Facilitating the Inclusion of the Resource-Poor in Organic Production and Trade: Opportunities and Constraints Posed by Certification

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Front cover photographs: Hazel Barrett and Esther Roycroft

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LIST OF ACRONYMS

DFID	Department for International Development
EU	European Union
EC	European Commission
FAO	Food and Agriculture Organisation
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German technical cooperation)
HACCP	Hazard Analysis Critical Control Points
IFOAM	International Federation of Organic Agriculture Movements
IAP	IFOAM Accreditation Programme
ICS	Internal Control System
IMO	Institut fur Marktöcologie
IOAS	International Organic Accreditation Service
ISO	International Organisation of Standardisation
ITC	International Trade Centre
OAASA	Organic Agriculture Association of South Africa
OFF	Organic Food Federation
OF&G	Organic Farmers and Growers
SIDA	Swedish International Development Authority
UKROFS	United Kingdom Register of Organic Food Standards
WHO	World Health Organisation
WTO	World Trade Organisation

SUMMARY

A six-week project was carried out in August-September 2000. The project goal was to promote policies in relation to the certification and trade of organic produce that benefit the livelihoods of resource-poor smallholder farmers. The project purpose was to identify opportunities for, constraints to and policies to enable, the involvement of resource-poor smallholder farmers in the production and trade of organic produce. Information was obtained by a literature search and by collection of primary data from representatives of producer and processing groups, certification bodies, UK importers, the UK competent authority and a supermarket.

The organic food industry is now big business throughout the world and developing countries have large market potential to supply Europe with these products. In many developing countries there is little demand for organically produced food, but in others demand is rising. In some cases the production of organic produce for export may spark an interest in organic food for local consumption. Sixty-two developing countries export organic produce to the EU and a significant proportion of some imported organic products, for example coffee and cocoa, are produced by smallholder farmers. The UK ranks third within the EU as a first destination for the import of organic produce from developing countries, some way behind Germany and the Netherlands.

Certification of organic produce in the EU is regulated by Regulation (EEC) 2092/91 and certification is an absolute requirement for any individual or group producing organically for export to the EU. Agricultural production, processing, documentation, inspection and certification in third countries are required to be of equivalent standard to EU Regulations. Only six countries are currently accepted as operating EU equivalent certification and inspection systems: Argentina, Australia, Czech Republic, Hungary, Israel and Switzerland. Importers of organic produce from other countries must apply for import authorisations. The regulations and procedures for the production and certification of organic products and for authorisation to import these into the EU are very complicated. In the case of smallholder farmers, organisation into producer groups is essential for cost effective group certification and partnerships have to be formed at an early stage with potential exporters and EU importers who are responsible for obtaining import authorisation.

The main constraints to the production of certified produce by resource-poor smallholder farmers are (1) lack of knowledge of organic practices and EU requirements, (2) the perceived inapplicability and inflexibility of EU organic regulations, and (3) record keeping. Constraints in the certification process include (1) cost, (2) complexity of procedures, and (3) choice of certifier. Constraints associated with export to the UK include (1) lack of market information and knowledge, (2) ensuring certification and inspection bodies are EU equivalent, and (3) transportation.

Despite the constraints to certification it is also evident that being able to sell produce with an internationally accepted certificate has many benefits for farmers and producer groups and that farmers do receive a reasonable proportion of the organic premium. Organic certification adds value both in economic and other ways. Benefits include (1) premium price, (2) market access, and (3) opportunities for value added processing and sale of products related to organic production. Involvement in organic production can also increase environmental knowledge and social capital. Although the stringent conditions for competitiveness are in general more easily met by the large-scale commercial farming sector, there are several reasons why smallholder producer groups could still remain competitive.

Donor intervention, specifically by DFID, can be targeted through international lobbying to (1)

influence the European Commission to speed up the granting of Article 11(1) status to further third countries, (2) influence the European Commission to adopt a system of approval of EU and/or third country certification and inspection bodies, (3) influence the European Commission to develop a common import authorisation process, (4) set up of an international forum where governments can debate and exchange information regarding organic production, certification and trade.

Assistance to third country governments could include (1) assisting ministries of agriculture to strengthen organic advisory and extension services, (2) supporting the ministry in its demonstration work and information systems development, (3) supporting research in national agricultural research institutes into the agronomic potential of organic farming and systems particularly suited to smallholder farmers, (4) supporting trade promotion activities.

Assistance to in-country certification bodies could include (1) promoting partnerships between UK certifiers and local organic certification bodies, (2) assisting with the establishment of standards that are equivalent to EU standards, (3) funding for training for inspectors.

Assistance to producer groups could include (1) building capacity among producer groups by supporting training of group leaders, (2) improving access to market information and the EU regulatory framework, (3) helping groups to organise as producer groups. In addition, DFID could help by supporting an external information service to facilitate producer and exporter access to information on certification, import regulations, markets and potential partners.

Remaining gaps in knowledge could be filled by research on: (1) the livelihood benefits to resource-poor smallholder farmers of organic certification and trade, (2) the potential economic benefits of value-added activities linked to organic production, (3) the constraints to organic certification and trade by resource-poor smallholder farmers in contrasting regions/crops, (4) different internal verification systems of producer groups, (5) different models of development of in-country inspection and certification, (6) the relationship and potential benefits of collaboration between NGOs and smallholder organic projects, (7) different types of organic trade contracts, (8) public-private partnerships and organic production and trade, and (9) the factors that stimulate domestic organic markets in developing countries.

1. INTRODUCTION

As part of its mission to eliminate poverty in developing countries, the Department for International Development (DFID) funds research and development projects designed to advance sustainable agricultural practices, and improve human health and environmental management. Supporting the practice of organic agriculture is potentially a means by which DFID can achieve all these aims.

The global organic market is estimated to be worth US$11 billion, with organic imports from developing countries calculated to be worth US$500 million (IIED, 1997; Blowfield, 1999; Robins *et al,* 2000). In recent years there has been an increased demand in the UK for fresh year-round produce (Barrett *et al*, 1997) and in many cases response to this demand has involved the sourcing of both conventional and organic produce from developing countries. It is likely that this demand will continue to rise (Dolan *et al*, 1999; Kortbech-Olesen, 1999; Browne *et al*, 2000). There thus exists the potential for the poor to improve their livelihood status through involvement in this market trend.

There is concern, however, that some policy issues and certification schemes geared primarily to organic production in developed countries do not encourage the inclusion of the resource-poor in developing countries, leading to a scenario whereby many farmers and producer groups may be excluded from this potentially lucrative activity (Heid, 1999). An added complication is the existence of competing and sometimes incompatible certification schemes for ethical, fair and organic trade (Blowfield & Jones, 1999; Browne *et al*, 2000). There have been movements within the International Federation of Organic Agriculture Movements (IFOAM) to develop a framework for small farmers that will enable them to establish and develop internal control mechanisms in order to overcome the current problem of certifying co-operatives (Heid, 1999). There is also some awareness of the policy issues that need to be addressed but it is still the case that our understanding of the opportunities for and constraints to the poor benefiting from organic production and trade is incomplete.

A further issue is the reported increasing dissatisfaction within developing countries with the quality of agricultural products produced with high chemical inputs (Harris *et al*, 1998) and the increasing demand for safe, quality assured produce, particularly in urban areas. Some efforts, mainly by NGOs, to provide and promote organic produce, mainly of fresh fruit and vegetables, have been supported by DFID. However, it is unclear to what extent this offers a niche market within developing countries that could be exploited by resource-poor producers. Further issues, including certification and regulation of 'quality assured' or organic produce and the relationship between locally derived standards and international organic standards, remain unanswered.

Involvement of the resource-poor in organic production and trade may include employment on large farms producing organic produce, smallholders who are members of producer groups or are part of out-grower schemes and individuals who sell commodities such as cocoa. In order to ensure that the poor benefit from this process it is essential that our understanding of the institutional, social and technical issues involved in the production and supply of organic produce is complete so that this potential income-generating activity can be facilitated at all levels.

DFID, therefore, commissioned this review to inform and assist in devising suitable policy options in relation to the production and certification of organic produce by resource-poor smallholder farmers. Due to marked regional differences it is difficult to give a general quantitative definition of a ‘resource-poor smallholder farmer’. For the purpose of this report

therefore a resource-poor smallholder farmer is taken to be a farmer whose landholding and resource base is at the lower end of the agricultural range for that agro-ecological zone or community. The goal of this review is to promote policies in relation to the certification and trade of organic produce that benefit the livelihoods of such farmers. The purpose of this review is to identify opportunities for, constraints to, and policies to enable, the involvement of resource-poor smallholder farmers in the production and trade of organic produce, in particularly addressing the issues of:

- Current UK and European development projects, policy and certification schemes relating to the production of organic produce in developing countries, for either export or internal consumption.

- Opportunities for, and constraints to, conversion to certified organic production by smallholder farmers.

- Opportunities for, and constraints to, resource-poor farmers benefiting from domestic and international certification and marketing of organic products.

- The relevance to DFID of organic production and trade within the framework of its Rural Livelihoods Strategy and poverty focus.

2. ACTIVITIES

This was a six-week inception project carried out in August-September 2000. Activities were UK-based and communication with overseas collaborators was via e-mail. As a result no resource-poor farmers were interviewed for this project. However, many people interviewed for this research have direct, often daily contact with farmers in the developing world. The activities undertaken for this report consisted of four stages as follows:

1. A literature search was undertaken in order to review current regulatory frameworks, certification schemes, policies and projects relevant to organic production and trade. Throughout, the relevance for the incorporation of resource-poor farmers into organic trade was considered. Published material as well as grey literature and internet sources were used. The sources consulted are listed in the bibliography.

2. A large part of this project was devoted to the collection of primary data from key players in the organic trade chain. Four people/organisations representing various stages of the chain were included as partners in the research process and were consulted and kept informed at all stages of the research. The four comprise a representative of a producer and processing group in Zambia, a representative from an organic agricultural association in South Africa (also working on their organic certification committee), a consultant working for a European certification body (Soil Association Certification Ltd, UK) and a UK importer. A further eight actors in the chain were interviewed; these included the UK competent authority (UKROFS), two certification bodies, one supermarket and four importers. Further information was obtained from various stakeholders including representatives of NGOs and producer groups. A full list is in Appendix 1.

3. A one-day workshop was held at HDRA, Coventry at the end of the research project to brainstorm and discuss the main issues identified by the previous phases of the research. Eight people attended, including representatives of producer groups from Cuba and Guatemala, the Soil Association and importers. A full list of participants is in Appendix 1.

4. The final activity was the production and presentation of this report.

3. CURRENT SITUATION

3.1. Market trends for organic produce

3.1.1. The European situation

The organic food industry is now big business throughout the world. Tables 1 and 2 show that organic food production and retailing is a large and growing industry. The market value of organic food in Europe is 5 billion US dollars and is the largest organic market in the world (Table 1). Within Europe, Germany is the largest market with a turnover of over 1.8 billion US dollars in 1997 accounting for a third of the European market (by value). It is followed, some way behind, by Italy and France. The UK ranks fifth in Europe in terms of turnover for organic products. In 1997 this stood at almost half a billion US dollars (Table 2).

Table 1: The international market for organic products, 1997.

	Market value (billion US$)
Europe	5.00
USA	4.20
Japan	1.20
Oceania	0.15

Source: Willer & Yussefi, 2000.

Table 2: The European market for organic products, 1997.

Country	Turnover in billion (US$)	Yearly growth (%)
Germany	1.8	5-10
Italy	0.75	20
France	0.72	20
Belgium	0.62	
UK	0.45	25-30
Netherlands	0.35	10-15
Switzerland	0.35	20-30
Spain	0.32	
Denmark	0.30	30-40
Finland	0.26	
Austria	0.23	10-15
Sweden	0.11	30-40

Source: Willer & Yussefi, 2000.

However in terms of yearly growth of organic sales, the UK market together with that of Switzerland, Denmark and Sweden are recording annual growth rates which exceed 30%. The Soil Association estimate that in 1999 the UK market for organic products grew by 40% (Soil Association, 1999). They predict that by 2002 the UK organic market will be worth US$1.5 billion in retail sales, representing 7-8% of the food market (Robins *et al,* 2000). The most important groups of organic products in the EU are vegetables, cereals, milk products, and fruits (Michelsen *et al*, 1999).

Whilst the demand for organic foods in Europe is increasing, supply continues to lag behind. Although in 1999 in the UK, domestic supply of organic produce grew by 25% per annum, it could not meet the demand which is growing at 40% per annum. As a result, 70% of organic food sold in the UK is imported (Soil Association, 1999; Myers, 2000a). The percentage share of imports for some commodities including fresh produce and beverages is above 80%. At the other end of the scale the import shares of organic meat produce and eggs are minimal at 5% and 0% respectively (see Table 3). International trade in organic meat is at a very low level. Michelsen (1999) attributes this to a lack of EU organic livestock standards. However he estimates that due to the BSE crisis demand for organic meat will grow rapidly. He estimates that demand for organic beef and veal are increasing annually by 225% in Switzerland and 119% in France.

Table 3: Share of organic sales in the UK met by imports, April 1999.

Commodity	Share met by imports (%)
Fruit, vegetables and herbs	82
Cereals/baked	70
Dairy	40
Meat	5
Eggs	0
Babyfoods	70
Multi-ingredient	80
Beverages	90

Source: Soil Association, 1999.

Most imports of organic food into the UK, particularly cereals (except rice), babyfoods, multi-ingredient foods and beverages, come from other European countries. However many fruits, vegetables and herbs, rice and the raw materials for beverages (fruit juices such as orange, pineapple and mango, as well as tea and coffee) originate from countries outside Europe. Appendix 2 shows that developing countries supply much of this demand, with over sixty developing countries being granted import licences during 2000 to import organic food to the EU member states.

