EV5V-CT92-0162/PECO

INCENTIVES AND OBSTACLES TO THE IMPLEMENTATION OF MORE SUSTAINABLE METHODS IN AGRICULTURE
ESTONIA, LATVIA AND LITHUANIA

SUMMARY FINAL REPORT

(1997)

Key words : regulation; implementation; attitudes; extension; study groups;

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I. OBJECTIVES

As a sub-project to contract no. EV5V CT92-0162 this Baltic proposal has aimed at almost the same goals as the main project:

- to investigate the problems of implementing more sustainable methods in agriculture
- to analyse the attitudes among farmers towards farming in an environmental friendly way
- to analyse the role of the advisory system
- to describe the development of organic farming.

Additionally the sub-project also took into account the possibilities of promoting a sustainable farming in the light of the special problems related to transition from collective farming to private farming, the whole political situation where new agricultural policies have to be formulated, and the poor economic condition of the countries.

II. METHODOLOGY

Part 1:
A description and analysis of national agri-environmental policy-making and the institutional structures for implementation. This work is based on official reports, parliamentary debates, scientific reports, and interviews with leading officials and politicians.

Part 2:
A questionnaire has been send to around 500 farmers in each of the three countries. The objective has been to analyse farmers' environmental attitudes and behaviour.

Part 3:
An analysis of the functioning of the agricultural advising system in the three countries. In Latvia combined with a questionnaire send to all 252 advisers all over the country with the objective of giving a profile of advisers' background, attitudes, work problems, relation to farmers etc.

Part 4:
A description of the actual situation for organic and biodynamic farming in Estonia and Latvia based on interviews and existing reports and statistics.

To some extent the research groups in the three countries will take active part in developing structures to promote knowledge of sustainability, for instance by establishing focus groups/ODBs. The essence of an Organisation Development Bee is bringing 10 to 50 farmers together in 3 to 6 days enabling them to exchange experiences and ideas. The goal of an ODB is to promote self-regulative innovation, transformation and development in new directions. Advisers and government employees will be involved with the purpose of integrating advisory and state levels in order to spread knowledge and promote future cooperation with local level.

III. MAIN RESULTS

The project has delivered both basic, strategic and applicable research meant for adjustments in policies, implementation and farming practices. But perhaps the most important long-term result of this project is its contribution to putting agri-environment and the role of agricultural advisory system on national research agendas. Furthermore, this project has contributed to the integration of the Baltic researchers in the West European research community. More of them are now engaged in both Nordic and EU research programmes and are working for the World Bank and the PHARE representations.

A. Estonia

In the Baltic countries sustainable agriculture policy emerges in the context of transition from centralised, state-planned economy to capitalist production system, simultaneously with privatisation, sectoral transformations, and development of new agricultural institutions. This may turn into an 'advantage of backwardness' allowing to avoid the socially and environmentally unfavourable agricultural development resulting from high-intensive farming practices. Sustainable agriculture policy emerges in a context of post-socialist low-input/low-output agriculture

characterised by production decline and some environmental improvement. This is the difference of the current generating pattern of the sustainability policy in the Baltic from the pattern in the Western countries.

International co-operation, with support from the Nordic, EU and the World Bank, is an important stimulating factor in the development of sustainable agriculture policies and methods.

Analysis of the institutional structure of agricultural sector allowed to draw several conclusions:

- the environmental protection obligations are accepted at the state / political level;
- there is a relatively well-developed institutional framework for developing agricultural and environmental policies at national, district, and local municipality levels;
- attitudes towards environmental protection and more sustainable farming methods among advisers and farmers are positive.

Agricultural advisory system in Estonia

Soft support services, i.e. agricultural research, education and extension, were in the Soviet-period designed in accordance with the mono-structered agriculture. After the economic and rural transition, this soft support services did not respond to the new trends of development and the needs of (rural) society.

The agricultural sector is lacking information as an important resource for production. From one side, people and interest groups do not have traditions, experience and possibilities to express their needs and interest in a proper way. Traditional ways and mechanisms used in democratic societies do not work in this situation. Long term stability and support is needed for developing these mechanisms. From another side, income level for agricultural sector is too low to initiate and support sufficiently secondary support services.

Advisory and development activities in the rural areas are generally underdeveloped. There is a lack of co-ordination and co-operation among the institutions already involved in advisory work or being responsible for the development of advisory activities. The purchasing power of the clients of advisory services is low. At the same time there is a lack of financing for public institutions. This is an important obstacle in the implementation of more sustainable methods in agriculture through advisory activities.

The most active role in the development of advisory activities have been advisers as mediators of information. Different producers' organisations and producers of information (including different state institutions) have had a less important role. These two parts should be more activate. The principle of "Consumer Pays" is the basis towards sustainability for advisory systems from the point of view of an adviser. The principle "All for the Benefit of the Client" is the basis of sustainability for interest groups from the point of view of a consumer of advisory service. Partnership between adviser and consumer is the basis for economic and social sustainability for the advisory system. To meet the needs of the present, and the essential needs of the poor rural area in particular, the research community must turn its interest towards developing economic, technological and social solutions.

