

Challenges and Opportunities in the Rural Development Plan for Malta

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Introduction

Malta became part of the European Union in May 2004. On the 23rd June 2004, the first Rural Development Plan for Malta was approved. This plan was designed to establish a concrete base platform through which the Maltese agriculture sector could evolve and develop. The plan provided for the growth and development of the sector in a sustainable manner applying guidelines and procedures common to the rest of the other European Member States. This plan recommended that the overall strategy for Maltese agriculture should focus on the development and specialisation of agricultural niche quality products that are best suited for the Maltese agro-ecosystems. The 2004-2006 Rural Development Plan was the first ever serious attempt to put together a series of measures capable of acting and reacting in synchrony to achieve measurable results.

The second Rural Development Plan 2007-2013 aspires to implement a strategy that builds upon the achievements and milestones of the first Plan. It seeks to offer a more deliverable programme that is well aware of the strengths of the rural sector while at the same time addressing relevant weaknesses in order to attain a more sustainable development of agriculture. The inclusion of past, as well as recent, experiences both from a technical and from an administrative point of view will strengthen the commitment in focusing on present and future needs of all stakeholders as well on current European and world trends.

The objective of this paper is to highlight the challenges and opportunities that are present in the Rural Development Plan (RDP) for Malta 2007-2013

Basic Scenario

In 1992 a comprehensive study entitled "Malta Agricultural Policy and EC Membership: Challenges and Opportunities" was conducted by FAO and presented to the Government of Malta. This project had the objective of carrying out an agricultural sector review aimed at the implementation of the new international and domestic policy changes necessary for eventual EU membership. This report made particular emphasis on the proposal for dealing with certain agricultural policies and practices that were deemed to be detrimental for the survival of the sector. Although a certain degree of restructuring and amelioration has occurred, the agricultural sector in Malta has not reversed its long-term decline nor does it appear to be on a path towards sustainability. The best indicator of this is the lack of investment in viable and sustainable areas of activity, a firm indicator to the confidence index of operators in the sector. The Maltese structural and geographical features of the territory are not conducive to investment and are in part responsible for imparting a "dampening" effect on investment initiatives. Nonetheless, issues of markets, production organization and policy have a significant role also. The lack of properly functioning markets for outputs as well as inputs; conservative attitudes in the sector towards modern, efficient and effective business practices; the pattern of land ownership and tenure, curtailing productivity and the entry of new operators into the sector; all act together to create a complex matrix within which investment is highly unlikely to occur. To further complicate matters, the sector has no clear long term policy direction resulting in uncoordinated actions in terms of effort, time and investments by public agencies towards established goals.

The effects of intensification of competitive pressures from European products entering the market coupled with the general insufficient competitiveness of the sector had adverse effects on the overall output and activity in the sector. The agri-processing sector is also going through a challenging period, mainly due to the insufficient restructuring and also due to the very fragile links with domestic primary producers. These pressures were to an extent buffered and lessened but not offset by rural development efforts.

Sustainable environmental stewardship is rapidly becoming high priority with the advent of EU Regulations and funding opportunities. However, the interactions linking environmental and financial sustainability in agriculture and agri-processing are still not well understood. The development of activities that are complementary to agriculture and agri-processing with environmental compatibility are not sufficient and there remains untapped potential in this area. The effort to promote rural areas for recreation, culture, and to enhance Malta's international tourist effort is very recent and as yet needs to take root and develop at all levels of decision-making and implementation.

Although there are problems contributing to the long term decline of agriculture that cannot be effectively met through interventions under the RDP, there are measures with a potentially high degree of relevance and applicability and which could address a number of important target groups and needs. The target groups include: agricultural business and its labour force; agri-processors; providers of training and advisory services; local authorities and NGOs; tourism and recreations business operators; tourists; and the population in general. The needs addressed span from the improvement of competitiveness in agriculture to environmental enhancements to ameliorating tourism and recreational facilities in rural areas.

