



PARTICIPATORY GUARANTEE SYSTEMS (PGS)

TECHNICAL MANUAL

Second draft - November 2018



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FUNDED BY

Belgian Directorate-General Development Cooperation (DGD)
Agroecology Learning Alliance in South East Asia (ALiSEA)
Belgium National Lottery

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ACCRONYMS

ADDA	Agricultural Development Denmark Asia
BasicGAP	Basic Guidance for Good Agricultural Practices
MONRE	Ministry of Natural Resources and Environment
MARD	Ministry of Agriculture and Rural Development
PP	Plant Protection
MOH	Ministry of Health
DGD	Belgian Directorate-General Development Cooperation
Co-op/ IG	Cooperative/ Inter-group
HIN	Household Identification Number
IFOAM	International Federation of Organic Agriculture Movements
JICA	Japan International Cooperation Agency
NGO	Non-government organization
PGS	Participatory Guarantee System
VNS	Vietnam Standards
UNIDO	United Nations Industrial Development Organization
VietGAP	Vietnamese Good Agricultural Practices
VNFU	Vietnam Farmer Union
VNUA	Vietnam National University of Agriculture
HFS	Hygiene and Food Safety

PREFACE



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“Participatory Guarantee System (PGS) – Technical Manual” is a technical document for individuals and organizations operating in the field of food quality control, engineering, and marketing, managers, researchers, and interested readers. The purpose of the document is to support individuals, organizations, production groups and households in the process of developing and operating the PGS to increase the quality agricultural products in Vietnam. This document was compiled by Rikolto / VECO in Vietnam in cooperation with the PGS Coordination Committee, and author groups from various organizations under the sponsorship of the Belgian Directorate-General Development Cooperation (DGD), the Agroecology Learning Alliance in South East Asia (ALiSEA), and the Belgium National Lottery.

The document introduces the PGS and is designed as a document applicable for training. It contains the basic technical content and necessary guidance to develop and operate the PGS in localities. These technical guidelines are developed on the basis of PGS initiatives of the International Federation of Organic Agriculture Movements (IFOAM), and integrate contents, methods, results and experiences from programmes and project related to PGS in Vietnam.

Materials can be applied for training courses on PGS, for PGS development in localities, and for interested readers as a reference during the application process. This document was compiled by capitalizing on the labor and wisdom of many individuals from different organizations and will be further developed by users. It is hoped that the document will support the transformation towards meeting consumers' demand for safe and organic food in Vietnam through innovation in quality assurance. As PGS is still new in Vietnam, this document will be updated and revised periodically. The regulations mentioned in this document are in effect at the time of publication and may be changed by policy makers. We hope to receive feedback from readers in order to improve the document.

Rikolto

PGS Coordination Committee in Vietnam



INSTRUCTIONS FOR USE

This document consists of two parts that provide an overview and detailed description of the participatory guarantee system (PGS). Readers can use this document in a flexible way to meet their work requirements. Development organizations and related agencies operating in the field of food safety and quality management can use the document as a reference to introduce their partners and local authorities to PGS application. Central and local-level policymakers can study this material and refer to other relevant documents for an overview of PGS. Moreover, PGS can be replicated and integrated into national and local policies related to sustainable agricultural development, linking production with business, quality management and food safety.

For agricultural cooperatives and farmer organizations that have been applying PGS in their production and business activities, this document can be used to review the process of establishing and operating the system. For cooperatives, farmer organizations and business enterprises wishing to apply PGS as a quality management tool, this document provides complete insight into PGS and specific guidance for establishing and operating the system.

Part 1 presents an **overview of the PGS**. This part briefly describes the value chain concept as a specific context where PGS can contribute significantly to quality assurance monitoring. This part also provides information on the PGS structure and functions, its formation and development, and key concepts and principles of PGS. The last section sums up the challenges faced by PGS deployment in Vietnam and reflects on the key success factors for PGS to thrive. Readers should study this part carefully in order to gain comprehensive knowledge about PGS before proceeding to the next part.

