

Report from the International Workshop on Organic Group Certification Requirements

organized by IFOAM-Organics International

Bonn, Germany, May 21 & 22, 2019

Workshop Summary

In May 2019, IFOAM – Organics International organized a workshop on organic smallholder group certification requirements with around 35 key EU and International experts. Participants included representatives of the EU Commission, IFOAM EU, of the biggest control bodies certifying producer groups world-wide, producer group representatives, IOAS, ISEAL and selected other voluntary sustainability standards. The workshop intended to bring key organic stakeholders together to discuss and further strengthen the requirements for organic group certification after more than 15 years of implementation all over the world.

The workshop was focused on a worldwide approach since all of the estimated 2.6 Mio Producers currently certified in about 5900 groups with an ICS (Internal Control System) are in developing or emerging countries. The new EU organic regulation, however, will allow group certification also within the EU. The basics for this future certification of “groups of operators” anywhere in the world are already set in the new Regulation (EU) 2018/848 (in particular Art. 36). The outcomes of the workshop will feed into the development of secondary legislation, as detailed requirements for organic group certification are being set by the Commission in the second half of 2019.

Based on the findings of the 2019 FiBL Study on the scale, opportunities and challenges of organic group certification and more than 15 years of implementation, IFOAM-International prepared a selected list of issues to be strengthened in the current IFOAM accreditation criteria and of importance for future new EU legislation on group. An expert survey on these issues was shared widely and 100 experts contributed detailed input as the starting point for the discussions during the workshop.

SUMMARY: Size, Composition and Organization of the Group

There are some growing concerns about the growing size of producer groups, which can be up to ten thousands of farms. Concerns include the manageability of the group concept in large groups, too low sampling rates due to the square root factor and the “too big to fail” effect that may prevent effective sanctions in such very large groups. Also, homogeneity and geographical proximity of farms, as well as large farms within the group remain a key concern as practices differ widely between certifiers.

Another concern is the organizational form of the group. The new EU Regulation (Art 36) rules that a “group of operators” shall be “only composed of members who are farmers”. It is therefore currently not entirely clear whether this definition will continue to include groups organized by a trader or NGO who operates an ICS for affiliated farms, though this form constitutes a very substantial percentage of all currently certified organic groups, especially in Africa and Asia. The participants expressed the expectation to the EU commission representatives that these types of

groups which can estimated to include more than 1 million organic farmers, would be still allowed under the new regulation.

After long and intense discussions on these issues, the participants concluded not to restrict group size, but gave a mandate to IFOAM to formulate suitable rules which would require very large groups to implement a clustered structure that ensures ICS functionality and allows sanctions of selected group clusters. It may include an adapted “bottom floor” in the sampling rules (e.g. square root approach but never less 1.5-2% of farms). The proposal will need to be fine-tuned to meet the EU regulation’s related rules that are already set. Clarification is also needed how current group member farms that are larger than the new EU regulations’ farm size limits shall be handled in the future. Another issue discussed was farms being registered in two or more certified groups, which may continue to be allowed as least for different products.

SUMMARY: Group Internal Control System Requirements

The basic minimum requirements for an Internal Control System as currently defined in the IFOAM accreditation criteria were found to be working reasonably well, although there is a very clear need for more supportive tools (especially for farm data and ICS management), guidance and capacity building (of both ICS staff and producers). Since there is, however, an overwhelming accord on the need for better training of farmers in organic production, which is currently not or only very minimally covered in regulations, IFOAM proposed a new requirement on producer training and removed the common restriction that no advice shall be provided during internal inspections. This was widely agreed.

The importance and challenge of groups collecting quality basic data about their member farms (size, location, crop & yield estimate data) was also discussed in detail. It is evident that groups will need to strengthen and digitalize their systems to meet future requirements of both standards and the market, but this will require time and a lot of support.

SUMMARY: External Inspection and Certification of Groups

Current implementation of group inspection and certification rules and expertise of certification staff and auditors was found to vary greatly. There is a widespread concern that competition between certifiers is leading to a “race towards the bottom”, and that certification bodies and auditors are not adequately qualified and trained for group certification.

Lack of oversight of certifiers with regard to organic group certification was identified as a key weakness. IFOAM-Organics International joins FIBL in proposing the need for group certification to be defined as a specific scope of activity in the EU regulation, requiring the CB to demonstrate adequate competencies and operational procedures for group certification to their oversight body, as procedures and required qualifications differ from farm inspections. It was agreed that group certification information and data needs to be clearly displayed on certificates and in organic operator statistics. The EU is developing certificate templates and also working on a future data base system.

After heated discussions it was also agreed that in spite of a need for flexible rules, as groups and producer situations vary so considerably world-wide, some additional rules are needed to keep negative effects of competition at bay and to help accreditation bodies and competent authorities implement requirements consistently. In this context, the experts agreed to set the limit of maximum 6 external farms re-inspections per day on average. It was also agreed to develop further guidance on sanctions, possibly with defined thresholds of farms with critical non-conformities found during the external group inspection. This will need to be closely aligned with the EU commission’s ongoing project of a central catalogue of sanctions (which currently does not include group certification) and related Articles in the Basic Act.

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Background and workshop rationale

Group certification is the dominant approach for organic certification of smallholder farmers in developing countries. Currently, it is used to certify an estimated 2,6 millions of organic farmers worldwide, and a total of 5,6 millions of farmers across the various socio-environmental schemes under group certification schemes. Group certification is done through Internal Control Systems (ICS), which allow certification bodies to delegate the annual inspection of individual group members to a specified body within the certified operator. Internationally harmonized requirements for how group certification is practiced were developed at the start of this millennium thanks to an international multi-stakeholder process facilitated by IFOAM – Organics International. These requirements have subsequently been taken up by the various organic regulations and can be found in the IFOAM Accreditation Requirements. Group certification is also practiced in other socio-environmental schemes, such as Fairtrade, UTZ-Rainforest Alliance, GLOBALG.A.P or FSC, who have taken inspiration from the organic ICS concept, adapted it and sometimes developed it further.

After 15 years of implementation, there are lessons to be learned about how effective current group certification requirements are and where they could be refined. The Swiss Research Institute of Organic Agriculture FiBL has completed and published in March 2019 a study (accessible at <http://orgprints.org/35159/>) on the subject, highlighting some important conclusions regarding the need to ensure a more consistent and reliable level of implementation.

Following the publication of the new EU organic regulations in May last year, the EU Commission has the mandate to develop in 2019 further rules for group certification within the delegated acts. The new EU regulation will also allow for group certification within the EU starting in 2021, and this also changes the perspective on what those requirements will be, as opposed to the previous situation where group certification was only allowed in the so-called “third countries”.

The beginning of 2019 was therefore a timely moment for IFOAM - Organics International to open a multi-stakeholder consultation process to review, harmonize, and refine group certification requirements. This took place under the framework of the OM4D project funded by the Dutch Ministry of Foreign Affairs. It began with an expert consultation survey sent out on April 8, 2019 and open until April 30. The survey was composed of 20 questions related to 6 technical

topics identified through review of the FiBL survey, as the most relevant for the further development of the regulatory framework for group certification. The survey was answered by 128 experts, including representatives of producer groups, traders or consultants who closely worked with producer groups and ICS implementation, organic inspectors and certification staff. The PDF of the survey questions is available in Annex 1 of this report.

Following the survey analysis, IFOAM-Organics International hosted an international workshop gathering around 35 experts on May 21 and 22, 2019 in Bonn, Germany. The workshop was organized by Joelle Katto-Andrighetto, Head of Policy and Guarantee at IFOAM-Organics International, and chaired by Louise Luttkholt, Executive Director of IFOAM-Organics International. The consultant Florentine Meinshausen presented the results of the FiBL study and IFOAM-expert consultation survey as input for the different agenda points of the workshop. Workshop participants included representatives from all continents, and mostly representatives of certification bodies, producers and traders, development experts, organic associations and competent authorities. The full list of participants is included in Annex 2 of this report.

Survey results were presented to and discussed by the workshop participants. The workshop's aim was to come to an updated consensus on group certification requirements, ensuring a more consistent and reliable level of implementation of the concept by various certifiers worldwide. The workshop agenda focused on a few key questions related to the survey questions and to other issues highlighted by the participants. The workshop agenda is available in Annex 3 of this report. This report summarizes the discussions and conclusions of these 1,5 days of workshop.

Day 1: Overview; group size & organization; external re-inspections

Day 1 of the workshop was restricted to representatives of certification bodies, producers and traders, development experts, organic associations.

Welcome and introduction

Group certification is the mechanism through which most of the organic producers worldwide are certified. After 15 years of implementation, there is a need to review the concept and maybe strengthen and refine it, in order to ensure its continued effective implementation. The FiBL study highlighted some areas of needed improvements, and we would like to focus on these aspects. The workshop is about very technical topics, but it is important to keep in mind what our ultimate goal is: to encourage the wider adoption of organic agriculture practices, and to support the livelihoods of smallholder farmers worldwide

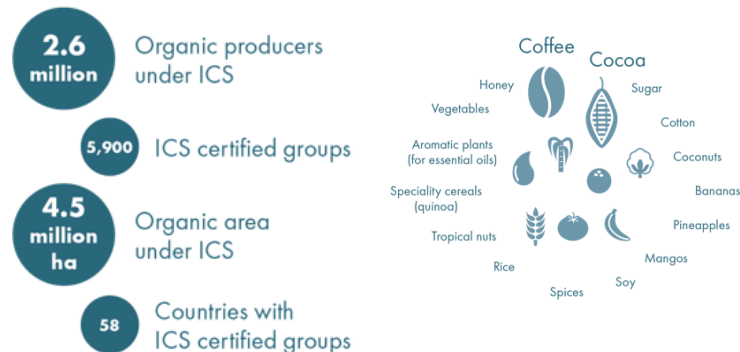
There is some urgency in dealing with the issue, due to the EU regulation process. The objective of the workshop is to come to an updated consensus on group certification requirements, ensuring a more consistent and reliable level of implementation of the concept by various certifiers worldwide. This consensus, on a few issues, will be used both in the short term to produce an IFOAM-Organics International position paper towards the EU (and the USDA and other regulators), and in the medium term to improve the IFOAM Accreditation Requirements, as part of the regular review and further development of the IFOAM Norms.

