TRADE, ENVIRONMENT AND SUSTAINABLE DEVELOPMENT ISSUES

Discussion Paper 1
This draft text is not an official final version and is being circulated unedited
Draft 27.08.2014

Organic Agriculture Development in LDCs:
Experiences from Uganda and Lao PDR

Prepared by the UNCTAD Secretariat
1. Introduction

Organic agriculture (OA), as part of sustainable agriculture development, is more environmentally friendly as it fosters sustainable agricultural practices, enhances poverty alleviation, especially to the majority smallholder farming communities in many developing countries. Organic products can enhance food security and facilitate preferential access to niche markets when compared to conventional agriculture products. Organic agriculture also helps to stimulate economic growth and job creation, especially through international trade. OA thus serves as a strong sustainable development multiplier.

Many small-scale farmers in Least Developed Countries (LDCs) practice traditional (subsistence) farming using indigenous knowledge of agro-ecology, with little or no external inputs, such as chemical fertilizers or pesticides. The produce is thus ‘organic by default’ and often is not certified as organic. Organic products destined for the market, domestic or foreign, must be certified as such to secure the label and with it the premium price or preferential entry into the organic niche market. Few commercial agriculture projects in LDCs receive organic certification, largely due to the high costs involved and limited capacity of the smallholder farmers to comply with standards. This is a major challenge, which needs to be addressed.

Conventional agriculture uses external inputs whose impact can be minimized, thus reducing associated risks for consumers and the environment, by way of practicing Good Agricultural Practices (GAP). In addition, farmers can transition from conventional agriculture to organic agriculture and realize the associated benefits. Unlike in other farming systems, this transition from conventional to organic for smallholder farmers in LDCs is often technically easier since farmers are not hampered by strong path-dependencies and investments as is often the case with many economic sectors such as in electronics or capital-intensive agriculture, where high technological and knowledge gaps make competition between market forerunners and competitors difficult. This factor enables farmers to be positioned to migrate from conventional agricultural practices to certified organic operations. It also creates an entry point for Governments to assist the up-scaling of organic agriculture and related supportive infrastructure such as standards, especially in LDCs, as a means to support their producer-farmers to enter high-

![Figure 1. Organic vegetables being produce in Cebu, Philippines.](image)

Photo credits: George Parry / One Good Idea
value markets based on growing interest in healthier food and lifestyles, consistent with sustainable consumption.

Globally, OA land increased in 2012 by 0.2 million hectares amounting to 37.5 million hectares in total. About 1/3 of this figure, around 10.8 million hectares is found in developing countries and emerging markets. There were more than 1.9 million OA producers in 2012, 36 per cent of them in Asia, 30 per cent in Africa and 17 per cent in Europe. With more than 80 per cent of producers located in developing and emerging economies, the countries with the most producers are India (600,000), Uganda (189,610) and Mexico (168,707).¹

UNCTAD has been supporting organic agriculture production and trade in developing countries for many years, based on mandates from its member States.² Many activities in developing countries and in particular LDCs are undertaken under cooperative programmes with partners including the UN Inter-Agency Cluster on Trade and Productive Capacity. Under the partnership frameworks, policy and capacity development assistance involved farmers, farmers associations, NGOs, IGOs, standards organizations and many other stakeholders to support OA development and poverty alleviation. In recent years UNCTAD has provided focused support to OA development in Uganda and Lao PDR. Some of the experiences and lessons learnt, especially from these two country experiences, are discussed below.

Broadly, UNCTAD’s assistance has centered on several aspects consistent with its expertise and mandates. Activities include:
(a) Strengthening organic agriculture movements, especially at grassroots level, to strengthen farmers’ involvement and collaboration in strengthening the sector for engaging in domestic and international trade in Uganda, Kenya, United Republic of Tanzania, Burundi, Rwanda, Lao PDR and launching of the African Organic Agriculture Network (AfroNet);
(b) Encouraging formulation of national and regional OA policies and strategies that foster OA development, through support for national and regional stakeholder consultations as in Kenya, United Republic of Tanzania, Uganda, Lao PDR and launching of the African Organic Conference and adoption of the Lusaka Declaration on Organic Agriculture with the African Organic Action Plan under the leadership of the African Union.
(c) Supporting harmonization and international recognition of organic standards, including regional standards developed with UNCTAD, including the International Federation of Organic Agriculture Movements (IFOAM) and Global Organic Market Access (GOMA) to help in exporting as well as regional trade in OA products, as was the case for the East African Organics Product Standard (EAOPS) which has been submitted for equivalence recognition by the EU, and which is facilitating organic trade within the East African Community.