The expanding European market offers huge potential to developing countries to increase the volume of organic foodstuffs sold to Europe as well as to exploit new markets for crops such as nuts, spices, essential oils and other climate-specific crops. There is a further market for prepared and processed organic foods, ranging from top-and-tailed packaged runner beans and peanut butter to sauces. With their low labour costs many developing countries are in a very good position to add value to their organically produced food and at the same time benefit local economies. Supermarkets in the UK, for example, are currently boosting the number of organic

lines in their stores and investing heavily in advertising of organic food. Some retailers, such as Iceland, have publicly pledged to stock only organic frozen vegetables. There is thus a great opportunity for producers in developing countries to benefit from the expansion of the organic market in Europe and in particular those countries, such as the UK, where the market continues to expand (Dolan *et al,* 1999). However, as the market expands there is likely to be a convergence of conventional and organic prices, with a tendency to downward pressure on organic prices. This will be expedited by the growing involvement of supermarkets in the trade.

3.1.2. Domestic markets

Demand for organically produced food in developing countries, whether certified or not, is small and the market for organic food is at an embryonic stage. However, issues such as pesticide poisonings and GMOs have in many countries, including India, stimulated a public debate about food quality and increased interest in organic food. Expatriate communities, elite groups, middle-classes and hotels (for tourists) are potential markets for organic produce and in some places this has led to supermarkets stocking organic lines and the establishment of organic shops. In South Africa, for example, demand for organic food is rising and supermarkets have made public statements that they wish to increase organic food sales (see Box 1). In Egypt, a chain of local supermarkets has been bought by Sainsbury's. If they follow their UK marketing policy it is likely that they will include organic lines in their outlets. Thus the availability of reliable organic produce in reputable retailing outlets such as large supermarkets may stimulate a domestic market, as has been the case in many European countries, including the UK.

Box 1: The South African case.

Three supermarket retailers in South Africa, Spar, Pick 'n Pay and Woolworth's, have expressed an interest in buying organic produce from local organic farmers. They are well-known, long-established and successful national retail chains that can absorb significant volumes of organic produce and carry growing numbers of organic lines. Pick 'n Pay and Woolworth's in particular are targeting a significant percentage of their total produce sales (current estimates 10-15%) as organic. But they are currently exploring the market and it is not certain how large the South African market for organic produce is or will become. They are actively recruiting new suppliers and attempting to convince some of their current suppliers to convert part of their operations to organic production. Both retailers have developed their own set of labels and specifications for a range of organic vegetables and fruit, and are becoming more aware of the issues surrounding certification.

Both retail chains have problems with consistent supply of the requisite quality (which is one reason the market demand remains unclear) and have expressed real interest in supporting the development of certified organic supply from smallholders and resource-poor farmers in South Africa. Larger farmers tend to target the more lucrative export market leaving the less-developed domestic market to smaller producers. However, the latter are hampered by the high cost of certification (South African supermarkets insist on European certification because of many fraudulent claims that produce sold to them was organic) and prefer to sell on the informal market. This leads to a shortage of reliable and consistent supply for domestic supermarkets. This results in a stunted domestic market.

Open-air farmers' markets also create a demand for organic produce, though the volumes are much smaller. The demand for organic produce at farmers' markets is lively, and could grow considerably if consumers could be assured that the produce sold as organic is verifiably organic, preferably by a certificate. (Auerbach, 2000; Hartzell, 2000).

Apart from demand stimulating a domestic market, a number of examples have shown that local organic production can encourage a local market. For example, in India, the Institute for

Integrated Rural Development in Maharashtra has spent the last ten years converting conventional farmers to organic for poverty alleviation and environmental reasons. Meetings and workshops were held to raise awareness about the benefits of organic food. The aim was to show farmers that the urban organic market could yield good profits. The absence of national organic standards has engendered a locally acceptable strategy which involved both producers and consumers. Farms are visited weekly to ensure adherence to guidelines. Recently an expansion of the local domestic market has been identified and a retail outlet called 'Organic Link' was opened in a prime location in Aurangabad city, selling vegetables, fruits, grains, seeds and compost (Daniel, 1999). In other cases the production of organic produce for export may spark an interest in organic food for local consumption. In Sri Lanka organic farmers have noted that local people will travel some distance to known organic farms to buy eggs and other fresh produce. There is a feeling that organic foods are healthier especially for children. In the capital, Colombo, there is also a rising interest in organic food to the extent that Lanka Organics is considering opening an organic food outlet in one of the main shopping squares (Stoneman, 2000).

Although domestic markets for organic products in developing countries are small and undeveloped at present, there is evidence that such markets could increase in the next few years. This appears to be dependent on two key factors. First, consumer confidence must be raised. Customers need reassurance that produce sold as organic has indeed been produced using organic methods. Clearly a reputable and publicly recognised labelling system, together with an assurance of quality checks, would help increase customer confidence. Second, produce must be available in supermarkets, specialised outlets and farmers' markets. It is interesting to note that organic production itself can reveal a hidden domestic demand thus demonstrating that awareness amongst consumers in developing countries has perhaps been underestimated. There is clearly potential for resource-poor farmers to participate in domestic markets in some developing countries, especially those with a sizeable middle class.

3.2. Organic production from developing countries

3.2.1. Quantities and type of organic goods produced

A recent report commissioned for the Commission of the European Communities on Agriculture and Fisheries states that data on organic products is very scarce. It is 'complicated by the fact that no clear distinction is made between organic and other types of food products in any official statistical accounts' (Michelsen *et al*, 1999). There are thus no exact or reliable figures on the quantities or value of certified organic produce being produced in developing countries. The FAO has recently begun an exercise in collecting such information, but it is not yet available. Willer & Yussefi (2000) carried out a survey to ascertain the extent to which organic agriculture is practised throughout the world. They base their work on the number of organic farms and area of land under organic management in selected countries but this gives no indication of volumes or value of the organic output from these farms. Their data are patchy and data from many developing countries are not available. Table 4 gives an indication of the land under organic management for countries where data are available. What this shows is that the area of land under organic production in these selected countries is very small, with proportions of well under 0.5% of the total agricultural area being managed organically. Despite the potential inaccuracy of these figures, it does show that there is huge potential to increase organic production in most developing countries.

There are also no reliable figures on the quantity or value of certified organic produce being imported into the EU. The Commission has recently asked each member state to collate these figures on an annual basis (Fransella, 2001). MAFF has provided estimated annual quantities of

organic imports into the UK by country and product for nine developing countries (Table 5). (These are based on estimates provided by importers prior to authorisation. MAFF have asked that the figures be presented in aggregate form in order to avoid individual importers/exporters being recognised by the trade. Clearly when small quantities are involved commercial confidentiality becomes an issue and this explains why figures on the *value* of imports are not available). Table 5 demonstrates that the volume of organic imports from these nine developing countries is very variable with almost 5,500 tonnes being imported from Mexico and only 160 tonnes from Egypt. It shows that it can be profitable to export small quantities of organic produce to the UK, perhaps giving some encouragement to resource-poor smallholder farmers.

Table 4: Area and percentage of land under organic management in selected countries.

Country	Date	Number of organic farms	Area of land under organic management	Percent of agricultural area
Trinidad and Tobago	1999		133 000	
Sri Lanka	1995	100		
Israel	1999		4 200	0.72
Egypt	1999	220	2 667	0.08
Madagascar	1998	1000		
Malawi	1998	>2	>80	<0.01
Tanzania	1998		4 000	0.01
Uganda	1999	7 000	5 250	0.06
Zimbabwe	1999		1 000	0.005

Source: Adapted from Willer & Yussefi, 2000.

Table 5: Total metric tonnes (estimate) of organic produce imported into the UK annually from selected developing countries

Country	Metric Tonnes
Brazil	2,640
Bolivia	358
Chile	470
China	616
Dominican Republic	1,295
Egypt	160
India	1,033
Mexico	5,494
Sri Lanka	730

Source: Adapted from Fransella, 2001.

Whilst the quantity and value of organic produce exported from developing countries is unclear, there is certainly a growing export trade. Appendix 2 provides a list of the types of organic

produce being imported into the EU from third countries. This includes many fruit and vegetables, as well as tea, coffee, cocoa, sugar, rice, edible oils, nuts, herbs and spices. Livestock and fisheries products currently represent only a very small proportion of organic imports. This is because EU countries can currently meet demand from domestic sources. But there is also the complicating factor that EU regulations associated with the importation of organic livestock and fisheries products have not yet been ratified. Among the Article 11(1) countries, only Argentina's and Switzerland's specifications include processed and unprocessed livestock products. Honey is the only 'livestock' product currently included on import authorisations under Article 11(6) with only one current authorisation from a developing country, namely Tanzania.

3.2.2. Origin of organic produce from developing countries

Organic produce exported to the EU under Article 11(6) originates from a number of countries. (see Map 1). However, most countries have few listed import authorisations compared with developed countries such as USA and Turkey. Table 6 lists current import authorisations. This does not provide an indication of the volume or value of trade as authorisations can be for a single product or for many. Similarly, there may be an authorisation for import into only one EU member state or several authorisations for import of the same produce into different member states. The concentration of authorisations, however, is interesting. Over half the 1019 EU authorisations from developing countries under Article 11(6) are from only seven countries, with three countries, namely India, Mexico and Sri Lanka accounting for over a third of authorisations. At the other end of the scale eight countries have only one authorisation. There is thus the potential for more countries to become involved in the export trade to the EU.

Table 6: Number of current import authorisations for import of organic produce into the EU from developing countries under Regulation (EEC) 2092/91 Article 11(6).

Country	No.	Country	No.	Country	No.	Country	No.
(USA	337)	Morocco	25	Sudan	6	Uruguay	2
(Turkey	239)	Tunisia	20	Guinea	6	Tonga	2
India	115	Columbia	19	Cameroon	6	Papua NG	2
Mexico	113	Burk. Faso	19	Togo	5	Nepal	2
Sri Lanka	103	Costa Rica	15	Thailand	5	Ivory Coast	2
China	61	Tanzania	13	Philippines	5	Comoros	2
Brazil	56	Chile	13	Malawi	5	Burma	2
South Africa	51	El Salvador	11	Ghana	5	Seychelles	1
Guatemala	36	Zimbabwe	10	Ethiopia	5	Namibia	1
Bolivia	35	Uganda	10	Mauritius	4	Jamaica	1
Peru	34	Indonesia	10	Cuba	4	Guyana	1
Madagascar	34	Nicaragua	9	Zambia	3	Gambia	1
Egypt	33	Honduras	9	Vietnam	3	Gabon	1
Domin. Rep	32	Ecuador	9	Vanuatu	3	Cape Verde	1
Paraguay	27	Pakistan	7	Kenya	3	Belize	1

Source: Adapted from European Commission, 2000.

Map 1: The source of certified organic produce imported into the EU from Regulation (EEC) 2092/91 Article 11(1) countries and from developing countries under Article 11(6).

(NB map does not show all countries exporting to the EU)

Source: Adapted from European Commission, 2000.

Table 7: Number of current import authorisations for import of organic produce into the UK from developing countries under Regulation (EEC) 2092/91 Article 11(6).

Country	No.	Country	No.	Country	No.	Country	No.
Sri Lanka	19	Costa Rica	4	Morocco	2	Indonesia	1
India	17	Columbia	3	Tanzania	2	Jamaica	1
South Africa	15	Peru	3	Uganda	2	Namibia	1
Mexico	14	Zambia	3	Belize	1	Nicaragua	1
Brazil	10	Bolivia	2	Burk. Faso	1	Pakistan	1
Egypt	7	Chile	2	Cameroon	1	Papua NG	1
Paraguay	6	Ghana	2	El Salvador	1	Philippines	1
Zimbabwe	6	Kenya	2	Gabon	1	Seychelles	1
China	5	Malawi	2	Gambia	1	Tunisia	1
Domin. Rep.	5	Mauritius	2	Guatemala	1	Uruguay	1

Source: Adapted from European Commission, 2000.

Within the EU, the UK ranks third as a first destination for the import of organic produce from developing countries, some way behind Germany and the Netherlands (Figure 1). The UK currently has 152 authorisations for the import of organic produce from developing countries under Article 11(6). Over half these authorisations are concentrated in five countries, Sri Lanka, India, South Africa, Mexico and Brazil. The products imported from Sri Lanka are dominated by desiccated coconut and coconut milk. Fruit, tea and spices are also significant. As would be expected imports from India are dominated by tea. Other items include nuts and spices. The main import from Mexico is coffee, with fruit, vegetables and edible oils completing the list. Brazil's organic exports to the UK comprise concentrated orange juice, oranges, cashew nuts and cane sugar. It is interesting to note that some countries specialise in exporting a small number of organic products to the UK market, for example 70% of the tonnage of produce imported from Brazil is citrus based; tea comprises 85% of the imports from India; vegetables comprise 100% of the imports from Egypt as do bananas from the Dominican Republic (Fransella, 2001). On the other hand, other countries export a diverse list of organic products to the UK. China, for example, exports 14 different products to the UK market, including rice, sunflower seeds, soya beans and green tea.

The organic produce currently imported into the UK comes from producers of all types, including smallholder farmers who are proving to be competitive in a number of products, including coffee and cocoa. In terms of production, size of holding is not a barrier to organic production. In fact for some products such as herbs, spices and fresh horticultural products there is growing evidence that, for conventional production at least, smallholder farmers are as efficient and productive per unit area as larger enterprises (Coulter *et al* 1999). The critical issue for smallholders is marketing their produce. For organic produce, however, there is the additional barrier of certification (see Sections 4 and 5).

