

# Environmental co-operatives as a new mode of rural governance

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## Abstract

The modernization paradigm, which for many decades dominated agricultural practices, policies and science, is gradually being replaced by a rural development paradigm. The emerging rural development paradigm calls, amongst other things, for a new approach to policy-making, steering and control, in other words, for a new approach to rural governance. The need for new forms of rural governance is embedded in current political and scientific debates on shifts in multi-level governance that occur in a variety of socio-economic domains. Within the domain of agriculture and rural development, self-organization and self-regulation emerge as a new mode of rural governance. Environmental co-operatives are a promising expression of this. They are characterized by new institutional relations between state agencies and the agricultural community, new social networks of trust at local level and the re-embedding of farming in its local social and ecological context. In the Frisian Woodlands, the environmental co-operatives VEL and VANLA succeeded in building new local social networks of trust and in re-integrating dairy farming, nature conservation and landscape management. However, further development towards self-regulation is hampered by a lack of institutional support, particularly from national government authorities.

*Additional keywords:* rural development, agricultural policy, multi-functional agriculture

## Introduction

In many EU member states the last decade of the twentieth century was characterized by a rather rapid breakdown of the agricultural modernization paradigm and its gradual replacement by a rural development paradigm (Van Der Ploeg *et al.*, 2000). This shift in paradigm was induced by the growing societal and political concern about the

negative side effects of agricultural modernization, such as environmental pollution through the excessive use of chemical fertilizers and pesticides. But the emerging rural development paradigm does not only imply new agricultural practices, it also calls for a new approach to policy-making and steering and control of rural development.

The emergence of environmental co-operatives in the Netherlands is an illustrative example of the new rural development paradigm 'in the making'. Vereniging Eastermar's Lânsdouwe (VEL) and Vereniging Agrarisch Natuur en Landschapsbeheer Achtkarspelen (VANLA), founded in 1992, are among the first environmental co-operatives in the Netherlands. Environmental co-operatives are regional groups of agricultural entrepreneurs, in some cases including citizens and other rural stakeholders (e.g. environmental organizations, local authorities, and animal welfare groups). Their aim is to integrate environment, nature and landscape objectives into the farming practice from a regional perspective. They do so in a pro-active way and do not wait for specific government directives. As such, environmental co-operatives are examples of both rural development practices and new expressions of rural governance.

With this paper we aim to position environmental co-operatives as a new mode of rural governance and explain their emergence against the background of recent shifts in governance in general and rural governance in particular. First we will describe the major shifts in governance that are currently occurring in different socio-economic sectors and in society at large (Jessop, 1995; Benz & Eberlein, 1999; Liberatore, 1999; Kemp, 2000). Next we will outline the main contemporary changes in agricultural and rural governance. Against this background we explain the dynamics of the environmental co-operatives and analyse their main characteristics as carriers of new modes of rural governance. We will conclude by discussing the need for institutional support and describing the continuous struggle of the environmental co-operatives related to that.

## Shifts in governance

### Towards new modes of governance

During the 1980s, the growing influence of the European Community has led to a redefinition of the agency of nation states: the regulatory power of national governments is decreasing while that of Brussels and of regional/provincial authorities is increasing. As a result of decentralization, local and regional authorities become more independent political actors with more responsibility. At the same time, the presence of European bodies limits the scope of national, regional and local decision-making in a number of fields, of which agricultural policy is of course one of the most prominent examples (Köhler-Koch & Eising, 2000; Heinen, 2001). For the European Commission the tensions and conflicts between local, regional, national and European policies, laws and regulations that result from this contradictory development, are reasons to consider a fundamental reform of European governance. The growing indifference and distrust citizens demonstrate towards the EU is another reason for reforms. In a

recent White Paper (Anon., 2001) the European Commission therefore attempts to outline a new framework of European governance that is more responsive to national and regional diversity, more transparent in its actions and allows for more participation of citizens. In this way the efficiency and legitimacy of European governance is supposed to be reinforced.

