IPD guides for success in export

IMPORT PROMOTION DESK

Organic Certification

Table of Contents

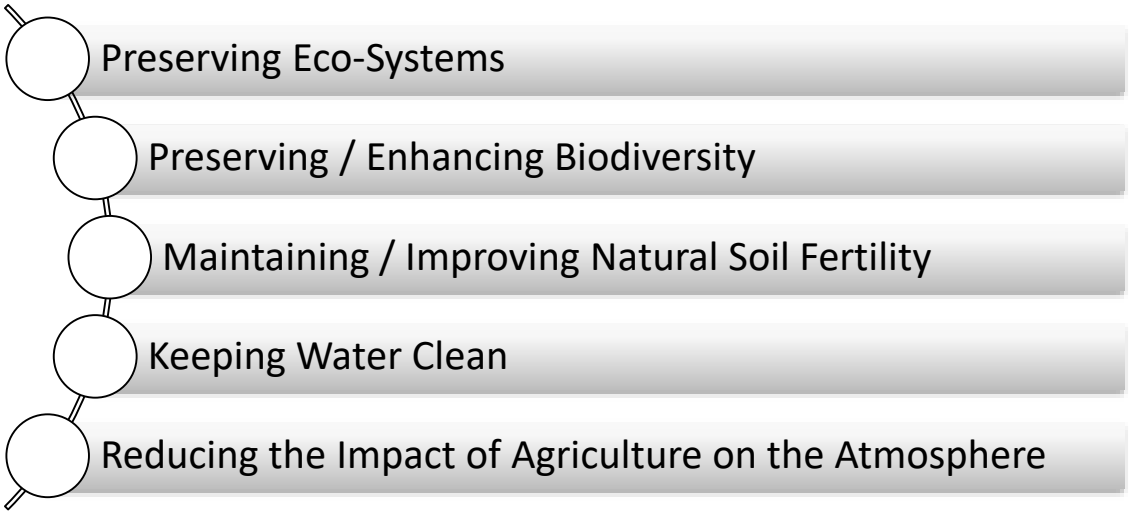
IPD guides for success in export

IMPORT PROMOTION DESK

Principles of Organic Farming and Major Methods

The organic system

The roots of organic agriculture developed from different philosophies of life and agro-political motivations. One thing they all have in common is the desire to form a method of production capable of generating healthy products, while limiting damaging effects on the natural ecosystem. In the meantime, **it has been scientifically proven beyond doubt that organic farming systems are the most environmentally friendly and thus sustainable agricultural methods**. The organic method of production actively supports:



The organic system

Over the years, it has become commonplace to understand and define organic agriculture as farming without synthetic pesticides and conventional fertilizers.

However, organic agriculture does not simply replace chemical inputs with means permitted in an organic farming system. It is rather a holistic cultivation system whereby **an agricultural site is viewed as an organism**. This method of planting has little in common with the "ancient's agricultural system" or traditional farming system, but has been developed from a process based on "**technical-biological progress"**, which is **based on scientific knowledge about how nature can be used to get satisfying yields in the long-term without causing damage to the ecosystem**. It is therefore considered **a sustainable system**.

Organic farming is not merely a replacement of chemical inputs with organic inputs, but a change of the farming system.

The organic system

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+ Organic agriculture is a complex system of agricultural production (crops and animals), which aims for an **internal cycle of nutrients** instead of the application of external inputs. Crop protection is based on preventive measures. The farmer has to develop his/her farm into **a system, which is more or less self-sustaining**.

+ A natural forest consists of many different species of trees, shrubs, herbal plants, etc. It does not demand any inputs from outside, neither fertilizers nor pesticides. The biodiversity creates habitats for manifold insects and birds, which creates an eco balance. **A good eco balance guarantees a very low risk of pest and disease infestation.** Dead plant material becomes the organic matter, which feeds the soil life and thus builds nutrient cycles and maintains soil fertility.

+ **Organic farmers take this concept and develop and manage their farm organically.**

The organic system

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According to the regulation of the Codex Alementarius[1] organic agriculture must:

- ✓ Increase the biological diversity of the total system.
- ✓ Increase the biological activity of the soil.
- ✓ Maintain the soil fertility in the long-term.
- ✓ Make use of plant and animal waste, in order to substitute nutrients taken from the soil and to minimize as much as possible the input of non-renewable resources.
- ✓ Use renewable resources in locally organized agricultural systems.
- ✓ Support a sustainable use of soil, water and air and reduce as much as possible any kind of pollution through crop production or animal husbandry.

[1]The Codex Alimentarius of the United Nations is a collection of internationally recognized standards, codes of practice, guidelines, and other recommendations relating to foods, food production, and food safety.

The organic system

Crop protection through several aspects

Preventive Measures	Increase and Maintenance of Soil Fertility	Diversification

Soil fertility and fertilization

+ While conventional farmers consider the soil as a physical medium, which gives hold to the plants to stand upright and feed plants directly by providing soluble mineral fertilisers, **an organic farmer never feeds his crops directly. He/she feeds the soil** and the organisms living in it by providing as much organic matter as possible to the soil. Soil life can gradually turn organic matter into plant available nutrients.

The most important requirement for the improvement and maintenance of soil fertility is a continuous supply of organic matter.

Organic methods of fertilisation are:

+ Crop rotation; alternation of deep and shallow rooting crops as well as of heavy and light feeding crops.
+ Return of plant residues to the fields in the form of mulch or compost, application of manure.
+ Green manure as part of the rotation system.
+ Legumes (pulses, such as beans, peas and soya) as part of the rotation system. Leguminous plants are the only source of nitrogen. They build symbioses with certain bacteria, which are capable to absorb nitrogen from the atmosphere and fix it in the soil available to plants.

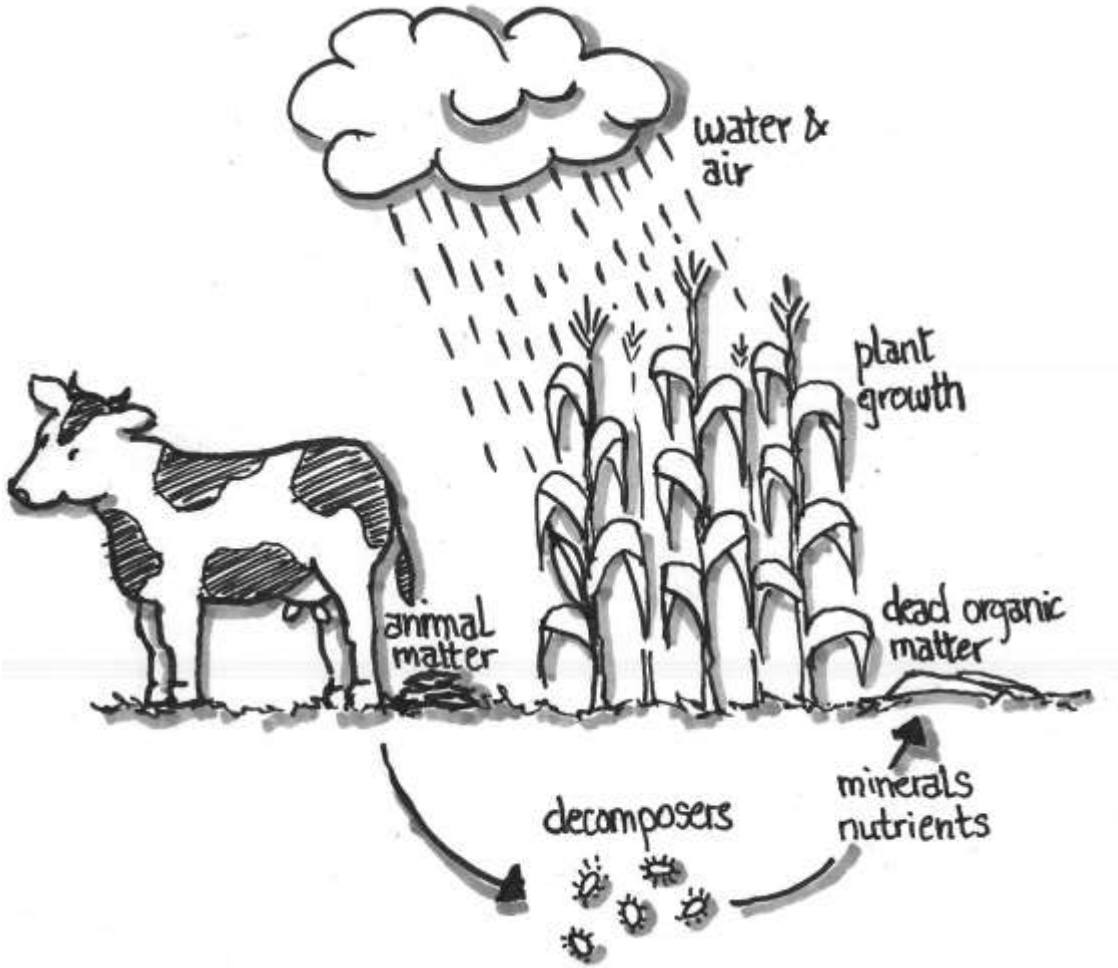
Crop rotation

- ✓ One of the corner stones of organic farming is the use of crop rotation. **A crop grown year after year on the same plot is likely to run into difficulties soon.** As the seasons go by, the soil will increasingly become exploited and depleted, as the cultivated crop always filters the same nutrients out of the soil at the same depth. The soil does not have the chance to regenerate itself. At the same time, pressure of pests and diseases will increase. This is obviously bad for both soil and crop; hence, there is a need for rotation.

- ✓ Crop plants fall into several distinct groups – legumes, brassicas, roots, cereals etc. – and the organic farmer alternates these so that the gap between two similar crops is anything from three years upwards. Overall, he/she wishes to achieve **a balance through the rotation between deep and shallow rooting plants, heavy and light feeders, nitrogen fixers and consumers**, and so on. A fertility-building phase is also an essential constituent, to allow the soil and its life some undisturbed breathing space in which to build up their reserves again.

Biological cycle

- ✓ Another corner stone of organic farming is the **careful use of all waste products**. This means returning to the soil all manures and plant residues produced on the farm in the best way possible, that is, with minimum loss and maximum stability of nutrients. They are the means by which soil is fed and they allow completion of the biological cycle.



Green manure and legumes

- ✓ **Green manure crops are grown to additionally feed the soil**. These crops are not harvested, but mulch cut and/or ploughed into the soil. Especially deep rooting species are planted to loosen the soil and to bring organic matter to deeper soil parts. Mulch cutting does have another positive effect by oppressing weeds.
- ✓ In the case of nitrogen, **the leguminous crops** (peas, lentils, beans, soya, clover, alfalfa, sun hemp, etc.) **are the most important – whether as a regular crop or green manure crop**. Legumes do have the ability to fix more than 400 kg N/ha/year, depending on the species cultivated. The yield in the soils may be around 100 kg/ha/year and even more. Nitrogen is gained from the atmospheric nitrogen by legumes living in symbiosis with nodule bacteria.

Crop protection

Principles:

Healthy plants are less vulnerable to pest and diseases. Therefore, organic farmers should create conditions, which keep a plant healthy.

- ✓ Plant's health is more at risk in monoculture.
- ✓ Organic farms provide balanced interaction between different plants and pests and predators.

Well-managed ecosystems can reduce the level of pest and disease infestations.

Healthy conditions depend on:

Fertility of Soil	Well Balanced pH	Climatic Conditions	Sufficient Water Supply

Crop protection

+ If one of these conditions is not suitable: the system puts the crop under stress and thus weakens defense mechanisms and creates easier targets for pests and diseases.

+ **Pests and diseases** are all interconnected. They **are often the result of a mistake in the organic system, and are not merely a symptom of an immediately obvious problem**.

+ Obviously, a specific problem must be attended to without harming the rest of the system, but then comes the important part – **an organic farmer will ask what the problem reveals about the rest of the system**, why it has arisen and what can be done to prevent it from happening again.

Consideration of natural conditions, use of appropriate cultivation methods and active promotion of natural predator populations creates optimum conditions for crop growth, thereby making curative pest and disease management hardly necessary.

