

MINIMUM REQUIREMENTS OF AN INTERNAL CONTROL SYSTEM (ICS) FOR SMALLHOLDER GROWER GROUPS



This document is part of the Naturland producer contract for smallholder groups (Annex V).

It describes all minimum requirements of an Internal Control System (ICS).

These minimum requirements are obligatory for certification according to Naturland organic standards and must be implemented analogously for other types of Naturland certification (e.g. capture fishery) based on Internal Control Systems.

Further details about the implementation and improvement of the ICS can be found in the 'Manual for Quality Assurance – A Guideline for Internal Control Systems (ICS) in Smallholder Organisations (3rd revised edition, December 2019)' published by Naturland.

Please note that under the new EU organic regulation 2018/848 new requirements for group certification with Internal Control System are applicable (e.g. affecting external control rates). This document has not yet been updated with regard to these new requirements as a transition period is still in effect until 31.12.2025. Please always verify with your inspection body the EU organic production rules currently applicable to your operation.

I. General conditions for group certification

- Group members have similar production systems.
- Group members live in geographic proximity to each other.
- Large farming units (>25 ha), processing units and export units need to be inspected as individual units annually.
- The group must be large enough and have sufficient resources to support a viable ICS that assures the compliance of members.
- The group has a common marketing of all farm products.
- The group is established formally, based on written agreements with its members.
- An effective and documented Internal Control System is in place.

II. Contractual relationships

Formal contracts between all cooperating parties are necessary to ensure 100% transparency. The following contracts are obligatory between:

1. The ICS operator (represented by the ICS Coordinator) and Naturland (Naturland producer contract).
2. The ICS operator (represented by the ICS coordinator) and the external inspection body (inspection contract).
3. The ICS operator (represented by the ICS coordinator) and service entities (external processors and/or exporters).
4. The ICS operator (represented by the ICS coordinator) and all its members (contract or commitment declaration).
5. Naturland and the external inspection body.

III. Internal ICS manual

All policies and procedures for internal control measures need to be described and documented in an internal ICS manual. All relevant parts of the internal ICS manual must be made available in adequate form to the persons responsible for and implementing the respective requirements or procedures. Farmers can also have access to the manual. The manual is always kept up-to-date and changes are communicated to all staff concerned. During external inspections, the manual is checked for completeness and effectiveness of policies and procedures.

IV. Internal regulation

An internal regulation shall be defined including:

1. Internal organic production standard:

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The internal organic production standard is a local interpretation of international public or private organic production standards, e.g. Regulation EC No 834/2007 and Naturland production standards.

2. Internal social standards:
Naturland certification includes compliance with Naturland social standards, particularly basic human rights for workers, minimum wages at least for employees, no child work on farms, safety and health at the working place.
⇒ All farmers need to be informed about the internal organic/social standards in written form or regular documented meetings have to be organised to inform the farmer about the internal organic/social standards and requirements for certification.
3. Registration of new farmers:
 - a. Obligatory records for every new farmer (basic data form):
 - Total farmland area (incl. in conversion fields)
 - Organic crops with area (or number of plants/trees in mixed cropping)
 - Description of storage, processing or packaging facilities (if relevant)
 - Basic farming methods
 - Date of last application of prohibited inputs
 - Farmer's field map (displaying the individual farming unit and crops) and overview map (displaying the location of the farming unit in the project area)
 - b. New farmers must sign a contract or commitment declaration:
 - The language of the contract must be understood by the farmer.
 - It shall contain a summary of the internal organic/social standard or a reference to the internal organic/social standard.
 - The farmer commits to comply with the requirements of the internal regulation.
 - The farmer provides access to the fields, stores and documents.
 - The farmer assures to accept sanctions in case of deviations.
4. Sanction and approval policy:
There must be defined procedures to approve or sanction farmers in place. In case of non-compliances appropriate corrective or mitigating measures need to be implemented and documented.

V. Staff requirements for the ICS

Qualified personnel are needed to implement a well-functioning ICS. All staff members must be aware of their tasks and responsibilities. Between staff members and the ICS coordinator, a contract describing responsibilities and a conflict of interest declaration shall be signed.

