

# Turning market-oriented organic agriculture upside down

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Market-oriented organic agriculture has the potential to improve the livelihoods of smallholder farmers in sub-Saharan Africa. However, many initiatives still implement top down approaches when developing projects linking farmers to organic markets. Decisions on what kind of organic enterprises to develop are often prescribed by outside market facilitators, who have analysed independently of the farmers the organic market chain, and made recommendations to organize production to meet identified organic market demands. This paper describes an approach tested in Uganda that strengthens the capacity of farmers to identify market opportunities themselves and to develop organic enterprises and work up the organic market chain. This process involves using approaches that enable farmers to access new market information (e.g. prices, quantities, quality) and new research products (e.g. disease resistant germplasm, variety evaluation for export, investing in natural resources and soil fertility) on critical aspects of production and how to use this new information to develop competitive and profitable export organic agroenterprises.



*ERI has a specific focus on female and resource poor farmers.*

## I Introduction

Uganda has become one of the leading exporters for organically certified crops in Africa, with more than 40.000 farm households under organic production. These farmers grow organic cotton, sesame, coffee, fruits, and horticultural products for export, mainly to Europe. Depending on the commodity, farmers benefit through a premium price for the organic product. This premium, which is in addition to the conventional farm gate price, enables organic farmers to earn 10-30% more for their produce. Market-oriented organic agriculture has therefore received much attention among farmers, the private sector and policy makers in Uganda, and elsewhere in developing countries.

The rapid expansion of organic agriculture is the combined result of increased market demands for organic products from developing countries and increasing

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investments by the donor community into the organic sector, as well as direct governmental support through Export Promotion Boards. Investments come in the form of financial resources and technical know-how that support the production and marketing of organic products. One of the main rationales for such donor investments are the higher prices that organic products are able to achieve. This is hoped to increase farmers' household income and thus alleviate poverty. Moreover, through the additional income households are anticipated to be in a position to purchase food, hence increase food security.

The approaches and strategies used in projects supporting market-oriented organic agriculture vary widely. What most of them have in common, however, is that the primary entry point for donor investments into organic value chains is the private sector, such as, exporters and traders, who also provide organic agricultural extension services to farmers. Within organic commodity chains, farmers are often seen as passive producers rather than active and creative organic agriculturalists. Power relations favour traders and exporters, production decisions are made on behalf of farmers and the use of research products play a minor role. The fact that the organic certification is conducted by, and held by, the export company further discriminates against the farmer, who is tied to one company, and the products that they want produced. The decisions on what products and enterprises to develop, what markets to target are often prescribed by private companies or development organizations, and then work down the market chain to organize production to meet identified market demands. Very few initiatives have built the farmers' own capacity to identify and develop organic enterprise opportunities, to match market opportunities with investment in improving the resource base, and build local capacity to solve problems along the chain, e.g. to access technical support from service providers to address production constraints.

This paper argues that additional measures are necessary to sustain the long-term competitiveness of the organic sector. It outlines an approach that turns power relations within organic value chains upside down, not to substitute, but to complement existing approaches

that link farmers to organic markets. Its main aim is to strengthen farmers to become more active within organic value chains and hence being able to make their own, independent production and marketing decisions. The outlined approach is of particular use to farmer groups and communities who transition from subsistence to commercial organic agriculture.

## 2 Conceptual basis

Rather than prescribing markets for smallholder farmers, a new framework is needed that integrates investment in market opportunities and natural resource management. For this reason, the 'Enabling Rural Innovations (ERI)' framework which has been tested by CIAT and its partners in Eastern and Southern Africa is being adapted to suit organic agriculture<sup>3</sup>. This framework strengthens forward and backward linkages between natural resource management, agriculture production and markets, and adds a focus on strengthening research and development services, which have a critical role to play in providing technical and market information, as well as, strengthening the organizational capacity of rural communities and business development services. More specifically, the ERI framework links farmer participatory research, market opportunity identification, and development of technologies for organic enterprise development, with a specific focus on female and resource poor farmers.

