DELIVERABLE NO. 2:
Stakeholders' views on improving the organic certification system:
Results from an EU level workshop

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Economic Analysis of Certification Systems in Organic Food and Farming

Deliverable No. 2: Report on stakeholder meeting covering the views of the stakeholders on the project work plan and the modifications agreed upon

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STAKEHOLDERS VIEWS ON IMPROVING THE ORGANIC CERTIFICATION SYSTEM:
RESULTS FROM AN EU LEVEL WORKSHOP

Executive Summary

The FP7 CERTCOST project has the overall objective to give recommendations to the public authorities and private actors in the whole organic certification chain on how to improve the organic food certification systems in terms of efficiency, transparency and cost effectiveness. According to the project description (the Description of Work, or DoW) this will be done based on a scientific economic in depth analysis of the certification systems from the farmer to the consumer in 5 EU countries (the Czech Republic, Denmark, Germany, Italy and the United Kingdom), plus Switzerland and the candidate country, Turkey. To safeguard that the CERTCOST objectives, work plan and methodology is in line with the expectations of key stakeholders from all levels of the certification chain the DoW foresaw a Stakeholder workshop to be organised in the beginning of the project.

The current report documents the main points of the discussions and recommendation given by the stakeholders at this CERTCOST Stakeholder workshop, which took place on November, 13-15, 2008 in Izmir, Turkey, 2.5 months after the project had started.

A total of 20 stakeholders were invited, of whom 16 could participate in the workshop. The participant profile included both users and providers of the certification system at different levels such as representatives of farmers' organizations certification/control bodies, government authorities, EU Commission, processors/ traders, private experts/consultants. Together with the representatives of the partner institutions in the CERTCOST project, the total number of workshop participants was 35 representing 12 European countries.

Given the diverse backgrounds of the workshop participants, a working group approach (World Café approach) was applied in order to give the participants the opportunity to reflect their experiences and ideas on the implementation of the project in a synergetic, comfortable and free environment.

After a brief presentation of the project, outlining the tasks of the work packages and describing the proposed links between the project and the stakeholders by the project coordinator, the stakeholders were divided into four groups according to their level in the organic certification chain, as farmers, processors/traders, certification bodies and consumers. Two working group sessions were carried out around the questions provided to the stakeholders before the workshop through electronic mails. The questions had been compiled based on input from the managers of the four work packages which were relevant to the workshop discussion. After the first working group session, a plenary discussion session for clustering of the output given by the working groups, their validation and assessment was carried out. In the second session of the working groups, it was rather aimed to harmonize the understanding between the diversified opinions mentioned in Session 1. The working group approach concluded in a final plenary discussion.

On the second day, the CERTCOST work package managers presented how the discussions, comments and inputs of the working group sessions could impact on their working plans. In the final session the stakeholders were addressed directly for providing further ideas both on the project and on future collaboration options.

The workshop was strongly focused on the identification of key characteristics of cost factors along the supply chain in relation to their impact on the quality of the given service. However a broad range of related subjects were discussed.

The Stakeholder workshop put forward that, the 'cost' was among the most important topics relating to the certification system performance. The focus of the project aiming at cost effectiveness and not cost minimization was confirmed by the stakeholders. All of the stakeholders present in the workshop demonstrated elevated levels of interest on several outputs of the project. The workshop revealed very positive expectations among the stakeholders towards the risk based approach to be followed in the CERTCOST project. The detailed picture of the organic certification sector obtained through the

workshop will constitute an important input to the CERTCOST project and the workshop is considered to be a successful first step in the project-stakeholder interaction.

The Stakeholder workshop provided important insight into the many discussion subjects of the organic certification systems in the EU and worldwide, among others the following should be mentioned. Farmers expect to have, clear rules, fair implementation, and high skilled guidance in the inspection and certification process, and underline the need for training of farmers and certifiers and for better communication between all parties in the certification chain. Processors point out the need for a good relationship with the inspectors and certifiers as well as the fact that there existed different schemes in different countries regarding the inspection process and the related cost structure. They also highlighted the difficulty of managing the relations with increasing number of different standards and different certification bodies. It is agreed that consumers expect something they can trust and they can easily recognize, a label, a logo, a certifier, a brand, a farmer or the word 'organic'; at local, regional, national, or EU-level. It is also concluded that whether, why and how much some consumers might be willing to pay more for particular logos was unknown and was needed to be investigated. Authorities/certification bodies stress that the issue of knowledge and education is extremely important and that there are complex legislations, no common standards, and differences within and between countries. They underline that there are different catalogues in different countries to deal with irregularities which should be harmonized. They emphasize that a clear definition of certification should be made covering its objectives, principles and tools.

While on some of the issues there has been a highlighted consensus among the groups, on some others contrasting ideas became evident. Among those subjects of absolute agreement were the importance of and the need for a more clear understanding of the certification system, its components and rules by all the parties involved. Education and elevated levels of necessary skills from farmer to inspector and to consumer; increased transparency and information exchange, well defined relationships between parties were considered to be an indispensable basis for a well functioning and more efficient certification system. The inspection concept came into prominence, with a discussion on policing vs. development approaches. While an efficient and comparable control system was judged to be crucial, promising private governmental formulations were agreed to be based on country conditions. Complexity of the legislation and lack of transparency were the remarkable barriers to a more efficient control system.

The EU logo and the new EU Regulation for organic certification were also discussed among stakeholders. It was suggested that the EU logo might have the potential to boost demand in the 'less developed' organic markets, but more promotion then currently planned would be needed. It was agreed that most consumers do not look for logos of particular standards but for the word 'organic' and/or an organic logo they are familiar with. This might be different for 'committed' organic consumers in more mature markets. Overall, it was agreed that 'trust' is the most crucial aspect of organic certification regarding the consumer side.

The issue of multiple certification and standards appeared to be a factor deserving more attention in the certification world. Harmonization in certification of the same characteristic of a product was deemed necessary. On the other hand, exchange of experiences and cooperation with markets like 'Fair Trade' was agreed to be potentially beneficial.

Key Words: Organic certification, economic analysis, stakeholder integration

1.   INTRODUCTION

Organic agriculture which has the potential to improve food quality and help to meet environmental and social standards receives increasing attention from the European public. Over the last few years, developing the market for organic food and improving standards constitutes an integral part of the European Common Agricultural Policy objectives. In order to achieve this objective, increased efficacy, transparency and consumer confidence are seen essential. In this line, Reg. (EC) 834/2007 intends a review of the revised regulation by the year 2011.

Parallel to the above mentioned developments, the European Commission announced the organic agriculture to be among the research priorities. The CERTCOST (Economic analysis of certification systems for organic food and farming) [1]project under the 7th Framework Research Programme of the EU aims to conduct an economic analysis of the certification systems for food and farming in various regions of the EU, plus a candidate country and Switzerland. This purpose involves the estimation of all relevant expenditures or transaction costs for different certification systems along the organic food supply chain. To fulfil these objectives, the project targets to combine the experience and knowledge of both researchers and SMEs. Therefore the project consortium consists of institutions from both parties.

As the final product of the project, it is aimed to draw recommendations for the EU Commission, national competent authorities and private actors in organic food and farming on how to increase effectiveness and efficiency of organic certification. Given that the stakeholders mentioned are the targeted final users of the project outcomes, and in order to secure user relevance and impact of results, stakeholder integration is considered as a crucial part of the research process. Direct participation of stakeholders in research and extension projects is seen useful for immediate feedback with regard to research design and it is considered that it raises the level of acceptance of the results (Michelsen et al, 2008). Accordingly, one of the six work packages in the CERTCOST project covers stakeholder integration and dissemination issues for efficient and dynamic communication and dissemination of the project results to relevant stakeholders and the public. Within the framework of this work package, a series of workshops for stakeholder integration are foreseen. This report aims at presenting the coverage of the first Stakeholder workshop under the framework of the CERTCOST project held from November 13th to15th, 2008 in Izmir, Turkey (workshop for motivation and integration of key stakeholders in the project). In the report, it is attempted to summarise, as much as possible, the important views presented during the workshop and key results of the discussions. However a throughout scientific discussion of the views has not been aimed.

Therefore the current document should be considered solely as an informative public report generated out of the first Stakeholder workshop conducted in order to:

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[1] More detailed information on the project is available at the project website, www.certcost.org.

1) Integrate selected key stakeholders in the project right from the start and to get their comments and recommendations for improvement of the work plan, the objectives and the methodology of the project.

2) Motivate the important stakeholders to become members of a stakeholder panel for consultation on relevant project issues throughout the duration of the project and to get their view on how best to motivate various stakeholder groups to contribute information, answers to critical questions and recommendations during the project to improve the process and outcome.

