OCA Farm Programme Impact Report 2021 – 2022
Accelerating the Organic Cotton Effect
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The organic cotton sector continues to see an increased demand for certified raw materials. During the 2021-22 cotton season, this high demand was combined with a spike in raw material prices—including cotton—as global markets reopened toward the end of the Covid-19 pandemic. Altogether a welcome development for organic cotton farmers in India, who saw their earnings from cotton increase significantly compared to the previous season.

Nevertheless, this season proved once again that high premiums for organic cotton in the global market do not automatically translate to better prices and support for organic smallholder farmers. It underlines the importance and relevance of OCA’s Farm Programme, where we offer farmers access to the tools, training and support they need to farm organically while galvanising commitments from buyers to obtain better prices and offtake to the organic cotton farmers in our Programme. As an organisation committed to securing farmer livelihoods, we are taking action to bridge the gap between conventional and organic farmers’ earnings. Establishing a premium payment to farmers, verified by third parties, is one key component to making organic cotton farming sustainable, creating a business case for existing farmers to continue and inspiring conventional farmers to switch towards organic.

At OCA, we are delighted to report that this season the organic farmers who sold their cotton in our Farm Programme achieved a higher net income from their cotton than their local conventional peers. We also saw the number of participating farmers triple to over 74,000. This number includes a significant portion of in-conversion farmers, a total of 22,500, as OCA launched its in-conversion support programme this year. The report shares the learnings and results from this first year of in-conversion support, which allow us to better tailor the support to farmers in this critical phase in the seasons to come. It also highlights learnings from our pilot in Pakistan, which guided us while preparing for our official launch in the country in 2022.

The data in the report show that OCA and our partners continue to make strides in advancing the organic farmer business case whilst also indicating opportunities for further improvement. We will take these learnings and the feedback from the farmers in our Programme to heart as we tackle some of this sector’s systemic challenges. We remain committed to supporting farmer livelihoods, providing access to critical inputs, including non-GM seed and capacity building, whilst enabling transparency and integrity across the supply chain.

We understand meaningful change takes time and fulfilling our vision is only possible with the ongoing support of our Contributors and partners. OCA will continue to work tirelessly to attain our multi-stakeholder mission: increasing global organic cotton supply, empowering farmers and developing a roadmap for measurable systemic change that reinvents the cotton industry for the good of people and the planet.

We welcome you to join!

Ruud Schute
Programme Director
The Year in Review
The Year in Numbers:

20/21 Season

- 6 Farmers
- 10 Hectares of in-conversion cotton production
- 10 Hectares of organic cotton production
- 10 Hectares of regenerative organic cotton production
- 22,146 MT of seed cotton procured
- €1,697,000 Total annual premium amount paid out to organic farmers
- €4,411,414.78 Average organic cotton net income per Ha

21/22 Season

- 10 Farmers
- 10 Hectares of in-conversion cotton production
- 10 Hectares of organic cotton production
- 10 Hectares of regenerative organic cotton production
- 24,022 MT of seed cotton procured
- €2,138,000 Total annual premium amount paid out to organic farmers
- €6,513,414.78 Average organic cotton net income per Ha

Brands partnered with 10
Implementing Partners to work on 10
Farm projects finalised 46

Data 2020 - 2021
Data 2021 - 2022

1. Includes all farmers who sold seed cotton into the project.
2. OCA’s third-party validation agency verified the accumulated premium amount on a project-by-project basis based on their payment verification with individual farmers. Annex 1 provides more insight into OCA’s verification methodology.

For more information visit: organiccottonaccelerator.org/resources/

NB: Data on cost of production, seed cotton and premium payments are made in INR, however for reporting purposes this is converted to EUR using the following conversion factor: 1 EUR = 84.62 INR.

Higher average net income when compared to local conventional farmers: 6% compared to 21%
Programme highlights

Number of participating farmers in OCA’s Farm Programme more than tripled

Number of participating farmers in OCA’s Farm Programme more than tripled compared to last season. We saw the number of participating farmers go up from 22,146 last season to 74,229 this season. This increase was driven by the growing demand from our six existing partner brands and the addition of four new brands joining the Farm Programme.

Over 4 million paid out in farmer premiums on top of a higher market price for seed cotton

Seed cotton prices at the farm gate were high this season. On average, OCA farmers received €936 per metric tonne (1000 kg) of seed cotton, compared to an average market price of €874 and €803 last year, which is a 16% increase compared to last season. This year’s payment included €4,411,000 in additional farmer premiums compared to €1,697,000 last year.

Successful launch of our In-conversion support programme

High demand for organic certified cotton, lower input costs combined with a robust support system are encouraging more and more farmers to start the journey to becoming organic farmers. This year OCA welcomed 22,500 farmers on their journey to transition from conventional farming to becoming certified organic producers, a process of three years known as ‘in-conversion’.

By participating in OCA’s Farm Programme, these farmers benefit from better prices paid for their produce and secure offtake from OCA partners whilst receiving support in training and access to organic inputs. This support is critical, as the transition from conventional to organic farming is marked by challenges. Farmers and their lands adapt to new management practices, and yields in the initial years generally drop. The learnings and results from this first year of in-conversion support allow us to better tailor the support to farmers in this critical phase in the seasons to come.

OCA takes the next steps in transparency with its Implementing Partners

Organic farming is knowledge-intensive and maintaining a certification and testing system adds complexity and cost. Combine this with the challenges of a rural environment and it quickly becomes evident that the organisations genuinely supporting organic cotton farming on the ground are committed and passionate about organic.

OCA supports its network of implementing partners with market linkages, investments in critical farm-level services, capacity building and access to training resources. In addition, OCA Implementing Partners are asked to embrace additional third-party verification of activities and outcome-based metrics and to provide full transparency on farmer training cycles, non-GM seed distribution and testing, and detailed procurement and premium payment records, amongst others. This supporting framework complements the existing organic certification system and ensures OCA’s Implementing Partners are equipped to support the farmers in their projects in the best possible way. With new organisations looking to join the Farm Programme, OCA introduced a due diligence framework this season to ensure that prospective implementing partners can offer the minimum required support services to farmers. This way, we ensure that intentions and support systems are lined up in the right way to drive positive impact at the farm-level.

