



# GOVERNMENT SUPPORT FOR ORGANIC SUPPLY CHAIN DEVELOPMENT

## OVERVIEW

This policy summary provides recommendations on why and how to facilitate organic supply chain development. It outlines options for providing this support, followed by examples from various countries.

## SUMMARY OF POLICY OPTIONS

### ***Basic Linking of Sellers and Buyers***

Forms of basic support for linking include:

- facilitation and financial support for presence at domestic and international trade shows'
- organizing special trade events for buyers and sellers
- establishing and maintaining registers of buyers and sellers for particular products
- facilitating use of information and communication technologies among sellers and buyers.

### ***Other Supply Chain Facilitation***

Including but not limited to support for:

- establishing standardization and quality systems through the chain;
- development of infrastructure

and transportation;

- navigating import and export regulations and market requirements.

In developing countries, it may also take the form of broader functions to build capacities of farmers and other actors in the domestic supply chain. Enhanced facilitation is often:

- focused on certain organic products and types of supply chains, whether for export or for regional supply networks
- structured and managed as projects
- in developing countries, funded through international cooperation.

## RATIONALE

Contributing to supply chains development can help achieve a government's sustainable economic development objectives. Supply chain (or "value chain") development is undertaken by many public-private partnerships globally, as governments, development agencies and businesses seek win-win-win cooperative arrangements that may involve shared-cost and in-kind contributions of all partners. Where organic producers are few and organic buyers scarce, government facilitation raises profiles and enables linkages that will help build



a functional sector. This is equally applicable for long export-oriented supply chains and short regional ones. In development cooperation, supply chain development is often a fundamental strategy for integration of small farms in the modern economy.

There are several reasons to focus on the development of a particular supply chain. These include:

- addressing **structure problems** in one particular sub-sector where domestic demand is not adequately met (for example, if organic vegetable producers in a given country are too small and not organized enough to supply mainstream channels like supermarkets);
- developing an organic supply chain for a **regional product** for which organic production has good potential but linkages and a brand concept is needed;
- creating an organic supply chain for a particular **export commodity**, or increasing efficiency in an existing chain, to provide a valuable source of export revenues in the future and/or address environmental problems with current conventional practices in that sector.

Regardless of the objective, the advantage of such approach is that it connects the various actors of a

particular supply chain and fosters dialogue between producers, traders, processors, researchers (for value chain analysis), governments, and often development cooperation organizations to solve the problems of that particular supply chain in an integrated manner.

## SCOPE

This measure is suitable no matter the stage of organic sector development in the country, or regulatory situation. It will be more suitable where governments are willing to intervene in agricultural markets. The measure is able to address a wide range of sustainable development policy goals.

## POLICY OPTIONS

Facilitating organic supply chain development can:

- link research-capacity building and input provision, for example, to provide an integrated approach to encouraging conversion of a particular production,
- link production, processing and marketing, and/or
- improve the structure, logistics or traceability of supply for a particular sub-sector (e.g. dairy, vegetables, meat).

Comprehensively address all of these in a series of stages or projects.



**Basic linking of sellers and buyers** can be facilitated in the form of ongoing services either provided by government or supported by government and delivered by non-governmental actors. Some examples of services include:

- facilitation and financial support for presence at domestic and international trade shows
- organizing special trade events for buyers and sellers
- establishing and maintaining registers of buyers and sellers for particular products
- facilitating use of information and communication technologies among sellers and buyers.

**Other supply chain development** can address the supply chain in a more holistic way, often based on value chain analysis. These initiatives are generally structured as projects involving multiple stakeholders including various supply chain participants, governments (often various agencies), researchers, NGOs and in the case of developing countries development cooperation organizations.

In **developed countries**, integrated supply chain projects usually address structural issues in a given segment of the organic sector at the national or regional level.

In **developing countries**, the classical development cooperation types of projects are implemented, starting with providing training to farmers for conversion, organizing for certification and linking producers to markets. Projects often include the aspect of cooperation amongst farmers producing the same commodity (usually setting-up farmer cooperatives, farmer groups or other structures), to resolve production issues, but also for joint marketing. The projects could also include value chain analysis and address structural issues. Support to supply chain development may also include permanent facilities and programs to link buyers and sellers which could involve both central and regional/local governments.



## COUNTRY EXAMPLES

**Austria:** A project on the organic pig meat supply chain was funded within Austria's Rural Development program 2007-2013. The two-year project installed a vertical supply chain partnership for organic pork with an end-to-end quality and traceability chain (an online audit and monitoring over the entire production and marketing chain). In addition, a marketing concept for organic sausage and ham was developed.

**England:** The Manchester Veg People project was supported by England under its Rural Development Program. The project was a cooperative supplying organic fresh produce across Greater Manchester. The project took the farm to fork approach, starting with building up small farms, through facilitated land access, training for future vegetable small growers, logistics and transport, and branding and market access.

**The Philippines:** The provincial government of Nueva Vizcaya and Department of Agriculture jointly constructed and opened a multi-functional Regional Organic Trading Center (ROTC) in Nueva Vizcaya (North Luzon). The cost of the project (around EUR 300,000) was supported by the National Organic Agriculture Program funds and Japanese NGOs. ROTC, managed as a public facility by the regional office of the Department

of Agriculture, provides organic farming demonstration, processing facilities, market promotion/trading facilities and training events. It also serves as a drop-point for organically produced vegetables, fruits and meat, and the farm products are further promoted and accessed by customers, as it is located in proximity to a major commuter highway and a general agricultural research and development agency. The Department of Agriculture also supports many other organic trade centers.

**Nepal:** The Jumla District Agriculture Development Office (DADO) decided in 2007 to become an organic district. As the district was specialized in apple production, the DADO sought help from foreign donors and established a project to develop the organic apple value chain. A value chain analysis of Jumla apples in the region was first conducted to identify the limitations and opportunities. A multi-stakeholder forum – the Jumla Apple Forum – was created, and it included producer groups, the local Chamber of Commerce and Industry, District Development Committee, and several development NGOs working in the district. The project activities included training on production, support for certification, facilitating transport of the apples to the markets, identification of buyers and brand marketing. Certified organic apples started to be marketed under the brand “Jumla Organic”



(created by the DADO) and sold in supermarkets and organic shops in the domestic market. One major success was that the apple price increased in Jumla from NRP 10/kg in 2008 to NRP 35 and NRP 25/ kg for organic certified and non-certified respectively. By 2009, 300 farmers belonging to three pilot projects had experienced an increase of 250% of their usual gross margin.

**India:** The federal government launched in 2016 a comprehensive scheme called the Mission Organic Value Chain Development (MOVCD) for North Eastern Region, as a Sub-Mission under the National Mission for Sustainable Agriculture (NMSA). The MOVCD scheme is comprehensive in its approach and aims at developing certified organic production in a value chain mode to link growers with consumers. It supports the development of the entire value chain starting from inputs, seeds, certification, to the creation of facilities for collection, aggregation, processing marketing and brand building initiatives. Government of India has allocated EUR 16 million for MOVCD in 8 North Eastern states for the fiscal year 2016-17.

**Turkey:** The Turkish government partnered with the German government in the form of a bilateral cooperation project from 2011 to 2013 to develop quality organic supply chains from Turkey to European markets. The project was implemented by FiBL - Germany in close cooperation with the Turkish Ecological Agricultural Organization (ETO). The project worked with the various stakeholders of the Turkish organic supply chain, including Turkish government regulatory personnel, to build their capacities and to established exporter-importer connections. A focal point of the project was to develop capacity along the organic supply chain to European countries to comply with the EU organic regulations.

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