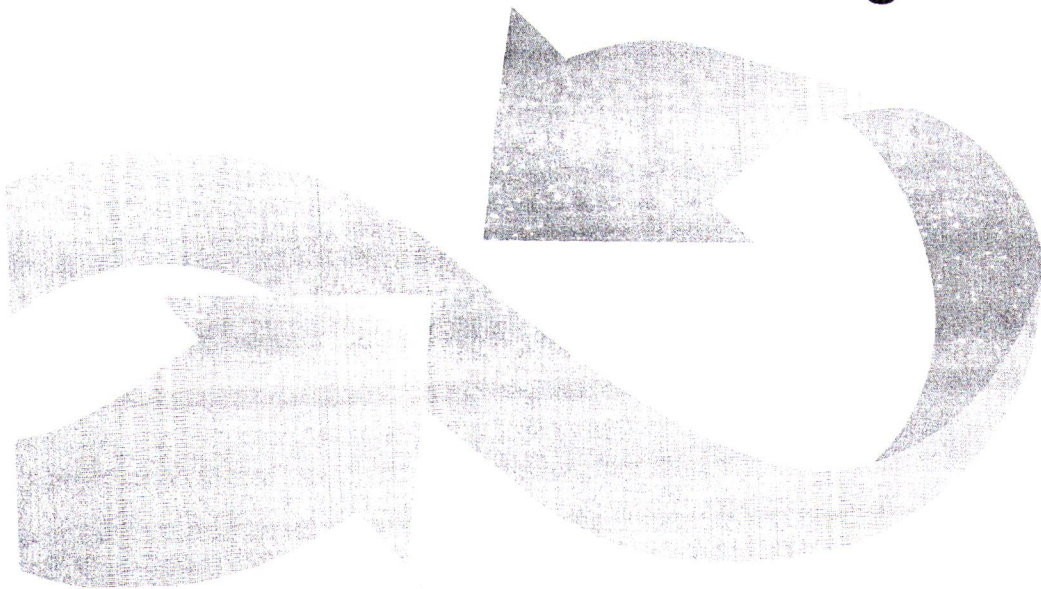


PROCEEDINGS of the
IFOAM (Asia-Pacific)
**Regional Conference on
Marketing Innovation in
Organic Farming**





Congratulations for
the Marketing Conference



| CULTIVATING CHANGE SINCE 1972

It is a great pleasure to send my congratulations for the Marketing and Organic 3.0 Conferences. These conferences are important parts of the Organic Science Expo in Chungbuk Province in 2015 and IFOAM Organics International is pleased to be actively involved in both organizing and participating in these strategic events.

I would like to offer my sincere thank you to Governor, Mr Lee Si Jong of Chungbuk province for funding the Marketing Conference

Also I offer my warmest thank you to Mayor Lim Kak Soo of Goesan County for funding the Organic 3.0 Conference.

I offer a special thank you to Jennifer Chang, the executive Director of IFOAM Asia and to the staff of IFOAM Organics International for the many hours of work that they have done to organize these events.

My best wishes for the success of both conferences and I continue to look forward to a long and fruitful partnership between IFOAM Organics International, Chungbuk Province and Goesan County.

Best Regards

October 2, 2015

Andre Leu



President, IFOAM
a.leu@ifoam.org



Welcoming Address

It's a great honor to welcome you to the 'IFOAM Regional Conference on Marketing Innovation in Organic Farming' held at the 2015 Goesan International Organic Expo + Industry Fair.

I am very grateful and would like to sincerely welcome those of you who have come from a long distance to Chuncheonbuk-do to share your insightful research findings and strategies to develop organic agriculture.

I'm also grateful to Zhou Zejiang the President of IFOAM Asia, and other organizers of this symposium, to Markus Arbenz, the Executive Director of IFOAM International, who shows a lot of interest and affections for the development of organic agriculture, and to Ralph Goutman, the Marketing and Rural Finance Officer of FAO Regional Office for Asia and the Pacific. I'm also thankful to Lee, Eon-gu, President of Chungchungbuk-do Provincial Council who has largely supported the Expo, and Ra Seung-yong, Deputy Administrator, RDA. All participants, I thank you.

