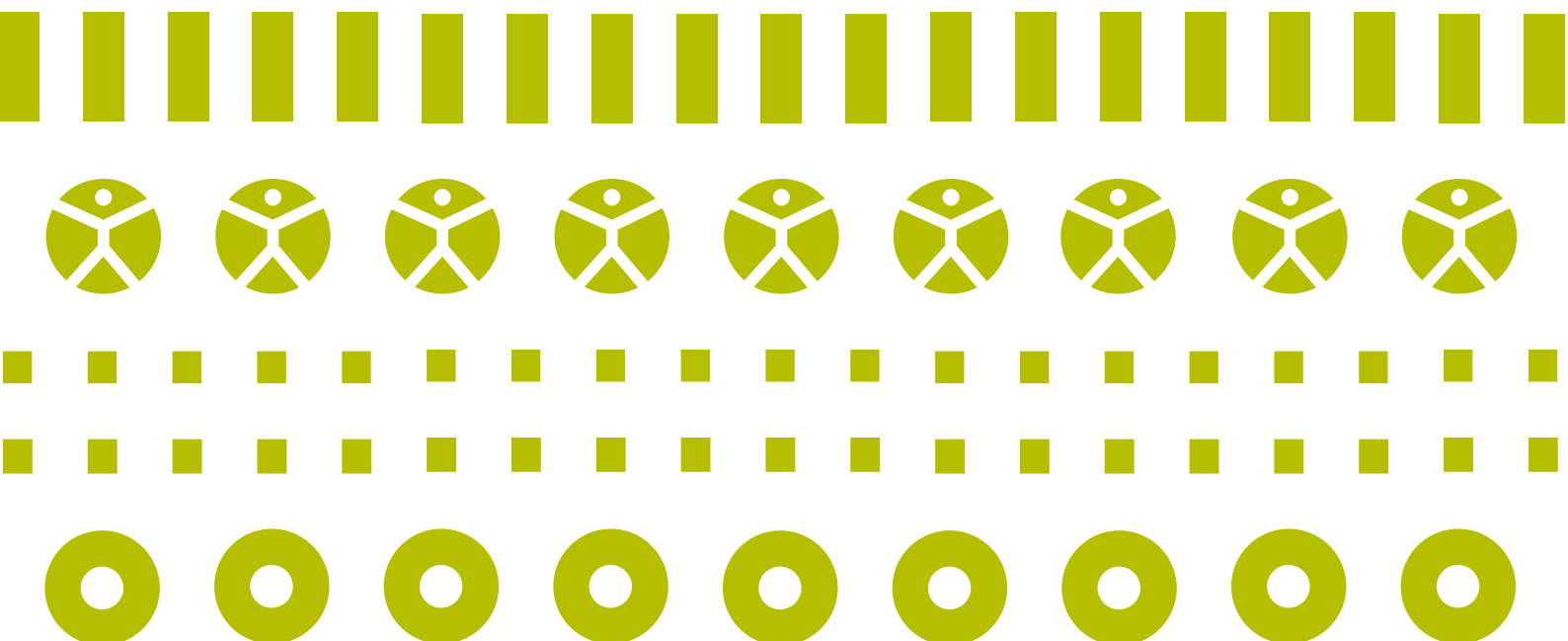


EXECUTIVE SUMMARY

10 years of Participatory Guarantee
Systems in Vietnam –A Capitalisation Study



10 years of Participatory Guarantee Systems in Vietnam – A Capitalisation Study

Participatory Guarantee System (PGS) is a low-cost quality assurance mechanism that guarantees the quality of agricultural products and has the potential to regain consumers' trust. Introduced in Vietnam in the organic agriculture sector, it has been implemented in the country for over 10 years to certify safe and organic vegetables.

As part of the project “**Capitalisation of Participatory Guarantee System experiences in Vietnam for upscaling & institutionalisation**”, funded by the Agroecology Learning Alliance, Vietnam National University of Agriculture and Rikolto investigated all existing PGS in Vietnam to assess their strengths and weaknesses and come up with recommendations on how to improve PGSs in the Vietnamese context. This Executive Summary compiles the study's main findings and recommendations.

What is PGS?

PGS is a low-cost, locally based system of quality assurance with a strong emphasis on social control and knowledge building (IFOAM). It is a simple participatory certification system that involves a wide range of stakeholders such as farmers, consumers, retailers, NGOs and local authorities in agricultural products' quality assurance. PGS was developed by IFOAM, the International Federation of Organic Agriculture Movements in 2004.