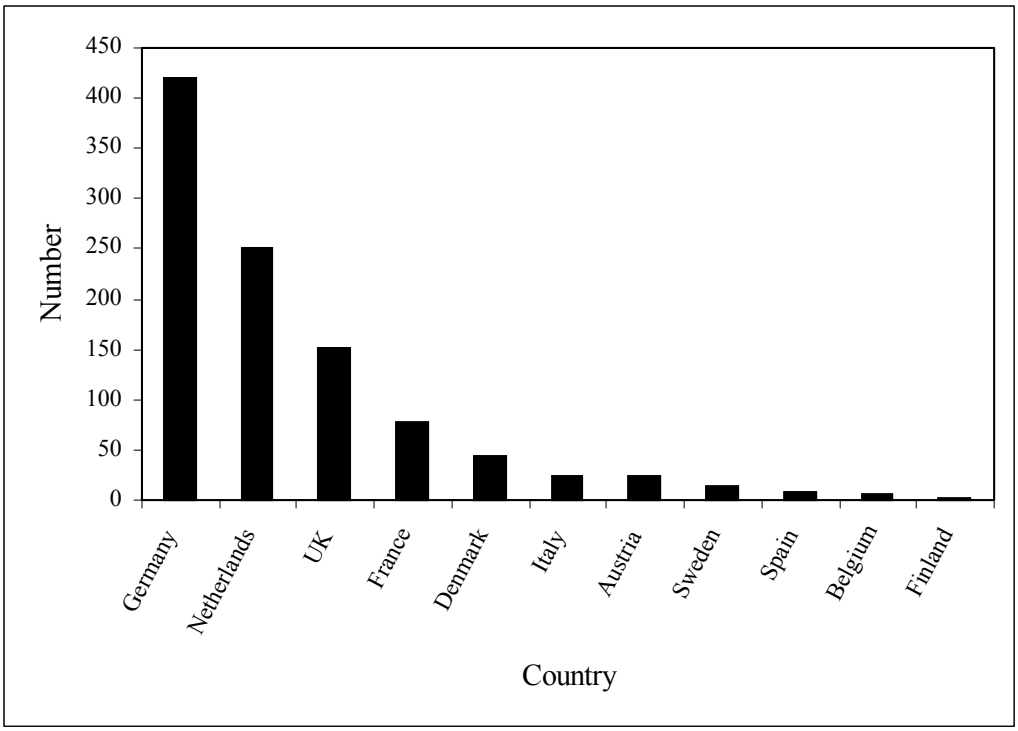


Figure 1: Number of current authorisations for import of organic produce into the EU from developing countries.

Source: Adapted from European Commission, 2000.

3.3. UK and overseas projects

Many types of projects exist with the aim of assisting organic trade from developing countries. These range from government programmes to business partnerships and co-operation with certification bodies. Listed below are some examples of projects that aim to assist resource-poor farmers to benefit from certified organic production and trade. The certification process itself, and the many steps required to achieve it, are described in Section 4.

3.3.1. Government programmes

The EPOPA programme

In 1994 the Swedish International Development Authority (SIDA) initiated the EPOPA programme (Export Promotion of Organic Products from Africa), whose aim is to develop the export of organic products from Africa. This is achieved by giving producer countries the opportunity to increase and diversify their exports. The EPOPA programme is subcontracted by SIDA to Agro Eco Consultancy in the Netherlands. Projects are initiated in African countries where Sweden is engaged in private sector development. Currently there are projects in Uganda, Tanzania and Kenya.

The Protrade programme

Protrade is the trade promotion organisation of GTZ (German technical co-operation). The aim is to offer marketing advice to initiatives and companies in developing countries who are already exporting or wishing to export. This is achieved by assigning a local consultant as well as a short-term consultant who visits the project for 1-2 weeks twice per year. It has been supporting and advising initiatives in several developing countries for the last six years

(Hermani, 1997; Neuendorff, 1997). Protrade has developed a website which aims to link exporters of organic products from developing countries to importers all over the world.

3.3.2. Business partnerships

TWIN Trading

TWIN works with 19 producer organisations (250 000 producers) in ten developing countries throughout the world. TWIN offers a premium for coffee, cocoa and tea, producing end products such as Café Direct and Day Chocolate. They operate revolving funds at fair trade rates to finance credit needs of small-scale farmers.

There are many other organisations like TWIN dealing with organic and/or fairly traded goods with a policy to assist small-scale producers in various ways: Oxfam (UK), Traidcraft Exchange (UK), Tropical Wholefoods (UK), Lanka Organics (UK/Sri Lanka), Max Havelaar (Switzerland), Helvetas (Swiss Association for International Co-operation). All of these offer fair trade and/or organic agreements which guarantee prices over a period of time.

Geest Bananas

Geest has developed plans to convert banana production in the Windward Islands from conventional to organic systems. They will assist large-scale farmers to convert as well as the many small producers on the islands. Support will be given in terms of technical advice (training local extension officers) and premiums for organic bananas (Pierse, 2000).

Maikaal / Remei

Remei is a Swiss cotton trading company that started a partnership in 1992 with Maikaal Fibres Ltd, India, to produce organic cotton (Baruah, 2000; Mabille, 1995). The conversion trials initiated in 1992 have led to the development of organic cotton production covering nearly 3000 hectares. The adoption of organic technologies by small-scale farmers, encouraged by Maikaal, has been very successful due to the offer of various services including technical field support, monitoring of crop development, training and distribution of organic inputs for fertility and pest management. These services were provided through a team of extension officers drawn from the local farmer population who are given continuous training in organic and biodynamic techniques.

Farmers enter into a contract with Maikaal/Remei with an obligation to follow a detailed development plan. To obtain loans from Indian banks Maikaal/Remei had to guarantee to buy all the organic cotton produced ‘come what may’. This assures a market to the farmers.

International Trade Centre

The International Trade Centre (ITC) is a focal point in the United Nations system for technical co-operation with developing countries in trade promotion. It is sponsored by the parent bodies, the World Trade Organisation and the United Nations Conference on Trade and Development. They are promoting trade in organic products. They:

- Started an export promotion project in Ethiopia.
- Developed a World Bank financed project on empowerment of rural communities to export organic spices in co-operation with smallholder farmer groups and the Spices Board of India.
- Organised a series of export seminars to draw attention to the possibilities of exporting organic produce in Nepal, Bangladesh and Bhutan in June/July 2000 and French-speaking West Africa at the end of the year.

- Run a Market News Service which provides price and market information on a number of food products. Currently it only covers conventional foods but it is planned to cover organic produce too.
- Are developing an ITC website on organic trade.

ITC have recently commissioned a study to investigate the organic certification process within Africa. The study aims to make recommendations as to ways in which organic certification can become more accessible to the wide spectrum of rural farmers.

3.3.3. Projects / partnerships with certification bodies

Local inspection

Some of the larger players in international certification have local offices to make inspection easier and cheaper. Institut fur Marktöcologie (IMO, Switzerland) for example has offices in Turkey, Latin America and India. These offices are staffed by local people who receive training from IMO. Whilst this system is controlled by European certification bodies and revenue is repatriated to Europe, local expertise is developed and the organic movement in those countries is enhanced.

Use of local certification bodies by international certification bodies

The large German certification body Naturland sub-contracts inspections to IMO-Switzerland, IMO-Turkey, IMO-Latin America, IMO-India, AOPEB and Bolicert in Bolivia, Bio Latina in Peru, Certimex in Mexico, Egyptian Centre for Organic Agriculture (ECOA) in Egypt, EKONIVA in Russia and Bio Suisse in Switzerland.

These systems allow for the development of local certification bodies in developing countries. Knowledge and expertise is gained. These systems are often viewed by the local certification bodies as an intermediary stage to their 'independence'.

European certification bodies helping organic certification development

The EU Regulations have been elaborated mainly for single farm units which form one legal entity. As Section 4.3.5 explains, group certification has become necessary in developing countries where farmers often form co-operatives or producer groups. To cope with these groups certification bodies have developed internal control systems (ICS). The Naturland Association (Germany), a large and long-standing certification body, commissioned IMO to write a manual for such a quality management system, 'Quality Control Manual of Organic Production in Small Farmers' Associations' (Eisenlohr, 2000).

IFOAM has also written a manual which provides guidelines on how to establish an accredited organic certification body, 'Building Trust in Organics: A Guide to Setting Up Organic Certification Programmes' (Rundgren, 1998). The Soil Association is also actively involved in certification development (see Box 2).

Box 2: The Soil Association case.

The Soil Association has a standard development programme which is modular. Clients can choose what help they need: standards development, inspector training, certification system development, certification office set up. The aim of these programmes is to establish internationally recognised organic certification systems. This includes organisations which are recognised as competent and accredited to ISO65 standards. As an interim measure, the SA train inspectors and employ them to do local inspections. The inspection reports are sent in to the SA, who carry out the certification (Myers, 2000).

The Soil Association has been developing certification systems in Kenya and Venezuela for several years. They have trained inspectors and/or carried out preliminary development work in China, India, Zambia, St Helena, Cuba, Poland and Georgia.

3.3.4. Local certification body initiatives

Latin America

Bio Latina has been in operation for 2-3 years. It is an association of several Latin American certification bodies including BIO MUISCO in Colombia, BIOPACHA in Bolivia, CENIPAE in Nicaragua and INKA CERT in Peru. Initially Bio Latina was just a group of independent certifiers but because of the demands of the EU, Bio Latina decided to form a single Latin American company. Bio Latina is EN45011 accredited and production standards have been developed to be equivalent to European minimum standards. Only in one case have they managed to obtain funds from an international co-operation agency to fund these activities (Guanilo, 2000; Miranda, 2000).

Zambia

Currently, attempts are being made to develop a certification body in Zambia. Zambia now has regionally resident inspectors, which helps with the problem of having the right understanding of the different conditions for organic agriculture in Africa and with the cost of transport for inspections. However, the cost of processing the inspection and the certification procedures are high, as European certification bodies carry out this work. To make the processes easier and to enable some of the paperwork to be done locally prior to inspection, a secretariat/clearing house for the processing of the documents is being developed. It is recognised that Zambia is not ready, at this stage, for the 'quantum leap' of forming an independent certification body. Zambia is looking at forming links with a European certification body and being 'professionally guided'. It is recognised that the certification body must be respectable if the confidence of buyers is to be maintained. The Zambian government is not presently involved with this process; however, it is believed that they would be supportive if they were requested to assist such developments (Burgess, 2000).

South Africa

The Department of Agriculture in South Africa has developed draft standards which have been formulated with the aim of obtaining EU equivalence. The Organic Agriculture Association of South Africa (OAASA) is in the process of developing a local certification programme. SGS (a Swiss certification body) has recently regionalised its services in South Africa making certification a much easier process. However, the fees are still out of reach for resource-poor farmers. At the moment large farmers are able to afford the fees of European certification bodies but, in the light of the growing domestic market for organic produce in South Africa, various 'development' organisations in South Africa see the potential for smaller farmers to exploit this market. The Bio Dynamic and Organic Certification Authority (linked to Demeter of Germany)

has recently established an office in South Africa. It is the intent of this organisation to enable low-cost certification of organic and/or biodynamic farmers. 'We have thousands of small farmers in our area who need to be advised and certified but due to the lack of sponsorship very little progress is being made' (Franken, 2000).

Other initiatives are also underway particularly in Kenya, Egypt, Thailand and China.

4. PROCESSES OF CERTIFICATION FOR DEVELOPING COUNTRIES

4.1. Certification for domestic markets in developing countries

There is some evidence of a preference amongst consumers in developing countries for 'organic' produce (Harris *et al*, 1997) but this usually represents a preference for food grown without inorganic fertilisers and synthetic pesticides. In a survey of organisations, mostly NGOs involved in promoting sustainable agriculture, in sub-Saharan Africa in 1996, very few respondents (11%) mentioned the supply of a specialised consumer market as a reason for farming organically. There is rarely an organised domestic market for certified 'organic' produce (Section 3.1.2) and organic farmers often sell their produce privately to supermarkets or at farmers' markets or organise themselves into co-operatives for marketing. Customers take the quality of the product on trust rather than on the basis of certification (Harris *et al*, 1997). However, a lack of trust and an unwillingness to pay premium prices for organic produce have limited development of purely local certification schemes to the extent that organic produce has often to be sold by farmers at the same price as non-organic produce. In Senegal (UNDP, 1992), organic vegetables were sold to merchants at the same price as non-organic produce. However, in this case, still without certification, the merchants were able to obtain a premium price for the vegetables, even in rural Senegal, but kept the surplus for themselves.

The Shri Narsinv Plantations shop in Goa, India advertises its products prominently as coming from 'a purely organic farm'. The 48-hectare plantation is owned by the same family as the shop. The shop sells home-grown fruits, vegetables and spices and also distributes and sells organic pickles, chutneys, masalas and fresh produce sourced from subsistence farmers. There is no formal certification; business is all done on the Naik family's local knowledge and trust. It is reported that the shop 'does a roaring trade with keen customers who express a clear desire for more organic produce. The Naiks (the owners) hope for an organic certification structure one day and work hard to promote the organic movement' (Harding, 2000).

In some cases, the knowledge that organic crops are being grown and certified for export has engendered trust of local consumers who purchase produce from those farms even though formal certification is not recognised locally. This can be thought of as a form of 'informal, second-hand certification' and is exemplified by the Sri Lankan experience (see p12) (Stoneman, 2000).

In a number of countries, including Kenya, there have been attempts to develop local organic production standards and certification schemes for domestic markets (see 3.3.3). These attempts have frequently been led by NGOs with philosophical commitment to organic farming. Harmonisation of standards within countries or adherence to international norms for organic production may be hampered by a lack of national legislation relevant to organic farming. In many cases, locally developed standards are seen as a step towards recognition for bodies inspecting for export to the EU or other developed countries, in which case standards are likely to be modelled on standards in developed countries (e.g. ABLH, 1999).

In South Africa there is considerable demand for organic produce among more affluent consumers (see Box 1). There is also a significant market through small (and expensive) health food shops. The supermarkets, at least, demand certification but, in the absence of a local certification scheme, which is under development but not yet in place, they rely on certification by overseas bodies (Auerbach, 2000).

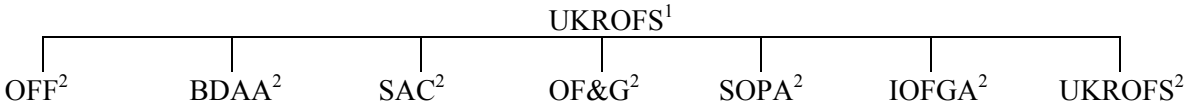
The situation is more advanced in countries such as Brazil, where, since 1999, the government has established national standards that are adhered to by all the local certification bodies, giving a fully regulated domestic inspection and certification process (Fonseca, 2000).

