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**Alternative Markets as Proxy's for Global Governance of  
the World Food System: the Case of Strengths and  
Weaknesses of Certified Organics as Institutional Vehicle  
for Sustainable Development**

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## **Abstract**

*The rise of alternative global markets based on – in casu organic - certification can be seen as phenomena in their own right. However, the same rise may also be analyzed as indicators of institutional weaknesses in the world system of global, regional and national governance regimes. With global organic sales currently approaching the USD 40 billion mark, the market forces driving certified organic agriculture forward are real. Yet, as global policy instruments perceived to help "fix" governance failures organic labels may mitigate, but not really "correct" the institutional failures that organic movements rose to address.*

*The World Development Report (WDR) for 2008 and the International Assessment of Agricultural Science and Technology for Development (IAASTD, 2008 forthcoming) both acknowledges, each in separate ways, that certified organic farming is globalising and has gained sufficient market power to challenge the global food system on a number of ethical and moral grounds particularly related to environment and pro-poor development. From a development research perspective, this paper argues that the institutional changes related to the global food system and the phenomenon of global consumers increasingly demanding food and fibre certified as "organic", is rather (more) complex. To illustrate its theoretical points, the paper draws on results from the author's research, including institutional analyses of the organic food sector in Brazil and China.*

*The paper concludes that while global consumers have been able to react to governance failures more directly than citizens have, partly because there is more of a world market than there is a world government, ironically, the successful emergence of market driven global organic agriculture may not be able to help a systemic change of global agriculture towards higher overall levels of sustainability. The global market success of certified organics face limitations in terms of transformative potential: in terms of changing incentives for polluters and resource users and in terms of creating new options for national economies and smallholders in the South, particularly in countries too poor to provide market frameworks that are conducive to environmentally friendly agriculture and "taxing" towards inefficient use of resources and towards pollution.*

## **Introduction**

This new millennium has seen certified organic agriculture globalize. Worldwide organic sales passed USD 38.6 billion in 2006, with 30.4 million farmed hectares in 700.000 organically certified farms spread over more than a hundred and twenty countries- and with Europe and USA pulling 97% of the revenue (Willer et al 2008). So, market forces driving organic agriculture are now real. Consumers shopping in “alternative markets” willingly pay a more true cost to help internalize environmental and social costs and benefits of production in certified goods, whether dolphin safe tuna, fair traded coffee, organic textiles or forest stewardship council certified wood. While perceived as helping “fix” governance failures, alternative market certifications may however be less than perfect. The environmental, nutritional and health problems initially provoking consumers to demand certified organic foods and fibres, largely remain, and continue to haunt the environment as much as those consumers and societies unable to pay or receive organic price premiums. Analysed as indicators of institutional weaknesses in a world system of global, regional and national governance regimes, labels such as fair trade and organic may therefore alleviate, but fail to “correct” the institutional failures that early fair trade and organic movements initially rose to address. Most governments continue failing to install regulations strong enough to allow economic environmental policy instruments do their job thoroughly and fail to enforce the polluters pay principle effectively. Generally, they fail to provide incentives – such as ecotaxes – strong enough to allow “the market”, or rather market forces, prove itself as a possible system-wide provider of socially and environmentally sustainable production methods. Instead, most governments end up with institutional environments that are on the whole favouring conventional and existing industries and production methods, such as those of energy intensive agriculture involving chemical pesticides and synthetic fertilizers. This paper explores the limitations or strength or weaknesses of organic certification as an economic instrument to promote sustainable agriculture worldwide.