Preparing the ground for OCA’s Farm Programme launch in Pakistan

With the support of a range of partners, OCA conducted a pilot of its Farm Programme principles and guidelines in Pakistan during the season of 2021-2022. Building on the work and experiences of local partners such as WWF-Pakistan, Artistic Milliners and Soorty, the learnings from the pilot have allowed us to adapt our approach to the national and institutional setting of Pakistan to get ready for the official launch of OCA’s Farm Programme in the country in 2022. More information about the Pakistani pilot is provided in a sub-section of the report.
Putting Farmers First
Prahlad is a smallholder farmer with 3.5 acres (1.4 hectares) of land in Inzala village in Wardha District, Maharashtra where he lives with his wife and two children. He is an experienced cotton farmer, cultivating the crop for 25 years, but only in the last eight years has been practicing organic farming methods.

He began his journey into organic farming when he met representatives from an OCA Implementing Partner (IP), also based in Wardha. Like many neighbouring farmers in his village, he was hesitant to shift from conventional to organic cultivation but was convinced after he learned about the long-term benefits; mainly that of soil conservation by following the basic principles of organic cotton cultivation.

Prahlad was provided with pre-financed organic seeds by the Implementing Partner and also received training on the preparation of bio-inputs through the initial years as an organic farmer. During the kharif season, he grew organic cotton in 3.5 acres (1.4 hectares) while wheat and Bengal gram were cultivated as rabi crops in 1.5 (0.6 hectares) and 2 acres (0.8 hectares) respectively. As a result of the training and support he received, he is now capable of preparing bio-inputs himself using farmyard manure (FYM), which he purchased locally as well as managing his crop irrigation needs by drawing water from a local water dam.

“I was hesitant to shift to organic cultivation methods and tried organic cotton farming in 1 acre initially and observed gradual improvement in soil health and yield. Additionally, the investment was less than half that of Bt (conventional) cotton. I had to take loans from banks and moneylenders while I was cultivating Bt cotton, but now that’s not the case after shifting to organic cultivation methods.”

After harvesting, he sold the entire produce of 2516 kgs of organic cotton directly to the IP at the rate of 85 INR (1 Euro) per kg. The IP deducted 3,500 INR (41 Euro) for 3.1kg of organic seed, as these were made available in advance pre-financed, and paid 6 INR per kg as a premium. Prahlad’s net income from organic cotton after deducting all the expenditure is 123,326 INR (1,457 Euro) from the 3.5 acres (1.4 hectares) dedicated to this crop. His net income from other agricultural sources totalled 49,700 INR (601 Euro).

As well as highlighting the positive impacts of organic cotton farming, Prahlad also shares with us his struggles and suggestions to improve the system for smallholder farmers in his community. One of the areas highlighted by Prahlad was transportation costs. He spends approximately 4,000 INR (48 Euro) for transportation of his seed cotton to the ginning mill located 42 kms away from his village. He underlines the need for intervention in order to cut down on the time and costs incurred by each farmer. Secondly, Prahlad expressed concern regarding the pests attacking the organic cotton crop with parallel production, and therefore strongly emphasises the necessity to encourage and support with border crops.

On a final note, he feels that the premium of 6 INR per kg cotton which is currently paid by the IP to the farmers should gradually be increased. These actions will help existing farmers to continue to make a livelihood from organic cotton and encourage those using chemicals to take the first steps towards organic.

Meet the farmer

PRAHLAD
Prahlad and farmers from the village participate in meetings organised by the Implementing Partner.

Prahlad and other neighbouring farmers observing the growth of the crop.

OCA Organic Cotton Farmer Prahlad ploughs the soil to increase soil fertility.
Who are the OCA farmers?

Over 74,000 Indian cotton farmers participated in the 2021 - 2022 Farm Programme
The farmers at the centre of our projects have individual realities, challenges, and back-stories. We found a set of common themes that informed the general farmer profile across the different regions where the programme is implemented: land size distribution, income source, irrigation, education background, social category, and family composition.

Most of the project farmers are small and marginal landholders: 21% of all farmers involved in the programme in 2021 - 2022 can be categorised as marginal farmers with less than 1 hectare of farmland. Small farmers with 1 to 2 hectares of land accounted for 33% of the total, whilst farmers with more than 2 hectares of land represent the remaining 46%.

Significant dependence on organic cotton for the family income: the income from in-conversion or organic cotton cultivation accounts, on average, for 63% of the total family income of farmers across the different projects.

Other crops contribute to 22% of family income, and the remaining 16% comes from non-agricultural sources such as off-farm labour. The average farmer’s family size is five family members.

Most farmers are dependent on the monsoons for irrigation, yet we see an increasing number of farmers accessing alternative irrigation methods compared to previous years. Currently, 48% of the sampled farmers in the farm projects had irrigated farms (partially or fully), and 52% planted their cotton in areas entirely dependent on rainfall.

Most project farmers do not have secondary or higher education: The education level remains diverse across the population of OCA farmers this year. 43% have received a primary-level formal education, and 22% completed secondary school. A large section of 28% of project farmers are illiterate, whilst 8% of the sample farmers have attended high school or above (above 10th class in the Indian system).

The farmers’ perspective

We asked our farmers what motivates them to grow cotton, either in-conversion or organic. Their perspective is key to understanding the motivations behind growing and continuing to grow organic cotton. Through the answers provided, we get actionable insights on how we can further improve the Farm Programme approach. To this end, OCA collects feedback and information from farmers through third-party farmer surveys on a range of topics. The overall response to a selection of questions is presented in this report.

Firstly, the third-party validators asked the farmers about their main reason for making the move towards or growing certified organic cotton. The primary motivation for most farmers is the reduction in input costs associated with organic farming methods (also see figure 8), closely followed by the understanding that soil health is critical to better yields over time. Guaranteed off-take, premium payment and support services provided by the implementing partners are equally important. Farmer health is not listed as the primary reason to change to organic farming but is understood to be a significant benefit.