Relevance and scale of group certification worldwide

The consultant presented the overview of group certification status based on the FiBL study results. The estimated figures are currently as follows:

Relevance & Scale of Group Certification

Estimated global organic group certification



FiBL

www.fibl.org

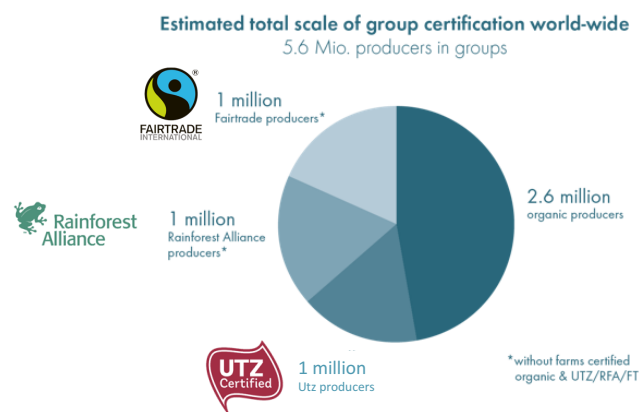
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Asia is the continent with the biggest number of organic producers certified in groups (1.4 million, 4,000 groups, 2.2 million ha), followed by Africa (850,000 producers, 450 groups, 1.3 million ha) and Latin America (350,000 producers, 1,400 groups, 0.95 million ha). Africa is characterized by a much higher average group size than Asia and Latin America.

Group certification is used much beyond the organic sector, in other socio-environmental schemes:

Relevance & Scale of Group Certification



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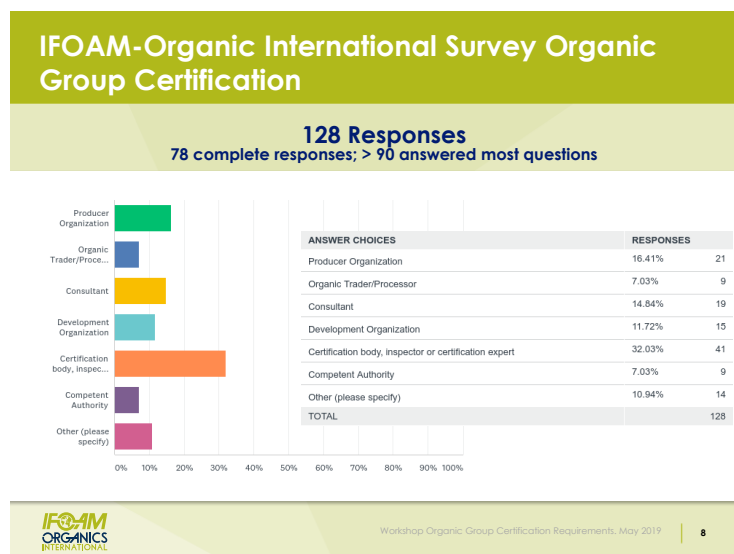
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The main findings of the FiBL study were that a number of areas could benefit from harmonization and strengthening of the group certification requirements, namely: the issue of size of the groups and size of farms in the group, the issue of ICS farm data, the issue of ICS staff, the issue of internal inspections, capacity building, and external certification procedures. IFOAM-Organics International now chose to focus its work on a few selected issues which seemed the most urgent to address, including group and farm size, external certification procedures, and

capacity building. The FiBL study also concluded that much better training of farmers in organic production are needed, and that there is also a bigger focus needed on creating benefits for smallholder farmers, as farmer motivation is a key success factor. This last issue was, however, not the focus of this workshop.

Consultation Survey by IFOAM-Organics International

The consultant presented the overall results of the online expert consultation survey organized by IFOAM-Organics International. 128 people answered the survey, of which 78 answers were complete whereby respondents answered all questions (> 90 people answered most questions). The profile of survey respondents was as follows:



Overview of certifier practices amongst CBs represented at the workshop

Workshop participants who represented certification bodies were first asked to give a brief overview of which internal guidelines they may have, that go above and beyond the basic (EU) regulatory requirements on group certification. They were particularly asked to mention whether they have internal size limits to the groups they certify, whether they have internal guidelines for regulating how much time is spent on external re-inspections, whether they have some risk calculation guidelines, and sanction guidelines for groups.

Overview current CB practices: group size

Amongst the certifiers present at the workshop, none of them had clear fixed size limits for groups (at least not clear to the extent that they would be communicated externally). The biggest client reported was 80,000 farmers in one group. Some certifiers on the other hand had their biggest clients who were only a few hundreds, to a few thousand farmers. Some certifiers reported that the question of whether or not to put a cap on group size was discussed within their organization, but in the end it was decided not to put a cap. Only in the case of India, the group size has been fixed by the government at 500 and certifiers respect that.

Certifiers reported that the square root calculation for the external inspection sample is applied to the entire group, not to subgroups. This was also true even in the case of the 80,000 farmers group. One certifier mentioned that they had some internal discussion on whether to apply the square root to each sub-group, especially if the groups produce several commodities, e.g. mangos and cashew nuts.

Overview current CB practices: risk assessment and risk-based sampling

Almost all certifiers said they have some internal guidelines to determine the risk factor of the group. One certifier mentioned that a big factor in this formula is the homogeneity of the group (homogenous = low risk). Another certifier mentioned the country, the category of products, the topography, as risk factors. New entrant farmers into the group were also reported to be a risk factor by some certifiers.

The use of the risk factors to determine which farmers to re-inspect seems to differ slightly between CBs. The selection seems to be always done by the auditor on a case to case basis. One certifier mentioned that they visit all high risk members, and then some percentage of medium risk farmers, and a lower percentage of small risk farmers. Another certifier mentioned that their inspector considers who was the internal inspector as an element on how they choose their sample. Some re-inspect new members more than old ones, as they are considered higher risk. Some mentioned that some farmers were selected at random, others based on risk assessment by the auditor.

Most certifiers expressed that they do not have clear quantitative guidelines or set size limits for which farms need to be inspected externally. The NPOP in India has a clear size threshold of 10 acres for external inspections, but other than that, certifiers find it too difficult to set size limits.

Overview current CB practices: external inspections per day

In relation to the number of inspections per day, some certifiers reported that they have no limits, while others reported maximums of respectively 4-8, 5-7, and 5. One certifier reported that their inspector said they did 6-15 inspections per day.

One certifier expressed that setting maximum/minimum number would lead to all CBs operate at that maximum/minimum. Another certifier expressed that setting fixed numbers would not address the core issue. It would be just scratching the surface of the problem, the reality being that most ICS are not functioning and most CBs do not do a good job at checking the functioning of the management system of the ICS. A qualitative approach to the functioning of the ICS would be a better focus. A third certifier expressed that they also did not believe in numbers but that it would be crucial that surveillance from accreditation bodies and competent authorities be increased, to guarantee that CBs are doing a proper job.

Rainforest Alliance reported that in their system, they had set some numbers (maximum number inspections per day) because they felt that some aspects cannot be left to the CBs, as there is a risk at the level of the CB audit. They also try to facilitate collection and sharing of data to encourage more reliable audit outcomes. On the group size it is difficult to set a number. There is also a tendency that bigger groups can have better data tools and be managed from professionally than smaller groups.

The opinion was expressed that the key is more surveillance and good enforcement, rather than prescriptive requirements. On the other hand, enforcement also needs clear requirements, as vague requirements cannot be easily enforced.

Overview current CB practices: sanctions

In this initial round of the workshop, none of the CBs present reported that they had detailed internal guidelines for determining the sanction in case of non-compliances found, e.g. thresholds of non-compliant farms found that ICS had failed to detect. A certifier mentioned that they attempted several times to set a detailed sanction policy, but that they have not managed to do so, as staff tended to manipulate inspection results depending on the policy. One approach was, in case the CB found application of chemicals, to require the ICS to re-do all inspections and have


organic sales blocked during this process (suspension). Another certifier mentioned that they have started discussion internally in the past few months, how they could develop a clearer sanction policy for groups.

Discussion on group size and organization

The consultant first presented the results of the FiBL study and then IFOAM-Organics International expert survey. The slides presented to the participants are included here.

