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Establishing Local Certification Bodies In Developing and Transition Economies

1. Introduction

There are certification bodies from Western countries offering their services all over the world providing efficient, reliable and qualified services. Nevertheless there are good arguments for establishing local certification bodies in developing and transition economies. FiBL has been cooperating with local certification bodies in South-Eastern Europe (Albinspekt in Albania, Balkan Biocert in Bulgaria and Macedonia, Ecoinspect in Romania) and Asia (Biocert in Indonesia, Indocert in India, LibanCert in Lebanon and OFDC in China). These certification bodies are part of the local organic movement either by a multiple ownership reflecting the sector or by involving the sector in committees. The following report describes the opportunities but also the challenges of setting up local organic certification bodies.

2. Advantages of local certification bodies

Usually access to organic certification services is difficult for small farmers due to high costs but also because of real and perceived difficulties in communication, different culture and lack of knowledge of the requirements. Mostly small farmers have only access to certification services if they are organized in grower groups targeting export markets. Local certification bodies as defined above facilitate access for non-organized small farmers or small farmers groups since they usually have a better presence in the region with local offices, regular participation in local events and familiarity with the local movement. Furthermore they speak the local language, are part of the culture and can adapt their certification system more easily to local conditions. Subsequently the barrier for organic certification is lower and not only farmers interested in export apply for certification but also farmers selling on the national market even in cases where the national market is yet in a very initial status. Subsequently local certification bodies play an important role in the development of a local market for organic products.

Local certification bodies and their personnel are part of the local organic movement and the qualification of its personnel contributes to local capacity building and even more, the personnel is usually committed to promoting and lobbying for organic agriculture and supporting networking activities. For local certification bodies it is much easier to have a risk-based inspection approach since they are familiar with the pedo-climatic situation and current agriculture problems, e.g. disease pressure because of specific weather conditions. Furthermore due to their familiarity with the language and culture they do more easily detect problems and non-conformities. And last but not least are the services of local certification bodies often cheaper since they pay local salaries and do not have to cover Western overhead costs and they usually have lower travel costs.

3. Challenges in setting up a local certification body and potential solutions

A lot of challenges local certification bodies in developing and transition economies are facing are similar to the ones in industrialized countries. But there are also some specific problems. One is the limited or only slowly growing business potential. There is usually little or no demand for organic products on the national market and subsequently the request for certification services is low. Also export activities develop often slowly and it is difficult for local certification bodies to compete with international service providers.

3.1 National Accreditation

Another challenge is the local accreditation, especially in Eastern Europe most countries require accreditation by the national accreditation bodies although these accreditation bodies are often not sufficiently qualified and the applying certification bodies suffer problems with the interpretation of norms and regulations and delays in the approval or accreditation procedures which took in some cases up to 2 years. For foreign certification bodies usually the accreditation by their home accreditation body is sufficient and they are often not or less subject to supervising activities by the government. This is a disadvantage for local certification bodies and the only possibility to deal with it is to be well informed about the norms and to exchange experience with other certification bodies respectively to be prepared to insist on own rights or consider alternative accreditation options.

3.2 International accreditation

The requirements for accreditation on the international level (IFOAM, EU, US) are often underestimated: the expenditures for staff time to implement the requirements and prepare the

application, trainings and consultancy, sometime even legal advice and the fees for accreditation are tremendous. It is not only the application causing considerable costs but also the running costs for the system as well as for the fees. Therefore external funding for the application will often not be sufficient to cover the long-term costs and it should be carefully calculated whether the long term business potential will cover the occurring costs. Often well negotiated co-operations with regional or international certification bodies are more viable.

3.3 *Acceptance on Western markets*

Another challenge is the acceptance on Western markets. A main incentive for farmers to apply for certification is the export potential whether on the short or on the long term. Besides the formal acceptance in the European Union, US or Japan, the acceptance by the market, i.e. by the trade is crucial. Traders are the key for export and have a strong influence on the selection of a certification body. Usually they prefer cooperation with Western certification bodies with whom they are familiar and have long-standing relationships. For local certification bodies it is of utmost importance to provide reliable and high-quality services, to be familiar with Western business habits and well informed on import procedures in Western countries and to keep in touch with the relevant traders and key persons.

4. Conclusions

The costs for running an export-oriented certification body are enormous: requirements for technical expertise in organic agriculture, quality managements systems, regulations and management expertise are high and the margins are lower than often expected. In addition there are the costs for running an ISO-type certification body and multiple accreditations. The successful setting up of an organic certification body requires considerable capacity building, careful business planning and sufficient time – at least 3-5 years are needed before the business is cost covering. Without external funding and/or tremendous voluntary work and without good cooperation with other certification bodies it is impossible to set up a certification body.

However the good news are that there is a high willingness of donors to support the setting up of certification bodies and there are multiple options for cooperation among certification bodies. Such cooperation may be on a loose level and targeting joint networking and lobbying, common use of software systems or common trainings or be more binding, e.g. by exchange in the quality management system, cooperation in accreditation or by running a

joint certification system. Yet the potential for cooperation is by far not capitalized – neither in the Western world nor in transition or developing economies.