



Organic Exports

– A Way to a Better Life?

EXPORT PROMOTION OF ORGANIC PRODUCTS FROM AFRICA

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Executive Summary

The Export Promotion of Organic Products from Africa (EPOPA) programme was initiated in the mid-1990s by Sida. In the period 2002 to 2007 it was considerably scaled up and subsequently phased out in 2008. It operated in Tanzania and Uganda and briefly in Zambia. EPOPA was a “development through trade” programme with the objective of improving the livelihoods of rural communities through exports of organic products. Exporters were the main partners and the programme worked directly with them to develop exports of organic products. In addition, the programme worked to support emerging institutions in the organic sectors.

A summary of key data for the export projects in Tanzania and Uganda shows that farmers have sold organic products for approximately US\$15 million per year and the total export value is more than double that amount. A total of 110,000 farms have participated, but only 80,000 have actively delivered products to the exporters. Considering the size of households, it means that some 600,000 people have been beneficiaries of the programme. The cost of the programme for the Swedish taxpayers is one cup of coffee per taxpayer.

Country	No. projects	No. farmers	Farmer income from organic crops (US\$)	Farmer premium (US\$)	Total export value (US\$) (last completed season)
Tanzania	15	24,000	2,300,000	390,000	6,100,000
Uganda	19	87,000	12,600,000	2,600,000	25,000,000

Some projects are yet to reap the benefits from EPOPA support, as they are not yet certified and therefore can't access the organic market.

EPOPA leaves behind a very vibrant organic sector in Uganda and an established sector in Tanzania; 30 export projects in operation; consolidated organic movements; internationally accredited certification bodies in Uganda and Tanzania; and finally a large number of people with increased understanding of organic agriculture and capacity to develop the sector. In Zambia EPOPA worked too short a time to make any strong impact.

In order to set up a successful export project, there was a need to find the right mix of the following:

- a willing and capable exporter
- a production base, i.e., willing farmers in an area with suitable conditions and basic knowledge of production
- market demand
- products that could be competitive in quality and price

Hardly any funds were made available for investments or other incentives for the participating exporters. The focus of the programme was to create viable business, and EPOPA assisted the actors through a wide range of services, from farmer and field officer training to marketing and certification.

The participating farmers were smallholders. Most of them were “organic by default”; i.e., they used almost no agrochemical inputs before participating in the programme. Organic farming itself posed few problems for the participating farmers. Despite the great variety of crops and the large number of farmers, there were no insurmountable problems in the production or with pests. There were expectations from the project implementers, Agro Eco and Grolink, that the farmers would respond to the project by the implementation of all the positive features of organic farming (improved crop rotations; better nutrient recycling; cover crops and green manures and soil conservation) but that didn’t happen to a very significant extent.

Farmers experienced improved food security, largely as a result of increased income, as well generally improved livelihoods, as demonstrated by improvement in housing, children attending school, and investments in farming.

A number of projects were very successful; some were moderately successful; a handful completely failed. Reasons for failure included lack of commitment from the exporter or the owners of the company; problems in food processing; a vanishing resource base (for the fishing projects); and management problems. Successful projects featured a well-managed and committed company, good field work, and farmers seeing the exporter as a partner and a good market.

Generally, EPOPA was more successful in Uganda than in Tanzania. This is attributed to implementation and management factors, but it is mainly the case that logistics and geography are more challenging in Tanzania and that Uganda has more enabling policies and a better business climate.

EPOPA worked very little with the governments, although towards the end of the programme this changed and EPOPA participated in the organic-policy development of the countries. The importance of proper government policies is felt by the organic sectors in East Africa. It concerns both the lack of supportive policies, but perhaps even more the existence of policies that are harmful to development. Therefore, a programme like EPOPA, despite its private-sector focus, also has to engage in policy dialogue and action.

The continued strong demand of organic products and the increased policy support contributed to the success of EPOPA. Other important success factors were:

- Clear market focus of the projects and focus on tangible results; using commercial actors to link farmers to markets
- Integrating extension work into the commercial chain so that the exporters are responsible for extension work, financed by income from the trade
- The use of group certification to facilitate the certification process

Central to the implementation of the projects was the establishment, by the exporter, of a field organization for extension work and for internal control of issues related to certification. All in all, the field organization worked, but most of its energy was absorbed by certification issues, and the efficiency of the agronomic advice in many of the projects can be questioned. This is not a main interest of the exporter.

A main challenge to the programme was finding competent and committed exporters. The organic market represented something new for the exporters, and it took quite a while to adjust to. Project periods were three years, but this clearly was too short in most cases; agricultural projects need longer time in general. Extensions were awarded mainly to improve the sustainability of the venture. Value addition in developing countries is an appealing proposition, but it is not always so easy to do. Many of the projects that included value addition experienced big challenges, in particular regarding product design and imported packaging materials and inputs.

In most of the projects, large groups of farmers were involved, and they did experience a substantial increase in income, expressed as a percentage. However, especially for those producing basic commodities, the increased income was not sufficient to lift them out of poverty. For farmers producing high-value crops, such as cashew, fresh fruits, and spices, the increased income is substantial in absolute terms also.

The support to emerging institutions, such as local certification bodies and national organic movements, was successful. There are now organic standards and internationally accredited certification bodies in Tanzania and Uganda and the national organic movements are involved in local market development, advocacy, and policy development.

Working with the commercial sector to develop agri-business involving many smallholders has proven to be successful. One needs to keep in mind that the business objectives of the commercial actors may not be the same as the objectives of development cooperation, but with good design, dialogue, and pragmatic implementation, they can work well together.

Much of what was accomplished by EPOPA could also be accomplished by other programmes, also without the organic component. However, the organic markets do provide special incentives. The organic production system is well-adapted to African smallholders and is sustainable. Apart from the effects on income, organic farming also produces public goods and ecosystems services such as carbon sequestration and biodiversity. In future development programmes such services such public goods should be part of the package. The EPOPA programme, or programmes with a similar market-led approach, can be recommended for many other African countries. The market is there and the farmers are there.

Acronyms and Key Terms

CBTF	Capacity Building Task Force of UNEP and UNCTAD, implementing a project on promotion of organic agriculture in East Africa
DIIS	Danish Institute of International Studies
EPOPA	Export Promotion of Organic Products from Africa
Eurep GAP	Now Global GAP, a standard for food safety developed by retailers in Europe
FAO	Food and Agriculture Organisation (United Nations)
FLO	Fair Trade Labelling International
Hivos	A Dutch non-governmental humanist development organization
IFOAM	International Federation of Organic Agriculture Movements
ICS	Internal control system
ISO 65	ISO/IEC Guide 65: 1996(E): general requirement for bodies operating product certification systems
ITC	International Trade Center
KCU	Kagera Cooperative Union
KNCU	Kilimanjaro Native Cooperative Union
OPPAZ	Organic Producers and Processors Association of Zambia
OSEA	Organic Standards in East Africa, a Sida-funded project implemented by IFOAM to develop a regional organic standard in East Africa
MDG	Millennium development goals (of the United Nations)
NOGAMU	National Organic Agriculture Movement of Uganda
NOP	National Organic Program (of the United States of America)
PSI	Population Services International
Sida	Swedish International Development Cooperation Agency
SWOT	Strengths, weaknesses, opportunities, and threats, a methodology for assessment of, e.g., an organization
TASO	The Aids Support Organization (NGO in Uganda)
TOAM	Tanzania Organic Agriculture Movement
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

Terminology

■ To assist the reader, some key words and concepts are here defined by the authors and used in the following way:

Group certification and internal control system (ICS)	Group certification is a concept developed over the last 15 to 20 years to allow producers, mainly smallholders, to organize themselves in groups with an internal control system. With group certification the main role of external certification changes from the inspection of individual farmers to verifying that this system provides adequate control of the group.
Organic premium	The extra price paid for an organic product compared to a similar non-organic product. These premiums are not in any way regulated (unlike the fair-trade products) but are determined by the market actors in negotiation.
Organic sector	The term “organic sector” is used to describe all the participating stakeholders and their organizations. It includes not only the farmers, processors, and traders, but also the extension service, certification, and NGOs and those governmental agencies playing a role in the development. The term assumes some kind of coherence and communication among the actors, and not just scattered organic initiatives.
Organic standards	Products can be marketed as organic when they are certified by a third-party certification body to an organic standard. There are public standards with which products need to comply, for example EC regulation 834/2007 for (imports into) the European Union. There are private standards in case the final product is marketed with the logo of, for example, Naturland in Germany or KRAV in Sweden. A standard like the East African Organic Standard is used to promote regional trade in East Africa. In addition to an organic standard, organic products have to comply with all other applicable standards, such as standards for food safety and packaging.
National organic movement	This term is used to describe a unifying organic sector body or network that aspires to represent the interests of the sector in a country. In Uganda, this is NOGAMU; in Tanzania, TOAM; and in Zambia, OPPAZ.
Wild collection	Collection of plants in natural areas (e.g., nuts, berries, and mushrooms in forests), or plants not subject to cultivation in agricultural landscapes (e.g., collection of herbs in rangelands).

1. Introduction

This report covers the activities and achievements of the Export Promotion of Organic Products from Africa, operating in Tanzania and Uganda. It mentions only briefly the activities in Zambia, as the programme never really took off there. It is written for the stakeholders in the countries of cooperation, development organizations and professionals, and the wider public, with the intention of sharing the experiences, successes, and failures of the programme.

It starts with some explanation of organic farming and then gives the background to the EPOPA programme. The concept is explained to ensure that the reader understands the relevant aspects of this highly comprehensive programme. This is followed by a description of the components of the programme, followed by the direct results of the programme. From there the wider impacts are discussed as well as how Tanzania and Uganda are positioned to further develop organic agriculture and all its related activities. Lastly, emphasis is given to learning, to the experience gained, whether good or bad, with the purpose of guiding similar programmes in the future.

This report is a collaborative effort by consultants from Agro Eco and GroLink and edited by Gunnar Rundgren. Input was in particular given by Bo van Elzakker, Deepa van Staalduin, Alastair Taylor, Kari Örjavik, and Marg Leijdens. The report was reviewed and commented upon by Åsa Heine (Sida), Kim Forss, and Daniele Giovannucci.

Companies are often identified with their names, but in a few cases, when the information was considered commercially sensitive, the data have been de-identified, and in some other cases, averages from several projects are presented.

EPOPA Development

1993–2002

In 1993, a representative of SwedeCorp¹ saw an opportunity for farmers in Uganda who did not use any agro-chemicals to benefit from exporting products as certified organic. A desk study showed that organic cotton was already grown in places such as Egypt, Turkey, India, and the United States and that there was a small but growing market. In the Lira district the consultant heard that farmers used colonies of small black ants to control the insect pests of cotton and with that the first project, the Lango Organic Cotton Project, was born. The project was successful and it was realized that the project benefited a fairly large number of smallholders and that there

¹ SwedeCorp was a predecessor to the current Sida.

was potential to expand. More products with an organic potential were identified in Uganda and Tanzania. The concept was also tested in Zimbabwe, Mozambique, and the West Bank. It was decided in 1997 to bring the activities into a programme, the Export Promotion of Organic Products from Africa (EPOPA). The objective of the programme was to develop exports of organic products from Africa, and thereby increase income particularly of smallholder farmers. By that time, SwedeCorp had become part of the Swedish International Development Cooperation Agency (Sida), the department of Infrastructure and Economic Development. In this first phase Agro Eco from the Netherlands implemented the programme.

Phase II: 2002–2008

In 2001, as a result of a positive evaluation, Sida wanted to extend the programme from five projects to about 20. The programme was to be developed in Uganda and Tanzania, with expansion to Zambia and other countries. In this Phase II of the programme, the implementation of EPOPA was, after a tendering process, contracted to a partnership between Agro Eco and Grolink, Dutch and Swedish consultancies, both pioneers and experts in organic agriculture and market development. In March 2005, after another evaluation, the programme was extended to run to the end of 2008.

Sida, the consultants and the organic sector

Ideally, development cooperation is driven by demand of the people in the country. In the case of EPOPA that was really not the case. The governments in Tanzania and Uganda had shown very little interest in organic agriculture at the onset of EPOPA, and even if there were also a number of NGOs that promoted organic at that time, they were not interested in a market-led development of organic agriculture. Sida itself had little knowledge of organic farming, and in addition the department of Sida in charge of agriculture was basically negative to organic farming. It was thus the Sida department in charge of markets and private-sector development that became engaged in EPOPA. How the programme was shaped in detail was largely delegated to the implementing consultants.

Organic Farming

Organic agriculture is a name for a number of methods of farming that use natural processes and relationships as the basis for the farm management, refraining from the use of chemical fertilizers and pesticides. A reasonable production level and healthy crops are ensured by crop rotations, intercropping, proper varieties, biological pest control, and nutrient recycling. Weeds are mainly controlled by the design of the system and otherwise controlled mechanically, thermally, or by manual weeding. Organic agriculture rejects the use of GMOs. It endorses modern science

while recognizing the value of traditional knowledge. Organic farming is practiced by all kinds of farmers: from smallholders in Africa to dairy farms with robot milking in Europe and specialized vegetable operations in the United States with thousands of hectares. The concept is also practiced in livestock and aquaculture.

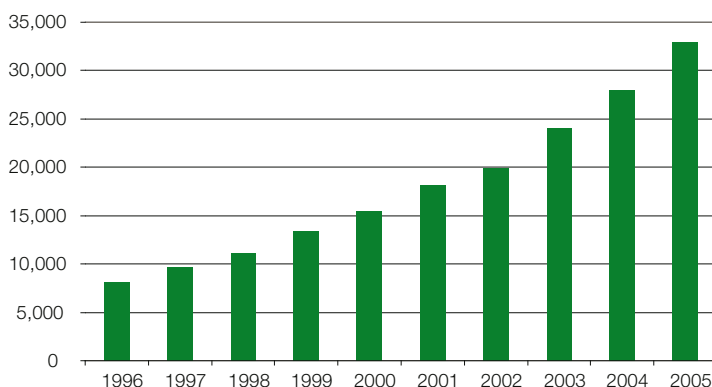
Over the last 25 years, consumption and production of organic products have been growing at a rapid pace. The world acreage of certified organic agriculture is estimated to be 31 million hectares (Willer 2008). There are probably another 10 million to 20 million hectares of non-certified organic agriculture, mainly in developing countries. In addition, organic markets are also an outlet for products from wild collection; some 77 million to 103 million hectares are certified for organic wild collection (ITC 2007).

The global organic market

The organic market grew from US\$13 billion in 1998 to US\$33 billion in 2005 (Willer 2008). Countries like Denmark, Austria, Switzerland, and Sweden have organic market shares in the range of 4% to 6%, while market shares in the bigger countries, among them the United States, Germany, the United Kingdom, France, and Italy, are in the range of 2% to 4% (Willer 2008). The last decade has seen the emergence and rapid

Organic agriculture is a production system that sustains the health of soils, ecosystems, and people. It relies on ecological processes, biodiversity, and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Organic agriculture combines tradition, innovation, and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved. (IFOAM definition of organic agriculture, 2008)

Development of Global Organic Market (US\$ million)



(Grolink 2007)

growth of certified organic food and beverage exports from Africa. A local organic market is also emerging in developing countries, and also in Africa (Rundgren and Lustig 2007).

Organic agriculture in developing countries

In some developing countries, many farmers still practice traditional agriculture which doesn't rely on purchased inputs – or they just can't afford to buy inputs. E.g., in Uganda and Tanzania, the average use of chemical fertilizers is less than 2 kg per hectare annually (FAO 2007), meaning that most land is never fertilized with agro-chemicals. Many governments in developing countries have ceased to subsidize agro-chemicals as a result of policy changes. A number of farmers who were pushed into commercial mono-cropping based on subsidized inputs are thus in a difficult position. Despite the failure over the last 40 years to introduce a more capital-intensive, input-based approach to farming there are renewed plans to subsidize fertilizers, or even distribute them free in the first year, as part of the “new” Green Revolution for Africa.



*Smallholder vanilla farmers, Uganda.
Photo: Alastair Taylor
Date: January 2005*

The smallholder household

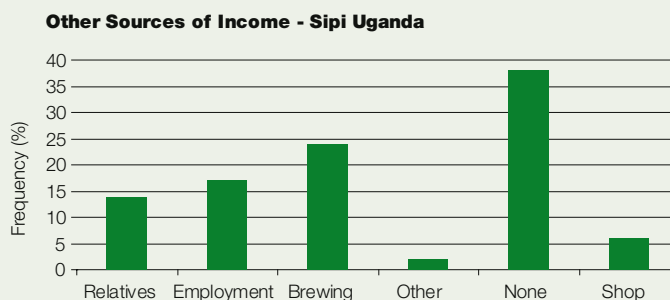
■ What are the distinctive features of the smallholder farmer? A brief profile is outlined below. It should be read as a profile and not as a definitive definition because variation amongst smallholder farmers is rich.

The aim of the smallholder farmer in Uganda and Tanzania is to meet the family needs in terms of food security and cash income. For most activities the only source of labour is that of the family, although cultivation may be done on a communal basis to ease this task. In some areas, especially in drier and flatter areas, where grain production predominates, the farmer may have, or have access to, an ox plough. An ox plough greatly increases the area that can be cultivated – often four fold, but can mean that other crop husbandry concerns, such as weeding (which is often the responsibility of women) become new bottlenecks. Farm households often have other sources of income, such as charcoal making, brewing, petty trading, and selling their labour to other farmers.

Farm size basically varies with the productive potential of the land. In high potential areas – normally hilly and with high rainfall – population is high and farm size is small. An average farm in this area might be 1 ha to 2 ha. Cash crops are normally perennials and these are intercropped with food crops. Typical organic crops grown in these areas are coffee, cocoa, and vanilla. In some areas the hillside farms are

supplemented by distant valley fields where grain crops are grown. In drier areas, with more seasonal rainfall patterns, population is often less dense and average farm size might be 4 ha to 5ha. Not all of this land will be cultivated, but as annual grain and root crops predominate, some land is often left fallow, and this land can also be used for cattle grazing. Typical organic cash crops of these areas are cotton and sesame.

A typical smallholder household might consist of about eight people – a mixture of direct and extended family. If the husband has more than one wife, each wife normally represents another smallholder farm household, because each wife must support her own children and those from the extended family. Households aim to be self-sufficient in basic foodstuffs – normally a starch food, such as cassava, maize, and bananas and then a protein food such as beans, peas, and groundnuts. Essential food purchases for the home normally include salt and oil. Major non-food cash requirements for the household will be education and health costs, plus smaller needs such as paraffin and soap.



Organic agriculture and the millennium development goals

■ Organic agriculture alone cannot fulfill the MDGs, but it can contribute to most of them, in particular to the goals one and seven.

MDG 1. Eradicate extreme poverty and hunger

In the overwhelming majority of cases organic agriculture led to more surpluses in the production, and thereby reduced poverty. This is accomplished by higher prices for the products or by lower costs of production (as no chemical inputs are bought) or a combination of the two.

MDG 3. Promote gender equality and empower women

The diverse production in organic can give women more responsibility and power. The open dialogue and new thinking that organic implies paves the way for other social changes in the farming communities. The participation of women in leading positions in the organic sector is striking.

MDG 7. Ensure environmental sustainability

Organic agriculture delivers on many accounts, such as ecosystems services (soil formation and climate regulation), protection of biodiversity, and erosion control. It promotes a smaller, more diverse scale, contributing to landscape stability.

Practical experience as well as a number of reports from FAO (FAO 2007b), IFAD (Damiani 2002 and Giovannucci 2005), and UNCTAD (Twarog 2006) demonstrate the appropriateness of organic agriculture for small farmers in developing countries. Organic production has the potential to produce sufficient food of high quality. It contributes to poverty alleviation and food security by a combination of many features, most notably by:

- Increasing yields in low-input areas
- Conserving biodiversity and nature resources on the farm and in the surrounding area
- Increasing income and/or reducing costs
- Producing safe and varied food
- Being resilient and sustainable in the long term

Organic agriculture is relevant both as a certified production aiming at branded marketing as well as non-certified production for consumption by the farmers themselves and the local communities. An in-between is organic production “certified” by

a so-called participatory guarantee system which is suitable for local markets. This is based on producer-consumer self-regulation.

Organic standards, certification, and regulation

In order to market products as organic in the global market, organic producers have to undergo certification by a recognized certification body. E.g., the European Union has a regulation for organic products, which means that all products marketed in the European Union have to fulfil the EU standard and be certified by a recognized certification body.

The certification process focuses on how the product is produced and the traceability of the products in the trade from primary producers (even some of the inputs) to the end outlet. The certification is based on standards. These vary according to the target market and can be both governmental (e.g., the EU regulation and the U.S. NOP) and private sector (e.g., Soil Association in the United Kingdom, Naturland in Germany, and KRAV in Sweden). While most of the requirements in those standards are identical, the interpretation and additional information requirements by authorities can cause considerable hindrance to market access when they are not taken care of.

A key element in organic standards is the prohibition of synthetic fertilizers and pesticides, but the standards also require that measures be taken to at least maintain or improve soil fertility, such as the use of proper crop rotation and minimizing leakage from manures. Standards also have requirements on how to avoid contamination or mingling with non-organic (conventional) products. The requirements for certification include documentation of farming practices and full traceability of trade flows. This in particular is seen as very demanding by smallholder farmers. On the next level, certification bodies have to go through a lot of procedures, e.g., accreditation, in order to reach international recognition.

In Africa, many smallholder farmers don't ever use synthetic fertilizers or pesticides and they use "traditional" agriculture systems. Sometimes these systems are truly organic and sustainable in nature. Sometimes they are not, as the farmers are not practising all the positive sides of organic, or the length of the fallow period is reduced due to population pressure. These farms, sometimes referred to as "organic by default", still have to undergo a conversion period in order to get organic certification. Often this period is shortened to one year instead of the commonly applied three years.