2. The Uganda experience

Africa accounts for about 3 per cent of the world’s organic agricultural land with more than one million hectares. Within the region, Uganda is the country with the largest organic area, and the largest number of organic producers (215,000 out of the 557,000 producers).³

a) State of OA development

Uganda is a landlocked nation with a tropical climate and an area of about 241,038 km² and a population of 36,346,000. The agricultural sector engages 73 per cent of the country’s labor force, primarily in the rural areas. It is notable that nationwide, 72 per cent of all those employed in agriculture are women and 90 per cent of all rural women work in agriculture. Agricultural product exports represent over 52 per cent of the total exports of the country.⁴

OA is among the fastest growing subsectors in Uganda, with volume of exports growing on average by 40 per cent annually in 2012 and 2013. Exports to international markets were valued at US$ 43 million by the end of 2013. Such growth has been stimulated by increasing interest and involvement from the private sector owing to emerging market opportunities in international markets, as well as recently in regional and domestic markets, increasing demand for organic products that can be sold at premium prices. The
The figure below reflects the increasing importance of these exports in Uganda. Presently there are over 215,000 certified organic farmers, farming on 305,000 hectares of certified land (representing 1.7 per cent of its total agricultural land), and 44 certified exclusive organic export companies, that are largely trading with the EU, but also with the US, Japan and within the East African Community. The organic agricultural land increased by 2,991 hectares between 2011 and 2012.

OA products are produced mainly by smallholder farming systems that utilizes mostly traditional farming practices. It is estimated that over 90 per cent of the organic farming population are smallholder farmers. They produce for export such OA products as coffee, cotton, cocoa, sesame, chilies as well as fresh and dried fruits (like mangoes and passion fruits), fruit pulp, juices and concentrates, ginger, vanilla and other spices, textiles, shea nuts/butter and fish. Domestically the market is small but growing rapidly at about 50 per cent annually. There are now 3 supermarkets stocking organic products, 4 exclusive organic outlets and a home (basket) delivery scheme. The OA production and trade system involves many actors along the value chain. These include OA growers networks (such as National Organic Agricultural Movement of Uganda); export companies and local traders; universities and research institutes (e.g. Makerere University, Uganda Martyrs’ University); parastatals (e.g., Uganda Export Promotion Board and Uganda National Bureau of Standards); Government Ministries (Ministry of Agriculture and Ministry of Tourism, Trade and industry); and international organizations and donor communities.

b) OA policy development

In view of the growth of organic agriculture production and exports, there was growing interest among stakeholders including the Government to elaborate a policy that would articulate the main priorities and areas of action for OA development in Uganda. In this direction in May 2004, the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) constituted a multi disciplinary Organic Agriculture Policy Development Technical Committee to develop a Technical Concept Paper and a draft Organic Agriculture Policy.

The Technical Committee comprised of 26 representatives from Government, academia, civil society and farmers groups. These committee
members were drawn from the departments within the Ministry (MAAIF), National Organic Agricultural Movement of Uganda (NOGAMU), Uganda Coffee Development Authority (UCDA), Advocates Coalition for Development and Environment (ACODE), Uganda Export Promotion Board (UEPB), International Federation for Organic Agriculture Movements (IFOAM) Africa desk, National Agricultural Research Organization (NARO), Makerere University (MUK), Uganda Martyrs University (UMU)-Nkozi, Uganda National Council of Science and Technology (UNCST), Uganda National Bureau of Standards (UNBS), Uganda Consumer Education Trust (CONSENT), Uganda National Farmers Federation (UNFFE) and Cotton Development Organization (CDO).

The Technical Committee engaged in reviews of literature on OA, as well as held extensive consultations, discussions and workshops with stakeholders selected from line ministries, government institutions, civil society organizations and the private sector with a bias towards sustainable agriculture and the environment. Thematic issue papers were developed from which a concept paper was produced in October 2005. This was presented to the policy technical committee and later handed to the Permanent Secretary - MAAIF, who then cleared the committee to continue with drafting the policy.