PGS in Vietnam

PGS was first implemented in Vietnam in Thanh Xuan commune, Soc Son district, in Hanoi. It was introduced by the Danish non-governmental organisation ADDA in 2008, following the model developed by IFOAM for organic agriculture. In 2010, Rikolto (then called VECO) started using the same PGS mechanism with a food safety standard. In 2017, there were 10 intergroups organised in 5 PGSs located in 6 provinces: Hanoi, Hoa Binh, Phu Tho, Ha Nam, Quang Nam, and Ben Tre. PGSs in Vietnam are currently supported by Vietnamese NGOs (Action for the City), international NGOs (Seed to Table, Rikolto, ADDA), and international agencies (Asian Development Bank).

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 and
- 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).

Why PGS?

In Vietnam, third party certifications for organic and safe vegetables are expensive, require a lot of paperwork, and contain a lot of criteria, often too complex for smallholder farmers. PGS offers a low-cost alternative (VND 50,000 membership fee/year/farmer on average) based on simplified requirements. Furthermore, PGS rules are designed through contributions of all stakeholders, taking into account individual communities, geographic area, cultural environment and markets. This makes them more adapted to the local context.

PGS in the world

PGS is currently implemented in 66 countries around the globe, on every continent. In 2017, it was estimated that there were at least 241 PGS initiatives worldwide of which 116 were under development and 125 were fully operational. At least 307,872 farmers were involved, and 76,229 producers were certified (IFOAM, 2017). Although PGSs are adapted to the local conditions, they share a common set of core principles such as horizontality, participation, learning and transparency.



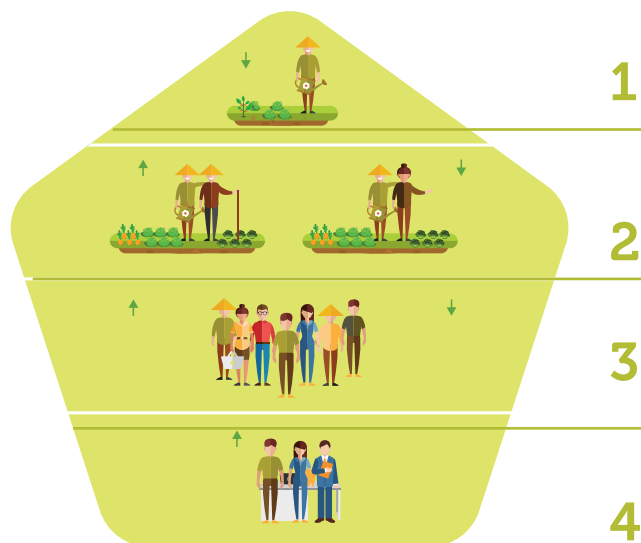
How does PGS work in Vietnam?

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.
- 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 certifications application from farmer groups and request the Local Coordination Board to **approve certification** for qualified groups.
- Sanction** groups that do not comply with the rules.

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 groups.
- Manages the PGS seal and trademark.
- Helps connect farmers and farmer groups to **markets** and interacts with mass media.

Analysis of PGS' effectiveness



1. Consumers' access to safe food

PGSs that have been established for multiple years and are engaged in outreach activities perform better thanks to their earned reputation with consumers and buyers. Recent PGSs and the ones located away from major cities often struggle to meet consumers' demand due to unstable distribution channels, lack of visibility, poor diversity of vegetable varieties, and small selling volumes. The biggest challenges are the absence of recognition of PGS certification by the government and the lack of familiarity of consumers with PGSs.



2. Income and market access

Well-functioning PGSs have undeniably increased market access for their member farmers. The study revealed that farmers' income from PGS vegetables is higher than income from non-PGS vegetables and other crops, such as rice. Farmers' average income from PGS safe and organic vegetables varies from VND 2.5 to 10 million per month depending on the size of the production area and the season. Despite the majority of PGSs having stable selling contracts with retailers and/or collective kitchens, they still struggle to meet buyers' volume and varieties requirements.



3. Environmental sustainability

Environmental sustainability in PGS farms is ensured by farmers' compliance with either an organic or GAP (Good Agricultural Practices) standard. Under PGS organic rules, farmers are prohibited to use chemical fertilizer and plant protection products, and to destruct forests and other ecosystems. They are also required to prevent erosion and salinity intrusion and to add a green manure crop to the crop rotation structure. Under BasicGAP, farmers must: 1) follow official guidelines for agrochemicals' use, 2) learn about Integrated Pest Management, 3) record any use of chemicals, and 4) dispose of waste safely. Farmers self-reported benefits on their own health and on soil fertility.



