Improving livelihoods for organic cotton farmers

In West Africa organic cotton is mainly grown by smallholder farmers. Their annual incomes are often meagre and many struggle to support their families. Organic Exchange have surveyed additional crops grown by these farmers which are, by default, also organic. They are also exploring how these 'food system crops' can best be marketed to improve farmers incomes. ***Liesl Truscott*** *reports on the findings.*

Organic cotton farms produce a wide range of other crops, grown either in rotation with cotton, intercropped with cotton, on field boundaries or growing wild. Although farmers sometimes get a good price for their cotton, frequently the other crops they harvest – also organic – do not have access to organic markets.

A new programme studying these 'farm system crops' is being carried out by Organic Exchange[1] funded by ICCO[2]. It has a number of common objectives with PAN *UK*'s *Food, Fibre and Beauty* project [see pp4-6, this issue] and the two organisations are coming together to share resourses and information. The programme aims to improve the livelihoods of organic cotton farmers through a dual approach. Firstly, a producer database will record what other crops organic cotton farmers are currently growing, and secondly, a market research exercise will establish what retailers and consumers want. The first year of the programme has just yielded results.

Producer survey

Organic Exchange Regional Directors interviewed producer group representatives. Information was collected via a completed survey and marketplace assessment. The survey was two-fold, designed to capture information about the types of crops grown on organic cotton farms, and to elicit views on the potential for expansion or other market development prospects.

The Crop Survey requested information concerning crop roles in the organic system, quantities, grades, existing markets, and how much is kept for household use. Other questions related to additional processing, organic and/or fair-trade certification and farm improvement progress.

The Market Development Assessment asked questions relating to views on increasing crop production, introducing new crops, and potential to 'add value'. Information on business planning, financial management and more commercially orientated feedback was also requested here. There was an attempt to capture an overview of existing markets, household and community circumstances.

Out of the 45 producer groups reached, 27 responded (approx 60%). Seven responses came from Africa (Benin, Mali, Senegal, Egypt, Tanzania, Uganda), eight from Latin America (Brazil, Paraguay, Peru, Nicaragua) and nine from South Asia (India and Pakistan). A further three responses came from California USA, Turkey and Kyrgyzstan in Central Asia (figure 1). The responses represented over 50,000 farmers (over 15,000 of whom were women) and 69 different crop varieties.

Figure 1. Countries participating in Organic Exchange survey

The top 10 crops grown by organic cotton farmers worldwide were maize, sesame, wheat, mung beans, beans, groundnut, soya, sunflower, sorghum and black gram (figure 2). Maize and soya are common across the globe, but local diets cause variations – for example African organic cotton farmers tend to favour groundnuts and beans, South Asian farmers grow chickpea and grams, while Latin America favours sweet potatoes, tropical fruit and cassava.

Farm system crops were most commonly found to be rotation crops. However, intercropping and border cropping was also quite prevalent.

Cotton producers in all regions surveyed carry out some kind of processing (figure 3). This is rather limited in Central Asia to sorting and cleaning. Latin America carries out some cutting and packing. In Africa, processing is varied and includes some cleaning, boiling, pulping, cutting and drying, whilst in India many producers carry out drying, threshing and packing of their crops. One notable finding was that many producer groups were keen to expand such processing activities as a way to 'add value' to harvested crops.

Local markets were most important in South Asia, while in Latin America there was an even balance between local and export markets (figure 4). Organic Exchange Regional directors were in gener-

Figure 2. Organic cotton farm system crops*

Africa
Maize, sesame, wheat, mung beans, beans, groundnut, soya, sunflower, sorghum, vegetables, millet, bissap, cashew, chillies, clover/fodder crops, cowpea, fonio, ginger, herbs/spices, hot pepper, indigo, rice, shea

South Asia
Maize, sesame, wheat, mung beans, groundnut, soya, sunflower, sorghum, black gram, vegetables, castor, chickpeas, red gram, grams, jowar, mustard, paddy, safflower, aniseed, bajara, bengal gram, cumin, guar, onion, pigeon pea, pulses, sugar beet

Latin America
Maize, sesme, beans, groundnut, soya, sunflower, vegetables, sweet potato, algarrobo, banana, cassava, coffee, honey, lentil, mango

** listed in order of commonality*

Note: some crops were not reported as farmers did not think of them as potential cash crops, according to Organic Exchange's Farm Development Programme Regional Directors' observations. We hope to prevent this from happening in this year's survey.

