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Working Paper 1

Configuring agricultural value chains through social purpose.

THE CASE OF SAN FRANCISCO PRODUCE/PENINSULA ORGANICS

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[Abstract]

Drawing on my PhD project *"Global value chains and social learning. Developing producer capabilities in smallholder farmers"*, this paper discusses San Francisco Produce/ Peninsula Organics (SFP/PO) value chain was found to have a social purpose, configuring the network distinctively. The social purpose of value chain places the rural livelihoods of poor resourced smallholder farmers. The value chain takes advantage of global markets to provide economic opportunities. It integrates farmers into the production of organic produce for export, promotes learning to develop producer capabilities and enables collective action for financial and technology compliance.

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Introduction

In San Francisco Produce/Peninsula Organics, smallholder farmers are actors benefitting from participation in global markets. The Global Value Chain of San Francisco Produce/Peninsula Organics is not based on using cheap labour to maximise profits, but instead on using access to global markets to provide livelihoods to smallholder farmers. Contrary to the logic of Global Value Chains where modernization, globalisation and commodification processes have negative effects for farmers from developing countries when it comes to participating in Global Value Chains (Maertens Miet, Minten Bart 2012) San Francisco Produce/Peninsula Organics aims to benefit smallholder, subsistence, and marginalised farmers.

Understanding globalisation of production in general, and particularly in agriculture, reveals the underpinnings of the interactions between suppliers and Global Buyers with regards to production activities they carry out. The mainstream literature on GVC states that Global Buyers generate value by allocating production in periphery and semi-periphery nations (developing countries) characterised mainly by low wages. This concept is based on the understanding that crop production is viewed as a labour intensive [low value] activity. Applying this to agriculture, leading firms located in developed countries carry out higher-value added activities such as marketing, trading and innovation, whereas crop production is outsourced to developing countries (Goldfrank 1994; Global Value Chains Initiative 2014).

I argue that San Francisco Produce/Peninsula Organics has a social purpose. The social purpose is what distinguishes the logic of SFP/PO from the other Global Value Chains studied. The social purpose of San Francisco Produce/Peninsula Organics consists of taking advantage of global markets and providing economic opportunities to smallholder farmers. In addition, within the logic of social purpose, the provision of economic opportunities is achieved by integrating smallholder farmers into the production of organic produce for export. Consequently, the social purpose addresses the rural livelihood, inclusion of

smallholder farmers, and the promotion of learning for production capabilities. The social purpose enables collective engagement among smallholder farmers, Global Buyers, and leaders in the chain to support themselves financially, keep pace with developing technology, and comply with agri-food standards.

In this paper, I examine a) production activities of smallholder farmers and b) the social purpose of Global Value Chain. I use the concept of Global Value Chains (GVC) due to its pertinence to reflect and examine the connections between suppliers, global buyers, and production activities farmers carry out to produce added value crops. Although San Francisco Produce/Peninsula Organics has similarities to any GVC in that it delivers a product with added value, it distinguishes itself from other GVC due to its social purpose. In this regard, I examine three distinctive aspects of its social purpose, i) providing economic opportunities to smallholder farmers, ii) improving smallholder farmers' living conditions and iii) teaching organic farming practices.

Agriculture in Mexico is more than simply a productive sector since it contains a set of social functions in relation to food production. Specifically, agriculture is relevant to the provision of the food industry as well as playing a crucial role in food security. In global agriculture, producing countries in general, but developing countries particularly, are very intertwined because of social factors such as living costs, quality of life and income of the population dedicated to it (FAO and UN 2009). Furthermore, this sector is fundamental in rural areas, in which 37.5% of the population lives (that is 41.5 million). Thus, rural development is essential to national growth. Between 1994 and 2010, primary activities lost importance in the generation of employment and contribution to GDP, while non-agricultural activities, especially those related to food manufacturing have higher growth (Ibid). This is relevant when looking at the stratification of farmers in Mexico, where at least 50% of smallholder farmers produce crops for subsistence (main basic crops such corn, sorghum and wheat), 25% sell their produce in local markets with sporadic business linkages, and with no value added.

Building on the above discussion, and according to González (2012), the reasons for low growth in agricultural activities are low levels of production, technical and business skills, the lack of leverage power to negotiate stable production plans, and high prices based on crops that are demanded by national and international markets. This issue is worth analysing and understanding given the insufficient technological innovation, low productivity and limited access to markets for smallholder farmers. That is why, the description of SPF/PO as a GCV and its social purpose is pertinent to understanding that production activities such as organic practices and innovative techniques add value to the agricultural products and contribute to the development of production and business skills, leverage power and strong market linkages in the agricultural sector. Essentially, examining SFP/PO addresses the objective of examining the social purpose of SFP/PO.

Based on the characteristics of SFP/PO, the description is divided as follows. First, I focus on the participating firms, the network structure of the GVC, their organisation and their role regarding production activities. I examine the connections and interactions amongst participating firms and how organic crop production is carried out. Second, I focus on the description of production activities such as cultivation, fertilisation and biological control and innovation. Likewise, I focus on organic certification processes as part of production activities. Then, I explain and discuss the complexities of production and innovation activities. Finally, I present a summary of this paper.

Configuring agricultural value chains through social purpose.

Providing economic opportunities

According to González (2012) the Mexican Agricultural sector is characterised by having more than 50% percent of its Rural Economic Units (REU) within the subsistence and local market category. This category captures the poorest farmers who are barely linked to national or international markets. Ulrich et al. (2012, in Anderson & Lent 2017) argue that

smallholder farmers are often stuck in a vicious circle of poverty, which prevents them from improving their livelihoods mainly because subsistence farmers are largely excluded from opportunities to take part in the production chain. In addition, Fischer & Qaim (2012 in Anderson & Lent 2017) argue that smallholder farmers face constraints such as living in remote areas, poor infrastructure and high transaction costs which impede them from taking advantage of markets.

From the Global Value Chains perspective, San Francisco Produce (SFP) is the Global Buyer (GB), a firm with a presence in San Diego, Los Angeles and San Francisco, California, USA; where their headquarters are located. In 1980, San Francisco Produce (SFP) started operations and established relationships with two wholesale distributors in the San Francisco Bay area. These first two customers created a stable business relationship based on the growing demand for organic produce. From a business perspective, SFP looked to meet market demands by identifying regions that would have the climatic conditions to grow crops during the offseason on the west coast of The USA and ensure year-round supply.