The cost of certification would be prohibitive if each farmer were inspected by an external inspector (from the certification body). Therefore, all schemes that include African smallholders are based on group certification. In group certification, one organization, the group of farmers or more often the exporter, is responsible for the internal inspection and must have an internal control system to ensure that each farmer follows the rules.

The process to become certified organic

■ Usually the costs and requirements for certification are a big hurdle for a farmer. Group certification, therefore, has been developed as an option. UCIL is a medium-sized agribusiness company in Uganda with a successful record of working with out-grower farmers to introduce and develop high-value export crops. UCIL has chosen to develop and export organic cardamom, vanilla, and black pepper after identifying an adequate market for those crops.

Internal control system is the key

Instead of having all farmers seek individual certification, UCIL has established an internal control system (ICS) for the whole group. In this case, the group has 300 farmers. The farms are located in the same area and are similar in size and production. The ICS includes a growers' list, a contractual agreement between each farmer and UCIL, internal inspectors employed by UCIL and an ICS manual that describes the system and ensures that the farmers fulfil the requirements for organic certification.

Mobilization of farmers

Work to develop the ICS manual started in 2006. The field staff and the internal inspectors were trained before they started their work. The first activity in the field is the mobilization of and information to the farmers. It is important that farmers understand the requirements that they should fulfil and that the farmers voluntarily join the group. After that, registration takes place. All interested

farmers fill in a registration form, on which their farm is described as well as their production. Then the farmers are visited. Those who have fulfilled the criteria are offered to sign a contract with UCIL in which they promise to follow the organic standards. Then all farmers in the group are inspected by the ICS internal inspector and the outcome results in the Approved Farmers' List.

First certified crop in June 2007

When the inspector from UgoCert inspects UCIL, he or she makes spot checks of the farmers. The emphasis is on making sure that the ICS is working properly. Therefore the certifier assesses the internal inspection outcome, the documentation, and the actions taken if there is any non-conformity from the internal organic standards. After the first external inspection, UCIL received the certification decision that they are certified in conversion. The first products were organically certified by June 2007, which means that the farmers in the group could deliver organic produce from June 2007 onwards.

While waiting for the outcome of the UgoCert visit, UCIL field staffs were busy training the farmers in the practices of organic agriculture and what the quality criteria are when they start delivering their crops to UCIL. Using group certification, the certification costs remained below 2% of product value.

(Based on Peter Lustig, EPOPA Newsletter No. 4, 2007)

2. EPOPA: Development through Organic Exports

EPOPA was a “development through trade” programme. Exporters were the main partners, and the programme implementers worked directly with them to develop exports of organic products. In this chapter, it is explained how the programme was intended to work (the “theory”) and what was done (“activities”). The following chapters describe the actual results and impacts, and analyse what can be learned from the successes and failures of EPOPA.

How Was It Designed to Work?

For the export projects there was a fairly straightforward logic for the intervention that can be summarized as follows:

- Lack of market access is a major limiting factor for agricultural development.
- There is a market demand for organic products.
- African smallholders are close to organic because they can’t afford expensive inputs.
- Access to international organic markets can provide income and be an incentive to increase production and productivity.
- There is a need to get the commercial sector involved to make this happen.

Linking smallholders to organic markets via an exporter should result in an improved livelihood for rural communities. This logic remained the same throughout the programme period.

The expressed purpose (in the guiding programme document) of EPOPA was: “Export volume and value of organic products from Africa is increased, benefiting rural communities, while the agricultural sector is exposed to sustainable farming techniques.”

What was to be accomplished?

On the programme level the two main results (outcomes) expected were the development of successful organic export projects and an increase in the capacity of the organic sector. The export projects were supported as “pilots” breaking new ground. EPOPA also supported the development of in-country institutions and business-service providers.

The benefits

The main beneficiaries of the programme were to be the rural communities, the farm households. The benefits were expected (see the coming chapters for the actual results) to come in different ways:

- Through a premium price for organic production
- Through more transparent price-setting, because the exporter buys directly from farmers, and because of that farmers received payment cash in hand with receipts
- Through greater interest in farming stimulated by a more stable market
- Through an increase in agricultural production by the provision of extension
- Improved quality which again results in a better price

When farmers spend their money locally they also contribute to local employment in manufacturing, trade and service, making the countryside a more attractive place to live. The increased care of the environment that follows organic farming was also expected to result in a cleaner environment and more care for trees and wildlife.

Through the development of a national organic movement and local service providers, e.g., certification bodies, the whole sector becomes stronger and the participants take pride in it and see themselves as the owners of it. In addition, the needed services for this complex market concept create employment opportunities, e.g., for field staff, quality-control staff and food-processing staff.

In the end, the country benefits. More or higher value exports widen the tax base of a country, increasing its capacity to finance the national budget. The organic sector also gives the country an improved image, which can be capitalized upon, e.g., for tourism.

Changes over time

The original EPOPA programme was only working with export projects. By the beginning of Phase II more attention was being paid to institutional development. In conjunction with the prolongation in 2005, an increased emphasis was given to cross-cutting issues prioritized by Sida, notably HIV/AIDS and gender.

Different kinds of projects

The EPOPA intervention followed two lines: support to export projects by commercial actors and support to the development of institutions and capacity needed for the long-term sustainability of the sector. Cross-cutting issues such as conflict management, gender, and HIV/AIDS were integrated into the various projects.

A number of detailed criteria were developed to assess both the exporter and the selected crop or crops (see annex 1).

EPOPA focused on large groups of smallholders, managed by commercial exporters. However, the programme was open to other structures as well. EPOPA exporters were:

- 4 cooperative unions or primary societies
- 16 local entrepreneurs²
- 5 local-foreign joint ventures
- 8 expatriate-owned
- 4 branches of international trading houses

Once an exporter showed willingness to develop a project, the company worked with EPOPA to review all the important aspects, such as market demand, product quality, price, farmers' interest, project organization, and overall feasibility.

Ideally, the initiative would come from the exporter – and this also happened many times. Sometimes, EPOPA country managers or consultants took the initiative themselves to investigate the possibilities of exporting certain products demanded in the market. Exporters of good reputation were approached with the idea of organic exports. Some became enthusiastic, others not. The EPOPA team was sensitive to risks of market distortion as a result of its intervention. However, at the nascent stage of development of the sector, these risks were more of a theoretical nature: few exporters were capable of setting up an organic project, and in the African setting all exporters receive some support from an array of foreign or local support programmes anyway.

In terms of products, EPOPA initially concentrated on the traditional export products, commodities such as coffee, cotton, and cocoa. This remains a sound approach to start with in any country, as know-how and trade links are in place. Besides this, EPOPA promoted second- and third cash crops in established organic areas, to improve incomes and to spread risks and

INTRODUCING A NEW CROP

The AOFI project in Zambia was one of the projects where a crop new to the farmers was introduced as well as new technology, irrigation by treadle pumps. Lemon grass, intended for essential oil production, was planted on 0.25 ha per farmer in such a way that basin irrigation could take place. The farmers learned to improve the efficiency of this irrigation system with the use of the treadle pumps. In 2004, the extension staff received training from Total Land Care Ltd. on treadle pump irrigation. Intercropping, crop rotation, use of tea manures, compost making, soil improvers and organic pest and disease controls were other practices the farmers adopted after they were trained in it and experienced the results.

(AOFI Project End Report, 2007)

² Seven of those were of Asian descent.

overhead costs for certification, extension, etc. Value-added products, like canned pineapple, honey, fish fillets, dried fruits, and herbs are promoted by many as a means to increase income to the countries (notably, most of the increased income is generated in stages after the farm) and EPOPA also tried to develop that, albeit with a lot of challenges. Finally, small-volume but high-value products, like essential oils, bark cloth, and spices, are attractive. High overland transport costs and logistical challenges (e.g., time and temperature for transport of fresh fruit) often inhibit the profitability of exports of cash crops. In those cases, high-value crops may still have a chance.

The kind of support

For the export project, the following kinds of support were used (an asterisk denotes those that were used for almost all export projects):

Management and capacity building of companies

- Management assistance
- Staff training, including field staff training*

Farm management and work with farmers

- Advice on organic agriculture; field extension services and setting up of demonstration gardens*; setting up of tree/crop seedling nurseries; training in soil and water conservation
- Farmer mobilization and sensitization*
- Small support for farmers' inputs
- Technical consultancy on cash crops*
- Development of new crops

Certification and quality assurance

- Development and revision of internal control system*
- Share in certification costs during conversion*
- Certification to additional standards as required by the market
- Product quality management and quality improvement measures*
- Quality assurance advice (HACCP, GAP, etc.)
- Advice on organic certification procedures and issues*

Marketing

- Market surveys*
- Product and company presentations/brochures*
- Matchmaking, importer/buyer contacts*
- Participation in organic trade shows*
- Product development
- Development of market plan/market strategy

In addition, EPOPA supported HIV/AIDS awareness and gender equality in the projects, mainly through training. Almost no support was provided for investments of the participating companies or for normal operational costs, but in some cases the operation of the internal control system was partly supported. EPOPA facilitated contacts with development partners willing to provide support, e.g., Cordaid and Triodos Bank for trade financing.



*Intercropping and mulching on farm near Fort Portal, Uganda.
Photo: Kari Örjaviik
Date: September 2002*

The export project cycle

The export project started with the development of a project idea (a concept note), which had to get Sida's approval. In the project idea the key features of the project were identified as well as the steps that had to be taken to develop the full project. The project document was a comprehensive analysis of the situation, a description of the exporter, the farmers, the crops and products, followed by an explanation of the EPOPA intervention. Detailed calculations were made to see that the project was financially viable for the farmers and exporters alike and that the Swedish investment could be justified. The project document also contained a detailed budget and work plan as well as a memorandum of understanding with the exporter.

The first step in implementation was normally mobilization of farmers, and their registration to get the certification process going. Once that was completed, there was a baseline survey conducted, where basic data about the farming communities were established, to allow for a later measurement of impact. The project then ran its course, with annual work plans, revisions of budgets, etc. Progress and planning were briefly reported monthly, and annually the project was reviewed in more detail by either the country manager or a project director. Towards the end of the project, an impact assessment was conducted, and lastly the final report was produced.

Activities in the Outspan sesame project in Uganda

■ The project was implemented from 1st April 2002 to 31st March 2006. The project activities over the project period can be summarized as follows:

Capacity building of the Outspan field staff: Training sessions were carried out at least twice a year by EPOPA technical staff and this was supplemented by supporting Outspan staff attending specialist training opportunities, such as

- The Organic Sector Development Training (four members of Outspan staff attended).
- Computer-training course for the field supervisor.
- A tree management course by Vi Agro-forestry.
- Staff in the Outspan HQ were trained in organic project documentation and organic export procedures.
- In 2005 the Outspan staff participated in joint training with the field staff of other projects. This included teaching on HIV/AIDS awareness and environmental conservation.
- Participation in exporter seminars.

Further technical input and guidance has been provided by the EPOPA project consultants.

The programme supported the exporter by paying part of the costs for certification. This contribution was reduced over time and in the end no financial support was given towards certification costs. Certification was initially with KRAV and then with IMO/Naturland.

In the beginning, emphasis was on establishing demonstration plots and training farmers in good organic husbandry through “mass” meetings. Farmers were then pointed towards successful farmers as good examples to follow. Farmer mobilization was financially supported by EPOPA, but was carried out by the Outspan field staff. At least 15 mobilization meetings were carried out, and attendance rate of farmers was normally one hundred to two hundred per session.

Improved crop management practices were promoted, but most impact was realized through the introduction of the locally developed “Sesame 2” variety, which was distributed to farmers. Distribution of Sesame 2 was supported through a revolving fund that enabled farmers to buy seeds at subsidized prices. Throughout the project investigations were carried out into other crops that farmers may be able to grow to take advantage of the organic status. Chilli seeds were provided and nurseries established as part of the introduction of the second crop.

Outspan marketing personnel attended four Biofach organic trade shows and had meetings at least once a year with the EPOPA marketing consultant, who also assisted with buyer contacts and sometimes in direct business negotiations.

A baseline survey was conducted in the beginning of the project followed by an impact assessment after the project was finished.

(Outspan end report)

Small Is Beautiful, BioUganda Ltd.

■ We at EPOPA are often proud of ourselves when we talk of “thousands of farmers benefiting from the project”, “prizes being won by an EPOPA-supported company for best export volumes”, and “the value of this EPOPA supported company now exceeds \$1 million a year”.

Such statistics are impressive and go a long way towards convincing Sida that their investment is being well utilized to create sustainable livelihoods for many Ugandan smallholders. Although after four and half years of partnership with BioUganda Ltd. we cannot boast such numbers, EPOPA is still rightly proud of this project.

Family Business

BioUganda Ltd is a family-owned firm. The directors are Mr. and Mrs. Mulondo. They have been involved in trade and export for the last eight years. About five years ago they were involved in conventional fresh crop exports and began receiving requests for organic products. They already knew about organic, believed in the system of production, and felt that their marketing skills would help them sell in the organic market. They asked EPOPA for technical and financial support to assist them in converting their 50 contracted farmers to organic status. This was carried out through an EPOPA Specific Support to Exporter project.

Following the success of this partnership, the EPOPA BioUganda collaboration was extended into a full EPOPA project lasting three years and seeking to triple exports and begin fruit drying.

Serious Exporter

By the end of the project period in June 2007, BioUganda was working with around 150 smallholder farmers, exporting about three tonnes of fresh organic fruit weekly and producing about 500 kg of organic dried fruit per month. These are not statistics that are going to greatly impact on the overall results of EPOPA. We need to look a bit more carefully at the details. At current market demand, BioUganda does not buy all the fresh fruits its farmers produce but it does pay over 100% above the conventional price for each pineapple or passion fruit purchased. EPOPA partly supported the supply of a dryer to enable BioUganda to also buy the larger fruits which the fresh export market does not appreciate (they are too large for the average EU household). The small processing plant that BioUganda developed now offers 12 people permanent jobs. Mr. Mulondo has worked hard in the tough international market for organic fresh fruits. He now has four regular buyers of his products, all of whom enjoy the quality, which is nearly perfect (both in taste and presentation). And it is not just people in the European Union who can enjoy the goodness of BioUganda fruits. The most recent trading linkage is with an importer in South Africa. Now fellow Africans can also enjoy BioUganda quality.

(Based on Alastair Taylor in EPOPA Newsletter No. 7, 2007)

Support also to smaller initiatives

There are many companies that only need limited assistance to develop their business. Not all of them need the kind of heavy intervention like the full EPOPA export projects. In addition, some companies are start-ups that don't fulfil all the criteria for EPOPA support, and finally there is the aspect of competition which calls for outside intervention not to favour one company over the other. For these reasons a component of targeted support to export companies was introduced. It could be support for certification costs, helping the company set up an internal control system, or participating in a trade fair. The budget for this kind of support was normally in the range of SEK100,000 to SEK500,000. Some of these smaller projects developed into bigger projects.

Developing the Institutions

The second leg of the EPOPA programme was the development of the organic sector. The purpose was to build domestic capacity to further develop the sector and to develop local business-service providers. The work here was designed in close consultation with the stakeholders and the implementation was largely done by local stakeholders, in particular the local organic movements. Towards the end of the programme there was also more direct collaboration with the government.

Development of local organic certification bodies

Starting in 2002 EPOPA supported the local initiatives for setting up organic certification bodies in Uganda and Tanzania, a process that led to the formation of UgoCert in Uganda and TanCert in Tanzania. The purpose was to develop local service providers that offer an internationally recognized certification for a competitive price and with good local understanding. This activity was resource-demanding and included direct organizational support as well as intensive training and technical assistance. Towards the end of the project, emphasis was on completing the needed accreditation process and ensuring financial sustainability of the organizations. The budget for this component was SEK8 million.

EPOPA initiated regional cooperation on standards and certification in East Africa, which among other things resulted in the development of the East African Organic Products Standard, the second regional organic standard in the world.

Capacity building

There were a number of training components in EPOPA. The total budget for the standalone (those not part of another project) training programmes was SEK 5.1 million.

Organic-sector development training course. This was a two-week training course implemented six times in Uganda and four times in Tanzania. It trained persons involved in organic projects (including those from outside the EPOPA projects) and persons that otherwise can play a role in the sector's development, e.g., government officials. Gradually more and more of the lecturers were local experts.

Organic project-management training course. This course was designed for the persons in charge of demonstrating the compliance with organic standards, for the establishment and revision of an internal control system, and for communication with certification bodies. The first one week training course was conducted in 2004 for Uganda and Tanzania combined and was then repeated on the country level in total five times. It was open for EPOPA and non-EPOPA project staff alike.



Uganda Crop Industries Ltd farmer meeting and training event in Mukono district. Photo: Peter Lustig. Date: January 2007.

Exporter seminars. These two-day seminars were directed towards the marketing persons of organic exporters and were arranged five times in total in Uganda and Tanzania. They included an update on the international organic market, product presentation, sharing of experiences, some examples of good and bad practices, the need for frequent communication, and how to develop long-term trading relations.

Targeted training courses. Some specialized training courses were oriented to special institutions. E.g., in Tanzania a training course was conducted for the staff of the Tropical Pesticide Research Institute. Local experts got specialized training courses.

In addition, there were combined courses for field officers and inspectors and certification managers as well as for the boards of certification bodies and national movements (part of their respective projects). Training of high government officials in Tanzania was conducted as well as a pilot training course for district agriculture and livestock development officers.

Phasing out

In some cases there was a deliberate effort to find an institution that could offer the training courses after EPOPA. E.g., the Uganda Martyrs University gradually took over the organic-sector development training and now offers it as part of its normal training offer. In Tanzania, the training has been conducted in close cooperation with TOAM, which will be able to take it on in the future.

National development

Support to the national organic movement. It is critical for the organic sector that there is a strong sector body that can represent its interests, carry out programmes, and influence policy. In Uganda the National Organic Movement of Uganda (NOGAMU) had already been established before EPOPA Phase II started, and EPOPA worked closely with NOGAMU. In Tanzania, EPOPA facilitated the formation of the Tanzania Organic Agricultural Movement (TOAM) in 2004–2005. EPOPA's support has been complementary to other donors, notably Hivos from the Netherlands, and amounted to SEK3.5 million.

Support to the local and regional market. A working local market for organic products is important in many ways. Some crops are only competitive in the local market. The local market also supports the export market in several ways. Aspiring exporters can try their capacity on the local market before entering the demanding export market. Products not fully up to export standards can be sold on the local market. Other products grown in the organic rotation may have a local market. In addition it is only fair that the people in the countries have access to the same organic foods that are exported. A local market, once in operation, can contribute to the same objectives as the export markets. EPOPA oriented some support to local market development, such as a local market study in Tanzania and participation in local trade fairs. EPOPA also spearheaded efforts to develop regional markets which were later taken up by the CBTF and OSEA projects.

Support for trade promotion. EPOPA supported the establishment of appropriate local organizations to take care of this service and make it available to all companies, such as the Organic Trade Point of NOGAMU and the formation of Afroex, a joint marketing company for organic exporters. This group develops a range of East African organic retail products for direct delivery to multiple retailers.

Policy monitoring and assistance, working with governments. National policies and policies of international development organizations on organic agriculture and trade are important to the sector. EPOPA linked up with initiatives from the national bodies and IFOAM, UNEP, and UNCTAD in the field of policy assessment and development. EPOPA supported linkages between the stakeholders and the relevant government institutions. In Uganda much work was done lobbying against the re-introduction of DDT, which threatens not only organic exports. In Tanzania, actions were taken regarding government intervention in the cashew sector, which affected the organic project negatively.

Towards the end of the project EPOPA got more involved in policy issues and supported the development of a national organic agriculture development programme in Tanzania and the establishment of an organic resource centre in Uganda.

Management and Implementation

The overall responsibility of the management of the programme was with the two programme directors. A programme officer was in charge of the day-to-day coordination, and country managers were responsible for implementation of the programme in the countries. Each project had an assigned project leader and (where relevant) a project consultant for backstopping, a market support consultant for market assistance, an assistant project leader, and local experts.

A main event was the annual review, at which the consultants and Sida met to discuss the programme. These reviews included field visits, and stakeholders were invited to discuss the programme as well as challenges to and opportunities for the sector.

General market support

Apart from direct support to the export projects, EPOPA also worked with generic organic-market development for the countries. This took the form of publication of market studies and through the support of participation in trade fairs. EPOPA was represented at

- Biofach Fair in Germany 2003–2008
- All Things Organic, Chicago 2004
- The Natural & Organic Products show in London, 2006 and 2007
- Natural Products Dubai, 2005 and 2006
- Interfood in Gothenburg 2007

A buyers' tour was organized in Uganda in 2003, and some more ad-hoc visits by individual buyers were also organized in Tanzania and Uganda. A database of market contacts was established and contained ultimately more than 800 buyers. Supported companies continually got extracts from this database.

*The African Pavilion at the BioFach exhibition in Nuremberg, Germany 2008
Photo: Gerbert Rieks. Date: February 2008.*



EPOPA also took the initiative, and allocated substantial funds, to the Organic Africa Pavilion at the Biofach 2008, where 75 exporters from 12 African countries exhibited on 500 square meters.

Promotion

Promotion of EPOPA took place both in-country but also regionally and internationally. The promotional activities had three main purposes:

- to make the EPOPA programme known in the target countries
- to make the EPOPA programme and its results known regionally and internationally
- to share experiences with others who might be interested in learning from EPOPA

The first objective was not so much prioritized, as the programme seemed to promote itself just by its existence, especially in Uganda.

The web site was a major promotional tool as were the many brochures. Starting in 2005 a newsletter was published three to four times per year and distributed to more than a thousand addressees. EPOPA was also presented at a number of international events.