2. WORKSHOP METHODOLOGY

The basic objective of the first CERTCOST stakeholder workshop was to obtain comments and recommendations from very different stakeholders. Therefore, it was decided to apply a working group approach. Working groups are regarded to be the best tool to achieve this goal. Various group discussion techniques are employed for the stakeholder meetings such as brain-storming, focus groups and problem census that give more synergetic, comfortable and freely environment to participants on expressing their ideas (Carman and Keith, 1994). The workshop was organized in this way to give the participants the opportunity to reflect their experiences and ideas on the implementation of the project.

A World Café approach was applied in the workshop. The world café is a conversational process based on a set of integrated design principles. Simple yet powerful, World Cafés can evoke and make visible the collective intelligence of any group, thus increasing people's capacity for effective action in pursuit of common aims. It is particularly effective when people come together across organizational, social or cultural boundaries to foster collaboration (Brown, 2001).

The Stakeholder workshop took place between 13th and 15th November 2008 in Izmir, Turkey. In order to develop a good dialogue with stakeholders, a limited number of key stakeholders, users and providers of the certification system at different levels plus experts representing mainly international organizations or groups of stakeholders, were invited. A total of 16 stakeholders out of 20 invited to the workshop participated in the workshop. Four of the participants were from certification/control bodies, two from farmers' organizations, one from government authority, one from EU authority [2], two processors/traders, and six private experts/consultants. Including the representatives of the project partners, the total number of workshop participants was 35 representing 12 European countries[3].

2.1. General course of the workshop and methodology

The first day started with a general introduction of the participants, after which the coordinator, Stephan Dabbert presented the project, outlining the tasks of the work packages and describing the proposed links between the project and the stakeholders (Dabbert, 2008). Since the stakeholders' views regarding the project topic were desired to be gathered in a somewhat wider perspective than on the project tasks only, the presentation of the project was kept brief and the discussions were structured so as to start from broader themes towards the implications for the CERTCOST project.

Two working group sessions and four plenary sessions were planned in the frame of the programme. Two working group approaches were considered for the two sessions:

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[2] *European Commission DG Agriculture*

[3] *For details of workshop participants see Annex III.*

In Session 1, consisting of four working groups of eight persons each, a list of questions which had been compiled based on input from the managers of the relevant work packages (WPs) was discussed. Backgrounds, experiences, expected contributions and countries of the participants were considered for a best combination of the groups. This structure created mutual understandings, besides empathy, and synergy on discussions. These groups with

- farmers,

- processors & trade,

- consumers, and

- authorities & certification bodies

gave the participants the opportunity of looking at the issues through different windows. For the second session, participants were permitted to change the group they were attending.

Each group selected a facilitator for conducting the group discussions and presentation of their results in the panel sessions. Visualization (by using cards and flip-charts) of the ideas made the group discussions more participatory and removed misunderstandings as much as possible.

The following plenary discussion session resulted in a clustering of the output given by the working groups, their validation and assessment.

Working group session 2 aimed at harmonizing the understanding between the diversified opinions mentioned in Session 1. Therefore, the Session 2 working groups consisted of different combination of the participants.

The working group approach concluded in a final plenary discussion.

On the second day, the CERTCOST work package managers presented how the discussions, comments and inputs of the working group sessions could impact on their working plans. Therefore the invited stakeholders got immediate feedback on their contributions.

In the final session the stakeholders were addressed directly for providing further ideas for the project and to provide contact details on other relevant stakeholders to be involved in the future support and cooperation with the project.

2.2.   Moderation and handouts

Two moderators with broad backgrounds on the sector guided the sessions so as to provide a fluent operation of the workshop (Prof. Dr. Uygun Aksoy, EGE University, Izmir; Gerald A. Herrmann, Organic Services, Germany).

The following documents were provided to the stakeholders and other participants both by e-mails before the workshop took place and as handouts at the registration for the workshop in Izmir:

- Short project overview,

- relevant work package descriptions from the DoW,

- workshop programme,

- organic Rules excel data sheets showing the proposed content of the certification part of the www.organicrules.org database to be developed in Task 1.1 of the CERTCOST project,

- CERTCOST website link, and

- questionnaire on each WP to be used for the workshop discussions.

2.3.   Reporting on the workshop

In the reporting of the discussions and results of the workshop the attempt has been made to report in a somewhat condensed and sometimes synthesized way on important views presented during the workshop and key results of the discussion. It has to be noted that this account is by its very nature exploratory, as was the objective. Thus sometime statements contradicting each other have been included as well as statements that were just made by one person and that did not reflect any group opinion. We believe that this collection of ideas and statements presented at the workshop may be useful for the CERTCOST project, as well as for the stakeholders present at the workshop, and possibly also for other interested stakeholders. While this report contains a collection of useful experiences and ideas, a complete discussion of these weighing all aspects and arguments and putting them into a common perspective has not been the intention.

None of the persons present at the workshop can be held responsible for any single statement in this report, nor for the report as a whole. The authors are very grateful for their crucial input to this report.

A synthesis of the implications of the discussion for the work of the CERTCOST project has been reported in chapter 4.

3. STAKEHOLDER VIEWS ON IMPROVING THE ORGANIC CERTIFICATION SYSTEM

Working Group Round I

3.1. General expectations of the stakeholders concerning organic certification and inspection

3.1.1. Farmer's perspective

The working group of farmers described the expectations of the farmers as regards the organic certification and inspection as follows:

Farmers want

- the certification and inspection process to be simple,

- the inspection process to be as quick as possible (farmers do not want to spend too much time on inspection),

- the cost of the certification to be as low as possible,

- a certifier from the respective region who knows about the farms in the region, their problems, side conditions etc and that also cuts transportation cost and travel time,

- well educated inspectors (a well educated inspector is someone who knows and is well-educated in what farmers are doing and which risks are involved) who may improve the quality of the products,

- the inspection visits to take place during the growing season and the inspector to see what they are actually doing in their fields,

- a flexible visit schedule, and they prefer announced visits at times when it is convenient for them,

- fairness in implementation: the same rules should apply for everybody and the same implementation of these rules should be performed in each case,

- the standards to be understandable (they consider this as part of the service), and

- less bureaucracy, and as little bureaucracy as possible.

According to group discussion, the farmers' decision on which inspection body to choose can be influenced or determined by a number of actors such as Government authorities, farmers unions, processor or exporter companies, advisers and neighbours.

When the results of the Farmer working group were discussed in the following plenum group the following issues were raised:

- The importance of the statement on the 'Fairness of implementation' was stressed. One of the main expectations is a level playing field in certified

agriculture. To have the same rules and a comparable implementation in different circumstances is crucial to gain the farmers' trust.

- An additional aspect is the connection between the choice of certifier and the gaining of market access – certifiers may in some cases provide contacts which are important in getting access to specific organic markets. This could also be a factor influencing the decision of which certification body to chose.

- The issue that some certifiers have their own (often additional) logo was raised and it was mentioned that there was a debate going on concerning the pros and cons of the many organic logos in relation to the consumers and certification costs.

3.1.2.   Processors and traders perspective

In the working group of processors and traders, the discussion was realized through a quadrant in which members of the workgroup point out and put their views. During the discussions each member of the group expressed their main ideas with respect to the headlines in the quadrant and with the general acceptance of the members the highlighted opinions were signed on the quadrant. At the end of the discussions, the members voted the highlighted opinions and the most important ones were remained in the list that were subsequently defined as main issues. This was the output of the working group.

The output can be summarized as follows:

- Business – market relationships: The relationships between the certifier and the consumers should be described and organized clearly.

- Development and innovation: This is needed since it is the dynamic of the sector that is also placed at the heart of every field.

- The core issue is the trust between the groups: Certifiers, Traders and Consumers.

- There is a delicate relationship between the trader and the certifier. The necessary measures should be taken for a certifier not to be considered as a tax officer. A quality dialogue is of great importance.

- Another issue is the competence and flexibility provided by the certifier.

- Sampling and analysis procedures are important.

- There are some cultural issues related to compliance with rules and legislations.

- In a situation where a processing company is following different standards (organic and non-organic) and is certified by more than one certification body the management of these different certification systems and certification bodies becomes a difficult task for the processor. This problem should be clarified and resolved.

- Although the trader wants certification for market access, the standards are not harmonized enough. There are too many different standards and licenses. There should not be different certifications for multi-ingredients vs. raw and/or unprocessed products. It shouldn't matter if a farmer/firm is big or small. The same standards should apply.