FiBL Study Findings: Group Size

- **Groups vary greatly in size** (20 - 80'000 farmers per group)
LA: 80-250 producers; Africa: 300 - >10'000; Asia: 300 - >1000
- **Big groups often organized in sub-groups** but no rules on this
- **Homogeneity & proximity** of group members varies considerably
- **Tendency towards larger groups**
2nd degree coops & traders with affiliated farms



- **External control rate extremely low in very large groups, e.g.**
 - 10'000 farms → 100 re-inspected = 1%
 - 40'000 farms → 200 re-inspected = 0.5%
- **NPOP India: max 500 farms/ICS**

Source: FiBL (2019): Group Certification
Workshop Organic Group Certification Requirements, May 2019

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Certification Costs vs. Group Size

Certification costs per producers decrease strongly with growing group sizes, although risk increase

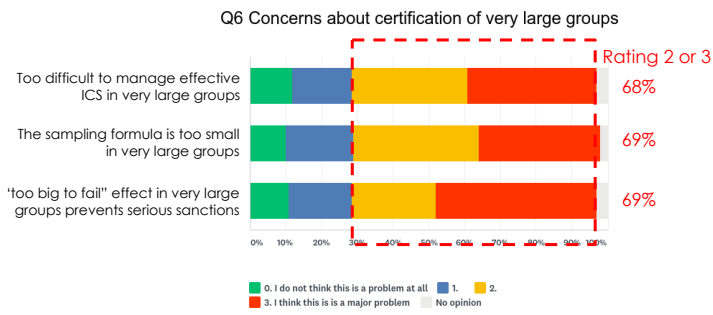
Region	ESTIMATED Costs of External Certification per PRODUCER				
	Group < 100 producers	Group of 100-500 producers	Group of 500-1000 producers	Group of 1,000-5,000 producers	Group of > 5,000 producers
Central & South America	25-60 €	8-20 €	5-9 €	2-7 €	not common
Africa	20-60 €	7-16 €	4-8 €	2-6 €	< 2 €
Asia	35-70 €	9-20 €	5-8 €	not common	not common

Source: FiBL (2019): Group Certification

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Q6: Concerns about very large organic groups

Answered: 103 Skipped: 25



> 68% consider certification of very large groups a problem / major problem



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Q6: Comments – concerns about group size

- **Many important aspects of an ICS do not happen in very large groups:** capacity building, strong connections & knowledge transfer among members of the group (4x).
- **Too big groups are very difficult to be inspected and certified properly,** number of farmers inspected is too small. Sampling may not represent all the farmers in a group. (3x)
 - **Problem is qualification of ICS staff & CB's staff, lack of resources, lack of supervision and/or commitment, not group size (7x)**
 - **Control procedures should be set case by case/ by CB, important to also consider other risk elements**
 - **Effective functioning of group can be done in clusters/subgroups**



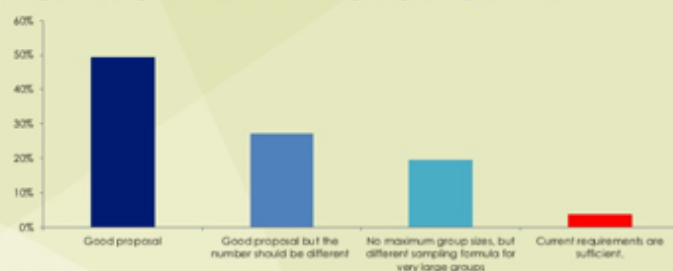
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Q7: Proposal maximum group size

Answered: 100 Skipped: 25

Large groups need to organize their producers and ICS in defined sub-groups with a maximum of 1000 producers each, with similar production systems and in close geographic proximity. ICS management can be central, but there must be assigned ICS staff and accessible ICS documentation for each sub-group site. CB would need to visit all subgroups, re-inspecting the minimum number of growers of each subgroup (square root sampling approach). Slight flexibility (up to +20%) for homogenous group/subgroups in close proximity.



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Q7: Discussion of Proposed „Maximum Group Size“ Requirement

78% agree that it's overall a good proposal.

- “Good proposal. At somewhere between 1K and 1.5K I have found that ICS tend to become more difficult to manage.”
- Groups with few thousands of members should be the limit, if structured well (e.g. by sub-groups). Bigger groups should not be allowed (2 x)
- Sub-groups should be inspected externally but with efficient paper work
- Sub groups would allow for partial decertification.

However, a total of 26% think that the number should be different:

- Subgroups 1500-2000 farmers could still be ok (in optimal conditions)
- Look at PGS where farmers still have interaction **Max 800 farmers** in a group. (2x)
- Subgroup size **max 500** (3 x).
- Subgroups max **200-250** producers (2x).
- Better to establish upper limits regionally or by commodity crop (2x)
- Depends on size of the farms and number (and location) of fields.



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Q7: Discussion of Proposed „ Maximum Group Size“ Requirement

- **18% think that no maximum group size rules are needed, but that a different sampling formula or rules are needed for groups above a certain size.**

- “It is not necessary for to re-visit all of these ‘sub-groups’ under 1 field officer. Proper random selection of the ‘Sub-groups’ to be re-visited gives good results”
- “Sampling formula should change that similar %s of farmers are re-inspected independently of the group size”

- **Only 4% think that there should be NO additional rules on group size and that the current requirements are sufficient!**

Term “sub-groups” often used for small sub-groups of farms under one field officer → maybe the term “ICS-Centre” in the proposal would be clearer



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Following this presentation, the moderator opened the discussion amongst the participants. The following points were made during the discussion:

The square root calculation was agreed upon at a time in history where groups were only a couple of thousands of members at most. This calculation maybe wasn't designed with in mind the possibility that it would one day be applied to groups as large as 80,000 members.

There was a discussion about the eligibility criteria for groups under the new EU regulation. The basic act of the new EU organic regulation cannot be changed. Article 36 is the article that relates to group certification requirements and it cannot be changed. The EU Commission defines a group as a legal entity only composed of members who are farmers. In that scenario, an ICS managed by a Federation of Cooperatives might not qualify as a group. The group (and therefore the ICS) should be at the level of each cooperative (the group having farmers as members), not at the level of the Federation of cooperatives. Clarification on the issue of federations of cooperatives would be needed, as they are a form of certified group in many countries, including the EU (Italy).

There is also an ambiguity on the case that the ICS is run by processors or traders and how this would fit under the new regulation, because although the trader is a legal entity, there is usually not a separate “legal group entity” of which the farmers are members. The expert explained that so far the EU has accepted groups run by processors or traders. The legal entity certified as the “group operator” in this was the company with its affiliated farms who are considered the members of the trader-led organic group. Organic farms in trader-managed groups are estimated to represent less than half of all farms in ICS groups world-wide. The participants expressed the expectation to the EU Commission representatives that these types of groups would be still allowed under the new regulation, as the “classic” form of a member-owned farmers-association / cooperative does not work equally well in all parts of the world and in all products. Exporter-managed ICS groups are often well-run and can provide very good training and services to farmers. It will be important to discuss this key aspect further the commission.

It was also indicated that the EU Commission might develop further rules to determine what qualifies as geographical proximity.

Technology matters, not just the group size. If the group is using good technology in an appropriate way, the size of the group doesn’t matter. It is important to look into existing and future technologies. There exist data tools that can be used to transfer data to the certifiers and or to the clients (useful for the market). Some front-runner companies are making use of those tools to increase the reliability of their system. Correct use of any tools however depends on management commitment to transparency and good management practices to ensure correct use of tools, so technical tools alone won’t solve all problems.

In relation to the data presented on the average cost of certification per producer depending on group size, it should be noted that the average cost per producer is much smaller in big organizations. E.g. in Africa some groups are very large but their members are very small. On the other hand, it was observed that internal costs for the ICS are normally much higher than the external certification costs. Inspection is itself often a small share of the cost of certification.

Currently, organic certification is not necessarily very attractive for farmer groups. There are several cases of producers and producer groups dropping out of organic certification because of the cost. The premium price is in some cases not enough to compensate for the additional cost of production and certification, or not enough volume can be sold at premium price. There is a risk that if we put the threshold very high, it will be too complicated for some producers/groups to come into the system.

Credibility is important for the market, but there is also a risk that quantitative requirements are taking over qualitative requirements or quality. It is quite easy to create a system which on paper is going to look good, but in reality will not promote quality. It is important to reinforce existing rules before creating new ones.

It is important to consider the harmonization of group certification requirements around the world, especially between the EU, NOP and Canadian systems.

In organic certification, there are no detailed prescriptive requirements about the management system, which is an important difference as compared to other schemes and leaves the group the liberty to design their own system according to their specific needs. Groups should be big enough to have the resources to run a management system.

A participant pointed out that there are no official requirements related to capacity building of farmers by the ICS. One idea would be to mandate that capacity building is done and mandate a certain presence of field officers who train and advise farmers, for example that for each 500 farmers there should be at least 1 field officer. This would also be a way to encourage job creation, and have a positive effect in many aspects. Very large groups can be problematic from a social

point of view, e.g. with regard to power structures or less social interaction. In that sense a cap on group size, e.g. Indian NPOP requirement of maximum 500 farmers in a group can be useful.

It was observed that trying to set a limit to group size is equivalent to trying to set a limit for the size of African producer groups, as in effect in other regions there are currently no such very large groups as in Africa.

Several participants provided reasons why groups (especially in Africa) tend to consolidate into very large groups. One factor is to gain bargaining power in terms of market access, as farms tend to be very small, they need big number of farms in order to reach volumes that satisfy buyer demands. On the other hand, other participants believe that groups will consolidate as much as they can in order to save on certification cost, but that this might be compromising oversight and quality. Supervision is not so close when the groups are huge. Therefore there should be a limit put to this trend.

One participant expressed the idea that the requirements should not set a size limit to groups but should oblige CBs to set a size limit for themselves based on the local situation. As a general principle, certifiers should prove to their accreditation body that what they are doing is correct, but this does not mean that fixed rules have to be set.

Participants also expressed the idea that it would be very artificial to break down the groups in clusters of pre-defined maximum number of farmers. Very large groups usually function based on some sort of “natural” clusters which are based on geography or other factors. It might also not be the best to apply the square root to each of such geographic cluster. Instead, sampling might make more sense if applied to different commodities (in case a group is certified for several commodities).

In Africa the farmers are already clustered in sub-group. Having a requirement for clusters, if flexible enough to adapt to existing clusters, could be a way to formalize those existing structures.

One opinion was expressed that in general setting such prescriptive rules will not manage to create a level playing field for certifiers. Even with a few more rules, the playing field will continue to remain completely uneven, so we should refrain from using the level-playing field argument. We can talk about organic integrity, but not level playing field.

One argument was that group size was not such a key factor. According to the CB participant there are 3 clear areas where ICS usually fail:

- Getting the data right (how many fields, how much yield) is the most common ICS failure that can be linked to lack of training and capacity, or lack of tools and resources – but also to fraud.
- Doing real internal inspections. In many ICS, the internal inspectors do interviews, not inspections. Certifiers need to develop tools and criteria to assess this aspect of how well internal inspections are done.
- Identifying non-conformities: if the ICS is not able to detect major non-conformities which threaten organic integrity, it is failing. A good ICS would not come up with no non-conformities at all after a full round of internal inspections.

