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## Chapter 5. Multifunctionality in European agriculture

**Karlheinz Knickel, Henk Renting and Jan  
Douwe van der Ploeg**

In: Brouwer, F. (ed) (2004) *Sustaining Agriculture and the Rural Economy*. Series Advances in Ecological Economics, Cheltenham / Northampton: Edward Elgar, pp. 81-103

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### INTRODUCTION

The countrysides of Europe and the diversity and richness of their agricultural systems represent an undeniable social, cultural, ecological and economic patrimony for European society as a whole. Van Depoele (2000) refers to 'the unity between society, landscape and agriculture which has become an important tool, rather than a new normative framework, for agriculture and rural policies in the future'.

The European Model of Agriculture (EMA) is inextricably related with the diversity of countrysides and rural life. It is an important asset, which was described by the European Commission (2003) as:

- a modern and competitive farming sector, capable of occupying a leading position on the world market, while safeguarding domestic producers' living standards and income;
- a sustainable, efficient farming sector that uses hygienic, environmentally friendly production methods and gives consumers the quality products they desire; and
- a farming sector that serves rural communities, reflecting their rich tradition and diversity, and whose role is not only to produce food but also to guarantee the survival of the countryside as a place to live and work, and as an environment in itself.

Many people value agricultural land and the countryside as open space. In a more modern language, rural and environmental amenities are provided by

agriculture. Agriculture also contributes to the maintenance of our cultural heritage and the economic viability of rural communities. And, in spite of the surpluses on most agricultural markets, the internationalisation of food chains and the fact that food security is not really an issue in Europe, local agriculture also contributes to more localised food supply systems considered important by many people, both urban and rural.

In this chapter a definition of the multifunctionality of agriculture is adopted that relates to new farm-related activities and new markets. The activities are interpreted as an expression of new relations between agriculture and society, city and countryside. By mobilising new revenues and finding new forms of cost reduction, the activities represent new answers to the price-squeeze. The activities presented are farm-based and farming-related but they go far beyond primary agricultural production. The definition of the multifunctionality of agriculture used here builds upon grassroots experiences and it takes into account that the term concerns farming, land use and rural space as a whole. The emergence of new countrysides is in this respect inextricably linked with an increasing importance of new multifunctional enterprises and networks that link the rural with the urban. The data presented are the results of the IMPACT project, a large-scale European research programme with partner universities and research institutes from Germany, Ireland, Italy, the Netherlands, Spain, the United Kingdom and, in addition France, where data were collected by a sub-contractor.<sup>1</sup>

## CONCEPTUALISING MULTIFUNCTIONALITY: A PRAGMATIC APPROACH

### **New Farm-related Activities and Markets**

Until now the multifunctionality of agriculture has mainly been defined in either theoretical terms, i.e. in terms of rural space, functions and interrelations, or in political terms. The connections between the intrinsically theoretical concept with rural life and resource use, however, are not straightforward and most often they are not operationalised in ways that can be addressed through policy.

The more pragmatic approach adopted here, relates the multifunctionality of agriculture to (new) farm-related activities, (new) markets (private and public) and processes of change in activities and markets. The basic idea is that (most) functions can be expressed in terms of goods, services and markets. Agriculture is producing food, fibre and timber, as well as other benefits (or, non-commodity outputs) such as landscape and biodiversity. Particularly in more marginal farming areas and in areas with traditional farming systems agricultural land still provides important habitats for

wildlife. Some of the farm-related activities and markets are indeed new; others have been rediscovered or revived, sometimes building on the history of farming, regional strengths, cultures and traditions. Others again are building on 'new' (or rediscovered) societal demands. In the context of this chapter, the term 'new' comprises these different expressions.

Not all multifunctional agricultural outputs, of course, can be expressed in terms of private markets because there is market failure (see for example Abler, 2001). Wherever that is the case, it must be asked where precisely there is a shortage of some of the desired outputs and what the best remedy could be. Options are market creation, voluntary provision, local provision and government policy, as is the case in agri-environmental programmes (see Romstad, Chapter 4 of this book).

### **Most Farms in Europe are Multifunctional**

Different perspectives can be adopted in the analysis of diversity of European agriculture. Some analyses focus on farm household characteristics like patterns of resource use, constraints and development potentials, whereas others address key features of farm businesses and of the type, scale and intensity of agricultural production. For a better understanding of multifunctionality in European agriculture it is necessary to take both perspectives into account.

Primary agricultural production is only one element in farm household activities and income generation. At the same time it is only a small proportion of all farm households that is characterised by a monofunctional pattern of resource use and income generation. Data from various European research programmes indicate that 50–60 per cent of farms are pluriactive, i.e. combining different economic (and non-economic) activities and incomes (Bryden et al., 1994; European Commission, 1993; van der Ploeg et al., 2002). In some, often more marginal farming areas the proportion of pluriactive farm households can be as high as 80 to 90 per cent.

Particularly in pluriactive farm households this implies that in decision-making and resource allocation the question of the interdependence of activities and of multifunctionality always is an important one (Bryden et al., 1994; Schmitt, 2000). While both perspectives, that of pluriactivity and that of multifunctionality in reality obviously are very closely correlated, they ought to be separated conceptually: pluriactivity relates to activities and their combination while multifunctionality relates to the range of functions that can be linked with rural space and agricultural activities.

