

**Proposal for the Delegation of Organic Accreditation Services  
by the United States Department of Agriculture (USDA)  
to the International Organic Accreditation Service (IOAS)**

**I. Background - USDA**

Under the Organic Food Production Act of 1990, (OFPA), the USDA is directed to “establish and implement a program to accredit a governing State official, and any private person, that meets the requirements of this section as a certifying agent for the purpose of certifying a farm or handling operation as a certified organic farm or handling operation.” In some detail, OFPA identifies the requirements which must be met in order for certifying agents to be accredited. OFPA has very little to say about the structure of the accreditation system, other than to allow for the establishment of a peer review panel which “may” assist in the evaluation of accreditation applications.

OFPA does not prohibit, or in any other way address, the ability of the USDA to contract or delegate accreditation functions provided by private professional accreditation services. The “program” which the USDA is directed to “establish and implement” potentially could be structured so as to utilize the expertise of existing accreditation services. In order for this possibility to exist, it will be very important for the USDA to structure the accreditation program so that maximum flexibility is maintained and stakeholder participation encouraged.

The National Organic Standards Board (NOSB) structured past recommendations for a national accreditation system based on the premise that the “USDA will administer the accreditation program and make all determinations regarding approval of accreditation applications and/or revocation of a certifying agent’s accreditation status.” The NOSB interpreted the peer review provision of OFPA as a “mandatory requirement” which compels the USDA to utilize a public/private partnership in the accreditation process.

For imported products, the NOSB recommended that an option for equivalency determination would be certification by a certification agent that is “regulated by an International Organic Standards Organization”, which means, according to the NOSB, “any organization of which the membership is open to representatives of all countries, whether public or private, including representatives of the United States and has been ‘recognized’ by the Secretary for oversight purposes.” This recommendation opens the door for USDA recognition of private accreditation bodies, at least for imported products.

The National Institute of Standards and Technology Act, (15 U.S.C. 272(b) - Public Law 104-113, passed March 7, 1996), directs regulatory agencies “to coordinate Federal, State and local technical standards activities and conformity assessment activities, with private sector technical standards activities and conformity assessment activities, with a goal of eliminating unnecessary duplication and complexity in the development and promulgation of conformity assessments requirements and measures.” This law, though not explicitly directed at the USDA’s National Organic Program, sends a clear message that regulatory agencies are to utilize private sector standards and conformity assessment services wherever possible.

The Codex Alimentarius Guidelines for Organically Produced Foods state, “for organic production the competent authority may delegate the accreditation function to a private body.” The trend

in government regulation is the delegation or out-sourcing with private bodies for the delivery of professional services. The European Union has referenced national accreditation bodies, some of which are non-government accreditors, to administer organic accreditation programs.

The USDA has no experience in accreditation in any sector, and very little experience in organic agriculture and organic certification. The USDA is not an accreditation body. In order to operate a fully functional and internationally recognized accreditation system, the USDA will either have to dedicate extensive resources to create infrastructure and develop expertise, or else contract with private accreditation services which already have functioning programs in place.

The accreditation of organic certification agencies is unquestionably an area where the USDA has the opportunity to develop a fully cooperative and mutually beneficial relationship with the private sector. Through implementation of a true public/private partnership, the highest level of professionalism and efficiency can be attained, while the USDA exercises its responsibilities consistent with the Organic Foods Production Act.

## **II. Background - IOAS**

The International Organic Accreditation Service accredits organic certification programs. The IOAS is incorporated as a not-for-profit corporation in the State of Delaware. It operates the IFOAM Accreditation Programme (IAP) under direct license from the International Federation of Organic Agriculture Movements (IFOAM).

The IOAS Board of Directors is appointed by the IFOAM World Board of Directors. Appointments are made on the basis of experience and expertise in organic accreditation and certification. IOAS Board members are appointed as individuals and do not serve as representatives of any certification programs, groups, companies, geographic regions, etc. The composition of the IOAS Board of Directors is required to be representational of different industry sectors in order to provide a balance of interests without any sector being dominant.

The IOAS and its Board of Directors operate independently from IFOAM. This unique relationship guarantees credibility and independence to the IOAS. It also provides IOAS access to recognized leaders and specialist in the organic movement, which means that it is well positioned to respond to new certification issues in this fast developing industry. At the same time the structure ensures that no outside influence can be brought to bear on the accreditation decisions of the IOAS.

