Designing coherent policy frameworks for farm diversification

Output of the Thematic Group on Farm Diversification

This factsheet summarises key messages from the EU CAP Network Thematic Group (TG) on Farm Diversification (February - May 2026) on how to design coherent, long-term policy frameworks that support farm diversification.

This paper distils the outcomes of exchanges between TG members (farmers, advisers, Managing Authorities, Paying Agencies, National Networks, researchers, and other rural stakeholders), and sets out **four key areas for action**: strategy and data, policy and funding alignment, place-based implementation, and the skills, services, and cooperation needed to make diversification work in practice. The paper also includes **two policy examples from Italy** for illustration.

It is intended to support policymakers and those working with them in shaping farm diversification strategies that deliver meaningful outcomes for farm incomes, innovation, and vibrant, liveable rural areas.

Disclaimer

This document has been developed as part of the work carried out by the CAP Implementation Contact Point under the EU CAP Network to support the activities of the Thematic Group (TG) on Farm Diversification. The information and views set out in this document do not necessarily reflect the official opinion of the European Commission.

Context

Farm diversification encompasses the development of new activities, income streams and services on and around farms, with agriculture at its core. Actions may include farm processing, agri-tourism, renewable energy, social services, and new forms of cooperation. Diversification is increasingly seen not only as an economic strategy for individual farms, but as a wider rural development tool that contributes to thriving rural areas.

Diversification can strengthen the resilience of small and medium-sized farms to market and climate shocks, create quality jobs, and support a more balanced rural economy. It is closely linked to rural-urban integration, local value chains, and innovation, with women and young people often playing a key role in the creation and management of diversified activities.

However, support for farm diversification can often be fragmented across policies and funding streams, and hindered by complex rules, weak data, and limited coordination between ministries and different levels of government. There should be a move from isolated projects towards a more strategic, measurable, and coherent approach that aligns the CAP with other policies and creates real enabling conditions for diversification.

Vision and desired outcomes

There should be a common understanding that farm diversification contributes directly to resilient farms and resilient rural communities. This is more than counting diversification projects: it is about diversified income that lasts, stronger local economies, innovation, and improved quality of life in rural areas.

Key outcomes foreseen may include:

- Increased share of farm revenue and labour coming from diversified activities.
- More farms with diversified activities, including tracking how many remain diversified after five years.
- New jobs, businesses and cooperation initiatives linked to diversification (associations, rural-urban partnerships, clusters).
- Uptake of innovation and renewable energy on farms, with a focus on smart, context specific solutions.
- Greater rural resilience: stable communities, liveable rural areas and vibrant local economies to which women contribute significantly.

Key areas for action

The following four broad areas of action were identified as central to achieving a coherent policy framework for farm diversification. No single type of action is sufficient – progress requires coordinated efforts throughout the policy cycle, from design to implementation on farms and in rural communities.

1. Strategic, measurable approach and better data

- Develop a national (or EU aligned) farm diversification strategy with a 5–6-year timeframe, annual or biannual action plans, and a clear hierarchy of outcomes, objectives, and aims.
- Set a focused set of KPIs, such as share of diversified income and labour, number of diversified farms after five years, number of new businesses and employees, innovation indicators, renewable energy uptake, and cooperation initiatives.
- Invest in better farm level data and feedback loops, so that monitoring captures real change at farm and territorial level and can inform regular adjustments to the strategy.
- Use independent and technical mid term reviews (including peer review with other Member States) to check progress against targets and ensure learning and accountability.

2. Policy alignment and coherent funding

- Align agricultural policy with social, economic, regional, education, and innovation policies to position diversification as part of broader balanced rural development.
- Clarify how CAP interventions for diversification complement other EU funding streams as part of a wider package of investment that supports rural development and business creation.
- Promote alignment between EU, national, regional, and private funding, including flexible combinations of CAP support, innovation funds, and national or local incentives that together create a coherent offer for diversified farms and rural entrepreneurs.
- Ensure that funding earmarked for farm diversification genuinely reaches farm businesses and rural areas, for example by reinforcing early-stage business development support through greater use of local enterprise agencies, rural networks, and chambers of commerce.