Contracting certification

After tendering the work of the certification of all projects in the EPOPA programme in October 2002, a contract was signed in May 2003 with the IMO & Naturland consortium for projects in Tanzania. A KRAV & Soil Association consortium made the most attractive offer for Uganda. But then KRAV decided, in October 2003, to

close down its international operations, and that offer evaporated. The consultants then approached IMO & Naturland to work out an agreement for Uganda also. In this agreement IMO & Naturland would work with the emerging certification bodies as partners. As long as EPOPA supported the cost of certification, all exporters were certified by IMO & Naturland. If the destination market needed other certifications, that was also organized (e.g., Soil Association for the United Kingdom and NOP for the United States). Once that support was finished the exporters could choose which certification body they wanted, and a number of them switched..

Cooperation with other partners

EPOPA actively sought partnership with other national, regional, and international partners in ventures such as:

- the coffee conference in Kampala 2004, together with the Uganda Coffee Development Authority
- the Regional Organic Conference in Dar es Salaam May 2007 in cooperation with the Ministry of Agriculture, Food Security and Cooperatives, TOAM, UNCTAD, and UNEP
- the development of the regional East African Organic Products Standard with the OSEA project and the CBTF
- Cordaid, Rabobank, and Triodos bank for trade finance
- CBI for marketing support
- Hivos for support to the national movements
- IFOAM for information exchange and some joint activities

The East African Organic week

The conference was held from 28th May to 2nd June 2007 in Dar Es Salaam where the East African Standards and the East African Kilimohai Organic Mark were launched. Events during the week included a workshop May 28 on developing local and regional organic markets; a workshop June 1–2 on moving the organic agenda ahead; an exhibition on May 28–29 of East African organic products; a public East Africa organic forum on May 29; and field trips to organic-agriculture sites on May 30

and June 1. Over 250 public and private sector participants from 25 countries (East Africa, South Africa, West Africa and Europe) attended, making it the largest organic agriculture event ever in Africa. The conference attracted much needed political interest and publicity for the sector. The minister of agriculture and prime minister of Tanzania were also present. EPOPA's input was in the organization and facilitation of the conference as well as several of the presentations.



Expenditure

The total expenditure, approximately SEK108 million, of the EPOPA programme 2002–2008 was distributed as follows.

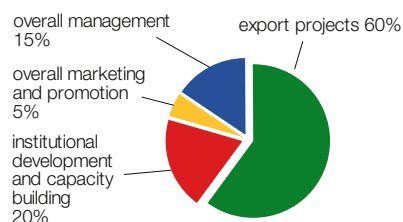
Country	Total	Export projects	Institutional development and capacity building	General marketing and promotion	Overall management
Uganda	56,000,000	33,000,000	11,000,000	3,000,000	9,000,000
Tanzania	49,000,000	25,000,000	12,000,000	3,000,000	9,000,000
Zambia	3,400,000	3,000,000	100,000		300,000
Total	108,400,000	71,000,000	23,100,000	6,000,000	18,300,000

Most of the funds were spent in the period 2003–2007.

General marketing and promotion covers participation at trade fairs and other events, some of the marketing training activities, the web site, newsletter, etc.

Overall management includes the project management and coordination, the country managers, staff meeting costs, financial management, annual review meetings with Sida, audits, etc. It also included a help-desk function and certification support as well as presentations of EPOPA at various events.

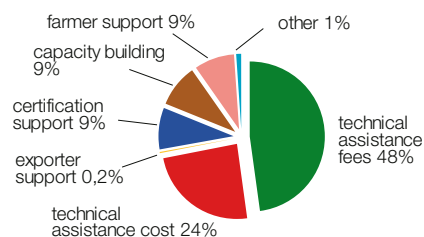
Distribution of EPOPA Funds



Expenditure in export projects

More than two-thirds of the EPOPA funds were directed to the export projects. The export projects normally had a budget of between SEK 1.5 million and SEK 3 million. A typical distribution of costs looked like this:

Technical assistance represents all the consultancy³ input for all parts of the project. Exporter support is participation in trade fairs, brochures, etc. Certification support is costs for third-party organic certification as well as for other types of certification. Capacity building is costs for training events for farmers and staff. Farmer support is direct support to farmers, often used to start a revolving fund for seeds and implements or for tree planting. Sometimes it could be secateurs or tarpaulins.



³ In Sida's contracts for consultants, there are ceilings set for fees and reimbursable costs.

3. Results and Impacts of Export Projects

Results

Key indicators of success in the EPOPA projects were:

- Improvement of farming practices in terms of production/ha, acreage farmed, diversification of crops, and sustainability of the system
- Improvement of quality (where relevant)
- The farmers sell a substantial proportion of their production to the organic buyer/exporter as defined in the project design⁴
- The exporter offers the farmers a reliable market outlet (every year, transparent weighing, clear price setting, prompt payment, record keeping)
- A majority of the quantity bought from farmers is exported for a premium (organic and/or quality)
- The organic activity is commercially viable for all parties

The expected results in the project were defined in the project documents and were expressed as in this example from a cocoa and vanilla project:

Expected Result	Indicator	Achieved Result
Farmers are registered and contracted	Certified farmers: Y1: 1000, Y2: 1500, Y3: 2500	By Y3: 1,963 farmers were registered and contracted.
Organic farmers realize a higher income than conventional ones due to premium price for organic and quality, and production increases	Organic premium is at least 20%, organic farmers have >33% higher income than conventional	Premium paid for cocoa: Y1: 10%, Y2: 23%, Y3: 32% Vanilla: Y1: 33%, Y2: 22%, Y3: 100% Comparison with conventional income was not possible to do.
Organic certification obtained during first project year	Organic certification in Y1	Organic certification was achieved in Y1
Majority of certified organic production is marketed as organic	>66% bought for organic premium	Not accomplished as a result of factors explained in the project report.

Summary of Key Results

A summary of key data for the export projects in Tanzania, Zambia and Uganda shows that farmers have sold organic products for approximately US\$15 million per year and the total export value is more than double that amount. A total of

⁴This may vary from 25% to 100%, depending on the circumstances.

110,000 farms have participated, but only 80,000 have actively delivered products to the exporters. Considering the size of households, it means that some 600,000 people have been beneficiaries of the programme. The average income from the organic crops sold to the exporters was US\$140. This represents only part of the income of the farmers as most of them sold considerable quantities to other buyers also, as well as other crops. In the projects, the average sales per farmer varied from nil to US\$2,500.

Country	No. projects	No. farmers	Farmer income from organic crops (US\$)	Farmer premium (US\$)	Total export value (US\$) (last completed season)
Tanzania	15	24,000	2,300,000	390,000	6,100,000
Uganda	19	87,000	12,600,000	2,600,000	25,000,000
Zambia	1	240	No data	No data	No data

It is worth noting that some projects have yet to reap the benefits from EPOPA support, as they are not yet certified and therefore can't access the organic market.

Sales and income of focus crop from the export projects

Below is a complete overview of the results of the export projects in terms of number of farmers, quantities, and income. In some cases figures are hard to interpret, and in many projects there are big differences among participating farmers, i.e., some participated very little in the project and others a lot. There are also big variations between the years, so that a project that looked strong one year could look shaky the next. For some projects EPOPA supported only part of the operations, while the figures may contain the total operations. For others, EPOPA support ended long ago, while the figures are more recent. In other cases there is a lack of data or the exports have not yet commenced. Notably, the tables only reflect the sales through the EPOPA exporter, and not other sales from the farmers. In some cases those other sales were greater than the sales to the exporter. In addition, farmers often sell some other crops than those for which EPOPA had its focus. This all means that some figures give a somewhat exaggerated view of the results of EPOPA, while most give far too bleak a view. In addition, as has been noted elsewhere, many households have other income-generating activities besides farming.

The figures are from the last year where there are some data available, in most cases a year in the period 2006 to 2007. Figures in italics should be considered "guesstimates" calculated from some known data combined with general knowledge (e.g., the quantity of produce is known, but the value is not from the actual business, but taken from general market knowledge).

Overview projects Tanzania

Area/district	Crop/product	Number of farmers registered	Number of farmers delivering	Quantity bought from farmers(s)	Farmer sales to exporter (\$)	Premiums paid to farmers (\$)	Export Value (\$)	Premium on export (\$)	Sales per delivering farmer (\$)
Kilimanjaro	coffee	2 675	1 126	102	192 170	42 750	260 980	87 800	171
Iringa	canned pineapple	104	81	196	11 585	5 880	108 002	21 600	143
Tanga	spices	523	300	80	34 375	10 312	67 747	9 775	115
Rukwa	peanuts	908	127	20	4 200	76	not yet	not yet	33
Tanga	tuna	518	0	0	0	0	0	0	
Kagera	vanilla	530	213	3	9 000	0	9 600	0	42
Singida	sesame	1 200	450	63	41 069	8 214	168 000	33 600	91
-"	cotton		275	100	8 273	0	16 545	0	30
Tanga	ginger	42	0		not yet	not yet	not yet	not yet	
Mara	coffee	512	256	154	86 780	6 675	307 200	0	339
Mbeya	cocoa	21 000	6 300	630	639 450	63 945	1 449 000	289 800	102
Kagera	coffee	12 000	3 377	450	382 500	76 500	828 000	124 755	113
Coast	cashew	470	470	1 700	711 200	142 240	2 353 000	470 600	1 513
Mbeya	coffee	4 100	3 768	85	102 000	10 200	255 000	76 500	27
Rufiji	sesame	330	330	75	105 000	21 000	175 000	35 000	318
Kagera	instant coffee	NA	NA	NA	NA	NA	153 000	30 600	NA
total		44 912	17 073	3 658	2 327 601	387 792	6 151 074	1 180 030	136

Overview projects in Uganda

Area/district	Crop/ product	Number of farmers registered	Number of farmers delivering	Quantity bought from farmer(s)	Farmer sales to exporter (\$)	Premiums paid to farmers (\$)	Export Value (\$)	Premium on export (\$)	sales / delivering farmer (\$)
Nakasongola	fish	249	43	3	not known	not known	0	0	0
Luwero	coffee	760	446	9	8 947	1 789	13 764	2 753	20
Mubende, Luwero, Masaka	fruits	196	96	142	67 262	29 038	105 060	49 440	701
".."	dried fruits						not yet	not yet	
Lira	shea nuts	1 533	300	29	10 545	3 164	21 000	2 464	35
Arua	honey	195	59	9	11 592	2 116	13 800	0	196
Wakiso	vanilla	853	680	22	51 700	25 850	102 080	10 208	76
Wakiso, Kayunga, Mbarara,	fruits	120	105	500	151 515	30 303	640 500	128 100	1 443
".."	dried fruits 1ton/month						120 000	24 000	
Mukono	vanilla	314	283	19	58 485	11 697	105 000	0	227
".."	cardamom	as above	as above	5	5 891	1 636	10 800	0	see above
Wakiso, Luwero, Mukono, Kayunga	fresh fruit	200	106	405	247 273	123 636	607 500	121 500	2 616
".."	dried fruit			4	30 000	6 000	335 788	100 736	see above
Kaberole, Mityana	lemon grass	342	240	130	5 515	0	72 930	0	23
Palisa, Kaberamaido, Kumi	hibiscus	264	264	50	12 920	6 120	18 000	3 000	49
Apach, Oyam, Lira	cotton	27 000	16 000	1 140	1 243 636	310 909	2 487 273	497 455	138
".."	sesame	as above		1 173	959 727	106 636	2 428 110	485 622	see above
Kapchorwa, Nebbi, Bushenyi	coffee	19 019	15 300	3 565	5 723 023	1 144 605	8 804 650	1 760 930	374
Mount Elgon	coffee	7 000	6 500	468	903 474	180 695	1 389 960	277 992	139
Kaberamaido, Apach, Oyam, Lira	sesame	20 000	7 800	680	494 545	49 455	1 141 679	342 504	63
Bundibugyo	cocoa	7 141	4 180	2 244	2 469 760	493 952	6 058 800	1 211 760	626
".."	vanilla	as above		63	148 050	74 025	445 361	89 072	see above
Kasese	dried pineapple	1 800	1 800	0					0
Masaka	bark cloth	220	132	2	18 851	3 600	94 256	28 277	143
Mukono, Wakiso	vanilla	150	51	1	650	130	2 400	0	13
total		87 356	54 385	10 664	12 623 362	2 605 356	25 018 711	5 135 812	232

Measuring Results and Impact

The results and impacts of EPOPA were assessed in many different ways, through:

- the mechanisms in the project cycle
- special studies commissioned by EPOPA
- external evaluations commissioned by Sida
- research by other institutions

Project cycle

Each project was monitored for the results and indicators defined in the logical framework. For each export project a baseline study (at the beginning of the project) and an impact assessment (at the end of the project) was made. These looked at the wider impacts than just fulfilment of the articulated results. After each project end there was a final report that related and analysed the results and impacts as well as the lessons learnt.

Special studies

On a few occasions EPOPA commissioned special studies for areas of particular interest.

In order to assess the impact of a project in Northern Uganda, which was torn by civil strife and rebellion for a long period, a conflict assessment was made by Saferworld. It concluded that the project had a small but generally positive impact in Lira district, and gave some recommendations for the future (Saferworld 2007).

Because of repeated delays and failures in projects involving a value-addition component, a special study on challenges for value addition was commissioned. The study found difficulties in sourcing of packaging materials and processing ingredients like organic sugar, and in some cases insufficient preparation in the understanding of the proc-

ORGANIC IMPROVES LIFE

Fifty-four per cent of the farmers feel that organic farming improves their lives. Reasons given are market access (2%), improved capital (16%), improved farming practices (53%), access to inputs (5%), improved health (12%), and improved lives (2%).

Eleven per cent of the farmers have a house covered with an iron sheet roof, up from 5% in 2003. Three per cent of the houses are made of brick (2003: 2%) while the rest is built of mud and poles.

Sixty-five per cent of the farmers own a bicycle compared to 38% in 2003. No farmers have motorized transport.

Eighty-five per cent of the farmers mention that medical service is within walking distance, up from 33% in 2003. For access to medication as well as safe drinking water there is a significant difference between the surveys done in 2003 and in 2006. The exporter installed 4 boreholes in the village in 2007.

(Premier Cashew Impact Assessment 2007)

North Uganda Shea Project

■ *Butyrospermum parkii* – shea nilotica – is a tree that grows across northern Uganda. Its nuts are traditionally collected by local people and the oil extracted for use in cooking and as skin treatment. With the increasing global interest in natural cosmetics, an opportunity was identified in linking the 1,500 members of the Rwot Ber women's association, based in Otuke County of the Lira District, with organic markets for shea butter. This was done by forming a partnership between Rwot Ber, which collects the shea nuts; ALCODE, an oil extraction company based in Lira Town; and KFP Ltd, specializing in shea products and based in Kampala.

When EPOPA first brought these three partners together in the North Ugandan Shea Project (NUSP) in May 2005 to begin the organic certification and market-chain linkage process, civil war was ongoing in Otuke County. All members of Rwot Ber were living in internally displaced peoples (IDP) camps. Despite this desperate situation, the NUSP partners were determined to grasp the shea marketing opportunity and initiate the organic conversion process. EPOPA consultants supported the development of an internal control system (ICS) based on the wild collection certification, and in 2006 organic status was achieved. The first exports were made in 2007 with a modest start of 20 t of shea nuts and 3 t of shea butter processed by ALCODE.

Due to the conflict in the project area,

Sida requested that EPOPA carry out a conflict assessment to ensure that the project did not impact adversely on the security situation. Although the conflict assessment highlighted some issues that the project should pay special attention to, the most important being the safety of the women whilst collecting shea nuts, it concluded that the NUSP was a positive activity within the area. As the conflict assessment was concluded, the security situation in the area dramatically improved, and during the latter part of 2007 and early 2008, people started returning to their homes from the IDP camps.

With the Rwot Ber members' interest kindled in organic opportunities through the shea collecting, they requested EPOPA's support in certifying their other crops as organic on return to their homes. This was approved by Sida as an extra investment to assist the Rwot Ber members in re-establishing their village homes. EPOPA was able to offer technical support towards food security and also organic certification for traditional crops such as cotton, sesame, and chillies. By the end of 2008, the NUSP is expected to be involved in the marketing of organic shea nuts, shea butter, and a variety of organic crops and will thereby improve the livelihood of the Rwot Ber members.

ess and process capacity requirements, developing and commercializing an export product in time, attaining quality, and other certifications in time necessary to enter the market. (Kairumba and Ssemwanga 2007)

Evaluations

Evaluation 2004. Sida commissioned an evaluation in 2004 as a basis for a decision on prolonging EPOPA for another three years. The evaluation, by Adante, Tools for Thinking, was favourable (see text box). The main critique regarding implementation raised by the evaluators was that “the project proposals appear optimistic and tend to underestimate the time it takes to get started”. The evaluators further noted that “EPOPA has still not been fully understood and/or accepted (by Sida), and hence the integration of Sida’s resources and support has not been forthcoming. This hampered implementation of the second phase and is the main reason why some projects are behind schedule. . . . Sida’s decisions have often come late. The programme has not expanded to as many countries as it should have as the decisions to allocate funds were not taken.”

Uganda 2007. As EPOPA was due to be phased out in 2008, Sida commissioned a study on the way forward for the organic sector in Uganda (Forss et al. 2008). Regarding EPOPA, it said that the programme is found relevant and sustainable and the impact has been high. Efficiency and effectiveness are high, but could have been higher. The programme has been hampered by cumbersome decision-making (by Sida) and, at times, by an excessive reporting system (by the implementing consultants).

Assessment by others

EPOPA has been subject to research and studies by a number of external organizations, such as University of Natural Resources and Applied Life Sciences, Vienna; the World Bank; and the Danish Institute of International Studies. Several students also made studies of EPOPA.

Household food-security effects of certified organic export production in tropical Africa: a gendered analysis. This study by DIIS compared groups of organic and conventional growers of coffee and pineapples. Organic pineapple farmers enjoyed high levels of food self-sufficiency and organic conversion did not appear to have reduced food production. This was mainly because the expansion of pineapple farms and their improved management had occurred through additional investments in land and hired labour rather than through the diversion of household resources away from food crops. Most organic farmers could satisfy their calorie needs through own production and moreover purchase higher-value foods such as meat, fish, sugar, tea, and rice.

In the case of organic coffee, the general trend has been a reduction in local food

High impact among farmers

■ There is no doubt that the programme has had a high impact on the farmers who were contracted, were certified as organic producers, and sold their products to the exporting firms. The price increases ranged between 20% and 300%. The increase is not only due to EPOPA, but was also a result of the increasing competition between buyers, and at times also other factors, such as changes in world market prices. As most farmers depend on one or two cash crops for their monetary incomes, the price increases mean significant improvements in their livelihoods. In many cases the increased incomes were used to build better houses, provide better schooling for children, to invest in more land, and to buy equipment to process the crops. There is a difference between the poorest households and the richer, and the former seem to live so close to subsistence levels that additional incomes do not change expenditure patterns; they only mean somewhat fuller stomachs.

The higher incomes to farmers result from three parallel processes. First, there is the organic premium, which has always been forthcoming. Second, the majority of farmers appear to have responded to the increased demand by raising productivity. As an example, a cashew-nut farmer increased the harvest from 1,300 kg to 2,600 kg per year while at the same time the price increased from around 300 TSH per kilo to 700 TSH per kilo, resulting in a quadrupling of farm income in two years.

The evaluation found that, unlike many institutional development projects in the past, EPOPA has built on commitment and visions from people and organizations in Tanzania and Uganda. Ownership was and remains with national stakeholder groups, which is key to sustainable impact from the EPOPA activities.

(From Evaluation report 2004 [Forss 2005a])

production since organic conversion, mainly due to the expansion of coffee on land previously cultivated with food crops. Very small average farm size combined with low capacity for buying more land meant that the expansion of coffee had occurred at the expense of land planted with especially maize and its intercrop, sweet potatoes. But farmers had adapted their farming strategies in ways that mitigated the intensified competition for land between coffee and food crops. Firstly, while land scarcity had eliminated mono-cropping of beans in the area, improved weed management in coffee induced by the organic project created new opportunities for intercropping beans with coffee. Secondly, some farmers invested coffee incomes in renting land for maize and rice farming outside their home area where land was more abundant.

The study indicates that conversion to organic export production has not reduced food security in the examined cases but rather improved it by raising cash incomes

that enabled households to increase the amount and quality of food purchased in the market. This suggests the importance of considering changes in the capacity for accessing food through the market as well as through one's own production when assessing household food-security impacts of organic export production. Another insight is that technology and investment spill-over from the organic export crop to food crop farming, as well as a more efficient use of available land and labour resources achieved through farmer adaptations, may mitigate the competition over factors of production between food crops and the organic cash crop (Bolwig and Odeke 2007).

Improved Market Access and a More Stable Market

Organic production of commodity products such as coffee, sesame, and cocoa has three main markets:

- The organic premium market
- The conventional market sector which demands better quality, e.g., for specialty products
- The normal conventional market, where the better quality of the organic product is used to be mixed with and improve the lower quality of the conventional product

In some cases, the projects have also acquired fair trade certification, which then gives access to a fourth market.

These markets are accessed by both the farmer and the exporters. A farmer can choose to sell to the organic exporter or to another buyer. Many of the exporters were involved in both organic and conventional exports and frequently sold some of the crop as conventional. It might be a better strategy to sell part of the produce for a high organic premium and the rest as conventional rather than lowering the organic price.⁵

Finally in the case where a project fails or the local market price is higher than the world market price, farmers can still access the local market for some crops (e.g., sesame, honey, and peanuts) but not coffee. This was the case for two honey projects, in which local prices were as high as or higher than export prices while quality requirements were less stringent. The farmers then preferred to sell to the local market. This is a frustration for the organic exporter but good for the farmers. Some exporters operate on both markets; some operate on export markets only. In that case they lose out to the local market.

⁵ Also in Europe, it is quite common at times that organic producers sell part of their production as conventional.



Local marketing in Tanzania. Photo: Cristof Krackhardt, www.fotorganico.com.