Because a number of production systems normally are combined, farms most often are not monofunctional. This offers complementarity and synergy in using farm resources. Organic farming systems are totally dependent on well developed linkages between animal husbandry and crop production that

find their expression in fodder production, nutrient flows, the (re) cycling of organic matter, and the resulting benefits for soil fertility.

Table 5.1 *Farm-related activities and their function, market potential and policy dependence*

Activity	Function <sup>a</sup>	Market potential	Policy dependence
(Organic) food production	Production	++	++ <sup>b</sup>
Non-food fibre production		+++	+ <sup>b</sup>
Bioenergy	Energy	+++	+++ <sup>b</sup>
Quality and regional production	Supply (local, regional); cultural	++	+
Short chains, direct marketing	heritage	+	++ <sup>b</sup>
Management of the landscape	Landscape and open space; prevention of natural hazards; groundwater recharge; cultural heritage	++	++ <sup>b</sup>
Protection of biotopes and wildlife	Biodiversity	++	++ <sup>b</sup>
Agri-tourism	Leisure; cultural heritage	++	
New on-farm activities (care, etc.)	Services, supply	++	
Part-time farming	Rural economic viability	+	
All (economic) activities	Income and employment; rural economic viability; cultural heritage		

*Notes:*

<sup>a</sup> Defined in terms of commodity and non-commodity outputs.

<sup>b</sup> Mainly because of a lack of the internalisation of external costs of unsustainable resource use.

More industrialised farming systems, in contrast, are characterised by a higher degree of specialisation that is an expression of the fact that farm-level synergies and circuits are considered less important.

What, however, precisely characterises a multifunctional agriculture (MFA)? Table 5.1 indicates that in the more pragmatic approach adopted here, functions can be expressed in terms of 'new' societal demands, markets and activities. A comparison of the functions referred to in the table with a recent synthesis of the non-commodity outputs of agriculture given by Abler (2001) indicates that the seven positive non-commodity outputs identified in 17 different country reports can to a significant degree be expressed in terms of 'new' farm-related activities and their markets (public and private). The seven fields are (in order of importance): landscape and open space amenities (15 out of 17 country reports), enhancement of biodiversity (11), rural economic viability (11), prevention of natural hazards (e.g. flood prevention) (five), cultural heritage (four), enhanced food security (interpreted as local supply, short chains) (four) and groundwater recharge (three). The last two columns are an expression of new societal demands expressed in terms of market potential and the need for public markets (expressed in terms of policy dependence). The assumption is that there only is policy dependence (or a higher level of dependence) because we are in a situation of market imperfection (characterised by the lack of the internalisation of external costs

of an unsustainable resource use; the problem of the provision of public goods and of non-excludability, etc.). The final row in the table represents the fact that all (economic) activities at the same time and independent of their more precise functionality contribute to income and employment, rural economic viability and the maintenance of the cultural heritage, thus having important functions for rural areas.

### **Three Main Characteristics of the Different Activities**

The new agriculture-related activities are closely related to what we nowadays call MFA. Using this terminology the activities examined here are an expression of the multifunctional character of agriculture and of a sustainable and multisectoral development of rural areas. The large number of activities that can be seen in rural areas and that are related with farm households and farming activities have three main characteristics:

- The activities are an expression of new relations between agriculture and society, city and countryside; they constitute a response to new societal needs.
- By mobilising new revenues and finding new forms of organisation, co-operation and cost reduction, the activities represent new answers to the price-squeeze.
- The activities stand for a reconfiguration of farm resources and their relation with rural areas, food chains and the institutional environment.

The centrality of synergy to the activities and their combination at farm and at regional level is another important feature (Brunori and Rossi, 2000; Knickel and Renting, 2000). Whilst in the past a specialisation in agricultural production and a segregation of agriculture from other rural activities had been envisaged, an MFA is fundamentally different because mutual benefits and 'win-win situations' between different activities appear both strategic and desirable. Processing and direct marketing, for example, frequently leads to an engagement in quality production. Nature and landscape management again turns out to rather frequently trigger an engagement in direct marketing, on-farm processing or organic farming. Agri-tourism often follows an engagement in direct marketing, on-farm processing or organic farming. The different combinations are an expression of the construction of synergy at farm and/or at regional level (Oostindie et al., 2002).

As a whole, the wide range of activities that address different functions of rural space and different markets (private and public) stands for a realignment of agriculture with the rapidly changing and new societal needs and expectations. The changes are in this respect also an expression of the fact that the era when cities merely expected the surrounding countryside to supply them with low-priced food is over (Delors, 1994; European

Commission, 1996; Marsden et al., 1993; van Depoele, 1996; von Meyer, 1999).

## EMPIRICAL EVIDENCE OF THE IMPORTANCE OF MULTIFUNCTIONALITY IN EUROPEAN AGRICULTURE

### Database

The data presented subsequently describe the significance of 'new' farm-related activities in rural areas in seven EU member states (the Netherlands, Germany, Ireland, Italy, Spain, the UK and France). The data were compiled in the framework of the IMPACT project. Together these seven countries account for 76 per cent of all farm enterprises in the European Union (EU), as well as for 84 per cent of all agricultural land.

