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### **Analysing the institutional setting – How to promote the organic farming und food sector?**

The promotion of organic farming is an important strategy for greening the agriculture and food sector in Germany. But the traditional instruments like subsidies for the supply side and regulations have produced some adverse effects like over supply of organic products. What went wrong?

To be successful, an integrated environmental policy has to consider the whole institutional context of the sector. This includes not only political and administrative institutions but also the rules of the civil society and the market. A thorough analysis of the institutional framework conditions clarifies the potentials and restrictions of the policy and helps to develop new institutional arrangements. I will present an institutional analysis and preliminary empirical results concerning the organic farming and food sector in the region of Berlin and Brandenburg.

The institutional context is shaped by the (self) organisation of the organic sector, and the general agriculture and food sector. There, three institutional levels can be distinguished: The professional community and the social context (civil society), the agriculture policy and administration (state), and the food market (market). The characteristics of the organic sector can be described by the following analytical model:

1. The institutions and organisations of the organic farming and food sector (definition and co-ordination of the organic sector).
2. The policy and administration for organic farming (production standards, subsidies, advice and information).
3. The professional and social background (conflict and co-operation with general farmer organisations; social and cultural context).
4. The market for organic products (distribution channels, marketing, price, regional firm networks).

These four levels with their different or parallel development constitute:

5. The overall institutional setting.

Policy instruments and strategies affect these levels in very diverse ways. What measures are appropriate for each level? Who should be addressed and how? What are the limitations of state policy? How can the institutional setting be improved?