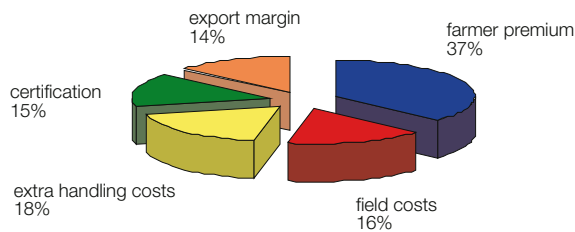
A Better Life for Farm Households

Who gets the money?

Organic products fetch a higher price than conventional products. An interesting question to be answered is, “Who will get this money?” and “Will the farmers get a fair share?” The exporters normally are not sure of the conventional or the organic export price at the time of buying from the farmers. What they know is the price that other (conventional) buyers in the same area are offering farmers. Normally the exporter offers the farmer a premium of 10% to 25% over this price. In some cases the organic quality is also linked to higher quality requirements (e.g., better drying or selection). Then the premium normally needs to be even higher to motivate farmers to produce the higher quality. But also here there are substantial variations, and sometimes the local prices experience a price hike. Only once the product is exported and paid for will the exporter know whether he or she has made a profit. If the exporter is a cooperative, a good sale can result in a second payment to farmers, but this is not a normal practice for the private exporters. They may choose to re-invest the money instead, do something for the community, or use it for working capital. The only condition from EPOPA was that there be a clear premium offered to the farmers.

A typical distribution of the organic premium (that the exporter got) shows that the farmers got a bit more than a third. The rest was spent in fairly equal parts on costs for certification, field operation (for internal control and extension); handling and buying (separation, new and clean bags, special purchasing procedures, etc.) and an extra margin for the exporter to cover the extra management, the higher risk taking and also extra marketing costs. One can perhaps expect that once the business is more established and in particular if there is competition between several buyers (buying from the same farmers) that the exporters' margins will drop. One complication in this context is that the exporter controls the certification (by virtue of paying for it and organizing the ICS) and therefore farmers cannot sell their product as organic to other organic exporters (see more about this under farmer organization). Overall the assessment is that a reasonable share of the increased price reached the farmers in most projects.

Division of export premium



Farmer income

EPOPA has contributed to a substantial increase in income for the participating farmers. The tables at the beginning of this chapter show only the increase of income from the organic premium. In addition, farmers got a higher income from one or all of the following:

- a higher price for better quality
- generally higher local price level (see below)
- increased production as a result of either expansion of production or increased productivity

In many scenarios organic production is cheaper than conventional production, as farmers don't have to buy agro-chemicals or take out loans. In the EPOPA case, most farmers would not have used many or any agro-chemicals before so that aspect is rather negligible.

Often it is not so straightforward to establish what the increase in price is. Once an organic project starts in an area, it can have an upward pressure on the whole

Vanilla: boom and bust

■ Vanilla took off seriously in Uganda about 10 years ago. It became a valuable cash crop for smallholder farmers promoted by many support organizations, among them EPOPA.

Vanilla fits perfectly into the mixed farming system used in many parts of Uganda. The traditional cash crop in these areas was coffee. The main food crop was cooking bananas, locally called "matooke". Smallholder farmers grow these perennial crops in an integrated mix, in which vanilla, which loves the shade, and coffee grow beneath tall matooke plants and large shade trees.

Vanilla farming took off. Among the EPOPA partner companies, more than 3,000 farmers were growing vanilla. Then came disaster in Madagascar (the main producer of vanilla): a hurricane and some rebel activity. Vanilla became a product in short supply, and prices on the world market soared. At the peak of the price rise, Ugandan vanilla farmers were getting 100,000 Ugandan shillings (more than \$50) per kilogram of green beans. Such values were unthinkable before. Farmers trembled holding a handful of vanilla worth so much money. Having a field crop with such value led to security problems. Vanilla theft became the order of the day, security guards were hired to protect fields, and farmers decided to harvest their crop while it was still theirs to harvest. But the beans harvested too early were of a very poor quality. Some farmers

became very rich; others lost everything. As is always the case with agricultural crops, after the boom comes the bust. Prices collapsed. In 2007, farm-gate price was down to 7,000 Ugandan shillings and dropped further to between 1,500 and 5,000 in 2008. Disappointed, many farmers abandoned their vanilla.

However, within the organic sector, the situation was not as extreme. As in the conventional sector, prices rose as the world's demand increased and collapsed after it was oversupplied. But farmers did not simply give up and get out as the price fell. The EPOPA exporters involved in vanilla production are committed to buying organic products from their contracted farmers, and they found that the organic vanilla sector could switch less easily to artificial flavours. Market demand, therefore, remained reasonable, even if prices were much lower. The exporters kept buying and the farmers kept supplying. At the end of 2006, organic buyers were paying 100% more to farmers for their organic vanilla than conventional buyers were willing to pay. In fact, many conventional vanilla farmers were unable to sell their crop.

(Alastair Taylor, EPOPA Newsletter No. 5)

price level in that area, as other traders try to defend their market position, so the increased competition leads to a higher price level in general. This means that the “organic premium”, meaning the difference between the organic and the conventional price in the area, appears to be lower than it really is. It also means that farmers who are not part of the project also benefit.

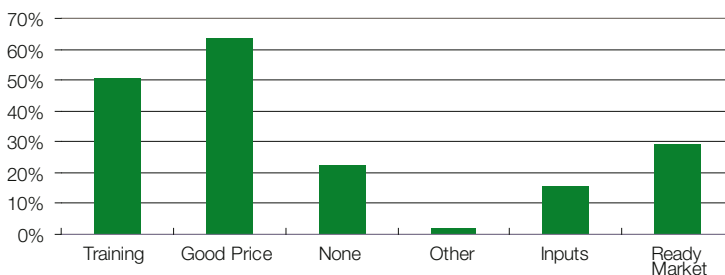
It is difficult for several other reasons to make sensible comparisons of farmers’ incomes (before and after the project intervention). World market prices fluctuate greatly. For example, in 1997 an Arabica coffee farmer received US\$3 per kilo of parchment coffee. In 2001 the same farmer got US\$0.4, and in 2005 the price was US\$1. In periods of lower crop prices, maintenance of the crop declines and therefore the decline in income is exacerbated. The seasons and amount of rainfall differ from year to year, and thereby they affect yields very much. Farm household composition can also change considerably and farms can be divided as a result of inheritance, marriages, etc., which also affects household income.

The direct extra income of the organic premium can be measured and clearly attributed to the project, while for the increase in production, we will not know for sure how big the production would have been without the project (as we don’t know whether production would have gone up or down without the project). In the Outspan project, farmers’ income from sesame quadrupled. The organic premium was just a small part; expansion of the cropped area was the main factor.

What benefits are important to farmers?

Not surprisingly, many farmers say that the price and market access were the key benefits of the projects. Training was also considered valuable. In the BioUganda case, farmers expected to get free farm inputs at the onset of the project. EPOPA worked very little with free inputs to farmers.

Benefits of the Project, Sipi, Uganda



Changes in Perceived and Experienced Benefits of Organic Farming between 2005 and 2007 (BioUganda impact report)

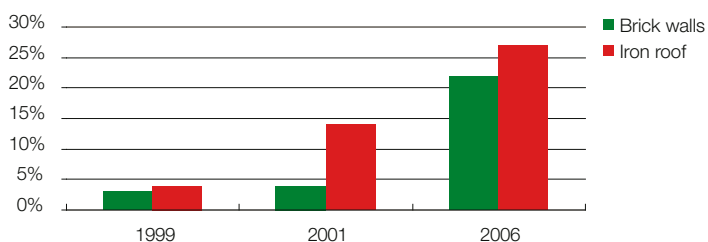
Benefits	2005 (start of project)	2007
Training and know-how	66%	65%
Better price	0%	15%
Stable market	13%	35%
Farmer organization	0%	9%
Improved income/standards of living	0%	50%
Diversification	45%	0%
Farm inputs	57%	0%

Other improvements

One can measure effects on livelihoods using other parameters than income. In the impact assessments, EPOPA looked into the development of housing, schooling, etc. in the project areas. In most cases those assessments showed good development in the selected parameters.

Modernization of housing between 1999 and 2006, considered through the use of materials for walls and roofs in Ochero, Uganda (Outspan impact assessment 2006).

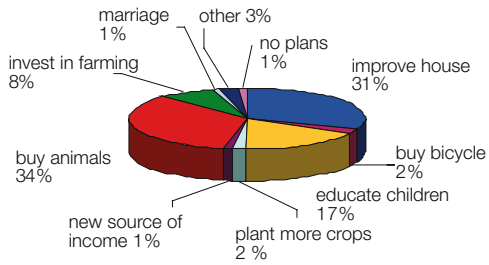
Development of housing in Ochero, Uganda



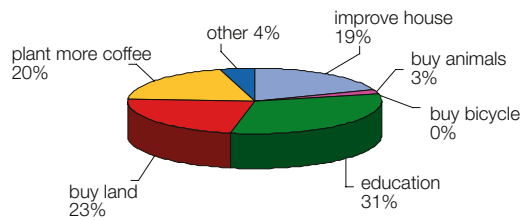
How is the money used?

For the farmers, priorities for use of money are school fees and improved housing as well as buying tools and investing in seedlings for replanting. In the Ochero case, an area that has a tradition of animal traction, some farmers would invest in a pair of oxen and the implements that come with it. For farmers in the Sipi area, buying more land was a priority.

Plans for the Future – Ochero (sesame) Uganda



Plans for the Future – Sipi (coffee), Uganda



*Woman operates well in Lira, northern Uganda
Date: April 2001
Photo: Kari Örvjvik*

Do farmers want to continue?

Undoubtedly most farmers want to continue to be part of the organic projects. In the impact assessment, the main constraints from the farmers' perspective are explored. Market-related factors are clearly the most important constraints.

Constraints for Continuation of Export of Organic Fruits, according to Farmers in Masaka, Luwero and Mubende in Uganda (BioUganda Impact Report)

Markets	Low price	23%
	Unstable market	41%
	Inconvenient buying days	13%
	Doesn't buy all	15%
Production	Pest/disease	5%
	Hard work	8%
	Lack of farm inputs	16%
Certification	Violating organic contract	8%
	Promotion of chemicals in the area	5%
Farmers	Lack of cooperation	19%

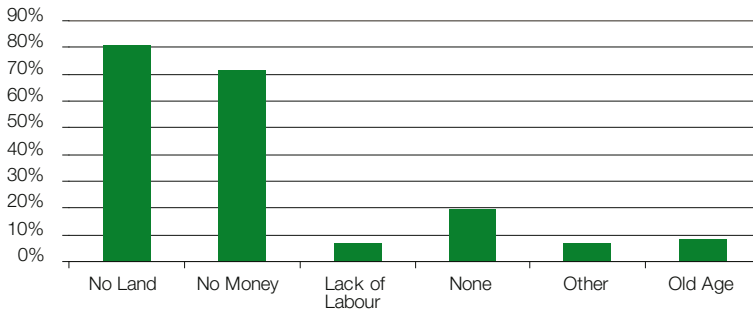
Problems Hindering the Success of PCI Organic Cashew (PCI Impact Assessment)

Low price	69%
Low production	12%
No buyer	3%
Pests/diseases	1%
Other	9%

The limiting factors for increase of production vary according to the situation. Labour is a major constraint for expansion of field crops in areas where land is abundant, e.g., for sesame farmers in Ochero in Uganda. Lack of land and money is identified by coffee farmers in Sipi, Uganda as the main obstacle. Pineapple farmers in the densely populated central areas of Uganda report market constraints as the most important factor. Low prices are the main challenge for cashew farmers (the cashew price had experienced a drop the year the survey was done).

Other farmer benefits

In Kagera, Tanzania it was observed that the implementation of EPOPA has resulted in non-monetary livelihood changes: Farmers feel recognized in what they are doing; social responsibility has increased as a result of the group certification system; and young people, who, as a result of their negative future perspectives, had withdrawn

Constraints to increased production – Sipi, Uganda

from farming, are now getting involved (Wietheger 2005). Observations in other projects show a similar picture. Farmers show pride in being organic farmers, they have embarked on (limited) collective action regarding schools, clinics, and roads, and the general business environment in the communities has improved.

In Madeke, Tanzania, the local government made repairs to the feeder road as a result of the Dabaga pineapple project, and this has opened up the village to local traders. This has substantially reduced the percentage of the farmers' crops which spoils in the fields. Farmers now can purchase daily necessities and even little luxuries at two new shops which have opened up as a result of the farmers' increased spending power. Even such a simple item as salt or cooking oil used to require a 14-kilometre walk from Madeke.

KILIMO HAI MADEKE

With the support of EPOPA, farmers in the village of Madeke (Tanzania) formed the Kilimo Hai Madeke (KIHAMA) association. It raised the profile of Madeke in the district and provided the local government and NGOs with a point of contact for providing other services. Examples include the Tanzania Social Action Trust Fund (TASAF), which has initiated a project in the village focusing on promoting women farmers by supplying them with 68 acres of land, seed, other inputs, and training in sustainable farming. In addition, the villagers, together with TASAF, have already begun construction of a much-needed medical dispensary in Madeke. The local government, with DANIDA support, repaired the road which runs from Madeke to the border with the Morogoro Region. The association assisted in organizing supplies to the exporter. Together, they have been successful in selling chillies and honey in the local market.

Impact on the Production System

The expectation was that farmers would respond to the market incentives and the training by implementing better farming techniques. In general, the impact on the production system has been less than expected. Not so many farmers increased their productivity in a dramatic way, even if there were such examples. Expansion of the cropped area seemed to be a more favoured response to the improved market conditions. This suggests that there is still a potential for yield increases through better, or more intensive, farming.

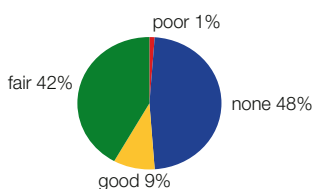
Trends in the Area, Production and Income from Sesame, from 1999 to 2006, as Average of All Farmers, Ochero, Uganda

	1999	2001	2006
Area under sesame, all farmers (acres/farmer)	0.41	1.47	1.28
Sesame production, all farmers (kg/farmer)	82	294	256
Sesame price (US\$/kg)	0.38	0.29	0.49
Farmer income from sesame, all farmers (US\$/farmer)	31	84	126

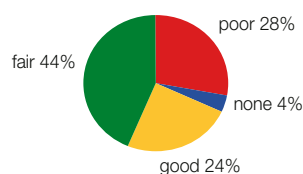
Organic farming is based on good management and in particular on the care of the soil organic matter. Despite this being emphasized again and again, it is hard to see any big effects of this in the field. It is difficult to motivate farmers to care for the soil. A botanical spray to control a pest is more attractive, as its effects are immediate.

In their daily work much energy of EPOPA staff and of the field officers went into the certification and organization of the farmers. Although it is unavoidable that the field officers focus on the export crop, they did provide information on how to improve production of the other crops as well. In Sipi, there was an increase in the production of matooke bananas after alternative solutions for the banana weevil were introduced. In Paidha, farmers learned to work with an alternative treatment for pests in tomatoes. In Bushenyi, some progress was made with a natural (acaricide) treatment against ticks in dairy cattle.

Farmer knowledge of organic practices in KCU project 2000



Farmer knowledge of organic practices in KCU project 2005



Different techniques for extension were used within the EPOPA projects:

1. Training of trainers. In most cases EPOPA staff trained people to train others. The field officers in particular received training to educate farmers during their extension work. This proved rather successful and in fact is the only effective way to reach large numbers of farmers.

2. Training and visits. Field officers train farmers and monitor improvements through follow-up visits, if possible to the field.

3. Contact farmers. Active and progressive farmers were sometimes selected to become contact farmers. These farmers would then train fellow farmers and function as an example. This worked quite well, especially with some easy techniques. E.g., trash lines against soil erosion were a big success, whereas pruning techniques were generally not taken on in Uganda.

4. Farmer-to-farmer visits. In some projects farmers visited another farmer's field (in other areas) to learn from his or her experiences. This method is relatively costly. This was tried in the KCU project, where it was rather successful for a short period. Active follow-up and support proved difficult, making it difficult to sustain the system.

5. On-farm research. In some projects, field trials and demonstration plots were established. This proved very successful in demonstrating certain techniques whose results were easily visible to the farmers. E.g., in KNCU various farmers tried different farming techniques in their fields and farmers from the area picked up what worked for them and implemented it. This quickly spread to other progressive

FARMER-TO-FARMER TRAINING IN BUKOBA, TANZANIA

In this case, farmer trainers were trained in "farmer-to-farmer training" at the Maruku Agriculture Research Institute (MARI) in Bukoba. MARI specializes in this model of farmer extension. In total 82% of the organic farmers reported having received training from the farmer trainers. However, few farmers practiced what they had been taught.

Over the years, the number of farmers applying farm manure had doubled from 20% to 43%. The number of farmers applying mulch had declined from 75% to 40%, probably because of mulching material becoming less available. There was a small increase (from 60% to 65%) in the number of farmers pruning their coffee. The average number of shade trees per plantation had declined from a mean of 9.9 to 8.9 trees per field. Tree nurseries had been established, and although EPOPA always emphasized the importance of tree planting, it was difficult to convince farmers to conserve their existing trees and to plant more (KCU End Report). It appears fairly unpredictable what works and what does not.

Revitalizing cashew production in Karekese, Tanzania

■ The following is an account what was done (and what failed) in one of the EPOPA projects.

Most cashew trees were very old (40 to 50 years) and farmers were doing very little to nothing on tree management. Canopies of trees were completely grown into each other; dead branches were left, etc. Trees had a very low production (average 6.5 kg/tree compared to a potential yield of around 30 kg). To increase the production per tree, fields and trees needed to be “renovated”. A campaign was developed to train farmers in improved farming practices including pruning trees (tools and even a small chain saw were made available), reducing the number of trees, rejuvenation, sanitation, ventilation, scouting for diseases to improve the use of sulphur, effective sulphur spraying (against powdery mildew, allowed in organic agriculture), and planting of a cover crop. Three times trainers from the Naliendele Cashew Research Station were hired to train the farmers in the village for a week.

The effect of the renovation operations

however can only be seen after two to three years, when the trees have recovered. This is not motivating for farmers. From the five demo farms set up, only one was really looked after. Scouting for diseases was never taken up seriously by the farmers, probably because it is quite a job to do it and farmers were not convinced that the disease could be controlled better in this way. After many years of being told that calendar spraying is the thing to do, it was difficult to change the farmers’ attitude over a short period (three years). The project supplied seeds to establish a cover crop (beans) in the cashew fields and casual labour to the demo farms in the 2004 planting season. That year the area was hit by a drought and the beans dried up in the fields. This was de-motivating. In the seasons thereafter it was not picked up; people did not believe in it. (Based on Premier Cashew end report)

farmers. EPOPA worked in cooperation with the local research station in this activity. However, only a few farmers were motivated enough to engage in improved farming techniques.

Profitable and Sustainable Export Business

The objective of EPOPA was to increase income and improve the livelihoods of farmers. However that needed to be accomplished through the engagement of commercial exporters. This is only possible if the business is profitable for the exporter; if they were to fail and lose interest the whole project would fail. Overall, the profitability for the exporters has been good, and in a few cases very good, as can be seen in the example below, where the organic business is compared to conventional business.

Total extra operating costs in Tsh/yr	26,550,000
Certification costs in Tsh (0–50–100%)	6,650,000
Extra organic buying cost in Tsh	207,600,000
Extra factory costs in Tsh	9,000,000
Total extra organic costs in Tsh	249,800,000
Total organic costs in US\$	187,820
Organic extra income from export US\$	404,900
Extra “organic” profit in US\$	217,080

When a project was initiated there were extensive calculations on the profitability of the business for the exporters. In many cases the calculations showed that the exporter would lose money the first year, break even the second, and come into profit the third. Markets and prices are volatile, however, and the production often fell short of the target, so the reality was often quite different from the calculations. The calculations were also based on the assumption that the conventional business was viable, and looked mainly into the extra income and extra costs for the organic line. If the underlying “conventional” business were to be unprofitable, that would impact the organic business also. In reality profitability differed quite a lot from the calculations made at the onset of the project. It turned out to be quite an exercise to sit down with the exporters, assemble the figures from the past season, and learn lessons from them.

What happens after EPOPA support is over?

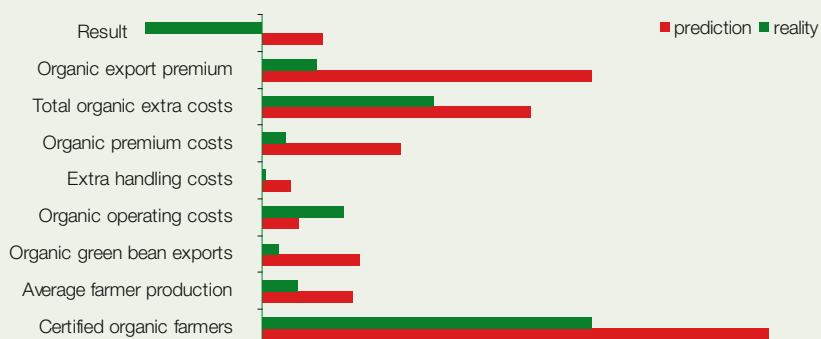
One good way to assess the sustainability of the EPOPA-supported business is to look how they do after EPOPA support is phased out. All of the EPOPA-supported projects that were completed (not the ones that were prematurely closed down) have continued their business after EPOPA support, and most of them have expanded the business. ESCO in Uganda has expanded its cocoa operations to the Congo (DRC). Premier Cashew Industries in Tanzania used their experience and knowledge to expand into organic sesame and cocoa, of which they exported 40 and 135 tons respectively in 2008.

Reality is often different

■ The following graph from the KNCU project demonstrates the effect that fewer farmers, less production per farmer because of drought, and a higher than predicted cost of field staff has on the actual earnings. The

cost for field organization and external certification are constant and do not go down with lower production, while the income, the organic export premium, does.