In addition to its work in the IFOAM Accreditation Programme, the IOAS compiles reports on compliance of certifiers with regulatory requirements to enable government authorities to determine the equivalency of the certification of imported products. The IOAS statutes permit additional functions with regard to the evaluation or accreditation of organic certifiers to be undertaken, including the operation of other accreditation programmes.

The IOAS Board of Directors appoints an Accreditation Committee, which assesses certification programs and makes all accreditation decisions. The IOAS Board appoints an Executive Director who has overall responsibility for the operation of all programmes.

The IFOAM Accreditation Program was established in 1990. It is one of the only accreditation bodies with experience accrediting process certification rather than product certification. The IFOAM Accreditation

Criteria are based on the International Standards Organization's (ISO) "Guide 65 - General requirements for bodies operating product certification systems." (i.e. EN 45011) To construct the IFOAM Accreditation Criteria, ISO Guide 65 was adapted and elaborated to fit the requirements of process certification and the realities of organic agriculture.

IOAS has submitted an application for membership in the International Accreditation Forum, which is an international association of accreditation bodies. IOAS has published its Accreditation Criteria, Quality Manual and Policy Manual, along with a certification program guide entitled "Building Trust in Organics."

IOAS operates only in the organic sector. 21 certifiers worldwide have entered the IFOAM Accreditation Programme. Five US certifiers have experience with IFOAM Accreditation. IOAS has extensive experience in organic accreditation, and has widespread organic market recognition. IOAS has the support of the Organic Trade Association (OTA) and the Organic Certifiers Council (OCC) for the management of organic accreditation services in the United States. IOAS is well positioned to provide private sector expertise to enable the USDA to implement a credible and cost-effective accreditation program in a timely manner.

### **III. Proposal for a Public/Private Accreditation Partnership**

Three structural options for a public/private accreditation partnership are presented in this proposal. All three options are consistent with language defining an "Accreditation Program" as contained in the Organic Foods Production Act, and all assure that the "Requirements of Certifying Agents," as defined by the Act, are thoroughly evaluated and adhered to. The options are consistent with the National Institute of Standards and Technology Act and the Codex Alimentarius Guidelines.

The options vary in the degree of authority which is delegated by the USDA to the IOAS, and subsequently vary in cost to the USDA. The options are: A. USDA supervision of IOAS accreditation; B. USDA accreditation based on IOAS evaluation and recommendations; and, C. USDA accreditation based on IOAS evaluation.

The options are presented based on the informed presumption that the IFOAM Accreditation Criteria, which are used by the IOAS to evaluate certifying agents, fulfill the "Requirements of Certifying Agents," as defined in the Act. Any differences between the IFOAM Accreditation Criteria and rules yet to be published by the USDA's National Organic Program (NOP) to implement the Act would have to be reconciled.

All options are further based on the presumption that the evaluation of all standards related issues will be conducted according to compliance with organic standards as defined by the USDA. All cost estimates are preliminary and are included for illustrative purposes only. They should not be construed as "bids for services".

#### **Option A. USDA Supervision of IOAS Accreditation.**

Under Option A, the USDA retains ultimate authority for the accreditation of organic certification agencies operating in the U.S., as required by OFPA and Codex, but delegates decision making powers to the IOAS. The IOAS receives completed application forms from all certification agencies operating in the United States and screens those applications for adherence to OFPA, USDA Standards and IFOAM Accreditation Criteria. Once the screening has been completed, IOAS conducts comprehensive on-site evaluations at the office(s) of the applicant programs and visits certified operators at random to verify compliance with organic standards and accreditation criteria. Site visits to accredited programs are conducted at least every 3 years.

For each applicant program, a comprehensive Evaluation Report is submitted by the evaluator to the IOAS, and the Program Manager (PM) conducts a review. The PM issues a report, entitled the "PM Review", which analyzes the applicant program's compliance with all applicable organic standards and accreditation criteria. The PM Review is based on an analysis of the program's application, the screening/evaluation report, and supporting documents submitted by the program.

The PM Review, and all necessary supporting documents, are submitted to the IOAS Accreditation Committee, which deliberates, in a point by point fashion, on all issues related to compliance with organic standards and accreditation criteria. All issues of non-compliance and potential non-compliance are identified and evaluated. If the evaluation is favorable, an accreditation contract is drawn up, under which the applicant program agrees to correct all deficiencies, both in their organic standards and in their program management, in order to bring the agency into full compliance with the organic standards and accreditation criteria, following an agreed upon time line.