Figure 1: Farmer Profile

Figure 2: The Farmers Motivation

What motivates farmers to shift to organic cotton (prioritization: 6 being the highest)

- Off-take security
- Premium payment
- Reduced production costs
- Support services provided by IP
- Farmer health
- Soil health
- Water use
- Education
- Income source
- Total land size

NOTE: The graph shows that the sample group of farmers (8303 = 18%) support a much larger group (38123 =82%) of dependents, an average ratio over 5 – 1.
Chandraram is a 42-year-old farmer based in Maliyo Ki Dhani village, Rajasthan, who farms across 2.7 acres (1 hectare) growing various crops such as cotton, wheat, millets, mustards, and fodder, allocating 0.9 acres (0.3 hectares) of his land to cotton cultivation. Chandraram’s family has been cultivating cotton for generations, over twenty years, but he only shifted to organic cultivation between 2016 and 2017. He shares with us the reasons for the shift to organic, which were mainly due to deteriorating soil conditions and health issues but also mentions the importance of the awareness raised by the implementing partner (IP) surrounding the positive impact and benefits of organic farming.

He greatly values the training and inputs provided by the IP, which has allowed him to convert to organic cultivation successfully. The new techniques of making bio-inputs, vital to organic farming have also been introduced to the rest of his crops. Chandraram mentions that he struggles with intercropping, due mostly to the different methodologies of harvesting required, such as using machinery versus handpicking, but he does practise crop diversification, a practice used in his family for generations.

“The implementing partner created awareness about organic cotton cultivation, and we wanted to shift to organic agriculture. By doing so, we have saved a lot on medical bills and probably her (his wife’s) life.”

The procurement process is assisted with the support of the IP and Chandraram says he is satisfied with the premium amount. He appreciates that the guaranteed procurement enables him to be more confident and secure in his organic cotton cultivation. Additionally, he receives non-GE cotton seed from the IP and has also received bio-inputs in the past when needed, which gives his livelihood greater security and resilience.

By far the biggest improvement that Chandraram has seen is in the domain of health for his entire family. In the past, his wife was not well and he was spending a great deal of money on her treatment. She even lost the eyesight in her eyes, due to her illness and showed symptoms such as headaches, swelling and rashes. But since he has halted the use of chemicals, which he used to spray conventional crops with, his wife appears to be much healthier. His spending on her treatment has reduced dramatically, allowing him to save almost 2 lakhs INR (2,300 Euros) since last season. He has proudly paid his debt in full and has also constructed a sturdy storage shed with these savings. He happily shares with us that due to his wife’s improved health, she is now also able to take on more tasks in the family home.

After witnessing the impacts on his family’s health, Chandraram shifted all his crops to organic by 2021. This he says, has led to noticed improvements in soil, which he describes as “more porous and healthier” resulting in an increase in his overall production. He states that his biggest challenge is in the access to quality seeds and welcomes additional support in this vital input.

Chandraram has seen the positive impact organic farming has on his land and family’s health and is confident to continue with organic cultivation. “Let’s not feed our kids poison!” he states.

He says that he would strongly recommend other farmers to take it up and step away from conventional methods, especially due to improvements in health for the whole household.
OCA Organic Cotton Farmer Chandraram digs a compost pit for his organic farm

Field staff of the Implementing Partner visit Chandraram to inspect the quality of the cotton bolls.

Chandraram earns additional income from his farm animals who provide raw materials for bio-input production.
What farmers need from us

When asked how best to be supported in growing organic cotton in the seasons to come, 26% of farmers mentioned an increase in price for the cotton as their number one need. 20% of farmers indicated the supply of bio-inputs to be their priority, followed by 17% demanding more clarity on buyback and premiums. Other support areas mentioned are higher yielding seeds, more cash advances, farmgate procurement and more training. Compared to last year, we observe that farmers’ priorities are moving from financial support to agronomic services provided by the IP.

Areas where farmers require IP support to continue growing organic

Supply of Bio inputs 20%
High yielding seed 15%
Farm gate procurement 5%
More training 2%
Increase in premium price 26%
Clarity on buy-back and premium 17%
Cash advance 11%

58% of farmers interviewed by third parties indicated to be better off economically when compared to their situation last year (this number was 13% last season). At the same time, a total of 16% of the farmers felt their economic situation got worse compared to last year. One of the factors that could play a role here is the fact that a large group of in-conversion farmers joined the Farm Programme this year and our data demonstrates that their earnings in the first year of conversion are generally below that of the conventional farming system.

How do farmers feel about their overall economic situation compared to last year?

Better 58%  Same 26%  Worse 16%

Premiums reaching farmers’ pockets

OCA’s Farm Programme focuses on farmer livelihood and aims to provide a positive business case for all participating in-conversion and organic farmers compared to local conventional farmers. All the participating brands and implementing partners have agreed to pay a pre-agreed premium to farmers in support of the farmer business case for organic. The premium is defined as the additional amount paid to organic cotton farmers over and above the average market price for seed cotton at the moment of sale.

Organic premiums paid per kg of seed cotton were, on average, 6% on top of market price and generally ranged from 5% to 10% across projects. This year, due to market dynamics, the market price paid for long staple cotton in India came in 23% above the minimum support price (as set by the Indian Government), and the price paid to OCA farmers, including premium, came to 31% higher than the minimum support price.

Figure 5 shows a higher than market price payment to OCA farmers per metric ton of seed cotton produced.

Market price and price paid to OCA farmers - average €/MT of seed cotton for long staple cotton

Minimum Support Price
€712

Market Price
€874

Price paid to OCA Farmers incl. Premium
€936
Verifying the payment to farmers

Payments to participating farmers are usually split between the settlement for seed cotton and a separate payment for participation in an OCA project through the paid premium. Payments for premiums and organic seed cotton to Farm Programme farmers are made through both cheque and cash transactions. The payment method used varied among the different projects, with some projects paying the vast majority to all farmers by bank transfer, while others relied entirely on cash payments for both seed cotton and premium payments.

