

## Building trust in safe and organic vegetable chains through Participatory Guarantee Systems (PGS)

### Key messages

- PGS is a **low-cost quality assurance mechanism** based on the active participation of a wide range of stakeholders in the inspection and monitoring process.
- After 10 years of implementation in Vietnam, most PGSs are yielding **positive results** in terms of food safety, environmental sustainability, community building and higher income for farmers. At the same time, 2 PGSs are currently struggling to maintain their operations in the absence of strong leadership.
- Efforts should focus on **securing stable markets** for PGS vegetables, mobilising internal resources for PGSs' financial sustainability and increasing the visibility of PGS with consumers.
- PGS should be **officially recognised** by the Government of Vietnam and included in its food safety and agricultural policies.

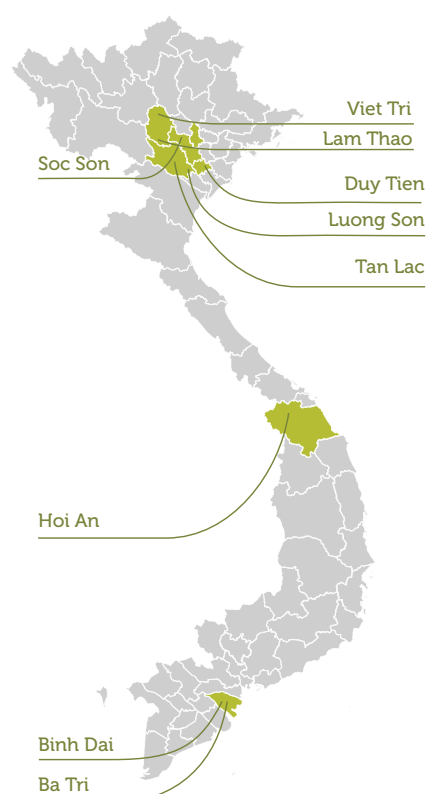
## Context

Vietnam's agri-food systems are undergoing a rapid and deep transformation. While consumers have increasingly demanding needs regarding the quality, traceability and safety of their food, the supply of safe agricultural products is still largely unstable and expensive.

A reliable and trustworthy **quality assurance** mechanism is a key condition to provide consumers with the confidence that quality standards are met. Third-party certifications are often the method of choice to certify organic and safe food products. However, they are not always suitable for small-scale operators and local market channels because of the **high costs** involved, the paperwork required, and the **complexity** of their requirements. In Vietnam, while the total vegetable production area is estimated to be about 735,000 ha, only 63,000 ha (8%) have a VietGAP certificate (Dao Bach Khoa et. al. 2015).

To address these challenges, farmers, NGOs, and their partners have sought alternative certification systems that are better adapted to farmers' local contexts. In 2008, the Danish NGO ADDA was the first organisation to introduce Participatory Guarantee Systems to certify organic vegetables in Vietnam. Ten years later, PGS is implemented in 6 provinces and 9 districts, and involves approximately 400 farmers.

As part of the project “**Capitalisation of Participatory Guarantee System experiences in Vietnam for upscaling & institutionalisation**”, Vietnam National University of Agriculture and Rikolto investigated all the existing PGSs in Vietnam to assess their strengths and weaknesses and come up with recommendations on how to improve PGS in the Vietnamese context.



# What is PGS?

IFOAM, the International Federation of Organic Agriculture Movements defines PGS as a “low-cost, locally based system of quality assurance with a strong emphasis on social control and knowledge building.” It is a simple but effective **participatory certification system** that involves a wide range of stakeholders such as farmers, consumers, retailers, NGOs and local authorities in agricultural products’ quality assurance. It has a lower cost and complexity than third-party certifications, making it more in line with the reality of smallholder farmers. The specific rules of each PGS are designed through contributions of all stakeholders and are adapted to fit the local context, taking into account individual communities, geographic area, cultural environment, and markets.

PGS was initially developed by IFOAM and is currently implemented in 66 countries worldwide. In Vietnam, the PGS mechanism is implemented with either one of the two following sets of standards: **1) Vietnam PGS Organic Standards** which was officially admitted into the IFOAM Family of Standards in 2013 or **2) BasicGAP**, a guidance document for vegetable production promulgated by the Ministry of Agriculture and Rural Development on 2 July 2014 (Decision 2998/QĐ-BNN-NT, 2014).

