



# Group Certification

## Internal Control Systems in Organic Agriculture: Significance, Opportunities and Challenges



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## Imprint

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## **Glossary**

APEDA: Agricultural & Processed Food Products Expert Development Authority (India)

CB: Certification Body

ConsCert: Consolidation of Local Certification Bodies (project acronym)

COR: Canadian Organic Regime

EU: European Union

EC: European Commission

FiBL: Research Institute of Organic Agriculture

FT: Fair Trade

GPS: Global Positioning System

ha: hectares

ISEAL: Global membership association for credible sustainability standards

ICS: Internal Control System

IIFOAM – Organics International: International Federation of Organic Agriculture Movements

IMS: Internal Management System

IOAS: International Organic Certification Service

NC: Non-Compliance

NGO: Non-Governmental Organisation

NOSB: National Organic Standards Board (USA)

NOP: National Organic Program (USA)

NPOP: National Programme for Organic Production (India)

OECD: Organization for Economic Cooperation and Development

PGS: Participatory Guarantee Systems

QMS: Quality Management System

RA: Rainforest Alliance

SAN: Sustainable Agriculture Network

SECO: Staatssekretariat für Wirtschaft Schweiz / State Secretariat for Economic Affairs

SPO: The Fairtrade Standard for Small Producer Organisations

USDA: United States Department of Agriculture

VSS: Voluntary Sustainability Standards

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# I. Executive summary

## Importance of group certification

About 80% of the world's organic producers are smallholders in low and middle income countries, for whom individual certification would be unaffordable and administratively too complex to manage. These producers are recognised as organic due to group certification, a system in which groups of farmers implement an Internal Control System (ICS) and are certified by a third party certification body, which assesses the performance of the ICS and performs a representative number of spot-check inspections of group members.

The approach of using ICS based group certification was pioneered by IFOAM – Organics International (IFOAM) and Fair Trade over the past twenty years has been adopted by the entire organic sector, including the EU and the US National Organic Programme. Very similar approaches are used, and have been further developed, by other voluntary sustainability certification programmes. Group certification is the only way that smallholder farmers in low-income countries can access certified international markets and besides reducing certification costs and complexity it also provides other important benefits.

Yet, despite the (increasing) global importance of group certification in organic agriculture, there have been few studies that explicitly address the specific issues related to it. This study aims to fill that gap. It examines the current scale and scope of group certification by region and country and draws on a literature review, a stakeholder survey and expert interviews in order to identify the strengths of, success factors, and challenges facing, ICS. It assesses the importance of the individual elements of ICS, how effectively they are implemented and the opportunities for the further development of group certification.

## The global scale of group certification

There are presently no official available statistics about ICS certified producer groups. The relevant data bases and certified operator lists mostly do not specifically identify producer groups, nor the number of producers within them.



Figure 1: Estimated global organic group certification



Hence, different data source and extrapolation had to be used to collate data about the scope and spread of ICS groups (see Figure 1 and Figure 2). These estimates suggest that there are about 2.6 million organic producers organised in around 5,900 ICS groups in 58 countries (mainly in Africa, Asia and Latin America), covering a total area of around 4.5 million ha of certified organic land.

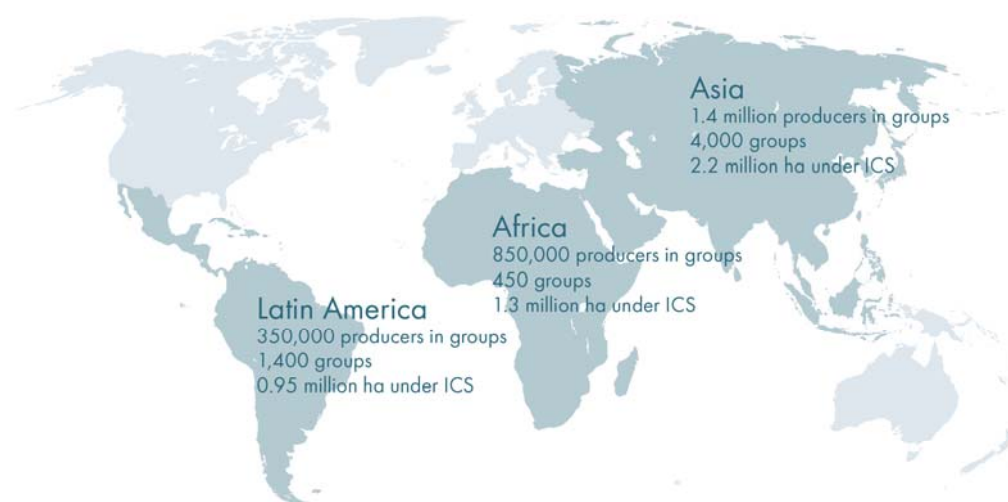


Figure 2: Estimated global organic group certification per region

The main products sold by ICS certified groups are coffee and cocoa, but these groups supply many other important commodities (see Figure 3). The size of groups can vary greatly between different regions and from country to country. The biggest groups are found in Africa, where groups with more than 10,000 farmers are not uncommon. Farms in organic groups have a typical size of 1-4 hectares, depending on the region, but many groups also include some medium-sized and large farms.



Figure 3: Most important crops certified by group certification

The global scale of group certification is even bigger if we also take into account grower groups that are certified under other voluntary agriculture sustainability standards that use a similar control model to ICS (see Figure 4).

### Estimated total scale of group certification world-wide

5.6 Mio. producers in groups

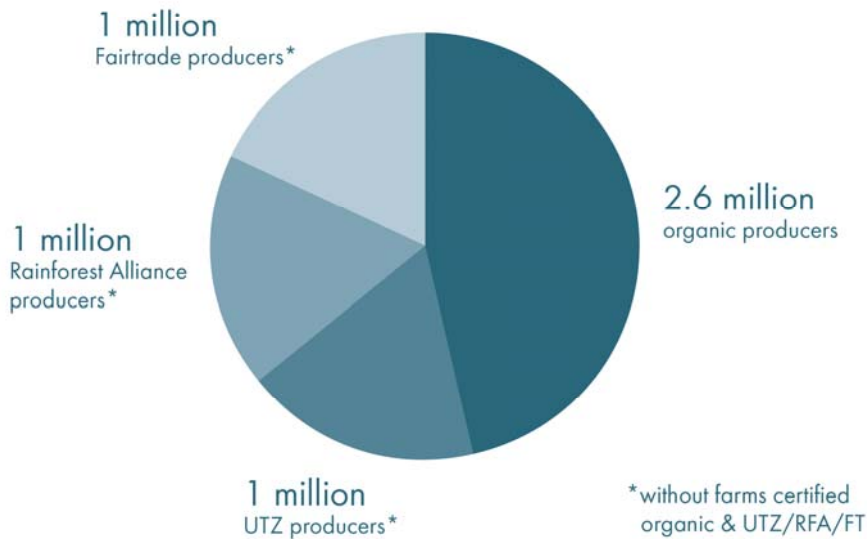


Figure 4: Scale of group certification worldwide

### The need to harmonize and strengthen group certification requirements

This study provides a comparison of group certification requirements in different organic regulations. It also examines the various requirements of other relevant voluntary sustainability standards and shows some useful examples of best practice in these standards. The results of the stakeholder survey and the expert interviews showed that they consider most elements of organic group certification to be ‘important’ or ‘very important’ and that they are generally implemented ‘well’ or ‘quite well’. However, the interviews also highlighted various challenges and a need for more guidance or stronger criteria in some areas in order to ensure consistent application of the requirements. This is particularly relevant as the new EU regulation for organic farming (published in 2018 and coming into force in 2021) will allow group certification of small farms anywhere in the world, including the EU. The details about how to control and implement these rules are in elaboration.

The study concludes that it is very important that organic regulations define group certification as a separate ‘scope’, with specific control requirements, in a similar way to which there are specific requirements for the certification of processing or feedstuff operations since ICS are more complex than certifying individual farms or enterprises,

and require additional skill sets. This would strengthen oversight by accreditation bodies and competent authorities and help to achieve transparency and reporting on group certification data.

The report also recommends the need for more explicit guidance on the following aspects of group certification.

- **Size of producer groups:** As groups can be very large (the largest confirmed size was 80,000 farms in one group), it could be important to have clear rules on the maximum size of a certified group, and/or how large groups can be organised into homogenous subgroups and the related sampling rules for external controls.
- **Size of member farms in groups:** Definitions of farm size and ways of controlling medium and large farms in different group settings should be defined in more detail in order to harmonise inspection procedures among the certification bodies.
- **Farm extension and capacity building:** Training on how to implement organic principles in practise is crucial for the long-term success and compliance of organic groups. There should be more explicit requirements to include these aspects as part of the group certification process. As part of this process consideration should be given to allowing the same field officer to conduct internal inspections and to provide advisory/training services, as this would facilitate capacity building, especially within groups with a very limited ICS budget.
- **Reliable, basic, farm data is essential,** especially regarding the size and location of the farm fields and crop data in order to monitor and control. Gathering this data is a major challenge for many groups. It would be helpful to provide groups with adequate digital tools and training to improve data management. Useful lessons in this respect can be learned from the efforts of other standards such as Rainforest Alliance/UTZ. It is also important to make the data collected for the ICS more useful and relevant for farmers and the group so that groups see data gathering as beneficial for them rather than merely a certification requirement.
- **External control of groups:** Additional guidance and more explicit rules are needed to ensure more consistent application of group certification requirements. In particular, consideration should be given to establishing audit protocols and rules to ensure that the relatively few external farm inspections are done thoroughly. One mechanism for doing this would be by introducing clear rules, such as a maximum number of audits per day, as is done in other sustainability standards. This would create a level playing field between certifiers and prevent cost (and quality) cutting. More guidance is also needed on dealing with non-conformities and sanctions for the group in order to harmonise the application of control standards.

### **Benefits and systemic change for smallholder farmers**

Group certification was originally developed to empower smallholders and improve their livelihoods by giving them access to the organic premium market. The benefits that producers receive from certification and their motivation are key factors for the success

of groups, the improvement of practices and for ensuring long-term compliance. There is a need to focus more on the benefits, and especially on providing services to producers, which they find to be of real value.

Economic factors, such as good prices and ethical trading practices are also important as they allow groups to operate an efficient ICS, to develop their capacities and those of their members and provide other services (such as training) to their members. Buyers need to understand that although the costs of external certification per farmer are much lower in a group, the operational costs of a quality ICS can be very considerable.

There is a need to substantially improve outreach to, and the training of, farmers in good organic production practices and to ensure their long-term motivation. This can only be achieved by more investment in research, training and exchanges.

The extension of group certification to middle and high-income countries will bring about a need to carefully reconsider group certification requirements and restrictions, and the potential consequences of this fundamental change. Caution needs to be exercised to avoid the possibilities that group certification is (mis)used to enforce monopolization, dependencies and to seek less stringent control mechanisms.

## **2. Group certification – a pathway for certifying smallholders**

### **2.1 Introduction and the objectives of this study**

The vast majority of organic producers worldwide are smallholders in low and middle-income countries. This is only possible because of group certification, in which a group of farmers implements an Internal Control System (ICS) and is collectively certified by a third party certification body, which assesses the performance of this system and performs a representative number of spot-check inspections of group members.

In the past 20 years, the pioneering approach of using ICS based group certification has been adopted by the entire organic sector, including the EU and the US National Organic Programme. Very similar approaches are used and have been further developed by other voluntary sustainability certification programmes such as UTZ and GLOBALG.A.P.

Several studies (e.g. Pinto et al. 2014) show that such systems reduce the cost of certification and enable smallholder farmers to access international organic markets and the benefits they can bring. At the same time, other arguments have emerged that show that ICS based systems also act as an effective quality assurance tool. These include: the improvement of on-farm practices (thanks to the inclusion of extension services and the increased exchange of knowledge between group members); improved product traceability (due to the integration of producers into one marketing unit), and; the potential to foster organisational development, thereby empowering producer groups. Many of these benefits, as well as the overall efficiency of group certification in ensuring compliance with organic standards, remain largely unstudied.

This study aims to fill that gap, and reviews more than two decades of experiences in implementing ICS-based group certification in various forms. It examines the relevance and functioning of ICS, seeks to illustrate the scale of ICS based certification, to identify critical success factors, best practices and areas where improvements can still be made and looks at possible future developments in this field.

The review is especially timely as the recently revised EU Regulation for Organic Production and Labelling (2018/848) allows for groups of operators” running an ICS in high income countries (including in the EU) to become organically certified, The ways of implementing this revised regulation will be negotiated in 2019/2020. Existing EU group certification guidelines have been criticized for lacking effectiveness.

This study was designed to provide insights into ICS practices and success factors and to provide recommendations for the minimum requirements for group certification in order to strengthen the effectiveness of the approach, without limiting the market access of smallholders from low-income countries.

The results are based on findings gathered from a review of the relevant literature, data collection from organic certification bodies, an extensive online survey of ICS practitioners and experts, and expert interviews.

## **2.2 The history of group certification in organic and other voluntary sustainability standards**

The basic concept of group certification was introduced in the 1980s by some organic farming associations and certification bodies in order to be able to certify products grown by smallholders in low-income countries. The initial, specific focus was on coffee and cocoa cooperatives with very small-scale, and often illiterate, producers, each farming only several acres of land. Individual certification of each such tiny farms, often in very remote areas was prohibitive not only in terms of costs, but also due to a lack of administrative and management skills.

Over the years certifiers and some standard setters, such as Naturland, developed their own approaches and procedures for dealing with the diverse nature and size of these certified groups, resulting in certifiers developing different sets of requirements (i.e. what the ICS should include) and procedures (i.e. inspection protocols) (Munteanu, 2014). This situation posed a clear challenge for operations with multiple certifications, as it became difficult for one certifier to accept another's certification, leading to double and sometimes-triple certification costs (IFOAM, 2003). It was also an unsatisfactory situation for the organic authorities, who need to ensure consistent application of organic regulations.

The need to harmonise the requirements set by certifiers was recognized by IFOAM – Organics International: (IFOAM), which made a first step towards harmonisation in 1994 when a first set of criteria relating to group certification was included within its Accreditation Criteria and guidelines on ICS requirements for groups were published. These criteria were further elaborated through a set of workshops held between 2001 and 2003, which lead to the publication of the document *Smallholder Group Certification: Compilation of Results*, which specifies the elements that must be included within an ICS, such as documentation requirements, evaluation protocols, appropriate re-inspection rates and risk assessment tools. The basic elements of the approach were adopted in 2003 by the European Commission (EC) in its document *Guidance Document for the Evaluation of the Equivalence of Organic Producer Group Certification Schemes applied in Developing Countries* (IFOAM, 2012). IFOAM also published training curricula and toolkits to support smallholder producer groups to introduce ICSs and to harmonize the certification of groups by organic certification bodies.

In 2008, the EU Commission included group certification requirements in the *Guidelines on Imports of Organic Products into the European Union* (in chapter 8 *Guidelines for the evaluation of the equivalence of organic producer group certification schemes applied in developing countries* (European Commission, 2008)). IFOAM's updated requirements for group certification are included in Chapter 8.3 of the document *Accreditation Requirements for Bodies Certifying Organic Production and Processing* (IFOAM, 2014).

As group certification has gained acceptance and became more widespread, statutory organic regulations in different countries (including some high-income countries) have also started to integrate the concept of group certification into their regulatory frameworks.

In the US, the USDA organic regulation first formally acknowledged group certification in 2002, with the publication of the NOSB recommendations for grower groups, which outlined the procedures to be followed by certifiers and specified the group eligibility requirements. These recommendations were later updated in 2008 and are today integrated in the NOP handbook.

The EU has 'equivalence guidelines' in place for group certification outside of its territory, but group certification within the EU is not permitted. This will soon change when the new EU Organic Regulation (N° 2018/848) comes into effect in January 2021. The regulation, which uses the term "operators and groups of operators" opens up the possibility of group certification for 'small farmers'. The development of the rules for group certification and internal control systems was delegated to the European Commission and is expected to take place in 2019 and 2020.

### **2.3 IFOAM's requirements for group certification**

IFOAM – Organics International (IFOAM) has played a central role in developing the concept of group certification since the 1990s and in supporting organic certification of smallholder groups. Basic rules for group certification have been part of IFOAM's accreditation requirements since that time. Its ICS training and guidance materials for group certification (IFOAM 2003), and the training curriculum for certification bodies to certify groups (IFOAM, 2004) have become key reference materials for organic organisations and companies around the world seeking to develop or fine-tune their ICSs. Last updated in 2014, IFOAM's rules for group certification are described in Chapter 8.3 *Group Certification of Accreditation requirements for bodies certifying organic production and processing*. These requirements apply to all organic certification bodies that are "IFOAM accredited", about 17 certification bodies worldwide.

'Grower Group Certification' is a specific 'scope' of accreditation: not all accredited certifiers are approved to undertake group certification. The international accreditation body (IOAS) specifically verifies a certifier's qualifications and policies for group certification before approving them to do ICS.

**1. Scope of group certification (pre-requirements)**

- a. Group members have similar production systems.
- b. Group members are in geographic proximity to each other.
- c. Large farming units, processing units and traders need to be inspected as individual units.
- d. Group shall be large enough and have sufficient resources to support a viable ICS that assures the compliance of members.
- e. Collective marketing of certified products.

**2. Requirements for groups / ICS requirements**

- a. The certified entity is the group; individual members cannot use the certification independently.
- b. An effective and documented Internal Control System is in place.
- c. Documented internal inspections of all group members at least annually, with the purpose of checking compliance with production standards.
- d. A formal written agreement with each member, specifying their rights and obligations (complying with the standards, permitting inspections, etc.). The group must ensure that all members are aware of their involvement in the group and their rights and obligations, including the consequences of non-compliance.
- e. Members shall have access to the production standards, presented in a way adapted to their language and knowledge. If there are internal versions of the standards, the certifier needs to verify that these cover all relevant aspects.
- f. The group has competent ICS staff, who are regularly trained.
- g. The group shall address conflicts of interest.
- h. The group maintains complete core documentation (specified in detail).
- i. The internal inspection protocol is described and implemented.
- j. New members can only be accepted after an internal inspection, monitoring and a documented conversion period.
- k. Mechanisms shall be in place to enforce corrective action and to remove non-compliant group members from the list and their produce from the product flow.
- l. Decision-making shall be separate from internal inspections.
- m. Risk assessments are conducted and acted upon.
- n. A description of product flow, with full records at each step.

**3. External control of group operations**

- a. Annual external inspection of the group. The certification body shall assign inspectors with specific competency on ICS.
- b. The inspection shall include an assessment of the ICS, its effective application and compliance with standards, verifying that internal documentation is in place, internal inspections have been carried out and adequately documented, the correct procedures have been followed for the inclusion of new members and non-compliances are dealt with appropriately. The inspection shall also verify that group members understand the standard and that any internal versions of the standards cover all relevant aspects of production.
- c. The inspection includes an assessment of risks to organic integrity within the group and the environment in which it functions.
- d. Re-inspection of a sample of group members to evaluate the effectiveness of the ICS. The sample to be chosen to be based on combination of risk-based and random selection.



Minimum number: square root of the total number of farmers for 'normal risk'. For medium and high risk, risk factors of 1.2 and 1.4 respectively apply (this is the same as the EU Guidance).

- e. Re-inspections shall be carried out with relevant ICS documents to hand. The method and results of the internal control shall be compared with the results of the inspection. Records shall be kept to ensure that, over time, re-inspections are representative of the group as a whole.
- f. The evaluation shall include (a) witness audit(s) of internal control inspections.
- g. The certifier shall hold the entire group responsible for compliance of all operators. The certifier needs to have a clear sanctions policy in event of non-compliance by the group and/or its members. Failure of the ICS to detect and act on non-compliances shall invoke sanctions on the group as a whole.
- h. Certification shall not be granted or shall be revoked in case of the ICS being ineffective or systematically failing.

## 2.4 The EU's requirements for group certification

The current EU Regulation for organic products (N° 834/2007) does not mention group certification, as the regulation only applies to production in the EU, where farms of all sizes are required to undergo individual certification by an approved organic certification body if they wish to market their products as 'organic'. However, the EU Commission has established *The Guidelines for the Evaluation of the Equivalence of Organic Producer Group Certification Schemes Applied in Developing Countries* (European Commission, 2008). The Guidelines are part of the EU's guidelines for imports of organic products and they are the normative basis for EU certification of organic producer groups worldwide.

It is important to note that the EU's Organic Regulation currently does not define group certification as a separate scope of certification, it is included in product category A: (unprocessed plant products) and not as a separate category with specific production and control requirements, (as for example is the case for organic processing or the production of organic feedstuff). Hence, all certification bodies approved to do farm certifications in specific countries are also effectively authorised to perform group certifications. A summary of the current EU group certification requirements can be found in Annex III. In May 2018, the new Organic Regulation (N° 2018/848) was finally approved, which will become effective from January 2021. The regulation explicitly states that group certification is allowed for "small farmers" within the EU and in "third countries" and uses the term "operators and groups of operators" throughout.

The most relevant section for group certification is Article 36, which outlines basic principles that are similar to the previous guidelines (e.g. common marketing and geographic proximity of members). However, group certification is now explicitly restricted to members with a "maximum of 5 hectare landholding (15 hectares in case of grassland) or an annual turnover of less than 25,000 € (or total output from organic of less than 15,000 Euro or certification costs that are more than 2% of turnover)".

There are also important references to group certification in sections (85), (87), (116), (117), Art. 35(1)(b), Art. 38 (1)(d) and (4)(d) and (9) (d) and Annex VI.

The requirements in the new Regulation are definite. What still needs to be decided, is defined in Art. 36(3) and (4), and Art. 38(9), which gives the Commission the mandate to:

- add provisions regarding the responsibilities of members in the groups, criteria to determine geographic proximity and how the internal control system shall be set-up and function;
- define specific rules concerning the composition and dimensions of a group of operators, the record keeping and traceability systems and the exchange of information between groups, competent authorities and certification bodies;
- lay down specific criteria and conditions for the external control of specific categories of operators, including the minimum number of members to be controlled externally.

The task of developing ways of implementing the regulation, including the rules and criteria for group certification has been delegated to the European Commission (§87, §116 and §117) and these details should be finalised during 2019 and 2020. The current system of certification bodies using 'equivalent standards' to certify organic products destined for export to the EU is expected to be maintained at least until 2021. After the transition period, equivalent rules will only be accepted for countries with which the EU has mutual recognition agreements, all other imports will have to be certified on the basis of compliance against the new EU regulation.

## **2.5 US NOP requirements for group certification**

The USDA National Organic Program (NOP) regulates the use of the term 'organic' in the US. Any products sold in the US as 'organic', from anywhere in the world, need to be certified according to the NOP regulation by an USDA approved organic certification body. The NOP regulation, published in 2000, governs crop and livestock production, wild-crop harvesting, handling, processing, labelling and certification requirements. There are no specific rules for group certification within the NOP, although some groups have been certified under NOP since its inception.

In 2002, the National Organic Standards Board (NOSB) submitted its recommendation on *Criteria for the Certification of Grower Groups*, which was approved for interim use by the NOP in May 2007. However, in 2006 an informal decision by the Agricultural Marketing Service Administrator determined that a certifying agent's policy of inspecting "only a percentage of producers in a group" was not in line with the regulations. This decision arose when the Administrator was asked to review a case where the certifier had denied certification due to the "lack of a defined ICS" and the group had appealed against the "magnitude of the sanction". This case led the NOSB to thoroughly review the concept of group certification and in 2008 the NOSB submitted an updated recommendation, arguing that "the use of an Internal Control System as part of the organic system plan, integrating multiple sites and production units was

consistent with the NOP and, provided that additional assurances were met, may reduce the need for direct inspection of each subunit or site” (NOSB, 2008).