In the 21/22 cotton season, 22% of seed cotton payments and premium payments were conducted via bank transfer. Cash remains the preferred choice for farmers to receive payment for their seed cotton and premiums as farmer premiums were paid in cash in 76% of cases. 2% of premium transactions were conducted partly through the bank and partly through cash.

OCA has set the ambition to pay as many farmers as possible via bank accounts, as this method best validates the existence of farmer payments whilst also facilitating farmers’ access to institutionalised forms of credit. Achieving this ambition is a longer-term goal and requires extra attention.

The third-party validation agencies verified the payment to farmers as reported by the Implementing Partners. As a result, all questioned farmers confirmed that they had received payment and an additional premium for their cotton, as shown in Figures 6 and 7. The navy color indicates the percentage where the IP information matched the farmers’ information. The grey indicates the percentage of farmers whose information did not provide an exact match to the information which the Implementing Partner had provided. There can be two main reasons behind this:

1 - no matching receipt could be shown by the farmer, 2 - amounts have been deducted to settle outstanding amounts due.

The farmers' business case

A primary objective of the Farm Programme is improving the business case of organic cotton farming, which means ensuring a competitive and higher net annual income from organic cotton, when compared to conventional cotton farming under similar conditions.

The key to higher net income for organic farmers in the Farm Programme is the combination of lower production costs for organic cultivation and better prices received for organic cotton due to the organic premiums paid out in the projects. The lower production costs and the better prices received were able to compensate for the, on average, lower yields from organic farmers when compared to conventional.

The average cost of production incurred by the organic cotton farmers was 16% lower than that of conventional farmers. The breakdown of costs indicates that the major savings for organic farmers came from the reduced cost of pesticides, fertilisers, seed, and irrigation, with the notion that we do see organic farmers investing more in irrigation.

Verification of payment to farmers

The breakdown of costs per ha is as follows:

- Seeds: €19 (OCA) vs. €34 (Conventional)
- Fertiliser: €81 (OCA) vs. €93 (Conventional)
- Crop protection: €14 (OCA) vs. €20 (Conventional)
- Machinery & equipment: €88 (OCA) vs. €101 (Conventional)
- Irrigation: €27 (OCA) vs. €27 (Conventional)
- Labour: €184 (OCA) vs. €212 (Conventional)
- Other costs: €23 (OCA) vs. €31 (Conventional)
- Total costs: €246 (OCA) vs. €34 (Conventional)

Farmer premiums and lower production costs compensated for the lower yields of organic farmers, creating a better business case for OCA farmers compared to conventional farmers.
The 2021-2022 cotton season saw relatively good cotton prices compared to last season, which has benefited both conventional and organic farmers alike.

Organic farmers that sold their cotton into the OCA Farm Programme got the additional benefit of receiving a premium payment. This resulted in an overall 6% higher net income per hectare for their cotton when compared to their conventional peers (see Figure 9: 1,028 EUR/ha vs. 964 EUR/ha, resp.). It can be concluded that the combination of lower production costs combined with a premium payment compensated for the lower yields of organic farmers, creating a better business case.

**Figure 9**: Farmer Economics - Average Income in € per ha, all OCA Farmers Procured

### Average costs and revenues compared (€/ha/year)

<table>
<thead>
<tr>
<th></th>
<th>Organic Farmers</th>
<th>Conventional farmers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of production</td>
<td>€446</td>
<td>€534</td>
</tr>
<tr>
<td>Revenue (gross income)</td>
<td>€1,390</td>
<td>€1,496</td>
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<tr>
<td>Profit (net income)</td>
<td>€944</td>
<td>€963</td>
</tr>
</tbody>
</table>

Lint uptake and farmer engagement

The below graph shows that from the total 87,920 Mt of seed cotton offered by the project farmers, 65,550 Mt was procured by the IP. This gives us a procurement ratio of 75%. It is below the 86% achieved during the previous season but needs to be seen in context with the farmers’ overall high net profit this season, which provided relative freedom to sell the cotton when cash was needed and reduced the premium incentive. In some situations, the lower uptake percentage was caused by the Implementing Partner and the brand not having agreed on the final price.

**Figure 10a**: Seed cotton procurement from OCA Farmers
Chandra is an organic cotton farmer living in the Bandhapari village of Kalahandi District in Odisha with his family of twelve members. He has been a certified organic farmer since 2012, with the support of the OCA Implementing Partner and cultivates on 0.8 acres (0.3 hectares) of his 4.5 acres (1.8 hectares) of land. Like most of his neighbouring tribal farmers, his total cultivable land is divided into parts based on the different soil quality characteristics, and this, he tells us, is a key factor deciding what type of crop he plants. He also bases his decisions on the distance from his house to the plots. However, cotton, is vital to his family’s earnings, and is grown each season. The large household has additional assets of over 20 goats, which they can sell to leverage their earnings as well as use the manure to enrich the fertility of the soil.

Looking back, the timely monsoon rains in the past five seasons were very favourable for his land and the crops he grew, and provided good grazing grounds for the goats. The increased income from producing organic cotton helped meet the expenses of two family weddings and he is now planning his daughter’s wedding in the coming season. He received a yield of 711 kg seed cotton and received a total income of 62,568 INR (739 Euro) for his cotton and an additional 19,730 INR (233 Euro) as premium for the organic cotton. His net income, after the deduction of cultivation costs towards seeds, hired labour, bio inputs, and transportation of cotton was 61,948 INR (732 Euro) in 2021.

Crop rotation for tribal farmers is a complex process and based on integral elements working in harmony.

“Me and the surrounding farmers in Bandhapari are more conscious about sustainability and soil health which is prioritized over yield and income.”

Planning is key and many elements are considered, such as soil quality, availability, and feasibility of transporting manure to the plots, crops grown in rotation and the food requirements of the family. Besides crops like millets, maize, pulses, pigeon peas, black gram and horse gram grown as rotational and intercrops, Chandra shares with us the importance of sustenance crops such as paddy, especially with his large family to provide for. He grows paddy in 2.5 acres (1 hectare) in the lowlands. This land gets silt along with rainwater which enhances the fertility of the soil without having to use large quantities of manure. Chandra tells us that as a result of the guaranteed water and nutrients, he produces nearly 2 metric tonnes of rice annually, enabling him to feed his entire family, and also sell about 500 kg in the local mandis at the government determined Minimum Support Price (MSP).