Soil improvement through strengthening biological processes, optimizing nutrient cycling, minimizing external inputs and maximizing the efficiency is an important part of asset building for smallholder farmers. This is especially true for poor women producers in female headed households who rely on the intensification of subsistence and cash cropping. For this reason, technology development starts with a farmer-based diagnosis to understand intra-household allocation and control over resources, and opportunities for intensification and linkage to markets. The transition to organic agriculture needs to be compatible

<sup>3</sup> For further information see <http://www.ciat.cgiar.org/africa/eri.htm>

with producer's opportunities in managing both, the natural resource base and the agricultural production system, as the adoption of new resource management and production technologies heavily depends on the productivity of women's labour and on their control over assets.

### 3 Elements of the process

During the initial activities of an organic agriculture initiative, building and sustaining alliances with strategic partners and wider stakeholders is an important first step. This is based on the development of common goals, the selection of pilot sites, and the negotiation of agreements among the participating parties. Parties include NGOs who work with farmer communities, the private sector with an interest in organic products, and the national agricultural research and extension systems that provide technical services for farmers during the transition to market-oriented organic agriculture. The entire process of developing profitable organic enterprises has five elements: participatory diagnosis and community visioning, participatory market research, participatory technology development, enterprise development and participatory monitoring and evaluation.

#### 1. Participatory diagnosis and community visioning

The purpose of the participatory diagnosis and community visioning is to engage farmer communities in a creative search for future livelihood visions and goals. Visioning exercises help farmers to outline their future lives and express their aspirations, as individuals, and as a group. The participatory diagnosis enables farmers to explore and appraise the existence of tangible and non-tangible community assets and strengths. Organic agriculture is seen as a livelihoods strategy in which farmers invest their assets in order to achieve anticipated livelihood goals. Participatory diagnosis with the community places a strong emphasis on gender and stakeholder analysis. Since the approach places emphasis on community enterprises, farmers form and strengthen farmer market research group(s) and farmer research group(s) to select, test and evaluate marketing

opportunities, technology options, and approaches to sustaining their natural resources. These trainings increase group cohesion through social capital development. Farmers who are member in these groups are selected by community members and represent the entire community and through regular meetings and field days report back on activities to the whole community.

#### 2. Participatory market research

The purpose of participatory market (PMR) research is to identify market opportunities for competitive organic commodities that will increase farm income and employment and hence help farmers to realise their visions and goals. Participatory market research identifies and evaluates market opportunities for competitive and profitable organic crop that will provide incentives for investment in improving the resource base. For this reason, participatory market research groups are trained in identifying new markets, collecting market information, learning about product quality standards, conducting cost-benefit analysis, and prioritising appraised organic products. Important components of the participatory market research training are visits of farmer representatives to potential markets, such as organic retailers, supermarkets, exporters and hotels. Through this exposure farmers learn about product characteristics (type, size, shape), handling requirements, delivery, pricing and terms of payments. These visits not only broaden farmers' minds, but also help to identify potential buyers for their produce. Market research activities tend to identify a range of enterprise options. However, not all enterprise options are realistic and farmers have to evaluate them against the production potential within their community. Prioritisation of cash crop opportunities is done with trade-off analysis against household food consumption. Important criteria comprise the profitability of the product, the reliability of the market and the risk associated with production and marketing. Farmers subsequently select enterprise options for organic markets and for maintaining household and community food security.

### 3. Farmer participatory research (FPR)

Most selected organic enterprise options are new to farmers and the community. In order to competitively produce organic communities, farmers need new knowledge, information and practical skills to identify the most suitable production strategy. Participatory research and technology development helps farmers to explore and test technology options. Following the formation of farmer research groups and building their capacity to participate actively in selecting, testing and evaluating technology options, farmers identify research questions related to the entire 'resource-to-consumption' system. A full farmer experimentation cycle comprises planning, designing experiments, implementation, monitoring and evaluation, and feedback of results to the community and R&D partners. Developing farmers' skills in experimentation is essential for decentralising adaptive research and to enable farmers to overcome critical production constraints.