4. Community-building and social sustainability

Interviewed farmers mentioned that since PGS started in their community, they had felt increased social cohesion among farmers, and had learned about their responsibility towards the community. Some underlined the importance of their group's assistance and enthusiasm in encouraging them to pursue organic farming. Some PGSs regularly organise fairs and community activities to enable farmers to exchange experiences and learn from each other.





SWOT analysis of PGSs in Vietnam

Strengths:

- ▮ Low-cost quality control mechanism
- ▮ Increased market access when PGSs are well-developed
- ▮ Suitable for smallholder farmers
- ▮ Local government support for infrastructure, technical assistance, and finances
- ▮ Contribution to social cohesion, learning and sense of responsibility towards the community
- ▮ Health improvements for farmers and greater availability of safe/organic food for consumers
- ▮ Environmental protection
- ▮ Higher and more stable income for farmers.

Weaknesses:

- ▮ Small scale of PGS development in Vietnam
- ▮ Distribution system still largely confined to niche markets
- ▮ Perceived inconvenience and complexity of farm logbooks
- ▮ Limited skills in accounting, marketing, business and ICT of farmer leaders
- ▮ Lack of visibility of PGS with consumers and buyers
- ▮ Laborious and time-consuming practices resulting in small volumes and diversity of varieties
- ▮ High price of PGS-certified produce
- ▮ Insufficient engagement of representatives of consumers and buyers in PGSs (inspections, coordination, trainings)

Opportunities:

- ▮ Growing market demand for organic and safe vegetables
- ▮ Technological innovations that can alleviate the burden of safe and organic farming
- ▮ Applicability of PGS to a wide range of commodities
- ▮ Development of agri-tourism in PGS farms
- ▮ High expansion potential thanks to suitable natural conditions for vegetable production
- ▮ Progress towards financial sustainability in Thanh Xuan and Trac Van intergroups indicates the possibility for PGSs to operate independently overtime

Threats:

- ▮ Lack of knowledge of new PGS farmers on organic / safe production can lead to mistakes
- ▮ Contamination of farmers' fields by agrochemicals sprayed by neighbours
- ▮ Farmers' close-knit relationships can lead them to ignore violations committed by other members
- ▮ Unstable distribution channels and low market access in some PGSs threatens their survival
- ▮ Absence of legal recognition of PGS by local and national authorities can hamper consumers' trust in PGS certifications
- ▮ Farmers' poor documentation and record-keeping skills
- ▮ Lack of own financial resources and reliance on external support

Recommendations

- 1** PGS certificates should be **officially recognised** by provincial and / or the national government as valid quality assurance to build consumers' trust in PGS.
- 2** PGSs should be **multiplied** and **upscaled** to better meet markets' demand. Suitable areas for PGS development should be included in authorities' planning.
- 3** A **comprehensive training programme** targeting farmers' organic/safe production capacity, post-harvest handling and storage, business skills, production planning and organisational capacity should accompany the PGS development process. The programme should be delivered using participatory training methods such as Farmer Field Schools, putting the farmer at the centre of the learning process.
- 4** PGSs should explicitly allocate **roles and responsibilities** for production planning, marketing, business planning, traceability and information management among its members. LCBs should only include members who can actively bring an added value to PGSs.
- 5** A **resource mobilisation strategy** must be clearly defined and implemented within each PGS to allow for infrastructure investment and compensation of LCB members for their efforts.
- 6** Investment in communication and **visibility** should be an integral part of PGSs' business and / or development plan.
- 7** A portion of the PGSs' profits should be earmarked for **sample residue analysis**. Intergroups should engage authorities and regular buyers to financially support lab tests.
- 8** PGSs should develop **strategic partnerships** with mass organisations such as the Women's Union, the Farmers' Union and the Youth Union to encourage more farmers to join PGS and increase their visibility.
- 9** PGSs should more actively engage representatives of **consumers** to participate in inspections, LCBs and field visits in order to build more trust between farmers and end-consumers.
- 10** To support the institutionalisation of PGS, **reliable data** on PGSs' performance should be collected as evidence for decision-making.
- 11** Local governments should support PGSs with **land consolidation** policies to more easily enable farmers to form groups.

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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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