demonstration-meetings with primary producers, study groups, websites, excursions, newsletters, organic research publications and articles in scientific magazines and magazines. Also special information lines exist to which primary producers can phone whenever they have questions related to knowledge. These all are activities making sure that the results of the research are disseminated to the producers. People in the field agree that 'if you want to know something you can always find it out'. The BIOFOON has a good name.

Communication needs to improve: via field networks

Active dissemination of the results to primary producers is different from making the information available. It appears that the communication around the researches is still a weak point. More attention will have to be paid to this.

The BIO projects are mentioned many times as an example of a useful approach of research and dissemination of knowledge. They give results which can be used directly in the field. These results are exchanged via network meetings. There are always a big group primary producers present in the 'second ring' of such a project besides the primary producers participating in the project. They sometimes attend the meetings and receive the newsletters. It is tried to disseminate the knowledge widely this way. It is estimated that in this way for BIOVEEM for example 50% of the primary producers (approximately 200) were reached directly. It is very striking that this way of dissemination is often limited to a certain region.

Moreover, the BIO projects are strongly focused on the primary sector. As mentioned before, the other supply-chain stakeholders are missing a lot both during the formulating of the research questions and during the accompaniment of the research.

Learn of one and another

In the field people say that one mainly learns of each other although different channels exist for acquiring information. "Well usable results circulate fast in this world, as fast, as weed control". Activities like joint study meetings, excursions to Demonstration-businesses and together inviting of introducers, seem to have the most effect. A lot of primary producers are part of smaller belangen verenigingen for their own sector. Within the meeting of these associations transfer of knowledge occurs.

8.4.2 Factors influencing knowledge increase and actual use knowledge

A few (external) factors exist for evaluating whether knowledge is also used.

Field directed results

An increasing desire⁷⁶ exists for directing research mainly towards innovative and problem-resolving research instead of towards descriptive and explaining research.

People think that it does not happen enough. The results of this type of research will of course be used more easily.

Offering knowledge demand-directed and interactive instead of supply-directed

Primary producers tell to learn most from primary producers. Especially the meetings of belangenverenigingen and study groups of for example field projects are places where primary producers get their knowledge. This can be explained by the fact that primary producers exchange their business at a more practical level. Meetings and courses without direct link to questions of the primary producers, as explained in the chapter on education, give few results. They are mainly supply directed and have few links with the direct need of the farmers.

Time of the meetings

The time of the meetings plays an important role. A lot of primary producers tell that they do take part of meetings held in the winter when they have fewer activities on the farm.

Level of education primary producers

Another possible factor influencing the increase of knowledge of primary producers is: part of the primary producers is capable to gather their knowledge by themselves and is very much aware about their knowledge need. This is a result of the higher education level of organic primary producers over the conventional producers.

Actual use still a long way

For actual use of knowledge concrete change in behaviour is needed. “Knowing that something can be done better is not the same as actually doing it” said one of the interviewed persons. An influencing factor is whether the farmer takes its time to think about the approach and whether he is capable to see them implemented within his business and apply them within his business. Contact with other primary producers but also accompaniment by for example advisers of DLV can help with that. There is still a big need for crop production- and animal husbandry accompaniment from the market. It is difficult to meet this need within the frames of the actual subsidy measures.

Application not always directly possible

People should realize that results of research can maybe not at the moment, but in future contribute to business management.

8.4.3 Use of results by conventional producers

Part of the research results has also led to interest from conventional producers. Especially the field projects in which also conventional producers take part show that results of research on organic agriculture are used by conventional agriculture. In a recently published report (concept) from the umbrella programme Organic Agriculture called ‘Kraamkamer of sustainability, the innovative power of the organic agriculture for making the conventional agriculture more sustainable’ results in the spin-off described.

8.5 *Effects*

8.5.1 *Improvement business management*

According to people from the field involved the last years a clear improvement and professionalizing of the business management of organic primary producers has occurred. This is related to two factors.

1. Availability of field directed results. In the first place more field directed results have come available. Especially the BIO project, but also the field research, have according to people involved resulted in concrete results which can be directly applied.

2. Better dissemination of the results. In the second place the infrastructure for dissemination of knowledge has improved. As we saw before, knowledge networks linked to the BIO projects facilitate knowledge to spread itself relatively fast. Also conventional producers can use these knowledge networks.

8.5.2 *Conversion*

From the evaluation it came forward that ,in contrast to the past, at the moment knowledge deficiencies do not play a role for conversion of primary producers towards organic business management. This conversion is mainly defined by economical factors. The most important factor is whether the farmer can get a good price for his product. Besides that of course also some primary producers convert out of idealistic motives, but that is a minority these days. It does seem that primary producers become a little bit more idealistic once they have converted.

From an earlier held inquiry with primary producers related to the RSBP it seems that knowledge is no barrier in the decision to convert. From the potential converters 40% mentions crop production technical problems to be an important point for conversion. 17% mentions too little (own) knowledge of organic knowledge' to be influencing their decision. The factor is on the 10th place of most important influencing factors for conversion.

The conclusion is that the increased knowledge does not contribute to the decision for conversion. The knowledge can of course contribute indirectly, by for example decreasing costs when using new techniques resulting in a more attractive organic production. No indications have been shown that such effects occurred.

8.6 *Analysis*

Central direction and coordination is missing

An important difficulty within the knowledge domain as a whole is that the central direction function is missing. Coordination and harmonization of specific knowledge questions of primary producers or of the other supply-chain stakeholders and market players is too scattered or does not occur at all. The commission Beckers plays an important role in the formulation of the research themes. However no infrastructure exists for identification of *concrete research questions* together with stake holders and for accompaniment of formulation of projects. This can concern concrete research questions but also questions resulting from for example a joint vision on the role organic agriculture should fulfil or the objectives it should have achieved.

As a result an overview of specific difficulties or shortcomings in the area of knowledge is lacking and no or too little accompaniment and direction of the research exists from the perspective of the stakeholders. The research projects stand thereby too much on itself.

When this type of directive function for knowledge question within the whole organic supply-chain is created, research projects can be made more demand-oriented. The directive function should cover both primary production, trade, processing, retail/ specialists and consumer (health).

It is desirable to have more attention for crop production accompaniment

It seems that especially the direct accompaniment of the BIO project, has contributed to a general improvement of the business management. The pleas for paying more attention in future to better communication via field networks and to crop production- and animal husbandry accompaniment. From conversations with people from the field and for example trade or manufacturers, it appears that there is more need for this.

Change to a more interactive participation of users desired

The findings of this chapter can be summarized as follows.

<i>Process phase</i>	<i>Actual situation</i>	<i>Desired</i>
Focus on demand	Commission Beckers functions well	Continue
Selection of the themes by LNV	Improved over the years Some themes do not directly focus on the primary producers	More attention for themes concerning food products and health
Formulating research questions per programme or project	For BIO projects demand oriented. other projects sometimes still too much supply oriented. Research programmement did improve.	More interactive and demand oriented. More attention for innovation and problems of the field. More attention for effects. Further in the supply-chain. More involvement supply-chain stakeholders.
Accompaniment of the programme	Two times per year by LNV with primary producers Little directing possibilities	Change focus to accompanying on project level
Accompaniment on project level	People are trying to improve this via for example sector work	Intensify interactive participation by users
Dissemination of knowledge, communication	In BIO projects via field networks	More pro-active via active approach with

	Communication improved via IBL	workshops and via exchange between colleagues
Use of available knowledge (actual change of behaviour)	Direct accompaniment only with the direct involved producers of BIO projects (by DLV)	More direct (crop production) accompaniment

Other learning points:

- Fast upscaling of research money can create friction problems
- The world of organic agriculture has a few important people which define a lot. Increasing the wide involvement is desirable.
- In order to guide well you need people. Stimulate professionalizing the accompaniment, by for example giving financial contributions for meetings.

Organic is ahead on conventional

During the last years an clear improvement of the research coordination, the accompaniment of research and the access of knowledge and communication has occurred. The IBL and the umbrella programme have fulfilled a good role in this. A lot of possibilities for improvement of course still exist. In the report 'Organic agriculture in Wageningen (2)' of the Coordinating group organic agriculture 2003 concrete recommendations are formulated.

At the same time organic research is ahead on conventional research in different aspects, especially in the integrated and interactive approach. Difficulties identified are just as relevant for the conventional research.

Allocation of available means

There are two ways for looking to the size of the contribution for organic research, extension and dissemination (total approximately € 40 million for the period 2001-2004).

When one only looks to the context of knowledge development and –dissemination, the contribution is relevant an in line with the earlier made agreements. Especially when taking into account that organic research is also relevant for conventional agriculture and functions as a kraamkamer.

When comparing the budget for research to the total financial means available for the organic agricultural policy (almost € 80 million for 4 years) and when comparing it the contribution of knowledge development to the objective, namely achieving of 10% area in 2010, it should be noticed that other instrument, especially those of Task Force are more effective in achieving the target. Re-allocation should be considered. Besides that it should be realist that the research budget does not concern extra expenditure but only a change of the use of DLO means.