The Draft Organic Agriculture Policy was finalized in May 2006, with support from UNCTAD. After an extensive period of consultations, the OA policy was approved by the Government. However, it lacked a clear implementation plan including detailing its coherence with other agricultural sub-sectors in Uganda. To address this lacuna in the policy development and to facilitate implementation, the National Organic Agricultural Movement of Uganda was supported by UNCTAD to work with the Ministry of Agriculture in Uganda, to develop an implementation plan for the draft organic policy. The implementation plan for Uganda’s Organic Agriculture Policy was developed in 2013 and it is in final stages of approval by the Government of Uganda as of August 2014.

Figure 3 Organic produce in Uganda.

Photo credits: Kulika / Mo’Ana Multimedia
The main objective of the Draft Organic Agriculture Policy for Uganda and its associated proposed implementation plan is to contribute to national development by harnessing the country’s OA potential in ensuring food and nutritional security, poverty eradication through increased market access and conservation of the environment. Nine main outcomes are expected namely: (1) An enabling environment for improving OA production shall be created to promote wider participation and investment in OA; (2) The credibility of organic agriculture shall be ensured by adoption of appropriate standards, inspection and certification systems that are recognized internationally; (3) Research, technology development and dissemination in organic agriculture shall be supported and strengthened to service a growing industry; (4) Efforts shall be made to develop domestic, regional and international markets and promote organic products to improve farmers’ income and alleviate poverty; (5) Information, knowledge and skills on OA shall be provided at all levels of the agricultural sector to enhance development; (6) Improved post harvest handling practices and value addition shall be promoted and supported as a way to attain higher prices for organic products; (7) Sustainable use of natural resources and conservation of the environment shall be enhanced for socio-economic development; (8) Indigenous biodiversity and knowledge will be protected with due care in adoption of modern (bio)-technology in support of socio-economic development and international obligations; and (9) Participation of the special interest groups such as women, youth, the poor, elderly, persons living with HIV/AIDS and the people with disabilities shall be supported for equity.

The approval of the OA policy, together with its implementation plan, would set the basis for coherent and active Government support for the development of the OA sector. In particular, through the implementation plan, OA methods and technologies will be developed, promoted and assessed for their impact on rural incomes and livelihoods, and improved food security and environmental sustainability, in line with Uganda’s Agriculture Sector Development Strategy and Investment Plan objectives. A key consideration is that since OA has multi-sectoral and multi-disciplinary dimensions, its implementation will involve the coordination and building of partnerships among the public, private and farming sector stakeholders.
3. The Lao PDR experience

With 3.2 million hectares of organic agriculture land in 2012, Asia comprises 9 per cent of the world’s total organic agricultural land. Out of this total, Lao PDR accounts for about 5,990 hectares of OA land, which represents 0.26 per cent of the Asian total. Lao PDR did not register any increment in OA land between 2011 and 2012. There were 1,342 producers in the country in 2011.

c) State of OA development

Lao PDR is a landlocked country with an area of about 236,800 square kilometers and a population of over 16.5 million, 80 per cent of which live in the rural area and depend on subsistence agriculture which implies that agriculture produce is organic by default. However, traditional subsistence agriculture is not predominant in the southern area of the country, where commercial agriculture is the norm.

In general, agriculture represents 26 per cent of the country’s GDP and 75 per cent of its labourforce. Despite its importance to the domestic economy, agriculture, whether organic or not, makes up only around 5 per cent of total exports.

There are also wild products (such as bamboo shoots, banana inflorescence, cardamom, rattan) collected from the forest that are consumed by farmers and also sold for cash income. If better organized, such products can be certified and sold as organic. Lao PDR has a wild collection organic area of 16,786 hectares.

About 4 per cent of the land is arable of which the overwhelming majority is cultivated with rice, mainly for personal consumption. In terms of exports, organic coffee is the leading organic export product by far. Thus land devoted to organic coffee production accounts for over 70 per cent of certified organic lands, followed by rice (17 per cent) and fruits and vegetables (7 per cent).

OA development was promoted mainly by NGOs interested in enhancing rural development and improving the livelihood of the rural population, and by private sector firms interested in gaining access to premium markets. The Government has strongly supported agriculture development through the scheme named clean agriculture production. Up to the late 2000s, most sustainable agriculture development including that of the organic type was focused mainly on domestic consumption with no linkages to the international markets. Produce from farms incorporating sustainable farming techniques and practices were sold as conventional agriculture products with only a few being sold as natural products or pesticide-free products. Recognizing the potential of organic agriculture for poverty reduction, the Government, along with interested international community including NGOs (Helvetas and Earth Net Foundation) and international organizations (ITC, UNCTAD), started promoting organic farming and marketing. The Lao Farmers Products, a local fair trade cooperative, is among the pioneers from the private sector that started to develop organic rice and tea. Only tea has been certified as organic since 2006. Two organic coffee groups Sinouk and Jhai Coffee Farmers Associations have also been certified.