The NOSB recommendation defines an Internal Control System as : “A written quality assurance system included in a master organic system plan that sets forth the practice standards, recordkeeping and audit trail requirements applicable at each production unit, facility or site and that identifies the internal verification methods used” (*ibid*).

In 2011, the NOP Administrator issued a Policy Memo (*NOP Policy Memo 11-10 Grower Group Certification* (2011)) which states that the NOP was in process of drafting detailed guidance on group certification. In the meantime, accredited certifying agents were advised to use the National Organic Standards Board’s recommendations of October 2002 and November 2008. The NOP Grower Group training, published by USDA in 2015, provides an overview of NOP group requirements, with a couple of examples showing how the external control rate should be calculated. A summary table of USDA NOP Group Certification Requirements can be found in Annex III. Since the 2008 recommendation, group certification continues to be practiced, but remains a subject of debate. One of the frequently discussed questions is whether the ‘multiple site’ methodology of group certification should also apply within the US.

The USDA accreditation system for ‘Accredited Certification Agents’ seems to consider group certification to be a special ‘scope’ although this is not formally stated in the regulatory text nor procedures. According to the information we have received, USDA specifically monitors the application of the NOP group certification requirements in its accreditation audits, and the required witness audits should include a group audit, if the certifier is active in this field. The explicit requirement that all new members of a group need to be externally inspected poses specific difficulties to international certification bodies (because it is more stringent than the EU’s and other regulators standard practices). In interviews with certification experts, it was mentioned that USDA accreditation had become more focussed on group certification requirements in recent years, but that the implementation of the rules may not be consistent.

## 2.6 Comparing different requirements for organic group certification

This section compares the different requirements for organic group certification of the three main systems (EU, NOP and IFOAM) in order to identify commonalities and differences (see Table 1).

**Table 1: Comparison of organic group certification requirements**

Legend:

✓	implicit requirement; briefly mentioned
✓✓	explicit requirement in the guidance/norm text
✓✓✓	Explicit requirement with detailed guidance
-	not covered

<b>A. Pre-Requirements for Organic Group Certification (‘who can be certified as a group’)</b>			
	<b>EU Guidelines<sup>1</sup></b>	<b>USDA NOP</b>	<b>IFOAM Norm</b>
<b>Group members are small farmers</b>	✓✓ <i>New regulation will define criteria for maximum size.</i>	-	✓✓
<b>Homogenous / similar production</b>	✓✓	✓✓✓	✓✓
<b>Geographic proximity</b>	✓✓	✓✓✓	✓✓
<b>In low income country</b>	✓✓ <i>New regulation will not restrict grower groups to low income countries</i>	-	-

<sup>1</sup> Current EU Group Certification Guidelines. Amendments that will come into force in 2021 when EU Regulation 2018/848 is implemented are shown in italics.

	<b>EU Guidelines<sup>2</sup></b>	<b>USDA NOP</b>	<b>IFOAM Norm</b>
<b>Marketing as a group</b>	✓✓	✓✓	✓✓
<b>Group is formally constituted with a legal structure and central management</b>	✓✓	✓✓	✓✓
<b>Size of group</b>	-	-	✓✓ large enough & well-resourced for viable ICS
<b>Form of group organisation:</b>	self-organized group OR “structured group of producers affiliated to processor or exporter”	organized as a “person”= corporation, association, partnership, cooperative	-

<b>B. Requirements for Organic Group Certification</b>			
	<b>EU Guidelines</b>	<b>USDA NOP</b>	<b>IFOAM Norm</b>
<b>Documented internal control system</b>	✓✓	✓✓	✓✓✓
<b>Risk assessment and risk management done by the group</b>	-	✓ focus on critical control points	✓✓
<b>All members are contractually linked to the group</b>	✓✓	✓✓	✓✓✓
<b>Members receive a (summary of) the relevant standards to which they must adhere ('the internal organic standard')</b>	-	-	✓✓ standard adapted to members' language & knowledge

<sup>2</sup> Current EU Group Certification Guidelines. Amendments that will come into force in 2021 when EU Regulation 2018/848 is implemented are shown in italics.

<b>B. Requirements for Organic Group Certification</b>			
	<b>EU Guidelines</b>	<b>USDA NOP</b>	<b>IFOAM Norm</b>
<b>Procedures for including new group members</b>	-	✓✓ external inspection of all new members	✓✓✓ procedures, conversion period
<b>Basic farm data collected by ICS,</b>	✓✓	✓✓	✓✓
<b>Farm production records kept by ICS or individual members</b>	✓✓	✓✓✓ same records, central supplies of inputs, etc.	✓✓
<b>Harvest data and yield estimates kept by ICS</b>	✓✓	✓✓	✓✓
<b>Farmers are given training &amp; support in organic production methods</b>	-	✓✓ training regime; important	✓ members understand requirements
<b>Documented annual internal inspections incl. farmer interviews &amp; field visits</b>	✓✓	✓✓	✓✓✓ defined protocol
<b>Producer lists</b>	✓	✓	✓✓✓
<b>The roles, qualifications, and management of personnel involved in ICS</b>	✓ internal inspectors must be trained	✓✓✓ roles & qualification, regular training	✓✓✓ sufficient number, training
<b>Mechanisms in place for managing potential conflicts of interest</b>	✓✓	✓✓	✓✓✓
<b>Mechanisms for dealing with non-compliance &amp;</b>	✓✓	✓✓✓	✓✓✓

<b>B. Requirements for Organic Group Certification</b>			
	<b>EU Guidelines</b>	<b>USDA NOP</b>	<b>IFOAM Norm</b>
<b>imposing internal sanctions</b>			
<b>Obligation to inform certification body of instances of non-compliance</b>	✓✓	✓✓	-
<b>Product flow management from members to sales meets organic standards</b>	✓	✓✓ annual inspection of all buying & handling units	✓✓✓ documented procedures for entire handling process. Removal of non-compliant products from product flow

<b>C. Requirements for the External Control by the Organic Certification Body</b>			
	<b>EU Guidelines</b>	<b>USDA NOP</b>	<b>IFOAM Norm</b>
<b>Inspection evaluates the efficiency of the ICS</b>	✓✓	✓✓	✓✓✓
<b>Risk assessment by certification body</b>	✓✓ to determine risk factor for external control rate	✓✓✓ detailed risk analysis required. Detailed guidance	✓✓✓
<b>Procedures for ICS Evaluation</b>	✓	✓	✓✓✓
<b>Number of external inspections of group members to assess ICS</b>	✓✓ square root of total number of farms. Risk factors 1.2 /1.4 for medium / high risk	✓ rate defined by CB, based on risk assessment	✓✓✓
<b>Selection of group members for external inspection</b>	✓✓✓	✓✓	✓✓
<b>External farm inspection protocol</b>	✓✓ farm visit & interview	✓✓ farm visit & interview	✓✓✓ more details; at least 1 witness audit
<b>Defined sanction policy for groups</b>	✓✓	✓✓	✓✓✓ incl. procedures dealing with members found noncompliant
<b>Control requirements if ICS found to be deficient</b>	✓✓ increase the external control rate to 3 times square root. For serious deficiencies: decertification	✓✓ no certification if ICS deficient	✓✓✓ no certification if ICS deficient
<b>Certification body needs specific qualification for certification of groups</b>	-	✓✓	✓✓



In addition to the technical differences between these three main systems, it should be noted that NOP's norms and guidance documents are mainly aimed at regulators, whereas those of the EU and IFOAM are mostly aimed at certification bodies. IFOAM's norms provide a comprehensible description of group certification requirements that should be understandable by competent ICS managers within producer groups. NOP also has training materials on grower group certification (published in 2015), that provide an easy-to-read overview, but with less details than IFOAM's documentation.

Apart from the early guidance materials on ICS and group certification requirements for producer groups and ICS operators (e.g. IFOAM, 2003 and Naturland, 2000), there is very little guidance or training materials, with examples of best practice, available for groups who wish to start, develop or strengthen their ICS. Many producer groups face the added complexity of being certified under several organic regulations, and sometimes, other sustainability standards. This leads some producer groups to manage several separate ICS rather than integrating certification requirements into a single ICS. Most organic producer groups only receive information about group certification and ICS requirements from their organic certification bodies, which are not permitted to provide detailed training on how to implement and manage ICSs.

In recognition of this information gap, especially regarding group certification under NOP, the consulting company Organic Services has developed draft *Guidelines for Setting up, Administering and Managing an Internal Control System for Grower Groups Engaged in Organic Certification*" (Organic Services, 2014). However, after public consultation of the initial draft, the guidelines were not finalized or approved by USDA, largely due to ongoing political discussions within the National Organic Program about the scope and requirements for group certification.

## 2.7 Group certification in other organic regulations

### 2.7.1 India

The Indian National Programme for Organic Production (NPOP), under the oversight of APEDA, (the Indian Agricultural & Processed Food Products Expert Development Authority) has been in place since 2001 and regularly updated since. The most recent edition (the 7th) was published in 2014.

Chapter 5 of NPOP provides very detailed *Guidelines for Certification of Grower Groups*. Table 2 summarises India's requirements for grower groups.

**Table 2: Indian NPOP requirements for grower group certification**

	<b>Features of NPOP (with reference to the EU &amp; USDA requirements)</b>
<b>Pre-requirements for the group</b>	<ul style="list-style-type: none"> <li>• A grower group shall consist of minimum 25 and maximum 500 farmers with very similar production systems and in geographical proximity → An exporter working with 5,000 farmers must organize the farmers into at least 10 ICS groups. The exporter can manage/run the ICS for the individual groups.</li> <li>• Farms of more than 4 hectares (10 acres) may be part of the group but need annual inspection. Such farms shall not make up more than 50% of the total area of the group.</li> </ul>
<b>ICS requirements</b>	<ul style="list-style-type: none"> <li>• Very detailed description of the required functioning of the ICS, including the roles of ICS staff and the templates to be used by the ICS</li> <li>• Internal organic standard required, with template content</li> <li>• 2 internal inspections a year (each growing season)</li> <li>• One internal inspector for every 50-60 farmers in the group</li> <li>• Risk assessment by the ICS manager required, with a list of critical control points</li> <li>• Detailed guidance on approval and sanctions by the ICS, including rules if farmers leave an ICS group and possibly join another group</li> <li>• Clear requirements on buying and product flow handling by the group</li> </ul>
<b>External control requirements</b>	<ul style="list-style-type: none"> <li>• Risk assessment by CB to set external farm control rate in addition to inspecting all larger farms (&gt; 4 hectares)</li> <li>• Low risk: square root of number of farms in ICS group: Medium risk factor 1.5. High risk factor: 2 (n.b. these figures are higher than for the US and EU)</li> </ul>

The EU and Switzerland recognize NPOP as equivalent to their own regulations for unprocessed plant products and USDA recognizes NPOP's conformity assessment procedures of accreditation as equivalent to its own. This means that Indian organic products, certified by accredited Indian certification bodies are accepted by these countries.

Organic production in India is growing rapidly, both in terms of the number of producers and area. India now has more certified organic producers than any other country (almost 1.1 million) many of them are affiliated to almost 3500 ICS groups, (see chapter 2 for details). Under Indian legislation ICS groups are limited to a maximum of 500 farmers, so some organic exporters, some of which are NGOs, manage several ICS groups, for example collecting and exporting organic spices from, say, 2000 farmers organized into 4-5 ICS groups.

### **2.7.2 Canada**

The Canadian Organic Regulations permit organic certification of grower groups, including those in Canada. Specific requirements for grower group certification have been included in the *Canadian Organic Regime Operating Manual* of the Canadian Food Inspection Agency since version 2010 (in Section C.12 *Requirements for Grower Group Certification under COR*). We did not find any information about the number of ICS groups currently operating in Canada.

The rules apply to “multi-site operations composed of production units, sites, or facilities, shall be organized as a “person”, meaning an individual, a corporation, an association or an organization”. These were developed in reference to USDA policies on grower group certification, IFOAM's group certification requirements and the EU guidelines on group certification. A summary table of requirements can be found in Annex III.

## **2.8 Participatory Guarantee Systems (PGS)**

PGS are locally-focused quality assurance systems. They are based on a foundation of trust, social networks and knowledge exchange in which producers are certified on the basis of the active participation of stakeholders (Official Definition of IFOAM – Organics International, 2008).

PGS are an alternative tool for certifying organic products that is complementary to third party certification. In contrast to third party certification, PGS encourage and, even, require the participation of stakeholders in setting-up and running the system. Farmers, consumers, NGO staff, scientists and other key actors in the organic sector take part, not only in the verification and certification processes and decisions, but also helping to shape the choice and definition of the standards and the design of the procedures.

PGSs are low cost and low bureaucracy systems and are thus often more appropriate than third party certification for smallholder farmers who sell at local markets. They have proven to be an important tool in building domestic organic markets, especially in low-income countries. PGS also contain many elements that facilitate and enable

learning and knowledge exchange and can make a significant contribution to helping farmers to improve their practices or in supporting their conversion to organic farming through their integration in PGS initiatives.

PGS initiatives date back to the 1970s and 1980s, to before third party certification for organic agriculture existed. Since the mid 2000s, when the term PGS was born, the system has become more well known and widespread. In 2018, around 400,000 farmers in at least 67 countries worldwide were known to be involved in PGS with a growing number of initiatives each year (official statistics compiled by IFOAM – Organics International, 2018).

PGS have several elements in common with ICS, particularly the organization of farmers in groups and the participation of producers or producing organizations in verification processes, which brings about a sense of ownership over the guarantee and some degree of 'social control' amongst participating farmers (and their customers). However, PGS operate outside the third party certification logic and fundamentally differ from ICS in many aspects. In PGS, stakeholders are involved in the decision making process. Each farmer receives an individual certificate (in contrast to the group certificates issued in an ICS). PGS encourage diversified production systems and allow producers to market their products individually, according to their own choices. While PGS have experienced many successes and are increasingly popular, the concept also has some limitations. Being based on complex social processes, PGS requires long-term capacity building among all the stakeholders involved and skilled facilitation in its set-up. PGS only function if basic conditions are fulfilled, especially that there is sufficient demand and marketing channels for organic products are in place. PGS are particularly suitable for direct and short-supply chain marketing but less so for long or complex supply chains or exports of organic products, not least because most regulated organic markets do not accept this form of guarantee for imports.

## **2.9 Group certification in other voluntary sustainability schemes**

### **2.9.1 The development of group certification in other sustainability schemes**

The concept and practice of group certification has also been applied and developed in other voluntary sustainability standards.

The ISEAL Alliance, an umbrella organization for sustainability standards, has worked on the harmonisation of group certification approaches of different labels since 2005 when it published its first working report on the topic: *Towards Best Practice in Group Certification*. This looked at existing models of sustainability schemes including IFOAM Organic, FairTrade, UTZ, the Rainforest Alliance, The Forestry Stewardship Council (FSC - sustainable timber), The Marine Stewardship Council (MSC - sustainable fisheries), SAI (Social Accountability), and GLOBALG.A.P. (then called EurepGAP) to identify common and best practices and differences between the standards.

ISEAL followed this up in 2008 when it published *Common Requirements for the Certification of Producer Groups*, which provides a joint basis for setting group certification standard and control requirements that is used by all ISEAL members (Pyburn, 2005).

The document defines the term 'Internal Management System (IMS)' as a "documented set of procedures and processes that a group needs to implement to ensure it can achieve its specified requirements. The existence of an Internal Management System allows the certification body to delegate inspection of individual group members to an identified body within the producer group". Thus this term is almost interchangeable with the term ICS, which is more commonly used in organic systems (ISEAL, 2008). The reason for the change of terminology was to stress that an IMS is concerned with more than just a 'control' function, it is the group's internal management system.

Since then the approaches to group certification have been harmonized between different ISEAL members, and the concept has been quite widely applied and refined by many schemes. It is particularly interesting to compare the group certification requirements of UTZ Certified, the Rainforest Alliance and GLOBALG.A.P. Standards with organic standards, as these are also agricultural standard systems with detailed technical standards that must be met by every certified farm and control requirements that are comparable to organic standards. They have been widely applied to many hundreds of producer groups worldwide, many of which are also certified as organic.

The following sub-sections review interesting group certification features in these other systems to draw out more information about how the concept of group certification has been strengthened and refined over the past two decades.

## 2.9.2 Rainforest Alliance and UTZ

UTZ was launched as a programme for responsibly grown coffee in 2002, initially under the name of Utz Kapeh. The programme grew very quickly and established itself as the biggest sustainability scheme for both coffee and cocoa. In 2017, UTZ certified almost a million farmers in 41 producing countries, producing a total of one and a half million tons of certified cocoa, 860,000 tons of certified coffee and 120,000 tons of certified tea. UTZ has more than 60 approved certifiers, including most of the organic certification bodies that operate in cocoa and coffee producing countries and is a full member of ISEAL.

The Rainforest Alliance/Sustainable Agriculture Network (RA/SAN) was founded in 1987 and operates in 43 countries. It jointly owns an agricultural certification and chain-of-custody system. In 2017, it certified 1.3 million farms for coffee, cocoa, tea and bananas.

UTZ and the Rainforest Alliance merged at the start of 2018 into the new Rainforest Alliance. So far, both certification systems continue to operate separately, with a new joint standard and certification system due to be ready by the end of 2019, followed by gradual transition to the new system from 2020 onwards.

UTZ certification was developed for implementation by producer groups. A *Core Code of Conduct for Group and Multi-Group Certification* applies to all certified products, with additional standard modules for each commodity. All requirements for the Internal Management System (equivalent to ICS) are detailed described in the Code of Conduct. UTZ also has an *Internal Management System Guide: A guide for producer groups on how to establish and meet the objectives of an Internal Management System* and a *Risk Assessment Guidance Document* for groups, as well as various guidance documents on different issues for specific producer groups.

UTZ certifies a large number of producer groups (more than 650 in 2017), many of them with a large number of producers. With its relatively close oversight on certification (a review of all certification report summaries and producer lists, regular shadow audits and additional parallel audits, etc.) and large-scale pilot projects on farm data and other issues, the organisation has continuously tried to identify risks and bottlenecks in the consistent application of their IMS system and to further develop it.

The Rainforest Alliance also certifies many groups (980 in 2017) and its standard system includes clear requirements and procedures for group certification.

In the new strategy for the future joint certification system of the new Rainforest Alliance, group certification continues to play a key role, with IMS being seen as the potential key driver for systemic change. Issues to be tackled mainly relate to data management, strict requirements on basic farm data (e.g. GPS location of farms and fields, with polygon maps to become compulsory) and traceability management. It also emphasises motivating producers.

A summary of the current group certification requirements of UTZ and the Rainforest Alliance is presented in chapter 2.9.5 in comparison with other voluntary systems.

Particularly interesting specific elements (compared to organic) are also included in the discussion of specific ICS Elements in section 4. Some of the more notable features are listed below.

- UTZ introduced a farm size rule in January 2018, restricting group certification to farms of not more than 20 hectares of certified crop and/or more than 10 permanent workers. However, this rule was changed again in January 2019. Larger farms more than 20ha certified crop and/or more than 10 workers) can now be part of a group, but they need to be annually inspected and an adapted checklist must be used, including the same social criteria as for individually certified farms.
- When several large farms are working together under the same management system there is also a multi-site certification option.
- A strong focus on gathering accurate basic data about the group and the individual farms (standardized format for the producer list, minimum farm data details, with GPS farm polygons to be required in the future).
- Clear guidance on the minimum expectations for external inspections, farm visit procedures and timing (a maximum of 6 farm visits per day and a minimum of half a day evaluating the ICS).
- Compulsory training for farmers covering at least two topics per year.

### **2.9.3 GLOBALG.A.P.**

Founded in 1997, the Global Partnership for Good Agricultural Practice (GLOBALG.A.P.) is a private initiative operating in the food and agriculture sector across 122 countries. It runs a modular standard adaptable to all agriculture, aquaculture, livestock and horticulture production and implements a *Chain of Custody Standard* to ensure product segregation of the certified products. GLOBALG.A.P. allows recognition of local 'integrated production' / 'good agricultural practices' certification schemes by means of benchmarking.

GLOBALG.A.P. certifies a wide variety of fruits and vegetables worldwide. The majority of producers are based in Europe (45%), followed by Latin America (25%), Africa (12%) and North America (10.5%). The focus is on food safety (similar to 'Integrated Production') with some limited environmental and social criteria. Certification is essentially a license to trade in some commodities, e.g. fresh fruits and vegetables, for which most European retailers only accept certified produce.

GLOBALG.A.P. is primarily a farm standard applied to single farms, but it has a special control option (Option 2) for groups of farms of any size, anywhere in the world, based on an Internal Monitoring System (IMS). Requirements for the Quality Management System (GMS) are described in detail in Part II of the *General Regulations: Quality Management System Rules* (GLOBALG.A.P., 2017). Part III of the Regulations defines the audit and certification procedures, and requirements for certification bodies.

A summary of current group certification requirements is presented in the summary section of this section and compared to the other systems.

Interesting specific elements of this system are included in the discussion of specific ICS Elements in chapter 4. The features listed below are of relevance when considering organic group certification systems.

- The group certification concept, applied since the beginning, can also include large farms, anywhere in the world.
- The minimum time for the internal and external farm inspections is 3 hours, (defined in the *General Regulations* in Chapter 4.3 (GLOBALG.A.P., 2017)). This includes the completion of the very long and detailed standard farm inspection checklist. For very small and simple farms in a producer group, this may be slightly reduced with written justification, but should always be at least 2 hours. There is a clearly defined list of factors that can increase the minimum farm inspection time.
- Farmers' training is compulsory (using only approved GLOBALG.A.P. trainers). There are very strict separation requirements between training/consulting and control (which are not done by the same person, even not for different sub-groups). This is made easier as GLOBALG.A.P. is such a mainstream standard that there are many local GLOBALG.A.P. trainers available.

#### **2.9.4 Fairtrade**

Fairtrade Certification is, along with organic, the longest established sustainability product certification. Its traditional focus is on certifying small producer groups, such as cooperatives and farmers' associations in low-income countries in order to provide marginalized small producers with access to markets that pay 'fair' prices. In 2017, Fairtrade certified 1.48 million farmers, in a total of about 1,600 producer groups in 75 countries.

Roughly, 90% of all Fairtrade certified products are accounted for by seven commodities: bananas, cocoa, coffee, sugar, tea, cotton and flowers (Fairtrade International, 2017).

The certification requirements are defined in the Fairtrade's *Standards for Small Producer Organizations*, which are completely separate from the requirements applied to 'Hired Labour Operations', such as large farms or plantations. The certification of producer groups is mostly restricted to 'organised groups', in which all members must have a voice and a vote in the decision-making of the organisation and in which profits are equally distributed among the producers. There are 'contract production' standards, which allow for the certification of companies or NGOs working with contracted smallholder farmers until they can become independent groups, but this is restricted to a few specific products and origins (e.g. rice and cotton from India and cocoa in the Pacific).



Chapter 3 of *The Fairtrade Standard for Small Producer Organisations* (SPO) defines various criteria that must be met by both the group and each group member (farmer), but it is left to the group how to formalize its internal structures to guarantee members' compliance. Fairtrade does not require a formal internal quality management system, unless the group is a '2nd or 3rd grade organization', i.e. an umbrella organisation of several cooperatives, which must have an ICS to control its member organisations.