4.2. Organic certification in the EU

Certification of organic produce, whether produced in the EU or imported, is regulated by Regulation (EEC) 2092/91, which is implemented in each member state by a national 'competent authority'. In the UK the competent authority is the United Kingdom Register of Organic Food Standards (UKROFS) which is under the Ministry for Agriculture Fisheries and Food. This regulation also incorporates European standards for inspection procedures (EN 45011/ISO 65). It is illegal to sell as organic any product that has not been properly certified. Thus, certification is an absolute requirement for any individual or group producing organically for export. The requirement for certification of all stages of the supply chain adds cost and time delays to the export process and can cause particular problems for resource-poor farmers in developing countries.

Prior to Regulation 2092/91, there were a number of independent private sector certification bodies operating within the UK. After the establishment of Regulation 2092/91, the UK government did not abolish the private sector certification bodies. These bodies certify to their own standards, which comply as a minimum with Regulation 2092/91 and UKROFS requirement but may have additional requirements. Each of these private sector bodies must be approved by UKROFS.

Inspection and certification in the UK, including of importers of produce from developing countries, is thus carried out by seven organisations (including UKROFS). SAC, IOFGA and BDAA operate to their own standards that go beyond the minimum EU/UKROFS standards; the other bodies follow EU/UKROFS standards.



[1] United Kingdom Register of Organic Food Standards (UKROFS). Competent authority responsible for administration of Regulation (EEC) 2092/91.
[2] Inspection and certification bodies. Organic Food Federation (OFF); Bio-dynamic Agricultural Association (BDAA); Soil Association Certification Ltd (SAC); Organic Farmers and Growers Ltd (OF&G); Scottish Organic Producers Association (SOPA); Irish Organic Farmers and Growers Association (IOFGA).

4.2.1. Symbol schemes

All organic produce marketed in the UK must bear 'Organic Certification' followed by the appropriate EU code for the certification body licensing the last operation. Thus, for example, a UK packer licensed with SA Cert Ltd must include 'Organic Certification UK5' on the product (UKROFS is UK1 etc.). Each of the certification bodies approved by UKROFS may have its own symbol scheme. Certification by a private sector body, which allows the display of their symbol on organic produce, is a separate issue from the legal requirements that establish the organic nature of the produce. The certification bodies can impose their own additional requirements for award of a symbol provided the basic organic certification is at least equivalent to the EU/UKROFS standards.

Partly for historic reasons, the Soil Association Certification Ltd Symbol remains the UK market leader and the organic symbol most recognised by the general public as guaranteeing the authenticity of the product. The desire by supermarkets and other retailers to provide consumers with what is perceived as the firmest guarantee has led some of them to insist on Soil Association certification. As a result, importers of produce from developing countries may, for commercial reasons, decide to obtain the Soil Association symbol. This may involve a certain degree of duplication because while UKROFS requires importers to demonstrate that the third country producers and exporters are EU equivalent, SA Cert Ltd may additionally insist that the importer demonstrate that the third country producers and exporters meet standards equivalent to those of the SA Cert Ltd.

4.3. Authorisation to import organic produce into the EU from developing countries

In order to be marketed in the EU as organic, goods that are imported into the EU from third countries must meet strict production and procedural standards, as well as specific import rules, which are outlined in Article 11 of Regulation (EEC) 2092/91 and are described below. The general principle applied is that of equivalence. Agricultural production, processing, documentation, inspection and certification are required to be of equivalent standard to EU Regulations. The regulations governing import of organic produce apply to crop and livestock products, both unprocessed and processed. The regulations do not have to be identical, but must prove comparable effectiveness. This allows third countries to develop their own organic food production and certification systems. A further principle is that of inspection of all stages of the import chain including production, exporter, importer and processors.

4.3.1. Import under Article 11(1)

A non-EU country may be registered by law as operating production rules and systems of inspection equivalent to those operating within the Community. This is sometimes referred to as 'the front door'. Registration requires an official diplomatic request to the European Commission in Brussels by the third country government. Applications from private bodies do not suffice. Registration means inclusion on a list. Third countries recognised under Regulation (EEC) 2092/91 Article 11(1) Annex (EEC) 94/92 are currently Argentina, Australia, Czech Republic, Hungary, Israel and Switzerland. Inclusion on the list is for a fixed term and then requires renewal. The EU sends missions to check every 4-5 years that the countries still comply.

Within these countries there are inspection bodies and certificate-issuing bodies recognised by the EU. These can issue a certificate allowing the product to be imported into the EU by an importer approved by the competent body of the EU Member State. In most cases the approved inspection and certificate issuing bodies are the same and there are currently two in Argentina, seven in Australia, two in the Czech Republic, two in Hungary, one in Israel and two in Switzerland. The inspection and certification bodies may be government departments or NGOs.

Most EU nations would like to see an increase in the number of countries granted Article 11(1) status. But it is costly, slow and difficult for this to be achieved and the EU has to be convinced of the status of both production standards and certification standards. Axelsson Nycander (2000) reports an official of the European Commission as stating that 'about 20 countries have applied for being listed. A larger number of countries have signalled interest, but did not come back with complete applications'; also that 'a number of countries in Eastern Europe, along with a few OECD countries, are most likely to become listed in the next few years'.

Being a 'listed country' greatly facilitates the exporting process. Although each consignment of organic produce under Article 11(1) requires a certificate issued by an authority or body listed in Annex 94/92, there is no need for the importer to provide any further details or evidence of inspection and certification in country of origin.

Soon after implementation of Regulation 2092/91, the procedures for accessing the EU market through the 'front door' was found to be ineffective and to be inhibiting trade. In 1992 a second path was opened, Article 11(6), referred to as 'the back door'.

4.3.2. Import under Article 11(6)

Importers of third country organic produce under this Article may apply for an import authorisation. The onus is very much on the importer. The European Commission does not process applications for import authorisations, they are investigated and approved by the competent authority in each of the member states. In the UK, UKROFS must be convinced that both the organic production standards and procedures (EN 45011/ISO65) are EU equivalent. This measure was originally regarded as a provisional arrangement until 31 July 1995. However, its applicability has been extended a number of times and most recently to 2005. Import authorisation must be obtained for each importing country. There are some differences in criteria employed by different EU member states in determining EU equivalence.

Article 11(6) functions quite well but EU member states cannot agree on what constitutes equivalence, and tend to apply what is in their national certification standards rather than EU ones. UKROFS sticks to the legal position and examines equivalence strictly against EU standards. Although each country assesses equivalence there is a process (Article 14) under which one country can dispute authorisations awarded by another country and this can be resolved and a common position arrived at by negotiations in Brussels.

Import authorisation is generally not required for every individual consignment (but may be in Italy) but names inspection body, producers, processors, exporters and importers. Authorisation may be open-ended or may be granted with an expiry date. Authorisation may be revoked. Minor changes, such as the addition of another related product from the same producer, may be added to authorisations, but substantial changes in inspection body, product, producer, exporter or importer require a fresh authorisation. Once within the EU, organic produce may be re-exported to other member states without requirement for further authorisation.

If an import authorisation request (OB6 form) is received by UKROFS with inspection by a previously unchecked body, then equivalence is carefully checked. UKROFS do not charge for their services. When authorisation to import is granted, all other EU countries are notified. Once authorisation is given by one country for a producer, inspection body, exporter combination, then this is likely to be accepted by another country, although a full import authorisation request has still to be made.

The process of import authorisation was considered by several respondents to lead to unnecessary duplication of paperwork, slowing down the response time of UKROFS in the UK. There is a case for a common EU import authorisation so that fresh import authorisation applications are not required for each EU member state. Some respondents would go further, and propose that once individual inspection bodies have been approved by an EU competent authority, import of produce from other producers, or indeed from other countries, inspected by that body, should be allowed without further import authorisation. This would, in effect, grant EU listed status to inspection bodies rather than to individual listed countries in Article 11(1). This amendment would avoid the current situation in which import authorisation is granted for specific produce from one producer or producer group citing an EU-based inspection body, but

a fresh authorisation has to be obtained for another producer or producer group in the same country, even when the inspection body remains the same. This could also be extended to inspection bodies recognised under Article 11(1). Currently, for example, Argencert, is accepted as an inspection and certification body for produce from Argentina (a country listed under Article 11(1)), but a full import authorisation is required if Argencert certify produce from neighbouring Bolivia (not an Article 11(1) country).

4.3.3. Import under Article 11(7)

A 1995 amendment to Article 11 (Article 11(7)) allows requests by an EU member state for a 'third country inspection body' to be added to the list under Article 11(1). A view has been put forward (Axelsson Nycander, 1999), and repeated in other reports, that, in theory, this opens another opportunity for exporters in unlisted countries to gain access to the European market, by approving a body in a country not listed under Article 11(1).

So far, only one organisation, SKAL Holland, operating in Hungary, has been licensed for inspections in Hungary (an Article 11(1) country) by this mechanism. There is uncertainty about Article 11(7), but UKROFS interpret the article as meaning the EU member states may approve further inspection bodies in countries already listed under Article 11(1) and not inspection bodies in countries not listed under Article 11(1) (Cook, 2000). Thus, Article 11(7) is very unlikely to offer an alternative entry route to the EU for organic imports from developing countries.

4.3.4. Inspection bodies for organic produce from developing countries

Each import authorisation under Article 11(6) names the inspection body. Theoretically this can be any inspection body as long as it satisfies the standards. UKROFS's official position is that they have no preference whether it is an EU or a third country inspection body nor whether they are IFOAM accredited (see below) or not (Cook, 2000). However, the vast majority of inspection bodies named in current import authorisations are from developed countries (Figure 2). Only six developing countries have inspection bodies which are named on current authorisations for import of organic produce into the EU from developing countries. These are Brazil, Egypt, Peru, Bolivia, China and Nicaragua. It is interesting to note that these are concentrated in Latin America. No sub-Saharan African or South Asian country features in this list.

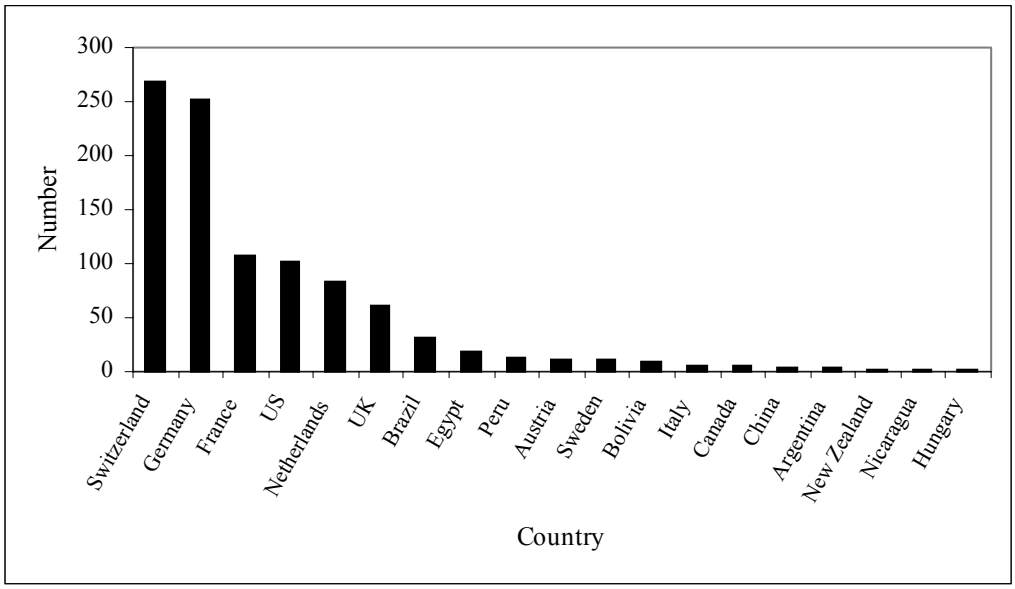


Figure 2: Nationality of inspection bodies named in current authorisations for import of organic produce into the EU from developing countries.

Source: Adapted from European Commission, 2000.

Most inspection for Article 11(6) authorisation is done by EU bodies or by bodies from Article 11(1) countries. These are by definition already approved by the competent authority in the importing EU country and, by definition, satisfy the EU requirements for inspection standards.

The European inspection bodies most active in developing countries include IMO für Marktöcologie (Switzerland), Ecocert International, Lacon and BCS Öko-Garantie GmbH (Germany), Ecocert F and Ecocert SARL (France), and SKAL (The Netherlands). A wider range of international, regional and local bodies is active in Latin America, including a number based in the USA.

UK approved inspection bodies play a relatively small role in developing countries (Table 8). Out of the 366 current import authorisations of organic produce from developing countries into the EU, only 61 (17%) are certified by UK certification bodies. The private sector bodies SA Cert Ltd, OFF and OF&G Ltd are named on current import authorisations. In general, European bodies such as Ecocert and IMO are expanding their certification activities overseas, where the majority of their business is located. Some UK bodies may actually have reduced certification overseas because they are so overworked with the expansion in UK domestic certification.

Although the majority of Article 11(6) authorisations name European inspection bodies, these may have contributed to the process in four different ways:

(a) Inspection by visiting European inspectors.

(b) Inspection by a local consultant employed by the European body (e.g. in South Africa; Wade, 2000).

(c) Inspection by a local office of a European body, staffed by local staff and perhaps visited only once per year by European staff. For example, an IMO office in Bangalore, India, employs six part-time Indian staff and carries out local inspection which nevertheless appears as IMO inspected on the import authorisation (Muragappan, 2000);

(d) A collaborative arrangement between a local body and a European body in which the local body carries out the inspection, which is awarded by the European body. For example, a transitional arrangement between the Association for Better Land Husbandry (Kenya) and SA Cert Ltd (ABLH, 1999). Details of the costs of the ABLH/ SA Certification scheme is give in Appendix 3.