Part 2 provides information on **the PGS establishment procedure** through 7 specific steps ranging from assessing the possibility of starting a PGS to coordinating the operations of the system. Part 2 describes in detail PGS regulations, other relevant regulations related to the management and operation of the system, inspection of farmers and PGS sustainability, together with instructions on how to move forward in practice. This part is especially useful for readers who wish to access detailed information on PGS so that they can train, communicate and support the establishment of a PGS. We hope that with our experience and creative ideas, readers can apply these materials in a flexible way in accordance with the local context.



PART 1 PGS OVERVIEW

- 1. VALUE CHAIN AND PGS**
- 2. PGS OVERVIEW**
- 3. STRUCTURE AND FUNCTIONING OF PGS**
- 4. KEY FACTORS FOR A SUCCESSFUL PGS**

1 VALUE CHAIN AND PGS



producers where enterprises play the role of investors in organizing production, applying science and technology, and looking for markets. The chain also has a **horizontal** link between actors performing the same function in the chain. One example is the connection between production households and farmer organizations who support each other in production and business and ensure that sufficient quality and quantity is supplied to buyers.

1.1 DEFINITION OF VALUE CHAIN

Value chains are a set of interrelated activities, ranging from input supply, production, collection, and processing to selling products to consumers that create or increase the value of a product or service (Porter, 1985). Activities in value chains **INCREASE VALUE** at every step of the process, including production, collection, processing, distribution and marketing.

In the value chain, there are “stages” that can be described in detail by “activities” and “actors” who perform functions in the different stages of the chain as illustrated in Figure 1; for example, input suppliers, producers and traders. In addition, there are a “supportive factors” that helps to develop the chain by facilitating the upgrading of functions in the chain.

The value chain structure also has a **vertical** link in which the actors take on each function in the chain together to carry out activities to increase the value of products. One example is the cooperation between enterprises and

1.2 VALUE ADDED TO THE VALUE CHAIN

Value added is the profit generated in the value chain. Value added is generated by the activities of each stage of the value chain.

Intermediate goods: also known as manufactured goods or semi-finished goods, are partially finished goods used as inputs for the production of other goods, including finished goods.

Value chains are only profitable for the actors if consumers are willing to pay for the final product, meaning that all actors should pay attention to the needs of consumers. With the increase in value, the distribution of profits to the actors is very important to ensure the sustainability of the value chain. In addition to profit, activities in the chain should benefit local communities and contribute

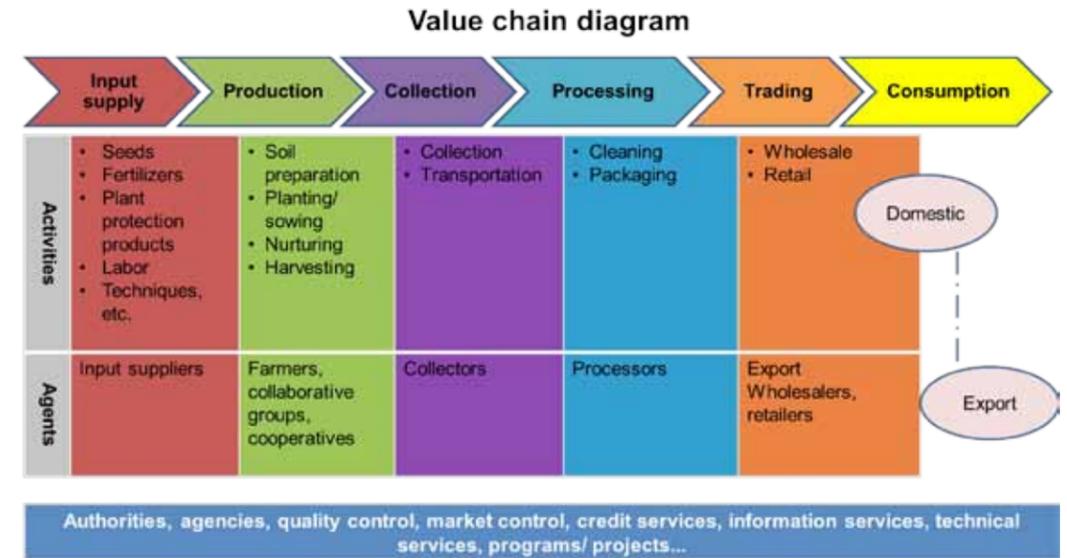
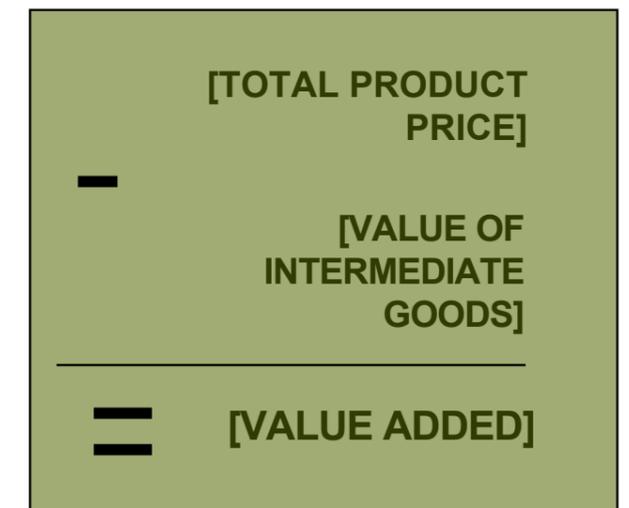