### **Different regions, different limits.**

“Bifurcation” is now a common phrase used in analyses of the development in US organic agriculture (Constance 2006), The term refers to a situation and trend where some “organic” food system producers has been integrated into corporate agriculture food chains at a scale and in ways many, if not most, original members of organic movements denounce (Pollan 2006). The European agricultural policy - along with a range of environmental regulations and other policies has provided a significantly different institutional environment for European organic agriculture, compared to that of the US (Egelyng and Høgh-Jensen 2006). 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. Yet, in terms of in-capacity to “correct” institutional failures, organic certification seems to face similar challenges in Europe as it does in the USA, and the challenges facing organic certification as a policy instrument are no less in Africa, Asia and Latin America. As OA globalise, new kinds of limitations of certification appear in relation to developing countries: most African farmers, for instance, may easily be classified as de-facto organic farmers, but hardly be certified as such. While “doing the right thing” in terms of farming methods (no or little other energy input than solar energy, no or little use of pesticides and no or low-carbon emissions) the vast majority of African smallholders do not receive any organic price premiums. Consumers cannot reward farmers with organic premiums, when the farmers are not certified. The same

farmer's respective governments could award them with public-policy premiums in various forms, but often they don't (Egelyng and Høgh-Jensen 2006). 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.

### **A Promise of global policies?**

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. Then the World Development Report for 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 an indication that not only has agriculture climbed up development policy agendas worldwide, so has Organic Agriculture. Given the limitations identified in the introduction above, one might well expect some of the recently published global policy papers, to provide for an institutional strategy addressing the same limitations. The following section presents an analysis of three such papers, exactly with a view to trace any such strategy.

The first policy document analysed, the World Development Report for 2008 (WDR 2007), notes that organic products now captures significant shares of all developing country agricultural export value. It does not specify the particular organic contribution to a(n) (47 %) increase driven by 'specialty markets', but quote global organic 2006-sales at USD 23,9 billion, compared to certified fair trade 2005-sales at 1.4 billion and notes that as these markets grow producers have "considerable scope for expanding exports". To the bank "organic foods" illustrates how public standards can help "ensure fair competition [and] reduce information costs to consumers". So, the very institutional mechanism that allows markets to recognise and reward organic producers, namely certification (schemes) has caught the eye of the bank. But mostly, perhaps, for its applicability in new areas (biofuels), as the WDR 2008 stresses that while offering high prices, the specialty markets for goods such as those of organics are "small". (World Bank 2007; 60, 61, 71, 123, 130, 132, 137, and 189)". The WDR does speak of "food miles", "environmental footprints" and of how the triple production challenge creates needs to reduce the environmental footprint of intensive crop and livestock systems. Reducing the same footprint caused by agrochemical and animal waste pollution, *is* a "priority" and "getting the incentives right" *is* "the first step towards sustainability" (World Bank 2007; 68, 181, 199, 237). 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 narrow interpretation 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 role, if not obligation, of the state in creating a broad institutional environment far more conducive to sustainable, including environmental service providing, energy-efficient and low carbon farming methods. Therefore, while it is noteworthy 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 its vocabulary, it is worrying that the economic “paradigm” used to structure the world bank analysis does not seem to have evolved much along with the evolution in the economic paradigm. In paradigmatic terms it has become increasingly clear that the Banks favourite economic paradigm – the neoclassical one - rests on misplaced assumptions. Within the last few decades Environmental economics and Ecological economics has showed the world what is wrong with the neoclassical paradigm. Environmental economics developed pursuing integration of information on natural resource functions into the market through pricing. Ecological economics developed pointing to the limits of that integration: the economic system is a subsystem of our life support system, human made and natural capital is not necessarily substitutable (Daly and Cobb 1989). To the extent “we” [economists] try to sustainably manage our economic subsystem through pricing, who are “we” to impose a certain, [monetary] language of valuation? (Martinez-Allier, 2002). These developments in environmental and ecological economics have also led to increased documentation, including OECD statistics, of positive as well as negative externalities associated with the agricultural sector: the developmental benefits of organic farming include environmental protection, biodiversity enhancement (providing conservation biological control), reduced energy use and higher quality landscapes. Organic agriculture further yields floral and faunal diversity, soil organic matter and less pesticide pollution than conventional farming (Dabbert et al 2004). Had the WDRs capacities in environmental and ecological economics been higher, it would probably have provided biogeophysical, input-output energy and material flow analyses of developing country agricultural and food systems vis a vis industrialized energy-intensive and “effective” agriculture, with a comparative view to determine and quantify energy intensities and eco-efficiencies of different food system and different agricultures, perhaps including smallholder theoretical comparative advantages in terms of energy efficiencies. But that is a counterfactual which did not happen. The World Bank continues to value efficiencies of the kinds that existing markets can appreciate by the existing rules of the game, i.e. mostly in money and market terms, not so much in calorific efficiencies and while recognizing agriculture as a “multifunctional sector”, the WDR does not speak much about multifunctional agriculture or the policy implications of the same.

