



## Current and future challenges for ICS certified groups

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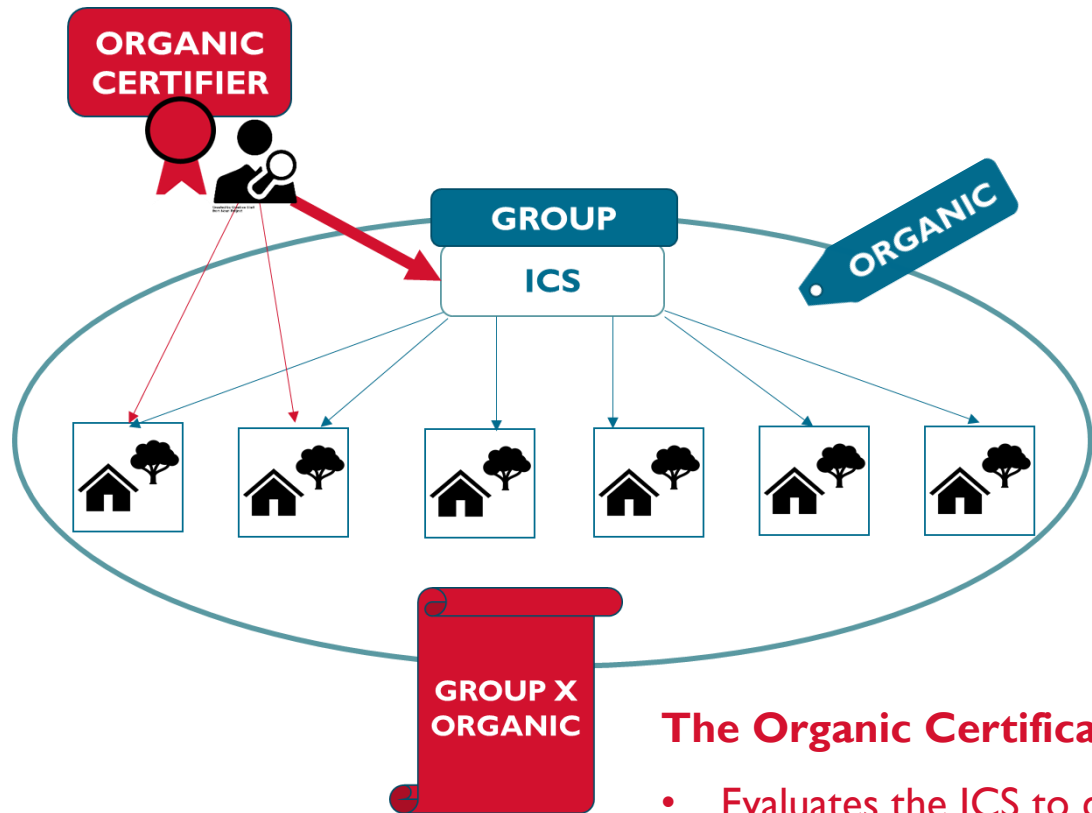
# Outline

- ICS – Introduction & Identified current challenges in African ICS groups – Toralf Richter, FiBL
- The new EU organic regulation with new challenges for ICS groups – Florentine Meinshausen, ICS Expert for FiBL and IFOAM OI

# FiBL's Assessment Work on ICS Experiences

- FiBL analysed in recent years the challenges for producer groups in ICS based group certification schemes in low income countries (see <https://orgprints.org/35159/>).
- In 2020 FiBL analysed with support of BÖLW/GIZ the current situation and challenges for 48 ICS certified organic producer groups in 7 African countries.
- Goal of this presentation is to share insights from the analysis and a discussion how to face the current and future challenges of ICS certified systems.