Crop protection

Major methods in organic agriculture are prophylactic means, rather than treatment. These are:

- ✓ Creation of a wide diversity on the farm to build up the balance.
- ✓ Crop rotation to break the life cycles of pests and diseases.
- ✓ Planting of hedges and trees to provide habitats for predators.
- ✓ Selection of specially resistant, healthy varieties.
- ✓ Selection of suitable and adapted crops for the site to allow healthy and vigorous growth.
- ✓ Support of healthy soils.
- ✓ Strengthening of plants with preparations from plant extracts.

A good organic farmer hardly ever comes into the situation where he/she would have the need to use corrective measures (sprays). When a certain damage threshold is reached, curative measures can be applied. However, they must only be chosen from the restrictive list ANNEX I of EC-Regulation 889/2008 or preparations, which are approved and certified by recognized certification bodies.

Regulation for organic farming

Due to rapid market growths for organic products in the 1980s, the European Union has enforced the first public regulation worldwide on organic farming for the means of consumer protection in 1993. Current respective regulations of the EU are: EC Regulation 834/2007 and 889/2008.

Since then, a product can only be declared and labelled **organic in the EU market, when it has been certified by an accredited certification body according to the EU Regulation on Organic** Farming and Labelling.

All organic products meant for export to Europe must be certified by an accredited certification body.

Other countries have different regulations. Production must always be certified according to the regulation of your target market.

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How to check whether an organic certification is viable?

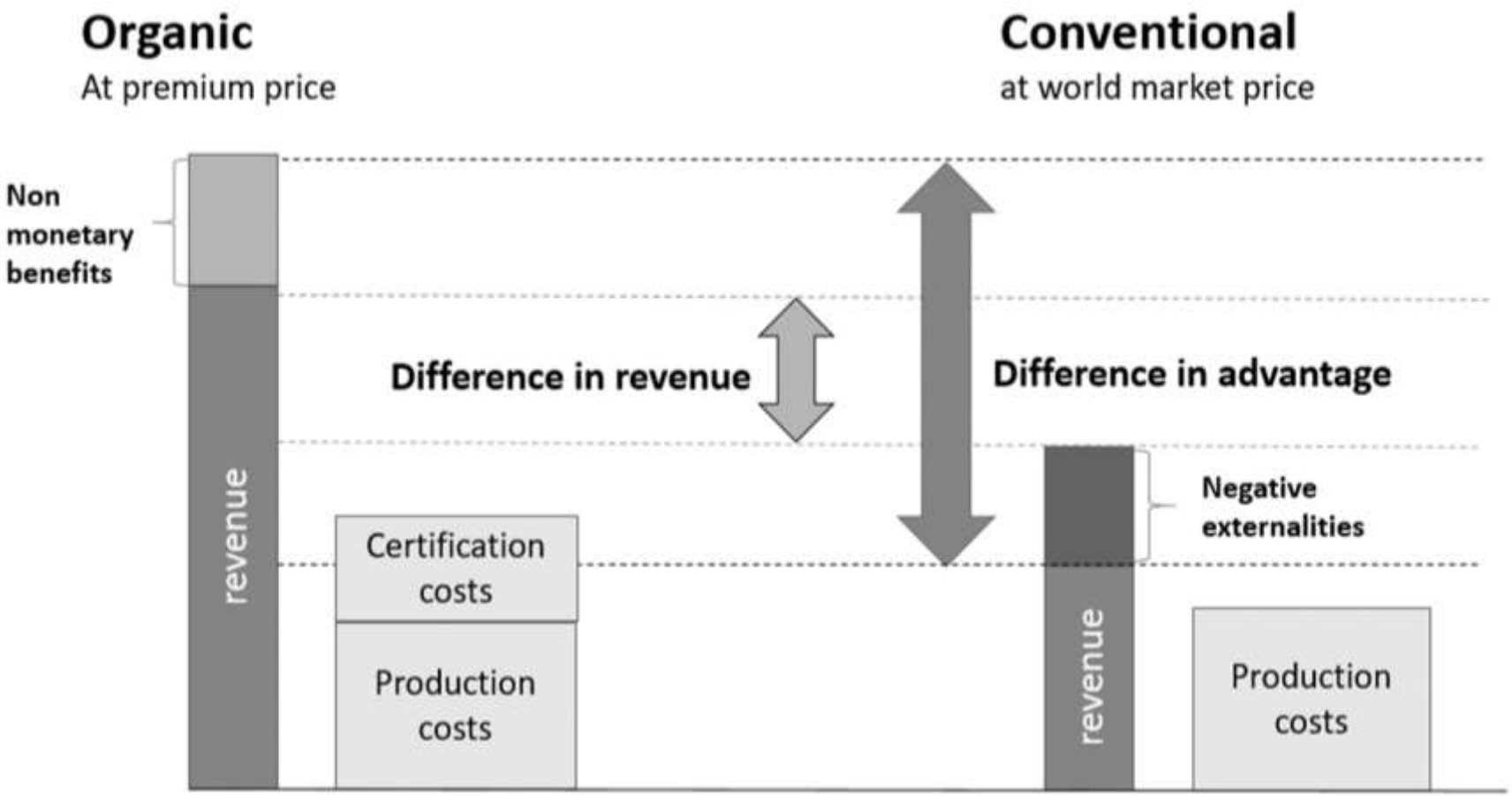
General aspects

Before doing an organic certification, a cost-benefit analysis should be done to clarify whether a certification really pays.

However, not only economical parameters such as the potential premium price shall be considered. The eventual shifts in yields and required manual labor, market access opportunities of a certified product, and impacts on producers and the environment should also be considered. The economic and non-economic benefits and externalities should be compared against each other. It is also necessary to check analyse the market (demand, competition).

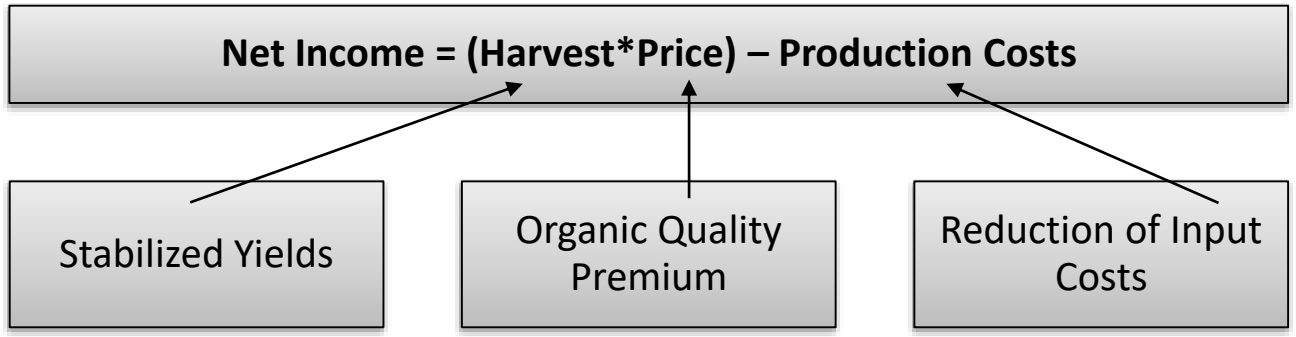
Furthermore, by entering organic production, costs for conventional inputs are reduced. This benefit should also be considered in the calculation.

General aspects



Influence of organic certification on net income

In a simplified equation the influence of an organic certification on the net income is the following:



+ Depending on the initial situation, expected yields can be higher than before (in case of prior "organic by default" production or on very depleted soils) or lower (in case of prior intense production systems). **In general, production yields reach a more stabilized level in the long run.**

+ In most cases, the expected price is about 10-15% above the world market price of the conventional product. However, reference prices should be obtained for products of comparable quality.

Influence of organic certification on net income

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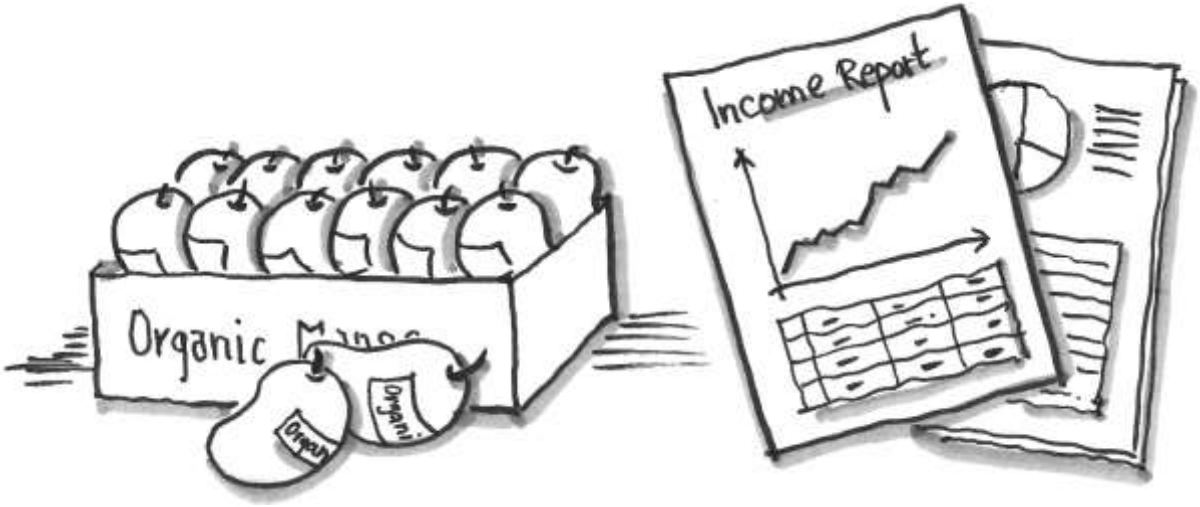
+ For producing organically, more labor costs usually need to be calculated. But at the same time, costs for inputs are lower (no synthetic pesticides, no mineral fertilizer).
+ post-harvest handling must be considered at processing and transportation level. Segregation of organic and conventional produce is mandatory.
+ More and more products are produced organically. It can be expected that technological innovations and economies of scale should further reduce costs of production, processing, distribution and marketing in the future.



Comparison of gross margins

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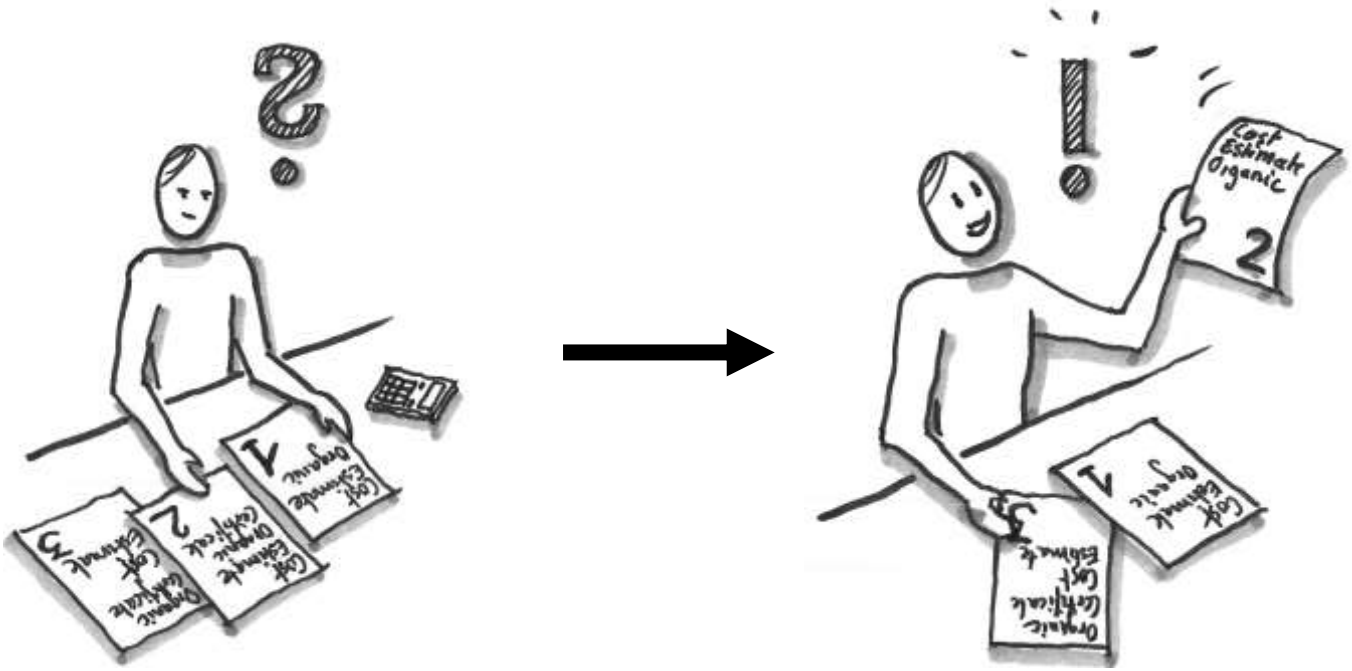
+ At the level of production, it is possible to compare estimated gross margins of conventional and organic production. A farmer should compare the monetary benefits as per hectare/unit produced. For this, all costs in production should be determined and listed: manual work for farm manure application, weeding, management of internal control and the certification costs.
+ **To know for sure the certification costs for the audit, you need to ask for an offer of one (or better several) certification bodies**.