This is regrettable, since solid eco-efficiency indicators are needed for policies and institutions to be able to enforce or promote precise policy objectives of more a sustainable multifunctional agriculture. Such policy objectives will not be met automatically by any invisible hand. They can be pursued through responsible and visionary politicians using market forces to achieve political objectives such as

sustainable agriculture. Designs of instruments for taxing ecological burdens require concrete measures of say CO<sub>2</sub> emissions or energy efficiencies. Food Miles - a calculation of total food (tonnes) travelled by total distance (in Km) – would appear one rather operational indicator of relevance to policy-makers design of new tax instruments to promote environmental sustainability, globally. Life Cycle Assessment is another type of evaluation with clear relevance. The indicators can be applied on concrete and particular commodity lines, and then operationalized and implemented in policy terms so that – for instance – food calories in a form implying a very large eco-footprint, long food miles and negative net energy duly taxed by importing LICs. The question of how such instruments would affect small farmers in the South, currently developing their capacities to export organic products, is a separate matter worth exploring (Egelyng, Halberg and Høgh-Jensen 2006). Had the Bank used some of its vast resources to provide analysis of this kind it is not unlikely it would have ended up providing additional arguments in favour of the “green box” in WTO trade negotiations and in favour of developing a capacity within the WTO to respect environmental labelling schemes, rather than being silent on the potential existing in WTO rules to use the “like products” principle to obstruct governments and markets from rewarding products (in casu organics) produced by particularly environmental methods (for a recent and clear analysis of this problematique in the context of organic trade see Friis Bach 2006).

A fundamental question is thus to what extent agricultural development in the South is left for more or less informed urban consumers in the North and South to decide upon when choosing among products and perceptions of environmental and socio-economical implications. To the extent such apparent responsibilities are passed on to consumer’s shoulders, it would seem important to provide the same consumers with environmental profiles for a range of conventional and organic products, travelling long vs. short food chains. Air freight consumes about 15,839 kilojoules per T-Km, compared to 2,890 by road, 423 by boat and 677 by rail (Hird et al 1999). Such profiles, therefore, could be based on studies of transport and energy use and of any nutrient recycling on smallholder farms – assuming that consumer motivation to buy organic, goes beyond biodiversity, consumer health and pesticide avoidance concerns - and include concerns about recycling of nutrients and reducing dependence on fossil energy.

A more critical analysis of the comparative versus competitive advantage of say African farmers facing the challenges and opportunities of the current world market and its consumers and citizens preferences could also have alerted the Bank to the fact that since certified organic agriculture depend on methods of production excluding synthetic fertilizers and pesticides, one of several important roles for donors and states might be to help farmers in developing countries develop new and additional methods of production involving bio-fertilizers and biocontrol. Our preliminary measure for the extent to which international donor financed agricultural research may be said to serve an “organic” agricultural research agenda is about the extent to which agricultural research prioritize research on cultural control methods (intercropping, mulching, crop rotations), Conservation Biological Control (provide habitat and food sources to beneficials), Cultural methods to conserve natural enemies to pests (management of field surroundings), Inundation biological control (rearing and release of beneficials), and Plant extracts for insect pest controls – all methods certified organic farmers rely on as much as they rely on for their livelihoods.

Part of the same “Agriculture is back” trend, the OECD DAC report (OECD 2006), identified organic agriculture as one of the pathways poor people may pursue out of poverty, stressing that 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 identified “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).