8.7 Conclusions

Below, the most important conclusions are given:

General

- The coordination of the research, the accompaniment and the access of the knowledge has improved over the last years. The organic research seems to be ahead in this.
- A central guiding- or coordinating role ,by which the stakeholders (market, supply-chain, primary production) can formulate concrete research questions and projects can be accompanied and directed, is still missing.

Stipulation of the demand

- The commission Beckers has contributed well to the focus on the identified needs for the research themes. This has now improved. The commission Becker has improved the organization of the representation from the work field using sector work.
- The majority of the advices of the commission Beckers have been taken over/ used by LNV.
- Prioritizing of research is too little coupled to a central strategic vision (of LNV) on the desired role of the organic agriculture in the future, partly in relation to sustainable agriculture, or on the way in which the organic concept should be positioned.

Focus research

- The budget for research goes for 95% to the primary production and for 5% to other research. A need exists for more research on for example the added value of organic, health aspects, food quality- and safety and supply-chain directed research (coupled or not coupled to research in the primary sector).
- The formulation of the question for this research is a problem. The corporations or researchers are not used to formulate supply-chain directed research questions.
- That the direction can not be changed is recognized by the work field. Changes in the domain of the research go slow.

Done research

- The research should be organized more demand oriented: this means more involvement of the users during the formulation and accompaniment of the research on project level.
- The people from field find a part of the research still too descriptive and investigating and too little field- and problem directed.
- The fast increase of organic research has caused a shortage of 'organic oriented' researchers. This hampers the effectiveness of the organic research. The researchers of the LBI (and praktijkonderzoek) are ahead in this.
- Fundamental research is needed, but more research should be done conform the approach of the BIO projects (field networks).
- Since the research programmes have not yet finished no final results exist. Sub-projects have been finished with useful mid term results.
- More short term research, directed to directly applicable results are needed.

Dissemination of knowledge

- Coordination of research and access of knowledge has improved considerably with the existence of IBL and the umbrella programme. If a farmers needs knowledge he can find it.
- More attention should be paid to communication of available knowledge to primary producers, and to other relevant supply-chain stakeholders, and to direct accompaniment during implementation instead of research.
- Primary producers learn the most of contact with each other, via for example the business networks and/or study meetings. The concept used by the BIO projects for knowledge development and dissemination is successful. More attention should be paid to supply-chain stakeholders.

Effects

- The knowledge results have contributed to the improvement of the business management of organic primary producers.
- Results from organic agricultural research have been used by the conventional agriculture.
- Knowledge is at the moment no limiting factor for conversion. Primary producers look mainly to the sales opportunities, output and other things when converting.

9 Extension and education

9.1 *Demonstration scheme*

- Has the government contributed financially to extension of (potential) organic entrepreneurs and have these used it (demonstration scheme)?
- Have the entrepreneurs used the demonstration scheme optimally? If not, why not?

Aim scheme

The demonstration scheme supports stimulation of adaptations and innovations on agricultural and forestry businesses which from an environmental and nature policy point of view, but also looking at the improvement of the competitive strength are thought to be necessary.

The actual scheme has been defined in 2001 and is an aggregation of two other schemes which started in 1994 and in 1997 respectively and have been closed for application in 1999. The new aggregated scheme is created because both old schemes were overlapping each other partly qua subjects and objectives. Besides that the joining of both schemes contributes to a more efficient implementation of the scheme.

Entrepreneurs who manage a business for their own risk in the agriculture or forestry or in the trade of products of these sectors can apply for this payment. The projects are maximum 3 years, in which the costs are maximum for 50% subsidized. The scheme is open for application yearly. Every year the themes are defined. The themes should fit within the framework as mentioned in the scheme.

Theme organic agriculture

The theme Organic was only part of the demonstration scheme in the period 2002-2003. The scheme has had in total five different themes. The ministry has given in total for these five themes € 1.444.500 and the European Union € 481.500. For 2004 a new opportunity for application is planned in which organic will be the theme. The maximum subsidy for the new payment applications (with the theme organic) is expected to be 750 thousand euro⁷⁷.

Use scheme

The budget for the scheme in 2002 was 350 thousand euro. The total subsidized costs per project should be minimal € 11,345. Maximal 80% of the payment can be given in advance. In 2002 22 project plans have been submitted. From this 7 project proposals have been approved for the amount of 324.000 euro. After evaluation it seemed, that only A and C ideas had been proposed⁷⁸. The 15 rejected organic proposals have not submitted objections.

Amount of applications	22
Amount approved	7
Total Subsidy available	€ 350.000
Total approved subsidy	€ 324.000

The fact that the subsidy maximum has not been used completely can be explained as follows: the scheme for organic agriculture does not follow a regular cycle causing the proposals to be submitted too late.

The 7 approved projects have started recently. No mid term reports have been received up to now. The first mid term reports are expected to be published half way this year (2004)

Explanation demos

The total costs for the 7 organic demos are € 648.828. In this amount the contribution of LNV, the own contribution and the contribution of the EU are included. On average per project 3 to 4 stakeholders are involved. In this demonstration scheme four new activities have started. The other three are related to the continuation of existing activities.

The concrete output of the 7 projects varies from organic info centre, courses and workshops to websites, newsletters, study days and demonstrations. Four of the seven projects aim at increasing knowledge. Besides that improvements on business management, raising public awareness of organic and better harmonization and efficiency between supply supply-chain stakeholders are aimed for.

In the annexes the 7 demos are further discussed via short project descriptions and the aimed effects per demo are mentioned. Aimed effects of the organic demos have not yet occurred as a result of the recent start. Up to now no mid term reports have been published.

Implementation costs

Implementation costs have been made for the whole scheme making it difficult to see which part has been used by Laser for the organic part. A calculation of the costs would according to Laser give an strange image of the reality.

Conclusions

- Since the subsidy maximum for organic demos minus 26 thousand euro has been used and since the scheme does not have a fixed cycle and is therefore not well known, one can say that the demonstration schemes have been used reasonably.
- The subsidy maximum of the second year is more than twice as high. Laser does expect enough interest for the following year.

9.2 Via scheme

- Have in relation to the innovation scheme for the agricultural education financial means been made available for integration of organic agriculture and have they been used?
- Is the innovation scheme used optimally by the agricultural education? If not, why not?

Possibility for application scheme

The VIA scheme is used for course specific innovations in the 'green' education. The scheme Versterking en Innovatie Agrarisch onderwijs (VIA, Reinforcement and innovation Agricultural Education) has been opened for applications in 2002 and in 2003. The theme Organic Agriculture was only used in 2002. In 2002 six different

themes were used. The projects which wanted to receive payment had to be related to one or more of these themes. For the total Via scheme in 2002 a maximum payment of € 3.630.242 was reserved.

Use scheme

In total five applications have been submitted for the theme Organic Agriculture. The judging commission saw that only two of the application had the aimed organic character.

Amount applications	23	2	8.7%
Applied subsidy	€ 4.431.193	€ 636.834	14.4%
Amount of approved payment applications	11	1	9.1%
Approved subsidy	€ 1.654.206	€ 325.299	19.7%

Insufficient use

In the table you can see that eventually only one application has received payment. Two million euro was not used. The success of the VIA scheme with the Organic theme was small. This was mainly caused by the low quality of the applications. The implementing organization Laser therefore had to reject a lot of applications. The low quality of the application was a result of them not satisfying to the conditions of the organic theme. Up to now no new opportunities for applying for the VIA scheme for organic agriculture are planned.

At the moment one € 260.239 will still be paid to the only application mentioned in the table of € 325.299. This project (Innovative and Strategic Socially Justified Management with Organic Agriculture) runs for four year and the planned end date is 1 April 2006.

Conclusions

- The target group can not work with the organic theme of the VIA scheme: it is too much supply oriented.
- The results of the scheme for the organic scheme are bad because eventually only one project has started. The aimed objective of the scheme has not been achieved.
- The government should play mainly a stimulating role instead of a directing role; institutes should have the freedom to interpret the theme according to the need of the market.

9.3 Framework letter 2002, Content-related innovation Green Education

Aim scheme

In the Kaderbrief 2002, Content related innovation Green Education, piloted on an multi-annual scheme Content related Innovation Green Education, which was to start in 2003. The scheme aims to accelerate innovation of the content of the courses in addition to the regular innovations.

Use scheme for organic limited

In total € 5,6 million was reserved for the years 2002 and 2003. The Kaderbrief was open for all LNV education institutes (WUR, HAO, AOC) and for OC&W-institutes with green departments. In 2002 € 66.601 was made available for one organic directed project with the aim to develop a complete curriculum organic agriculture for the animal husbandry and crop production.

Green course education

Has the government supported financially courses for present entrepreneurs financially (Green course education scheme)?

Have the courses for entrepreneurs been used optimally? If not, why not?

Aim and use scheme

The scheme Green Course Education (GCO) serves extension and continuing educational courses. The scheme has been opened for application in 2002 and in 2003, in which the theme 'organic agriculture' has also been part in 2002.