Cost and benefit when comparing organic with non-organic production

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Costs	Benefits
• Investment into value chain (e.g. crop rotation, tools, etc.) • Production (organic seeds, organic inputs, manual work) • Processing (specific requirements for organic, separation in storage, packaging and marketing) • Training of producers/processors • Specific logistic at transport (separation, transaction certificates) • Credit costs (if any)	• Production x organic premium price • Added value • Improved health of producers and processors (avoidance of future medical expenses) • Increased solidarity in the chain (at production site, direct relationship producer/buyer) • Improved nutrition of producers and consumers (enhanced rotation, no dangerous residues) • Higher standard for animal welfare

List of approved Certification Bodies for EU Organic Certification

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- ✓ The Organic Farming Information System of the European Commission provides an up to date list of inspection bodies active within and outside the EU.

How to select a certification body?

Unless your business partner requires collaboration with a specific certification body, **you are free to choose the certification body.** Provide clear terms of reference when inviting offers from different certification bodies. Make sure that everything is included in the offer.

Criteria for selection between different certification bodies:

- ✓ Recognition of the certification body in the target markets (ask potential buyers).
- ✓ Range of certifications offered (EU organic, NOP, or any organic standard of the 'family of standards' as defined by IFOAM).
- ✓ **Local office**; working with experienced local inspectors who speak the local language.
- ✓ Where certification bodies have a local office or a national inspector, cost for inspections are usually lower.
- ✓ Service orientation; time required for processing files (track record).
- ✓ Costs for travel, inspection, certification, residue analysis, second inspection, certificates of inspection, etc.

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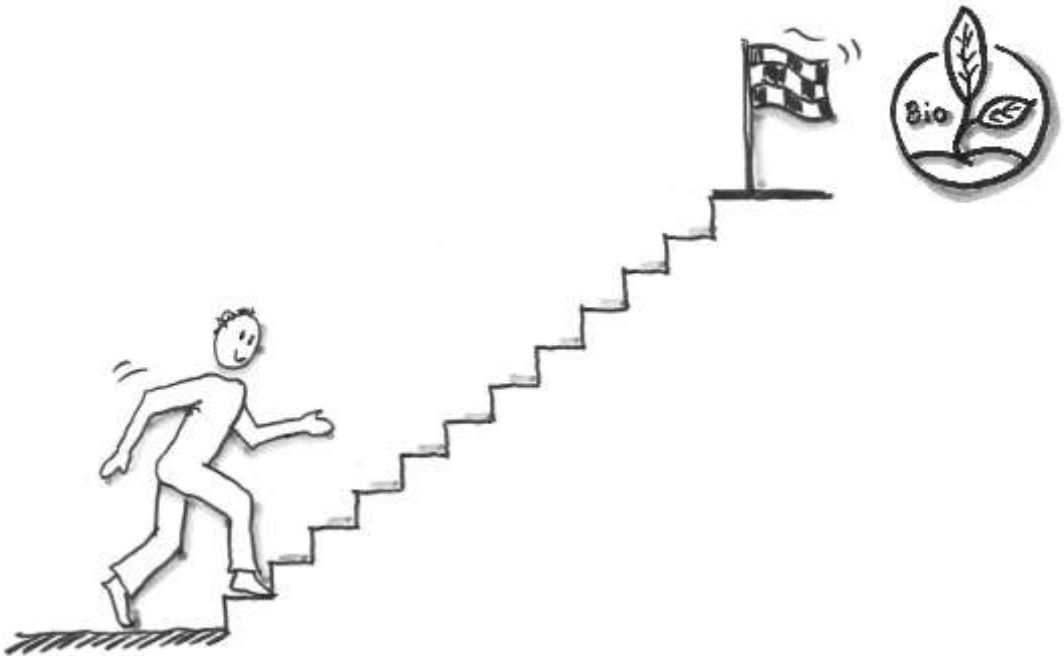
Setting-Up an Organic Value Chain

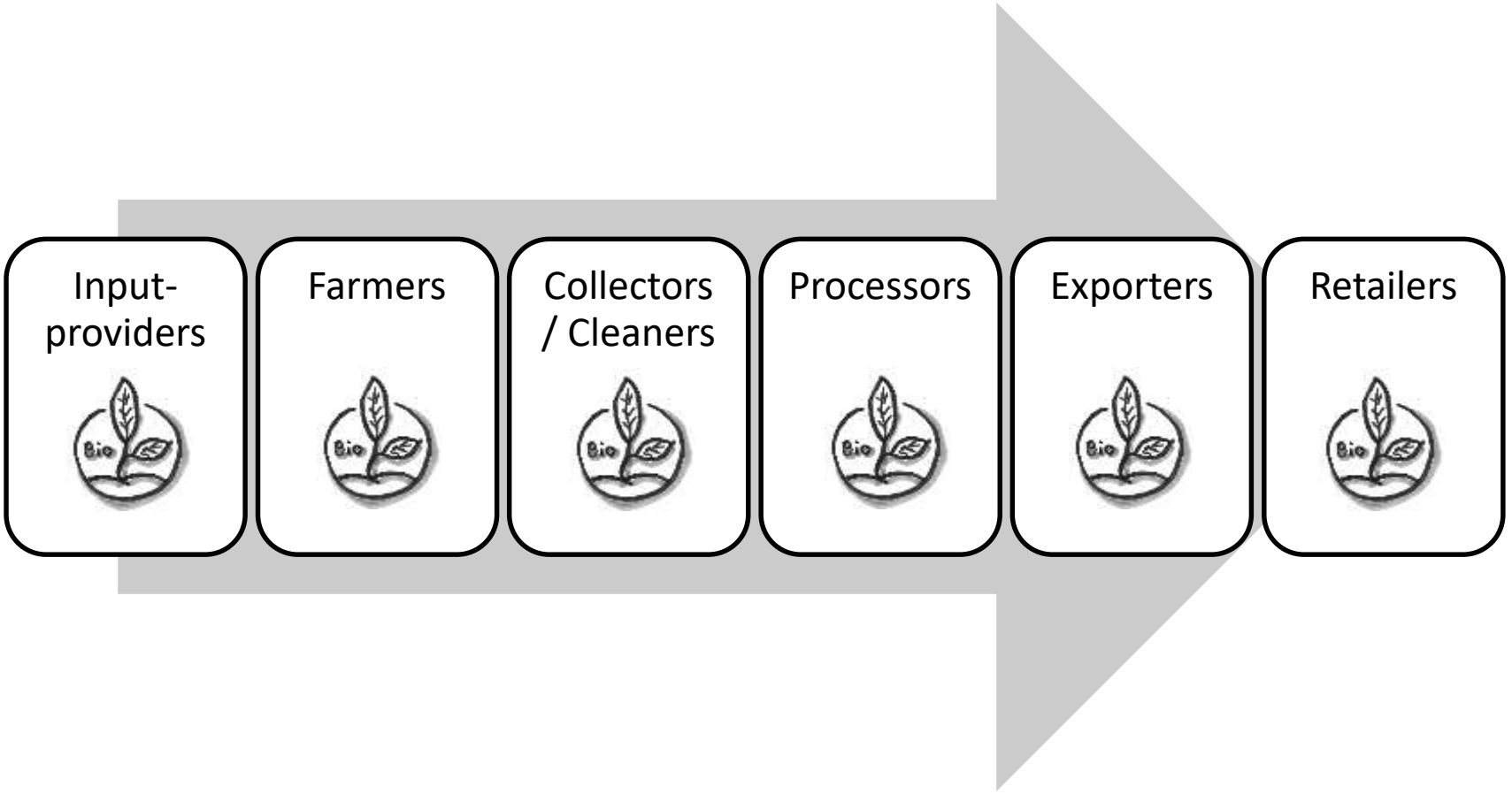


Setting-up an organic value chain

+ Farming, processing or exporting of organic products can be an interesting opportunity. You might be attracted to the organic sector due to the growing market for organic products. You might feel that your products are already organic and just need to be certified. Or you want to be involved because you want to be respectful to farmers and their communities and would like to take good care of the environment.

+ Once you decide to enter the organic market, you will become part of a so called organic value chain. This value chain consists of providers of inputs, farmers growing organic crops or livestock, collectors/cleaners, processors, exporters, and retailers.

Organic value chain example



Setting-up an organic value chain

+ Due to the regulations for organic products, the choice of your partners/clients/suppliers will be more limited than in conventional markets. Your partners in the value chain must be certified and need to adhere to certain principles in the area of transparency and the segregation of product streams. It is therefore likely that you will become more dependent on your partners than in conventional chains. This is because your choice of business or value chain partners is more limited but also because you are more dependent on each other in terms of supply, demand, and the maintaining of integrity through the value chain.

+ It is therefore quite common in organic value chains that partners know each other well. They visit each other, support each other (technically or financially) and collaborate on the basis of long term relationships. **In organic value chains there are often less intermediaries or middle men involved and more contact between producers, buyers and retailers**.

+ Since you depend on each other and you will need to meet new criteria, you will also need to think about certain issues in advance or plan ahead more than you were used to do.

Setting-up an organic value chain

Most of these issues apply to the farmer. **In particular for farmers, the transition of conventional to organic farming can be rewarding, but also challenging.** Remember, you are depending on each other in organic value chains and farmers are often not able to deal with all the challenges by themselves. **Even when you are not a farmer, you might need to think about farmers' challenges and might have to offer support.** Support could be offered via pre-financing of inputs, technical assistance to farmers or long term commercial commitments to farmers. They might need this support to overcome challenges like:

- ✓ **Securing of inputs**: farmers will need access and need to be able to finance inputs like seeds which are approved (e.g. non-modified seeds) and natural fertilizers (e.g. manure) instead of synthetic fertilizers.
- ✓ **Labour intensity**: while farmers like that they will become less dependent of often expensive synthetic inputs (fertilizer and pesticides), organic farming can consume more time and be more labour intensive. An example is that weed (normally managed by spraying) is now controlled by manual processes.

Setting-up an organic value chain

- ✓ **Getting through the so called in-conversion stage**: the time between preparing to get certified and being certified (the in-conversion period) takes 2 to 3 years for farmers. In this period, farmers already apply organic principles, but their product cannot be labelled organic yet and premiums therefore do not yet apply. This is a commercial risk for farmers. They might need help to find out whether the conversion period is economically viable, in the short and in the long term.
- ✓ **Dealing with crop rotation**: crop rotation is a major principle of organic farming. It keeps soils healthy and fertile and helps to control pests. It also means that farmers will have to market/sell more than one crop. This can be positive as risks are spread over multiple crops, but it will also require skills and efforts to find good partners and prices for all crops.
- ✓ **Training or technical assistance**: farmers need to learn about how to become a good and successful organic farmer. They need to learn how to take care of their soils, manage pests, keep records, etc. It is therefore important to think about the availability of trainers and how to pay for their services.

Setting-up an organic value chain

✓ **Pest pressure and contamination with genetically modified organisms (GMO):** organic farming excludes the use of GMO-inputs and (most) synthetic pesticides. In certain areas, pest pressure and/or 'GMO-density' might be so high that shifting to organic might be (too) complex.