Under this option, the IOAS would issue accreditation contracts signed by the applicant program, the IOAS, and the USDA. The USDA would retain the right to investigate alleged violations of accreditation contracts and to terminate such contracts, should investigations prove that an accreditation contract had been violated. IOAS could not terminate accreditation contracts without the agreement of the USDA, but the IOAS could initiate the investigation of contract violations and recommend to the USDA that contracts be terminated.

The USDA would need to conduct both regular and random evaluations of the IOAS accreditation program. The USDA would need to conduct site visits to the office(s) of the IOAS in order to verify compliance with all accreditation and organic standards requirements as defined by OFPA. In addition, the USDA would likely need to conduct random site visits to accredited certifying agents to verify that all accreditation contract obligations are being fulfilled and that the accreditation services administered by the IOAS are consistent with all USDA requirements.

A contract would need to be developed between the USDA and the IOAS which clearly establishes the rights and responsibilities of both parties.

Cost estimates for the accreditation of first-time applicants are based on an application fee of \$2,500, an evaluation fee of \$450/day, and an assessment fee of \$3,000. While many certification programs in the United States are quite small, and could likely be evaluated in 4-5 days, other programs are quite large and may take 15 days for evaluation. If the average time needed for evaluation is assumed to be 9 days, the cost for an average first time accreditation would be  $(\$450 \times 9) + 2,500 + 3,000 = \$9,550$ . If there are 40 certification programs which apply for accreditation, the total cost for IOAS administration of the accreditation service is estimated to be  $\$9,550 \times 40 = \$382,000$ . (All cost estimates are based on IOAS projected 1999 budget figures for non-IFOAM member programs.)

After the evaluation has been conducted and an accreditation contract signed, accredited programs pay an annual fee to IOAS. The cost for the annual fee is \$2,500 plus 0.6% on the first \$1.5 million of gross income received from inspection and certification. A large certification program with a \$1.5 million certification and inspection budget would pay an annual fee of  $\$2,500 + (\$1.5 \text{ mil} \times .006) = \$11,500$ . A smaller program with a \$100,000 budget would pay an annual fee of  $\$2,500 + (\$100,000 \times .006) = \$3,100$ . If the average program in the U.S. has a budget of \$500,000/year and there are 40 accredited programs, then the total cost of annual fees paid to IOAS would be  $[\$2,500 + (\$500,000 \times .006)] \times 40 = \$220,000$ .

The costs for the IOAS administered program as estimated above could be paid entirely by the USDA, could be shared by the USDA and the applicant programs through some sort of user fee assessment, or could be paid entirely by the applicant programs. If the costs were shared on a 50/50 basis between the USDA and applicant programs, the cost to the USDA would be \$191,000 to initially accredit 40 programs and \$110,000/year for annual monitoring.

### **Option B. USDA Accreditation Based on IOAS Evaluation and Recommendations.**

Under Option B, as with Option A, the USDA retains ultimate authority for accreditation of organic certification agencies, but the USDA's accreditation decisions would be based on evaluation reports and recommendations submitted by the IOAS. As above, the IOAS receives completed application forms from all certification agencies operating in the United States and screens those applications for adherence to OFPA, USDA Standards and IFOAM Accreditation Criteria. IOAS screens the applications and conducts comprehensive on-site evaluations at the office(s) of the applicant programs and visits certified operators to verify compliance with organic standards and accreditation criteria.

For each applicant program, a comprehensive Evaluation Report is submitted by the evaluator to the IOAS, and the Program Manager (PM) conducts a review. The PM issues a report, entitled the "PM Review", which analyzes the applicant program's compliance with all applicable organic standards and accreditation criteria. The PM Review is based on an analysis of the program's application, the screening/evaluation report, and supporting documents submitted by the program.

The PM Review, and all necessary supporting documents, are submitted to the IOAS Accreditation Committee, which deliberates, in a point by point fashion, on all issues related to compliance with organic standards and accreditation criteria. All issues of non-compliance and potential non-compliance are identified and evaluated. When the evaluation is completed, a recommendation report is drafted by IOAS and submitted to the USDA. The recommendation report identifies all deficiencies or areas of non-compliance in both the organic standards and in the management of the applicant program. In addition, it contains recommendations on the steps to be taken to bring the certification agency into full compliance with the organic standards and accreditation criteria, including a time line for implementation.

Under this option, the USDA, through a peer review process, would make the actual accreditation decisions based on information provided by IOAS. The USDA would issue the accreditation contracts to be signed by applicant programs. The USDA would retain the right to investigate alleged violations of accreditation contracts and to terminate such contracts. IOAS could not terminate accreditation contracts.

