

Sustainable Agriculture in Asia

Prospects for Marketing and Promotion of Organic Products



ANGOC

Asian NGO Coalition for Agrarian
Reform and Rural Development



Japan International Cooperation Agency

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ANGOC is a regional association of 21 national and regional networks of non-government organizations (NGOs) from 11 Asian countries actively engaged in food security, agrarian reform, sustainable agriculture and rural development activities. Its member-networks have an effective reach of some 3,000 NGOs throughout the region.

ANGOC was founded in Bangkok in February 1979, following a two-year series of village- and national-level consultations in 10 Asian countries leading to the World Conference on Agrarian Reform and Rural Development (WCARRD) in Rome, in 1979.

The complexity of Asian realities and the diversity of NGOs highlight the need for development leadership to service the poor in Asia - providing a forum for the articulation of their needs and aspirations as well as the expression of Asian values and perspectives. ANGOC seeks to address the key issues related to agrarian reform, sustainable agriculture and rural development in the region.

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FOREWORD

Starting in the late 1980s, when non-government organizations (NGOs) in Asia took up the cause of sustainable agriculture, much effort has gone into trying to demonstrate why farmers ought to shift to this farming system.

Related studies and research initially focused on the negative impact of chemical agriculture on the farm environment and on farmers' health, as well as on the inevitable decline in farm productivity and farmers' incomes under chemical intensive farming. Conversely, the studies showed that sustainable agriculture not only promotes soil and resource regeneration but likewise promises much larger yields and incomes in the long-term.

The development or refinement of sustainable agriculture technologies thereafter took some prominence in many NGOs' sustainable agriculture agenda. Crop varieties bred by generations of farmers were rescued from extinction and carefully cultivated. Methods of natural pest control were adopted and put to work. Demonstration farms run jointly by farmers and partner-experts were established in many places in the region to showcase the merits of this alternative farming system and, hopefully, to embolden more farmers to throw in their lot with farmer adoptors.

There has been encouraging growth in recent years in the number of farms practising non-chemical forms of agriculture, but as a percentage of total farms, the number remains pitifully small: less than one per cent of all farms as of 2003.

There are many issues that effectively hinder conversion, and one of these is farmers' lack of capacity to market their products. Non-chemically produced crops should command price premiums that would entice any farmer. Unfortunately, however, the absence of marketing support leaves farmers little choice but to sell their products through the usual channels and at the same prices as conventional products. Thus, for many farmers trying out the new farming system, it has often seemed that sustainable agriculture is not worth the effort.

It is for this reason that the Asian NGO Coalition has produced this book. This is a modest start to be sure, but one which, we hope, would be followed by other NGOs involved in helping our farmers make the transition to sustainable agriculture without putting their livelihood at risk.

As there has been precious written up on the subject, our sources of information have been limited and in need of updating.

Part I is ANGOC's Policy Paper on Sustainable Agriculture, which puts conversion issues in the context of global developments in agriculture and ends with a recommendation to NGOs to focus their resources on helping farmers to become more competitive in international markets. Part II attempts to provide a situationer on the organic sector in selected Asian countries, drawing primarily from **"ORGANIC AGRICULTURE AND RURAL POVERTY ALLEVIATION: Potential and best practices in Asia,"** published by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in 2001. Part III presents some practical advice to organizations involved in marketing organic products. This part was based on **"DEVELOPING LOCAL MARKETING INITIATIVES FOR ORGANIC PRODUCTS IN ASIA: A Guide for Small & Medium Enterprises,"** which was the result of a workshop organized in November 2003 by the International Federation of Organic Agriculture Movements (IFOAM).

This publication has no copyright, and can thus be freely reproduced, provided due acknowledgment is made of our sources. ANGOC is grateful to UNESCAP and IFOAM for their pioneering efforts in documenting this aspect of non-chemical agriculture.

ANGOC also thanks its chairperson Father Francis B. Lucas and former executive director Roel B. Ravanera for providing much needed direction in the production of this book; Teresa L. Debuque and Melissa Y. Moran for the editing and layout; Troy L Dilidili for

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Our sincere appreciation to the Japan International Cooperation Agency (JICA) for its financial contribution to the printing of this publication.

May this initial effort lead to greater interest and action in the promotion and marketing of organic products.

NATHANIEL DON E. MARQUEZ
Executive Director
2006

Part 1

ANGOC's Strategic Interventions in Sustainable Agriculture, 2004-2010



ANGOC celebrated its 25th year anniversary in 2004. It was also a time for internal reflection and a search for its relevance and effectiveness.

In its General Assembly in July 2004, ANGOC reaffirmed its vision to build vibrant and empowered rural communities that can henceforth chart their own paths of development. The mission and goals remain the same. And yet, the development context has changed. The challenges are far more complex than what they used to be. The food that we eat, normally planted in the backyard, has become a commodity of international trade. Seeds that were formerly passed on from generation to generation now come with royalties. Meanwhile, poverty and hunger continue to plague Asian rural communities.

This policy paper on sustainable agriculture is part of the process of ensuring the relevance and effectiveness of ANGOC's work. It is intended to provide recommendations on how ANGOC should position itself in the region given emerging trends and developments.

The paper starts off with an overview of poverty in Asia and the emerging development trends affecting rural communities. It goes on to discuss how ANGOC's sustainable agriculture (SA) program has responded to these developments. Finally, it outlines some strategic recommendations where ANGOC may be able to contribute to agricultural and rural development at the regional level.

POVERTY IN ASIA

Asia is home to roughly three-fourths of the total number of poor people in the world. Forty-four percent are in South Asia while 24 per cent are in East Asia. South Asia remains one of the poorest regions – with one out of three South Asians lacking access to improved sanitation; one out of four being chronically hungry; one out of five children out of primary school; and one of every 10 children dying before the age of five.

East Asia has fared better. The region's economy grew by almost six per cent a year in the 1990s. Despite the severe financial crisis that hit the region in 1997-98, poverty fell by about 15 percentage points. China has been pivotal to the region's success.

Rural in character

Poverty in Asia is basically a rural problem. In all major countries in the region, between 80 and 90 per cent of the poor live in rural areas. The head count ratio is also significantly higher for rural areas in all of these countries. This is a mirror reflection of the global situation where approximately 75 per cent of the absolute poor in developing countries live in rural areas (CIDA, 2002).

The most common feature of Asia's rural poor is landlessness or limited access to productive land. The major subgroups of rural poor are the landless marginal farmers and tenants, indigenous peoples and minority castes, and internally displaced persons. Among the rural poor, rural women and female-headed households are particularly prone to acute poverty. Rural women generally have fewer employment opportunities, fewer marketable skills and less access to training (ADB, 2002).

Rising inequality

Poverty in Asia reflects the rising inequality in the world. Though difficult to measure, such inequality is indicated by some disturbing facts. For example, "the richest five per cent of the world's people receive 114 times the income of the poorest five per cent". Similarly, "the 25 million richest Americans have as much income as almost two billion of the world's poorest people".

Addressing income inequality is essential for two reasons. First, by reducing inequality, income opportunities increase for as many

people as possible. Second, high inequality breeds social friction and violence. By reducing income inequality, peace and development would have a better chance of prospering.

GLOBAL TRENDS AFFECTING RURAL COMMUNITIES

Declining investments in agriculture

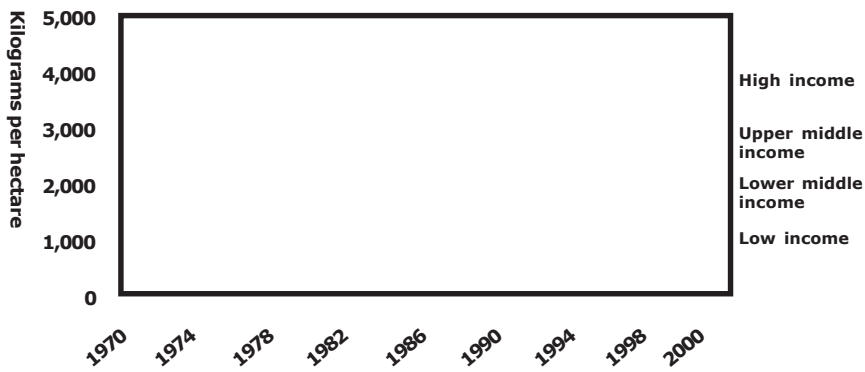
In the last decade, there has been a clear downward trend in investments in agriculture, both in Official Development Assistance (ODA) flows from bilateral and multilateral donors and in public spending by developing countries in some regions (CIDA, 2002). Investment data from the World Bank (WB) show that since the early 1980s, agriculture sector approvals have declined continuously from a little less than US\$5 billion to around US\$ 2 billion in 2000. As a percentage of Bank lending, it has declined from around 30 per cent in the early 1980s to less than 10 per cent in 2000.

Some of the reasons suggested for the overall downward investment trend in agriculture are: poor performance of the economies of developed and developing countries; structural adjustment programs that required cuts in public sector spending, including for agricultural services; the debt crisis facing developing countries which limit their ability to invest in rural infrastructure and services; and the growing demand for emergency aid. Another contributing factor might have been the perception by some donor countries that global food supplies were adequate to meet the global demand, and their decision thereby to shift resources away from the agricultural sector (CIDA, 2002).

These are understandable if the world is broke but if governments can spend US\$ 25 billion on the war on Iraq in a few weeks, then one begins to question the sense of priority of governments.

Failure of the Green Revolution to reach the rural poor

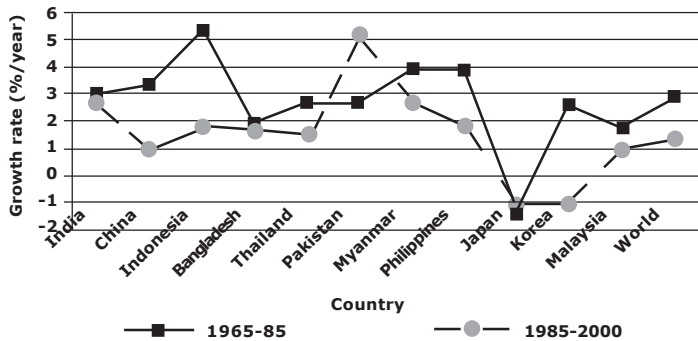
The increase of productivity from the Green Revolution has benefited developed countries and favorable regions of developing countries. Unfortunately, these yield increases have not reached the rural poor. Data from the WB show that the productivity of poor farmers has not substantially increased in the last 30 years.



Source: World Bank, 2002

Figure 1: Different yield increases on various income groups (1970-2000)

The Green Revolution requires substantial external inputs, such as chemical fertilizers and pesticides. Unfortunately, many governments lacked the capacity to provide the needed support services, such as credit and technical assistance, that are critical to pursuing such an approach. Furthermore, while the technology provided yield increases at the start, these proved to be unsustainable in the long term. NGOs criticized the narrow approach of relying mainly on Green Revolution technologies, which have been shown to be environmentally unsustainable and discriminatory to resource-poor farmers.



Source: FAO, FAOSTAT database, Dec. 2000

Figure 2. Rice production growth rates in selected Asian countries, 1965-2000

Inclusion of agriculture in international trade

The Agreement on Agriculture (AoA) under the World Trade Organization (WTO) aimed to facilitate the process of promoting the freer flow of agricultural products among countries. Governments committed to remove quotas, subsidies and tariffs over a period of time. It is envisioned that with the free flow of agricultural products, greater efficiency will be achieved in the agriculture sector that would eventually benefit farmers and rural communities.

Unfortunately, the current agreement and how it has been implemented thus far has favored developed countries to the detriment of developing countries. Agriculture in developed countries continues to be heavily subsidized, allowing them to market their products at cheaper prices. Moreover, trade barriers are still in place restricting the flow of agricultural products, especially those coming from developing countries.

According to the United Nations Development Programme (UNDP)'s Human Development Report 2002¹, international trade rules have worked against the economic interests of developing countries. On average, developed country tariffs on imports from developing countries are four times those on imports from other developed countries. In addition, countries that belong to the Organization for Economic Cooperation and Development (OECD) spend about \$1 billion a day in domestic agricultural subsidies — more than six times what they spend on official development assistance for developing countries.²

Table 1. Agricultural subsidies and tariffs of EU, US and Japan				
Area of Operation	Subsidy per farmer (US\$)	Subsidy per hectare of agricultural land (US\$)	Average tariffs on agricultural imports	Agricultural export subsidies
European Union	16,000	680	30%	Yes
USA	20,000	120	10%	Export credit
Japan	23,000	9706	50%	No
<i>Source: Balisacan, 2003</i>				

The Canadian Council for International Cooperation (CCIC) estimates that continuing protectionist measures by developed nations result in an annual \$700 billion income loss for the world’s poorest countries.³ This phenomenon is severely undermining the ability of many of the rural communities to feed themselves.

The last rounds of negotiations to correct the imbalance have failed. There has been talk of scrapping the AoA but at this stage this is highly improbable. Most likely, countries will continue to negotiate until a fairer trade agreement is reached.

**Privatization of
agricultural technologies**

The new trade agreement also encompasses a far broader range of issues beyond export and import of agricultural products, such as the trade-related aspects of intellectual property rights (TRIPs). With TRIPs and the development in genetic engineering, it is now easier to claim ownership of agricultural and natural resources, including traditional practices and indigenous knowledge. Even seeds that have been propagated by farmers for hundreds of years are now in danger of being privatized. As an indication of this development, the number of annual patent applications under the Patent Cooperation Treaty has increased from around 15,000 in 1990 to over 76,000 in 1999 (*Figure 3*).