Processors and exporters will also have to plan ahead. By themselves and with others. Some of the key elements to consider are:

+ Organic markets are different from conventional markets. It is therefore **important to inform yourself about the requirements and trends in different markets**, including the expectations of the final consumer.
+ Get in touch with retailers and the market at an early stage; check quality requirements based on samples of your products.
+ Check whether you can meet other market requirements (price, volumes, packaging, logistics, and certification).

Setting-up an organic value chain

+ **Plan your business step by step, be realistic, and start small.**
+ Diversify your markets. Organic certified produce might be exported to several international markets, while farmers' rotation crops could be sold locally or regionally.
+ Develop your 'unique selling point'. This can be price, quality and flexibility but can also include integrity and the 'story' or 'people' behind your product.

Further reading:

✓ The Organic Business Guide, Developing sustainable value chains with smallholders, by Bo van Elzakker and Frank Eyhorn, IFOAM and collaborating organizations (Helvetas, Agro Eco Louis Bolk Institute, ICCO, UNEP) 2010, provides more detailed and accessible background information on all topics mentioned on this sheet.

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Step by Step Process of Organic Certification

Why certification?

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+ Organic farming started about 100 years ago. Farmers managed their farms according to organic principles because of agro-political or ethical reasons. There had been no intention to fetch a higher price for organic products. Land under organic farming was few.
+ Only in the 1970s, organic farming saw a real start-off. Simultaneously, the organic market started in the 1970s. Various organic farmer organizations certified production as organic (private labelling). The increasing demand for organic products gave room for a grey market. Consumers could not be sure anymore that a product labelled as organic really originated from organic production. **The European Commission decided to regulate organic farming in 1991.**
+ Since then, labelling products as organic in the EU has been only allowed when production has been certified. Other states, such as the US and Japan followed this example and developed their own certification standards..

Organic certification for consumer's confidence and trust:

All major markets demand certification, when labelling or declaring a product as "organic".

Major organic standards

All major markets for organic products demand certification according to their national regulation. If for instance, an operator wants to export to the EU and the USA, he/she has to be certified.

Major organic standards are:

+ **EC-Regulation 2092/91 (1991); today: 834/2007 and 889/2008**
  https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007R0834&from=DE

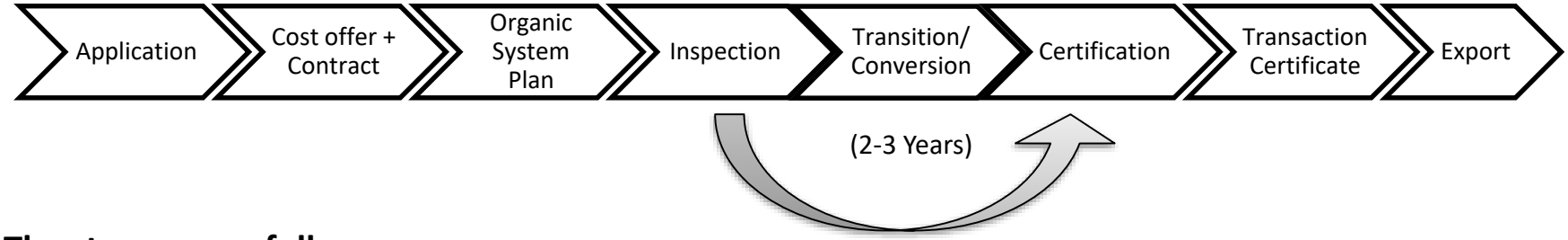
+ USDA / NOP (2002)
  https://www.ams.usda.gov/rules-regulations/organic

+ JAS (2001)
  http://www.maff.go.jp/e/policies/standard/jas/

Procedure of certification

- ✓ **The task of the certification body is to verify, whether production fulfills the requirements of the respective standard.** An inspector or certification body must not provide consultancy service. This would mean a conflict of interest.
- ✓ As a first step, the operator, who asks for certification, must study the standard according to which he/she wants the production to be certified. He/she has to verify, whether it is feasible to meet the standard and eventually has to engage a consultant.
- ✓ Next, an operator, who demands organic certification, has to contact a certification body.

Procedure of certification from first contact to export of organic products



The steps are as follows:

1. The operator contacts an accredited and approved **certification body (CB)** and asks for an offer.
2. The CB will send an application form. With this, it collects required information to elaborate an offer.
3. After the operator has agreed to the offer, a contract between the operator and the CB is signed.
4. The CB sends out a template called **“Organic System Plan” (OSP)** to the operator. By the means of this template, the operator has to describe, how he/she will manage his farm organically. The OSP has to be send to the CB in time before the inspection.

Procedure of certification from first contact to export of organic products

5. An approved inspector of the respective CB conducts a **physical on-site inspection**. He/she verifies whether production is in line with the respective standard.
6. The inspector sends the inspection report to the head office of the CB. A certifier reviews the report and makes a certification decision. **An inspector never decides on the result of inspection!**
7. A new agricultural operator, who starts organic production, has to undergo a conversion period of 2 years for annual crops and 3 years for perennial crops. Entry into organic farming involves a period of approbation known as the **conversion phase** in which the land and producer are given time to adjust to the organic methods. During this period, implementation of all required organic management measures are obligatory.
8. After completion of the conversion period, production is certified as organic, in case of no major non-conformities with the standard. From this time onwards, products may be sold as organic in the market**. The evaluation by an inspector is repeated every year in order to renew the certification.**

Procedure of certification from first contact to export of organic products

9. In case of export to the EU, the operator has to be registered with **TRACES** (which is further explained in another guide) and has to apply for a **Certificate of Inspection (CoI).** The CB provides these services and sends the demanded CoI, which is an important export document. It is required for custom clearance at the border of the EU in order for the products to enter the EU as organic.

For economic reasons it is advised to:

- ✓ Check, which CBs are already operating in your country. In case that they have an office or a national inspector, cost for inspections are usually lower. CBs, who do not have local inspectors at their disposal, but other clients in your country, may plan inspection in an “inspection tour” by a regional inspector. Costs for travelling will be divided by the number of operators (cost sharing). In case that an operator is the sole client of a respective CB, he/she as to bear total traveling costs on his/her own.
- ✓ Ask a number of different CBs for an offer to compare costs.
- ✓ Consider that certain CBs may a have very good reputation in your target market, while other may have not. **Good reputation of the CB supports market access.**

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Procedure of Inspection: Agriculture

Procedure of inspection: Agriculture

+ The law for the respective standard regulates the certification procedure for organic farming. For the EU, the Organic Council Regulation (EC) 834/2007 on organic production and labeling of organic products and the Implementing Rules (EC) 889/2008, laying down detailed rules for the implementation of Council Regulation (EC) 834/2007, are of relevance.
+ The EU regulates the requirements of plant production on agricultural operations in: (EC) 834/2007 Art. 11, 12 and in (EC) 889/2008 Art. 3 - 6.
+ Permitted fertilizers and soil conditioners are listed in Annex I and permitted pesticides – plant protection products in Annex II of (EC) Reg. 889/2008.

The inspection program is structured as follows:

a) Organic System Plan / Organic Management Plan

b) Inspection

c) Certification

Organic system plan – Organic management plan

All major regulations demand that the operator has to describe in detail, how he/she manages his/her organic farm organically. In order to simplify this procedure, all certification bodies (CBs) have developed templates. They are usually called **Organic System Plan (OSP) or Organic Management Plan (OMP).** They consist of the following elements:

- ✓ Conformity Declaration of the Operation Manager for the respective standard.
- ✓ Complete description of the operation and its facilities.
- ✓ Description of all production procedures and means, so the certification body can verify their compliance to the respective standard.

The operator has to completely fill in and submit the Organic Systems Plan to the certification body for verification before inspection. The operator has to continuously update the Organic Systems Plan to reflect the current state of the operation. Changes always have to be communicated to the certification body, but no later than before the next inspection.
By signing the Conformity Declaration, the operation manager confirms, that he/she will adhere to the standard.

Inspection

+ After verification of the OSP/OMP, an inspector will visit the operator and conduct an inspection.
+ During inspection, the **compliance of the operation** with the requirements of the respective standard is verified.
+ An **announced inspection** takes place **at least once per year**.
+ The inspector is obliged and authorized to request and verify all documents, records and facilities as considered necessary for the inspection.
+ This may also include bank statements.
+ Inspection starts with an opening meeting.
+ Here, the inspector informs on the inspection schedule and will discuss the OSP/OMP.

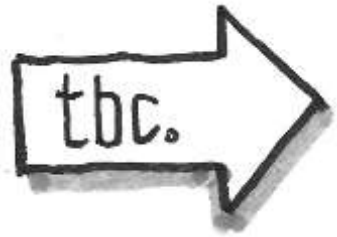
On-site inspection

The on-site inspection compasses all parts of the operation:

- ✓ All agricultural fields/plots, permanent crops, green houses, seedling cultivation, pastures, fallow lands or other relevant areas
- ✓ Infrastructure for improvement measures, like vehicle fleet, machinery, workshops, post-harvest handling/processing and irrigation systems
- ✓ All agricultural buildings, including barns, storage of inputs and harvested crops, post-harvest handling, processing and packaging, etc.

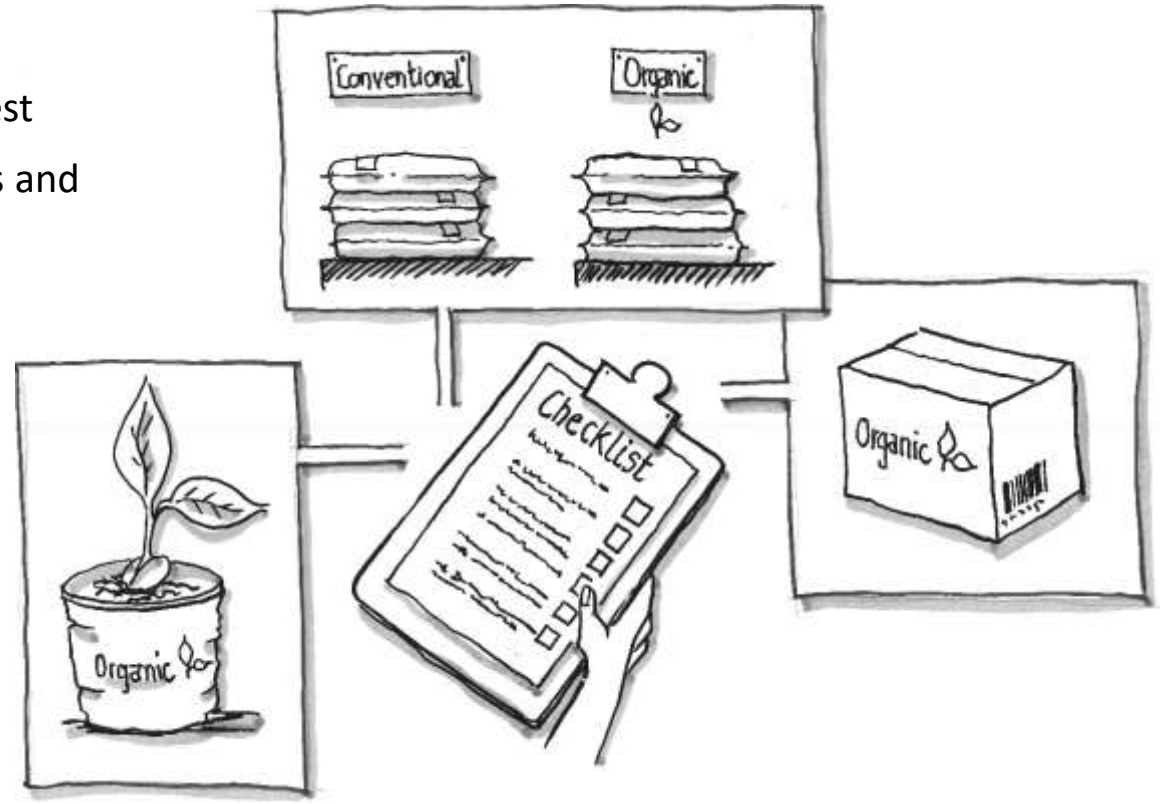
Subject to inspection are all production procedures and facilities of the operation, as well as all concrete measures regarding a compliance of the standard regarding:

+ Measures of fertilization and for maintenance of fertility
+ Measures of plant protection
+ Crop rotation



On-site inspection

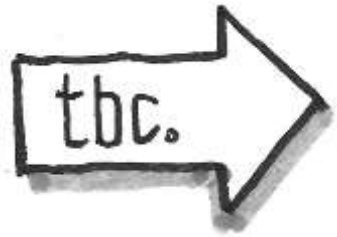
+ Use of seeds and seedlings in terms of quality, organic origin and GMO status & other input materials
+ Measures against drift
+ Treatment of crops after harvest
+ Separation of organic products and non-organic products
+ Traceability of products
+ Packaging and identification of organic products (labels and delivery papers)



Verification of documents

The following documents have to be made available to the inspector:

- ✓ Field maps (best are google maps) with clear indication of each field (ID-number per field)
- ✓ Plot list incl. ID-No per plot, crop grown this year and last 2 years, last application of non-allowed inputs, size of plot – the CB will provide a template for this
- ✓ Drawings of farm buildings, with indication what it is (storage, post-harvest handling, etc.)
- ✓ Invoices and delivery notes for purchase of seeds, fertilizers, crop protection products, and other relevant farm inputs; if relevant: invoices for purchase of agricultural products
- ✓ Farm diary: register per plot and documentation of all major activities, like: land preparation, sowing, fertilization (when, what, how much), organic pesticide application (when, why, what, how much, etc.), harvest (when, how much)
- ✓ Storage book and/or processing and/or packing protocol (if relevant)
- ✓ Book keeping on all sales of farming products
- ✓ Measures of traceability



Verification of documents

- ✓ Flow of goods with regard to quantities (potentially) harvested and quantities sold
- ✓ Sampling is always possible, but in moments of suspicion, it is mandatory
- ✓ Sampling of packaging and/or labeling materials

Inspection ends with a final meeting. The inspector informs on the result of the inspection and in case of identified non-conformities, specifies them and discusses measures to be taken by the operator to overcome them. He finalizes the **inspection report** and gets it signed by the operator. A copy shall be left with the operator.

The inspector transfers the inspection report including annexes to the head office of the certification body. Here, it will be verified and the certifier will make a certification decision. The inspector makes recommend-dations on certification. The decision is taken by the certifier.

Procedure of inspection of agricultural operations

IMPORT PROMOTION DESK

OSP/OMP

- Operator describes organic management of farm
- Operator confirms to adhere to standard

Inspection

- Inspector of CB carries out on-site inspection to check compliance with standard: verification of all fields, buildings, facilities and procedures, incl. documents
- Product flow calculation

Certification

- Inspector only documents result of inspection
- Certifier decides on certification

Procedure of inspection of agricultural operations

IMPORT PROMOTION DESK

+ Certification Bodies (CBs) usually have inspection programs, which describe what will be inspected and which documents shall be made available.
+ The inspection programs can be found on their websites; or CBs send them to the operators before inspection.
+ They serve the operators as information of what will be checked and how they can prepare for inspection.

IPD guides for success in export

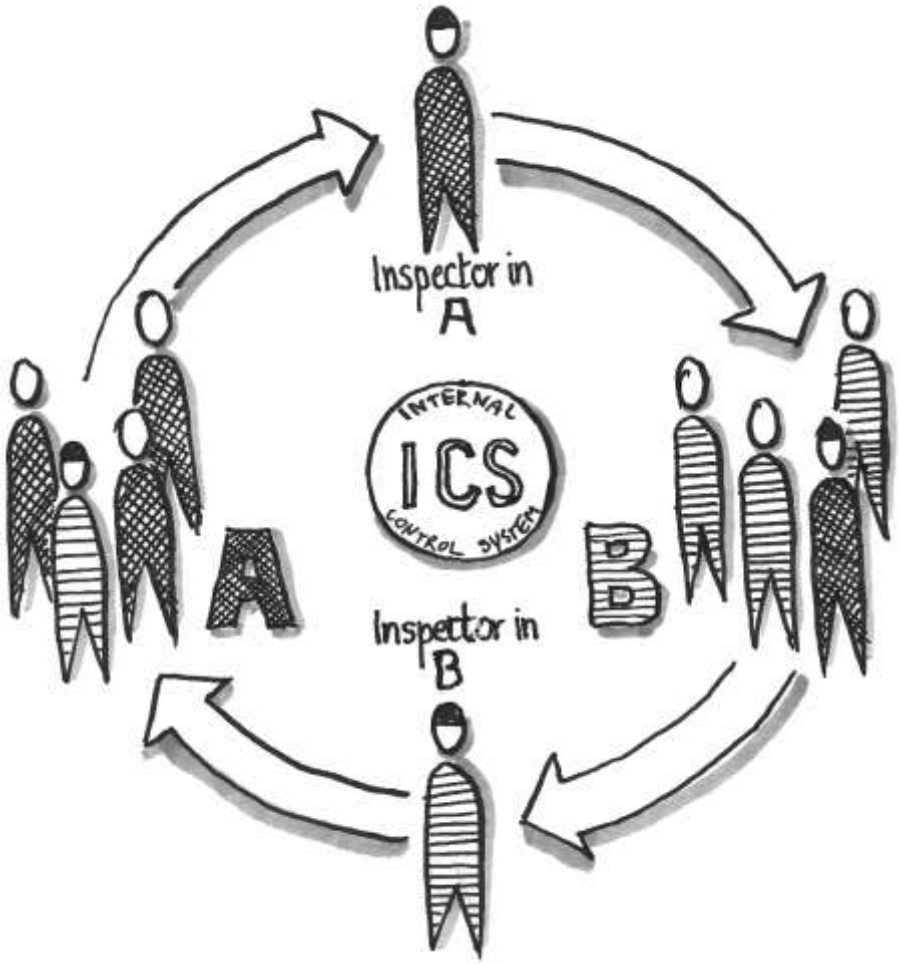
IMPORT PROMOTION DESK

Procedure of Group Certification

Background

+ According to EC Regulations 889/2008 and 834/2007 on organic production and labelling of organic products, all operations must be inspected at least once a year. As this would mean an immense costs burden for smallholder farmers, the EU Commission as well as most other standards have developed a Guideline for “Group Certification” (see “Guidelines on imports of organic products into the European Union, 15.12.2008, Rev.1, section 8 Guideline for group certification").
+ **Group certification is an approach that facilitates access of smallholders to organic certification** and hence to organic markets and their associated benefits.

Principle of internal control



+ A substantial part of the inspection work is carried out by **internal inspectors** in the framework of the **I**nternal **C**ontrol **S**ystem (**ICS**) set up by the group.
+ The external inspection body verifies and evaluates the effectiveness of the internal control system and certifies the group as a whole.

What can be considered as a group?

- ✓ The group shall be located in a country, which is defined by the Organization for Economic Co-operation and Development (OECD) as a developing country .
- ✓ The group shall only consists of **smallholder farmers**.
- ✓ Large farming units (farms bearing an external certification cost that is lower than 2% of their turnover), processing units and traders may be included in the groups, however they must be inspected annually by organic certifiers. Operations collecting and transporting crops, simple processing, and storage units may also be included.
- ✓ The farmers of the group must apply similar production systems and the farms should be in **geographical proximity**.
- ✓ The **group shall be established formally**, based on written agreements with its members. It shall have central management to enable oversight of the product flow, established decision procedures and legal capacity. This may be a co-operative or a commercial company, which establishes contract production with farmer groups.
- ✓ When intended for export, the marketing of the products must be carried out as a group.

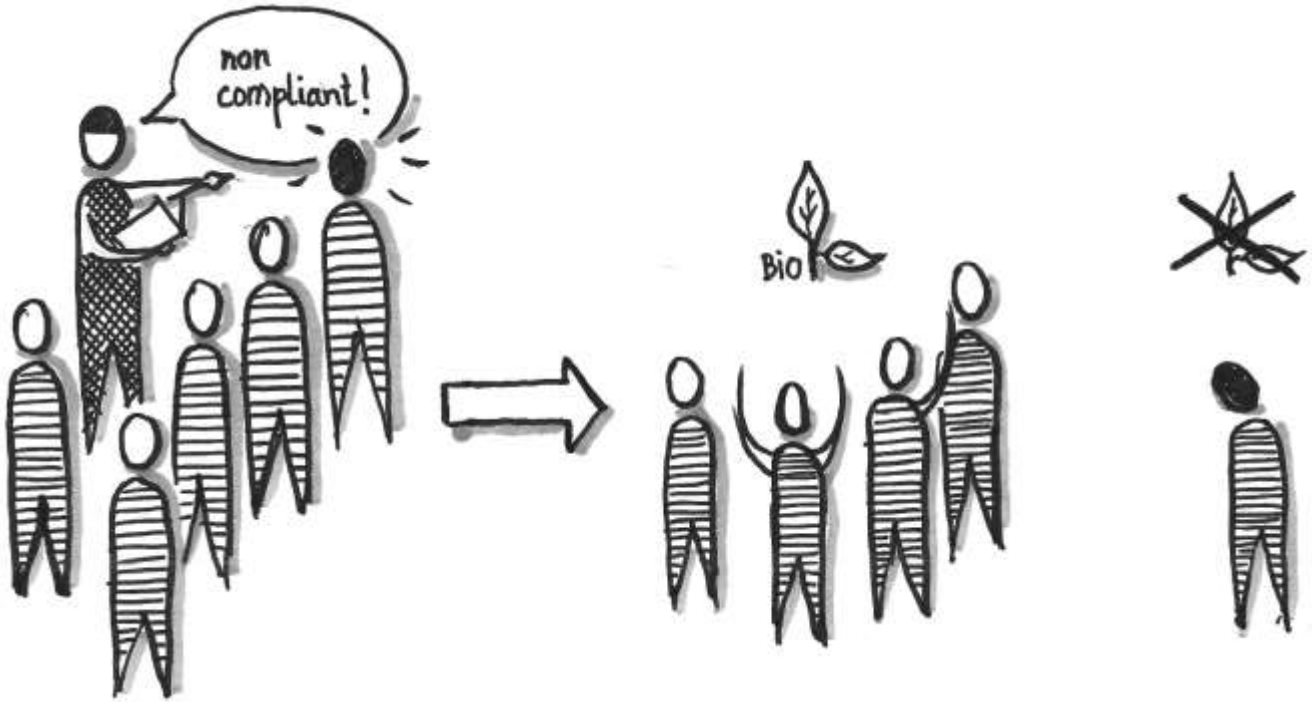
Internal Control System (ICS)

The group itself or a commercial company has to develop and implement an **Internal Control System (ICS).** The internal inspectors have to carry out inspections at each group member at least once a year and document the inspection results.

+ The internal control system of the group is a documented internal quality system that includes a contractual arrangement with each individual member of the group.
+ **Internal inspectors are designated by the group and carry out internal controls. They must receive suitable training.** The internal quality system sets out rules to avoid or limit potential conflicts of interest of the internal inspectors.
+ The internal inspectors carry out at least one annual inspection visit to each individual operator including visits to fields and facilities.
+ The internal control system keeps appropriate documentation including at least a description of the farms and the facilities, the production plans, the products harvested, the contractual arrangement with each individual member and internal inspection reports.

Internal Control System (ICS)

+ The internal control system shall include the **application of sanctions to individual members who do not comply with the production standards**. It shall inform the external inspection body of the irregularities and non-compliances found, as well as of the corrective actions imposed with agreed time for completion.



The external inspection

- ✓ The **external inspection body evaluates the effectiveness of the internal control system**, with the final aim to assess compliance with the production standards by all individual operators. The **external inspector will inspect a certain percentage of the farmers**, randomly chosen ad-hoc at the time of the inspection.
- ✓ It has a contractual agreement with the group or company.
- ✓ It carries out at least one annual inspection of the group.
- ✓ Each year the external inspection body shall define and justify a risk-orientated sample of farms subject to their annual inspections.

