



Developing markets and capacities for organic products

The EPOPA experience

Bo van Elzakker

www.epopa.info

History

- Started with a desk study, 1 product, cotton, Uganda
- Became pilot project
- Became EPOPA phase 1 (3 years)
- An extension (1 year)
- EPOPA phase 2 (3 years)
- EPOPA prolongation (3 years)
- Tendered twice, consultant remained the same
- Three program documents; concept was allowed to evolve and mature
- Has seen changes in programme focus, in number of countries, within the donor

A programme

- To initiate and facilitate export of organic products from Africa in order to increase income for farmers while exposing the country to sustainable agricultural practices
- Is a private sector programme
- Implemented by two specialist and dedicated organic consultancies
- Local offices with support from NL and S offices
- From farm to fork (strong marketing component)
- Exports plus capacity building and institutional development (CBs and national movements)

How does it work

- Identify a product, make sure there is a market
- Identify an (existing) exporter of good reputation
- Identify a primary production base (farmer group)
- Project formulation can take 1 year
- Baseline survey
- 1st year heavy involvement
 - Delivery: advise, train, check every 6 weeks by PL or APL
- 2nd year handing over of responsibilities
 - 2nd year break even on structural, recurrent costs
- 3rd year phasing out
 - 3rd year self financing
- Impact assessment