# Smallholder Group Certification Overview



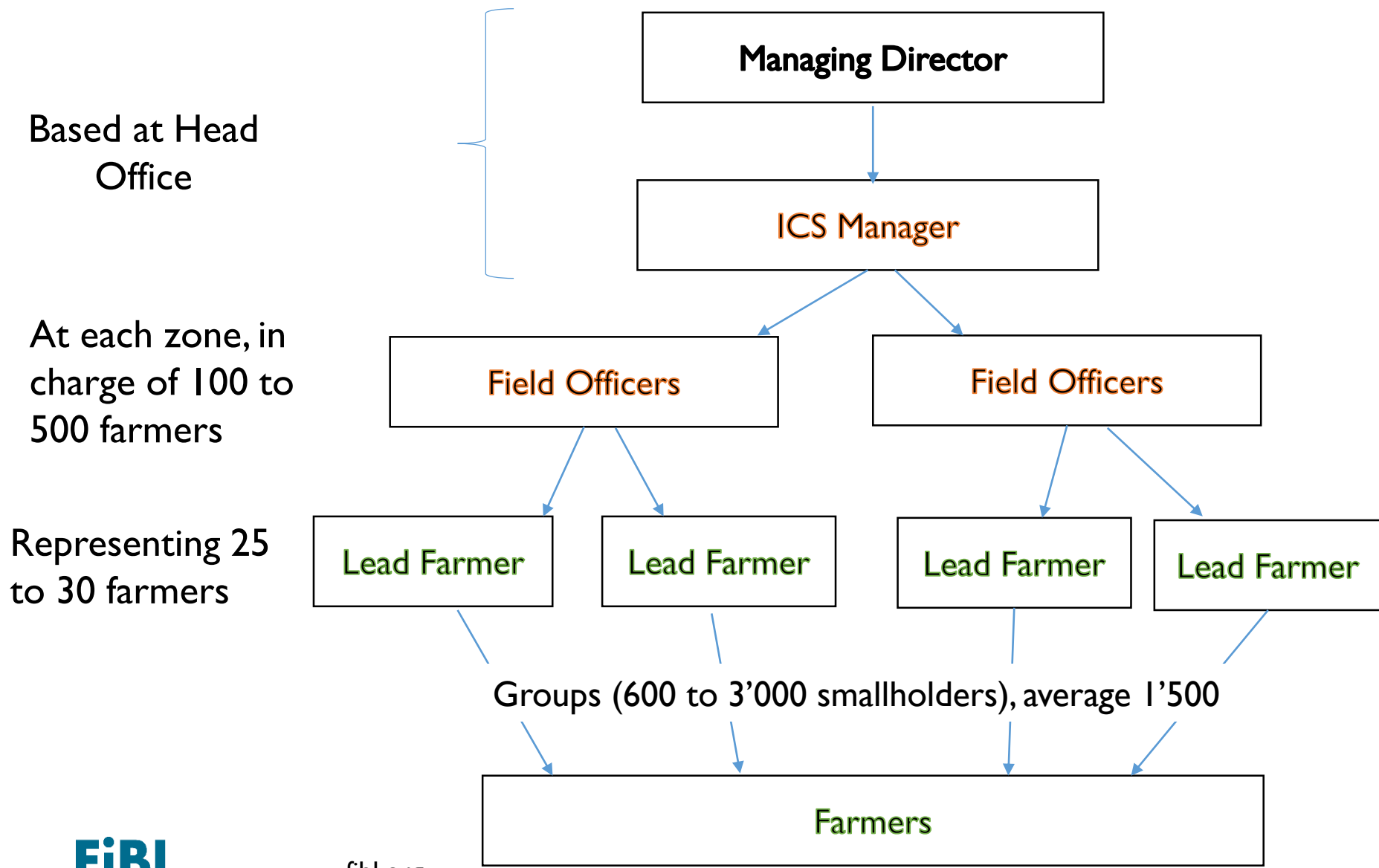
## The Producer Group

- buys products from organic members and markets them as a group
- operates an ICS to ensure members comply with organic standards

## The Organic Certification Body

- Evaluates the ICS to check that it is effective
- Re-inspects a sample of group member farms to evaluate the ICS
- Checks product flow
- Issues ONE certificate for the group