Organic produce from only a few developing countries comes in certified by a local inspection body. Table 9 shows that only six developing countries exporting organic produce to the EU use indigenous inspection bodies. Of the 205 current authorisations for these countries, a third (68) are for indigenous inspection bodies. An example of successful development of local certification is Bio Latina. Bio Latina has been very successful in establishing itself as a certification body as it is one of the few indigenous bodies which has gained equivalence under Article 11(6) (see Section 3.3.4). The financial benefits of using an indigenous inspection body is clear when the costs of certification charged by Bolicert and Bio Latina (Appendix 3) is compared to the costs charged by European agencies shown in Appendix 4.

Table 8: Number of current import authorisations for import of organic produce into the EU from developing countries under Regulation (EEC) 2092/91 Article 11(6) naming UK inspection bodies (and total authorisations).

Country	UK	Total
Sri Lanka	28	102
India	7	113
Zimbabwe	5	10
Mauritius	4	4
South Africa	4	49
Egypt	2	32
Tanzania	2	12
Belize	1	1
Ghana	1	5
Jamaica	1	1
Kenya	1	3
Malawi	1	5
Morocco	1	24
Namibia	1	1
Seychelles	1	1
Zambia	1	3
TOTAL	61	366

Source: Adapted from European Commission, 2000.

Table 9: Number of current authorisations for import of organic produce into the EU from countries where some inspection is by an indigenous inspection body.

Exporting country	Nationality of inspection body					
	Indigenous	EU	Article 11(1) countries	US, Canada, NZ	Other: Peru, Brazil	Total
Bolivia	10	5	14	2	3	34
Brazil	31	8	6	8	0	53
China	3	37	0	9	0	49
Egypt	18	4	8	0	0	30
Nicaragua	1	1	2	3	2	9
Peru	5	5	14	7	0	31
TOTAL	68	60	44	29	5	205

Source: Adapted from European Commission, 2000.

4.3.5. Group certification

According to EU Regulations, each farm has to be inspected annually. In developing countries where many resource-poor farmers cultivate small plots of land this system is difficult and expensive. Although the individual land holding may be small, the farmers are often organised into formal groups or co-operatives for marketing purposes. Such groups may range from just a few to several thousand farmers who co-operate in production and marketing of produce. To overcome the difficulties of external certification of large numbers of small farms, group certification based on an internal control system, with designated staff responsible for monitoring, has become an option.

This can take the form of a 100% regime of inspection and record keeping by growers' groups, with random sampling by the certification body and re-inspection of a certain number. Some EU nations consider that re-inspection should be near 100%, others much lower. Countries such as Denmark and Sweden, that are more interested in costs to the producers than in ensuring authenticity, think that very little external inspection is necessary (Cook, 2000). At the moment this is left to member countries and the UK works to 10%.

To facilitate the inspection process of these groups, European certification bodies such as IMO and Soil Association Certification Ltd have produced guidelines or special schemes. For example, SA Certification Ltd has an overseas group registration scheme allowing operators to link together under one licence through, for example, a growers' group or processor that markets their produce. SA Certification Ltd have their own formula and procedures for determining the proportion of individual holdings inspected annually (Soil Association, 2000). To harmonise these various guidelines, the European Commission is currently developing group certification guidelines. These guidelines will ensure that internal control systems are effective. An accredited inspection body then need only inspect a proportion of the group to grant a certificate, provided that 100% internal control can be guaranteed.

4.3.6. Voluntary accreditation schemes

There is no forum in Europe, or elsewhere, for governments to discuss and exchange information on issues relevant to organic production, certification and trade. Most discussion and policy recommendations to governments are made by voluntary accreditation schemes, of which the International Federation of Organic Agriculture Movements (IFOAM) is the most influential.

IFOAM is an international body that aims to promote the organic movement. It has a membership of about 700 organisations (research, certification, education, and growers). IFOAM provides a forum, publishes basic standards and awards its own accreditation to organisations and their production standards through the IFOAM Accreditation Programme (IAP). IFOAM was established to harmonise standards developed by private/voluntary sector bodies. IFOAM sets minimum standards, which provide certification programmes with a basis for developing detailed local production standards. IFOAM standards have been a major influence on the development of national laws regulating organic farming, including Regulation 2092/91 and the *Codex Alimentarius* guidelines which were set up by FAO and WHO. They cover areas such as guidelines on food import and export certification, food hygiene, additives, contaminants, residues, food sampling and analysis. IFOAM wishes to establish international standards that will be a minimum throughout the world.

IFOAM/IAP standards also aim to establish equivalence. By equivalence, IAP means that if similar standards can be shown to apply to each country that is accredited by IAP, then other countries can confidently accept the local certification. IAP accredited certifying agencies still

administer certification, but in addition to their own logo, they are allowed to use the IAP logo. IFOAM also wants to be recognised as a body awarding accreditation to ISO65 standard via its offshoot the International Organic Accreditation Service (IOAS).

IFOAM/ IOAS accreditation has no legal status in the EU, although IFOAM accreditation is said to be almost acceptable as satisfying EU equivalence by one country, Sweden. Officially, IFOAM accreditation of an inspection body does not influence UKROFS in their scrutiny of applications for import authorisation under Article 11(6) but there is a perception among importers that such accreditation does carry some weight in UKROFS.

IFOAM accreditation may help access to UK markets. J. Sainsbury's plc has announced that they are committed to have all own-label organic products certified by IFOAM accredited bodies by 2003 (CAB International, 2000). The Soil Association is currently the only UK certification body to be IFOAM accredited.

4.4. Implications for smallholders in developing countries

The regulations and procedures for the production and certification of organic products and for authorisation to import these into the EU are very complicated. The process involves adhering to specific and possibly novel production standards, a high level of record keeping, delay in obtaining certification during a 2 or 3 year conversion period, and additional expense in obtaining certification. In the case of smallholders, organisation into producer groups is essential for cost-effective group certification (see Section 4.3.5) and partnerships have to be formed at an early stage with potential EU importers who are responsible for obtaining import authorisation. Producer groups need reliable partnerships with trustworthy exporters and EU importers with whom informed decisions must be made regarding the inspection and certification bodies that will give the greatest opportunity of entry into EU markets. These implications are discussed in Section 5.

5. CONSTRAINTS TO ACHIEVING ORGANIC CERTIFICATION BY RESOURCE-POOR SMALLHOLDER FARMERS

5.1. The organic trade chain

The previous section has shown that the regulatory framework together with the process of certification and verification associated with the production and sale of organic produce is complex. For producers wishing to export to European markets the procedures are confusing and often very time consuming. Figure 3 shows that there are a number of stages in the regulatory and certification chain linking organic growers in countries outside the EU with customers in the UK.

Figure 3 is a simplified representation of the organic trade chain, which highlights four stages in the chain. Although the constraints associated with each of these stages will be discussed in turn it is important to stress that it is a complex chain with interconnected and overlapping processes and procedures, which incorporate both macro as well as micro elements.

The first stage in the chain is the conversion to recognised organic systems of production and the issues associated with the successful management of organic production units. However, in order to sell the produce as organic, particularly in export markets, the production has to be certified. The second stage is therefore the certification process. This involves the interlinked processes of certification and annual re-inspection. Certification and inspection are always separate functions, as this is a requirement of ISO65 (Myers, 2000), hence the separation in Figure 3. In order to enter export markets both the production standards and procedure standards must satisfy EU standards and regulations, as explained above (Section 4). It is these two stages that require the direct involvement of growers, who are for the most part responsible for ensuring that production methods meet EU specifications and that the certification and inspection bodies they choose meet Regulation (EEC) 2092/91 and EN45011 equivalence.

The grower is less involved in the third and fourth stages of the chain. In this part of the chain it is the importer who takes responsibility for ensuring the paper work is completed and approved, thus allowing import into the UK. Clearly the success of this process is reliant on the earlier stages of the chain having been satisfactorily implemented and documented. Increasingly, however, multiple retailers are actively influencing the chain, for example, by insisting that products are certified by named international certifiers and that inspection bodies are IFOAM accredited. In addition they are taking an active interest in production methods by sending their own technologists to inspect production units.

Resource-poor smallholder farmers can access the export marketing chain in three ways:

1. Selling direct to the exporter. This happened in the past for conventional produce when middlemen would come to the farm gate to buy produce. This is less common now due to HACCP. It is unlikely to be the case for organic produce due to the need for each producer to be certified. For example, Fruits of the Nile who export solar-dried fruit and vegetables from Uganda to the UK source from independent producers and small informal groups. There are no contracts with producers. They believe that this type of sourcing is 'more viable than contract farming' (Malins & Blowfield, nd). Fruits of the Nile sell to the Fair Trade market in the UK and recognise that organic certification would enable them to enter the more lucrative organic market. However, they have explored the possibility of organic certification but this would mean that all farms that supply produce to the driers would have to be certified. They regard organic certification to be too strict and too impracticable (Malins & Blowfield, nd).

2. Producer group. This is a group of farmers who supply the same product(s) to one or more buyers. The farmers belong to a co-operative or association, sign an agreement amongst themselves, and have an internal control system. There are usually elected officials such as chair and secretary. The key figure is the group co-ordinator who keeps records and organises the internal control system. There are regular visits to the farms and information is logged. Farmers not complying with the group's rules can be suspended or expelled (Myers, 2000; Alonso, 2001). There are special schemes in operation for the organic certification of producer groups within EU Regulations and the EU is currently developing group certification guidelines (Section 4). Provided the internal control system functions well, then organic inspection is reduced to an audit of the system with only 10-20% of the farms in the group being inspected annually (Myers, 2000; Alonso, 2001). The group pay one fee for certification (Alonso, 2001), making this an economically viable way for resource-poor farmers to get organic certification for their produce.

3. Contract farming. This is defined as 'arrangements between a grower and a firm...in which non-transferrable contracts specify one or more conditions of marketing and production' (Little & Watts, 1994, 4). A central part of many contracting schemes is the provision to farmers of loans to buy inputs, or the supply of the inputs package itself, in return for a commitment to market the outputs through the same company. These loans are recovered by deductions from the crop payment. Smallholders may benefit from such a relationship, for example, by receiving inputs and advice and opportunities to intensify and diversify production and to enter the export trade. However, in practice many companies have faced significant difficulties in buying crops, due to 'side selling' and recovering the loans due to 'strategic default' (Coulter *et al,* 1999). These schemes appear to work best when the 'firm' or exporter takes the role of 'benign dictator', organising smallholders and assuming responsibility for a rigid enforcement of standards. There are examples in conventional horticultural production for export in sub-Saharan Africa of this being very successful (Coulter *et al,* 1999). However the successful implementation of contract farming for organic produce by resource-poor farmers is more debatable due to the issue of certification. Out-growers may be treated in the same way as producer groups, in terms of certification, if they are organised and have an internal control system (see above). However out-growers are much more likely to be too different from each other to be eligible for membership of a producer group and therefore need to be certified and inspected separately (Myers, 2000). The Soil Association do not recognise 'out-growers' as a different category in terms of certification. They only certify producer groups, individuals or companies (Alonso, 2001). Certification is likely therefore to be a major barrier to resource-poor farmers taking part in out-grower schemes for the production of organic produce for export.

In a major study involving smallholders in the export of conventional horticultural produce in Zimbabwe (Coulter *et al*, 1999), out-grower schemes were investigated. Participants in the research highlighted the high risks in setting up out-grower schemes, suggesting that they were unviable for some commodities such as cotton and paprika and difficult for other crops. The added complicating factor of certification indicates that organic out-grower schemes are unlikely to become commonplace in the near future. It is the view of this report that the setting up and certification of producer groups, perhaps in association with or in contract to a larger commercial farm or exporter, is the most likely way that resource-poor smallholder farmers will be able to access the organic export market to Europe in the short to medium term.

At all stages of the chain producers of all sizes face barriers. However, for many resource-poor smallholder farmers the obstacles are perceived to be almost insurmountable. This section will highlight the main barriers at each stage, for such farmers. It should be stressed that it was

outside the scope of this study to interview resource-poor smallholder farmers. The comments made here reflect the views and perceptions of organisations which are part of the organic trading chain, some of whom have daily contact with producer groups.

Figure 3: The regulation and certification chain for organic food imported into the UK.

5.2. Constraints to the production of certified organic produce

Respondents have identified three key constraints to resource-poor farmers adopting certifiable organic farming practices. These are first, a lack of knowledge of organic practices and EU requirements if the crop is for export, secondly the perceived inapplicability and inflexibility of many of the regulations required by certifiers and inspectors and thirdly, the problem of record keeping.

5.2.1. Knowledge of organic practices and EU requirements

Many resource-poor farmers in developing countries are organic by default to the extent that chemical fertilizers and pesticides are not available or are too expensive for them to use. For example, the most recent census of Tanzania shows that out of 4.5m farms, 3.9m farms do not use any chemical fertilizer due to lack of availability and cost (Myers, 2000a). As an independent consultant states, 'there are plenty of farmers in the Third World who would have to make very few changes to their current practices to be able to apply for certification' (Myers, 2000). Such farmers need to be informed of positive organic practices such as the use of green manures and compost, recycling organic matter, soil conservation measures and planting predator attractants that are appropriate for their own circumstances. But as Myers (2000a) explains it is 'quite a jump from producing subsistence crops organically and growing organic cash crops for the local market and for export.' For this jump to be made farmers usually need to be organically certified. However, they do not necessarily have the information and knowledge that would enable them to demonstrate equivalence with Regulation (EEC) 2092/91. This lack of information has been highlighted by respondents for this research as one of the main constraints to organic production by resource-poor smallholder farmers.

5.2.2. The perceived inapplicability and inflexibility of EU organic regulations

When farmers do get access to such information they find that the substantive requirements of EU regulations are inappropriate to their particular situations, or standards are absent. The EU produces lists of methods and substances that can be used and, for a small number of crops grown primarily outside the EU, specific standards have been approved. For example, IMO have standards for the production of organic tea that are applied in India (Muragappan, 2000). However, most respondents perceive the standards as inflexible and not always obviously transferable to other conditions. For example, many respondents cited the absence of certain agricultural inputs in the standards. Thus, peat is a banned substance in Soil Association standards, yet organic farmers in South Africa say peat is plentiful in their country and should be permitted for use on organic farms providing it is extracted in a sustainable manner (Hartzell, 2000). Other examples include the management of guano, which could be a valuable source of organic matter and nutrients in many developing countries. However, in reality the standards do not have to be identical but 'equivalent' to European standards, accepting that some aspects of production, such as inputs, will be different in different agricultural systems. The difficulty is in agreeing what is EU equivalent. This is an issue on which the EU member states cannot agree. This is clearly confusing for producers who urgently require clarification and guidance.