Amount of applications	267	14	5.2%
Applied subsidy	€ 8.757.695	€ 429.823	4.9%
Amount approved payment applications	75	8	10.7%
Given subsidies	€ 1.529.323	€ 185.212	12.1%

In 2002 ten different themes were mentioned in the Kaderbrief. For every theme an equal part of the budget was available. The maximum subsidy was € 2.179.500, of which € 217.950 (10%) was reserved for organic agriculture. The amount of applications related to organic agriculture are those in which organic agriculture was the main theme.

Insufficient use of the budget

Of the 267 applications only 75 have been approved. The reason for this is that the majority of the applications, according to the evaluation commission, were not very appropriate according to the criteria of the scheme. The 75 approved applications were more appropriate. The limited approval of the applications has resulted in an insufficient use of the budget of € 650.000.

Removing courses

Research of LASER showed that many institutes have not started in time with the courses. Given the amount of withdrawals this would cause, it is being investigated at the moment whether other possibilities are possible.

This was the same for the theme organic agriculture. Up to now no course has started. One institute has asked permission for delay, because the course could not start in time as a result of the pig pest. This concerns three projects, of which the development cost have been spend one of these projects will most probably not take place anymore. Also the courses of the other five projects will not happen anymore. In all cases lack of interest for the course is said to be the reason.

Measure too much supply oriented and time-consuming

From conversations with some people responsible for the courses it seems that the field is not able to manage the proposed themes defined by LNV. At local level another need exists with a much more practical character. These courses however do not fit within the framework of the scheme.

Moreover, the paperwork and the justification documents (e.g. accountant's declaration) related to the applications are seen as a problem. This work makes it less interesting for institutes to offer such courses. "It is one big bureaucracy, which makes people loose interest", according to an interviewed persons from the educational world.

Another explanation for the limited interest is the dip organic agriculture is in at the moment. Farmers are not interested in conversion because of lack of perspective. The need for knowledge and information is as a result also minimal. Moreover, the idea exist that farmers confronted with a problem today want to know the answer tomorrow. A course with an innovative character takes a while to be established and does not link with the actual problems.

The role of the payment is stimulation. However for a serious question, in the decision for participating in a course. This is not the most important thing. The demand is directing.

Conclusions

- The scheme has not given results for organic agriculture.
- The range of courses does not link to the need in the market (too much supply oriented).
- The organic agriculture is in a 'dip' and that influences the degree of interest in courses.
- The government should influence less in the determination and stipulation of the course-themes.
- Justification reports should be of less importance. Educational institutes are not interested if too much rules and paperwork is needed.

Conclusions Extension and education

Main question: Have the activities related to knowledge dissemination been implemented? Have the activities of the government related to extension, education and courses lead to an increase in knowledge of (future) organic entrepreneurs?

- The different demos have not yet been finalized. Four of the seven projects aim at an increase of knowledge.
- The education schemes VIA and GCO have been completely supply-directed and do not link well to the needs from the field. They have as such failed. In the VIA scheme only 1 project has been done. In the GCO scheme no course has started.
- The VIA scheme and the GCO scheme have contributed little to the increase of the actual knowledge of the (future) organic entrepreneurs.
- The harmonization of the supply of education and the defining of the different themes should be done at local level by institutes and not by the central government.
- Only the demonstration scheme can give relevant improvement of the knowledge of organic entrepreneurs.

- From conversations with organic farmers it seems that they gather much more knowledge via their own networks and information exchange between farmers. Knowledge needed can be found.

10 Stimulating production

10.1 RSBP

Implementation

When did the RSBP in the periods 2001-2004 get opened for applications?

To which degree did people use the RSBP?

Doelmatigheid

How efficient has the RSBP been implemented?

Effects

Has the RSBP contributed to more conversion?

The scheme

The Organic Production Financial Incentives Scheme (RSBP) aims at stimulating conversion of conventional to organic agriculture in the Netherlands. Farmers of different production groups receive a compensation of the loss of income, within the conversion period in which the products have to be produced organically but can not yet be sold as organic. The commitments, like the obligation of organic management, will be accepted by the applicant for a period of five to maximum nine years. The new RSBP is from 2000 onwards part of the POP (PlattelandsontwikkelingsProgramma, Rural development plan).

The scheme supplies a small payment for continuation of organic production if the RSBP scheme has not been used before. The RSBP was up to the beginning of 1999 a continuing scheme and since the 29th of March 1999 to 2002 it was a cyclic one. The scheme was opened every year one or more times during a limited period for application. In 2003 the scheme has not been open for application and in 2004 the (actual) RSBP will be opened for the last time.

Use of the RSBP

In the next table an overview is given of the yearly expenditure, the obligations and the amount of received and approved application. The data is given since 2000 because from this date onwards the new scheme was implemented. The data are from Laser.

Of the 839 applications eventually 644 have been approved. In total from 2000-2003 an amount of € 12,5 million is used for these new approved applications. For this same period an almost equal amount has been paid on RSBP payments of the commitments before 2000.

For the new opening of the scheme made in 2004 Laser made a prognosis. People expect 50 new approved applications with a financial commitment of € 925.000. If this is correct, it will mean that a lot of the available means is not used (€ 3 million). The opening is planned of the 24th of May until the 24th of August 2004.

					80	
Paid (including obligations made before 2000) ⁸¹	€ 2.869	€ 2.577	€ 4.125	€ 4.114	€ 3.669	€ 13.686
Total obligations (accepted)	€ 7.876	€ 2.826	€ 1.782	€ 0	€ 925	€ 12.485
Received applications	452	231	156	0	Approx. 50	839
Total approved applications	382	158	104	0	Approx. 50	644
Costs of implementation (incl. overhead and LNV discount)	€ 296	€ 380	€ 376	€ 370	413	€ 1.421
Percentage implementation costs (% paid)	10,3%	14,7%	9.1%	9.0%	11,3%	10.4%

The data from the table show that the amount of applications in the periods for application 2000-2002 have decreased drastically. The trend can be explained by the decrease of the financial and market perspective, which made converting less interesting. It is conform the general view of stagnation of the last years. Elsewhere in this report it is mentioned that this stagnation is partly a result of the economical situation and the deteriorating market position compared to other countries.

High implementation costs

By the big change in the scheme in 2000, the implementation costs have increased in 2001 with approximately 85 thousand euro. On average, the implementation costs were 10,4% of the total subsidy over 2000-2003. The scheme is very labour intensive as a result of the irregular openings, the fact that many different forms of payment categories exist and that it takes a lot of time to get all the relevant data during the evaluation of the applications. LASER has put a lot of effort in getting all the relevant data, which can be concluded from the large amount of not-approved letters: 60% in 2000 and 70% in 2001⁸².

Moreover, a huge control structure exists, partly as a result of the stricter rules within the RDP regime than in the old regime (before 2000).

The implementation costs are expected to increase, compared with 2003, to € 413.000 . This increase is caused by the extra money used for adapting the database. This investment will according to Laser repay itself during the coming years.

Contribution to conversion?

The RSBP is a very well-known scheme amongst the farmers. Although its orientation on supply, it is experienced to be a 'good' scheme linking up well with the needs of the market. Farmers receive a compensation for the loss of income and that makes the conversion period financially better.

From inquiry research⁸³ held in 2002 under more than 1500 farmers it seems that the RSBP only plays a small role in the decision for converting. It is however a big help. More important in the decision to convert are the market and the sales perspective.

Particularly a guaranteed national sale plays an important role in the decision for conversion to organic. Banks also do not find the RSBP very important while the assessing a credit application. The amounts are too small for being an important factor for giving credit. The feasibility of conversion does not depend on the RSBP and this is therefore not taken into account.

The most important reason for converting besides good marketing possibilities is the idealistic passion. These reasons have been confirmed several times during the thirty telephonic interviews held for the end evaluation.

Difficulties in the growth

The most important difficulties in the organic growth and the hesitation for conversion mentioned, were insufficient sales possibilities, and too low prices for the producer and the starting risks during the conversion period. Besides that also difficulties on the demand side were mentioned. From the inquiry in 2002 it seems that the relative high consumer-price and the insufficient cooperation within the supply-chain were thought to be the most important difficulties of the demand side.

Change scheme

The actual scheme has shown some gaps⁸⁴. The ministry of LNV has considered to change the last opening of the scheme in 2004. This appeared to be impossible on the short term because a change of the RDP fiche in Brussels is needed. This type of change takes 1 to 2 years. The planned new opening of the scheme will therefore be similar to the old version. During the definition of the next policy the criticism of the actual scheme will be taken into account.

The re-opening of the scheme in 2004 shows that the government continues to invest and thinks it to be an important theme. This is according people involved very important.

Conclusions

- The RSBP is no reason for conversion, but has an symbolic function
- The business-economical or market perspective for the long term are at the moment the main reasons for conversion.
- The RSBP is not efficient in its implementation.
- Not all the available means have been used.