For this reason, Fairtrade certification offers only very limited insights for the further development of organic ICS group certification systems. The number of Fairtrade certified groups is highlighted in Chapter 3. Many groups hold both Fairtrade and organic certification and the numbers illustrate the global scale of group certification.

## 2.9.5 Comparison of the key features of other group certification schemes

**Table 3: Pre-requirements for group certification: organic and other schemes**

	<b>EU Guidelines</b>	<b>UTZ (2018)</b>	<b>GLOBALG.A.P. (2017)</b>
<b>Group members are</b>	✓✓	✓✓✓	-
• <b>Small farmers</b>	certification costs need to be > 2% of turnover	< 10ha certified crop and/or < 10 workers (since 2018)	
• <b>Homogenous produce &amp; geographic proximity</b>	✓✓	✓✓	-
• <b>In low income country</b>	✓✓ as per OECD List	-	-
<b>Group is formally established with a legal capacity and central management</b>	✓✓	✓	✓✓✓ Detailed chapter about the legality of production. Each legal entity may have only 1 IMS per crop per country.
<b>Large farms and processors in group</b>	✓✓ Annual inspection of larger units.	✓✓✓ Larger farms (see above) annual inspection & partly different control criteria.	✓ No specific rules, but based on risk factors, which can increase the minimum internal &

	<b>EU Guidelines</b>	<b>UTZ (2018)</b>	<b>GLOBALG.A.P. (2017)</b>
		Separate Multi-site option for group of large farms.	external inspection times.

**Table 4: Requirements for group certification: organic and other schemes**

	<b>EU Guidelines</b>	<b>UTZ (2015**)</b>	<b>GLOBALG.A.P.</b>
<b>Documented internal control system &amp; contracts to each farm</b>	✓✓	✓✓✓ Detailed requirements for all core IMS documents	✓✓✓ Detailed requirements for contracts, record control.
<b>Risk assessment and risk management done by the group</b>	-	✓✓✓ Annually updated risk assessment. Management plan that addresses all anticipated risks.	-
<b>Summary of relevant standard requirements for members ('internal standard')</b>	-	✓ Previously required an internal standard, but this is no longer the case. Compliance criteria applicable to small farms are well defined.	-
<b>Producer lists &amp; basic farm data collected by ICS</b>	✓✓	✓✓✓ Many detailed requirements in the code. In the future will require GPS polygons: many long-term projects on basic data triangulation.	✓✓✓ Detailed requirements regarding the farm register.

	<b>EU Guidelines</b>	<b>UTZ (2015**)</b>	<b>GLOBALG.A.P.</b>
<b>Ongoing farm production records kept by ICS or members</b>	✓✓	✓✓✓ Defined control points with details of documentation that needs to be available about each farm.	✓✓ Standard requirement, that is also applicable to small farms.
<b>Harvest data and yield estimates kept by ICS</b>	✓✓	✓✓✓ Credible method required (specified in the code), detailed record keepings. Yield & harvest data cross-checking.	✓✓
<b>Training &amp; support for farmers in production methods that are standard-compliant</b>	-	✓✓✓ Several checkpoints on farmer training.	✓✓
<b>Documented annual internal inspection including farmer interviews &amp; field visit</b>	✓✓	✓✓	✓✓✓ Detailed guidance, strict format.
<b>ICS personnel: roles, qualifications and management</b>	✓ Internal inspector must be trained.	✓✓✓ Checkpoints on IMS organisation & staff, mandatory training of IMS staff.	✓✓✓ Focus on responsibilities; internal audits of the quality of internal inspections; competency & training requirements for QMS staff.
<b>Conflict of interest, management</b>	✓✓	✓✓	✓✓
<b>Dealing with non-compliance (NC) &amp; internal sanctions</b>	✓✓	✓✓✓	✓✓✓ Chapter on dealing with NC and sanctions.

	<b>EU Guidelines</b>	<b>UTZ (2015**)</b>	<b>GLOBALG.A.P.</b>
<b>Obligation to inform certification body about instances of non-compliance</b>	✓✓	✓✓	✓✓ Obligation to inform CB of any suspensions or cancellations.
<b>Product flow management from members to final sales in line with standards</b>	✓	✓✓✓	✓✓✓ Detailed chapter on product flow management and traceability by the QMS.

**Table 5: Requirements for external control by the certification body**

	<b>EU Guidelines</b>	<b>UTZ (2018*)</b>	<b>GLOBALG.A.P. **</b>
<b>Risk assessment by certification body</b>	✓✓ To determine the risk factor for external control rate.	✓	✓ Risk-based sampling process.
<b>Procedures for ICS evaluation</b>	✓	✓✓✓ Clear protocols with > 20 checkpoints on IMS. Minimum half a day for ICS evaluation.	✓✓ Minimum timing for the IMS evaluation, minimum activities IMS audit. Documents may be checked off-site.
<b>Number of external inspections of group members to assess the ICS</b>	✓✓ Square root of the total number of farms. Risk factors 1.2 / 1.4 for medium / high risk.	✓✓ Square root of the total number of farms (all sub-groups combined). More inspections may be needed if the risk is perceived to be higher.	✓✓ Square root of the total number of farms per sub-group and production type (e.g. dairy, fruits). List of reasons under which the CB may increase the rate.
<b>Selection of group members for external inspection</b>	✓✓✓	✓✓ Random & risk-based; CB needs to justify sample, IMS informed of the farms to be visited max. 24h in advance.	✓✓✓ Random & risk-based; need to inspect all member farms over the years, IMS informed of farms to be visited max. 48h in advance.
<b>External farm inspection protocol</b>	✓✓ Basic info: farm visit & interview.	✓✓✓ Clear protocol. & set checklist. Max 6 farm visits per day.	✓✓✓ Clear protocol & set checklist. Minimum duration 3h, under certain

	<b>EU Guidelines</b>	<b>UTZ (2018*)</b>	<b>GLOBALG.A.P. **</b>
			conditions slightly less.
<b>Defined sanction policy for groups</b>	✓✓	✓✓✓ Defined UTZ group checklists for all groups with > 20 detailed control points to evaluate IMS. Most IMS criteria are minimum criteria for certification.	✓✓ Defined sanction system, defined score based checklist with QMS assessment criteria, “QMS must be compliant before certification”, but no further details.
<b>Control requirements if ICS found to be lacking</b>	✓✓ Increase the external control rate to 3 times square root for serious deficiencies, or decertification.	✓ No clear reference, but the minimum criteria for certification would not be met if the ICS was failing.	✓ “All non-conformances with the IMS shall be resolved before certification.”
<b>Certification body needs to show specific qualification for certification of groups</b>	✗	✗ Defined minimum criteria for UTZ auditors, but not specifically for groups.	✓✓ Specific qualification requirements for QMS audits, incl. face-to-face QMS auditor training.

\* UTZ Assurance Certification Protocol Version 4.2, January 2018. UTZ Core Code of Conduct for Groups and Multi-Groups, Version 1.1, 2015

\*\* GLOBAL G.A.P General Regulations Part III, Version 5.1, 2017

This comparative review of other group certification systems raises some interesting insights that are relevance for organic group certification, listed below.

- Double certification: UTZ explicitly prohibits any farm from being certified in more than one (UTZ) group. Annual declarations are required from groups that are certified under more than one scheme (e.g. UTZ and organic) that no double sales have taken place.
- Standardized control points and compliance guidance for the evaluation of the ICS: the standardized UTZ checklist for groups, which is used by all UTZ

certification bodies includes more than 20 control points on IMS (ICS), many with very detailed clarification on compliance.

- UTZ has developed good quality guidance and sample materials to assist producer groups.
- Farm data: UTZ & RA are putting a lot of emphasis on having accurate data on farm and field locations. They find this to be THE MOST important data for cross-checking compliance – as this data allows for links with many other sources of information. GPS Polygons will become compulsory in the future, although this will be introduced gradually. It is realistic to expect that all farmers groups CAN do this, as long as the tools & requirements are kept simple.
- Minimum inspection time (guidance for CBs): GLOBALG.A.P. stipulates a minimum of 3 hours per farm (for both internal & external inspections), which can be reduced to a MINIMUM of 2h/farm. UTZ specifies a maximum of six external farm visits per day and a minimum of half a day spent on the ICS office audit.

UTZ & Rainforest Alliance have a strategic focus on the IMS/ICS being a useful tool for producers and the grower group (and not merely a compulsory compliance exercise). They considered this to be of key importance for the long-term success of certified groups.

### **3. The significance and scale of group certification**

#### **3.1 Types of producer groups**

Certified producer group operations can be categorized into two broad organisational types.

a) Self-organized producer groups: a group of farmers jointly organizes marketing their produce. Farmers are members and co-owners of the group and (to some extent) are involved in major group decisions, (e.g. farmer co-operatives). They might organize themselves or involve an NGO or commercial service provider in managing the group.

b) Producer groups that are affiliated to a processor/trader: a processor or trader that buys from a defined list of affiliated producers acts as the group administrator and operates the ICS. The affiliated producers are certified as a group under the trader's/processor's organic certificate. Sometimes the affiliated producers are organized as a group e.g. a village group of organic producers with regular meetings and group exchanges. It might be, however, that they have nothing more in common than selling to the same company and being certified under their ICS. This organisational form is sometimes referred to as 'outgrower model'.

Both types of groups are very common globally, with organized producer groups dominating in Latin America, and producer groups affiliated to trader or processor being the predominant organisational form in Asia and, to some extent, in Africa.

In organic certification, it is particularly difficult to get an overview of production in 'groups affiliated to a processor or trader'. The producers under a trader's ICS are included under a trader's 'farm' certification but the certificate does not specify this, nor any details about the number of producers. Such group operations are also not identifiable in databases, e.g. the USDA Integrity Data Base, or usually in certifiers' public operator lists. By contrast, organized groups such as co-operatives or farmers' unions are usually easily recognizable by their name.

#### **3.2 The scale of organic group certification**

##### **3.2.1 Data quality and estimations**

For this study, FiBL contacted the biggest organic certifiers of producer groups worldwide and requested detailed data on group certification. This was done, since even the most basic information (the number of certified groups, the number of certified producers in groups and the certified area under ICS) has not been comprehensively compiled, and this information is not visible in existing global organic data bases (notably the USDA Organic Integrity Database). Group certification is also not commonly displayed in the certification bodies' public lists of certified operations or other collections of data about organic agriculture, such as *The World of Organic Agriculture* (Willer and Lernoud, 2018).



However, we only obtained limited data from the certification bodies. As a result, the data presented in this section is largely based on an estimate of the scale of group certification by an international certification expert.

For each country with ICS certification (low and middle income countries in Central and Latin America, Africa and Asia) the following data, as available, was used to estimate the total number of organic certified group operations, the number of producers in groups, the certified area and crops per country:

- The number of (expert-identified) organic groups in the USDA Integrity Database, i.e. 'organized groups' that are identifiable by name, e.g. cooperatives, farmers' associations.
- The number of producers and total certified area, as contained in *The World of Organic Agriculture* (FiBL & IFOAM, 2018). Depending on the country, the number of producers identified in the report may or may not include smallholder farms that are members of groups (depending on whether this information is reported by the certification bodies or available from other data sources).
- Certifiers' data on the number of groups, the certified area for these groups, the number of producers and crops.
- Identified group operations in certifiers' public lists of certified organic operations.
- Internet research of selected group operations to estimate the numbers of certified organic producers.

### 3.2.2 The global scale of organic group certification

Based on these data estimates per country, we estimate there to be a total of around 5,900 certified organic producer groups with around 2.6 million producers certified under ICS schemes in 58 countries. The authors estimate the total global area under group certification to be 4.5 million hectares. The total numbers of producers and the characteristics of certified groups, in terms of number of producers and type of organisation, vary greatly by country and crop. Producer groups with an ICS can be as small as ten farmers, or can include tens of thousands of growers. The average farm size of growers in the groups also varies between regions, agricultural systems and crops. Though there is a strong variation between countries, there are some striking regional differences between the 3 regions (Latin America, Asia and Africa).

- **Latin America:** 350,000 producers in groups, 1,400 groups, 950,000 hectares under ICS
- **Africa:** 850,000 producers in groups, 450 groups, 1.3 million. hectares under ICS
- **Asia:** 1.4 Mio. producers in groups, 4,000 groups, 2.2 million. hectares under ICS

The most important organic crops grown under ICS systems are coffee and cocoa. However, a very wide range of products is produced under group certification, including many speciality crops (sugar, cotton, coconuts, bananas, pineapples, mangos, soy, rice, tropical nuts, quinoa, aromatic plants, vegetables or honey).

If we compare the total number of producers under organic group certification with the total number of organic producers worldwide (and make some rough adjustments for missing smallholders in the global statistics) it can be (very approximately) be estimated that about 80% of all organic producers worldwide are certified in groups.

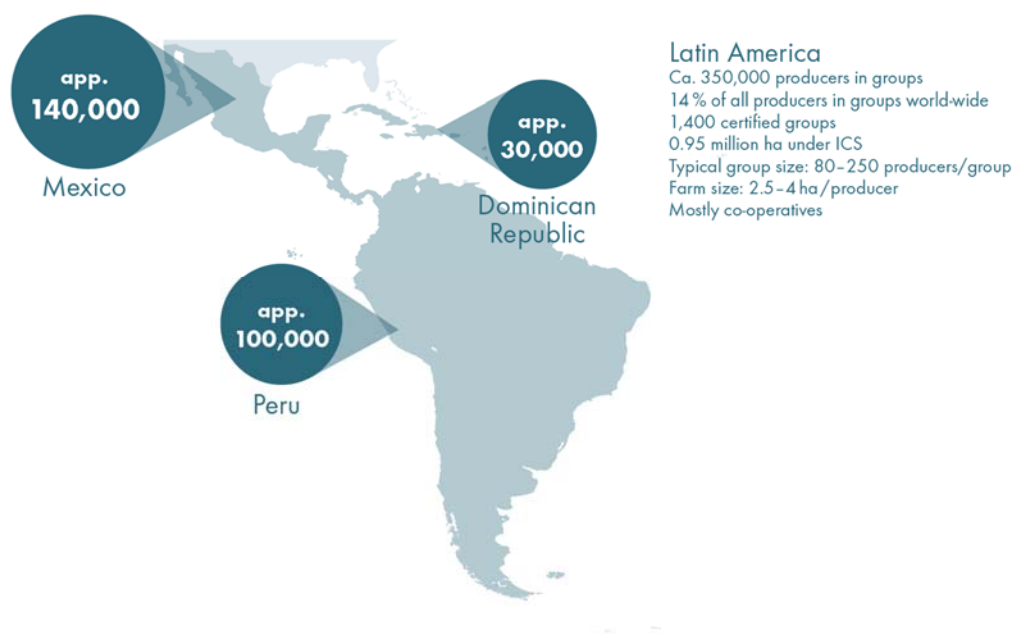
### **3.2.3 Group certification in Latin America**

Latin America is the historical birthplace of group certification, as it has a very strong movement of farmers' associations and cooperatives especially in traditional smallholder crops such as coffee and cocoa. Group sizes are relatively small, with some groups being as small as 20 growers, but landholdings for smallholders can be quite large in an international context (2.5-4.0 hectares or even bigger). There are extremely few (if any) large groups with more than 1,000 growers.

**Table 6: Latin America: The scale of organic group certification (expert estimate)**

<b>Number of group operations</b>	≈ 1,400 groups	<b>Certified producers in groups</b>	≈ 350,000 producers
<b>Area certified under group certification</b>	≈ 950,000 hectares	<b>Typical group size</b>	80-250 producers / group
<b>Crops grown in ICS groups</b>	Coffee, cocoa, bananas, sugar, soy, sugar, quinoa, pineapples, mangos, other fruits & vegetables, chia, sesame, amaranth		
<b>Top ICS countries by numbers of producers in groups</b>	Mexico (≈150,000 producers) Peru (≈100,000 producers) Dominican Republic (≈30,000 producers)		
<b>Other characteristics</b>	<p>The majority of group operations are self-organized groups: i.e. small and medium size cooperatives.</p> <p>Some groups are affiliated to processors/traders, especially in fruits &amp; vegetables, cereals and sugar.</p> <p>By international standards, the groups are small, with many very small groups (with less than 50 producers).</p> <p>The landholdings of smallholder farmers are relatively large (2.5-4.0 hectares depending on the country) can be even larger for some crops such as sugar.</p>		

**Estimated organic group certification in Latin America**



**Figure 5: Key figures about organic group certification in Latin America**

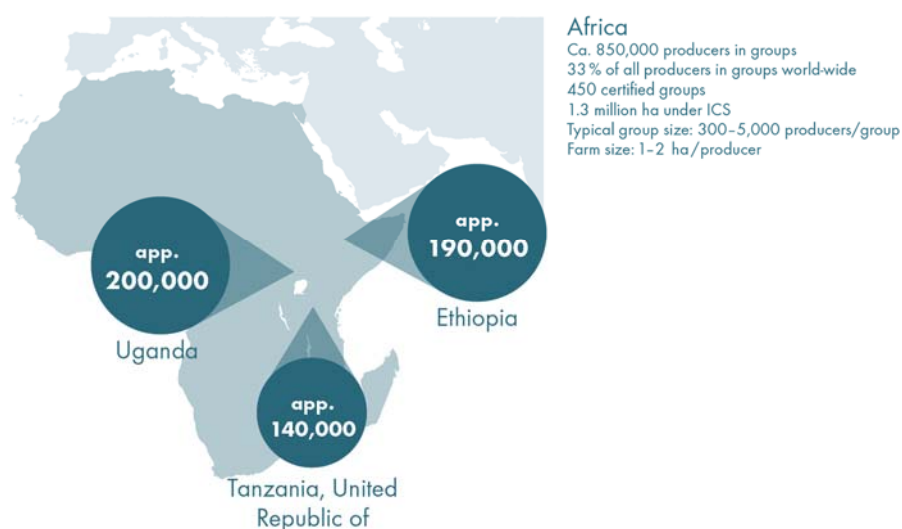
### 3.2.4 Group certification in Africa

Africa has the fewest grower groups, but the groups can be very large in size (up to 80,000 producers). Although there are a few very large certified co-operatives, the groups are more commonly affiliated to a processor/trader.

**Table 7: Africa: Scale of organic group certification (expert estimate)**

<b>Number of group operations</b>	≈ 450 groups	<b>Certified producers in groups</b>	≈ 850,000 producers
<b>Area certified under group certification</b>	≈ 1,300,000 hectares	<b>Typical group size</b>	300 to > 10,000 producers / group
<b>Crops grown in ICS groups</b>	Cocoa, coffee, cotton, fruits (fresh & dried), shea, nuts, vegetable & essential oils and honey		
<b>Top ICS countries by numbers of producers in groups</b>	Uganda (≈200,000 producers) Ethiopia (≈200,000 producers) Tanzania (≈150,000 producers)		
<b>Other characteristics</b>	<ul style="list-style-type: none"> <li>• Most African countries have relatively few certified organic companies and organisation, but the groups can be very large, groups with more than 10,000 certified farmers are not uncommon.</li> <li>• In some parts of Africa (e.g. South Africa or the Northern African countries) producer groups tend to be very small (e.g. 20 farmers).</li> <li>• Groups are commonly affiliated to a processor or trader, except in coffee, cocoa and cotton where large cooperatives are also common.</li> <li>• Landholdings of group farmers tend to be small (1-2 hectares).</li> </ul>		

**Estimated organic group certification in Africa**



**Figure 6: Key figures about organic group certification in Africa**

### 3.2.5 Group certification in Asia

Asia has the most certified groups, the most producers in groups and the largest certified area under group certification.

**Table 8: Asia and Oceania: Scale of organic group certification (expert estimate)**

<b>Number of group operations</b>	≈ 4,000 groups	<b>Certified producers in groups</b>	≈ 1,400,000 producers = 53% of all producer in groups
<b>Area certified under group certification</b>	≈ 2,200,000 hectares	<b>Typical group size</b>	300 - 1,000 producers / group
<b>Crops grown in ICS groups</b>	Cocoa, coffee, rice, coconuts, cotton, spices, nuts, (honey)		
<b>Top ICS countries by numbers of producers in groups</b>	India (≈ 1,100,000 producers) Philippines (≈ 120,000 producers) Indonesia (≈40,000 producers) Sri Lanka (≈ 20,000 producers)		
<b>Other characteristics</b>	<ul style="list-style-type: none"> <li>• India is by far largest ICS country with 3,500 certified ICS which are restricted to maximum 500 farmers/ICS and around 1.1 million producers under ICS certification.</li> <li>• Producers are usually affiliated to a processor or trader. In some countries, notably the Philippines and Thailand, there are also small and medium size grower cooperatives.</li> <li>• Landholdings of group farmers tend to be small (1-2 hectares)</li> </ul>		

Estimated organic group certification in Asia



Figure 7: Key figures about organic group certification in Asia

This is mostly due to the massive scale of ICS in India (with about 3,500 ICS Groups, 1.1 million producers in these groups and 1.6 million hectares under group certification). The data on India presented in this section is based on the governmental database system of APEDA, which requires details of every producer with the GPS coordinates of the homestead and publishes detailed statistics about ICS based organic production. It is important to note that, due to the specific requirements of the Indian NPOP, especially the restriction on the maximum size of an ICS (500 growers), the Indian data is not directly comparable that of any other countries. For example, an organic company (which would count as 'one group' in other countries) may operate several ICS in India. A few large companies operate hundreds of ICS, which could be for both domestic use and organic exports.

The extent to which group certification is used in China is unknown. Our data analysis showed only few Chinese grower groups with ICS based certification and the majority of farms in China are individually certified. However some 'farms' in China may have some characteristics of a farmer group, i.e. the farm consists of (maybe) hundreds of tiny neighbouring plots, each managed by a small farmer (who are considered to be 'workers') under the farm's overall operational responsibility.

### **3.2.6 Group Certification in Europe, North America and Australia**

In high-income countries, such as the European Union, Switzerland, the US, Canada Australia, and New Zealand there is hardly any group certification.

In many Eastern European countries, group certification is not permitted, but there can be some structures which resemble group certification. For example when a company contracts various small farms, which are all inspected by the organic certifier but certified under the company's certification. Such structures were not considered to be ICS-based group certification for the purposes of this study.

In Turkey, many small organic farms in village groups are associated with processors or traders and included under their certification. These companies operate a kind of internal management system that focusses on quality control and support the farmers (in record keeping, training, etc.). The Turkish Organic Regulation requires 100% external control of all these farms, and the organic production data for Turkey with more than 70,000 growers (FiBL & IFOAM, 2018) is not considered to be ICS-based group certification in this data estimation.

### **3.2.7 The top organic group certification countries worldwide**

Table 9 and Table 10 show the top countries for group certification in terms of their total estimated number of producers and the total number of producer groups per country, respectively.