B. Latvia

Farmers' attitudes towards sustainable agriculture in Latvia

Surveys affirmed that farms in Latvia are not merely economic enterprises. Nature and environmental protection are important farming values.

The growing number of predominantly small-scale and non-specialised farms epitomises the new type of fragmented economic and ecological relations in the Latvian countryside. As a result the total agricultural production in Latvia in 1996 has decreased by half comparing with 1989 and agriculture's pressure on environment has diminished.

Currently a majority of farms in Latvia are to great extent involved in food self-supply. According to the surveys the average market share of farm production was 55%, while the rest was going for family-consumption. This testifies to the low productivity, non-intensive land use, and indirectly - ecological safety of the current petty-production farm system.

The Latvian survey showed that farmers were informed about the environmental regulations in agriculture and environmentally friendly methods. More educated, specialised and economically strong farmers were better informed than others, and they were as well more active clients of agricultural advisory service.

The surveys showed that Latvian farmers in general hold positive attitudes towards the nature and considered that farmer must rather adapt to the nature than subjugate it. However, farmers considered that environment protection must be balanced with economic activity.

Farmers current relations with environment can be characterised as 'soft and friendly' both in terms of attitudes and behaviour. On the other hand, it illustrates an active search for farm specialisation. Concerning the future, a majority of questioned farmers said they wanted to increase the volume of production and specialise.

Agricultural advisory system in Latvia

The project has enabled a three-year sociological study of development of the agricultural advisory system in Latvia. Latvian participants conducted two farmer surveys, a questionnaire for advisers, and numerous interviews with Latvian advisory service managers and EU experts in Latvia. The research coincided in time with the crucial period in formation of the advisory system in Latvia. This allowed to investigate the institutional development, diversification of advisory tools, recruitment and training of advisory personnel, farmers' use and evaluation of consultations.

The Latvian Agricultural Advisory System (LAAS) has been formed as an influential institution in the agricultural sector. It is characterised by:
- an optimal institutional structure which covers the whole of the country;
- a qualified advisory personnel;
- a high trust rating among farmers;
- an acquired group of clients.

The three level (centre - districts - communities) structure of the LAAS with significant central impact (Ministry of Agriculture) and state funding is one of the most successful models of the advisory services in the post-communist East European countries. It allows for the LAAS to be a flexible instrument of the market oriented reform policy and at the same time taking farmer's interests into account.

According to survey findings about half of farmers actually use the services of the LAAS. Economically strong farmers, owners of big farmlands and those with specialised production are more active in using services of the LAAS.

In comparison with other agricultural organisations, institutions, farmers organisations and political parties, LAAS is the most trusted organisation among Latvian farmers which suggests that LAAS could be used as an efficient agri-policy institution.

In the advisory system the model of supply and demand of consultations is in the process of formation. It means that farmers rationally evaluate their knowledge, they understand the significance of efficient advisory services, are interested in receiving such services and pay for them. Advisers on their side have an adequate insight in the farmer's needs, and their qualification is sufficient to satisfy the current requirements.

LAAS has the decisive role in the introduction of the concept of sustainable agriculture and environmentally friendly farming practices in Latvia.

Financial and technical support of international organisations (EU PHARE, bilateral and multilateral Latvian - Nordic co-operation projects) has been essential to the development of advisory service.

The study of the Latvian agricultural advisory system epitomises that there are successfully developing institutions in Latvian agriculture which rapidly achieve a certain degree of efficiency. This conclusion challenges the wide-spread view in the literature on Eastern Europe conception that distrust, poor performance, and low efficiency are predetermined traits of the new institutions in post-socialist societies. The research showed several important stages in development of new agricultural institutions: optimal institutional set-up, participation and involvement of new farmers in the new institutions, acceptance and support of institutional goals by the involved farmers in order to make their interactions congruent.

Organic farming in Latvia

Organic farming as sustainable agricultural practice offers the most radical solution of environmental problems in agriculture by demanding rather strict obedience to technological requirements. It is therefore acceptable only to a relatively small part of farmers, those who are mostly concerned about environmental problems. Today there are only about 200 organic farms in Latvia.

Organic farmers are very active in forming voluntary organisations. These organisations - Latvia Society for Biological Agriculture, Latvian Department of the OCIA, Latvia Association of Organisations of Biological Agriculture - help to solve their problems. In general their activities are oriented to the organising of training courses for farmers in organic farming, establishing contacts with international organisations of organic farmers etc. Some of them have made successful efforts in organisation of selling and processing of products.

State support for the development of organic farming in Latvia is insufficient. The basic legislation concerning issues of organic farming is still in the process of preparation. The main activities to support farmers' organisations, to popularise ideas of organic farming come from the Ministry of Environment and Regional Development.

The support for organic farming from the research and educational institutions is based on enthusiasm of individuals. Only the Latvia Agricultural Advisory Services has a net of advisers-co-ordinators all over the country who are able to give advice in the issues of environmental protection and organic farming.