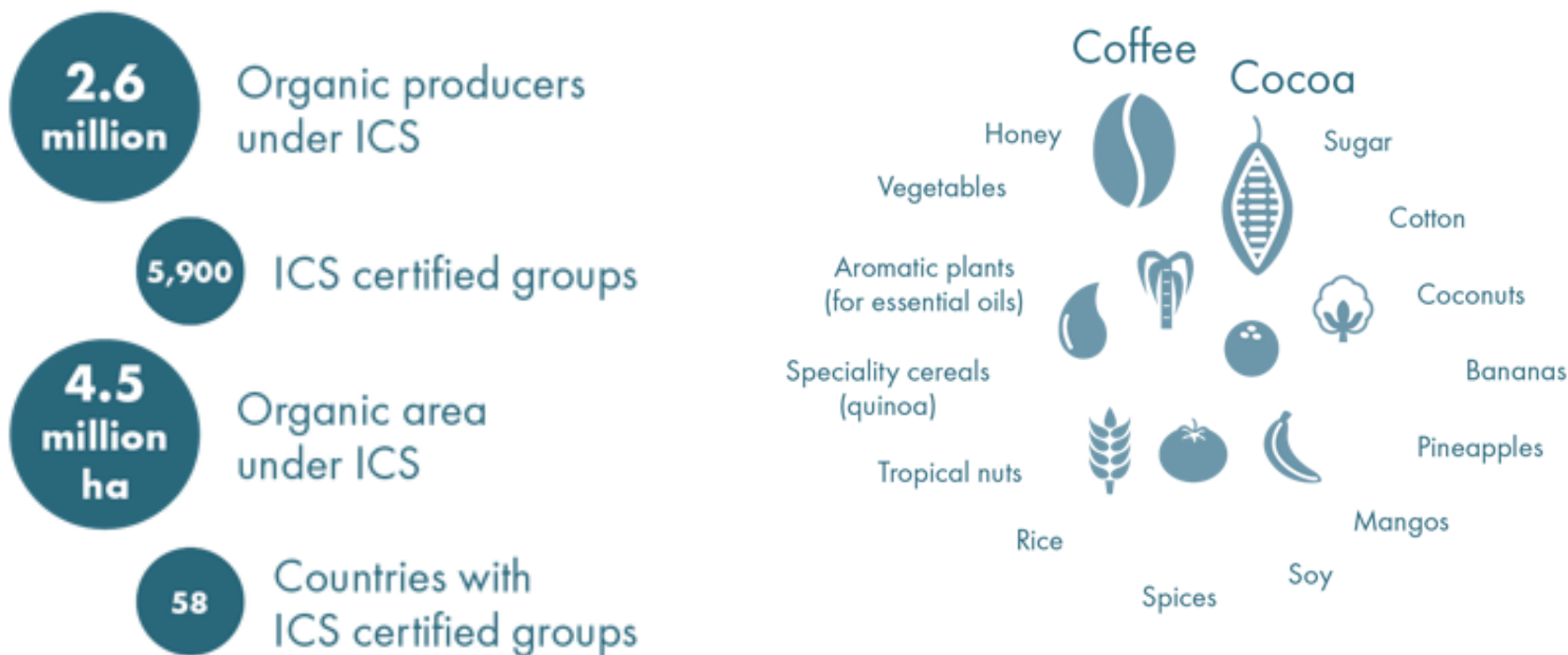
# Typical ICS Management Structure - Example Rwanda



# Relevance of Group Certification – any change matters!

Smallholder Group Certification with Internal Control System (ICS) is used for certification of 80% of organic farmers worldwide.