Figure 3. Processing undertaken on the farm

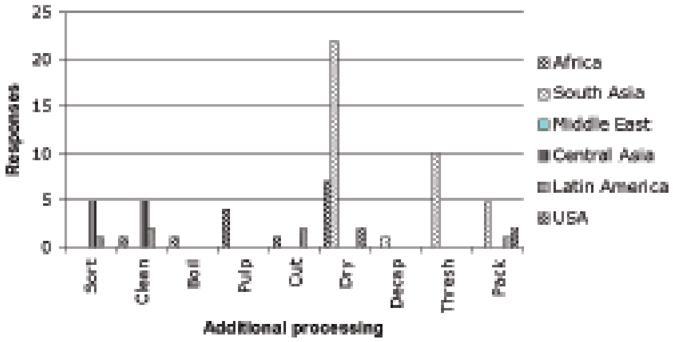
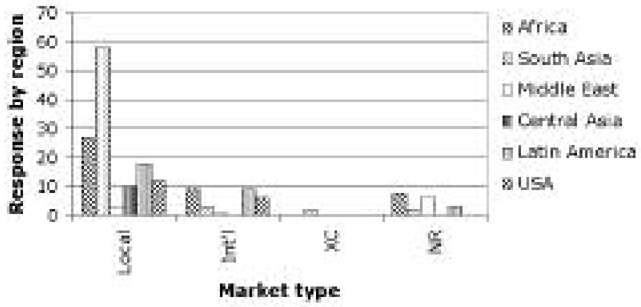


Figure 4. Types of markets that food system crops enter



XC - exchange; NR - no response; Int'l - international

al impressed by the contribution organic farmers made to both family and community food security by producing safe and healthy food without high-cost chemical inputs (often imported) and achieving greater consistency of output throughout the year. Dr Silvere Tovignan, Organic Exchange's Regional Director for Africa explains that, *In Africa, the food security issue is very important. Organic cotton farmers contribute to food security in two ways: First, they grow safe and healthy food because they do not use any synthetic chemical. Second, many studies have proved that in terms of food availability during the year, organic farmers' families are more secure than others*.

Organic and Fairtrade certification is spreading at different rates in the regions surveyed (figures 5 and 6). In Africa and in South and Central Asia just over a half is certified organic, while in Latin America and the Middle East just under a third is certified organic. Crops grown in rotation on land used to produce organic cotton will be organic but will not always be sold as such. There are a number of reasons for this. Sometimes the crop is perceived to be of low value while on other occasions the certification is not 'owned' by the grower. It is more likely to be in the control of a land owner or trader (or other intermediary) who is only interested in certifying the organic crops they buy.

Case studies

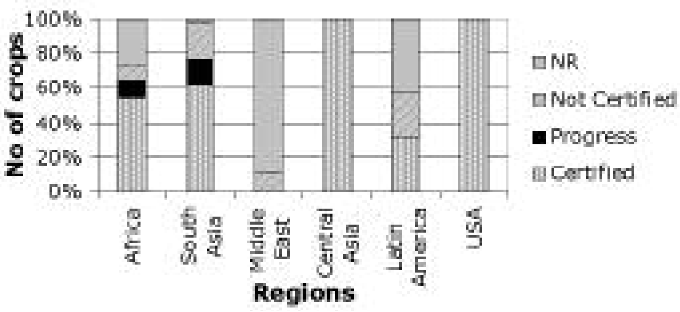
The producer surveys revealed some interesting case studies. In Africa, Lango Organic Farming Promotion (LOFP) – a co-op set up in Uganda to produce organic cotton and funded by the Swedish development agency SIDA – now also produces large quantities of sesame, much of which is exported. Because sesame is regarded as a women's crop in Uganda, the co-op has the added benefit of giving women access to the market. LOFP's sesame is Ecocert certified, meaning it satisfies both Organic and Fair Trade requirements, giving the opportunity to achieve a higher price for the crop and important differentiation in the market. (Note: Ecocert is not the 'Fairtrade' label awarded by FLO (the Fairtrade Labelling Organisation.)

Organic Exchange Regional Director for Latin America, Alfonzo Travaglini, observes that *In many cases,(in Latin America) farmers depend on a main crop like cotton (central coast and northern Peru), however, the examples of Paraguay are more balanced with other crops like sesame, or in Brazil with other crops of direct consumption. In Nicaragua farmers also have a better balance between cotton and other crops*. For example, the Nicaraguan producers - Coproexnic Co-op - work together to sell direct to clients producing impressive amounts of sesame, coffee and cashews. Here they face the challenge – shared for other Farm System Crops in other countries – of educating the local market to recognise the value of organic crops. As Organic Exchange's Business Development Manager, Doraliz Aranda puts it, *The challenge is to organise these markets to sell organic products and develop the consumer's mind to recognise the value of organic products*.