Farmers' attitudes towards organic farming in Latvia in general are positive, but due to poor financial conditions they are unable to start conversion. Many farmers do not have sufficient knowledge about the technologies of organic farming.

Organic farmers have serious problems in marketing their products. Farmers do not have experience in marketing. On the other hand, the purchasing capacity of Latvia's population today is extremely low. Similar is the situation with processing of biological products -- the amounts of these products are too small to organise separate processing and often they are lost in the general stream of food processing industry. Introduction of the label 'Latvia ecoproduct' will help to solve these problems.

Wider spreading of organic farming practices in Latvia could be beneficial for the further advancement of the agricultural sector and rural development in general: it could produce high quality ecological products, maintain traditional rural life-style and landscape, and provide conditions for development of ecotourism in Latvia.

C. Lithuania

Institutional framework

At present the legal basis regulating environmental protection issues in agriculture is incomplete.
The control system is not sufficient to guarantee the needed control level, there is not enough modern equipment, neither environmental protection specialists. The specialists engaged in environmental protection as well as agricultural specialists do not have enough knowledge about the impact of agriculture on environmental protection and sustainable methods in agriculture. They lack experience and skills in assessing and controlling the present situation in agriculture.

For solving the environmental issues in agriculture, the activities of the Ministry of Agriculture and Ministry of Environmental Protection are not enough coordinated. At present there is only one person responsible for environmental protection at the Ministry of Agriculture.

Farmers' attitudes

Spreading of sustainable agriculture is hindered by farmers' attitudes. A major part of farmers thought that agriculture in Lithuania does no harm to nature, and if it does have a negative impact, that impact is rather insignificant. An opinion is popular among farmers that even intensive farming, if well managed, would have only a positive impact on nature - it improves soil quality, stops spreading of weeds, etc. An absolute majority of the Lithuanian farmers said that the utilization of chemicals in Lithuanian agriculture was not sufficient.

The Lithuanian farmers are oriented towards intensive agriculture. This orientation is determined by economic conditions, promoting the increase of production amounts without regard to production quality. This is influenced by

farming practices traditional to Lithuania and lack of information about rational, sustainable agriculture. In addition, extension institutions primarily promote the technologies of intensive farming. It is also important that strong and educated farmers, who are taken as examples by ordinary farmers, are trying to do the farming as intensively as they can.
The higher the farmer's education, the more experienced he is likely to be in agriculture, the more interested he is likely to be in new farming ideas (that kind of information is easily accessible in Lithuania) and the more likely he will seek to farm intensively. This is understandable as more intensive farming practices tend to increase a farmer's material welfare.

Farmers are not well enough motivated to study or to obtain new information. They tend to rely on their personal experience and are not willing to change or improve their farming practices. Farmers are not well enough informed about advisory institutions and their services.

Agricultural advisory system
There is an insufficient number of specialists able to provide consultations on new topics that are very important for the transition period to market economy (business planning, farming financial assessment, marketing, enterprise management, etc.). The majority of advisory services do not provide much information about environmental protection issues, as information is not in a big demand among farmers, and the consultants are not enough experienced in this sphere.

The latest information on state-of-the-art agricultural technologies is not easily accessible. This is due to the fact that the access to information sources is not yet well developed in Lithuania. In addition, the Lithuanian specialists are often unable to utilize the information that is available, as they do not know foreign languages.

The Institutional and Legal Framework for Environmental Policy in the Agricultural Sector :

Investment in environmental friendly production should be supported. National plans for sustainable agriculture should be worked out in co-operation with concerned Ministries, Non-Governmental Organisations, agricultural research institutes and the Agricultural Universities. Non-Governmental Organisations should be involved in the process of implementing and developing sustainable agricultural methods. More attention should be paid towards environmental issues and sustainable agriculture in agricultural professional schools and at the academic level. Interdepartmental co-operation especially at regional level must be considerably improved.

The Role of Agricultural Advisory Systems

The following initiatives are required :

- initiate and support the development of social structures, co-operation and self-help for rural people in order to give them advice, information and knowledge that they need.

- initiate and support the institutional development of different advisory systems in order to retain socio-diversity and development of society.

- support development of partnership relations between different interest groups and advisory institutions in order to find solutions for problems.

- initiate and finance information campaigns in order to inform different interest groups concerning important and forthcoming changes and innovations.

- initiate and finance research and development programs in order to find and spread new and sustainable solutions. This would help the rural society to cope with problems of production, technology, environment and social matters.

- support and develop co-operation between interest groups, advisory systems and research community.

- support reforms and institutional innovations towards sustainability through training possibilities.

- Adopt legislation on certification, on production, processing and sale of organic products.
- Support the development of organic advisory systems, inspection and certification systems.

- Support the development of marketing ecological agricultural products.

- Support and work out national environmental and agricultural policies including ecological farming.
- Support and work out a national ecological development plans.
- Support research and education.