Finally, throughout 2006 and 2007, the IAASTD process ([www.agassessment.org](http://www.agassessment.org)) analysed how agricultural research – broadly understood to include agriculture related development research can help contribute to fulfilment of sustainability goals. The report of IAASTD is not out yet, but in the process IAASTD assessed organic agriculture as an emerging agricultural system with increasing global sales, rising areas of certified-managed land and potential to contribute to socially, economically and ecologically sustainable development. Aiming to promote environmental quality and ecosystem functionality OA was assessed for its potential as environmental policy instrument and instrument to serve some food security goals, especially where traditional systems convert to OA.

## **Donors and Organics**

The above reports published 2006 - 2007 “stand” on a recent (new millennium) history 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. As a result, 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.

## **Agricultural development pathways and institutional environments.**

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. Consensus is growing nevertheless, that introducing certified organic practices in low external input systems sometimes increase gains several times. Several LIC governments have declared targets for expansion of certified organic production. However, constraints exists that limit profitable production, processing and marketing of organic products in

developing countries. Reasons for LDC farmers to nevertheless adopt OA include opportunities to gain resiliency in face of climate change, and to avoid work-related poisonings by aborting use of synthetic agents for pest control.

Agricultural systems differ in capacity to produce eco-efficiently, yet global evidence on correlations between OA and energy efficiency is limited. What is clear is that they will probably vary within a range of “organic” food served to a consumers plate using almost as much fossil fuel energy as a similar amount of conventional food (See Pollan, 2006; 274) to cases where organically produced food served to local consumers clearly command less energy input than a similar conventionally produced good. Conforti and Giampietro (1997) compared output-input (O-I) ratios of 75 countries world-wide and found O-I ratio variations from 156 to 0.41 ! The countries shown to have the most in-efficient agriculture (O-I ratios < 2) included mostly rich countries. The countries seen to have efficient agriculture (ratios > 30) included Ghana, Niger and Uganda.

### **Two BRIC countries moving organic: Brazil and China**

Among the giants of “developing” nations, Brazil and China already developed national level policies that promote COA. In Brazil, federal state law(s) and three ministries supports organic agriculture through a range of policy instruments. Brazilian organic farming is already well integrated into some rural development programmes, but remains a “policy ghetto” and poorly integrated with other policy areas such as tax. Chinas National Action Plan for Rural Environment Protection envisages establishing three hundred organic food production “bases” covering between hundred to ten thousand hectares by 2010. Brazilian policies on organic agriculture do nevertheless play out in a broader context, including a health context (public provision of children’s meals). In Brazil, agrarian reform and civil society may be seen as enabling institutions driving certified – or compliance assessed as some Brazilians prefer it - organics into policy discourses and measures. The opportunity for exporting COA products with a price premium has been a strong driver for conversion attracting private companies, but hand-in-hand with involvement from the public sector and civil society (Egelyng et al. 2007). While knowledge about organic farming and labels is restricted to educated segments of their consumers, both Brazil and China have e-commerce of organic produce in their major cities. Public sector support for the organic sector through advice, marketing, training, and research was found in both Brazil and China. In Brazil, independent farmers’ organizations played a role in the development of organic agriculture and CSOs are involved in organic activities and exert a policy influence. In both countries, however, smallholder farmers report significant difficulties in meeting certification – i.e. quality, safety, packaging and labelling - standards.

The institutional environments for organic agriculture in China and Brazil now does offer the formal support needed to accredit and certify COA products to gain price premiums, especially for export (Egelyng, Yuhui and Li 2006). What is not in the making is any multi-dimensional institutional macro-environment sufficiently embedded and conducive to accelerate large scale conversion towards embracing the agricultural sectors as a whole. Neither country seems to have operationalized the polluter pay principle – in the form of for example fertiliser or pesticides taxes - as an incentive for promoting organic agriculture beyond its current largely market-led niche. Smallholders of most African countries are probably facing similar or even

greater difficulties in their attempts to pursue any opportunities that the current growth of the market for certified agricultural products seems to offer.