- Sharing the knowledge between the interest groups in the sector is needed. Do we have enough information to make risk analysis? How do we have the access to the information about cases of fraud and other issues that interfere with the success of organics for all four groups? How do we promote the benefits of certification, especially to consumers? Who is responsible to inform customers? Is it enough to use a label or do we need more? Effort from the whole community is needed to solve these issues.

In the larger group discussion of the working group results, the following issues arose:

- There exists the question of scale of retailer/processor. Payment for certification costs needs public support for small sized operators. There is the burden of discrimination of organic products against conventional. Organic products have a harder time with advertising and market presence.

- Even if it sounds conflicting that the processor expects a good relationship with the inspector and no problems with the certifier; without the trust, it would be hard to solve problems. If there's no trust, there would be no dialogue and much difficulty. Processor shouldn't lose the market because of inefficient inspection.

3.1.3.   Consumers' perspective

The discussion in this working group was centred on the question "Do consumers prefer particular organic certification logos or standards over others?". The following ideas were stated:

- Currently, most consumers do not care about logos of particular organic standards. Rather, they are looking for the word 'organic' on the product and/or an organic logo they are familiar with.

- The more 'committed' organic consumers might prefer certain logos. There seems to be a difference between occasional consumers and committed consumers.

- Consumer preferences regarding organic standards and logos vary from country to country. For example, the Danish government logo carries a lot of trust from the consumer. The Croatian market is still developing and there is a plethora of logos leading to confusion among consumers. English consumers have very little trust in the government but a lot of trust in the Soil Association as a non-governmental organisation. Overall, there seem to be differences in consumer expectations and labelling practices between 'mature' and 'less developed' organic markets.

- Altogether, there is a very mixed picture across Europe which can hardly be generalised.

In addition, the working group addressed the topic of quality parameters of organic food under the question "What do consumers want from organic food?" In this context, the group members further discussed the implications of the mandatory EU logo. The group members put forward the following views:

- The EU logo could act as a 'baseline' to increase demand in less developed organic markets. However, in more mature markets, consumers might expect extra quality aspects that are not necessarily covered by the EU standards (such as animal welfare, environmentally friendly production, bio-dynamic production, GMO-free food, Fair Trade etc.). These aspects might be provided by different actors in the supply chain, such as certifiers, processors and retailers.

- Consumer preferences and expectations regarding organic certification and labelling might differ from those of retailers and processors. Retailers and processors generally prefer simple universal organic labelling which is relatively cheap and easy to understand (e.g. one logo only). With regards to operators (processors, retailers, etc.), it needs to be born in mind that other certification schemes apart from organic certification also play a role. For operators, certification costs increase over time, as a lot of operators have certificates like EUREPGAP, BRC etc., and in particular conventional food companies.

- The costs of organic certification are generally not a significant one for consumers. On the other hand, it is significant for operators - especially for the smaller operators - and it might become prohibitive for them.

- Apart from 'organic', other buying criteria are important to consumers, e.g. 'local food' is an important issue for some consumers.

- The answer to the question "Does 'simple' certification – the straight inspection – really add value?" depends on the stage of market development. The EU logo may be considered as an important development for less developed markets (e.g. in terms of consumer education) but not so much to move forward in more mature markets.

During the larger group discussion of the working group results, the following issues were mentioned:

- The EU logo might have the potential to decrease consumer confusion. It remains unknown whether the private certification logos will survive. In the future, most likely the number of different certification standards will decrease, whereas product innovations will become even more important. Companies are expected to diversify their products (e.g. gourmet organic products and other niche products).

- The combination of different certification schemes such as 'Fair Trade' and 'organic' are likely to become more important in the future.

- The new EU logo should be promoted more than currently intended in order to increase the organic market growth. The amount of three million Euros put into the campaign is not enough ('peanuts' compared to what is needed). In countries like Italy, the EU logo will not have a great impact unless it will be promoted. Currently, there is lack of information provision to consumers. Both private and public investments are needed as well as political will (at EU and national level).

- The promotion campaign should focus on the concept of 'organic' in general instead of promoting only the EU logo. All organic logos should be

included in the campaign and the concept of 'organic' should be prominent, not the 'branding/logo'.

- The inspection/certification system in Europe is facing some problems. There are complex legislations, no common standards, and differences within countries and between countries. It needs to be recognised that there are ways to defraud the system and label conventional food as 'organic'. A review of the sanction system should therefore have highest priority, in particular if it is intended to launch a large promotion campaign on organic food. Since the organic market relies on consumer trust, avoiding fraud on the supply side is of crucial importance.

3.1.4.   Authorities and certification bodies perspective

Alternative sources for payment of certification and control costs were listed as:

- Tax money,

- earn-sharing from conventional agriculture (found in Germany where everybody who trades in agriculture pays into a common fund), and

- fees.

It was highlighted that the main question was "How to lower the inspection costs?" On this subject the following ideas came up:

- There is the cost escalation in cases of doubt. When we look at the fee structures, they are usually cost of inspection in conventional businesses. Certification is an investment and, in cases, it can incur debt. In order to be able to answer the questions of "How to lower inspection costs? or How to raise fees to pay for complex and large operation inspections?" and for a correct assessment of the fee structure, we need to ask the operator what they really pay.

- Risk orientation is necessary. One important aspect is that, the difference between inspections and standards for a smallholder with a record of being organic vs. a business with more critical control points, for example 'organic Coca-Cola' is deemphasized. The less the inspection is the less the money.

- It is needed to follow up to the point of failed inspection, that is, where the certificate was lost. We need to reconsiders who pays for the failure, before just cancelling the certification with no sanctions on the responsible party.

- The estimation of yields is an important issue. This requires expertise and comparison with conventional yields in a manner of regional assessment. Costs from the inspection body of these services, especially the ones requiring this expertise, require payment.

- Is inspection a moment of action between the inspector and farmer OR a moment of justification? Is it a moment of guidance, a moment of agreement and compliance? Is it checking the positive lists whether anything used that shouldn't be in organic agriculture? Is it a control of whether organic management plans were used? Does the inspection

require a collegial relationship between the farmer and inspector about what the future holds for organics? How to invest efforts and finances in this subject? These questions require to be investigated.

- We need to be aware that the line between inspection and consultation is fine. The inspector is supposed to explain the meaning of the standards, and not to give production/diversification advice, etc.

- Possible synergy between organic certification system and other certification systems should be exploited.

In the larger group discussion of the working group results, the following issues arose:

- The issue of knowledge and education is also extremely important and should be considered. Some operators do not even know what is allowed and not because of the legal language used to write the standards.

- We need to determine "What is the alternative to organic farming?" Is the alternative to organic farming the conventional farming? If there would be no certification, would the consumer buy the conventional instead? This question should be studied.

- More promotion is needed for organic farming and sales. In the long run, the aim should be to certify those using chemicals while organic farming should be the normal way of farming.

- Fraud risks (the crooks) are few right now. It is needed to detect where the loopholes exist and to label and amend those. Otherwise, the burden of the costs and risks are paid by the whole organic system. The actors in the system should be more open and communicative to prevent fraud.

- The new EU regulation brings lots of changes which will harmonize all the problems. There will be mental changes.

- Harmonizing is seen by some to be happening and the new regulation will go a long way towards addressing fraud and cost-bearing. But we may be losing the big picture. May we say, the more certification bodies the better? In a farmer's view no. The fewer certification bodies, the better for organics. As a farmer, I would prefer a public mandatory and free certification to be available from the EU. Some environmental standards are free now. We consider that, it should be a public assignment/duty to do this. It could even be a private certifier who does it, but ultimately it should be a free service to the farmer.

- We find the same structure in the new regulation as in the old one. In the new regulations, the same inconsistency and loopholes still exist. What is different is the wording concerning risk and critical control. What are needed are de-emphasis and emphasis changes related to risks. The legal playground is the same.

- There are some changes in the regulation. For example responsibilities are taken from certifiers to the competent authorities in some matters. But the effect will be zero. How effective are the competent authorities going to be in policing?

- Article 23 has been changed. And this change is done by private certifiers. Article 23 does not require a full physical inspection. This does not help the farmers and this opens up a new thinking about what certification can be – could be paper-checks and those farmers that do their due diligence to meet and/or exceed standards won't be rewarded for doing so.

Working Group Round II

3.2.   Project oriented expectations of the stakeholders

3.2.1.   Farmer's perspective

The questions debated in the farmer's group were mainly related to:

- Their expectations concerning the content of the standards and certification database to be constructed in WP1 (Task 1.1) of the CERTCOST project,
- their views regarding the key elements of an efficient certification system, and
- their opinions on alternative control mechanisms.

