CHANGES FOR GROUP CERTIFICATION

WITH THE NEW EU ORGANIC REGULATION 2018/848



This info sheet introduces the main changes for smallholder producer groups under the new EU Organic Regulation 2018/848 and Reg (EU) 2021/279. We use different examples to illustrate the new requirements and possible changes to ICS structure and management.

Please note: In case you need to make any adjustments to your ICS structure or management, always make sure to confirm compliance to the new regulation with your organic control body.

February, 2022

1. Farmer groups with legal personality

Reg. (EU) 2018/848 Art. 36

Members of a group must be farmers or producers of aquaculture animals. The members may additionally be involved in processing, preparation, or placing on the market of products. Each certified group of operators must have legal personality.

Legal personality is not defined in the Regulation. It is assumed that it can be any form of cooperative, farmers association, civil service society etc.



2. Maximum of 2,000 members per group

Reg. (EU) 2021/279 Art. 4

The size of producer groups is limited to a maximum of 2,000 organic members per certified group. Larger groups with more than 2,000 organic members need to be split in smaller sub-groups.
Each certified sub-group needs to be registered as legal entity and is certified separately.



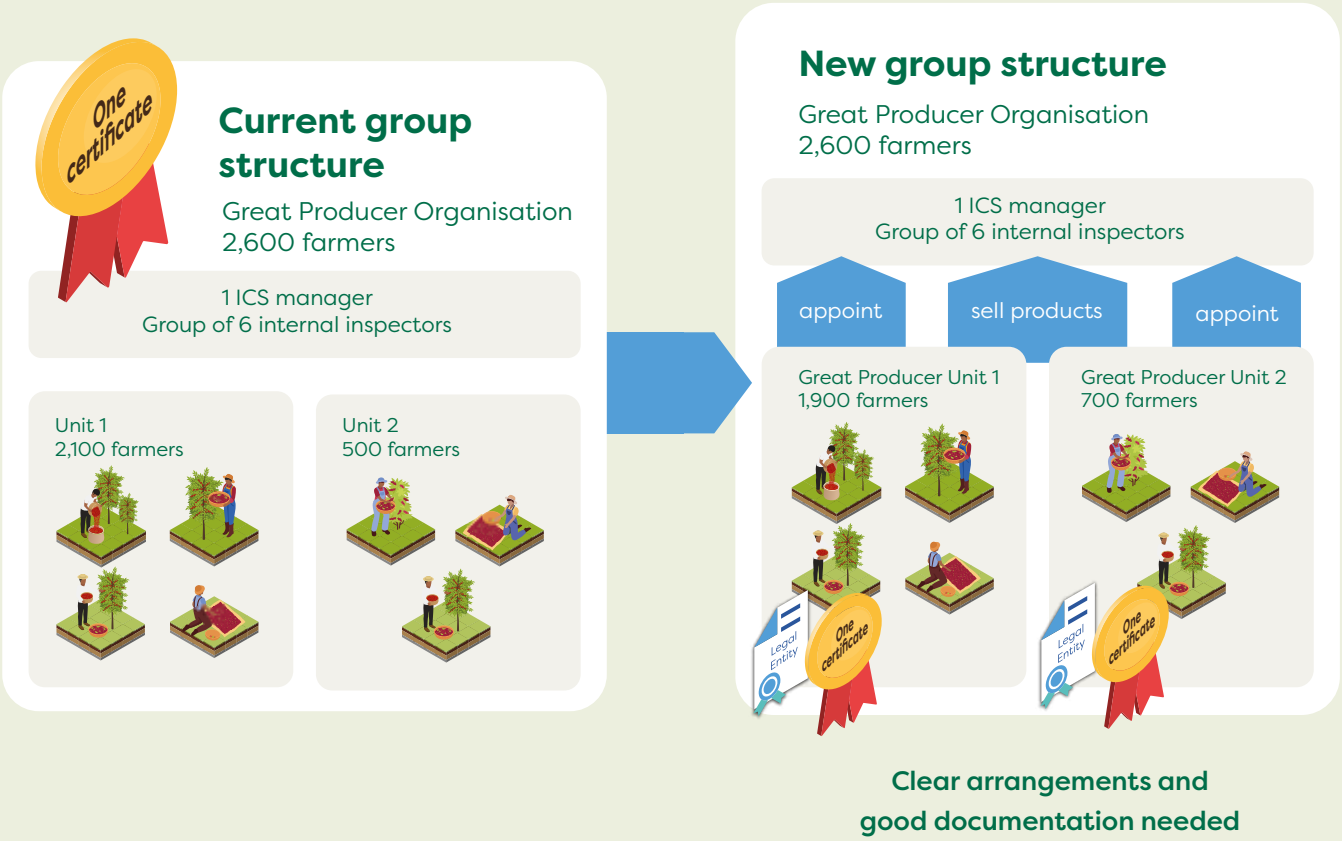
Implications for ICS management

Each certified group entity needs to appoint an ICS manager and a sufficient number of internal inspectors. However, there is some flexibility to arrange ICS management under these new conditions. For example, the same ICS manager can be appointed by more than one certified group entity. Similarly, internal inspectors can be subcontracted from the same group of internal inspectors.

It is important to find a locally suitable organizational set-up that fits to the requirements of the group. For example, it may be appropriate to have additional coordinating staff for each certified entity who report and coordinate with an overall ICS manager.
All appointments or arrangements must be clearly defined and well documented. In addition, each certified group entity needs to fulfils the documentational requirements.

Implications for marketing of products

Even if a group needs to split in several separately certified group entities, they can still have a common marketing of products.



Clear arrangements and good documentation needed

Implications for farmer groups in contract farming

Reg. 2018/848 (Art. 36) requires that each certified group of operators must be composed of farmers and needs to have legal personality.

This has implications for certified processors or traders who have associated organic smallholder farms in contract farming. These farmers need to be organized in a new group which has only farmers as members and is registered with legal personality.