In 1985, the founders[1] of San Francisco Produce went to Mexico. In Southern Baja Peninsula, they encountered a community of farmers which they described as "struggling, subsistence-level" (Reti 2010). This encounter was the chance for the founders to put into practice the social purpose they had. From their previous experience in Guatemala of helping smallholder indigenous farmers make a living, they got the idea of the need for social purpose, concretely teaching organic farming practices. This represented an opportunity in both ethical and business terms. Their experience in Guatemala and the growing demand for organic produce resonated in their minds (Reti 2010). Therefore, the founders conceived the idea of growing organic crops in southern Baja Peninsula to supply the market during the

[1] An American entrepreneur, and agronomist and his wife

offseason and attack poverty issues (Ibid), based on the mechanics of the markets and with the support of their two wholesale customers:

> *"We've got this nutty idea. [said one of the founder of SFP to one of the wholesalers] What do you think? And by the way, if you think it's a good idea, tell us how many boxes of green onions you would buy per week, and how many boxes of tomatoes you would buy per week, and how many boxes of zucchini you would buy per week, because we're going to go try to do this."(Reti 2010)*

The quote sheds light on the discussions held between the founders and wholesalers to grow organic produce to achieve the social purpose of providing economic opportunities to struggling farmers in Mexico. It also illustrates the settling down of the social purpose based on the demands of markets as a binding element and the justification of the farming operations. This goes in line with Ger's (1999) argument, in that it is precisely smallholder farmers in developing countries who are best-suited to provide the 'rare', the 'unspoiled', the 'natural', the 'unique', the 'exotic' or the 'unusual'. According to the founders, families were making around three thousand dollars a year (Reti 2010). Thus, the value chain achieves social purpose by building a network of smallholder farmers that are marginalised and living in rural areas.

As demand for more produce not only kept stable but increased in years thereafter, there was a need for more produce and therefore more farmers. One of the farmers stated:

> *"As more produce was required, more growers were invited. That is why more and more farmers from different ejidos[2] began to participate in SFP/PO. [SFPS04PR]*

In the further expansion of the network of suppliers, San Francisco Produce founded a coordinating firm. Concretely, this co-ordinating firm aims to identify farmers based on the characteristics of marginalisation and living in rural areas. They focus on looking for

[2] It is legal term in Mexican legislation where a group of people share a considerable extension of Land

smallholder farmers who struggle economically to become suppliers. They also support farmers to join the network based on serendipity and their own decisions. As the area co-ordinator described:

> *"The coordinating firm is always seeking to benefit the profile of farmers that SFP/PO wants, a farmer who had not had that opportunity; it would be very hard for them to access the export market. Then all people that work here for farmers to stay in the market and therefore within sight of customers" [SFPS01COOR_1]*

Serendipity played an important part in identifying most farmers, specifically cooperatives. For example, Firm 4, the oldest and biggest cooperative, had an issue with an American broker who never paid them following a shipment of produce. The founders of SFP offered help to those smallholder farmers to find this broker and get their money. In this way, the founder of SFP proved to the farmers his intentions to help. Another example is Firm 2. This firm is formed by a group of smallholder farmers and is the second oldest co-operative. The coordinating firm identified their circumstances of subsistence and isolation and had no connections with markets nor support from any other actor. In addition, there was a need for more produce due to growing demand at that point in time. In the case of firm 5, farmers had lived on charcoal production. The farmers of firm 5, produced charcoal out of an endemic and protected cactus. This activity provided only an unstable income. In addition, this activity had a negative impact on the environment.

In the case of firm 8, farmers had previously emigrated mainly to the US and had no economic activity. Both, firms 5 and 8 decided to contact SFP/PO to begin talks with the intention of participating in production activities. However, firm 3, a single farmer, had a particularly eventful integration. The farmers helped the founders of SFP as they were driving back to The US and had a car accident. By coincidence, the farmers witnessed the accident and help the founders. Both those farmers and founders became aware of their circumstances, one was a broker and the other were farmers in need. In exchange, the farmers received help by inviting them to be part of the value chain.

In addition, two other single farmers actively sought an opportunity to be part of the network. Firm 6 knew the group before but never had any relationship with SFP/PO. What motivated the single farmer of firm 6 was his desire to carry out different agricultural practices. Once he had available land, labour force, financial resources, and the contact information, he made the decision to contact the broker of SFP/PO in San Francisco, CA, USA, and see the possibility of future participation. Finally, firm 7, the farmer was previously the production manager of Firm 5. He was given the opportunity to grow on his own, with the aim of helping other single farmers as well.

The narrative of the founders and farmers sheds light on how famers and communities which had financial and economic needs were embedded in the foundation roots of the value chain. The Global Buyer proves his intention by assisting farmers in any difficulty they experienced by expanding the network and creating a coordinating firm. As such, the coordinating firm achieves additional social purpose to smallholder farmers with a staff of technicians such as an agronomist, entomologist and geneticist form the coordinating firm and carrying out main responsibilities i) supervising the implementation of agronomic season programme, ii) managing the genetic improvement programme and iii) facilitating the farming operation of smallholder farmers in southern Baja Peninsula and Sonora. Additionally, the coordinating firm facilitates the operation of every farmer, providing technical assistance, being the eyes of SFP and assisting and supervising farming operations.

Smallholder farmers as suppliers: Cooperatives, Co-operators and Single Farmers

During the interviews, the San Francisco Produce/Peninsula Organic´s area co-ordinator emphasised the philosophy of the value chain, which is a building block of the network:

> *"The philosophy of San Francisco Produce/Peninsula Organic, a personal touch of the founder and his wife, is to help smallholder farmers, who are in economic difficulties and have the will and desire to work" [SFPS01COOR_1]*

This quote indicates the intention of providing economic opportunities to smallholder farmers. SFP/PO structures its network with two types of organisations, formal and informal. Within the formal organisation, there are 1) Societies of Social Solidarity (SSS) and 2) Single Farmers. According to Mexican legislation, SSS are a type of commercial organisation which aims to constitute collective assets. The partners must be Mexicans who belong to communities of shared land called Ejidos, rural communities, farmers and people who can work and give part of their earnings to a fund for social security, and who will be able to conduct business transactions (Congreso de la Union 1976). These types of organisations have a framework that allows a group of people to have an equal number of shares, participation, and rights to form a board that will make decisions to benefit shareholders. The second type of organisation is Single Farmers, which are defined as farmers with more than 10 hectares, constituted as a private person with legal authorization to conduct business transactions.

