

Export of organic products improves livelihood for thousands of farmers

International trade in organic products is growing rapidly thus it provides an ideal opportunity for African exporters to find premium export markets. The EPOPA (Export Promotion of Organic Products from Africa) programme was created by the Swedish International Development Cooperation Agency in 1997. The programme has been instrumental in helping African exporters improve their businesses and thousands of farmers their livelihoods through sound agriculture practices. The programme is up and running in Tanzania, Uganda and Zambia.

January 2006

The experience of a Ugandan farmer

"The prospects of organic farming in the area are very good, but a major problem is the bad roads. If we could have better transportation, all farmers in the area including I could have higher incomes from our produce", says Fredric Bakechura.

Fredric is an organic farmer in Uganda. Bundibugyo district, where Fredric lives, is next to the Ruwenzori Mountains National Park in the western arm of the Great Rift Valley, bordering Congo (Dem. Rep.). EPOPA has a project with ESCO, a company that exports cocoa and vanilla from this area. The project was started in 1997 but was interrupted by rebel activities in 1998. In 2002 the project was resumed.

Fredric has a big family - two wives, seven children of his own and a number of grandchildren. Since his brother-in-law's death from AIDS, Fredric has been supporting his sister and her two children. His farm is almost 2 hectares with 1 600 cocoa trees and 1,250 vanilla plants.

With the extra money he earned from growing organic cocoa and vanilla, he has built two houses with iron sheet roofs (his previous house had a thatched roof) and can now send his children to school. He plans to buy a piece of land, put up a building on it and rent it out as a shop to get more income.

Organic agriculture

Organic agriculture is an advanced form of sustainable agriculture. It promotes the (renewed) uptake of traditional know-how while incorporating modern knowledge on farming techniques and ecological systems. Many African smallholder farms qualify as 'organic by default'. Here, agro-chemicals may have been used in the past, but most farmers have ceased from using them because of their high costs, irregular supply and frequent unavailability. Organic farming promotes the use of crop rotations, intercropping, the use of locally available materials like manure for nutrient recycling



Fredric Bakechura is happy because the organic cocoa and vanilla gives him a higher and more secure income. He has got a big family to care for and he now manages to give the children a good education, better than he had himself. On top of that he can now afford to have plans for the future. Photo: Pelle Fredriksson.

and plant teas for biological control; instead of unaffordable foreign inputs.

Prices paid for certified organic products are higher than for conventional products. On an average this results in a premium increase of 15-40 percent in the price paid to the farmers. Organic food must be produced according to international regulations. Products need to be certified by a certifying body before the premium price is paid. EPOPA works with IFOAM accredited certifiers in all their projects to ensure optimum market access for their products. A conversion period of three years is generally required before a farm can be certified as organic. In 'organic by default' situations this period can be reduced to one year.



Female farmer by her organic Arabica coffee in the KNCU project, Kilimanjaro, Tanzania, 2004. The EPOPA programme results in improved income for thousands of smallholders. Photo: Eva Mattsson.



The department of infrastructure and economic development of the Swedish International Development Co-operation Agency (Sida) is the sponsor of EPOPA, Agro Eco and Grolink are the implementing agencies

Organic agriculture and food security in developing countries

Instead of adhering to the capital and chemical-intensive technocratic approach to agriculture, it is better to favour one that synergies between crops, animals and soils; leading to the regeneration and conservation of resources. Organic agriculture answers today's agricultural challenges through the implementation of more holistic farming and food systems. It is relevant for food security in several ways:

- In most cases it increases productivity.
- It produces 'safe' food thus supporting a varied diet.
- It increases income and return on labour.
- It normally reduces production costs.
- It reduces the risk of crop failures through diversification.
- Greater crop diversity results in improved diets.
- It recognises and uses indigenous knowledge.
- It is more sustainable in the long term.

What happens to food production when farms convert to organic agriculture? In the 'traditional' smallholder agriculture systems in rain fed areas, organic agriculture normally leads to increased yields. This increase is through several factors:

- Improved organic matter management of the soil through the use of green manure crops, which results in better water retention.
- Improved on-farm recycling of nutrients and better use of organic materials from the surrounding ecosystem.
- More attention to soil and environment conservation resulting in less soil erosion and no deforestation.
- It is a system that is understood by and accessible to the smallholder farmers.

The EPOPA Programme

The first activities that led to the formation of EPOPA started in 1994. The programme proper was initiated in 1997. The first phase was completed in 2001. Due to its success, the programme was extended at first to 2005, and then to 2008. In Phase II of the programme, the implementation of EPOPA is contracted to a partnership between Agro Eco and Grolink, Dutch and Swedish experts in organic agriculture and market development worldwide. Most of the work is carried out by staff employed by the local offices in the participating countries.