10.2 Guarantee Garantstelling and IBV scheme

Implementation

. When did the IBV scheme open for application within the period of 2001-2004?

. To which degree has the IBV (investment scheme Organic Pig production) been used?

. Did the demand oriented coupling in the IBV prevent sales problems?

Doelmatigheid

. How efficient has the IBV been implemented?

Effects

. Has the IBV led to more conversions?

No Guarantees capital intensive sectors

The instrument of the guarantee, which in the first place was proposed as a support for capital intensive sectors, has eventually not been applied. Within the EU –directives no other application seemed possible than by bankruptcy of the entrepreneur (according to the regular instrument Guarantee). This did not coincide with the intention of the policy to , separate from a bankruptcy, be able to contribute if the business of the organic pig production did not seem to be viable.

IBV scheme

In stead of the guarantee is Investment scheme Organic Pig production (IBV) is applied for supporting, the by Albert Heijn, De Groene Weg/ Dumeco (butcher) and the Association Organic Pig producers made, covenant for upscaling of the organic pig production sector. The investment scheme aims to stimulate the conversion of pig production businesses by reducing the risks of the high investments in adaptation of the housing.

The investment scheme has been only applied in the pig production sector, and for example not in the green house production, because agreements have been made between pig producers and other supply-chain stakeholders, on guaranteeing the sales of the produced organic meat. This is an important condition, because the LNV did not want to stimulate conversion without demand for the products⁸⁵. The target group of the IBV are the pig producers which have converted in ketenverband (which made agreements on sales of their products). The scheme is only open for this group.

In relation to the IBV, a compensation of 30% of the investment for conversion to organic pig production was given. The maximum payment per applicant was € 250.000. The payment was given on a basis of a sales contract of minimum 2 years and a Skal certificate. No money has been given in advance within this scheme.

During the scheme a change has occurred. In the beginning the period within which the implementation of the invested project should take place was 18 months. This period was extended to 30 months because of market situation related to price development and sales opportunities.

Amount of applications

The IBV scheme was opened for application from the 11th of December 2001 until the 31st of January 2002. Within this period 67 applications were submitted. 37 of these applications have been rejected. Of the 30 approved applications 29 continued after 1 withdrawal. This means that of the 92 pig producers, participating in the pig covenant, only 30% used the investment scheme.

In the following table an overview is given of the amount of subsidies and the commitments. The causes of the rejection have not been published and can according to Laser not be checked anymore. A lot of applications have not been handled, which means that they were not complete (for example lack of financial declaration). A rejection means that the application did not satisfy to a condition of the scheme, for example economical viability.

Subsidy given	30	€ 3.081
Withdrawals:	1	€ 150
Total commitments	29	€ 2.931
Subsidy approved	13	€ 1.129
Open commitments	16	€ 1.802

Implementation costs

The total implementation costs to 2003 are more than € 115.000,- euro. Some costs will still be added because at the moment more than 1.8 million euro still has to be paid. The last payment rate for the next period will probably be set in August 2005. Compared to the other schemes the implementation costs of this scheme are small comparing all to the total financial commitments at this moment (3,9%). This is especially related to the payment rates and the simplicity of the scheme. On the other hand the scheme is inefficient for it has been opened for application only once. This leads to relatively high implementation costs.

A critical note must be put with the starting date of the sales contract. It has not been clearly defined in the scheme. In some situations the sales contract already started while the cultivation period had not started yet. At the time that the Skal certificate was received only half a year of the contract was still to go.

2001	€ 16.361	€ 3.801
2002	€ 58.109	
2003	€ 37.019	
total	€ 111.489	€ 3.801

Use of the scheme

The Investment scheme for Organic Pig producers (IBV) has been used a lot. In the beginning a subsidy maximum was defined of more than € 1.8 million. Afterwards this amount did not seem to be enough for the demand. After increasing the amount to € 4million⁸⁶ as a result of the big interest, eventually € 3 million in commitments started.

Stimulant for conversion?

The scheme seems to have worked well. The production of organic pig meat has increased many times more than the market demand. Still it seems, from telephonic interviews with ten involved pig producers and other people involved, that the IBV was no reason for converting. A lot of pig producers already had conversion plans. The attractive fixed sales contracts with a guarantee price, combined with idealistic passion⁸⁷ have been the most important factors in the decision for conversion.

The contributions via the received payment of the IBV scheme are compared to the investment costs in theory big enough for playing a decisive role in the judgement of the feasibility of a financing plan. Banks always first want a concrete written guarantee that the payment will be given, before taking the payment into account. According to the

banks payments almost never play a decisive role and the IBV is no exception. Banks estimate that the majority of the thirty farmers also would have been given the finances without guarantee of the IBV and that at most for some farmers the financing without the IBV would have been difficult.

However a key player says that partly as a result of the IBV scheme the supply-chain stakeholders were willing to provide sales contracts. The IBV scheme resulted in the stalemate being broken. In that sense the IBV scheme has had an important signal role and has contributed indirectly to conversion.

Growth slower than expected

Although the big increase in sales of organic pig meat and the efforts of the stakeholders involved in the pig covenant, the market of organic pig meat has problems with overproduction. For that reason the IBV will most probably not be opened again.

An important reason for the overproduction is the fact that the involved market players at that economical good time had too high sales expectations. Besides that the BSE and MKZ crisis occurred. The deteriorating economy caused the growth of organic pig meat to be less than expected: the consumers choose more easily for the cheaper conventional pig meat than for the more expensive organic pig meat. This change in the market is not taken into account in the sales prognoses and the amount of sales contracts made/provided by the market players.

As a result of all this, the production of organic pig meat has not grown at the same rate as the market demand but has increased in a short period explosively: a classical example of the pig cyclus.

Regulating necessary at the moment

The market players involved had, as a result of the lower growth of the market, to break open the sales contracts in 2003 and had to lower the guaranteed price. This created a lot of negative publicity.

Reverting to conventional agriculture is very difficult for the pig. The investments during the conversion were so high that they can never be earned back in a conventional production business. Moreover, converted farmers do not want to revert, because they attach too much value to the organic concept. At the moment one converter, using and having received payments of the IBV, stopped.

The market players⁸⁸ have as a result of the overproduction come together and decided on a coordination of the organic pig production: 35 of 92 organic pig producers will stop their enterprise or revert to conventional. Those businesses have presented themselves voluntarily and will receive a compensation. The compensation comes from a fund paid by the supermarkets AH and Plus, De Groene Weg and the other 57 pig producers.

Negative image of the pig covenant is not correct

The pig covenant can be seen as an unique experiment, which even though the big change needed, lessons can be drawn for other sectors. It is to be regretted that a few pig producers had to stop or revert. Especially the relatively small pig producers, which produced free range meat before and had converted without IBV, had to stop.

On the other hand, the sales of organic pig meat have increased a lot, partly as a result of the covenant. Moreover, the market players have created a solution without support

or intervention of the government for the problems of overproduction. It would not be correct if wrong conclusions or lessons are drawn from the negative publicity on the pig covenant.

Conclusions

- The IBV scheme is used by conventional farmers because farmers of free range pig meat need fewer investments for converting.
- Eventually approximately 30% of the 'covenant-farmers' with a sales contract has used the IBV scheme.
- providing coupling to sales contracts was not able to prevent sales problems.
- Guaranteed sales contracts seemed to give fewer guarantees than expected initially.
- As a result of the one time the implementation of the scheme is less efficient.
- The scheme has had an important symbolic function for the other supply-chain stakeholders, which resulted in the stalemate being broken, and the stakeholders were willing to offer sales contracts.
- The scheme has not directly contributed to conversion to organic pig production. The majority of the conversion would also have taken place without the scheme
- The contribution of the IBV of the government has therefore not been effective, but was indirectly effective by the signal function of it.

10.3 Scheme Knowledge and Advice

Implementation

- . Has the scheme Knowledge and Advice been opened for application for organic farmers in the period 2001-2004?
- . To which degree has the payment for investigation of the scheme Knowledge and Advice been used?
- . Which part of the converters has had an business analysis been made?

Effects

- . Does a positive result of doorlichting lead to conversion?

The scheme

The scheme Knowledge and Advice aims at stimulating entrepreneurs in the agricultural sector and at supporting the development of activities occurring in the development process of their enterprise.

The scheme has been opened for application for the first time for 3 different target groups from the 12th of December 2002 to the 28th of March 2003. Distinctions were made between arable production and unprotected horticulture, young farmers and organic agriculture.

The opening 'organic agriculture' stimulated the gaining of knowledge and advice on:

- a. Making the right decision/ choice for the organic production method.

b. The implementation of the conversion to organic production method. Background information hereby is that a lot of information is needed in order to make a well-considered choice for conversion to organic production.

Farmers orienting on conversion to an organic business management or farmers who have already decided to convert can receive financial support for having a business plan designed, have a quick scan of the business management done, to receive production technical or social economical advice. The activities however do need to be related to :

- business-economical results of conversion to the organic production method;
- the market- and sales perspectives for the entrepreneur when converting to the organic production method;
- the implementation of the legislation for the organic production method in the business management;
- the changes in the business production system in favour of the organic production method;
- the financing possibilities of the, for converting to organic production method needed, investment, and
- the acquiring of technical knowledge and skills of the organic production method.