## Estimated global organic group certification



# Challenges for the organic sector development in Africa



## Economic considerations of ICS certified groups

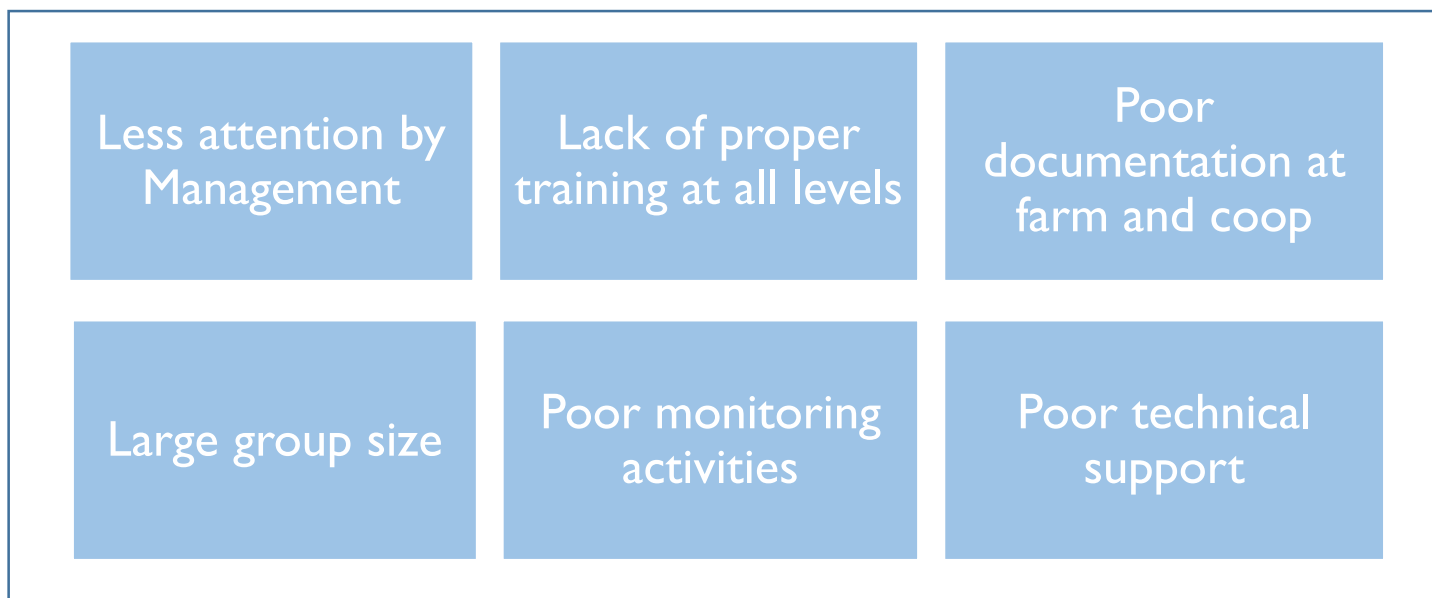
- Only ICS based certification allows organic smallholders to have access to export markets with affordable fees.
- But the ICS requirements are demanding to implement for groups in low income countries and many groups are struggling (especially new groups).
- Conversion period without price premiums, later first organic price premiums are used to pay back loans for required investments.
- Organic prices in many cases quite low as they are linked to all up and downs of world market prices.

**Consequence:** It is challenging to keep farmers motivated to produce according to organic standards and to continue to pay fees to run the ICS management.



# Challenges with ICS, case Ethiopia

Up to 75'000 smallholders under 1 certificate



## Further general challenges

- Organic sector in most countries without long tradition.
- In donor projects in Africa “organic” competes with “agroecology” and other trend topics of sustainability.
- Conventional fertilizers are heavily subsidised by governments.
- Little organic know-how in most countries, neither on farmer nor on advisor level (→ partly non-conformities by lack of knowledge).
- Continuous capacity building and support of producer groups by experts mostly lacking.
- Lack of proper organic material (in local languages) and methods how to spread the knowledge

# Conclusions and Way Forward

## Producers can benefit from ICS certification

- For group certification, motivation and qualification are key factors for success → Better practices in production & process quality needed.

## Challenges for ICS groups

- Diverse economic and organisational challenges.

## Fair terms of trade and prices

- Vital for groups to implement a quality oriented ICS, to motivate farmers and ensure sound capacity building and other services to producers.

## More research, training, coaching and exchange

- To improve outreach and training of farmers in good organic production practices and group managers/field officers.