Analysis of literature and research reveals that 'new', participatory governance does not only refer to desirable reforms as outlined in the White Paper. It reflects changes that are already taking place and elucidates the inherent changes in the relation between state, market and civil society (Van Tatenhove *et al.*, 2000; Vihinen, 2001). In many countries the policy process is no longer the exclusive domain of politicians. On the contrary, market and civil society are already actively involved in policy-making and implementation (Jänicke, 1993). The re-orientation of the relations between state, market and civil society implied in the transition from government to governance therefore modifies the position and role of economic actors and social movements and breaks down the public-private division in analyses of politics. In more detail it comprises the following changes (Van Kersbergen & Van Waarden, 2001):

- Changes in the *forms and mechanisms of governance* by which institutions, organizations and societal sectors and spheres are governed;
- Shifts in the *location of governance* from where command, administration, management and control of societal institutions are conducted;
- Changing *governing capabilities*, i.e., the extent to which societal institutions and spheres can be steered;
- Changes in *styles of governance*, i.e., the process of decision-making and implementation including the manner in which organizations involved relate to each other.

Governance is no longer exclusively taking place within national political institutions but also at new locations and within new forms and structures. The growing influence of the European Union and the Europeanization of governance are prominent examples of the vertical shift in the location of governance (Köhler-Koch & Eising, 2000). Decentralization and delegation of state functions towards regional and local political bodies point to vertical shifts in the reversed direction. But governing authority is also transmitted horizontally to private and semi-public institutions, various types of public, private and public-private networks and self-organizing communities. To steer those institutions and new 'arrangements' new styles of governance are employed. New procedures like contracts, covenants and checks of performance replace direct governmental command, control and enforcement. Moreover, negotiation and consensus building become important governing tools. Joint and interactive decision-making processes are installed to guarantee the governability of society. The objective is to gain the consent of public and private actors that is needed for successful policy implementation and the resolution of societal problems. All these changes imply a reform of institutions, redistribution of labour and power and changes in rules and legislation.

In this paper we pay specific attention to governance in networks, self-organization and economic governance as they represent some of the most promising new types of governance without government (Van Kersbergen & Van Waarden, 2001), especially in the context of agricultural and rural development.

Among the new governance networks are private, public and private-public networks in which the boundaries between public, private and voluntary sector are shifting and their interdependence is pronounced. Networks are conceptualized as pluri-centric forms of governance. They resist government steering and are considered to be self-organizational and self-steering. In case the government takes part in networks, it participates as actor between actors. Negotiation is the typical mode of interaction, and co-ordination and co-operation are considered to be non-hierarchical.

Self-organization refers to bottom-up governance of local civil society beyond the market and short of the state, making use of associations, informal understandings, negotiations, regulations, trust relations and informal social control rather than official coercion (Ostrom, 1990). Decentralized self-governance could be an alternative to state and market regulations but still little is known about the conditions under which self-organization will be effective, efficient and stable and how its accountability and legitimacy will be guaranteed. In the international scientific debate on governance, the study of Ostrom is often the only one referred to as describing an example of self-organization.

Economic governance refers to new rules of economic behaviour and co-operation, which enable the development of new markets and new relationships between firms that are provided for, monitored and enforced without the direct involvement of the government. Promising examples are the districts identified in various Italian regions, which through the (informal) co-ordination and co-operation of businesses and private/public institutions enabled the regional economy to grow.

### **The legitimacy of new governance arrangements**

The above described shifts in governance are generally evaluated positively either as a way to improve the efficiency and effectiveness of policy and public administration or as a means to increase active involvement of citizens and to strengthen democracy (Kooiman, 1993; Pierre, 2000; Pollitt & Bouckaert, 2000). But serious problems are pointed out as well, such as the loss of transparency and public control. The new 'governors' are less easily controlled and held responsible for performance and as a result governance accountability and democratic legitimacy are at risk. Although various scientists indicated and described this danger (Van Kersbergen & Van Waarden, 2001), little is still known about the possibility to solve this problem. More empirical research is needed to find out whether and how the problem of legitimacy and accountability may be dealt with. Gathering more detailed knowledge on how new governance arrangements are shaped and how they function in various settings and why they come into existence is therefore essential. This knowledge offers the opportunity to design new mechanisms of control to guarantee not only effectiveness and efficiency but also transparency, accountability and legitimacy of governance (Rhodes, 1997).