Figure 1. Value chain structure. Source: UNIDO, 2009

Formula for calculating added value

Source: O’Sullivan, Arthur; Sheffrin, Steven M. (2003). Economics: Principles in Action. Upper Saddle River, New Jersey 07458: Pearson Prentice Hall. p. 301. ISBN 0-13-063085-3.



VALUE CHAIN AND PGS

to sustainable development. Business strategies that focus on environmentally friendly or public health-based products also contribute to sustainable value chains.

1.3 BENEFITS OF A VALUE CHAIN PERSPECTIVE

Understanding how the value chain works helps producers determine the market before production and **identify the needs and requirements of the market**. Farmers can manage production and business and determine the need for investment in upgrading the chain. In other words, before production, a farmer needs to clearly define to whom his/her harvest will be sold, how much he/she intends to sell and how she/he will access the market. The principle of the market is that consumption determines the production - and production must meet market requirements.

WHAT ARE THE BENEFITS OF A VALUE CHAIN APPROACH?

- » It enables resources and capital to be concentrated on commodities and sectors where localities and countries have comparative advantages;
- » It allows to determine production stages, activities, and priority products for effective investment. For example: the rice chain doesn't only include rice

gains but also rice bran oil, rice bran wax, and rice cooking oil;

- » Production under value chains will re-organize production in the direction of sharing both benefits and risks among the actors involved in the chain, thereby creating a motive for production and encouraging chain actors to fulfil their potential; and
- » Production under value chain promotes quality inspection, safe hygiene and technical standards for products and goods, thereby maintaining a brand, increasing competitiveness, and bringing goods to the market.

1.4 RELATIONSHIP BETWEEN VALUE CHAIN AND PGS

The development of agriculture in Vietnam in recent years shows that production is still small and mainly in the form of household farming. Products are often marketed in pre-processed form, without brand or labelling. Cooperatives often struggle to perform their role in linking producers to markets while production and processing are often planned regardless of market requirements. In order to ensure the sustainable development of Vietnam's agriculture and to enhance its competitiveness in the context of international integration, it is vital to re-organize production in a closed value-chain "input - production - output" process while ensuring high standards of food safety and hygiene.

VALUE CHAIN AND PGS

In recent years in Vietnam, a lot of efforts have been made in promoting quality production through the establishment of strong linkages between farmers and companies. One of the major challenges of value chain production is to manage and **certify product quality**. This work requires many steps in the chain and involves multiple stakeholders. It is a difficult and risky task as it requires product quality requirements to be strictly complied with at all stages.