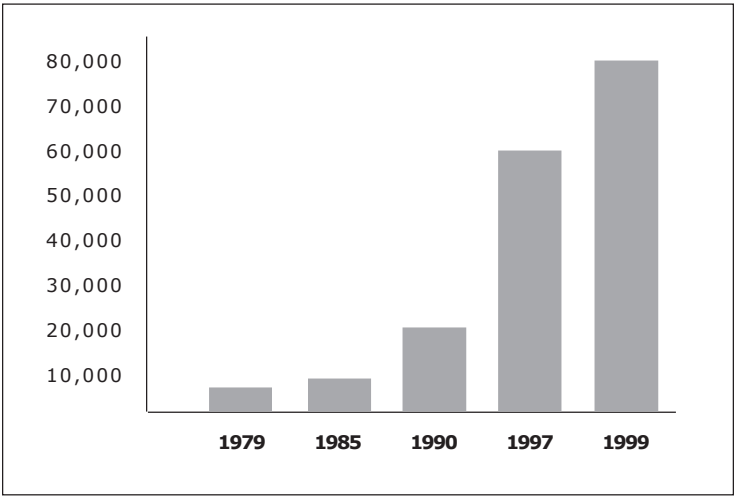


Fig. 3. Patent applications per annum under the Patent Cooperation Treaty (PCT), HDR 1999

Most of the applications and current patent holders are private corporations. In its HRD 2000, UNDP estimates that 90 per cent of the patents related to high technologies are held by global enterprises. This is validated by the World Intellectual Property Organization (WIPO), which estimated that 90 per cent of all cross-border licensing payments and 70 per cent of all licensing fees are made between subsidiaries of the same parent transnationals⁴.

Re-prioritizing of agriculture

The United Nations Millennium Declaration, adopted by 147 heads of State and Government on September 2000 in New York, calls for the reduction by half by the year 2015 of the proportion of the world's people whose income is less than one dollar a day. It also targets to reduce by half the number of hungry people by 2015. This call comes at a time when more than one billion people suffer from the abject and dehumanizing condition of extreme poverty. The urgency and gravity of the call ring louder in Asia where around two-thirds of the world's poor resides.

In that Summit, the world leaders also committed to reduce the number of people who cannot afford the cost of safe drinking water, and to ensure that children everywhere will be able to complete a full course of primary schooling.

Since the greater number of poor people live in the rural areas and are dependent on agriculture, governments and intergovernmental organizations are forced to revisit their involvement in agriculture. The WB and the Asian Development Bank (ADB) have therefore come out with new policy papers on agriculture. Some bilateral agencies, such as DFID and CIDA, are also reviving their agriculture programs. Hopefully, all these papers and discussions would result in bigger budget allotments for agriculture. The greater challenge, however, is to convince these institutions to incorporate sustainable agriculture into their programs.

Shifting focus of SA programs of Asian NGOs

Many of the programs of NGOs have emphasized the ecological dimension of sustainable agriculture. Given the influence of the UN Conference on Environment and Development in 1992, they have tried to incorporate environmental sustainability in their development

interventions. A substantial number of these programs have addressed the negative environmental impact of the Green Revolution technologies.

At the forefront of these programs is the campaign to reduce the use of chemical pesticides which have been proven to pollute the environment and to be detrimental to human health. Soil fertility management has also become an important focus given the continuing decline in yield despite the continued application of inorganic fertilizers. Similarly, NGOs have promoted biodiversity through diversification of crops and the integration of livestock in the farming systems to reduce the external threats brought about by monoculture.

Recently, however, there has been a shift of emphasis among NGOs involved in sustainable agriculture. More than the environmental impact, NGOs are focusing on the equity dimension of sustainable agriculture. The shift can be attributed to a number of factors, including the inclusion of agriculture in international trade and the privatization of agricultural technologies.

A major contributing factor is the increasing poverty in the rural areas despite technological advances in agriculture. NGOs argue that the sustainability of farming and rural communities is equally, if not more, important than environmental sustainability.

ANGOC's SA Program

ANGOC's sustainable agriculture program was instituted in 1994 following the 1992 Earth Summit in Rio de Janeiro. The Summit provided an international mandate to pursue, among others, a more sustainable and equitable agriculture as embodied in Chapter 14 of Agenda 21. It also recognized the need to build up food security.

In 1998 ANGOC embarked on an initiative called the **200-Village Project**. The Project assessed food security at the household and community level as the basis for community-level planning and action. Key indicators include land tenure and access to food, purchasing power, sustainability of agricultural practices and community participation. The Project is now being implemented in 10 countries at varying stages, covering 5,640 households in 188 Asian villages.

The results of the Project's baseline survey in five Asian countries showed that there is a positive correlation between food security and agricultural productivity. However, shifting to high input agriculture proved insufficient in ensuring food security, especially for resource-poor farmers. The survey revealed that 37 per cent of the farming households who have shifted to high input agriculture are food insecure. This finding is alarming considering that these are the better off farmers who have the capacity to buy external inputs.

These findings confirmed ANGOC's strategy in advocating for a more sustainable farming system that would ensure household food needs. ANGOC's premise is that sustainable food production is best achieved by promoting a form of agriculture that raises farm productivity and diversity while keeping external inputs to a minimum and if possible, sourcing them locally (See Annex 1).

ANGOC reconfirmed this mandate in its General Assembly of July 2004 and endorsed sustainable agriculture as one of the thematic areas in its goal of *promoting empowerment of Asian rural communities to attain food security and reduced poverty*.

In the last 10 years of program implementation, much has been accomplished. The first five years focused on articulating the agenda of Asian rural communities on sustainable agricultural development. The latter half emphasized the promotion of these agenda with governments and international organizations. As a program strategy, however, the interplay of these two components has always been there together with capacity building of NGOs and local partners.

Articulation of SA agenda

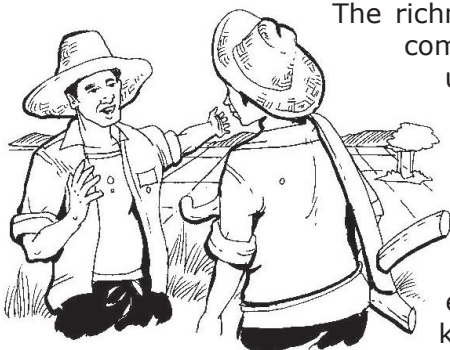
Three elements may be identified in the ANGOC process of articulating and defining the community agenda on sustainable agriculture: broadening the SA constituency, facilitating exchanges among SA practitioners and documenting SA initiatives.

I. Broadening the SA constituency

ANGOC adopts a broad definition of sustainable agriculture⁵ and emphasizes not only the ecology but also the equity dimension in its program (See also Annex 2). This emanates from the strong background of ANGOC on agrarian reform and

its advocacy for equitable access to productive resources. By taking this perspective, ANGOC was able to link environmental and developmental NGOs in support of sustainable agriculture. This linkage broadened the constituency of NGOs under sustainable agriculture. It provided a common framework whereby various concerns such as technological innovations, access to productive resources and distribution of goods can be assessed and linked under a common program. It may have invited debates on the definition of sustainable agriculture but the process itself clarified many concepts and deepened the understanding of sustainable development in general.

II. Facilitating exchanges among SA practitioners



The richness of indigenous knowledge of rural communities has remained untapped and unshared. Research by formal institutions involving these communities have been extractive in nature and are intended more towards developing modern technologies. As an alternative, ANGOC initiated a number of farmer exchanges among Asian rural communities. These exchanges facilitated sharing of knowledge as well as building of confidence among the participants. These processes also clarified some of the common challenges faced by these communities brought about by external factors beyond their individual control.

III. Documenting SA initiatives

Study tours and farmer exchanges have been very effective but quite expensive. To complement this initiative, ANGOC conducted a documentation of community experiences. These case studies were processed and analyzed. Some of them were published. Some became part of bigger studies while others were disseminated in ANGOC's magazine *Lok Niti*.

In 1996, ANGOC published the Resource Book Series on Sustainable Agriculture in Asia. It came in three volumes: Assessment of Community Initiatives in Alternative Agriculture Systems (Volume 1); Directory of Organizations in Asia (Volume 2); and Manual on Field Documentation (Volume 3). Furthermore, on the occasion of its 20th Anniversary, ANGOC

published in 1999 the Monograph Series on Sustainable Agriculture and Food Security. These documentations serve also as major inputs for ANGOC to formulate position papers and statements in its advocacy work.

Promoting SA with governments and international organizations

One of the major contributions of ANGOC to its members and local partners is its engagement with governments and international organizations. This allowed ANGOC to access information on regional and international developments and to pass these on to its members and partners. It also opened up opportunities for engagement in policy discussions.

Over the years, ANGOC has engaged UN institutions particularly the FAO, UNDP and the International Fund for Agricultural Development (IFAD) on agriculture and rural development issues. It also participated in campaigns with international finance institutions, such as the ADB and the WB. Regular mechanisms for policy dialogue have been established. Recently, it also engaged international research institutions under the Global Forum on Agricultural Research (GFAR) and the Asia Pacific Association of Agriculture Research Institutions (APAARI).

Promoting sustainable agriculture took on a three-step process for ANGOC: (1) formulation of position papers, statements and other policy documents; (2) consultation with NGOs at the national and regional levels; and (3) policy dialogue with government and international organizations.

I. Drafting policy recommendations

Based on consultations with local partners and field documentations, major policy constraints are identified and policy options are forwarded. Normally opportunities for discussions with policy makers are not solely focused on sustainable agriculture and therefore would have to be incorporated with other themes. In a way, this process improved the policy recommendations as these are integrated into broader agenda.

ANGOC learned the skill of translating community experiences into policy recommendations. Writing policy recommendations requires an understanding of the language of policy makers as

well as imbibing the concerns of rural communities. It has become necessary for ANGOC to regularly renew its acquaintance with the communities to capture the essence of on the ground realities. It is partly because of this that ANGOC adopted the strategy it calls "macro-micro linkage".

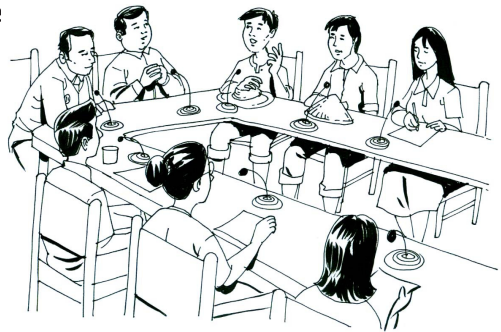
II. Consensus building among NGOs

In its attempt to build consensus among NGOs, ANGOC has convened numerous regional consultations. The first Asia-wide forum of agriculture experts from academe, governments and NGOs/POs to share and discuss issues, problems and the future of sustainable agriculture was convened in 1993. The forum yielded recommendations (based on experiences from 10 Asian countries) that substantially contributed to the regional statement of Asia-Pacific NGOs/POs to the World Food Summit in 1996, where the Right to Food of the marginalized was emphasized.

Recently, ANGOC has taken on a multi-stakeholder approach to involve not only NGOs but other stakeholders as well. Such form of consultations emphasizes consultative processes and dialogue and downplays confrontations and protest actions. This shift, however, requires a new set of capacities for the ANGOC network.

III. Dialogue with policy makers

Mechanisms for dialogue with policy makers are important, as issues are not resolved in single meetings. Such mechanisms, however, need to be agreed upon by both parties. One of the achievements of ANGOC is facilitating the establishment of these mechanisms with UN and international finance institutions.



The NGO Campaign on the Asian Development Bank, which ANGOC pioneered in 1989, was able to institute regular consultations with Bank staff as well as a 20-minute meeting with the Bank President during its annual meetings. Sustainable agriculture had been one of the major topics at these meetings.

With FAO, the bi-annual conferences of agriculture ministers for Asia and the Pacific provide an opportunity for ANGOC, together with other regional networks, to convene a parallel NGO meeting. At these meetings, NGOs discuss relevant issues, build consensus and formulate common statements. These statements serve as the official submission of NGOs to various government representatives and are read in the ministers' conference.

Similar mechanisms also exist with the WB and other UN agencies where ANGOC is invited regularly.

RECOMMENDED ANGOC INTERVENTIONS ON SA

After 10 years of implementing the sustainable agriculture program, ANGOC is in a position to institutionalize some of the gains to further the promotion of sustainable agriculture in the region.

The first critical area of intervention is the systematic management of information on sustainable agriculture with a particular focus on conserving indigenous knowledge related to agriculture. This would be a valuable contribution to the global community in its search for viable options to address the needs of the rural poor.

The second recommendation deals with institutionalizing the training in sustainable agriculture. While existing training programs have been effective in promoting sustainable agriculture among farmers, there is a need to mainstream these programs to reach young professionals, agriculture technicians and bureaucrats in agriculture agencies.

With the inclusion of agriculture in international trade, farmers are forced to engage the market. One area where sustainable agriculture practitioners have an advantage is in the marketing of organic products. The third recommendation encourages ANGOC to intervene in facilitating the formulation of regional standards and hopefully making inroads toward enhancing regional trade.

The fourth recommendation is for ANGOC to continue its policy advocacy work, building on the gains that it has achieved in the last 10 years. Given the renewed emphasis of governments and intergovernmental organizations on agriculture, it should aggressively promote sustainable agriculture as the way to address poverty in the region.

Action Agenda 1:

Building on ANGOC's information system on SA

The indigenous knowledge system serves as a major source of information in the development of sustainable agriculture technologies and practices. It brings with it the characteristics of sustainability, adaptability and applicability. Combined with modern science, it can provide valuable contributions in pursuing agricultural development.

Many NGO innovations reflect these indigenous practices. Some NGOs have taken on initiatives to document and share this knowledge through study tours, workshops and publications. But much of the information has been left with individual NGOs, either undocumented or unavailable to other interested organizations. There is a need to enhance the documentation processes and to improve the flow of information among NGOs and other organizations.

ANGOC can contribute to this process given its broad reach among local NGOs and its expertise in documentation. In strengthening its information system, ANGOC may invest in the development of tools for documentation, innovate collection and compiling systems and explore various media in the dissemination of knowledge, including translation in local languages to reach the rural communities.

The parameters for this initiative should be clarified with participating organizations at the start, including identification of priority agenda, data ownership and shared responsibilities.