In South Asia, the co-op Chetna Organic in India runs a supply chain initiative which reflects the overall aims of the Farm System Crops project – helping small farmers to make their operations more profitable and more sustainable, and bringing the farmers together to market their products. This improved the entrepreneurial capacities of the farmers but also alerted other stakeholders in the supply chain to the importance of social accountability and environmental standards. Much Indian production goes into the local market, and as in Latin America achieving an effective market for the Farm System Crops is essential to support organic farmers properly. Organic Exchange's India Director, Prabha Nagarajan said *The need for money is immediate. If the [organic] buyer doesn't pick it up on time, they sell to anyone because that is money in the pocket. They have sold organic [at a non-organic price] with all the trouble it takes, because they need the money.*

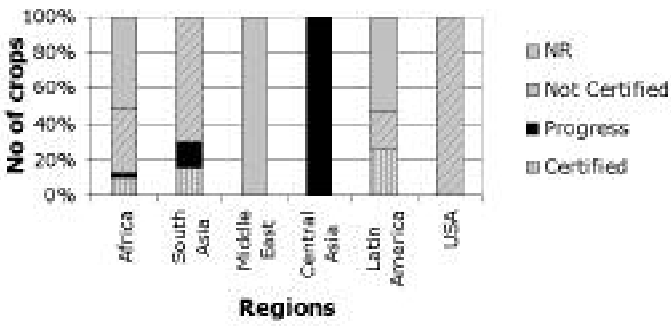
Bio Service in Kyrgyzstan – one of Helvetas' Bio-Cotton projects, which is going for Fairtrade status for all its crops – echoes this point – *With the aim of building up another value chain for rotation crops these crops fit the local climatic conditions and they are good to enrich the soil. These crops have good potential for marketing, so if the market is guaranteed with long term contracts for these crops, the potential to grow is big*. Again, the market needs to

Figure 5. Status of organic certification of system crops



NR - no response

Figure 6. Status of fairtrade certification of system crops



NR - no response

Selling in local markets is the best option for many farmers
Photo: Simon Ferrigno, Organic Exchange

understand the value of organic products – *In Kyrgyzstan the public awareness of organic products is low and local consumers are not ready to pay a premium for organic quality, still the plans are here to promote organic products among the local consumers*.

Bringing together the findings shows eight top priorities for producers:
- to increase the supply of product into the local market
- to improve farming techniques
- to increase crop diversification (and thus food and income security)
- to explore 'value-added' opportunities
- to improve farmers' business skills
- to improve market logistics (particularly through establishing critical trade 'hubs' and ethical trading networks)
- to increase farmer-owned organic certifications
- to improve the supply of finance and low-interest loans

Organic Exchange hopes to develop pilot projects to cover these areas in the next phase of the project. These are described later in this article.

Stakeholder consultation

The second part of Organic Exchange's approach was to talk to stakeholders on the demand side of the market, the traders (and other intermediaries), companies/retailers and development organisations. The aim was to discover what Organic Exchange and other organisations could do to facilitate market development. Interviews and conference calls were conducted across the globe, inquiring about markets, food security, finance and business management and how to 'add value'. Participating in PAN Germany's *Food, Fibre and Beauty: make it move* workshop, in Hamburg, provided the unique opportunity to discuss (and debate) amongst a diverse group of expert and experienced stakeholders, the project's opportunities and challenges. This showed the top 10 stakeholder concerns to be:
- product quality
- quantity (logistics/economies of scale)
- consistency and reliability of supply
- supply chain logistics
- food safety regulations
- risk management and risk sharing
- financial management/business planning
- volatility of organic markets
- traceability compliance
- post-harvest handling

Underlying each of these issues were four ethical/philosophical issues – whether crops should be grown for local consumption or be cash crops; whether local markets should take prominence over export markets; whether sustainability should be judged by food miles or a different indicator; and the impact of HIV/AIDS, especially in Africa, on farmer's family dynamics, and labour availability potentially exacerbating the effects of food poverty.

Stakeholders agreed that trust, environmental sustainability and the ability of different members in the supply chain to work together were essential for any project to be successful, especially in the longer term. According to Simon Ferrigno, Director of Organic Exchange's Farm Development Program, *External challenges are the willingness of the current intermediaries to see [farmers] engage in marketing activities directly, and then there's the willingness of buyers to take a risk on trading with farmers.*

Lessons

Throughout both elements of the study, four recurring themes emerged. Firstly, it is important to think and act locally. The urge to jump into export markets can be strong but involves greater risks (and perhaps lower returns) than a healthy local market which contributes to food security

Bissap (hibiscus juice) is commonly drunk in West Africa

There is a demand for exotic chillis in export markets

Lentils are commonly grown as rotation crops

Community cooking organic rotation crops, Mali
Photo: Frank Eyhorns, Helvetas

for farmers and local people.