**Table 9: Top 10 countries for group certification in terms of the total estimated number of producers in groups**

	<b>Estimated no. of producers in groups</b>	<b>Estimated total ICS groups</b>	<b>Estimated total area under ICS (ha)</b>
<b>India</b>	≈1,100,000	3,500	≈1,600,000
<b>Uganda</b>	≈200,000	30-40	≈250,000
<b>Ethiopia</b>	≈190,000	30-40	≈170,000
<b>Mexico</b>	≈140,000	200-220	≈280,000
<b>Tanzania</b>	≈140,000	40-50	≈260,000
<b>Philippines</b>	≈110,000	60-80	≈180,000
<b>Peru</b>	≈100,000	450-500	≈280,000
<b>Indonesia</b>	≈40,000	140-160	≈90,000
<b>Kenya</b>	≈40,000	10-20	≈140,000
<b>Côte d'Ivoire</b>	≈30,000	10-20	≈50,000

**Table 10: Top 10 countries for group certification in terms of the total number of producer groups**

	<b>Estimated total ICS groups</b>	<b>Estimated no of producers in groups</b>	<b>Estimated total area under ICS (ha)</b>
<b>India</b>	3,500	1,100,000	1,600,000
<b>Peru</b>	450-500	100,000	280,000
<b>Mexico</b>	200-220	140,000	280,000
<b>Indonesia</b>	140-160	40,000	90,000
<b>Bolivia</b>	110-130	10,000	50,000
<b>Nicaragua</b>	100-120	10,000	30,000
<b>Honduras</b>	80-90	6,000	20,000
<b>Dominican Republic</b>	80-90	25,000	140,000
<b>Brazil</b>	60-80	7,000	30,000
<b>Philippines</b>	50-70	110,000	180,000

### **3.2.8 The scale of group certification in other sustainability standards**

To illustrate the global total scale of group certification, this study also reviewed the literature and data published by the owners of the main sustainability standards that include grower group certification.

- UTZ: ≈1 million group member farmers. ≈ 650 groups. Cocoa, coffee (tea, hazelnut)
- Rainforest Alliance: ≈ 1 million group member farmers. ≈ 920 groups. Tea, coffee, cocoa
- Fairtrade: ≈ 1.5 million group member farmers; ≈ 1,070 groups. Coffee, cocoa, sugar, cotton, bananas.

The following, more detailed, figures provide more insights on the scale of group certification in these standard systems in different products:



**Table 11: UTZ group certification key figures**

<b>Producer group members</b>	<p><b>990,000 group member farmers</b></p> <ul style="list-style-type: none"> <li>• Coffee: 225,000 group farms. 43% with double certification</li> <li>• Cocoa: 745,000 group farms. 24% with double certification</li> <li>• Tea: 16,000 group farms</li> <li>• Hazelnut: 4,000 group farms</li> </ul>
<b>Certified producer groups</b>	<b>653 certified groups</b>
<b>Overlap with organic certification</b>	<p>18% of coffee certificate holders are also organic 6% of cocoa certificate holders are also organic</p> <p>→ of the total 653 UTZ certified groups, about 60 groups and 85,000 growers are estimated to also be organic.</p>

Source: UTZ, 2017 and UTZ, 2018

**Table 12: Rainforest Alliance group certification key figures**

<b>Producer group members</b>	<p><b>1,280,000 farms are certified in groups of which 1,050,000 smallholder farms (&lt; 2ha) in groups</b></p> <ul style="list-style-type: none"> <li>• The largest number of producers certified under ICS are in Africa. The top country is Kenya with &gt; 700,000 smallholder tea growers certified for one company</li> <li>• Rainforest Alliance also certifies larger farms within its group certification model. For comparison with the other schemes, the number of smallholder farms in groups is more relevant.</li> <li>• In East and Southeast Asia, East and Southern Africa, and North Africa and the Middle East, &gt; 90 percent of certified farms are 2 hectares or less in size</li> <li>• In the Caribbean, South America, West &amp; Central Africa, &gt; 90 % of RFA certified farms are between 2.1 and 50 hectares in size</li> </ul>
<b>Certified producer groups</b>	<p><b>About 920 certified groups</b></p> <ul style="list-style-type: none"> <li>• 42% of all RFA farm production certificates (total: 2,130) are group certificates.</li> <li>• &gt; 60% of RFA certificates in South or Central America</li> </ul>
<b>Overlap with organic certification</b>	<p><i>Unknown. According to expert estimate there is a lower overlap with organic than Fairtrade and UTZ → Rough estimate 5 % of RFA groups &amp; growers are also organic</i></p> <p>→ of the total 920 Rainforest Alliance certified groups, about 45 groups / 50,000 growers are estimated to also be organic</p>

**Table 13: Fairtrade group certification key figures**

<p><b>Producer group farms</b></p>	<p><b>1.48 million farmers were members of small producer group organizations (2016)</b></p> <ul style="list-style-type: none"> <li>• The majority of the certified farmers in Fairtrade in 2016 were producing coffee (54 %), followed by tea (17 %) and cocoa (15 %).</li> <li>• Coffee farmers: 759,000. Cocoa farmers: 226,000. Tea farmers: 259,000. Cane sugar 54,000 farmers. Cotton: 46,000 farmers</li> <li>• 67% (996,200 producers) in Africa; 21% (309,000 producers) in Latin America &amp; Caribbean; 12% (174,000 producers) in Asia &amp; Pacific</li> </ul>
<p><b>Certified groups</b></p>	<ul style="list-style-type: none"> <li>• Coffee: 537 small producer organizations</li> <li>• Cocoa 189 small producer organisations</li> <li>• Bananas: 147 producer organisations (producer organizations &amp; hired labour plantations). <i>Estimated % of groups: &lt;50% → 80 small producer organisations (estimate)</i></li> <li>• Sugar: 101 small producer organisations</li> <li>• Cotton: 26 certified cotton small producer organisations</li> <li>• Other FT products: 7% of all farmers: about 100,000 producers → estimate: 150 groups</li> <li>• Total number of producer organisations (groups &amp; plantations): 1,410</li> </ul> <p><b>→ Total estimated number of FT producer groups: 1,070</b></p>
<p><b>Size of producer groups</b></p>	<ul style="list-style-type: none"> <li>• The size of Fairtrade producer organizations varies enormously. The largest organisation has more than 90,000 farmers.</li> <li>• 49% Fairtrade small producer organizations have &lt; 20 farmer members. In 2016, the average small producer organization had 263 farmers.</li> <li>• &gt;50% of producer organizations had fewer than 300 farmers; 21% had more than 1,000 members, and 9% had more than 3,000 members</li> </ul>
<p><b>Product volumes &amp; overlap with organic certification</b></p>	<ul style="list-style-type: none"> <li>• Cocoa: 214,000 MT (of which 15% organic. All from producer groups).</li> <li>• Coffee: 214,000 MT (of which 57% organic all from producer groups).</li> <li>• Bananas: 641,000 MT, (of which 62% organic. Mix of plantations &amp; producer groups).</li> </ul>

	<ul style="list-style-type: none"> <li>• Sugar: 207,000 MT (of which 23% organic; all from producer groups).</li> <li>• Tea: 11,000 MT (of which 29% organic; mix of plantations &amp; groups).</li> <li>• Cotton: 8,000 MT (all from producer groups)</li> <li>• Other products: 7% of farmers; no data. <i>Assumption: 10% organic</i></li> </ul> <p>→ Of the total of about 1,070 Fairtrade producer groups, it is estimated that about 480,000 growers in about 350 groups are also organic</p>
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Source: Fairtrade International 2018

**Table 14: GLOBALG.A.P. group certification data**

<b>Number of farms certified in groups</b>	<p>About 73% of all GLOBALG.A.P. certified farms were certified under the group option (option 2) in 2015</p> <p>→ <b>this means about 130,000 group farms</b> (based on 2016 number of farms: 180,000 farms)</p>
<b>Number of groups</b>	No data available. Rough estimate: 500 groups

Source: GLOBALG.A.P., 2015 & 2016

### 3.3 The total global scale of group certification

Many organic producer groups are certified by several sustainability standards and hence are double counted in the statistics above. To illustrate the total global scale of group certification more accurately we have tried to estimate the degree of double certification of groups (organic- other standards).

This rough estimation results in the following total scale of group certification worldwide (see Table 15):

**Table 15: Estimated worldwide scale of group certification**

	<b>Number of Groups with ICS</b>	<b>Producers Certified in Groups</b>
<b>Organic</b>	≈ 5,900 groups	≈ 2,600,000 producers
<b>UTZ (excluding UTZ organic)</b>	≈ 650 groups	≈ 1,000,000 producers
<b>Rainforest Alliance (excluding RFA Organic)</b>	≈ 850 groups	≈ 1,000,000 producers
<b>Fairtrade (excluding Fairtrade Organic)</b>	≈ 600 groups	≈ 1,000,000 producers
<b>GLOBAL.G.A.P</b>	≈ 500 groups	≈ 100,000 producers
<b>TOTAL</b>	<b>≈ 8,300 certified groups</b>	<b>≈ 5,600,000 producers</b>

It should be noted that there are also other standards that have some group certification elements but without a full ICS farm certification model. These have not been considered for in these estimates of the scale of group certification.

## **4. Analysis of group certification requirements**

### **4.1 Methodology**

This section of the report presents the findings of an online survey among ICS stakeholders and expert interviews.

The invitation to participate in the stakeholder survey was sent out to a wide range of potential stakeholders, including hundreds of organic producer groups, organic traders, authorities and experts in the organic field. A total of 91 stakeholders from a wide range of sectors (producer organisations, traders, authorities, consultants) responded to the online survey, slightly less than half of them from the Global South, which represents a response rate of around. 10%.

Expert interviews of 1-2 hours were conducted with 18 key experts from different stakeholder groups (producers, traders, consultants and authorities) and different geographical regions.

For more details on the methodology and an overview of the survey respondents and interviewed experts, see Annex I: Methodology.

### **4.2 Most important elements of ICS and group certification**

Both the online survey participants and the interviewed experts were asked to rank the importance of a list of defined ICS Elements, including the pre-requirements for group certification and external inspection and certification requirements on a range of 1 (unimportant) to 7 (very important). In the survey, they also assessed the degree to which the respective ICS elements were implemented in practice. The implementation of the different elements was discussed with experts, but not rated.

The results are summarized in

Table 16 - 18. The fields highlighted in red show elements that were consistently considered to be key ICS elements (total score above 6) in both the survey and the interviews.

**Table 16: Assessment of pre-requirements for organic group certification by stakeholders & experts**

Rating Scale for Importance & Implementation: 1 (not important / poorly implemented) to 7 (very important & very well implemented)			
	<b>Importance (survey/interviews)</b>	<b>Implementation in practice (survey)</b>	<b>Comments</b>
<b>a. Certified organic crop is marketed by the group (not by individual producers )</b>	5.9/ 5.3 important	5.3 quite well	
<b>Producers' characteristics</b> <b>b. mainly small farmers</b>	5.4 quite important	5.6 well	considered unimportant by 11% of respondents
<b>c. Geographic proximity</b>	5.8 important	5.7 well	
<b>d. Homogenous / similar production</b>	6.0 important	5.3 quite well	
<b>e. Group is formally established and has legal capacity</b>	5.7 important	5.0 quite well	

**Table 17: Assessment of ICS requirements by stakeholders & experts**

Rating Scale for Importance & Implementation: 1 (not important / poorly implemented) to 7 (very important & very well implemented)			
	<b>Importance</b>	<b>Implementation in practice</b>	<b>Comments</b>
<b>f. Written contracts with each producer</b>	6.2 / 5.6 important	5.4 quite well	
<b>g. Internal organic standard /understandable summary of relevant production rules</b>	6.7 / 6.0 very important	5.5 well	
<b>h. Complete farm details for each producer</b>	6.4 / 6.3 important	5.4 quite well	
<b>i. Updated production records</b>	6.6 / 5.8 very important	5.2 quite well	
<b>j. Effective technical field extension</b>	6.3 / 6.6 important	5.1 quite well	
<b>k. Field advisors experienced in organic production</b>	6.49 important	5.17 quite well	
<b>l. Internal inspection includes field visit and farmer interview and is documented</b>	6.4 / 6.4 important	5.4 quite well	
<b>m. Producer list / register: complete &amp; up to date</b>	6.2 / 6.7 important	5.6 well	
<b>n. overview maps</b>	6.3 / 5.3 important	5.4 quite well	
<b>o. Sufficient number of internal inspectors / internal inspections are thorough</b>	6.4 / 6.0 important	5.2 quite well	
<b>p. Internal inspectors have knowledge of organic farming, standard requirements and inspection techniques</b>	6.7 very important	5.3 quite well	



Rating Scale for Importance & Implementation: 1 (not important / poorly implemented) to 7 (very important & very well implemented)			
	<b>Importance</b>	<b>Implementation in practice</b>	<b>Comments</b>
<b>q. Effective follow up of material non-conformities and sanctions by the ICS</b>	6.6 / 6.3 very important	5.2 quite well	
<b>r. ICS informs CB about material NCs and sanctions</b>	6.3 / 5.6 important	5.00 quite well	
<b>s. ICS buying procedures: only products from certified farms is bought as organic</b>	6.4 / 6.6 important	5.3 quite well	
<b>t. Product flow management from all farms to final sales by the group meets organic standards</b>	6.6 very important	5.6 quite well	
<b>u. Good ICS staff management</b>	6.68 very important	5.24 quite well	
<b>v. Effective system to manage conflicts of interest of ICS staff.</b>	5.91 / 4.7 important	4.95 quite well	considered unimportant by 8% of respondents

**Table 18: Assessment of ICS external control requirements by stakeholders & experts**

Rating Scale for Importance & Implementation: 1 (not important / poorly implemented) to 7 (very important & very well implemented)			
	<b>Importance</b>	<b>Implementation in practice</b>	<b>Comments</b>
<b>w. External inspection focusses on the functioning of the ICS</b>	6.3 important	qualitative rating by experts: needs improvement	See discussion of key issue external inspection below
<b>x. External farm inspection visits are thorough and include a farmer interview, field visit &amp; crosscheck of ICS documents</b>	6.3 important	5.4 quite well	In interviews, some concerns about implementation, see key issues
<b>y. Sufficient number of external farm inspection visits according to risk level</b>	6.0 / 5.1 important	5.4 quite well	
<b><u>Additional element raised in Interviews:</u> Certification Body applies sanctions to the group as a whole if ICS found deficient</b>	very important		

The relative importance and the perception of implementation ratings of the different ICS elements are also illustrated in Figure 8 and Figure 9:

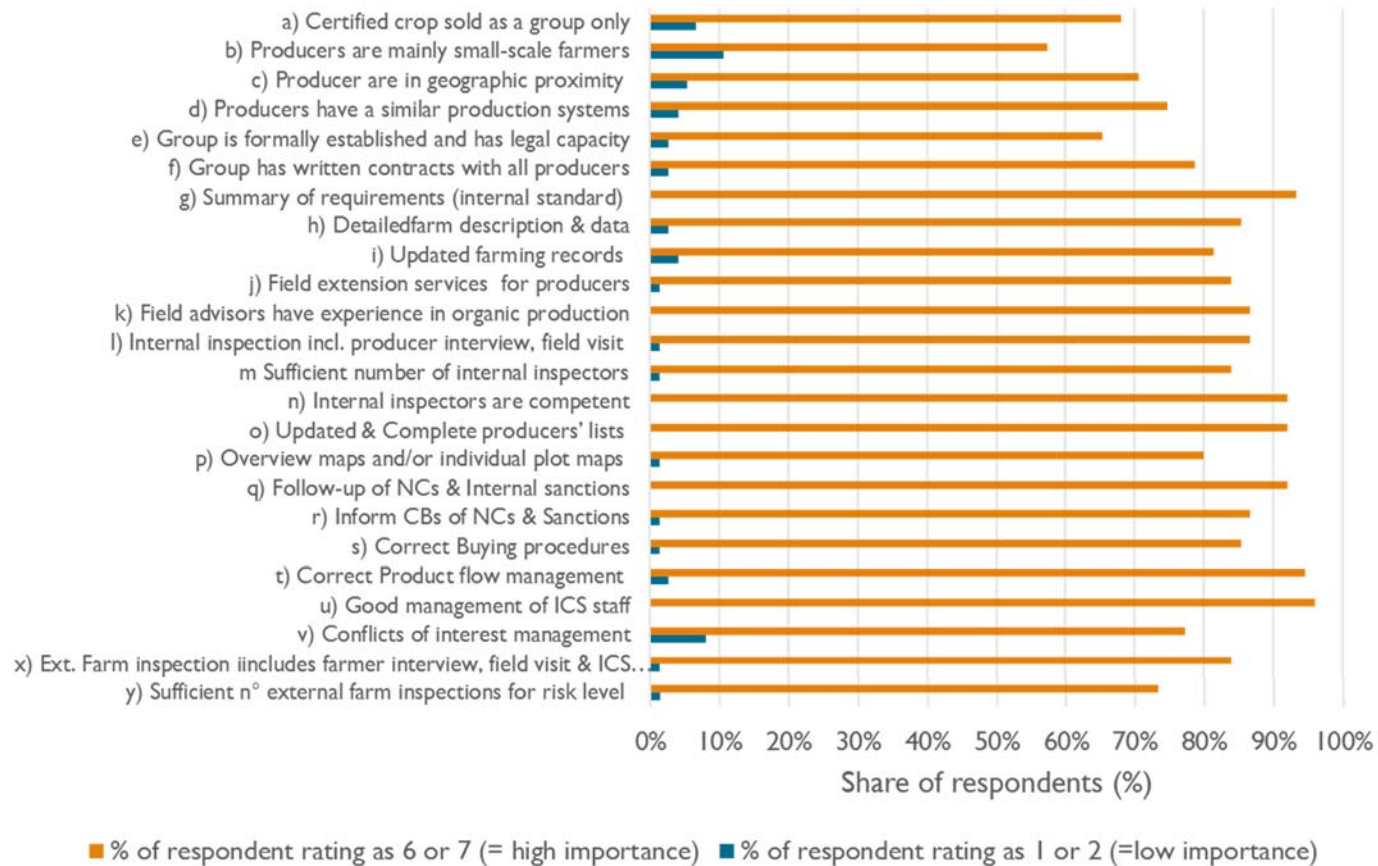


Figure 8: The relative importance of different ICS elements

Source: stakeholder survey

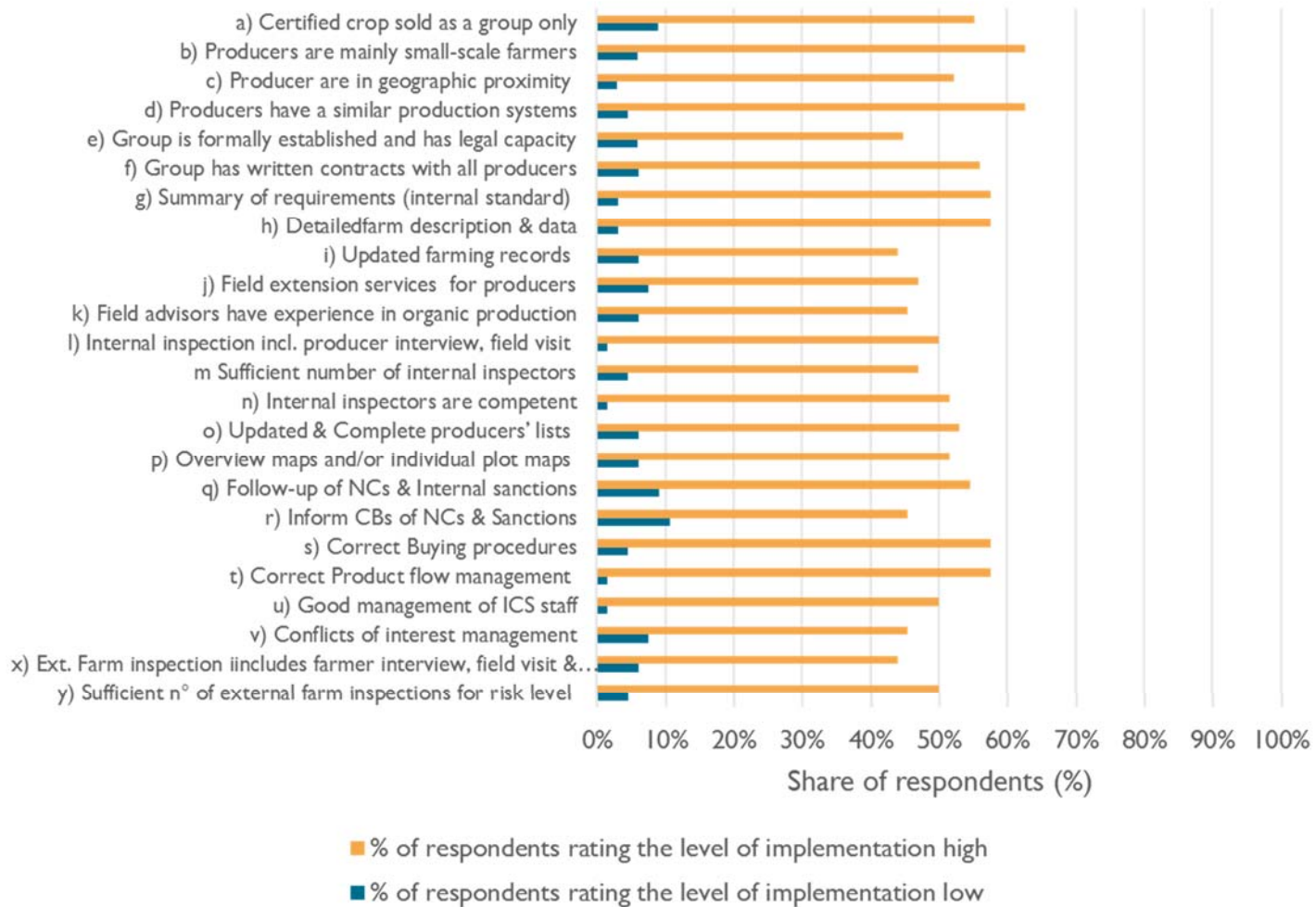


Figure 9: The implementation of different ICS components in practice

Source: Stakeholder survey

As illustrated, almost all group certification requirements were considered important or very important by (the wide range of) ICS stakeholders, with only slight differences in responses between different stakeholder groups or regions.

There were, however, some variations between different stakeholder groups' assessment of how well the different elements of ICS were implemented in practice. Producer groups, certification bodies and consultants consistently considered implementation to be better than traders and authorities. It is unclear if this is due to traders and authorities being more distant and removed from the 'on-the-ground' practices, or from having more comparison to individual certification and being more critical.

## **4.3 Discussion of selected aspects of group certification**

### **4.3.1 Collective marketing**

Collective marketing of the certified crop by the group is a fundamental pre-requirement for group certification and is explicitly required in all ICS systems. The certification is only valid for the group and does not provide certification for individual farmer, i.e. the individual member farmers cannot sell their crops as organic unless selling through the group.

The organic ICS certification approach is fully based on this requirement. This allows the group to take on many responsibilities of the individual farm (e.g. documentation of farm production, harvests and sales). It also means that the group operates the ICS and includes the costs of doing so within its operational costs so that individual farmers do not need to pay for individual certification.

However, this issue is also controversial, as the ICS operator (cooperative or company contracting the farmers) is often only interested in buying just one crop, and not any other crops grown by the farms. This may hinder the development of diversified organic production systems since these other crops cannot be sold as organic to other buyers/on other markets. There are some ways of avoiding this problem. The ICS can be designed so that other crops are included within the certification, with clear agreements with other buyers, who may potentially share the costs of certification and managing the ICS. The situation also becomes problematic if farmers are unhappy working with, or selling to, the ICS operator and want to sell to other buyers instead (for a better price).

A few experts reported that for this, and other reasons, farmers sometimes join more than one ICS group, which allows them sell to different buyers. This can be very hard to discover, and to manage. It increases the risk of non-organic products being sold as organic, as farmers can potentially sell the certified quantities twice to the two ICS operators.