Action agenda 2:

Institutionalizing SA through formal courses in universities

NGO initiatives to promote SA have had successes on the ground particularly in terms of reducing use of pesticides and inorganic fertilizers. Government and research institutions, whether encouraged by these initiatives or are doing them on their own, have adopted and incorporated these goals in their programs. Many government programs now include integrated pest management and integrated nutrient management. Some use different terminologies but are essentially working on the same goals.

A number of other technological innovations are also being initiated on the ground and have the potential to have significant impact on agricultural development. But most of these initiatives are small, isolated and remain at the local level. These initiatives may be upscaled and mainstreamed. The mainstreaming can be done at the district or national or even at the regional level.

At the regional level, a strategic intervention would be in building a resource pool of sustainable agriculture experts placed in critical positions within development agencies, local government units and academic institutions. Offering masters degree and diploma courses through which young professionals can build on their careers may facilitate this objective.

ANGOC is well placed to initiate these courses. It has direct links with grassroots initiatives, members providing training in sustainable agriculture with their own institutes, and a strategic link with international research organizations and agricultural universities. ANGOC will identify academic institutions where these courses may be lodged as part of their degree offerings. Universities in Asia as well as those in the other regions can jointly sponsor these courses to harness various expertise. Through this arrangement, the courses will also take on an international perspective that is important in understanding different regional and global contexts.

The courses and degree may be taken and earned via correspondence school or distance education, thus allowing young professionals to enroll without necessarily giving up their jobs. This will be complemented by practicum or field practice that will be conducted in the nearest identified farms or communities. NGOs with sustainable agriculture projects can also serve as extension schools for practicum or apprenticeships.

Action agenda 3:

Strengthening ANGOC's advocacy role and agenda

The renewed interest of governments and international organizations in agriculture as a result of increasing poverty in the region provides an opportunity for ANGOC to promote sustainable agriculture. In the consultations that are being conducted, ANGOC and its partners should aggressively lobby for the institutionalization of SA in government programs with corresponding budget allocations.

The UN Millennium Development Goals can provide the framework for dialogue between NGOs and government representatives. NGOs can demand accountability from these institutions on their commitments while recommending sustainable agriculture as the better option for rural poor communities towards poverty reduction.

While holding dialogue with Asian governments, ANGOC should also participate in campaigns for fair trade and greater access to agricultural technologies. The uneven trade in agriculture and increasing privatization of natural resources continue to be a major constraint to the development of rural communities.

The complexities of the debates at the international level, however, have excluded local NGOs and rural communities. ANGOC should strive to educate its members and partners for them to better inform rural communities of current global issues and trends. This will allow rural communities to prepare to deal with the consequences. The mechanisms for dialogue that have worked well for ANGOC in the past can still be used in its development education.

Action agenda 4:

Formulating regional standards for organic products

The uneven flow of agricultural products between developed and developing countries may take decades to be corrected. Some NGOs have recommended regional trade among Asian countries as one option to address this imbalance. Trade among Asian countries will help stabilize supply and demand problems in the medium-term and strengthen the regional trading block in the long-term.

One commodity where NGOs can take the lead in facilitating regional trade is organic products. Both the land area and the number of farms devoted to organic agriculture are increasing. Moreover, the markets for organic products are growing rapidly not only in developed but in developing countries as well. In 2001, the total world retail sale was estimated at US\$ 19 billion, up from US\$ 16 billion in 2000 (IFOAM, 2003).

Given the high demand for organic products and the premium price they command, it is expected that many producers, including agribusiness corporations, would want to market their produce as organic. Setting up organic standards and product certification are therefore key interventions in ensuring product quality. In many Asian countries, standardization and certification have only

just started and may take a while to be formalized. Fortunately, many governments are taking an interest in the organic industry and this could hasten the process.

For now, sustainable agriculture practitioners enjoy some lead-time in farm conversion. Organic processes are labor intensive and thus favor rural communities given the substantial number of unemployed therein. ANGOC can assist in ensuring the competitiveness of small farmers and rural communities by taking a lead in the formulation of organic standards at the regional level. In some of the countries that have started to set up organic standards, NGOs play some critical roles. ANGOC would be in a position to bring these groups together as many of them are ANGOC partners.

Footnotes

- ¹ UNDP Human Development Report of 2002.
- ² UNDP HDR 2002.
- ³ CCIC
- ⁴ UNDP and WIPO as cited by Pat Mooney in the Development Dialogue, 1999 1-2.
- ⁵ *Sustainable agriculture in Asia presupposes a holistic, systems-approach to agriculture and adopts indigenous knowledge systems (IKS) that store enormous information of biological cycles and demonstrate cultural sensitivity. It is not limited to alternative regenerative agricultural techniques, but is equally concerned with social justice, and recognizes the need for economic and political restructuring. SA should form part of efforts to build a people-centered economy and recognizes the crucial role of women in agricultural production. SA relies greatly on local, site-specific research and on trained farmers who are able to tailor the appropriate SA techniques to particular farm conditions and to propagate the practice to other farmers.*

Annexes

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Part 2

The Organic Sector in Selected Asian Countries



In recent years, there has been a rapid growth in the number and activity of organizations working to promote organic agriculture in Asia. However, this development has not resulted in any significant expansion in the area under non-chemical cultivation. Only China, India, Indonesia, and Sri Lanka have an organic movement of note. Yet, not even these countries can claim to have one per cent of their total cultivated area under organic production.

Table 2 below summarizes data available from Asian countries and selected countries on the number of farms and area under organic production. As of 2003, the total organic area in Asia is just over 400,000 hectares (of which 75 per cent is in China).

Table 2. Land under organic management and number of organic farms					
Country	Date	No. of organic farms	% of all farms	Organic cultivation area (hectares)	Organic as % of total agricultural area
China	2001	2,910		301,295	0.05
India	2001	5,661		41,000	0.03
Indonesia	2001	45,000		40,000	0.09
Malaysia	2001	27		131	0.002
Philippines	2001	500		2,000	0.02
Sri Lanka	2001	3,301		15,215	0.65
Thailand	2001	940	0.02	3,429	0.02
SUM ASIA		60,083		418,585	
Canada		3,236		418,585	0.58
France		10,364		419,750	1.40
Germany		14,703		632,165	3.70
USA		6,949		950,000	0.23
Source: SOEL-Survey, February 2003					

In most Asian countries, the local organic markets are small and undeveloped. In India, the total organic production is about 14,000 tons but domestic sales account for only 1,050 tons (7.5 per cent). However, this market is expected to grow following the implementation of a number of marketing initiatives. Sales are expected to increase to around 1,500 tons by 2006-07. In China, the growth of the domestic organic food market owes largely to widespread concern over food safety. Thus, along with continuing economic growth, the demand for organic products is likely to continue to increase, possibly rising to two per cent of the total food sales in China. In the Philippines, the estimated value of organic sales is around US\$6.2 million, of which US\$2.5 million come from the domestic market. Annual growth rate is 10 to 20 per cent. In Malaysia, the local market is small but fast emerging. The domestic market includes certified local fresh produce and certified imported dry and processed products.

In almost every country, organic producers depend on non-government organizations (NGOs) and similar groups to help them to convert to organic farming, to market their products, and to get government support for organic agriculture. Governments rarely have programs for organic production.

Institutional and regulatory framework

In recent years, many Asian countries have passed laws in support of organic agriculture. This development has resulted not only in the growth of exports but also of domestic consumption. In India and Thailand, these laws have long been in effect. Malaysia is set to implement its laws on organic agriculture, while the Philippines, China, and Indonesia are drafting their respective legislation. Meanwhile, Nepal has started to develop a national standard for organic agriculture products.

India launched the National Programme for Organic Production (NPOP) in April 2000. National standards for organic production and processing have been set up and certification measures have been established. Regulations for the use of the trademark "India Organic" have also been drawn up. In the Philippines, the Department of Agriculture has endorsed the Philippine National Standards as basis for standards setting in crop and livestock production. These national standards were adapted from those developed by the local certifier, OCCP. In Thailand and Malaysia, NGOs and the private sector are involved in the development of national standards.

Certification

Most organic products in Asia are certified by foreign certification agencies, such as Ecocert (France), IMO (Switzerland), OGBA (USA), Krav (Sweden), SKAL (Netherlands), ACT (Thailand) and OCIA (USA). Many of these foreign certifiers have set up offices in a number of Asian countries.

Meanwhile, China (OFDC, CGFDC), Thailand (ACT, Organic Thailand), India (Indocert) and the Philippines (OCCP) have established their respective certification bodies.

Unless otherwise indicated, the information in the following country situationers was drawn from **"ORGANIC AGRICULTURE AND RURAL POVERTY ALLEVIATION: Potential and best practices in Asia,"** published by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in 2001. *An online version of this document is available at <http://www.unescap.org/rural/doc/oa/oa%2Dbgrd.htm>*

COUNTRY SITUATIONERS

CHINA

Brief survey of the organic sector

Local production

As of 2001, more than 80 production bases and processing plants have been set up in China, not counting wild and aquaculture farming. In 1995 a total of 492 hectares were certified as organic; by 1999 this area increased to 17,773 hectares. Another 918.9 hectares were reported in the same year as in-conversion. The first group of organic products were those that were found in nature, such as tea leaves growing in the high mountains, soybean in northeast China, and honey collected from nature reserves, wild fruits and herbs.

Marketing and promotion

Among Chinese organic exports, the greatest demand by far is for its tea.

China continues to increase its market share in the global organic tea market. From 10.1 per cent of worldwide output in the 1950s, Chinese tea exports grew to 22.3 per cent in 1996. In terms of export volume, that is an increase from 6.5 per cent to 18 per cent of worldwide tea exports, making China second only to India in this regard.



China's other top organic exports are soybean, seeds, grain, tea, frozen fruit and vegetables.

International trade. China is not on the European Union's third-country list for organic food imports to EU countries. As such, Chinese organic exports to EU member countries have been through individual licenses. (According to EU rules, countries not included in the third-country list by the end of 2002 may export their organic products to an EU member country in order to get its license.)

This set-up has many layers and therefore involves a number of middlemen and other agents. Local trading companies looking to market their products abroad enter into contract with foreign importers directly, or indirectly, through local authorized import-export corporations. Such a relationship with importers is not always stable.

Europe's marketing network is difficult to penetrate. And since OFDC accredited products are not internationally acceptable, Chinese exporters rely on foreign importers, who re-certify their products locally and pack them with their own trademark and label.

Local exporters keen to develop a market abroad have taken to cutting prices drastically, thus undermining the development of China's foreign market and causing heavy losses for other exporters. Nonetheless, the trade in organic products is still profitable, earning premiums of 20 to 50 per cent.

Domestic trade. Organic food production in China has largely been export-driven. However, in recent years, some organic products have been marketed locally to meet the demand in bigger cities like Beijing and Shanghai. Locally, organic products fetch a premium of 10 to 30 per cent over conventional products.

Consumer profile

Local consumers of organic products are still a minority. Only the highest paid workers and foreign expatriates can afford them. Most food buyers are not aware of organic products and cannot tell the difference between organic and non-organic food.

Institutional and regulatory framework

In 2001, the Chinese government issued the State Proposal for Agriculture and Rural Work, which, among other things, emphasized the export of organic food. This document signalled the government's intention to become heavily involved in organic agriculture—from production and marketing to certification. However, there is as yet no agency that has been formally established or designated by the State for the purpose of administering matters related to organic production or its promotion. Neither is there a legal or regulatory framework, or even a specific policy or measure issued in regard to organic agriculture.

This vacuum has allowed foreign traders, together with “unofficial certifiers,” to trade in organic products free of regulations.

The Organic Food Development Centre. The Organic Food Development Centre (OFDC) was set up in 1994 as part of the State Environmental Protection Administration of the Ministry for the Environment. Its mandate is to promote and manage the development of the organic food industry.

OFDC set to work establishing linkages with certification agencies all over the world, in the process gaining experience in standards formulation and certification. By the end of 1999, the OFDC had certified some 20,000 hectares as organic. In 2001, it released its latest version of standards for organic production and processing. This drew heavily from the Basic Standards of IFOAM, the European Union's Council Regulation EEC No. 2092/91, and the International Certification Standards of the Organic Crop Improvement Association, as well as from other standards developed by organic farming associations or organizations in Australia, Germany, New Zealand, Sweden, the UK, and the US.

By 2003 OFDC had 18 branch centers all over China. These centers are not authorized to certify products; rather they are engaged in promoting organic farming and OFDC's inspection and certification functions, as well as providing training and consultancy, research,

publication and extension work. OFDC personnel also conduct inspection work for the Organic Crop Improvement Association (OCIA), which set up shop within the OFDC in 1995.

Organic farmers sign an agreement with OFDC, which obliges them to abide by OFDC's standards for organic production and to allow OFDC inspectors to monitor their farms for compliance. The OFDC Certification Committee examines the inspection report prepared by the inspector, then issues organic certificates to qualified production bases, processing plants and traders, who can then use the OFDC organic seal on their products.

The following products are certified by the OFDC and the OCIA:

- ▶ Tea (green tea, black tea, Pu'er tea and oolong tea)
- ▶ Honey (locust honey, Chinese linden honey, and royal jelly)
- ▶ Milk (milk powder, fresh milk)
- ▶ Grain (soybean, rice, barley, wheat, green soybean, peanut, buck wheat, sesame, red bean, Job's tears, sunflower, pumpkin seed, pine nut, kidney bean, black bean)
- ▶ Vegetables (spinach, cauliflower, cabbage, burdock, carrot, etc.)
- ▶ Health care products (barley seedling powder, ginkgo extract, and brand ginseng tea)
- ▶ Bamboo shoot products (spring bamboo shoot, air-dried bamboo shoot)
- ▶ Fruits (pineapple, passion flower, kiwi, navel orange, loquat).

