

International Federation of Organic Agriculture Movements

Annual Report 2004



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Preface

Let's start with the bad news first: As can be seen from this annual report the financial result of IFOAM 2004 was very bad. The Board had planned for an expansion according to the budget approved by our General Assembly 2002. We had also planned for a loss, both for 2003 and 2004, but in the end the loss was bigger than planned. There were mistakes made by the Board and the management, and too optimistic projections. Due to problems in the monitoring and reporting systems as well as management deficiencies, the seriousness of the situation was not well understood until the end of the year 2004. Obviously, once clear about the situation, the Board took the needed decisions and the Executive Director took swift actions to the effect that I am confident to say that we are now on the right path. In this context I sincerely want to thank our staff for their understanding of the situation and their agreement to the actions needed.

There are so many good news items, that I can just highlight a few:

Internally, our staff have transformed itself to a very professional team working with good planning and monitoring tools. Also the Board and the Committees are working in a more goal oriented way, all tuned to our mission and a strategic plan developed during 2004. Through intensive consultation, regional meetings, the first mid-term IFOAM Summit and now even internet voting we are engaging our members in the dialogue and decision making thereby combining more efficiency with more democracy.

The work with the formulation of the Principles of Organic Agriculture has engaged and inspired a lot of our members, and we are confident that a good proposal will be brought to the General Assembly in Adelaide. The Board has also clarified IFOAM's position on what is organic agriculture. Some have thought that IFOAM only works and recognises the third party certified organic producers. In a statement of the Board it was concluded that it is how you farm that determines whether you are organic or not. We have millions of non-certified organic farmers in the world, mostly in developing countries but also in developed countries. Also there are farmers certified in alternative, participatory systems, and IFOAM has also recognised the relevance of those systems.

Our seemingly endless efforts to harmonise the standards and certification requirements have taken 2 main paths during the year. On the one hand we are revising what we call the Organic Guarantee System (the IFOAM Norms,



Accreditation etc) to become much more inclusive. On the other hand we are continuing our external work, mainly through the International Task Force for Harmonisation and Equivalence in Organic Agriculture together with governments, FAO and UNCTAD. We also developed manuals for group certification to make certification more accessible for small producers.

Events have always played a big role for the Federation. IFOAM conferences on bio-diversity, seeds and coffee were organized with United Nations Environmental Program, International Seed Federation & FAO and Uganda Coffee Development Authority as cooperating partners. Adding to that were major events in the USA, Brazil, United Arab Emirates, Germany, Japan and our IFOAM Asia conference in South Korea.

On the lobbying side, a major achievement was the adoption of two motions about GMOs at the IUCN congress in Thailand 2004. One of them calls for a moratorium on further releases of GMOs!

Looking ahead, 2004 provides a good foundation for future success for IFOAM and the organic movement. Organic farming is the only clearly defined and developed alternative to the industrial, chemical and unnatural way of farming that is eroding the basis for our being, poisoning people and nature and on all accounts is not sustainable.

It is a special pleasure for me, when writing this, to note that early in 2005 IFOAM, together with other partners, scored a landmark victory in a case against agribusiness interests that are trying to encroach on and use for profit the accumulated knowledge of farming communities. The European Patent Office in Munich upheld a decision to revoke in its entirety a patent on a fungicidal product derived from seeds of the Neem, a tree indigenous to the Indian subcontinent.

All in all, 2004 must be seen as a very successful year for the Federation, and we contributed a lot towards achieving our mission: *“Leading, uniting and assisting the organic movement in its full diversity. Our goal is the worldwide adoption of ecologically, socially and economically sound systems that are based on the principles of Organic Agriculture.”*

Gunnar Rundgren

President

International Federation of Organic Agriculture
Movements

2004 in Review

In 2004, the global market for organic products achieved record growth, reaching a landmark value of 25 billion dollars, and IFOAM's 700 members in 108 countries, reflecting the full diversity of the organic sector, actively supported the organization through this transformational period. IFOAM is founded upon ideas and a tradition of volunteerism. These key factors are proving to be instrumental in helping IFOAM forge ahead and represent the entire organic agriculture movement internationally.

In November, IFOAM held a summit of its World Board, committee chairs and staff to consider critical issues for the organic movement. The Summit evaluated major changes to the Organic Guarantee System, finalized the IFOAM Program 2008, IFOAM's strategic plan, and deliberated changes in IFOAM statutes, and evaluated a host of other important issues all in an open and democratic environment.

IFOAM markedly increased its advocacy efforts in 2004, affecting policy and generating awareness and recognition of the important role of organic agriculture in achieving food security, protecting biodiversity and creating an economically and environmentally sustainable alternative to destructive and chemically intensive practices for farmers. IFOAM's liaison office to the Food and Agriculture Organization of the United Nations (FAO) affected policies, educated staff and permanent representatives, and facilitated increased collaboration between the two organizations. The IFOAM regional office in Brussels assured a strong presence in European Union institutions. IFOAM also made sure that the Codex Alimentarius' Guidelines for the Production, Processing, Marketing and Labeling of Organically Produced Foods, which are based upon the IFOAM Basic Standards for Organic Production and Processing, continue to adhere to the high-quality third-party standards that the international organic movement has continuously and democratically revised over the last three decades. A critical success occurred at the general assembly of the World Conservation Union (IUCN), where IFOAM played a key role in the adoption of a motion calling for a moratorium on Genetically Modified Organisms (GMOs).