Poverty alleviation through trade

The EPOPA programme develops markets for organic products from Africa. Participating countries are given the opportunity to increase and diversify their exports. At the same time, the agricultural sector is exposed to innovative and environmentally sound farming techniques. EPOPA is a private sector programme that develops business markets on the local and international levels. In doing so, it benefits rural communities by increasing their agricultural production and the smallholders' incomes.

The process of a project

It begins in one of the following two ways. Either EPOPA identifies suitable products, areas, farmer groups and exporters or the exporter introduces a new idea. With the eventual approval of Sida, EPOPA then provides technical and managerial assistance, market support and a cost sharing arrangement with the exporter upon certification.

Market support

As the organic market grows, so does the competition. It is, however, not difficult to find markets for quality organic products. African products are often not of the highest quality. Hence, quality improvements in production, post harvest and processing have become an important focus of EPOPA. The assistance ranges from matchmaking between exporters and the commodity markets to the development of pre-packed retail products. African exporters are new to the organic world and therefore, also to the special requirements of the organic market. EPOPA provides market information and initiates market contacts, for example at organic trade shows. Once a business relationship has been established, it is up to the exporter to maintain the contact. EPOPA will continue to provide backstopping and follow-up activities with buyers whenever necessary to ensure reliable and stable trade relations.

Putting words into practice

The concept of EPOPA corresponds well to the international development agenda agreed upon at the Earth Summit in Rio in 1992 (Agenda 21), the World Summit on Sustainable Development in Johannesburg in 2002, resulting in the Millennium Development Goals. The work of EPOPA in line with, and contributes to the efforts made to reach, several of these goals. EPOPA's main contribution to eradicate poverty is through trade with a hands-on approach, turning initial weaknesses into opportunities. EPOPA contributes directly to **two**, and indirectly to the other six, Millennium Development Goals:

Goal 1 Eradicate extreme poverty and hunger

Goal 2 Achieve universal primary education

Goal 3 Promote gender equality and empower women

Goal 4 Reduce child mortality

Goal 5 Improve maternal health

Goal 6 Combat HIV/AIDS, malaria, and other diseases

Goal 7 Ensure environmental sustainability

Goal 8 Develop a global partnership for development

Local players in EPOPA

All projects are based on large groups of small-holders who are known to the commercial exporters as contract farmers. The exporter employs field staff who are the link between the farmer and the exporter. The field staff have been trained by EPOPA in areas like organic agriculture, extension methods, record keeping for certification purposes and quality management.

The exporters

Exporting from Africa is a haphazard and risky business and understandably the profit margins set by exporters are high. Exporters take a lot of risks and it is not uncommon for them to get into (temporary) financial troubles. Commercial exporters (except for the co-operative unions) are, in most cases, not used to working closely with the farmers. However, providing small-holder farmers with agricultural extension services is a vital task of the exporter in achieving and maintaining organic status.

In many parts of Africa, governmental extension service is virtually non-existent. EPOPA has shown that it is possible and necessary for exporters, through its field staff, to provide these crucial services instead. Otherwise the quality of the organic products cannot be guaranteed. However, it has been EPOPA'S experience that the exporters need assistance to get accustomed to this new role, especially during the first year.

Field staff

The field staff have different roles in the set-up. In the start-up phase, the emphasis is on mobilisation, contacting farmers and setting up the Internal Control System. Initially, farmers are often sceptical about the new product, price and market. Experience has shown that it is very difficult to have them make a commitment at this early stage. But, once trust has been established

by a proven market and better prices, farmers are more open to receiving extension messages on organic crop management by the field staff. It is only then that the real work on the farms can start.

At first, the field officers focus on improving product quality. For example in the cultivation of coffee, this involves shade management as well as improved pruning, harvesting and post-harvest-techniques. This is obviously in the direct interest of the exporter. Later, general farming practices receive more attention. The fact that the buyer of the crop (the exporter) employs the field officers causes the extension messages to be taken more seriously. It is the market talking, not an underpaid agent of the ministry. To keep the extension service economically sustainable, each field extension officer is trained to work with 200-400 farmers.

Corporate responsibility

Corporate responsibility may be new for many importers and traders; it certainly is new for African exporters. All EPOPA projects are screened for certain indicators of ethical standards that have to be fulfilled. If an exporter is found not to meet the standards, EPOPA staff will deal with the problem immediately. Although businesses should not replace the governments' responsibilities to provide schooling, health care and other societal services, the exporters are encouraged to contribute, without creating dependencies.