Organic agriculture is a global trend. All countries are going back to ecological and sustainable agriculture. In 2012, the Chungcheongbuk-do government declared 'Chungbuk, the Organic Specialized Province'. It has made efforts to play a pivotal role in the global organic market by implementing 'Organic Chungbuk 2020'.

Through the declaration of 'Chungbuk, the Organic Specialized Province' and 'Organic Chungbuk 2020-7 Strategies', we will enter the global market earlier than others and lay the foundation for the development of organic agriculture.

Based on such efforts, the 2015 Goesan International Organic Expo + Industry Fair is held under the theme of 'Organic Life-Science meets the Public'. I believe the Expo will serve as a mecca of the organic industry to raise the awareness of people on organic agriculture and on organic foods. Especially, I expect that the joint-research between IFOAM Asia and RDA Korea will make significant contributions to the development of the global organic industry.

in conclusion, I hope the IFOAM Regional Conference on Marketing Innovation in Organic Farming will be an opportunity to implement the organic principles and to develop the organic farming to the next level for the happy life harmonized with a nature.

Once again, I'd like to extend my sincere welcome to the IFOAM Regional Conference on Marketing Innovation in Organic Farming. I wish you a happy and healthy life.

October 2, 2015

Chairman of Organizing Committee

Governor of Chungcheongbuk-do, **Lee Sijong**



Welcoming Address

On behalf of 1.61 million residents of Chungcheongbuk-do, I'd like to congratulate you on the symposium to discuss the future visions of organic agriculture.

First of all, I'm really grateful to Lee Sijong, the governor who has made strenuous efforts for the development of organic agriculture. My sincere gratitudes also go to Markus Arbenz, the Executive Director of IFOAM International, and to Ralph Houtman, the Marketing and Rural Finance Officer of FAO Regional Office for Asia and the Pacific.

In addition, I'd like to welcome distinguished guests and prominent scholars to Geosan, Chungcheongbuk-do. Organic agriculture is emerging as a new growth engine, and fierce competitions are underway at the globe. I believe it's critically important to enter the global organic market earlier to achieve the future prosperity and economic development.

Honorable 1.61 million residents, and distinguished guests from home and abroad. Chungcheongbuk-do declared 'Chungbuk, the Organic Specialized Province' and incorporated the organic agriculture to the 6 major development industries. I hope such efforts of Chungbuk will be known to the world through the 2015 Goesan International Organic Expo+Industry Fair.

In addition, I expect this symposium works as a venue to share the ideas on the future directions of organic agriculture.

In conclusion, I hope this symposium is an opportunity for you as friends and companions to full your wisdoms for the development of organic agriculture and to have a new hope for the future

Once again, I'd like to congratulate you on the IFOAM Regional Conference on Marketing Innovation in Organic Farming. I wish you a happy and healthy life. Thank you.

October 2, 2015

Chairman of Provincial Assembly

Chungcheongbuk-do, **Lee Ankoo**



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Andre Leu

President, IFOAM - Organics International / Australia

Andre Leu is the author of *The Myths of Safe Pesticides* and the President of IFOAM - Organics International. Andre has over 40 years of experience in all areas of Organic Agriculture, from growing, pest-control, weed management, marketing and post-harvest transport to grower organizations, developing new crops and education - not only in his home country Australia, but across Asia, Europe, the Americas and Africa. He has written and published extensively in magazines, newspapers, journals, conference proceedings and newsletters in print and online on many areas of Organic Agriculture including climate change, the environment and the health benefits of organic agronomy. He was recently invited by the FAO to present research findings from the organic movement at a high-level "Science Fair for a Safer Tomorrow."