Those different types of failures are linked to the lack of competence, or to conflicts of interests within the ICS. Certifiers must develop competence and tools to deal with this.

In conclusion, participants expressed that this issue of the group size is probably not the major problem in all the topics that are foreseen for discussion in this workshop, and it is also very complex to deal with. Requirements should not arbitrarily tell the group how to split. Instead of numbers, we should focus on the ICS having a structure that enables the certifier to keep the control over the entire group.

However, it is acknowledged that very few certifiers will have the courage to decertify a group of tens of thousands of members, because the impact of the supply chain would be too huge. It was


recommended to provide some proposals to the EU commission on how to deal with this. At that point, it was agreed to park the discussion for later (see report of the second day).

Discussion on external farm re-inspections

The consultant first presented the results of the FiBL study and then IFOAM-Organics International expert survey. The slides presented to the participants are included here.

FiBL Study : External Farm Re-inspections

- **Lack of risk focus & risk awareness**
- **Often not thorough/efficient** at detecting all non-conformities
- Sometimes **without field visit nor farmer interview**
- **Number of re-inspection & inspection times vary** greatly between CBs
- **Risk assessment & categorisation** vary considerably
- **Lack of focus on evaluation of ICS functionality**
- **Too predictable & at the same time**



- **UTZ : maximum of 6 farms per day.**
- **GLOBALGAP has a 2-3 hour minimum rule** for internal & external inspections
- **Turkish Organic Regulation: 100%** inspection required; **max 6 farms** per day

Source: FiBL (2019): Group Certification

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Q6 & Q10: Comments - external control rate

- **The (USDA NOP) requirement that all NEW group members must be externally inspected is very expensive, it should be a sample. (2x)**
- CBs must be given additional guidance with respect to re-inspection number of operators to visit. Inconsistencies should trigger significantly higher number of farm visits
- Mathematical calculation of sample only works if members are homogeneous (geographically, cultures)..
- Individuals should be sanctioned not whole group when only a small number are noncompliant (2x) → *discuss in Session on Sanctions*
- CBs should be required to inspect larger numbers of small holders during initial inspections and/or when a group changes from one CB to another.
- Try to harmonise group certification procedures with other seals and standards

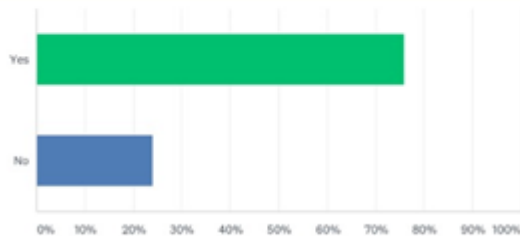
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Q14: Duration & thoroughness of external re-inspections

Answered: 79 Skipped: 46

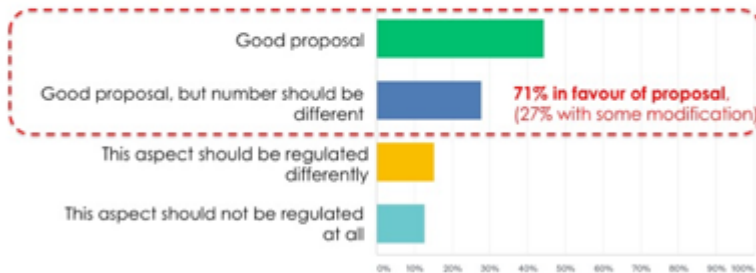
Does the current lack of guidance or oversight of the duration & thoroughness of external farm re-inspections jeopardize the overall group audit quality?



Q15: External Farm Re-Inspection Proposal

Answered: 79 Skipped: 46

For the re-inspection of group members, the following restriction shall apply: maximum 6 farm re-inspections per inspector and per day (on average over the whole group).



Q15: Comments Farm Re-inspection Restriction

50% think that this is a good proposal

- The number of inspections per day is a strong competitive factor. Important to set max. inspections per day or a minimum inspection time
- 6 farmers /d is the best compromise and worldwide applied by UTZ.
- 4 to 6 farms by day are common & work well.
- Proposal avoids inspectors losing attention
- Justified exceptions need to be possible & monitored by accreditation body.

27 % think it is a good proposal, but different numbers needed

- 4 -6 farms per day (2 hours per farm) (3x)
- Up to 8 producers per day (2x)
- Up to 10 producers/day (6-10 farms, depending on distance, size, risk) (4 x)

- Number should be 50" (proposal from India)
- "I have performed 15-20 inspections a day"



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Q15: Comments- different approach needed

26% think this should be regulated differently or not at all

- Should be determined by CB on a risk basis
- CB should publish criteria for determination of number of visits and make number of farms visited per day public together with operator list.
- Situation in the EU is different → would need to collect data & calculate how many farms can realistically be inspected there

Also the categorisation into normal-medium & high risk operations is a competitive factor and additional guidance may be needed



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Following this presentation, the moderator opened the discussion amongst the participants. The following points were made during the discussion:

In discussing the length of external inspections, it is important to clarify whether we are talking about full-farm re-inspections, risk-based partial inspections focusing on certain aspects (which can be shorter), or witness inspections (→ See later discussion and conclusions).

Any number set in requirements should be based on what should be done during the inspection. In Rainforest Alliance/UtZ, the maximum number of external inspections per day per inspector is set at 6, but the number might even go down in the future, as the scheme will add some quality check requirements to the inspection protocol.

Based on common travel time requirements (inspectors do not start the day right in the village but usually travel maybe an hour from the next town where they are staying to get to the fields for inspection) and assuming the need to have at least 45 minutes to 1 hour for the inspection of each farm, we come to a maximum of 6 farmers per inspector and per day, which seems a very

good compromise. It is really important to have a threshold in order to ensure quality, and that inspectors are not pressured to do more in less time.

It is important that the full farm inspection is done thoroughly in order to be able to compare the external inspection results to the documents that are maintained by the ICS (results of the internal inspections), which is the only way to assess whether the internal inspection job has been properly done, and to confirm that farmers are real farmers with real fields.

Some participants mentioned that there was much more consistency in the way that external inspections are conducted in the case of GLOBALG.A.P certification, as compared to organic certification. One factor mentioned was that GLOBALG.A.P has an integrity program to monitor the work of both certifiers and accreditation bodies and this proved to be really beneficial to improve consistency. Another factor is that certifiers use the same check-list set by GLOBALG.A.P, common compliance criteria, etc. In organic certification, certifiers don't have such common tools.

Normally, it should be the job of the accreditation body to note that there is something wrong if the certifiers are doing 20 inspections a day. There is a physical limit to how many inspections you can do in a day. The inspection protocol must be justified.

In conclusion, there is a good share of participants who agree that limiting external inspections to 6 farms per day could be a good compromise. The discussion is put on hold until day 2.

Day 2: Who can be certified as a group; ICS requirements, sanctions

On day 2, two representatives of the EU Commission joined the workshop.

Finalization of discussions on group size and external re-inspections

A compromised language on the issues of group clusters and external inspection length was proposed to the participants based on discussions held on day 1. The question was asked to the participants whether the proposed approaches would be something that they thought could serve as a basis for a future requirement, to be refined and further worked on through email consultations with experts. Participants were asked to provide a hand vote of whether or not they would support the kind of requirement proposed ("Is this going in the right direction?" was the question put forward to the participants).

Conclusion Size & Clustering

On the issue of group size and clusters, the following proposed approach was put to the participants:

"In very large groups (e.g. *above 5000 farmers*), group members should typically be organized in a clustered structure that:

- allows proper oversight of all farmers, and
- ensures the presence of field officers and ICS management staff for each cluster.

Using those established group clusters, the certifier should:

- verify the well-functioning of the ICS at the level of each cluster.
- may apply sanctions either to individual clusters or to the entire group.

Minimum re-inspection sample above 5000 will be a fixed percentage (1,5% -> 2% depending on risk factor)."

It was explained that the 5000 number was just an indication, to be discussed later, and that the idea came through informal discussions after the workshop Day 1 that the proposed approach was a way to address several concerns expressed on day 1, without setting an arbitrary limit to group size.

The concerns that this approach would address were:

- The unintended effect of the square root formula, leading to hyper-consolidation of groups in order to minimize certification costs and oversight. Putting a cap on the square root would cancel out this effect beyond a certain size.
- The “too big to fail” effect whereby very large groups are no longer risking de-certification, by adding a possibility to have sanctions (including de-certification) applied to clusters within the group if needed.
- The risk of low quality of farmer oversight and insufficient presence of field officers within the ICS for large groups.
- The need to let the group size be governed by market economics as opposed to arbitrarily dictated by requirements, and to let the ICS make use of “natural” clusters as opposed to arbitrarily externally-imposed clusters dictated by requirements.

A hand vote was organized, again asking the question of “Is this going in the right direction and can we start working from there towards a requirement?”. Most workshop participants agreed that it was a good compromise starting point. 3 participants out of 35 were against.

A remark was made that the legal feasibility of this approach under the EU regulation would have to be explored, especially with regards to the possibility to sanction subset of a group. There are some doubts whether the EU commission would permit the option to sanction only a sub-set of the group.

There was a short discussion about the relation between the square root and the fixed percentage calculation, and it was agreed that mathematical scenarios could be put through the test during the coffee breaks by interested participants.

Conclusion: Farm Re-Inspections

The proposed requirements were phrased (tentatively) as follows:

“[referring to requirement 8.3.4.7 of the IFOAM Accreditation requirements, i.e. the square-root-based re-inspection sample] “The sample referred above shall be composed of full farm inspections, for which the number of farm inspections performed per inspector & per day is to be recorded and centrally documented at the CB level.

This number is expected not to exceed an average of 6 farms/inspector/day, except in very specific cases, with justification to the Accreditation Body.

(Issue-focused partial inspections are also recommended and may also be done at a higher daily rate, but come on top of that minimum sample, not in replacement of full farm inspections).”