5.2.3. Record keeping

The third barrier with respect to smallholder production of organically certified produce is the inability of often illiterate farmers to keep written records (Myers, 2000), or to know what data

to record. All certifiers require written historical production records of land and cultivation techniques during the period of conversion. These are essential to gain certification. Once land has been certified farmers must keep full and accurate records for inspection purposes. In such circumstances it is suggested that farmers form producer groups and employ a group co-ordinator to keep records for the whole group (Myers, 2000; Alonso, 2001). The importance of this is demonstrated by the example of a producer group of 3,500 conventional banana farmers in the Windward Islands. When a technologist from a UK multiple retailer did a spot inspection of the group and one farmer could not produce records in the correct format, the whole group was 'struck off' and the group had to find an alternative market for their crop (Pierse, 2000). One respondent suggested that alternative methods of verification should be allowed in certain circumstances. He suggests that more trust should be put in the investigative abilities of inspectors, allowing them to use observation and verbal interviews to confirm that no prohibited inputs have been used over the period of the inspection (Myers, 2000).

Respondents suggested that there is an urgent need to get information concerning organic production, as approved by the EU and EU approved certifiers, to resource-poor smallholder farmers. It was suggested that this could be achieved by strengthening national extension services and developing organic units within ministries of agriculture. It was suggested that the issues surrounding specific conditions and crops which are primarily grown outside European situations should be addressed by developing national agricultural research institutions with specific responsibility for organic production techniques and applications. Such institutes would be able to inform EU regulatory bodies of appropriate organic practices in their regions and for specific crops. Research into organic production systems suited to smallholders will become more pressing as organic produce becomes increasingly subject to downward price pressure. If smallholder farmers are to remain competitive in the organic market then research must be done into cost-efficient production systems appropriate to them. Resource-poor farmers should be encouraged to form producer groups to aid record keeping as well as to reduce certification and inspection costs (see below).

5.3. Obstacles in the certification process

The certification process is complex and involves the interlinked, yet legally separated, processes of certification and annual re-inspection. Once production units have an organic certificate they must be inspected annually in order to keep the certificate. The two processes are thus highly interlinked, and both are necessary in order to enter the organic trade chain. If the certified produce is to be exported to the EU, then the inspection must adhere to EU Regulation EN45011. A number of certification and inspection bodies in Article 11(1) countries have been accepted by the EU as EU equivalent and can inspect and certify produce freely for export to the EU. In 'back door' countries local inspection bodies have to demonstrate their EU equivalence on a case by case basis. Few such local inspection bodies are operating, meaning that producers in these countries must pay for international inspection or use local inspection bodies or individual inspectors who are employed by or directly linked to international bodies.

When wishing to get their produce certified/inspected as organic, resource-poor smallholder farmers face many obstacles. These include the cost of certification, the complexity of the process and knowledge concerning the choices available to them in terms of which certifier they decide to choose.

5.3.1. Cost

The cost of certification and annual re-inspection was identified by all respondents as a major barrier to increasing the involvement of small-scale farmers in organic trade. A recent report by Algra & Rijninks (2000) state categorically that, 'The certification costs to enter the EU market

are a major obstacle for small producers whose cash income is normally below U$2000'. The fees charged by certification and inspection bodies (see Appendices 3 and 4) are hopelessly out of the reach of resource-poor smallholder farmers (Hartzell, 2000). Individual interviews and workshop discussions revealed a need to develop certification schemes and inspection bodies whose fees are in line with the earning capacity of smallholder farms. There are a number of possible solutions to this problem.

Local certification and inspection

Local certification is seen as one way of reducing costs to smallholder farmers as fees would be locally determined and reflect local incomes, as opposed to fees decided by organisations in Europe whose primary goal is to serve European farmers. Local certification has a number of advantages. For the certification body to be recognised by the EU it has to be equivalent to Regulation (EEC) 2092/91. This means it can have more locally appropriate standards. For example, it is quite common for organic farmers in Africa and India to use plant material such as neem, garlic and pepper in natural pesticide sprays. In the EU Standards neem is only allowed on the roots of mother plants. Other plant material is not specifically allowed, apart from a small number including derris and pyrethrum. In tropical countries, pests can multiply at an alarming rate and farmers need recourse to pesticides in some acceptable form. A lot of work has been undertaken on neem and when used correctly it should be acceptable. Local certification bodies may well allow the use of such natural pesticides that would not normally be allowed under EU Standards (Myers, 2000).

There are a number of local certifiers in Article 11(6) countries, some very successful (e.g. Bio Latina), but none in the poorest countries and none at all in sub-Saharan Africa. Unfortunately little progress has been made towards developing such procedures in the poorest developing countries. In Kenya, ABLH in partnership with the Soil Association have begun a local scheme which it is hoped will evolve into a national certificate. In South Africa a number of bodies including Rainman Landcare Foundation have begun the process of consultation on developing a local certification body. The setting up a local certification body is a medium term goal of many countries.

In terms of inspection, producers in 'back door' countries must either pay for international inspection or use locally accredited inspection bodies to undertake the audit, which must satisfy EU regulations. International inspection can be very expensive (see Appendix 4). For example SA Cert Ltd charge £350 per day per inspector plus airfares, accommodation etc. Ecocert (Germany) charge £303 per inspector per day plus £350 travel time, plus travel and subsistence at cost price, plus taxes (Giersemehl, 2000). This is prohibitively expensive for resource-poor smallholder farmers. Local certification bodies are likely to be cheaper as well as having other advantages such as knowledge of local conditions and the ability to communicate in local languages (see Table 10). However, as Table 10 shows, local inspection bodies also have disadvantages that must be considered against the cost saving. In particular, local inspection bodies may have difficulties in obtaining and maintaining international recognition. This has led many exporters to advise producers to use international inspectors in order to ensure an export market.

Table 10: The advantages and disadvantages of local certification programmes.

Advantages
Lower costs for producers
Better knowledge of local conditions and languages
Better information flow between certification body and producer
Develops trust between producers and certifiers
More possibilities for making unannounced inspections
Keeps money in the local economy
Disadvantages
Lack of competence and information at start-up phase
Difficulties in obtaining international recognition (EN 45011)
High initial investment costs may take resources from other activities
Conflicts of interest may lead to struggles of 'control'

Source: Adapted from Rundgren, 1998.

Group certification and inspection

For many smallholder farmers one very real option for reducing certification costs is to form a producer group or co-operative and apply for certification as a group rather than an individual. Although this can reduce the costs of certification to individual producers, it can have serious implications for the inspection process, which are discussed below. Currently different certifiers have different approaches on how to deal with producer group certification. This can create a situation whereby recognition of group certification may be problematic for importers (Algra & Rijninks, 2000). However, there are many examples of producer groups who have been successful in exporting organic produce to UK. The case of coffee and cotton are well known. However, it should be noted that many of these groups are associated with fairtrade organisations or companies that support ethical business practice. Respondents for this study were very positive about these types of relationship and felt this was a very real way by which resource-poor smallholder farmers could be integrated into the organic trading chain.

The costs of annual inspections can be substantially reduced to individuals who belong to organically certified producer groups (as with the certification process discussed above). Clearly it would be difficult and extremely expensive to visit each production unit in a producer group which can comprise many thousands of small units. The EU, therefore, suggest that a 10% sample is adequate. However, this may still be very expensive. For example, a 10% sample inspection of a producer group comprising 900 producer units would mean 90 units being visited, an operation which could take many days and cost considerably more than the profit made from the organic premium. The issue is currently being debated amongst EU member states. Some feel that 10% is too small a proportion whilst others believe a more flexible proportional system may be more suitable. At the moment, the issue of the proportion of producers groups being inspected is decided by individual EU governments. Each competent authority may decide on a different percentage or may have different and changing requirements that smallholder groups have to comply with (Algra & Rijninks, 2000). Currently UKROFS works on a 10% inspection rate.

Although producer group inspection can greatly reduce the cost of annual inspections to individuals, there is the danger that if one unit fails the inspection then the whole group will lose

their organic certification. To avoid such situations producers must build up trust amongst the members of the group and develop an internal monitoring and verification system, to ensure all units are adhering to organic production standards. There are documented examples of good practice that could be adapted and transferable. For example, a group could select a group co-ordinator who, as well as being able to keep records, would organise internal control. This would entail visits to the units in the group with the findings being logged. Farmers not complying with the group rules (organic standards) could be suspended or expelled from the group. Groups tend to be tougher with their members than certification bodies (Myers, 2000). Thus when the inspector arrives for the annual inspection, the records are checked and a sample of units are chosen at random and visited. More research needs to be undertaken on such capacity building.

Respondents in this study firmly believed that whilst it is desirable to encourage the setting up of EU accredited local certification and inspection bodies in 'back door' countries to reduce costs, this has to be paralleled by a system to develop and strengthen internal control systems for producer groups. It was felt that donors could play an important role in the building of this capacity because this is an area unlikely to attract commercial interest.

Financial help

The third way by which individual farmers or groups of producers can overcome the high costs of certification and inspection is by seeking external financial help. The support given by national development agencies such as SIDA have been discussed above. However, the coverage is limited compared to the potential demand. Many respondents stated that the commercial sector should play a greater role. Some companies/exporters do help farmers with certification costs, as is the case with Geest and Lanka Organics. Multiple retailers place the responsibility of meeting the cost of certification on the producer (Foley, 2000). An alternative strategy is for producers to ally themselves with NGOs such as TWIN who may provide help in the form of expertise, advice and credit. The encouragement and fostering of such partnerships appears to be very desirable, with well-documented examples of success. This is an area where DFID could play a role, by supporting initiatives and organisations that provide information and fora whereby partnerships between public and private organisations and smallholder farmers and producer groups can be developed.

5.3.2. Complexity of procedures

Many producers feel swamped by the paperwork and amount of bureaucracy associated with the certification process. In particular, many resource-poor smallholder farmers are illiterate and often only able to communicate in a local language. In Guatemala, for example, there are 27 native languages and many smallholders cannot speak the official language Spanish, let alone fill in forms in English, French or German, which is the requirement of many European-based certification agencies (Hernandez, 2000). All the organisations contacted for this research which deal directly with smallholder farmers asked that the paperwork associated with certification be simplified and made available in local languages.

5.3.3. Which certifier to choose

Producers may not be able to choose the cheapest certification body, as importers may insist on the use of a particular certifier because of the problems of EU approval and the demands of multiple retailers. There is some concern that this may infringe free trade principles and it is possible that a test case will be taken to the WTO. The EU needs to monitor this situation, as it is likely to discriminate against resource-poor smallholder organic producers. This is particularly worrying as supermarkets, who seem set to increase their market share of the

organic trade in the UK, are determined to force down premium margins and for purposes of traceability and assurance rely increasingly on large organic producers.

A recent report (Stevens & Kennan, 2000) on the future of exports of conventional horticultural produce from sub-Saharan Africa, in particular Kenya and Zimbabwe, suggests that this trade has grown as a result of beneficial trade preferences that give these countries a competitive advantage over non-preferred exporters. The report speculates that trade policy change and the dilution of preferential access over the next five years will make horticultural exports from such countries less competitive and will thus require cost efficient and high productivity. This clearly favours large commercial producers.

The cost of certification, the domination of the supermarkets in the UK food market, and the likely increase in international competition as preferential access is reduced into the EU, are trends that do not bode well for smallholder farmers in the poorest developing countries wishing to enter international organic markets.

5.4. Constraints associated with export to the UK

Whilst most of the constraints faced by resource-poor smallholder farmers are associated with stages one and two of the organic trade chain, there are specific issues that arise in producing for export to the EU market. Thus, although most of the constraints faced in stages three and four of the chain are beyond the control of smallholder farmers, the macro elements of the chain do impact on them. Thus, at every level of the organic trade chain, resource-poor smallholder farmers face constraints. In stages three and four of the chain, three obstacles were specifically highlighted by respondents. These are market information and knowledge, ensuring certification and inspection bodies are EU approved and transportation.

5.4.1. Market information and knowledge

All respondents stressed the importance of seeking a market for produce well before harvest. This is important as the approval of the paperwork necessary for the importation of organic produce into the UK can take several months. Examples were given of crops spoilt due to delays in importers securing import licences from UKROFS. UKROFS is perceived by importers to be a slow, bureaucratic organisation that cannot cope with the increasing demands made on it.

The development of linkages is vital for the success of the organic trade. Linkages amongst resource-poor smallholder farmers in order to form producer groups seem the best way for such farmers to market their products most effectively. However, the development of linkages between producer groups, packers, exporters and importers can be a difficult and lengthy process. In this context there may be a role for DFID to help in the development and negotiation of contracts, by producing a ‘standard contract model’. In addition, DFID could facilitate the establishment of conflict arbitration mechanisms that assist resource-poor smallholder farmers and producer groups entering into business arrangements.

5.4.2. Ensuring certification and inspection bodies are EU equivalent

All respondents stressed that although it is the responsibility of the importer to apply for the import licence this is speeded up if the producer uses a certifier and inspection body previously approved by an EU competent authority. In addition some customers, including some UK multiple retailers, may insist that importers only source from producers with named international certifiers and IFOAM accredited inspection. It is therefore important for producers to do their ‘homework’ well if they wish to export crops to the EU market.

5.4.3. Transportation

Although transportation is not in itself a constraint to organic certification many respondents pointed out that it is an important consideration in the trade in organic produce. Communications with remote regions may make certification prohibitively expensive (especially with respect to re-inspection costs) and markets difficult to access. Many resource-poor smallholder farmers live in remote regions that are often poorly served with transportation and may be inaccessible at certain times of the year. Clearly if such farmers are to be encouraged to enter cash markets, particularly if the crop is perishable, then this constraint must be addressed.