In addition, informal organisations are 1) Co-operators, and 2) Associates. What characterises an informal organisation is that smallholder farmers themselves achieve the integration of other smallholder farmers. Smallholder farmers look for other smallholder, subsistence who live in rural areas. For example, Co-operators are smallholder single farmers that are linked with SSS or single farmers. Co-operators carry out production activities under the same organic production system and have the same benefits as if they were partners of SSS. Co-operators can also work under the supervision of a single farmer as if it were an extension of them. Associates, on the other hand, is a type of single farmer that carries out production activities under the supervision of a co-operator and are under their responsibility. In this type of organisation, Associates have no rights or benefits other than producing crops under the supervision of Co-operators.

San Francisco Produce/Peninsula Organics achieves social purpose with both types of organisations. Through formal organisation, the network of smallholder farmers focuses on providing economic opportunities by complying with the legal framework of formal

organisation. With formal organisations, the network ensures benefiting communities by ensuring collective assets for farmers and access to social security services such as healthcare. Through informal organisation, smallholder farmers themselves carry out the social purpose by integrating other farmers under the same circumstances.

The director of international farming in SFP further expands the social purpose of the network:

> *"Well, it's very easy, I mean. The easiest way would be to work with large-scale farmers with consolidated production, large extensions of land. We could focus on this and take most of our production from them and leave few smallholder farmer […], but we don't do it because we have a commitment to them [smallholder farmers]". [SFODIF01]*

This narrative, elucidates the explicit commitment and interest of providing opportunities to smallholder farmers and making them productive and helping them have a stable income, which underlines the social value of the San Francisco Produce/Peninsula Organics. Despite the technical complexities of carrying out farming operations throughout a dispersed geographic region, SFP/PO tries to succeed in every zone SFP/PO manages.

Connections

One of the arguments of Global Value Chains literature says that suppliers located in developing countries do not have access to activities needed to compete in the global economy nor guaranteed access to higher added value activities (Navas-Aleman 2011). Contrary to this argument, San Francisco Produce/Peninsula Organics provides economic opportunities between the actors in the value chain (smallholders, coordinating firm and SFP) through three connecting strategies: (i) sales strategy, (ii) production strategy and (iii) branding partnership.

The social purpose of these connecting strategies is based on distinguishing smallholders as partners of the value chain by transcending the mere idea of farmers as suppliers,

strengthening their position in the GVC, and levelling up their importance as actors in the chain vis-à-vis global buyer. These connecting strategies go beyond production, the strategies associate marketing and branding with the strategies to provide high returns to smallholder farmers.

For example, the coordinating firm in Mexico designs the *sales strategy*, and smallholder farmers execute it. Smallholder farmers need to make efforts to design and manage what they need to take advantage of producing crops for export. As the area co-ordinator states:

> *"I oversaw designing, managing crop. Obviously, there were people from the commercial department in SFO. From the very beginning, they told me they needed a certain number of pounds (lb). Then based on that projection, I can tell how many seeds I will need". [SFPS01COOR_1]*

The implementation of the sales strategy is directly linked to the selection of the variety of crops (tomatoes in this case) to grow. For example, the area co-ordinator said that the selection of varieties is important because they will determine what your next steps will be. He explained that there are two types of tomatoes they use, determined and undetermined. The basic difference between the varieties is the time they take to produce. For example, once transplanted, determined varieties usually take 20 days, whereas undetermined take from 30 to 35 days to produce tomatoes. He further elaborated on the sales strategy by saying that *"you can start with an aggressive stage of determined tomatoes variety and afterwards continue with undetermined tomatoes variety to finally close with determined"*. For example, the strategy is operationalised by selecting determined and undetermined varieties to respond on time to the demand of produce.

In addition, production strategies are related to sales strategies due to the impact they have on the availability of products in a high demand season, something which delivers better profitability for farmers. As indicated, the production strategy considers the varieties of crops. According to the area co-ordinator, there are three types of tomatoes varieties: determined, undetermined and semi-determined. The differences among varieties

(determined and undetermined) lie on the time to mature and to provide the first harvest, directly impacting the availability of produce during high pick of the season as the next quote indicates:

> *"For strategic purposes, determined tomatoes are more precocious. That is that with them you have production within 65-70 days and undetermined tomatoes take around 90 days". [SFPS01COOR_1]*

This quote makes it clear that the purpose of deciding on, and therefore, using a specific type of variety of tomatoes, is to respond as efficiently as possible to future demand. This means that smallholder farmers are getting market knowledge regarding volume of products needed, and the Global Buyer provides the varieties produced. This is central to the strategy, due to the window of opportunity during autumn, winter, and spring in the USA to produce high yields of organic produce and take advantage of the increased price, given shortages, and high demand. Consequently, the appreciation of the brand *SFP/PO* given the availability because of the sales strategy benefits both parts, farmers of SFP/PO and SFP.

Compliance with organic standards concerning the use of organic inputs helps build up confidence in consumers that SFP/PO responds to the expected features of an organic product in every zone. The compliance to the expectation of customers is another element of the production strategy to building up confidence due to incorporating the perceptions of health aspects of organic produce and taste.

Therefore, combining these three elements – deciding on crop varieties, compliance to organic standards, and meeting customers' expectations - in production strategies, shows how complex efforts can be achieved, and displays the interconnectedness between the farmers, the coordinating firm, and the trading firm. For example, the explanation provided by the area co-ordinator indicates that San Francisco Produce in the US is in constant communication with their customers, making them aware of new trends in the market:

> *"People that work in SFP in the US are constantly visiting the markets [customers] reviewing trends. If there is something new, then we look for ways not to be left behind, but the idea is to have the programme for us to lead in trends". [SFPS01COOR_2]*

This shows how thorough the sales and production strategy must be to provide a rapid response to any window of opportunity to commercialise produce and meet the expectations of customers to lead in their niche market. In addition, both parties, smallholder farmers and San Francisco Produce share the brand San Francisco Produce/Peninsula Organic (SFP/PO), as the quotes indicate:

> *"The trading firm registered in the US San Francisco Produce (SFP). In Mexico, Peninsula Organics (PO) is registered in Mexico by one of the cooperatives". [SFPS01COOR_1]*

This quote indicates that farmers are more than producers. The connection transcends merely supplying produce. Smallholder farmers and the Global Buyers own the brand, an added value activity with which SFP/PO achieves social purpose to participating farmers. Contrary to the logic of dispersing production activities associated with low value, the brand SFP/PO and its ownership are shared across the value chain and geographic locations. A recurrent aspect of the social purpose of partnership was the selling of shares of SFP to farmers so all participating farmers more equally share that brand.