This proposed approach gathered consensus amongst the workshop participants, so IFOAM-Organics International will use it as a starting point for refining a possible requirement and position towards regulators.

Discussion on group forms and control of bigger farms

The consultant first presented the results of the FiBL study and then IFOAM-Organics International expert survey. The slides presented to the participants are included here.

FiBL Study : Size of farms / Control of larger farms

- **Developed for smallholders. Bigger farms are commonly part of the group** with annual external inspection – implementation varies!
- **New EU Regulation: restricted to small farms**
less than 5 ha / 15 ha permanent grass land
OR <25'000€ turnover / <15'000€ organic output
OR certification costs >2% of turnover)



Source: FiBL (2019): Group Certification

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Typical farm sizes* in groups:

- LA: 2.5 - 4ha
- Africa: 1-2ha
- Asia: 1-2 ha

*larger for some crops

UTZ restriction:

> 20ha certified crops and/or > 10 workers
need annual inspection & adapted checklist

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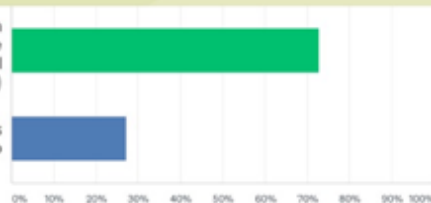
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Q8: Allow farms that are larger than "small farms" in group certification?

Answered: 88 Skipped: 37

Important to allow also medium and large farms as part of the group certification (with annual external inspection)

No, medium and large farms should not be part of the group



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Q8: Comments - Larger farms in Group Certification

- **Medium and big farms can strengthen the group and its competitiveness:** can be "key farmers" that convince & train others (3x)
- **The size of the farm is not all that important – but it is important that there is no loophole to avoid annual inspection.** (3x).
- **OK if the larger farms are strongly connected to the group, and if ICS has effective specific procedures for these farms** (risk analysis, inspection, agreement on volumes) (2x)
- **Medium sized farms can be a part of the group certification, but large farms should be individually certified** (2x)
- Some % of larger (preferably medium) farm should be allowed but they should not prevail.
- Larger farms should undergo more frequent inspection visits, in addition to the minimum number of the square root approach

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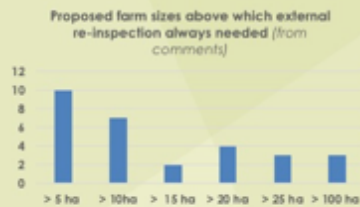
Group certification is smallholders only!

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Q9: Size above which a member should always be externally re-inspected

Answered: 68 Skipped: 8



42 suggestions of suitable farm size threshold

Proposal based on Turnover

- Turnover of 20'000€ (2x)
- Turnover of 50'000 & no area

Proposals in relation to average/smallest member farm size:

- 1.5x larger than the average size of the holding (2x)
- 5-10 times bigger than the smallest farm (2x)

Proposal depending on crops / crop value

- High value crops 5 ha, others 20 ha
- 5 ha vegetables and 10 ha other crops



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Q9: Comments – against a set farm size threshold for external re-inspection

26 comments against a set size threshold

- Case by case / risk based decision needed by competent inspectors (6x)
- Size should be set by region / country /continent (5x).
- Depends on crops, value of crops, turnover and size (4x)
- Let the regions and CBs establish their criteria and check how it works during the accreditation processes



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Q10: Individual Farm Control for large farms?

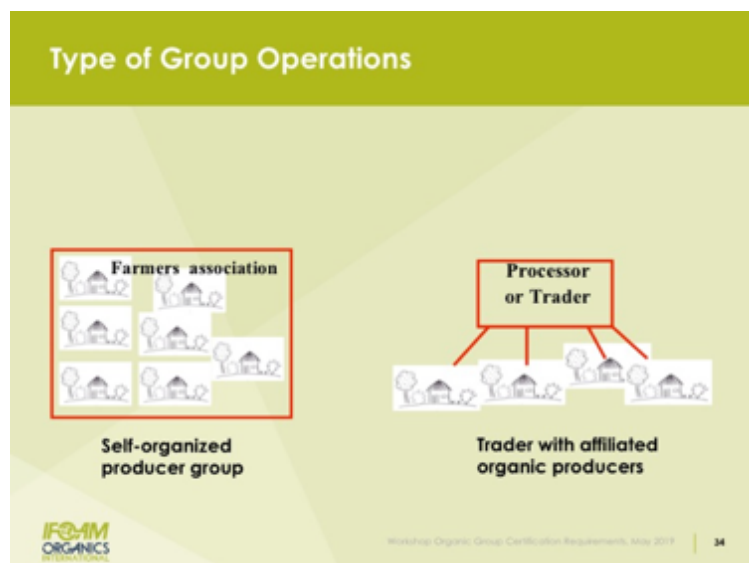
Answered: 82 Skipped: 43

Should there be a size threshold above which a large farm in a group should be inspected and certified according to individual farm control procedures?



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Following this presentation, the moderator opened the discussion amongst the participants. The following points were made during the discussion:

New EU Regulation Size Restrictions

It was clarified by a participant that under the EU regulation basic act, to be part of a group, a farmer would only have to fulfill one of the size restricting conditions. For example, if the individual certification costs would represent more than 2 % of his turnover, he could be part of a group even if his farm was much bigger than 5 or 15 ha. However, someone remarked that having the option between criteria that are so far apart gives the impression that the criteria for who can be part of groups are self-contradicting : e.g. the 25,000 Euros turn over does not correspond at all to the range of what corresponds to 5 ha. Having a fixed monetary number set in stone as a criteria in the basic act is also another potential problem: what will happen over the years, with regards to inflation and exchange rates? The Commission will need to clarify whether or not it will be possible to amend those criteria that are already written in the basic act, through the delegated acts (there was no final agreement on this within the participants).

On the topic of applying those group access criteria to the EU situation, it was mentioned that it could make sense to add something specific for the situation of animal production (however this is not relevant for third countries). Also the interpretation of the 5 Ha threshold needs additional clarification to be well understood by groups: is it the production area (of the certified commodities) or is it the size of the entire farm?

The opinion was expressed that the size criteria in the new EU regulation are euro-centric. On the other hand, it was reminded that the 2% turn over criteria is still one of the option and it is not new and corresponds to what is in the 2003 guidance that was designed for developing countries. However, it was also acknowledged that this 2% turn over criteria is not really easy to calculate and use in practice. It is also problematic because the cost of certification varies amongst certifiers and therefore this would impact fulfillment of the criteria or not. Moreover, the current 2% rule only referred to the need for external re-inspection, and not to the fact that such farms could not be part of the group.

Also, it needs to be noted that in the new Regulation, the 2% rule is only applicable if also the farm is under the turnover threshold – which has not been tested in Third countries either: *Art 36.1b (i): the group shall only be composed of members of which the individual certification cost represents more than 2 % of each member's turnover or standard output of organic production AND whose annual*

turnover of organic production is not more than EUR 25 000 or whose standard output of organic production is not more than EUR 15 000 per year.

New EU Regulation: larger farms in the group

There is a need for clarification on the interpretation of the EU basic act, on whether large farms could still be allowed to be part of the group (as group members) while being externally inspected and/or whether they would have to have their own certificate or not. Workshop participants discussed what it would mean for large farms to be required to have their own organic certificate (new regulation), as opposed to been allowed to be on the group certificate while being 100% externally inspected (current situation). Many of the typical “larger” farms in groups, which are currently annually re-inspected because they are larger than “smallholders”, could possibly still fit under the 2% turnover option.

Would the new stronger restriction really have a strong impact on the livelihoods of millions of small farmers? If not, it may not be that important to spend a lot of time advocating in favor of inclusion of large farms into the group.

New EU Regulation: discussion of different group forms

There was a discussion on the interpretation of the EU regulation concept of what is a “legal entity” and the definition of a “group of operators” in the Basic Act: it is currently not clear whether the trader-run ICS structure would be accepted. However, all participants agree that it is crucial that the EU continues to accept trader-run ICS and that the Commission should be referred to the 2003 group certification guidance that they had published, in which point 6 and 7 clearly mentions both options: the co-operative option and the exporter affiliation option. Also under the existing EU Guidelines, it was always a requirement to a legal entity – but in case of trader-run groups, the certified legal group entity was simply the trader/processor.

EU Commission general update on group certification work

At this point of the workshop, the EU Commission representative gave some updates on the status of the work on group certification requirements within the Commission. It was explained that the EU Commission has not started yet the discussion on group detailed requirements for the delegated act. Those discussions will start in September. The Commission is interested to receive any study related to the topic of group certification.

The Commission is already aware of some of the critical issues related to group certification and intend to work on them, for example the problem of multiple certification of some group members which is perceived as a risk for fraud. However, the Commission is interested to receive an overview of the main problems related to group certification and would like some feedback from stakeholders on how far they would expect the secondary legislation to regulate the topic of group certification (how detailed the requirements should be). The general question is whether stakeholders generally prefer a risk-based approach leaving many aspects to be decided by the CB based on the assessed risk, or whether they are in favor of having many detailed requirements in the regulation. There will however clearly be a need for further details than what is currently regulated in the basic act. For example, the basic act currently does not mention that operators in the group must have similar production systems, yet it seems that this should be included.

Discussion of ICS Requirements

Capacity Building and Conflicts of Interest

The consultant first presented the results of the FiBL study and then IFOAM-Organics International expert survey. The slides presented to the participants are included here.

FiBL Study: ICS Staff & Conflicts of Interest

- Well qualified ICS staff and effective internal ICS management is a key success factor and a major challenge.
- Required ICS staff competency can vary according to risk
- Conflicts of Interest / Separation of advice & internal inspections
 - Regular contact with field officer & training can be better guarantee for compliance than formal annual inspection.
 - Current requirements result in less field extension services and this may be a greater risk than the actual conflict of interest.



