

ORGANIC CERTIFIED FARMING IN UGANDA

Revenue & productivity effects

Comments

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SUMMARY OF STUDIES AND FINDINGS

- Studies examine impact on household revenue and crop productivity of:
 - Participation in certified organic production schemes
 - Use of organic production techniques
- Three crops
 - Arabica coffee (Kapchorwa district)
 - Cocoa (Bundibugyo)
 - Vanilla (Bundibugyo)
- Results
 - Significant revenue & productivity increases from participation in certified organic production schemes for all crops
 - More modest, but positive, gains for all crops from use of organic production techniques

TOPICS FOR COMMENT

- Quality – grades and standards
- Importance of organic certification
- Importance of the agronomy of the specific crops considered
- Enhanced information flows
- Contract enforcement issues

IMPORTANCE OF QUALITY

- Organic certification schemes:
 - Are about ensuring that crop quality standards are met, and
 - Ensuring that farmers get paid according to the quality of their products
 - Schemes provide transparent measurement of the product quality – empowering farmers, reducing price uncertainty
- That the schemes seek organically produced products is secondary
 - Any criterion could be used to set the standards, so long as there is demand for products with that quality characteristic in the marketplace

IMPORTANCE OF ORGANIC CERTIFICATION

- Provides access to the principal price premium
 - Without certification, no product or price differentiation
- For the 3 crops considered, does not require significant changes in production practices from those used before certification
 - However, significant revenue enhancement in consequence. Why don't all farmers participate in the certification process?
- For other crops, certification may force significant changes in production techniques and, in consequence, in the economics of production

IMPORTANCE OF AGRONOMY OF SPECIFIC CROPS CONSIDERED

- As such, seems as if the crops researched were among 'easiest' that could be chosen in assessing value of organic certification and production techniques
 - In conventional production, none of the three require extensive use of synthetic inputs
 - Crops like cotton or some vegetables, which may offer significant revenue returns to use of synthetic inputs, would pose greater challenges to ensure certified farmers obtain enhanced revenues
- As such, lessons here apply to organic certification schemes for coffee, cocoa, and vanilla
 - Not for organic certification schemes *in general*
 - Likely to be important limits on the farming systems to which the lessons of these studies can be applied

IMPORTANCE OF INFORMATION

- Certification scheme offers farmers information:
 - On quality standards and the price premiums that those quality standards would command
 - Premiums for organic production
 - But also knowledge on premiums for good quality products or value addition to the products, whether organic or conventional
 - e.g., processed coffee and cocoa, which the schemes require, but which commands a price premium independent of organic production
 - On best cropping practices, albeit organic
 - Authors find in some schemes that several of these practices apparently are not only certified-crop specific in terms of benefits, so contribute to overall farm productivity

CONTRACT ENFORCEMENT ISSUES

- Authors note that schemes characterized by low commitment on the part of buyer and farmers
 - Essentially, schemes are *production management contract* schemes, but with enforcement done through a certification process
 - Certification enables farmers to participate in scheme & obtain price premium
- However, not contractual in terms of supply
 - Buyers seemingly take what farmers offer, without necessarily setting any production targets
 - Some indication that the export contracts that the scheme managers have for organic produce are limited
 - Unclear why this is the case. Unlikely to be replicated for all export commodities in Uganda
 - If so, can adequate supply be assured with only price premium incentives? Or will greater contract enforcement be needed?

OTHER ISSUES

- Potential for scaling up?
 - How large can such schemes become? What are the challenges that arise with increasing scale?
 - What are barriers to involvement?
 - Authors note selection for scheme participation was not random
 - Unlikely to be an important tool for broad and direct poverty reduction
- Any vision or need for government involvement?
 - Government absent from three schemes examined
 - If contract enforcement becomes a significant feature of such schemes, clear government role
 - Government oversight on certification processes – is this needed?