Elisha inspects a coffee farm and discusses the management and routines with the farmer, in the KCU project in Bukoba, Tanzania. Training of local inspector is one of the activities in the EPOPA programme. Photo: Eva Mattsson.



UgoCert and TanCert are the first national certification bodies for organic production in Uganda and Tanzania. Read more about them at their websites:

www.grolink.se/epopa/ugocert

www.tancert.org

EPOPA projects since the start

Export projects Uganda

- Lango: cotton and sesame
- Kawacom: Arabica and Robusta coffee
- Outspan: sesame
- ESCO: vanilla and cocoa
- RECO: candied fruit, papain
- Greenfields: Nile perch and tilapia filets
- BioUganda: fresh fruits
- Ibero: coffee and vanilla
- KMI: shea butter
- Naseco: essential oils
- Tamteco: dried herbs
- BNP: honey

Export projects TZ

- Biolands: cocoa
- KCU: fair trade Robusta coffee
- Premier Cashew: cashew nuts
- KNCU: fair trade Arabica coffee
- Dabaga: canned pineapple
- Fidahussein: honey
- Tanica: instant coffees
- Hope: fully washed Arabica coffee
- GA: ginger in syrup
- Tanpro: peanuts
- West Lake: vanilla
- SPT: line fished tuna

Export projects ZM

- AOFI: essential and cold pressed oils
- MOP: peanuts

The Farmers

The main objective of the programme is to improve farmers' livelihoods. Thus, it is important to verify whether or not the programme produces results in this aspect. In the first year of each project, a baseline survey is done to assess the situation so that it can be used as a before-and-after reference point for evaluating the project's impact at a later stage.

Experience has shown that it is possible to considerably improve farmers' incomes. Results, however, differ from region to region; from project to project, and given the fluctuating commodity prices, from year to year. Farmers are also encouraged to co-operate among themselves and gradually assume more responsibility in different areas like input provision and bulking of product.

Added value

Initially, the programme focused on commodity products like cotton, coffee, cocoa and sesame. When traded in large volumes, they can generate sufficient revenue for the exporter to pay for the costs of field staff, certification and premiums for the farmers. As a rule of thumb, a minimum export value after three years of a quarter of a million Euros per year is used.

In Phase II, EPOPA is focusing more on value addition and has moved into processed products like dried fruits, essential oils, instant coffee and canned pineapples. Some EPOPA projects are also Fair Trade certified, or specific to UtzKapeh, Eurep-Gap etc., requirements as well. EPOPA also helps introduce exporters to HACCP or ISO 9000 management systems if the market requires them.

Smallholder group certification

Working with commodities involves a high number of farmers. Organic production is characterized by a strict inspection and certification discipline. But the number of farms is far too large for a system whereby each farm is annually inspected by an external inspector as is common in the North. In line with practices in other quality assurance systems, organic certification is also organised in groups.

This reduces the cost of external (foreign) certification. EPOPA, together with KRAV and IMO, has developed a so-called Internal Control System (ICS), which allows for smallholder group certification. The system is continuously being developed further. EPOPA has successfully participated in the IFOAM-led initiative on group certification, which is accepted worldwide, and this has considerably reduced costs for smallholders.

Without it, smallholders would not have been able to access markets for their organic certified products.

Developing national certification

The aim of EPOPA is also to support the countries in their development of a national organic sector including the supporting structures and policies that are needed. It is, for example, not sustainable for exporters to buy expensive certification services from western countries. The development of certification standards and procedures, and the training of certified inspectors are crucial to ensuring a sustainable local and international trade for organic products. In the beginning of Phase II, EPOPA started supporting the development of national organic certification bodies in Uganda and Tanzania, resulting in UgoCert and TanCert, the first national certification bodies for organic agriculture in those countries.

Impacts of the Programme

While EPOPA works with exporters, the real target group is the smallholder farmers. The EPOPA programme has proven to be successful in improving the livelihood of over 70,000 farmers up to 2005. They have gained a 15-40 percent price hike on their cash crops. After a few years of farming organically, the farmers reported a significant increase in crop productivity due to better and more intensive crop management. They appreciate the extra attention from the exporter for their produce in the person of the field officers and generally respond to them positively by giving more attention to implementing their suggestions on the farms.

Higher prices are not only received for the organic products, but also for the better quality. In some cases better prices are achieved because of more direct trading structures. In three projects, the exporters are registered with Fair Trade. All three aspects mentioned resulted in an average of a 50 percent increase in income for the smallholders involved.