  Clusters, cooperation and rural-urban partnerships are seen as important tools for farm efficiency, access to markets, and shared services, and should be supported as part of this aligned policy mix.

3. Localised, flexible implementation and governance

- Combine frameworks (national strategies, funding architecture, simplification measures) with decision-making on priority setting and spending at regional and local level.
- Use LEADER type approaches and multi actor rural networks to ensure that local communities and regional actors can guide how resources are used for farm diversification in their area.
- Reduce over legislation and rigid local administrative procedures that hinder diversification projects.
- Involve a wide mix of actors in the design and implementation of the policy framework: farm representatives (associations, unions), advisors, NGOs, local action groups, support organisations (agri incubators, agri hubs), researchers, and universities.
- Avoid tokenism by moving from consultation only approaches towards co creation models, where stakeholders have a structured role in design, implementation, and governance.

4. Skills, services, cooperation and enabling conditions

- Provide training, mentoring, and advisory support focused on diversification, entrepreneurship, business management, and cooperation, including education on clusters and their management.
- Support practical enabling conditions for diversification such as childcare, and access to land and local services, recognising their importance in particular for women and younger people.
- Encourage new ways of entering and combining farming and diversification (share farming, part time models, innovative financing) with support from local enterprise structures and social funds.
- Promote peer to peer learning and networking opportunities where farmers, advisors, and practitioners can share experience and showcase successful diversification and innovation pathways.

Why policy and governance matter

Strategic, coherent and stable policy frameworks are essential to signal a clear long-term direction for diversification and give confidence to farm businesses, investors, and rural communities. Policy coherence should be a precondition for ambitious yet efficient implementation.

Within this, the CAP should provide strong and well designed incentives for diversification that effectively support business development and innovation, while minimising undesirable trade offs. Joined-up and inclusive governance systems should ensure actors at different levels and sectors have ownership of the policy framework, including in the design and steering of targeted interventions under the CAP and other policies.

By combining a strategic, measurable approach with aligned place-based policy mechanisms and strong support systems, Member States can turn farm diversification into an important pillar of rural resilience.

Examples of policy approaches from Italy

1.1 Italy - National system for the promotion and valorisation of Italian agritourism, under the responsibility of MASAF

Description

Since 2013, the Italian Ministry of Agriculture, Food Sovereignty and Forestry (MASAF) has implemented a series of initiatives to promote the Italian agritourism model and support its wider dissemination. Notably, in accordance with national legislation, the national trademark, *Agriturismo Italia*, was introduced, together with a harmonised classification system for agritourism establishments based on the 'sunflower' symbol, which indicates the level of comfort, environmental quality, and services offered.

To increase the visibility of agritourism businesses, an institutional portal (www.agriturismoitalia.gov.it) was also created and made available in 10 languages.

The portal showcases more than 26,000 agritourism businesses operating in Italy. This National Directory of Agritourism (*Repertorio nazionale dell'agriturismo*) is continuously updated by the Regions and Autonomous Provinces, providing an official tool for searching and consulting establishments according to the services offered. The portal also enables multifunctional farms to market their services directly and increase their visibility, promoting accommodation, catering, tasting activities, direct sales, and recreational services.

Rationale

In February 2013, MASAF established the national brand *Agriturismo Italia*, which identifies farms operating in compliance with national laws and regulations. The brand is represented by a sunflower symbol. At the same time, MASAF introduced a national classification system to standardise and enhance Italy's agritourism offer.

The classification system was designed to give the public an overview of the level of comfort, range of services, and environmental quality offered by each farm. To develop the system, MASAF, in cooperation with regional administrations and national agritourism associations, carried out national and international research to assess tourist needs. Under this system, farms are assigned a quality rating (from 1 to 5 sunflowers), encouraging providers to invest in service quality. In some regions, farmers can complete the classification process online via the *Agriturismo Italia* portal.

In June 2014, the National Directory of Agritourism was established. It brings together data on authorised agritourism farms from regional registers and is made available through the official portal (www.agriturismoitalia.gov.it). Through this platform, MASAF enhances the visibility and accessibility of the agritourism sector, ensuring transparency, quality, and recognition of authorised establishments.

