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Fraud prevention and promotion of integrity for a country's reputation

To date, the organic sector is regulated in almost 100 countries by law. These laws are based on Codex Guidelines, the IFOAM – Organics International 'Organic Guarantee System' and more importantly for easy market access on the US National Organic Program (NOP) and the EU Organic Regulations.

An Organic Guarantee System includes the standards an operator must follow, the definition of inspection and certification requirements, the accreditation/ registration of certifiers and the oversight over the system by authorities.

Despite the detailed definition of the system that is outstanding compared to mainstream farming and food industries, fraud plagues the organic sector and is undermining the trust of consumers. When analysing fraud cases of the past, it is evident that supply chain information and integration is weak as it is based on certificates as proof of the previous operator's certification only. If information is not digital and supply chain information not made available across all concerned supply chain actors, evidence of "farm to fork" cannot be guaranteed.

Organic regulations define which information must be public on a certificate or on a database. Apart from name, contact and product groups, the period of validity are mandatory. What is missing till to date in all major regulations is mandatory acreage data. Without acreage no tonnage can be calculated per hectare and thus no mass balance be assessed along a supply chain or even per country. The analysis of past fraud cases shows that it is easy to commit fraud by supplying more than what has been produced and by trading more than had been certified. Thus, it is of utmost urgency to make acreage (and yield) information mandatory.

In case the US NOP and EU Organic Regulations would make acreage data mandatory, it can be assumed that those countries aiming at exporting to these regulated markets would change their laws as well. Fraud is happening in the US and in the EU, but more so in sourcing countries, e.g. in Eastern Europe and Central Asia as well as in East and South Asia. Due to a still relative weak organic sector or due to less commodity (grain) export, Africa and Latin America have not had much (detected) fraud yet.

As it is unknown whether and when USDA and EU will change their regulations to include acreage information, especially those countries who have had fraud cases in the past and have acquired a reputation as not trustworthy suppliers should evaluate a pro-active approach, and not wait for US and EU to act. Any countries new to organic should avoid making the same mistakes and prevent fraud from the beginning. They should integrate mandatory acreage information into their respective laws for enabling supply chains to calculate mass balances. With such approach countries will be able to build a position as reliable supplier and to change their reputation to the better. The consequence of such action will be that buyers from significant markets would focus on these countries as suppliers first.

Today organic farming is seen by a growing number of countries as a major strategy for rural development, creation of jobs and income, maintaining culture and traditions and (re-)build a sustainable and healthy nature and society. Only when domestic and export markets can trust the organic status of a product, a thriving development towards organic farming as part of a green economy can start and develop.

Organic Services has developed Check X/ Check Organic as a global system for fighting fraud in commodity trade. Check X/ Check Organic combines certification data (including acreage) from certifiers with product transaction data from market partners along supply chains, whether domestic, regional or international. The platform is tested and ready to use (in Italy, already in 2017

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transactions of 600.000+ t of grain was documented in Check Organic). As a cloud-based system no installation is required. Fees are based on a yearly module fee and a Software as a Service (SaaS) fee per ton of traded product. Both fees are reasonably low and thus not a barrier for a country, sector or even company to engage.

Check X/ Check Organic may be branded and run per country but may also be run by Organic Services on behalf of a country. As a global system its efficiency and effectivity are growing with the number of countries and supply chains integrated – as buyers can assess the integrity of their supply chains from production.

Confidentiality of proprietary business information is a cornerstone of the system. Access to and exchange of information is regulated by log-in rights, so that only those stakeholders can see information that is meant for their eyes and granted by the actors of the supply chain in question.

Satellite information, Geographic Information Systems as well as other digital information can be combined or integrated into Check x/ Check Organic to improve inspection and certification and the general oversight over the organic sector of a country.

Check X/ Check Organic fulfils a double strategy: fighting fraud _and_ promoting organic products with integrity. It doesn't replace but complements a legislator's efforts.