The farmers' group had the following suggestions concerning which information the database should contain:

- Interpretation of the EU regulation by each certification body and country, particularly as regards the implementing rules,
- penalties given to the certification bodies and to the operators,
- number of operators certified by each certification body,
- number of operators controlled per inspector,
- management measures to prevent fraud in each certification body,
- prices for each type of service (in Euros),
- detailed identification of services,
- marginal fields of activities,
- type of standards applied by the certifiers, and whether they are local, national or international,
- information and comments on changes to regulations,
- financial information on certification costs and information on financial support schemes for reduction of certification costs,
- in terms of increased transparency, producers would like full access to the database including access to the annual country reports, which shall be sent to the Commission.

According to the farmers' group, the key elements of a more efficient certification system were:

- Training of farmers and certifiers,
- follow up training courses,

- better communication between all parties in the certification chain, and

- taking into account local knowledge and local risk factors.

Within the group, it was further agreed that the organic certification is important as it is the basis for a promising trade addressing the growing worldwide demand for organic food products. An efficient certification system constitutes the only way to assure quality and prevent fraud, and to promote commerce along today's complex organic products supply chains.

Regarding the question on whether the private or governmental control is the best alternative in control of organic production, the farmers' group argued that:

- The answer would depend on the level of trust of the operators and consumers on the government in each country and on the interest of the government to take on the responsibility for the organic certification in the country.

- It also depends on whether the organic producers want to be more or less independent of the government.

3.2.2.   Traders and processors perspective

In the second round of the traders and processors working group discussions, it is concentrated on the certification costs, which is the focus of the CERTCOST project. First, various cost factors of certification were identified.

Potential aspects behind certification costs are classified as inspection itself and indirect costs such as administration, etc. The benefits of these factors and willingness or not of the traders and processors to pay for them are discussed. It is concluded that there are two different types of traders/processors in terms of their preferences with respect to certification:

- Those who prefer a cheap and simple certification – they obviously only want certification and typically only want to do what is necessary.

- Those who prefer a quality-based and stringent certification even though it is costly. In this case, the processors want value-added and reputation for themselves, not just for the accreditor/certifier push so.

According to the group discussion, those who are willing to pay more for a quality based certification are willing to pay for:

- Accreditation costs, as they consider the accreditation to be linked to the reputation,

- qualification of the inspectors, and

- customer care

It is mentioned that, in the future, all certification bodies would have to undergo third-party accreditation themselves.

Along the discussions it is revealed that there existed different schemes in different countries regarding the inspection process and the related cost structure. For example:

- In Italy, there should be a contractual agreement between the farmer, certifier and trade/processing body about roles, responsibilities and standards to be met.

- In Croatia, there are fixed rates for inspection set by Government, regardless of stringency and quality of the inspection.

In the larger group discussion, it is underlined that the influence of the way the inspector is paid (hourly, salary, size of farm, etc.) on the quality of the inspection should be analyzed.

3.2.3. Consumers' perspective

According to the working group members, consumers' views can be summarized as follows:

- In terms of organic certification, consumers want 'something' they can trust. This can be a label, a logo, a certifier, a brand, a farmer or the word 'organic'. This can be at local, regional, national, or EU-level. Consumers want something that makes it easy for them to recognise organic produce.

- Certification costs do not generally affect market prices. The processing or retailing company typically absorbs any costs incurred from the producer, since they typically get the added value from certification (e.g. benefit from better reputation). The exception is at level of small-scale producers – the certification cost then can be prohibitive for the producer and/or sometimes the consumer.

- There is no clear answer yet to whether consumers are willing to pay for labels, brands, etc. which provide added value in terms of higher organic standards. Do consumers differentiate between 'baseline organic' and 'better organic'? Some consumers might, some others not. It is needed to find out if and why some consumers might be willing to pay more for particular logos (e.g. Demeter/bio-dynamic). Is it because of higher standards, better certification or for what reasons?

3.2.4. Authorities and certification bodies perspective

According to the authorities and certification bodies, the following questions should be answered:

- What is organic certification?
- What are the different expectations concerning certification?
  - Policemen
  - Development scheme – putting forward a quality system
- What are the goals, principals and tools in certification?
- How is certification paid for? What are the subsidies?
- What are the penalties?

- How are irregularities defined? What is an irregularity and how is it dealt with? There is no uniformity across Europe concerning definition and handling of irregularities. Why do irregularities occur? What are the factors influencing their occurrence?

- How are the competences of the inspectors and certification bodies, and that of the system addressed? Competences of the: Certification system, Accreditation and Authorities?

- Where do the actors derive their authority from? Where do they get their training?

In the larger group discussion of the working group results, the following issues arose:

- There exist different catalogues in different countries to deal with irregularities and competences, and harmonizing these across countries might be beneficial to the system so the system would become more comparable in dealing with these issues.

- The new EU regulation is not a new standard, but the product of several amendments and years. The objective was not to write new standards but to put some order and structure to the idea of organic farming. There are new products too, in topics such as wine, seaweed/aquaculture, etc. The work on this 'box' is still going on, in order to fill it in. There are some exceptional rules and normal rules to this regulation. The control system still has many problems, but we should also focus on the fact that we do have competences (which can be improved). Also we have control systems in member states.

- The new regulation does not exclude national campaigns from the system, but serves as a baseline for national actors to wage their own campaign. It also helps local authorities to boost their campaigns. Logo will be compulsory, but local/national logos and identities will also exist. The EU logo may act as an umbrella for promotion of organic products. The EU logo can harmonize and give one voice to the consumer but at the same time the local certifiers are still allowed to be actors in the system.

- In the Green paper (COM, 2008), a question about the burdens and costs of certification was discussed as follows:

  "How can the administrative costs and burdens of belonging to one or more quality certification schemes be reduced?

  The main costs of joining certification schemes fall into two groups: 'direct' and 'indirect'. Direct costs relate to membership fees, third-party inspection and certification. Indirect costs relate to compliance with certification scheme standards (investment costs for upgrading facilities) and recurring production costs.

  The need to participate in more than one scheme appears to involve a significant (financial and administrative) burden, especially for small-scale producers. If a farmer does not join a particular scheme, his product may be excluded from certain market outlets.

The certification and control requirements applying to private schemes have to be added to the official control requirements."

4.   IMPLICATIONS FOR THE CERTCOST PROJECT

In this section of the report, implications of the workshop discussions from the standpoint of each of the project work packages are summarized in an interactive fashion with additional comments from the stakeholders.

4.1.   WP 1: Developing the baseline

Work Package 1 of the project has the following objectives:

Task 1.1 Establishment of a public, user-friendly database on the public and private actors involved in standard setting, certification and inspection in selected EU and associated countries based on the www.organic.rules.org database, which was developed in the FP6project 'Research to support revision of the EU Regulation on Organic Agriculture (EEC 2092/91 Revision) www.organic-revision.org'.

Task 1.2 An up-to-date review of selected European and international regulations (EU and Codex) relevant for organic standard setting, certification and inspection in the EU and associated countries.

Task 1.3 To put forward further economic concepts of organic certification and produce a glossary of important terms.

Task 1.4 An overview of the publicly available prices of certification for farmers, processors, wholesalers, retailers and importers, plus public support measures including those influencing certification costs in selected EU and associated countries.

Task 1.5 An estimate of the size of the certification sector (competent authorities, public and private inspection bodies) in person years in selected EU and associated countries.

4.1.1.   Implications of the workshop discussions

Lizzie Melby Jespersen, the coordinator of WP1 presented the recommendations of the stakeholders relevant for WP1 and explained which could be included and which fell outside the scope of the project (Jespersen, 2008).

The recommendations of the stakeholders related to two tasks (Task 1.1 and Task 2.2)

Relating to Task 1.1, the stakeholders were asked for ideas and comments on the content and structure of the new certification database to be implemented in the www.organicrules.org database.

Below is listed each idea/comment of the stakeholders with the matching comment of the CERTCOST team:

- *Different interpretation of the EU legislation* – implementing rules were mentioned as an obstacle for harmonization of the rules and an important factor to be considered in the project.

- **Comment from the CERTCOST team:** This subject is very difficult to elucidate, because there may be unwritten interpretations which may even vary between individual inspectors. Besides, this subject is not part of the CERTCOST project description so it will not be possible to include it.

- *Number and types of operators certified by each organization* was agreed by the stakeholders to be interesting information in the database but also hard to get.

- **Comment from the CERTCOST team:** It may be difficult to get these figures from all certifiers but we will try to get them from as many as possible and make links to such information on the websites if the information is public.

- *Number of standards each control authority/control body certifies according to.*

- **Comment from the CERTCOST team:** This will be included in the database.