Regional and Autonomous Authorities regularly transmit updated data on authorised agritourism operators to MASAF, which are then integrated into the National Directory. Farms listed in the Directory can register free of charge on the portal and access a dedicated area to update their contact details. The portal also offers visitors advanced search tools to find farms, based on location, services, and activities, including agritourism stays, camping, direct sales, and crop-related experiences.

As agritourism is closely linked to primary agricultural production, the portal allows users to view the agricultural size of farms through a direct connection with SIAN (*Sistema Informativo Agricolo Nazionale* – the National Agricultural Information System), developed by MASAF and the Agency for Agricultural Payments. This system is a key tool for maintaining structural data on agricultural holdings and verifying the agricultural nature of each business.

The project is coordinated by MASAF, which has delegated operational and organisational implementation to ISMEA. Regional and Autonomous Authorities are continuously involved in updating data on authorised operators. National agritourism associations and other stakeholders also participate in the system. The final beneficiaries are farmers, business owners, visitors, and local territories, all of whom benefit from greater transparency, visibility, and quality within Italy's agritourism offer.

Achievements

Since 2013, the system has also supported a broader set of initiatives to strengthen and develop the agritourism sector, including studies, surveys, technical manuals, collections of good practices, thematic reports, and monitoring tools focused on agricultural multifunctionality. A key output is the report "*Agritourism and Multifunctionality*", which analyses the economic and social evolution of the sector and its contribution to rural development.

Overall, these tools have strengthened the visibility, transparency, and recognisability of Italian agritourism at both national and international levels. They have improved consumer trust, increased the visibility of farms, and enhanced understanding of the sector's role in rural development.

The integration of the national brand, digital portal, classification system, and monitoring tools represents a concrete example of coordinated governance and innovation in support of sustainable rural development. It demonstrates how shared digital systems can strengthen agricultural multifunctionality and improve the quality perception of agritourism services.

Lessons and recommendations

A major success factor was the strong cooperation between MASAF, ISMEA, regional administrations, and agritourism organisations. This enabled the creation of a nationally recognised framework, while respecting regional diversity.

One challenge was the heterogeneity of Italian regions, which differ significantly in environmental, economic, and agricultural conditions. This was addressed through a multilevel governance approach that combines national principles with regional implementation flexibility.

Another challenge concerns the skills required to manage multifunctional businesses and digital communication tools. Continued investment in training and advisory services remains important. For replication, key requirements include strong institutional coordination, administrative simplification, reliable digital infrastructure, and mechanisms that balance national consistency with regional flexibility.

Funding: The Agriturismo portal and related activities are managed within the CAP Network and financed by the EAFRD (European Agricultural Fund for Rural Development) under the CAP National Network Programme 2025–2027.

Timeframe: 2013 – ongoing

Lead organisation: Ministry of Agriculture, Food Sovereignty and Forestry (MASAF)

Further information

- https://www.agriturismoitalia.gov.it/it/homepage
- https://www.reterurale.it/agriturismo
- https://www.ismeamercati.it/osservatori-retepac/agriturismo

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1.2 Italy - Lazio region: New pathways for farm diversification

Description

The Lazio Region has developed a regulatory and administrative framework to support farm diversification beyond conventional agricultural production. The system supports farmers in rural areas to diversify income through agritourism, direct sales, educational activities, renewable energy, social and therapeutic services, and multi-entrepreneurship models.

The approach combines the European concept of agricultural multi-functionality with the Italian legal framework of "related agricultural activities", introduced by Legislative Decree 228/2001, and subsequently developed through regional legislation.

Unlike systems based on predefined lists of permitted secondary activities, Lazio applies a flexible case-by-case administrative assessment that allows innovative and integrated forms of diversification, while preserving the agricultural identity of the farm through the principle of prevalence.

A key element is the Regional Agricultural Authorisation System (SAAR), which coordinates agricultural, planning, environmental, and landscape regulations, creating an administrative pathway compatible with entrepreneurial innovation and territorial sustainability. At the same time, the Regional Agricultural Plan (PAR) integrates territorial vocations, spatial planning, and rural development strategies to support rural regeneration, territorial networks, production chains, and systemic approaches to diversification.