The Western model for organic production is clearly evident in OFDC's standards. For instance, the OFDC requires that no synthetic fertilizers and pesticides had been used in the last three years prior to applications for certification. However, to date the IFOAM has not seen fit to accredit the OFDC as an independent certification body because a number of OFDC's operations (i.e., internal quality management, certification procedure, and documentation) still fall short of IFOAM's requirements. As a result, products certified by OFDC are not accepted in many international markets, particularly in Europe.

Organic Tea Research and Development Centre. Formerly a branch of the OFDC, the Organic Tea Research and Development Centre (OTRDC) now operates independently of the OFDC and focuses on establishing organic standards for tea.

Foreign certification agencies. There are primarily two systems for certifying products for the export market. The first is by having

products certified directly by overseas certifiers like GFRS (Germany), ECOCERT (France), the Soil Association (UK), and the Organic Crop Improvement Association (OCIA) (US). The second is for external certifiers to conduct the inspection through their local representatives.

This situation has put foreign certifiers in direct competition with local certifying agencies like the OFDC for a rather small "certification market." Actually, the competition for such a market is far from free, as the foreign buyer usually selects the certifier.

Challenges in the promotion and marketing of organic products

- ▶ Organic food exports from China do not have the requisite certification to be marketed aggressively abroad. Local producers and trading companies are therefore dependent on individual overseas importers, who re-certify, re-pack and re-label Chinese exports in their own countries. As such, exporters are at the mercy of their overseas buyers.
- ▶ A well-developed domestic market for organic products would have lent some stability to this sector. Unfortunately, the domestic market is still too small. Instead, organic farmers produce for their overseas importers on-demand.
- ▶ Organic products from China are usually raw, unprocessed, and poorly packaged, primarily because these would have to undergo processing and re-packaging in the importing countries if they are to be sold at all. Thus, compared to the margins of international traders and processors, the profit earned by producers is pitifully small.

Source: United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), **"Organic Agriculture and Rural Poverty Alleviation: Potential and best practices in Asia,"** 2001.

INDIA

Brief survey of the organic sector

Local production

There is no official estimate of the area under organic agriculture in India as there is no central agency that collects and compiles this information. However, other agencies have come up with indicative figures. The study undertaken by FIBL and ORG-MARG

(Garibay S V and Jyoti K, 2003) puts the area under organic agriculture at 2,775 hectares (0.0015 per cent of gross cultivated area in India). The SOEL-Survey estimated the area under organic cropping at 41,000 hectares. The same survey puts the total number of organic farms in the country at 5,661, while the FIBL and ORG-MARG survey puts it at 1,426. Some of the major organically produced agricultural crops in India include plantation crops, spices, pulses, fruits, vegetables and oil seeds, etc.

The current production of organic crops in India is around 14,000 tons (Garibay S V and Jyoti K, 2003). Of this, tea and rice contribute around 24 per cent each, while fruits and vegetables combined make up 17 per cent.

India is well known as an exporter of organic tea and also has great export potential for many other products. The other organic products in which India has a niche market are spices and fruits. In contrast, the domestic market for organic products is as yet not as developed as the export market.

India exports around 11,925 tons of organic products, or 85 per cent of its total organic crop production. The major export markets for Indian producers are Australia, Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Singapore, South Africa, Saudi Arabia, UAE, UK, and USA. In 2002, around 3,000 tons of tea were exported, the highest in terms of volume, followed by rice (2,500 tons), fruits and vegetables (1,800 tons), cotton (1,200 tons), and wheat (1,150 tons).

Marketing and promotion

The current market share of organic products in India has been estimated at a mere one to two per cent of the total food products market, but this is forecast to grow in the medium-term to five per cent.

The products available in the domestic market that are of organic quality are rice, wheat, tea, coffee, pulses, fruits and vegetables. As most of this produce originates from small farmers, wholesalers/traders account for a 60 per cent share in the distribution of organic products. Large organized producers distribute their products through supermarkets, as well as through self-owned stalls.

Considering the profile of existing consumers of organic products, supermarkets and restaurants are the major marketing channels for organic products – mostly in the metropolitan cities like Delhi,

Mumbai, Chennai, Kolkata, Bangalore and Hyderabad. The sale of organic produce in these metros is, to a large extent, based on the individual initiative of farmers, Non Governmental Organizations, entrepreneurial traders, etc.

The current demand for domestic green products is mainly for fruits, vegetables, rice and wheat. Other products include tea, coffee and pulses. The market prospects for other commodities like organic spices, fruits, herbal plants and cotton are relatively high. In the next five years it is projected that organic spices would grow by 14 per cent, fruits, by eight per cent, and herbal plants and cotton, by seven per cent. The market for a range of organic agricultural products is estimated to reach 1,568 tons in 2006-07.



Pricing and consumer profile

Studies have shown that awareness about the presence of organic products in India is quite low. In general, consumers are aware of the following organic products: rice, wheat, tea, coffee, pulses, fruits, and vegetables, but only a small percentage of them actually used such products. The major reason for the use of organic products is health consciousness, with environmental issues or concern for the well-being of farmers being barely relevant to consumers.

One study conducted in Mumbai revealed that the purchase ratio of organic to conventional products was 1:10, while purchase frequency of organic products was at least once a month. In terms of pricing, organic products were reported as costing approximately twice the price of conventional products.

Institutional and regulatory framework

Labelling and certification

The Government of India has planned a National Program for Organic Production and Certification, aimed at providing an institutional mechanism for implementing national standards for organic products through a National Accreditation Policy and Program.

In the case of export of organic products, the government has issued a public notice stating that no certified organic products

may be exported unless they are certified by an inspection and certifying agency duly accredited by one of the government-designated accreditation agencies. For the domestic market, it was expected that certification would have been made compulsory by 2003. As of that year, there were six duly accredited certification bodies in India, five of which were Europe-based and the sixth India-based.

Among the constraints creating resistance to organic product certification have been: cost, quality and availability of service, length and complexity of the procedure, questions on international validity, the belief that certification should be required only for export products, and the perception that certification is not necessary in the first place.

Challenges in the promotion and marketing of organic products

- ▶ Lack of market information in general and organic market information in particular is the biggest drawback of Indian organic agriculture. The current information base is low and even the limited information available does not get disseminated due to lack of adequate channels for dissemination. As a result farmers are in a predicament as they are unable to attune their production practices to market changes. A marketing network specifically for organic products has not yet been developed for both the domestic and export markets.
- ▶ The quality of the Indian food industry is always a constraint to growth; inconsistent quality and contamination in food products is a hindrance to capturing a big share of the international market.
- ▶ The high cost (Rs.22,000 to Rs.29,200 per certification), not to mention the time it takes to get farms certified as organic, and the complexity of the whole process is a major deterrent to the development of organic production in the country, particularly among small farmers.
- ▶ Government has shown little interest in organic agriculture. There is still no direct support from government in terms of subsidy or market support for organic agriculture.
- ▶ Lack of proper infrastructure, *i.e.*, farm-to-market roads, cold storage facilities, and transportation, affects the cost, quality and reach of producers.

- Indian organic agriculture is very fragmented; there are no organizations for managing the entire value chain of organic products.

Sources: United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), **"Organic Agriculture and Rural Poverty Alleviation: Potential and best practices in Asia,"** 2001.

Association of Voluntary Agencies for Rural Development (AVARD), "Enhancing Capacities on Sustainable Agriculture for Poverty Reduction: National Paper on Agriculture in the Indian context," 2004.

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INDONESIA

Brief survey of the organic sector

Indonesia's potential for developing organic agriculture is actually great. Indonesia has approximately 17 million hectares of idle land that can be put to such use. In addition, many peasants still practice traditional agriculture, which should make the adjustment to organic agriculture easier and faster. Crops such as durian, mangosteen, zalacca fruit, lanseh fruit and rambutan, are generally produced without any synthetic material inputs. Likewise, backyard crops such as medicinal plants and several plantation commodities, such as coffee, can be produced without any synthetic inputs either.

The ELSSPAT and BIOCERT (NGOs in Indonesia) estimate that organic agriculture in the country is growing at approximately 10 per cent per year, and the growing number of supermarkets, outlets, and other alternative marketing models for selling organic produce in many cities can attest to this. IFOAM has reported that around 40,000 hectares, or 0.09 per cent of the country's agricultural land, are currently being farmed organically, and that Indonesia is ranked 37th worldwide in terms of organic land management.

However, the government itself has yet to come out with definitive data on the extent of organic farming practice in Indonesia.

Institutional and regulatory framework

In connection with the "GO Organic 2010" program, the Ministry of Agriculture has undertaken the following: (1) formulation of the

Indonesian National Standard for Organic Food (SNI Number 01-6729-2002); (b) establishment of the Standardization and Accreditation Center (PSA) as the competent authority on organic food pursuant to Decree of the Minister of Agriculture Number 432/Kpts/OT.130/9/ 2003.

The PSA has the following duties: (1) formulating policy on arrangements for, and control and supervision of the organic food production system; (2) designing and formulating the system and references for the establishment of the organic food certification institution; (c) supervising the certification institution and/or the business board that would implement the quality control system for organic agriculture in the certification program.

In connection with the mandate above, the Organic Food Task Force was established, consisting of the following elements: Government, Private Sector, Technical Experts, Drug and Food Supervisory Board (BPOM), National Standardization Board (BSN), National Accreditation Committee (KAN), Universities, Practitioners, Peasants/ Producers and Consumers.

Despite all these, there remain several obstacles to the development of organic agriculture in Indonesia, such as (1) lack of consumer confidence in the organic certification system and/or institution; (2) lack of international accreditation for the organic certification; (3) not enough organic inspectors, particularly those who are acknowledged internationally; (4) insufficient awareness/knowledge among peasants of organic agriculture; (5) the long recovery and de-contamination period of land that had long been farmed with chemicals.

Challenges in the promotion and marketing of organic products

There is a big domestic market for organic products in Indonesia. Supermarkets, in particular, are a potentially lucrative market for organic growers. Unfortunately, peasants have generally been unable to take advantage of this opportunity because the big agribusinesses, especially those dealing in organically grown vegetables, have a corner on this market.

There are other obstacles to access to supermarkets by peasant organizations:

- ▶ Consumers are still skeptical of whether the organic requirements have been met.



Organic products grown by peasant groups have not been formally certified as such. Only the big agribusinesses have been able to get organic certification for their products. Second-crop and vegetable peasants have a hard time because their land still contains chemical residues from the previous conventional agricultural practice. It would take three to five years to completely rid the land of such residues. Several peasant groups and NGOs have suggested that rather than the produce, the farming method may be certified as organic.

Irrigation water sources are not yet free from chemical contamination. Hence, peasants in a given area should agree not to use chemicals that could contaminate their common water source.

- There is no well-functioning quality control system at the peasant level.

In regard to organic rice, peasant organizations can help guarantee uniformity in the quality of their members' produce and that this conforms to market demands.

- In general, the supermarket practice of delayed payment works against peasants who need to be paid on the spot to meet their household daily needs and to prepare for the next planting season.

Apart from the difficulty of marketing their products, organic peasants often find that their products fetch prices that are not

much higher than those offered for conventional commodities. And ironically, after selling their organic produce, peasants buy cheaper non-organic food for themselves.

There is therefore a need to help peasants realize that the point of organic farming is not merely to get a higher price for their crops, but to improve the fertility of the land, to restore to peasants the right to make farming decisions, to provide healthy food to their families, and to mobilize the spirit to resist the negative impacts of globalization.

As of 2005, it was reported that several farmers/farmer groups and NGOs have become involved in organic agriculture because of their recognition of its values such as empowerment, self-reliance, and environmental responsibility. The private sector is also interested in organic products for the market opportunities they offer. Certification of organic products is obtained from international certification bodies. However, small NGOs often have an unclear understanding of "organic" and "certification", as they tend to target fully organic certification without considering the conversion process to organic.

In the effort of NGOs to help farmers facilitate the marketing of their products, the idea has been mainly to replace the current market chain. However, cutting the chain in order to obtain better prices for the farmers has proved unsuccessful and has, in fact, resulted in problems with the current market players without benefiting the farmers. Thus, among the latest practices of NGOs in helping farmers to get fair prices for their products has been the improvement of the agriculture chain and fair trade.

Another challenge to the success of organic agriculture is the lack of cooperation among the NGOs involved. Although each NGO performs good work individually, different interests and issues tend to hamper the NGOs from working together and with other stakeholders (e.g., the government, the private sector).

At the national level, the government has yet to break down the program of agricultural revitalization into a more workable plan, but there are good opportunities at the lower (district) level. The strong decentralization orientation in Indonesia gives a chance for many stakeholders to start on a smaller scale in certain areas. The local government, however, still requires ideas and inputs from the other stakeholders on how it can best contribute to this effort. NGOs thus play an important role in this respect. It is a

major challenge to them to seek the best means of approaching the government and other stakeholders, and finding ways to work on Sustainable Agriculture programs together. Donors and international NGOs are likewise essential players in this effort.

Source: Irfansyah and Dwi Astuti, "Agriculture Situationer in Indonesia," BINADESA, 2004.

MALAYSIA

Brief survey of the organic sector

Local production

As of 2001 there were 27 reported organic producers in the country, covering some 130 hectares. These figures however account only for vegetable and fruit production so the actual extent of conversion at the time was probably greater. At any rate, this represented a five-fold increase since 1996 in the number of organic producers in the country.

Local processing

There are a number of small local bakeries using imported organic ingredients. Meanwhile, locally produced organic products are being used to make soy-based food items, some sauces, and pickles. These are sold at local health food shops, but are not labelled as organic.

Marketing

The domestic market for organic products is undeveloped. Although efforts to build up this market started as early as the 1990s these had been hit-or-miss affairs, and were constrained by start-up problems. As of 2001 some 60 dealers were reportedly operating in the country; these consist of health food shops, home-based distributors, and supermarket chains carrying organic items.

The main market in the country is the Klang valley, where Kuala Lumpur, the capital city, and a number of suburbs are located. All the major importers, distributors, and most dealers are also found there. However, other cities, such as Penang, Ipoh, and Johore Baru, are fast becoming major distribution centers for organic products.