Prediction and reality in the 3rd year (KNCU 04/05)



The Lango organic cotton project. The Lango project was the very first EPOPA project, initiated in 1994. It was supported by EPOPA until 1997 and at the time of the end of EPOPA support it had 5,100 farmers and exported 288 tons of cotton and 102 tons of sesame. After EPOPA support was phased out, it had its ups and downs (as did the organic cotton market⁶), but overall the business has continued and data from the project show very strong development recently.

	2000	2002	2004	2006	2007
No. farmers	9.725	12.267	12.000	15.000	27.000
Cotton (tons)	220	313	857	615	1166
Conventional price (UGS/kg)	350	400	600	450	450
Organic price (UGS/kg)	400	470	675	530	600
Difference in price	14%	18%	13%	18%	33%

(Guijt and Woodhill 2008)

⁶The organic cotton demand peaked in the mid 1990s and detracted after that for five or six years, increasing slowly in the early 2000s. It has exploded in recent years.

Committed to a sustainable, responsible cocoa industry:

Barry Callebaut and Biolands to replicate tested smallholder cocoa programme

■ Zurich, Switzerland / Dar es Salaam, Tanzania, April 16, 2008 – Barry Callebaut, the world's leading manufacturer of high-quality cocoa and chocolate products, has acquired a 49% stake in Biolands, Africa's largest exporter of certified organic cocoa based in Tanzania, after purchasing 100% of Biolands' top-grade cocoa for the past eight years.

The Biolands enterprise is one of the largest organic smallholder cocoa programmes in the world. Starting in Tanzania in 1999, Biolands has applied a bottom-up cooperation model, working directly with smallholder farmers to ensure fair prices are paid to the farmers and to improve the qual-

ity of cocoa and the farmers' quality of life. This approach guarantees full traceability for every bag of cocoa sold by the 20,000 participating farmers, enabling consumers to know this cocoa has been produced in a sustainable and responsible manner.

"Biolands' proven track-record based on the direct involvement of cocoa farmers has convinced us to strengthen our relationship," adds Patrick De Maeseneire, CEO of Barry Callebaut. "Biolands will now replicate their concept in other countries."

(www.barry-callebaut.com)

Biolands cocoa Tanzania. Biolands in Tanzania was supported by EPOPA in 1998 and 1999. When EPOPA phased out there were 16,000 farmers involved. Currently the project is buying from 20,000 farmers. That the business is profitable is perhaps best shown by that: the largest cocoa company in the world, Barry Callebaut, has bought a stake in it and wants to replicate the success in other countries.

Kawacom coffee Uganda. The Kawacom project started in the year 2000. The project objectives were to increase rural incomes by giving farmers access to organic markets, where premium prices could be obtained for certified coffee. In 2000 there were 3,500 contracted farmers, and they delivered 500 tons of coffee. In November 2002 a decision was taken to extend the project with another three years. When the project came to an end in 2005, there were some 12,000 registered and contracted farmers in three districts (Sipi, Bushenyi, and Nebbi). On its own steam, the company extended organic coffee production to another area (Kasese) in 2008, and in total 18,000 farmers are contracted to deliver organic coffee. In 2007, Kawacom bought 3,200 tons of organic coffee from the farmers, and certified coffee now accounts for some 15% of the company's coffee exports (Forss 2008).

It is clear that this progress has been achieved primarily through the commit-

ment of the exporters themselves. However, without EPOPA they might have started later, or not started at all, in the organic business.

Do others follow?

Another way of indirectly assessing if the approach is viable is to see whether others pick up the same business. The successes of the EPOPA-supported companies are clearly inspiring others to start similar businesses. After EPOPA started with organic cocoa in Tanzania, three more companies got involved, and the same is the case for cashew and sesame. In Uganda there has been a veritable explosion of organic cotton production in the north, with the number of registered organic cotton farmers reaching over 100,000. After the success of Kawacom in Uganda, several other organic coffee projects were initiated, also without EPOPA support.

DUNAVANT UGANDA PUSHES FOR MORE ORGANIC COTTON PRODUCTION IN UGANDA

The Dunavant (the world's largest cotton company) farmers in Kitgum and Pader districts, numbering about 50,000, have been registered in groups of 25 to 30 under Dunavant Organic and provided with farming inputs like cotton seeds, spray pumps, and ox-ploughs free of charge. Dunavant has also put in place 42 tractors to open 50,000 acres of land with the help of USAID under the GDA project and DEG.

(Daily Monitor 26 May 2008)

Pay-back on the Swedish Investment

In the project design, EPOPA worked with a concept of “pay-back”, where a project would only get a go-ahead if the accumulated extra income for farmers within the project period or shortly thereafter would equal the total investment by Sida⁷. As many projects under-performed (or rather, as the projections in many cases were on the optimistic side), the reality was in many cases that the realized pay-back was lower, and in particular that it was slower than had been expected. However, seeing that almost all EPOPA projects continue and grow after EPOPA support is phased out, this is perhaps not such a big problem, as the pay-back will be there, albeit delayed. The pay-back concept considered the directly measurable extra income from the project and not other benefits, and in most cases only the value of the organic premium, which doesn't include increase in production. It thus gives a less positive picture than is really the case.

Pay-back, during the Project Period, from Selected Projects, More or Less Successful (figures in SEK)

Project	Swedish investment	Total income farmers	Extra income farmers	Comment
Coffee Tanzania	1.6 million	3.6 million	1.5 million	Only premium
Cocoa Uganda	3.9 million	8.3 million	2.7 million	Only premium
Sesame Uganda	2.7 million	4.3 million	0.6 million	Only premium
Coffee Uganda	4.0 million	45 million	5.5 million	Only premium
Cashew Tanzania	1.4 million	12 million	1.9 million	Only premium

Abandoned Projects and Projects in Trouble

Not such good ideas

A number of ideas were initiated but were stopped before they were approved as projects. Examples of this were:

Farmed seaweed from Zanzibar: the participating exporter was owned by a foreign company which wasn't so much interested in organic production and marketing of carrageenan⁸. They were not willing to pay a premium price.

⁷ Note that this was no pre-requisite formulated by Sida, but something the consultants thought was a reasonable criterion. It was suggested in an early evaluation report.

⁸ Gelatinous extracts of the *Chondrus crispus* seaweed have been used as food additives for hundreds of years.

Mushrooms in Tanzania: The exporter was new to the business; the technology for production was weak, for many women a new activity and without a comparative advantage, the market prospects less than ideal. Thus it could not become a profitable business.

Ecotourism in Uganda: The consultants developed a proposal which they considered viable, for ecotourism linked to established organic projects. Sida dismissed the idea as being outside the scope of the programme and because the tourism sector was considered able to create its own investments.

Projects that had to stop or had to undergo major changes

A few projects were initiated but didn't perform at all according to expectations. Some of them were stopped altogether, while others were dramatically re-designed.

Safflower: the project started on the basis that the company was already producing pesticide-free safflower oil. An NGO had done the fieldwork, and they and the exporter claimed that the area was "organic". Once examined more closely, it became apparent that it wasn't; farmers did grow safflower without agro-chemicals, but not the maize that they grew in the same rotation. Pesticides were also used in the storage of maize. When this became clear, EPOPA and exporter agreed to pull out. Unfortunately the farmers had already become enthusiastic about the project and felt let down.

Instant coffee: the project started with a focus on quality improvement of the instant coffee. At that time the company underwent re-construction and privatization. It took quite some time before the new owners had a functional management in place. The second problem was that they were missing investment funds. Once the new leadership was there they were not keen on pursuing the quality improvement line. It was also in conflict with the owners' (a coffee producing cooperative) idea of instant coffee production as an outlet for grades that can't be exported. In addition the company was involved in many other projects, with other donors, so its energies were diverted.

Ginger in syrup: A food-processing company making jams was identified as a potential producer of ginger in syrup, for which there was a market demand. A number of obstacles were faced during implementation: far too expensive jars; lids that did not fit; difficulties with the quality of the ginger; low production of ginger; too high costs for importing organic sugar. The company reoriented their interest into dried spices from the same production area and EPOPA agreed to re-allocate its support. The new venture was successful.

Tuna: the project was about sustainable long line tuna fishing. Standards were developed and fishermen trained. Tuna are a migratory fish. Since the project started the tuna have been absent from the coast of Tanzania, for reasons not known (possibly climate or perhaps over-fishing in other places). Obviously the project had to be closed down. The participating company will, however, use the concept for the development of other sustainable fishery products, and if the tuna return, it could be taken on again.

Honey: The project started and was implemented according to plans. It produced the desired better-quality honey, but competition with local prices and regional buyers was too high, and the quantities produced could not sustain the investments. After the project prematurely ended, the exporting company continued in the area (without support from EPOPA) and organized the honey producers for organic sesame production, which was successful. They exported 70 tons of sesame from the area in 2007.

Change of exporters

In a few projects there was a change in the partner – exporter. In the case of the project in Ochero, farmers were first mobilized to produce cotton for a company, which got into financial trouble when building a new ginnery. EPOPA managed to find another company, Outspan, to take up the business. The cocoa project in Bundibugyo, Uganda, was initiated with one company. However there was a rebellion in the area and the business ceased. When peace returned the original company was no longer there and ESCO picked up the idea. In the Sumbawanga peanut project, the original exporter defaulted on a trade finance credit that he had got through the facilitation of EPOPA, and a new exporter was found to take over the project.

A “FAILED PROJECT” CAN STILL HAVE A POSITIVE IMPACT

The field visits to farmers associated with RECO (a dried pineapple project in Uganda that was prematurely closed down as it never went into exports) showed, surprisingly, that they had benefited substantially and increased their incomes, first, by adding a new crop to their farms (pineapple), second, by increasing their planting and then by selling off suckers in the local markets.

(Forss 2008)

4. Impact on the Organic Sectors in Uganda and Tanzania

Development of the Sector

Organic farming started in both Tanzania and Uganda quite a few years before EPOPA. In both countries, NGOs and faith-based organizations had promoted organic or organic-like sustainable farming as early as twenty years ago. In an effort to address farmers' problems associated with production decline and increasing input prices, NGOs launched project initiatives in the form of sustainable, organic, and in some cases ecological farming. Most of the initiatives were based on practices and principles which are today embedded in organic agriculture.

When EPOPA started in Tanzania, there were a few commercial projects in existence for tea, cotton, herbs, spices, and paprika. In Uganda there was one commercial operation of fresh fruit. Ten years later there are 55,000 farmers in Tanzania with farmland of 85,000 ha and 36 organic operators. The operators include producer associations/cooperatives, private companies who contract out-growers, and individual farms. An overview of organic production areas, type of product, and operators in Tanzania is provided in the table below.

Organic Operators and Products in Tanzania, 2008 (including projects in conversion)

Crop/Product	Production site	Operator
Spices and vanilla	Tanga, Zanzibar, Morogoro, Kagera	GFP, TAZOP, Mayawa, Maruku
Coffee and instant	Mbeya, Mara, Kagera, Kilimanjaro	Lima, Mara coffee, KCU, KNCU
Cocoa	Mbeya, Morogoro	Bioland, Hai Tz , FIDHUSCO, BIOTA
Cotton	Shinyanga, Singida	Biosustain, Biore, BOFA
Sesame	Singida, Ruffiji	Biosustain, Fida Hussein
Cashew nut	Coastal, Mtwara,	PCI, OLAM, Dutch Connection
Fresh and dried fruits	Iringa (Njombe), Kagera, Morogoro	Dabaga, Matunda mema, Mikese Farm, UMADEP
Peanuts	Rukwa	Fair Share
Tea and herbal	Iringa (Njombe), Morogoro	Luponde, Kimango Farm
Honey		Honey Care Africa
Leather	Arusha	Asilia co.
Mushroom	Dodoma	Agroproducts Ltd
Inputs		
Neem for pest	Arusha	Osho
Compost (fertilizer)	Zanzibar	Zarec
Rock phosphate	Arusha	Minjingu Co
Pyrethrum	Dar es Salaam	Mansoor Daya

(source: NOADP 2008)

The export market is the driving force of the organic agricultural movement in Uganda. One or two commercial companies began engaging in organic agriculture, with an eye on the export market, as early as 1994. At the same time in Uganda, there was a general movement in the agricultural sector towards developing systems of sustainable agriculture as a means of improving people's livelihoods. Many NGOs and the government promoted an approach to agriculture which would strengthen food security, help to provide income, maintain soil fertility, and control pests. From here, it was only a small step towards embracing the formal practices of organic agriculture, which, with their emphasis on nature, were found to be palatable to Ugandans (Taylor 2006).

The commercial development in Uganda has been strong and EPOPA has been instrumental in the development (see text box).

Not possible without EPOPA

When EPOPA started in 1995 there was no organic sector in Uganda. A few exporters had started pilot projects in cotton and fruits, but that was all. There were no organizations of organic sector stakeholders, no policy documents, no recurring training programme, no certification facilities. Uganda did not participate in international trade fairs. In 2007 the organic sector was estimated to have a turnover of US\$15 million, and there are some 85,000 registered small-scale farmers and many more under conversion programmes but not yet delivering certified organic products.

The rapid growth of the sector has obviously not been caused by EPOPA alone. A number of committed Ugandan businessmen and women, people working for NGOs, officials in a few government agencies, and many others have shaped the sector. There has been support from

other funding agencies. However, when the history of the organic movement in Uganda is written, EPOPA will play an important part, and it has certainly contributed to many of the developments. Uganda is now recognized as the leading African nation in organic exports, and it is doubtful whether that would have been possible without the pioneering efforts of EPOPA. A list of organic producers in Uganda is more or less similar to a list of projects that have received support from EPOPA, either as full export projects or in the form of limited support to exporters. EPOPA has been involved in setting up NOGAMU and in developing UgoCert, it has participated in the development of an organic agriculture policy, it has organized participation in trade fairs, and it has done many other things.

(Forss 2008)

Government Involvement

In Uganda, the Uganda Coffee Development Authority showed an early interest in organic and made official statements that 10% of Ugandan coffee production should be organic. Also the Uganda Investment Authority and the Uganda Export Promotion Board showed early interest. In 2005 a process to develop an organic policy for Uganda was initiated and it is now at an advanced stage. A resource centre for organic agriculture is planned and the government is seeking funds for its establishment.

ORGANIC POLICY FOR UGANDA (DRAFT 2006)

Vision

The vision of the national organic agriculture policy is the attainment of a competitive and profitable OA sub-sector in Uganda generating adequate safe and quality food, fibre, and other goods and services for sustainable development

Mission

To guide and support private sector led investment in the production, processing and marketing of organic products for both domestic and export markets

Goal

To contribute to national economic growth by harnessing the country's OA potential in ensuring food security and poverty eradication

Objectives

The objectives of the organic agriculture policy are:

- Ensuring the integrity of organic agriculture through adoption of appropriate standards, certification, and accreditation
- Supporting and strengthening organic agriculture research and technology development and dissemination
- Developing markets for organic products
- Providing information, knowledge, and skills on OA principles and practices at all levels of agricultural sector
- Promoting and supporting the improved post-harvest handling practices and addition of value to organic agricultural products
- Augmenting sustainable use of natural resources and protection of the environment
- Harnessing the active participation of vulnerable groups, including women, youth, the poor, and the disabled in OA industry
- Protecting indigenous biodiversity with due care in adoption of biotechnology
- Creating incentives for OA production

In Tanzania, the Livestock Policy of 2006 recognized the potential of organically raised animals for export opportunities. The National Organic Agriculture Forum initiated a process (with support from EPOPA) to develop a National Organic Agriculture Development Programme in April 2008 (NOADP 2008). Towards the end of the programme, EPOPA increasingly interacted with the government policy processes and organized training events for government.

Institutions, Capacity, and Awareness

EPOPA supported not only business, but also the development of institutions. Through EPOPA much capacity has been developed, both institutionally and individually. It is much harder to assess whether investments in institutional framework and capacity of individuals and organizations are justified compared to the business-oriented investments in the export projects.

Trained people

Apart from the 100,000 farmers, there are perhaps a thousand persons who have been exposed to EPOPA training:

- Generic training courses, such as Organic Sector Development Training
- Specialized training courses: project manager training, inspector training, and field officer training
- Institutional capacity training, such as business planning and strategic planning for the national organic movements and the certification bodies

Some of the people trained change jobs, but in many cases the knowledge can be used in their new job also. The inspectors trained can become field officers or vice versa, or if they are qualified enough they can become project supervisors. The project managers may set up their own business or go to a competitor. Some become service providers (consultants). The personnel employed or contracted by EPOPA constitute a pool of qualified people who will continue to offer their services to the sector.

National organic movements

The national organic movements, NOGAMU, OPPAZ and TOAM, were supported by EPOPA. NOGAMU is well established and plays a major role in the development of the sector. TOAM is on track to play a similar role. OPPAZ in Zambia is well established (OPPAZ was only to a very limited extent supported as EPOPA didn't really take off in Zambia). Such sector organizations play a role as suppliers of public goods and most likely will continue to be dependent on public support (from national governments or donors) in the future. The alternative would be having



*Picture from NOGAMU shop, Kampala, Uganda. Photo: Gunnar Rundgren.
Date: October 2003.*

them become professional project implementers, which would make them compete with some of their members and make them lose their focus as well as their role as neutral mediators in the sector.

Certification bodies

The local certification bodies, UgoCert and TanCert, are well established and both got IFOAM and ISO 65 accreditation mid 2008. They have a substantial business base, in particular in Uganda, where the total value of certification services 2008 is in the range of \$200,000. Once they are accredited they can expect to capture a considerable share of the certification market. Besides the cooperation with IMO they have a good cooperation with other international certification bodies for which they work as local inspectorate. They now have the bulk of their income from sales of services and will be able to finance the remainder from public or donor funds. TanCert has less business than UgoCert, mainly because organic is less developed in Tanzania than in Uganda, which means that their financial position is more precarious. However, they have secured support from the U.S. African Development Foundation for its further development. Undoubtedly TanCert and UgoCert will continue their work.

	TanCert			UgoCert		
	2005	2006	2007	2004/2005	2005/2006	2006/2007
Income from services (US\$)	1,478	9,775	13,246	25,609	32,899	36,647
Number of clients			25			32

Overall the existence of these organizations represents an important strength of the sector. The existence of local certification bodies will make the service more accessible for exporters; costs will go down and the understanding of the situation will be improved, which should mean better service. Local certification bodies are also more likely to be a key actor in the development of the sector at large, which is already seen in the countries. They have a keen interest in developing the local market, in particular in Tanzania.

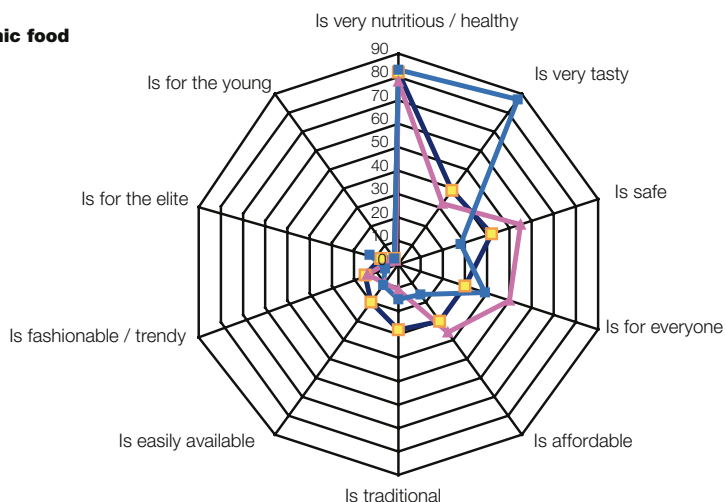
In the short term it is probably hard to justify the considerable investment (SEK8 million) into these two certification organizations, but in the longer term they do play a critical role in the development.

First national and then regional standards

EPOPA supported, and provided technical assistance to, the development of national standards in both Tanzania and Uganda. In Tanzania they were developed by TanCert and in Uganda by NOGAMU and UgoCert jointly. EPOPA also initiated East African cooperation in standards which ultimately (with support from the CBTF and OSEA projects) led to the adoption of the public East African Organic Product Standard by the East African Community (IFOAM 2008). The national organic movements also agreed to a common regional organic mark, commonly managed by them as a marketing and promotion tool.

Perception of organic food (IFOAM 2006)

- Kenya
- ▲ Tanzania
- Uganda



Bonde la Chemchem Sabuko, Tanzania

■ The founder, Miriam Ng'maryo, planted the first rosella seeds on her farm in Sabuko in 2003. She started by introducing the idea to her farm employees and then to her neighbours in 2004. This led to the formation of the group Bonde la Chemchem Sabuko (BCS), which is involved in the production and marketing of dried rosella and processed rosella products. The group has expanded into mushroom production. Sales of rosella products go through BCS while mushrooms are traded directly by farmers and smaller farm groups. The

group has established its own shop but also sells to other shops, restaurants and hotels. Exhibition is a major sales channel for the processed products. The group has no external certification and no elaborated system for organic assurance; however, the system can be seen as an informal Participatory Guarantee System. The emphasis in the marketing is on the product, not on its being an organic product.

(Rundgren and Lustig 2007)

Public awareness and local marketing

Slowly the local organic markets are also developing in both Tanzania and Uganda, and the general public awareness has increased a lot. Local market initiatives are spreading rapidly (Rundgren and Lustig 2007).

The general awareness of organic has increased a lot and especially in Uganda there are articles about organic farming in the newspaper almost every week. Events such as the organic coffee conference in Kampala, the East African Organic week in Dar es Salaam, and the local fairs all contribute to this.

Status of the Sector

The following SWOT analysis of the organic sector in Tanzania highlights the main strengths, weaknesses, threats, and opportunities (NOADP 2008). The situation is similar in Uganda, even though public awareness is more developed there.