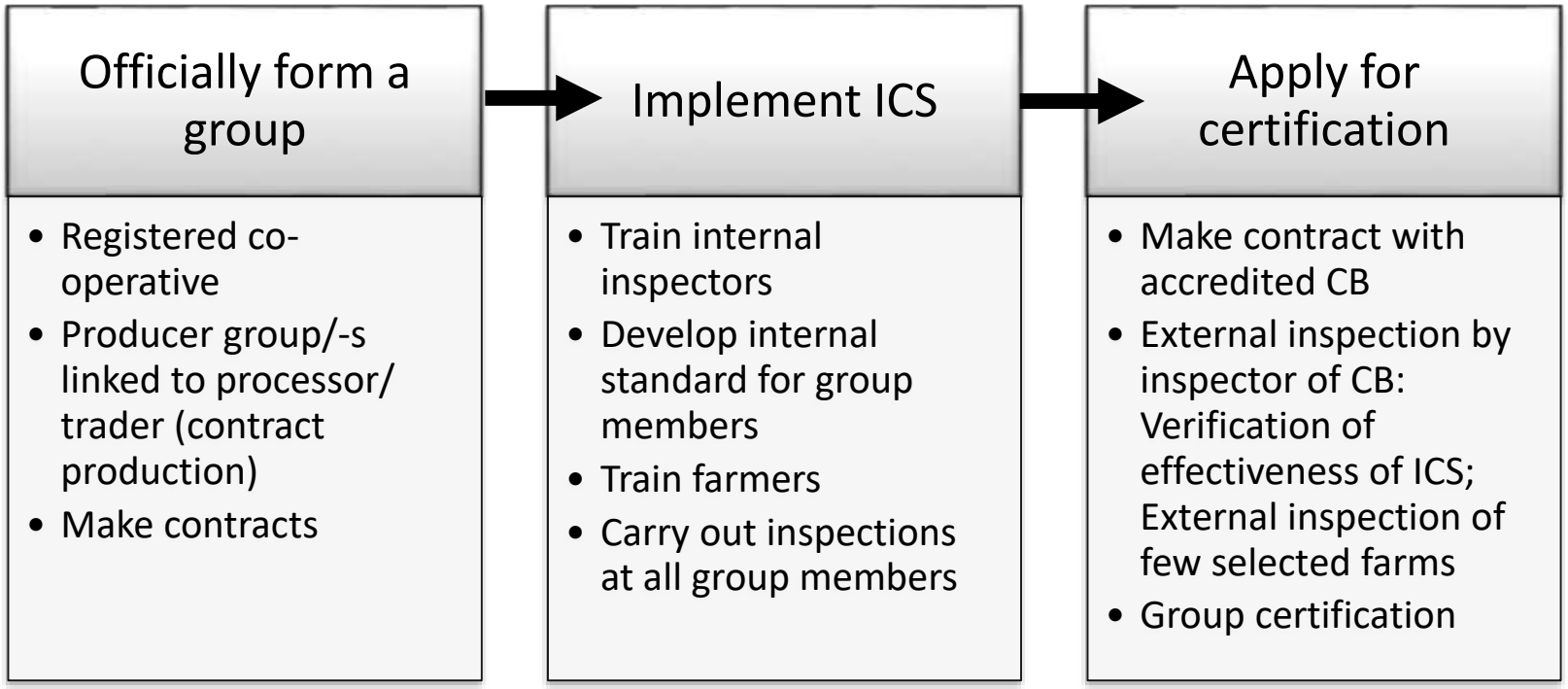
Minimum number of farms to be inspected by the external inspection body (CB)			
Number of group members = n	Normal risk factor 1	Medium risk factor 2	High risk factor 3
Minimum	10	12	14
N	Square root of n	1.2 square root of n	1.4 square root of n

The external inspection

+ In case of conformity of findings, the whole group will receive certification.

– In case the external inspection body finds the internal control system to not be reliant and effective, it will increase the number of farms to be controlled by at least three times as much.

Process of group certification



Links for further information

Guidelines on imports of organic products into the European Union, 15.12.2008, Rev.1, section 8 "Guideline for group certification:
https://ec.europa.eu/agriculture/organic/sites/orgfarming/files/docs/body/guidelines_for_imports_en.pdf

IFOAM Training Curriculum for Producer Groups:
https://www.iatp.org/sites/default/files/451_2_98159.pdf

IFOAM Training manual: Smallholder Group certification + Smallholder Group certification - manual for producers:
https://www.ifoam.bio/en/smallholder-group-certification-training-manuals

Links for further information

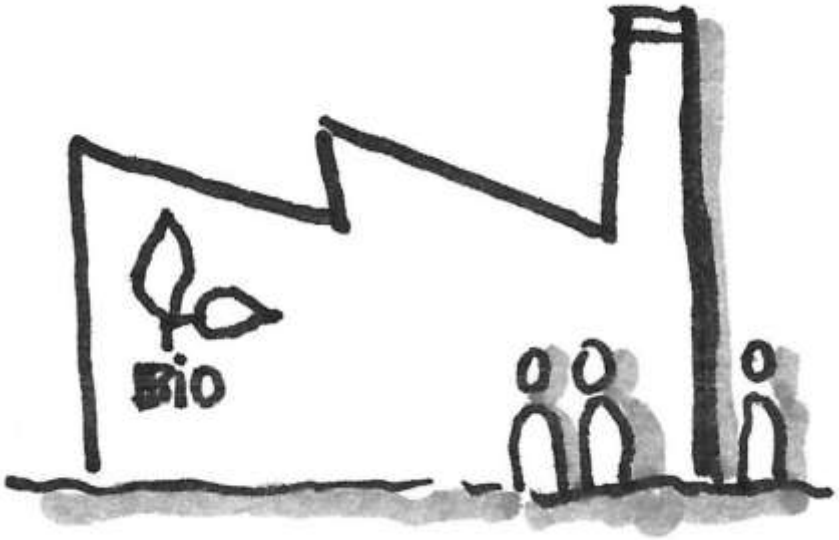
OneCert:
http://www.onecertasia.in/download/guidelines/organic/OCA_019%20Guidelines_GG111031SB.pdf
https://en.wikibooks.org/wiki/Organic_Business_Guide/Certification_and_internal_control_systems
https://organiccertifiers.com/wp-content/uploads/2016/07/ORGANIC-CERTIFICATION-PROCEDURES-MANUAL-C0-00-v6-7-8-16-2.pdf

http://www.faircert.com/faircert_website/services/organic_certification/group.php

FAO: http://www.fao.org/fileadmin/templates/organicexports/docs/Example_ICS.pdf

IMPORT PROMOTION DESK

Procedure of Inspection: Processing



Procedure of inspection: Processing

+ The law for the respective standard regulates the certification procedure for organic processing. For the EU, the Organic Council Regulation (EC) 834/2007 on organic production and labeling of organic products and the Implementing Rules (EC) 889/2008, laying down detailed rules for the implementation of Council Regulation (EC) 834/2007, are of relevance.
+ The EU regulates the requirements of plant production on agricultural operations in: (EC) 834/2007 Art. 11, 12 and in (EC) 889/2008 Art. 3 - 6.
+ Permitted food additives and processing aids are listed in Annex VIII of (EC) Reg. 889/2008.

The inspection program is structured as follows:

a) Organic System Plan / Organic Management Plan

b) Inspection

c) Certification

Organic System Plan – Organic Management Plan

All major regulations demand that the operator has to describe in detail, how he/she manages his/her organic farm organically. In order to simplify this procedure, all certification bodies (CBs) have developed templates. They are usually called **Organic System Plan (OSP) or Organic Management Plan (OMP).** They consists of the following elements:

- ✓ Conformity Declaration of the Operation Manager for the respective standard.
- ✓ Complete description of the operation and its facilities.
- ✓ Description of all production procedures and means, so the certification body can verify their compliance to the respective standard.

The operator has to completely fill in and submit the Organic Systems Plan to the certification body for verification before inspection. The operator has to continuously update the Organic Systems Plan to reflect the current state of the operation. Changes always have to be communicated to the certification body, but no later than before the next inspection.
By signing the Conformity Declaration, the operation manager confirms, that he/she will adhere to the standard.

Inspection of processing facilities

- After verification of the OSP/OMP, an inspector will visit the operator and conduct an inspection.
- During inspection, the **compliance of the operation** with the requirements of the respective standard is verified.
- An **announced inspection** takes place **at least once per year**.
- The inspector is obliged and authorized to request and verify all documents, records and facilities as considered necessary for the inspection.
- This may also include bank statements.
- Inspection starts with an opening meeting.
- Here, the inspector informs on the inspection schedule and will discuss the OSP/OMP.

Inspection of processing facilities

The on-site inspection compasses all parts of the operation:

+ All processing lines, places of raw material reception, storage rooms for raw material, semi-finished and finished products, packing units, etc.

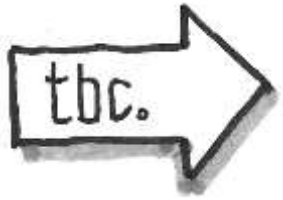
Subject to inspection are all processing procedures and facilities of the operation, as well as all concrete measures regarding a compliance of the standard regarding:

+ Origin of organic raw materials
+ Separation (in time or space) from non-certified products throughout the whole process, from product reception to final sale or delivery
+ Use of processing aids and food additives
+ Cleaning and pest control procedures
+ Prohibited methods (ionizing, radiation, etc.)
+ Possible contact with prohibited or otherwise polluting substances
+ Labelling and traceability of products
+ Flow of goods and potential production quantities

Verification of documents

The following documents have to be made available:

- ✓ Layout plan of the production facilities (insofar applicable with schematic draft of production lines and diagram of flow of goods in the facility), with adjacent buildings, warehouse, packaging and labeling facility
- ✓ Sample of used labels and identifications (also business papers: delivery papers/invoice and advertising)
- ✓ Production program/item lists, products from organic and non-organic production
- ✓ Recipes
- ✓ Processing protocols
- ✓ Information about cleaning measures (intermediate cleaning, cleaning of rooms and facilities)
- ✓ Application of all (permitted and prohibited – according to standard) substances
- ✓ Listing of all suppliers (including documents for traceability, such as valid organic certificates, bill of delivery, invoices, etc.)
- ✓ Documentation of receipt of raw materials (receipts, purchasing log, lists or bookkeeping) as well as processing aids and additives



Verification of documents

- ✓ Warehouse bookkeeping
- ✓ Documentation of shipping of finished products (books, quantities, sales, identification, shipping papers, invoices, transport)
- ✓ Measures for traceability; product flow
- ✓ Product reclamations from customers
- ✓ Sampling is generally possible, but in moments of suspicion mandatory

Inspection ends with a final meeting. The inspector informs on the result of the inspection and in case of identified non-conformities, specifies them and discusses measures to be taken by the operator to overcome them. He finalizes the **inspection report** and gets it signed by the operator. A copy shall be left with the operator.

The inspector sends the inspection report including annexes to the head office of the certification body. Here, it will be verified and the certifier will make a certification decision. The inspector documents only the result of the inspection and makes recommendations on certification. The decision is however made by the certifier.

Process of inspection

OSP/OMP	Inspection	Certification
• Operator describes management of organic processing • Confirms to stick to respective regulation	• CB sends inspector to carry out physical inspection of complete operation incl. documents • Minimum once per year	• Inspector sends Inspection report to head office of CB • Certifier decides on certification

Process of inspection

- Certification Bodies (CBs) usually have inspection programs, which describe what will be inspected and which documents shall be made available.
- The inspection programs can be found on their websites; or CBs send them to the operators before inspection.
- They serve the operators as information of what will be checked and how they can prepare for inspection.

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IMPORT PROMOTION DESK

Organic Certification of Wild Collection

Legal basis for certification

The **EC Regulations 889/2008 and 834/2007** on organic production and labelling of organic products – as do all major standards and regulations – **allow organic certification of wild collection**. The requirements for organic wild collection is laid down in (EC) 834/2007 Art 12 clause (2).