The scheme provides in a maximal compensation payment of 75% of the advisory products to a maximum of € 8.000 per applicant.

From the 15th of June until the 29th of July 2004 the scheme will be opened with an organic theme. The subsidy maximum is € 350.000. Per advisory product the maximum is again € 8.000 per applicant.

Use of the scheme

In total 37 business plans have been concluded within the scheme. The subsidy maximum of € 300.000⁸⁹ has been made available but has never been used. The amount actually defined for giving subsidy is € 292.778. It included 62 payments.

As a result of 25 withdrawals both by payment applicants (2) and by Laser (21) and 2 rejection the amount of payment eventually were 37 with a subsidy amount of € 106.017. In 2003 € 78.479 of this is given and in 2004 € 27.538 was given. The unused part of the available subsidy is € 186.761. This money will be used for a new opening of the scheme.

From the middle of 2003 onwards the applicant has to sign the application himself. This change is made in order to prevent fraud by the advisers.

Usefulness of the scheme

Compared to the implementation of the schemes for arable production and young farmers for whom the advisory offices submitted their first applications for payments, the implementation of the organic scheme was a lot better. The applications were received more evenly distributed over time and were submitted by the primary producer itself. This shows that these applicants have considered the choice for conversion and wanted to be supported in this.

From conversation with the farmers, it seems that the scheme is not needed when a good (financial) market perspective exist. The investment will pay itself back and will be paid by the means of the farmers itself. With a low or bad market perspective (like the previous years) the scheme is a valuable contribution in the decision for having a conversion plan made. In a situation with low market perspectives farmers would never have a plan made.

It is important to know that a farmer would never convert without a plan. From that point of view the scheme has contributed in the decision for conversion whereas the RSBP and the IBV do not. Especially, because the farmers do follow the advice given in the report.

It should be mentioned that primary producers postpone their plans for conversion if the market perspective is not sufficient. The financial perspective plays like for all stimulation schemes an essential role.

Conclusions

- Without a plan the farmer does not convert. The decision for investing in a company investigation plan depends on the market perspective of that moment.
- The financial situation for the organic agriculture, according to the farmers is bad. The stimulation scheme fills, given the market condition, the 'financial risk-gap' well.
- The conversion advice of a bedrijfs doorlichtingsplan will at the moment be more often negative. The advices of an bedrijfs doorlichtingsplan are followed up by the farmers

10.4 Implementation

Implementation

- . Have the changes in these schemes been explained well enough?
- . Is the target group satisfied with the implementation of these schemes (RSBP, scheme Knowledge and Advice and IBV)?
- . To which degree did the Netherlands use the direct stimulation for production via support to primary producers compared to other EU countries? To which degree did this influence the competitive position of the Dutch primary producer?
- . Did unwanted side-effects of the stimulation scheme occur?

Changes

The government has changed the scheme conform the market situation. A good example of this is the IBV, for which the investment period was extended. The RSBP should with this respect also be changed, however legislation on European level makes changes on the short term impossible. No clues have occurred for the researcher that changes in the scheme were not well enough based on facts.

Satisfaction

In general, people are satisfied with the implementation of the schemes. However, some primary producers say that the schemes bring a lot of paper work and a lot of verantwoordings documents needs to be shown/given before the financial act can take

place. From the RSBP inquiry it seems that 20% is unsatisfied with the implementation of the RSBP, 44% is reasonably satisfied and 34% is very satisfied.

Comparing stimulation schemes of different European countries

Recently the Expertise Centrum LNV has done research to the differences between the European countries⁹⁰. Generally the schemes/measures can be divided in hectare related conversion and continuation payments, organized information provision and advice, support for investment and fiscal measures and support in certification costs.

Stimulation of the organic sector occurs in the whole European Union, but the interpretations are different. Conversion stimulation payments are common in the whole European Union. A payment for continuation of the organic production method is less widely spread, but can be found in different places. Often these continuation subsidies are part of the agricultural environmental programmes. The Dutch payment for continuation is, in contrast to other countries, only given when no use has been before of the RSBP.

Other differences occur in the area of investment schemes, advising and support in the certification costs. The policy of a lot of European countries seems to be very much directed to supply. In the next table the differences between the different countries are given.

	Bel	DK	Germ	Fin	Fr	UK	Lux	Neth	Austria	Nor	Swe	Swit
Conversion payments	X	X	X	X	X	X	X	X	X	X	X	X
Continuation payments	X	-	X	X	-	X	-	X	X	X	X	-
Investment payments	X	X	X	0	0	0	0	X	X	0	0	0
Support certification costs	-	X	X	-	-	-	X	-	X	X	-	-
Advising / extension	X	X	X	X	0	0	X	X	0	0	X	X

X = scheme/measure used/present

- = scheme/measure not used/present

0 = unknown/ no information

Undesired side-effects

The chance of unwanted side effects is the biggest with the IBV. As a result of it being an investment scheme the chance is big that the producers invest more than necessary, because 30% is subsidized. Furthermore, the IBV is almost always used by the big producers as it is related to an investment scheme, while the small producers are economically weaker. This did show in the sales problem which occurred in the pig sector and the reverting which took place: the big producers have buffers for economical bad periods.

The RSBP has also resulted in unwanted side-effects. Laser concluded that in the RSBP scheme sometimes fraud occurred. More expensive crops were given for the first conversion year, so that five years a high contribution was received. This, while after the first year 'cheaper' crops would be produced. In order to stop this fraud a change occurred in the control resulting in the exclosure of these unwanted side-effects.

Another unwanted side effect of the Stimulating schemes mentioned sometimes, is that it would help 'weak farmers' with limited entrepreneurship to succeed/ survive.

10.5 Conclusions

Effects

. Main question: Did the activities for stimulating the production lead to more conversion to organic production?

. To which degree have the business (doorlichting) and payments related to the RSBP and IBV contributed to decreasing the doubts of primary producers related to conversion?

Contribution for conversion

The stimulation money of IBV and RSBP have not or hardly contributed to extra conversion. These schemes supply an extra support and according to some key players "is it good to have them". The fact that the government invests in these schemes, is for the producers an indicator that it is though to be important by the government and that it is taken serious. The scheme is seen as an useful scheme during times in which the market perspective is insecure. Without plan and an positive advice farmers will not convert.

11 Fiscal measures

11.1 DOA en VAT-tariff

Implementation

- . Why did the DOA not get implemented?
- . Why has no lower VAT-tariff for organic products been implemented?

Effects

- . Which learning experiences can be deducted from the way in which the implementation of the DOA and the VAT-tariff has been tackled/organized?

Sustainable management deduction (DOA)

The policy aim behind the DOA-measure is: rewarding the pioneer on environmental issues for special environmental costs not related to the investments. Stimulation of sustainable agriculture concerning treatment of nature, environment and animals are objectives.

The instrument has per January 2000, as a result of a resolution⁹¹, been taken up in the Law IB. As a result of the rejecting of the EC, the measure never started working and has as per 1 January 2003 been removed. DOA-measure for a deduction of the profit is not coupled to investments. It is therefore in contradiction with the European legislation. The discussion on the measure was also about the fact that organic farmers in earlier days had a better income than the conventional farmers. This has however not had essential influence while removing the regulation.

In earlier days, research on the feasibility of the measure started. However, the acceptance of the measure occurred before publishing the results of the research. With the removing of the DOA scheme € 27 million was cut down. With the measure high expectations were created for market players. The removing of the instrument was very disappointing for the market players.

The government has been too impatient (on this subject) and has underestimated the influences of certain measures/ instruments. The results of the pre-research could have given insight and could have shown to which degree the measure could have been used. As for now, no alternatives for the DOA-instruments are available.

VAT

The VAT-instrument aimed at stimulating purchasing behaviour by the consumer of organic products. The VAT-tariff of organic products was to be lowered from 6% to 0%. In order to realize this, the Netherlands asked the other member states to show their point of view when presenting this proposal. It was clear that the different member states would not support such a proposal. For being able to apply this fiscal policy, unanimity is needed and therefore was not accepted. On the 19th of December 2002 the proposal was scrapped.

New research needs to be done on how the VAT-instrument is feasible on European level. Possible alternatives have been mentioned in the 'Vergroeningsboek' from 2001.

Conclusions

- Both instruments have not started.

- Good pre-research contributes to carefully made and well considered decision on implementation of instruments.

11.2 Groenregeling, VAMIL, EIA, MIA, KIA

Implementation

. Have organic entrepreneurs been able to use the fiscal instruments/ measures VAMIL, EIA, MIA and Groen beleggen?

Effects

. How does the influence of these instruments on profitability compare with the influence of external factors?

. Have the fiscal instruments led to a better profitability for organic entrepreneurs? (if needed look only to Groen beleggen)

. Have the fiscal instrument lead to more conversion?