<p>STRENGTHS</p> <ul style="list-style-type: none"> TZ is producing organic products (food & fibre) for the export market Private sector actively engaged in organic agriculture and has capacity National organic movement Existing local certification body (TanCert) East African Organic Mark East African Organic Products Standards Organic agriculture know-how exists Indigenous knowledge exists 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> Lack of awareness about organics amongst consumers Lack of organized organic supplies for the domestic market. Lack of market information about prices, market trends (domestic & export) Most organic initiatives are dependent on external funding (e.g., EPOPA) TZ organic certification body not yet accredited Inadequate knowledge about organic farming techniques amongst farmers Lack of organic knowledge in public extension service Very little formal training & research available on organic agriculture
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> Growing (export) market for organic products There is not much use of pesticides, fertilizers; many farmers are “organic by default” (easy to convert) Government is involved in promoting environmental and soil conservation practices, so introducing OA is in line with government policies Benefiting from funds for CO₂ sequestration programmes or other ecosystem services 	<p>THREATS</p> <ul style="list-style-type: none"> State extension system promotes conventional farming. Distribution of subsidized fertilizers & chemicals Other government policies that can hurt organic (e.g., malaria policies, food security issues, bio-fuels) Competition with other sectors for government funds Competition from other countries Trends in export markets, such as food miles discouraging exports

Striking is the continuing lack of awareness and knowledge and any future initiatives for organic must address that, realizing that it is an ongoing task and not something that is corrected by single activities and campaigns. At the same time, it is critical that the markets continue to develop, the local markets also. A comparison between e.g., Uganda with Kenya shows that without the direct market benefits it is hard to develop the sector. In Kenya, NGOs have trained tens of thousands of farmers and extension workers in organic farming, and yet the results on the ground are not very impressive, as the market was not developed. The importance of proper government policies is also felt by the organic sectors in East Africa, both the lack of supportive policies, but perhaps even more the existence of policies that are harmful to development. Recent initiatives for a new Green Revolution for Africa are felt as a threat.

Ownership

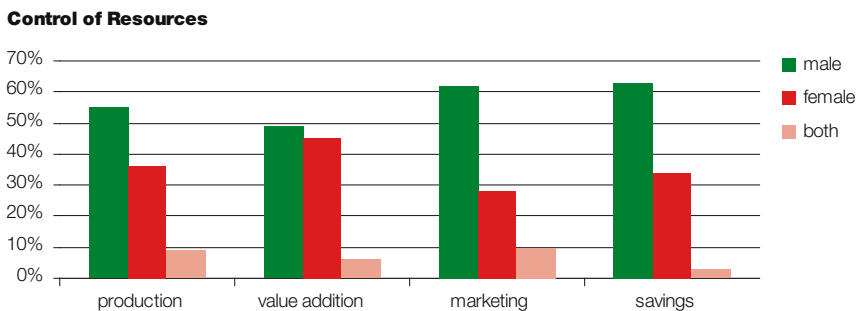
Initially there was not much local ownership of EPOPA; basically it was driven by Sida and the consultants. Gradually, as the sector has developed and institutions have been formed, the local organizations and finally also the government have become dialogue partners in the development of EPOPA, and EPOPA itself contributed to this by support and training. In the last three years stakeholders have been invited to the annual reviews of EPOPA, to share their views and to provide guidance for the further development of the programme. The national organic movements in East Africa have their own strategies for developing the sector, and they have shown that they are able to take joint initiatives. Even if organic in East Africa has been partly driven by external initiatives such as EPOPA, today there is full ownership of the development by the stakeholders.

5. Wider Impacts

Initially the EPOPA programme did not pay much attention to wider development issues, apart from the direct environmental benefits originating from organic farming practices. Over the years, and in particular in the prolongation of Phase II, Sida asked that HIV/AIDS and gender be “mainstreamed” into the programme, consistent with general Sida policies. In addition the consultants paid more attention to farmer organization and wider environmental issues such as bio-diversity on farm and surrounding areas.

Gender

Because the role of women varies in the diverse EPOPA projects, an initial focus was on gender analyses. The first gender analysis conducted in Uganda gave an idea of how roles and responsibilities are divided between men and women in two different project areas. It confirmed some pre-assumptions about traditional gender roles, like the fact that few women are engaged in commercial farming and that the majority of women are more involved in food crop production for home consumption. It was noted that the registered farmers who are married were only men. Women who were registered as farmers were all widows, so procedures were amended to register both parties.



Focus-group discussions facilitated discussion within the communities and farmer families about gender roles. On several occasions this motivated men as well as women to improve their cooperation. Some men indicated that they realize they need to involve women in the farm management in order to motivate them to put effort in field work. In KNCU, Tanzania, the export crop (coffee) was clearly considered to be a men’s crop, and neither men nor women had a desire to change this.

More work, but worthwhile...

■ Organic conversion of coffee caused a change in the utilization of family labour, but without seriously impacting food production, it seemed. Farmers had clearly increased their labour efforts in coffee farming and processing. This was due in part to higher and more stable coffee prices and to the stricter quality requirements of the organic exporter. Most of this extra labour was supplied by women who were the persons mainly responsible for food production, but because land was the dominant production constraint, this change in labour use did not significantly reduce efforts in food production. Instead, the women had adapted by working longer hours and by reducing the time spent in off-farm activities (reducing their access to personal incomes).

The effects of organic conversion on gender inequality were mixed and depended to a large extent on the local context and on commodity characteristics. The distribution of the additional costs and benefits associated with organic conversion was much more biased against women for coffee than for pineapple. But it is worth underlining that the interviewed women found that organic farming was well worth the extra work effort because of the income benefits for the household as a whole, even if they had no or little control over the use of these incomes.

(From Bolwig and Odeke 2007)

Women still contribute by putting in labour, but they are not considered to be the owner or co-owner of the crop and therefore will not have control over the income from coffee sales. Coffee is intercropped with bananas by the women and they control the proceeds from the sales of bananas. Women make the compost and apply it around their banana plants; they barely use it for the coffee.

In most of the EPOPA projects men control the money that is earned from the export crop. Generally women were not satisfied with the way the money is spent. They often do not know what the money is spent on. In many cases, men spent part of the income on the well-being of their family, usually on school fees and medical care, but not on daily needs like food, soap, and household utensils.

A female farmer in Karekese, Tanzania said, "My husband has several farms totaling about 10 acres. The other wife lives in one of them. I have bought my own farm, two acres, and I have 30 cashew nut trees and I grow my own food. I am not involved in my husband's farm in any way; it is his business. I do not know how much he gets, but he contributes to school fees if there is need. But he knows what I get since he goes to the market. The house belongs to my husband and I have not planted anything permanent – who knows, he might divorce me! I am just praying for my son to take over from his father so that he can sell the produce for me. It

is better if my son gets the money than my husband, who will spend it with some woman!”

Because of the increased transparency in the organic buying system, where each farmer receives a payment voucher, the women have a better idea of the income, and are thus better able to work on their husbands to spend the money properly.

EPOPA's own staffs had good gender balance, with half of the project leaders, the programme officer and the marketing consultant being women, while the two programme directors and the drivers were men. Of the exporters the clear majority were headed by men; only two of the companies were headed by women. Around 10% of the field officers employed by the exporters were women.

HIV/AIDS

In 2005, the EPOPA programme started to work actively with HIV/AIDS. Food security and nutritious food are important for every human being, and of course, even more so for persons infected with HIV. Organic agriculture and production have the potential to produce food of high quality, and there is therefore a link between organic agriculture and HIV/AIDS. There are opportunities to widen the organic messages to all persons involved, not only focusing on the production side but also by discussion and education on health issues, of which HIV/AIDS is one of the most important. The approach in the EPOPA programme was to focus on education and information in different settings through collaboration with organizations that work with HIV/AIDS as their core business. EPOPA worked with a number of organizations e.g., TASO, the AIDS Information Center, PSI, Pasada, and smaller local organizations in Uganda and Tanzania.

All EPOPA staff based in Uganda and Tanzania participated in the HIV/AIDS training courses, and HIV/AIDS workplace policies and programmes were developed for the EPOPA offices. National organic movements, the local certification bodies, and some of the export companies were assisted in the development of their workplace policies. HIV/AIDS was taken up in almost all general training courses offered by EPOPA. Extension workers employed by the export companies were trained in both Uganda and Tanzania. Over 500 farmers received HIV education.

It is crucial that the staff of a company is trained and equipped with knowledge and self-confidence so that they can integrate HIV awareness into their daily work and not as an extra activity. However, companies often do not make the necessary funds available for this to happen. The competition between the core activity of a company and the work on HIV/AIDS awareness can be a challenge in practice.

After EPOPA

■ It is important that the interest in HIV/AIDS remains with these organizations after the closing of the EPOPA programme. To sustain this, EPOPA focussed on⁹:

Reaching the top management of the export companies

During export seminars the management was introduced to an organization (PSI) that has a specified HIV programme for the private sector. The benefit for the employer who takes action against the epidemic was emphasized. Linking the exporters to such a support organization can lead to future collaboration and further development in the companies.

Comprehensive HIV education for the extension workers

A three-day long training course, arranged by TASO in Uganda, was offered to all export projects in which more than 40 extension workers participated. They were urged to learn about the local situations, so that they could guide farmers to clinics

and HIV organizations that are active in their areas. Extension workers in four of the export projects were given further support by a consultant, to advise and investigate how they could find models for dissemination of the knowledge they had gained from the course.

In-depth work with one of the export companies

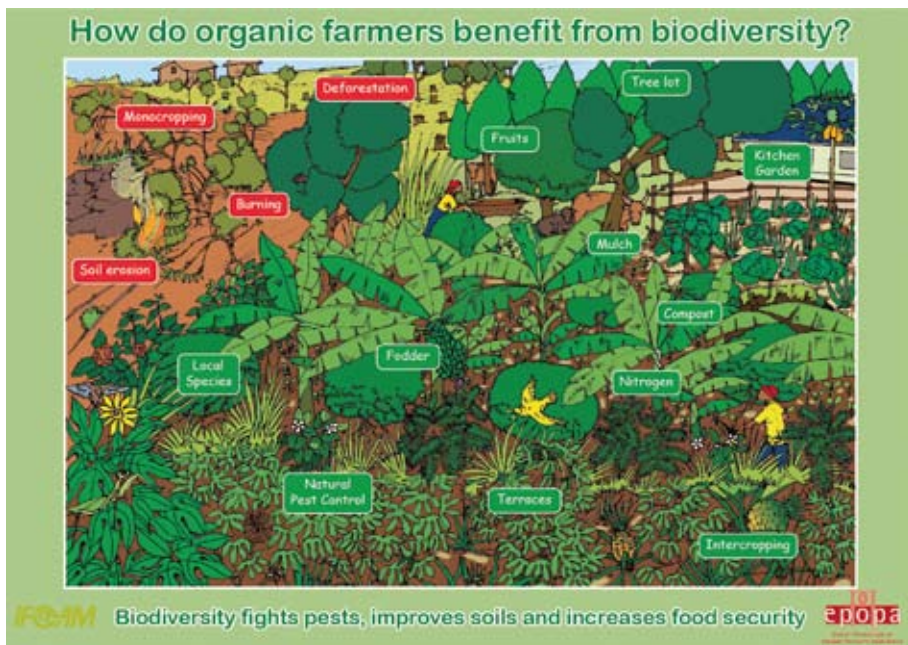
Through work with one pilot company, Tamteco, an HIV/AIDS model was developed for an export company. Over 6,000 employees work at three different estates in this tea company. A workplace policy was developed, committees were established, medical staff were trained, the policy was implemented, and informational material was translated into three local languages. Future plans include drama groups, peer-educator training, and a programme for video shows. The work will be continued by the Health Initiatives in the Private Sector.

¹⁰ Note: the “conventional” farms don’t use a lot of inputs and are often “organic by default”.

Biodiversity

Most EPOPA projects included a component for tree-planting, usually for firewood, including the establishment of nurseries. Farmers were also encouraged to leave trees in their fields.

Organic agriculture is often claimed to lead to more biodiversity than conventional, but would that be true also in Uganda and Tanzania? Experts on biodiversity, together with experts on organic farming, studied biodiversity on organic farms. The conclusion was that there was no apparent difference in biodiversity between the organic and conventional¹⁰ smallholder farms – all farms had good biodiversity. Another experience was that most farmers know little about biodiversity and understand little about the interaction between plants, insects, and birds. A clear difference was that organic farmers were better trained and more open to new information. Therefore posters about biodiversity on the farms were developed (see picture). In Uganda, the biodiversity project has led to good network and knowledge between organic and biodiversity stakeholders.



Biodiversity poster. Production date 2008.

¹⁰ Note: the “conventional” farms don’t use a lot of inputs and are often “organic by default”.



Biodiversity poster. Production date 2008.

Spreading Knowledge and Experience

Apart from training, EPOPA produced many technical reports, which were made available to everyone interested (posted at www.epopa.info), even outside the target countries. They provide a wealth of information, and many people have downloaded them from the web site, e.g., the Organic Exporter Manual and the South Africa Organic Market study. A full list of the reports is available in Annex 2.

Some of the training modules that were developed are available, so others can replicate the modules as they wish (see Annex 2).

Experiences of certification in EPOPA

■ All the EPOPA exporters have been newcomers in the organic sector and to organic certification. The process to achieve and maintain certification has sometimes been cumbersome. EPOPA wanted to investigate what kind of lessons can be learnt, and it made an evaluation of the certification process from the perspective of all parties (producers, exporters, inspectors, consultants, and certification bodies).

For the new operators certification is often difficult to understand and cumbersome. One interviewed manager said that the beginning was chaotic. For the exporters many other issues are new and certification is just a part of it, both the production and the sales are likely to be more important. From the certification body's side, it is felt that new exporters do not always take the certification seriously enough.

After some years certification is much more comprehensible and possible to handle for the exporter but still demands a lot of work time and funds. There are both formal and informal contacts between the exporter and the actors that can give information about certification. At the exporter company there is a high status person in charge of the certification issues. The six companies answering the questionnaire had 15 to 20 contacts per year with different actors (certifier, EPOPA, inspector) about certification. Almost all companies used or wanted to use a local consultant to handle the certification after the EPOPA support has ended.

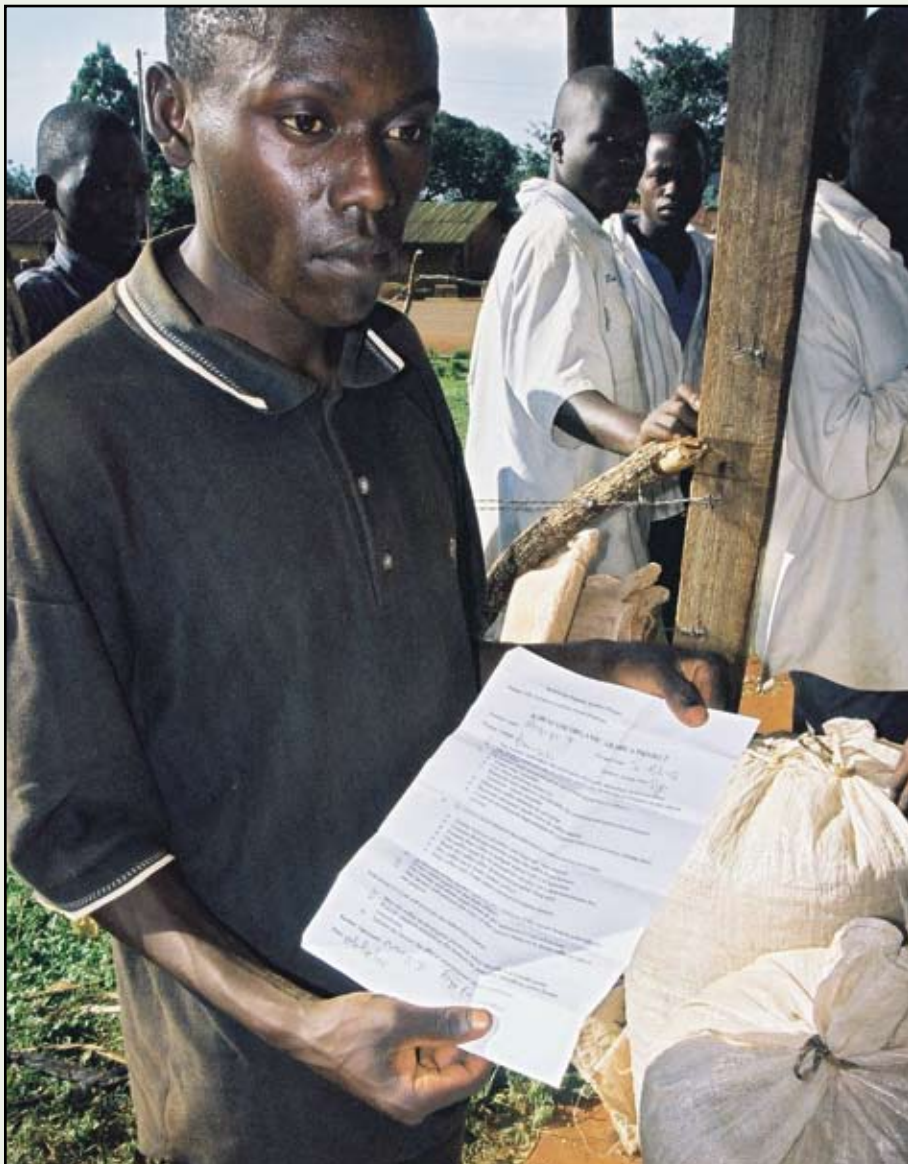
The cost of certification is seen by the exporters as extremely high the first years when no products can be sold for a higher price. When sales are good and volumes

high the interviewed exporters see the cost of certification as a cost among others and not such a big problem. Some of the exporters also look for a second crop produced by the same farmer which also can carry the certification cost.

The certifiers found that the exporters involved in EPOPA are much better prepared than other customers. There is a fear that EPOPA is taking too much care and that the exporters have difficulties handling the certification after EPOPA has pulled out. The exporters are generally very happy and pleased by the support from EPOPA and make statements like, "When we were new and weak in the organic area, EPOPA supported us; now we can handle it ourselves."

Several of the exporters say that they update their ICS manuals and grower lists once a year, and that is just before the external inspection takes place. That indicates that the ICS system is not fully used to handle the farmers in the group, but only through the pressure of an external visit are the needed updates made.

The international certification bodies want to guarantee market access for the products certified and a smooth process by import authorities and therefore the interpretation of standards gets strict and sometimes stricter than when the same standard is applied in its "own" area (e.g., inside the European Union). In the report there are several examples of problems between the exporter and the certifier, misunderstandings by inspectors, certification decision makers, and others. Many exporters request that experienced local inspectors with knowledge about the local society and customs



Coffee farmer with certificate Uganda. Photo: EPOPA. Date: May 2005.

be used and they want to have a local office to communicate with.

A question which can be raised is whether the group certification system is too complicated and rigid and whether there would be a possibility of simplifying the sys-

tem so that more producers could have an easier way of getting certified without risking the integrity of organic.

(Summary of Certification Evaluation Report 2008)

Influencing the Development of Organic Agriculture Standards and Certification

While not part of the terms of reference, the EPOPA management engaged itself in issues around organic certification, regulations, and standards. It was simply a necessity to take action about them, as they were critical to the success of the programme. The EPOPA projects were among the first to implement a group-certification concept in Africa, and within EPOPA this was further developed in cooperation with the certification bodies, first KRAV (Sweden) and later IMO (Switzerland) and Naturland (Germany). Both the European Union and the United States have at times questioned group certification based on internal control systems, and the EPOPA management has taken action in cooperation with other actors, such as IFOAM. The table below gives an idea of how much certification costs.¹¹ Without group certification the costs would increase by a factor of four to twenty; in many cases the cost of certification would equal the total premium price paid to farmers. The actions were successful and group certification is still an accepted practice.

Certification costs in selected projects in Uganda and Tanzania, data from season 2005 or 2006, US dollars

Project	Annual organic sales	farmers	With group certification			With individual certification
			current certification cost	cost per farmer	cost in% of product value	cost per farmer
1	1,500,000	15,000	25,000	1.67	1.67%	22.10
2	89,000	102	3,500	34.31	3.93%	135.54
3	600,000	3,600	8,000	2.22	1.33%	24.21
4	3,500,000	12,680	18,000	1.42	0.51%	22.22
5	93,000	138	3,000	21.74	3.23%	109.96
6	2,000,000	468	5,000	10.68	0.25%	46.37
total	7,782,000	31,988	62,500			
averages				1,95	0,80%	23,48

(Own research 2007)

¹¹ The figures don't include the internal costs for the companies to implement the ICS etc. so the actual costs for being certified are substantially higher.

The requirements in the EU regulation for organic seeds also posed substantial problems for the producers. In Europe there is a reasonable supply of organic seeds, but not in Africa. When European certification bodies work in Africa they have a tendency to insist that only organic seeds be used, or that otherwise an exception needed to be demanded, as in Europe. EPOPA commissioned a study on the availability of organic seeds in Tanzania, Uganda, and Zambia. It showed that availability is extremely limited and that farmers often get seeds through informal exchange. The report convinced some certification bodies to adapt their requirements to the realities on the ground.

Several of the consultants involved in EPOPA have other roles in international organizations, e.g., IFOAM, and have been advisers to the EU commission, UNCTAD, UNEP, and ITC. They have used their experience to make requirements more conducive to African smallholders.

Many of the exporters and their trading partners showed an interest in fair-trade certification. The dominating fair-trade labelling system, FLO, has set standards that exclude contract-farming situations from fair-trade certification. EPOPA tried to negotiate with them to find some alternatives. This didn't succeed, so ultimately EPOPA made a study of other types of fair-trade labels and assisted one operator, in a pilot project, to acquire alternative fair-trade certification.

6. Lessons Learnt

Was EPOPA Successful?

