

**OVERVIEW OF GROUP CERTIFICATION**  
**Prepared for the**  
**International Task Force on Harmonization**  
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**A. History, objectives and prevalence of 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 does not limit group certification to grower groups only in developing countries.

In 2001 there were about 350 different grower groups existing in developing countries, comprising close to 150,000 smallholders whose organic products are exported. Recent statistics are not available but given the expansion of market demand for organic products such as coffee, tea, and ingredients such as cocoa, sugar and spices, one can assume that these numbers have increased. In a recent survey of certification bodies undertaken by IFOAM 67% of certified organic grower groups had less than 100 members; 18% under 500 members; and .5% from 3000 to 15,000 members.

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. Benefits of the 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.

## **B. Acceptance of group certification by governments**

Although there is a proliferation of government regulated organic standards around the world, only the organic regulations in Argentina do not permit certification of grower 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.

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.

### **C. Major guidelines and governing norms**

In reviewing the guidelines available on certification of grower groups – IFOAM, NOSB, and European Union - there is significant agreement and similarities in these documents on the scope, principles and criteria for group certification.

The scope of these documents is to address group certification of operations with similar production systems and centralized marketing that are organized as a single legal business entity with a internal quality system that assures compliance of each farm plot within the group to organic standards in an objective and transparent manner.

The principle, consistent in these guidance documents, 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 plots are conducted primarily to validate the functioning of the quality system.

The common criteria within these documents 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 plots in the group.
- Farm plots 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 plots 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 plots in the group. The sampling size of farm plots 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 plots in the group or number of production units in the group, degree of similarity of the production systems and the crops, sources 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.

#### **D. Observations**

The approach to group certification has been viewed as an exemption or special allowance to organic certification requirements. But a group of producers may constitute a single certified entity that is analogous to a large, complex farming or handling

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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.

operation. Parallels can be drawn between the individual farms in a group and the multiple fields or extensive land under production on a single operator farm. Farm managers on large holdings serve the same function as production unit managers or field agents (internal inspectors) for a group. Both are responsible for ensuring that production practices comply with the farm's organic system plan. Inspectors sent by certification bodies do not walk every field or each hectare of a large farm. Inspectors audit and review field maps, production records, and talk to farm managers and farm workers as well as physically inspect a sufficient number of fields to evaluate the operation's compliance to organic regulations. In processing facilities inspectors do not look at every production record nor can they observe on a daily basis the procedures followed during a production run. Random sampling of production records, audit tracking systems, critical control points and management systems are used to verify compliance. In addition when accrediting bodies inspect and audit certification bodies they do not read every file for every certified operation nor do they conduct site visits to every operation certified by the certification body.

Using this perspective the concerns of group certification can be narrowed down to a lack of consistent procedures for certification bodies and for group quality systems regarding determination of the extent, if any, of non-compliances in the group and appropriate actions to correct or sanction non-compliances of the group or members within a group. A survey should be commissioned by ITF to compile information and provide an analysis on the current protocols for non-compliances and sanctions within group certification systems. For example if one farm plot during a certification body's inspection of a sampling of plots is found to be non-compliant, what are the steps taken to determine if the non-compliance is isolated or more extensive. The survey results will provide useful information to organic program regulators, accreditation bodies and certification bodies. If it is within the scope of the ITF interests, discussion should be taken up within the ITF in order to develop a consensus opinion that could be adopted by government and non-government bodies.