Kenji Fresh Foods, which is based in Subang Jaya, outside Kuala Lumpur, handles half of all locally produced organic vegetables in

the Klang valley, and is the largest wholesaler and distributor of local fresh produce.

Conventional food importers and fresh produce wholesalers generally have not been involved in marketing organic food items. Rather, companies set up for this purpose have a corner on this market.

Promotion

Print ads for organic products usually come out in health-related magazines, rather than in newspapers. Dealers use word-of-mouth and personal endorsements to develop clients. Occasionally, events like World Food Day or environment-related observances are used by dealers to give out fliers, handouts and other promotional materials.

Pricing and consumer profile

Prices for imported and local organic products are about four times higher than those of conventional products. Among the various outlets for organic food however there can be significant price differentials, e.g., between a health food shop and the wet market. Cancer patients used to be the major patrons of organic food. The market has since become bigger to include consumers with a professional background, medium to high incomes, with children, and mostly Chinese.

Institutional and regulatory framework

Labelling and certification

Malaysia has no local organic certification body or laws pertaining to the labelling of organic products.

There are only two distributors of organic products that have international certification. Kenji Fresh Foods got its certification in 1999 from KRAV, an international certifier based in Sweden. This certification covers products sourced from Kenji's six registered supply farms, with a total registered organic production area of about 10.8 hectares (2001). Radiant Code is the other internationally certified Malaysian dealer. Its certification comes from the New Zealand Based BioGro and covers only the repacking of organic imports.

Quality assurance

There are no clear standards from the government for organic production and processing. As a result, quality control initiatives have had to come from the private sector. One such initiative is



the Organik Network system run by Kenji Fresh Foods. Under this system, the latter's supply farms are visited at least twice a year. KRAV's inspectors also conduct visits. Kenji Fresh Foods bears all the costs of KRAV's visits, including the daily

fee rate (i.e., from \$150 to \$550), international travel of KRAV's inspectors, board and lodging, administrative and certification charges, as well as the license fee for the use of KRAV's logo.

In return, Kenji Fresh Foods' suppliers agree to a fixed purchase price for predetermined volumes. These producers then get 40 per cent of the retail price. Conventional producers get only 10 per cent.

Challenges in the promotion and marketing of organic products

While the organic market in Malaysia shows every sign of growing into a thriving niche sector, market volumes are expected to remain small. Food production in the country is just a small part of the agriculture sector. Even if all the vegetable farms were to go organic, this conversion would account for just 1 per cent of cultivated land.

Food imports will remain significant, as the more popular food items either cannot be grown in the country (e.g., apples and oranges) or cannot be competitively grown there (e.g., onions, garlic, pulses).

Organic commodity crops may have a brighter future. There is for instance strong international interest in organic palm oil. However, the development of this commodity is bound to favor the large plantations rather than the smallholders.

Source: United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), **"Organic Agriculture and Rural Poverty Alleviation: Potential and best practices in Asia,"** 2001.

PHILIPPINES

Brief survey of the organic sector

Local production

The coverage of organic farming in the country includes areas that are traditionally organic and those that have been converted from chemical farming. Traditionally organic areas refer to production areas which have remained largely free of synthetic inputs despite the Green Revolution. The most extensive of these are coconut farms. Of the more than three million hectares planted to coconut, just 20 per cent are treated with chemicals, and these only indirectly, because the chemicals are really intended for the crops intercropped with coconut. Next to coconut, banana and coffee that are grown as backyard crops do not need chemicals. Neither does a great variety of fruit trees, cultivated on a small-scale.

Estimates of areas under traditionally organic production are: 2.747 million hectares for coconut, 0.130 million hectares for banana, and 0.041 million hectares for coffee. Thus, organic coconut makes up 28 per cent of the country's total agricultural area; while altogether, organic coconut, banana and coffee constitute about 30 per cent.

Meanwhile, areas converted into organic production are mostly Low External Input Sustainable Agriculture (LEISA) farms. According to the most recent estimates, such farms cover less than 100 hectares.

Rice. Three of the biggest groups involved in organic rice production (MASIPAG, Xavier University's SAC, and PAKISAMA) reported a total (*i.e.*, combined) organic rice area of 2,675 hectares among direct members. Assuming that there is at least a 10 per cent simultaneous infusion to non-members, then the total area could be about 3,000 hectares. Assuming further that all the other small groups have a similar coverage of 3,000 hectares, then there is an overall total of 6,000 hectares under organic rice production, or a mere 0.2 per cent of the total paddy rice area.

Other crops. The production area for organic sugar cane, banana, and vegetables is estimated at 0.1 per cent of the total area planted to each of these crops.

Yield from organic production

PAKISAMA has reported the following average yields from organic rice (1996-1999):

- ▶ Luzon 3,350 kg/ha
- ▶ Visayas 2,974 kg/ha
- ▶ Mindanao 3,250 kg/ha
- ▶ Average 3,191 kg/ha/season

Meanwhile, MASIPAG organic farmers in Surigao del Sur have reported an overall average of 3,191 kg/ha/season for organic rice. This is only slightly less than the country's average of 3,350 kg/ha for irrigated rice under conventional or high-external-input farming.

The average organic rice yield by SAC was 3,440 kg/ha which is about 1,000 kg/ha less than the average of 4,400 kg/ha from conventional farms in the vicinity; however, the return on investment (ROI) from organic rice was 2.37, compared to 1.10 from conventional rice. In this instance, the ROI was based on the cash cost of production only; if both cash + non-cash costs were taken into account, the production cost would exceed the net profit from the conventional production system.

In the MASIPAG site in Surigao del Sur, an income analysis of the 30 organic farms gave an average ROI of 2.15.

Local processing

There is no major post-harvest facility for handling organic products. Each trading group handles only such volumes as they can manage.

Marketing

Organic producers in Luzon, Visayas, and Mindanao market their produce under their own labels. In vegetable-growing areas in Northern Luzon, some NGOs purchase organic products from farmers (with little vegetable plots) and sell these at urban centres. In places where there are POs of organic rice farmers, market outlets for organic rice are few, if any. In some cases, the NGO partners take on the task of marketing the rice, but these are the exception.

Organic vegetable growers had been selling their produce haphazardly until OPTA set up special outlets in Manila for organic vegetables, and thereby distinguished these from conventional farm produce.

Meanwhile, organic food exports are handled by only a few groups. One of these, Altertrade, is a private corporation that supports small and marginalized farmers. For instance, Altertrade buys organic banana from small growers in Negros and Bicol and exports these to Japan.

Altertrade is itself a producer of muscovado (sugar produced by heating sugar cane juice in open pans) and having secured international certification for its product, it regularly exports muscovado to Europe and Japan.

Pricing and consumer profile

The price differential between organic and conventional products is determined primarily by quality and the target market. For instance, prices for organic fancy rice (red rice, black rice, aromatic rice), patronized by the high-income class, can go up to 100 per cent more than ordinary conventional rice, which has no equivalent fancy varieties. For the middle-income class, a slightly higher price (10-15 per cent more) is tolerable. Once the products have been certified as organic, prices are expected to go up even higher. However, in rural areas, some producers offer the same prices for organic products as conventional products, simply to develop or expand their clientele.

Buyers of organic products at outlets such as small specialty shops and OPTA, for instance, are generally households belonging to the high-income and upper-middle-class income groups. However, lower-middle-income and low-income households have been observed to patronize organic



products selling at prices for conventional products following exposure to promotional campaigns. Rural households in places where organizations of organic farmers are strong also consume organic products more or less regularly.

Institutional and regulatory framework

Labelling and certification

The Philippine government has not formulated basic standards for organic production and processing. Neither has it set up a regulatory

body for organic certification nor an agency for accreditation of organic certifiers.

These functions have therefore been taken on ad hoc by the private sector and non-government organizations. A document containing organic certification standards adopted from the IFOAM Basic Standards was prepared by FOODWEB in the mid-1990s, and refined in a series of regional consultations/workshops held in Luzon, Visayas and Mindanao. In the middle of year 2000, at a national workshop, the document was adopted as the Standards for the organic industry.

Soon after, the Organic Industry Technical Working Group, made preparations for an orientation training in organic certification and inspection. In December 2000, selected members from the organic movement were trained by Swiss consultants. Based on this training and reference materials from various countries, a "Manual of Operations for Organic Certification" was drafted, along with an "Inspectors Manual". The Standards document adopted at the 2000 workshop was also scrutinized by a Swiss consultant to ensure consistency with international norms.

On the basis of these three documents, the Organic Certification Centre of the Philippines (OCCP) was officially launched on June 22, 2001. On the same occasion, the OCCP held its first General Assembly and elected its Board of Trustees from among representatives of member organizations. OCCP members consist of farmers' organizations and federations, NGOs, the private sector and individuals from some government agencies (CITEM, DA, and Philippine Coconut Authority) and the academe.

At the same time, an NGO, the Alliance of Volunteers for Development Foundation (AVDF), has also set up a certifying body, called "Philippine Organic Guarantee Incorporated" (POGI), which purportedly counts POs of indigenous peoples as members and conforms to IFOAM standards.

Challenges to the marketing and promotion of organic products

The major limitations to the marketing and promotion of local organic products stem from the absence of the following:

- ▶ Local and operational guarantee system (which could take the place of expensive foreign certification)

- ▶ Labelling system
- ▶ Distinct markets and market channels for bigger volumes of organic products and
- ▶ Post-harvest facilities

Source: United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), **"Organic Agriculture and Rural Poverty Alleviation: Potential and best practices in Asia,"** 2001.

SRI LANKA

Brief survey of the organic sector

Local production

There is no official data from government sources on the number of organic farmers, the extent of their land, costs incurred, yield, etc. in Sri Lanka as a whole. However, according to the Export Development Board, in 1999 there were about 7,500 farmers involved in organic cultivation in about 3,200 hectares of land, about 1,200 hectares of which were recorded as land in conversion. Fifteen companies were operating in the organic export trade, covering organic production from about 3,000 hectares of certified land. The Board's database, however, did not include information on the extent of uncertified organic land cultivated and producing for the domestic market.



Markets and post-harvest handling

A growing number of organic farmers in Sri Lanka are receiving higher prices and more long-term security by selling their products in fair trade markets in Europe and North America.

The major market channel for organic produce in Sri Lanka is the export market. The Export Development Board helps organic exporters to participate in international trade fairs to explore market opportunities for certified organic produce. Regional markets have not developed to the level of international markets; and the domestic market, while slowly growing, has not reached the level of a formal organic market.

Local processing

Data pertaining to post-harvest loss of organic produce due to poor handling practices is not available. The main actors in post-harvest handling and marketing are producers cooperatives or producers groups, along with a facilitating organization such as a private company or a local NGO.

Pricing policies

There is no official pricing policy for organic paddy or any other organic produce. So although there is a price support system for conventional paddy agriculture, it does not distinguish between organic and conventional paddy farming. Organic paddy farmers derive only the same benefits as chemical farmers. The government has yet to formulate a clear policy on how to “reward” current and future organic farmers for their contribution to conserving the environment from agrochemical residues.

In the *export* trade of organic produce, a premium price scheme is in operation. The government does not interfere in fixing prices for exported organic produce. In the *domestic* market, there is no formal premium price system, although organic produce (not certified) is usually sold at higher prices in the capital Colombo.

Consumer characteristics and price structure

In a survey done among organic consumers in Sri Lanka (PALM Foundation 1999), it was revealed that they wanted fresh, attractive, tasty, nutritious and convenient organic foods. They wanted to purchase produce of high quality at affordable prices. Many wanted to know who grew their food and under what cultivation practices. They were also aware of the extra traveling time they had to spend to reach the place, the extent to which the place sold all kinds of organic vegetables and other food products on a regular basis, and the extent to which they were permitted to pick out the items, etc.

Price did not seem to influence their choice when there was a guarantee of organic produce. A considerable number of consumers, especially those in the urban and metropolitan areas, would be able and willing to pay higher prices, if a guarantee of supply and quality was assured. However, no outlet in Sri Lanka has the capacity to supply organic vegetables and fruits on a daily basis, and there is no systematized pricing structure for organic products.

It also helps to assure the consumers that the production and marketing of high-value, non-conventional, indigenous and local agricultural products (such as medicinal herbs and traditional agricultural and non-timber forest products) may offer small farmers and indigenous people ways of increasing their income in an ecologically-sound way.

Depending on the standard of living and income level of the consumers, their willingness to pay premium prices for organic produce varies. However, for health-related benefits, all consumers, irrespective of their income level, want to buy organic produce on a regular basis.

Institutional and regulatory framework

Organic standards

As of 2001, Sri Lanka had not yet developed local or national organic standards. However in 2002, a national workshop was scheduled among the networks involved in the organic sector in Sri Lanka, the Lanka Organic Agricultural Movements, the Ecological and Sustainable Farming Systems network, the organic agriculture network of Gami Seva Sevana and Analog Forestry Network (for forest garden produce) to decide on how to continue the process of developing the national standards which were initially drafted in 1996.

Prior to that time, seven foreign organic certifying organizations were certifying organic farms and processing units in Sri Lanka: SKAL, the Netherlands; NASAA, Australia; Naturland, Germany; Institute for Market Ecology-IMO, Switzerland; Eco Cert, Switzerland; Organic Farmers and Growers Ltd., United Kingdom; Demeter and BioSuisse, Switzerland.

Group certification and fair trade organizations

In Sri Lanka, group certification of organic smallholder farmers is commonly practiced by certifiers, as the inspection of small farmers' groups, which can comprise several thousand members with widely scattered plots of less than two hectares on average, would pose a severe challenge. At the same time, fair trade organizations, such as the Dutch-based Max Havelaar, are also active in the trade of organic products, such as organic tea and spices. Max Havelaar is one of the major international fair trade organizations and focuses on agricultural products produced by small farmers in third world countries.