IFOAM's mission is leading, uniting and assisting the organic movement in its full diversity.

Our goal is the world wide adoption of ecologically, socially and economically sound systems that are based on the Principles of Organic Agriculture.

The IFOAM World Board initiated a consultative process to revise the Principles of Organic Agriculture, the fundamental underpinning that defines the constitution of organic agriculture. Diverse stakeholders contributed comments, and the finalized Principles will serve to protect the integrity of organic agriculture and clearly define a framework for future developments.

IFOAM published two training manuals on Internal Control Systems (ICS), otherwise known as Smallholder Group Certification, to make organic certification more affordable and feasible, and these guidelines have been officially accepted by the European Union.

In 2004, IFOAM has undertaken a great many initiatives to support the development of organic agriculture in developing countries. IFOAM supported a workshop on local marketing in Brazil concerning community-controlled Participatory Guarantee Systems (PGS), whereby the method for guaranteeing the credibility of the organic product lies in community based producer-consumer relationships. IFOAM instigated the development of two additional training manuals for the humid tropics and the arid tropics, which are due to be published in the course of 2005 and will provide comprehensive didactic training materials to farmers in many developing countries. The participation of 20 members of IFOAM committees and structures from developing countries was supported, and an IFOAM Africa Organic Service Center was established to help support and assist African organic movements. IFOAM has made a great deal of progress in spurring the development of organic agriculture in developing countries.

IFOAM made serious advancements towards the harmonization and further development of the Organic Guarantee System. IFOAM embarked upon a review of the system itself, involving a broad spectrum of stakeholders in the organic sector, with the aim of increasing its accessibility while retaining credibility and value. The Norms Management Committee (NMC) professionalized its activities and developed essential policies to streamline the process of standards and accreditation criteria revision. A major revision of the IFOAM Basic Standards for Organic Production and Processing (IBS) was launched that considers the integration of new standards on forestry aquaculture and textiles, and a new, more democratic system for voting on standards and accreditation criteria was established. Organic standards on biodiversity were refined





and are poised to become part of the IBS. The International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF), a joint initiative by IFOAM, the United Nations Conference on Trade and Development (UNCTAD) and the FAO concurred that harmonization, mutual recognition and equivalency is the solution to making trade in organic products practical. All of this work is critical to help continue the rapid pace of development of organic agriculture worldwide, while simultaneously maintaining credibility and integrity.

IFOAM organized more major, high profile conferences than ever in its history, creating sound relationships with UN agencies, helping IFOAM to achieve a status normally associated with an intergovernmental agency, not a non-profit organization.

IFOAM published its 6th edition of *The World of Organic Agriculture: Statistics and Emerging Prospects 2004*, the only consistent, annual and global analysis of the current state of organic markets and production, which was launched at BioFach, the world's largest organic trade fair that attracts over 30,000 professionals from the trade, and where IFOAM is the patron.

Remarkably, all of these accomplishments occurred during a year of significant transition. IFOAM inaugurated its new office in Bonn, Germany in the spring, hired an Executive Director who stayed only temporarily followed by a World Board member serving as Executive Director in autumn, and coped with all of the nuances associated with the expansion of staff to become a unified and effective team.

All in all, IFOAM has made an amazing amount of progress towards its mission and goal on limited resources that were used consistently and efficiently.



2004 Highlights

- **The First World Conference on Organic Seed held at the Headquarters of the FAO**
- **The Third IFOAM International Conference on Biodiversity and Organic Agriculture held at the Headquarters of UNEP**
- **The Third Interantional IFOAM Organic Coffee Confence in Kampala, Uganda**
- **The support of an international workshop on developing local markets for organic products in Brazil**
- **The establishment of the IFOAM Africa Organic Service Center**
- **The democratic revision of the Principles of Organic Agriculture**
- **The revision of the IFOAM Basic Standards**
- **The revision of the IFOAM Accreditation Criteria**
- **Progress towards harmonization and equivalence in organic agriculture through the International Task Force on Harmonization**
- **The publication of comprehensive *Training manuals on Smallholder Group Certification* for Inspectors and for Producer Groups**
- **The publication of the 6th edition of *The World of Organic Agriculture: Statistics and Emerging Trends 2004***
- **The publication of *The Proceedings of the First World Congress on Organic Seed***
- **The publication of *Harmonization and Equivalence in Organic Agriculture***

The Organic Guarantee System

In 2004 the Organic Guarantee System (OGS) has continued to enhance its efficiency and adapt to an ever-changing world.