Rural development plan

Analysis of the measures that are being proposed within the 2007-2013 RDP package, leads to the conclusion that the main emphasis will be on:

- 1) Cooperation between producers, and collaboration with the agro-industrial sector.
- 2) Education and provision of qualified advice to the farming community
- 3) Farm modernisation / Agro-environmental issues with respect to sustainable environmental management
- 4) Fresh and local product with respect to increase value added and improvement in the quality of life.

These initiatives are spread over the various measures and are nested within the different axes that make up the RDP. The measures under Axis 1 are varied and aim at addressing and improving the competitiveness of the agricultural sector.

Education and consultation

111-Training, information and diffusion of knowledge: this measure could have a PUSH element that will evoke a positive effect on the participation in all the other measures. If properly handled it could hold the key to the success of the whole programme. In assessing the popularity of this measure one has to evaluate it keeping in mind that 70% of registered farmers are 55 years and older and thus a "laissez faire" attitude may prevail. Nonetheless, this measure has the potential to change traditional practices in line with more sustainable thinking, thus halting and maybe reversing some aspects that are contributing to the decline in viability of the farm and the deterioration of rural activity.



Through education, young actors may be attracted to join in the sector, only some 3% of farmers are less than 35 years.

114 – Use of advisory services by farmers and 115 – Setting up of farm advisory services: These two measures together with measure 111 have the key for the successful implementation of the whole RDP. The farm advisory service will offer a one to one consultation on the various aspects that will enable them to improve the competitiveness of their business, adopt more sustainable practices and operate within the parameters set by the relevant Community legislation. Although this measure does have necessary ingredients to be of service to the rural community and to impart the PULL effect for the successful implementation of RDP, the success relies on the participation of farmers with the scheme. The lethargic attitude expressed by the rural community might translate in a low participation rate.

Farm modernisation

121- Modernisation of agricultural holdings: The fact that participation follows similar procedures to the former RDP, farmers are already well versed with what is required. Bureaucratic bottle necks may be experienced if structural changes are the scope of application. Planning permits have to be in hand prior to submission of application. Experiences, either positive or negative, gained through the former RDP under measure 3.1 could have significant repercussions its uptake. In most cases, the measure supports 50% of the capital outlay. Bearing in mind that 1) the lack of financial instruments available to farmers, 2) farm may not be owned by the farmer and 3) documentation that would allow collateral may not be in hand, farmers will be reluctant to invest their own money on property that does not belong to them. According to the farm census of 2001, only an estimated 19% of the agricultural land is farmer owned.