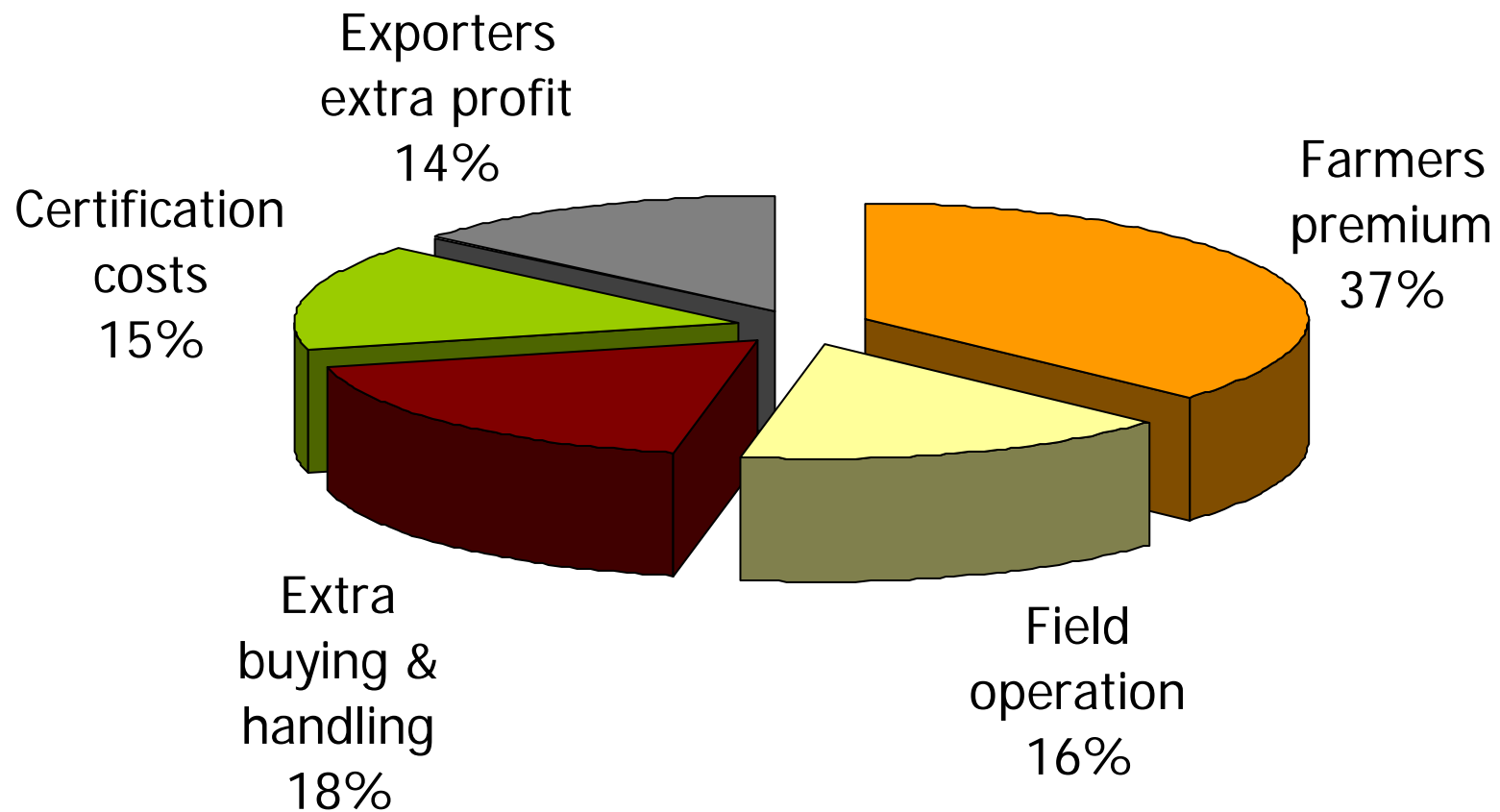
Crux

Export value \$ 250.000/yr; organic export & quality premiums is say 20% extra; means that \$ 50.000 is available for

- Premium price for farmers +
- Costs of field organisation +
- Higher cost of separate handling +
- Costs of certification +
- Higher margin exporter

Use of organic export premium

(e.g. \$ 50.000)



The EPOPA tool box

EPOPA support to projects covers:

- Management assistance
- Staff selection, training
- Field officers training, ToT
- Organic agriculture, extension and demonstration gardens
- Development and revision of Internal Control System
- Farmer mobilisation techniques
- Farmer organisation
- Seed money for farmer's inputs
- Setting up of tree/ crop seedling nurseries
- Technical Assistance and agricultural improvements
- Product quality management and quality improvement measures
- Development of second crops and products
- Market surveys and buyer contacts
- Product development
- Participation in organic trade shows
- Project presentations/brochures
- Organic certification procedures and issues
- Share in certification costs
- Certification to additional standards required by the market
- Assistance in trade finance
- Risk assessment along the chain

Export projects TZ

- Successful: cocoa, fair trade Robusta coffee, cashew nuts (part retail packed), fair trade arabica coffee, fully washed Arabica coffee, hard Arabica coffee, spices, vanilla, canned pineapple, hand line tuna, sesame (some cotton)
- Less successful: peanuts (new exporter), instant coffees, honey (80% failure)
- Failed: spice oils, safflower oil
- Never got off the ground: dried mushrooms, seaweed, fresh vegetables

Export projects UG

- Successful: cotton-sesame-chillies, various Arabica coffees incl. fair trade, Robusta coffee, cocoa-vanilla, vanilla, cardamom, hibiscus, fresh & dried fruits, essential oils-herbal teas, bark cloth
- Less successful: honey, shea nut oil, candied fruit, Nile perch/tilapia fillets
- Failed: papain
- Never off the ground: crayfish, ecotourism

The exporter

- It is difficult to find good exporters
- The drama of the cooperative unions
- The drama of what came after the unions
- Work with existing exporters
- Exporter is responsible for the (field) organisation of the project
- Worked with 3 Cooperative Unions, 1 Primary Society/own exports, 9 local entrepreneurs, 7 Indian owned, 8 EU expat owned, 5 local/expat joint ventures, 4 branches of international trading houses

Exporter continued

- Majority is exporter-contract farmer relation
- Interest in PO improving but fragile
- Exporter employs field staff, responsible for information, extension, experimentation, quality mgt, organic Internal Control System
- Smallholders can participate only because of group certification

Strengths-weaknesses

- The organic market is there, quality and quantity
- African farmers can supply
- Communication exporter-importer difficult
- Not so successful in longer term trade relationships
- Field supervisor/prod. manager is critical person
- Exporter responsible for extension has its limitations (no interest in production increase)
- Exporters have a problem with cost of certification, like to save on farmer premium and on own staff
- No direct financial support to exporter needed
- Inspection & certification take a lot of time, is expensive, but pays back



Some additional points

- Effects on income:
 - In 4 coffee projects (2005):
 - 28, 21, 18 and 7% higher incomes realised
 - Annual income becomes 135, 290, 267, 235 \$/yr
 - In 3 fruit projects (2005):
 - 7, 18 and 21% higher incomes
 - Annual income becomes 850, 685, 574 \$/yr
- Conclusion: organic certification helps but does not necessarily mean high income

Otherwise

- Organic certification is a trigger for change, motivation to farm better
- It is not difficult for farmers to comply; it is far more difficult to demonstrate compliance
- Relatively easy to add on additional certifications (like E-GAP)
- Short term sustainability is very good