

Short Report
**International Workshop on the new Group Certification within the new EU
secondary legislation**
MOAN 11th Network Meeting

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1. Place, date, participants

Place: Hotel Amman Rotana - Amman

Date: 17-18 September 2019

Participants:

- Ministry representatives of 19 Mediterranean EU member states and non-EU Countries:
 - EU Member States: Croatia, France, Greece, Italy, Malta, Portugal, Slovenia
 - Non-EU Countries: Albania, Bosnia and Herzegovina, Egypt, Jordan, Kosovo, Lebanon, North Macedonia, Montenegro, Morocco, Palestine, Tunisia, Turkey
- CIHEAM Bari, MOAN Secretariat
- IFOAM EU office

2. Agenda

17 September 2019

15:00 – 16:30 Introduction to the Workshop and Presentation of the New Organic Regulation (legislative process, secondary legislation and next steps)

16:30 – 18:00 Presentation of the workshop on Group of Operators

Group creation and presentation of questions on which to base the world coffee discussion and brain storming

18 September 2019

09:30 – 13:00 World coffee workshop on Group of Operators

3. Objective and Methodology

The main objective of the workshop was to update on the legislative process and content of the new organic regulation which will apply from January 2021 and to discuss and work together based on the MOAN's countries experiences and needs on the certification of group of operators.

4. Outcomes of the group of operators

4.1 Workshop on the Control System

The workshop session was focused on developing the secondary legislation of the New Organic Regulation on the group of operators.

Four tables were organized with questions related to group of operators and, as the groups changed tables, every MOAN country representative had the possibility to comment on all the questions.

Please find below the table questions divided by a set of questions, each discussed by the four groups. The main outcomes of the discussions are subsequently reported *in italics*:

Q SET 1	Can traders and processors be part of the group?
	Traders with affiliated farms can be considered a group?
	One of the requirements of the composition of group of operators is to have an individual certification cost not more than 2% of the turnover or standard output of organic production. Should this be further clarified?
	Shall medium farms be yearly inspected? Should be there a second threshold to categorize medium farms?
Q SET 2	Should be a max number for group certification?
	Should there be a mechanism to avoid very large groups?
	Should groups be organised on clusters
	Should there be a minimum number of operators in a group?
Q SET 3	Shall legal personality be clarified or not?
	Could cooperatives with non-organic members be considered as legal personality?
	Could traders' groups be considered as legal personality?
	Can an operator be part of more than one group?
Q SET 4	Should internal auditors be independent?
	Should internal auditors also be in charge of training operators?

Questions Set 1

- **Can traders and processors be part of the group?**

Yes. In many Third Countries groups are usually established, organised and managed by traders and/or processors. Traders/processors facilitate access to inputs, provide technical advice, pay for certification, and guarantee market linkages. Without traders/processors' support many groups would not exist at all. In many cases groups are informal.

It is clearly acknowledged that farmers operating in self-organised groups (non trader-led) may have benefits in terms of fairer prices, higher margins and empowerment. In some contexts farmers may be able (and willing) to organise themselves in a group without a trader/processor but it would be a medium/long-term process and they would need significant (governmental?) support in terms of capacity development. In the short-term, co-existence of trader-led and non trader-led groups has been suggested to allow transition.

- **Traders with affiliated farms can be considered a group?**

Yes, considering the critical role played by traders (and processors) (see above)

- **One of the requirements of the composition of group of operators is to have an individual certification cost not more than 2% of the turnover or standard output of organic production. Should this be further clarified?**

Yes. Indeed, also because data to verify such requirements are reported to be hardly available in many countries.

- **Shall medium farms be yearly inspected? Should be there a second threshold to categorize medium farms?**

The point is that it is very difficult to have a common understanding of what is a 'medium farm' in different countries. Therefore, fixing a threshold remains a very challenging task.

Questions Set 2

- **Should there be a maximum number of operators per group?**

No. The max number of operators is not to be specified. Rather work should concentrate on the control system and control mechanism, including the internal control system, sample analysed and number of inspections to be defined with a minimum number of inspections visits based on the number of operators.

- **Should there be mechanisms to avoid too large groups?**

Definitely yes, by:

1. setting up mechanisms to control and limit the large groups by:

- *setting up a major number of inspection and control visits.*
- *set sharper control conditions for groups exceeding a specific number (200)*

2. imposing a percentage limit of saving on the expenses of certification on the total income based on the previous year calculation but with the constraint of being complicated to apply

- **Should groups be organised on clusters?**

Yes: Cluster could be a solution to ease the control intensification as well as indirectly control the number based on criteria such as:

- *product types,*
- *management conditions,*
- *geographical area well defined and with specific characteristics and (to avoid the ambiguity of the EU reg.)*
- *farms size*

If the group has mixed operators, they all should treat with the same product (producers: apple, processor or preparator: apple juice, dried apples, jams...)

- **Should there be a minimum number of members?**

The minimum member number in a group not to be precise but will directly be determined by the legal entity of the group.

For the group in any case it is fundamental to define what geographic proximity is.

Questions Set 3

- **Shall legal personality be clarified or not?**

Yes, a clarification is needed, but the definition should be established by the competent authority at national level of EU and non- EU countries.

A definition of legal personality imposed from the commission might bring more restrictions.

- **Could cooperatives with non-organic members be considered as legal personality?**

Yes, cooperatives with mixed production should continue to share the same legal entity.

- 1. The establishment of a new legal entity would add a lot of bureaucratic burden*
- 2. Extra financial expenses for small farmers*
- 3. Organic operators should not lose the advantage of belonging to a mixed cooperative*
- 4. Work of synergy between cooperative members, in terms of shortages of ingredient when allowed: non organic members often provide needed inputs to organic operators when the organic ones are not available.*
- 5. Probability to positively influence non-organic members of the cooperative to convert into organic which will increase the number of organic production and operator.*

- **Could traders' groups be considered as legal personality?**

Yes, in several cases, the group is managed by a trader who runs the business:

- 1. In Tunisia, 90% of operators are linked to processors and traders. (in certain cases, the processors are also the traders).*
- 2. A lot of organic commodities will be threatened if trader managed groups will not be considered as group of operators in organic farming.*

- **Can an operator be part of more than one group?**

Yes: The operator can be part of more than one group ensuring that:

- *the products belong to different categories*
- *each activity is certified separately from the group of operators s/he belongs to*

No: (Tunisia) the marketing of products from group of operators under different certificates is prohibited. It also brings inconsistencies as regard the calculation of number of operators in organic farming and to keep traceability of their related CBs.

Questions Set 4

- **Should internal auditors be independent?**

The internal auditor can be one member of the group (a farmer) or a staff of the cooperative/organisation. To avoid problems coming related to conflicts of interest, it is crucial to have very clear procedures in place, including a very clear sanction system which is also coherent with the sanction system of the external control body.

The number of auditors might depend on the total number of members of the group or on the total area managed.

Internal decisions based on audits can be taken by the auditor him/herself, or by a committee composed of members of the group.

The most important concept is that the internal control system has to be considered part of the internal management system and not as control tasks delegated by the external control bodies.

- **Should internal auditors also be in charge of training operators?**

For the same reasons of the previous question, training can be carried out by internal auditors.

5. Conclusions and Considerations

It was the third time that MOAN members met with IFOAM EU on the future implementation of the new EU Organic regulation which will apply from 2021.

The MOAN members showed interest on this topic and are interested in following up. The new organic regulation heavily affects their daily work.

The focus on the group of operators was very welcomed. Further actions are needed to ensure a fair implementation of the new organic rules in the EU and outside the EU.