Finally, SFP/PO achieves social purpose through three additional mechanism: i) transparency, ii) visibility and iii) commitment. The mechanisms aim to create reciprocity among smallholder farmers and the Global Buyer, which strengthens the commitment among them because of their stable relationship as partners in the value chain. For example, transparency in the business deal is the basis on which the Global Buyer and smallholder farmers operate. The business deal consists of taking 20% of the transaction for the Global Buyer which is San Francisco Produce. The rest 80% goes for all smallholder farmers once the reports of poor quality from the Global Buyer, customers and samples (from USDA) are subtracted from the 80%. Visibility is an element of building up a long-lasting relationship

and sustaining production between the Global Buyer and smallholder farmers. Farmers have access to data bases to follow up on their shipments, arrival date, time and place, to whom their produce was sold, and at what price. The visibility reassures farmers on how much money they may receive as payment and obtain feedback on the quality of their produce. In addition, commitment seals the social purpose between the Global Buyer and smallholder farmers. The Global Buyer is committed to trading produce of smallholder farmers at the highest price possible so that they can benefit financially.

Throughout southern Baja Peninsula, farmers stated that contrary to the monthly payment other farmers in their communities' experience, part of the commitment of the Global Buyer is to give economic stability due to its fourteen-day payments in US dollars. Finally, commitment is put into practice in sharing the risk in business with farmers. It is a differentiation element in interorganisational relationships in value chains taking financial responsibility of 50% of incidents and accidents. This is the explicit mechanism that creates reciprocity among smallholder farmers as suppliers and the Global Buyer.

In summary, the foundation roots of SFP/PO consist of integrating its social purpose of providing economic opportunities for smallholder farmers in Mexico. SFP/PO achieves social purpose by building a network aiming for smallholder farmers who live in marginalised and remote rural areas. SFP/PO further achieves its social purpose by taking responsibility for supervising the organic operation of farmers and facilitating farming operations. In addition, they achieve social value by structuring a network of formal and informal organisations. Through this network structure, SFP/PO connects smallholder farmers with sales and production strategies and mechanisms of transparency, visibility and commitment. All in all, providing economic opportunities creates reciprocity among partners in SFP/PO.

Improving smallholder farmers' living conditions

The improvement of smallholders' living conditions is within the social purpose of SFP/PO. What characterises the agricultural sector in Southern Baja is the shift of land and labour towards tourism, due to the lack of financial aid and financial opportunities, especially when it comes to exporting produce. The region, however, is known as an international tourist destination, where the value of land property is high. Consequently, farmers are pressured by real state agencies to sell their land for future tourist developments, changing their economic activity. As previously mentioned, other farmers face different circumstances, where their economic activities generate insufficient income to support their families. Therefore, they are forced to leave their land and migrate either to touristic places where they can seek employment in restaurants and hotels or migrate to the United States.

San Francisco Produce/Peninsula Organics claims to be involved in keeping farmers on their land and in sustaining traditional farming communities (Lotter 2004). Therefore, the value chain achieves social purpose by creating economic incentives with production of organic crops for smallholder farmers to stay in their communities and work their own land. Improving smallholders' living conditions is the result of providing economic incentives to remain in their communities and work their land rather than move to cities for employment. This is particularly relevant given the circumstances that surround the agricultural sector in Mexico and Southern Baja Peninsula.

The director of international farming of SFP/PO said that the objective is that farmers make a living shipping organic produce out of their communities. Consequently, as farmers possess land, an asset valued either as real estate or farmland, it is important to have economic incentives for them to remain in their communities and use their assets. One of the farmers said:

> *"It is all about money going to the pockets of farmers; that their patrimony grows in land, agriculture, and other things where we can gain more". [SFPS04PR]*

In farmers' understanding, the incentive is financial, and the value of money resides in the possibility it gives them of making a living from working their own land. For example, working on their own land allows them to generate an income and with that satisfy their needs for what they call 'decent life'. In the understanding of smallholder farmers, a decent life is to be able to cover the needs such as food, social services (running water, electricity, education for their children and medical services), and communications such as cell phone and internet. In addition, the former area co-ordinator of SFP/PO said:

> *"There are farmers that make little or no money. There are others that make between 35-55 thousand USD a year." [SFPS04IT01]*

This quote shows that not all farmers make the same amount of money, some make no money at all. In general, farmers state this situation is due to factors that are out of their reach such the weather like hurricanes, pests and plant diseases. However, as the director of international farming said, *"we have a commitment with them"*. This indicates that despite the circumstances, farmers expressed changes in their living conditions, shedding light on the social value.

> *Q1: "The model of organic agriculture is for tackling marginalised areas, support family income. Our zone is considered marginalised […] for you to understand, nine years ago, there was nothing, and we started the farm". [SFPS05PJC]*
>
> *Q2: "You have neighbours that have organic certification, you have labour force in the locality, and there is much land in idle, idle people as well". [SFPS07JC]*

These quotes show farmers acknowledge themselves as a vulnerable group, however they also are active agents of the social purpose. For example, Q1 shows, that farmers associate themselves with a social purpose, and therefore what they grow under the organic farming

system and sell to the value chain with added value, the group of farmers, their association with San Francisco Produce and coordinating firm have the goal of improving their living conditions. Specifically, they see social purpose in doing organic agriculture through their own efforts and consequently they are conscious of the improvement farmers experience through contrasting their living conditions in previous years.

For example, for firm 5, charcoal production was the activity they had previously undertaken. This was considered low value and unsustainable due to the deforestation of an endemic tree, a source of charcoal production. By joining the value chain, farmers instead began to grow vegetables for export markets, an added value activity, using their own land, running their own cooperative and staying in their community, becoming self-employed. For single farmers, Q2 indicates that although they are not necessarily under marginalised conditions, their participation is still within the main goal, given the benefits they bring to the community they are in, i.e. giving jobs to people and putting land to work which otherwise would not create any social benefit. Specially, their motivation is based on their awareness that other farmers, under the same conditions have been able to become export farmers. Whilst farmers in cooperative have a sense of belonging in pursuing of the social purpose, single farmers too have purpose. As the one indicated "*My intention was to start in organic farming based on the need to change the production model in Mexican agriculture and find a business model that was more sustainable.* [SFPS07JC]". In summary, interviewed farmers acknowledge what they do and the benefits of their activities. Farmers' accounts indicate that they perceive an increase in their income, where they were making thirty thousand dollars a year.