As can be seen from the results and the evaluation, overall the programme has been very successful, so the simple answer is yes. Reality is of course more complex and nuanced. In this chapter, we look into what worked and even more into what didn't work and what was problematic, so that we all can learn. In the end, we take up some wider development themes.

Success factors

The following were the main success factors for EPOPA.

External – outside the influence of Sida and the consultants

The following factors outside the influence of Sida and consultants contributed to success:

- Organic markets continue to grow and there is a good demand for many of the crops that can be produced in East Africa.
- There are few or no problems only in organic production for most of the crops, i.e., there are no particular risks or costs for the farmers.
- Overall there are global policy trends that favour organic production as agro-chemicals become more expensive; organic farmers supply public goods.

Design

Sida showed flexibility regarding the use of funds and priorities. Additional important factors were:

- Clear market focus of the projects and focus on tangible results
- The use of commercial actors to link farmers to markets
- Integrating extension work in the commercial chain, i.e., the exporters are responsible for extension work, financed by the income from the trade
- The use of group certification to facilitate the certification process

Implementation

There was personal engagement from the consultants and from the Sida staff. The consultants worked hands-on with the exporters, their field staff and the farmers and acted on emerging issues. EPOPA also worked closely with national organic movements and maintained good communication with many actors. The consultants had good local knowledge, networks, and experiences and good networks in the organic market and production and certification processes. The management

had extensive experience and networks in the entire organic sector and with international organizations. There was close cooperation (and well-founded arguments) with organic-certification bodies which made it possible to resolve a number of certification issues that otherwise could have caused major failures.

Let's now look at the challenges:

Challenges in the Programme Concept as Such

Project formulation

Lead times before a project could start were often quite long. There were two main reasons for this: the commitment from the exporters was weak, and the data required for all needed calculations and project design were difficult to get. Sometimes the long lead times were a real problem; sometimes they were good to test the stability of the situation and the interest of the exporters. However, it is problematic from the “project” implementation perspective, and it means that costs for starting up projects are high. From the perspective of use of funds, the thorough investigations were resource-demanding and sometimes they did not lead to any project at all in the end. Seven per cent of EPOPA funds were spent on “project formulation”.

Project periods that were too short

In general a three-year project period is very short for reaching results in agricultural projects; this is even more the case with organic market-oriented projects. The first year is spent on setting up the field organization, motivating farmers, and dealing with the certification issues. Still it is precisely when the business starts that farmers are really certain that there is commitment. But then the exporter often has not yet got the certificate or is just about to get it. And therefore the farmers are paid a normal price, which means farmers are de-motivated. The third year, when quality, certification, and the market are all in place, then the production of the farmers is not enough to satisfy the demand, and the exporter is about to fail in his market commitments. This description largely fits several projects, and it still assumes that there are no other hiccups, such a cash-flow crisis, a change in management, or falling prices, all of which are common. If the project also included value addition, one needs still more time. In reality, many project periods were extended, with the agreement of Sida. These extensions did often not require intensive input from the consultants, but rather some follow-up for the projects to become settled.

Selection of crops/products

The early focus on simple commodities worked well, and one project could easily reach thousands of farmers. But the benefit to the farmers is limited, as their income would go from US\$100 to, in some cases, US\$130 per year only. This is impressive expressed as percentage but not enough to really lift them out of poverty. With more

rewarding crops such as fruits or spices, each farmer can earn a lot more, but those projects often only have a few hundred farmers participating.

It seemed logical to introduce a second organic cash crop, to spread risks and to spread costs for certification over bigger volumes. However, the second crops have been coming on much slower than expected; it really takes three years to introduce another crop in the system, even when it is already grown on a small scale (e.g., chillies in northern Uganda).

Value addition is attractive in theory but has very high entry thresholds and many challenges. It also needs its own time to develop. The food-processing industry is not well-developed, and East Africa does not have many advantages for value addition. The cost of needed inputs such as glass jars is often much higher than in the consuming countries; the design of the product is market-specific, and changes are often difficult to accommodate.

Exponential increase of problems with value addition

■ The most important lesson learnt from the Dabaga Canned Pineapple project is that the degree of difficulty increases exponentially when value addition for export is involved. This is the result of the project not only facing all of the problems normally associated with agricultural production, but also a whole new set of problems which stem from the exporter being dependant upon a range of other actors to play their part for the processing to be successful. Suppliers of tins, labels, and cartons in the case of this project had a hugely negative effect on the project. They introduced

delays, which damaged Dabaga's credibility with their buyers. They supplied inferior quality products which reduced the quality of Dabaga's end product and further damaged the faith of the buyer, who reduced orders. This reliance on a range of suppliers also makes pricing for the export market more difficult, as buyers make orders and expect to fix prices several months before the shipment is delivered. When suppliers raise packaging prices in the interim, it erodes the exporter's bottom line.

(Dabaga end report)

Market links

The organic markets are still small and not very transparent from the outside. This makes it difficult to know whether there will be a demand for a product (and for what price) two or three years down the road. Many exporters want to be sure of a potential market before embarking on the project. Without being able to show a product or a track record, a commitment is difficult to get. Obviously it can be a real

boon if a buyer wants to be involved in the project from inception, participating in product development and quality assurance, but the exporters and EPOPA failed to identify such buyers in most cases. Three projects were joint-ventures with a partner in Europe that took care of most of the marketing. One project was initiated by a producing company in the United Kingdom that set up a hibiscus production in Uganda for its drink, Simply Hibi.

Many of the exporters were used to selling unbranded commodities in bulk, and they lacked a proper understanding of how to work the organic market. Communication between the exporters and their buyers was difficult, and the market consultants frequently had to intervene to sort out misunderstandings or just to get information across to the parties.



Simply Hibi drink.



Hibiscus farmers in Palissa district, Uganda. Photo: Gunnar Rundgren. Date: July 2007

Some of the Products and Their Destination Markets

Crop	Destination markets
Coffee	Germany, Netherlands, Italy, Sweden, Canada, South Africa, United States
Cocoa	Switzerland, Germany, Netherlands
Cashew	United States, United Kingdom, Netherlands
Sesame	Netherlands, Germany, India
Shea and shea butter	Kenya, United States, Germany, United Kingdom
Dried fruit	United Kingdom, Netherlands, Ireland, Denmark, Switzerland, Austria
Fresh fruit	Switzerland, Germany, Netherlands, France, Austria
Vanilla	Belgium, United Arab Emirates, United States, United Kingdom, Germany, Sweden, Netherlands, France
Canned pineapples	Germany, Italy, Spain
Spices	Netherlands, Switzerland, Germany, Sweden
Cotton	Netherlands, Germany, Switzerland
Hibiscus	United Kingdom

Note that many of the buyers are big traders (in particular those from the Netherlands, Germany, and Switzerland) and that the final market may be elsewhere.

Exporters

It was difficult to find committed exporters, and they often needed more support than foreseen, also for non-organic issues such as general management and business planning. Some that approached EPOPA were rather petty traders. The commitment from the exporters was sometimes weak. Questions to ask, over and above the EPOPA criteria (annex 1) were:

- How willing are they to invest in it?
- What resources are made available for the organic project?
- Are they willing to follow the rules for certification?
- Is this their core business or are they involved in many other businesses?
- Is the manager of the organic project a senior staff member/director, and does the manager have a clear mandate?

Many exporters have a problem with cost; they see all costs as evil, including the cost of certification, the premium paid to farmers, and their own staff costs. It is good to be cost-conscious, but exaggerated cost-consciousness can create problems. Savings on staff led in many cases to staff being insufficiently qualified, or if they had the qualifications they soon got a better job. Too low prices to farmers didn't motivate them to produce or be loyal to the exporter. Few exporters were able to make good cost-price calculations by themselves. There was often no good book-

Not ready

The exporter was not yet at a stage where it could have been considered an export company of organic honey and wax. The company has some years to satisfy its regional markets before it is able to enter the European markets. It was too early in the company's development for it to pay full attention to the organic project. If the project had been set up five years later, the company could have been ready for it. (From a project end report.)

Too cautious

The exporter was keen to develop an organic project as part of its strategy to develop the market. The interest in organic production came from customer demand. However, the exporter was doubtful about the capacity of the organic market and had limited knowledge about the production of dried fruits. These uncertainties and the lack of knowledge/experience about the production of dried fruits caused the processor to

be very cautious and to delay development within the time frame as planned. Based on the experience of not only this project but also other export projects we know that three years is a very short time span to develop a processing product, its packaging, marketing, and export. (From another project end report.)

Disagreement among owners

Due to disagreements among the owners, the company lost both the experienced managing partner, who had initiated the project and the field supervisor, and thereby also the pool of knowledge on the practical working in the field. The remaining members had to re-organize the business all over again. The partner who left took his mobile distiller, leaving the other members with only one badly maintained mobile distiller in the field. Delay in the manufacture of the extra stainless steel distiller made the problem worse. (From yet another project end report.)

keeping, as many costs (including petrol) are often paid from the pocket. The costs of one season were neither analysed nor offset with the sales of that same season; the economy of many exporters is cash-based. Very few exporters buy services from service providers. This is of some concern, as most of them will need such services in the future, including services that were provided free by the EPOPA consultants. Some of the companies do hire consultants after EPOPA support is phased out, especially for dealing with the certification process.

EPOPA didn't provide much, or any, direct financial support to the exporters, which meant that there was not so much "in it" for the exporters. This made them focus on whether the business was sound and not chase for the most support. Although at times both the exporters and consultants would have appreciated the availability of financial support, overall it was a good way of keeping the projects commercially focused. Trade finance¹² was a continual problem for many of the

¹²The money needed to buy produce from farmers, process the produce, and ship it – a process that can take considerable time.

smaller companies and EPOPA had to assist finding sources of it. Most companies can access credits if they are able to present a reasonable business plan, but most companies cannot do that.

The relationship between exporters and farmers. Most of the EPOPA projects were based on an exporter-contract farmer relationship. This was rather a novelty in the countries, at least for the commodities sector. Both farmers and exporters had troubles relating to the contract situation. In addition, in most cases the contracts were actually not drawn up for the business relationship, but rather as a prerequisite for the organic-certification process. The contracts therefore contained strict language about the adherence to organic standards, but only vague terms for the business as such. There was a certain risk that the exporter would exploit the farmers, as the farmers are “in the hands” of the exporters. As contracts were never enforced, this is perhaps not such a big problem; farmers did sell a lot to other buyers (for various reasons). In the end, it was rather the exporters that were exploited by the farmers when the farmers didn’t deliver anything despite the free extension service and free or subsidized inputs such as tarpaulins.

Field organization. Essential to the EPOPA projects was the establishment of the field organization, for internal control of adherence to the organic standard, for extension work, and for quality control (the buying was normally carried out by other staff). In this setup, the cost for extension service is covered by the market chain, perhaps the only economically sustainable way to organize a small farmer extension service for poor countries. As the exporter is in charge of a field organization right from the beginning, it becomes part of “doing business” when the project support from EPOPA phases out. A drawback is that this kind of extension will focus on the market crops, and food crops for the household might be neglected. On the other hand, the organic system is an integrated system where crops are grown in rotations (except for perennial crops such as coffee and cocoa), so improvement in the agricultural methods for cash crops will in many cases also result in improvements to the food crops.

The person in charge of the field organization, normally called a field supervisor, is critical. To be efficient, he or she needs good employment terms, full backing, and a clear mandate from the exporter. The selection and training of the field staff are also important.

All in all, the field organization worked, but most of its energy was absorbed by certification issues, and the efficiency of the agronomic advice in many of the projects can be questioned (see earlier discussion about the impact on the production system).



Farm advisor in Palissa district, Uganda. Photo: Gunnar Rundgren. Date: April 2007.

The farmers

The participating farmers were almost all smallholders. Most of them practised farming close to organic and could thus become certified easily and with no particular costs for conversion¹³ of their system or any reduced yields when they converted to organic production. Still, the documentary requirements for certification are quite high and the whole inspection and certification process takes much time. It has been quite hard to motivate farmers to pick up all the positive practices of organic production. It appears that they do, but over a fairly long time span. One can mention several reasons why the agriculture improvements were not so successful in many of the projects:

- Low capacity of farmers (education, finance)
- Lack of trust in the project, the exporter, or the staff
- Farming is a side business that is not given much attention (in particular for some of the coffee projects)
- Health problems leading to lack of labour at critical times
- Inefficient methods of delivery of advice
- Low capacity, lack of motivation of the field officers
- The assistance of EPOPA was not very intensive
- Recommended methods were not appropriate for the conditions

¹³ In Europe, costs for converting the production and associated fall in yields are seen as major obstacles for expansion of organic farming.

Finally, the expectations that farmers were eager to absorb good advice were perhaps a bit too high.

“Leakage” of produce and spreading thin. In most projects (and not only in EPOPA) a substantial part of the organic produce was sold to conventional buyers, whether there was a high organic premium or not. The rate of this “leakage” varied per project but it was quite common that 50% to 60% was not sold to the organic buyer. The main reasons identified were:

- Sometimes farmers want to maintain good relations with other traders as a fall-back position in case the organic buyer disappears.
- In other situations, farmers have outstanding credit with a local middleman who can only be paid back with the cash crop.
- Often, other buyers followed the price of the organic buyer, some even advertising that they were also buying “organic” produce, reducing the premium advantage. Some buyers were indeed keen on the better quality.
- When there is a lack of anything else to sell, the family may be forced to sell part of the organic crop to petty traders in exchange for household necessities like medicines, soap, salt, and oil.
- Often, farmers keep their crop in stock as a bank. In some cases the farmers want to speculate and wait for the price to go up. By the time they want to sell, the organic buyer has stopped buying altogether.
- In some projects, the buying took place on a limited number of days and only at certain locations, and it was simply more convenient for the farmer to sell to a trader appearing in the village or on his doorstep instead.
- In a few cases the exporter supplied inputs that would be deducted from the price, and some farmers then chose to sell their whole crop to someone else (thereby defaulting on the credit).
- In some cases the exporter bought only properly fermented and dried, or a certain grade and therefore only a smaller part of what was produced. Pineapples for the European fresh market can only be in the size of 1 kg to 1.5 kg, while the typical Ugandan pineapple is between 2 kg to 3 kg. This results in less than half the production actually being bought by the exporters. In most cases the farmers were able to sell the others in the local market, at a good “conventional” price.

The other side of the coin is that for some exporters the interest in buying the whole crop was also very small. Often, the buyer/exporter preferred to buy small amounts from a larger group rather than buy a lot from a limited number of farmers. One company registered (and serviced) 16,000 farmers but bought less than 15% of the available produce. There are various reasons why they did this. One is that they want to be able to expand without having to go through a conversion period when the market demands a sudden increase in volume. They also do not want to depend on a limited number of suppliers, who could possibly hold them for

a ransom in times of shortage of supply. Another reason is that they want to keep out other organic buyers. These are all sensible reasons from the exporter's point of view. The obvious effect of this is that costs are higher (per kilogram of produce) and the benefit of the Sida intervention is spread thin.

Governments

In the export projects there was in most cases very little cooperation with government, and when there was cooperation it was mainly with the district officials. In one case, EPOPA cooperated with the local government to repair a road that was threatening the viability of a project. In another, there was a man-eating lion that killed some of the participating farmers and made their honey collection impossible. In a few cases EPOPA also sought the engagement of a national research organization in relation to a specific agronomic problem.



Honey farmers with the man-eater in Rufiji, Tanzania. Photo: Unknown. Date: June 2004.

Government policies were sometimes harmful for the organic projects or even for the sector at large:

- In Uganda and Tanzania, the government has endorsed in-house spraying of DDT as part of a malaria-control programme. Apart from the possible health and environmental threats this may entail, it is an apparent threat to organic production, as many farmers use their private houses as storage for the crops. It is too early to assess the real impact of this, but it can easily become a blow for

the whole sector. The concern is shared with other export sectors as well, but it is likely that the organic sector will be most hurt as the organic market can react even on the perception that this can cause the products to be contaminated. It has already caused increased costs for inspection and certification, and led to the loss of certification of many thousands of farmers in 2008.

- In Tanzania, the government introduced a policy in 2007 that all cashew has to be bought from cooperatives and not directly from farmers. Apart from all other complications that Africa knows so well, this has special problems in relation to organic certification, as the chain must be transparent and all actors that are involved in the chain have to be certified and inspected. The exporter tried (in vain) to find solutions whereby he could buy from farmers, with staff from the cooperative joining and getting the agreed share of the price. The result is that the exporter might have to cease the multimillion-dollar organic business altogether.

A programme such as EPOPA, even if it is a private-sector programme, must interact with government and stakeholders to influence policy.

Institutional development and capacity building

For all organizations, basic administration, financial management, and leadership are critical. In the case of the national certification bodies, EPOPA started with intensive training on the technical aspects of inspection and certification, while not enough attention was paid to these basic functions, either by EPOPA or by the managers of the organizations. Also, the national movements would have benefited from more support for those organizational skills rather than just activity-based support. However, it is a bit more delicate (for the consultant and the organization alike) to work with the central management rather than with technical advice or support to certain activities.

Training courses, workshops, and seminars are immensely popular in East Africa (even more so if they come with incentives, such as allowances for participation, as is common, something EPOPA tried to avoid as much as possible) both among donors and the citizens. They are also comfortable for the implementing consultants. However, it can often be questioned how efficient they are and it is difficult to evaluate their effects. Important factors for a successful training course are having a clear target group, adapting the training content and delivery to that target group, and using clear selection criteria. The experience from EPOPA is that there is a need to work with smaller groups of people quite intensively and follow them in their work situation to really make a difference, rather than training as many as possible. Only towards the end of EPOPA were key government officials reached by training efforts and it could have been useful if they had been trained earlier on (however that assumes that they show interest in organic agriculture and make it a priority).

How the Work Was Done

Overall, one of the reasons of success was how the work was done (see under “success factors” above). Nevertheless, some weaknesses in the implementation of the projects can be noted.

There were cases of conflicts between the exporter’s goal and EPOPA’s. Once there is a project document approved, the consultants go ahead and try to accomplish the agreed results. The businessmen, however, will have a much more flexible agenda. Their interest is to set up a profitable business and for them it is natural to shed one business line and pick up another (e.g., going from dried pineapple to papaya juice), with not too much fuss.¹⁴ This contrasts with the logical framework approach and other project-implementation concepts common among development agencies. It also blends badly with the vertical supply-chain integration needed for organic certification. A bit more could have been done to ensure that the objectives of the companies and EPOPA were better streamlined at the onset, and perhaps EPOPA (and Sida) could have been more flexible towards responses to changes in the business environment.

Targets were often overly optimistic in the project designs. Most of the projects developed more slowly than projected and in many cases the quantities fell short of the targets. Over the years, the consultants learned to be more realistic and also not to feel any pressure from Sida to present proposals that were too “good”. The later projects were not so much off the mark.

Assessing the exporter’s capabilities and dedication for the project proved hard. The consultants, some coming from rural development and NGO experiences, lacked some understanding of how businessmen work; how to make and assess business plans, how to read financial statements with a critical eye, etc.

This background of the project leaders also meant that they were very comfortable with the fieldwork, training field officers, organizing dryers, setting up nurseries, etc., while they were less confident with the marketing side of the project. EPOPA had a market consultant based in Europe to assist the project leaders and the exporter. The communication triangle between the exporter, the project leader, and the market consultants was sometimes a challenge. The situation worsened when a buyer or a trade finance organization (or a specialized consultant) was brought into this communication loop.

Management issues

While the implementation of EPOPA was very “hands-on”, it also involved many people and therefore it installed a monthly narrative and financial reporting and

¹⁴ Many African businesses are “opportunistic”, and many companies run dozens of different production lines, with few links between them. It is probably a strategy that has developed in order to spread risks in an uncertain environment.

monitoring system. One of the evaluations stated that “the program as a whole would have been more efficient if program management and staff had focused more on the different activities themselves than in reporting on them” (Forss 2008). It is hard to assess exactly what reports or analyses were redundant, but seeing the total the evaluator probably has a point.

There was, especially in the early stages, a cumbersome decision-making process on the side of Sida, regarding EPOPA as a whole. Over the 13-year period, the programme had a Phase 1 and Phase 2 between 1995 and 2000. Then the programme was prolonged a year at a time, before a new Phase 2 for 2002 to 2008 was decided. In 2005 management from the side of Sida was moved to the embassies from Stockholm. This made it difficult to assess targets and strategies and account for total expenditure. The whole process cost much time and effort at Sida as well as for programme management (Forss 2008). In addition the foreseen expansion of EPOPA, first to Zambia and subsequently to other countries, never took place, due to procurement regulations.¹⁵

The joint management of the programme by two companies (Agro Eco and Gro-link) and the existence of two programme directors would be another potential weakness, but the evaluation in 2004 concluded that (surprisingly) it worked very well.

ZAMBIA 2005

One EPOPA project started in Zambia 2004 and the consultants made a proposal for a country programme for Zambia, similar to the ones in Uganda and Tanzania. An evaluation was conducted early in 2005 to advise Sida whether the country programme should be approved. The evaluation (Forss 2005b) concluded that the project, focussing on lemon grass, was behind target. The evaluator also noted that the project period, 16 months, was far too short to allow for any result, and that such a short project period was contrary to experiences in the other countries. The evaluator recommended approval of the EPOPA country programme for Zambia.

Development Takes Time

It is easy to jump to conclusions regarding a project’s viability. Far too often a snapshot is taken of a situation and people make far-reaching conclusions from the snapshot, but if the situation were studied over a longer period the conclusions would be quite different. Among the EPOPA-supported projects, some projects looked very shaky at times, but in the end came out strong, and vice-versa. There are many external and internal factors influencing a project:

¹⁵ The regulations don’t allow a radical expansion of the programme above the stated ceiling amounts in the original contracts resulting from the tendering procedures.