Several experts commented that the restriction on common sales was not merely relevant for compliance but is more an important commercial restriction without which the group operator would not have any incentive to invest in an expensive ICS, farmers' training and bear the cost of external certification. In practice, it is often difficult for groups to get

their certified farmers to sell them all, or even the majority of, their produce, so the insistence on common marketing and the certificate being only valid for the group is important commercially for the companies or co-operatives operating the ICS who have invested in the ICS and the certification process.

### **4.3.2 The size of farms**

Group certification was originally developed to allow smallholder farms in low income countries access to international markets and most (but not all) of the sustainability systems reviewed in this report are explicitly restricted to groups that mainly consist of smallholder farms. However, larger farms can usually also be part of a group (although they may need an annual external inspection, depending on their size) and there are no rules about how much of the production of a group come from larger farms.

Generally, and within the context of ICS, there is no clear definition of what constitutes a smallholder, as farm sizes, and what constitutes a smallholding, vary considerably according to the local context. This issue was hotly debated in the early years of group certification and, until now, the EU has settled on the definition that “for a smallholder the cost of certification would be more than 2% of the farm’s turnover”. However, this is very hard to verify and is hardly ever used by certifiers to determine which farms in the group they need to externally inspect every year.

For some crops there seem to be common definitions that can help identify ‘small farms’. For example, the World Cocoa Organisation defines ‘cocoa farm smallholdings’ as having an average size of 3 hectares, and being usually between 2 and 5 hectares, and a maximum size of 10 hectares. Other definitions focus on the labour input rather than area, or a combination of the two: for example, in Brazil, a smallholder sugar farm is defined as being operated by family labour and up to 2 labourers, even though it may well be 20 hectares in size. UTZ definition of ‘large farms’, which should be individually certified rather than members of a group certification scheme, is also based on a combination of the farm’s land size and the number of workers.

The new EU Organic Regulation 2018/848, coming into force in 2021, defines new criteria for eligibility of membership of a collectively certified producer group: landholdings of maximum 5 hectares (or 15 hectares in case of permanent grassland) or below a certain turnover (20,000 €/year) or total income from organic production (15,000 €/year) or the current rule that certification costs would be higher than 2% of turnover.

Should group certification remain restricted to ‘smallholders’? The survey respondents and interviewees had different opinions on this although, overall, the requirement was considered to be ‘important’. Some experts were very clearly of the opinion that ICS needs to be restricted to smallholders, mainly for risk reasons.

This position was also shared by IOAS, IFOAM’s accreditation body, which has been assessing grower group certification under different certification schemes. IOAS believes that there should be stricter safeguards on large farms in ICS certification schemes as they have some concerns about the effectiveness of the current group approach in

regulating larger farms. IOAS is also concerned about the lack of guidance as to what constitutes a 'small farm' and has drafted guidance to ensure that accredited certifiers are consistent in their application of this large farm definition.

There is a valid counter argument, made by some survey respondents and interviewees, that the inclusion of some medium and large farmers in an ICS group can be important in helping it to reach the volumes and consistency needed for market access.

Many experts were of the opinion that, in principle, group certification can work equally well for medium sized farms, and that these farms often face very similar obstacles to certification as smallholders (lack of financial resources, capacity & administration skills), especially where there is no external support (e.g. a local organic farming association) available. However, there was a concern expressed by several experts that the ICS approach, which often uses simplified criteria at the farm level adapted to smallholder farms, can be misused by larger farms who use it as a way of working to lower standards (e.g. documentation requirements) than individually certified farms. The issue is discussed further in chapter 5.6 'Group Certification in High Income Countries'.

It is interesting to note that UTZ introduced a very clear rule on farm size in January 2018, restricting group certification to farms with less than 20 hectares of certified crop area and/or less than 10 workers. However, this restriction may not have had the intended effect of strengthening control over large farms joining groups, since farm size restrictions can be circumvented (at least to a certain extent) by, for example, dividing a farm's ownership among different family members. In January 2019, UTZ updated its certification rules, which now allow such 'large farms' to be group members, although an annual inspection is required, using a checklist that includes the same social compliance criteria that apply to individual farms.

### **4.3.3 The structure and size of producer groups**

'Homogeneity of production' and 'geographical proximity of group members' were rated as 'important' criteria in the survey, although less important than most other aspects. Many interviewees clarified that the criteria are operationally important for running an effective ICS, but not for compliance.

Larger producer groups often organize their farms in sub-groups in certain regions that have similar production systems, and overall this approach is considered to work well. However, certifiers' approaches to dealing with sub-groups are not well defined and may differ considerably.

In most systems, there are generally no rules or restrictions on the total size of groups, though IFOAM's guidance states that they need to be large enough to run a viable ICS. The Indian regulation sets a very clear limit on the maximum size of an ICS: 500 farmers. This leads to some traders or NGOs, working with, say, 2,000 farms, organising them into 4 or 5 ICS groups.

This prescriptive rule may have unintended effects: farmers in the same area, or even direct neighbours, may be members of different ICS, even though they are supplying the

same buyer. This may make the system less accountable and transparent, rather than improve its quality. On the other hand, a certain size restriction may have benefits too, even for homogeneous groups in geographic proximity. Some certified organic producer groups are extremely large (80,000 farms was the largest confirmed group size, but there may even be a group with more than 300'000 farms) and several interviewees expressed concern about the increase in the numbers of such very large groups.

In such very large groups the external control rate based on the square root of the number of members is extremely low (200 farms to be inspected out of a group of e.g. 40,000 - i.e. 0.5%). The square root rule would be more appropriate if applied to sub-groups of a limited, manageable, size and a high degree of homogeneity.

It can also be argued that very large groups pose a certain risk of being seen as 'too big to fail' and a certification body may be reluctant to sanction such a large group because of 'a few' deviations found on individual farms.

#### **4.3.4 Farm data and lists of farmers**

Collection of farm data, even of very basic information such as the location and size of fields, and the processing of data in farmers' lists, can be a major challenge for producer groups and is often seen as a tedious duty, just to meet the standard.

It is also genuinely difficult in many regions, as no reliable maps exist, and sometimes even field boundaries and land rights are not well defined and land titles etc. may provide wrong data. Data management skills tend to be very limited and the aggregation of data from hundreds, or even thousands, of farm reports into an up-to-date farmers list can often be an error-prone, manual, process.

For these reasons, farm data and farmers' lists are often of very poor quality, even without any malicious intentions. This was echoed in most interviews with experts who systematically analyse farm data from different groups (e.g. UTZ). The general lack of quality basic data increases the risk for misuse, e.g. by inflating certified areas or yields, or including 'phantom farms' in the lists, an issue that is explored in more detailed in section 5.3 'Challenges of group certification' and in Annex IV.

GPS systems are increasingly being used to define the location of certified farms and fields and this provides a much better basis for certification and having the correct farm sizes. This allows for crosschecking key information such as the declared certified crop area also with satellite maps and other sources of information. Several organic groups affiliated to a trader/processor and some PGS groups have already adopted this approach, which has also been widely piloted by UTZ in a dedicated project for obtaining better farm data. This project showed that it is only feasible if the data and tools are simple: i.e. is better to focus on a handful of key indicators and to get that right. ICS staff can learn to use the relevant tools with appropriate training, and the process can also provide interesting insights for the groups adopting it. It was stressed on several occasions that, in spite of all new tools, farm data quality will only really improve if



groups see benefits for themselves in collecting better data and don't find the added transparency threatening.

Rainforest/UTZ will start requiring GPS polygon maps for all certified farms, but this will be phased in slowly, especially for groups with smaller farms. APEDA, in India, already requires the GPS coordinates of the homestead of each certified farm in each group to prevent farms being listed in several ICS.

Beyond the requirement for basic farm data, organic regulations also require maintaining ongoing farming records. In a group setting the ICS often takes on responsibility for farm documentation (i.e. field officer keeps notes about the farm production), or hands out very simple 'farm diaries' to its producers. Increasingly, farm data and records are maintained by field officers using mobile devices, which allows more reliable and timely processing of the information. In either case farm documentation remains a real challenge, creates a lot of work and is usually of very limited value in the certification process. Nonetheless, the requirement was still quite consistently rated as being 'important'.

#### **4.3.5 Internal inspections**

Internal inspections play a key role in the ICS and an annual and complete internal inspection of all producers is required in all the ICS regulations that we studied. However, the approach of 'one official inspection visit per year, documented in the checklist' is, in practice, not the only way in which ICS are effective in encouraging farmers to comply with the set rules, and this is reflected in this criteria not being ranked amongst the most important by experts or the survey respondents. Training and regular contact with the farmers, keeping them motivated and a sense of ownership are seen as equally, if not more, important.

The comments made by the interviewed experts identify several key factors that could make internal inspections more effective, which we list below.

- Inspections must include an interview with the producer and a field visit. This is required in all the ICS requirements that we reviewed but, in practice, remains a challenge. Many farms are very remote, field officers may lack transportation, may not be allocated enough time for travel and in-depth visits, or may lose motivation, especially after the initial years. A telephone call or a meeting in the village cafe cannot replace a farm visit. At least one field of each farmer should be visited, and not the same field each year.
- Inspection at different times of the year. Internal inspections are often done in routine rounds, just before the external inspection, which normally happens to be just prior to the harvest. This means that the inspections only provide insights into a specific short period in the production cycle and risks during other periods (planting/weeding or post-harvest) can be easily missed. This is less of a problem in well-functioning ICS with regular visits by field officers at different times of the

year, than in settings where the annual internal inspection is the main interaction between the grower and the ICS.

- More risk-focussed. In general, ICS (as well as certifiers) need to become more risk-aware and focussed. Farmer's agricultural practices can change very swiftly, due to various factors, and an ICS may miss changes unless they regularly re-assess potential risks and changing external circumstances in their production areas. As a focus on risk is also important for certifiers, one expert suggested that a joint risk assessment session should be part of the ICS audit. ICS staff could learn about new or common risks found in similar specific production systems from the auditor and the auditor would learn about the group's risk management efforts.

#### **4.3.6 ICS approval and sanctions**

The internal process for reviewing the internal inspection results, approving or sanctioning farmers and following up on any problems found, is described in varying detail in all of the ICS Standard systems we reviewed, although the EU guidance is short on detail in this respect .

In practice, this step is a challenge for the ICS. Internal inspectors may report various degrees of non-conformity, ranging from internal issues ('did not sell entire harvest to the cooperative') or a lack of engagement on their farms to serious non-conformities. An experienced and qualified ICS Manager or Approval Board is needed to review the findings, ensure that a distinction is made between 'need for improvement' and serious non-conformities and, most of all, that all material non-conformities are followed up and sanctioned effectively. *In extremis*, this can include removing the farmer from the list of certified farmers and informing the field and buying staff accordingly.

Several experts suggested that more risk focus in this stage would make the ICS much more efficient, i.e. analysing the problems found and adapting inspection and training measures accordingly and specifically cross-checking whether a certain problem found, say, in one subgroup, might also be relevant in other subgroups, etc.

Another critical and complex aspect, for which more guidance may be needed, concerns the registration of new farmers and the handling of conversion. In this context, the group and certification bodies should also carefully examine the issue of double or even triple certification (farmers registered in several ICS).

#### **4.3.7 ICS staff management and competences**

A key success factor, and major challenge, for all ICS operators is to have well-qualified ICS staff and effective internal ICS management. In this respect, the interviewees and survey respondents noted that it is often difficult to find and maintain qualified local staff members and that many groups cannot invest sufficient resources in their internal control system.

However, it was also stressed that the capacity and competency levels required can vary, according to the risk of production. Groups with very simple and low risk production

systems may run a 'sufficiently effective' ICS, while in other, higher-risk settings the staff competencies and their inspection and documentation skills need to be much higher.

For this reason, it is not practical to seek to impose universally defined minimum skill-sets for ICS staff and internal inspectors. Several experts also stressed that it is not only 'hard skills and knowledge' that are important, but "that social skills with farmers can be more or at least equally important as academic credentials". Field officers and internal inspectors are the group's face to the farmers and farmers' loyalty and motivation is important. Therefore, it may be even commercially important for groups and companies to invest in good staff and their training.

When comparing the different ICS standards we found that the EU group certification requirements have fewer criteria regarding ICS staff management, responsibilities, qualifications and training than the others.

#### **4.3.8 Conflicts of interest / the separation of extension and control**

Management of conflicts of interest was rated as 'important' in the survey, but less so than many other aspects. Most of the expert interviewees rated this component of ICS as less important than most others, and 8% of survey respondents and some experts rated it as unimportant.

The interviews helped clarify the underlying issues around these criteria. Both organic certification and all other ISO based group certifications require a clear separation between inspection and training or consultancy. In producer groups, this means that the field officers who train and support the farmers, and who might live in the farmers' communities, should not do the internal inspections of these farms. In practice, this is often solved by rotating field officers to the area of another field officer for the round of official internal inspection visits. It is rare that groups have completely separate teams of field officers and internal inspectors.

In the interviews the effectiveness and relevance of clearly separating advice and inspection was questioned. Although it is important to ensure that the internal inspection is as unbiased as possible, the separation between advice and inspection can be very artificial. A close relation between the farmers and field officers who offer support and guidance and frequently visit the farm may be a better guarantee for farmers' compliance and increase their awareness of the issues and problems than a 'completely independent once a year formal internal inspection'.

In most regions of the world, there are very few local experts with a good understanding of organic systems, and many projects have very limited ICS funds. Thus, in practice, this restriction means that fewer resources are available for providing much-needed farm assistance and training activities - which may be more important for long-term compliance by the group and its members.

This led several experts to question whether this clear division of tasks was more damaging (in terms of restricting training and support opportunities) than beneficial (in terms of guaranteeing the impartiality of the internal inspection).

#### **4.3.9 Farmers' understanding and training**

Intense field extension services and farmers' capacity building in all aspects of good organic production, handling and quality management, was considered consistently important in the survey and very important by the interviewees. Several experts even argued that it is THE most important element and key success factor for organic group projects.

Having an 'internal organic standard' or simplified summary of the relevant organic production requirements that each farmer needs to comply with, greatly helps with clarification and consistent implementation. However, as experts frequently stressed, it is even more important that the requirements are explained well to producers and that they learn good organic practices through practical demonstrations and trainings.

As consultancy and training is not a clear requirement in organic standards, most group certification policies include few, or no, requirements regarding farmer training, although IFOAM requires 'regular' trainings. UTZ requires that groups provide training on two different 'standard' focus areas each year. In GLOBALG.A.P., training of the farmer by an accredited GLOBALG.A.P. trainer is compulsory.

Farmers generally greatly appreciate training and support to help them adopt good organic farming practices, (which may range from compost management to joint input sourcing). These opportunities are generally seen as a very tangible benefit of being in the group, often more important than the premium price received for an organic product. Having a rotating and changing training focus in the ICS helps in maintain everybody's interest and engagement.

#### **4.3.10 Product flow management from members to group sales**

The process of buying the certified products from the certified farms and keeping these products separate is an important role of the ICS. It is tricky in practice and there is quite a high risk of non-compliance. For example, farmer may be tempted to sell crops other than their own for the premium price. Buying staff may occasionally buy products from uncertified farms for personal gain or to meet quotas or volume commitments. A well-functioning ICS needs keep a close eye on the process, by careful pre-harvest yield estimates and carefully controlled buying procedures.

Both the experts and the survey results confirmed that this is an important component of a ICS and assessed it to be implemented 'quite well'. It seems to be also reasonably well-controlled by certification bodies, who have experience in product flow audits.

A few experts mentioned in the interviews that too much focus is placed on controlling risks and sampling at farm level, rather than along the chain. One expert referred to a risk study of organic supply chains (LEI-Wageningen, 2011) that focused on residue testing and concluded that control at the aggregating points can be more much efficient at detecting problems. This suggests that a risk-based group organic inspection should involve a combination of farm compliance sampling (external farm visits with residue

testing as required) with more focus on post-aggregation sampling (e.g. at the level of buying / collection).

Many ICS policies do not go into much detail about how a group should control product flow, as the handling of organic products is mostly covered in processing rules. It would be helpful to have more guidance on expected, or recommended, procedures for managing the buying and handling processes, which could also provide a better focus for the external inspection at this stage of the process.

#### **4.3.11 External inspection of the group**

ICS audits are complex and are unlike the individual organic farm or processing audits to which organic auditors and certification bodies are more accustomed. The audit needs to evaluate a complex management system and this requires synthesis of many different sources of information into one overall evaluation of the ICS's performance. This kind of audit requires a different approach, with specific auditor qualifications.

According to survey results, the majority of stakeholders are of the opinion that external inspections requirements are generally implemented 'quite well', but about 10% of stakeholders disagree. The following findings from the expert interviews illustrate some key concerns.

- All the experts agreed that the focus of the audit should be on evaluating the ICS. But, several interviewees raised the concern that many ICS auditors understand this to mean that they should mainly review the files in the ICS central office and not spend much time out in the fields, inspecting and talking to farmers. The auditor *should* verify and crosscheck information from the ICS carefully during farm visits, not only checking the compliance of the farm but also assessing the farmer's internal control processes (including support and training, farm data, harvest and sales of products).
- An external farm inspection must be thorough and must include an interview with the farmer and a visit to one or several fields of the farm. Several experts mentioned that auditors don't always do this and spend a very limited time on the farms or - in the worst cases- not visit individual farms at all. It is not uncommon for an auditor to do more than 20 farm 'inspections' in a day. With travel between farms, this means well under half an hour per farm inspection.
- The number of external farm inspection visits, commonly the square root of the total number of farmers times a risk factor, was considered sufficient and 'quite well implemented' both in the survey and by the experts. But, it was frequently stressed that these, relatively few, farm inspections need to be done thoroughly, and focused on potential non-compliance and evaluating the performance of the ICS. A more problematic question is how many more farms should be inspected externally if the ICS is found to be not working very well - see also next chapter 4.3.12.

- Risk assessment and risk-based inspection: different certifiers do risk assessment to set the risk category (and hence the total number of farm inspections) very differently and often do not justify or document this process. Many experts stressed that external inspections needed to be more risk-focussed and should occur at different times of the year, during different stages of the growing season.
- Language skills and auditor rotation: Several experts mentioned how important it was that the external inspector speaks, or at least understands, the local language of the farmers. This point was also emphasised by survey respondents from the Global South. A few also stressed the importance of rotating of inspectors after some years.

Many experts indicated the need for more guidance on the external farm inspection process and risk categorisation (which determines the number of farm inspections) in order to avoid the possibility of a competitive race 'to the bottom' between certifiers.

It is interesting to note that several other systems have introduced clear minimum timing rules for farm visits, presumably to minimise competition and ensure more focus on thorough inspections.

- UTZ has a clear rule that auditor can inspect a maximum of 6 farms per day. This can be easily crosschecked in the audit report format.
- GLOBALGAP has a 3 hour minimum rule for internal as well as external inspections, which can be reduced to two hours in very simple inspections
- The Turkish Organic Regulation requires 100% inspection even of smallholder farms affiliated to a trader. The regulation explicitly limits the maximum number of farm inspection visits to 6 per day.

When asked about a possible minimum duration for an organic inspection, the experts' answers varied from "at the very least half an hour, in very simple cases" to "there can't be a uniform minimum duration as farms differ so much globally".

It should be noted that even if the farm visit itself would only last half an hour, an inspector would usually not be able to conduct considerably more than 6 farm inspections a day, give travel times and the need to also visit some remote farms and visits to (input) storage facilities etc., as well as fields. One certification expert confirmed that the clear rules of 6 inspection/day introduced by UTZ had a very positive effect and provided a benchmark that prevented competitive price wars between certifiers. The same rule for organic audits has been implemented in Turkey for years.

Defining a maximum number of farm inspections per day is an option to ensure a certain quality level and would be relatively easy to monitor.

#### **4.3.12 Certification of groups: dealing with non-conformities and sanctions**

Many experts mentioned the lack of clarity and diversity of approaches when it comes to dealing with non-compliances found on farms, which may indicate a deficient ICS.

There was a general concern that certifiers seem to be reluctant to sanction an entire group when finding non-compliances on individual farms, and have a tendency to put this down to problems with an individual farm, rather than a systematic ICS deficiency. This concern was raised by several experts.

The issue is complex, as in the author's experience, depending on the ability of the external inspector; there will be some degree of variation between the inspector's compliance assessment and the ICS' findings, similarly to the reality that on any single organic audit, different farm inspectors may also produce slightly different findings.

On the other hand, it is of utmost importance that the auditor tries to investigate and localize a problem (e.g. one type of crop, one weak internal inspector) and considers the possibility that non-compliant farmers are not single cases but are symptomatic of a systemic failing ICS.

It is important to improve guidance on dealing with weak ICS particularly in terms of:

- how to assess the percentage of farmers (out of the visited sample) found to have major non-compliances that are indicative of a systematic failure of the system, and
- the sanctions and measures to be taken in case of a weak or failing ICS (e.g. follow up with an additional external inspection, suspension or withdrawal of certification)

These issues were reflected in two comments to the effect that many certifiers do not have clear sanction policies that are specific to group certification. The challenges raised by the experts with regard to the external audit and certification process are summarized in Chapter 5.3 Challenges.

## **5. Advantages, challenges, success factors and potential**

### **5.1 The advantages of group certification**

#### **5.1.1 Market access and capacity building**

In the interviews, all the experts were asked about the advantages of group certification. The answers varied to some extent, but the most common answer by far was that that group certification is the only way that smallholders in low-income countries can access international organic markets.

The great majority of small holders in the Global South could never understand the standards, nor could they master the administration and documentation requirements or bear the costs for individual certification. Moreover, in the majority of cases it would be impractical for them to individually market their produce as organic especially to international markets, for which group marketing that agglomerates commercially viable volumes is essential.

Group certification also helps farmers to work together and learn from each other. If well done, it institutionalizes training and extension, which allows for capacity building and continuous improvement of production practices and systems. Organizing as a group can strengthen the growers' management and marketing capacities and can offer farmers and their children the opportunity to tap into extension services and learn new skills.

This improvement of smallholder livelihoods and farm management practices through capacity building by the group was mentioned by most experts as a key advantage of group certification. This is consistent with findings of other studies, which underline the positive impact of certification - and in particular of training and extension services - on farmer's ability to cope with challenges and improve their farming and economic performance.

However, these positive effects are highly dependent on a group's ability to provide technical advice and training and facilitate exchanges between growers in order to strengthen their members' farm management skills. However, farmers' groups in low-income countries often have little access to technical expertise and relevant and up-to-date research findings. Many of them struggle with the costs of providing ongoing support and training to farmers, which are not even explicit requirements for organic group certification and the quality of which are generally not even assessed during the external inspection.

These potential benefits are also listed in chapter 5.5 "The potential of group certification beyond compliance".



### 5.1.2 Group certification provides affordable organic certification

More than 75% of respondents to the survey agreed, or strongly agreed, that group certification was cheaper for producers than individual certification. The expert interviews provided some insights into the views of those who disagreed with this statement: that running an ICS is expensive and many of these costs are not factored in when comparing the costs of certification. The expert interviews, strongly confirmed that the lower costs of group certification are a very positive benefit.

During the research for this report we collected some basic information on basic costs of group certification (per producer) and of the costs of operating an ICS. Table 19 provides an overview of these findings and shows that the costs of certification vary considerably by country, the size of the group (the larger, the cheaper) and also by certification body (not shown).

**Table 19: Estimated costs of external certification (per producer)**

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

It is difficult to assess the cost of running an ICS. Even companies can find it difficult to assess how much of their operating costs are dedicated to running the ICS. This is because an organic ICS covers all the relevant production and operational processes and procedures, from identifying new farmers, field extension, quality and supply chain management to controlling the product flow from the farms to sales. The actual internal inspection, is likely to be only a small part of the overall ICS cost.