In the early 2000s, the local market showed signs of rapid growth in terms of numbers of farmers participating, the range of products, market frequency and sales volume. Also organic farmers markets were launched in Vientiane, Xiang Khouang and Luang Prabang. The bulk of organic products sold consists of fresh produce like fruits and vegetables, followed by organic coffee and mulberry tea products. The only organic shop in the country, AgroAsie, was launched at the end of 2010. It is dedicated to selling organic products. There are other health shops and supermarkets that sell some organic products such as rice and vegetables. Several coffee shops offer organic coffee, such as Joma Bakery Café.

In terms of the international markets, certified organic products are exported to Europe, New Zealand and other ASEAN countries. Organic coffee is mainly exported as raw green beans, with little as finished products (roasted coffee). Quality issues have been a major problem to extending the range of organic exports.

d) OA policy development

Sustainable economic growth and people-centred equitable development is the development goal of the Government of Lao PDR as articulated in its national development priority programmes.
Agriculture is seen as having direct links with poverty reduction and hence the objectives of the agricultural sector, which is combined with forestry, natural resources and rural areas development, are food self-sufficiency, diversification of products and commercialisation, varying techniques of production, research and development and human resource development. A further evolution of the ambition took place when the Ministry of Agriculture and Forestry launched in 2006 the ‘clean agriculture’ initiative encompassing four production systems namely (a) conventional traditional agriculture without chemical inputs, (b) safe conventional agriculture with chemical inputs, (c) good agricultural practices (GAP), and (d) organic agriculture. The Ministry is promoting OA in two main agro-ecological zones namely the Mekong corridor, especially Mekong lowlands where specialized high level commercial crops can be produced, and the Bolovens Plateau where organic coffee is produced and there is potential for temperate vegetables to be produced organically.

Organic standards covering crop production, wild harvest, processing and handling, and labelling were adopted by the Ministry of Agriculture and Forestry in 2005, based on development work by the Project on the Promotion of Organic Farming and Marketing in Lao PDR (PROFIL). The development of these standards was based on IFOAM Basic Standards and the organic standards of the Organic Agriculture Certification of Thailand. Several institutions were created to support OA development. These included the Clean Agriculture Development Center and the Lao Certification Body (LCB). LCB is the Government’s certification body. Most organic operators in Lao PDR have double certifications from LCB and from foreign bodies. Presently there are no national regulations on OA and trade. Producers and traders can voluntarily choose whether to have an organic certification and which organic standards to apply.

UNCTAD support to OA development in Lao PDR focuses on creating initial linkages between supply and demand (organics – tourism and international markets), within the context of the UN Inter-Agency Cluster on Trade and Productive Capacity project on ‘Enhancing sustainable tourism, clean production and export capacity in Lao PDR’, supported by Switzerland (SECO). Interventions from UNCTAD consisted of actions to support three key aspects of OA: (1) reviewing progress and developments, information gathering and market promotion, especially through studies examining linkages between supply and demand forces for organics in Lao PDR and convening of national discussion and public-private forums seeking to build understanding and cooperation between authorities and farmers on organic agriculture; (2) assisting the emergence of private leadership, including farmers groups, with knowledge on organics through training and sharing of experiences; and (3) upgrading institutional capacity on organics regulation and certification, especially with the support of Lao Certification Body including through training of its inspectors and managers UNCTAD support is channeled through active engagement of Laotian government authorities and their institutions, including an in-country Project Office of the project, as well as Thai NGOs (Earth Net Foundation) and local NGOs (Green Community Development Association) with local knowledge that provided support for field activities.