He will often go a season without planting in some plots of land to spend the time focusing on regenerating the soil and nurturing its fertility due to the tough landscape. From his additional crops he received a total income of 26,000 INR (315 Euro). His family also earned additional income from diverse sources, from daily wage labour worth 6,000 INR (73 Euro) from working in other farms and 19,000 INR (230 Euro) by selling goats during the year.

The positive impact of organic farming, regeneration and the strong business case for organic cotton has influenced his decision to grow cotton in the larger plot for the 2022-23 season. He feels with the work put in, the land is revived and strengthened to support organic cotton. Farmers in his community benefitting from the higher market rates in 2021 have also supported this decision.

The experience of Chandra Harpal illustrates how tribal organic farmers prioritize soil fertility and conditions as a key factor in deciding their choice of crops, after balancing many other social and economic conditions. Chandra Harpal is an example farmer for the location and understanding his cropping decisions provide insights needed to offer better support services in a location, where majority of the farmers have a similar ‘socio-economic’ situation.
OCA Organic Cotton Farmer Chandra sprays his crop with bio-inputs for protection.

Checking on the progress of the crop and plant growth with the field staff.

Chandra and his family outside their house in Bandhapuri village of Kalahandi District in Odisha.
Dipak is a 38-year-old farmer from Kutki village in Wardha district of Maharashtra who recently changed from conventional farming using chemical inputs to organic methods. He did so last season and hasn’t looked back.

“I do not want to go back to the conventional method of farming. The major share of my investment was used for fertilizers and pesticides and in turn it has negatively affected the soil health in my agricultural land. I have decided to extend organic farming to all crops since it improves the soil health gradually. Maintaining a rich living soil will be my priority.”

He owns 16 acres (6.4 hectares) of land in which he cultivates cotton in 9 acres (3.6 hectares) with the remaining 7 acres (2.8 hectares) given up for lease. After preparing his land he planted organic cotton seeds provided at a subsidised rate by OCA Implementing Partner (IP) and used bio-inputs which he prepared by adopting indigenous practices. During the kharif season, Dipak has grown organic cotton in 9 acres (3.6 hectares) and in the rabi season, he cultivated wheat in only 1.5 acres (0.6 hectares) of the land due to the lack of water in the open well.

Dipak’s total output was 6700 kgs of in-conversion cotton which was procured by the IP at 92 INR (1 Euro) per kg. The gross income earned from the sale of in-conversion cotton was 616,400 INR (7.284 Euro) and net income was 418,375 INR (4.944 Euro) after he deducted his total costs. He received payment for his harvest after just two days followed by the premium amount of 30,820 INR (372 Euro).

He further increased his earnings from cultivated red gram and vegetables he produced as intercrops gaining 35,000 INR (414 Euro). Additionally, he earned 101,000 INR (1.193 Euro) as net income from other agriculture crops, totalling to 1,36,000 INR (1,607 Euro), and 38,000 INR (449 Euro) from the sale of milk from his livestock – highlighting the optimal use of his land and diversifying his revenue streams.

Dipak stated that the preparation of bio-inputs, a difficult and laborious process, can face challenges due to a shortage of labourers in the village. He has also suggested the IP should find a way to procure the cotton from his village directly, allowing him to save further on costs, and optimise his earning potential.

Meet the farmer

DIPAK

He shared with us the advantages of working in tandem with an implementing partner stating, “they have provided training on different aspects of organic farming including the preparation and application of bio-inputs which have been vital in my ability to reduce costs. In addition, the IP procured my total cotton output and paid for the cotton with a 4.5% premium price over the prevailing market rate. These combined actions have enhanced my income due to organic cultivation.”

Case studies are collected by third-party verification teams for farmers who have been actively working with OCA’s Implementing Partners for a longer period of time. OCA only publishes case studies after receiving explicit consent from the farmer.
Field staff of the Implementing Partner inspect the growth and health of the cotton plant Dipak has grown.

Using bio-inputs prepared at home, Dipak avoids chemicals.

Dipak prepares farm machinery to support his farmland management.
Likha is a 54-year-old farmer living in Binjwarya Chooraha village in Jodhpur, Rajasthan with 13.3 acres (5.39 hectares) of land where he grows a variety of crops. 1.3 acre (0.5 hectares) of land he allocated to cotton cultivation which he has been growing since 2005. Over the years he noticed changes in the quality of his soil. The deterioration was so bad that it became impossible to till and irrigate effectively and the hardness and saltiness of the soil prevented water from percolating beneath the surface. He knew he had to act, as agriculture was his primary source of income.

“For me the biggest reason [for shifting to organic cultivation] was poor quality of soil, and day by day it was becoming hard for us to perform activities like tilling and irrigation. The soil was hard like stone. Condition of the soil is the most significant change which we have seen. Now our soil is less toxic, soft, more porous and contains more organic matter; we have seen it stays humid even with less water.”

So, in 2018, with support, training, and inputs from the regional implementing partner, he shifted to organic cultivation practices. Over time his yield has increased from 2-3 quintals (200-300kg) per bigha (0.6 acre) to 4 quintals (400 kg) per bigha (0.6 acre) with the noticeable improvement in the quality of the soil. When sharing his experience, he mentions that the basic test to understand soil fertility for him, is to check if any weed has grown without sowing after the first rainfall of the season. When he was using conventional farming methods his soil was “dead” after rainfall but once he introduced bio, rather than chemical inputs, it was rich in organic activity. Additionally, he has seen that the soil has increased in porosity and significantly reduced any toxicity.

When speaking with us, Likha emphasises the importance the training and how it gave him the confidence to take the step towards organic agriculture. Training sessions organised by OCA’s Implementing Partner were held in the off-season and attended by many of his farming neighbours in the village and followed up with field visits and individual training. The most impactful in terms of knowledge gained and costs saved is that of the bio-input workshops, he says, as he has a wealth of local resources available to successfully produce. He looks forward to ongoing training and learning new techniques to develop his skills and increase his overall self-sufficiency.