The White Paper on governance of the European Commission (Anon., 2001) tries to solve the problem of accountability and legitimacy by addressing the qualifications new governance partners – like civil society organizations and networks – have to fulfil to rightfully participate in political decision-making and steering. They have to follow

the principles of good governance, which includes transparency, openness, accountability and representativity. Transparency concerning the formulation and application of agreed rules and rights and openness about the delivered results are also considered important in the case of co-regulation. These qualifications are important so as to guard the effectiveness and efficiency of new governance arrangements but also to watch over their democratic quality and the democratic foundation of governance as a whole. The legitimacy of governance goes beyond its capacity of performance and is rooted in its democratic principle of which the right of equal participation is fundamental (Eriksen, 2001). However, the White Paper covers this aspect in a rather superficial manner. It points to the need of representativity and the importance of involving the actors most concerned but does not discuss the selection of these actors nor their actual capacity to participate.

Like most literature on governance the White Paper emphasizes the participation of associations and organizations as such without discussing the unequal opportunities of established and non-established organizations to become selected as new partners in governance negotiations. Moreover, the inequality among citizens to enter these organizations, to influence organizational policies or to establish powerful organizations of their own are generally not touched upon. As a result the whole problem of unequal participation is often excluded from the discussion (Kearnes, 1995). The thus required need for the elaboration of criteria of good governance will be explained in more detail in the following section, which discusses the emergence of new modes of governance in the context of agriculture and rural development.

## Shifts in agricultural and rural governance

### Changing agricultural policy objectives

The role and position of rural areas are changing. Agriculture, in comparison with other socio-economic sectors, has become less important in terms of employment and economic added value and farmers constitute an ever-smaller portion of the population. Despite these changes farmers in the EU still manage millions of hectares of land. From that perspective they are not a marginal group. Furthermore, the European countryside is not just an arena for agricultural production. It is also a place for living, leisure and development of landscape and nature. The latter functions of rural areas have increased in importance, resulting in growing societal concern about the future shape and contents of Europe's countryside and important shifts in agricultural policy objectives.

Following World War II there were clear priorities for the domestic production of food. Agriculture was viewed as playing a central role in the protection of the rural environment and the support of the rural economy. These assumptions have now been largely rejected. During the last decade, the classical and undisputed government objectives with respect to agriculture – such as protecting farmers' incomes, guaranteeing food supplies and regulating consumer prices – have been supplemented or even supplanted by additional collective purposes (Frouws, 1997). The latter not only

concern agricultural production but also rural development in general. With the broadening of objectives the domain of rural governance expanded to other and non-governmental institutions and organizations as well. As a result the social contract with society is under reconsideration and the agrarian question returns on the political agenda. The sharing of responsibility and accountability for rural policy is challenged. The legitimacy of rural policy is under discussion and its traditional lack of transparency condemned. In short, a new framework for agricultural and rural governance is called for to guarantee sustainable agriculture and rural development in general.

Yet, as holds true for the political debates on reforming European governance (Scharpf, 2001), the observed need to reform agricultural and rural governance comes down to the following issues:

- Transforming public institutions, such as parliaments.
- Making policy and decision-making procedures more open and transparent.
- Finding ways to obtain public support for policies.

Governance is thus mainly associated with the role of politicians and government authorities. Although we do not dispute the role of politicians the vision on governance in partnerships should be broadened. Governance of sustainable agriculture and rural development (in short: rural governance) implies a changing role of market and civil society parties as well, at the national, regional and local level. It is also the responsibility of local stakeholders, such as farmers and other inhabitants of rural areas. Various initiatives already demonstrate their capability and willingness to carry that responsibility and to actively participate in rural governance.