In one of the few examples found in literature, a study estimated the ICS operating costs including training and extension. It was found that the total ICS running cost per producer, in a group of 5,000 coffee farmers in East Africa, amounted to 26 US\$/farmer, while the external certification cost was just 1.2 US\$/farmer (LEI – Wageningen UR, 2011).

One of the experts whom we interviewed provided indicative costs of operating an ICS in India for about 3,000 farmers. The total ICS cost (staff costs) was estimated to be around 14 €/farmer/year and the external certification costs about 4 €/farmer/year.

Another trader interviewed for this study kindly conducted a brief analysis of all ICS related costs in two of its organic and Fairtrade certified production groups. The results, (shown in Table 20), indicate the cost details of running a group project with well-paid local staff and high investment in ongoing farmer training, extension services and community projects. The costs include the entire quality management and business relations with the smallholder farmers.

**Table 20: Detailed ICS operating cost example, including intense extension and training, community projects, quality management and business relations with farmers**

<b>ICS Cost Component</b>	<b>Costs organic and Fairtrade ICS Africa (about 600 farmers)</b>	<b>Costs organic &amp; Fairtrade ICS Asia (about 1,000 farmers)</b>
ICS staff (field officers & ICS staff salaries & benefits without bonus)	≈ 85 % 1 field officer / 75 farmers	≈ 75 % 1 field officer per 75 farmers
Transport & accommodation costs	≈ 5%	≈ 8%
Training costs (external staff training, external costs for farmers' training, demonstration farm costs)	≈ 5 %	≈ 2 %
Office building maintenance (or rent) & office supplies.	≈ 5 %	≈ 15%
<b>Total ICS costs</b> (incl. farmers' training, product flow control, group project operating costs)	≈ 140 €/ farmer / year	≈ 85 €/ farmer / year
<b>External certification costs</b> (Organic & Fairtrade)	≈ 17 €/ farmer / year	≈ 8 € / farmer/ year

While the costs of running an ICS and definitions of what constitutes “ICS costs” will vary considerably between groups, any organic producer group not only faces the external certification costs but also considerable operational costs for the ICS, which can be several times higher than the external certification cost. This is especially true for very large groups, where the external certification cost per farmer is exceptionally low.

When comparing certification costs between groups and individually certified farms, one also needs to consider that most grower groups are in low income countries and certification costs for individual operations in these countries are often higher than in

the EU or the US. The reasons for this include a less developed local organic sector (and the absence of economies of scale because of the lower density of organic farms and local auditor capacities), inadequate (or a complete lack of) national control systems and a lack of governmental systems that ensure basic data consistency (e.g. field registrations, subsidy schemes with control measures, consistent record keeping).

## 5.2 Perceptions of group certification

Survey respondents were also asked to assess external perceptions of organic group certification in relation to individual organic certification. They did so by ranking several related statements. The results are shown in the following Figure 10.

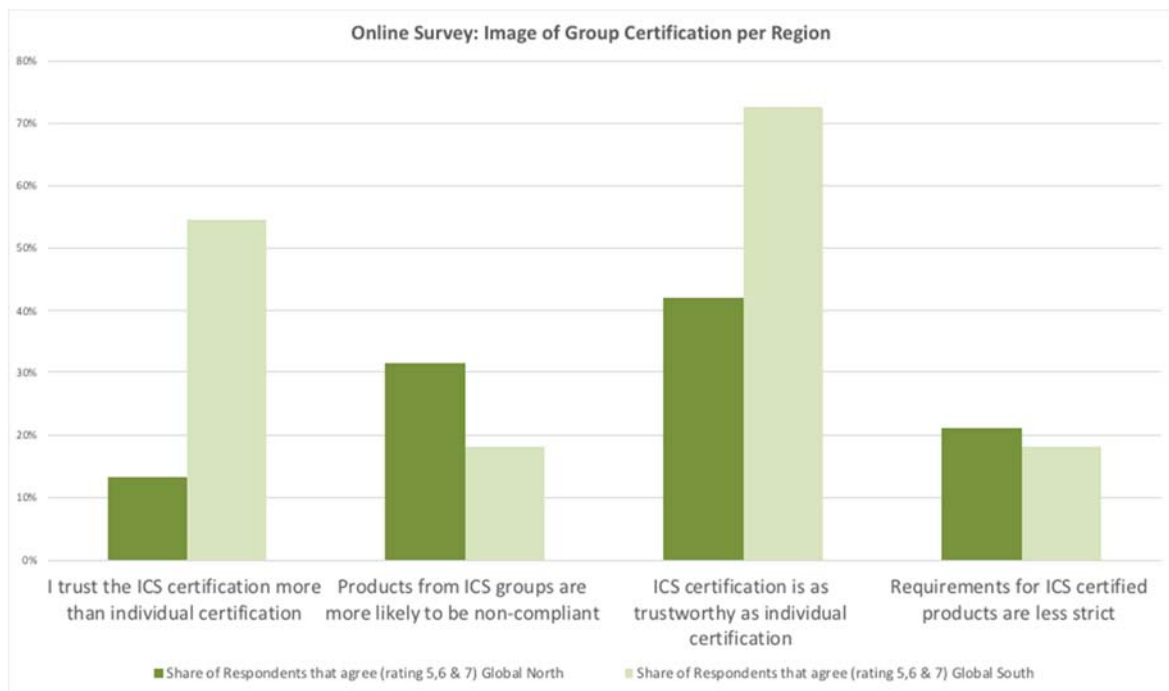


Figure 10: Image of ICS certified producer groups by region

Source: Stakeholder survey

The results show mixed perceptions of group certification. Less than half of respondents from the North seem to trust ICS certification as much as individual certification, although 10% consider it to be more trustworthy. Respondents from the Global South, i.e. from the producer countries, trust ICS certification considerably more. These findings were analysed in more detail to explore the differences and the reasons for the variations in the responses received, as shown in Table 21.

**Table 21: Perceptions of ICS certification by region**

Perception of ICS Certification	Region of Participant	Rather Disagree	Neutral	Rather agree
I trust the ICS certification method more than I trust the individual certification method	Global North	45%	42%	13%
	Global South	14%	32%	55%
It is less expensive to certify products from small farmers using the ICS approach when compared to the individual certification method	Global North	13%	13%	74%
	Global South	5%	9%	86%
Products from certified ICS groups are more likely to be non-compliant than products from individually certified producers	Global North	45%	24%	32%
	Global South	73%	9%	18%
The ICS certification method is just as trustworthy as the individual certification method	Global North	39%	18%	42%
	Global South	18%	9%	73%
The organic requirements for ICS certified products are less strict than those for individually certified producers	Global North	58%	21%	21%
	Global South	77%	5%	18%

Source: Stakeholder survey

The analysis confirms considerably different perceptions about ICS certification. The vast majority of respondents from the Global South trust ICS certification more than individual certifications (55%) or take a neutral position, while 45% of participants from the Global North clearly disagree. 42 % of respondents from the Global North and more than 70 % from the Global South assess individual certification to be, at least, equally trustworthy as ICS certification.

There are some concerns (expressed by 32% of participants from the Global North, and less than 18% of those from the Global South) that products from ICS groups are more likely to be non-compliant, which is probably a reflection of some of the challenges in practically applying the concept, as discussed previously.

It is difficult to say whether these differing views about ICS certification are due to respondents from the Global North being geographically distant from and thus having fewer insights into producer group practices or whether they have higher expectations with regards to the quality of certification. Similarly, given that group certification is the most prevalent form of certification in the Global South, respondents from there may have fewer reference points with regard to the level of control measures on individual organic farms in high-income countries.

Some of the interviewed experts indicated that ICS has less external credibility and that this is a significant challenge. They see individually certified farms as having a better reputation due to perceptions that the control mechanisms are more consistently applied and that, in producer groups, the produce of many individual producers is blended, thus reducing traceability.

## 5.3 The challenges of group certification and how to face them

### 5.3.1 Survey results: Challenges in group certification

Respondents to the ICS stakeholder survey, were asked to indicate the challenges involved in running an efficient ICS and how to face them. Figure 11 illustrates the most frequently mentioned challenges, grouped in sub-topics.



Figure 11: Challenges for efficient ICS operation

Source: Stakeholder survey

Other challenges mentioned highlight additional areas of concern for groups:

- farmers general capacity (low educational levels & poor business skills);
- ICS Staff, managing conflicts of interest and corruption;
- external factors, government programmes, agrochemical campaigns;
- organisation of producers and social control;
- setting up a working system with defined procedures;
- dealing with residues and cross-contamination;
- farmers' confidence in the organic project, and
- managing an ICS for multiple standards.

These issues also emerged during the expert interviews. The most salient challenges raised are discussed in the rest of this section.

### 5.3.2 Low farmer capacity and a lack of training

Both the survey and expert interviews confirmed that the low capacity of many farmers and lack of training, even in basic organic production methods and quality management remains a major challenge. Few projects invest enough to provide an adequate field

extension service and in training their farmers, even though this is widely seen as a key success factor. It is also very difficult to find enough qualified local staff for these tasks, as there is very little local knowledge about organic production. This situation seems to change once organic production reaches a 'critical mass', as for example in India, where new recruits for ICS often already have some experience in organic farming.

### **5.3.3 ICS staff and management challenges**

Almost all the interviewed experts thought there were issues around the levels of qualification of ICS staff and ICS management. It was commonly mentioned that there is not enough sufficiently qualified personnel to run quality ICSs. Training ICS staff and finding personnel with the necessary skills is very difficult in many regions of the world, and many groups find it hard to attract and maintain staff with the necessary qualifications, especially in very remote and rural locations. This problem is widespread and not restricted to a few grower group systems or countries.

The internal organisation and management of ICS is also a concern. Finding a competent ICS manager with good management skills and at least some basic (organic) agricultural knowledge is often key challenge and a key potential success factor. The situation is compounded since most groups are obliged to set up their ICS with very limited or no external guidance, often just copying the ICS documents from other groups or using basic information or sample forms received from their certification body.

Some experts from the Global South stressed that farmers and potential staff managers in their countries have little access to education and training and struggle with complex regulations and sophisticated management systems. In many regions, even basic data and business management tasks can be a challenge. For example, some groups have very simple data management systems and it can take months to calculate the payments due to the farmers after the harvest. In such settings, the ICS can still be effective if it is simple and the overall risk is low.

### **5.3.4 Market factors and prices**

Markets and pricing for organic products remain major challenges for producers and producer groups, a point, which was highlighted in both the survey results and most interviews. The optimal situation is when there is one or several committed long-term trade partners who buy the majority of the group's certified production at a premium price. When organic sales volumes are low (because their prices are not competitive), product quality is low, or there is a lack of marketing skills, this constrains the group from investing in their ICS and outreach to farmers. Low prices and poor organic sales levels also demotivate farmers, who may lose confidence in the process and the group.

Even with the group certification approach, the cost of certification and of running the ICS can be very high, especially for smaller groups (see chapter 5.1), and may not be fully covered by the organic premium.

In the stakeholder survey, the respondents consistently stressed the importance of good prices, timely payments and reliable trading partners as major success factors.

### **5.3.5 Motivating ICS members**

Many experts pointed out that internal control systems tend to be difficult to manage if the focus is solely on ensuring compliance. Keeping up the motivation of farmers and maintaining long-term compliance is easier to achieve if the group provides more benefits for farmers and staff than just a certificate and (hopefully) a premium price for their product. A number of factors can motivate group members. These include in-depth training and support activities with changing topics or community projects for the farmers that show them the tangible benefits of their organic group activities. A risk-focussed approach, with a changing focus of topics for trainings and internal inspections, may also help to maintain motivation.

Making better use of, and sharing, farm data can also be another motivating force, although in most cases the data is often of very poor quality and not used by the group for managing and improving their production. Even with better digital ICS management tools, the quality of raw data will probably remain poor, unless the groups and producers see a direct benefit in collecting it and proactively using it to improve production. One way of doing this is to share the collected data with the farmers in a meaningful way, displaying their individual performances next to the group average as a benchmark. Having good data can improve the farmer's professional standing and e.g. help with access to credit.

### **5.3.6 Standard systems are not adapted to smallholder producers**

The lack of flexibility of some organic regulations with regard to production rules or documentation requirements is an obstacle to fully adapting ICS to the realities of smallholder producers in developing countries. Some overly prescriptive guidance and/or the detailed requirements for production practices (e.g. NOP's compost requirements) make implementation unnecessarily cumbersome and complex, since these aspects of production vary greatly between agricultural systems around the world. This will become even more pronounced as in the future, as the EU regulation's production rules will apply directly (as opposed to being based on 'equivalence') to all producers world-wide, in the same way as the NOP regulations currently do.

The high levels of bureaucracy and documentation required to run an ICS is a major challenge for many groups. Ongoing record keeping on farming activities is a particular challenge, which is mostly just seen as a waste of time, done solely because it is required for certification. ICS 'data graveyards' are commonplace, cabinets full of folders sitting in the back of an ICS office, rather than being used to empower farmers by providing them with performance feedback and helping them to improve their farm management.

The capacity and literacy of many certified farmers, ICS managers and field staff is another major bottleneck and in many regions even field officers find it challenging to complete complex forms.

Producer groups also find it challenging to manage multiple certification according to several different standards, many of which, such as FairTrade or sometimes Rainforest Alliance or UTZ, require separate audits. Although the basic group certification requirements between the most commonly used farm sustainability standards do not vary greatly (see chapter 2.9), each standard has very specific production requirements and control methodologies. For example, UTZ has a standard checklist with defined checklists for farms in groups. This means that a group that has multiple certifications face a lot of repetitive extra work in maintaining different compliance records.

By comparison, an ICS that is operating under different organic regulations (e.g. EU and NOP; or EU and a private organic standard label) can relatively easily manage this by including the different requirements into a single 'joint internal organic standard', with all the certification bodies covering the different organic standards in the same inspection visit. Although there have been some attempts by different sustainability standards to do audits jointly and allow combinations, and the merger of UTZ and the Rainforest Alliance reduces the number of standards, this remains an unresolved challenge for producer groups.

### **5.3.7 The challenges associated with external certification**

Many interviewed experts identified challenges regarding the quality of the inspection and certification of groups. Some of the most frequently identified challenges are listed below.

- Lack of understanding of group certification: Many inspectors and certification bodies do not fully understand the concept of group certification. Inspectors may just screen the files in the ICS office in town without cross-checking the information from different sides and may give too little focus on farm inspections in the villages, which are often remote and uncomfortable to travel to.
- Lack of risk awareness: Certification bodies can underestimate the risks for non-compliance and wrongly assume that all the producers in their group audit are poor lowest-risk smallholders who have never used any inputs. Another risk that is likely to be missed is the changing dynamics (and risk level) that occur when large traders start smallholder projects.
- Geographical challenges: groups spread over large areas or in different regions are particularly hard to control, particularly with regard to the integrity of product flows.
- Predictable control processes: The current widespread practice of doing all internal inspections before harvest, just before the external inspection, means that most growers and the group tend to get inspected at around the same time each year.



Both internal and external inspections need to take place at varying stages of the season in order to be effective.

- Lack of transparency on organic certification worldwide: Apart from the USDA Integrity Data Base there is no central, publicly accessible, and (reasonably) up-to-date database of organic operations. Databases and certificates do not show which operations certified for farm production are groups, i.e. there is no distinction between an individual organic farm with processing listing and one of processor with 10,000 certified farms in its ICS. Several experts strongly stressed the need for a global, open-access, organic platform to increase traceability and help certifiers or buyers be aware of risks.
- Intentional fraud: Although rare, systemic fraud was a major concern of many of the interviewed experts, as the quantities involved can be substantial and it could jeopardize the credibility of the system for thousands of certified groups. Several potential fraudulent practices specific to group certification were described in some of the interviews and these are summarized in Annex V, with a view to increasing risk awareness among organic certification bodies and other stakeholders, such as organic traders or authorities.

## 5.4 Success factors

In the survey, respondents were asked to assess the importance of several factors for ensuring the success and long-term integrity of organic production. Figure 12 shows the importance given to selected factors for farmer motivation and capacity building.

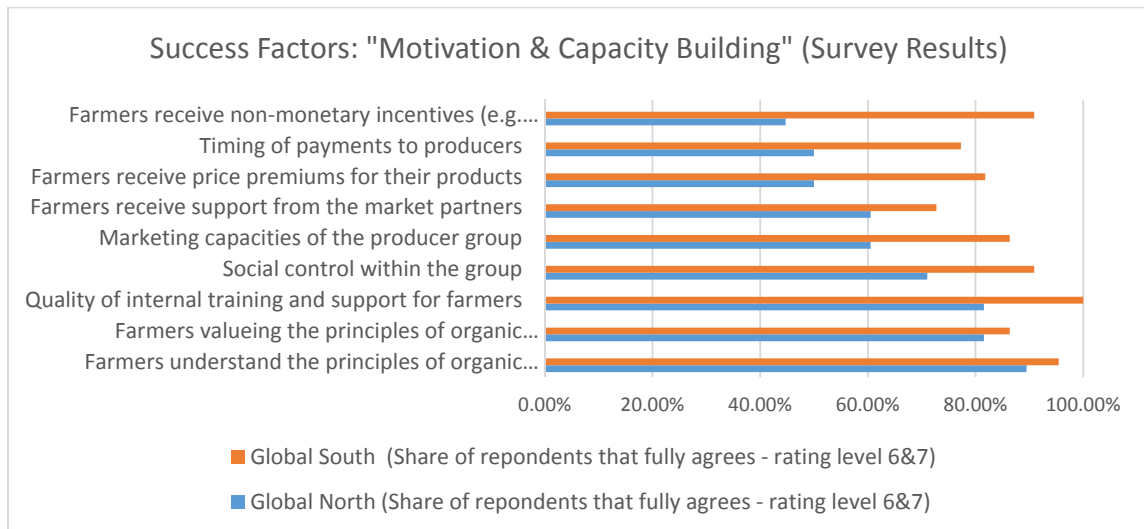


Figure 12: Success factors related to farmer’s motivation and capacity building for ICS certified producer groups.

Source: Stakeholder survey

The graph shows distinct differences in the opinions of respondents from the Global South and the Global North, especially with regard to the relative importance of economic and social factors such as marketing capacity of the groups, timely payment

by the buyer and buying partners being supportive and making reliable commitments to buy specific volumes. The importance of these factors for producer groups is confirmed in other sections of the survey, where price and market related issues (lack of a premium for organic produce, difficulties in covering the costs of the ICS and a lack of support and buying commitments of market partners) were raised as major challenges.

The survey participants were also asked to rate the importance of selected group certification requirements as success factors, the results of which are shown in Figure 13.

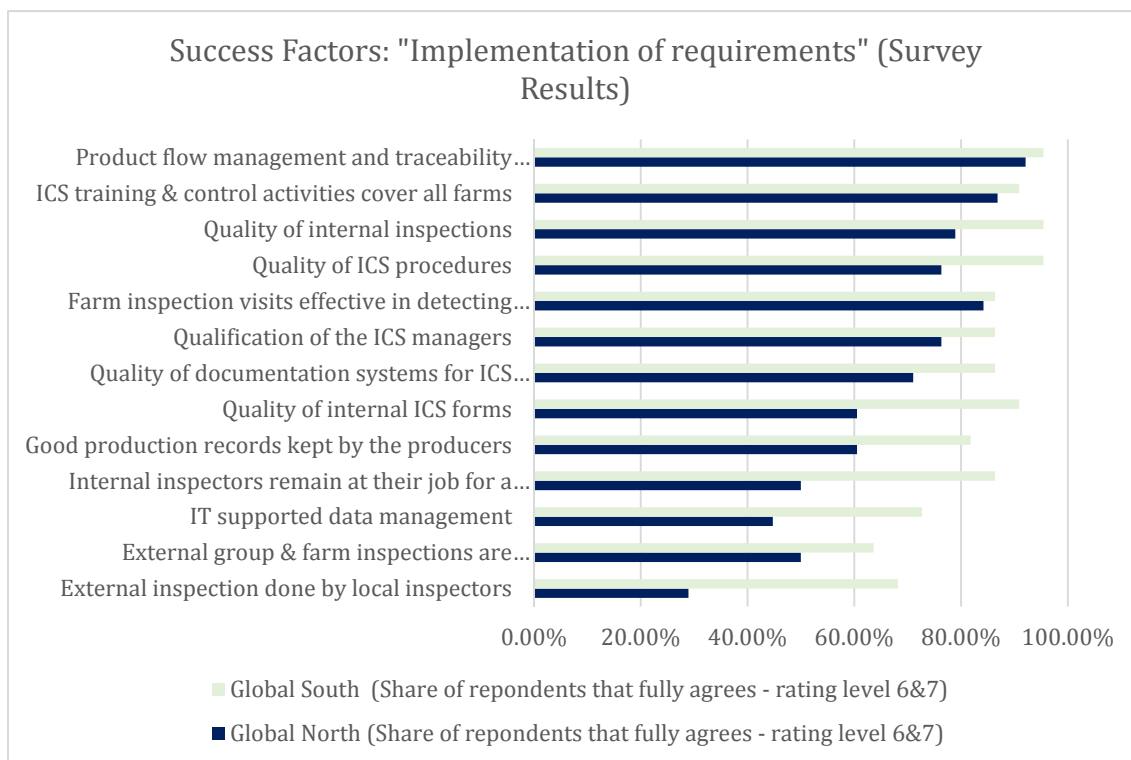


Figure 13: Success factors of ICS certified producer groups related to the implementation of requirements.

Source: Stakeholder survey

In the interviews, experts were prompted to propose key success factors themselves. We grouped their responses, which are listed below (Table 22) in the approximate order of frequency in which they were mentioned in interviews.