Policies and Procedures

As its managing organ the Norm Management Committee (NMC) has continued to play a major role in the development and adaptation of the OGS. In several meetings during 2004 the NMC in collaboration with the other OGS committees has worked mainly on issues aimed at improving the efficiency of the OGS. The NMC has been involved in the development of new policies, such as a new policy for the revision of the IFOAM accreditation criteria, improvement or clarification of existing policies through development of detailed procedures for the revision of the IBS and the interpretation of the IFOAM Norms. Additionally, the NMC was engaged in the administration and organization of the revision of the IFOAM Basic Standards (IBS) and the IFOAM accreditation criteria in general and in this context the preparation and organization of a new electronic and mail voting procedure.

Revision of the IFOAM Basic Standards

IFOAM's Standard Committee (SC) launched a new phase of revision of the IBS in 2003 that will be finalized in 2005. The majority of the current draft standards, namely the standards for forestry, aquaculture, and textiles were incorporated in the revision drafts of the IBS with the intent to become full standards. In two meetings in 2004 the SC developed, based on the comments received on the previous revision drafts, the second and final revision draft of the IBS. The IFOAM procedures for the revision of the IFOAM Basic Standards are a unique opportunity for IFOAM members to participate in the development of a document that has a major impact of how organic practices will be shaped in the future. As the voting procedure is independent from the actual presence of the voter at the GA IFOAM

has found a fairer decision making process allowing all IFOAM members to take part in the final decision.

If accepted, the inclusion of new standards for forestry, aquaculture, and textiles in the IFOAM Basic Standards will widen the number of products that can be certified within the IFOAM Accreditation Program. This might also encourage standard setters outside of IFOAM to develop standards and thereby promote organic practices for these areas based on the IBS and thereby strengthen the IBS as the reference standard for organic production and processing. The need for such a reference standard found its acknowledgement in the decisions of the International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF).

Another major activity in 2004 was the further development of IFOAM's draft Biodiversity Standards. In September 2004 the draft standards were discussed with some 25 stakeholders from major regions in the world. The feedback gained on the draft document at that time was taken up by the Biodiversity Subcommittee and found its way into the final draft that was circulated for membership consultation in late spring 2005. This approach also represents a move to a "rolling revision" of the IFOAM Basic Standards, meaning that parts of the standards are revised or developed independent of the revision of the main document.

If approved Biodiversity standards will improve the ability of IFOAM's OGS to counteract the trend towards a decreasing genetic, species, ecosystem, and landscape diversity and the resulting ecological problems.

Revision of the IFOAM Accreditation Criteria

IFOAM's Criteria Committee (CC) began to work on revising the 2002 IFOAM Accreditation Criteria (IAC) for Bodies Certifying Organic Production and Processing, a process that is planned to be finalized in 2005. In its two meetings in 2004, the CC streamlined the IAC by increasing user friendliness and becoming open to risk based





surveillance and group certification schemes, taking into consideration the specific circumstances of organic production systems. The need for such a specific document was also reflected in the decisions taken at the ITF. As a result of the new policy for the revision of the IAC stakeholder involvement has taken on an increasingly important role.

The Organic Guarantee System Review

With the proliferation of government regulations of Organic Agriculture and labeling initiatives, and the rapid growth of the organic sector, including the number of organic certifiers, the IFOAM World Board made the decision to undertake a review of the Organic Guarantee System in November 2003. In 2004, a series of consultations helped to define options to address the complexity of the system and to improve its effectiveness and accessibility to certifiers globally. Broad stakeholder dialogue and a Task Force established by the World Board generated a wealth of ideas for improving the current system. Several scenarios were considered, and a consensus emerged that the system should be more accessible while retaining credibility and value. The final determination of how to proceed with the results of this review will ultimately be determined by the World Board and the General Assembly.

International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF)

The success of the organic guarantee system and its components is reflected in the results of the work of the ITF. Based on the common understanding that a plethora of certification requirements and regulations are a major obstacle for the development of the organic sector, especially in developing countries, IFOAM, UNCTAD and FAO joined forces in 2001 to establish the ITF. The three organizations and members of the task force, key representatives of governments, private, and international intergovernmental organizations are unified in that they agree that harmonization, mutual recognition and equivalency in the organic sector offer the only viable solution to overcome the current obstacles in organic trade. At its meeting in November 2004 at FAO in Rome, the ITF concurred that one internationally accepted reference standard and one internationally accepted set of certification requirements would be the ultimate stepping stone towards harmonization, mutual recognition and equivalency. The ITF agreed to take steps to achieve this goal. IFOAM's active participation and service to the ITF as its secretariat ensures that IFOAM plays a central role in its development.

ISEAL

IFOAM continued to actively cooperate with other organizations in the International Social and Environmental Labelling Alliance (ISEAL). IFOAM participated in the development of ISEAL's international Code of Good Practice for Standards Setting, which aims to strengthen the quality and credibility of the private system of standards and verification. Experience gained by IFOAM and three



other ISEAL partners in the Social Accountability in Sustainable Agriculture Project afforded experience in joint auditing and addressing social issues in standards. Lessons learned from this project will be employed in future cooperative projects among ISEAL members.