. Are there any unwanted (side) effects of these instruments?

. Main question: Have the existing and new fiscal instruments given an extra impulse to the development of organic agriculture (by a better profitability and therefore more conversion)?

11.2.1 Investment deduction -instruments

Instruments

The KIA (Kleinschaligheids Investerings Aftrek, small scale investment deduction) is a reduction on the profit. 25% reduction of investments between € 2.000 tot € 33.000 and gradual reduction to 0% for investments of € 279.000. A lower profit results in less tax to be paid. The level of the investment deduction depends on the profit. The KIA is for entrepreneurs paying income- and corporate tax (IB and VPB). The entrepreneur has to invest in either used business assets or new business assets. Excluded from this instrument are land, private cars, animals and quota

The EIA (Energie-investeringsaftrek, energy-investment deduction) is a reduction of the profit. 55 % of the investment in energy saving business assets can be deducted from the profit. The business assets to which these instruments apply are mentioned in the energy list. By the lower profit less tax has to be paid. Also here the reduction is related to the profit. The EIA can be used by entrepreneurs paying both the income- and the company tax (IB and VPB). The entrepreneur has to invest in new business assets. The minimal investment is € 2.000 and the maximum is € 103 million.

The MIA (Milieu-investeringsaftrek, environmental investment deduction) is also a reduction on the profit: 15%, 30% or 40% (agricultural investments) of the investment in environmentally friendly business assets can be deducted. These business assets are mentioned on the environment list. As a result of the lower profit less tax has to be paid. This depends on the level of the profit. The MIA can be used by entrepreneurs, paying both the income- and company tax (IB and VPB). The entrepreneur should like, as for the EIA, invest in new business assets. Excluded from this instrument are again land, private cars, animals and quota. The minimal investment amount of the MIA is € 2.000.

The VAMIL (Willekeurige afschrijving Milieu-investeringen, random depreciation Environmental investment) makes random depreciation possible of business assets

which stimulate a good living environment. Depreciation can not be done more than normal. The environmental investments are mentioned on the VAMIL environment list. Because the entrepreneur can choose in which period he wants to depreciate the business asset (all together, earlier or later than normal) he can enjoy a bigger fiscal advantage. The VAMIL creates a liquidity advantage, which can be transformed into a profitability advantage. The level of the advantage depends on the profit. The VAMIL can be used by entrepreneurs who pay both income and company tax (IB and VPB). The entrepreneur has to invest in new business assets.

Conclusions

- No data are available on the degree to which the organic entrepreneurs use the instruments.
- The investment deduction creates no extra impulse for conversion. The instruments can be used by all farmers.
- Moreover, one of the side effects of the investment deduction is too much focus on the investments instead of on a very efficient business management.

11.2.2 Groenregeling

The measure

The (Green investment) GB-facility aims to stimulate people for saving money via so-called green projects. The measure stimulates projects with a lower profitability than the market profitability. Profitability should however exist. The individual saving via an acknowledged Green fund enjoys an exemption of income tax in box 3 (1,2%) and receives an extra tax reduction on green capital of 1. The banks can as a result attract (green) money cheaper and give it with a lower interest rate to green projects. The average interest advantage for green project is 1 to 1,5%. Green projects are amongst others organic agricultural projects (also the ones started before 1 January 1995) and agrifacility projects.

The measure/scheme is continuously open for application and is regularly adapted. Categories organic agriculture have been present since the beginning of the scheme (1995). The scheme is not a subsidy, but a fiscal measure. One can apply for it if possessing a Green declaration. The interest rate is lower than the normal interest rate.

Use measure

No specific budget for the green measure has been defined, for it is not a subsidy.

Green investment 92	2001	2002	2003
Amount of applications	172	85	70
Amount of given Green declarations	162	88	69
Hectares	3325	2228	1108
Related project capital (million)	€ 77.9	€ 52.2	€ 36.4
Amount withdrawn Green declarations	5	23	3
Amount expired hectares	9	179	150
Expired project capital (million)	€ 1.6	€ 6.3	€ 1.0
Implementation costs	€ 54,635	€ 35,459	€ 26,127

Within the (policy document) period of 2001-2003, in total 327 applications for green investment have been submitted. The amounts of green declarations in the same period are 319. The amounts of hectares meeting the requirements of the green investment are 6661 hectares. The project capital needed for this is 166,5 million euro.

Uitvoeringskosten

Laser does the implementation and the evaluation/ judgement of the applications for the measure. The Green declaration is given on behalf of the minister of VROM and the State Secretary for Finance. The total implementation costs with LASER over the last three years are € 116.221.

In an earlier research⁹³ it is mentioned that for the government the economical profit (technological profit, social profit and environmental profit) is higher than the lost income. For the year 2001 the economical profit € 13 million and the lost tax income € 5 million.

Extra impulse for conversion

The measure 'green investment' is no reason for conversion. The banks also do not take the Green finances into account when examining the business plan. Farmers see the advantages of the measure as an extra support. The measure is less well-known with farmers because no promotion of the measure has occurred. The bank informs the client about the existence of the measure.

11.2.3 Conclusions

- The measures have not given an extra impulse to the conversion of farmers.
- The measures do contribute to a better profitability, by decreasing the costs. No difference exists, concerning the investment measures/ schemes, between conventional and organic.
- The Green measure/ scheme offers an added value and can be seen as an extra support for organic primary producers.

12 Labour measures

Implementation

- . Has research been done on labour pools?
- . Have organic farmers been able to use the labour pools? If not, why not?
- . Has the research paid enough attention to labour reduction in the business management?
- . Have labour reducing techniques been developed and are they available for entrepreneurs?

Effects

- . Main question: Have the measures directed to the improvement of the labour supply and on labour reduction lead to more conversion? Has the development of labour-reducing techniques led to improved business management for organic farmers?

12.1 Research labour pools

End 2000/ beginning 2001 an investigating conversation has been held with internal and external people on the experiences elsewhere with labour pools. During this investigation was concluded that for a good functioning of Labour pools several conditions should be met. An important condition is continuous availability of work also if it concerns specialist work. The risk will evolve , if condition not met, that the good employees of the Labour pool will be contracted and that less good employees are not used at all. As a result of not meeting these conditions the investigation stopped and the labour pools did never start.

Conclusion

Investigating research has taken place. The result showed that the concept labour pool was not viable. Moreover, it can be noted that the problem occurs less in economically bad times. With this conclusion, the efforts made for starting labour pools have ended. Organic farmers have therefore never been able to use labour pools.

12.2 Research labour reducing means/measures

In the policy document ‘ An organic market to conquer’ labour is discussed as a separate theme. In practice, this theme was part of one of the DLO research programmes. Research on labour reducing means/measures has been subdivided in that part.

The research programme 397-V Innovative weed control which runs from 2003-2005 contains research which is for 70% directed to reducing hand weeding in the organic agriculture. This programme generally gives results which will be implemented.

For reducing hand weeding results directed to BIOM are central. From 2003 onwards experiments have taken place on BIOM enterprises (or BIO producers in another, direct way involved in the research) and the results are regularly reported toward BIOM. For a description of the results of the first year and the way in which organic producers are involved see programme report.

Barrier for conversion?

Labour is still a very important costs factor for organic, especially with AGF and protected crop production. It can hamper the farmers to convert. A lot of producers do not want people working for them permanently. Labour is still only at the 9th place in the RSBP inquiry (15%) on the list with hesitations and is therefore no important factor in the decision for conversion

Conclusion

- Labour-reducing measures contribute to the reinforcement of the organic business management, but does not yet result in more conversion.

13 **Biologica**

☐ Has the fixed payment to Biologica been given?

☐ To which degree has Biologica with this money contributed to the objectives of the policy document:

- closing of the supply-chains?
- Increasing knowledge of primary producers on the organic production method?
- cooperation with the conventional sector?
- stimulating public and private initiatives?

☐ Has Biologica with the payment been able to make other contributions to the policy document (like public information provision and advising on legislation)? Biologica, earlier called Platform Biologica, is the policy- and promotion organization for organic agriculture and voiding. Biologica works on behalf of and in cooperation with organic farmers, traders, processors and specialists of the organic sector on increasing the public awareness and the marketing of the organic product.

Connected to/ member of Biologica are:

- Vakgroep Organic agriculture; in which organic farmers member of LTO-Nederland and the Federatie organic farmers (FBB) of Biologica are joined. The FBB is an cooperation between the Nederlandse Vereniging voor de Ekologische Landbouw (NVEL, Dutch association for the organic agriculture) and the Vereniging van Biologisch-Dynamische Boeren (VBDB, Association for bio dynamic farmers);
- Vereniging van Biologische Productie- en Handelsbedrijven (VBP, association of organic production and trade businesses);
- Vaksectie Winkeliers in Natuurvoeding en Reform (VWNR, the In wholefood and health food)
- Centraal Bureau Levensmiddelenhandel (CBL, central office food products)
- Vereniging voor biologisch-dynamische landbouw en voeding (BD-Vereniging, association for bio dynamic agriculture and food products).