The regulation demands the following of the collection activity in a well-defined collection area:

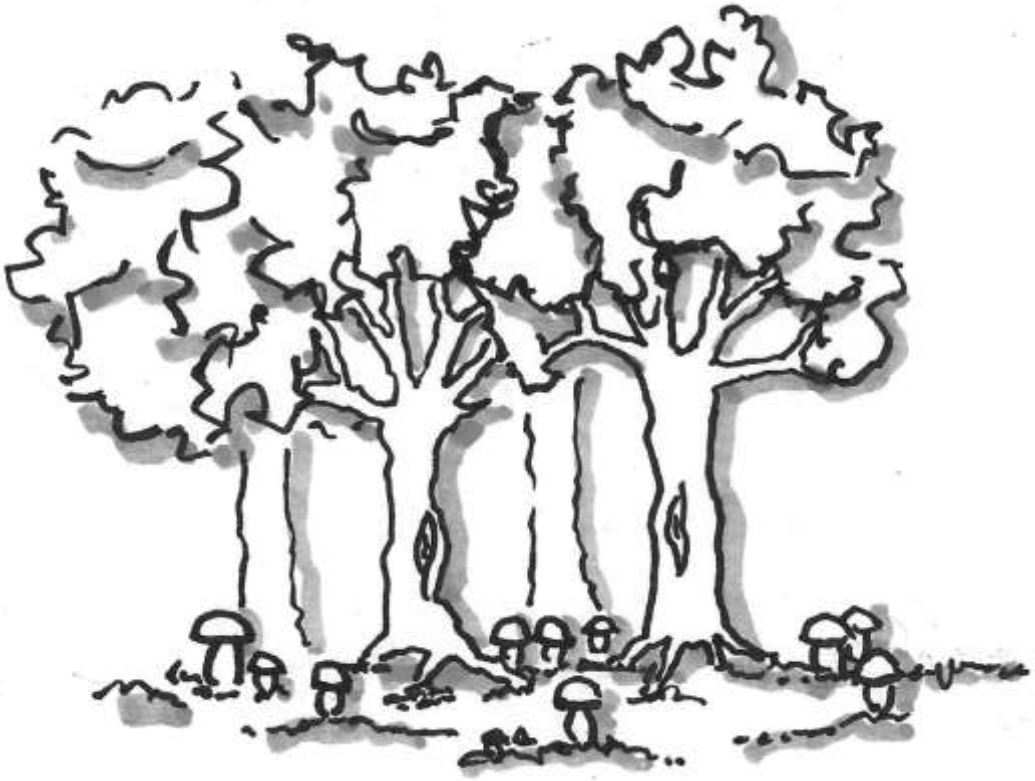
- ✓ No prohibited substances applied to area for a period of three years preceding the harvest of the wild crop
- ✓ No source of pollution by drift or flow from the surrounding areas
- ✓ Activity must not mean a threat to the survival of the collected species
- ✓ Activity must not be destructive to the environment / habitat

The Regulation is very short and unspecific on the requirements of wild collection. It is especially not defined how the sustainability of the habitat and the survival of the species should be verified.

The certification of wild collection is a process certification.
The procedure of wild collection must be sustainable
in a clean and well-defined collection area.

Definition: Wild crop

- Products that occur naturally in nature, forests and agricultural land
- Products that have been grown without or with low influence of the operator gathering the product
- The only human interference consists of the harvest or in measures taken to protect their natural growth potential (protection from erosion etc.)
- Certification bodies often regard abandoned orchards as wild crops



Prove of no application of prohibited substances

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The operator has to provide to the certification body every year with:

- ✓ Official statement from forest department or other owner of the land about (non-)application of (forest) pesticides
- ✓ If collection is done on agricultural land: evidence of organic management (no collection on conventional land and pastures)

Sustainability

Serious verification of sustainability of a collection procedure demands information on:

+ How much of the respective species is available in a well-defined area
+ How much can be collected, without meaning a thread to the survival of the species
+ Are there other collection activities in the same area?

The first requirement is very difficult to check as only very few countries regularly carry out resource assessments for major wild products. In most countries, no data is available. Organic certification is therefore problematic.

Organic certification bodies usually demand:

+ Official permit for collection of a certain quantity per species in a defined collection area – this is usually provided by official forest or environment departments
+ Or information from an independent external expert – this is however seldom feasible or too expensive

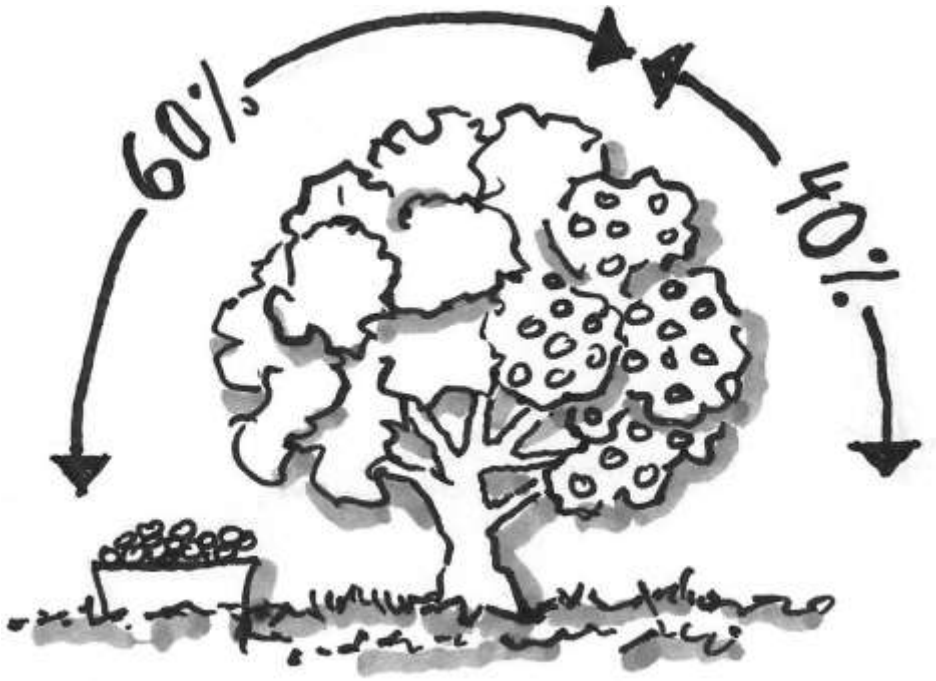
Sustainability

When available quantity per species in a defined collection area is known, the allowed collection quantity is determined by thumb rules:

Thumb Rules for determination of allowed quantities:

Seeds	= max. 20 %
Wood and bark	= max. 20 %
Berries	= max 60 to 70 %
Leaves and flowers	= max. 60 %

(Percentage of available quantity.
This data are from Kiwa BCS and may vary from CB to CB)



Usual structure of a wild collection project

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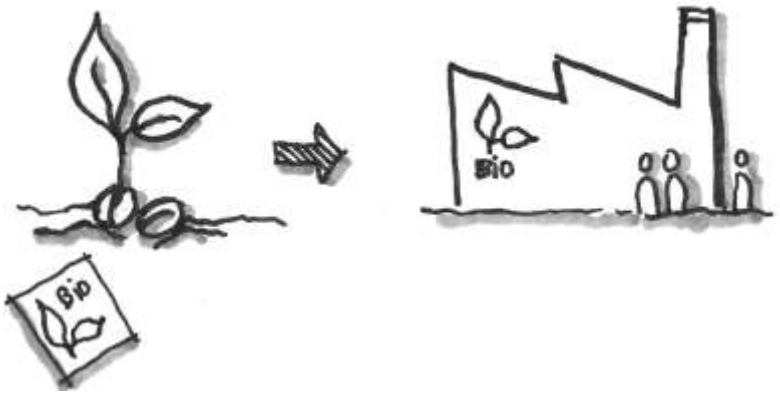
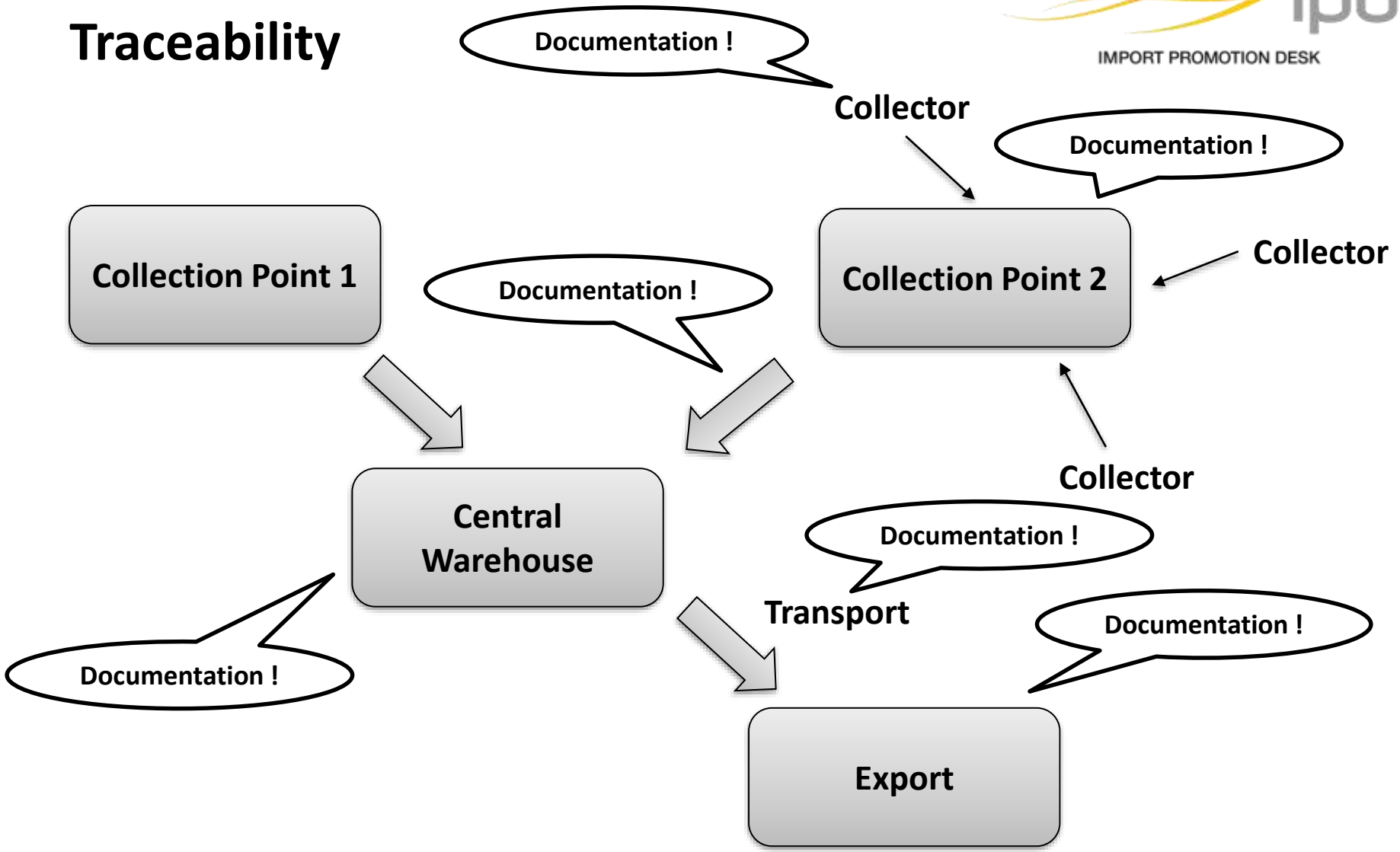
+ In most cases, a company that is doing further processing organizes the collection procedure. This company also pays for certification and is responsible for compliance of the collection process with the regulation.
+ The company sets up **collection points in main collection areas**. Collection points buy wild collected products from collectors. From here, raw material is transported to the central warehouse of the company, where further preparation is done.
+ **The operator must develop good collection practices/rules and register all his collectors.** He/she furthermore must regularly train collectors on sustainable harvesting and document the training. As in case of organic procedures, the operator/ company has to implement a **traceability system**. This requires good documentation whenever products are coming in a unit of the operation and whenever products are leaving a unit.