The methods applied comprise 31 case studies covering a wide range of 'new' farm-related activities, a complete overview and socio-economic assessment of these activities, a survey amongst approximately 3,250 professional farms and an analysis of the interrelations between policy and practices. The data given provide a quantitative picture of the importance of multifunctionality in European agriculture (numbers of farm households involved; additional value-added; additional employment created).

A major constraint has been that official agricultural statistical systems focus on the production function. Information is particularly scarce for farm households (resource use in non-agricultural fields, income composition, etc.). Major gaps remain in present agricultural statistical systems if the wider view is to be adopted that relies on the term multifunctionality. Particularly data on new on-farm activities and diversification are rather dispersed, often not really comparable. Also, there are many 'blind spots'. The data presented here thus ought to be considered as indicative.

### Importance of Different Fields of Activity

Table 5.2 gives an overview of the importance of different activities in various countries. The activities can be defined as follows:

- Organic farming. Farms registered and certified as organic under Regulation (EC) 2092/91, including farms in conversion.
- Quality production. Agricultural and food production (other than organic) where the specification of quality and/or its mode of production results in price premiums. Products registered and certified as Protected Designation of Origin (PDO), Protected Geographical Identification (PGI) or Traditional Speciality Guaranteed (TSG) under Regulation 2081/92 and Regulation 2082/92. Other sub-categories include farmhouse



food products (cheese, meat, yoghurt, ice cream, wine, fruit juice, cider, pickles/preserves, bakery products, beer), free range animal products. It also includes all forms of on-farm food processing, individual and cooperative structures.

- Short chains. All forms of self- or direct marketing to consumers operated by farmers (individually or in new cooperative marketing structures). Important forms are farm shops, farmers markets, box schemes, vegetable/meat packets, farm butcheries, pick your own, farm gate/roadside sales, home deliveries; consumer co-ops, sales to local shops or restaurants.
- Agro-tourism. On-farm and farmer-operated provision of accommodation and other services that are predominantly oriented at the tourist market. Important types are farmhouse bed and breakfast, guesthouses, farmhouse self-catering, farm-based camping and campsites, visitor farms/museums, farm-based leisure activities as far as oriented at tourist market.
- New on-farm activities. Farmer-operated or farm-based activities (industries, services) that are not related to food, agricultural production and tourism. Important forms are all sporting activities (not linked to tourism), equestrian activities (e.g. horse-breeding), hunting, fishing and related businesses, bike hiring and tours, trim trials, adventure sports, water sports, school farms, offering of workshops/courses, care farms, communal services and contract work, on-farm energy production, windmill farms, biogas, waste disposal, business spin-offs (e.g. food processing), haulage, non-food wholesale and retailing.
- Diversification. New forms of agricultural production that are oriented at non-food use. Typical sub-categories are energy crops, fibre crops, saffron and madder for dyeing, herbs for medicinal uses, agro-forestry (for wood and biomass production), horse breeding, rare cattle breeds, deer farming, new forms of water management (water storage etc.).
- Nature and environment management. All forms of payments for the integration of nature and landscape management measures in the management of farmland or the active management of nature and landscape outside the farm. Typically this includes payments for agri-environmental measures (e.g. payments for organic farming), nature and environment schemes at regional and local government level as well as private schemes, payments for free access of farm land, farm woodland scheme, landscape management contracts, geese tolerance areas, water protection schemes, historical cattle routes (transhumance).

Table 5.2 Importance of different activities in different countries in terms of number of farms involved (1998)

	EU-7		DE	ES	F	IRL	IT	NL	UK
	Total	% of total							
Organic farming	71 754	1.4	0.6	0.6	1.2	0.6	1.9	0.9	0.6
Quality production	595 696	11.4	7.5	18.5	26.8	0.1	6.2	2.8	1.4
Short chains	1 048 487	20.1	6.5	7.4	15.0	0.5	34.6	5.6	6.3
Agro-tourism	109 697	2.1	11.6	0.2	2.4	1.3	0.2	2.3	8.3
New on-farm activities	28 237	0.5	0.8	n.a	0.2	0.2	0.1	4.1	6.9
Diversification	166 372	3.2	3.9	3.2	5.4	11.2	1.2	10.9	4.6
Nature and landscape management	379 526	7.3	18.7	4.6	13.3	23.5	1.8	11.1	19.8

Source: IMPACT.

### Dimensions of the Multifunctionality of Farming

The multifunctionality of farming can be linked to the three sides that farming always entailed (Figure 5.1):

- The classical agricultural side, which relates to the production of commodities like milk, potatoes, etc.
- The rural side, which is the contribution to the maintenance of rural landscapes and the role in the local and regional economy and culture; farming constitutes an essential part of the social fabric of the countryside.
- The third relates to the mobilisation and use of resources such as knowledge, animals, plant material, capital, land, water, machines and trading channels.

Based on this basic definition of farming we interpret a move towards a more MFA as a combined process of broadening and deepening of typical farming activities. That is, agricultural activities are transformed, expanded and/or reconnected to other sectors (actors, agencies, markets) in order to deliver products that entail more value-added per unit precisely because they fit better with the demands in society at large. MFA in this respect is not just about 'new things'. It is also about historically rooted realities that are currently reappearing.