IFOAM Accreditation

2004 marked the twelfth year of operation of the IFOAM accreditation program and the sixth year of existence of the International Organic Accreditation Service (IOAS). It also proved to be a landmark year in which the IOAS gained the recognition of the US Department of Commerce National Institute of Standards and Technology, broke through the 30 barrier for the number of IFOAM accredited clients, granted its first accreditations against ISO Guide 65, signed a memorandum of understanding with a national accreditor and launched a new logo.

During the year the IOAS received two new applications for IFOAM accreditation and one new application for assessment against ISO Guide 65. Organic Certifiers Inc. of California made a joint application for IFOAM and ISO65 accreditation and received their site visit in November. Letis SA of Argentina applied for IFOAM accreditation in October and will receive their site visit during 2005. Three new certification bodies were granted IFOAM accreditation; Biokontroll of Hungary, BIOS srl of Italy and Washington State Department of Agriculture in the USA.

The National Association for Sustainable Agriculture, Australia and Agrior Ltd of Israel were the first certification bodies to be granted ISO Guide 65 accreditation by the IOAS with a scope of their own private standards. The Japan Organic and Natural Foods Association of Japan was also evaluated against ISO65 in July 2004 both against their private standards and the Japan Agricultural Standard. At the end of 2004, IOAS had oversight of 34 accredited and applicant certification organizations.

The Principles of Organic Agriculture

The Principles of Organic Agriculture are the basic tenets of what constitutes organic agriculture, and are referred to in IFOAM's mission statement and goal. IFOAM is widely recognized by governments and intergovernmental agencies and the organic industry itself as the legitimate and democratic forum for determining the constitution of organic agriculture. The Principles serve as the foundation of this burgeoning sector and define the scope and direction of future developments. They impart significance and meaning to an agricultural system that aims to fundamentally transform the relationship between humanity and the earth to one characterized by ecologically, socially and economically sustainable systems.

Historically, IFOAM's principle aims have served as a preface to the IFOAM Basic Standards. Their purpose was to clarify the aims of Organic Agriculture, and they were directly connected to the standards. Over time, these principle aims grew in number concurrently with the increasing complexity of the standards.

At IFOAM's 2002 General Assembly in Victoria, Canada, the Basic Standards revision procedure was amended to state that 'any change in the basic principles (section B.1) would have to be approved by the GA'. IFOAM's World Board seriously considered this amendment, and interpreted it to signify a call to revise the principles.

The World Board concluded that the principles would be more understandable if they clearly provide the basis for the organic sector and explain the nature of organic agriculture to the world at large. The principles can encompass issues that reach beyond the standards, providing legitimacy to important themes that fall outside the scope of standards. The World Board will present a motion to the General Assembly in Adelaide, Australia, in 2005 to adopt the revised Principles of Organic Agriculture.

The World Board established a Task Force and a Consultative Group to facilitate the revision process. This approach resolves the potential disparity between inclusive and selective procedures for incorporating diverse comments by IFOAM's membership and other stakeholders throughout the revision process.

In 2004, the Task Force and its coordinator encouraged input from diverse constituencies on the revision of the principles. Three comment periods enabled stakeholders to submit commentary, which was subsequently integrated into increasingly refined drafts. The Task Force met in May and



again in November as a part of the First IFOAM Summit, where key actors in IFOAM proposed the composition of the Principles through intensive discussion.

Expected Result

The final result will be a self-standing document that is independent of the IFOAM Basic Standards. The name will be officially changed from the 'principal aims of organic agriculture' to the Principles of Organic Agriculture, thus clearly delineating their purpose, while providing a clear separation from and guidance to the Basic Standards and insulating them from changes.

The final principles should reflect a balance between 'clear and short' and 'complete and holistic' and they should rightfully be 'Principles of Organic Agriculture,' explicitly distinct from principles for a better world.

Position on the Full Diversity of Organic Agriculture Established

Often Organic Agriculture is perceived as only referring to certified Organic Agriculture. In response, the IFOAM World Board approved a position that makes clear that IFOAM's view of organic agriculture goes far beyond certification. IFOAM's mission embraces the 'worldwide adoption' of Organic Agriculture 'in its full diversity'. Any system that uses organic methods and is based on the Principles of Organic Agriculture is considered acceptable, and any farmer practicing such system can be called an 'organic farmer.'



Advocating Organic Agriculture

In 2004, IFOAM sustained and enhanced efforts to advocate both increasing political and programmatic support for Organic Agriculture. In addition to maintaining a significant presence in international and intergovernmental environments to generate support for organic agriculture generally, IFOAM has initiated substantive priority areas like biodiversity and food security that have shaped the advocacy agenda of the federation.

In the context of food security, the Food and Agriculture Organization of the United Nations (FAO) continues to be a major target for advocacy, but more importantly, collaboration between IFOAM and the FAO has increased significantly in the last year. IFOAM's FAO liaison office serves as the interface between the organic movement and the FAO, and its operations have successfully generated interest in organic agriculture both by FAO staff and permanent representatives.

