
 Bundesministerium für europäische  
und internationale Angelegenheiten

 Federal Ministry for  
European and International Affairs

# **Memorandum of Understanding**

between

**the Federal Minister for European and International Affairs of  
the Republic of Austria**

and

**the United Nations Conference on Trade and Development**

on

**Promoting Production and Trading Opportunities for  
Organic Agricultural Products:  
A Tool for Poverty Reduction and  
Environmental Protection in East Africa**

The United Nations Conference on Trade and Development (UNCTAD) and the Federal Minister for European and International Affairs of the Republic of Austria,

Desiring to contribute to poverty reduction, to the increase of incomes and to the promotion of trade while at the same time mitigating climate change and supporting environment protection in developing countries in Africa, in particular in Burundi, Ethiopia, Kenya, Rwanda, Uganda and the United Republic of Tanzania,

Have reached an understanding on the following Memorandum of Understanding:

## **Article 1**

Organic agriculture is one of the most promising options in meeting the challenge of alleviating poverty, increasing incomes, enhancing trade while at the same time protecting the environment. Organic agriculture is sustainable and environmentally friendly production system that offers developing countries a wide range of economic, environmental, social and cultural benefits.

Global markets for certified organic products have been growing rapidly over the past two decades. In 2006, global certified organic sales were estimated to have reached over 30 billion euros, a 20 per cent increase over 2005, and are expected to increase to 52 billion euros by 2012. While sales are concentrated in North America and Europe, production is global with developing countries producing and exporting ever-increasing shares. Due to expanding markets and price premiums, recent studies in Africa, Asia and Latin America indicate that organic farmers generally earn higher incomes than their conventional counterparts.

Organic agriculture contributes to poverty alleviation, environmental protection and food security with a combination of main features, most notably by:

- Increasing income and/or reducing costs of externally purchased inputs;
- Increasing yields in low-input areas over time;
- Conserving biodiversity and nature resources on the farm and in the surrounding areas;
- Improving soil fertility and structure, thus improving water retention and resilience to climatic stress, contributing to climate change adaptation;
- Mitigating climate change by utilizing less energy than conventional agriculture and also sequestering carbon;
- Reducing illness and death in farm families due to agro-chemical exposure;
- Producing safe and varied food; and
- Being sustainable in the long term.

Organic production is particularly well-suited for smallholder farmers, who comprise the majority of the world's poor. Resource poor organic farmers are less dependent on external resources and experience higher and more stable yields and incomes, enhancing food security. Moreover, organic agriculture in developing countries builds on and keeps alive farmers' rich heritage of traditional knowledge and traditional agricultural varieties. Organic farming has also been observed to strengthen communities and give youth an incentive to keep farming, thus reducing rural-urban migration. It also offers opportunities for female farmers to improve their incomes.

This evidence clearly shows that organic agriculture is a promising trade and sustainable development opportunity and a powerful tool for achieving the Millennium Development Goals, particularly those related to poverty reduction and the environment.

## **Article 2**

Therefore, the United Nations Conference on Trade and Development and the Federal Minister for European and International Affairs of the Republic of Austria reached an understanding to implement the Project “Promoting Production and Trading Opportunities for Organic Agricultural Products: A Tool for Poverty Reduction and Environmental Protection in East Africa.”

## **Article 3**

The overarching objective of the project is to contribute to poverty reduction, trade promotion and environmental protection by building capacities in East Africa to seize trade and sustainable development opportunities offered by organic agriculture.

The project will follow a flexible approach in targeting its support to African countries and regions by promoting implementation of recommendations in the recently published “*Best Practices for Organic Policy. What developing country Governments can do to promote the organic agriculture sector*” from the side of the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF) as well as the document “*Organic agriculture – An approach for reducing poverty and safeguarding the environment*” (Thematic paper of the Austrian Development Cooperation).

The project will build on the foundation and momentum generated by recent CBTF and Government of Austria activities in East Africa. It will be implemented in the framework of the CBTF and in cooperation with other partners such as the International Trade Centre (UNCTAD/WTO), the International Federation of Organic Agriculture Movements (IFOAM) and key public and private sector stakeholders in the region.

The project will focus on the following three areas of identified comparative advantage and beneficiary need:

- 1) Research on key areas identified by beneficiaries, including an overview of the current state of organic agriculture production, markets, trade and policies in the region and opportunities for regional cooperation and documentation of success stories in the region.
- 2) Facilitating vibrant public-private sector partnership/dialogue/information exchange at regional and national levels. This includes at least one East African Organic Conference and support to national organic forums.
- 3) Promoting development of national, regional and international markets for East African organic agricultural products, including exploratory work related to gaining EU recognition for the East African Organic Products Standard as an equivalent standard.

## **Article 4**

The Austrian Federal Minister for European and International Affairs will support the project with a financial contribution amounting to Euro 200.000,-. UNCTAD will establish a separate technical cooperation trust fund account for the receipt and administration of the contribution in accordance with the Financial Regulations and Rules and other applicable directives of the United Nations. The account will be maintained in the US Dollars. Any interest income accrued on the temporarily available balances shall be credited to the trust fund account and used for activities envisaged in the MOU.

## **Article 5**

This Memorandum of Understanding takes effect from the date of signature and will remain effective for a period of two years (24 months). Either side may cancel this Memorandum by written notification which will become effective three month after its receipt by the other party. Without prejudice to the foregoing, steps will be taken to ensure that the cancellation of this Memorandum of

Understanding will not be prejudicial to any activities or programmes undertaken within the framework of the Memorandum of Understanding.

### **Article 6**

Any dispute arising from or in connection with this Memorandum of Understanding including interpretation or application of any provision will be settled amicably by both sides.

### **Article 7**

Nothing in or relating to this Memorandum of Understanding will be construed as a waiver, express or implied, of any of the privileges or immunities accorded to both sides by its constituent documents or international law.

### **Article 8**

This Memorandum of Understanding may be modified by mutual written understanding of the both sides. Unless an understanding has been reached otherwise, modifications may apply only to activities which have not yet been implemented.

Done in Accra on ..... April 2008, in two originals in the English language.

For the United Nations  
Conference on Trade and  
Development

For the Minister for  
European and International Affairs  
of the Federal Republic of Austria

Dr. Supachai Panitchpakdi  
Secretary-General  
UNCTAD

Dr. Hans Winkler  
State Secretary for European  
and International Affairs of  
the Republic of Austria