Rationale

The Lazio Region views diversification not simply as an additional source of farm income, but also as a tool for the systemic reorganisation of agricultural holdings and rural economies.

At the European level, multifunctionality created a policy framework recognising that agriculture produces not only market goods, but also public goods such as landscape management, environmental protection, and rural vitality. Diversification became the mechanism through which farms can strengthen resilience while delivering these wider benefits.

In Italy, this process was enabled through the reform of Article 2135 of the Civil Code, which introduced the concept of "related agricultural activities". Lazio translated these principles into an enabling governance framework through Regional Law 14/2006, favouring flexibility rather than rigid lists of authorised activities.

The operational model connects different institutional and territorial levels through several interconnected elements, including a flexible regulatory framework that allows case-by-case administrative assessments, and the principle of prevalence, which ensures that agriculture remains the core activity, while diversification supports farm income. It also includes multi-entrepreneurship models that enable different actors to share spaces, services, and investments within the same rural context, as well as coordination through the Regional Agricultural Authorisation System (SAAR), which integrates agricultural, environmental, landscape, and planning procedures into a single administrative pathway.

This framework reduces administrative fragmentation and allows farms to combine agricultural production with innovative activities such as agritourism, therapeutic and rehabilitation services, pet care, sport and leisure activities, direct sales, and renewable energy production.

The Regional Agricultural Plan (PAR) further links diversification policies with territorial vocations, spatial planning, and rural development strategies, supporting rural regeneration, facilitating land consolidation, and promoting collaborative approaches based on networks, districts, and value chains.

Key stakeholders include the Lazio Regional Directorate for Agriculture, regional departments responsible for planning, environment, landscape protection, and public health, along with local authorities, farmers, rural entrepreneurs, and organisations involved in the implementation of the CAP Strategic Plan.

Achievements

The Lazio Region analysed 284 diversification projects funded under Measure 6.4.1 during the 2014–2022 programming period, representing approximately EUR 73 million in total investment and around EUR 38 million in public support.

The regional framework primarily supported agritourism, which today accounts for more than 1,300 registered agritourism businesses in Lazio. Of the 284 projects analysed, 258 focused on agritourism. Other types of diversification include direct sales, social and cultural activities, environmental services, wine tourism, and olive oil tourism.

The framework also encouraged new forms of territorial cooperation and shared entrepreneurship, allowing farms to host multiple economic and social activities while maintaining agricultural continuity.

A major achievement has been the development of the Regional Agricultural Authorisation System (SAAR), which helps manage innovation within complex territorial constraints while improving coherence between agriculture, landscape protection, and spatial planning.

The "Experience Lazio" platform further supports diversified farms by increasing their visibility. It is progressively evolving from a promotional tool into a platform that connects businesses, services and rural territories.

Lessons and recommendations

The Lazio experience demonstrates that diversification can become much more than an additional farm activity: it can lead to the reorganisation of farm business models and, when adopted widely across a territory, contribute to the transformation of rural economies. A key success factor has been the flexibility of the regulatory framework. The absence of rigid lists of authorised activities allows adaptation to diverse local conditions and changing societal needs.

Another important lesson concerns the role of public administration. Diversification inevitably intersects with environmental, landscape, planning, and health regulations. Without a coordinating mechanism such as SAAR, innovation can be slowed by procedural fragmentation.

The experience also shows that diversification tends to develop more rapidly in areas with stronger market access, tourism potential and established local networks.

Through collaborative arrangements and territorial networks, the framework can also contribute to gradual land consolidation and the development of interconnected rural service ecosystems.

Funding: During the 2014–2022 programming period, the framework in Lazio supported approximately EUR 73 million of total investment, including around EUR 38 million in CAP support and EUR 35 million in private investment.

Timeframe: Ongoing

Lead organisation: Lazio Region – Directorate for Agriculture

Further information

- https://www.regione.lazio.it/cittadini/agricoltura/diversificazione-attivita-agricole

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