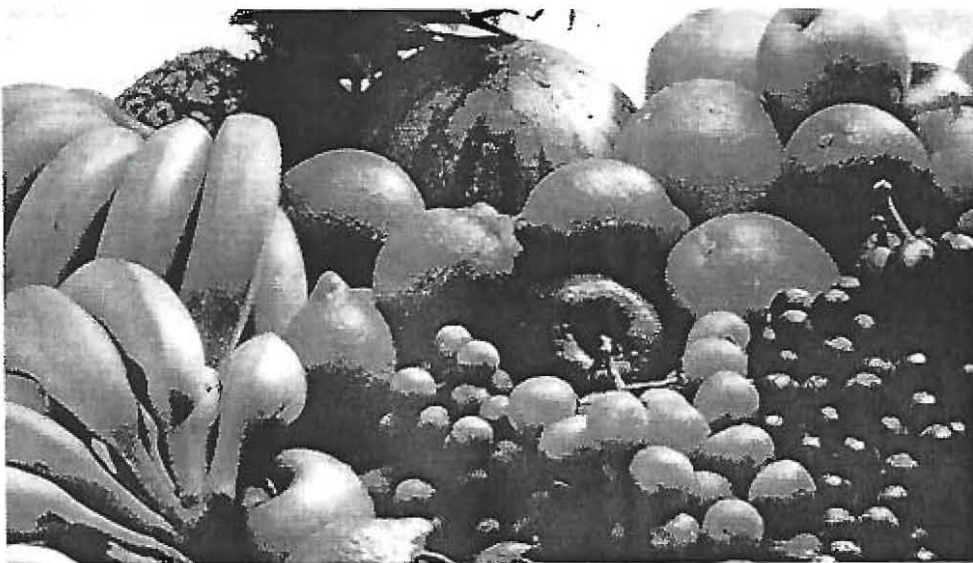
Fresh –quality product

Measures 123- Adding value to agricultural products, 124- Cooperation for development and technologies in the agriculture and food sector, 132- Participation of farmers in food quality schemes and 133 - Information and promotion activities on food quality schemes, all compliment each other and can have a significant and substantial contribution to Axis3 "Improving the quality of life in rural areas and diversification of the rural economy." These measures are based on the fundamental principle that co-operation will happen not only amongst the primary actors but also with various players concerned. They also assume that the structure is in place to create the pull effect and siphon various fresh local products into the various streams. One has to bear in mind that, collaboration between primary producer and the Agro-processing sector is on an individual basis. Although a number of Co-operatives are present to date only one Producer Organisation has been fully established and registered. Furthermore, the certifying agency is still in its infancy and on a learning curve. Nonetheless, very few applications have been filed in to register products as being typical Maltese. This lack of participation could be interpreted as there being a lack of understanding and definition as to what is fresh and typical product. The rediscovery of local typical gastronomy together with the reintroduction of local typical genotypes have a crucial role to play within this context. Nonetheless the different actors has to operate together in a synchronised manner so as to instil leadership and provide the necessary pull effect to lure and strengthen local production in meeting these standards. In so doing these measures will further strengthen the vision of the first RDP that recommended that "the overall

strategy for Maltese agriculture should focus on the development and specialisation of agricultural niche quality products that are best suited for the Maltese agro-ecosystems".

Access to water and holdings

Agriculture is the main user of land and water resources; proper access to holdings and accessibility to water could be considered as having a significant restriction on the productivity of the Maltese agriculture sector. Measure 125- Infrastructure related to the development and adaptation of agriculture has as objectives: to facilitate the development and adaptation of agriculture by supporting the development of the necessary infrastructure to address two of the major limitations affecting agricultural land quality and productivity – water scarcity and farm accessibility. Lacking permanent surface fresh water bodies, the majority of crop land is rain fed. The semi arid nature of the islands is characterized by wet winters and hot, dry summers, with a predominance of rainfall during the October – December window. Unfortunately, this pattern of precipitation provides moisture during a period when demand by crops is relatively low, i.e. when rate of plant growth is at its slowest. Conversely, when the potential for plant growth is high, natural moisture is almost complete absent. The insufficient rainfall coupled with its unpredictable nature necessitates crop irrigation leading to significant higher returns being reaped. Yields from irrigated fields are on average 3½ times that from dry land farming. In an increasingly competitive market, access to irrigation will become more and more important in producing the necessary yields and product quality required to secure an adequate economic return. Furthermore, the provision of water will be essential for the diversification of agriculture into higher quality products or value added crops such as cut-flowers and organically-grown vegetables. The increase in financial returns has prompted farmers to tap into the aquifers and abstract groundwater. Over abstraction is leading to a gradual deterioration of Malta's only fresh water resource. There is desperate need to manage irrigation water resources



