

Sustainable Rural Development for Malta: Analysis of Strategic Issues

The aim of this project was to undertake an analysis of issues affecting agriculture and rural development to underpin creation of a new rural development plan (RDP) in the islands of Malta. The focus of the project has been to develop the action plan to guide the production of the RDP, and not to create the RDP itself.

Recent developments at the European level potentially influence the future of agricultural activity and rural development in Malta over the next decade and herald an important opportunity for Malta to review its experience and to think strategically about how best to use available funds from both CAP pillars in the next programming period.

Economic modelling

An economic modelling exercise has highlighted the fact that the agricultural sector in Malta, despite making significant progress in recent years, has not attained a status where it can be economically sustainable. Specific attention must therefore be paid to the design of the Malta RDP for the 2014-20 period, as well as to its use of CAP Pillar support to safeguard production and enhance cost competitiveness. While the existence of continuing demand seems to be assured, the most likely threats to the livelihood of the agricultural sector in Malta appear to derive from insufficient differentials between output and input prices. Animal sectors (dairy, pigs and poultry) are particularly sensitive to external price trends because of their dependence upon bought-in feeds and use of energy, whereas crop sectors are more resilient to input price trends.



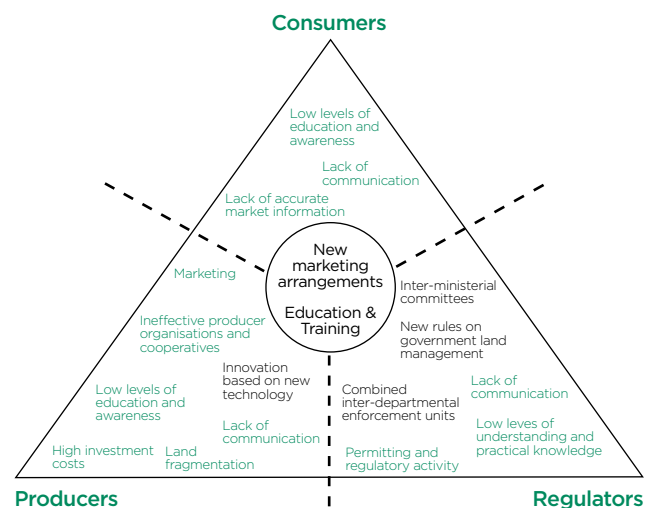
Rural Landscape on Gozo

Findings from stakeholder interviews

Interviews with farmers and other stakeholders revealed a disparity of views from different farming activities; some (such as the dairy and poultry sectors) see a solid future while others (the pig sector in particular) are much more pessimistic. Outputs for nearly all sectors were identified as suffering from imported products, either in terms of undercutting prices and/or confusing consumers through selling imported goods as local.

The diagram below summarises stakeholder perceptions of barriers to change and opportunities for resolving problems. The text in green indicates significant barriers to change. Two barriers, 'education/level of knowledge and awareness', and 'lack of communication' affect all three groups of stakeholder. The other key barrier affecting all three groups, but in different ways, is 'marketing arrangements':

- Consumers: suffer from a lack of information about the quality and sourcing of products and have no means of making their needs known;
- Producers: are not responding to market demand and suffer from a lack of control over the selling of their own produce;
- Regulators: there is a lack of effective enforcement of marketing regulations and labelling requirements.



Suggestions/opportunities for change are identified in black text. The two opportunities in the centre of the diagram are central to 'improving the situation for all three groups. The first, 'education and training' is needed in one form or another by all three groups; the second, 'new marketing arrangements' could benefit both consumers and producers but it also requires regulator involvement to establish and enforce rules in cooperation with these two groups.

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Identification of strategic priorities

Five strategic priorities emerged from the analysis, as set out in Table 1, together with the related issues which RDP measures could usefully address.

Table 1 Strategic priorities for agriculture identified

Strategic priority	Issues which policy measures could usefully address
1. Profitability	a. Key to the whole process – drives investment and the future of farming b. Requires collaboration between producer organisations (POs) c. Need to examine the production-marketing relationship.
2. Quality assurance	a. Inspection b. Labelling c. Enforcement / trust in the system
3. Value-added products	a. Space for processing (for micro-processors and small-scale production) b. Rural tourism linked to farms and food products c. Advice centre (a 'one-stop' confidential business advice centre) d. Direct sales (and alternative supply chains)
4. Empowerment and effective communication	a. Farmers need a stronger effective communication voice to influence policy b. Requires closer collaboration between POs c. Government needs to be ready to listen
5. Caring for the land	a. Permitting b. Public goods provision c. Land-water relationships (e.g. nitrates)

The priorities encompass groups of linked issues that need to be understood and addressed as 'relationships' (rather than as separate factors) which combine to influence rural development. Profitability, for example, is dependent on relationships between production level and quality, marketing structures and prices, as well as input costs.



Intensive dairy farming



Small-scale crop production

Institutional thickness

Crucial to the development of an effective rural strategy is the need to foster and strengthen 'institutional thickness' at all levels of governance – this term describes the links between different parts of governance institutions and their beneficiary bases, incorporating different stakeholder groups. A lack of effective communication between stakeholders emerged as a cross-cutting theme in the analysis. It is not simply a case of strengthening relationships and networks. There is also a need to embrace education and help foster a better understanding and appreciation of issues among all the stakeholders, including consumers.

Action plan

The analysis suggests that it is sensible to move towards a future RDP which is clearly focused around six themes for action:

- improving competitiveness in all farming sectors;
- enhancing knowledge transfer, strengthening of human and social capital in rural areas;
- adding value to Maltese products
- conserving water and improving water quality
- protecting Malta's unique biodiversity and historic and cultural landscape;
- increasing the quality of rural tourism.

It is recommended that each of these themes is developed and taken forward into the drafting of the RDP as a package of measures designed to achieve specific targets over the programme period. It is suggested that responsibility for each theme should be assigned to one person within the Ministry, who would then coordinate and lead a new working group created for that particular theme. It is also suggested that the working groups are created within the existing institutional framework of the National Rural Network (NRN) and could be charged with providing detailed written input and structured feedback to the technical team engaged to assemble the new draft RDP. The next stage of rural strategy development in Malta will put these ideas into practice.