Organic Agriculture: A New Field of International Development Policy

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Key words: Organic Agriculture, Development Policy. WDR ´08. OECD DAC ´06.

Abstract

This paper reviews strategically selected global policy documents and development literature and analyse perspectives on the role of organic agriculture (OA) as a possible vehicle for sustainable development in developing countries. It shows that not only has compliance assessed organics made entry in terms of projects and programmes in many LICs. OA is also gaining position in formal policies and strategies of international donor agencies and organisations. If agriculture is generally "back" in development business, organic farming has certainly "arrived".

Introduction

Focusing on agriculture as a vehicle for pro-poor development, the OECD Development Assistance Committee (DAC), last year included an organic route on its map. In May 2007 the FAO hosted an international conference on the role of OA in food security, marking a new and improved understanding of OA in resource poor and low input contexts. Finally, the World Development Report 2008 came "back" (re)focusing on agriculture, after a quarter of a century being *anderswo engagiert*. Along with increasing agricultural portfolio donor investments, the above are indications that not only do agriculture climb up development policy agendas worldwide, so does OA. A point in scholarly analysis of the rationale of this new focus is that while development studies long understood agriculture as an engine for development with forward and backward linkages and multiplier effects, most donor communities had lost interest in agriculture. Some scholars argue agriculture is back because agriculture connects the poor to growth. We favour a complementary explanation: power over agricultural policies has shifted from sector ministries and into a broader political realm matching a new economic paradigm (environmental and ecological economics) and a contemporary understanding of agricultures multifunctional roles. The supermarket revolution and global value chain organisation along with a global consumer movement and internet helped shift the game. While none of these developments brought sudden consensus regarding limitations and possibilities for OA to help rural development in low income countries (LIC), OA is both globalizing and glocalising. Certified sales are now reported passing USD 40 billions and low income countries (LICs) enter the market with comparative advantage and major de-facto or "non-market organic" areas rather ready for certification.

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Materials and methods

The materials of development studies are often existing data and literature, analysed from a novel analytical or theoretical perspective. In this paper the materials analysed are policy documents: the *WDR 2008* and the 2006 OECD DAC Agriculture *Policy Guidance for Donors* and a strategic sample of recent and further "grey" development literature dealing with organic farming and development. A literature search was done for articles on the developmental role of organic farming in international journals. The method then consisted of analyses of the texts of the policy documents and reviews of the additional literature, from a perspective of development studies, ecological economics, and political ecology.

Results

The World Development Report 2008 notes that organic products, along with exports of horticulture, livestock, fish, and cut flowers, now makes up 47 percent of all developing country agricultural export value (!) The report does not specify the organic contribution to those forty-seven percent, but elsewhere it does quote global organic 2006-sales at USD 23,9 billion compared to certified fair trade 2005-sales at 1.4 billion. It further notes that markets for "premium quality goods such as coffee, organics, and Fair Trade products" grew and that producers of these have "considerable scope for expanding exports" (World Bank 2007; 60, 61). Referring to "organic foods" to illustrate how public standards can help "ensure fair competition [and] reduce information costs to consumers", the very institutional mechanism that allows markets to recognise and reward organic producers, namely certification (schemes) has also caught the eye of the bank for its relevance in new areas: perhaps such certification could help reduce environmental impacts of biofuels! The WDR 2008 stress that while offering high prices, specialty markets – a category including "organic, gourmet", and "Fair Trade" perhaps along with geographic indications and Rainforest Alliance–certified products – are small, but elaborates organics with cases of regional experience (World Bank 2007; 71, 123, 130, 132, 137, and 189)".

The WDR does speak of "food miles", "environmental footprints" and of how the triple production challenge create needs to reduce the environmental footprint of intensive crop and livestock systems. In particular, reducing the same footprint caused by "agrochemical and animal waste pollution, is a priority" (68, 181, 199, 237). The World Bank would not be the World Bank, if "getting the incentives right" was not "the first step towards sustainability" (199). Yet, eco-efficiency, ecotaxes or pesticide tax has not found its way to the WDR 2008. The WDR does not seem to see the rise of alternative – including organic – markets as a result of any global social movement of frustrated citizens providing "institutional responses" to deficiencies in regulation regimes at global, regional and national levels of governance. The WDR, it seems, prefers a narrow interpretation of demands for certified organics as one of a market mechanism satisfying a consumer demand. This is unfortunate, because it could mislead policy-makers to believe LIC farmers should be left relying on (market) price premiums only and thus to forget the other side of the coin: the obligations and role of the state in creating a broad institutional environment far more conducive to sustainable including low carbon farming methods. It is noteworthy nevertheless that "agriculture is back" on the World Bank agenda, to an extent where acronyms such as EPOPA and IFOAM as well as environmental footprint, environmental services and food miles has entered the vocabulary of the WDR. Similarly noteworthy is that OA,

now according to an OECD DAC report, is one of the pathways poor people may pursue out of poverty: a sustainable trajectory out of poverty and pro-poor growth will rely on “diversification of outputs” which will again involve a change to “capture more value added”. The report identifies “a wide range of technological options” among which it includes “organic farming” [] “to supply global supermarket chains”. It stresses that “well resourced producers can more easily meet demands for volume, quality and timeliness of deliveries, while “others” are “likely to need finance and extensive institutional support” (CBTF 2006).