### **The emergence of new modes of rural governance**

From the early 1990s onwards new modes of rural governance have emerged (Marsden & Murdoch, 1998; Van Der Ploeg *et al.*, 2000). In this we include the actions directed at agricultural and rural development that are 'new' where it concerns the responsible actors and the type of actions. It no longer is only the state that induces change through the formulation and implementation of policy, but various market and civil society actors take actively part in the change process as well. They do so in various arenas (economic, political or social) and in various constellations (individually and collectively), constituting new partnerships among themselves and with the state and realizing actions of various types. Among them are officially established policy networks, local action groups, new rural social movements, institutionalized networks of co-operating entrepreneurs, loosely and informally organized working groups of farmers or villagers and individual men and women co-operating with others on an *ad hoc* basis and in flexible coalitions. Moreover, the existence and relevance of rural governance modes vary among countries and regions, depending on their institutional and political structure and culture and their norms and traditions of local democracy and participation. Not only rural development but also rural governance is thus becoming a multi-level, multi-actor and multi-faceted process (Van Der Ploeg *et al.*, 2000).

To give some examples we point at the Dutch environmental co-operatives described in more detail below and at similar initiatives in other countries, like the

Conservation, Amenity and Recreation Trusts (CARTs) in the UK (Hodge, 2001) and Rural Environmental Protection Schemes in Ireland (Goreman *et al.*, 2001). Other examples are collective marketing initiatives in Europe (Brunori & Rossi, 2000; Knickel, 2001; Stassart, 1999), diversification schemes in Central and East European countries, Community Supported Agriculture in the USA and a wide variety of co-operative approaches in member states of the Organization for Economic Co-operation and Development (OECD) (Anon., 1998).

These examples show that new rural groups (e.g. farmers collaborating with other local stakeholders) are able to participate in rural governance. However, playing a role in rural governance requires actors who comply with the principles of good and effective governance (Evans, 1995; Anon., 1997a, b; Reddy & Pereira, 1998; De Senarclens, 1998):

- Rural groups have to demonstrate *responsibility* for their activities and decisions by incorporating societal considerations and demands regarding sustainable rural development in their daily practices.
- Rural groups have to *account* for their activities and decisions by communicating their interests, results and progress with respect to sustainable rural development to society.
- Rural groups have to make *transparent* to society which activities they undertake and which decisions they take, how and why.
- Rural groups involved in policy making have to *represent* all stakeholders concerned by the issue in question and have therefore to be *accessible* to participants with diverse opinions and opposing interests (Schmitter, 2001).

The accessibility to all stakeholders is significant to enable new, not yet established or weakly organized groups to take part in rural governance as well. Furthermore, their representation constrains the predominance of the views and interests of the established partners in the policy process. Accessibility and representation are, of course, of great importance from a gender and a social-exclusion point of view. Rural women are much less well organized and integrated in rural politics than men (Braithwaite, 1994; Safiliou, 2001; Bock, 2002). The same is true for socially marginalized and weakly integrated groups like long-term unemployed, poverty-struck rural population and parts of rural youth. As a result these groups have great difficulty in participating effectively in the formulation and implementation of agricultural and rural development policies, although the important role of women in various practical initiatives is generally undisputed.

Complying with the principles of good and effective governance – responsibility, accountability, transparency, representativity, and accessibility – is a means for rural groups to seek legitimacy for their daily practices. At the same time compliance is an expression of citizenship. Good and effective local governance can be regarded as a double-sided process of citizenship building. On the one hand rural actors behave as and (conceptually) become citizens by incorporating societal considerations into their decisions and by accounting for them. On the other hand citizenship is built by raising public awareness regarding sustainable rural development and by the active participation of citizens, e.g. by means of interest groups (Marsden & Murdoch, 1998). In the following we describe and analyse this process in more detail by elaborating an exam-

ple of new modes of rural governance in the Netherlands – the environmental co-operatives VEL and VANLA, located in the Frisian Woodlands.