The following key positions have to be appointed:

1. ICS coordinator/quality manager:
A person with experience in organic agriculture and marketing. He/she is responsible for the continuous operation and the quality of the ICS. He coordinates the field staff, approval staff, the external inspection and acts as the contact person for the external control agency. A contract of interest declaration is required.
2. Internal inspector:
a person with experience in organic agriculture. He/she carries out the annual internal inspections.

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New Naturland definition of conflict of interest for internal inspectors: The internal inspector must not inspect his/her own plots or those of direct relatives (e.g. immediate family members) and must not be responsible for the purchase or sale of the products.

3. Organic approval committee (at least two people):
Personnel with experience in organic agriculture. One person is assigned to act as the approval manager to take the internal approval decisions on behalf of the committee. The committee takes all decisions regarding the approval/sanctioning/disapproval of group members and documents all its decisions and actions. It cooperates closely with the quality manager and the external inspector.

It can be necessary to have further staff (e.g. for a large group or one with more than one project sites):

1. Field officer (field advisor/extensionist):
 - to register and discharge growers
 - to support growers to comply with the requirements on documentation
 - to inform growers about organic standards and needed improvements in their system
2. Buying manager, warehouse manager and/or processing manager:
 - to ensure that only organic products are bought, handled and stored (or that the required separation is maintained)
 - to manage the facilities to avoid contamination
 - to sign the receipts
3. Documentation Officer:
 - to manage and compile data generated in the ICS and to report to the project manager

VI. Training requirements

Regular trainings ensure the qualification of farmers and ICS staff. The following training requirements shall be met:

- Farmers receive one initial advisory service and are offered one training course on organic agriculture at least once a year.
- Internal inspectors receive one initial training course and shall participate in at least one training course a year.
- Other staff members receive trainings if necessary
- All training courses are well documented and a summary of the training courses and lists of participants are made available to the external inspection body.

VII. Internal inspections

The on-site farm inspections are necessary to assure that all farmers are registered and are working according to the internal organic standards. The following actions are obligatory:

- All registered farmers have to be inspected at least once a year with the farmer's presence.
- Farm inspections have to be finalised before the beginning of the harvest.
- Farm inspections cover:
 - Total farm area including home consumption crops
 - External farm inputs
 - Post-harvest handlings
 - Storage premises
 - Harvested quantities of last year

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- Animal husbandry
 - Use of water resources if irrigation is carried out
 - Social requirements, especially in case of permanent or seasonal labor (human rights, wages, health and safety, children's rights)
 - Notifications of last year's inspections in order to verify that they have been fulfilled.
 - The internal inspections and their results have to be well documented with an internal inspection report, approved farmer list, list of sanctioned farmers, list of internal inspectors and updated farm maps (see "Documentation requirements").
- ⇒ In case of serious non-conformities, the farmers shall be sanctioned, and his/her products shall immediately be separated from the products of the other organic farms. The Approval Committee have to decide on the level of the sanction.

VIII. Monitoring of the product flow

The ICS operator, represented by quality manager, guarantees the integrity of the certified organic products throughout all steps of the product flow from field to export, covering all steps of purchase, storage, transport and processing. Careful documentation of all procedures and activities is of utmost importance to ensure the traceability of goods. Monitoring and documentation requirements for the product flow are described below under "Documentation requirements"

IX. Risk Management

The risk management system ensures the quality of organic products within the whole product flow, including farm production, transport, storing, processing and export. Risk management is implemented by the quality manager and his/her staff. The following actions must be taken:

1. One detailed initial risk assessment is obligatory before the first external inspection.
2. The ICS has to take all measures to minimise the identified relevant risks.

X. Documentation requirements

The documentation ensures transparency for all parties involved and gives the chance to detect possible risks and nonconformities of the Internal Regulations and the Naturland Standards.