The USDA would still need to conduct both regular and random evaluations of the IOAS accreditation program. The USDA would need to conduct site visits to the office(s) of the IOAS in order to verify compliance with all accreditation and organic standards requirements as defined by OFPA. In addition, the USDA would likely need to conduct random site visits to accredited certifying agents to verify that all accreditation contract obligations are being fulfilled and that the accreditation services administered by the IOAS are consistent with all USDA requirements.

A contract would need to be developed between the USDA and the IOAS which clearly establishes the rights and responsibilities of both parties.

Cost estimates for initial accreditations under Option B would essentially be the same as for Option A. The IOAS would be providing the same level of service, except that a recommendation report, instead of an accreditation contract, would be issued. The cost for IOAS administration of 40 first-time applicants is estimated to be \$382,000.

The cost of the annual fee which is charged to programs for ongoing supervision would be negotiable, depending on whether the annual supervisory reports would be submitted to the IOAS for analysis or whether the annual reports would be submitted directly to the USDA. If IOAS were to manage the annual reports, the cost is estimated to be at least \$2500 per accredited program. With 40 programs, the total cost estimate would be \$100,000/year.

Once again, the costs for Option B as estimated above could be paid entirely by the USDA, could be shared by the USDA and the applicant programs through some sort of user fee assessment, or could be paid entirely by the applicant programs. If the costs were shared on a 50/50 basis between the USDA and applicant programs, the cost to the USDA would be \$191,000 to initially accredit 40 programs and \$50,000/year for the management of annual reports.

### **Option C. USDA Accreditation Based on IOAS Evaluation.**

The USDA also retains ultimate authority for accreditation under Option C. Accreditation decisions are made by the USDA through a peer review process, based on evaluation reports submitted by the IOAS. Under Option C, the IOAS still receives completed application forms from all certification agencies operating in the United States and screens those applications for adherence to OFPA, USDA Standards and IFOAM Accreditation Criteria. Once the screening has been completed, IOAS conducts on-site evaluations at the office(s) of the applicant programs and visits certified operators at random to verify compliance with organic standards and accreditation criteria.

For each applicant program, a comprehensive Evaluation Report is submitted to the IOAS. Under this option, however, the Program Manager (PM) only reviews the report for completeness, but does not analyze the applicant program's compliance with applicable organic standards and accreditation criteria.

The Evaluation Report, along with all supporting documents, would be submitted directly to the USDA, who would need to identify and evaluate all issues of potential non-compliance. The USDA would make the actual accreditation decisions based on information provided by IOAS. The USDA would issue the accreditation contracts to be signed by applicant programs. The USDA would retain the right to investigate alleged violations of accreditation contracts and to terminate such contracts. IOAS would simply serve as an information gathering service, and would have no role in the accreditation contracts.

The USDA may need to conduct periodic evaluations of the IOAS program, including random site visits to accredited certification programs to verify that all information gathered by the IOAS is accurate, and that the programs are operating in compliance with all USDA requirements.

A contract would still need to be developed between the USDA and the IOAS which clearly establishes the rights and responsibilities of both parties.

Cost estimates for the evaluation of first-time applicants are based on an application fee of \$2,500 and an evaluation fee of \$450/day, with no assessment fee. If the average time needed for evaluation is assumed to be 9

days, the cost for an average first time evaluation would be  $(\$450 \times 4) + 2,500 = \$6,550$ . If there are 40 certification programs which apply for accreditation, the total cost for IOAS evaluation is estimated to be  $\$6,550 \times 40 = \$262,000$ .

The cost of the annual fee which is charged to programs for ongoing monitoring would be negotiable, depending on whether annual assessment reports would be generated by the IOAS or whether annual reports would be submitted by programs directly to the USDA. If IOAS were to assess the annual reports, the cost is estimated to be at least \$2500 per accredited program. With 40 programs, the total cost estimate would be \$100,000/year.

The costs for Option C could be paid entirely by the USDA, shared by the USDA and the applicant programs through some sort of user fee assessment, or paid entirely by the applicant programs. If the costs were shared on a 50/50 basis between the USDA and applicant programs, the cost to the USDA would be \$131,000 to initially evaluate 40 programs and \$50,000/year for annual monitoring.