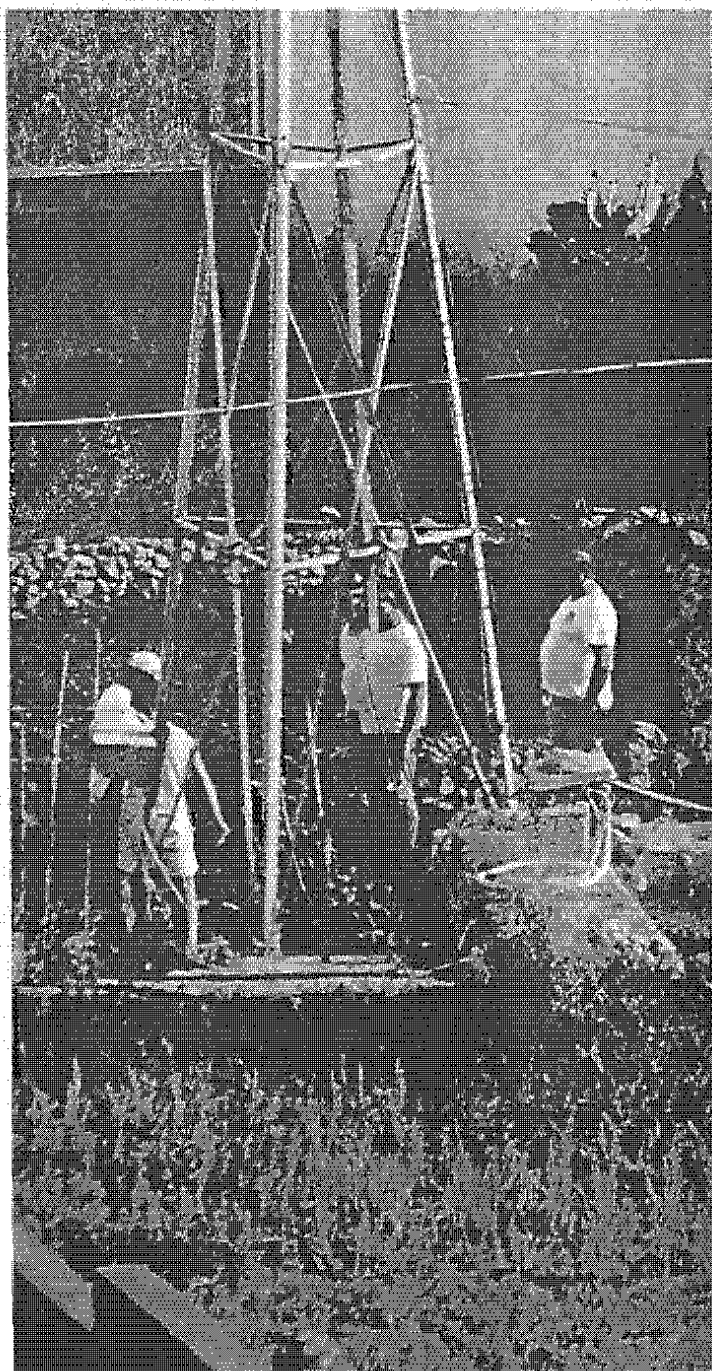
in a more sustainable manner; discouraging the further exploitation of groundwater and encouraging the increased use of both harvested rainwater and treated sewage effluent (TSE). Harvesting of surface runoff and the use of treated sewage effluent has been estimated to contribute just 3 and 7 percent respectively of the total water consumption. Increasing these shares would contribute to more efficient use of Malta's water resources. The availability of TSE is expected to increase in the coming years with the coming on line of the planned Waste Water Treatment plants. The efficient and effective management of available water resources is essential for the continued survival and development of Maltese agriculture. Measure 125 supports all of the issues mentioned and thus could be considered as the first attempt at providing a reliable and constant supply of irrigation water; thus reducing the dependency on ground water extraction.

The Maltese islands will eventually have 4 sewage treatment facilities supplying a huge quantity of usable water, yet farmers have no experience on how to manage this potential source of water. An integrated approach on the use of TSE is a must prior to the actual implementation. No real guidelines exist relating quality of TSE to the needs of the various crops at the different stages of maturity. No guidelines are available linking TSE with soil types and groundwater quality, season and mode of irrigation, and maybe the most crucial of all is the use of TSE vis-à-vis the production of quality / organic products and consumer perception on the use of this irrigation water for edible crops. Measure 111, could be utilised to train farmers on how to utilise TSE, but a strong effort has to focus on educating the consumer to overcome negative perceptions that they may have with the use of TSE.

Since surface area is limited, growth in the non agricultural sectors has occurred at the expense of shrinkage in agricultural land base. Presently, about 11,620 hectares of different land classes, shared amongst some 14,000 holdings, are available for cultivation. The average farm size is 0.876 hectares (not necessarily in one parcel) and 45% of farms are between 0.1 and 0.5 hectare. Farmers tend to divide their land equally amongst all their children in a way that each child gets an equal share of the land. Tenancy rights are inherited in similar manner to ownership and without obligation of informing the landlord. Land fragmentation very often leads to problems in relation to access roads, water share, agricultural investment and tenancy rights. The effectiveness of measure 125 may be hindered due to the high degree of fragmentation.