The constraints to resource-poor smallholders of engaging with certified organic production and trade are many. However, as the next section demonstrates, those producers that do manage to enter organic trade find it profitable and worthwhile.

6. THE ADDED VALUE OF ORGANIC CERTIFICATION

6.1. Benefits of organic certification

As previous sections have made clear, certification of resource-poor smallholder farmers 'is absolutely crucial, and it is clear that no operating organic farming system can survive and grow at a reasonable rate without proper organic certification' (Hartzell, 2000). Despite the constraints to certification discussed in the previous section it is also very evident that being able to sell produce with an internationally accepted certificate has many benefits for farmers and producer groups. Organic certification adds value both in economic and other ways. However, there is debate as to whether the costs and constraints of the involvement of resource-poor smallholder farmers in organic production and trade outweigh the livelihood benefits and opportunities.

6.1.1. Economic benefits

Premium price

Growers are paid a price premium for organic produce that carries an international certificate and is destined for an export market. This is a completely separate issue from the premium that consumers pay in supermarkets, which is not considered here. Even if the produce fails to make the export grade, or for some other reason is not exported (for example, a contract falls through, local markets are buoyant and prices high) there may still be a premium in the domestic market based on local consumer trust engendered by the knowledge that the produce has been grown and certified for export (see Section 4.1).

The value of the premium paid for certified organic produce is calculated as a percentage over and above the conventional price, which for every commodity will vary according to seasonality and other commodity and/or site-related factors. Respondents who were able to give specific examples of the premium for organic included Geest, who will be paying farmers in the Windward Islands, now beginning the process of converting banana production to organic, a premium of 33%; and Lanka Organics, who import a range of spices, fruits, tea and coffee from Sri Lanka, who estimate that the average premium is at least 10%, enabling farmers to increase profits by between 10% and 30% overall (i.e. Lanka Organics has found that input costs are lower and yields match conventional yields). The Dutch Agro Eco Consultancy, working on behalf of the EPOPA programme in East Africa, have found in financial analyses of their projects, growing coffee, cotton and sesame, that smallholders enjoy a 15-30% higher farm-gate price on organic produce (van Elzakker & Tulip, 2000).

The premium reflects the 'organic' quality of the produce, as well as the costs of meeting certification requirements (discussed above). However, several informants pointed out that the premium also reflects the better product quality overall and the more direct trading structures of many organic projects, for example those supported by EPOPA or TWIN Trading. In an increasing number of organic initiatives (for example, coffee in an EPOPA-supported Tanzanian project) farmers are also registered as Fair Trade, itself resulting in a premium.

What is not so clear, however, is the extent to which this premium results in extra profit for the farmers. Two importers of vegetables suggested that organic vegetable producers face a higher risk from pests and diseases than conventional producers and that the premium does no more than cover higher wastage (Afifi, 2000; Malins, 2000). Some respondents also suggested that lower yields in the initial period of organic production also affect profits, though it seems that

organic yields then catch up and match conventional yields from the smallholder farming sector. Several studies (UNDP, 1992; van Elzakker & Tulip, 2000) have suggested that organic yields may actually be higher than conventional yields because of the superior quality of land management and farmer organisation needed for accessing international markets with certified organic produce.

The extent to which the premium is swallowed up in certification and inspection costs is a complicating factor. In theory these costs could render the premium worthless to smallholder farmers or producer groups but in practice many growers have often been assisted in becoming certified by an external agent, such as an exporter, local entrepreneur, European expatriate or a public or private development agency (such as SIDA or TWIN). The cost of certification to farmers has therefore often been subsidised, but certification costs must be included when attempting to assess the real costs to farmers of becoming organically certified, and keeping that certificate year by year.

Market access and enlargement

Most respondents, particularly those in direct contact with producer groups, noted other ways in which organic certification 'adds value' among resource-poor smallholder farmers. The very fact that farmers, by becoming organic, access external markets for the first time must be seen as 'value added'. As a respondent from Zambia put it, 'This is not just added value; it is the difference between a market or not. To gain full certification …enables a producer to secure a market. The same product offered as a conventional product to the market will not find a buyer; this is the case with chillies and honey for example' (Burgess, 2000). Another way in which organic farmers may gain added value is through the development of domestic markets (see Section 3.1.2).

Finally, one respondent (an importer) noted that the rotation requirement of organic systems means that other crops need to be grown, and this produce is sold to the local market. Farmers are therefore able to earn additional income, even if the produce is sold as conventional.

Processing

For many organic products, value can be added by on-farm or local processing. Three examples are given here (see Box 3), each illustrating how processing not only adds value but also overcomes specific hurdles faced by organic farmers.

Box 3: Examples of added value through processing.

Green beans

'For fresh produce such as green beans if a large percentage of the beans are curled and blemished it can be easier to sell chopped green beans than whole fresh green beans. The producers may gain more from adding value in the form of processing than any organic premium' (Myers, 2000).

Dried fruit

'Sometimes distance from the market can make their [Zambian farmers] produce unsaleable but further processing can add value and give them access. An example would be pineapples in NW Zambia. They are too far from airports and markets to be able to sell fresh produce but they could produce dried pineapples' (Myers, 2000).

Bananas

Growth [in banana sales] is most likely in the pre-packed product as this allows more opportunity for organic labelling and branding. Bananas are packed into see-through bags and labelled in country, where labour is cheaper (Pierse, 2000).

In all these cases, the packaging and processing activities create, or increase, employment in the local region. Such operations employ many hundreds of workers, usually in rural areas, and very often create work opportunities for women. Homegrown, Kenya's largest conventional horticultural exporter, for example, employs over 6000 people on its farms and in its packhouses (Dolan *et al*, 1999). Wages in such companies tend to be higher than the legal minimum wage, but often not enough to cover basic needs (Blowfield & Jones, 1999). Wages on smallholder farms tend to be better than commercial farms, although family labour is often not remunerated (Blowfield & Jones, 1999). (This raises the issue of ethical production (Blowfield & Jones, 1999) which is outside the remit of this report.) Such enterprises may also create livelihood diversification and offer opportunities to members of the community previously excluded. For example, The Fruits of the Nile company claims to have created a new means of livelihood for producers in rural Uganda. 70% of people participating in this venture are women who would otherwise normally be a non-cash earning part of the family labour pool (Malins & Blowfield, nd). There is also evidence that human and social capital has been enhanced.

These examples of non-traditional agriculturally-based rural enterprises on local communities show that jobs can be created and rural livelihood opportunities enhanced, particularly for women, resulting in improved human and social capital as well as increased rural incomes. There is no reason to believe that organic production, processing and trade will be any less successful at securing these goals.

Multiplier effect

At least one respondent (from South Africa) considered that the development of organic exports among resource-poor smallholder farmers would stimulate the parallel development of contributory industries, such as seed mix, organic fertiliser supply, packaging and distribution and, 'undoubtedly a host of related business opportunities for the creative entrepreneur' (Hartzell, 2000).

This can also be the case when organic production is for a domestic market. In Goa, India, the Shri Narsinv Plantations have 'a purely organic' farm shop in the city and an organic farm, even

though 'organic certification doesn't exist'. The business has diversified into manufacturing and selling worm compost, neem pesticides and insect repellent oil from citronella, all part of the organic farming system but now valuable products in their own right (Harding, 2000).

Thus, there are likely to be region-wide benefits if organic farming is taken up widely among resource-poor farmers. This will be the case in the Windward Islands, for example, when organic farming becomes the norm in the banana producing islands, as is expected in the next five years.

6.1.2. Other benefits of organic certification

Environmental knowledge

As several respondents to this research pointed out, organic farming is much more than just a business decision, but is also strongly associated with environmental sustainability and a whole-systems approach to farming practice. A South African respondent suggested that organic farming requires the farmer to think deeply and learn to experiment with new approaches to traditional farming techniques that have been passed down through the generations. Many respondents pointed out that, in many areas of the developing world, farmers are already 'organic by default' and therefore that whole communities (not just individual farmers) can participate in the organic project. Projects funded by development agencies tend to believe, philosophically, in promoting indigenous knowledge and it is often the case that this can be incorporated into active organic programmes. In this way, the processes required to achieve organic certification contribute to the realisation of more sustainable livelihoods.

Social capital

In order to achieve international certification one option for smallholder farmers is to organise into formal producer groups or co-operatives, with an internal system of audit and control. There is much evidence that, in working co-operatively to achieve accredited status and an effective internal control system, farmers build up capacity in organisation, management, marketing and financial planning, as well as in the techniques of organic practice. In addition, in establishing such quality control systems, there is an 'enormous transfer of know-how from the certification organisation responsible to the small farmers' groups. This is the only way for small farmers' groups to be educated … towards assuming some of the demanding tasks involved under the requirements of the European regulations' (Herrmann & Heid, 2000).

As already explained, internal control systems must have in place an internal inspection system that ensures compliance of every farm unit within the group, and in some instances it is local farmers who are trained to become internal inspectors. These inspectors must, under Regulation (EEC) 2092/91, inspect every farm on an annual basis and ensure that the internal quality control system is operating to the external (EU recognised) inspector's satisfaction. A high level of training is therefore required (Herrmann & Heid, 2000).

Thus, the rigorous requirements of international certification which require quite extensive training and development activities can be seen as beneficial in terms of the building up of social capital.

6.2. Ensuring that the poor do not lose out

6.2.1. Who benefits the most from organic certification?

As with the production and international marketing of conventional produce, farmers are not the only ones to benefit from organic certification. In fact, a widely held view is that the greatest benefits lie at the top, not the bottom of the supply chain, namely with the European supermarkets. In between, all operators in the supply chain take a profit, and other beneficiaries were perceived to be the exporters (although they also shoulder much of the risk), intermediaries, officials, certification bodies and organic inspectors.

It is almost impossible to estimate the relative proportionality of the organic 'benefit'. Market information is confidential and produce passes through a long supply chain. However, one estimate (based on EPOPA coffee projects in Kenya) of the distribution of the differential price of organic coffee at the port of exit is that 44% (of the total benefit) is farmer premium, 20% the certifiers' earnings, 19% field officers' earnings and 17% exporter profits (van Elzakker, 2000). Other contributors also suggested that 'approximately half' of the organic premium on exported produce goes to farmers. From this, it is evident that farmers do receive a reasonable proportion of the organic premium.

6.2.2. Can the poor remain competitive?

A crucial question for this research is establishing if and how resource-poor smallholder farmers can remain competitive and thereby have a long-term stake in the worldwide increase in demand for organic produce. There was widespread agreement among respondents and discussants that resource-poor farmers *can* remain competitive, provided that certain conditions are in place. In the words of one respondent, the poorest producers can remain competitive 'if they are linked to an organised growers' group, with a central handling facility and sufficient economy of scale to reach this [export] market' (Burgess, 2000). The most important consideration highlighted by most contributors to this study was that producers of organic produce, as with conventional produce, must be well linked to a marketing chain and be able to ensure reliable and good quality supplies. In this, the marketing channels of producer groups are absolutely critical to growers' commercial success.

There was also a realisation that these stringent conditions for competitiveness are in general more easily met by the large-scale commercial farming sector. However, many different reasons were put forward as to why smallholder groups could still remain competitive. Some commodities, for example coffee, are largely grown by smallholder farmers and there is considerable scope to expand organic production among coffee growers' co-operatives and producer groups. In another example, that of Geest Bananas, the company's shareholders are smallholder farmers in the Windward Islands and Geest is therefore committed to assisting farmers to remain competitive. Finally, organisations with a developmental approach to international trading, such as TWIN Trading, Oxfam and other Fair Trade companies, aim specifically to link marginalised and poorer farmers to international markets, at the same time as ensuring their efficiency and competitiveness.

Contributors to this study were generally agreed that smallholder farmers would find it more difficult to remain competitive in the trade of some commodities than others. For example, although smallholder farmers have a comparative advantage in the production of fresh horticultural goods, by virtue of having diseconomies of scale in production, they do not enjoy the same advantages in marketing. The production of fresh vegetables for export to UK supermarkets, where the requirement for efficient and speedy marketing chains and rigorous

traceability (not just for organic), clearly favours the use of single large commercial farms. The fear of supermarket buyers and technologists is that farmers' groups, being difficult to monitor and control, might infringe organic regulations, a risk that supermarkets will not take. For other commodities, however, resource-poor smallholder farmers were considered to be capable of remaining competitive, provided that they are linked to an efficient and reliable marketing chain.

6.2.3. Resource-poor farmers and market changes

The increasing domination of organic retail sales by supermarkets in the UK (although not at present in the rest of Europe) was considered to be a possible barrier to resource-poor smallholder farmers. Some supermarkets, for example Waitrose, are moving to a Category Management System of purchasing whereby one company is given responsibility for sourcing all produce in their particular category, both organic and conventional, and large suppliers are preferred. However, many contributors thought this would not be a limiting factor, except in very few categories (legumes for example), because resource-poor smallholder farmers exporting to the UK have marketing deals with UK importers who sell to many supermarket chains as well as to other retail outlets. In some senses the rigours of organic certification make small-scale *organic* farmers more likely to be acceptable as a source of produce than smallholder conventional farmers.

Finally, the increasing markets in non-European Union countries were also considered to present opportunities for resource-poor smallholder organic farmers in the future. The USA, Japan, Australia, New Zealand, Asia, as well as domestic markets, were all said to be expanding fast. Though this will present opportunities, it will also generate new and possibly conflicting requirements for certification and import authorisation, unless steps are taken to harmonise organic production and inspection standards worldwide. This has been proposed by IFOAM but not yet accepted by national governments or trading blocks.