**Table 22: Key success factors identified in the expert interviews**

Key success factor	Key issues
<b>Good ICS management</b>	<ul style="list-style-type: none"> <li>• A good ICS manager is of KEY importance and hard to find. Setting up an ICS is a big undertaking and responsibility. At the same time, it is also important that there is a good team and that the ICS does not depend on just one man/woman.</li> <li>• A "vibrant and proactive" ICS management team is very motivating, even for the farmers.</li> <li>• A stable organisation with a stable team of competent staff is essential.</li> <li>• Having clear rules for all staff and farmers is important.</li> <li>• Keeping up-to-date with improvements, such as production practices, pest management, etc.</li> <li>• Good structure, a good level of education of ICS staff, good leadership, sticking to deadlines and good data management.</li> <li>• The ability to re-organise the complete supply chain so that products are grown correctly by all producers, and handled in line with requirements.</li> <li>• Groups are more successful if they use their IMS as a business tool.</li> <li>• Members' and staff sense of ownership of the ICS helps enormously. A system that has been genuinely developed within the organisation stands much more chance of being successful than one that was derived from a blueprint from consultant, or has been copy-pasted from another group.</li> </ul>
<b>Value to producers &amp; farmers' motivation</b>	<ul style="list-style-type: none"> <li>• Commitment to give value, especially training and support, to the producers is very important and has much more impact than just good prices.</li> <li>• Farmers need to see that the group is working for them and see benefits. This may include facilitating marketing of other crops, providing farm animals or compost to farmers, community projects, etc.</li> <li>• It is very important to keep the farmers interested and engaged.</li> <li>• Producers need to have a voice and a vote; the system should not be top-down.</li> </ul>
<b>Keep ICS staff interested &amp; motivated</b>	<ul style="list-style-type: none"> <li>• Rotation of field officers to different regions for inspection is important, also to avoid boredom and complacency. Always try to introduce some variety in the internal inspections to keep up interest.</li> <li>• Change the focus of trainings and internal inspections, e.g. a couple of months full focus on weed management.</li> <li>• The more the farmers and the community benefit from the organic project, the more motivated the staff will be.</li> </ul>
<b>Good market position</b>	<ul style="list-style-type: none"> <li>• Good market demand, preferably a growing market for the group's crops.</li> <li>• Good relationship with buyers.</li> <li>• Experience and history of successfully selling to international markets.</li> <li>• Good market position is key! If product quality or sales abilities are low --&gt; lack of resources --&gt; weak ICS and low motivation of farmers.</li> </ul>

<b>Farmer training</b>	<ul style="list-style-type: none"> <li>• Train farmers not only in standards, but more to see the benefits of the changed practices and how to practically implement them.</li> <li>• Training and support is really appreciated by farmers and helps to bind them to the project in initial years, before they begin to see any actual financial benefits: e.g. group staff supports the farmer during harvest in first year to see how it is done.</li> <li>• Regular farm – based demonstration meetings to, e.g. demonstrate how to best manage weeds or pests.</li> </ul>
<b>Data tools</b>	<ul style="list-style-type: none"> <li>• When a group sees the value of the data they have collected and makes use of it, they can greatly improve their operations. For example, knowing the farmers well (their age, gender, productivity data, and common problems) and really helps in providing the right services.</li> <li>• Modern data tools and apps can be motivating for staff and farmers as this can help them see the value of collecting the data for their own use.</li> </ul>
<b>External training &amp; support (by buyers and NGOs)</b>	<ul style="list-style-type: none"> <li>• Good support: from buyers or other support organisations.</li> </ul>
<b>Networking</b>	<ul style="list-style-type: none"> <li>• Participation in wider networks e.g. trade organizations to learn new things, share their challenges and struggles, participate in events.</li> </ul>
<b>Organic commitment</b>	<ul style="list-style-type: none"> <li>• Groups are more successful if the individual farmers and ICS staff have a high degree of commitment to organic agriculture.</li> </ul>

One of the issue that came up in many interviews was the use of new IT tools for better data management. This issue was considered very important by more than 70% of survey participants from the Global South, who were far more aware of the huge challenge of effectively managing data of hundreds or thousands of producers and making any use of the data collected (only 40% of respondents from the Global North identified this as a key success factor) see also chapter 4.2.4.

## IT Tools and Farm Data Management

Digital tools, information systems and data platforms can be used to improve traceability, track impacts and changes, make inspections easier and make essential information (e.g. productivity data, etc.) more available. This information can be of great value to the producers themselves. Use of new well functioning tools can be motivating for the producers and the group and can also be used to identify training needs.

There are several large international commercial farm-data-management systems available for use by producers, and some local providers. In general, the few comments we received about introducing such tools (especially those based on mobile phone apps) were positive. In addition, there is at least one provider of software for operating an ICS.

However, many of these systems are prohibitively expensive for groups and existing generic farm data systems are not sufficiently flexible to allow groups to compile farm data for their own use and that of their members and to be used as an ICS inspection and documentation tool at the same time. There are also some question marks about data privacy and other uses that these providers may make of the data.

Many big buying companies have set up their own traceability systems, which also involve collecting farm data. Often these tools are focussed on the buyers' information needs (for example regarding certification compliance) and not geared to providing feedback to the farmers (e.g. regarding farm productivity, profitability etc.).

UTZ has spent much effort in making better use of the data it collects from its ICS groups and in triangulating information from different sources. The pilot studies conducted by UTZ on farm level data show that the data, even when put into the most elaborate tool, will only be of good quality when producers see the benefit of collecting and inputting good data and allowing more transparency and visibility of their activities.

The benefits of better use of data for the individual farmers in a group can include meaningfully processed individual farm performance indicators displayed next to the group average (as a benchmark), feedback on the farm's production costs and income and information about the productivity gains achieved by peer farmers in the region, following adaptation of improved practices.

One challenge in introducing more transparency through IT can be that not all staff members or farmers welcome this as they may see it as undermining their own importance and/or they may have an interest in keep certain aspects of their operations opaque.

## **5.5 Beyond compliance – the potential of group management systems**

An ICS in a producer group is much more than just a control system to ensure compliance with set external certification requirements. It is the overall quality management, training, communication and operation system for managing quality production by a large number of individual farms and the collection of their produce for sales by the group operator. In recognition of this, the ISEAL Alliance and its members (e.g. UTZ) have opted for the broader term 'Internal Management System' (IMS).

When well managed, group certification has the potential to serve many more purposes than just controlling compliance. We asked the experts about their thoughts on these other potentials of group certification. Some of the issues raised have already been discussed in previous sections, (e.g. providing a mechanism for training and supporting farmers to improve their production practices), but the experts' responses provided additional insights into where group management systems might, or should, be heading.

A recent report by the Rainforest Alliance and UTZ analysed the potential of Internal Group Management Systems (IMS) as a driver for systematic change. The new joint Rainforest Alliance standard that is currently being developed will be more "outcome-based, continuous improvement focused, with landscape-wide impact" and this has a strong bearing for the Rainforest Alliance future IMS strategies. Rainforest Alliance sees IMS as critical for achieving impact and aims to shift the focus of its IMS to providing high quality services to farmers in order to ensure that their farmers are improving, and monitoring such progress.

The future Rainforest Alliance Certification envisages the 'ideal IMS' as a tool for optimizing farmer impact, social impact, environmental impact, and market impact. To achieve these goals, the IMS will optimize the flow of money, services, and data / information to the farmer and to the market.

**Table 23: Potential and benefits of group certification beyond compliance**

Potential	Examples named by experts
<b>Provide useful data for the farmers' own operations</b>	<ul style="list-style-type: none"> <li>• ICS should ideally provide much better feedback to the farmers to improve their productivity, show the uptake of best practices, operational costs and profits, (e.g. showing the prices/profits achieved by the best performing farmers) and give regular feedback on farmers' production performance in comparison with their peers.</li> <li>• Better data use could help to optimize business functions in many ways including supply and sales planning, tailoring services to farmers, quality control, etc. However, the digital data management needs to be also accepted by external certifiers, some of which seem to insist on paper records.</li> </ul>
<b>Quality control and improvements</b>	<ul style="list-style-type: none"> <li>• The ICS is an essential tool for quality control and improvement, as it provides a systemic approach for working with all farmers and controlling the product flow at all stages</li> </ul>
<b>Supply chain management</b>	<ul style="list-style-type: none"> <li>• Essential for planning the quantities and logistics of buying from many smallholder producers.</li> <li>• Ensures full traceability of the products to a known/defined farm of origin</li> </ul>
<b>Getting together as a group / social capital</b>	<ul style="list-style-type: none"> <li>• Group certification often encourages, supports farmers in getting together, and organised as a group, can start an internal dialogue and help farmers to better position themselves <i>against</i> buyers and in the community.</li> <li>• Peer learning. CSI can be a vehicle for peer exchange and joint improvements.</li> <li>• Groups can play a similar role as the early organic farmers' associations in Europe and the US, i.e. joint marketing even of smaller quantities, information exchange, access to training and extension services, etc..</li> </ul>
<b>Management capacity</b>	<ul style="list-style-type: none"> <li>• Group certification has the potential to strengthen a group's management capacity and helps in the continuous improvement of operations.</li> </ul>
<b>Achieve, and show, impact</b>	<ul style="list-style-type: none"> <li>• If an ICS is only about compliance, its potential value is being lost. Other values, especially achieving real impacts through better production practices and special programmes and communicating these impacts (to the farmers and to buyers) can be really beneficial</li> <li>• The IMS can help highlight the achievements and positive impacts of a group. When these improvements can be quantified, it can be very motivating.</li> <li>• More information and data on impacts can also be very important for market partners. For examples the ICS could be used to track impact indicators or progress against SDGs and to communicate this for marketing purposes</li> </ul>
<b>Joint sourcing of inputs</b>	<ul style="list-style-type: none"> <li>• Can be very beneficial for farmers, e.g. joint compost preparation or the sourcing of useful organic inputs.</li> </ul>

Figure 14 Fehler! Verweisquelle konnte nicht gefunden werden., from the report, highlights the intended outcomes of the 'ideal' IMS within the future Rainforest Alliance certification system and how the IMS would contribute to the impacts.





An IMS has four main desirable outcomes			
Theme		What	How
Farmer impact		<ul style="list-style-type: none"> <li>Improved livelihood and well-being of farmers</li> </ul>	<ul style="list-style-type: none"> <li>Farmer impact through cost-effective service delivery, provision of information and knowledge, leading to improved livelihood and well-being</li> </ul>
Social impact		<ul style="list-style-type: none"> <li>Protection of human rights and support for local communities</li> </ul>	<ul style="list-style-type: none"> <li>Social impact through knowledge sharing, capacity building, and cooperation with other stakeholders.</li> </ul>
Environmental impact		<ul style="list-style-type: none"> <li>Conservation of natural resources and biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Environmental impact through knowledge sharing, capacity building, and cooperation with other stakeholders.</li> </ul>
Market impact		<ul style="list-style-type: none"> <li>Creation of a transparent and responsible market</li> </ul>	<ul style="list-style-type: none"> <li>Improving responsible business through quality and quantity sourcing, good risk mitigation, transparency, and data, with minimization of financial burden.</li> </ul>

Figure 14: The desirable outcomes of internal management systems

Source: Rainforest Alliance, UTZ & New Foresight Report June 2018: IMS as a driver for systematic change

Several case studies of existing UTZ or Rainforest Alliance groups indicate that their IMSs are currently far from this ideal future, (as illustrated in Figure 15). An analysis of organic ICS against the organic movement's vision of the impact it wishes to have may well result in similar overall findings even if the 'ideal future' and desirable outcomes of organic IMS may vary slightly.



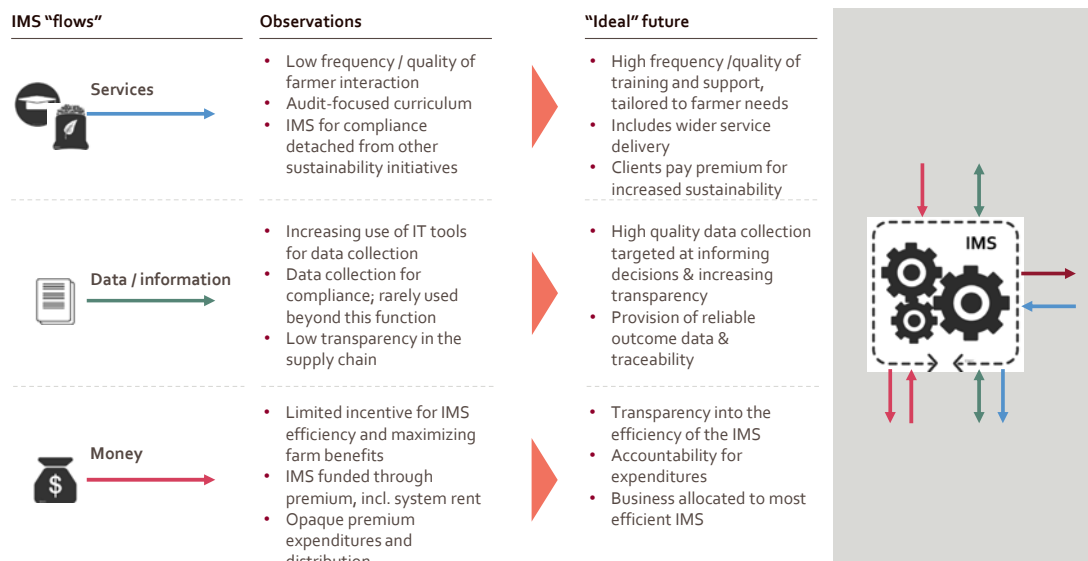


Figure 15 Analysis of selected current UTZ /Rainforest Alliance internal management systems

Source: Rainforest Alliance, UTZ & New Foresight Report June 2018: IMS as a driver for systematic change

## 5.6 Group certification in high-income countries

At present organic group certification is not permitted in Europe. The new EU Regulation will allow small farms in the EU to be certified in groups, see chapter 2.4. In the US, it is not explicitly restricted, but has been very controversial and is currently only being experimented with by a few farmers' networks. In Canada, group certification is now explicitly permitted and fully embedded in the regulations. But application of the concept is, to date, very limited.

In Europe and the US, the most obvious candidates for organic group certification would be industries that already operate a sourcing structure with many local small and medium-sized farms with long-term delivery contracts and one main farm product. Examples might include dairy companies, the meat industry, fresh fruit and vegetable groups (who may already have GLOBALG.A.P. group certification), oil or grain mills and companies that process fruit juice or canned and frozen fruits and vegetables.

In the interviews, the experts were asked whether, and how, the concept might be applied in high-income countries and for bigger farms. The overall consensus was that group certification was a universal concept that could, in principle, also be applied in high income countries and on bigger farms, if the ICS quality matches the complexity and risks of production. Several experts commented that group certification is not so attractive for farmers in high-income countries because of its restrictions so there is likely to be limited take up of the concept. Table 24 provides a summary of the comments given by experts.

**Table 24: Expert interview results group certification in high income countries**

Issue	Summary of expert comments
<p><b>Can group certification work in high income countries?</b></p>	<ul style="list-style-type: none"> <li>• All the interviewed experts (from all the stakeholder groups and all the regions) agreed that, as a general concept, group certification can work anywhere, under certain conditions.</li> <li>• Restricted to common marketing through the group,</li> <li>• ICS quality is adapted to the degree of risk and the complexity of production,</li> <li>• The production standards applied to each farm should not be lower than for individual certification of a farm of similar complexity.</li> </ul>
<p><b>Group certification for larger farms?</b></p>	<ul style="list-style-type: none"> <li>• In principle, medium and large size farms can be certified as part of a group, and this is done in other standards.</li> <li>• Larger farm size does not automatically mean higher risk or less organic integrity.</li> <li>• However, usually for such audits there is a different ‘multi-site’ audit protocol, in which the full normal compliance criteria (the same as for an individual farm) applies.</li> <li>• There is an ongoing concern that group certification might be used to apply simplified control criteria (designed for the efficient control of very similar, small and low-risk farms) with less scrutinising measures (shorter control times than for individual inspections; less self-responsibility of the farm with regard to , e.g. record keeping). A mechanism should be found to restrict this risk and use a ensure that the system is adapted so that that large farms in a group meet the same standards as individually certified farms, (e.g. in a multi-site certification model).</li> </ul>
<p><b>Concerns when applying group certification without restrictions in high income countries</b></p>	<ul style="list-style-type: none"> <li>• Care has to be taken that group certification is not misused to get easier and/or cheaper certification with lower requirements and an ‘easier control’.</li> <li>• This makes the restriction to common marketing even more important.</li> <li>• There has been much debate in the US as to whether influential market players (e.g. retailers) could use this system to lower operational costs and use their leverage to pressure farmers into dependency structures where farmers can only sell to them (as organic).</li> </ul>

Issue	Summary of expert comments
<p><b>Does group certification make sense in high-income countries?</b></p>	<ul style="list-style-type: none"> <li>• Many farmers in high-income countries often have relatively mixed farming systems, producing a variety of products that they sell to a variety of marketing channels. Group certification does not work in this situation.</li> <li>• The common marketing restriction is very limiting and few farmers are likely to find it attractive to bind themselves to just one buyer</li> <li>• Farmer group sizes in high-income countries would probably be very small e.g. 20-30 farmers, which would reduce the benefits of running a ICS, especially if they needed to employ well qualified staff at a local (often high) salary. These features would make ICS less viable and mean that individual certification would be cheaper and more relevant for the farmers. On the other hand, membership of a group could reduce the amount of administration and paperwork for individual farmers.</li> <li>• Larger groups could potentially create cost savings, but it may be difficult to get large numbers of producers to engage and the cost of getting them together regularly and to collaborate would probably be higher than paying for individual certification.</li> </ul>
<p><b>Necessary restrictions (mentioned by some experts)</b></p>	<ul style="list-style-type: none"> <li>• Common marketing must be a very clear and non-negotiable condition for group certification, especially in high-income countries.</li> <li>• Group certification should be restricted to genuinely active networks of small farms (e.g. US Trader)</li> <li>• Group certification should be very restricted, e.g. to a National Park with a common/joint project/aim and only for really small farmers (European consultant)</li> </ul>

## 6. Conclusions and recommendations

### Group certification is globally significant

Group certification has reached a significant global scale. Many important organic (and other) commodities are primarily produced by smallholder farmers and would not be available in sufficient marketable quantities without group certification. Both consumers in the Global North and smallholders in the Global South benefit from this and a huge number of people worldwide depend on collectively marketed organic produce for their livelihoods.

Our estimates suggest that there are around 2.6 million organic producers certified in groups through an ICS. Group certification is also a key element of other sustainability standards, some of which overlap partly with organic standards. There are about 1 million smallholder farmers in UTZ certified groups (mainly coffee and cocoa), about 1 million small farmers in Rain Forest Alliance certified groups and 1.5 million FairTrade certified producers in groups.

Excluding double certification, the global total of producers certified according to sustainable production standards operating under an IMS is estimated to be 5.6 Million.

A vast range of organic crops are produced by organic smallholders certified in groups, which would not otherwise have a way of ensuring international market access and premium prices. The most important smallholder commodities are listed below.

- Coffee: 94% of the world's coffee is produced by 25 million smallholder farmers and their families (International Coffee Organization).
- Cocoa: 90% of global production is produced on smallholdings of less than 5 hectares, in total 2.5 – 3 million smallholder farms (International Cocoa Organization).
- Cotton: 99% of the world's 100 million cotton farmers (across 70 countries) are smallholders, producing approximately 75% of the world's cotton supply (IDH)
- Many fruits and vegetables (fresh, dried, processed) especially bananas, mangos, avocados, sugar (from sugar cane), vegetable and essential oils, (especially coconut oil), spices, grains and pulses produced by smallholder farms in the Global South.

### Group certification for organic compliance

Group certification is a control and certification scheme with specific requirements and inherent challenges and opportunities. To fully exploit the potentials and reduce the risks related to the system, the requirements for group certification should be integrated into regulations with specific control requirements that are monitored by supervisory bodies.

We consider that it would be very helpful to explicitly define group certification as a separate certification scope within the organic regulations, with specific control

requirements, in a similar way to which there are specific requirements for the certification of processing or feedstuff operations. This would strengthen oversight by accreditation bodies and competent authorities, as they would need to verify the competency of organic CBs for group certification, check that the audit and certification protocols for this type of audit conform to the regulatory requirements and systematically do witness group audits.

Areas where more clarity is required were explored in section 4. More explicit guidance would be particularly important in the following aspects:

- **Size of producer groups:** As groups can be very large (the largest confirmed size was 80,000 farms in one group), it could be important to have clear rules on the maximum size of a certified group, or its organisation into homogenous subgroups and related rules for external control sampling.
- **Size of the farms in groups:** Farm size definitions and how to control medium and large farms in different group settings should be defined in more detail to harmonise inspection procedures among the certification bodies.
- **Farm extension and capacity building:** Training on how to practically implement organic principles is crucial for the long-term success and compliance of an organic group and should be more explicitly required. Consideration should be given to allowing the same field officer to conduct internal inspections and to provide advisory/training services. This would allow for sound capacity building, especially for groups with a very limited ICS budget.
- **Reliable basic data** especially concerning the size and location of the farm's fields and crop data is essential for monitoring and control, but it remains a major challenge for groups in many parts of the world. It would be helpful to provide groups with adequate digital tools and training to improve data management and to make the data collected by the ICS more useful for farmers and the group. This could follow the example of the efforts of other standards, such as the Rainforest Alliance/UTZ.
- **External control of groups:** Additional guidance and stronger rules are needed to insure more consistent application of group certification controls. In particular, it may be worth considering audit protocols and rules such as a maximum number of audits per day, as already prescribed by several other sustainability standards. This would help to ensure that the relatively few external farm inspections to assess the efficiency of the ICS are done thoroughly and would also minimise price-competition between certifiers. There is also a need for more guidance on dealing with non-conformities and group sanctions in order to harmonise the application of control standards.

However, care should be taken not to adopt overly-prescriptive minimum requirements as group settings vary enormously across the world and there are many ways of circumventing rules that are perceived as excessively rigid. The main focus should remain on requiring, and checking, that a group's management system is effective in ensuring compliance with organic standards and contributes to ongoing improvements in organic farming practices. Section 5.3 suggests a process for developing this guidance in a practical way.

The categorisation of group certification as a separate scope would also address the lack of transparency over which, and how many, organic operations are certified through an ICS. At present an individual farm and processing certificate in, say, Africa could cover a single plantation certified with this processor, or a company operating a group certification programme with more than 10,000 farmers. Under the current system, the scale of group certification in China is particularly opaque. Group certification based on an ICS should be indicated on organic operators' certificates and in organic certification databases (and should include the number of farms, total acreage and products) and should be included in certifiers' statistics and reports to authorities. Such transparency is important in encouraging more risk-based supervision by accreditation bodies and control authorities.

### **The harmonization of requirements for group certification**

The world's two most important organic regulations, the EU Regulation and US NOP, are in the process of, or planning to, incorporate group certification requirements. This provides a unique chance to align and harmonize the basic group certification requirements, which would also help certifiers to apply them consistently.

Many organic producer groups around the world are also certified according to other standards, such as the Rainforest Alliance/UTZ or Fairtrade (see chapter 2). UTZ has well-developed group requirements and guidance tools that are already partially harmonized with the requirements of other systems run by members of the ISEAL Alliance (e.g. FSC and Fairtrade). Its rules cover all the key elements of organic group certification (see chapter 2.9) but provide considerably more guidance than the organic guidelines.

This existing expertise could be of value for the development of future organic group certification requirements and provide the basis for a more harmonized and consistent application of collective organic certification world-wide, which would be of great benefit to producers, certification bodies and accreditation bodies. A consultative process, involving producer and trade representatives, certification and oversight bodies would help further develop and harmonize the interpretation and implementation of group certification rules.

## Benefits and systemic change for smallholder producers

Group certification was originally developed to empower smallholders and improve their livelihoods by giving them access to the organic premium market. The benefits that producers receive from certification are key factors for the success of collective certification schemes, the improvement of practices and for long-term compliance. There is a need to focus more on the benefits, and especially on the provision of services to producers, which they often find to be of real value. Economic factors, such as good prices and fair trading practices are equally important for certified groups as they allow them to operate an efficient ICS and to provide capacity building and other services to their members. There is a need to substantially improve outreach to, and the training of, farmers in good organic production practices and ensure their long-term motivation, which can only be achieved by more investment in research, training and exchanges.

A striking result from the survey and interviews was the different assessments of the value of the success factors relating to motivation, market factors and capacity building. While the Northern perspective underlined the importance of control tools and expressed misgivings about the effectiveness of these tools, the experts from the Global South focussed on the importance of motivating farmers through capacity building, such as training or composting programmes. They also stressed the importance of financial and business incentives such as premium prices, good (certified) sales volumes, the importance of developing marketing and management capacities and improving product quality so as to be able invest in quality systems. They also stressed the need for adequate tools in controls, general management and data management.

There is a need for updated guidance and training materials, as well as best practice ICS templates and tools for use by producer groups, i.e. basic templates and tools, that can be adapted to local needs. It would be even better to develop an open source IT-based ICS data management tool to encourage efficient and transparent management of ICS. Such a tool would need to include mechanisms for aggregating group data and for feeding data back to member farmers allowing them to improve their performance and management skills.

