



Photo: Helvetas

ORGANIC COTTON IMPROVES LIVELIHOODS

Impact study on organic and Fairtrade cotton in Kyrgyzstan

Helvetas and its partners have been supporting an organic and Fairtrade cotton production programme in Kyrgyzstan since 2004. A field study by the University of Bern assessed the impact of the programme on the socio-economic conditions of the farmers and on their soils. The study shows that organic and Fairtrade production enable the producers to increase their income and at the same time to improve soil fertility and human health. Lower input costs, higher revenues and better access to timely credits increase the room for manoeuvre of organic farmers and reduce risk. They therefore can keep more livestock for manure and as a saving and are less urged to sell animals in times of need for cash.

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Cotton growing has a long tradition in southern Kyrgyzstan and for a long time it was the main cash crop in the region. After the collapse of the Soviet Union in 1992, the area used for cotton fell by over 70% with living standards and the level of employment having dropped accordingly. Helvetas' Bio Cotton Project started in 2004 with financial support from SECO¹, ICCO² and HIVOS³. In 2004, 58 farmers started producing organic cotton in conversion. In the following years growth rates regarding number of contracted farmers and surface area of organic production were impressive. At the end of 2009, 765 organic farmers were contracted and organised in 71 farmer groups.

In the study area, cotton is the most important cash crop for the majority of the interviewed farmers. However, quite a number of conventional farmers as well as some organic farmers have stopped cultivating cotton in 2007 or 2008 due to strongly rising input costs and low cotton prices at the international market, and because the cultivation of wheat was strongly promoted and supported by the World Bank and the national government in the course of the global food crisis. At the beginning of 2010 though, wheat prices came down and cotton might again become more interesting in the near future.

Labour migration is an important economic factor in southern Kyrgyzstan; 52% of all interviewed households had at least one person working abroad.

RESEARCH METHODOLOGY

The study, covering the 2008 production year was carried out in 2009. It includes 7 villages in three different production zones of the Jalalabad Oblast in southern Kyrgyzstan. In order to compare the two production systems, questionnaire based interviews were conducted with 44 certified organic and 33 conventional farmers. Additionally, focus group discussions were held and preliminary results were presented and discussed in a validation workshop with representatives of different stakeholder groups. The study covers characteristics of farm households and production systems, agronomic data on cotton production (on the basis of farmers' perception; no detailed records or measurements made), organic farmers' motivation and farmers' perceptions of the benefits and detriments of organic farming.

In 2009, the Centre for Development and Environment (CDE), University of Bern, carried out an impact study to assess the economic, social and environmental impacts of organic cotton production in Jalalabad Oblast.

¹ State Secretariat for Economic Affairs, Switzerland
² Interchurch Organisation for Development Co-operation, The Netherlands
³ Dutch Humanistic Institute for development Co-operation, The Netherlands



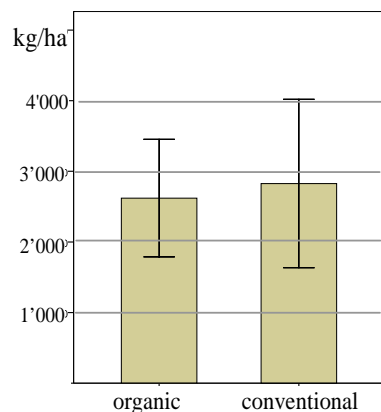
Photo: Helvetas

Farmer with her organic cotton harvest

RESULTS

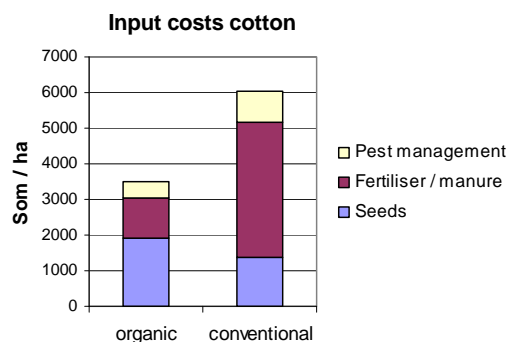
Only few households, i.e. 11% of organic and 3% of conventional farmers fully depend on farming. On average, the household income consists in both production types of 53% income from farming activities - organic farmers having a higher share of income from livestock while conventional farmers from cotton - and 47% of income from off-farm activities such as salaries, pensions, own businesses and remittances.