Biologica has direct contacts with the different stakeholders of the organic supply-chain. The governing board of Biologica is build up from representatives of the joined associations.

Biologica looks after the direct and the indirect interests of the joined associations by giving information to consumers, providing information to the press, doing policy development and political lobbying. Besides that, Biologica coordinates the cooperation of 27 social organizations in the Appèl 'Groen Licht voor de biologische landbouw, 'green light for the organic agriculture' and a sector meeting, an open meeting of approximately forty organizations working in the organic sector. The governing board of Biologica itself has supported and advised by these organizations.

13.1 Effectiveness contribution LNV

The contribution of LNV to the activities of Biologica has since 2001 been constant and was maximum € 408.402 per year. Besides that an additional financing was given for

research coordination ad € 51.422 and Biologica also joined different project via which it received money of LNV, like the co-innovation projects, an demonstration project or an research project 'Crop protection organic fruit production'. In this chapter only the fixed project contribution of LNV will be discussed.

13.1.1 Activities with LNV support

Every year together with LNV it is decided which projects and activities will receive the available labour days. The LNV contribution accounts for approximately 50% of the activities of Biologica. In the following table an overview is given of those activities which have been financed with the fixed contribution of LNV. The majority of these activities has a duration of more years.

Contribution LNV (x Euro 1000)	2001 real	2002 real	2003 Estimate	2004 Estimate	Total 2001 2004
Policy support and harmonization	187	245	256	281	969
Task force	29	65	84	76	254
Policy harmonization (external en internal), incl FOAM	53	51	31	25	160
legislation(including innovative function)	34	54	69	63	221
Specific activities					
gentechonology	26	33	24	51	133
ANNA/nature project		12	9	6	27
Rules organic tree production			9		9
Crop protection		6	12	13	31
Advising specific subjects [later	45	24	12	13	93
food safety (monitoring, risk analysis)]					
biobank (manure data bank)			6	9	15
Organic farm inputs				25	25
Information centre	69	31	24	25	150
Consumer' research		6			6
EKO monitor	69	25	24	25	144
Extension	105	118	108	84	415
Providing information to the press (fact sheets)	45	39	21	13	118
website		27	27	15	69
Public fairs (technical support)	25	16	24	19	83
open days organic farmer	36	36	36	38	145
Congresses and meetings (relation management)					
Participation/ organization congresses, meetings	51	14	21	19	105
Total	413	408	409	409	1.639
Research coordination	51	51	51	42	196
LNV project payment	408	408	408	408	1.634
Additional financing research coordination	51	51	51	51	206
Total LNV contribution	460	460	460	460	1.839

The activities *not* financed with the fixed contribution of LNV concern two categories:

1. Different projects, for example:

- Guarantee gentech-free status of organic production supply-chain
- demonstration project organic pig production
- management of grass/clover on organic animal husbandry enterprises.

2. Publications: particularly 'Smaakmakend' and EKO-guide.

Explanation on the activities implemented with the LNV contribution.

Below, first a short explanation is given on the activities, then, in the next paragraph, the activities will be evaluated on their contribution to the policy objectives.

Policy support and harmonization

Task Force

Biologica is member of the Task Force MBL on behalf of the organic sector (both producers, manufacturers, trade and specialists). Its most important role is the introduction of knowledge on issues in the organic sector.

Policy harmonization and legislation

Biologica is closely involved in the advising and development of rules and norms for the organic agriculture. In order to develop new legislation Biologica takes part on the Advisory group Legislation Organic Agriculture of the ministry of LNV. Biologica joins the opinions of the organic sector by consulting their supporters.

IFOAM

Since 1999 Biologica is the Dutch representative of the IFOAM-EU group, the European department of IFOAM (International Federation of Organic Agricultural Movements).

Specific projects

Mainly on a request of LNV, Biologica took part in the different projects:

- Gentech. Biologica coordinated initiatives for keeping the organic sector gentech free. It does this by political debating, giving information to the sector and consumers and meetings with SKAL and international stakeholders, like IFOAM.
- Nature project. Stimulate increasing the green aspects of the EU agricultural subsidies. Development of an EKO-nature monitor.
- Organic tree production.
- Crop protection. This concerns the evaluation/ judging of proposals in this area and participation in the project GENOEG.
- Advising on specific subjects, like food safety. Participation on projects related to specific subjects.
- Project organic resources (manure databank). Development of an Biobank (interactive website) and promotion of the use of organic resources.
- Organic farm inputs. Biologica works actively in the definition and monitoring of the new European rules for the use of organic farm inputs. Besides that it participates in research related to farm inputs.

Information-and knowledge centre

Biologica provides – besides information to the direct supporters – information to conventional trade orienting itself on organic products, conventional farmers interested in conversion, social organization, consumers, policy makers, media and others. This happens via the website, publications, telephone or via the mail. Besides this Biologica takes care of the publication and dissemination of the EKO-monitor and of quarterly editions.

Providing information to the press, fact sheets, website

Biologica uses people from the scientific area related to environment, food products and control for exchanging information when issues from the organic agriculture are discussed in the media.

Public fairs

Biologica participates in public fairs in order to realize easy available information and promotion.

Open days organic farmer

Biologica organizes yearly the national Open Days with the organic farmers. These are opportunities for the consumer to easily get into contact with organic agriculture.

Participation/ organization congresses and meetings

Biologica supports the organization of congresses and meetings by another office⁹⁴ of the yearly EKO congress. Besides that does Biologica participate regularly to congresses on subjects related to sustainable and more natural agriculture.

Research coordination

In order to improve the interaction between existing knowledge within the sector and researchers of the knowledge institutes oriented to organic agriculture, a coordinator has been appointed since 2000, partly working for the coordinating group organic farming of the Wageningen University and Research Centre (WUR) and partly for Biologica. This coordinator is also secretary of the Advisory commission Knowledge (commission Beckers).

13.1.2 Contribution to LNV objectives

It is investigated to which degree Biologica via her by LNV financed activities has contributed to:

- transparency and closing of the supply-chain (via advising on legislation);
- increase of knowledge of primary producers on the organic production methods;
- cooperation with the conventional sector;
- stimulate public and private initiatives;
- public information provision.

In order to get an overview of the role of Biologica this matter has been discussed in many interviews with directly involved people but also with more independent key players and ‘customers’ (primary producers and supply-chain stakeholders).

Evaluation contribution to LNV objectives

Almost all activities, supported by LNV have contributed to one of the in the policy document mentioned objectives. The most important contribution, qua effectiveness and qua size in terms of used capacity, are providing information to public and giving advice on legislation. The by LNV supported activities have contributed relatively little to cooperation with the conventional sector or to the stimulation of public and private initiatives. Below, the role of Biologica in the different activities supported by LNV will be discussed.

General

Although that Biologica represents a few market players and therefore could be seen as a branch organization Biologica has had an important advising and coordinating function for the activities supported by LNV. Biologica has, according to involved people a reasonable independent position in an otherwise fragmented field. This allows Biologica to let the general interest prevail over the interest of the individual supporters. Besides that it has a key role if information, communication and specific knowledge on the organic sector concerns. The market players talk with a lot of respect on its role.

Biologica is associated a lot with the more traditional organic sector and more specific with the primary sector. Although for example CBL is a formal member of the governing board, no interpretation is given to this in practice. Biologica has the image to represent especially the organic farmers, although formally they represent the whole supply-chain. Direct involved people tell that this has actually changed over the last years and that more attention is being paid to trade and the wholefood shops.

Task Force

According to key players Biologica has had a useful function within the Task Force. Although scepticism occurred in the beginning of Biologica, the cooperation has improved along the time. Biologica represented as the only one the wholefood channel. Besides that the substantial input of Biologica is appreciated by the different stakeholders. Some say that Biologica is seen as a representative of the social organizations. They experience the input from that role as less effective.

Policy harmonization, legislation and specific projects.

Biologica has a key role within the organic sector when concerning policy harmonization and advising on legislation, both national as international (via IFOAM). An example is the nitrite/ nitrate issue, in which Biologica played a strong role. Thanks to the external research and a good accompaniment of the process all the noses within the sector moved to one direction from farmer, trade, specialists up to Dumeco and Albert Heijn. Without accompaniment of the process by Biologica it would have been a lot more complicated.

The contribution to transparency and the closing of the supply-chain is formed by amongst others the gentech project. Biologica has had a pulling-role in this. Gentech is a difficult issue within the sector. Directly involved people tell that the accompaniment role of Biologica is very useful, although the topic is many times approached from the farmers' point of view. With the other project Biologica puts her expertise in. She functions as a knowledge and information source and a contact point on behalf of the sector, and is accepted fully in this role.

With all these activities Biologica contributes mainly to the transparency of the supply-chain.

