

Profitability on ecological organic farms in the tropics

What to consider to have good profits on organic farms?

After converting from conventional to ecological organic production, farmers need a bit of patience as the soil recovers fertility and farmers learn new holistic management techniques. On average, farmers converting to organic production need around five years to get the best return on their investment.

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 and the prices for marketable products minus variable production costs. Return on investment shows how much profit was earned per labour hour or money invested.



Labour costs

On ecological organic farms, labour is a major factor contributing to production cost, e.g., for compost or biorational preparation.

However, this higher investment does not need to result in a loss of profitability – organic systems can achieve equal or higher returns on labour, making it a suitable option for capital-poor, smallholder farmers.

Organic inputs

Ecological organic farming does not mean low input – on the contrary!

Organic farms do not rely on external, market purchased inputs but rather utilise on-farm, sustainable resources which are safe for farmers, their communities and the environment. In this way, organic farms achieve higher returns on production costs than conventional systems.

Organic best practices

Farm profitability depends on productivity. In well-managed organic systems, farm productivity can match or exceed conventional systems.

Improved on-farm practices through a holistic ecological approach are the key, e.g., farm diversification, preventing pest and disease attacks, etc. Refer to the 'Productivity' topic for more information.

Post-harvest practices and market access

Good post-harvest practices – sort, clean, process, store, transport, etc. – can help maintain/enhance product quality and profitability.

Organic products can receive a premium price if marketed properly. Diversity is advantageous for profitability, growing products for the organic market and self-consumption.

Knowledge product funders



Projects involved



Project funders



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