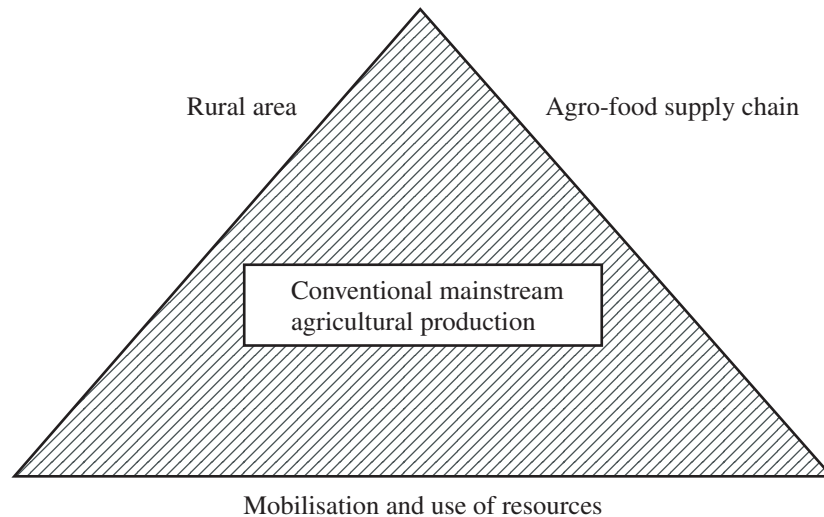


Figure 5.1 Dimensions of the multifunctionality of farming

Broadening and deepening can be understood in terms of a functional approach with agriculture as a central part of other functions that are sustained through a strategy. Taken together, deepening and broadening reshape the farm into a more complex rural enterprise engaged in the production of new products (e.g. bioenergy, biodiversity) and services (e.g. landscape, care). It is reconstituted into a multi-product firm, which is involved in more markets and especially in markets of a different type (some being global markets, others regional or local markets) (Scherer, 1975; Saccomandi, 1998) (Figure 5.2).

The creation of cohesion between activities, not only at farm level but also between different farms or farms and other rural activities is a crucial, strategic element in this reshaping process. Particularly important are the (potential) synergies between local and regional ecosystems, specific farm styles, specific goods and services, localised food chains and relevant social carriers and movements. Whilst the rationalisation of agricultural production has normally been linked with a segregation from other rural activities, in the new developments mutual benefits and 'win-win situations' between different activities appear both strategic and desirable (Saccomandi and van der Ploeg, 1995).

More specifically broadening and deepening entails the following:

- Deepening. Fields of activity such as organic farming, the production of high-quality products (including on-farm processing) and the creation of

new short linkages between production and consumption are typical expressions of deepening. The agro-food supply chain is organised in such a way that more value-added remains at the farm and in rural areas.

- Broadening. Characteristic examples are the management of nature and landscape, which – at least at regional if not at farm level – often is linked with agro-tourism, the development of new on-farm activities (such as care activities) and diversification (for example, the production of bioenergy). The examples show that broadening can follow very different trajectories.

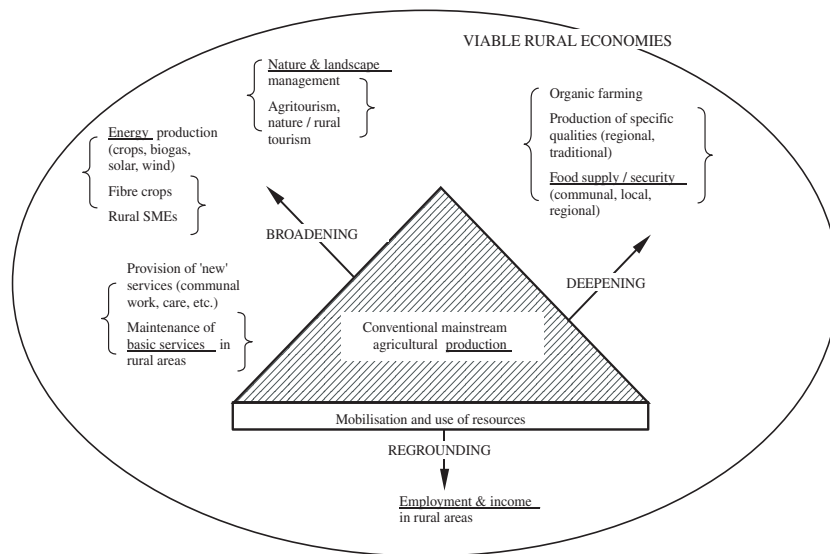


Figure 5.2 MFA as characterised by new activities, markets, jointness and regional-level synergies

**Economic Importance of the Multifunctionality of European Agriculture**

Broadening and deepening enlarge the income derived at farm household level by delivering goods and services modern society is willing to pay for. Both private and public markets need to be taken into account in this respect. The socio-economic impact of the activities examined can be expressed in terms of additional value-added and income.