Dr. Seung-yong Ra

Deputy Administrator, RDA / South Korea

Mr. Seung-yong Ra is currently the Deputy Administrator at the rural Development Administration (RDA) in Jeonju, Korea. Mr. Ra holds a B.S. in Agriculture from Korea National Open University, and completed his M.S. in Agricultural Science and Ph.D in Horticultural Science from Korea University. Previously he has held positions as President of the National Academy of Agriculture Science, RDA; Director General of Research Policy Bureau, RDA; Director General of Research and Development Bureau, RDA; Director of Government Organization Relocation Bureau; Director of Research Policy Division, RDA; Senior Researcher in the Research Planning Division at RDA and Senior Researcher in the Protected Cultivation, Vegetable Breeding and Horticultural Environment Divisions at the Horticultural Research Station in Busan.

Ralph Houtman

Marketing and Rural Finance Officer, FAO Regional Office for Asia and the Pacific

Ralph Houtman is the Regional Marketing and Rural Finance Officer at the UN Food and Agriculture Organization. Agriculture development economist, since 1982 he has worked for FAO and other organizations as staff member and consultant on microfinance. Since 2001 he works also on marketing and value chains in the Asia region. He first came to Asia as an intern in 1977. Ten years later, he initiated a project that developed an innovative microfinance software for agriculture cooperatives, agriculture banks and rural banks that became known as the FAO MicroBanker System. Its purpose was to provide a tool to small financial institutions that serve thousands of people to reduce the cost of running the institutions. In Cambodia, most of the big MFI (micro-finance institutions), as AMRET, CEB or PRASAC, have used the software in their initial years before reaching their current size and migrating to other software systems.



Key Elements of Community Development to Support Direct Marketing Solutions

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Key words: organic rice, community development, inclusivity, marketing

Introduction

Organic farming continues to grow significantly at the local level, national, and global level that indicated by the increasing area of land cultivation and also the growth of the organic product market. In 2003, the total area of organically managed land in the world was 24 million hectares. Total sales of organic products worldwide was about US\$ 23 billion. The main organic products market in the world, the United States and Canada, are also increasing until it reaches 51 percent or US\$ 11 billion, followed by Europe at US\$ 10 billion (46 percent), then Japan is about US\$ 350 million. The growth of the organic product market is estimated at 20-30 percent per year. In certain countries it even reached 50 percent per year. The increase in sales of organic products is triggered by a premium price and the level of awareness about the quality of the product. In Indonesia, many consumers interested in organic food products. Consumers of organic products has reached 10 percent of the population. The achievement is remarkable under the onslaught of chemical products that dominate the market today (Herdiman, 2008). In 2009, organic business has reached 22 billion dollar and in 2012 increased to 65 billion dollar. Organic market increasing to 20 percent every year (KOMPAS, 2014).

One of the organic products that scale in global market is rice. In general, organic rice was sold at a price higher than the non-organic rice. In fact, due to a lower cost of organic rice production compared to non-organic rice then basically organic rice can be sold at a price equal to the non-organic rice so that the rice does not become

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exclusive organic but become inclusive. Organic rice not only consume by people in a high level but also consume by people at all levels. Organic rice tends to be exported, while farmers as producers and rural communities where the resources of organic rice is produced, do not consume the organic rice. They tend to buy non-organic rice with low quality and low price as well. Community around organic rice field have not enjoyed the benefits of the purpose of organic farming itself. Actually, this community is a potential organic product market. However, because of local organic rice products valued much higher by the international market, the farmers tend to consider for economic gains which are higher than the social benefit - that is more healthy environment for communities. Referring to these conditions, organic rice farmers seems to think and act rationally (Best, 2009). In the process of maximizing the economic benefits, the potential of local market, regional market, and also national market require serious management of all parties involved in organic farming systems at both the producer and the consumer.

The objective of this paper is to explain what is the mechanism to expanding inclusivity of organic products supported by direct selling marketing and how to build more intensive relationships between actors who were involved in organic farming. Community development approach is used to describe the various important aspects that can promote the development of organic product distribution chain that is make both of producers and consumers getting closer. Direct selling marketing to shorten the chain of distribution of organic products is not only the technical aspects of sales strategy but need support by the form of advocacy, by organized community, by networking synergy actors, by the capacity of human resources who are committed and qualified, and by processes of communication, information, as well as education about the marketing of organic products.