#### **IV. Conclusion.**

By utilizing the expertise of the International Organic Accreditation Service, the USDA will realize numerous benefits, including, but not limited to:

- A. As previously stated, the National Institute of Standards and Technology Act (NIST) directs regulatory agencies “to coordinate Federal, State and local technical standards activities and conformity assessment activities with private sector technical standards activities and conformity assessment activities, with a goal of eliminating unnecessary duplication and complexity in the development and promulgation of conformity assessments requirements and measures.” The delegation of accreditation authority to the IOAS brings the USDA into compliance with NIST, as unnecessary duplication in conformity assessment activities is avoided.
- B. The USDA will be carrying out their responsibilities under the Organic Food Production Act to “establish and implement a program to accredit certifying agents.” All “Requirements of Certifying Agents” will be supervised through a regulatory partnership between USDA and IOAS.
- C. The USDA will be operating in compliance with the Codex Alimentarius Guidelines for Organically Produced Foods, which state, “for organic production the competent authority may delegate the accreditation function to a private body.” Under all options discussed above, the USDA will retain final authority for implementation of the accreditation program as directed by Codex Alimentarius.
- D. The USDA will be utilizing the services of an agency which already has extensive experience in organic accreditation, and which is incorporated in the United States.
- E. The services of the IOAS are already fully functional, meaning that the USDA’s accreditation program can be implemented in a timely manner through such a partnership arrangement. Timely implementation is critical for the international recognition of organic products exported from the U.S. to global markets.
- F. Four major certification agencies headquartered in the United States are already accredited by the IOAS, and other agencies are strongly considering making such applications. By the USDA working with the IOAS, the duplication of accreditation will be avoided for major U.S.-based certification agencies.

G. As mentioned, the IFOAM Accreditation Criteria used by the IOAS to assess certification program management were written to be compliant with ISO Guide 65, known in Europe as EN45011. The European Union has mandated that certification bodies must operate in accordance with EN 45011 in order for organic products certified by those agencies to be sold in Europe. The IOAS, through the structure and content of the accreditation criteria, is well positioned to assess certification agencies' compliance with EN45011. In addition, the IOAS's pending membership in the International Accreditation Forum, a recent independent analysis of the IFOAM Accreditation Criteria vs ISO 65 conducted by an expert in ISO 65, and ongoing negotiations with the World Trade Organization for recognition of IFOAM as an "international standard setting body" all position the IOAS as a logical partnership to implement an accreditation program which is based on internationally recognized criteria.

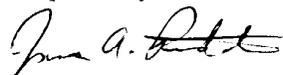
H. Accreditation by IOAS is already recognized by Costa Rica, and negotiations are under way with other national governments who have expressed interest in utilizing IOAS's services, both for internal accreditation and for recognition of imported products. The NOSB recommended that an option for the equivalency determination for imported products should include certification by a certification agent that is "regulated by an International Organic Standards Organization", which would include the IOAS. A partnership with the IOAS would mean that U.S.-based certifiers would be regulated in a manner consistent with foreign certifiers who are accredited by the IOAS. This would facilitate international trade in organic products and mean that the U.S. accreditation system is implemented in a manner consistent with organic accreditation systems worldwide.

I. By implementing a partnership with the IOAS, the USDA can greatly reduce the internal expenditures that would be needed if the USDA were to create an accreditation program from scratch. Costs to the USDA to create an accreditation system would include the hiring and training of staff, travel expenses, the development of extensive policies and forms to manage the program, and negotiations with foreign governments to gain recognition of the program. The most expensive option discussed above (Option A) would cost approximately \$382,000. If the costs were shared on a 50/50 basis between the USDA and applicant programs, the cost to the USDA would be \$191,000 to initially accredit 40 programs and \$110,000/year for annual monitoring.

Based on data collected in 1994, the National Organic Program estimated that a national accreditation program would cost at least \$270,160 to administer, with all funds coming from accredited programs and certified operators. The NOP further estimated that an additional \$112,000 would be needed to assess foreign certification programs. Cooperation with the IOAS can greatly reduce costs to the USDA for a domestic accreditation program as well as for the assessment of foreign certifiers.

J. Private sector accreditation by IOAS is already supported by the Organic Trade Association and the Organic Certifiers Council. The USDA needs the support of these two influential bodies in order to implement a program which is supported by the organic sector in the United States. IOAS also has the full support of IFOAM. USDA needs IFOAM's support if the USDA's program is to receive international organic market recognition. In order to implement a credible accreditation program which has the confidence of domestic and international organic markets, a regulatory partnership between the USDA and the IOAS should be negotiated.

Respectfully submitted,



James A. Riddle  
Board Member, IOAS

Attachments: IOAS Operating Manual  
IOAS Organization & Quality Manual  
IFOAM Accreditation Criteria  
IFOAM Basic Standards  
IOAS Brochures