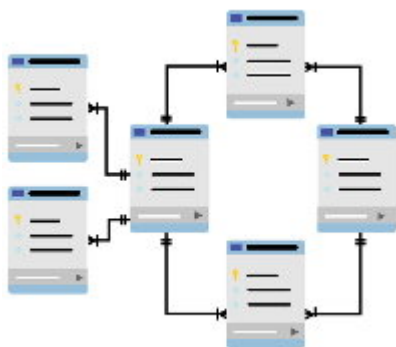


# Databases to combat organic fraud

08.08.2017 by Leo Frühschütz (comments: 0)



Organic controls – that often means a lot of physical paperwork and the difficult exchange of information across borders. Added to this are impenetrable trade flows. Databases could be the remedy – and make life difficult for potential fraudsters. The Organic Integrity Platform (OIP) is now mandatory for cereals in Italy. The OIP could be a model for other countries.

Let's dream for a moment: there's a data platform, for example for cereals, that registers all the organic farmers of a country together with their land area under cultivation and their estimated harvest. The certification data of these farms are automatically entered on the system and updated in real time by the control organisations. If the goods of a particular farmer are blocked because there is suspicion of malpractice, everyone in any way affected is immediately informed.



*Picture: Organic lands or sprayed with pesticides - this is not always clear.*

Carry on dreaming: importers, processors and traders enter their transactions with cereals on this database,

similarly in real time, via interfaces provided by their own merchandise management systems. Because these companies buy not only domestically produced cereals but also import them, the certification and transaction data of foreign suppliers and producers must also be made available in real time. No data means no business deal.

With a database of this kind you could see value chains at a glance – from the farmers in Ukraine to the organic bakery's flour silo in Germany. If a farmer is selling far more than he himself can produce, a red light flashes to alert everybody who has bought cereals from him, or it may be that a control organisation comes across irregularities in a company in the processing chain that have got to be investigated and sorted out. Then there's the preventive effect. A trader can only do business if he ensures that the data of all the middlemen and the producers from the start of the chain are logged on the system. A quick deal with anonymous sources is no longer possible. In a system of this kind, (paper) certificates with long validity periods would be superfluous and there wouldn't be any point in forging them either.

## Italy as model Integrity Platform

It's not just a dream! There really is a data platform like this in existence. It's called *FederBio Integrity Platform (FIP)* and is up and running in Italy. Yes, in Italy - the country that over the last ten years has been at the centre of some egregious organic fraud scandals involving cereals and animal feed. "Puss in Boots", "Green War" and "[Vertical Bio](#)" were the code names of the investigations carried out by the Italian fraud authorities.

To combat this organised crime and to protect itself from the machinations of criminals, the Italian organic industry decided to create a database, starting with cereals. The initiative was sponsored by the organic umbrella association *Federbio* and partnered by *Intact* and *Organic Services*. *Intact* develops software for the management of audits, certification and traceability in supply chains. With its *Check Organic* system, the consultancy *Organic Services* makes certification data available in real time and links it to transaction data from the supply chain. It provides the FIP with the data of non-Italian traders and producers supplying Italy with cereals. The data of Italian organic companies is supplied by the national accreditation body *Accredia*, on whose database - *DataBio* – all Italian control organisations have to enter and update their certification information.

*FederBio* began setting up the platform in 2014. On a voluntary basis “and with the pressure of the trade on its sub-suppliers,” as Gerald A. Herrmann, managing director of *Organic Services* says. He points out that, with four big players, the retail trade in Italy is much more homogeneous than in Germany. Nevertheless, the *FIP* has been covering only a part of the organic cereals business, in particular the activities of quality manufacturers and traders. If you wanted to cheat, all you had to do was remain outside the system and find customers who wanted nothing to do with the *FIP*.

## State makes participation mandatory

They have now put a stop to that: the Italian government decreed that participation is mandatory. At the same time, the Italian control organisations joined forces to take over as sponsors of the platform whose official title is now *Organic Integrity Platform (OIP)*. Gerald A. Herrmann reports that because participation is now compulsory the number of traders and processors in the database increased from 91 at the beginning of the year to 200 by the end of June 2017 and the volume of cereals they dealt with tripled to 560,000 tonnes.

He expects the numbers to increase further, because it will take some time for everyone involved to be registered. He estimates that every year the database will record a million tonnes of organic cereals and thereby create full transparency. “Moreover, the OIP's plan, with the agreement of the Italian government, is to extend the system in the autumn of 2017 to olive oil and next year to tomatoes.”

Harvesting crops in the Ukraine. But the *FIP/OIP* is not the only database intent on making life more difficult for organic fraudsters. In Germany *bioc.info* displays current certificates and informs its users if the status of any of their suppliers changes. Whereas the whole German-speaking organic market is just about covered, only a few control organisations in other countries are involved. In the Netherlands the *Bionext* association has set up a database that collects in particular data from the quality assurance of participating companies, which is similar to *BNN Monitoring* in the German specialist organic trade. In the USA a database of the Ministry of Agriculture publishes certificates of US companies, and finally there is the EU database called *Traces*. From October 2017, organic importers have to enter digitally on *Traces* the control certification that has so far been issued for imports in paper form. “All these databases have their strengths and weaknesses,” says Gerald A. Herrmann. “What they all lack is depicting the flow of goods along the supply chains, with quantity balancing and the link to the relevant certification data in real time.” Only *Check Organic*, the system developed together with *Intact*, can do that. Of course, this is Gerald A. Herrmann promoting his own product. But the three-year trial run with the *FIP/OIP* in Italy shows what can be achieved. So we're left with the question why we don't have something similar in Germany.

### **And what's happening in Germany?**

It can't be that we don't know about it. The database and the Italian reference project have been presented every year at *BioFach*. “We've also introduced the system to the *Ministry of Agriculture* and the authorities in the federal states and they found it all very interesting,” Gerald A. Herrmann explains, adding that it can't be a matter of price. “The implementation costs are not high and the running costs are covered by the traded goods. In the case of the *FIP/OIP* that comes currently to 16 cents a tonne of cereals.” Reluctance on the part of companies could be due to the confidentiality of data because they're disclosing all their supply relationships to the database. “But not to their competitors,” Gerald A. Herrmann maintains.

What seems to be lacking is the political will of those involved in politics, the administration and in the organic industry itself. “It's possible that the level of suffering is not yet great enough,” muses Herrmann, reminding us of the scandals that caused Italy's organic industry to take action. But all these scandals about cereals and animal feed impacted on German producers, traders and processors too – plus the organic industry as a whole due to the negative headlines in the press. Roberto Pinton, one of the originators of the *FIP/OIP*, stated in a speech at *BioFach* : “We are ourselves responsible for the transparency of the organic market, and it's only with transparency that we can preserve such vital fundamentals as the trust of customers and fair competition.”

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