### **Challenges for COA in Developing Countries**

Part of the challenge of low income countries, of course, is located in rich countries: agriculture is the most heavily subsidized sector in the world and 85 % of total agricultural subsidies are found in OECD countries in the form of market price support and area payments as well as input subsidies - all policy interventions with purposes and intended and unintended effects. Currently in the order of USD 1.000.000.000.000 including fisheries, forestry, energy, transport and water, two thirds of the subsidies are believed to be both economically and environmentally damaging. A vast body of literature exist proving that subsidies delay introduction of new (resource efficient/less polluting) technologies, delay much needed structural adjustments, damage the environment and reduce economic growth, renders production less efficient – and largely only helps artificially prolong the lives of old technologies and industries (Kjellingbro and Skotte 2005). Adding insult to injury, perhaps, most subsidies have low transfer efficiency ratios, meaning that only a small share eventually end up in farmer's pockets.

Mainstream studies suggest that approximately 207 out of the total of about 376 billion USD handed out as conventional agricultural subsidies, worldwide, can be categorized as both environmentally and economically harmful. This ratio of 207/376 might be useful as an indicator of the extent of distortions discriminating against environmentally friendly farming methods. The EU has transformed about half of its annual DKK 800 billion support, from price support to area based support or other support forms that are perhaps not as environmentally damaging as price support were. However, less than 4% of total OECD support to agriculture is targeted towards environmental objectives (Kjellingbro and Skotte 2005; 43). While the EU commission, has allowed its member countries earmark a fifth or 20% of its agricultural subsidies for environmental purposes, potentially including organic agriculture, this move was too progressive for some governments. This is true, at least for the (center-right) Danish Government of 2007, which did not wish to earmark any share of the subsidies for environmental purposes. It is well known that the political feasibility of actually doing away with agricultural subsidies is less promising. Historical evidence, however, suggest that faced with strong necessities, government agricultural price interventions can go and fertilizer subsidies can be removed as demonstrated in the case of New Zealand.

The situation in low and middle income countries are typically different, but in some cases of national agricultural development, the trajectory or pathway of agriculture takes such countries closer to the same dilemmas facing rich countries. The case of policy challenges facing Turkish policymakers is illustrative: the energy output–input ratio of Turkish agriculture decreased from 2.23 in 1975 to 1.18 in 2000 (Ozkan, 2004). Turkish agricultural production in other words is “modernizing” from being a net producer of food energy to become a system for net fossil fuel consumption or transformation of oil calories into (less) food calories, along with global warming, nutrient loading and pesticide pollution. Therefore, also Turkey may wish to consider pursuing different policies towards a more environmentally sustainable food system.

### **Analysis of some Policy Perspectives**

Globally speaking, the agriculture & food challenge to development policy makers is no longer one of under-nutrition only, but equally one of over-nutrition (Development Policy Review. 2003. Volume 21. Number 5-6). Globalisation has given rise to a new and even more complex international situation food-supply wise. The agri-business food system has grown capacity to influence, if not create or super size demands and consumer choice (Pollan 2006). It has developed in terms of oversupply production capacity and has become so systemic in nature that change has become increasingly difficult to bring about for “willed” policy efforts. At the same time, Globalisation has raised fundamental questions of whom to turn to, in nevertheless presenting policy options: does it make sense at all to turn to national level policy-makers? (Bonanno,2006). In adopting rhetoric of letting the markets and consumers decide, have national policy-makers in reality given up? Even if some have not, are vested interests so strong that in the process from policy formulation to implementation, all pro-poor and pro-environment potentials for change are neutralized?