The basis for the assessment thus are (1) the number (N) of farms engaged in a specific field of activity and (2) the average extra value-added (or delta VA) realised per farm involved in the particular activity:

$$\text{Economic impact} = N * \text{delta VA}$$

Total impact per country then follows from the combination of the different fields of activity. In addition to the aggregation, higher level effects (substitution, replacement and synergy) need to be taken into account. A problem is that the basic data necessary for a quantification of higher level effects are hardly available.

Table 5.3 gives an overview of the aggregate economic impact of different activities in the EU-7 in 1998. Higher level effects were taken into account where possible. For deepening activities the additional Net Value Added (NVA) is calculated on the basis of a reference situation where the same production is sold in conventional mass markets and chains. For broadening activities the total NVA of the new activity is taken into account. The data given in Table 5.3 show that the farm-related activities that go beyond conventional production provide substantial additional incomes. The data as a whole indicate that an MFA is able to make an important contribution to the regional economy and employment, something that is particularly in areas that lag behind: new farm-based and farming-related activities are often sustaining agriculture and the rural economy.

### **Differences between Countries/Regions**

The fact that there are important differences in the types and scale of the multifunctionality of agriculture between countries, and even more between regions, is illustrated in Figure 5.3.

At national level in Germany deepening and broadening activities are the most developed amongst the study countries. Both categories add up to an overall impact of 17.8 per cent of total NVA. In other countries like Italy and to a lesser extent France deepening activities are well developed, reaching impact levels of approximately 7 per cent of total NVA. Interesting in the Irish case is the predominance of activities subsumed under the heading of broadening. A key role in this respect has the Rural Environment Protection Scheme that, in relative terms, has the highest impact of all countries involved in the study.

The comparison of Galicia, Andalucia and the Basque country (as well as the comparison of Wales and East Anglia) shows that there can be substantial gradients within countries. The regional data also show that in certain regions specific activities may reach impact levels that go far beyond overall national averages. Examples in case are Emilia-Romagna in Italy and the Basque country, where deepening activities reach impact levels of almost 15 per cent of total NVA. In both cases this is due to the presence of strong regional quality production (Parmigiano-Reggiano cheese and Rioja wine).

Table 5.3 Economic features of different activities in EU-7 (1998)

EU-7 (1998)	Number of farms	% of total N	Extra NVA /farm (euros)	Extra NVA (million euros)	% of total NVA
<b>Deepening</b>					
Organic farming	71 754	1.4	5843	419	0.5
Quality production	595 696	11.4	3789	2 257	2.4
Short supply chains	1 048 487	20.1	2381	2 496	2.7
Subtotal deepening	-	-	-	5 172	5.6
<b>Broadening</b>					
Agri-tourism	109 697	2.1	10887	1 194	1.3
New on-farm activities	28 237	0.5	15333	433	0.5
Diversification	166 372	3.2	2882	480	0.5
Nature and landscape management	379 526	7.3	1781	676	0.7
Subtotal broadening	-	-	-	2 783	3.0
<b>Total</b>	<b>1 799 828<sup>a</sup></b>	<b>34.4</b>		<b>7 955</b>	<b>8.6</b>
Reference data total agricultural sector in EU-7 <sup>b</sup>	Total N 5 228 380			Total NVA 92 793	

*Notes:*

<sup>a</sup> The total number of farms involved in deepening and broadening activities has been corrected with minus 25 per cent to correct for overlap (based on a transnational survey).

<sup>b</sup> Data for the total agricultural sector in EU-7 come from the Eurostat Farm Structure Survey for 1997.

**Interrelation of Conventional, Primary Production with Other Activities**

Entering into new fields of activities associated with broadening and deepening is mostly not a mere addition to given farming activities. Instead, the goal of farmers is to strengthen and develop current production. Productive activities (and the resources on which they are based) are, within the context of adjusting the business to new societal demands, reorganised in order to allow for the 'new' activities. In terms of joint production the production of non-commodity, multifunctional outputs is linked in cost-advantageous and resource-efficient ways with agricultural production (van der Ploeg and Renting, 2000).



Figure 5.3 *Types and scale of multifunctionality of agriculture by country and region*

Rural landscapes, for example, are inextricably linked with agricultural structures (e.g. barns, stonewalls and hedges) and cropping patterns. Crops generate a much different landscape than pastureland, and different crops can generate different landscapes. Related to landscape amenities are open space amenities. Agricultural land abandonment would change the character of rural landscapes in ways that are considered undesirable by many people. Abler (2001) emphasises that rural landscapes and open space have both use (agriculture, forestry, recreational activities) and non-use values (scenic views, living in an uncongested area), and that land often has more than one use. Many farm households in recreational areas offer hunting, fishing, camping, golfing, hiking, etc. as an economic activity. In addition to private markets, government programmes are important. Through agri-environmental policies European farmers are paid for landscape management and preservation practices (e.g. cutting hay meadows, re-establishing semi-natural pastures, restoring traditional farm buildings and walking paths) (Abler, 2001).

Taken as a whole, the activities subsumed under the headings of deepening and broadening have their common starting point in conventional, primary production. The overall trend is that all over Europe a very substantial proportion of all farms has been turned into more complex rural enterprises over the past decades. The multifunctionality of these enterprises

is completely in line with societal demands. To disregard this multifunctional nature of farming thus means to miss the fundamental socio-economic context of farming and agriculture-related activities.