## How does PGS work?

### 1. Farmers:

- ✎ Sign a **pledge** where they commit to abide by the rules of PGS and the standard.
- ✎ Produce vegetables according to the criteria of the food standard.
- ✎ Participate in cross-checkings, inspections and relevant meetings.

### 2. Farmer groups:

- ✎ Are composed of 5-10 farmers, usually living in close proximity.
- ✎ Carry-out the cross-inspection plan designed by the intergroup and inspect other groups’ compliance with the standard.
- ✎ Organise member meetings and apply for PGS certification.
- ✎ Group leaders facilitate **internal inspections** to ensure that members comply with the standard.

### 3. Intergroups:

- ✎ Bring together multiple farmer groups in an area. Members usually include the heads of all producer groups and external stakeholders such as representatives of traders, local officials, consumers or NGOs.
- ✎ Develop cross-inspection plans, **coordinate cross-inspections at least twice a year**, check the peer-review documentation, and report on the inspection results.
- ✎ Manage certification applications from farmer groups and request the Local Coordination Board to approve certification for qualified groups
- ✎ **Sanction** groups that do not comply with the rules.
- ✎ In some cases, they maintain a database of members, coordinate the production plans for farmer groups, and promote their vegetables to potential buyers.

### 4. Local Coordination Board (LCB):

- ✎ Is usually composed of representatives of farmers, buyers, and local authorities who are selected for their **technical competence**. There is one LCB per PGS.
- ✎ Reviews certification requests and inspection reports submitted by the intergroup.
- ✎ Carries out random inspections when violations are suspected and sanctions intergroups when there are irregularities.
- ✎ Approves PGS certification requests from qualified group
- ✎ Manages the **PGS seal** and trademark.
- ✎ Helps connect farmers and farmer groups to markets and interacts with mass media.

In addition, PGSs in Vietnam are usually characterised by the following features:

- ✎ The PGS framework and norms are conceived by the stakeholders through a **participatory process**, in line with general PGS principles and the standard (either organic or safe).
- ✎ Certificates are granted to **farmer groups**, not individual farmers.
- ✎ PGSs’ participatory nature allows **learning processes** to take place at different levels: within the farmer group, between farmer groups, and among various stakeholders.
- ✎ PGSs have their own **logo** and labels providing evidence of their quality status. Product information is available on the packaging.
- ✎ Clear warning and **sanction mechanisms** are in place for farmers who do not comply with the standards and/or procedures.
- ✎ In many locations, PGS have the **support of local authorities** at the commune, district or provincial level. This support covers infrastructure and human resources, and sometimes finances.

# What results have PGSs achieved in Vietnam?



## Consumers' access to safe food

Performance on this criterion varies significantly from one PGS to another.

- Most PGSs that have been established for several years have a well-functioning certification system and usually perform better thanks to their **earned reputation** with consumers and buyers.
- Young PGSs and the ones located far from major cities often struggle to meet consumers' demand. This is due to a series of factors: small volumes, **unstable distribution channels**, lack of visibility and/or trust by local consumers.
- In some PGSs, buyers or local authorities add an extra layer of reassurance by regularly testing vegetable samples for chemical residues.

### Example

Thanh Xuan intergroup in Hanoi sells 30 - 40 tons of organic vegetables per month to over 30 regular buyers in Hanoi, and up to 70 tons in winter. Based on an average consumption of 0.29 kg of vegetables per day per consumer, the 121 members of the intergroup enable over 4,500 consumers to eat organic vegetables every single day.



## Market access and income

Well-functioning PGS have indeed increased market access for their farmers.

- Farmers' income from PGS vegetable production is higher than income from non-PGS vegetables and other crops.
- A PGS certificate is **significantly more affordable** than a third-party certification. A PGS membership costs on average 50,000 VND/ year/farmer (USD 2.2). In addition, a small fee is often collected for each kilo of vegetables sold. In comparison, a VietGAP certificate can cost up to 800-1,500 USD for 2 years, while foreign organic and food safety certifications can be up to three times as expensive.
- Despite the majority of PGSs having stable supply contracts, they still struggle to meet buyers' requirements in terms of volume and varieties of vegetables.