Alongside this vital training, he says that he is very grateful for the premiums that he receives over the market price for the cotton procured from him by the implementing partner. Not only is it that he finds himself financially better off than before, using conventional methods, but that he is less dependent on debt or support from family and friends to continue. Most importantly, he reports on the improved health of his family since he started growing organic produce for household consumption.

Likha tells us that he currently sees no barriers in growing organic cotton and is happy he has shifted all of his land to organic. In terms of improvements, he adds that finding more suitable organic seed would better his chances of further improving yield, but overall encourages other farmers to make the shift to organic whenever he gets the chance.
Likha observes earthworms in his soil, an indicator of health after abstaining from using chemical inputs.

Likha seen a vast improvement in the quality of the farm soil after switching to organic.

OCA Organic Cotton Farmer Likha carries fodder for his livestock.
Context is Everything
Interrogating our key indicators

The real value of the extensive data that OCA collects at farm-level emerges when we interrogate the details of individual projects, farmers, investigating specific factors and the spread of the data. Context is everything, and to drive continuous improvement with both our individual farm group partners and farmers, we pair this data with lessons from other projects and translate these insights into tangible actions.

With more farmers joining our Farm projects, the diversity of outcomes goes up significantly. This chapter looks deeper into the spread of data for two key indicators: Yield and Net Income per Hectare, comparing the situation of in-conversion and organic programme farmers and conventional farmers. We do this because it tells a complete and more honest story; it shows the nuance of the nature of this work, where sometimes things improve and sometimes things regress. And most importantly, it challenges us to ask; ‘how can we do better next time?’

Insights from the Farm Programme: yield analysis

OCA farmers work across different regions under varying climatic conditions. As a result, the yield will contrast accordingly. At the same time, yields are impact by the years of implementing organic farming practices (first year of conversion versus farming organically for 3 years or more) or farming the conventional way.

The bell curve above shows how seed cotton yields vary across the Farm Programme. Along the x-axis seed cotton yield (MT/ha) is plotted, whilst along the y-axis the probability density is plotted. Together these two values represent a bell curve which provide an indication of the probability density is plotted. Together these two values represent a bell curve which provide an indication of the typical yields OCA reports across the Farm Programme. The closer to the peak of the bell curve (~median yield), the more common that yield occurred. The further one moves away from the peak down to the minimum (lowest yield) and maximum yields (highest yield), the less likely that yield is to occur.

A combination of lower yields with on average lower premiums paid to in-conversion farmers certainly leaves their business case trailing, to certified organic farmers and also in comparison to conventional farmers. Drivers for high yield may result from agronomic conditions, including soil health, irrigation, availability of bio inputs and pest control. However, there are various positive reasons organic farming yields are not equal to conventional farming, such as border and intercropping which can vary / cover between 5 and 20% of the surface area.

Insights from the Farm Programme: earnings analysis

To ensure OCA farmers receive more money from their commitment to organic farming than they would have earned in the conventional system, premium payment on top of the seed cotton market price remains a key factor. OCA farmers, both certified organic and in-conversion farmers, rely on this additional premium.

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This is the first year OCA has a substantial sample size of in-conversion farmers. Last year we have already communicated the farmers’ message in one of our white papers, that the first year into in-conversion farming is a considerable financial challenge and investment. The curve above confirms that in-conversion yields average at 1.35 Mt seed cotton per ha, compared to 1.45 Mt per ha for certified organic and 1.50 Mt per ha for conventional farmers.

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Comparing net earnings per hectare

Insights from the Farm Programme: per hectare earnings

Without paying premiums to organic farmers, their net earnings per hectare are lower than their conventional peers. This stresses the importance of the agreements facilitated and verified through OCA’s Farm Programme to ensure financial gains for farmers in the organic system. In Figure 13 below the curves show the comparison of the average net income of OCA farmers in colours ochre and red against that of the Control farmers in the colour blue. In this example, average net income is plotted along the x-axis, while the probability density is plotted along the y-axis. Together these two values represent a bell curve which indicates the typical net income OCA reports on across the Farm Programme. Comparing three groups of farmers this way reveals that OCA farmers who sell their cotton into the system generate a higher net income, and the control farmers received a lower net income. The red curve highlights the average price earned by OCA farmers who did sell their cotton on the open market and as such did not receive a premium.

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Outlook Season
2022 – 2023
Where are we today?

The Organic Cotton Accelerator Farm Programme has progressed into its sixth year, and we now look towards the following harvesting season of 2022 - 2023. We are happy to share the below outlook with some exciting new developments. Participating brands and commitment to in-conversion cotton continue to grow. OCA’s Farm Programme continues to grow. In the 2022 - 2023 season we have 60 projects, 16 brands and retailers, 10 Implementation Partners and a total of approximately 76,000 farmers across six Indian states, with 40,000 farmers certified organic and 36,000 in-conversion.

![Figure 13. Reported Season 2021 - 2022 and Projected Season 2022 - 2023](image)

**Number of in-conversion farmers**

<table>
<thead>
<tr>
<th>Season</th>
<th>Season</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 - 2022</td>
<td>2022 - 2023</td>
</tr>
<tr>
<td>22,499</td>
<td>36,519</td>
</tr>
</tbody>
</table>

**Number of projects**

<table>
<thead>
<tr>
<th>Season</th>
<th>Season</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 - 2022</td>
<td>2022 - 2023</td>
</tr>
<tr>
<td>46</td>
<td>60</td>
</tr>
</tbody>
</table>

**Number of brands**

<table>
<thead>
<tr>
<th>Season</th>
<th>Season</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 - 2022</td>
<td>2022 - 2023</td>
</tr>
<tr>
<td>10</td>
<td>16</td>
</tr>
</tbody>
</table>

Launch of the Organic Cotton Training Curriculum

In November 2022, OCA launched the Organic Cotton Training Curriculum (OCTC), a standardised Training Trainers package on organic agronomic best practices. It was developed for the dedicated field staff of OCA Implementing Partners, who deliver year-round training and advisory support to the in-conversion and certified organic farmers across India. The curriculum has been developed under the technical guidance of FiBL (Research Institute of Organic Agriculture), with the support of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and funding by the German Federal Ministry for Economic Cooperation and Development (BMZ). It consolidates the most relevant topics and daily challenges that field staff and farmers face, from the seed selection stage to post-harvest management. The training package was positively received at the field level when piloted this summer. This is a crucial resource and milestone for OCA’s Programmes and the sector at large.