- Yields vary a lot between years, as does the quality of the product.
- World market prices vary a lot and may sometimes be so low that everybody loses or so high that the market will not pay extra for organic (e.g., vanilla in 2005–2006) or demand decreases dramatically.
- The organic market fluctuates, and because it is small, new entrants or exits somewhere in the world can radically shift market conditions.
- Exporters may undergo restructuring, generation shifts, or financial pressures, which draws their attention away from the project.

Finally, improvements in agricultural practices are normally coming on gradually.

Why Did EPOPA Work Better in Uganda than in Tanzania?

The results of EPOPA in Uganda were better than in Tanzania. There are several reasons for this, most of them outside of the control of the consultants:

- EPOPA started earlier in Uganda.
- Uganda is much smaller; the whole country is accessible within a day. In addition, the main agricultural areas are close to the capital, while in Tanzania the distances are huge and most agricultural areas are far from the capital.
- The general business climate in Uganda is better; there are fewer government regulations, and it is easier to set up and run a company.
- The agriculture sector in Uganda is much less regulated than in Tanzania. For “innovations” like organic, this makes a big difference. For products with many market regulations, it is very hard to start up with organic.
- The general awareness of organic was bigger in Uganda, supported both by media and the work of NOGAMU.
- There was a keen interest in organic from selected government agencies as well as from the political leadership in Uganda.

On the level of implementation, one can observe that the network of the EPOPA staff in Uganda was much better from the very start by the use of staff resident in the country for decades. Also, the recruitment of staff was quicker and more successful in Uganda and the management was more efficient. The staff in Uganda were also more business-oriented.

External Factors

Local conditions

Bad weather is an obvious risk factor for agriculture production and marketing (as quality and transport are affected). Droughts and floods indeed affected several of the organic projects. Pests are often portrayed as a major obstacle to organic production. However, none of the organic projects in EPOPA was seriously affected by any pest and a problem with a disease that was an equal problem in the conventional sector (coffee wilt, rot in ginger) was faced in only two cases. On the contrary, organic farmers experienced many fewer problems than their conventional neighbours in at least one project (coffee berry diseases in the Kilimanjaro).

Coffee Berry Disease at Mount Kilimanjaro

■ Coffee Berry Disease (CBD) has always been a serious problem in conventional coffee cultivation at the higher altitudes in Kilimanjaro, Tanzania. At the start of the organic project there was serious worry that production of organic coffee would not be possible due to the CBD. However, the project was encouraged by the experiences of one farmer who (following his father and grand-father) had always refused to spray chemicals and who claimed suffering no crop losses because of the disease. In the early 1990s many farmers stopped spraying chemicals as coffee prices had slumped. The project discovered that those farmers

had experienced a complete crop loss in the first year, but they had noted a reduction of CBD in the following years. After approximately 4 years they were back at normal coffee production levels.

In a undisturbed agro-eco-system there are several micro-organisms of which some are antagonistic to the CBD pathogen and therefore form natural biological control mechanisms. The use of fungicides disturbs this ecosystem by killing all (including the antagonistic) micro-organisms. The organic farmers never experienced serious crop losses caused by the CBD.

Local market conditions posed frequent problems for the projects. In most cases that was not a problem for the participating farmers (for the farmers it is of little concern where the product is sold once it leaves the farm), but it was a problem for the exporters. Almost all projects went through a period in which other buyers were offering a “better price” than the EPOPA exporter. In many cases the prices were not really higher, but the other buyers used different measurements or accepted lower quality. In some cases the local “conventional” prices were too high to make any export profitable.

The status of infrastructure could also be a challenge. In one case, the condition of a feeder road was so bad that even if the farmers had had the products and the buyer had had the market, it would not have been possible to get the product to the factory. The port of Dar es Salaam is severely congested, and if one does not pay extra, the containers are held in port for up to four months before they are shipped.

In the two fishery projects, fluctuations in the fish stock were really problematic, causing one project to fail completely and the other one to change area of operation.

In northern Uganda the rebellion by the LRA has gone through phases of intensity and spread into various areas. It had a destabilizing effect on the projects in the north, as farmers were driven off their land, roads were not safe for the transport of goods, etc. For a short while also the Bundibugyo district in Uganda was also subject to (another) rebellion. Unrest in Kenya early in 2008 blocked transports in and out of Uganda and affected the business considerably and also contributed to the congestion in the harbour of Dar es Salaam.

Organic markets

Organic markets are growing, but they are still not easy to operate. Far too many entrants hear about a promising market, but in the end they fail. The reasons for failure are many.

Despite its growth, the market is still small and “shallow”. It hasn’t reached all segments and is largely located in Europe and the United States. This means that not all qualities that can be sold as conventional can be sold as organic. The lower-end qualities are mostly very difficult to sell as organic, unless they are useful for animal feed, demand for which has grown a lot recently. It also means that when in the conventional market you can ship full containers to a certain smaller country, e.g., Sweden, the organic market still only asks for pallets, which makes transport expensive and the produce is rather sold to brokers than to end buyers.

The structure of the organic market is still not so transparent. Increasingly normal traders and brokers take up organic, but still a lot of trade is based on direct trade links. Certification requirements add to this. It takes a while to get into the market. Many exporters started off selling their products to their normal trading partners as conventional, but after a while found dedicated organic traders. Reliable data regarding quantities and qualities are lacking for many markets. This is a problem that EPOPA tried to address by market surveys and studies.

African suppliers don’t have the best reputation. If buyers can choose between similar offers from an Asian and African supplier, they will normally choose the Asian as they will feel surer that they will get the produce on time and in the quantity and quality agreed upon. Many African exporters are working on bulk commodity markets and are not used to the customer communication that is crucial for market success in the organic market. Once the crop is bought and paid for there are often no contacts with the buyer until next season.

Food miles and climate change

There is an increasing debate on the ecological footprint or carbon footprint of the globalized trade in food products. This debate is even stronger in the organic sector. Some certification bodies in Europe have standards that don't allow, or at least discourage, air transportation. There are also other reasons for the market to favour local foods, in particular a wish to support local farming communities and the sense of stronger identity and responsibility towards local producers – features that touch core values of organic agriculture. These tendencies can work against a further development of organic trade in developing countries.¹⁶

The Bigger Picture: Points for Discussion

Farmer organization

Within the internal control system there is a certain social control, or group responsibility for compliance with the organic standards in the village. The villagers are to report any non-compliance to the field officer. One can see this as a negative instrument but it can also be perceived as a start of a common responsibility. This group identity could later culminate in the village applying for a bore-hole or the repair of a bridge or feeder road. EPOPA didn't work much with the organization of farmers, even if it occurred in some projects, and more towards the end. Farmers' organizations are not only interesting from the farmers' perspective, but they can be useful also for the exporters. Farmers' organizations make it easier to negotiate; the organization can take on certain roles in the project; it can be used for dissemination of information and "bulking" (consolidating the supplies from many farmers); in short, reducing transaction costs.

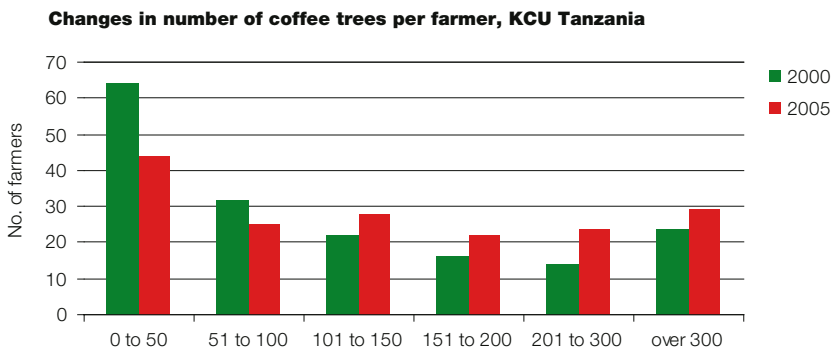
Another aspect is that it would be appealing if the farmers controlled the certification. If they did that, they could sell to several competing buyers or even export themselves (this did take place for the two cooperatives in Tanzania, KCU and KNCU). However, there are very high demands on the management of the internal control system and a failure means the loss of certification. The farmers in the first EPOPA project, the Lango Organic Cotton project, formed the NGO Lango Organic Farming Promotion. Despite almost 10 years of existence it still has not been able to take over the certification, although it does manage most of the ICS on behalf of the exporter.

There is a lot of scepticism towards farmers' organizations as there are many examples of failures. Leadership is often problematic. It is important that the farmers are not forced, or "over-stimulated", to organize but that they organize out of free will and in accordance with their own needs. An externally driven or motivated organization of farmers is generally not sustainable.

¹⁶The interested reader can read more about this in the paper "The Economic impact of a ban on air-freighted products to the UK", by ITC on www.intracen.org

Grow bigger or vanish?

EPOPA has managed to increase the income of farmers considerably when expressed as a percentage. For some projects, especially those involving more high-value crops the increase of income in absolute terms has also been substantial, while for many of the farmers in the commodity projects, e.g., coffee, the increase of income can be as low as US\$30 per farmer per year. While that money surely is welcome, it falls short of lifting farmers out of poverty and falls short of meeting the MDGs. Is it a better strategy to invest in the more resourceful farmers, who already produce a bit more and who can use extra income for investments in improving the farm production? In the end they may also be able to provide employment for some of their poorer colleagues. This process is probably happening by itself (see table with data from Kagera, Tanzania) as it has in almost all other countries in the world. The question is whether outside interventions should rather work with the trends than against the trends (fighting a losing battle) and how foreign development assistance results in most benefits. The livelihood of the “poorest of the poor” is perhaps better dealt with in other ways than trying to make them into agricultural entrepreneurs.



Exports and food security

This is not the right place to expound upon the discussion about organic agriculture and food security in general.¹⁷ There is currently ample evidence that organic agriculture is not at all a threat to food security. What about exports of food in general and export of organic food in particular? Some express fears that a focus on export crops can be a risk. However, there is no indication whatsoever from the more than 30 EPOPA projects that this is actually a problem. “In general, where local food markets are functioning and organic conversion does not involve major risk-taking by farmers, the integration of smallholders in international value chains for organic products does not normally constitute a threat to food security” (Bolwig 2007).

¹⁷The interested reader can look up the report from the FAO conference on organic agriculture and food security or the IFOAM report on organic and food security.

Organic agriculture as supplier of ecosystems services

Apart from the production of organic products, organic agriculture also delivers other goods and services, e.g., EPOPA looked into the possibility for eco-tourism, a way to make individuals pay for the environmental and cultural values associated with organic farming. The main services are to find in what is called ecosystems services. In Europe, farmers have been increasingly compensated for such services. EPOPA tried to develop “carbon credits” in a peanut project in Sumbawanga, Tanzania – or rather EPOPA supported research to establish the baseline data and propose the way forward for such a service to be established. The production of public goods, such as ecosystem services is likely to play a bigger role in farming in the future and should already now be integrated as part of agriculture development projects. The fact that there is internal inspection and that there is a premium (pay-out) system in place makes it easy to absorb these concepts and implement payments in organic projects.

Limited environmental impact

There was not a lot of difference between the organic farms and their non-organic neighbours. Most of the participating farmers didn't use any pesticides or chemical fertilizers before they started in EPOPA. It was easy to get them certified as organic. This pattern is the same in Europe, where farmers who are farming in ways close to organic easily convert their farms (in some regions in Europe more than half of the farms are organic); while in the most intensive areas the adoption rate is lower. Obviously, the environmental impact of conversion to organic would be a lot bigger if intensive farms were converted rather than those that are “organic by default”. However, it can be assumed that in the longer term, organic will spread to the more intensive production areas, as has been the case elsewhere. Nevertheless, if environmental benefits and reduction of pollution were key objectives, other farmers and sectors (e.g., the flower industry) would be key targets.

What brings the benefits?

As is shown in the study of DIIS (see text box), there are effects of organic farming as such. Another major factor is the organized market link. Many of the positive effects are not so strictly related to the standards themselves, but are a result of an integrated chain, better management, predictable market conditions for farmers, and better market access for exporters. It is impossible to generalize this to claim that x% of the improvements can be related to the production method and y% to the organizational and market conditions.

Business-led growth or NGO-led growth?

The importance of market-led development has been increasingly recognized in the past decade. This also means that many NGOs have embarked on market-development programmes. However, when comparing the impact of NGO-led market ini-

Making farmers into actors in the value chain

■ “We have analyzed the revenue effects of both participation in an organic coffee smallholder contract farming scheme and the application of recognized organic farming techniques. Controlling for a range of factors, including household endowments and non-random selection into the scheme, we find a positive individual effect from both of these activities. Scheme participation (organic certification) is associated with an increase in net coffee revenue of just over 100 per cent on average, equivalent to 16 per cent of mean total household revenue. This is accounted for by the enhanced incentives provided by the scheme to engage in processing of the coffee crop, thereby enabling farmers to access guaranteed price premiums. We estimate that each additional organic technique used generates a gain of around 12 per cent of net coffee revenue, explained by a positive association between these practices and yields per tree. As a result, there is strong evidence of positive revenue effects arising not only from the scheme itself, but also from the application of organic techniques.

“Evidence has been generated in favour of the superior profitability of certified

organic farming for smallholders in tropical Africa, relative to the dominant alternative scenario of farming systems that are ‘organic by default’. However, this superiority is linked to the organization of certified organic production in contract farming schemes. One condition is that they succeed in disseminating low-cost farming techniques that result in higher yields than those obtainable in the default scenario. Another is that they provide product marketing guarantees in relation to receiving a price premium for meeting given quality requirements. This appears to reduce smallholders’ uncertainty about the net returns to processing of the coffee crop. In other words, the evidence presented here also supports the case for contract farming schemes with specific design features, rather than for contract farming schemes as such, as a route out of African agriculture’s stagnation and decline. Of course, the order of importance between these contributing factors may change in the future, as low-cost and effective farming techniques such as organic ones become adopted more widely and deeply.”

(Bolwig et al. [2008], edited)

tiatives and business interventions, NGO initiatives often come out weak. This was studied in East Africa, where such NGO initiatives were compared with EPOPA. The study concluded that almost no NGO initiatives had been able to link farmers sustainably to the markets, while the EPOPA programme had a very high success rate (see text box).

A word of caution may be justified. As donors increasingly realize the importance of the business sector for development, it can be noted that many companies

capitalize on this by implementing a wide array of projects, some to the extent that they establish special project divisions or foundations. Their main business then becomes the implementation of projects rather than the commercial ventures they originally set out to do (a bit similar to the development of many NGOs). There is perhaps a risk that this trend, exacerbated by pressure from donors to include the whole array of development issues (HIV/AIDS, gender, sanitation, education) makes the businesses into development project operators instead of commercial operators and then most of the benefits from the commercial approach might actually get lost.

Why companies succeed and NGOs fail in marketing

■ The fact that business is demand-driven is what makes it so effective at creating real markets for farmers. The starting point for business initiatives is a clear or probable demand from a known buyer. They target regions because of production potential. Farmers' groups would be set up around a specific commodity to guarantee the minimum production levels to make business profitable. Once started, all steps would be carried out to ensure that the desired certified organic product could be traded and a profit made.

NGOs, on the other hand, started from (existing) community ties, continue to be supply driven. Analysis of needs and

activities planned were geared to tackling production issues coming from existing production. The need to find markets came as better land husbandry led to surplus for sale and small-scale producers shifted their focus from self-sufficiency. Furthermore, agriculture was only one of the different community interventions. Emerging priorities in other work areas, such as water or HIV/AIDS, regularly diverted attention away from agricultural production. This led to a "shot-gun" approach to community and agricultural market development.

(Guijt and Woodhill 2008)

Direct support to companies or creating an enabling environment?

EPOPA has worked directly with the commercial sector and with individual companies. This was not fully in line with general development policies of Sweden, which emphasize the need to work with the enabling framework and its institutions. In almost all countries of the world, organic farming and its trade has developed on the initiative of non-governmental actors: NGOs or trade (UNCTAD 2008). This was also the case in Tanzania and Uganda. In that situation it is not realistic to assume that what has taken place in Tanzania and Uganda would have been more efficient through the support of an enabling framework. On the contrary, one can

assume that very little would have happened. However, as the sector grows, proper government policies are ever more necessary. It is particularly important that harmful policies (see earlier examples) can be changed or waived for the organic sector. The sector has now reached a level of development where more engagement of the public sector is needed and can be useful. It is also organized in a way where it can be a counterpart to the government. The understanding of what organic is in the public sector has also increased and public interventions are therefore more likely to be successful.

Nevertheless, the assessment of the consultants is that continued EPOPA-type interventions will remain useful in the future, combined with efforts to create an enabling framework. Perhaps what is in between regulations and pure business, a functioning business-service sector and institutions, is what needs most attention, something that EPOPA initiated with the support to the local certification bodies. For African countries where organic is in its infancy, EPOPA-type interventions are likely to be the most successful strategy for development of the organic sector. The market is there; the farmers are there.

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Annex 1: **Selection Criteria for Projects**

Selection of exporters

Exporters were screened according to the following criteria:

- Good reputation in the production area and in the country
- Experience in exports
- Financial solvency
- Affinity with smallholders and responsibility towards them
- Capacity to meet not only organic standards and certification, but also Eurep-GAP (now GlobalGAP), fair trade, ISO 9000 and other modern quality requirements
- Proper remuneration of and working conditions for staff
- Commitment to developing the project
- Willingness to take risks
- Willingness and ability to co-operate with EPOPA staff
- Willingness to be transparent (e.g., in business plan and marketing)

Types of products

In terms of products, EPOPA initially concentrated on the traditional export products of a country, commodities like coffee, cotton, and cocoa. The idea was to make an organic variant of these raw materials. This remains a sound approach to start with in any country, as there is know-how available. Besides this, EPOPA also looked into:

- Developing second and third cash crops in existing organic areas, to improve incomes and to spread risks, overhead costs like certification, extension, etc.
- Developing value-added products, like canned pineapple, honey, fish fillets, dried fruits and herbs. Processing creates more employment and keeps more money in the country of origin.
- Developing small-volume but high-value products, like essential oils, bark cloth, and spices. High overland transport costs often inhibit the profitability of exports of cash crops. In those cases, high value crops still have a chance.

Selection of projects

Projects for inclusion in the EPOPA programme underwent a selection with the fulfilment of the following criteria:

- There must be a potential market for the product.
- There must be a clear benefit to the rural population.
- A committed and capable exporter must be available.
- The exporter is willing to accept requirements such as transparency, cost sharing, and responsibility.
- A tentative feasibility study shows a possible break-even for the exporter in three to five years.
- A sensitivity analysis is made for possible fluctuations in costs or prices, to assess the risk of failure.
- Organic agriculture is appropriate for the existing production system, i.e., no dramatic drop in yields, pest infestation, or quality problem is expected to occur.
- The project area is reasonably secure.
- There is a reasonable relationship between the resources spent by EPOPA and the increased income for the target groups, for the exporter and for the country as a whole .

These criteria were good and were applied. Over time, attention was also paid to whether there was a possible competition to food crops; if roads were good enough; if the project partners could cooperate (when the project design had several partners), and finally if the farmers seemed willing to participate.

Preferential criteria for selection of EPOPA projects

In addition to the criteria above, the fulfilment of additional criteria contributes to the acceptance of a new project.

- Adherence to fair trading practices
- Presence of social and/or health programme/HIV/AIDS
- Organization of producers exists or is under development
- Spin-offs and multiplier effect possible
- Special focus on women employment and income
- Specific aspects of environmental protection or bio-diversity conservation

Only a minority of the projects fulfilled two or three of these criteria.

Annex 2: **EPOPA Publications**

Technical reports

- Summary of Uganda Herbs, Spices and Essential Oils Plant Study, Aug 2003
- Requirements for At-Source Herb Milling in Africa - Lemongrass milling, 2004
- Organic, non-treated and non GMO seed and planting material, 2005
- Essential Oil Still Construction Report, Uganda July 2005
- Pest and diseases prevalent in EPOPA projects with Suggested & Proven Solutions, Aug 2005
- Organic Exporter Manual 2006
- Organic Beekeeping Training Manual, June 2006
- Sesame Workshop in Singida, Tanzania, 2006
- Lemon Grass manual, Mar 2006
- Brochure “Regulations, standards and certification for agricultural exports” (jointly with FAO), 2006
- Training manual Bee keeping, Jun 2006
- Evaluation report of the conflict and peace impact of the Northern Uganda Shea Nut Project in Otuke County of Lira District, Dec 2006
- HIV Aids Work Place Policy, 2006
- Assuring the Viability of Value-Addition for Organic Exports from East Africa, 2007
- EPOPA Report on Food Security impact of organic production, 2007
- Social, Corporate Responsible, Ethical & Fair Trade initiatives, May 2007
- East African Product Range Report – Summary, Oct 2007
- Outgrower System manual, Aug 2007
- Soil carbon stocks and the potential for soil carbon sequestration through organic agriculture, a case study in Southwest Tanzania – Summary May 2008
- Organic Farmers Export Marketing Manual (AgroDok, jointly with Agromisa), 2008
- Certification Evaluation Report, 2008
- Fair Trade Certification Report, 2008

Market surveys

South African Organic Market Study, May -06

Honey Market Survey, Jan -06 - public version

Summary of "The Organic Cocoa Market in Europe"

Summary of "The European Market for Organic Canned Pineapple"

Summary of "Export opportunities for African Organic Honey"

Summary of "Export of Organic Sesame seed from Uganda"

Summary of "The Natural Vanilla Markets"

Summary of "The Market for Organic Dried Fruits from Tropical Origins"

Summary of "Organic and Fairtrade Peanut Markets in Europe"

Summary of "The European Market for Organic Cashew Nuts"

Training modules

Organic Sector Development Training module

Organic Project Manager Training module

Exporter Marketing Seminar module

Internal Control System Training module

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The total costs for the EPOPA programme equal the cost of a cup of coffee for each Swedish taxpayer. It has led to improved livelihoods for more than half a million people and farm-gate sales of 15 million dollars per year for the participating farmers.



www.epopa.info



www.sida.se