However, there is also flexibility to arrange ICS management under these new conditions. For example, the newly registered farmer group may appoint an ICS manager and a sufficient number of internal inspectors who are managed by the processor/trader.

In addition, the processor can continue to buy the products from their associated "groups of operators" or larger individually certified members.

3. Criteria for membership

Reg. 2018/848 Article 36

Size of farm members

There are new requirements for membership in a group of operators. Members of the group need to:

- have a maximum land holding of 5 ha, or 0.5 ha in greenhouses or 15 ha of permanent grassland. Total land holding includes all areas, both certified and non-certified fields, owned by the producer.
- have a turnover of organic production of not more than 25,000 EUR and individual certification cost of not more than 2 % of organic turnover. Since it is very common that individual farm certification cost is more than 500 € (which equals 2 % of the permitted maximum turnover of 25,000 EUR), only the turnover is the relevant criteria.

This means that farmers with more than 5 ha total farm land can still be a member of the group if their organic turnover is < 25,000 EUR.

Calculation of organic turnover

Organic turnover =
Annual total yield in kg*price per kg

Farmer 1: 13 ha total farmland, with 10 ha organic certified coffee farmland and 3 ha other farmland not certified.

Farmer 2: 18 ha certified organic (all farmland is organic certified).





Total annual organic yield	Price per kg coffee when sold from farmer to the ICS	Organic turnover in local currency	Organic turnover in EUR	Conclusion
6,900 kg	52 Mexican Pesos (MXN)	6,900 kg x 52 MXN = 358,800 MXN	14,500 EUR	Ok, turnover < 25,000 EUR ↓ farmer can be a member of the group
12,420 kg	52 MXN	12,420 kg x 52 MXN = 645,840 MXN	26,000 EUR	Not ok, turnover > 25,000 EUR ↓ farmer must be certified as an individual farm

Registering in only one group
Reg. (EU) 2021/279 Art. 4

For reasons of risk management and traceability, farmers should be member to only one registered farmer group and the group should have a common marketing of all products. However, it is theoretically possible that if a producer grows two different products, e.g. coffee and bananas, the producer may register in two different groups, one group for selling coffee and another group for selling bananas.

4. Minimum percentages for re-inspections and sampling

Reg. (EU) 2021/279 Art. 7

Re-inspections

The new regulation requires a minimum of 5 % of group members to be re-inspected by the external control body. This new control rate affects mainly groups with 400 members or more and may significantly increase the cost of inspection, especially for very large groups.

Sampling

Sampling for residue analysis is required for 2 % of group members. It is not yet clear how this will be implemented by the control bodies in a practical and cost-efficient way.



