

## Revision of the NOSB 2002 recommendation on “Criteria for Certification of Grower Groups”

### *Questions and Answers*

#### What is group certification?

Group certification systems had initially been developed to address the different socio-economic-cultural conditions in which farming takes place around the world. The system of certification is evolving from the need to devise a system of certification that reduced costs for small farmers with low income towards a system of combined internal and external controls applicable to all types of groups and a model for all organic certification.

The group certification concept is defined at the international level by 3 guidelines: the IFOAM Accreditation Criteria, the NOSB's (National Organic Standards Board) guidelines and a guidance document from the European Union. According to these 3 documents, the characteristics of group certification are as follows:

#### *Scope:*

The concept of group certification applies to operations with similar production systems and centralized marketing that are organized as a single legal business entity with an internal quality system that assures compliance of each farm sub-unit within the group to organic standards in an objective and transparent manner.

#### *Principle:*

The principle upon which group certification is based is a managed and documented internal quality assurance system responsible for all production units, facilities, and sites in the group and it is the group's quality assurance system that is verified at least annually by the certification body through audits and on-site inspections. Individual inspections of farm sub-units are conducted primarily to validate the functioning of the quality system.

#### *Common requirements:*

The common criteria for group certification include:

- Certification is of the group as a whole, individual group members may not use the certification independently. There is a single organic system plan for the group.
- Similar production methods and inputs are used on all farm sub-units in the group.
- Farm sub-units or production units within the group must be in geographic proximity.
- Members of the group receive training about the requirements on the organic standards to which they are certified and the group's organic system plan.
- Marketing of the products must be carried out through centralized processing, distribution and marketing facilities and systems.
- Large farming units, processing units and traders may be part of the group but must be inspected annually by the certification body inspector

The responsibilities of the central management of the group include:

- Established decision procedures
- Written contractual agreement with its members to comply with the organic standards and permit inspections by production managers or field agents and certification inspectors
- Mechanisms to sanction and/or remove non-compliant group members and procedures to accept new members
- Rules to avoid or limit potential conflicts of interest of production managers and field agents

The role of the certification body is to evaluate the effectiveness of the internal control system (quality system) in enforcing compliance with organic standards on the farm sub-units of the group. The guidance documents to a greater or lesser extent provide specific protocols for the effective implementation of on-site inspections of a certified group operation. These protocols include a thorough audit of the quality system through document review, interviews with managers/producers/field agents responsible for various aspects of the organic system plan, and at least annual on-site inspection of the offices, facilities, production units and a sampling of the farm sub-units in the group. The sampling size of farm sub-units in the group for on-site inspection is based on ISO Guide 62<sup>1</sup> plus an assessment of critical control points and risks, such as size of the group, size and number of farm sub-units in the group or number of production units in the group, degree of similarity of the production systems and the crops, sources

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<sup>1</sup> ISO Guide 62 square root approach that is based on a formula ( $x$  is equal to the square root of  $y$ ) is used for determining sample size of units in the group for external inspection.

of contamination and commingling, nature of problems or minor non-compliance in previous years, number of years functioning as a group. The certification body is expected to use inspectors that have had specific training or can document competency for inspection of quality systems.

There is complete agreement within the organic community and regulatory sector that the group as a whole is responsible for the compliance of its members and for effectiveness of its quality system. And, that the certification body has the responsibility to sanction the group if the group and/or its members are found to be non-compliant to organic standards and certification requirements. In addition regulators have the responsibility to sanction the certification bodies if the certification body fails to determine if the quality systems are effective and the group is in compliance with organic standards.

Benefits of the group certification system include improving product quality, technical advice and information exchange, and stimulation of local development. Such systems enable all producers to participate in the global organic market, implement environmentally safe and sustainable production, and develop good management practices.

### **What is the status of group certification acceptance by government regulations?**

Although there is a proliferation of government regulated organic standards around the world, only the organic regulations in Argentina do not permit certification of groups. Other national organic standards do not specifically address the topic of group certification. At the request of certification bodies, producers or non-governmental organizations, the United States, European Union and Japan have issued statements or guidance documents on this topic.

The requirements for Production Process Manager (PPM), a category for JAS organic certification under the Japanese organic regulation is reportedly set with a group organization in mind (The Organic Standard, May 2002.) The Japanese Ministry of Agriculture (MAFF) has informed certification bodies that group certification is allowed for organic grower groups according to JAS.

The European Union (EU) Commission approved its Guidance Document for the Evaluation of the Equivalence of Organic Producer Group Certification Schemes Applied in Developing Countries in 2003. The objectives stated in this document are

“to overcome the economic difficulties in relation to the inspection of small operators in developing countries (as defined by OECD.)” The document recognizes that external inspection bodies verify and evaluate the effectiveness of an internal control system and certify the group as a whole. The guidance allows for a substantial part of the inspection work to be carried out by internal inspectors in the framework of the internal control system set up by the group.