The above reports published 2006 - 2007 “stand” on a recent (new millennium) history or foundation of an increasing number of bilateral and multilateral donor agencies and organisations - a subsection of FAO first among them - pioneering OA as a developmental pathway for LICs (Egelyng and Høgh Jensen 2006). The latest in a series of FAO initiatives to serve LICs seeking policy advice unfolded in May 2007 in a conference aiming to identify OA’s potential and limits in addressing the food security challenge. The conference culminated in urging the FAO Committee on World Food Security to consider promoting OA as a strategy, by including it into national and regional programs. Among the recommendations from the same conference was a suggestion on creation of a Consultative Group for Organic Agricultural research (International Conference on OA and Food Security Rome, 03 - 05 May 2007, see http://www.fao.org/organicag/ofs/docs_en.htm). All this happen while African countries in particular continue facing strategic choices on their future agricultural development. Views remain split between one continuing to draw on the Asian Green Revolution along with proprietary technologies and a different one focusing on the absence in Africa of the kinds of economic, geographical, infrastructural, institutional and geopolitical conditions that characterized Asia at the time of the Green Revolution. This has implications for anyone promoting OA in an African context. For instance: huge transaction costs are involved with diversification of production in Africa, implying that any potential for agricultural growth there, will hardly be rooted in green revolution style technological transformation among millions of small-scale, poor and diversified African farmers (Sumberg, Gilbert and Blackie. 2004; 131-146). International development agencies no longer face any shortage of advice on how to help development of OA in the South. They can, for instance follow the example of the Swedish development agency and assist African farmers to go certified organic and thus enhance their capacities to compete in global markets and they can generally reform institutional environments, policies and programs to be more conducive to sustainable agricultural methods (Egelyng and Høgh-Jensen 2006). They can chose among no less than 50 (fifty) more concrete recommendations compiled by UNEP, UNCTAD and the Capacity Building Task for on Trade, Environment and Development, all aimed at giving recognition and encouragement to the organic sector – and to remove obstacles and biases against OA (CBTF 2006). One challenge common to farmers and the agricultural innovation system (R4D) is the globally increasing demand for organic products and the perceived need of scaling up – or out perhaps. A host of scientific and technical research demands arise from the expansion of certified OA, providing a major opportunity for any “Organic” CGIAR like initiative – such as the one proposed by the May 2007 FAO conference - to support the OA sector. Organic farming with its stringent rules on external input use has to be even more innovative than common agriculture, to solve production and processing problems. Projected increases in certified OA raise additional opportunities for any such institute to contribute to development goals, through helping to develop, maintain or optimize agricultural productivity and soil nutrient levels whilst controlling costs, improving labor efficiencies and harvesting synergies from crop rotations, crop-livestock systems and all the other ecologically based principles characterizing OA.

The recognition of multiple positive externalities of OA led the European Commission to realize that opportunities existed and exist for harvesting "dividends" of public policy through a greener CAP. LICs are often in a completely different situation with no dividends (no, few or small damaging subsidies) to harvest and no significant volumes of non-renewable resources use and pollution (from fossil fuel - carbon and pesticides) to tax. On top, significant constraints for LICs to profitable production, processing and marketing of organic products for export does exist. Yet, their low wages and tropical geographies, may add comparative and potentially competitive advantage in many organic foods. Of course, the current organic price premiums may decline in the long term, as supply catch up with demand and as larger producers and retailers enter the market. A lower price premium will then make OA less economic for many small producers in LICs with poor rural infrastructure and services. Still, organic practices in low external input systems can increase combined market and non-market gains significantly for organic methods to remain preferable.

Conclusions

For a long time, the international development community had a limited or stereotypic understanding of the productivity, if not development potential of OA in resource-poor areas. Perhaps discussions were really based on imagined counterfactuals or data from temperate countries and a context of energy intensive agricultural systems. The international development research literature is yet to pay significant attention to certified organics in the context of development in LIC. Generally, however, the broader development related literature has noted certified OA as increasingly involving LICs, within a global food & fibre system with increasing sales and steadily rising areas of certified land - and potential to contribute to socially, economically and ecologically sustainable development. In the absence of dramatic change in donor investment patterns, the majority of de-facto smallholder farmers in agriculture-based societies may have to continue looking in vain for better post-structural adjustment conditions. The new globalised food system challenges them with exclusion from modern value chains. In the near-absence of domestic markets for organics (Africa) or weaker ditto (China, India), this challenge is no less for farmers wishing to certify as organic producers for the world market. OA is nevertheless posed to play an important role in the trend towards drawing further development policy consequences of the multi-functionality of agriculture.

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