Source: FiBL (2019): Group Certification



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FiBL Study: Farmer Capacity Building and Training



- Intense field extension services, trainings and capacity building considered very important and key success factor
- Currently not consistently included in organic group requirements
- Training is compulsory in UTZ and GLOBAL.G.A.P

Source: FiBL (2019): Group Certification



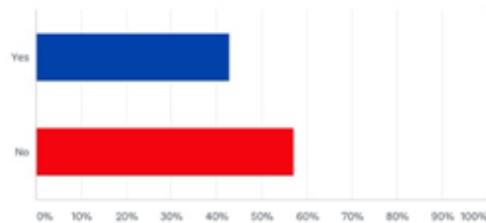
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Q10: Conflict of Interest Inspection-Advice

Answered: 85 Skipped: 40

Do you think that internal inspections would be less thorough if the field officer who conducts the internal inspections also provides training and advice?

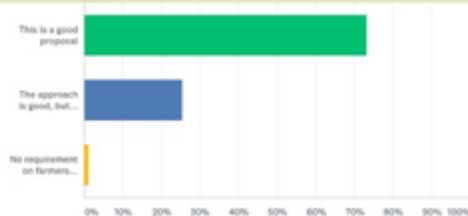


Q13: Proposed new training / farm extension requirement

Answered: 82 Skipped: 43

Training shall be provided to producers on all relevant topics of organic production

- **Annual training plan**, based on a needs assessment which includes findings from risk monitoring, internal as well as external inspections.
- **Training to be carried out by competent personnel or experienced farmers**
- **Records** are kept for each training. Individual advice given to farmers is recorded
- **Field officers may provide advisory services during the internal inspection** this does not per se constitute an unacceptable conflict of interest.



Q13: Comments on training requirement

- **Conflict of interest is not the main issue** but the competence of the inspectors and implementation. The root cause of missing effective implementation are not conflict of interests.
- **Training is very important** but financial resources are the limiting factor. ICS projects should get support from Govt. / buyers!
- Lack of competent personnel must be approached, **train the trainer in organic beyond "organic by default"**
- **Modern training methods** (also for illiterate farmers) necessary
- In many countries **government's extension officers must be involved in training** and aspects of supervision and compliance
- Basic training ok during inspection.
- Good training to all the stakeholders is essential
- **Internal inspectors should NOT provide advisory services during inspection. (3x)**
Extension service should be provided at another time. Ideally by field officer.
- **Practice to swapping field officers to another area for inspection, gives greater reliability and should be maintained**
- **Trainings should be provided by specialist(2x)**
- **Careful with the record keeping requirements.** Having to record of individual advice is ridiculous!
- Annual training can be advisory field visits.
- During an internal control visit, only advise related to non-conformities allowed (2x)
- **Not all groups need a formal annual training plan** (external training, field advice services, farmer exchange rounds).
- **Conflicts of interest, esp in places with a lot of corruption to be categorically avoided.**



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Following this presentation, the moderator opened the discussion amongst the participants. The following points were made during the discussion:

We need to take into account the specific situation of the global South: in most cases, there are no extension services. If the ICS does not provide training to farmers, nobody else will fulfill this role. Yet we all know the importance of training for ensuring compliance with the standards.

The acceptance of the concept of group certification is already acknowledging that the control within the ICS is internal, so in that sense, the supposed "conflict of interest" in providing farmer training should not be a concern. The impartiality logic of certifiers does not apply within the ICS. One opinion was raised that even for CBs the conflict of interest between inspection and providing consultancy/advice is far from the biggest conflict of interest that may jeopardize the impartiality of certification decisions, so it's certain not worth focusing on this issue in ICS. In any case, we should allow internal inspectors to also do extension within the group: there is a broad agreement on this within the workshop participants, and also a general feeling that it would be desirable to add some requirements about the need to provide training to farmers, as a major tool towards compliance.

It is clear that some basic principles need to be respected to avoid the most obvious conflicts of interest of internal inspectors, e.g. they must not be allowed to inspect their own relatives or act as buying officers with incentives to buy high volumes.

Discussion on the possibility for farmers to belong to several groups

Participants discussed the problem of farmers registered in different ICS, which had been raised as a concern also by the EU Commission participants. It was explained that sometimes farmers are in different groups because they produce 2 different commodities. It also happens that even for the same product, a farmer can be in 2 different groups if he/she sells to 2 different traders. For example, a farmer may sell fresh mangoes within one group, but the old mangos go for juicing through another buyer and therefore another group.

In terms of banning the practice of one farmer being in 2 groups, the practicalities of enforcing this requirement might be complicated. For example, farmers would register the wife in one group and the husband in another group but actually it is one farm and the separation into 2 farms (on paper) could increase the risk of fraud. Some groups register the names of all the family members living on the farm, but even then, focus on the farm name can be quite complicated in

some countries. By focusing on the farmer of people we are losing track of the most relevant issues which are: time, space and product. Having one product from one farm under only one ICS is better for the control. This should be the way to go in the future. Maybe GPS data on the fields (as opposed to who owns the fields) could help to solve this. Beyond the farms, we need even differentiated field level data, because in some cases some fields are acceptable under NOP but not under EU or vice-versa. Technology is in infancy but IT tools could help in the future. Some companies are using Unique Identification Codes for each plot, and those cannot be changed, even if the owner changes.

On the other hand, how to cross check even high quality data amongst different groups potentially certified by different CBs, is not an easy question.

An opinion was expressed that in practice the issue of selling more organic products than what is produced on the farm is not a really significant issue, because in most cases the trading company anyways buys only 10% of what the farmer produces. From a farmer perspective, it is justified to have several sales options to maximize the chances of being able to sell the produce. Regulatory requirements should not encourage the dependence of farmers from only one buyer.

Other participants had a different opinion, saying that the practice of double-selling (fraud) is indeed happening, and that it is very important to somehow regulate it. Normally, one can argue that selling to different buyers does not fit the concept of group certification. If a farmer wants to have the liberty to sell to whichever buyer he wants, he should have his own certificate. The key is the exchange of information between certifiers. If the practice of belonging to several groups is allowed, there should be rules on what additional checks must be performed by the certifier to guarantee that no double-sales are happening. One participant suggested that it should be the responsibility of the ICS to inform other groups and the certifier in case they are aware of farmers selling through different channels.

It was mentioned that there is also inconsistency between different European accreditation bodies on how they deal with this issue. One accreditation body was mentioned to not allow organic certifiers to accept the practice of farmers being registered in 2 groups: they must sell all their organic produce through 1 buyer only. At the same time, some other certifiers in the EU are allowed by their accreditor to accept farmers belonging to different groups. This is a problem: there should be a consistent rule for all certifiers.

Participants remarked that other certification schemes (e.g. Global Gap) have also faced this problem, and they have solved it by ruling that it is not possible for a farmer to be on several certificates with the same products. Farmers can change every year which group they sell to (the principle is 1 buyer / product / year), but for this, groups need to have a very good recording system.

Several participants pointed out that the desirable situation would be to have farmer cooperatives who are owners of the certificate, not the trader, as in this setting the cooperatives usually have the incentive to enable marketing (and hence certification) of all major crops grown by members. However, almost all groups in Africa are exporter-driven because of lack of capacity on the farmer side and the cooperative approach does not work equally well in all regions of the world and not for all products.

Discussion on farm data and transparency

The consultant first presented the results of the FiBL study and the IFOAM-Organics International expert survey.

FiBL Study – Findings ICS Farm Data



- **Farm data collection and processing is a major challenge.**
 - Quality basic data is very important for verification.
 - Increasing use of GPS for farm size & location → substantial improvement: will become compulsory in UTZ/RFA



- **Digital tools and information systems can be very useful**
 - Need to be simple & relevant for the farmers
 - Training needed & motivation to collect good data
 - No open access tools; Very time consuming & costly!

Source: FiBL (2019): Group Certification



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FiBL Study: Lack of transparency



Lack of transparency, data & oversight focus

- **Group certification not a separate category** in organic regulations
 - any CB approved for farms can certify groups
- Certification do not yet always indicate that it is group certification, nor number of farms.
E.g. a farm & processing certificate can mean 1-2 farms with processing or 10'000 farms of unknown size
- Group certification not indicated in public operator lists, no statistics

Source: FiBL (2019): Group Certification



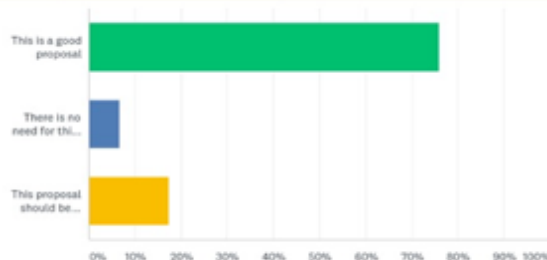
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Q20: Proposed Publicly Available Information

Answered: 75 Skipped: 50

The public operator certificate of a grower group indicates that this is a group certificate and the total number of farms certified in this group



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Following this presentation, the moderator opened the discussion amongst the participants:

Farm data & tools

From a producer group perspective, a big problem is that currently there are no open-access software tools available for organic ICS management. There exist some excellent tools on the market like the “Group Integrity” software from Organic Services, but their price is too expensive for most producer groups to be able to afford.

The Rainforest Alliance representative explained that RA is looking into data collection tools, both for business intelligence and for use by certifiers to facilitate inspection. The conclusions of this discussion will be reflected in their new standard. They might require that some of the information generated through the ICS will be shared with the certifier to optimize the audit process, however some other types of information might not.

In Fair Trade, the scheme does not describe what the management systems should consist of. They do not require a mandatory software either: they leave this to the producer organizations to decide.

It was reported that there are some attempts in certain countries to use a joint software amongst different groups in order to have better traceability. The idea is to have only one database for an entire territory, which would make it easier for the authorities to have oversight as well.