Certification for export

The produce for export is consolidated from small farmer groups or organizations that have undergone an annual group certification procedure. The group certification involves spot checks by the organic inspector in the form of on-site inspections and interviews with randomly selected small farmers. The inspector also examines the internal quality control system (beyond cultivation: collection, transport, processing, storage, packing, and labeling) being implemented by a producer organization. Then the certificate is issued.

Labelling

The common labeling system for exported organic produce is a fair-trade label and the label of the certifying agency. For the domestic market, local labels (not necessarily based on formal inspection and certification of lands) are used to generally inform consumers that certain products are free from chemicals. Certain other “unofficial” labeling systems are in use, such as that for forest garden produce from analog forestry, another for a farmer organization stating that their rice is “pesticide free” (although the label does not say “organic” because synthetic fertilizers are used in the rice’s cultivation), and a third for a vegetable- and fruit-processing company stating that “no synthetic chemicals were used in the production process of the main ingredient in this product”.

Quality assurance

The guarantee system requirement for certified organic products and processes should comply with the standards of the respective certifying/labeling organizations. In the case of export products, the internal quality control system is examined by the external European inspector. If flaws are discovered, the number of spot checks and on-site inspections is increased. Group certification of organic smallholders follows. A contract is then drawn up between each small farmer and the organization to which he or she belongs, pledging to maintain internal standards as determined, with specific penalties agreed upon for every infringement. In the absence of official local standards, however, the system basically relies on trust between the farmers and consumers, and any internal control system in force locally.

Source: United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), **“Organic Agriculture and Rural Poverty Alleviation: Potential and best practices in Asia,”** 2001.

THAILAND

Brief survey of the organic sector

The predominant organic crops are rice and vegetables. For rice, there are five major producer groups and the produce is sold mainly through three traders. Most of the rice is exported (mainly to European markets) and only a small quantity is sold domestically. As of 2001 an estimated 16,761.375 rai of farmland was under organic management, representing around 0.01356 per cent of the total farmland.

Organic producers

There are two types of Thai organic producers: (1) individual farm producers and (2) producer groups. As of 2001, almost all organic producers were organized as producer groups and only very few individual farms existed. In NGO-supported organic projects, producers were organized as farmer organizations. The organization provided members with extension support, including technical training, input credits, acting as a coordinated marketing mechanism for the members, and in some cases processing facilities. In the private sector, the norm was either large-scale corporate farms or contract farming systems.

Organic cultivation potential

Potential organic producers are those already involved in sustainable agriculture, as implemented through the Sustainable Agriculture Foundation. As of 2001, there were 19 agro-ecology zones with 7,035 farming families (with 27,100 rai of farmland) participating in this project, which already includes some organic agriculture. Other potential producers are the so-called environment-friendly farming projects of local cooperatives and producer organizations. These claim to produce "natural agricultural", "pesticide-free" and even organic products (with no organic certification). There are also hundreds of producers claiming to use "hygienic" (also known as "pesticide-safe") production. These are conventional farms using pesticides and synthetic fertilizers, although supposedly at residue levels below the maximum set by Codex.

Lack of competencies

As no official research and development is available, the private sector and NGOs are left to develop organic farming competencies by themselves. Even if private companies are able to hire crop

specialists to provide consultancy for organic projects, such consultants normally have limited knowledge of organic farming technology and certification requirements. Even for NGO-supported projects, the field staff often lack technical knowledge on organic farming. Recognizing this, several NGOs have tried to develop specific organic competencies for their members.

The largest network of organic competencies is coordinated by Green Net and Earth Net Foundation where a comprehensive organic conversion program has been implemented in eight provinces with over 500 farming families. The program comprises three components, Farmer Field School technical development, market access, and organic certification.

Post-harvest handling and markets

As of the 2001 ESCAP report, almost all certified organic products were being exported. Only a small amount was being sold in the domestic market, with only organic fresh vegetables and cereals (mainly rice and beans) being available. No imported organic product was being sold in Thailand at that time.

A number of environmental-friendly and hygienic products were available in the domestic market. Consumers often confused these as organic because the labeling and advertisements present them as "health products". These were sold through supermarket chains, specialized shops, and direct marketing (membership). The main products sold through supermarket channels were fresh fruits, vegetables, and rice. These were displayed on the same shelves as conventional products, and the supermarkets did not make explicit advertising campaigns on the availability of organic and health products. In specialized shops, organic and health foods were the main feature – although these shops often had to carry conventional health food items as well, owing to the limited assortment of organic products. Clear labeling to differentiate the product quality, though, was often lacking, leading consumers to assume that all products in such shops were "green" and/or healthy. Direct marketing, at that time, focused only on fresh vegetables delivered to the consumer on a regular basis at a designated location (e.g., the home or office).

Post-harvest handling and processing

For organic rice, primary processing is necessary for grain milling. Post-harvest handling for organic rice include paddy storage, milling (dehusking and polishing), and packing. As of 2001, conventional milling technology was applicable to organic rice processing. The

critical problem was the disinfection technology needed to prevent storage insect infestation. Chemical fumigation is not acceptable by organic standards, so organic rice had to be vacuum packed or sold before rice beetles could infest the products.

There was also a high potential for primary and secondary processing of organic foods, such as in fruit drying, fruit and vegetable canning, and cereal-based processing. Almost all processing, however, was to be done by conventional manufacturing facilities (i.e., separate processing lines for organic produce, parallel to conventional processing) as it was not financially viable to set up a specialized organic processing unit at that stage.

Consumer profile

According to the marketing experiences of Green Net, consumers of organic foods are mostly middle-class urban families with 1 to 2 children. Their average family income is around 30,000-60,000 Baht a month. Women members of the family do the purchasing, their concern being the health aspects of the food.



Consumers receive information from newspapers, magazines, television and radio on the benefits and availability of organic foods. Most consumers regularly purchase organic and "green" food from conventional supermarkets and specialized stores. No active promotion is done by organic and/or health food producers and traders. Government agencies once in a while organize consumer information dissemination in the national media.

Price structure

The only available information on pricing is from a Green Net internal market survey in 2001, based on vegetables sold in Bangkok supermarkets. The price structure for organic products is about 69.45 per cent higher than conventional products and 12.74 per cent higher than hygienic products.

Institutional and regulatory framework

The first official recognition of sustainable agriculture occurred in the early 1990s with the Seventh National Economic and Social Development Plan (1992-1996). However, until the end of the

1990s, there were no government bodies or research institutions that were officially engaged in organic agriculture.

The Eighth National Economic and Social Development Plan (1997-2001) was the first and the current institutional framework at the national level that clearly describes sustainable agriculture, including organic farming. The inclusion of sustainable agriculture in the Eighth Plan was part of the result of policy advocacy by NGOs and farmer movements. It set an ambitious target of converting 20 per cent of arable land to sustainable agriculture. It defines sustainable agriculture to include "natural farming, organic farming, integrated farming and agroforestry" (NESDB 1997: 65). Nevertheless, no concrete plan of activity was proposed or implemented by the Ministry of Agriculture and Cooperatives until the Assembly of the Poor held a massive rally and forced the government to finance the Sustainable Agriculture Pilot Project. As of the writing of the 2001 ESCAP report, the Ninth National Economic and Social Development Plan (2002-2006) was being drafted. It was criticized as being even more vague in language regarding the national framework for sustainable agriculture.

Advocacy and regulatory groups

The Alternative Agriculture Network was established in 1984 as a national network of NGOs and farmer organizations to foster alternative agriculture in Thailand. It provides a discussion forum for experience sharing and policy advocacy for sustainable agriculture, including organic farming; and it has a decentralized structure for coordination with regional groupings. Green Net, founded in 1993, is one of the key movers in organic conversion, product development, and fair-trade marketing in Thailand. The Organic Agriculture Certification Thailand (ACT), founded in 1995, provides professional organic certification services for all farm production as well as processing and handling operations.

International linkages

Two member organizations of the International Federation of Organic Agricultural Movements (IFOAM), Green Net and Sekai, are active in developing international linkages for Thai organic agriculture. On a bilateral level, there have been several exchange activities, research projects, and cooperation between Thai and foreign organizations. Thai organizations also provide technical consultation for local organizations in the Southeast Asian region. In terms of facilitating organic export, ACT developed a partnership with a Swedish certification body, KRAV, allowing ACT-inspected and

certified organic products to enter European markets. Through KRAV, ACT inspection and certification was also recognized by certification bodies in several European countries. In addition, as KRAV is IFOAM accredited, KRAV re-certification of all ACT inspection and certification could also be recognized by all IFOAM accredited certification bodies worldwide. Recently, ACT achieved international accreditation with the IFOAM accreditation program, the International Organic Accreditation Service – making ACT the first IFOAM accredited organic certification body in Asia.

Certification

In Thailand, ACT is the first and only (as of 2001) Thai organic certification body that could offer internationally recognized organic certification services. This meant that local certification could be provided more cheaply but at the same time as efficiently and competently as that provided by foreign certification bodies. In 2001, ACT started a regional inspection and certification service for organic producers in Southeast Asian countries. Foreign certification bodies were also operating in Thailand, such as the Italian-based BioAgriCoop, the German-based BSC, and the British Soil Association. The Thai government also initiated an organic standards and certification service.

Challenges in the promotion and marketing of organic products

As of the 2001 ESCAP report, there was still a lot of confusion among consumers and even traders as to what organic products are. Hygienic and health foods were presented as if they were organic products. Most consumers understood organic farming as farming without pesticide application and/or free of pesticide residues. Such confusion would not be beneficial for organic agriculture in the long term. Consumer education needed to focus on the environmental and social benefits of organic agriculture, as well as the importance of organic certification as a reliable private guarantee system.

Source: United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), **"Organic Agriculture and Rural Poverty Alleviation: Potential and best practices in Asia,"** 2001.

Part 3

Tips for organizations involved in organic trade and marketing



Many organizations in Asia that are involved in the marketing and trading of organic products are quite young, the oldest of being no more than five years old (IFOAM, 2003). They had no model to follow, as the organic sector in each country was still undeveloped. Therefore, the biggest challenge for all of them was to build up the local market for organic products from scratch.

These organizations faced a number of problems in several areas. Apart from the usual difficulties in setting up a company (e.g., staff training, financing, etc.), there were and still are a number of issues in regard to the development of a local organic business organization. Among these are consumer awareness, market development, and product (quality) development. The following is a list of some of the major issues:

The following sections aim to provide lessons drawn from the experience of marketing organizations all over Asia in facing up to these challenges. The major reference for these sections was the paper, **"DEVELOPING LOCAL MARKETING INITIATIVES FOR ORGANIC PRODUCTS IN ASIA: A Guide for Small & Medium Enterprises,"** which was the result of a workshop organized in November 2003 by the International Federation of Organic Agriculture Movements (IFOAM). *An online version of this document is available at http://www.dgroups.org/groups/hivos/ppp-rice/docs/Guide_final.pdf?ois=no*

GETTING STARTED

Starting big or starting small

Many of the decisions that marketing organizations have to make at the start are bound to be based on the size of their operations. For most of them, the amount of investment they have to work with will determine the level at which they will conduct their business.

Many start-ups are usually small-scale—often a joint venture among a few people. Hence, their initial operations usually take the form of direct selling, mobile stalls, or organic fairs, which require minimal equipment, staff and overhead costs. Organizations with a larger start-up capital frequently market their products through specialty shops.

But whatever the size of their operations, all marketing organizations aim to do away with middlemen and other intermediary channels to lower the cost of their products and thus attract a larger clientele.

Setting up shop

The size of the initial funding also determines the kind of office set-up at the start. Low-budget operations are often conducted from the home, or make use of space-sharing arrangements, for example, with another organization, such as an NGO. While the organization would be able to cut costs on such an arrangement, it should nevertheless try to set up a proper office as soon as possible because doing so would lend an air of professionalism to its operations.

More not necessarily better

Another decision-point for start-ups is the range of products to trade in. It is often assumed by people going into organic marketing that customers expect to see a wide variety of products. The truth is, quality and reliability of supply are prized much more highly by buyers than variety. Many businesses started by selling only one type of product, adding other items only after they had successfully built up that market.

One-price-fits-all?

Charging the same price across all distribution outlets is not

advisable. A specialty shop invariably charges more than the local wet market. This differential pricing scheme would also help the business to develop a broader client base.

Trader or go-between?

Some marketing organizations go into this business not as a trader but as a “middleman” or intermediary between producers and consumers. Organizations that opt to play this role however should take care to clarify the terms of their engagement with the producers or the producers’ organizations if they want to avoid major conflicts later on. For example, is the intermediary organization responsible for managing the distribution of the products, or should it limit its role to linking producer and consumer groups? Many groups that initially operated as a “go-between” have since regretted the decision, saying that they would have been better off running their own farms rather than buying from producers. They explain that this would have given them more control over such matters as quality, quantity and variety. They stress that being self-reliant in regard to production is key to developing a reliable trade relationship with consumers and other buyers.

This issue however is a contentious one, and becomes even more fraught where the intermediary organization is an NGO. Observers feel that an NGO should stick to its social agenda and not go into business for itself. NGOs themselves are apparently unable to reconcile their social and development goals with commercial ventures. The two don’t mix well because they require different working attitudes and organizational cultures. Cases in which the NGO has set up a completely separate business unit appear to be more successful.

Which way to market?

Organizations venturing into organic marketing rarely conduct large advertising campaigns to promote their business, not simply because their limited resources would not allow it but because the major selling feature of their products is too complex for the conventional ad campaign to communicate effectively.

The experience of many marketing groups shows that approaches based on word-of-mouth and personal or institutional endorsements may be more appropriate. A number of organizations target specific

institutions for their awareness-raising efforts, for example, schools, clubs, associations, and corporations. Some also strive to establish direct contact with their customers to get immediate feedback on their products.

Developing contacts among media practitioners, like journalists, is also a good strategy to take. A well-written article on the benefits of “going organic” could generate more interest in organic food than an expensive print ad.