### **The environmental co-operatives VEL and VANLA**

The Frisian Woodlands, with an acreage of 12,500 hectares of land, consist of small-scale, closed landscapes on the higher sandy soils alternated by relatively open areas on the lower peat-clay soils. The small-scale landscapes are formed by hedges and belts of alder trees surrounding the plots of land, resulting in a unique mosaic of parcels. In the early 1990s the farmers in the Frisian Woodlands worried whether they could keep small-scale farming viable if they did not follow the path of intensification of production and scale enlargement. Furthermore, they witnessed a growing tension between agricultural production, nature conservation and landscape preservation: *“Many dairy farmers in our area used to farm relatively extensively and small-scale, which fitted within the landscape. Farming within a small-scale landscape is labour intensive, which means that production costs are high. As there is a growing pressure for us to farm with low production costs, the room available for landscape and nature management becomes smaller.”* (Renting, 1995).

From 1984 onwards the Dutch government has issued a series of environmental rules and regulations to reduce the impact of agriculture on environment. The increasing body of rules and regulations on environment and nature conservation was often not adequate for the Frisian Woodlands (Renting & De Bruin, 1992). Establishing environmental co-operatives was a means for the farmers to create more room for self-regulation in order to develop locally effective means to realize environmental objectives: *“The new rules for sustainability were seen as difficult to implement, badly balanced and contradicting each other.”* (Renting, 1995).

The main characteristics of the environmental co-operatives VEL and VANLA are the following:

- The integration of environment, nature and landscape is seen as an essential part of the farming practice.
- The integration of these objectives into farming practices is a collective responsibility.
- Starting point are the local conditions and insights about farming, environment, nature and landscape.
- Environmental co-operatives are symbol and practice for a new contract between local, regional and national authorities and farmers.

These objectives reflect a mode of rural governance that can be described as self-organization and self-regulation. Moreover they comply with some of the basic principles of good and effective governance. That is, the farmers of VEL and VANLA themselves take full responsibility for the integration of landscape preservation and nature conservation in farming activities and for environmentally friendly dairy farming. In addition, by means of nutrient accounts, reports, newsletters and a website the farmers account for their activities and make them transparent.

In the development of the environmental co-operatives since their start in 1992 we can distinguish three unfolding trajectories. Firstly, the re-integration of environment,



nature and landscape into the farming system. Secondly, the emergence of environmental co-operatives as new authorities effectuating rural policies in their locality (Renting & Van Der Ploeg, 2001). Thirdly, the environmental co-operative as an opportunity for field laboratory research to redesign Dutch dairy farming in order to make it economically and environmentally sustainable. The three trajectories represent an unfolding pathway of possibilities, frustrations, success and failures.

*Trajectory 1. Integrating environment, nature and landscape into farming*

In the early 1990s, the Dutch government introduced several legal measures to counter possible detrimental effects of ammonia deposition (acid rain) on ecologically valuable landscape elements such as hedges and belts of alder trees. One measure was to declare hedges and belts of alder trees acid sensitive. Within the direct surrounding of these acid sensitive objects, animal husbandry had to be severely restricted. As a result the farmers in the Frisian Woodlands faced heavy restrictions on the expansion of their farms and high financial investments. The environmental co-operatives argued that active management was in fact more important for the continuity of the landscape than ammonia deposition. The farmers participating in the co-operatives committed themselves to maintain and increase their effort for preserving nature and landscape. In return they demanded that the ecological guideline specifying the above-mentioned acid sensitive objects would not be applied to the area. After a period of negotiation involving local, provincial and national governments the proposal was accepted. The environmental co-operatives restored 240 kilometres of alder tree belts. Moreover, VEL and VANLA designed a new plan in co-operation with the other five environmental co-operatives in the region, regulating landscape maintenance in the whole area by way of a transparent formal structure for subsidies and regulations.

The obligation to inject cattle slurry manure into the soil instead of applying it to the surface was another measure to fight acid rain. The measure fitted badly in with the reality of farming in the Frisian Woodlands, and was another reason for the environmental co-operatives to fight for more self-regulation. Injection of slurry manure involves heavy machinery that is difficult to work with in lower-lying land and on the small parcels typical for the Frisian Woodlands. The heavy machinery easily destroys the structure of the soil because of the high groundwater level, especially in spring. As a consequence more fertilizer is needed to arrive at the same production. This would, however, negatively affect the nutrient balance of the farms. The farmers in the area were afraid that either farming in the Frisian Woodlands would no longer be possible, or that enlargement of parcels and thus destruction of the landscape would be unavoidable.