After all, significant room for manoeuvre exists in policy implementation of international trade agreements (Leland 2006). If the environment and poverty really matters to finance ministers and OECD taxmen, they could probably introduce higher taxes on fertilizers and pesticides, translating into more Northern organic area and thus qua more market “equilibrium” resulting from lower yields, less need to subsidize by way of what still according to OECD (2005) remain the most economically and environmentally distorting of policy instruments: agricultural subsidies tied to production/commodities. They could reform tax systems to shift the conditions under which certified organic farming compete with energy intensive agricultural systems, involving a shift from taxing wages towards taxing pollution and consumption of resources. Any plausible future featuring absence of dramatic reforms, remain with a rather comprehensive challenge of facilitating for instance:

- Water saving in food production cycle and low carbon emissions
- Minimizing use of fertilizer and energy input per (energy) unit of food output in the farm to table, product cycle.
- Pest management minimizing use of pesticides or active ingredients per calorie produced.
- Replacing human labour only to the extent the same labour can find alternative livelihood.
- Balance mechanization and replacement of human energy in agriculture with agricultural (energy) efficiency.

In terms of enabling environments, COA could gain from a global wave of ecotax reforms (as theoretically explained in the ecotax “classic” of O’Riordan (1997), and probably including eco-footprint taxes and food-mile taxes on food imported into say Africa, from Europe and the US. Support for research on agricultural methods of the kinds that an eco-tax-reformed economy will need, also calls for continued support for research of the kinds that organically certified smallholders competing in global markets will demand. One concrete set of development context agricultural policy options potentially helpful in this regard, are those already suggested by Pretty

(1995; chapter 9). Pretty promoted a set of twenty five (25) policy proposals or “policies that work for sustainable agriculture”. These include national strategies for IPM, prioritization of Research into resource-conserving technologies, transitional support to farmers shifting towards sustainable methods, linking support payments to resource-conserving practices, setting appropriate prices penalizing polluters with taxes and levies, and encouraging adoption of natural resource accounting.

Whether and to what extent a tax “bad’s”- not goods, ecotax reform implementing the polluters pay principle and introducing further energy taxes is at all feasible in low income countries, and will include significant fertilizer taxes and significant pesticide taxes is a question for future research to pursue. The logic of the latter types of taxes could be to avoid current distortions that make human capital intensive and environmentally sustainable resource management methods less competitive. And therefore makes man-made capital and throughput intensive methods more competitive, even when environmentally destructive. Theoretical policy options seem to exist for decision-makers to break a vicious circle. Instead of using tax-payers money – the generation of which currently depends on a throughput intensive human economy - as source of monetary payments to “bribe” or motivate individuals/companies into maintaining ecosystem services in so-called Payment for Environmental Services (PES) schemes, it could be useful exploring the ecotax reform alternative.

## **Conclusion**

A planet with a world market, but no world government, provide its citizens few better options than acting consumers to help correct global institutional and governance failures. One recent result has been emergence of alternative global markets for products certified as ‘organic’. From a development research perspective and based on global statistics and prominent policy papers such as the WDR ‘08 and the IAASTD process, this paper explored strength and weaknesses of organic certification as a multilevel policy instrument for sustainable development. Our preliminary analysis suggest that in and by itself, so-called “market driven” organics while successfully exploiting market forces, may not *per se* be able to ensure a systemic transformation of global agriculture towards a system operating in less energy consuming, less polluting and more environmentally friendly manners at all levels. The current and global market success of certified organics may therefore soon face and have to confront its immanent weaknesses. As its limited transformative potential becomes increasingly apparent to consumers, costumers buying organic may perhaps seek ways to strengthen their role as citizens and demand new food system policies. Policies including stronger enforcement of the polluters pay principle and policies strengthening the incentives for resource users to employ methods that are eco-efficient, energy saving in terms of input and low carbon in terms of output. Certified organic agriculture is based on methodologies developed and born exactly out of high level ambitions in terms of delivering such eco-efficiency, initially at the farm level and at local and regional levels and now, increasingly, at the global level as well. OA is posed to play an important role in the trend towards drawing further development policy consequences of the multi-functionality of agriculture. Without allowing for ecotax reforms in global governance regimes – including trade rules – certified organics will, however, mainly remain one more brand for rich consumers to express themselves through, and less of a policy instrument with system wide transformation powers.

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