For a number of years, the role organic agriculture plays in enhancing biodiversity has been a central theme. In September 2004, IFOAM and the United Nations Environment Program (UNEP) jointly organized the Third IFOAM International Conference on Biodiversity and Organic Agriculture at the UNEP Headquarters in Nairobi, Kenya, a leap forward that affords greater recognition of and investment in organic agriculture as a sustainable solution to environmental degradation in agricultural landscapes.

The IFOAM European Union Regional Group has established a permanent office in Brussels to coordinate and generate support for organic agriculture on the European Union level. The office has enabled IFOAM augment its influence on European plans for organic agriculture. In 2004, the IFOAM EU Group gave key input concerning the EU Action Plan for Food and Farming, the labeling threshold for Genetically Modified Organisms (GMOs), established relationships with Members of Parliament and networked with diverse international non-governmental organizations (NGOs).

IFOAM also continued its strong influence on the Codex Alimentarius Guidelines for the Production, Processing, Marketing and Labeling of Organically Produced Food. At



the May, 2004 meeting of the Codex Committee on Food Labeling, the IFOAM delegation ensured that changes to the list of substances used in organic farming and processing were consistent with the IFOAM Basic Standards.

IFOAM's interaction and cooperation with international NGOs were highlighted by the following events:

IFOAM cooperated with SlowFood and actively participated in its the "Terra Madre" event in October, which attracted almost 5,000 people from 140 countries to Turino, Italy, nearly a third of which represented organic communities.

At the biennial conference and general assembly of the World Conservation Union (IUCN), IFOAM was instrumental in introducing and respectively supporting two motions on genetic engineering, resulting in the approval of a GMO moratorium motion, which was even approved by the governmental chamber of the Union.

With regard to advocacy and lobby activities, the year 2004 can be regarded as a time where progress towards the fulfillment of IFOAM's mission to lead, unite and assist the organic movement was both intense and successful, ensuring that IFOAM is not only well represented in the international arena, but also placing its potential for positive solutions squarely on the international agenda.



Nearly 50 percent of IFOAM's members are located in developing countries. Working towards its mission, IFOAM actively assists the organic movement worldwide through the implementation of targeted programs and projects. The IFOAM – Growing Organic (I-GO) Program, the objective of which is strengthening Organic Agriculture in Developing Countries, supports diverse projects towards this end, and is funded by Humanist Institute for Development Cooperation (HIVOS) and the Biodiversity Fund of the Dutch Government.

In 2004, program objectives included facilitating access to international export markets by smallholder producers, strengthening local organic markets, expanding extension and training, objectives and the further development of the Organic Guarantee System (OGS) to make it more accessible to producers and traders in developing countries.

Access to international markets for smallholder producers in Developing Countries

The process to harmonize a detailed framework and procedures for Internal Control Systems (ICS) for smallholder group certification, the certification of groups of small organic farmers to alleviate the financial burden associated with organic certification, was finalized in 2003. In 2004, IFOAM compiled two comprehensive training manuals to that provide clear guidance to both inspectors and producer groups on the implementation of smallholder group certification. The EU Commission adopted it as a guideline for imports from the South. One training manual aims to assist producer groups and NGOs working directly with farmers to set up an ICS, and the other targets



inspectors and certification bodies to help them evaluate ICS and integrate group certification as a service. The manuals have been made available in English, French and Spanish, and are increasingly enabling smallholder producers from developing countries to participate in the international marketplace for organic products.

Development of local organic markets

In order to strengthen sustainable rural development, IFOAM emphasizes the importance of bolstering local and regional organic markets for organically grown products in Developing Countries. At local farmers' markets, certification is often not a prerequisite for assuring the organic status of the products or to differentiate the products from those grown by conventional producers. In several countries throughout the world, organic producers have established informal methods for guaranteeing the integrity of their organic products. Most of these local systems base their production requirements on the general principles or the standards that have been developed by the organic movement. Such systems are based on a direct relationship between producers and consumers. The mechanisms for guaranteeing organic quality involve the active participation of the stakeholders interested in the production and consumption of organic products. Although external inspection and certification are not required, Participatory Guarantee Systems (PGS) rely on the involvement of community members to efficiently verify the quality of organic products, fully adequate and appropriate for local markets.

In 2004, IFOAM organized an international workshop on alternative certification and verification systems in Brazil together with the Movimiento Agroecológico de Latina America y el Caribe (MAELA). Knowledgeable individuals from more than 20 countries participated in the workshop. They discussed commonalities in their diverse systems to guarantee the credibility of the organic product, and considered the challenges in providing legitimacy to these methods. After the conclusion of the workshop, a working group was established to further develop, facilitate and encourage PGS around the world.





Training Farmers in Developing Countries

In cooperation with partner organizations from the South, two new IFOAM Training Manuals for Organic Agriculture that focus on tropical regions were instigated. An adjunct to the existing IFOAM Basic Manual for Organic Agriculture in the Tropics, the manuals will focus on organic agriculture in the humid tropics and arid and semi-arid tropics and will utilize the same didactic approach. In addition to the official IFOAM Training Manual series, including aforementioned manuals on ICS, IFOAM also supported other publications through its I-GO program that were often compiled by its member organizations, publishing local knowledge on organic production and marketing.