### Future Potentials

The data given on economic impact are supported by a representative survey among 3264 farms. In the survey only farms were included with a proportion of farm income that is at least 25 per cent of total household income (i.e. farms that can be considered as professional). In the survey the farmers estimated that on average 34 per cent of total farm income and 53 per cent of total farm employment is linked with 'new' farm-related activities. The fact that almost half of all enterprises that are engaged with deepening and broadening activities is involved in more than one activity is an indication of the importance of complementarities and synergies in the use of farm resources (Oostindie et al., 2002). In many instances a range of activities and the creation of synergies may actually be needed to sustain multiple functions (Brunori and Rossi, 2000).

The data given in Table 5.4 indicate that there is a large segment of farmers who are not yet involved in 'new' farm-related activities and who can imagine becoming involved. Against this background it was asked too whether there is any further potential for the 'new' farm-related activities or if the new initiatives will end up in mutual competition, that is, in a process of 'oversupply' and an associated decrease in margins. A first assessment of the demand side for each activity with a time horizon of ten years based on trend analysis and a review of consumer studies and trends in policy supports the predominant perception of farmers that for almost all activities there still is substantial potential for an expansion. An exception could be agro-tourism that is already well developed in many regions that are suitable for tourism.

*Table 5.4 Share of farmers actively engaged or interested in additional farm-related activities (%) (six member states; n= 3264; 2001)*

EU-6 (1998)	Engaged (%)	Interested (%)
Organic farming	6.7	26.2
Quality production and processing	37.3	49.0
Short chains	15.1	23.2
Agro-tourism	8.5	17.9
New on-farm activities	10.8	59.2
Diversification in production	4.5	20.9
Nature and landscape management	13.1	40.1

*Source:* IMPACT survey. For a more complete presentation and analysis of the survey results see Oostindie et al. (2002).



**Farmers' Views**

From the same survey we also have information on how farmers perceive the multifunctionality of agriculture and the future development of the countryside (Table 5.5). The most important driving forces for an engagement in new activities are:

- the area is suitable for the activity;
- the personal concerns, interests and skills;
- the fact that the necessary assets (land, labour, buildings) are available;
- the existence of a market for 'the product';
- the need for extra income; and
- the aim to strengthen the farm business for the next generation.

Motivation by the positive experience of other farmers, training and encouragement from governmental agencies as well as the availability of grant aid or subsidies supports the implementation and adjustment process but are not so important in actual decision-making.

The statement that part-time farmers contribute in a positive way to the attractiveness of the countryside is supported by 64 per cent of all farmers. This and the fact that 55 per cent of farmers reject the idea that regional farming is best served with a concentration of production in a limited number of enterprises reflects a positive attitude towards the multifunctionality of agriculture and a corresponding diversification in farm household resource use. Further evidence for that is the predominant perception that the market opportunities for new rural products (organic markets, agri-tourism) will be favourable. At the same time it seems clear for most respondents that agricultural activities should remain the solid basis for additional activities and income, and that the way to combine both perspectives is the deepening or broadening of the spectrum of activities.

A key question for future research should be to contrast the views of farmers concerning the supply side, with the views of those that are on the demand side, i.e. the views of consumers, tax-payers, holiday-makers, administrations, rural entrepreneurs and, more generally, the people living in rural areas.

**A NEW MODEL FOR EUROPEAN AGRICULTURE?**

More critical assessments of the conventional development model for agriculture (scale-enlargement, intensification and specialisation) recognise that this model is increasingly at odds with today's societal expectations of agriculture and rural areas.

*Table 5.5 Farmers views on multifunctionality of agriculture and the development of the countryside (six member states; n= 3,264; 2001)*

	All farmers	
	Agree (%)	Disagree (%)
Part-time farmers keep the countryside attractive	64	29
In the coming 10 years the organic food market will grow strongly to a substantial share of the food markets	60	32
Agro-tourism is an excellent way to strengthen the farming sector	60	33
Rural policy budgets should go more to a broad range of other farm-types and less to commercial farming	57	31
There is too much emphasis on the environment at the expense of commercial farming	56	37
I don't mind giving up farming if I can earn my living more easily in an alternative way	39	58
Farming in the region is best served with a concentration of production in a limited number of strong enterprises	38	55

*Source:* IMPACT survey. For a more complete presentation and analysis of the survey results see Oostindie et al. (2002).

The fact that this model is at odds too with the interests and perspectives of an increasing segment of the agrarian community is recognised less frequently. A closely related dimension is the inevitability of externally driven change in rural areas (for example, as a result of the extreme concentration in processing and marketing sectors).

The resulting question then is how to adapt to these pressures and the changing role of agriculture in ways that promise the greatest benefit for rural people and farm households in particular. The data given above indicate that already in the present situation a considerable part of primary agricultural production is sustained by 'new' activities. Van der Ploeg et al. (2002) argue that over Europe as a whole, between 60 and 70 per cent of all farms are maintained only because they are firmly grounded in 'new' farm-related activities.

