



# POSITION

**SMALLHOLDER GROUP  
CERTIFICATION FOR ORGANIC  
PRODUCTION & PROCESSING**



## PREAMBLE

The majority of agriculture practitioners worldwide are smallholders. Adoption of organic agriculture, a sustainable environmental friendly management system, is vitally linked to market access. It is imperative that small operators are not marginalized and unduly excluded from the organic sector due to factors beyond their control. Standards must allow for local equivalence and certification systems must be innovative and cost efficient enough to address smallholders' situation worldwide, particularly in developing countries. In this submission we give our opinion about group certification for smallholders in developing countries. However we also want to point out that there may be a number of other situations where group certification concepts may be relevant and applicable, and we would like in a nearby future also to have a dialogue on these issues.

### **Hundreds of smallholder groups, thousands of farmers**

There are currently about 350 different grower groups existing in Less Developed Countries, comprising close to 150,000 smallholders, whose organic products are exported to markets in the North. It is estimated that smallholders produce up to 70% of organic products imported into Europe. (2nd International workshop on smallholder certification, Feb. 2002)

### **Restrictive norm and regulation**

Organic certification norm and regulations, e.g. the European regulation, requires an annual inspection visit of every producer. Local third party organic certification bodies are often not available in most





developing countries today. For most smallholders in developing countries, it is impossible to pay for annual inspection visits by a foreign third party certification body.

## Quality assurance systems for groups

Long before government regulations, since 15 years ago, smallholders in developing countries in co-operation with certification bodies have been developing systems to assure compliance to organic standards for producers as a group. Different forms of quality assurance systems of smallholder groups have developed over time with respect to the nature of the operation and size, ranging from tens to thousands of individual producers. The systems have in common the following aspects:

- A central body responsible for marketing and the group's compliance to applicable standards. (buyer, processor, or self organized cooperative/association)
- One single certification for all individual production as well as processing and handling activities registered within the group. Individual operators within the group may not use the certification independently.
- Group members operate under contractual or binding membership requirements specifying the commitment to comply with applicable organic standards and permit inspection, etc.
- Presence of an internal control system (ICS), operated by the responsible central body or an external body contracted by the central body. The ICS normally maintains files on all members of the group and inspect each member's operation at least once a year. A list of all individual member producers is available.
- The Group through the ICS mechanism decides on members' compliance to applicable standards. Non-compliances are dealt with according to set procedures and sanctions. Measures to handle appeals and complaints are also in place for some groups.





## Effective quality assurance tool for different situations

It is clear that the current one farm, one annual inspection model cannot address all the different socio-economic-cultural conditions that agriculture takes place in. Group Certification, incorporating internal quality assurance systems, can address situations that the current model cannot. Smallholder group certification is one such situation. International criteria for smallholder group certification are elaborated in the norms of IFOAM - Organics International. There is also support for such certification in ISO guide 53. Never the less, Group certification, is treated as an exception by regulators. It remains a grey area and is handled in a haphazard manner by both regulators and private certifiers.

## Growing acceptance but differing requirements

The NOSB Accreditation Committee issued a draft recommendation (April 17, 2002), on Criteria for certification of Grower Groups. They also conclude that as “cooperative” and “association” are included in the definition of “person” (section 205.2, of the Final Rule), grower groups, organized as cooperatives or associations, can seek certification as one operation under the NOP without a change to the Final Rule. The requirements for Production Process Manager (PPM), a category for JAS organic certification under the Japanese organic regulation is reportedly set with a group organization in mind. (The Organic Standard, May 2002). The EU Commission is currently preparing guidance for smallholder group certification.

Whilst the growing recognition of Group certification is encouraging, differences between regulations and approaches can still pose devastating burdens on under resourced small operators and defeat the purpose. In the European Union, member states decide on import authorisations and may set their own requirements. Different competent authorities have set different requirements for group certification. Differing requirements between EU member states, as well as differences between major importing markets, e.g. EU, US and Japan, will only serve to further complicate an already complicated situation, especially for groups who export to several different countries.

Certification bodies also have different approaches to group certification, e.g. what an internal control system (ICS) should include as well as inspection protocols for such situations. These varying approaches often make it difficult for one certifier to accept another certifier’s certification, leading to double and sometimes triple inspections and certifications.

## Need for a common approach

The need for a common international approach is essential. With more than 50 countries, who have either set or are in the process of setting organic regulations, the need for international harmonisation between regulations as well as private sector standards was unanimously held as top priority at the International Harmonisation conference co-hosted by the FAO and IFOAM - Organics International, in Germany, Feb. 2002.





## POSITION

### Principles

- IFOAM - Organics International is firmly committed to high quality inspection and certification requirements for organic products traded in the open market place.
- IFOAM - Organics International supports that standards, inspection and certification requirements shall be well adapted to the local situation, requiring different measures depending on the risk of fraud, the actual production situation, etc.
- IFOAM - Organics International believes that the scale of production and value of marketable crops are relevant considerations. Inspection and certification costs shall not discriminate against or force small operators, who follow organic standards, out of the market.

### On Smaller Holder Group Certification

Certification should be an enabling mechanism rather than a technical barrier to market access and trade. IFOAM - Organics International is convinced that the system of having a functional ICS together with an annual inspection/evaluation<sup>1</sup> by a third party certification body offers a sound if not better organic guarantee system. The system offers two levels of control as opposed to one. It encourages group organisation, which enhances the overall capacity of individual members within the group to institute and further develop Good Management Practices.