Market efficiency

The present marketing scenario is inadequate to meet the modern needs and requirements. The lack of properly functioning markets for outputs as well as inputs, in good part is due to the present system of wholesale arrangements. Measure 142 - Setting up of producer organisation has the objectives to improve the market efficiency of the agricultural sector by encouraging



and supporting the setting up of producer groups. Producers Organisations necessitate that groups of actors get together and cooperate as one body. The cooperative movement is not a new concept within the rural community. The first form of legislation regulating co-operatives in Malta - the Co-operative Societies Ordinance 1946 - came into effect on 12th December 1946. Between 1946 and 1975, most of the co-operatives registered were within the agricultural sector and their main function was to provide a service to their members. Unfortunately the capacity to manage these cooperatives was very limited and reflected in very weak fiscal management experienced by most. Further more, the Maltese farmer holds great pride describing himself as an entrepreneur talented to play the markets. This "master" feeling gives them a false sense of security as they perceive themselves as being market drivers, when in reality none are big enough to have any measurable effect on markets. Although producer organisation frame work is an essential element in the structuring of a sustainable industry allowing efficient marketing and organisation, the conservative attitude may dampen participation.

Compensation for area with handicaps and Natura 2000 sites

Support will be available to maintain agricultural activity in areas that are naturally disadvantaged and in areas that fall within a Natura 2000 designated sites. Compensation of Euro 16.6million is allocated under measures 212- support for areas with handicaps, other than mountain areas, and the scheme of support for Natura 2000 payments and payments linked to directive 2000/60/EEC. Support for areas with handicaps shall be available to all farmers who have at least 1 tumolo of utilisable agricultural land in all the territory of Malta, while the Natura 2000 and Directive 2000/60/EEC will be available to sites that fall within designated sites. The support aims at offering compensatory payment to continue agricultural activity in handicap areas and compensation for any loss of income related to a change in agricultural management practices. The role of agriculture in Malta goes beyond primary production. It is the main single land user and has a multifunctionality responsibility that contributes in maintaining the rural landscapes and biodiversity, in addition to providing food and rural livelihoods. Abandoned agricultural land leads to a gradual and steady deterioration of the countryside, the same

environmental space that is enjoyed by all of society. The fact that over 15% to the total direct financial injection is being concentrated in this scheme is a strong positive message in government's commitment in improving the Maltese environment and the country side for the benefit of all citizens.

Agro-environment

The rural development plan recognises farmers as being the stewards of Malta's rural landscape and provides them with support in return for providing an environmental service to the community. However, certain agricultural activities may have negative impacts on the quality of the natural environment related to intensive agricultural systems and associated increased use of agro-chemicals. These high input systems result in threats in the form of pollution of soil, water and air, fragmentation of natural habitats and loss of wildlife, and land abandonment and marginalisation.

To mitigate the negative repercussions of intensive production, the following sub measures are being proposed under measure 214- Rural areas conservation scheme:

- 1: Support for reduced use of plant protection products in vineyards.
- 2: Support for the traditional cultivation of sulla through crop rotation
- 3: Support for low input farming
- 4: Support to suppress the use of herbicides in vineyards and fruit orchards
- 5: Support for the establishment and maintenance of conservation buffer strips
- 6: Support for a reduction in fertiliser use in protected cropping systems
- 7: Support for the conservation of rural structures providing a natural habitat for fauna and flora
- 8: Support for tree planting on farm land
- 9: Support for the establishment and maintenance of wild life hedges
- 10: Support for providing a healthy forage area for bees

The inclusion of 10 sub-measures is a definite indicator of commitment to enhance environmental quality; however success is dependant on participation. A number of issues may impede participation namely:

- 1) Payment is effected on an area basis; the small holding size coupled with severe fragmentation may disproportionate the volume of paper work required as compared to the actual financial return. The volume of paperwork will also take a toll on the capacity of the managing authority; efficient processing of applications is crucial to attract participation.
- 2) The encouragement of tree planting under sub measure 8 is a very good idea in principle, but one has to view this in conjunction with the Environment protection act (LN. 12 of 2001), Trees

and Woodlands (Protection) Regulations of 2001. The planting of trees that are listed under this act will automatically be protected by law. If a tenant plants trees he may be conditioning land that does not belong to him. Land owners may take legal action against this sub measure. Furthermore, a list of high priority areas should have been included with this sub measure to encourage tree planting in areas that are highly vulnerable to erosion by the elements, and thus stabilise the soil. As it stands, precious good agricultural land may be lost to reforestation when efforts could be channelled to address urgent needs in stabilising vulnerable areas.