Cotton yields in 2008 (kg/ha)



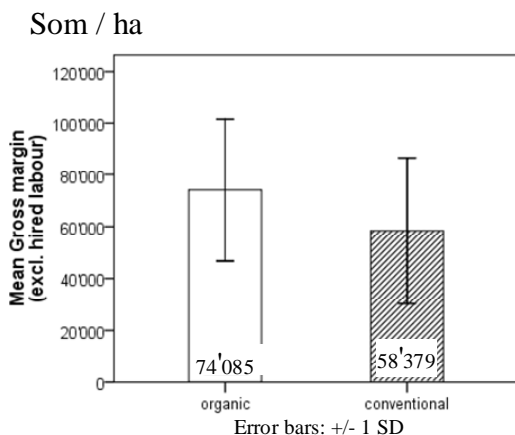
Production costs for cotton (2008)

In 2008, the production costs (excluding costs for own and hired labour) of organic farmers were 8% lower than those of conventional farmers. Costs for inputs (seeds, fertilizers and pest management) were 42% lower in organic cotton fields.



Net profit from cotton

In 2008, organic farmers made 27% higher net profit from cotton than their conventional neighbours; a statistically significant difference.



Organic farmers perceive a number of clear economic benefits from organic production: the higher price paid for organic cotton; the highly valued by-products of cotton which are cotton oil for cooking and the cake used as animal feed; and lower production costs as less external inputs are required. The majority uses part of the 'extra money' earned with organic cotton for food consumption, which supposedly results in an improved nutritional status.

Organic farmers have better access to credits compared to conventional farmers, due to the collaboration of the project with the micro-finance institution *Agrokreditplus* which provides credits for agricultural activities (inputs, livestock, etc.) on the basis of social collateral. These credits are easily accessible for organic farmers, require little paperwork and are given on favourable terms. The easy access to credits is a major reason why organic farmers are able to increase their number of livestock, as they are much less forced to sell animals in times of urgent need of cash - in contrast to conventional farmers, who usually have to sell livestock in emergencies. Besides having a function as savings, livestock is the main source of fertiliser for organic farmers.

The majority of all credits taken by organic farmers in 2008 was used for agricultural activities, while conventional farmers tend to use more credits for off-farm activities.

Health

Improvement of health is the second most important positive change reported by organic farmers and is widely explained with not using chemicals and consuming clean organic cotton oil and organic food in general.

Organic farming increases the workload as more manual work is necessary for applying manure, weeding, etc. Manual work is generally women's work. Thus, women more strongly perceive increasing workload since conversion to organic farming. This development is aggravated by widespread male labour migration which results in more work and responsibility for women, both for organic and conventional farmers.

Cooperation

The project was reported to have a positive influence on cooperation among farmers - not only between organic farmers; and strengthened the sense of community.

Soils

Organic farming has a positive impact on soils. While the majority of conventional farmers complain about deteriorating soil quality, about 90% of organic farmers perceive an increase in fertility and water holding capacity of soils. According to them, the use of manure is the major reason for this improvement, besides practising crop rotation, cultivating alfalfa and abstaining from using chemicals.

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If today they had to decide on converting or not, 91% of organic farmers would do it again.

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Photo: Helvetas

KEY RESULTS OF ORGANIC AND FAIRTRADE COTTON

- 765 contracted organic farmers in 2009, 25% of them women
- 10% lower yields, but a 20% higher price for the farmer
- 8% lower production cost; but a 27% higher net profit
- Better access to timely credits and therefore less urged to sell livestock in emergencies
- Cotton oil for cooking and press cake as animal feed are valuable and highly appreciated by-products of organic cotton production
- Improvement of health conditions due to consumption of organic food and cotton oil, and abstinence from using chemicals which reduces hazards.
- Almost all organic farmers perceive an improvement of soil fertility and water holding capacity
- 91% of organic farmers would convert again

This report is available at:

<http://www.helvetas.ch/wEnglish/competencies>

FUTURE PROSPECTS

The organic movement in Kyrgyzstan is aiming at continuous growth over the next years. Farmers feel well in organic farming and better protected against the woes of the world market.

The two local organizations Agricultural Commodity and Service Cooperative (ACSC) and Bio Service Public Foundation (BS) passed well through their initial years and the world economic crisis that also hit Kyrgyzstan. Both are prepared for further expansion and professional provision of their services. They are laying out their strategies and are thoroughly planning their organic business.

Major elements of their future strategy are:

1. Growth in number of farmers, area under organic and Fairtrade production and sales
2. Adding value – establishing value chains for rotation crops such as cereals, pulses and Medicinal and Aromatic Plants (MAP) – from inputs to processing
3. Diversification of target markets - entering North American markets, exploring Japanese and Russian markets as well as local markets
4. Building the institutions – developing human resources and building up capital

The BioCotton Project (BCP) facilitates the growth of organic and Fairtrade production and trade in and from Kyrgyzstan.