- *Information on whether the control authority/control body carries out local, regional, national and/or international certification.*

- **Comment from the CERTCOST team:** This will be included in the database.

- *Number of penalties/withdrawal of authorizations issued per year.* However it was suggested that the definition of penalties should be harmonized; otherwise it would be hard to compare for various control bodies or countries. It was further discussed which penalties should be recorded in the database. It was suggested that at least withdrawal of authorizations should be recorded. It was also suggested that fraud cases with crops and animals should be considered. Although interesting it was agreed that it would be hard to get the relevant information from the control bodies, partly because of data sensitivity legislation, partly because of difficulties with harmonization of penalty definition and classification, and partly because of business interests or extra work for the control bodies to collect the relevant data. It was suggested to ask the Commission for the annual reports which the competent authorities have to send to them every year. It was further commented that information on "what are the reasons for removal of the certificate in different countries?" would be of interest.

- **Comment from the CERTCOST team:** It was decided to include the number of withdrawals of authorizations per year and also try to get figures from each certifier on how many new customers they have got per year and how many old customers they have lost for various reasons.

- *Pricelist on various services.* The pricelist of the control authorities / control bodies for their various services was considered to be a central information for the project and for the users. However, it was underlined that the project is about the costs of certification and the pricelist is not the same as the real costs. What is needed is a clear picture of the billing of the customers. It was highlighted that it is important to see whether the prices are available or not to the customers, e.g. farmers, etc, as this is

important for the transparency and the costumers' possibility to compare prices – though the quality of the services is equally important. It was suggested to work with the budgets and not with the pricelist if it turns out to be difficult to get. It was agreed that comparison between fees were not enough for evaluation of the costs, and therefore the total amount paid per year for the various services by each operator was also important.

- **Comment from the CERTCOST team:** Pricelists, which can be found on the web will be translated into English and included in the database together with a link to the relevant webpage. If no information is available the certifier may be asked if they will forward a pricelist to the project team for presentation in the database. As concerns the comparison of costs for operators this will be dealt with in the detailed studies for selected products through the food chain in WP2.

- *Number and expertise of inspectors* was also suggested to be included in the database and to be tackled with.

- **Comment from the CERTCOST team:** These figures will not be included in the database, because they vary all the time. In Task 1.5 there will be made an estimate of the full time employed persons in the certification chain. However, within the framework of the project it will be impossible to make an objective comparable rating of the expertise of the inspectors.

In order to assure stakeholder representation, it was agreed that the stakeholders will be asked to comment on the database when the first tests were done, to see if they had any ideas for improvement seen from the user point of view.

Regarding Task 1.2 (Review of regulatory frame work), the following comments of the stakeholders were agreed to be considered in the review of the regulatory framework:

- Which concept of organic certification do the various regulations and studies refer to?
  - o Policing/compliance or quality development,
  - o Relationship to RD payments and/or market access

- How is the competency of the whole certification systems (from the inspector to the competent authority) addressed in the regulatory framework?
  - o ISO 65; EC 882/2004; EC 834/2007 and 889/2008

- Documentation on different guidelines for certification and for follow-up on non-compliances.

4.1.2.   Stakeholder comments

- It is mentioned that first the certification system should be described, and the cultural issues should be considered then.

- **Comment from the CERTCOST team:** We are trying to get the information from the European Commission. But there are some restrictions on availability of data.

- Database should be self explanatory. It can be short. Longer database can cause some difficulties.

- Regarding the number of operators, people sometimes don't want to give such figures, but it would be interesting to see. It will be hard to get, though.

- Some information is valuable and should be available from the certifiers. Interesting to have a certification database.

- 'Penalties' should mean number of certifications terminated. This is what you may be able to get. What about differences in penalties between plant production and animal production?

- Sensitivity of the data will be according to the legislation. Published reports will be the property of the Commission.

- Complete list of all the operators with a link to the website would be interesting to have.

4.2.   *WP 2: Identification and analysis of costs of certification*

Main objectives of WP2 are to:

Task 2.1 Provide inspection data sets as a basis for statistical analysis and cost quantification.

Task 2.2 Quantify expenditures and transaction costs of certification system administration in Europe.

Task 2.3 Quantify business' costs of organic certification systems for selected products along the entire supply chain.

Task 2.4 Estimate costs of alternative certification systems.

Task 2.5 Evaluate the revised Reg. EEC 2092/91 import regime.

Task 2.6 Compare costs of different certification systems.

4.2.1.   Implications of the workshop discussions

The WP manager Matthias Stolze mentioned that he expects the workshop results to have a considerable impact on following topics of WP2 (Stolze, 2008):

- The data sets and the variables to be analysed.

- The supply chain commodities to be explored.

- Potential of alternative certification systems to be assessed.

- Relevant areas to be explored when surveying certification bodies and competent authorities.

Furthermore, the stakeholder comments and the discussions at the workshop will directly feed into the hypothesis generation for WP2.

Regarding the data sets and variables to be analysed, following suggestions from the stakeholders will be considered:

- It might be possible that additional data sets could be provided for analysis under WP2. In this respect, very promising discussions have been carried out with representatives from 2 countries (Spain, Finland).

- It was highlighted that regional differences should be considered. Therefore, the WP2 team will clarify whether information on where the operator is located would be available for analysis (e.g. the ZIP code).

- Data for year 2009 should be included for analysis in WP2 and WP4.

- The stakeholders would welcome a classification of infringements.

- The competence of inspectors should be considered as a variable.

Following issues raised during the workshop are already foreseen in the Description of Work for WP2:

- WP2 is only interested in analysing the actual costs of inspection, and not fee structure.

- Operators' resources required for documentation and inspection will be analysed.

- WP 2 will compare public and private certification systems.

For the analysis to be conducted at the supply chain level the Farmer's Working Group (Session 1) pointed out that potatoes and carrots should be included in the analysis. Furthermore, the stakeholder have suggested to explicitly include the packers' level in the survey as at this supply chain level a considerable fraud is expected. The stakeholders would welcome a contribution to the question about the relevance of certification costs for decision-making. Therefore, the calculation of total certification costs for specific products as foreseen in the project are helpful.

Under WP 2.4, the project aims at assessing which elements from alternative (non-organic) certification system would be promising to be included in an improved organic certification system. In this respect, authorities and certifiers working group suggested to analyze 'Fair-trade' as a case study. Moreover, it might be helpful to assess and compare the two poles of organic certification procedures: the 'Developing Approach' vs. the 'Policing Approach'.

Regarding the survey at inspection & authority level, the stakeholders suggested to consider following questions:

- What is competence of competent authorities and inspectors?

- Which factors hinder continuous improvement under current certification systems?

- Does the certification cost structure influence certification quality?

- What is the idea of organic certification?

  o Is it a moment of guidance, to increase compliance, to improve system with additional goals (which goals? for whom?)?

- o Is it to enter into a dialogue?
- Which factors determine irregularities? How are irregularities defined? Why are there so different notions of irregularities?
- How do authorities / certifiers deal with irregularities?
- What is the relevance of adding value to certification?

To summarise, WP2 will contribute to issues raised during the workshop to be relevant for the further development of organic certification systems. WP2 will particularly:

- Explore the availability of inspection data,
- examine whether for the analysis, infringement categories could be defined on international level,
- evaluate the revised EU Import Regime in countries which export organic products to the EU (Turkey, Switzerland),
- compare the certification cost with respect to the old and new EU regulation for organic agriculture based on data from the years 2007, 2008 and 2009,
- compare the total costs of public and private certification systems, and
- calculate the total certification costs of four supply chains.

4.2.2.   Stakeholders comments

Finally, stakeholders provided some concluding remarks to WP2:

- During the workshop, the two poles of certification approaches (the developing approach and the policing approach) were mentioned in several contexts. The stakeholders would be interested in the number of certifiers who implemented the developing approach.
- Stakeholders stressed that the IFOAM served as role model for many non-organic certification systems. Compared to alternative certification systems, the IFOAM system is one of the most developed certification system. Therefore, apart from assessing alternative systems, the WP2 should also evaluate the impact of the existing differences in the implementation of the current EU legislation.

4.3.   WP 3: Consumer recognition and willingness to pay

The main objectives of WP3 are:

Task 3.1 Analysis of the existence of price differentiations for organic products produced under different organic certification standards in different European countries.

Task 3.2 Investigation of consumers' awareness and perception towards different organic standards and certification systems in different European countries.

Task 3.3 Generation of data on consumers' perceptions and willingness to pay for different organic logos representing different standards and certification systems, and analysis of underlying reasons if, why and which consumers are willing to pay different prices for different logos in different European countries.