### Example

After obtaining a PGS Safe certificate in 2017, farmer groups from Tu Xa Cooperative in Phu Tho province started selling their production to a leading safe vegetable brand. Today, the cooperative sells about 90% of its vegetables to the company. The price received by the cooperative is **1.5 to 3 times** higher than the price on the local market. Farmers' average income from PGS safe vegetables is about 3 million VND/ month but can reach 10 million VND/month during certain months. In addition, the high demand for safe vegetables **has created jobs for villagers** in the locality who are hired as labourers by PGS farmers.

In Thanh Xuan, Hanoi, farmers' income from PGS organic vegetables varies from 2.5 to 10 million VND per month depending on the size of the production area and the season. This is approximately **12 times more than the income yielded from rice production** in the same area.



## Environmental protection and health

The environmental sustainability criteria included in the organic and BasicGAP standards ensure that farmers' local environment is protected from harmful practices.

- ▶ To obtain a **PGS organic certification**, farmers are not allowed to use any chemical fertilizer or plant protection product, except for extraordinary use as per the PGS Organic standard. The destruction of forests and other ecological environments is prohibited. Furthermore, farmers must take measure to prevent erosion and salinity intrusion and must add a green manure crop to the crop rotation structure for at least one year.
- ▶ Under **BasicGAP**, farmers must follow the guidelines issued by the authorities on the use of agrochemicals and learn about Integrated Pest Management. Any use of chemicals must be recorded in individual journals and farmers must be trained on the proper use of safety equipment. Wastewater and other solid wastes must be disposed of safely.
- ▶ According to farmers, **soil fertility** has increased due to the reduction (safe) or absence (organic) of chemical use and the usage of organic compost.
- ▶ Most farmers interviewed self-reported benefits on their **health**.
- ▶ Additional research should be conducted to analyse in more depth the environmental outcomes of PGS.



## Social cohesion and community-building

PGS contributes to social cohesion, peer-to-peer learning and awareness of one's responsibility towards the community.

- ▶ The Coordination Board of PGS Vietnam which brings together 5 intergroups in Hanoi, Hoa Binh and Ha Nam, regularly organises fairs and community activities to enable farmers to exchange experiences and learn from each other.
- ▶ Within PGS Vietnam, Trac Van intergroup has organised collective production: farmers cultivate the same land and are paid according to their time contribution. According to one interviewee, this has increased **social cohesion** among farmers in the group. One farmer mentioned that farmers are not only trained in production techniques but also gain knowledge on food safety, healthcare, the environment and become aware of their responsibility towards the community.
- ▶ Another farmer within PGS Vietnam reported wanting to quit PGS due to the strict regulations but decided to stay because of the enthusiasm and **assistance** from her group.
- ▶ Furthermore 3 intergroups (Hoi An, Trac Van and Thanh Xuan) are involved in **awareness-raising** activities through agro-tours organised for students and families.



*Participatory Guarantee Systems cannot be successful without a stable market for their vegetables*



## What are current challenges?

One of the biggest challenges for PGS currently is its scale. With only a few locations across Vietnam, it is not yet well-known and trusted by consumers. The quantity of PGS products is still limited and the distribution system is largely confined to niche markets.

Organic vegetable production is labour-intensive and time-consuming. At the same time, the yield and diversity of varieties is lower than for conventional vegetables. Therefore, the price of PGS vegetables is higher which can constitute a barrier to find new buyers. PGSs cannot be successful without a stable market for their vegetables. Sadly, many farmers and group leaders have a limited business and marketing capacity.

Three PGS intergroups do not have any **formal contract with buyers**. Therefore, farmers often have to sell their vegetables directly to open markets at a lower price than what they would have received from regular buyers. Ideally, buyers should play an active role in PGS through trainings or inspections. However, the relationship between farmers and buyers is often limited to an economic exchange without further involvement.

In addition, **unsafe production practices** are deeply engrained in farmers' habits. Despite their commitment and willingness, farmers often **make mistakes**, especially in the first years of their transition. Furthermore, farmers are not used to recording practices and therefore often neglect to fill in their logbooks.

Finally, the **lack of financial resources** is an important impediment to the sustainable operations of PGS. The majority of PGSs still heavily rely on financial support from development partners and the government. Nevertheless, the examples of Thanh Xuan and Trac Van intergroups that manage to retain resources from members' contributions and sales profits, show that the ideal of financial sustainability is achievable, albeit with some limitations.