IFOAM - Organics International urges national authorities and organic certification programmes to:

- recognise the effectiveness and relevance of group certification for small holders in developing countries.
- support the development of self administered quality assurance systems with external evaluation based on agreed set criteria
- develop mutual recognition of certification based on inspection/evaluation according to international set norms and oversight by an international accreditation system.

<sup>1</sup> Annual sample inspection appropriate to the size of the group, operations and risk of non-compliance as well as evaluation of internal control system assessing the extent of competency of the internal control body whether it can maintain the organic integrity of the whole operation



## On a common approach (international criteria and oversight)

IFOAM - Organics International has been developing criteria for grower group certification since 1994. The current criteria (attached) include requirements for a viable internal control system that assures compliance of individual operators in an objective manner. They adopt the approach of utilising a supplier's quality system for third party certification, in line with ISO guide 53.

Over 25 certification bodies are currently working with smallholder group certification. About 10 of them are IFOAM accredited and comply with the IFOAM - Organics International criteria for smallholder group certification. Their implementation of smallholder group certification is monitored by the International Organic Accreditation Services (IOAS), the US registered not for profit international organic accreditation body that operates the IFOAM Accreditation program. Certification by an IFOAM Accredited certification body (ACB) is normally accepted by another ACB, in line with the terms of the multilateral agreement between ACBs.

- IFOAM - Organics International urges governments not to design prescriptive regulations for group certification. We urge national authorities and private organic certification bodies to work on a common approach, encompassing international criteria and oversight.
- IFOAM - Organics International offers to facilitate in partnership with other interested bodies, the setting of international criteria based on a consensus between all major stakeholders, e.g. government authorities, certification bodies and producer groups.
- IFOAM - Organics International also offers the IFOAM Accreditation program as a mechanism to monitor compliance to set criteria.

## Consensus development on internal quality assurance systems and Group Certification for organic production and processing.

An initiative to develop consensus on smallholder group certification has been sponsored by IFOAM - Organics International. The process is organised by a consortium of organisations and open to all major stakeholders, e.g. producer groups, certification bodies and competent authorities worldwide. The process is now in its third year.





The first international workshop was held in Germany, February 2001, and dealt especially with the requirements for producer groups to be eligible for smallholder group certification. The second international workshop also held in Germany, February 2002, was organised especially for certification bodies and concentrated on the evaluation protocol, the elements that need to be evaluated, the appropriate re-inspection rate, risk-assessment tools and content of the recommendation for certification. A workshop held in conjunction with the Organic World Congress of IFOAM - Organics International, in Victoria, Canada, August 21, 2002, followed up discussion on inspection rate, non-conformities and sanctions as well as a definition for smallholders. A concluding international workshop is scheduled for Feb 2003, in Germany. *Reports and workshop documents are available from IFOAM - Organics International.*

**Consensus on a number of aspects have been reached, namely**

- Definition of Internal Control Systems and the basic elements of an ICS (1st workshop).
- The evaluation protocol, elements that need to be evaluated and content of recommendation for certification (2nd workshop).

**Consensus on inspection rate(s), non-conformities and sanctions as well as a definition for smallholders is expected in the concluding workshop.**

- IFOAM - Organics International urges national authorities and private organic certification bodies to participate fully in the consensus building initiative. The WTO TBT agreement and ISO recognise that third party certification systems should to the extent possible be based on internationally agreed standards and procedures. They encourage national systems to seek equivalence with one another so as to facilitate bilateral and multilateral agreements. ISO also recognises the major role of manufacturers' declarations of conformity in normal manufacturer/customer relationship.

## THE DEFINITION OF ORGANIC AGRICULTURE

Organic Agriculture is a production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects. Organic Agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved.

## THE PRINCIPLES OF ORGANIC AGRICULTURE

Organic Agriculture is based on the principles of health, ecology, fairness and care.

## THE SCOPE OF ORGANIC AGRICULTURE

IFOAM - Organics International regards any system that is based on the Principles of Organic Agriculture and uses organic methods, as 'Organic Agriculture' and any farmer practicing such a system as an 'organic farmer'. This includes various forms of certified and non-certified Organic Agriculture. Guarantee Systems may be for instance third party certification, including group certification, as well as participatory guarantee systems.

## STANDARDS & REGULATIONS

The IFOAM Family of Standards draws the line between organic and not organic. It contains all standards and regulations that have passed an equivalence assessment against a normative reference approved by membership of IFOAM - Organics International. IFOAM - Organics International encourages governments and standard users to recognize other standards in the Family as equivalent.

## POSITIONS

IFOAM - Organics International has developed positions on a range of topics. These include: Use of Nanotechnologies and Nanomaterials in Organic Agriculture; The use of Organic Seed and Plant Propagation in Organic; The Role of Smallholders in Organic Agriculture; The Full Diversity of Organic Agriculture; The Role of Organic Agriculture in Mitigating Climate Change; Smallholder Group Certification for Organic Production and Processing; Position on Genetic Engineering and Genetically Modified Organisms; Organic Agriculture and Food Security; Organic Agriculture and Biodiversity.

## POLICY BRIEFS

IFOAM - Organics International has policy briefs on 'How Governments Can Regulate Imports of Organic Products Based on the Concepts of Harmonization and Equivalence' and 'How Governments Can Support Participatory Guarantee Systems (PGS)'.

## BEST PRACTICE GUIDELINE

The Best Practice Guideline for Agriculture and Value Chains is a contribution by the organic movement to the global discussion on sustainable agriculture.