# Even more challenges by the new EU Organic regulation?



# The New EU Regulation for Groups



## The new organic regulation (EU) 2018/848 & Implementing Regulation Control (Jan 2021)

- **Re-define rules** for group certification - embedded in the Regulation
- **Rules** for producers in EU & worldwide
- **Will have materials consequences** for almost all certified organic groups world-wide

Both Regulations applicable from:

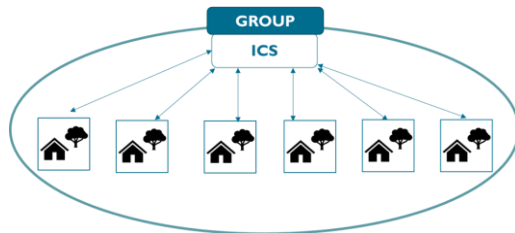


January 2022

**BUT 2-3 years transition period for implementation in Third Countries very likely.**



# Overview Changes Group Set-Up & ICS



## Group Composition & Size

- **Maximum 2000 Members/Group**
- Composed only of farms who meet new size/turnover limits
- Group must have „legal personality“



Reg.-Art. 36.1 (a-e)  
Imp-Reg: Art. 4

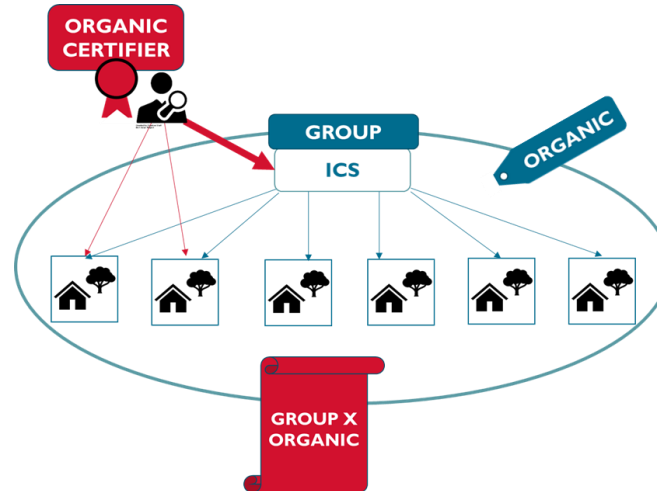
## Detailed Rules for ICS

- Stronger & clearer rules
- No material changes for groups with quality ICS e.g. IFOAM



Reg-Art. 36.1 (g&h) (amended Jan/21)  
Imp-Reg: Art 5&6

# Overview Changes External Control & Certification



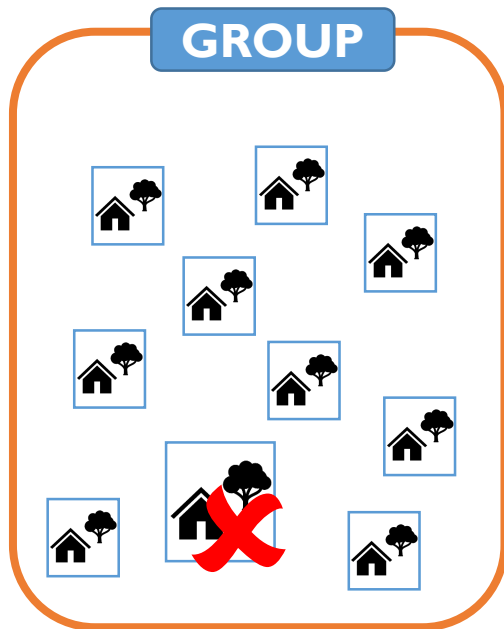
## External Control of Groups

- **Minimum 5% re-inspection**
- **Residue sampling for 2% of members**

## External Control in GENERAL

- **„Equivalent“ → „Compliant“**

# Changes: Group Composition & Size



**Max. 2000 members/group**  
**Only small(ish) farms**



Reg.-Art. 36.1 (a-e)  
\*Imp-Reg: Art. 4&10

- ✓ **Group: 2000 members maximum (Art 4, Imp.Reg)**
  - Larger groups need to be split in smaller groups entities.
  - Combined with 5% rule → much higher number of external control visits & costs for large groups e.g. if 4000 members;
    - Current re-inspection (sqrt) : 64 farms
    - New: 2 x 2000 farmers (5%): 2 x 100 farms/group = 200
  - **Need to establish (smaller) group entities**  
→ *Transition Period until 1/2025 for this rule (Art 10).*
- ✓ **Only farms that meet new size restrictions can be members of the organic „group of operators“**
  - Farms whose individual certification cost > 2 % of the organic turnover AND organic turnover not more than EUR 25 000 /yr
  - OR: Farms with a maximum land holding of 5 ha (simplified)
  - ? Rules seem to imply that farms beyond the size limit can not be member / certified in the group, even if annually inspected by CB
- ✓ **Farms member in ONE group for ONE Product.**  
**All group members in same country.**