Advocating Organic Agriculture

IFOAM widely advocated support for Organic Agriculture as a sustainable social, ecological and environmental solution for developing countries.

Three surveys were commissioned to identify and describe organizations and networks active in lobbying and advocating organic and sustainable agriculture. The resultant data will be used to further develop IFOAM's strategy for advocacy and outreach, and will enable IFOAM to connect with organizations identified by the survey to establish joint advocacy initiatives at international conferences such as the World Social Forum or FAO summits.

IFOAM also published a brochure outlining the benefits of Organic Agriculture for enhancing food security in Africa.



Working structures

Global participation in IFOAM committees is necessary to ensure the international democratic foundation of IFOAM. Crucially, 20 members from Developing Countries in 8 different committees received compensation for travel and accommodation through the I-GO Program.

IFOAM Basic Standards

IFOAM advanced endeavors regarding social standards for organic agriculture and fair trade issues in 2004. The challenge of implementing chapter 8 of the IFOAM Basic Standards on social justice by IFOAM Accredited Certification Bodies has not yet been resolved. In order to facilitate this process, IFOAM has developed a guidance manual for social auditing methodologies, including a model checklist for social standards.

IFOAM Africa Organic Service Center

In 2004 IFOAM established the Africa Organic Service Center (AOSC). Significant progress was made to strengthen networks of organic farmers, facilitating the adoption of organic agriculture, and positioning organic agriculture as a viable agricultural development option for Africa.

Key organizations involved in the organic movement from all over Africa participated in a planning workshop, in Nairobi, Kenya. The results of this workshop will be utilized to synthesize the development strategy development for the AOSC. Additionally, a project proposal encouraging donor relationships was established. Representing all African regions, an advisory committee that will support the further development of the AOSC was created.

IFOAM in the Public

In 2004, IFOAM organized an unprecedented number of conferences and events, tackling serious issues and collaborating with business, United Nations agencies and non-governmental partners.

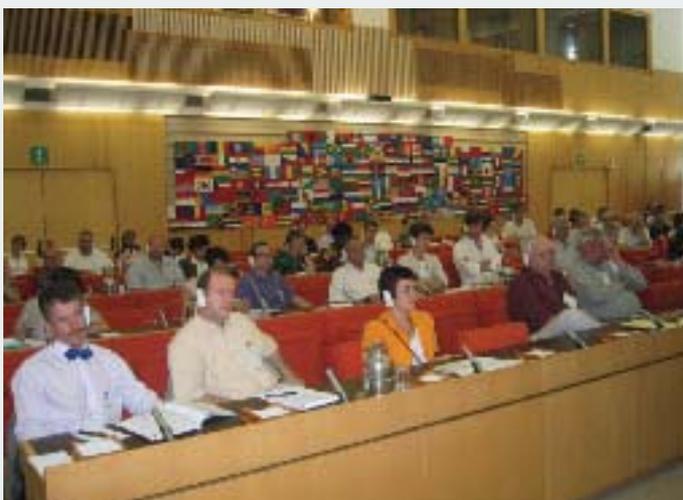
The First World Conference on Organic Seed

IFOAM jointly organized the First World Conference on Organic Seed with the FAO and the International Seed Federation, which took place from July 5-7 at the FAO Headquarters in Rome, a groundbreaking collaboration establishing an important precedent for future cooperation. Two hundred and sixty participants from 57 countries attended the Conference. These included inter-governmental organizations, government agencies, scientific institutions, private companies, non-governmental and civil society organizations and farmers. The Conference held eight plenary sessions including aspects ranging from seed production, propagation and quality, through harmonization of standards and technical regulations, to economics and biodiversity aspects.

The FAO and IFOAM made a commitment to work together to develop an Action Program on Organic Seeds, including an agreed definition, organic seed standards, training on local production of organic seed and key areas for research. Another highlight of the conference was the establishment of a Community Seed Network by some 35 organic farmers and trainers who attended the Conference, with the aim of fostering knowledge, values and practical skills for local seed systems and indigenous knowledge.

The Third International IFOAM Conference on Biodiversity and Organic Agriculture

IFOAM held the Third International IFOAM Conference on Biodiversity and Organic Agriculture at the Headquarters of the United Nations Environment Program in Nairobi, Kenya from September 24-26. Supported by the German Federal Agency for Nature Conservation (BfN), the United Nations Conference on Trade and Development (UNCTAD) and World Conservation Union (IUCN), 120 participants, from 30 countries attended the conference.



UNEP Executive Director Klaus Toepfer gave the keynote speech, expressing strong support for organic agriculture as an effective means of conserving biodiversity. The conference resulted in a series of recommendations, including the promotion of organic farming in nature protection areas, a commitment to research the relationship of organic agriculture and biodiversity, to promote and develop markets for organic products, particularly for smallholders, and to further develop organic standards related to biodiversity. UNEP also made the commitment to support the establishment of GMO free countries and the use of local seed varieties. The conference was a great success. IFOAM is grateful for the generous financial support from BfN and for the use of the UNEP facilities and resources.