The environmental co-operatives negotiated and obtained new exceptions concerning slurry manure application from the Ministry of Agriculture, Nature and Food Quality – hereafter referred to as the Ministry of Agriculture – for four years. In exchange the farmers committed themselves to active participation in projects to reduce nitrogen losses in alternative ways. Since 1995 the members of the co-operatives document their nutrient balances. This is an important tool for the farmers to understand what measures improve the management of nutrients and to assess the effectiveness of these measures. Furthermore, it enables the co-operatives to monitor

the reduction of nutrient losses at the level of individual farms and environmental co-operatives, and to account for the measures taken and their impact on the reduction of nutrient losses.

*Trajectory 2. Rural governance experiment*

In 1995, the Minister of Agriculture granted five environmental co-operatives (including VEL and VANLA) the official status of 'governance experiment': "*The request of the Ministry of Agriculture comprises proposals for experiments concerning policy-making within the areas. The Ministry considers our 'plan of action' as a first 'governance experiment' that the Ministry wants to support. So our plan of action is mostly an approach towards a 'governance experiment'. It is an attempt to construct a new relation between governments and farmers, in which the government gives more space to farmers to solve their own problems within the farm and within the area. The environmental co-operative takes responsibility to solve these problems.*" (Renting, 1995).

Nevertheless the co-operation between the environmental co-operatives and the national government remained difficult. For instance, the permission to surface-apply slurry manure (instead of injection) had to be re-negotiated every year. With the launching of the Nutrient Management Project VEL & VANLA in 1998 the negotiations took another direction. Exemption of general rules and regulations was no longer negotiable on the basis of the governance experiment but only as part of scientific research. The report of a visit of the Ministry to the Frisian Woodlands is illustrative: "*The Ministry is convinced that leaders in dealing with sustainability, like the environmental co-operatives VEL and VANLA, should be protected. At the same time we know that it is difficult for governments to deviate from generic regulations. That is why this is formulated carefully in the policies concerning agricultural nature groups. The exemption from the obligation to inject slurry manure is legitimate and defensible only for scientific purposes.*" (Bargerbos, 2001).

*Trajectory 3. Laboratories in the field*

The Nutrient Management Project, in which 60 farmers with a total of 2400 ha participate, was established for three main reasons. Firstly, to better understand the interdependence between the different elements of farming systems. The farmers of VEL and VANLA and several scientists were convinced that the plant-animal-soil system as a whole had to be re-balanced and optimized from an environmental point of view. Secondly, the nutrient project wanted to open some of the black boxes of agricultural science and from there explore unstudied issues, such as the variable quality of slurry manure and its effect on the soil. Thirdly, the project aims at the direct involvement of farmers and shared responsibility for the development of knowledge. The scientists involved were convinced that so far farmers' practices represented a sequence of promising innovations (or novelties) that needed further consideration and research. Therefore, farmers' knowledge and experiences influenced not only the design and methodology of the scientific project but also its guiding hypotheses. As a result, the project became a field laboratory, generating questions that otherwise would not have been asked.

## Environmental co-operatives as a new mode of rural governance

Positioning VEL and VANLA against the background of the main shifts in rural governance, the environmental co-operatives clearly emerge as a specific new mode of rural governance. In general terms, the following aspects characterize it:

- New institutional relations between state agencies and the agricultural community.
- New social networks of trust at local level.
- The re-embedding of farming in its local social and ecological context.