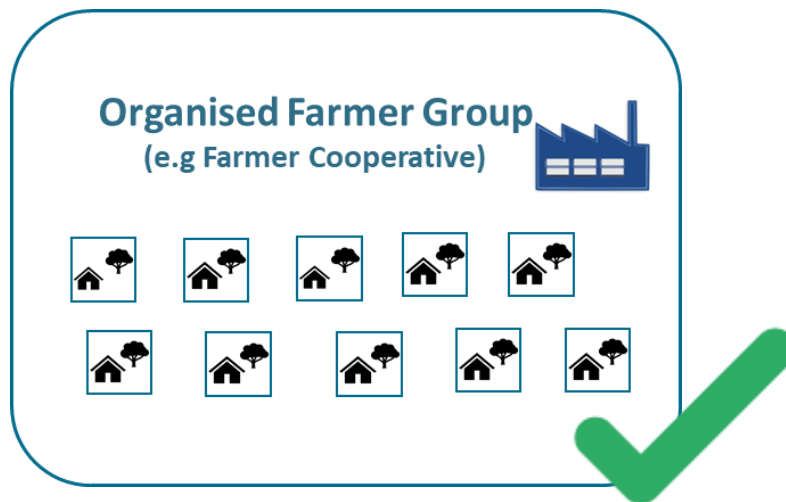
# Composed of Farms: Potential Implications



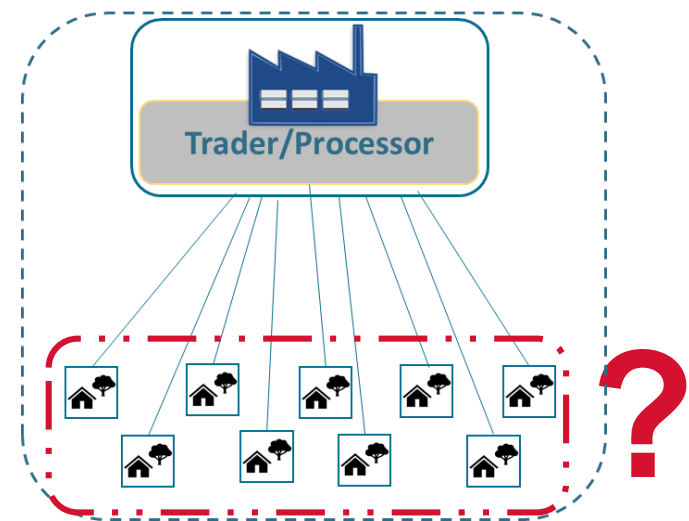
- ✓ **The Group of Operators shall be composed only of farm members (who meet size restrictions) and needs to have „legal personality“**

→ *This is likely to imply that processors working with smallholder farms may need to form a legal „group entity“ with only the organic farms as members & an ICS manager etc..*

? *Implications are not entirely clear yet, harmonized guidance will be needed*



Organized Farmer Groups

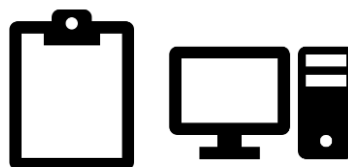


Processor/Exporter Organized Group

# More Detailed ICS Requirements



**Documented Procedures**  
e.g. ICS registration & inspections,  
training of staff & members, traceability

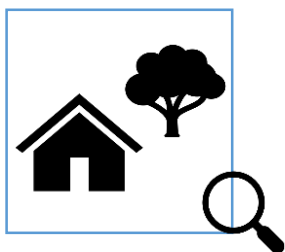


**ICS Documents & Records**

- Member list details
- “membership” agreements
- Inspection reports
- Training ICS staff