The Third International IFOAM Organic Coffee Conference

Organized by the Uganda Coffee Development Authority, the Third International IFOAM Organic Coffee Conference took place from October 6-8 in Kampala, Uganda. It was attended by 160 participants from 26 countries.

Leaders in the organic coffee sector presented papers on the production, processing and marketing of organic coffee. The complexities of organic coffee certification and the current framework for international regulations were discussed, emphasizing forward looking strategies on how to streamline market development.

BioFach 2004

IFOAM continued to be the patron of BioFach fairs in 2004. The highlight in 2004 was the symposium on the EU Action Plan on Organic Farming convened by the German Ministry of Consumer Protection and Agriculture (BMVEL) in cooperation with IFOAM. Thirteen European Agricultural Ministers and Vice Ministers utilized the opportunity to join the final public debate on the Action Plan before its submission to the EU Commission and Parliament. In total, IFOAM organized twelve events on topics ranging from globalization and its relationship to organic farming to internal control systems and smallholder group certification.

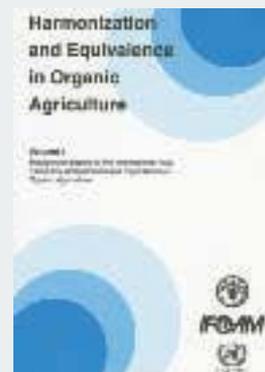


Six Major Publications in 2004

Harmonization and Equivalence in Organic Agriculture, Vol.1

This joint IFOAM, FAO and UNCTAD publication presents the first results of the International Task Force on Harmonization and Equivalence in Organic Agriculture. Organized by UNCTAD, the FAO and IFOAM, the ITF is seeking solutions to international trade challenges that have arisen as a result of the numerous public and private standards and regulations for organic products that prevail worldwide.

This volume features four background papers that describe the current situation in organic regulation and trade, and offer some models that could apply to potential solutions. A Terms of Reference of the ITF and reports of the first two task force meetings are also included.

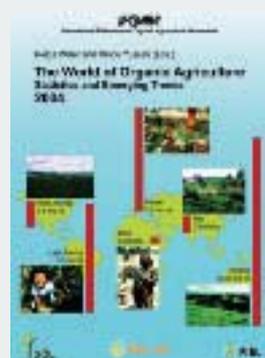


The World of Organic Agriculture: Statistics and Emerging Trends 2004

The 6th completely revised edition, this study documents recent development in global organic agriculture. Apart from statistics on the area under organic management and on organic farms, this publication also contains descriptive information on the current status of organic agriculture on each continent as well as on the global organic market, certification, standards and regulations.

In 2004, organic farming was practiced in more than 100 countries, and more than 24 million hectares were managed organically worldwide. Australia accounted for the greatest amount of land under organic management with 41% of the world's total, followed by Latin America with 24% and Europe with 23%.

The market for organic products continues to grow rapidly, not only in Europe and North America, but in many other markets as well, and is valued at over 25 billion dollars.



The Proceedings of the First World Conference on Organic Seed

This book includes 70 articles on the scientific and technical aspects of organic seed production. With a foreword by MS Swaminathan, the publication expertly covers everything from organic seed production economics and the harmonization of seed rules and regulations to plant breeding and the International Treaty on Plant Genetic Resources for Food and Agriculture. The wealth of knowledge in this book includes 32 detailed articles on the production of vegetable, cereal, fodder and potato seed.

Gunnar Rundgren, IFOAM President, noted in his opening speech at the conference that "Seeds are magic. They contain the very source of life, changes in them is called evolution. Genetic diversity in traditional societies has been a cultural issue including celebration. In some places they were seen as a sacred gift from Mother Earth, Pachamama, Nothing is more natural than that the organic movement is engaged for organic seeds."



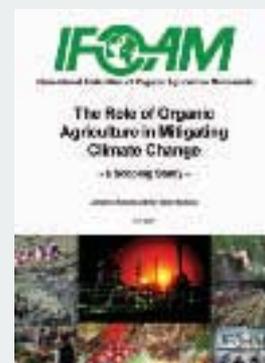
Two Training Manuals on Smallholder Group Certification for Inspectors and for Producer Groups

One training manual targeted at producer groups and the other at inspectors and certification bodies, these publications include descriptions of all requirements for Smallholder Group Certification, reflecting a wide consensus of stakeholders, including EU guidance documents. The inspection procedures were reviewed by selected certification bodies, both international certifiers and national certifiers in developing countries. Some of these certifiers are IFOAM accredited, others not. These manuals will help small farmers all over the world convert to Organic Agriculture by making the conversion of groups of farmers straightforward and affordable.