5. Documentation

Reg. (EU) 2018/848 Art. 36

Reg. (EU) 2021/279 Art. 5, Art. 6

The new regulation requires detailed documentation of ICS procedures. Most of these requirements are already fulfilled by Naturland certified cooperatives. However, pay attention to some specifications in the new regulation e.g. what is considered a deficiency of the ICS and when a notification to the CB is required.

6. From equivalence to compliance

So far, products imported by the EU were certified under “equivalent procedures” which means that producer groups are certified according to their organic control body’s “equivalent organic standard”. With the new regulation, control bodies need to change to “compliant rules and procedures” for certification in non-EU countries. There is a transition period defined for control bodies to renew their accreditation and fulfil the new principle of compliance until end of 2024.

Control bodies can perform inspections according to the new regulation only after they have completed this process.

Therefore, farmer groups also have time to adjust to the new requirements until their control body has completed the new accreditation process. Please get in touch with your control body directly, in order to verify from when you will be audited against the new requirements.



Frequently Asked Questions

What does legal personality mean?

Legal personality is not defined in the Regulation. We assume that a group with legal personality can be any form of cooperative, farmers association, civil service society etc.

Please inform yourself which types of legal personality are possible in your country and what requirements need to be fulfilled to register a group with legal personality.

We have more than 2,000 certified farm members, what do we need to do?

A certificate can be issued for maximum 2,000 organic farmers only. If you have more than 2,000 organic farmers in your ICS, the group must be re-organised and split in sub-groups. For example, farmers may be grouped according to region or product. ***Each sub-group needs to be registered with legal personality and will be certified separately.***

We have almost 2,000 farmers certified in our group, can we accept new farmers?

New farmers can be accepted but if the limit of 2,000 members is reached, the group must be re-organised and split into sub-groups. ***Each sub-group needs to be registered with legal personality and will be certified separately.***

Our cooperative is already organised in several sub-groups/units according to the location/ products of the farmers (e.g. highland vs lowland farmers). Is there any change for us?

If the total number of organic farm members in the cooperative does not exceed 2,000, farm members can be organised in sub-groups as appropriate (e.g. highland vs lowland farmers). However, the cooperative ***must be registered with legal personality and fulfil all requirements for ICS procedures, documentation and staff.***

If the total number of organic farm members is more than 2,000, the cooperative must be re-organised in separate group entities with each less than 2,000 farmers. ***Each group entity must be registered with legal personality, receive separate certification, and establish ICS procedures and documentation as well as appoint ICS staff.*** *There is flexibility to arrange ICS management for separate group entities. For example, two groups may appoint the same ICS manager or internal inspectors. However, it is important to find locally suitable organizational set-ups that ensure a good quality ICS.*

We are a certified processing company with contract farmers under our ICS management. What do we need to do?

Group certification is possible for groups with only farmers as members. *Therefore, the contracted farmers must be organised in an independent group, registered with legal personality and certified separately from the processing company. It is important to find a locally suitable organisational set-up for ICS management of the new farmer group. For example, ICS may be managed by the farmer group. Alternatively, ICS management may also be subcontracted to the processing company. In addition, the new farmer group can make agreements about selling products to the company.*

What is the organic turnover?

The annual organic turnover is the total amount of money received by the farmer for selling organic products to the ICS. It is calculated by multiplying ***total annual yield/harvest estimate with price per kg.*** *Please see a sample calculation in the text.*

Can a farm with more than 5 ha land continue to be a member of the group?

Yes, farms with more than 5 ha land can be part of the group ***if the organic turnover is less than 25,000 EUR.***

How can the new requirements such as maximum number of farmers, minimum re-inspection or sampling rates be changed?

The new requirements are ***already finalized and cannot be changed.*** *However, Naturland is committed to continuously advocate for organic smallholder agriculture.*

When do we need to comply with the new requirements?

This depends on your organic control body. Control bodies will implement inspections according to the new Regulation after their accreditation is renewed. ***This re-accreditation process must be completed by 31st of December 2024 at the latest****, therefore it is assumed that compliance of groups of operators to the new Regulation will be checked during the inspection periods 2023 or 2024. Please get in touch with your organic control body to clarify this in more detail.*

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