3) The encouragement of Sulla (*Hedysarum coronarium*) under sub measures 2 and 10 may have little effect in improving the roughage quality for ruminants. Fodder quality is significantly correlated to plant maturity and reaches maximum nutritive values at 10% bloom. Using Sulla as forage for bees implies that the crop will be harvested after full bloom. Furthermore, the sulla crop is traditionally harvested at a stage when the plant would have reached maximum bulk at the expense of nutritive value. The bulk would be highly lignified and the only nutritive parts i.e. the flower and leaves are so brittle that they snap off and are lost during harvesting. Only the highly lignified portion would eventually be harvested. Quality roughage is a fundamental prerequisite for efficient ruminant production.

4) The Agricultural Leases (Protecting) Act of 1967, as amended in 2002, defines agricultural land as meaning any "land which is mainly let for the growing of crops, flowers, fruit-trees or vines and for cognate agricultural purposes, including the erection of glasshouses, cloches or cold frames, but does not include grazing grounds". Failure to use leased land for cultivation may jeopardise the lease; in fact the act further states that the landlord has a right to terminate the lease if "during the two years immediately preceding the date of termination, the field was allowed to lie fallow for at least twelve consecutive calendar months". Uptake of measures that encourage movement away from agriculture towards long term fallow have to be analysed on the legal implications keeping in mind that farmers will have to commit themselves over a 5 year period. No tenants will participate in any measure that may be in conflict with, or be remotely viewed as endangering the security afforded to them through the act.

Stand alone measures

Organic agriculture is perceived as being one way of enhancing sustainable agriculture. Presently only 136 hectares are certified as organic. To entice production into the organic movement, farmers have to be trained in the philosophy of organic production and supported with the entire infrastructure from certification to marketing and distribution. Encouraging organic production on the sole presumption that produce will fetch a high market price will not have lasting effects. The infrastructure has to be in place to create the necessary pull effect. Given the frag-

mented holdings and the small size of the plots, certification may only be possible on fields that are large enough to buffer non organic practices on neighbouring fields. In the case of organic livestock, certified organically produced feed stuffs have to be imported. This may prove to be twice as taxing: 1) organic grain is more expensive than conventional grain and 2) the volumes that may eventually be imported will be small and thus do not reach the bulk needed to reach economy of scales.

The conservation of local gene pools is compliments efforts to enhance sustainable forms of agriculture. Following years of



neglect in favour of imported varieties, our local genotypes have either already been lost or are in danger of becoming extinct. Years of cultivation and propagation have given rise to various plant species that are now considered as local varieties suited to the islands' ecological and climatic conditions. These plants differ phenotypically and in culinary taste and use from any other in Europe. Most are hardy and well suited for extensive production systems and also well suited for integration into organic or free range type of production. Integration of the local breeds and varieties into the stream of traditional quality production goes in line with the general objective of this Rural Development Plan. The reintroduction of the local genetic types can have significant contribution towards Maltese rural development and also has the potential to contribute to the social economic aspects of the northern shores of the Mediterranean and maybe an even greater role along the southern shores.