Required documents

- ✓ Maps of collection area and indication of collection points (1 : 25.000, max 1 : 250.000) or better google maps
- ✓ Statement on forest insecticide use
- ✓ Collection permit from respective authority
- ✓ Good collection rules
- ✓ List of collectors; training documents
- ✓ Records on purchase by collection points and sales from collection points to warehouses.
- ✓ Way-bills
- ✓ Storage books
- ✓ Processing diaries
- ✓ Book keeping
- ✓ Documentation of shipping

Traceability



Links to existing manuals on wild collection

ITC:
http://www.organic-services.com/fileadmin/files/05publications/Studies/World_Production_and_Marketing_of_Organic_Wild_Collected_Products_final.pdf

Others:

http://brooksidefarmersmarket.com/wp-content/uploads/bfm-2017-OSP-Wild-Harvest.pdf

http://brooksidefarmersmarket.com/wp-content/uploads/bfm-2017-OSP-Wild-Harvest.pdf

http://www.fao.org/3/i0440e08.htm

http://www.fairwild.org/documents/

http://biolaya.com/wp-content/uploads/FairWild-Resource-Assessment-Guidance-manual.pdf

https://unctad.org/en/PublicationsLibrary/ditcted2007d8_en.pdf

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IMPORT PROMOTION DESK

Required Documents for Export of Organic Products to the EU

Where is import of organic products from third countries regulated?

IMPORT PROMOTION DESK

+ The **Commission Regulation (EC) No 1235/2008** lays down detailed rules for implementation of Council Regulation (EC) no 834/2007 as regards the **arrangements for imports of organic products from Third Countries (non-EU member states).**

+ Certification bodies, who want to certify in Third Countries, have to develop a standard, which is equivalent to the EU Regulation 889/2008 and 834/2007. They must apply at the European Commission for approval per country and scope (e.g. A = unprocessed plant products; B = live animals or unprocessed animal products; D = processed agricultural products for use as food; F = vegetative propagation material and seeds for cultivation).

Procedure of export

When a company outside the European Union is certified organic as exporter by an EU approved certification body, it is eligible to export organic products to the EU. In order to do so, certain steps has to be followed:

Requirements for Exports of Organic Products to the EU

1. **Get registered with TRACES! Your certification body will do this procedure for you. You have to apply!**
2. **Before each shipment, apply at your certification body for a Certificate of Inspection (CoI) sometimes also called Transaction Certificate (TC).**

TRACES – Trade Control and Expert Systems

IMPORT PROMOTION DESK

+ From 19 October 2017 onwards, **all exporter of organic products, who want to export organic products to the EU, have to be registered with TRACES.** TRACES is a **system of electronic certification** for imported organic products. It aims to monitor the movements of organic products and the consistency of import checks.
+ The new rules are aimed at improving the traceability of organic products (thereby enhancing food safety provisions) and reducing potential fraud. The changes are also expected to reduce the administrative burden for operators and authorities, and provide much more comprehensive statistical data on organic imports.

Certification of Inspection (CoI)

IMPORT PROMOTION DESK

+ The **CoI** is a very important document for export. It is especially important for custom clearance. **Without a CoI, organic products cannot enter the European Union as organic.** The organic product will lose its organic status or the shipment has to wait at the border until a **CoI** is issued and custom clearance can take place. This can however be very costly and will disgruntle your buyer. It is therefore **important to apply at your certification body in time before each export**.

+ Your certification body will send you a template, which you have to fill in for the application. Here, data have to be filled in like: name of exporter, name of the producer, name and address of first consignee in EU, trade name of product, organic status, quantity, lot number, transport company, etc. The certification body will use this data to issue an **electronic CoI via TRACES**. Subsequently, your product can enter the European Union as an organic product.

Procedure of export of organic products to the EU

Organic certification	Registration with TRACES	Certificate of Inspection
• After organic certification according to EU Regulation, exporters of organic products can export to EU	• Apply at your CB to be registered with TRACES	• Before each export, apply for a CoI at your CB

IPD guides for success in export

IMPORT PROMOTION DESK

Understanding Consumer Preference for Organic Products

Understanding consumer preference for organic products

IMPORT PROMOTION DESK

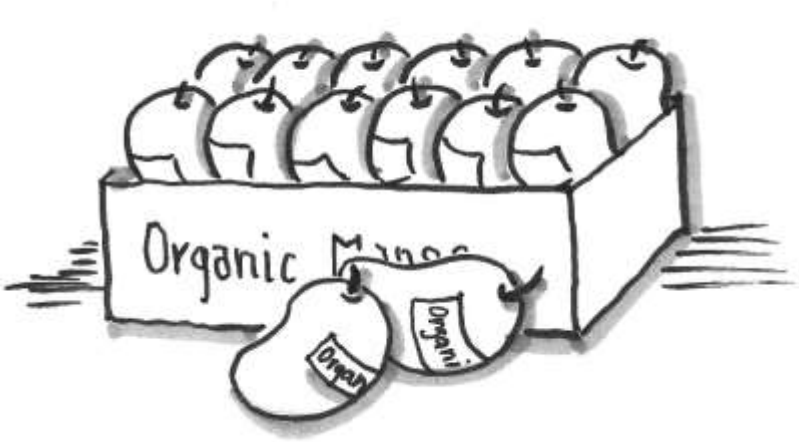
+ **The market for organic products is growing fast both globally and regionally.** Between 2007 and 2016 the global amount of hectares used for organic production grew by 73%. Since 1999, the global market for organic products more than quadrupled. The largest markets are the US (38.9 billion Euro in 2016), and the EU (30.7 billion Euro in 2016). The third largest market is China. In Europe, Germany, France, Italy, the United Kingdom and Switzerland offer the largest markets but other European markets grow fast as well. An example is Denmark in which 9.7% of the total food market is already organic.

+ **The growing organic market offers opportunities for producers in developing countries as producers in Europe and the US are not able to match market growth.** As a result, the volume of organic imports from developing countries is growing fast. This is happening for commodities like coffee, cocoa, cotton, tea and cereals, but also for fruits and fruit juices, vegetables, oil seeds and aromatic plants. Organic imports into the EU have increased from 590 million Euro in 2011 to 1640 million Euro in 2015.

Understanding consumer preference for organic products

IMPORT PROMOTION DESK

+ In the EU, organic products are nowadays sold in various types of outlets: in supermarkets, by specialized retailers, open markets, in direct deliveries to clients, and on farms. A relatively new development is that an increasing share of organic food is marketed through "conventional" supermarkets.
+ **Mainstream supermarkets now offer organic versions of most food products.** The most popular of these amongst consumers are fresh foods, like fruits and vegetables, bread and dairy. There is however also a wide variety of processed organic foods being offered.

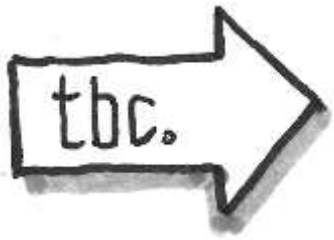


+ **It is likely that the current upward trend noticed for organic products will continue**. According to a research study by Transparency Market Research, the global market for organic food and beverages was worth 102.0 billion US dollar in 2015 and is projected to grow to a value of 187.85 billion US dollar by the end of 2019.

Why are more and more (European) consumers willing to buy often more expensive organic products?

IMPORT PROMOTION DESK

+ Consumers think organic products match with a **healthy and conscious lifestyle**. In this lifestyle, 'pure' or 'natural' food is seen as an important driver for a good health. Food should be safe and free from artificial additives, pesticides and growth hormones. Products must originate from 'non-intensive' production sites and should be produced without the use of genetically modified organisms. Such products are allowed to cost more than their conventional counterparts.
+ Consumers are also more and more aware of their choices and the corresponding **impacts on the environment and social welfare.** They understand that synthetic pesticides and rapidly soluble fertilizers, medicines and hormones do not just impact themselves, but also the communities where products are grown. Concerns about animal welfare are also growing and translate into growing numbers of consumers who either do not eat meat (vegetarians and vegans), less meat or only eat 'responsibly produced' meat (like organic meat).



Why are more and more (European) consumers willing to buy often more expensive organic products?

IMPORT PROMOTION DESK

+ Finally, organic produce is also linked to social issues and **fair trade principles**. Consumers increasingly care about the social conditions of workers and farmers, and equity among people involved in the value chain.
+ Summarizing, organic products are increasingly perceived by consumers as having **benefits related to a series of interwoven values.** Choosing organic food is regarded as a way of providing for personal health, the health of future generations, and overall human health.

Further Sources

Websites which provide statistics on the organic markets:

+ https://statistics.fibl.org/
+ https://www.cbi.eu/market-information/
+ http://organic-market.info/home.html

Literature:

+ Lukas Kilcher, Helga Willer, Beate Huber, Claudia Frieden, Res Schmutz, Otto Schmid (2011): The Organic Market in Europe: 3rd edition May 2011, SIPPO, Zürich and FiBL, Frick.
+ The Organic Business Guide, Developing sustainable value chains with smallholders, by Bo van Elzakker and Frank Eyhorn, IFOAM and collaborating organisations (Helvetas, Agro Eco Louis Bolk Institute, ICCO, UNEP) 2010.
+ Hanne Torjusen, Lotte Sangstad, Katherine O'Doherty Jensen and Unni Kjærnes.
+ European Consumers' Conceptions of Organic Food: A Review of Available Research, 2004.

IMPORT PROMOTION DESK

Links to Websites, Institutions and Manuals

Principles and Methods of Organic Farming

IFOAM: https://www.ifoam.bio/en/organic-landmarks/principles-organic-agriculture

IFOAM: **Training Manual for Organic Agriculture in the Arid and Semi-arid Tropics:** http://orgprints.org/18682/

Department of Sustainable Organic Agriculture Tamil Nadu Agricultural University: http://agritech.tnau.ac.in/org_farm/orgfarm_index.html

FAO: http://www.fao.org/organicag/oa-faq/oa-faq1/en/

FAO / TECA: Introduction to organic Agriculture: https://www.doc-developpement-durable.org/file/Agriculture/AgricultureBiologique/TECA%20-%20Introduction%20to%20Organic%20Agriculture.pdf

ITC: http://www.intracen.org/itc/sectors/organic-products/

FIBL: https://shop.fibl.org/chde/catalog/category/view/id/4/?publication_language=24

Organic Europe: https://www.organic-europe.net/home-europe.html

African Organic Agriculture Training Manual: https://www.organic-africa.net/training-manual.html

Organic Europe: https://www.organic-europe.net/home-europe.html

US National Organic Farming Handbook: https://directives.sc.egov.usda.gov/OpenNonWebContent.aspx?content=37903.wba

Group Certification

IFOAM "ICS for Group Certification": https://www.ifoam.bio/en/internal-control-systems-ics-group-certification

IFOAM "Training Curriculum for Producer Groups":
https://www.iatp.org/sites/default/files/451_2_98159.pdf

Guidelines on imports of organic products into the European Union, 15.12.2008, Rev.1, section 8 "Guideline for group certification":
https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/guidelines-imports-organic-products_en.pdf

FAO: http://www.fao.org/fileadmin/templates/organicexports/docs/Example_ICS.pdf

Wikibooks:
https://en.wikibooks.org/wiki/Organic_Business_Guide/Certification_and_internal_control_systems

Organic Wild Collection

ITC: http://www.organic-services.com/fileadmin/files/05publications/Studies/World_Production_and_Marketing_of_Organic_Wild_Collected_Products_final.pdf

FAO "Towards certification of wild medicinal and aromatic plants in four Indian states": http://www.fao.org/3/i0440e08.htm

GIZ "FairWild Ressource Asessment:

http://biolaya.com/wp-content/uploads/FairWild-Resource-Assessment-Guidance-manual.pdf

UNCTAD: https://unctad.org/en/PublicationsLibrary/ditcted2007d8_en.pdf

Inspection Programs for Agriculture

Most certification bodies send inspection programs to operators before first inspection for preparation of the inspection. Some do have their inspection programs on their web sites:

http://www.ceres-cert.com/portal/index.php?id=67#crops

https://onecert.com/resources/

Marketing

Centre for Promotion of Imports from Developing Countries (CBI):

https://www.cbi.eu/market-information/

International Trade Centre (IT): http://www.intracen.org/itc/sectors/overview/

Organic Africa: https://www.organic-africa.net/fileadmin/documents-africamanual/training-manual/chapter-07/Africa_Manual_M07.pdf

Wikibooks: https://en.wikibooks.org/wiki/Organic_Business_Guide/Marketing

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