# How to safeguard integrity within organic systems



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# How to prevent fraud?

- > Anti Fraud Initiative
  - > Rumours at BioFach 2007
  - > May 07: Meetings in Bonn (BLE and CB's)
  - > October 07: Workshop at FiBL in Frick
    - 60 participants certification bodies, trade, authorities



Challenge for organic sector

# **Organic Integrity**

- > Non-compliance with the organic principles and standards
  - > Fraud (deliberate act which leads to a pecuniary advantage)
    - > Use of prohibited substances
    - > Commingling and labeling of convential products as organic
  - > Unintented irregularity, e.g.
    - > Not knowing the requirements
    - > Unintended commingling





#### What is needed?

- Inspection and certification system is sufficently regulated
- > Enforcement needs to be improved
  - > Implementation of requirements
  - > Supervision to provide equal playing field
- > Increase of effectiveness of inspection
  - > Inspection tools
  - > Risk orientation
- > Improvement of communication, transparency
  - > Trade certification bodies authorities





# **Effective Inspection and Certification**

- > Exchange of information (e.g. suspicion or detection of fraud, switching CB's)
- > Risk oriented inspection schemes (type (announced/unannounced) and frequency of inspections
- > Cross-checks for verification of the product flow
- > Input-output calculations for risk products
- > Risk orientated residue testing by certification bodies
- Electronic publication of certified operators as well as de-certified and suspended operations, e. g. <u>www.bioc.info</u>





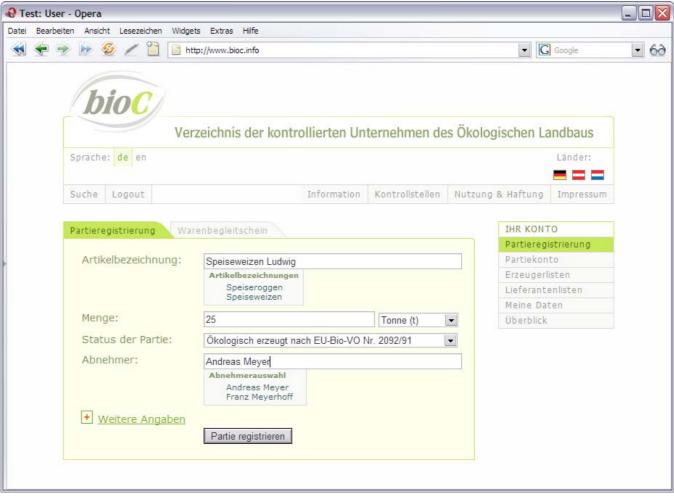
# BioC: a common approach of competing organic certification bodies







# **BioC: Tracking of organic lots**







#### **Effective Surveillance**

- > Equal playing field for CB's by assessing also effectiveness of control, e.g.
  - > Analysis activities, e.g. crosschecks of product flow, Inputoutput calculations
  - > Communication among CB's
  - > Competency of personnel
  - > Publication of certified operators
- > Risk orientation in surveillance
- > Organic Rapid Alert System
- Suidelines for notification and following up suspicion of fraud
- > Qualification of auditors
- > EU country reports on implementation





# Quality Insurance by the operator

- > Obligation for a quality control system
- > Verification that suppliers know and implement the requirements of organic trade.
- > Selection of the CB (cheaper CBs are not always the best)
- > Organization in trade associations





# New import scheme (I)

- > Consistent surveillance of European and non-European certification bodies
  - > supervision system run by institutions qualified and trained for the specific requirements of the EU regulation
  - > based on a common approach
- > Applications of certification bodies should contain:
  - > Geographical scope information
  - > Assessment reports including information on the latest office and witness audits in third countries including nonconformities found and corrective actions of the CB.
  - > Assessment of the standard applied in third countries: compliance versus equivalence.





# New import regulation (II)

- > Tools to assess compliance and equivalency of standards applied in third countries.
- "Compliance" in third countries needs to be evaluated very carefully, not only equivalence
- > Publication of such assessments to increase transparency
- > Elimination respectively definition of suitable equivalent measures for requirements which cause unbearable burden to farmers in Third Countries





# **International Complaints Mechanism**

- > One reference point to notify complaints
  - > Irregularities, failure of CB, suspicion, fraud...
- > Thorough investigation/follow up
- > Necessary are:
  - > Broad acceptance of the reference point
  - > Integrity
  - > Expertise (could be delegated)
  - > Sufficient financial capacities
  - > by or in close cooperation with authorities





#### **Conclusions**

- > No more rules, but
  - > Enforcement
    - > Focus on implementatin instead of documentation
    - > Transparency (e.g. flexibility rule, equivalency assessments)
  - > Increase of effectiveness
    - > Provide incentives for detecting fraud
  - > Risk orientation
    - Not the 95 % compliant operators but the 5 % irregularities need to be targeted







### **Next steps**

- > Code of conduct for certification bodies
  - Jochen Neuendorff (GfRS), Keith Ball (Soil Association/EOCC), Jan Wicher Krol (SKAL, EOCC) Rainer Bächi (IMO)
- > Code of conduct for trade
  - Toni Sellers (Tuchel&Sohn), Wim Rabbie (Tradin), Carol Heast, Bo van Elzakker (AgroEco)
- > Paper "what authorities and supervisory bodies can do"
  - Lianne Kersbergen (Ministry of Agr., NL), Beate Huber (FiBL)
- > Initiatives in other regions?
  - > Italy, Peru, US