The U.S. National Organic Standards Board (NOSB) approved a recommendation (October 20, 2002) on Criteria for Certification of Grower Groups. In this document it is noted that Section 205.2 of the US National Organic Program (NOP) Final Rule defines “person” as “an individual, partnership, corporation, association, cooperative, or other entity.” Since the rule indicates that it is a “person” who seeks certification it was concluded that grower groups, organized as cooperatives, associations or other legal entities can seek certification as one operation under the NOP without a change to the Final Rule. The NOSB recommendation includes conditions for group certification and recognizes the role of internal control systems in assuring compliance to the organic standard under the annual inspection and evaluation by the certifying agent.

A denial of certification to a grower group in Mexico for specific technical non-compliances and the subsequent appeal led to a ruling by the USDA in October 2006 that re-affirmed the requirements of Section 205.403 of the NOP Rule for on-site inspections of each production unit, facility and site that produces or handles organic products and that is included in an operation for which certification is requested. The potential disruption of trade and loss of USDA NOP certification for grower groups worldwide has been postponed by a NOP statement issued in May 2007 that the 2002 NOSB recommendation on grower group certification must be used as interim guidance until such time that the new or additional guidance is issued and/or amendments to the NOP regulations are decided.

Recently the NOSB Compliance, Accreditation and Certification Committee approved a new recommendation on Certification of Operations with Multiple Production Units, Facilities and Sites that will be discussed at the November 27-29, 2007 NOSB meeting. The recommendation has been posted for public comment until November 12, 2007. The committee’s recommendation shifts the focus from grower or smallholder groups to a broader concept of group that includes production, handling and retail operations. The recommendation states “The use of an internal control system as part of an organic system plan that integrates multiple sites and production units is consistent with the OFPA and, provided additional assurances are met, may reduce or eliminate the need for direct observation by inspection of each unit or site

operated under that organic system plan.” The recommendation acknowledges that more specific guidance to certifying agents is still necessary and should be written to amend 2002 NOSB Criteria for Certification of Grower Groups. The agenda of the upcoming NOSB meeting and the CAC recommendation can be viewed at [http://www.ams.usda.gov/nosb/meetings/11\\_07agenda.html](http://www.ams.usda.gov/nosb/meetings/11_07agenda.html).

Even if the NOSB approves the committee recommendation at its November 2007 meeting, it is unlikely that new NOP guidance or regulations regarding grower group certification will be completed or implemented until the end of 2008.

### What has IFOAM done on group certification?

Smallholder grower groups have been certified since the mid 80s even before public regulations on organic agriculture were developed. Private certification bodies developed group certification systems in order to facilitate the certification of smallholder farmers in developing countries. Since 1994 the International Federation of Organic Agriculture Movements (IFOAM) has promulgated guidelines and accreditation criteria for group certification to bring consistency to the requirements by which certification bodies review smallholder groups seeking organic certification. Under the auspices of IFOAM and with representatives of the fair trade sector, workshops were organized in February 2001, 2002 and 2003 on the topic of smallholder group certification. The consensus positions from these workshops have been used to revise IFOAM guidance and criteria and to develop a training kit for group certification. The guidance and criteria provided by IFOAM has been adopted by certification bodies and incorporated into government guidance documents. The criteria for certifying, auditing and inspecting group certification follows established international standards, such as ISO/IEC Guide 62: Annex 3 and ISO/IEC Guide 17021.

The IFOAM accreditation criteria do not limit group certification to grower groups only in developing countries. Moreover, in 2003 the IFOAM World Board approved a position on Small Holder Group Certification for Organic Production and Processing. In this document, IFOAM maintains the position that “there may be a number of other situations [than developing countries] 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.” To initiate such a dialogue IFOAM organized several workshops and meetings, which led to the implementation, from 2006 to 2008, of a 2-years pilot project of group certification in Europe. Through this project, group certification is being tested in Italy, France, Spain and Turkey, involving farmer

groups, certifiers and local consultants. The main research questions that the project is trying to answer are the following: “How effective is group certification in Europe (timeliness, accuracy)?”, “How efficient is it (time, costs)?”, “Does it (indirectly) help with marketing, planning, quality improvement, or other farmer assistance?” and “Can diversity be accommodated in a model for ICS in the North?”. The project will end in March 2008 and the lessons learned from it will be presented at the Organic World Congress in June 2008.

Since August 2007, IFOAM has been liaising with those who have been drafting the CAC recommendation and with the National Organic Program (NOP) to educate on and advocate for the group certification concept based on IFOAM’s criteria and guidelines. Despite these efforts, IFOAM is not satisfied with the final CAC recommendation. Fulfilling its role of leading the organic movement worldwide, IFOAM is working on a response to the recommendation, and will then organize a member call to action as needed to influence the outcome of the NOSB vote. A special IFOAM Task Force is now preparing a position on the CAC recommendation, to be released the week prior to the deadline for comments. The position will be sent out to the membership together with a sample letter for comments.

### Why is IFOAM concerned about the current revision process of the 2002 NOSB recommendation on “Criteria for Certification of Grower Groups”?

The recommendation has far-reaching implications for a considerable number of smallholders in developing countries, for processors and traders already struggling with un-harmonized national organic regulations and certification requirements, as well as for organic retailers and consumers in the US. It is IFOAM’s role to defend the interests of the global organic sector and advocate for harmonization in such a process. It is particularly important that the final recommendation be consistent with the approach jointly developed and well-tried by international stakeholders under the IFOAM umbrella framework.