It was also reported that within ISEAL they are trying to encourage transitioning towards polygon farm data, and also to have the inspector be able to attach issues observed to precise points of the map. They also want to encourage sharing of information across schemes, for example by trying to set-up a common database across schemes. The idea is also that voluntary certification schemes could act as information brokers.

Transparency and public information

The biggest problem with data transparency is in the case of contract production, because the certificate is for the trading company, indicating that also agricultural production is certified and there is no way of knowing whether this is a processor with e.g. 1 company farm, of a trader processor managing a group of thousands of farms. In case of co-operatives, the group’s name usually at least allows to identify the operation as a group. In both cases, the certificate does not indicate explicitly that it is a “group of operators”, nor the total number of farms covered in this

group certificate. Very few certifiers (which includes all IFOAM accredited CBs, as group certification is a defined specific scope) report the number of group members in their public certified operator lists. The list of certified group members is currently not published by CBs and certainly not considered part of the public information about the operation – on the contrary it is usually treated as very confidential information as the list indicates areas and yield estimates.

The EU Commission clarified that in Article 35 on certificates, the rules apply to both individual and group certification, so the requirement to have certain publicly available information that includes the list of members for groups is clearly specified and this problem is solved in the regulation. Generally speaking (not just for group certification) the Commission is analyzing the feedback of experts (including EOCC) on what kind of information needs to feature on certificates. The discussion on the certificate will conclude shortly.

Also, the EU plans to develop an EU database accessible for all certifiers (including certification in third countries). This will require a software development process, so The EU Commission cannot make a precise commitment on the timeline, but it is going to happen. They will define exactly what is a certificate, what type of information it will contain. Currently there are completely different opinions amongst the EU member states on this question, which is therefore not easy to solve. The Commission will try to find the majority of opinion, but it is not going to be a mathematical average of opinions.

Having acreage data on the certificate would be ideal, but it is a question whether certifiers today even have acreage data on the groups they certify? There is a shared feeling that the whole organic certification system (not just for groups) needs increased transparency, but we should be careful not to overload the requirements with what is still just “best practice”. On the other hand, number of farmers, field location, acreage and yield estimate data are really the crucial points for integrity for organic certification in general.

Ownership of the information is a critical point. Which information is trade-sensitive and should be kept confidential, versus which information should be public, is a delicate question.

Discussion of group sanctions

The consultant first presented the results of the FiBL study and then IFOAM-Organics International expert survey. The slides presented to the participants are included here.

Certification & Sanctions of the Group

Concerns regarding certification & sanction procedures

- ICS audits are complex and auditors may not be adequately trained for assessing a management system
- Weak oversight of certifiers' group certification practices
- Unclear & varying approaches of dealing with NCs found on farms, which may point to a deficient ICS
- CBs are seen to be reluctant to sanction the entire group if finding undetected non-compliances on farms, and tend to put it down just to the individual farms' problem not a systematic ICS deficiency
- Few CBs have detailed specific group certification policies

Source: FiBL (2019): Group Certification

IFOAM ORGANICS INTERNATIONAL FiBL

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Q16: Acceptable level of critical NCs that even a functional ICS may miss

Answered: 70 Skipped: 7

Even a functional ICS may occasionally fail to detect a critical non-compliance in their internal inspections of members, as no audit can be a 100% guarantee.

What would be an acceptable percentage of group members with such undetected critical non-compliances (expressed in a % of the total number of farms) in a functioning ICS?



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The next slide shows a sanction policy example from ISEAL Assurance Code V1.0:

"Allowed NC Threshold Table Example"

Number of group members in a sample	Threshold number of non-conforming members allowed
2-5	1
6-10	2
11-15	3
16-20	4
21-25	5
26-30	6
31-40	7
41-50	9
51-60	11
61-70	13
71-80	15
80+	18

Source: adapted from ISO 2859 (via MSC CoC Methodology)

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Q17: Defined threshold for „investigation & additional inspections“?

Answered: 71 Skipped: 54

Do you think that there should be a defined threshold related to the number of critical non-conformities found in the external farm re-inspection sample (e.g. X % of all farms externally inspected), which would need to lead to documented investigation and additional re-inspections?



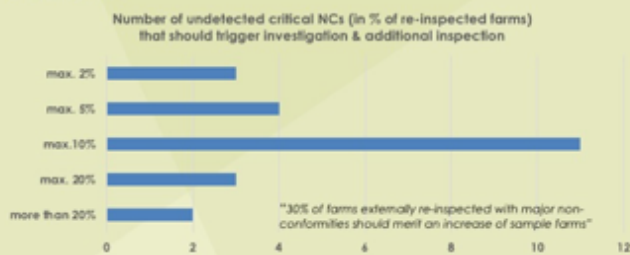
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Q17: Proposed thresholds for investigation & additional re-inspections

Comments: 46



"Auditors should identify and state the number and percentage of farmers were certain NCs were detected as basis for further investigation. This is generally not done. Depending on the kind of NCs there should be a percentage. If after some years of inspection 15 % of the farms do not have buffer zones there is an issue"



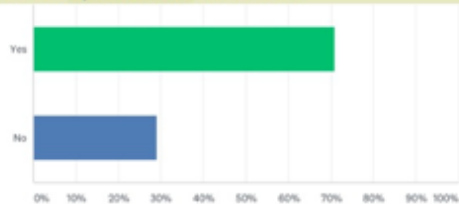
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Q18: Should there be a defined threshold for „Systemic ICS Failure“?

Answered: 72 Skipped: 53

Do you think that there should be a defined thresholds related to the number of critical non-conformities found in the external farm re-inspection sample (e.g. X % of all farms externally inspected after investigation) which would need to be considered systemic failure of the ICS and lead to suspension/de-certification?

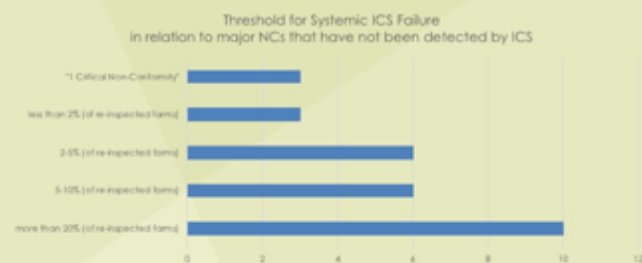


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Q18: Suggestions for „Systemic ICS Failure“ Threshold

Comments: 42



BUT:

- Many "I don't know" comments: few respondents proposed thresholds
- Numbers don't match previous 2 questions: question may have been unclear



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Q18: Comments

- "There should be an initial alert threshold (yellow alert!!!), then an alert threshold that can condition the continuation of the certification (Alert Orange!!!) and a threshold that leads to complete de-certification (red Alert!!!)"
- "Decertification/suspension needs to consider more than just number of noncompliant farms!"
- "Critical NC" is not defined, mostly refers to use of prohibited inputs and commingling. Nature of the NC is very important.
- "The solidity, efficiency and reliability of an ICS is essential when evaluating a % of producers with critical NCs. If the ICS is very efficient, and failures attributable to an individual breach, the failure is not systemic".

DISCUSSION: Sanctions

ORANGE ALERT	
Threshold Guidance	% or Number
Action	<ul style="list-style-type: none">• Investigation: localize & root causes• Additional re-inspections, finish planned number or stop?• NC-statistics?

RED ALERT	
Threshold Guidance	% or Number
Action	Suspension or de-certification After correction & new internal inspection- full audit needed

Following this presentation, the moderator opened the discussion amongst the participants:

One participant comments that it would be questionable whether the ISEAL guidance threshold table would be useful in organic. However, in the preparation of the workshop, IFOAM-Organics International had been informed that at least one major group CB has used the table as a starting point for its own sanction policy and found the table useful. *Note: following the workshop, the updated version of the showed sanction table was found in the MSC Code of Conduct Certification Procedure and considered potentially a very interesting approach by the consultant.*

Also it is very unclear how application of national or future EU catalogues of sanction for individual farms should be implemented in a group certification setting based on an ICS: e.g. according to the German catalogue, if a farmer doesn't clean his equipment, he should get decertified – currently the German catalogue of sanctions is not directly applied when evaluating non-conformities as farm level in third country producer groups.

In evaluating ICS, it is not only the absolute number of non-conformities found in the external inspection that matters, but also how functional the internal control was. For example, it makes a difference whether the ICS has already detected that some members have applied herbicides, and has expelled them, and maybe some are left undetected and found by the certifier, or whether

the ICS has never even detected any herbicide use before and they are just discovered for the first time by the certifier.

An opinion was expressed that guidance on sanctions would be very good to have, both for certifiers and for groups. For groups it would be useful to know what to expect, so that they are aware of their responsibilities and they are not surprised if and when they get sanctions.

Generally, certifiers would welcome to have some guidance on sanctions. It is difficult to set thresholds, and it depends on the number of controls that are done. However, certifiers welcome the efforts of the EU Commission to harmonize the catalogue of sanctions amongst member states. It would be very beneficial to have a guidance on what is to be considered systemic failure. But certifiers should also be able to explain why they take certain decisions.

Participants discussed the case of suspension. Decision on whether to suspend or not should be guided by the risk assessment: suspension during investigation depends on the level of traceability (can you trace the specific lot affected or not?). The EU Commission remarked that Article 42 of the basic act says that while an investigation is undertaken, the certification must be suspended, and that this must apply to groups as well. The question is then, what exactly is considered an “investigation”? If the certifier is deciding to increase the sample size to find out if a problem is systemic or not, is that already considered an investigation? This needs further clarification for the case of group certification.

The EU Commission explained what they are doing in terms of the sanctions in general (not specifically for groups). They have found out that the variability of sanctions amongst and even within member states on sanctions was very high. Even in the case of states having a national sanction catalogue, different certifiers still made very different sanction decisions. The EU Commission is working on harmonization and will include that into further detailed regulation. The Commission is currently analyzing the results of a sanction scenario exercise that they gave to the member countries and will present it shortly. However, in this whole exercise, they have not considered the case of group certification and what is an ICS systemic failure, because they have based the analysis on current practices inside the EU.