### Lessons learned

- ▮ A stable and strong market is a key success factor for PGSs. PGSs that can sell their produce to regular buyers have grown in membership and production area over the years. This is the case in the Trac Van, Tu Xa, Thanh Xuan, and Hoi An intergroups.
- ▮ PGSs that have invested in local promotion activities through media, workshops, seminars, a store at the local market and agro-tourism are better-known by consumers, more trusted and have better markets.
- ▮ 2 PGSs are at a standstill because of the lack of leadership of their Local Coordination Board. The very low allowance provided as a compensation for their efforts doesn't incentivise them to act.
- ▮ In order to grow and become sustainable, PGSs must be able to mobilise funds from their members and from PGS vegetable sales.

# Recommendations for policy makers

Recommendations	Provincial	National	District
Analyse the Vietnamese institutional and policy framework related to quality assurance to identify where PGS could be integrated.	X	X	
Delegate IPSARD to develop a plan for the official recognition and institutionalisation of PGS into government policies.	X		
Identify suitable areas for PGS development and include them in government planning.	X	X	X
Support PGSs with land consolidation policies to facilitate the formation of farmer groups with contiguous land.	X	X	
Promote PGSs to local communities and buyers through the organisation of field visits, fairs, and seminars.		X	X
Provide financial support to new PGSs to support initial training, sample residue analysis and investment costs.		X	X
Support PGS through comprehensive and participatory training programmes targeting farmers' organic/safe production capacity, post-harvest handling and storage, business skills, production planning and organisational capacity.		X	
Support PGSs to develop strategic partnerships with mass organisations such as the Women's Union, Farmers' Union and Youth Union to encourage more farmers to join and increase PGS' visibility.		X	X

## Concluding remarks

Over the 10 years of their existence in Vietnam, local PGSs for organic and safe vegetables have yielded positive results in terms of food safety, environmental sustainability, community development and better income for farmers. Their strength lays in their ability to incentivize smallholder farmers to produce safe vegetables and to build consumers' confidence that they are indeed safe. In order to replicate these good results, PGSs should be multiplied and upscaled to better meet markets' demands. Therefore, PGS should be officially recognised and promoted by provincial and / or the national government as a valid quality assurance mechanism to further build consumers' trust.

### PGS toolbox for practitioners

In July 2018, Rikolto published a new PGS toolbox to help practitioners set up their own PGS pilots. The toolbox includes a PGS Trainer's Guide (ToT) with lesson plans, a technical background document on PGS for learners, 3 posters on best practices for farmers, a Trainer's Guide on BasicGAP. Contact us at [vietnam@rikolto.org](mailto:vietnam@rikolto.org) to receive your copy.

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### About Rikolto

Rikolto is an international Non-Governmental Organisation (NGO) with more than 40 years of experience in partnering with farmer organisations and food chain actors across Africa, Asia, Europe and Latin America. Rikolto envisions a world with food systems that allow poverty and hunger to be eradicated and that do not burden our planet more than it can bear. Active in Vietnam since 1994, we run programmes in 15 countries to foster more sustainable and inclusive food systems. Rikolto builds bridges of trust and trade, between the food industry, governments, research institutions, and farmer organisations around this one central question: 'What will we eat tomorrow?'.

### About VNUA

Vietnam National University of Agriculture (VNUA) was established in 1956 as one of the first national universities of Vietnam. VNUA is a multi-disciplinary research university focusing on agriculture and rural development. VNUA is also a relied-upon consulting agency for the Ministry of Agriculture and Rural Development as well as other local governmental bodies across the country. The university has approximately 38,000 students and comprises 14 faculties and 5 research institutes. The present study was conducted by staff members at the Faculty of Food Science and Technology.





## To learn more

Rikolto's project page on Participatory Guarantee Systems for Safe Vegetables: <https://vietnam.rikolto.org/en/project/participatory-guarantee-systems-safe-vegetables-vietnam>

The website of PGS Vietnam (organic vegetables): <http://vietnamorganic.vn/pgs>

ALiSEA - a regional platform to network initiatives that support agroecology in Southeast Asia: <http://www.ali-sea.org>

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