

## **Defending the Group Certification concept: lobbying and advocacy strategies towards the US and the EU**

Key words: Group Certification, ICS, USDA, EU, Internal Control Systems, smallholders

### **Introduction**

In the last 5 years, IFOAM has worked intensively on the concept of group certification. The initial work has been to formalize and standardize the concept of group certification for smallholders in developing countries, so as to get it officially accepted by the authorities of major importing markets. The last 2 years have seen newer developments, with the testing of group certification outside of its original context on one hand, and on the other the threat that it would no longer be accepted even in its typical context. This paper lays down some of the new challenges that have emerged from these recent developments.

### **Recent IFOAM activities on group certification**

The International Federation of Organic Agriculture Movements (IFOAM) has been key to the development of the Internal Control System (ICS) tool, now widely applied to certify smallholder groups in developing countries. Although the “South” will certainly remain the main regional focus of group certification in the short or medium term, IFOAM maintains since 2003 the position that “there may be a number of other situations where group certification concepts may be relevant and applicable, and we would like in a nearby future also to have a dialogue on these issues.”<sup>1</sup> To initiate such a dialogue IFOAM organized several workshops and meetings, which led to the implementation, from 2006 to 2008, of a pilot project of group certification in Europe. Group certification has been tested in Italy, France, Spain and Turkey, involving farmer groups, certifiers and local consultants. Some of the pilot groups did not meet the usual group certification criteria, such as being composed of small farms or having similar production systems and joint marketing.

In parallel, IFOAM has been lobbying the USDA for continued acceptance of group certification. Early 2007, the noncompliance decision on a grower group in Mexico operating an Internal Control System and certified within the US National Organic Program, led to a major event in the history of group certification acceptance, with the 2002 NOSB recommendation on group certification being challenged and the risk of group certification acceptance to be discontinued with the US authorities. For IFOAM, it is absolutely essential that group certification of smallholders in developing countries remain accepted by the US authorities. Moreover, IFOAM supported the Certification, Accreditation and Compliance Committee (CACC)’s recommendation that the scope of

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<sup>1</sup> IFOAM’s Position on Small Holder Group Certification for Organic Production and Processing, 2003.

group certification may include different size and types of operations and be applicable to all whether inside or outside the US. IFOAM took a leading role in the dialogue with the NOSB, liaising intensely with key players in the US to try to influence the recommendation that the CACC was mandated to deliver to the NOSB.

As a result of the posted comments the CACC decided to present their recommendation for discussion, not decision at the NOSB meeting held November 28-30, 2007. It remains open how the CACC would proceed from then onwards, and IFOAM remains active on this issue.

### **Scope of applicability of the group certification concept**

Both of these activities have sparked discussions on the scope of applicability of the group certification concept and the lobbying strategy of IFOAM in this regard. Although the concept was historically developed as an exception and solution to address smallholders' incapacity to access individual certification, there is increasing argumentation that the system is equally, and perhaps even more reliable than individual certification. Reasons for that include increased social control and higher frequency of feedback mechanism in the internal control system as opposed to the external certification process.

Some also argue that having cooperatives or purchasing companies responsible for the Internal Control System may actually reduce the likeliness of fraud as compared to situations where only the producer and the certifier are involved in the control. Some producers may have an incentive to use forbidden inputs, and may indeed do so without being detected by the certifier. On contrary, cooperatives or purchasing companies typically have a very strong interest in preserving their certified status and avoiding scandals and reputation loss. They are closer to their producers than the certifier and therefore may have a better chance to detect non-conformities on time.

Others see Internal Control Systems as a tool to implement the "improvement" component of organic regulations, which are rarely taken up by certifiers. For example, Internal Control Systems could be tools to assist producers in measuring and ensuring continuous improvements in the soil fertility or biodiversity of their farms. IFOAM, in its comment to the CAC recommendation, defended the opinion that "the system offers two levels of control as opposed to one. It encourages group organization, which enhances the overall capacity of individual members within the group to institute and further develop good organic management practices."

Following from these arguments is the position that group certification should not be restricted to smallholders in developing countries. In fact, from a technical point of view, medium-size or large operators in developed countries might even be more capable of implementing a well-performing internal control system, provided that the diversity of their productions and marketing channels is low. This is typically the case for producers in vertically integrated supply chains where the processing company would own the organic certificate and run the ICS. Moreover, the fact is that processors and retailers are already organically certified through some sorts of ICS for their multi-sites operations in

the US and EU, although there are no guidance on such procedures. There is therefore a room to develop a generic concept for group certification or multi-sites certification with or without specificities for different categories of users (farmers, processors, retailers).

Certainly, in other certification schemes, the concept of group certification has been more open than in the organic sector. As example, one can mention Option 2 of GLOBALGAP standards, which, although very similar to the IFOAM group certification approach, is not restricted to smallholders or to developing countries.

Although technical arguments would tend to support the fact that the group certification concept, if at all recognized as reliable, does not need to be restricted to certain geographical zones or to producers below a certain income, there is persistent feeling by many stakeholders of the organic movement that the concept should remain an exception, restricted to smallholders. Such argument appears intimately linked to the political view that smallholders should be protected, if not favoured. There is a fear that smallholders will lose if the scope of the group certification concept is broadened or, in the case of northern smallholders, that they will become absorbed in vertically integrated supply chains, lose the ownership of their certificate and become even more powerless in a trend of globalization and concentration. However, the technical arguments on which these views are based are rarely spelled out. Here are some arguments that could justify such fears:

- Group certification has the potential to make certification cheaper. If big producers are also able to reduce their certification costs, small producers would lose the comparative advantage they could have if they were the only beneficiaries of the system.
- Group certification requirements are at the moment relatively easy to comply with because they were made for smallholders, but if most of the group certification users have very well-managed ICS (as is likely to happen with northern, big and/or integrated producers), certification or standard-setting bodies may tend to raise their expectations vis-à-vis the ICS and smallholders will find it hard to follow.

Some comment that the debate is probably more sensitive in the organic movement as compared to other sectors because of the attachment of many organic actors to small family farming and local marketing. In some cases, they observe, the feeling of competition faced by smallholders extends also to large processors, traders and retailers, with producers believing that these big players are crushing the small family farms that operate independently and market their products directly to the consumers or via short, alternative distribution channels.

There could also be a specifically organic issue in generalizing the group certification concept. Organic Agriculture principles clearly promote diversity, and the diversity of productions on the farm is a condition to building stable organic agro-ecosystems. Unfortunately, while diversity on the farm is a condition to uphold organic integrity and quality, it becomes a hinderer in the process to guarantee / certify this integrity, due to product flow control requirements. This is particularly pronounced in the case of group certification, in which the challenges and costs associated with the product flow control are borne mainly by the producer group, not so much by the certifier. The lower the

diversity of production and marketing channels, the easier to implement is the group certification concept. Generalizing the concept may encourage producers to reduce the diversity of their marketing channels – which might not be a problem other than perhaps a political one – but also to reduce on-farm production diversity – and that might become a truly technical problem.

IFOAM's mission is leading, uniting and assisting the organic movement in its full diversity. The interpretation of the last 4 words of this sentence is indisputably that IFOAM works both for smallholders and other producers, for farmers and for processors, traders and retailers, for those selling locally and those trading internationally, and of course, also ultimately for the organic consumers. Provided that group certification can really reduce certification costs, enable a better quality management and organic guarantee control – which are undeniable benefits for all organic consumers – while not risking to have undesirable effects on organic production practices, it would be IFOAM's role to make sure that the tool is an available option for all situations where it can achieve the same level of reliability as individual certification.