But besides looking for the right promotional venue, marketing organizations should remember to do their homework on their clientele: for example where their customers do their shopping and at what times of the day, how they get their information about food, health issues, etc. This kind of information would help the organizations identify which information channels to focus on, and also to decide on which products to sell more of, where to sell them, and at which times of the year. This in turn would have consequences for the purchase and delivery of organic produce from the producers. A well-conceived, easily identifiable logo is indispensable, as it could help promote a company’s image, and thus enhance its sales.

Finally, while it is important to set realistic goals at the start, it could not hurt to aim for overseas markets in the process of developing domestic ones. It has often happened that a product that has achieved some popularity as an export item soon attracts domestic patrons too because of the cachet that it has thus acquired.

MANAGING THE PRODUCT LINE

Quality, variety, consistency

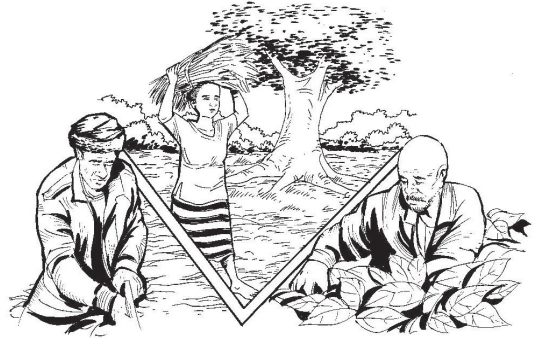
Organic products often suffer from three basic problems: poor quality, limited variety, and unreliable supply.

Some organic producers and marketing organizations assume that just because their product is superior to conventional products by a certain set of standards, they need not try to meet any others. They are wrong.

Consumers that are well-aware of the benefits of eating organic food, for instance, would probably not fuss about things like soil

matter clinging to their fruits and vegetables. In contrast, the uninitiated customer would be put off by anything that is less-than-antiseptic-looking. Marketing organizations need to realize that they are dealing with people who are accustomed to buying triple-washed, vacuum-packed food, and should thus try to ensure that their products look and taste just as good as the competition, if not better. Besides, the fact that organic food is more expensive makes it even harder to sell—looking as they do now—alongside pristine-looking and cheaper conventional food items.

It is also important to offer consumers a wide variety of food items, or at least as many items as those on offer in conventional markets. In the earlier section, it was suggested that marketing organizations facing supply problems would do well to focus



on one or a few products. However, they would eventually have to expand their product line to stay in the game. It has sometimes happened that marketing organizations have offered food items that only a few people actually buy, and not enough of those that the majority of customers actually look for. So diversity is not the goal per se, but rather offering a range of items that are consumed on a day-to-day basis. A good guide would be to match the variety on offer at conventional food markets.

Variety is often a factor of supply, another problem faced by marketing organizations. Fruit and vegetable producers, for example, often fail to deliver on a regular basis due to a number of reasons, such as bad weather and other natural calamities, unavailability of planting material, etc. As a result, they either produce too little or too much of particular items.

Marketing organizations have attempted to coordinate among producer groups to get them to focus on different kinds of products, but this can be very difficult. The problem often stems from the uneven extension support for various products. For example, if extension services in one area are focused on the production of a particular crop (according to the bias of the local extension agency), then farmers would give over most of their land to growing that crop. Unfortunately, the extension agency is often

unconcerned about where or how to market the harvest. The result is over-supply of a product, scrambling for a small market among a large number of producers, and falling prices all-round.

Some NGOs are attempting to set up their own extension program to better coordinate production among producer groups. This would help to guide producer groups to better plan their production (i.e., to be more in line with consumer demand), and to reduce the problem of over-supply and unnecessary competition among organic producers. However, setting up such extension activities requires an additional level of funding and the organization undertaking such activities should be careful to develop a good strategy to recover the costs of the extension activities.

Organizations that cannot afford to go this far to ensure supply of a wider variety of products start with a subscription or box scheme, in which subscribers have little choice in what they receive in their weekly or twice-monthly bag or box. Another option would be to target schools, for instance, which require only a few kinds of vegetables per week and only those in season. However, these options would limit attempts to expand and reach important customers, such as supermarkets, restaurants and hotels.

Another critical area is product development, especially for processed products. When the market becomes more mature, consumers start demanding a wider product range. Developing new products requires long-term investments, in terms of recipes, processing technologies, and processing facilities. Often, external assistance and collaboration are required as pioneer marketing organisations are too small to make such investments by themselves.

Dealing with suppliers, procurement, and pricing

Marketing organizations use a number of pricing schemes when dealing with their suppliers. The most common arrangement is for the organization to add its margin to the price demanded by the farmers. However, the selling price would vary, depending on the type of customer. Schools are generally charged the lowest prices, while home deliveries command the highest prices. In any case, the marketing organization should always inform its suppliers of all pricing arrangements.

Some organizations would pay more for organic products than for in-conversion products to encourage farmers to convert to organic

agriculture. Others apply a higher margin on high-value products compared to lower-value ones.

As far as procurement is concerned, most marketing organizations make it a policy not to buy through middlemen, but rather to go directly to the producers. Often, the relationship between the producer and the marketing organization is formalized through long-term contracts.

Frequently, too, marketing organizations partner with more than one producer group for each product category. This aims to ensure a more reliable supply of products, especially in the event of crop failure in certain areas, and also to foster “healthy competition” among producer groups and thus improve the quality of products.

Developing the Product Line

When marketing organizations make changes to their product lines, it is usually to vary the number of items within each product line, or to increase or reduce production of certain items. Such decisions are made on the basis of demand for items within each line. For example, Thai Organic Food made the following readjustments to production volumes for three product categories because of demand considerations.

ASSURING QUALITY THROUGHOUT THE SUPPLY CHAIN

One of the most important factors to the development of a local organic market is supply chain management. This involves measures to ensure efficiency and quality throughout the supply chain—starting from raw materials sourcing, procurement, processing, packaging and lastly, stock management.

Both the marketing organizations and the producers need to apply a Total Quality Management (TQM) to their operations so that product quality is continuously maintained.

Based on their set up and product lines, different marketing organisations manage their supply chain in different ways.

Organizations that are involved in wholesale, or retail, or make home deliveries, operate according to a basic flowchart for supply chain management, as seen in *Figure 4*.

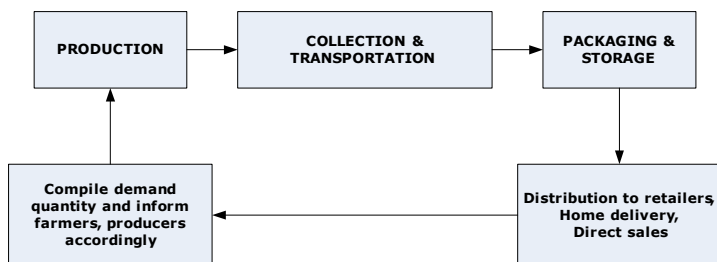


Figure 4: Flowchart of supply chain management

But regardless of the type of operations, quality control measures must be applied at different levels of the supply chain. A recording system to monitor product flow is also invaluable as it would help the organization to plan production as closely as possible to sales projections, and vice-versa. It would also allow the organization to identify inefficiencies in the system.

The contract is key

A contract drawn up between the marketing organization and its supplier is a good way to assure quality in the supply chain. Usually, the contract includes a commitment to comply with organic agriculture practice, terms of delivery and payment, and prices.

The contract also usually stipulates that production and harvest are the responsibility of the producer, while the marketing organization would take charge of the collection of products, packing and delivery to customers.

Prices are often fixed for longer or shorter periods (or at least for the duration of one season). However, it is often difficult to ensure that farmers would get the prices they want for the volumes they turn out. To address this concern, some marketing organizations have adopted advance payment schemes, such as committing to buy all of the farmers' produce at an agreed price. However, not many organizations are able to sustain this arrangement, and opt instead to pay a guaranteed minimum price for the produce.

Challenges to supply chain management

One of the biggest challenges to managing the supply chain is the fact that it is not always easy to stay in contact with producers, especially where communications facilities are unreliable and where

farmer groups are not well-organized. As a result, last-minute orders from customers cannot always be accommodated.

In some countries, the growing demand for organic products cannot be served because of poor collection channels, insufficient production of organic products, poor transportation facilities and (in the case of processed goods) lack of proper processing facilities. A well-documented supply chain management system cannot solve these problems, but it could serve as an important tool to identify the bottlenecks and prioritize the issues that need to be dealt with immediately.

Nevertheless, quality control remains a difficult area. Although many organisations have developed clear quality standards, often together with the farmers, and have included them in their contracts, it is difficult for the staff directly involved in buying from the farmers to apply these strictly. In many cases, farmers have no one else to sell their products to and so put pressure on the staff to take all of their produce. Moreover, when farmers deliver less than what was ordered, the staff is left with little choice but to accept the products regardless of their quality. Some organizations have tried to get around this problem by keeping the ordering and paying separate from the collecting. Others use a reward system to motivate their staff to be more discriminating.

Training of farmers is another key element to improving quality control. It not only increases farmers' technical knowledge and skills but also their appreciation of the importance of this issue. Technological development of producers is also important to improve production efficiency, and thus lower production costs.

POST-HARVEST HANDLING & STOCK MANAGEMENT

Post-harvest handling of organic products must be done properly and quickly to keep products fresh, extend their shelf life, and keep wastage to a minimum. Fresh produce for instance should be kept in cool storage, packed, delivered or sold as quickly as possible. Handling by buyers, who invariably pick through fruits and vegetables in retail shops, results in some product deterioration. Hence, a number of marketing organizations are opting to sell such items pre-packed, rather than loose.

Stock control procedures must also be put in place in order to monitor everything from purchase and sales to wastage. This

information will help the marketing organization to make decisions on how much of a product their suppliers should produce, how to price the product, how much of it to sell, and at what times of the year. Stock control procedures are also essential to prevent products getting mixed up, especially where the organization handles different grades in the same product category, for example certified organic, in-conversion organic, and conventional produce.

Handling and stock inventory planning

The requirements and modes of post-harvest handling and stock management vary depending on the size and scope of operations and the product type. However, all marketing organizations should keep some kind of documentation of their product flow.

Organizations typically receive products from producers and keep these in their own storage facilities. The farmer or producer organization is issued a receipt by the marketing organization, which either pays up-front or commits to do so at a later date. The information on the product is logged into a centralized file, usually maintained by the marketing manager or some other designated person.

Most organizations do a regular, usually monthly, inventory of products in storage based on the average monthly sales of the products. Spreadsheet computer applications can greatly facilitate the task of recording and summarizing this information. If done religiously, this kind of consolidation can generate much useful product information.

For processed goods, such as honey and tea, a batch coding system is often applied and mixing of batches is avoided during handling and storage.

MARKETING AND SALES MANAGEMENT

Categories of marketing models

There are three general categories of marketing models for organic products:

1. Direct Sales/Farmers Markets
Ex: *India* - IIRD organic bazaars

2. Retail

- Ex: *Palestine* - PARC shops
China - Nanjing Planck shops
Malaysia - Organic Health shops
Nepal - Organiconepal shops and home delivery service
Vietnam - Hanoi Organics shops and home delivery service

3. Wholesale/Retail/Export

- Ex: *Thailand* - Green Net shops; wholesale sales to Green Health shops in Bangkok and other provinces; export of rice to European fair-trade groups; small quantity of direct sales
Vietnam - Hanoi Organics exports of organic tea
India - Keystone sales through dealers or own shops
Thailand - Thai Organic Food supply to supermarkets and production of vegetables for its own restaurant
Singapore - Agro-Bio wholesale sales to organic specialty shops and distributors; direct sales through home delivery

Communicating with the consumer

In general, consumers are initially attracted to organic products for personal, often health- or fitness-related, reasons. The challenge, however, is to translate that initial openness into consistent product patronage that will support long-term production. A key element would be the assurance of compliance of these products with organic standards.

To this end, marketing organizations generally adopt a two-pronged approach: (1) emphasis on the direct benefits of organic agriculture, with an explanation of the differences between organic products and other so-called "safe" products, such as IPM; then (2) presentation of "the people behind the product" and the benefits of organic agriculture to these producers.

As the following list will show, however, there is a wide variety of communication channels open to the marketer of organic products. The selection of which specific communication strategy to employ, then, must be based on a clear message to the consumer and targeted expectations for that particular strategy:

- **Product trial** – opportunity for direct introduction of the product to the consumer

- ▶ **Packaging** – attractive, preferably of recycled materials (if available and cost-effective)
- ▶ **Logo** – readily recognizable, confirming the organic identity of both the product and the company
- ▶ **Consumers meetings** – in association with civic groups and social clubs to raise awareness about organic agriculture and the citizens' role in environmental pollution
- ▶ **Invitation letters** – inviting to activities and special events
- ▶ **Leaflet distribution** – mass distribution of one- to two-page promotional materials on organic products, companies, and activities
- ▶ **Media features (print, broadcast)** – newspaper and magazine articles; links with media professionals supportive of organic agriculture
- ▶ **Press conferences** – awareness and support raising among media practitioners and the general public
- ▶ **Advertisements** – regular ads in newspapers of wide circulation; banners in strategic locations; ads on local television networks
- ▶ **Direct marketing** – through bazaars, markets, and shops which provide personal interaction between consumers and producers/sales staff; door-to-door or telemarketing campaigns are less cost-effective options
- ▶ **Word of mouth** – satisfied customers recommending a shop or product to others (common at the start-up phase)
- ▶ **Field visits** – regular meetings between consumers and organic producers
- ▶ **Consumer/Member newsletter** – information on upcoming events, articles on organic agriculture, health issues, recipes, etc. sent to a mailing list of organization members or regular customers
- ▶ **Point-of-sale display information and visuals** – videos and other media to provide information at the point of sale
- ▶ **Trade and food fairs** – participation in national and local trade events where organic products are displayed and offered for sale

Customer services

Consumers have yet to be fully convinced about organic agriculture and its products to regularly spend their money on it. Thus, the managers and sales staff at specialty organic food shops should be knowledgeable about organic farming and organic products to be able to explain and convince customers of their benefits.