The (lack of) qualifications of ICS staff was identified as another significant challenge, there is a clearly a need to set up (more) local ICS staff training curriculums, particularly in countries where ICS has a significant presence.

The development of training and supportive tools should be complemented with research on how to better exploit the potentials of group certification, particularly issues related to governance, socio-economic, capacity development, the role of monetary and non-monetary incentives and the potential of informal social group dynamics as means to ensure compliance.

## Taking group certification beyond smallholders

Group certification with internal control systems may also become more widely used in middle and high income countries as this approach has a potential to be an efficient and eventually cost saving approach to certification, the more so since the EU has now opened up the legal possibility of establishing such structures beyond low-income countries. Clear thought needs to be given to the requirements and restrictions of group certification in middle and high-income countries as well as the socio-economic dimensions and the potential consequences of such systems. Caution needs to be exercised to avoid possible negative impacts related to enforced monopolization, dependencies and less stringent control mechanisms.

The complete opening up of group certification to farms of any size, and group structures of any types, is a logical future option, and is already applied by GLOBALG.A.P. There are concerns that large retailers and corporations might seek to use such a system on an extremely large scale to lower their costs and lock producers into monopolistic trading arrangements. Group certification could have some advantages for some farmers in high-income countries (reducing certification costs and paperwork) but could also force farms into dependency relationships with negative impacts. There are concerns that the widespread use of such structures would result in considerably lower oversight and, possibly, lower control quality.

Given these concerns, group certification in middle and high income countries should be clearly defined and restricted to settings where internal and external controls are most effective, i.e. closely associated groups of small or medium sized farms with a common product range, or some processing industries, such as organic fruit juice producers, dairies, or grain oil mills that wish to establish very local and long-term supply bases with smaller farmers, often only producing one (main) product (apples, milk, olives, etc.).

The new EU-Regulation, expected to come into force in 2021, already includes restrictions of the size of members who can join a group (maximum farm acreage or organic revenue), thereby clearly seeking to restrict the concept to small farms. Another basic restriction to reduce misuse of grower group certification would be that it only applies when the produce is collectively marketed.

Another recommendation for group certification is to explicitly require that the members of the group grow the same (range of) organic products. Other restrictions relating to homogeneity and geographic proximity would be well worth considering, as these provide a natural scale limitation and could avoid the danger of large retailers and corporations seeking to create 'mega' national-scale 'group certification' structures, dealing in multiple products.



## **7. Annexes**

- Annex I. Methodology
- Annex II. References
- Annex III. Summary Tables EU & NOP Group Certification Requirements
- Annex IV: Comments on other ICS Elements
- Annex V: Fraudulent Practices in Group Certification

## **7.1 Annex I: Methodology**

This study used several different, complementary, methodologies to generate the data and information to help us review the issue of certified producer groups from different angles.

### **1. Desk research**

Available documents were reviewed to obtain relevant basic information to this study. These include:

- scientific literature and reports;
- guidelines about group certification in organic agriculture from IFOAM, the European Commission and the National Organic Standard Board (NOSB), and;
- guidelines and guidance for group certification in other voluntary sustainability standards (VSS) from ISEAL, specifically UTZ, Rainforest Alliance and Global Gap.

### **2. Online stakeholder survey**

A global online survey, was undertaken which was completed by 91 organic stakeholders. Respondents included a broad range of different organic stakeholders (producers groups, certification and accreditation bodies, authorities and traders) (see Figure 16 and Figure 17 for a breakdown) and covered the following topics:

- the importance and practical implementation of the main elements of the ICS and certification issues;
- success factors for ICS certified groups;
- public perceptions of ICS;
- attitudes towards the extension of ICS to high income countries and bigger operators, and;
- recommendations on how to improve ICS based group certification.

The results of the survey were qualitatively analysed and are presented as descriptive statistics.

The survey participants covered a broad geographic spectrum (see Figure 16) although there was a slight bias towards Europe and Central and South America.

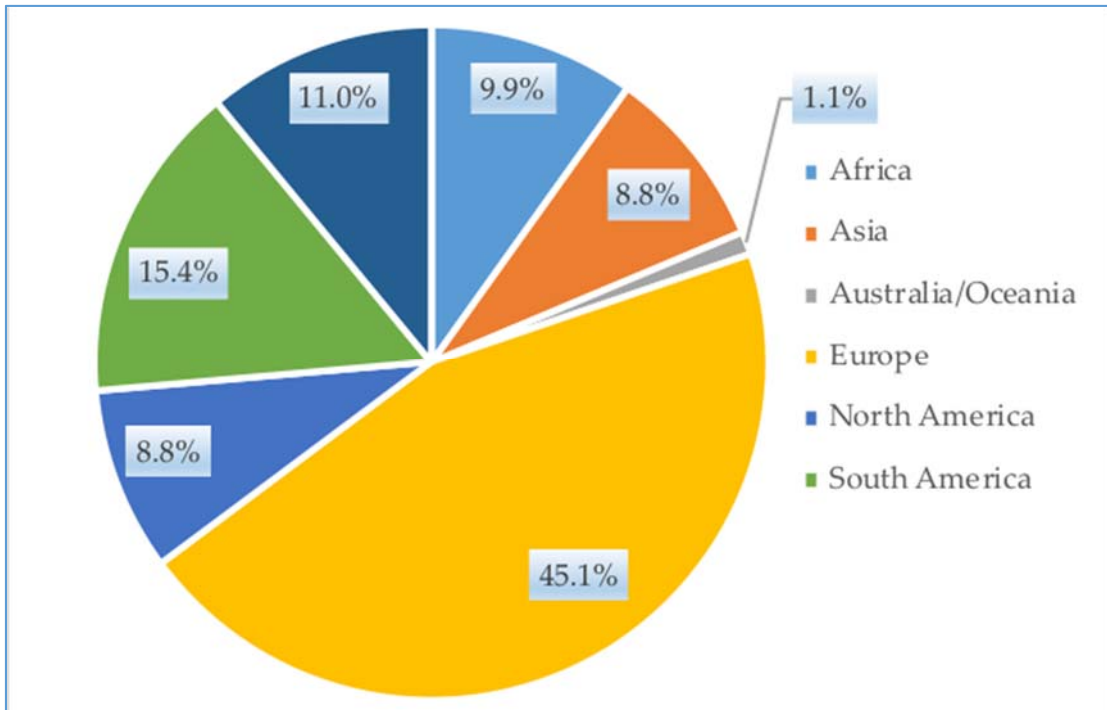


Figure 16: Composition of the survey sample by regions.

Source: stakeholder survey.

The survey participants represent different stakeholder groups, with nearly half the participants working in organised producers groups or for operators, which buy products from producer groups (see Figure 17).

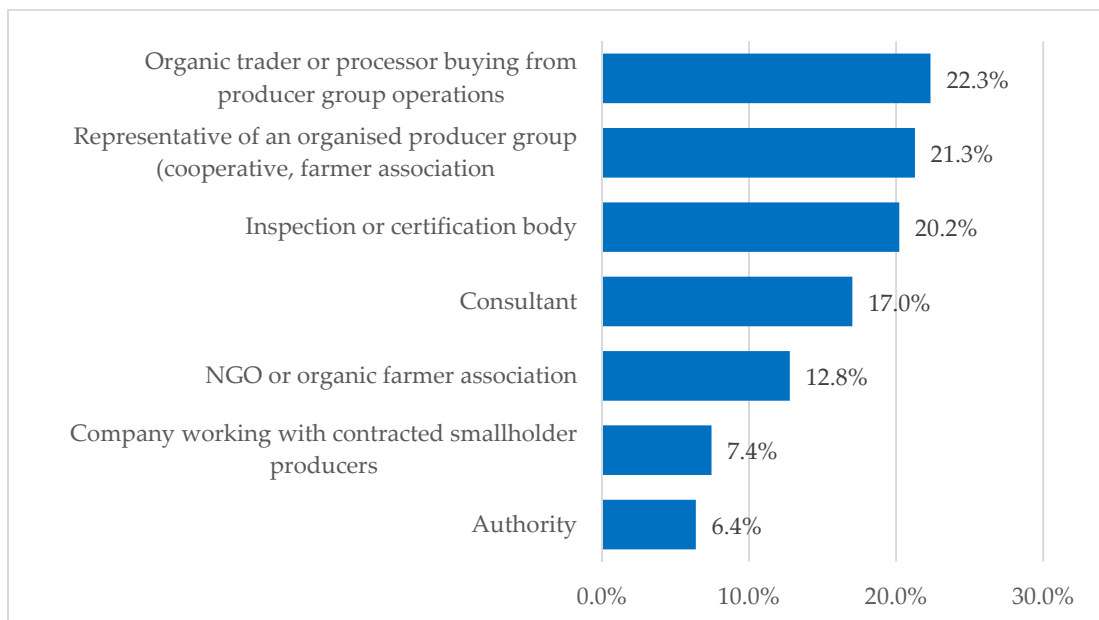


Figure 17: Composition of the survey sample by the stakeholder background

Source: Stakeholder survey

### 3. Expert interviews and recommendations

As part of the study, we also conducted nineteen in-depth interviews with leading experts in the field of certified producer groups to obtain in-depth information about their experiences and opinions with regard to ICS based group certification. As with the stakeholder online survey, the interviewees were selected to be representative, both geographically and in terms of their professional background. In the final phase of the study a few key experts were asked to fill in information gaps, and corroborate (or not) the study's results, conclusions and recommendations.

## 7.2 Annex II: References

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### 7.3 Annex III: Summary of group certification requirements within the main organic regulations

#### Group Certification Requirements EU

#### European Commission Guidelines for the evaluation of the equivalence of organic producer group certification schemes applied in developing countries (2008)

- Scope of Group certification (pre-requirements)
- Only small farms (some guidance on bigger members, processing units etc.). Note: the new Organic Regulation 2018/848 defines additional restrictions for who can be member of a group (less than 5 hectares / 15 hectares grassland; or maximum turnover/output from organic farming)
- Similar production systems & in geographic proximity
- Group must be formally established
- Collective marketing
- An Internal control system(ICS)
- Document the internal quality system and a contract with each group member
- The role of internal inspectors
- One annual internal inspection of each group operator (incl. visit to fields & facilities)
- Appropriate documentation of the ICS
- Sanctions to individual members who do not comply with production standards. Need to inform certification body of irregularities, non-compliances and corrective actions
- External control of group operations
- One annual inspection of the group per year, evaluating the effectiveness of the ICS to assess compliance with the production standard by all producers in the group
- Each year at least the square root of the number of farms needs to be externally inspected, choosing predominantly different farms from year to year. For medium and high risk situations, a risk factor of 1.2 and 1.4 respectively applies. For example in a group of 500 producers, at least 23 farms need to be externally inspected. If it was a 'high risk' group, the minimum would be 32 farms
- List of factors to include in determining the risk category of the group
- Larger farms, processors and exporters in the group need to be externally inspected every year
- If the ICS is found to lack effectiveness, the number of farm inspections shall be increased to three times the square root of farms.
- The certification body has to have a sanction policy for groups. If the ICS is found to lack effectiveness, sanctions shall be applied to the group as a whole.

**Group Certification Requirements USDA National Organic Program  
NOSB Recommendation “Certifying Operations with Multiple Production Units, Sites and  
Facilities under the NOP” (2008) and USDA Training NOP Grower Group  
Certification (2015)**

- Pre-requisites for a producer operation to seek USDA organic certification
- Group must be organized as one legal “person” / entity (e.g. corporation, association, cooperative )
- The certification is owned by the group, not any individual member or sub-unit
- The practices of the producer group operation must be uniform and reflect a consistent process, using the same inputs/processes
- Marketing only through the group, unless members are also individually certified.
- The members within a ‘production unit’ share a common input supply and use a single post-harvest processing system. They are located in geographic proximity and have similar farm characteristics (detailed definition). They produce unique products and varieties and share the same harvest schedule.
- ICS requirements
- Consistent record keeping protocol. It is unacceptable for individual production units or sites to differ in their record keeping methodology
- The producer group operation must establish and implement an internal control system with supervision and documentation of production practices and inputs used at each sub-unit.
- All members/sub-units in the group are unified by a shared training regimen and operate together under the same section of the group operations Organic System Plan, including inputs used, fertilisation management and pest control practices.
- Members share common personnel responsible for managing operations, providing extension services, monitoring and enforcing the ICS.
- Appropriate documentation of the ICS
- Sanctions to individual members who do not comply with production standards. Need to inform certification body of irregularities, non-compliances and corrective actions
- External control of group operations
- Inspection is done by a “thorough audit of the functioning of the ICS, accompanied by a physical examination of every production unit (head quarters, regional handling facilities) and a meaningful sample of sub-units within any given production unit. All new entrants to the production unit must be inspected in their first year
- The certifying agent must have policies and procedures in place to determine how many and which sub-units are annually inspected. The risk assessment approach shall consider a defined detailed list of factors, e.g. size of units, uniformity, complexity of production system, prohibited materials applied adjacent to sub-units, number of new members.  
Note: in examples the NOP Training uses the same square root times risk factor 1/1.2/1.4 approach as the EU and IOAS.
- Once the annual sampling rate is determined by the certifier, all high-risk units and all new members shall be inspected. Of the remaining sample, at least 25% shall be selected at random. The calculation samples given in the policy are for rates of 10% external control and 30%

internal control. The objective of sampling is to determine whether the ICS is functioning and to detect and correct non-compliances before they compromise the certification of the group.

- Role and functioning of the ICS
- Guidance on how the ICS works
- Guidance regarding ICS personnel: their roles, management, qualifications and ways of addressing conflicts of interest
- The importance of training (members and ICS personnel)

**Canadian Organic Grower group certification requirements  
Summary of requirements compared to NOP and the EU guidelines**

<b>Pre-requirements for the group</b>	<ul style="list-style-type: none"> <li>• Group certification also applicable to Canadian grower groups</li> <li>• Pre-requirements similar to EU &amp; USDA NOP in Chapter C12.1, i.e.             <ul style="list-style-type: none"> <li>- A grower group may be self-organized i.e. as a co-operative, or a structured group of producers affiliated to a processor.</li> <li>- All members of the grower group shall apply similar production systems and should be in geographical proximity.</li> <li>- The practices of members shall be uniform using the same inputs and processes</li> <li>- Only joint marketing of the certified products; the certificate may not be used by individual producers</li> </ul> </li> </ul>
<b>ICS requirements</b>	<ul style="list-style-type: none"> <li>• Short chapter on ICS requirements in chapter C12.2., similar to NOP requirements</li> </ul>
<b>External control requirements</b>	<ul style="list-style-type: none"> <li>• Risk assessment by CB to set external farm control rate according to a list of risk factors</li> <li>• Low risk: square root of number of farms in the operations medium risk factor 1.2. high risk factor: 1.4 (as in EU and US)</li> <li>• No explicit requirement to externally inspect all new farms (but part of risk consideration), as in EU guidelines</li> <li>• Explicit requirements that only inspectors may be used who “have appropriate training on the inspection of internal control systems”.</li> </ul>



## 7.4 Annex IV: Comments on aspects of ICS systems

ICS Element	Comments
<b>Written contracts with each producer</b>	<ul style="list-style-type: none"> <li>• This is a necessary formality, even if farmers are illiterate, as it is important for transparency and accountability between producer and group.</li> <li>• However, a verbal explanation and repeated mutual understanding are often far more important</li> </ul>
<b>Internal organic standard /understandable summary of relevant production rules</b>	<ul style="list-style-type: none"> <li>• A locally adapted version of the complex international standards is very useful.</li> <li>• A simplified set of adapted production rules that are directly relevant for the producers and ICS is considered to be one of the most helpful components of an ICS</li> <li>• Some are concerned how this approach will work once the EU Regulation directly applies to producers in low income countries (and not just through 'equivalence')</li> </ul>
<b>Farm details for each producer</b>	<ul style="list-style-type: none"> <li>• Extremely important to have accurate data, yet extremely difficult - see section on farm data</li> <li>• It is better to collect LESS info, and spend the effort in getting it right. The area and production capacity are the most important data. A half page registration form should be enough.</li> </ul>
<b>Updated production records</b>	<ul style="list-style-type: none"> <li>• These are theoretically important and relevant but in most cases it is nearly impossible for group to manage this, so it is of limited real value. This is often raised as a non-compliance.</li> <li>• In many groups many farmers don't manage to maintain their own records. In some project settings field diaries, in combination with training activities, can be useful, also to show farmers the value of their own work and efforts</li> <li>• It is better if the group provides the inputs and keeps records of them. CBs often accept records at group or sub-group level and they are often more reliable.</li> </ul>
<b>Effective technical field extension</b> → see also key issue "Farmers understanding & training" above	<ul style="list-style-type: none"> <li>• Critically important to establish this (especially in the early years), which also helps maintain a group's momentum and motivation.</li> <li>• Greatly appreciated by farmers - if not limited to just explaining production rules</li> <li>• Important to have field advisors to support the producers even though technical extension services are not a mandatory obligation.</li> <li>• While this is extremely important, it is also resource intensive, especially when the farms are remote or scattered.</li> </ul>

ICS Element	Comments
	<ul style="list-style-type: none"> <li>• Important that extension and training efforts are evaluated during the inspection (also to value the efforts put into it)</li> </ul>
<p><b>Field advisors experienced in organic production</b></p>	<ul style="list-style-type: none"> <li>• Often local knowledge and capacity about organic production is limited, but field officers can learn this on the job. One company mentioned that it takes their officers 4-6 months to be fully trained in good organic practices &amp; ICS procedures.</li> <li>• Depending on local production conditions, lower competency levels of field officers may still be sufficient</li> <li>• External training courses may be needed. In some places these could be offered by the certifier.</li> <li>• Technical knowledge is extremely important but often lacking. It is problematic if the main people in the ICS responsible for setting up and managing the ICS, farmers training and training of field officers have no knowledge of farming, nor any idea of organic beyond "we cannot use agrochemicals".</li> </ul>
<p><b>Producer list / register: complete &amp; up to date</b></p>	<ul style="list-style-type: none"> <li>• THE KEY DOCUMENT of the ICS. 'The backbone of the system'.</li> <li>• Very important for crosschecking the plausibility of harvest estimates/sales data, and giving as overview of internal controls. The most important data are the areas and total estimated production</li> </ul>
<p><b>Overview maps &amp; maps</b></p>	<ul style="list-style-type: none"> <li>• Useful for an overview; info about the location of the farms must be accessible, otherwise not so important</li> <li>• Hand drawn farm sketches are usually of limited value and not always required. In some local setting they may still be useful</li> <li>• GPS based polygons of the farms' fields are very useful. This will become an UTZ requirement in the future.</li> </ul>
<p><b>Internal inspection includes field visit and farmer interview. Documented</b> → see also discussion <i>Internal inspection above</i></p>	<ul style="list-style-type: none"> <li>• Very important and a formal requirement</li> <li>• They are not the only way to ensure or manage compliance in a good ICS and are useless if just done as a routine exercise without risk focus and at always the same time of the year</li> <li>• These need to occur at different stages in the production cycle, i.e. inspecting different farmers during different periods</li> <li>• Varying the key focus slightly over time keeps things more interesting and relevant</li> </ul>
<p><b>Sufficient number of internal inspectors / internal inspections are thorough</b></p>	<ul style="list-style-type: none"> <li>• Important to ensure that thorough and effective internal inspections take place</li> <li>• The number and skills of internal inspectors are indicators of whether good inspections can take place and the staff has enough time to do them</li> </ul>

ICS Element	Comments
	<ul style="list-style-type: none"> <li>Some systems (i.e. GLOBALG.A.P.) prescribe a minimum time for internal inspection.</li> </ul>
<p><b>Internal inspectors have knowledge of organic farming, standard requirements and inspection techniques</b></p>	<ul style="list-style-type: none"> <li>Similar comment as for field officers, since they often double-up in their roles, i.e. one inspecting another's group.</li> </ul>
<p><b>Effective follow up of material non-conformities and sanctions by the ICS</b></p>	<ul style="list-style-type: none"> <li>Very important and often challenging.</li> <li>It is important that non conformities are analysed and used for risk based internal inspections and improving the training activities</li> </ul>
<p><b>ICS informs CB about material NCs and sanctions</b></p>	<ul style="list-style-type: none"> <li>Experts understand this in different ways. Obviously the CB needs to get an overview of the ICS sanctions during the inspection, but it is slightly unclear whether this means informing the certifier whenever the ICS sanctions some farmers or during the annual external inspection.</li> <li>Considered important to inform the CB during the year if there are material changes to the farmers list, e.g. many farmers are suspended or removed from the group.</li> </ul>
<p><b>ICS Buying procedures: only products from certified farms is bought as organic</b></p>	<ul style="list-style-type: none"> <li>Critical, but not so easy to manage in practice.</li> <li>See the key issue about product flow control (above).</li> </ul>
<p><b>Effective System to manage conflicts of interest of ICS staff.</b></p>	<ul style="list-style-type: none"> <li>This is a much-discussed issue: especially the separation of advice and internal inspection. See section 4.3.8 and 6.</li> <li>Other conflicts may also occur (family bonds, the social position of field officer).</li> <li>Less restrictive rules are suggested with more focus on training farmers.</li> </ul>

## 7.5 Annex V: Fraudulent group practices described in expert interviews

In expert interviews, a couple of fraudulent practices that are specific to group certification were mentioned. We list these here with the aim of increasing awareness among auditors, certification bodies and trade partners operating simple 'oversight' systems to ensure & improve quality management of their suppliers.

- Non-existent farmers or fields / inflated yields: the lists of farmers/fields presented for certification may include 'invented' farms, or farmers who were once registered with the group who never actually supplied any produce. The list and farmer documentation may contain greatly inflated farm sizes and/or inflated yield estimates to reach a high certified. Both strategies are used to buy part of the sold volume cheaply from elsewhere (with certain residue checks). In large groups, the percentage of farms checked is very low and the risk of the CB discovering this practice is relatively small. In addition, in many areas, farmers genuinely do not know the size of their farms and their production capacity, so cross-checking information can be difficult. Another related trick is to list the correct data per farm, but to manipulate the aggregation of farm numbers, areas and quantities from producers to the group total.
- Fake retrospective product flow documentation: after purchase is complete (from wherever the products could be sourced from), the group prepares a consistent set of 'organic origin' documents for the total quantity bought, down to receipts for each certified farmer.
- Buying organic products from certified farms at times of high demand for the product has an intrinsically high risk and creates an incentive for both low level and wide scale cheating. Farmers may sell their extended family members' crops as organic. Buying officers who are paid on commission may focus on just meeting their delivery quotas and may even think "all farmer in this area are basically organic anyway". Groups or individual staff members may seek increase their profits by buying non-organic products and not paying the organic premium - or may do so if they find that their certified producers have already sold most of their harvest to other buyers and they need to fill an specified order.
- Farms included in several ICS: In some regions, double or triple certification of farms, i.e. the same farm being registered in the ICS of several buyers, poses a risk of double sales and can be difficult to manage. APEDA in India tried to minimize the risk of double registration, by the explicit requirement that each organic farm can only be registered in 1 ICS and by keeping the GPS farm data in the central system to cross-check this. UTZ has specific requirements, including an annual declaration by the farmer to try improve its control over this issue.

For some farmers double certification may be necessity, if for example they can only sell one of their cash crops to the group operator, but not the other crops. For them it is important to maximise their organic sales and this helps them with their crop rotation and intercropping practices.