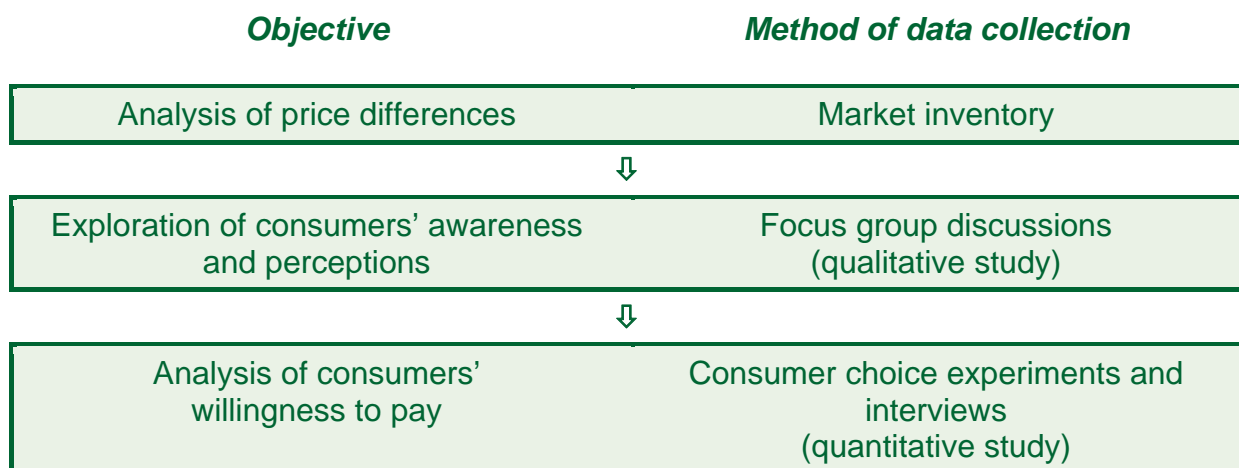The research methodology used to accomplish these tasks consists of 3 parts (Figure 1).

Objective	*Method of data collection*
Analysis of price differences	Market inventory

⇩

Exploration of consumers' awareness and perceptions	Focus group discussions (qualitative study)

⇩

Analysis of consumers' willingness to pay	Consumer choice experiments and interviews (quantitative study)

Figure 1: Methodology to be used in WP3 of the CERTCOST project

Source: Janssen, 2008.

4.3.1.   Implications of the workshop discussions

- The working group discussions came to the conclusion that there is no clear answer yet as to whether consumers are willing to pay more for higher organic standards. The question was brought up as to whether consumers differentiate between "baseline organic" and "better organic". It was further mentioned that little is known about the reasons why some consumers might be willing to pay premiums (it might be because of higher standards, better certification or other reasons). These open questions raised by the working group members are the core subject of WP3 of the CERTCOST project and will be investigated by the methodology outlined above. Altogether, the stakeholders thus confirmed the relevance and importance of the planned research.

- In the working group discussions, it was put forward that consumers' views and preferences regarding organic standards vary widely between countries. The WP3 research activities will address this aspect to provide evidence in the following way: The studies will be conducted in seven countries which represent a variety of different organic markets in terms of market stage, organic sales, regulatory frameworks, etc. (the seven countries are the Czech Republic, Denmark, Germany, Italy, Switzerland, Turkey and the United Kingdom).

- It was further put forward by the working groups that consumer preferences differ between committed and less committed organic consumers. The WP3 research activities will incorporate this aspect into

the survey design of the consumer studies (Task 3.2 and 3.3): Consumers with different propensities of organic food consumption will take part in the studies in each country to find out about differences between committed and less committed consumers.

- In the working group discussions, it was pointed out that trust is the most fundamental aspect of certification for consumers. It was further argued that trust in organic produce can be built in different ways, e.g. by a label, a logo, a certifier, a brand, a farmer or the word 'organic'. The qualitative study of WP3 (focus group discussions) will encourage consumers to express their views on organic certification in an open exploratory approach. In this way, insights might be revealed into the importance of the concept of trust.

4.3.2. Stakeholder comments

- It is argued that in some countries, it would be interesting to look at the effects of the parallel use of logos (e.g. organic, Fair Trade, destination of origin).

  Comment from the CERTCOST team: It is decided to address only organic logos/standards within the scope of CERTCOST. The proposed issue could be subject of a further study that would require additional funding.

- It is asked how to deal with the different market structures across countries (such as UK and Italy) in terms of organic certification.

  Comment from the CERTCOST team: It is explained that the consumer choice experiments will be tailored to each study country in that those organic certification logos relevant in the respective country will be used.

- It is asked whether private or institutional consumers are subject of this study.

  Comment from the CERTCOST team: It is explained that within CERTCOST, only private consumers are considered.

- It is asked how many participants will take part in the consumer choice experiments and whether this methodology is 'peer-reviewed'.

  Comment from the CERTCOST team: It is explained that 400 participants per country will take part; the methodology is approved by the scientific community, in particular in consumer research.

4.4. *WP 4: Modelling of certification systems*

Main objectives of WP4 are:

Task 4.1 Assessment and description the current inspection practices in terms of risk and efficiency.

Task 4.2 A risk-based model to increase the efficiency of the inspection and certification system based on probability theory.

Task 4.3 Optimization of enforcement measures (inspection efforts and penalties) designed to reduce the occurrence of objectionable organic production (e.g. the ratio of faulty products).

4.4.1.   Implications of the workshop discussions

The WP manager summarized the impact of the workshop on the WP4 as follows (Zanoli, 2008):

When explaining non conformity and discovering critical control points, the following factors will be considered:

- Instead of using market/non market orientation of farmers as a variable, separate analyses might be done for the farmers who aim at organic markets and for those who are farming organically because of the subsidies.

- Non-conformity data will be tried to be connected with results of chemical analyses when available.

- A dynamic modelling approach will be used to test for the existence of 'memory' effects and other time-dependent explanatory variables:

  o   Past-non conformities (SINCERT risk model),

  o   extent of crop rotations (for farmers),

  o   time in the system (duration of the contract), and

  o   change of the certification body.

- A sub model will also be estimated to check if time of inspection is related to crop structure and to the probability of non-conformity, if possible.

- Expected yield consistency will be considered as explanatory variable for non-conformity.

- Turkish (mandator/processor level) certification approach will be compared to the EU (farmer level) approach in terms of risk-efficiency.

- Existing expert-based 'risk heuristics' will be included in the analysis to test their predictive validity on existing data.

- The data base might be enlarged with the Finnish and Spanish data.

- Data of a public authority performing controls might also be provided.

- Importance of analysing the differences and reasons for classifying non-compliances in different countries was confirmed.

- It was suggested to check whether the price model (cost structure, how the fees are fixed, how the inspections are paid) influences the quality of inspection. This needs to be done to see if incentives are right or wrong.

Regarding risk based inspections; the stakeholders commonly have very high expectations to the risk based approach. They agreed that not only more controls but also better focus to increase efficiency are needed.

Factors suggested by stakeholders influencing risk are:

- Price of the product,

- market possibilities to sell organic products,

- change of control body, and

- local conditions.

The stakeholders stated that the focus shouldn't be on residues only.

4.4.2.   Stakeholder comments

- The stakeholders emphasized the importance of other factors such as dedicated and non-dedicated organic producers and scale.

- Processors and packers as well as traders are suggested to be included in the models.

4.5.   Implications of the workshop discussions on WP6 (Stakeholder integration, internal communication, dissemination)

Main objectives of WP6 are:

Task 6.1 Development of electronic tools and methods for easy and efficient on-line communication and dissemination including interactive stakeholder panel consultations over the duration of the project (www.certcost.org).

Task 6.2 Motivation and integration of important stakeholder representatives in the project and improvement of the project work plan and methodology based on their input by means of a two-day workshop (*the present Stakeholder workshop*). Through the workshop, it is also expected to form a stakeholder panel for consultations and to secure user relevance and impact of results.

Task 6.3 Integration of stakeholder views and recommendations on the preliminary results of WP2 to WP4 by means of two one-day workshops.

Task 6.4 Integration of stakeholder views and recommendations on the synthesis of key results and the draft of recommendations (WP 5).

Task 6.5 Efficient and dynamical communication and dissemination of the project results to all relevant stakeholders and the public.

The stakeholders were asked whether they had suggestions on representatives from other stakeholder groups to be included in the stakeholder panel of the CERTCOST project, than those listed below:

The Certification chain: Accreditors (national and international), competent national authorities, public certification and control systems, private certification and control systems, international certification, organic standards owners, other relevant public and private authorities, e.g. the EU Commission, FAO, UNCTAD, Codex, certification consultants etc.