In addition, carrying out the ethical philosophy of SFP/PO means giving farmers the opportunity to join as suppliers improving their living standards, becoming the social justification of the farming operation. Both single farmers and those in communities view themselves as active agents of the social purposes they have undertaken.

Value added activities: Teaching organic agriculture practices

In the case of agricultural global production, Goldfrank (1994) stated that crop production is considered a low value activity due to its labour-intensive nature, highlighting low wages as an attribute of developing countries in agricultural global production. In developing countries, suppliers have low production capabilities. In this context, Gibbon (2001) argues these suppliers require complex information and assistance for meeting changing product specification. Particularly, smallholder farmers tend to be marginalised from global production. Daviron and Gibbon (2002), argue that production concentrates in a small number of large farmers which are considered capable of complying with requirements in terms of quality, technological change, and product differentiation. Within the realm of requirements, Barrett et al. (2002), argue that certifications become an obstacle for smallholder farmers, given that certifications are seen as markers of quality and sophistication, adding value to produce.

Contrary to the conception of Global Value Chains, SFP/PO shows that added value crop production activities can be carried out in developing countries. SFP/PO concentrates production of organic produce in many smallholder farmers in developing countries, such as Mexico. In these Global Value Chains, the production of organic produce is an added value activity because its environmentally friendly and for certification in organic production. In addition to crop production, smallholder farmers carry out other two value added activities such as branding and produce development e.g. new varieties. As opposed to conventional produce, organic produce is characterised by having these attributes and costumers that appreciate them are willing to pay an increased price for produce.

SFP/PO provides smallholder farmers with information on specifications and assistance to meet product specifications. In these value chains farmers develop production capabilities of high added value. As selected pictures (Image 1) of organic crops shows, in San Francisco Produce in the US as well as in Mexico:

Image 1: selected pictures crop fields

Source: fieldwork data 2015. Left picture shows fields of Rosemary in SFP, in San Francisco, CA. US. Right picture shows fields of Rosemary in PO, in San José del Cabo, Mexico –

As opposed to outsourcing crop production to Mexico, what SFP/PO does is to carry out production of organic crops in both geographic locations in the USA, where San Francisco Produce is located, and Mexico, where Peninsula organic farmers are located. Concretely, the picture show there is a complementarity in activities. This means that organic crop production with branding is carried out in Mexico as well as in the U.S.A.

In creating value in crop production activities, SFP/PO establishes a production strategy which involves the efforts of all participating smallholder farmers and the coordinating firm. The strategy begins by understanding the organic principle, which consists of soil nurturing. This principle is linked with environment attributes of organic production. For example, the area co-ordinator of all farmer in Southern Baja Peninsula said:

The whole strategy begins with soil preparation. [SFPS01COOR1]

This quote shows that this strategy is not simply about following instructions, compulsory to being a part of SFP/PO, but it's actually a principle that farmers understand. For this value chain, the soil is one of the fundamental aspects of crop production. It's observed that this strategy is implemented in all participating farmers in southern Baja peninsula, but also in fields located in the USA. In line with this, SFP/PO sheds light on how to view value creation

for production activities carried out along the value chain and among farmers., As the area co-ordinator explained:

> *"An organic farmer must build soil. It sounds easy, but when you take it seriously and got to the bottom of the concept, it is complicated. It shows your perseverance, consistency and discipline. As a farmer, especially modern farmers, they rent and suck up the land to then move to other places". [SFPS01COOR_1]*

This quote reveals that for the value chain, soil building must be understood to be mastered. When smallholder farmers understand the principles of soil building, it shows they differentiate themselves from conventional farming. This sheds light on how important a broader understanding of the principles of production strategy is, and provides a counter-argument to the notion that lead firms located in developed countries are dedicated to high-value activities whilst outsourcing production of crops to developing countries to generate value by taking advantage of low wages.

Engaging farmers with Technical support

SFP/PO engages farmers with technical support to teach organic farming practices. The engagement with farmers is carried out through constant follow ups from the coordinating firm and its staff. The social purpose is embedded in engaging with farmers, in the close relationships between smallholder farmers and the technicians from the coordinating firm. As the area co-ordinator and entomologist stated:

> *Q1: "It is very close follow up and companionship. I personally, have realised that after setting up the operation of any farmer, if it's not you who have to be immersed in the process, someone who dominates the topic and is receptive with farmers" [SFS01COOR_1]*

> *Q2: "When I started working for SFP/PO I moved out to town where I could be close to farmers so that I could move wherever I was needed". [SFPS01DRF]*

In Q1 the relationship is present in their narratives and it is a necessary element to engage with farmers for them to grow organic crops. Yet, as a leader, the coordinating firm shows awareness of the relationship as an element and is translated into close companionship where he is fully involved in the operation of smallholder farmers to increase efficiency, promote and improve quality, and productivity in their farming operation by providing his experience. Likewise, in Q2 of the entomologist shows awareness of the relationship and the need for him to be wherever he is needed. Therefore, being committed to farmer is the fundamental basis for engaging them. Furthermore, in farmers' perspective, closeness is perceived as a reassurance so that they feel confident that what they do is done in accordance to organic principles. The following quotes shed light on farmers' perspectives:

> *Q1: "They came and started supporting us to begin our operation". [SFPS02VP]*
>
> *Q2: "The relationship is very close. They never stop supporting you". [SFPS06IR01]*
>
> *Q3: "They only saw me once and supported me financially. Not everybody supports you this way, with inputs and seeds". [SFPS07JC]*
>
> *Q4: "The trading firm helped us financially to start the operation. […] once he realised our potential he sent over his operation team". [SFPS08CEO]*

Farmers' narrative underlines what it means to them to be engaging with the coordinating firm as well as the Global Buyer. For example, Q1 illustrates the supportive characteristic of engagement with farmers. During the interviews, all participating farmers acknowledged they have advantageous circumstances compared to that of other farmers in the region. Engagement is established with the support they receive at the very beginning of their operation. For example, Q2 indicates that being with farmers from the early stages is valued as support and is not perceived as special treatment for a specific group but rather as a rule for all farmers. In addition, Q3 and Q4 also indicate that financial support is another aspect of engagement that with companionship reiterates how serious and committed leaders are,

especially when they expressed that on the one occasion they had met with the founder of SFP they had offered immediate support.