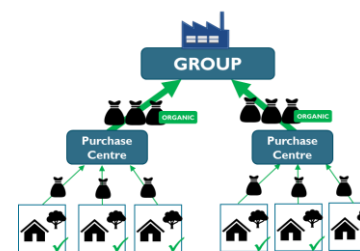
**ICS Manager & inspectors**



**Internal inspections**  
Audit scope & Duration  
recorded



**Managing Non-Compliances**  
& notice to authorities



**Product flow control & records**



Farmers Training

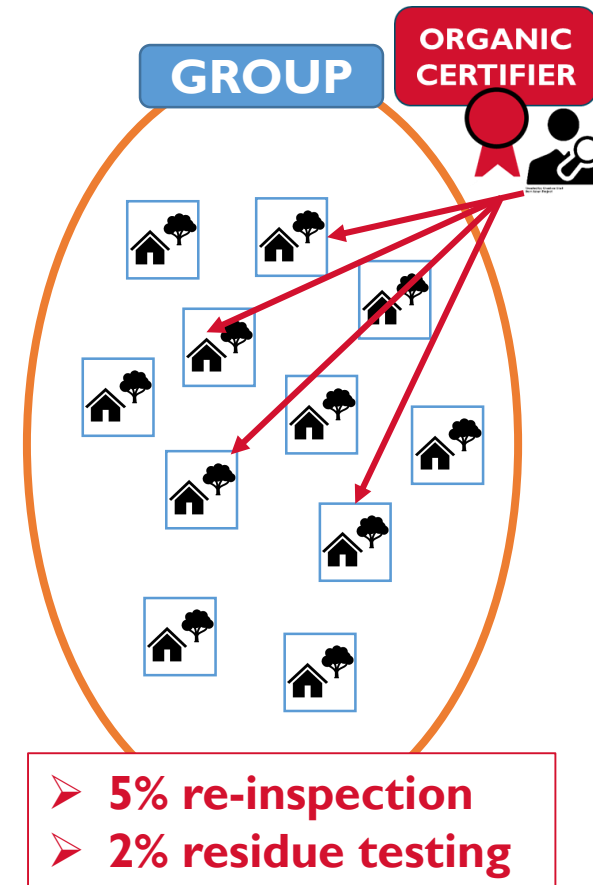
# External Control Key Changes for Groups



- ✓ **The certifier needs to re-inspect 5% of members each year**
  - *Current sampling rule = square root of farms x risk factor for medium / high risk situations (factor 1.2/1.4)*
  - *Will increase control rate for all groups > 400 members*
  - *Challenge for CBs; risks lower quality of visits*
  - *Strongest effect for large groups*

- ✓ **Certifier needs to sample 2% of group members for residue analysis**
  - *Considerably higher costs for groups*
  - *Takes extra time during audits*

- Farmers list = Annex to Organic certificate
- More rules on managing Non-Compliances



Reg.-Art. 35, 38, 41, 42  
\*Imp-Reg: Art. 7 & Annex

# From “Equivalence” to “Compliance”



**So far imported Products were certified under «equivalent procedures»**

**With the new Regulation, Control Bodies change to «compliant rules & procedures» for certification in Third Countries**

- «mirrored» production rules worldwide (less adaptable to local conditions)
- «mirrored» control procedures & measures in case of non-compliance likely

**“Equivalent CBs” have a 3 years transition (Dec 2024) to change from “equivalent” to “compliant”; can be gradual/for selected scopes**

→ Likely that most CBs will continue to apply current “equivalent rules” for groups to allow for a transition to the new rules until the control season 2024

# EU Group Certification Rules are now different !



- Rules for groups also changing; not yet final
- External Control rate proposed:  $1.4 \times$  Square root (members)
- USDA is considering maximum number of members/ group too

External Control Rate = square root



# Conclusions and Way Forward



Aimed to strengthen & harmonize group certification, especially for larger groups



Likely to create a lot of administrative efforts and higher costs;  
Risks to reduce much needed funds for ICS & extension →  
lower quality; higher number of visits could mean lower quality

**Extra efforts are needed to implement & support groups in next 3 yrs**