There was a short discussion about the concept of “operator”. In the old regulation and people’s practices in the organic sector, the “operator” was the client of the certifier and the holder of the certificate. So a group was considered also an “operator”. This terminology changes with the new EU organic regulation, which now talks about “group of operators”, whereby the operator is the individual member of the group.

However it was observed that Article 41 of the EU Basic Act, which is about sanctions, does not mention “group of operators”. As it is the only article in the regulation that omits to refer to “group of operators” as well as “operators”, the question is whether this omission is deliberate or whether it is a mistake? This should be clarified by the EU Commission.

It was discussed how the actual numbers of critical non-conformities found in relation to what constitutes “systemic failure”. One expert said that if we speak about percentage, we should speak about the percentage of the sample, not of the entire group, and that the total percentage could certainly not be too high/double digit. One expert pointed out that using a percentage approach, rather than e.g. the “number of non-identified cases, depending on the sample size”, like the MSC/ISEAL table, this would end up being too strict for smaller groups, and too weak for larger groups.

The question was raised on whether there could even be some harmonization of the sanction requirements between schemes. ISEAL is offering a platform for such discussion. In the end, having multiple record keeping requirements that are not harmonized might also be a management problem for groups, and ultimately work against quality. However, the most effective way would be first of all to ensure full equivalence between different organic

regulations, e.g. having no country of origin limitation in the EU-NOP equivalence agreement. Including third country production in the scope of the EU-NOP equivalence agreement would be a tremendous improvement for the situation of groups that export to both markets.

Discussion of other topics

External inspection of new farm members

The NOP supposedly requires 100% external inspections for all new members the first year. However, there is a clear consensus that this is not realistic or feasible, and some certifiers openly told the NOP that they did not do it, and the NOP did not raise a non-conformity to them, while other certifiers were obliged to implement it. Again, there seems to be a problematic inconsistency in interpretation from the side of the authority. The reason is that it is not really a requirement because it is “only” an NOSB recommendation and not a requirement in the NOP rule itself. The workshop participants on this topic had a clear consensus that 100% inspection of new members is not a good rule. It even contradicts the principle of ICS and risk-based inspections, because if we implement risk-based inspections, a new member is not automatically a higher risk than an existing member. It depends on the situation. The certifier should have some flexibility to judge this and the rule should be something feasible.

However, on the topic of risk management the Commission remarked that there is no common practice amongst certifiers on how they handle risk assessments (even for individual operators), and this aspect is once again handled very differently by different certifiers.

Fraudulent Practices and “hybrid group forms”

FiBL Study – Fraudulent Practices

- **Non-existent farmers or fields / inflated yields**
 - Used to sell conventional products as organic
 - Invented farmers
 - Inactive / passive / past farmers
 - Inflated farm sizes or yield estimates
 - Manipulated Aggregation of data in farmers lists
- **Fake retrospective product flow documentation**
- **High demand for the product increases risk**
 - Farmers
 - Buying officers
 - Keeping clients “happy”
- **Farms included in several ICS**

Source: FiBL (2019): Group Certification

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Risk of “Hybrid” Groups

- Large traders in Eastern Europe “contracting” production / fields out to (changing) farmers with “100% inspection”
- Traders with affiliated farms and 100% “light” inspections without ICS
- Farm lands operated by individual farmers, with varying degrees of central management.



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Following this presentation, the moderator opened the discussion amongst the participants:

Hybrid systems that are half-way through group certification are very common in China. Structures in China are very non-transparent. For example a company leases 100 ha of tea, which on paper is all under 1 central management. The farmers cultivating each their defined plot of land are said to be workers but actually they are not paid by wage, they are paid by the tea they deliver from their plot, so they should in fact rather be considered farmers than workers (in the sense that they may have incentives to use fertilizers to increase their production), although there may also be a certain degree of central management of production. In such a situation, a certifier should normally push them to establish an ICS and to apply for certification as a group, not as one individual farm.

The systems described above and referred to as “hybrid” in the presentation are different systems from group certification as we have discussed in the case of smallholders in third countries.

Concerning fraudulent practices, it is very important for the certifier to inspect at various levels of the ICS, and to check that everything matches. This includes for example checking that the records of the internal farm inspections match with the actual situation of those farmers, and match with what is reported in the overall quantity management files, with purchase records, etc.

The lack of access to approved organic inputs and adequate organic consultancy and support structures is an important risk factor in many countries.

Corruption can be a real problem. This is not specifically a group certification problem. However stakeholders have noted that there is a clear improvement in the EU supervision of certifiers compared to a few years ago. However, due to capacity, the commission can only assess around 10% of CBs annually, so it would still be very important to improve oversight also by accreditation bodies, also for overseas certifiers.

The importance of getting basic data right about the farms was re-emphasized as a crucial element in fighting fraud. The various schemes in the ISEAL membership are working on getting better farm data. The focus should be to get farm data with a purpose, e.g. collect the kind of data that will be used for risk management or other pre-defined purpose.

There was a discussion on the importance of yield estimates for fraud prevention. According to some participants, yield estimates is one of the clear weak points of the systems. This is a problem that is even known by authorities. Many certifiers don't do due diligence on this issue: they just write down what the internal inspector has said would be the estimated yield, without doing their own calculation of whether it is correct. The EU Commission very often raising non-conformities to certifiers on this topic. It should be repeated that the yield estimation has to be done by the external inspector as well, and not just by the ICS. In the future, new technologies should be used to make yield estimations. This is not specific to grower groups.

Yield estimates are important, but their error margin is often not more than +/- 10-20%. Having a central database entering all the yield data, and historical records in one region could help. Yield variations between individual farms might not be so great.

ISEAL observed that some of the ISEAL member schemes are maintaining a database for crop yields: this is a new approach that is just starting.

However, there are some challenges. Even actual yields from historical records are not always properly recorded. Using data from the Ministry of Agriculture is sometimes done, but those yield data are sometimes exaggerated because the country is interested in promoting exports.

Ideas of other improvements needed

The participants then discussed the issue of the quality of the ICS and how it can be assessed by certifiers. One opinion was raised that it is important that certifiers not only do a good job in the field, but also document it properly. This should also enable the control body head office to exercise better control over the work of their field inspectors. And it would also allow the accreditation body and the competent authority to better understand the quality of the inspection work. For example, field inspectors should explain how they calculated the yield estimate, instead of just putting the amount of the yield estimate in the report.

However, the EU Commission also remarked that sometimes the reports are perfect on paper but the reality is different. That is why the Commission is now starting to do direct auditing of CBs (not just leaving this audit work to accreditation bodies).

Most participants agreed that there should be a protocol for certifiers on how to evaluate an ICS. In many other schemes there is a centrally-approved inspection protocol that all certifiers have to use. The EU Commission encourages EOCC and IFOAM-Organics International to work on ICS inspection protocols and related issues through a separate workshop. There is a strong willingness from certifiers to share best practices: how to conduct the inspection? What are the right questions to ask? How to ask them in the right way? How to report? Etc. This would require a 3-day workshop, sharing good practices but also weak points in order to ensure continuous improvement.

One participants expressed that it would be desirable to invite also producer and trader representatives to such inspection protocol workshop, to make sure that the agreed upon inspection process is not just standardizing what certifiers are doing, but is also useful for the producers and traders.

Some resources exist on ICS best practices, which could also be looked into. Rainforest Alliance has a Capacity Building unit, which is integrating identified best practices into their curricula. NASAA (certifier from Australia) developed a training manual for ICS management. They are finalizing it and are willing to share it.

In a well-functioning ICS, there should be co-creation of the management system within the group. Most ICS spend 80% of their staff time on control and 20% on extension, but ideally the groups should spend 50-50.

Participants agreed that in the 90s and early 2000s, there was a good momentum for exchange on best practices and capacity building between groups to learn from each other, thanks to the (IFOAM) projects that were implemented back then, including the workshops, the writing of the training manuals, etc. Since that time, there has not been much done on this anymore. It would now be time to re-initiate some intensive co-learning process on best practices for ICS management.

One representative from producer groups explained that existing software solutions for ICS management, like the ones from Organic Services, are great but they are too expensive, and therefore most groups are not using them, which is really a pity. There is a lack of joint investment for open source tools. Public and private institutions could collaborate to solve this problem: tools exist, but are not accessible.

An opinion was expressed that we should focus more on the implementation of the organic philosophy, going away from compliance based to performance based: for example, not focusing on whether the farmer is applying compost or not, but on whether the quality of the soil is improving or not. However, this would require a different approach to standards/legislation.

The general feeling was that, in terms of requirements, at the level of the ICS we would like to preserve some the flexibility (not have too prescriptive requirements), whereas at the level of the certifiers, we think we need to make some improvements (tightening of the requirements) to make the system credible.

Workshop conclusion and next action points

→ The EU Commission considers the existing guidelines on group certification from 2003 outdated. It expects a position paper from IFOAM-Organics International on group certification, and would like to receive it before September. This will be used as an input in the development of the more detailed requirements to complement what is in the basic act.

→ IFOAM-Organics International will investigate the possibilities to source some funding to get some renewed momentum on sharing of good practices on ICS management and on ICS inspection, which could include the 3-day workshop on ICS inspection protocol (incl. sanctions), an update of the ICS training manuals, some capacity building events, and the further development of the IFOAM-Organics International position and IFOAM Accreditation Requirements on group certification.

→ The report of this workshop will be circulated to the participants for review and comments before wider publication.

→ IFOAM-Organics International will consult the workshop participants and other experts by email to work further on the proposed requirements regarding group clusters and external re-inspections, and more generally on the position that will be submitted to the EU Commission by end of August 2019.

*Workshop proceedings by Joelle Katto-Andrighetto & Florentine Meinshausen.
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