Extension

Besides advising on legislation Biologica also has a key role in extension on the organic sector. The website is visited many times (500 hits per day), the Open Days with the organic farmer attract yearly 70.000 people and is a big success. Both the press and others see Biologica as the first source of information if related to organic issues. Active, wide PR has up to now been an under focused area, both with the Task Force as by Biologica. Some key players say that more attention is needed for this.

Congresses

The yearly EKO congress to which Biologica contributes, has had its own function, but needs to change according to key players.

Research coordination

Biologica has contributed indirectly to the increase of the knowledge of primary producers by its input related to the coordination of the research, coupled to the activities of the commission Beckers. Also these activities are appreciated by people involved. As seems from the chapter on research, research (coordination) is too much focused on the primary sector. A more supply-chain directed approach is desired.

In the table on the next page an indication is given of the contribution of the by LNV financed activities to the objectives mentioned above (D= direct contribution, I= indirect, creating preconditions, contribution).

Contribution activities by LNV supported to: LNV objectives	Transparency and closing of the supply- chain	Increasing knowledge primary producers	Cooperation conventional	Stimulate public and private initiatives	Giving information to the public	Total contribution LNV2001- 2004 (x E 1000)
Policy support and harmonization	D	I	I	I		969
Task force				I		254
Policy harmonization (external and internal), incl FOAM	D	I	I			160
Legislation (including innovation function)	D					221
Specific activities						
Gentechnology	D		I			133
ANNA/nature project				I		27
Rules organic tree production	D					9
Crop protection	D	I	I			31
Advising specific subjects [later	D	I				93
Food safety (monitoring, risk analysis)]						
Biobank (manure databank)	D	I		I		15
Organic farm inputs	D					25
Information centre					D	150
Consumers' research					D	6
EKO monitor					D	144
Extension					D	415

(Press)extension (fact sheets)					D	118
Website					D	69
Public fairs (technical support)					D	83
Open days organic farmer					D	145
Congresses and meetings (relation management)						
Participation/organization congresses, meetings						105
Total	D	I	I	I	D	1.639
Research coordination		I				196

13.1.3 Conclusion

The general conclusion of the researcher is that the , relatively modest means (compared to the total contribution of LNV for organic agriculture) of € 1,8 million for 4 years, used by LNV for activities of Biologica, is used effectively and efficient concerning the objectives of the policy document. When compared with other cost-benefit comparisons of other instrument this shows well. The output could not have been achieved in another way.

The most effective, by the LNV supported, activities of Biologica given the objectives of LNV are the parts policy support and harmonization, giving information and research coordination. The other activities (information centre and congresses) are very useful but less relevant when looking at the policy objectives.

13.2 Results of adaptation payment

Effects

What are the results of the removal of the yearly fixed contribution of LNV to Biologica for the objectives of the policy document (ex ante)?

Which measures will Biologica take when they do not receive the payment anymore for:

- efficiency?
- other finance resources?
- task interpretation?
- transfer of tasks to other organizations?

What is the effect of this on the objectives of the policy document and the organization of visions and points of view of the organic sector (for example legislation)?

Analysis of the actual income

In the next table an overview is given of the different expenses and income sources of Biologica⁹⁵. The following comes forward:

- Biologica is in 2004 for 60% dependent of the fixed contribution of LNV (including the research coordination). This is therefore a considerable percentage.
- Approximately 20% of the net income is from members and donations.
- Finally approximately 20% of the net income is generated by the projects (only own person input), especially 'Adopteer een kip' (adopt a chicken) (9%) and publications (Smaakmakend (8%). A considerable part of these project receive also indirectly a financial contribution from LNV, the most via Laser and a few projects via the Task Force (supply-chain manager).
- In total 12.6 fte work for Biologica.

Budget Biologica 2004 (x Euro 1000)	EXPENDITURE	INCOME	NET RESULT	% OF NET INCOME
Labour and other costs	760	0	-760	
Donations and contributions	8	609	601	79%
Donors and fund raising	8	47	39	5%
LNV contribution general		408	408	54%

LNV research coordination		42	42	5%
Contribution members (LTO, organic farmers, VBP, VWNR)		112	112	15%
Projects	573	671	98	13%
Publications	224	283	60	8%
Other	10	12	2	0%
TOTAL	1575	1575	0	100%

Possible measures for removal of the fixed payment.

Different possibilities for managing exclusion of the fixed payment have been investigated.

1. Transfer of activities to other organizations

The position, structure and knowledge of issues of Biologica do not facilitate transferring activities to other organizations.

2. Only implementing projects which are financially supported.

Limiting activities to those for which separate project payment is received is an option (not thinking about whether it is desired). This would mean that all activities for which no separate contribution can be received will be transferred or stopped. The activities, for which project contribution of LNV is received, will have to be done more project related and formal. Now the input of available capacity can be shifted sometimes, depending on the priorities at the moment. With project related payment the project will be directed by the available capacity and budget.

This has advantages for the transparency. A disadvantage is the loss of flexibility. When suddenly a current issue occurs, no capacity will be available. Less flexible use of the input for existing projects (like the Task Force) will happen.

3. Generating other sources of income.

Different possibilities exist for the creation of other sources of income. A first possibility is to adapt the organization form to a contribution from a good cause association, like the PostcodeLoterij (lottery). For this to happen, Biologica needs to receive the 'article 24 status' and needs to become a so-called good cause association. The actual contribution from the corporations prevents this. At the moment this possibility is investigated by the governing board.

A second possibility is making effort for increasing the contribution from the sector itself (at the moment 20% of the income). This is however a limited perspective. The organic sector still has a limited size which makes that giving financial support of an own branch organization of a kind of productschap at the moment is not yet feasible. The sector will have to grow considerably to make this feasible. The majority of the members/ organizations are impecunious.

As a third possibility is making efforts for increasing the amount of members and (indirect) donations. 'Adopt a chicken' shows that this is possible. Also this possibility is investigated by Biologica.

Finally, profitable activities like for example 'Smaakmakend' can be expanded.

The conclusion is that possibilities exist for extending the actual income with other income, but these will not be sufficient for substituting the actual LNV contribution.

Besides that time is needed for developing these possibilities. Biologica thinks it important to be less financially dependent of LNV and has started generating extra income (like 'adopt a chicken' and 'Smaakmakend') over the last years.

4. Efficiency measures

Other efficiency measures are not that obvious. The budget, with the labour costs and other costs of Biologica has a sober character.

Results removing fixed payment

Three scenarios are possible for the way in which Biologica is supported by LNV.

1. Maintain the actual situation.

This means that every year a fixed contribution is given to Biologica including clear agreements on the way in which the available hours are used. The advantage is a certain stability. Besides that it makes that the available capacity be used flexible over the year, depending on specific demands at different moments. The disadvantage is that fixed subsidies do not fit well in the actual policy.

2. Removing the fixed contribution and change to support on project basis.

The advantage is that every year again explicit attention is paid to the need from the policy and the role which Biologica can play in this. The disadvantage is that less flexibility exists related to the input of capacity, because of its project related nature. Biologica will have to pay more attention to the still available capacity for a certain activity instead of harmonizing the overall input with the priorities of the moment. A second disadvantage is that more time needs to be invested in writing project proposals and more time is needed for the monitoring. A last disadvantage is that every year uncertainty will exist on the availability of means.

3. No contribution of LNV.

When the fixed payment is removed half of the actual activities of Biologica will disappear. As mentioned in paragraph 13.1 this concerns for a great part activities related to policy advising and policy harmonization: the advising and developing of rules and norms for organic agriculture. These are activities in which the 'customer' in fact is the ministry of LNV itself. From conversations with people involved it seems that no direct alternative opportunities exist for this.

Biologica is recognized and appreciated a lot by her supporters for her central coordination and mouthpiece function. The disappearing of these activities will mean that the central contact point for policy related issues in the organic sector will disappear, and thereby the function of Biologica as a knowledge source and aanjager of the policy. This would mean that the ministry would have to start organizing the communication with a large amount of stakeholders, member of Biologica, herself; resulting in a loss of a part of the infrastructure in the area of development of vision, knowledge and expertise.

A second result of removing the payment is that part of the extensions and promotion role in relation to the organic sector will be lost. This influences directly the objectives of the policy document.

Conclusion: the complete removal of the payment for Biologica will have a strongly hampering effect on the achieving the objectives of the organic agricultural policy. Besides that such a big change is not desirable from a decent management point of view. This option is therefore not desirable.

13.2.1 Recommendation

On the basis of the contribution of Biologica in the finished policy period and on the basis of the considerations above it recommended for the coming policy period to:

- continue with the buying of services and support of activities of Biologica;
- to replace the fixed contribution (at the moment € 408.000) the coming years by programme financing;
- to define the programmes (for example policy advising, legislation, extension and information provision) in such a way that flexibility and thereby effectiveness of the input can be conserved and that it will not result in pressure on the efficiency;
- to make every year clear agreements on sub-project within programmes;
- to make clear agreements on the services (for example policy support) which LNV buys in the coming years from Biologica and on the desired role of Biologica;
- to stimulate Biologica to generate their own income.
- to evaluate yearly the programmes and to adapt them when needed.