Diversification of the rural economy

Encouragement to broaden the Maltese rural economy is supported via two measures: 313 – Encouragement of tourism activities and 323 – Conservation and upgrading of rural heritage. Through these measures Euro 32.530.000 are allocated to support development of the Agri-tourism concept and the other encourages the rehabilitation of the Maltese rural landscape and heritage. In evaluating success three basic issues have to be taken into consideration:

- 1) No official definition of Agri-tourism exists. The correct interpretation has to be made available and used as a guideline. As things stand, the Malta Environment and Planning Authority, lacking the legitimate designation, may send confusing, contradictory and inconsistent messages. Applicants may be at conflict with MEPA.
- 2) Agri-tourism is a new concept in Malta, and lacking the proper definition, might be misinterpreted by some as an opportunity for land speculation. Nonetheless, one has to keep in mind that 70% of the territory is owned by the state, which together with the fact that a 50% co-financing requirement will definitely put a damper on the enthusiasm. Tenants will be reluctant to co-finance at 50% projects on land that does not belong to them. In tenant owned land, the 50% co-financing requisite may be a condition that will discriminate against the smaller holdings. The lack of financial tools available at local banks may be a further limitation.
- 3) The concept of agro / rural tourism focuses on local produce, typical gastronomy and traditional skills and artisan. Most are at the brinks of being lost and great coordinated efforts have to be invested in revival initiatives. Measures under axis one could be used in conjunction to these measures to rediscover and revive the Maltese rural heritage.

Leader

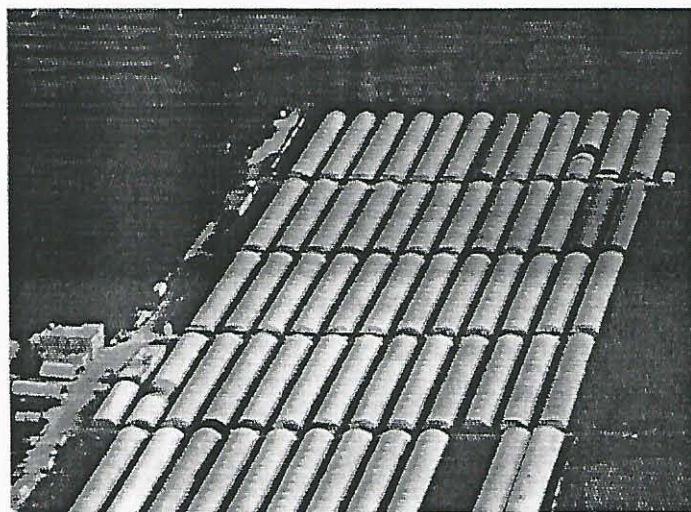
The Leader concept gives local communities the opportunity to develop and implement integrated strategies specifically elaborated for their region, without the restrictions of conferred priorities that may be too generic and that do not reflect the specific needs of their area. This bottom up approach is heavily dependent on the inclusion of local participation. Local action groups are motivated to interact and coordinate their activities and work actively to bring about projects that address the need of their territory. Given the level of allocated funding the maximum number of Local Action Groups (LAGs) that can be funded under this programme is being limited to three – a maximum of one in Gozo and two in Malta.

Leader enjoys an excellent reputation in bring local action groups to compile a strategy for regional development and the successfully implement of the strategy. Nonetheless it is still a rather innovative concept for Malta and the same local groups may be confused as to what is eligible and not. The allocation of funds under measure 421 Inter-territorial and trans-national cooperation will be essential to expose local action groups to

experiences in other countries and thus broaden their horizons as to how best to implement the leader concept. Measure 421 seeks to spur cooperation initiatives within regions and across different countries.

Conclusion

The RDP as being proposed can be summarised as holding 3 main core objectives namely: 1) Promotion of local typical Maltese products, 2) Sustainable Agro-environmental stewardship and 3) getting local actors to collaborate together. Achievement of these objectives lies on the extent of uptake and hence participation of the rural community and on the effective and efficient processing of applications by the managing authority. This paper has presented various arguments ranging from the ageing rural population to the lack of qualified people within the managing authority that will make the implantation challenging. Nonetheless this RDP has to be envisaged as a link within a larger complex that contributes to the gradual evolution of the rural community in line with other European rural communities. There is an obvious "catch up" factor that the rural community has to go through to develop and mature in mentality, organisation and implementation. The expectations from the RDP have to be realistic and not confounded. Issues of: cultural attitudes, land own-



ership / tenure, entry of new operators and lack of properly functional markets do not fall within the remit of the RDP; all require amendments to Maltese legislation and practices. However the RDP can act as a catalyst to achieve reforms especially in those very issues that impede the implementation of the RDP.