Therefore, supporting farmers in the beginning of their farming operation is based around the supply of inputs and technical advice. This support is reinforced through engagement with farmers. Cooperation between participating farmers, the coordinating firm and the Global Buyer reflects a collective commitment, which is a necessary element of the partnership. This helps consolidate the closeness of the relationship amongst participating farmers. Constant follows up are perceived as a reassurance measure to increase confidence in their undertaking that things are done in accordance with organic principles. The engagement of farmers is important in the description given that in Global Value Chains, interactions with suppliers have the purpose of overcoming complexities of production activities Gereffi (2005). Particularly, when it comes to highlighting the fact that achieving the social purpose of teaching organic farming practices, SFP/PO attains social purpose by engaging with farmers to the extent in which it overcomes the complexities of production activities. This means that the engagement becomes an embedded social feature, which is difficult to codify and therefore replicate.

Soil building, Fertilisation and Biological Control

Global Value Chains literature emphasises the compliance with strict requirements from Global Buyers with a direct impact on smallholder farmers (Danse and Vellema 2007). In contrast, SFP/PO teaches farmers three basic organic farming practices[3]: soil building, fertilisation, and biological control. SFP/PO also creates value by managing the production to increasing its long-term productivity by making technology and knowledge within the reach of smallholder farmers. They claim to teach these three basic organic farming practices

[3] SFP/PO has a basket of culinary herbs [chives, mint, tarragon, and basil], cherry tomatoes, garlic and green beans organically grown.

by making famers understand and apply the organic principles in crop cultivation[4] which increase production, quality, and nutrients in crops. To describe these practices, I use two sources of information. First, primary data from interviews conducted with the current area co-ordinator of SFP/PO in southern Baja peninsula in charge of all farmers in the geographic located. Secondly, I use secondary data from research conducted by former area coordination for southern Baja peninsula for SFP/PO and academics from CIBNOR[5] to highlight the value in these activities.

Soil building is a principle in organic agriculture. SFP/PO applies it because of the effects on the crop to be grown. As stated by two researchers that studied the fields of participating farmers:

> *"This is the basic concept around organic agriculture and consists of providing the soil with all necessary nutrients for microorganisms to develop". [Murillo-Amador et al. 2006 Pg.37]*

Other researchers stated:

> *"One of the most relevant aspects of organic agriculture is […] soil fertility, which depends on biological interactions of microorganisms, plants and atmosphere. This represents a qualitative change of the simplified concept of chemical fertilisation and leaves behind the idea of soil as a backup support for plants which are fed on chemical fertilisers". [Navejas-Jimenez 2006 Pg.75]*
>
> *"Soil fertilisation is considered a biological system that has and generates life by microorganism action. From the agricultural perspective, soil fertility is diminished by the loss of organic matter from oxidation process, high rate of nutrients extraction by crops and lixiviation". (Beltran-Morales et al. 2006 Pg.159)*

[4] Cultural labours are activities for maintenance that are carried out throughout the production of a crop.

5 CIBNOR in Spanish stands for Centro de Investigaciones Biológicas del Noroeste (Northwest Centre for Biological Studies)

These statements reveal that soil building, apart from being a principle in organic agriculture, has attributes to be followed. On the one hand, it is an element that differentiates them from conventional agriculture, highlighting the holistic attributes it contains. On the other, it stresses the importance of it being applied due to its effects on the crop to be grown. Technically, the soil is viewed as a biological system in which all necessary nutrients are put in place for generating microorganisms. This in turn decomposes the organic material, which is beneficial when used on the crops.

Furthermore, soil building benefits participating farmers in three main aspects, as one researcher states: Fertilisation in organic agriculture must meet three requirements: a) improve soil fertility, b) economise non-renewable resources and, c) avoid contamination Murillo-Amador, Toyes Aviles, and Beltrán-Morales (2006, Pg. 161). A peculiarity of soil building is that fertilisation potentially saves economic resources for farmers and prevents contamination, that is, it helps soil keeps its nutrients for the crops.

Consciousness and understanding are an important aspect of soil building as production strategy. It is important that participating farmers take the view of soil as a living entity that needs to be fed for it to sustain life. The area co-ordinator in charge of southern Baja Peninsula said:

> *"Regarding the field, as part of soil preparation and complying with organic standards. And sometimes referred as mandatory. It is mandatory. However, the thing here is that farmers do it consciously". [SFPS01COOR_2]*
>
> *"You must understand that you comply with organic standards. The ideal thing to do is to use green manure. You can mix corn, beans, something that needs lower water consumption. This will prompt the growth of beneficial microorganisms". [SFPS01COOR_2]*

For the area co-ordinator, who supervises the implementation of production strategy, the value of compliance with an organic standard relies on the conscious efforts of farmers, so that they develop an understanding of how soil works as a living entity that needs to be

maintained. The area co-ordinator mentioned during several interviews that for farmers, building soil is the cornerstone and is therefore a principle that must be in the minds of all farmers and mastered in practice. In his view, this strategy is a matter of principle an identity:

> *"Organic agriculture is based on soil. The soil is our altar, our cornerstone. Any farmer that says that they grow organic crops and their soil is tired; they are not organic farmers". [SFPS01COOR_3]*

Therefore, for farmers in SFP/PO, soil building is also a matter of meaning. The area co-ordinator sees himself as an active and committed member of the network in implementing soil fertility. For him, soil is central to organic agriculture, and they foster a closer relationship with it. They see it as a living entity that supports and contains life in the form of microorganisms, and how this relates to the crop. Arguably, for farmers in Mexico, understanding this principle means that they must be capable of demonstrating in practice that their soil is fertile.