We look forward to building it with additional tools and including other geographies soon.

Extra support for in-conversion farmers and regenerative practices

One of OCA’s objectives is to accelerate the transition of conventional farmland to organic agriculture with all its regenerative practices. This season OCA pioneered its impact funding scheme to support that objective. Providing targeted funds to our trusted Implementing Partners OCA supports the transition of a significant number of Indian cotton farmers to organic agriculture over a multi-year timespan, for example, by enabling more intensive training to help them navigate the loss of initial yield and adaptation to new inputs and agricultural practices. OCA also invested in an ambitious roll-out of regenerative organic demo farms across our Farm Programme. Through this network of demo farms, we help our community of certified organic farmers leverage the full transformational scope of regenerative practices they often do not fully utilise under organic agriculture. An example is crop diversification which provides myriad environmental, agronomic and economic benefits if practised correctly. OCA’s impact funding is made possible through the support of the Regenerative Fund for Nature launched by Kering in partnership with Conservation International and the Partnership Initiative Organic Cotton in India supported by the German Federal Ministry for Economic Cooperation and Development.

Procurement agreement to enhance transparency

In consultation with our Farm Programme partners, OCA developed guiding principles and a template for the procurement agreements in the Farm Programme. This package of principles was introduced in the Farm Programme this year to ensure that farm-level agreements are translated into better and transparent costing for farmers and implementing partners and that all parties have access to the correct information when final prices and premiums are agreed.

Enabling better seed procurement decisions of farm groups and farmers

The choice of cotton cultivar significantly impacts the productivity and economic gains of organic farmers, which makes it a key component to the farmer’s business case for organic. As organic farming conditions are not artificially buffered through synthetic inputs, farmers must be able to access the right quality and type of seed aligned to their local environment and way of farming.

Sharing seed performance data across farm groups can assist farming communities in their seed procurement decisions. This season, OCA unlocked four years of seed performance data collected via FiBL’s research trials to our farming community via OCA’s online portal. Building on this solid basis, we will engage our farm partners in a joint seed cultivar trial network in the 2022/23 season. By trialling different cultivars directly on-farm and sharing seed performance data across farm groups, OCA will help choose which seed cultivars to plant and boost farmers’ adoption of organic cultivars. We will also provide breeders and seed producers with the incentives to develop locally adapted seed.

Family-level meetings with local farmers and field staff of Implementing Partners

Training on the use of local natural ingredients to produce homemade bio-inputs
Progress in Pakistan
Pakistan: Preparing the Ground

Pakistan is a significant producer of cotton products and has a history of near self-sufficiency in cotton. Over recent years, the share of cotton production has declined, not holding pace with factory exports, and Pakistan has become a large net importer. The country had no significant history of organic cotton farming, especially since the introduction of genetically modified cotton.

In 2015, WWF launched its first organic cotton feasibility study, and in 2016 the first memorandum of understanding was signed with the Agriculture Extension Department of Baluchistan. With the support of the Laudes Foundation and private sector manufacturers Artistic Milliners and Soorty, the project has since delivered its first organic cotton bales and continues to expand. Baluchistan was targeted for developing an organic cotton project due to the low likelihood of GMO contamination.

![Figure 14: Baluchistan map with pilot locations](image)

At OCA, we continuously look to grow the impact of its work and expand the Farm Programme where it can make a difference. Building on the pioneering groundwork over the last few years, OCA decided to expand its programme reach and in 2022 began preparing to launch in Pakistan. These preparations included a detailed market study and a pilot of OCA’s Farm Programme guidelines, verification, and testing methods incorporated into the 2021-22 season. We took valuable insights from the market study and on-the-ground pilots and robust data from local partners to adapt our methodologies and approach to the Baluchistan region.

In this report, we share a selection of insights and key indicators to give an idea of the context and the specific requirements and to understand the potential of this region of Pakistan. With collaborative partnerships established, OCA is now in a place to support the growth of organic production in Pakistan and invest in the enabling environment required for a healthy and thriving organic cotton sector for years to come.

OCA pilot insights

Who are the farmers we work with

The farmers participating in our projects tell us that cotton makes up 75% of their net income. The balance 25% is earned through the production of additional crops - wheat, chili, tomatoes, onion, barley, and corn. The cotton farms participating in our Baluchistan projects are nearly 99% irrigated or mainly supported by irrigation. Only 1% of the farmers indicated relying exclusively on rain for irrigation.

Two thirds of the farmers are illiterate. Less than a quarter have graduated from high school. Eleven percent have completed secondary education. Baluchistan knows several social categories amongst the farmer communities. Two thirds of farmers did not identify with any specific group, whilst the largest single group of 21% identified themselves as belonging to the “Marri” tribe, reflecting the western location of the projects in Baluchistan.

![Figure 15: Baluchistan Pilot Organic farmer average Cotton Ha](image)

![Figure 16: Farmer Education](image)
The farmers’ perspective

When asked to list what keeps them in the organic system, the farmers first mentioned offtake security, followed by a premium payment feature. Health came as the third element, strongly valued in this area. Reduced production costs, the most substantial impact driver for net earnings, come fourth, closely followed by soil health.