For example, such support led to the formation of a dedicated group of farmers focused on OA in Luang Prabang, involving 10 farmer groups in 8 villages who produce organic products for the local green market. Farmers were assisted in the group setup, including group rules and regulations as well as establishment of basic traceability systems. Project activities sought to promote the engagement of farmers and Government to articulate the emergence of a private sector leadership in Lao PDR. Supply chain improvements were also sought, through support to collectors and traders. Government officials were assisted in training on organic certification procedures and practices. Officials from the Ministry of Agriculture of Lao PDR and Lao Certification Body were trained in skills and knowledge related to OA including on the harmonization of organic standards at the regional (ASEAN) level. Laotian farmers and organic business leaders were trained through visits to more advanced organic facilities in Thailand. A study visit was arranged for Luang Prabang farmers to visit organic facilities in Thailand to draw lessons and knowledge about processes and practices which they can adapt for the development of organic production and
marketing in Luang Prabang. Activities aimed at strengthening consumers’ awareness about organic agriculture products were also undertaken. Efforts were undertaken on building linkages with the tourism sector (one of the potential large demanders of organic produce in the country) through direct supply of high quality vegetables from farmers groups to leading hotels and restaurants in Luang Prabang. A major study was commission by UNCTAD on mapping the potential demand linkages between organic agriculture and the tourism industry in Laos, which has experienced a growing level of sophistication and travellers’ demands. The study indicated that while tourism has a high potential for strengthening inter-sectoral linkages with other sectors of the economy including agriculture, these linkages are not well developed with the effect that the rural sector (producers) receive minimal economic benefits. This is a challenge to be addressed.

A flagship initiative of UNCTAD has been the organization of the Lao Organic Agriculture Forum (LOAF) during 2012-2014. The event discussed progress in areas of certification, training and the production of a consolidated vision, strategy and policy for organic agriculture development in Lao PDR. The Forum also contributed to the setup of the Lao Organic Movement Association (LOMA), a private sector lead organization that is now registered with IFOAM. The recent third LOAF took place in July 2014. It highlighted the need for strengthening coordination and collaboration among the government, businesses and international organizations; enhancing knowledge and understanding of producers and improving the skills of farmers in OA techniques; need for integration of organic agriculture into the government’s ministerial structure; provision of affordable financing for farmers who prove they can develop and market organic produce in a profitable way; establishment of OA courses in

Figure 5 Participants at the 3rd Organic Agriculture Forum in Lao PDR, July 2014.

Photo credits: Ministry of Agriculture and Forestry, Lao PDR.
Laotian vocational schools to train young people in its techniques; establishment of an association which links producers in different parts of Lao PDR and the collection and sharing of market information among them and with the Government; and the provision of better information for farmers about the distinctions between organic farming and traditional agricultural practices.

4. Concluding remarks

OA serves as a strong multiplier for sustainable development and poverty reduction. This is the perspective of both Uganda and Lao PDR, which have a large population based in rural areas and engaged mainly in subsistence farming that can be considered ‘organic by default’. Demand for organic products is growing in national, regional and international markets leading to a premium price being offered for such products. Improving the supply (quality and quantity) is important in order to meet the growing demand from the tourism industry and consumers abroad that are interested in eating well and eating green.

Nonetheless, engaging in OA production and securing labeling and certification as ‘organic’ is important to reaching consumers in the domestic, regional and international markets. The sector faces many challenges that need to be addressed to make it viable and sustainable, especially in terms of exporting high value products to the international markets. This starts with identifying OA as a key national goal, linking it to national development goals formulating the relevant policy, action plan and institutional set up to foster implementation of the policy. Targeted and tailored support by Governments, NGOs and international organizations is needed to address specific issues of need emerging from the development of OA. For example, in Uganda and East Africa generally, focus was placed on standard setting, harmonization and fostering of national organic agriculture movements, and recently the elaboration of national OA policy and implementation plan. In Lao PDR, support was placed on creating initial linkages between supply and demand (organics - tourism) as a seed for further market development and eventual exports to regional and international markets.

The need for national stakeholder discussions is paramount to review progress, strengthen contacts and regulatory feedback between government ministries, food processors and farmers. Another important lesson is the importance of learning from other countries to help identify gaps and strategies to help in the holistic development of the sector, as was conducted by UNCTAD under the Lao Organic Agriculture Forum. In sum, OA is a pillar for clean agriculture development that is sustainable ecologically, socially and economically: dimensions which are particularly relevant to LDCs like Uganda and Lao PDR.
Notes

2 For example see UNCTAD XIII Doha Mandate para 56(g)(ii).
6 IFOAM, Bonn, & FiBL, Frick; The World of Organic Agriculture: Statistics and Emerging Trends 2011, citing NOGAMU
10 UNCTAD – UN Cluster Project draft document/report.
12 “Lessons Learned from around the World on Enhancing Backward Linkages of Organic Products to the Tourism Industry” by Dr. Dorothea Meyer.