1. Internal regulation:
The internal regulation shall be defined as described above, including:
 - Internal organic production standard
 - Internal social standard
 - Registration of new farmers
 - Sanction and approval policy
2. Structure of the smallholder group:
 - An organisational chart is obligatory
 - The statutes or constitution of the organisation shall be defined.
 - Other activities of the organisation shall be characterised.
3. Training courses:
A summary including the names of participants, content and date of the training courses shall be available in written form.
4. Staff members:
The requirements mentioned above under "Staff requirements for the ICS" shall be fulfilled and well documented. Furthermore, the following data are required:
 - Current dated list and responsibilities of the internal inspectors and members of the approval committee

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5. Internal farm inspections

Documentation of internal farm inspections requires the following documents:

a. Approved farmers list (AFL) including the following information:

- Total farm area
 - Area of home consumption crops or other side-crops
 - Area in conversion
 - Registration date with the ICS
 - Crops grown, with estimate of quantity to be harvested
 - Quantities supplied in organic quality of last year
 - Harvest estimate of the current year
 - Producer name, code and address
 - Date of last application of prohibited inputs
 - Name of internal inspector
 - Date of internal inspection
 - Result of internal inspection (approval)
 - Information whether the farmers have permanent, seasonal or day labour employed
 - Other certification (EU/BioSuisse/USDA etc.)
- ⇒ The farmers list shall be annually updated!

b. List of sanctioned farmers:

Sanctioned farmers are documented in a separate list. The list includes the reasons for sanctioning, duration of sanction and in case farmers leave the group, the reasons for leaving.

⇒ The list of sanctioned farmers shall be annually updated!

c. Internal inspection report including the following checkpoints:

- General information
- Characteristics of the production unit
- Field history
- Plant protection
- Fertilisation
- Preservation of the soil and ecosystem, diversification
- Origin of seeds and seedlings
- Contamination risks
- Received trainings of the farmer
- Social responsibility
- Recommendation for certification
- Confirmation/signage
- Decision of the internal approval committee

d. Yield estimate

The internal inspector conducts yield estimates for the organic produce of each farmer during the annual internal inspections. This ensures that farmers deliver only crops produced on their own farm. The estimates are documented in the AFL. Yield estimates need to be available before harvest.

e. List of internal inspectors

The list documents which internal inspectors have implemented internal inspections. The list includes the following information:

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- Name, identification code and address of inspectors
- Profession of inspectors
- Years of experience in organic agriculture of the inspectors
- Last time the inspector participated in a training course
- Place of inspection
- Numbers of farmers checked by each inspector

6. Product flow: buying, handling, processing, local market and export sales

The documentation of all steps within the product flow is essential for the transparency and it guarantees that all products are purely organic. The following requirements shall be fulfilled:

- All steps of the product flow shall be very precisely documented.
- Delivered product quantities are compared with yield estimates. In case of any deviations, the products shall be kept separately, and the quality manager shall be immediately informed and decide on the consequences.
- Farmers receive a receipt of the delivered goods.
- Strictly separate products during storage according to quality (organic, non-organic products, in conversion)
- Keep product entrance and exit receipts from the warehouses
- All documents should clearly indicate whether it is an "organic" or "in conversion" product.
- All packages like bags shall be clearly labelled as "organic" or "in conversion".
- During processing only organic additives and approved non-agricultural additives are allowed. Strict separation of the different qualities is obligatory.
- Reports on processing activities (output ratio)
- List of realised sales

XI. External Inspection

Naturland itself does not perform any inspections but assigns these to external inspection bodies. This external inspection is realised once a year. It concentrates on the supervision of the ICS, i.e. it mainly evaluates its effectiveness and objectivity.

This includes the following control procedures:

- Inspection of the internal documentation regarding its reliability and completeness
- Verification of the activities for quality control
- Inspection of all processing- and export units, as well as purchasing offices. Purchasing offices must be inspected during the harvest period.
- Quality check of internal controls through interviews and randomised inspections of a certain number of producer plots depending on the level of risk.

An ICS with n approved farmers is re-inspected according to the following calculation:

	Normal risk factor 1	Medium risk factor 1.2	High risk factor 1.4
Minimum number of farmers to be re-inspected	10	12	14
Minimum number of farmers to be re-inspected for a producer group with number of members = n	\sqrt{n}	$\sqrt{n} \times 1.2$	$\sqrt{n} \times 1.4$

⇒ A good cooperation with the external inspector is essential to realise an efficient and fast inspection.

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- ⇒ The necessary documents need to be prepared and completely presented in a good order.
- ⇒ All responsible persons need to be present to accompany the inspector providing all necessary information.
- ⇒ The results of the inspection / certification decision will be communicated to the group by Naturland.

XII. Naturland contacts

For any questions do not hesitate to contact Naturland department for International Member Support and Quality Assurance at membersupport@naturland.de.