Higher organic prices sometimes create an upward trend for the price paid in the local market for the normal, not certified products. Local middlemen have to pay better prices and start paying for better quality, too. This is a valuable spin-off for non-organic farmers. Some of the projects also create substantial employment in the harvesting and/or processing of the products.

So far all the completed EPOPA projects continue to stay in business after the EPOPA support has been phased out; a good indicator of the sustainability of the concept. One of the first projects has been working for 12 years now.



These are pictures from Biofresh Ltd., an exporter in Kampala, Uganda, that buys organic fresh fruit and vegetables from contracted small scale farmers.

In the top left picture you see a woman in her shamba in Luwero, making her apple bananas ready for packaging.

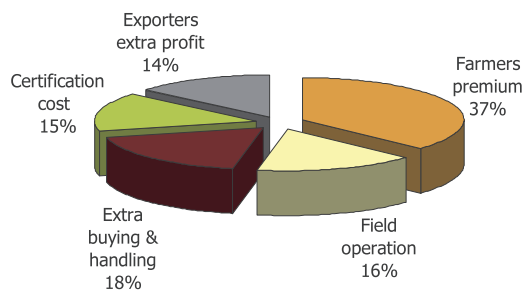
The top right picture shows a worker at Biofresh, putting labels on the bananas, making them ready for export.

Documentation at all levels is vital when dealing with organic products. The middle left picture shows a trade place in Luwero, where Biofresh buys organic pineapple.

Transportation of the goods in the villages are often very eco-friendly as you can see in the bottom picture, where a farmer is on his way to deliver organic pineapples to Biofresh's buyer.

Photos:
Sonia Mwadime, Biofresh Ltd.

Use of the organic premium



Organic products receive a higher price on the international market. The difference in prices called the 'organic premium' is distributed as shown in the pie chart above. The chart shows one typical example, but the distribution of extra income will of course vary between different commodities and years.

Government Policies

On the local government level, EPOPA initially drew some negative responses as it was clearly against the official dogma of increasing production through artificial inputs. However, upon observing the results, most local governments became positive. In Uganda, one district started to promote organic farming on its own initiative. The President of Uganda has expressed that 10 percent of the country's coffee should be organic. A project for development of organic policies in East Africa has been initiated by UNCTAD. EPOPA cooperates closely in this area together with the International Federation of Organic Agriculture Movements, IFOAM.

Spin-offs and developments

The idea behind EPOPA is to support pilot activities in various product groups. Once a limited

number of successful organic exports are established, others are expected to copy their success. Most exporters not only appreciate organic farming as an extra income but also as a market differentiation.

As a spin-off, other donors have developed similar private sector programmes. One of the exporters has organized two other projects himself.

Through the project component "Specific Support to Exporters", EPOPA can give itemised support for a limited time to organic exporters who wish to improve on one or two aspects of their operations. Six companies in Uganda, two in Tanzania and one in Zambia have been supported in this way.

Pay Back

Due to the increased value of the exports, the majority of EPOPA interventions are paid back in four to five years from the start of the support in terms of higher incomes for farmers.

In some cases, EPOPA'S assistance could have been a commercial investment by the company to develop a commercially viable business. But no exporters would be willing to take such risks because of their unfamiliarity with the organic market and its development. The assistance from EPOPA allows them to enter this market and to set examples for other exporters.

Local development and capacity building

The first eight years have shown that the programme's premise; development through organic trade, has true potential. The programme has, therefore, expanded to diversification of products, increasing the number of exporters and exploring options in other countries. At the same time the organic export sectors in the countries should not become 'islands' of development. EPOPA encourages the development of local and regional markets, local organic certification bodies and provides training programmes. EPOPA also supports the local organic movements in the participating countries and engages in policy dialogues with the governments and other stakeholders.

Sharing Knowledge

EPOPA'S experience and knowledge is shared with interested parties in the organic field. A number of reports and market studies are published and can be downloaded free from the EPOPA website. There is also an increasing amount of cooperation with researchers and students who wish to draw lessons from the projects. In the coming years, this information will be shared through publications as well.

Lango Organic Cotton Project

The cotton project started in 1994 and was one of the first EPOPA projects. The EPOPA phased out in the end of the 90's, but the project activities are still running. At the end of 1997, beginning of 1998 there were 5,000 farmers connected to the project. In 1998, the organic farmers registered their own association – Lango Organic Farming Promotion (LOFP). By 2005 the number of farmers had risen to 12,000 and in 2004 a peak in production was reached when more than 5,800 bales, each weighing 185 kg, were sold.