Figure 17: What motivates farmers to shift to organic cotton (prioritization: 6 being the highest)

What motivates farmers to shift to organic cotton (prioritization: 6 being the highest)

<table>
<thead>
<tr>
<th>Motivation</th>
<th>6</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-take security</td>
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<td></td>
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<tr>
<td>Premium payment</td>
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<td></td>
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<tr>
<td>Reduced production costs</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Support services provided by IP</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmer health</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Soil health</td>
<td></td>
<td></td>
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</tbody>
</table>

What farmers need from us

The highest call out from the farmers to the support provided by the IPs is to receive better-yielding seed. 89% of farmers called out this strong request. Due to procurement and aggregation logistics needing further development, the second call out, with 8%, was for better aggregation and procurement guarantees.

Half of the farmer pool felt their business case was comparable to conventional cotton farmers, whilst 20% thought they had a better net income. One third of the farmers felt that they were worse off financially. Given that the programme covers a multitude of motives to farm organic this still results in a strong majority, over 80%, farmers who want to continue in the project towards organic certification.

The farmers’ business case

Premium payment is a standard OCA programme ingredient, and OCA recommends premium payment to balance the net income. In the Baluchistan projects, these programmatic ingredients still need to be applied in this form. Farmers receive additional support (premium in kind), through seed provision.

The cost of production

The average cost of production for OCA farmers at €1,025/ha. This is €258 /ha lower than their comparable control farmer group who had an average cost of €1,283 per hectare.

Due to high use and commercial facilitation, bio inputs as fertilizers, does not generate a significant cost reduction. The absence of pesticides is a major driver for lowering costs.

Because of the average larger land holding, the cost of hired labour comes through stronger in Baluchistan, showing a net saving of €245 /ha in favor of the organic farmers.

Farmer earnings per hectare

Bottom line, the organic farmers earned €634 compared to conventional farmers earning €568. This was driven by the significant cost reduction made by the in-conversion farmers.

Figure 18: Farmer Economics - Average income in € per ha

<table>
<thead>
<tr>
<th>Cost of production</th>
<th>OCA Farmers</th>
<th>Conventional farmers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (gross income)</td>
<td>€1,656</td>
<td>€1,847</td>
</tr>
<tr>
<td>Profit (net income)</td>
<td>€634</td>
<td>€568</td>
</tr>
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</table>

Lower cost more than compensates the lower revenue earned by the in-conversion farmers. They received €1,656 per Ha, compared to conventional farmers who received a total revenue of €1,848 per Ha.

On average, conventional seed across the project zone costs €63 per Ha, and in comparison, organic seed costs €50 per Ha.

Project farmers received their seed free of costs from the IP, which helped in generating the higher revenue earned by the farmers in the organic programme.

The average yield across the projects is 1,6 Metric tons (Mt) of seed cotton/Ha, which compares favorably to what we measure across India. This, however, is 0,3 Mt/ Ha lower than conventional farmers achieve in the same region.
Acknowledgements

We would like to thank our Contributors for their unwavering support to our collective action. Your commitment continues to help steer, guide and advise our mission.

Founding partners

Contributors

Join the Movement!

OCA was founded to facilitate the collaboration needed to deliver large-scale impact throughout the entire value chain. OCA’s Farm, Seed, Training, and Innovation Programmes provide critical solutions for the organic cotton sector to flourish.

Let’s unleash the potential of organic cotton together!
The OCA Farm Programme is a direct-to-farm sourcing model and capacity-building programme which aims to advance farmer prosperity while creating a resilient, responsible, and transparent supply chain for all players. Together with our Brands and Retailers and on-the-ground Implementing Partners, the Farm Programme works with tens of thousands of farmers across India. The Farm Programme provide farmers with access to seeds, training, market linkages to sell their organic cotton and better prices for their products so they can earn more for farming organically – all aimed at enabling better livelihoods for organic farmers and transparent supply chains and quantified impact for committed Brands and Retailers.

It is important to mention that OCA’s farm programme functions within a system of existing and regulated standards NOP / NPOP as part of the IFOAM family of standards) and certifying bodies. What makes OCA unique, is that whilst we aim to operate on top of the standards, our role is to make use of verified data as a baseline to drive improvement. In this capacity we support both the organic farming standards and the organic farming community.

To ensure our Farm Programme is making a meaningful difference, OCA operates a Monitoring & Evaluation (M&E) system which allows us and our stakeholders to measure the influence of the Programme against its results framework. Our M&E system is embedded in the ‘OCA Farm Programme guidelines’ which amongst its action based guiding principles provides the basis for our Monitoring, Validation, Evaluation, Learning and Reporting (in short, our M&E) cycles. In addition, several of our projects are Fairtrade or ROC certified.

Monitoring the scale of the Farm Programme is important, but looking beyond the total number of farmers, hectares of land, and metric tonnes of cotton sourced through it, is critical too. As a multi-stakeholder organisation committed to unleashing the positive impacts for organic cotton for people and planet, we must understand whether our work is delivering against that mission. To do that, we champion data-driven insight, looking beyond the results alone and monitoring the inputs, activities, and outputs that underly those results.

We work with third-party agencies who collect, verify and validate the field-level data for our Farm Programme and this data enables us to measure and monitor the real change our organic cotton farmers experience in varied contexts; from in-conversion farmers starting their organic cotton journey to certified organic farmers. No matter the farmer’s background or geographic location, the inclusion of third-party verified data in our Monitoring & Evaluation system provides confidence and enables continuous improvement in farmer livelihoods; whilst building transparency, integrity and supply in the organic cotton sector. Validated and verified data provides input for impact reporting across several categories, such as, seed plus Input provision and selection, agronomic result and yields, farmer general data, implementation partner provided support, operating cost and revenue, business case and payment verification, adherence to the standards and integrity, quality and lint volume output. In addition to our annual farm programme report we ongoingly make use of our data pool to drive continuous improvement, through our multi stakeholder platform, in the areas of; seed variety, seed growers, improving integrity in the sector, sharing of best practice and training and volume reconciliation.

Our Farm Programme Guidelines, M&E system and Verification and Validation Manual for Third Party Auditors function as a framework to the farm programme data flow of; input, programme activities, expected output, outcome and impact. To ensure a robust M&E system and up to date ‘Farm Programme Guidelines’ we make use of external consultants to review and update our farm programme guidelines, verification manual and third-party service agreements.