7. DONOR INTERVENTION

This report has shown that there are likely to be many advantages to be gained by resource-poor smallholder farmers participating in the growing world-wide demand for certified organic produce. The report has also shown that some efforts are already being made by different international organisations, both governmental and non-governmental, to facilitate and encourage resource-poor smallholder farmers to grow organically and access international markets. But there is much more that can be done, at a variety of levels. Already, duplication is reported, for example from Kenya where a Soil Association consultant developing an in-country certification system has recently learned that another system is being set up with GTZ funding (Myers, 2000). Any donor intervention located in a specific country must therefore complement existing efforts whether initiated by public or private sector bodies.

The findings revealed by this study suggest that there are four layers, from the international to the very local, at which donor intervention, specifically by DFID, can be targeted. These range from short through to long-term priorities.

7.1. International lobbying

EU regulations have been explained in this report, and it is clear that organic exporters in countries approved under Article 11(1) have an easier passage to EU markets than those outside. It is therefore proposed that DFID (UK Government):

- Influence the European Commission to speed up the granting of Article 11(1) status to further third countries.
- Influence the European Commission to adopt a system of approval of EU and/or third country certification and inspection bodies so that produce inspected by those bodies can be imported into the EU without requiring the Article 11(6) derogation.

The development of certification bodies, standards and a regulatory framework that would equip a country to apply for Article 11(1) status is a long and expensive process, and only a few DFID target countries (for example, South Africa) can expect to achieve this in even the medium term. The following intervention and many of those in sections 7.2 to 7.5 below are, therefore, targeted at assisting resource-poor smallholder farmers to access more effectively the current Article 11(6) 'back door' route, as well as the in-country mechanisms that facilitate this process.

- Influence the European Commission to develop a common import authorisation process for Article 11(6).
- Lobby to set up an international forum where governments can debate and exchange information concerning organic production, certification and trade.

[These are medium to long term goals]

7.2. Assistance to third country governments

This study has found that there is considerable support from informants within developing countries, as well as from respondents here, for the promotion of organic farming among resource-poor smallholder farmers and for enabling this group to access both domestic and international markets more easily and cheaply. Support from government was thought to be essential in this process, although at present many initiatives were coming from the private

sector and non-governmental agencies, in a piecemeal fashion. DFID could help governments increase their capacity by:

- Assisting ministries of agriculture to strengthen organic advisory and extension services.
- Supporting the ministry in its demonstration work and information systems development (including information on markets, regulations, certifiers, as well as organic practice).
- Supporting research in national agricultural research institutes into the agronomic potential of organic farming, for specific organic crops, inputs and practices in their region. In particular DFID should support research and development into organic production systems particularly suited to smallholder farmers.
- Supporting trade promotion activities to enable producers and exporters to gain a good understanding of current certification possibilities and market opportunities.

[These are short to medium term priorities.]

7.3. Assistance to in-country certification bodies

There is considerable agreement that for most poor countries in the developing world the first step to improve access of resource-poor smallholder farmers is to develop in-country certification schemes. This will bring down the cost of certification and will have many additional benefits including increasing confidence amongst consumers in domestic markets. There is much scope at this level for DFID support, including:

- Promoting partnerships between UK certifiers and local organic certification bodies, to build capacity for the in-country certification body eventually to become independent.
- Assisting with the establishment of standards that are equivalent to EU standards, through collaboration between UK certifiers, local research bodies and local organic groups.
- Funding for training, both in country and UK, for inspectors to become qualified to EU standards.

[These are short to medium term goal.]

7.4. Assistance to producer groups

For many reasons, discussed in earlier sections, many resource-poor smallholder farmers will more easily and profitably benefit from organic production and trade by forming and becoming certified as members of a producer group. Any system of inspection, whether by a local certification body or an EU certifier, requires such groups to have an effective internal monitoring and verification system, and donor intervention could be very valuable at this 'ground floor' level. In particular, DFID could contribute by:

- Building capacity among producer groups by supporting training of group leaders, perhaps in collaboration with private providers or non-governmental organisations.
- Improving access to market information and the EU regulatory framework, in association with national departments of agriculture and trade.
- Helping groups to organise as producer groups, by facilitating local travel, meetings, training and dissemination activities.
- Giving advice on contracts and developing and supporting conflict arbitration mechanisms for producer groups.

[These are short term priorities.]

7.5. Information provision

Inspection and certification of organic production is highly regulated, and regulations are often amended and updated. Procedures to follow in order to export produce to the EU are complex as outlined in Section 4. This complexity and the strict requirements lead to misunderstandings by producer groups that have resulted in lost business. Certifiers have also expressed the difficulty in communicating with producers. DFID could help by:

- Supporting an information service to facilitate producer and exporter access to information on certification, import regulations and importers.
- Assisting in the formation of marketing linkages, between producer groups and packers, exporters and importers. This could be achieved by supporting marketing organisations and trade fairs, as well as seminars and internet communications.

This information service could provide information and impartial advice on EU regulations, certification, export procedures, symbol requirements, markets and potential partners (in a number of languages). Information provision methods could include the World Wide Web using already existing sites such as VINET (NRI) or Tropical Advisory Service (HDRA). After 2-3 years, and depending on demand, this service could become a cost-recovery operation charging for services.

[These are short to medium term priorities.]

8. CONCLUSIONS

There is considerable demand for organic produce in developed countries and this is likely to increase substantially over the next decade. A small but rising demand for organic produce also exists in developing countries. Much of the organic produce consumed in the UK is imported and developing countries represent a source of a wide range of organic produce, especially coffee, tea, cocoa, spices and tropical and sub-tropical fruits, pulses, vegetables and oils. Certification of organic produce in the EU is regulated by Regulation (EEC) 2092/91 and certification is an absolute requirement for any individual or group producing organically for export to the EU.

There is considerable potential for developing countries to supply organic markets in developed countries. However, the stringent conditions for competitiveness may be more easily met by the large-scale commercial farming sector and there are a number of constraints to the profitable participation of resource-poor smallholder farmers. Despite these constraints there is evidence that resource-poor smallholder farmers can obtain economic and social benefits from participation in organic production and trade. Smallholder farmers are likely to have a competitive advantage in the production of some commodities and have traditionally been a major source of commodities such as coffee.

At present, resource-poor smallholder farmers can access the organic market in two ways: Most developing countries must go through Article 11(6), where international certification bodies dominate the certification process. To cope with the cost and complexity of this process, smallholder farmers almost certainly need to form producer groups. However in several countries e.g. South Africa and Kenya, local inspection and certification bodies are developing. This is a desirable process as certification for smallholder farmers under Article 11(6) would become much cheaper and more appropriate to local conditions. Local certification would also represent a step towards EU recognition of equivalence of national standards under Article 11(1), which would facilitate organic trade to Europe

In the long term there are a number of reforms to national and European regulations that could facilitate participation of resource-poor smallholder farmers in organic trade. Within the current legislative framework, there are also a number of short to medium term interventions that could promote participation of smallholders. In the medium term, a key entry point is the provision of assistance for the development of indigenous certification bodies. In the short term, a key entry point is the provision of assistance to producer groups to facilitate their participation in organic production and trade.

These measures would go some way towards DFID's mission to eliminate poverty in developing countries, through projects designed to advance sustainable agricultural practices, and improve human health and environmental management.

9. FURTHER RESEARCH ACTIVITIES

There are many areas of research that could improve organic agricultural production and contribute to the increased adoption of organic agricultural techniques. Below are listed those researchable activities that are directly linked to organic certification and trade:

- Gather empirical data on the livelihood benefits, economic and otherwise, to resource-poor smallholder farmers of organic certification and trade.
- Investigate the potential economic benefits of value-added activities linked to organic production.
- Gather empirical data on the constraints to organic certification and trade by resource-poor smallholder farmers in contrasting regions/crops.
- Investigate different internal verification systems of producer groups and suggest models of good practice under, for example, different systems of tenure, agro-ecological zones or cultural backgrounds.
- Investigate the different models of development of in-country inspection and certification, including European body regionalisation and capacity building activities, and suggest models of good practice.
- Investigate the relationship and potential benefits of collaboration between NGOs and smallholder organic projects to assess the sustainability and potential benefits of these ventures.
- Explore how public-private partnerships can stimulate organic production and trade.
- Examine different 'contract models' in organic trade.
- Examine the factors that stimulate domestic organic markets in developing countries.

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APPENDICES

Appendix 1: Individuals consulted

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Appendix 2: Existing licences for EU import authorisations

The table below provides an overview of organic products that are imported into the EU from developing nations according to the exception paragraph, article 11 (6). This overview is based on a list of import licences granted by member states. No quantities are stated in the list. Countries with a large number of licences can, however, be assumed to have relatively large-scale exports.

Country	Produce
Belize	Cocoa bean
Bolivia	Coffee, cocoa, coconut, quinoa, soya, paranut, brazil nut, various fruit, (plus jam and juice)
Brazil	Paranut, spices, palm oil, coffee, sugar, banana, tomato, orange, juices, chick pea, soy bean, tea, coffee, cocoa, cashew, almond, apple
Burkina Faso	Sesame, mango, peanut, vegetables, hibiscus
Burma	Beans, sugar, rice, tea
Burundi	Avocado, asparagus, banana, other fruit, mushroom, tomato, sweet potato
Cameroon	Banana, papaya and other fruit, peanuts, sweet potatoes, squash, sweet pepper, coffee
Cape Verde	Banana
Chile	Spices, berries, fruit, vegetables, herbs
China	Sesame seeds, tea, beans, peanuts, sunflower kernels, rice, pine kernel, buckwheat
Colombia	Banana, coffee, palm oil, coconuts, pineapple, coconuts, mango, guava, marmalade, sugar, pea,
Comoros	Vanilla
Costa Rica	Coffee, banana, mango, orange juice, molasse, sucanat
Cuba	Mango, orange, grapefruit, coconut
Dominican Republic	Banana, cocoa, coffee, mango
Ecuador	Banana, sugar, broccoli, mushroom, coconut
Egypt	Spices, fruit, vegetables, beans, rice, sesame seed, herbs, tea, barley
El Salvador	Sesame seeds, coffee, cashew, pineapple, mango, orange, pineapple
French Southern territories	Pineapple
Gabon	Sugar cane
Gambia	Mango
Ghana	Fruit (fresh, dried, juice, peel), herbs
Guatemala	Sesame seeds, coffee, spices, lentils, millet, broccoli
Guinea	Pineapple, mango, grapefruit, banana, avocado
Guyana	Palm heart
Honduras	Fresh and dried fruit, juice
India	Tea, fresh and dried fruit, juice, nuts, spices, coffee, rice
Indonesia	Coffee, spices
Ivory Coast	Cashew nut, banana
Jamaica	Sugar
Kenya	Tea, vegetables, macadamia nut
Madagascar	Coconut, palm oil, cashew nut, spices, fruit, herbs, cocoa
Malawi	Spices, herbs
Mauritius	Sugar
Mayotte	Vanilla
Mexico	Coffee, sesame seeds, nuts, fruit, coconut, spices, lentils,
Morocco	Spices, herbs, fruit, vegetables

Country	Produce
Namibia	*Harpagopytum procumbens*
Nepal	Tea
Nicaragua	Coffee, beans, sesame, chilli
Pakistan	Spices, herbs, onion, tomato, rice
Papua New Guinea	Coffee, beans, pepper, vanilla
Paraguay	Sugar, sesame, strawberry, soya
Peru	Coffee, sesame, quinoa, cocoa, lentils
Philippines	Sugar, banana, coconut, rice, palm fat
Saudi Arabia	Beetroot
The Seychelles	Tea
South Africa	Sugar, fruit, vegetables, spices, tea, wine
Sri Lanka	Tea, spices, nuts, fresh, conserved and dried fruit, sesame, rice
Sudan	Sesame
Syria	Olive oil
Tanzania	Tea, spices, bananas, honey, bean, peanut, herbs, orange, garlic
Thailand	Rice
Togo	Fruit, cocoa, coconut, peanut, ginger
Tonga	Vanilla
Tunisia	Date, almond, vegetable, fruit, wine, olive oil
Uganda	Banana, ginger, fruit, avocado, vanilla, cocoa, coffee
Uruguay	Orange, lemon, mandarin
Vanuatu	Cocoa
Vietnam	Tea, spices
Zambia	Vegetables, butter nut
Zimbabwe	Spices, herbs, herb tea, peanut butter, soy, fruit flavoured jelly, oils, vegetables, oat, fruit

Source: European Commission, 2000.

The document from which this list was extracted also includes imports from other countries: Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Japan, Latvia, Moldavia, New Zealand, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine, USA, Yugoslavia.

Appendix 3: Examples of the cost of certification by local agencies

	Bolicert, Bolivia (£)	Bio Latina, Peru (£)	ABLH, Kenya (£)
Producers:			
Daily inspection	89	90 + travel expenses and subsistence at cost	At transport cost £0.26 per km if ABLH office is over 75 km away
	-		26[1] 86[2]
Annual certificate	212	36	43[1] 86
Groups:			
Application fee			26[3]
Annual certificate			43[4]

[1] for up to 2 hectares
[2] for 4 to 6 hectares
[3] for 15 group members and below, £1.70 for extra member
[4] for 15 group members and below, £2.60 for extra member

Appendix 4: Examples of the cost of certification to producers by European agencies

International certification bodies in the UK

	UKROFS	**SA Cert Ltd**	**OFF**	**OF&G Ltd**
Application fee	£60.50 + VAT	£25 inc. standards		
Certification fee	£90.75[1] + VAT			
Inspection: Year 1; cost of verification for producers Year 2	£310/day + VAT +Annual fee: £90.75[1] + VAT Same as above	£350/day + VAT + travel and subsistence at cost 0.3% SA Certified sales (min £350)	Negotiated	Negotiated, usually around £200 (cost shared between 16 projects)
Groups rates		y		y
Use of own local inspectors		y		n
Use of other local inspectors		y	y	y

[1] for agriculture, up to 20 hectares

International certification body: Ecocert, Germany

Activity	Cost
Inspection (production, processing, exporting)	£303 per day
Preparation, reporting	£264 per day
Project follow up, transaction certificates	£290 per day
Travel time	£350 per day
Travel, visa etc.	At cost
Board and lodging	At cost
Analysis	At cost
Other services	£55/hour