A careful analysis of the kinds of 'new' activities shows that European agriculture has the capacity to produce a broad range of so-called 'public goods' (or 'non-importables') that society expects in rural areas, and that society is more and more willing to pay for.<sup>2</sup> Examples are landscapes and natural values that are based on agri-environmental programmes. A highly rationalised and specialised, intensive agriculture can hardly deliver these

additional benefits or only at a higher cost ([Knickel, 1990](#); [Saccomandi and van der Ploeg, 1995](#); [Scherer, 1975](#)).

### **Links with Recent Shifts in European Policy**

The developmental model sketched out here corresponds well with recent shifts in policy at European level. Multifunctionality is the central feature of the EMA, which became a cornerstone of the Common Agricultural Policy (CAP) in the European Council in Luxembourg in 1997. Going from Cork 1996 over the Agenda 2000, the Mid-Term Review (MTR) to 2007, it must be recorded that the points made at Cork still are the main orientation: the creation of a living countryside by using a set of simple and transparent instruments for agriculture, environment and job creation in rural areas on the basis of region-specific development concepts, which aim at the valorisation of the immense territorial diversity and the particular resources of rural areas ([Knickel, 2000](#); [van Depoele, 2000](#)).

European agriculture and the CAP are moving from a mere monofunctional towards a more holistic and integrated perspective as guiding principle for policy formulation, enterprise development, and the design of new institutional arrangements. The evidence provided in this chapter indicates that multifunctionality could be operationalised at the level of the individual farm household. The new orientation of a substantial proportion of all farms entails a redefinition of identities, strategies, practices, interrelations and networks at farm and at regional level. Sometimes this redefinition rests on a historically rooted but marginalized cultural repertoire ([Scettri, 2001](#)). In other situations it is based on highly 'market-oriented' responses that embody a general or partial reconceptualisation of what farming should be in the context of the new ties emerging between town and countryside. Job creation in rural areas is in this respect not so much a function of natural resources, rural amenities or infrastructure, but of local people and entrepreneurship. It is telling that over the last years a range of 'atlases' was elaborated that describe these new repertoires and the associated practices ([van der Ploeg et al., 2002](#); [van Broekhuizen et al., 1997](#); [DVL, 1998](#)).

The multifunctional nature of European agriculture and the adoption of a more holistic and integrated perspective in policy formulation are driving current attempts of 'greening' the CAP. Policy must aim to provide a supportive environment for new, future-oriented and indeed market-driven activities in rural areas and for a reorientation in resource use. The rapidly increasing importance of quality food markets with a regional image and of the provision of public goods through nature and landscape management contracts are clear signs of such a reorientation. It is encouraging in this respect that 75 per cent of European farmers consider the present rural development policy of the EU a positive and helpful instrument ([Oostindie et al., 2002](#)). The further improvement of policies should build upon the

impressive variety and heterogeneity that already exists and, at the same time, reflect the richness of rural values and knowledge systems.

### **Multifunctionality in Agriculture is a Central Part of the Living Countryside**

The fact that in the past decades the economic base of farms and production activities were continuously declining has not been primarily due to an inadequate (European) agricultural policy but to the simple fact that European food markets are saturated, costs for many inputs and regulatory costs are continuously increasing, and that the position of farmers in more industrialised food chains has been constantly weakened ([Ward, 1993](#); [Knickel, 1994](#); [Pretty, 1998](#); [Marsden et al., 2000](#)).

Multifunctionality, as the case studies from the different regions show, is the central feature of a new development strategy for agriculture. Farm enterprises engage in new activities such as agro-tourism, the production, transformation and commercialisation of quality products, the management of landscapes and nature and the production of energy crops. Closely linked adjustments in resource use are part-time farming and new cooperative arrangements. Some of them have been there for a long time. By engaging in new activities and markets, rural enterprises are strengthened and the countryside as a whole is more able to effectively meet new societal demands. Regional economies as a whole are strengthened ([Pretty, 1998](#); [Gorman et al., 2001](#)). Figure 5.4 summarises the philosophy of the rural livelihood concept that is at the basis of this new development strategy.

An examination of rural areas shows that multifunctionality in agriculture is not something that is only on the political agenda and that is a sort of philosophy of some EU officials in Brussels. In contrast, the data presented here exemplify that rural households out of well-understood self-interest actively construct multifunctionality. They provide ample evidence of the construction of new rural livelihood strategies by family farm households. Income combination, the exploration of new markets and the active construction of synergy at farm household and at regional level are key elements of such rural livelihood strategies.

## **CONCLUSIONS**

### **Multifunctionality as an Integrative Concept**

The activities examined here are an illustration of the multifunctionality of farming, land use and rural space. They are actively reconstructing and revitalising rural economies.