Farmer benefits through the organic project:

- The status of being a contracted farmer
- The secure market arrangements within the project
- The opportunity to sell products directly through the LOFP stores
- A reliable market
- Premium prices for organic products that are 15-25 percent higher than conventional prices in the area.
- Opportunity to sell other crops as organic such as chillies and sesame
- Overall a better and more secure income, which allows families to invest in education, permanent housing and community development due to more money in locality
- Extension advice received through regular contact with LOFP field officers
- Other training opportunities, leading to better yields and other household benefits
- Better environment due to no use of chemicals and better biodiversity conservation as farmers, for instance, preserve trees in the fields
- Improved health due to not handling chemicals and not having chemicals within the home. Suicides are often done through drinking chemicals, animals sometimes consume chemicals and die and those spraying the chemicals are often the children, easily resulting in poisoning
- Higher income and training in food security helps improve the family nutrition and leads to better general health.



Within the EPOPA programme, exporters get support when exhibiting their products at international fairs. Above we see Sonja Mwadime from Biofresh and Florence Nagawa from EPOPA, Uganda at the Middle East Natural and Organic Expo in Dubai, United Arab Emirates, December 2005. Photo: Kolbjörn Örjavik.

EPOPA support to exporters includes:

- Management assistance
- Staff training
- Field officer training
- Advice on organic agriculture; field extension services and setting up of demonstration gardens
- Development and revision of Internal Control System
- Farmer mobilization techniques and inputs
- Seed money for farmer's inputs
- Setting up of tree and crop seedling nurseries
- Technical consultancy and agricultural improvements
- Product quality management and quality improvement measures
- Development of new crops and products
- Market surveys and buyer contacts
- Product development
- Participation in organic trade shows
- Project presentations and brochures
- Organic certification procedures and issues
- Sharing of certification costs
- Certification to additional standards as required by the market
- Identification of sources of trade finance
- Risk assessment along the chain

Overview of EPOPA projects under implementation in Nov 2005

Project	Organic Product	Area	Registered farmers
Tanzania			(2,440 total)
PCI	Cashew nuts	Mkuranga	466
KNCU	Fair-Trade Arabica coffee	Kilimanjaro	1,073
Dabaga	Canned pineapples	Njombe	52
Golden African	Ginger in syrup	Arusha	200
HOPE - LIMA	Arabica coffee	Mbeya	142
Rufiji Honey	Honey	Rufiji	507
Uganda			(27,559 total)
Kawacom	Arabica and Robusta coffee	Sipi, Nebbi and Bushenyi	15,000
Outspan	Sesame & cotton	Ochero / Adigo	4,210
ESCO	Vanilla & cocoa	Bundibugyo	1,791
RECO	Dried pineapple & papaya, and papain	Kasese	633
Ibero	Robusta coffee, bourbon vanilla	Luwero	922
BioUganda	Fresh and dried fruit	Masaka	150
Greenfields	Fish, frozen, sustainable catch	Lake Kyoga	87
North Ugandan Shea	Shea nuts	Lira	1,724
Bee Natural	Honey	Arua	2,000
Bark Cloth	Bark cloth	Masaka	230
Lakeside UMS	Bourbon vanilla	Mukono	87
BioFresh	Fresh fruits and vegetables	Kampala	103
NASECO	Essential oils	Kibale	300
Nile Teas	Dried hibiscus	Palissa	54
CNPU/AOE	Vanilla	Wakiso, Mpigi, Luwero and Mukono	492
Zambia			(364 total)
AOFI	Essential and cold pressed oils	Lusaka	214
MOP	Fair Trade organic peanuts	Mpongwe	150
Grand total			30,363

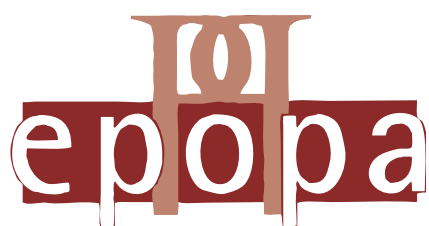


Three boys from Kerekese, south of Dar es Salaam in Tanzania. When the first boy proudly showed the freshly harvested organic cashew nuts the other two also wanted to – but they had no nuts ready for the photo! Photo: Eva Mattsson.

Conclusions

The results confirm that there is virtue in private sector-led, (organic) export oriented development projects that benefit the rural poor. EPOPA has shown that it is possible to organise farmers around organic farming, to set up group certification systems and to initiate export businesses that are rewarding for all parties.

There is potential for more EPOPA -type projects in other countries. More policy guidance is needed from international agencies and national governments to make organic agriculture a main component of their development strategies; to tackle poverty eradication, food security and sustainable resource management, especially for smallholder producers.



Export Promotion of
Organic Products from Africa

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