



CAPSA Flash

Volume 5, No. 11, November 2007

ISSN 1693-4636

Short Article

Organic Farming – a Potential Cure for Poverty?

The global market for organic food and drink was estimated at nearly US\$ 40 billion in 2006 and is expected to reach US\$ 70 billion in 2012 (FAO, 2007). Demand for the organic food produced in developing regions from the major consumer markets, mostly in industrialized countries, is growing. In addition to exports, the local demand is also increasing in developing regions, due to improving incomes and growing concern for health. For example, according to Bina Sarana Bakti (BSB), the biggest producer of organic vegetables in West Java, Indonesia, their sales increased from 70 tonnes in 2001 to 100 tonnes in 2004 (Prawoto and Surono, 2005).

From the viewpoint of poverty alleviation, organic farming seems to be an ideal solution because it is labour intensive, uses no chemicals and has higher value produce. Organic agriculture requires 30 per cent more labour input per hectare than conventional farming (Scialabba, 2007) and the price of organic products can reach three to five times as high as conventional ones. Reduced pesticide can save farmers in production costs and avoid pollution. Additionally, the fair trade movement has increased opportunities for farmers in developing regions to export their organic products at the right price.

The reality, however, may not be so easy. Organic farmers in poverty prone areas face various constraints. The yield of organic farming is significantly lower than conventional farming. In order to market their goods organic farmers must avoid contaminating their goods with non-organic products. The biggest challenge will be certification. If the products cannot be proven to be organic, then consumers will not be willing to pay higher prices for them. To realize its potential high value, the certification of organic produce is a critical issue.

Sometimes dubious organic products make their way to the market. For example, the labels on some food packages claim that their contents are organic and that prestigious research institutes have analysed and confirmed the food is free from pesticide residue. Yet, these labels don't contain adequate producers' information (name of farmers, place of production, etc.). How can we trace the production record without these details? Does a chemical analysis of the product assure it is pure organic? The answer is definitely "No".

The FAO defines organic agriculture as "a holistic production management system that avoids use of synthetic fertilizers,

pesticides and genetically modified organisms, minimizes pollution of air, soil and water, and optimizes the health and productivity of interdependent communities of plants, animals and people." According to this definition, most of the international and local standards for organic food determine a production 'system', not an organic product itself. Therefore, no food analysis can show concrete evidence that food was produced in an organic way.

This means that organic farmers need to fulfil complicated processes to ensure their production system meets the certification standard. It starts with the submission of an application form. This usually includes general information about the fields, cropping patterns, input application, source of irrigation water, contamination prevention measures, and other necessary information to describe their production system. Then, the certification body inspects their fields for several days, and this is followed by a number of consultancies with advisors.

Compulsory certification by law seems to be a quick fix to drive fake organic produce away from the market. However, the expensive cost of certification could be a constraint for the farmers in developing regions. Examples of initial costs for certification are JPY 52,000 (US\$ 444) per hectare in Japan (Eco-design Certification, 2007) and Rp 3 million (US\$ 333) per hectare in Indonesia (Author's survey). Moreover, an annual inspection is requested in most certification systems. How can small-scale farmers afford these costs? Even in Japan, where farmers are thought to be better off, many organic products lost their organic status and the market size of organic products shrunk after compulsory certification was introduced in 2001 (Sahotal, 2004).

One of the solutions might be financial support to farmers who cannot afford the cost of certification. Formulation of organic farmers' groups will be a good way to reduce the financial burden since many inspection bodies offer discounts to such groups in their certification process. Suspending law enforcement is not a wise idea because the destination countries of organic food exports usually request legal certification. However, if farmers can establish a mutual trust with consumers and deliver their products directly from farm to table, certification is not necessarily a must. There is plenty of scope for policy implementation if policy planners wish to foster organic farming for the rural poor. ■

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