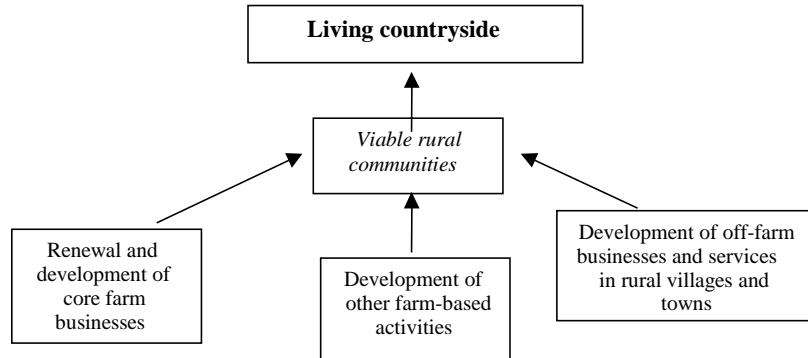


Figure 5.4 The key components of a living countryside (Gorman et al., 2001)

A characteristic feature of more regional, multifunctional development perspectives is the (re) integration of farming activities into the local economy. Von Meyer (1999), Hervieu and Beranger (2000) and others refer to the fact that agricultural change has to be seen in consideration of its contribution to the preservation of the socio-economic viability of rural areas, as well as its specific cultural and historical role: 'Multifunctionality is an integrative concept that provides a macroeconomic reality and a global coherence to externalities that are often neglected on the microeconomic level' (Hervieu and Beranger, 2000).

The countrysides of Europe and the diversity and richness of their agricultural systems represent an undeniable social, cultural, ecological and economic patrimony for European society as a whole. With the activities, goods, services and markets sketched out in this chapter it could be shown that the multifunctionality of agriculture is inextricably related to the diversity of countrysides and rural life. Van Depoele (2000) emphasises that 'the unity between society, landscape and agriculture has become an important tool, rather than a new normative framework, for agriculture and rural policies in the future'.

Instead of seeing MFA as a new 'blueprint' attention should be paid to the pathways and activities that are represented, this new developmental model for rural areas and the agricultural sector. They are:

- quality orientation and premium markets as an alternative to a mere minimisation of production costs and the orientation towards mass markets;

- new short chains linking production and consumption and leading to an increased value-added that remains for the farmer instead of a limitation of the role of the farmer to a producer of low-priced raw materials;
- integration of new activities into farms (such as the management of nature and landscape, care activities, new forms of energy production or agrotourism) instead of monofunctional businesses;
- low-cost sustainable farming and organic farming instead of high input/high-output farming with an increasing capital intensity, and, in many cases, a high debt burden.

### **Farming will Remain of Major Importance in Rural Development**

Obviously agriculture still is the biggest land user, and – particularly if the ‘new’ farm-related, broader activities, the market potential of new goods and services, and the multiplier effects in the rural economy are taken into consideration – farming will remain of major importance for the development of rural areas. In Europe, the majority of all professional farmers are actively engaged in one or another of these new activities. It is documented how this significantly contributes to the overall income realised in the agricultural sector. Hervieu and Beranger (2000), Baldock et al. (2001) and others stress the fact that agricultural change cannot be seen without considering its contribution to the preservation of the socio-economic viability of rural areas, as well as its specific cultural and historical role.

To recognise the multifunctionality of farming, land use and rural space also allows us to look beyond the globalisation of agricultural markets and the concentration of agricultural production (Joannides et al., 2001). Globalisation and the extreme concentration in the processing and marketing sectors are much less a threat to rural life because there are micro-economic strategies that allow for a more sustainable development.

### **Supporting the Multifunctional Character of Agriculture**

The importance of multifunctionality in European agriculture (number of farm households involved, additional value-added and additional employment created) is fundamentally different from conventional monofunctional model of farming. The kinds of activities realised show that farm households found ways to adjust by income combination, the exploration of new markets and the establishment of new and often less institutionalised links between urban and rural areas. The activities stand for a reconfiguration of farm resources and their relation with rural areas, food chains and the institutional environment.

In order to open up new development perspectives for farm households and for rural areas, agriculture ought to be put right back into the centre of rural development debates by defining it in terms of its much wider role in a

modern society. In line with that, agricultural policy must become more transparent to the public, and it must support the sort of farming sector that society wants and expects. A key question then is what are the most effective kinds of support?

As for research and statistical systems, there clearly is a need for more comprehensive multidisciplinary concepts linking the dimensions of agricultural and rural change with the multifunctional character of agriculture (Knickel and Renting, 2000; OECD, 2001). Particularly important are longitudinal analyses and the evaluation of longer-term development trends and processes of change. In data collection and analysis it must be taken into account that trends and policy impacts may be very different for different farm household types within the same region. Aggregate data and regional averages may hide very significant structural changes.

As for policy, the change in the architecture of the CAP holds out the promise of fundamentally redirecting financial resources from commodity support to a diversification and quality orientation in agriculture. In policy terms reference must be made to the second pillar of the Agenda 2000 reform. The MTR of the European Commission stands for continuity in the way the architecture of the CAP is being changed. While shifts in funding may not be as fast as expected by many, the need to provide for the multifunctionality of rural space is clearly taken into account. Particularly in the more highly populated regions of Central Europe we now have a common understanding that there is no other choice than recognising the close linkages between marketed and non-marketed outputs, such as environmental services as well as the social linkages between farming and other rural activities through local markets.

## NOTES

1. The Socio-Economic Impact of Rural Development Policies: Realities and Potentials (IMPACT). PL 98-4288.
2. Evidence for that is expressed in the UNCED/Agenda 21, the Kyoto Protocol, the Convention on Biodiversity (CBD), the Flora-Fauna-Habitat – Directive with NATURA 2000, as well as the increasing importance of agri-environmental programmes in the EU.

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