

Profitability on ecological organic farms in the Tropics

Major factors to achieve good profits

Profitability is a key factor affecting farmers' choices. Ecological organic farming provides many benefits for health, the environment and societal welfare, but is generally perceived to be not as profitable as conventional due to lower yields and high labour costs. However, current research has demonstrated that farm profitability on actively-managed organic farms can match or exceed that of conventional. In organic systems, the cost savings from not purchasing as many external inputs and the higher market value of organic produce can often compensate for the lower yield.

This factsheet introduces the ways in which organic farmers can be profitable, and highlights some of the major factors from the experiences of the research related to profitability, namely: labour, organic inputs, best practices and market access. The information is based on long-term experiments and on-farm research conducted in the scope of three projects across different countries in Africa, as well as Bolivia and India. Further products in the series, e.g., posters, videos and more, are linked in the 'Further information' section on the last page of this factsheet.



Key messages from the research

- With a **holistic, active management approach** and the implementation of good agricultural practices, ecological organic farms can match or exceed the yields of conventional systems and, therefore, be **profitable**.
- There is **no silver bullet for increasing profitability** among organic smallholder farmers – profit increasing activities can be associated with labour input, crop type and best practices.
- **Farm diversification** can help to ensure economic resilience, e.g., diverse production through crop rotations, mixed cropping, etc.

In this factsheet, we define the profitability of a production system as the gross margins and return on economic and labour investments of a farm. Simply speaking, the achieved yields on the farm and prices for marketable products minus variable production costs. Return on investment shows how much profit was earned per labour hour or money invested.