### 4. Enterprise development

Results from the PMR and FPR are used in developing priority agroenterprises by the community, based on its profitability, ability of farmers to invest in production, production risk, market risk and sustainability of production. Development of and strengthening community agroenterprise initiatives is crucial if communities to be able to produce the quality and quantity of products required by their markets. Building partners' and farmers' capacity, and strengthening both bonding (organizational capacity, cooperation, collective action) and bridging (horizontal and vertical linkages). Social capital of rural communities is another key to the development of successful agroenterprises. Communities continually need support in access to new technical information, market information services, strengthening of their business and negotiation skills and financial management.

### 5. Participatory monitoring and evaluation

Participatory monitoring and evaluation is a process for institutional learning and change, and is used to reflect, replan and implement changes needed in the project as it progresses, to ensure it achieves its goals.

Key indicators for monitoring activities, outputs and outcomes are developed at project level and community level. Indicators are developed with both male and female farmers in order to provide a gendered perspective to project interventions. Emphasis is placed on both qualitative and quantitative indicators. Qualitative indicators are especially useful for monitoring social processes, benefits and any negative effects of the project and/or technology adoption to both male and female farmers (e.g. implications of project interventions on men and women's labour and participation in activities, on the environment, on crop productivity etc.). Tools for collecting different types of information and at different stages of the project include participatory and survey tools (e.g. data sheets for monitoring at activity level, impact diagrams for monitoring anticipated and negative anticipated changes, resource maps and surveys). At both community and project level, a system for sharing and using the collected information for making decision and for adjusting project activities will be developed, e.g. through annual (seasonal) review meetings. This is linked to an impact assessment study that will be carried out at the end of the project to make an assessment of the institutional, livelihood, environmental and social changes that have occurred as result of organic agriculture transitions.

## 4 Lessons

The first lessons with this approach to market-oriented organic agriculture were gained as part of an action research project in two districts in Uganda. There the project is implemented by CIAT and BOKU in close cooperation with Africa 2000 Network (A2N), Uganda Environmental Education Foundation (UEEF), private sector, local governments of target districts and farmer communities who transition from traditional to organic agriculture. Stakeholder participation is the main thrust of this project.

Market demands and requests from buyers for organic products are highly dynamic and fluctuate within a very short time. This is a challenge for farmers as they spend time testing new organic commodities within their agro-ecological environment. There is hence a

trade-off between developing the capacity of farmers for long-term adaptation of crop varieties and a short-term fulfilment of market demands.

When farmer groups transition from traditional to organic agriculture, they do this more or less in isolation from their neighbouring farmers. This creates a patchwork of organic, traditional (and sometimes conventionally managed plots), which makes organic certification a costly exercise.

During the testing of the ERI approach it became clear that in order to strengthen the competitiveness of farmers on emerging organic markets, more emphasis must be placed on collective marketing of linked-groups rather than each group developing their own marketing strategy. In order to realise this, many more groups would have to undergo transition processes, with new forms of social organisation at higher level, with effective response mechanisms to fluctuating market demands for organic produce. Against this background, the ERI process need to be taken to a higher system level and hence tackle the emerged challenges as well as to unlock some of the observed potentials for applying organic agriculture at a larger scale.

## 5 Conclusion

So far the ERI approach has proven to be useful in facilitating a market-led, farmer-owned, transition process from traditional to organic agriculture as it forges 'learning alliances' between farmers and their research and development partners. Experiences with ERI approach and its application to organic agriculture show that for developing market-oriented organic agriculture into a sustainable livelihood option for smallholder farmers is possible. During the second project phase (2008–2010) it is aimed to build a multi-stakeholder partnerships between organic farmers, non-governmental organisation, exporters and research at sub-country and district level.

Such partnerships become the basis for an institutional innovation and change process that shall take a full territorial approach to organic agriculture development.