Methods and Materials

This paper is written based on literature studies where critical analysis of relevant journals, scientific research reports, national newspaper and text books was conducted. Some information also quoted from interview with the actor refer to primary data from my thesis research as cases to support arguments.

Results and Conclusions

Elements of the community development consist of advocacy, community organizing, network building, capacity building, and communication, information, and education building (Lubis, 2010). Figure 1. show that four key element of community development can be overlapping and synergizing one to another. One element support another element. Four elements were done through communication activities, and information maintenance.

Associated with advocacy, advocacy to the government must continue to provide policy guidance and subsidy budget of organic agriculture training, to supervise organic certification and to guarantee the existence of a policy. Advocacy can be done by the groups or actors who represent groups of farmers in the combined group

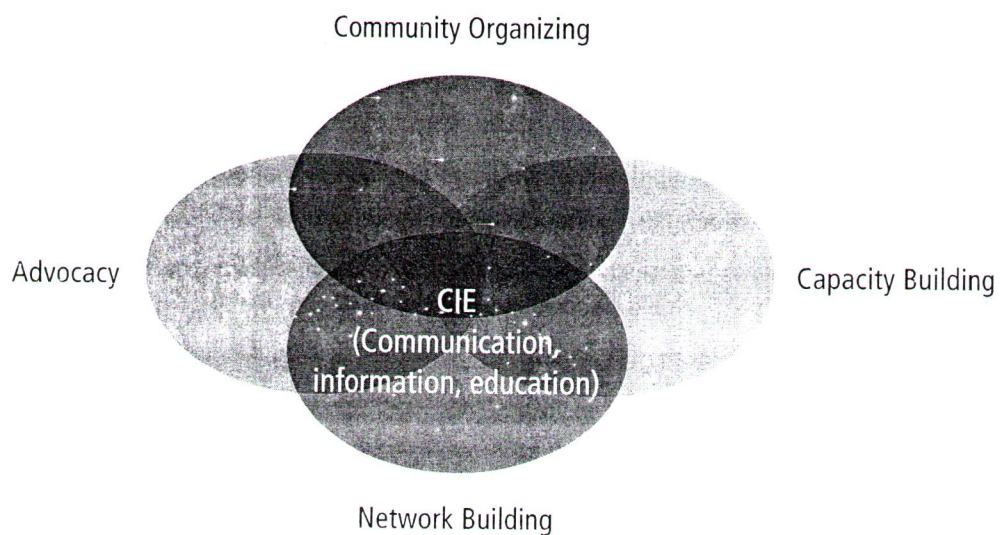


Figure 1. Key Element of Community Development

institutions. In addition, NGOs, academia and local leaders can also help the organic farming community to voice their aspirations to local and central government to mainstream the consumption of organic food. This advocacy is essential to pave the way of direct selling marketing of organic products.

Associated with organizing community, organic farmers need a space or arena for dialogue, media for exchanging ideas with the parties, concerned to be actively actors who involved to take decisions in building solutions for organic products direct sale. Farmers are not positioned as objects just as producers in the development of organic agriculture who do not have space for exchanging opinions, information access, knowledge, and the information updates about development of organic agriculture. Discussion forums between farmers groups will become a good move, especially in increasing the bargaining power of farmers through dialogue and negotiation including for discussing about direct selling marketing of organic products. The mechanism of direct selling marketing is not only a model proposed by academics who are experts in gribusiness and economics subject, or proposed by the government through national programs. However, the organic farming community alongside other actors build a collective agreement to determine the practices of direct selling marketing mechanism. The actors outside the community is expected to provide a variety of alternative mechanisms enriching farmers community, so that the community have capacity to decide the appropriate mechanisms which correspond with the structure, culture and patterns of relationships in the organic farming community. Empirical case show from farmer group in Tasikmalaya, Indonesia which was success to open international market and farmer group in Bogor, Indonesia which both of them already success to shorthern market chain. Both of farmer group built cooperation agreement with one

institution which has position as middleman who become direct buyer from farmer group as organic producers and direct seller to organic product consumers. The difference is, to access international organic market such as in Tasikmalaya, need cooperation with private sector who has export networking. Meanwhile to access local organic market such as is Bogor, need cooperation with local NGOs who has wider local networking.