Secondly, any development plan should consider emerging economies such as China. These markets are already demanding higher quality and food safety standards. Demand for organic and/or Fairtrade products may not be so far away. However, emerging markets are not yet dominated by long-standing trade relationships, regulations and restrictions which may make it easier to build new trade arrangements.

Thirdly, export markets can work well as part of an integrated approach. Consumer demand for organic and Fairtrade products – and a willingness to pay a premium for them – can often only be found through exporting. In particular, demand for specialised food, health and beauty products (such as bissap (hibiscus juice), essential oils and exotic chillies) will first appear in the export market. Satisfying that demand may develop production capacity which can then be used to satisfy local demand if it develops.

Finally, all businesses need to be sustainable in the broadest sense. Community development and improved local markets will counteract concerns about product quality, quantity and consistency of supply raised in the market-based stakeholder consultation.

Future developments

The Organic Exchange/ICCO project has always been focussed on action. Now that more is understood about Farm System Crops, the team will investigate a number of pilot projects to determine how best to make a positive impact on the livelihoods of organic cotton farmers. The pilot projects include:

Setting up an organic 'brokering' system

Growers and buyers of organic products will be linked in a region via an ethical trading initiative. Local markets have advantages for producers, but sometimes do not recognise (or are not willing to pay for) the benefits of organic produce. A brokering service linking buyers and sellers would short-circuit this problem and ensure the organic premium is paid and provide more certainty for the grower.

Adding value in domestic markets

Farmers may benefit more from adding value to their crops in existing markets than by seeking out new and uncertain markets. Boiling, pulping, drying and other processing improves the price paid to the farmer for the crop.

Collaborating with intermediaries

The OE/ICCO research identified a number of organisations that are both business-oriented and development-motivated. An organic transition programme, organised with such organisations, would work with farmers to increase supply to meet the increasing demand for organic products.

Linking high-value crops to export markets

There is increasing demand for organic sesame, cashew and other nut-oils. Realising good prices for these products would greatly improve farmers' livelihoods. Organic Exchange and its partners would try to identify appropriate new suppliers to meet this demand.

Linking farmer groups to corporates

For many western customers, it is no longer acceptable for a supply chain to be anonymous. Consumer interest in the origins of a company's products would drive this project, linking farmer groups directly with the 'shop front' to foster greater mutual understanding, support, training and development opportunities for both parties – for example farmers having shares in companies they supply to, product traceability systems and presenting producer stories to consumers.

Knowledge transfer

Many farmer groups need to make the leap from small, occasional success to consistent high performance. One way to learn how is to go on an 'exchange programme' with an existing successful operation – a company that has succeeded in promoting, marketing and negotiating a strong position for itself. The knowledge transfer process would be two-way, with people from the farmer group going to the successful organisation, and people from that organisation joining the farmer group. The programme would spread business knowledge and experience throughout the farmer groups.

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The project team would like to thank everyone who contributed to their research. Liesl Truscott said; 'Everyone gave freely of their time, which means our findings are underpinned by more than a hundred years' combined experience in this field. Too often projects start off from an assumption of what's needed to solve a problem – but we have started differently, by carefully researching the needs and the possible solutions. In this way we aim to achieve a much more sustained and sustainable livelihood for the world's organic cotton farmers.'

The full report will soon be available to download at www.organicexchange.org

New PAN *UK* resource – Comparison of UK supermarket performance on pesticide problems

PAN *UK* is often asked by members of the public and journalists 'which UK supermarkets are the best on pesticides'? *Pesticides on a Plate: a consumer guide to pesticide issues in the food chain*, includes PAN *UK*'s main demands to British supermarkets. An assessment of what different retailers are doing on pesticide issues will be published on PAN *UK's* website at the end of March, as part of the European 'Week without Pesticides' (http://www.semaine-sans-pesticides.fr/index-en.html). It looks at actions, commitments and policies of Aldi, Asda, Co-op, Lidl, Marks and Spencer, Tesco, Morrisons, Sainsbury's, Somerfield and Waitrose companies, based on information published on their websites. The assessment covers whether each company: publishes residue testing results; takes action on residues beyond legal compliance; prohibits or restricts specific hazardous active ingredients; takes action to reduce overall pesticide use; promotes alternatives to pesticides; provides technical support for growers to reduce reliance on pesticides; provides information for consumers on pesticide issues; and engages with consumers to tackle unnecessary use of pesticides for cosmetic appearance of fresh produce. PAN *UK* hopes that publishing this comparison will show which companies are taking the most positive steps for change and encourage individual consumers and concerned citizens to push other companies to follow their lead.

View the comparison at http://www.pan-uk.org/Supermarkets