For participating farmers, soil fertilisation is materialised with "feeding" the soil with green manure[6]. As one of the researchers said:

> *"Green manure is a practice that highlights the beginning of a new production cycle in the field. In addition, it is a requirement for a farmer to participate in the new production cycle. This practice is valuable given that it provides nitrogen, organic matter, minerals, with which it will cover and protect soil from erosion and natural phenomena."* [Murillo-Amador et al. 2006 *Pg. 31*]

As with the quote from the area co-ordinator regarding soil being the altar in organic agriculture, this quote highlights how soil must be looked after due to the value it possesses as a micro system for creating key nutrients and a protective vegetative cover. In addition, it

[6] Green Manure is a fertilizer consisting of growing plants that are ploughed back into the soil

strengthens the soil by making it robust, working as a cover for the crop to maintain enough humidity. This is confirmed by the statement of another researcher:

> *"Green manure as an alternative organic manure. Green manure decreases erosion, keeps high rates of water infiltration, roots leave holes in the soil so that the cover prevents degradation and seals the surface, reducing the speed of water runoff. Pg. 158" (Beltran-Morales et al. 2006)*

Soil fertilisation and its practice with green manure have a purpose that reflects the value of production activities strategy that all participating farmers observe, are aware of, and understand. This activity is divided into three steps: 1) soil preparation, 2) selection of varieties and 3) incorporation. These three steps reflect observation, consciousness and understanding. The purpose of green manure practice in soil preparation:

Soil preparation

> *Green **manure** practice begins with tracking to avoid soil compaction and crush weed from the last crop. [(Murillo-Amador et al. 2006)]*

Varieties

> *To grow green **manure**, it is used a variety of beans called Yorimon. This plant is well adapted to Baja's **environment**; it provides a fair amount of green foliage. (Ibid, Pg.31)*

Incorporation

> *Then green **manure** is incorporated twenty days before transplanting the crop throughout tracking. (Ibid, Pg.32)*

This process is simple to perform. However, it requires astute observation by farmers (I will further discuss this in subsequent sections). The idea is that farmers think it will have long term benefits, and it marks the beginning of a new seasonal programme for which they must prepare the soil. For example, the tracking of the soil for preventing compaction aims at airing the soil, make it soft and enrich it with plants or crops that remained from last season. Selecting varieties for green manure requires an understanding of what works best. Yorimon

beans, according to researchers, happen to be the most effective due to their ability to adapt to Baja's conditions and its capacity to provide a good deal of green foliage, which goes in line with making soil robust. And the incorporation of green manure into the soil with enough time for the soil to absorb the nutrients by the interaction of small insects that will decompose it to facilitate soil enrichment. This fifteen-day period has its purpose, as the area co-ordinator said:

> *"You have to wait fifteen days after incorporating. Why? Because if you transplant immediately, you will have plenty of life [organism] that is not necessarily what you need. For example, ants break down proteins and will go over what you just transplanted. Therefore, you must incorporate and wait long enough like I said, fifteen days" [SFPS01COOR_1]*

This quote reflects the level of understanding the way soil works. For example, giving the soil between 15 – 20 days for ants to break down proteins. Consequently, if there is less time for incorporation, the risk is having processes that will not necessarily benefit the crop.

Water management is another purpose of this activity. Given the shortage of this resource and the dry conditions of southern Baja peninsula, as Dr Murillo Amador stated:

> *"For organic agriculture water management is an important task, but it is not part of the standards. This is because if standards are followed such as incorporating green manure, compost, and crop rotation and association, it will result in a well-structured soil, with the benefits of better water retention and appropriate conditions for plants". [Murillo-Amador et al. 2006 Pg. 40]*
>
> *"The benefits of water management are the increase of sugar in fruits, improving their quality". Pg.40 [(Murillo-Amador et al. 2006)]*

This quote reiterates the importance in resources management due to weather conditions in southern Baja Peninsula, which make horticulture, costly, given that water comes from underground aquifers. For water supply, pumps are used, that ultimately adds up production costs (Ibid). With regards to cherry tomatoes, the crown crop of SFP/PO, water

management appears to have a significant role in the quality of tomatoes, especially when it comes to enhancing the sweet flavour.

Biological control is another activity which comes right after green manure is incorporated. It consists of growing the so-called protection crops, as Dr Murrillo-Amador stated and the entomologist responsible of biological control in SFP/PO:

> *"It is a cornerstone in organic agriculture. In organic agriculture the base in biological control. Here we realised that there are many natural enemies". [SFPS01DRF]*

> *"This is done to protect the crops with abundant foliage and flowers for [beneficial] insects to be attracted". Pg. 32 [(Murillo-Amador et al. 2006)]*

This practice is also a principle in organic agriculture. During the interview, the entomologist stated that they had found a sufficient number of beneficial insects for a biological control to be established. In this respect, the purpose of this practice is growing protective crops to create necessary conditions to attract insects that will nest in them, and which will ultimately eat those insects. As stated by the entomologists:

> *"Biological control is to use the natural enemies, insects that eat insects". [SFPS01DRF]*

This quote reveals the relationship there is between taking advantage of natural resources to preserve the natural aspect of the organic agriculture, and the natural aspect of the crop to be commercialised. One of the aspects of the strategy is the consciousness and understanding of this system as an interaction of living organisms as indicated by the entomologist:

> *"A pest is a concept misused by humans. In nature there are no pests, in fact, there are consumers, which are phytophagous, that when affecting crops, then we can talk about pests. As such, there are other organisms that can consume [eat] them". [SFPS01DRF]*

> *"You happen to have different kinds of insects, depending on the crop. Each crop has its own pests. And there are specific natural enemies for them". [SFPS01DRF]*

> *"What you have to do is to apply a technique of natural enemies' conservation, which means, given them conditions to increase the population for it to control the pest". [SFPS01DRF]*

The actual value of biological control is sustaining life in crops that keep the population of beneficial insects big enough to maintain a balance with those that damage the commercial crops and make no use of chemical inputs. This proves that there is an understanding that insects are in their natural element, and the fact that organic crops are grown means that insects will feel attracted to them, thus the need to have other natural enemies that will control the population of those that potentially damage the quality and aesthetics of the commercial crops.

Another action of the coordinating firm and farmers is biological control. The entomologist is fully dedicated to monitoring, identifying and implementing techniques to keep a balance in the population of insects (beneficial and enemies). The entomologists said the following:

> *"We started monitoring with yellow traps […] to make them attractive. We changed them every other week and checked them with microscope. With that I knew which insects we had, pest and natural enemies". [SFPS01DRF]*

> *"There are plenty of natural enemies. In some cases, we have moved natural enemies from one zone to another to control common pests in different production zones". [SFPS01DRF]*

> *"Natural barriers are lines of plants with flowers that you grow in between the crops. Any plant with a flower will attract natural enemies". [SFPS01DRF]*

As he stated, *we* show that collaboration with farmers in the fields has practical reasons. In this action, the entomologist and farmers need to know what kind of populations of insects they have and their interactions with the crops. This indicates the need for traps to collect insects, sticky or nets traps to move insects from one place to another and maintain

manageable populations for biological control. It also indicates a way of designing natural barriers, either by growing crops such as corn and sunflowers or simply by mixing different herbs and tomatoes with the aim to attract insects and host them and control other populations.