The Role of Organic Agriculture in Mitigating Climate Change

There is dramatic evidence that various Greenhouse Gases are responsible for Global Warming and climate change. This study discusses the potential of Organic Agriculture both to avoid and to sequester Greenhouse Gases (GHG), and makes comparisons with conventional agriculture. It also describes how Organic Agriculture can be considered within the implementation mechanisms of the Kyoto Protocol.



Funding and Resources

Investing in IFOAM's future

In 2004, a year of considerable investment, IFOAM embarked upon major initiatives to increase the professionalism of its management and to position IFOAM to make substantial progress towards achieving its mission.

Significant resources were devoted to the establishment of an Africa Organic Service Center to facilitate the development of Organic Agriculture across Africa. IFOAM instigated the revision of the Principles of Organic Agriculture and the IFOAM Organic Guarantee System in order to make certain that organic agriculture retains its credibility and integrity. For the first time in IFOAM's history, IFOAM held a Summit of its internal bodies in order to deliberate these and other important questions confronting the organic movement, and to prepare for the 2005 General Assembly.

Profit & Loss Statement

Project income and membership fees are IFOAM's main sources of income. Significantly, the support of twelve donor organizations bolstered IFOAM's finances, while income from membership fees leveled off.

Income from services increased in comparison to 2003, but did not attain the projections of the IFOAM General Assembly 2002 in Victoria, Canada.

In general, 2004 expenditures met expectations. Exceptionally, though, the move of the Head Office to Bonn, Germany, the hiring of the Executive Director and the acquisition of equipment required the greater investment than anticipated. Office costs also increased due to the enlarged staff.

Many costs associated with the World Board, Committees and Task Force meetings were sponsored by member organizations and other third parties. Their voluntary engagement is an integral component of maintaining the solvency and effectiveness of IFOAM.

Balance of accounts

The discrepancy between forecasted income and expenditures necessitated the dissolution of reserves.

Organic Agriculture's rapid pace of development and increasing worldwide recognition bringing into the mainstream of public discourse. IFOAM serves as the voice of the organic sector internationally, and in order to adequately represent these interests, IFOAM must increase its presence in international forums to keep pace with ever increasing demands. IFOAM is prepared to face these challenges. Currently, the membership fee scheme is under revision in order to increase the accessibility of membership to a larger number of organizations, and IFOAM is intensifying cooperation with likeminded organizations, strengthening its relationships with donors and taking advantage of new opportunities.

Through new sources of income and the consolidation of management activities and expenditures, IFOAM is confident to generate balanced accounts in 2005, while simultaneously increasing and professionalizing its achievements.

IFOAM Income Statement

(Euros x 1000)

	audited 2003	audited 2004
Income		
Membership Fees	289	293
Services	345	562
Projects	495	639
Total Income	1129	1494
Expenses		
Operational	728	1042
Projects	495	639
Total Expenses	1223	1681
Operational result	-94	-187
Dissolution of reserves	89	150
Net result	-5	-37

Audited independently by Price Waterhouse Coopers (PWC)

IFOAM Year End Balance Sheet

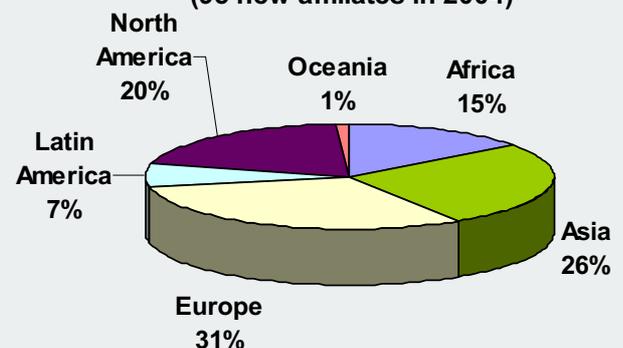
(Euros x 1000)

Assets	2003	2004
Bankaccounts	524	353
Other current assets	113	100
Trading stock	6	7
Total Assets	643	460
Liabilities		
Other liabilities	153	201
Project Funds	205	161
Investment reserves	150	0
Equity	140	135
Profit / Loss	-5	-37
Total Liabilities	643	460

Audited independently by Price Waterhouse Coopers (PWC)

New Affiliations per Region in 2004

(95 new affiliates in 2004)



In 2004, IFOAM united 711 affiliates from 106 countries.

Contact Details

Updated 05-06-30

World Board

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Sweden

Gerald A. Herrmann
Vice President
Germany

Alberto Lernoud
Vice President
Argentina

Liz Clay
Australia

Antonio Compagnoni
Italy

El Hadji Hamath Hane
Senegal

Prabha Mahale
India

Kenji Matsumoto
Japan

Sheldon Weinberg
United States



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Birgitt Boor

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Trade Forum (OTF)
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Farmers Group
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Landes- und Ministerium für Ernährung, Landwirtschaft und Verbraucherschutz
Landes- und Ministerium für Ernährung



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The International Fund for Agricultural Development (IFAD)

The United Nations Development Program (UNDP/UNOPS)

The German Ministry for Economic Cooperation and Development (BMZ)

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International Federation of Organic Agriculture Movements