### New institutional relations between the state and agriculture

The environmental co-operatives VEL and VANLA represent an attempt to build new institutional relations between the state and the farming population. In doing so they endeavour to go beyond the generalized distrust that has permeated relations between the state and the farms. Environmental co-operatives certainly question the overload of state regulations that deeply intervene at farm level (Frouws, 1997). But they generally accept and endorse the policy objectives set by state agencies. They doubt the rationality of centrally guided and prescribed policy-implementation and ask for more (legal) room for self-regulation (Glasbergen, 2000). In doing so they construct new institutional arenas for negotiation and co-operation on policy issues that are relevant for their daily work and life (Renting & Van Der Ploeg, 2001).

The emerging institutional relations between the environmental co-operatives and the state are based on the following principles of exchange. State agencies define clear and quantifiable policy goals with respect to the environment (e.g. a maximum amount of nutrient losses), landscape, nature, etc. for the area covered by the environmental co-operatives. The co-operative members promise to realize these goals effectively. In exchange the state grants more flexibility regarding policy implementation. Farmers are allowed to develop and implement those measures and instruments they consider being the most effective means to realize the policy-goals concerned in their specific circumstances.

State and environmental co-operatives enter a contract in which the exchange deal is placed on record. The contract is based upon a plan of action written by the members of the environmental co-operatives. In this plan the environmental co-operatives present their view on rural development in the area and specify the activities they would like to carry out. In a following step these activities are discussed with government authorities, and negotiations on the attendant circumstances and conditions like exemptions from generic rules take place. The results of the negotiations are part of the agreement signed by all parties. The agreement applies only to the members of the co-operative. Other farmers working in the same area but not affiliated with the environmental co-operatives continue to be subject to generic policy measures.

The agreement or covenant usually covers a number of years in order for the members to have sufficient time to demonstrate the viability of their approach. If successful the agreement is renewed, if not it is terminated and all members are again subject to the reigning generic regulations. The philosophy behind such a construction

is to exclude free-rider behaviour at the level of the co-operatives as well as sabotage by individual members. The board of the co-operative will expel individual members who do not stick to the agreed rules.

### **New social networks of trust**

Environmental co-operatives are a means to overcome the contradictions and distrust at local level by actively creating new social networks of farmers and other rural stakeholders. In doing so they explicitly stand up against the idea of growing and inevitable conflicts of interests between farming, nature conservation, tourism and infra-structural development for living, industries and transport: “*We have become more and more convinced that agriculture cannot develop in isolation. The different socio-economic interests have been drawn apart too much. We have come to the conclusion that forces and interests have to be joined to open up new perspectives for our region and its inhabitants.*” (Anon., 1994).

In contrast to the paradigm of modernization, the environmental co-operatives promote the integrated development of land use and socio-economic activities in their region. By building bridges between different rural stakeholders and different rural activities, environmental co-operatives attempt to overcome distrust and conflicts and try to build new alliances (Renting *et al.*, 1994). They consolidate and reinforce social networks that facilitate the co-operation of local actors. In doing so they create the social capital (Putnam, 1993) and thus the resource base for joint projects today and in the future.

### **The re-embedding of farming**

The efforts of the environmental co-operatives aim at granting farmers the (institutional) room to manoeuvre and to re-embed farming in the area and in the context they are living in. There are various possibilities to re-align farming, ecology and society, although the exact lines along which to proceed may be highly differentiated (De Bruin & Van Der Ploeg, 1991). To effectuate these potentials, it is necessary to alleviate the strong external pressures from prescriptive policy frameworks. In this respect, environmental co-operatives are an attempt to restore the wholeness, contextuality and specificity of farming, *inter alia*, by reinforcing the craftsmanship of farmers and their capacity to produce tailor-made innovations that are fine-tuned to the particularities of localized settings (Wiskerke, 1997; Eshuis *et al.*, 2001).