Furthermore, competitive mechanisms, such as the genetic improvement programme, are actions that involve the participation of farmers, SFP, and a coordinating firm. Farmers along with coordinating firm make a proposal for SFP on a new product that has been developed because of experiments (cross-breeding) with farmers. As the area co-ordinator explained:

> *"We make the proposal to a group of people within SFP that is called product development, where it is discussed all related to volumes, they interview customers. Then the rest of the zones are involved". [SFPS01COOR_2]*

What he explained here are the simultaneous actions taken by all participating farmers and the level of collaboration required amongst participating firms when deciding whether a new variety should be put on the market. This also shows how connections are evident, in terms of maintaining acceptable levels of satisfactions from customers and farmers. Only once aspects such as taste and colour, how viable it is to grow the new crop, how easy it is for farmers to manage biological control, its resilience, handling consent, and have been taken care of when formal production can begin. It is important to note that, full production does not necessarily mean that will be a product in every zone, but it will begin in one or two zones agreed upon by the farmers. Depending on how well it goes, it will then be grown in other zones.

Organic Certifications

In San Francisco Produce/Peninsula Organics, organic certification plays a pivotal role in creating value to crops. According to IFOAM, *Certification* is the procedure by which smallholder farmers receive written and reliably endorsed assurance that they are producing specific products in compliance with a specific standard. The process of assurance is crucial

to creating consumer trust. In this regard, organic agriculture practices have the purpose of *differentiation* in products, *matching interests*, those of customers and farmers, the materialisation of farmers' understanding and consequently creating value.

As the former area co-ordinator said:

> *"The effort of growing organic produce […] is recognised by consumers, which is translated into a higher price or premium price that markets have managed until today". [In Murillo-Amador et al. 2006 Pg. 256]*
>
> *"The increasing needs of international markets for certified organic produce is making big retailers focus on the so called organic niches for two main reasons: the promise of a premium price and the impact on consumers". [In Murillo-Amador et al. 2006 Pg. 258]*

The achievement of social purpose for farmers lies in obtaining the organic certifications, which have two aspects. On the one hand, the economic aspect resides in receiving an acknowledgement by international agencies that all produce complies with standards enabling produce to be recognised by the target market and therefore to be sold at a premium price. On the other, the social, which is linked to the economic, resides in making a profit based on the qualities certification provides, which consequently benefits farmers by giving them a high and constant income[7] to support their families.

To comply with the principles of organic farming and pass the organic inspections, the coordinating firm takes the lead. Coordinating farming operations throughout Baja Peninsula require the capacity to manage the entire operation of every farmer due to the scheme of group organic certification. The social purpose inherent in the organic certification activity comes from the shared effort and responsibility amongst coordinating firm and smallholders. The coordinating firm takes responsibility for the certification on behalf of the

[7] The term high income is coined here to highlight that as such it is higher compared to what they were receiving before growing organic produce.

rest of farmers. This means that farmers and the coordinating firm collaborate in the design of the operation for group certification, as stated by the area co-ordinator:

> *"Basically, the certification agency for smallholder farmers requires an annual audit made by someone who has no direct contact with those farmers". [SFPS01COOR_3]*

The coordinating firm carries out this duty by explaining every stage of organic production. Smallholder farmers also share responsibility with the assistant of the area co-ordinator for technical visits and recommendations. The area co-ordinator highlights the co-responsibility of explaining to farmers the stages of organic production, stating that visit of the technician, the agronomist, their recommendations, are important for the organic certification of the groups [of farmers]. Every stage of operation for certification must comply with the rules of the internal control system, and it is mandatory for all smallholder farmers and cooperatives to submit to an inspection to ensure compliance with American organic standards.

However, recommendations reflect the commitment there exists between coordination and farmers, aiming to enable farmers to pass the organic inspection effectively. The area co-ordinator states:

> *Q1: "Obviously, if you make no recommendation, it will not benefit the farmer, right? The farmer will not be able to comply with the organic standard". [SFPS01COOR_2]*
>
> *Q2: "Collaborate precisely to get the food safety certification ahead". [SFPS01COOR_2]*

Recommendations convey support and experience as to how best put into practice technical advice. It highlights the San Francisco Produce/Peninsula Organics commitment there exists for farmers to be certified and the purpose of connections among. Certification is the ultimate goal.

Summary

This paper explores the case of San Francisco Produce/Peninsula Organics. This paper departs from making an examination of the case using the concept of Global Value Chains and their Social Purpose. The paper addresses the first objective of examining the social purpose in San Francisco Produce/Peninsula Organics. The paper focuses on the achieving of the social purpose. Particularly, this paper addresses production activities and how the value chain achieves social purpose.

As a Global Value Chain, San Francisco Produce/Peninsula Organics grows organic crops to supply markets during offseason, based on the mechanics of the market. The value chains achieve social purpose by focusing in three aspects, i) providing economic opportunities, ii) improving smallholder farmers' living conditions and iii) teaching organic farming practices. The social purpose contained within the production activities of value chains distinguishes San Francisco Produce/Peninsula Organics from other Global Value Chains.

This case achieves social purpose by providing economic opportunities. San Francisco Produce/Peninsula Organics attains this purpose with a network structured around the inclusion smallholder farmers who live in marginalised and remote rural areas in Mexico. San Francisco Produce/Peninsula Organics concentrates production of organic produce in many smallholder farmers in developing countries. Particularly, with formal and informal organisations, which both ensure that financial opportunities are widely spread across smallholder farmers. Smallholder farmers are active actors in achieving social purpose by looking for and including other smallholder farmers in their network.

The value chain ensures that smallholder farmers improve their living conditions. San Francisco Produce/Peninsula Organics accomplishes this purpose by creating economic incentives for farmers to stay and work their own land. The economic incentives focus on enabling farmers to satisfy their needs of housing, education and health. San Francisco

Produce/Peninsula Organics further realises this social purpose by benefiting most of the communities where farmer live. Additionally, San Francisco Produce/Peninsula Organics achieves social purpose by teaching smallholder farmers organic agricultural practices, such as soil building, fertilisation and pest control. The value chains show that added value crop production activities can be carried out in developing countries. San Francisco Produce/Peninsula Organics engages with farmers with constant follow up with the purpose of improving the practices and ultimately achieving certifications to ensure premium prices for farmers.

This Global Value Chain sheds light on how the production of organic produce is an added value activity, in which smallholder farmers develop production capabilities to carry out agricultural production that is considered environmentally friendly and with certifications that add value to their produce. In addition to crop production, smallholder farmers carry out two other value-added activities, branding and product development.

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