It is also advisable to have a formal “feedback system” that can document both customer feedback (e.g., an in-store suggestion box) as well as producer feedback (e.g., a notebook kept by farmers). An extension of this would be an “immediate replacement” policy for any product found to be defective or complained about by a customer – with the customer even being asked to write down his or her complaint so that it can be relayed to a processing center for future remedial measures.

Awareness of who actually makes the purchasing decisions is another key factor. For instance, it may be housekeepers of wealthy households (one primary target for organic products), rather than the family members, who need to be served by marketing organizations.

Product quality and pricing

In the end, it is quality of produce – rather than merely the social and ecological aspects of organic products – that is the fundamental criterion in securing and maintaining market position. Second is competitive pricing.

Small organic marketing organizations, however, face several marketing challenges in seeking to position themselves:

- ▶ Lack of government policies supportive of organic production
- ▶ Government support for domestic market development for semi-organic (e.g., “safe” or “IPM”) products
- ▶ Lack of infrastructure and equipment to produce high-quality products
- ▶ High certification costs
- ▶ Lack of market information
- ▶ Lack of organization among producers
- ▶ Lack of central handling facilities
- ▶ Insufficient economy of scale to reach the market

Certification and pollaboration

Certification, while a costly undertaking, is an essential means to gaining consumer trust – particularly in the case of third-party retail sales at shops.

This has become imperative with the risk of consumer confusion and loss of confidence as more self-claimed “green products” appear in the market.

One means of saving on costs could be to collaborate on promotions with, for instance, NGO advocacy groups and thereby reach a wider audience. Similarly, a joint publicity campaign involving different traders can create a greater impact.

Areas worth exploring

Supermarkets are very promising outlets for organic products. However, marketing organizations must be willing and capable to meet the supermarkets' demands in terms of product quality, availability, price, and packaging (the last creating an additional expense for producers and marketers).

Future market promotion should include "product benefits" to specifically *target the non-user consumer*. Such a sales strategy would employ creative and innovative publicity activities with product quality – definitely a product benefit – again as a critical issue.

Organizations can formalize the setting of *sales targets* to allow producers to plan their production accordingly; while an *advance purchase scheme* can assure producers of quantities to be traded with organizations.

Finally, the issue of *product taste* should be studied more thoroughly. In the case of organic vegetables, for instance, consumer feedback indicates that such produce is perceived as tasting better than its conventional counterpart. This could be a potential marketing angle for other organic food items as well.

COST, MARGINS, PRICE SETTING AND ADDING VALUE

Price policies and cost structures

It is generally accepted that organic marketing initiatives are at a distinct cost disadvantage as compared to conventional businesses. This is because organic marketing carries additional environment management and social responsibility costs that conventional marketing does not.

The reality, however, is that few organic producers and/or traders calculate their actual costs. Further, no independent studies on organic production costs are available to serve as a framework for

price setting. Therefore, various organizations have formulated their own pricing policies – each with their own advantages and disadvantages:

Green Net (Thailand) and Hanoi Organics (Vietnam) – producer groups are allowed to determine their own prices (but as this happens without comparison with conventional products, the resulting prices for organic products are significantly higher)

Organiconepal (Nepal) – the farmers’ investment costs (land rent, farm inputs, labor costs, packaging, operating costs, delivery, etc.) are ensured and consumers or their representatives are involved in computing the costs of production

Masipag (Philippines) – product quality is evaluated based on organic standards and post-harvest quality before prices are set

- ▶ *Paddy*: the sum of highest prevailing price/contract price, multiplied by the post-harvest quality rating
- ▶ *Milled rice*: price is based on production costs, current market price and desired cost benefit ratio

Organic bazaars – several options:

- ▶ *Direct purchase and sale*. Bazaar operators purchase directly from farmers (at a premium price compared to prices offered by intermediaries and traders) and sell directly to customers. They maintain the stocks, and they give incentive returns to the farmers (present at the bazaars) based on sales of their products.
- ▶ *Non-purchase strategy*. Bazaar operators facilitate the participation of farmers in bazaars to ensure the supply and organic integrity of the products. They also provide extension support and market development. In return, they receive a service charge to cover their costs.
- ▶ *Combination*. Bazaar operators combine the purchase and non-purchase systems to maximize advantages and minimize constraints.

Pricing considerations

The current majority of buyers of organic products are upper middle-class consumers for whom price may not be much of a deciding factor. However with marketing organizations looking to expand to other markets, the prices of organic products have a direct impact on their market success.

In the experience of certain marketing organizations, consumers in developing organic markets in Asia are willing to accept a 10 to 15 per cent price differentiation between organic products and conventional ones. The reality, however, is that most local marketing organizations in Asia are operating at much higher than conventional prices – sometimes as much as 150% more. Thus, some form of price restructuring in relation to the prices of conventional products is needed, acceptable to both producers and traders.

The need to review the prices of organic products becomes even more critical when the local economy is in recession – as has been the case in many Asian countries in recent years – and more farmers turn to organic production. Such a review, however, must be done in comparison with the prices of conventional products in order to capture a significant market share.

Another consideration is that, despite their acceptance of higher prices for organic products, consumers expect assurance of the organic status of these products. This can be done through standard packaging and logos, plus a statement certifying the product's organic status.

Aside from consumer trust, bringing prices down through technological developments at the farm level thereby increasing production volumes, minimizing the number of intermediaries involved in production and sales, and achieving economies of scale (in transportation and extension services, for instance) would certainly be desirable.

In conclusion, organic producers and traders must achieve a realistic balance among production, consumption, and price by taking into account actual consumption levels and production/operation costs. They must acquire a forward-looking mindset that will prepare for the long-term positioning of organic food products to ensure the stable development of the organic market, benefiting both producers and consumers.

CERTIFICATION

Current market assurance systems

Establishing credibility is particularly crucial when promoting alternative qualities – such as those of organic agriculture and its

products – in a competitive market environment. Thus, certification of the organic status of products claiming to be such is of prime importance.

The market assurance situation in Asia, however, is far from developed. Several Asian countries have national regulations for organic agriculture, and yet have no effective regulation system to control the use of the term “organic”. Other countries have no organic regulations at all; while in others, local certifiers offer their services on a largely voluntary basis. Yet other countries have schemes that offer market assurance for “clean” or “safe” agricultural produce, thereby blurring the distinction between such products and the truly organic ones.

Various local organic marketing organizations implement different types of market assurance systems:

Direct involvement of producers and consumers

Understanding and trust is developed through a high level of interaction between consumers and producers on matters including production and even price setting. Some strategies that promote good producer-consumer relations are:

- ▶ Member-based business schemes
- ▶ Farm visits and other exchange activities
- ▶ A local guarantee system, operating through a network of organizations and individuals in a village, as the system gradually moves towards certification of village farms
- ▶ Organic bazaars

Third-party certification

While independent third-party certification may be initially necessary, consumers and market partners (wholesale distributors, retailers, and overseas buyers) will eventually need such quality assurance in order to carry these products.

In view of this, a number of marketing organizations in Asia have voluntarily requested certification from a national or international certifying body to provide quality assurance to their consumers:

- ▶ Green Net – certified by ACT (Thailand)
- ▶ Hanoi Organics – certified by ACT (Thailand)
- ▶ Nanjing Planck – certified by OFCD (China)
- ▶ Thai Organic Food – certified by ACT (Thailand)

Other marketing organizations have themselves been active in establishing local certification bodies:

- ▶ Green Net – founding member of ACT
- ▶ Masipag – founding member of OCCP (Organic Certification Centre of the Philippines)
- ▶ PARC – had a team train at the Centre of Organic Agriculture in Egypt (COAE) and temporarily received official use of the COAE logo, pending opening of their own organic agriculture center in Palestine

Internal Control System

Some local marketing organizations have installed an Internal Control System (ICS) as assurance of the organic status of their products. The ICS may either stand alone or be linked to a third-party certifying body. The common components of such a system are:

- ▶ An ICS operation manual (including ICS internal organic standards and regulations)
- ▶ Forms for farmer ICS registration and farm documentation
- ▶ Regular inspection visits by ICS-trained inspectors or monitors
- ▶ Review of inspection/monitoring reports
- ▶ Database (updated annually) of registered farmers
- ▶ Extension activities (e.g., technical advice, assistance in sourcing of organic inputs)

Future steps

Self-inspection systems, involving both producers and consumers, should be encouraged. Well-informed and interested consumers could easily carry out such self-inspections using an inspection chart, thereby deepening their commitment to organic agriculture and ensuring its future.

In the case of organizations which harvest in a sustainable manner from forests or from small forest-gardens or homesteads, it is necessary for the certifying bodies to better understand the ecological significance of such harvesting methods and the number of species that they conserve or provide a habitat for. At the moment, certifying bodies are mostly working on large-farm models as found in Western countries.

DEVELOPMENT OF THE SECTOR

From farm to table

In order for the organic marketing sector to develop, the full array of services “from farm to table” must be provided for. This will hopefully become a reality with the involvement of more and more players in the organic movement.

Traditionally, the grassroots nature of the organic movement in many parts of the world has caused it to retain many of the norms of NGOs and people’s organizations. Recent years, however, have seen organic agriculture gaining wider scientific and market acceptance – thereby bringing in new market players, with their different interests, priorities, and challenges. Mainstream institutions, governments included, are increasingly open to and willing to champion the organic movement’s ecological and social values.

Call for collaboration

In countries where several players have entered the field, mechanisms for collaboration have been set in place. In the Philippines, for example, Masipag has drawn together different players in the organic sector into producer groups and trade associations. These member organizations have found areas of cooperation in terms of marketing, filling in product lacks in their own areas by requesting surplus products from fellow member-organizations, and even pricing.

In countries where the number of organic players is small, however, collaboration is not readily possible. There are instances of export-versus-domestic focus among organizations, distrust or a desire to maintain an image as a sector “pioneer”, and the logistical challenges of getting small local organizations and individuals that are geographically distant to work together.

With acceptance of organic agriculture growing daily in Asian countries, however, cooperation among producers, processors, traders, consumers, and concerned government agencies is increasingly called for. Only in this way can the future health and stability of the organic market sector be assured.

Annex 1
Comparison of features/ characteristics of
sustainable agriculture and conventional agriculture

Sustainable Agriculture	Conventional Agriculture
General	
<ul style="list-style-type: none">• Long-term sustainability• Internal solution to internal problems• Emphasis on management solution to problems• Responsive to feedback and participatory	<ul style="list-style-type: none">• Short-term benefits• External solutions to internal problems• Emphasis on technology solution to problems• Detachment
Technical	
<ul style="list-style-type: none">• Low external input• To maintain soil fertility and productivity, rely upon crop rotation, recycling of crop residues, animal manure/ cover crops, off-farm organic wastes and mineral-bearing rocks• To manage insects, weeds, and other pests utilizes natural cultural and biological controls• R & D emphasis on farming systems and systems approach• Diversified enterprises within the farm, crops grown and cultivars used; biodiversity• Use of open pollinated cvs, preserve and conserve traditional and improved cultivars• Emphasis is on working with natural processes• Recognizes location specificity of technologies, use of appropriate and indigenous technologies• Use of technologies that preserve and enrich the natural response base	<ul style="list-style-type: none">• High external input• Use of synthetic compounded fertilizer• Use of pesticides, herbicides, growth regulators, pharmaceuticals, and livestock feed additives• Emphasis on individual crop• Intensive monocropping genetic erosion• Use of modern varieties and F1 hybrids• Emphasis is on controlling natural processes• Belief is in universal technologies, e.g., pesticide and fertilizer use, use of imported and packaged technologies• Use of technologies that exploit and destroy the natural resource base

Sustainable Agriculture	Conventional Agriculture
Economic	
<ul style="list-style-type: none"> • Priority is food security • Relies on available indigenous farm resource/self-reliant • Place high value on human fulfillment and the environment 	<ul style="list-style-type: none"> • Export and profit-oriented • Capital intensive, usually need credit • Emphasis on commodity exchange in the market
Socio-political	
<ul style="list-style-type: none"> • Belief in accountability and value laden 	<ul style="list-style-type: none"> • Socio-political detached and ignore consequences
Source: IPNS, 1999.	

Annex 2
Sustainable Agriculture and Poverty Reduction

SA Principles	Strategic Niche of SA for Poverty Reduction
Ecologically sound	<ul style="list-style-type: none">• Rural poor communities are located in marginalized and ecologically fragile ecosystem. It is therefore necessary that any form of farming introduced should be ecologically sound.
Less input and based on locally available resources	<ul style="list-style-type: none">• SA requires less input as compared to conventional farming (e.g. pesticides and inorganic fertilizers) thus rural poor communities tend to benefit more from SA as they have little access to these external inputs.
Social equity and enhanced community participation	<ul style="list-style-type: none">• Generally, rural poor communities enjoy the least priority in national development programs in most Asian countries. Therefore rural poor communities would benefit more with self-sufficient farming systems.• Since SA is labor intensive, it can use to its advantage the high level of rural unemployment.• People’s participation in decision making as an inherent principle in SA has been proven effective in poverty reduction as it strengthens ownership and support of the community.
Culturally appropriate	<ul style="list-style-type: none">• Marginalization for poor rural communities includes to a large extent the loss of cultural autonomy leading to loss of self-esteem. Any effective means of poverty reduction therefore should be culturally appropriate as in the case of SA that works within the cultural parameters of communities.

SA Principles

Strategic Niche of SA for Poverty Reduction

- Gender responsive** • Given the gender-related poverty issues prevalent in all rural communities in Asia, it is essential that any effective means of poverty alleviation must enhance the recognition of women's contribution in the production processes of the community as well as enhance the participation of women in decision-making processes.
- Economically viable** • Most rural communities lack access to market. Thus they are not able to maximize the gains in external trading and remain in small, community-level economies. SA would in the short-term help in maintaining this self sustained communities while nurturing a long term prospect for viable SA markets.