The user chain: farmers' organisations, processors organisations, organic trade organisations, retailers' organisations, consumer organisations and other relevant NGOs.

Advisors/extension services which are assisting in filling in the forms for certification were suggested to be added to the current list of the user chain.

The stakeholders were further asked which of the outcomes of the CERTCOST project they were most interested in. They following items were mentioned:

- Comparison of fees and real prices,
- identification and analysis of the cost of certification,
- consumer recognition and willingness to pay,
- focus on economical aspects (because that is important for the Commission) (DG AGRI), and
- recommendations for more risk based, effective certification in the EU.

Questions to stakeholders on their involvement and their comments:

1. Will you be ready to answer small questionnaires and/or comment on tasks/outcomes of the project?

- Targeted questionnaires may not work. The project needs actively to communicate its outcome and give opportunities to participate, but don't expect too much.
- Good design on surveys and small questionnaires may help to increase the participation.

2. Could you suggest persons representing other stakeholders, who may be interested in becoming members of our stakeholder panel? (if so, contact details should be sent to the CERTCOST web master **Simon.Rebsdorf@icrofs.org**)

- DG Sanco should also be represented in the stakeholder panel of the project, since they are the ones that deal with food safety.
- There should be more farmer representatives in the stakeholder panel.

3. What would you like to be informed about and how often?

- Control of fraud risk for crops and many residue analyses are important in Italy.
- We did not discuss in detail about economical analysis of certification systems.
- Comparing fees and prices → survey in Spain.
- Two topics: Identification and analysis of cost of certification, consumer recognition and willingness to pay.
- Focus on economical aspects (because important) (EU AGR Commission).

The following questions were not commented by the stakeholders:

4. In which ways would you prefer to be informed?

5. Would you as a stakeholder regard it beneficial to share opinions or in any other ways use/follow web log discussions? (and should it be limited only to the stakeholders or open to the public)? (Example of a CERTCOST web log: http://certcost.wordpress.com)

Finally the stakeholders were informed that there would be 2workshops where the outcome of the project would be presented:

- 1 day workshop in February –May 2010 where the results of WP 1 and the preliminary results of WP2 – WP4 will be presented

- 1 day workshop in April – June 2011, where the preliminary results of WP5 will be presented.

All the participants of the stakeholder panel will be invited to these workshops, but unfortunately the project does not hold a budget for covering of their travel expenses, but we will try to have the workshops together with other organic events where most stakeholders will come anyway.

5.   REVIEW OF THE WORKSHOP BY THE PARTICIPANTS

The fact that different actors participated in the Izmir workshop created a good atmosphere for discussion and built the pathways for the project implementation. Collecting information on stakeholders' views about a particular issue and information that could help define the main issues were critical parts of the consultation.

In the closing session of the workshop, stakeholders wished good luck to the project. A wish to see more farmers among stakeholders next time is pronounced. It is agreed that there were private certifiers present and desire to see even more of them in the future events is stated. Stakeholders mentioned that there should be more investigations and discussion on consumer willingness to pay. They have not been able to promise to be deeply involved in the project due to their other commitments. Underlining the accurate selection of the project subject, they expressed that they were hoping for a more risk-based, harmonized and suitable certification system.

All participants of the workshop agreed on the good organization of the workshop in general terms. They expressed that there have been beneficial discussions, more than expected input was gathered from the stakeholders, the workshop was a success and good progress is achieved for the CERTCOST project. Expected integration between stakeholders and the project was established.

The project partners expressed their thanks to Stakeholders for their participation and generous contributions. They also presented their thanks to UHOH, EGE, ICROFS and IMO for their efforts in the organizing of the workshop.

CERTCOST coordinator Stephan Dabbert closed the workshop stating that the event had been even more fruitful than expected. He thanked the stakeholders for their participation and he expresses his expectation of the continuation of their contributions in the future. He also thanked to the EGE team for smooth and good local organization.

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Michelsen, J., Schmid, O., Eichert, C., Gonzalvez, V., Lampkin, N., 2008, *ORGAPET Section A4: Involving Stakeholders in Programme Design, Implementation and Evaluation*, Version 6, April 2008.

Workshop Presentations

Dabbert, S., (2008): Economic Analysis of Certification Systems in Organic Food and Farming at EU Level (an overview of the CERTCOST project), PP presentation

Janssen, M., (2008): Alignments of the working group results for the WP3 of the CERTCOST project, PP presentation

Jespersen, L.M., (2008): Alignments of the working group results for the WP1 of the CERTCOST project, PP presentation

Jespersen, L.M., (2008): Alignments of the working group results for the WP6 of the CERTCOST project, PP presentation

Stolze, M., (2008): Alignments of the working group results for the WP2 of the CERTCOST project, PP presentation

Zanoli, R., (2008): Alignments of the working group results with the WP4 of the CERTCOST project, PP presentation

Annex

Stakeholder Workshop Programme 13 November, 2008 – November 15, 2008, Izmir

Thursday, November 13			
Time	Session		chair
Afternoon	Arrival of participants, registration		
19.00	**Dinner**		
Evening	Opportunity for meetings		
Friday, November 14			
Time	Session		chair
9.00 – 9.30	Welcome and introduction of participants		Prof. Uygun Aksoy Gerald A. Herrmann
9.30 – 10.00	Presentation of the CERTCOST project (including work packages)		Prof. Stephan Dabbert
10.00 – 10.30	What do we expect from organic inspection and certification? Introduction to the 1st working group round		Gerald A. Herrmann
10.30-11.00	**Coffee Break**		
11.00-13.00	4 working groups		
	WG I: farmers	WG II: processors & trade	WG III: consumers	WG IV: authorities & CBs
13.00- 14.30	**Lunch**		
14.30- 15.30	Presentation and discussion of outputs obtained in the working groups		
15.30- 15.45	Synthesis and harmonization of results: introduction to the 2nd working group round		Gerald A. Herrmann
15.45- 16.15	**Coffee Break**		
16.15- 17.30	4 working groups		
	WG I: farmers	WG II: processors & trade	WG III: consumers	WG IV: authorities & CBs
17.30 – 18.30	Evaluation and discussion of outputs obtained in the working groups		Prof. Uygun Aksoy Gerald A. Herrmann
19.30	**Dinner**		
Saturday, November 15			
Time	Session		
9.00-9.30	Summary of the outcome of the first day		Prof. Uygun Aksoy
9.30-10.30	Alignment of the working group results with the work packages of the CERTCOST project: WP 1, 2, 3		WP managers
10.30-11.00	**Coffee Break**		
11.00- 12.00	Alignment of the working group results with the work packages of the CERTCOST project: WP 4, 6		WP managers
12.00 – 12.30	Expected input of stakeholders		Lizzie Melby Jespersen
12.30 – 13.00	Closing round: Review of the workshop and Farewell		Prof. Uygun Aksoy Gerald A. Herrmann Stephan Dabbert
13.00 – 14.00	**Lunch**		
14.00	End of conference		

Table 1: Questions prepared by the WP managers regarding the requested input of the stakeholders

WP1	Developing the baseline (ICROFS, UWA)	Which information is needed and in which form in order to make certification processes more transparent to the various parties involved? (Task 1.1)	WG 1-4	- Do you find it a good tool to have an updated organic standards and certification database? - Is the information suggested to be included in the database relevant and sufficient seen from the point of view of the various stakeholders? (Example is enclosed). If not, what is not relevant and what should be added according to your point of view? - Which information on certification, which is available at the moment, but in a scattered way do you need most to be informed about in a more user friendly and condensed way? - Which information on certification, which you do not have access to at the moment, would you like to be publicly available?
		How can the transparency of inspection quality and costs best be improved in your view (Task 1.4)	WG 1-4	What is your view on increased transparency for the consumers concerning organic certification and inspection quality and costs? Do you think that it will be a good idea to publish the annual reports on certification and fraud elaborated by the national competent authorities on the internet? What is your point of view concerning double and triple certification of organic products and do you have any ideas how such double and triple certification costs can be reduced?
		Do you have any proposals on how to get an estimate of the certification sector? (Task 1.5)	Plenum Saturday	Do you think it will be possible to get a reasonable estimate of the organic certification sector in your country for all links in the certification chain measured in "full time" person years? Do you find "Full time years" a good way of expressing the size of the certification sector in your country or in general? Would you be ready to assist us in collecting such data?
WP2	Identification and analysis of cost of certification (FIBL)	Relationship of organic certification to other quality assurance schemes. (Task 1.2)	WG 4	- What are key factors which could lead to a more efficient certification at lower costs without any loss in certification quality? (at farm/processor/retailer level, certifier level, level of standard owner) - What could be the most promising elements of established non-organic certification systems which could be transferred to organic certification in order to increase efficiency and reduce costs? (at farm/processor/retailer level, certifier level, level of standard owner) - Examples where organic certification has been combined with other certification schemes (such as geographical origin, fair trade) and what this means for certification in practise - Examples of special organic certification with emphasis on a certain region Scheme-portfolio of inspection bodies: advantages and disadvantages - Is there a transfer of certain elements from other certification schemes to organic certification? How far can such a transfer be realized resp. is there any limitation by authorities/ EU-Regulation? Which points might be relevant for organic certification and should be integrated in the organic scheme. Private controls versus Governmental control Impact of private standards + labels on the present certification scheme