In the process of networks building, building a direct selling marketing needs synergy of actors. Actors in the community and outside the community who are potentially cooperate should be mapped as individuals or groups. Actors need to be mapped as the producers which guarantees the availability of the product, and the actors who become individual consumers and groups consumer. Potential consumers more oriented to groups consumer who build partnerships in the form of an agreement with organic rice farming community, for example the company requested that the organic farmer groups for fulfilling the organic rice need for all employees every month, and farmer groups as producers must meet the demands of the company in accordance with the agreement cooperation which already formulated.

Cooperation network must also be built with certification board in local, national, and international levels to provide quality assurance of organic products that suit the tastes of consumers especially during the ongoing cooperation agreement. In addition, the network of cooperation between local and central government will support the process of direct selling marketing. For example, government agencies will able to be potential partners as consumers of organic products. This cooperation network is important to monitor the increasing of a number of policies at national and local levels that support the development of organic farming. Organic farming development needs to consider opportunities in building cooperation networks with the company, by utilizing the corporate social responsibility funding that has been done by DNN, BGS, HIL, ITP corporation and other leading companies in the nearby areas in Indonesia. Furthermore, networks also can be built when a community organic farmers can open themselves to be assisted by NGOs who concerned with organic farming. Or even build a cooperation network with agricultural inputs providers, as has been done by the organic farmer groups in Tasikmalaya, Indonesia, who was exporting black rice seeds from the Philippines. Availability of various types of organic rice products will support the direct selling marketing as more variants of the products offered and become its own selling points.

In the process of capacity building, the development of organic farming requires human resources who have a high commitment and good quality as individuals and groups. Human resources are actors who become active participant in cultivation of organic products, including in the direct selling marketing mechanism. In building the capacity of human resources, it needs an empowerment process for both the farming community as producers, consumers, government, private sector, NGOs and academia in order to put the development of organic agriculture



as a common goal which requires the active involvement of all parties. Furthermore, these actors are expected to take on the role including implement direct selling marketing. Sales process by shortening the distribution chain must be supported by adequate ability of actors as having high awareness of the importance of direct sales mechanism.

Related on communication, information and education, those three process are basically present in every element of community development so that each element can be run to support the development of organic farming. Communication is needed to run the mechanism of direct selling marketing. In addition, the communication process became a media for information exchange, running the advocacy process, conducting of the community organizing, running the process of building networks and the empowerment process to increase the capacity of human resources. Meanwhile, the process of educating the general public about the need for knowledge dissemination of organic rice by emphasizing the environmental benefits, social benefits and economic benefits and the importance of sustainability institutions in organic agricultural to ensure the achievement of the objectives of organic farming.

Associated with the process of communication, information, and education, the concept of fair trade also needs to be delivered as a communication and an educational message to the wider community. Fair trade open a space for producers and consumers to make a more equitable exchange where the value of the product is not solely be considered from the cost of production but also consider the health value behind organic products. Information about organic products, in terms of presentation, can be facilitated through the exhibition of organic farming a the direct selling marketing arena. Besides as a transaction arena, exhibition of organic products is also a media for consumer education, such as children, adolescents, adults, about the importance of consuming organic products. The process also requires the use of various types of media to enhance the effectiveness of the message delivery about organic products. Using the media is also supporting the process of direct selling marketing organic products by publishing the product to many consumers.

This article conclude that the five key elements of community development becomes important elements to expanding inclusivity of organic products supported by direct selling marketing. The working of those elements also build more intensive relationships between actors who were involved for supporting the achievement of the objectives of organic farming.

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