Environmental co-operatives by no means embody a simple deregulation of agricultural production; rather, they envisage a re-regulation of farming in line with the needs of their specific locality. Just as the modernization model could flourish thanks to the existence of a favourable institutional environment of policy incentives, research and extension, a renewed embedding of farming into the local area asks for a responsive institutional back-up (Van Der Ploeg & Frouws, 1999). Environmental co-operatives are pioneers experimenting with new codes and rules that might help to build new governance frameworks for regionally embedded farming systems. Nature management plans, self-imposed nutrient accounting systems (i.e., before the mineral

accounting system MINAS (Henkens & Van Keulen, 2001) became obligatory), self-imposed codes of conduct and future development plans for the co-operative, containing issues such as procedures, goals and quantifiable results, are some of the building blocks for such frameworks. With the implementation of these plans the locus of control of farming and rural development is shifted back to local co-ordinators developing locality-specific mechanisms and solutions. In other words, they contribute to the development of self-regulation as a new mode of rural governance.

## Concluding remarks: the struggle for institutional support

The success of the environmental co-operatives not only depends on the efforts of the farmers involved but also presupposes a responsive and favourable institutional environment. Effective self-regulation as a mode of rural governance can only exist if public-private reciprocity is guaranteed. This, amongst other things, demands mutual trust, legitimate representation, a trustworthy government and credible accountability. Unfortunately, the issue of institutional support has become increasingly problematic, at least where it concerns the national context. While public opinion and the Dutch parliament continued to support a further development of environmental co-operatives, the Ministry of Agriculture expressed more and more doubts about the shift towards local governance. Being used to generic policy regulations, legal experts of the Ministry started to question whether further development of local governance could be adequately administered and the results sufficiently monitored. This was the start of a long period of internal struggle and debate within the Ministry, which tempered much of the initial enthusiasm of the co-operatives (Van Der Ploeg, 1999).

The governance experiment that started in 1995 and involved five (and later eight) environmental co-operatives, can be interpreted as a recognition of the potential of local governance. At the same time, however, other environmental co-operatives received no institutional support at all. Requests for support were turned down, arguing that first the results of the governance experiment should be awaited. Moreover, the evaluation of the governance experiment in 1999 put an end to the shift towards local governance. This was not because the environmental co-operatives did not meet their part of the deal. On the contrary, various positive evaluations produced evidence of the feasibility of the approach (Van Eck *et al.*, 1998; Hees, 2000). And although the Minister of Agriculture assured parliament that the governance experiment was to be continued, at the same time it was decided that environmental co-operatives would not receive an official governance status. Furthermore, in the future, exemptions from generic regulations seem to be out of the question, except as part of a scientific research programme like in the case of VEL and VANLA. In the end, bureaucracy seems to have successfully managed to stop the political advocates of more local governance and to obstruct any approach to by-pass the rigid generic regulatory framework (Renting & Van Der Ploeg, 2001).

The lack of institutional support is not the end of environmental co-operatives as a new mode of rural governance. At the local level, the organizations continue to be actively involved in rural development. The future role of environmental co-operatives

will depend on their capacity to mobilize other stakeholders (including local and regional government agencies) and to create well-aligned social networks at local and regional level. Furthermore, the rise of environmental co-operatives is in line with general shifts in governance promoted at the international level. For instance, the OECD stands up as a strong advocate of local governance by environmental co-operatives to support the development of sustainable agriculture: *“The more or less spontaneous formation of farmer-led eco-co-operatives in the early 1990s, and their subsequent evolution into laboratories of government policy, are both consistent with Dutch institutional and democratic traditions. From the government’s perspective, the emergence of these groups has proved a useful vehicle for mobilizing farmers’ commitment to environmental protection, and for finding ways to shift more responsibility over the implementation of environmental policy to local communities.”* (Anon., 1998).

The Dutch Ministry of Agriculture is still reluctant and fearful to share governance at local level. However, it is to be expected that the current international debate about shifts in multi-level governance both among scientists and politicians will lead to a change in the Dutch political climate and will put environmental co-operatives back on the political agenda as a new and promising mode of rural governance. Yet, most important remain the enthusiasm and willingness of farmers and environmental co-operatives to continue to create and sustain room for self-regulation. During the past ten years – despite (or perhaps thanks to) generic rules and regulations – the number of environmental co-operatives and similar organizations in the Netherlands has grown to approximately 300, which illustrates the support and need for this new mode of rural governance amongst farmers and other rural stakeholders.

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