		Most likely impact of EU-Regulations 834/2007 and 882/2004 on the present organic certification system.	WG 4	New EU regulation for organic food and farming: Do any of the changes / amendments lead to improved efficiency or less efficiency respectively in organic certification? Overlap with control under the general Food control systems EU regulation 882/2004 (food and feed control). Do standards/EU law require quality or mention quality parameters? They only describe a method with the implication that the quality is guaranteed by this. No analysis required. Analysis is a tool to safeguard the EU-system.
		Evaluation of the benefits of various cost factors in certification.	WG 4	audit operator profile, data collection statistics, registration/reporting (Meldewesen) approval procedures accreditation costs qualification of inspectors spot checks administrative costs communication with authorities complaints scandals political representation, lobbying, PR Standard changes TC's / Imports Customers care Public information
WP3	**Consumer recognition and willingness to pay**	Preferences for particular organic certification standards or certification bodies and labels.	WG 1-4	It is often argued that consumers prefer particular organic certification standards over others. Do you know of any empirical evidence supporting this assumption? Do you share this view? What might be the underlying reasons for assuming that consumers prefer particular organic certification standards over others? Do processors/retailers prefer particular organic certification standards over others? What factors determine a processor's/retailer's choice of particular organic certification standards?
		What is the specific quality expectation of consumers of organic products?	WG 3	Certification and control process increase production costs and have an impact on the competitiveness of organic products, but reassure consumers about the quality of the organic products: how do you evaluate the trade-off between price competitiveness and "safety" requirements? Organic is a system certification (product chain). Consumer does not realize that: for him/her it is a product certification. Is the quality aspect for the consumer only related to the final product? Is this right? Possible side effects of organic certifications for the society (not yet calculated benefits), such as traceability, development support, biodiversity, economic factor, job creation, provision of employment, health situation, nutrition, scientific approach of organic agriculture.

WP4	Modelling of certification systems (UNIVPM)	Organic inspection and certification: what is the specific expectation of farmers / processors & traders?	WG 1 + 2	Globalgap does this is in the last consequence: no final labelling. But it safeguards the system. Trade representative: Quality must also be defined by trade or by the product chain. BLE: but the authorities define the quality of the final produce Risk based controls. What cost factors? What quality factors? Combination of risk assessment factors. Killer criteria can be defined…--> see Dogan workshop
		Organic certification guarantees a specific quality of a product: what are potential risk factors that might endanger this objective and how can they best be monitored?	WG 4	What does come into your mind when speaking of a "risk-based" inspection system? Which are the "critical control points" in the organic inspection & certification process? Which of these critical points have the highest potential for increasing the overall effectiveness of the organic inspection & certification process? When inspecting a farm, what you think are the main "risk factors" to be considered? Can you please distinguish between farmer's related and farm-related (structural, geographic, etc.) factors? Same as c), but referred to processor/packers. Same as c), but referred to distributors. How can these risk factors could be used (or are currently used) to classify operators according to their risk level? How do you rate the current effectiveness of the inspections system? How you would improve it? In terms of efficiency, what are the key areas of cost reductions that you foresee in the organic inspection system? "What are the most important factors that explain non-compliance with EU organic regulation 834/2007?" "What are the most important factors that explain fraud (conscious cheating) in organics?" The idea is to get some input from the experts and practitioners present in Izmir in order to develop hypotheses for the statistical analysis and the modelling in WP4. "Consulting data on the implementation of the EU organic regulation in different countries discloses considerable differences. How would you explain this?" The last report on the supervision of organic inspection bodies yields results that spread widely regarding the no. on con-compliances/operators, the relation of the unannounced / announced control visits, We are looking for the international stakeholders' hypotheses for this situation. Is there a relation between minimizing the risk factors and the price of inspection/certification? How can enforcement measures be optimized? How could you estimate the monetary liability associated to a non-discovered-in-time severe infraction to the standards (e.g. using non permitted pesticides) for the image of the inspection body? And for the image of the whole organic sector? Please, try to give a numeric estimate. What do organic systems really guarantee: do we look only in inspection quality? How about certification quality? What will be the consequences of cutting down inspections / certification costs in regard to the mentioned expectations, i.e. cutting down inspection frequencies, raising inspection requirements…

WP6	Stakeholder integration, internal communication and dissemination	Are there any additional stakeholders who are relevant to ask for input to the CERTCOST project?	Plenum Saturday	The Certification chain: Accreditation, competent national authorities, public certification and control systems, private certification and control systems, international certification, organic standards owners, other relevant public and private authorities, i.e. the EU Commission, FAO, UNCTAD, certification advisors. The user chain: farmer's organisations, processors organisations, organic trade organisations, retailer's organisations consumer organisations and relevant NGOs. Do you have any comments or additions to this list? Which of the "links" in the 2 chains mentioned above do you represent? Will you be ready to answer small questionnaires and/or comment on tasks/outcomes of the project? Could you suggest persons representing other stakeholders, who may be interested in becoming members of our stakeholder panel? Please send contact details
		Which of the outcomes of the CERTCOST project are you most interested in?	Plenum Saturday	In which way would you prefer to be informed? What would you be interested in being informed about and how often? Would you use a web log? (and should it be limited only to the stakeholders or open to the public)? Would you as a stakeholder regard it beneficial to share opinions or in any other ways use/follow web log discussions?

* These questions were sent to the stakeholders before the workshop in order to give an idea on the workshop objectives and the subjects to be reflected on.

Table 2: List of the workshop attendees

	Institution	Country
Moderators		
Uygun Aksoy	Ege University Department of Horticulture	Turkey
Gerald A. Herrmann	Organic Services GmbH	Germany
Stakeholders		
Atila Ertem	Ecological Agriculture Association (ETO)	Turkey
Eva Mattson	GROLINK	Sweden
Francis Blake	Soil Association	United Kingdom
Hanspeter Schmidt	Expert in EU Legislation on Organic production	Germany
Ivano Soave	BRIO Spa – ASSOBIO	Italy
Johannes Nebel	Danish Agricultural Council	Denmark
Klaus Budde	Federal Agency for Agriculture and Food (BLE)	Germany
Manuel Perdigones Belloso	General Directorate of Ecological Production Council of the Andalucían Board of Agriculture and Fisheries	Spain
Ranko Tadic	AgriBioCert	Croatia
Roberto Bandieri	WWF-ICEA	Italy
Sampsa Heinonen	Private Expert in Organic Certification	Finland
Stefano Cinti	European Commission DG Agriculture	Belgium
Ulfila Bartels	Gesellschaft für Ressourcenschutz mbH (GfRS mbH)	Germany
Victor Gonzalvez	Spanish Society for Organic Farming (SEAE)	Spain
project Members		
Stephan Dabbert, Alexander Zorn	University of Hohenheim	Germany
Matthias Stolze	Research Institute of Organic Agriculture	Switzerland
Raffaele Zanoli, Simona Naspetti	Polytechnic University of Marche	Italy
Meike Janssen	University of Kassel	Germany
Elisabeth Rüegg, Levent Alisir	Institute for Marketecology	Switzerland
Bulent Miran, Canan Abay, Murat Boyaci, Ozlem Karahan Uysal	Ege University	Turkey
Lizzie Melby Jespersen	Danish Research Centre for Organic Food and Farming, University of Aarhus	Denmark
Michal Lostak Lukas Zagata	Czech University of Life Sciences	Czech Republic
Antonio Compagnoni, Gaetano Paparella, Ramazan Ayan	Institute for Ethical and Environmental Certification	Italy
Susanne Padel	Aberystwyth University	United Kingdom

Supporting Personnel to the Local Organizing Team from Ege University, Faculty of Agriculture, Department of Agricultural Economics, Turkey:

Dr. Berna Türkekul
Dr. Cihat Günden
Dr. Murat Cankurt
Shawn Wozniak