Product quality certification can be conducted in various forms:

- » **Voluntary certification:** the certification of the quality of goods in accordance with the standards of the country of production or international standards is made at the request of an organization / individual.
- » **Compulsory certification:** the certification of the quality of goods conforming to the standards is requested by the State management agencies.

The product quality certification process consists of standardized assessment activities. There are three types of assessments currently in use:

- » **First-party evaluation:** Also known as an internal review, conducted by the organization itself for self-declaration of conformity.
- » **Second-party evaluation:** A type of evaluation conducted by interested parties such as customers, representatives of clients, or representatives of functional agencies.

- » **Third-party evaluation:** An assessment conducted by an independent external body, known as a certification body. This type of certification is made by agreement between the organization or individual who needs certification and the certification body.

Third-party certification is believed to be highly reliable, ensure objectivity and transparency, and help the producer to cultivate expertise. However, obtaining a certificate from a third party often requires a large investment by producers who want to create their name in the market. It also usually requires a large amount of paperwork which often goes beyond individual farmers' ability to process.

In many vegetable production value chains, the majority of producers are small and medium farming households. Third-party certification is unlikely to be carried out due to its high costs for farming households. Farmers therefore struggle to convince markets that their production is safe. In this context, PGS contributes to more sustainability in the value chain, through improved quality management at all stages of the chain such as input supply, production, transport, processing, packaging, and labeling. The quality and value added to each product in the chain is ensured through the close commitment and responsibility of all the actors involved in the system, giving consumers confidence in the safety and quality of products (Greater Mekong, 2017).

2 PGS OVERVIEW

2.1 PGS ESTABLISHMENT & DEVELOPMENT

PGS, an internal quality assurance system, stands for “Participatory Guarantee Systems” and was developed in 2004 by the International Federation of Organic Agriculture Movements (IFOAM). In 2017, it was estimated that there were at least 241 PGS initiatives worldwide. Out of the 241, 116 are under development and 125 are fully operational, with at least 307,872 farmers involved and 76,229 producers certified. PGS initiatives exist in 66 countries; among them 43 countries have fully operational PGS initiatives in place (IFOAM, 2017).

In Vietnam, the Vietnam Farmer’s Union (VNFU) and the Agricultural Development Denmark Asia (ADDA - a Danish NGO) introduced PGS in October 2008 in the project “Developing a Framework for Production and Marketing of Organic Agriculture in Vietnam” (2005-2012). In that same year, ADDA initiated the first PGS in Thanh Xuan Commune, Soc Son District, Hanoi. For the past 10 years,

PGS has expanded in Vietnam and has been used as a quality monitoring and assurance system to help farmers bring safe and organic products to local markets and to provide consumers with quality food.

In 2010, recognizing the benefits and relevance of PGS for small-scale agricultural production in Vietnam, Rikolto (formerly VECO Vietnam) in collaboration with the Vietnam Standards and Consumer Association (VINASTAS) developed the idea of applying PGS together with food safety standards. In 2017, Vietnam had five PGSs, including 10 cooperatives in six provinces and cities: Hanoi, Hoa Binh, Phu Tho, Ha Nam, Quang Nam, and Ben Tre (Rikolto and VNUA, 2018). Several donors and NGOs such as the Asian Development Bank (ADB), Action Center for City Development (ACCD), Seed to Table, Rikolto, and ADDA, have supported the implementation of PGS in Vietnam.

In Vietnam, PGS are deployed based on two sets of

standards: (1) ‘**Vietnam PGS Organic Standards**’ issued by IFOAM in 2013; and (2) **BasicGAP**, a guidance document for safe vegetable production, issued by the Ministry of Agriculture and Rural Development on 2 July 2014 (Decision 2998 / QD-BNN-NT, 2014).

2.2 BENEFITS OF PGS

PGS can be applied as a quality guarantee and certification system for most types of quality standards, including organic, sustainability and GAP standards. PGS brings practical benefits to a variety of stakeholders.

For farmers

According to Ms. Tu Tuyet Nhung, a specialist on organic PGS in Vietnam, PGS is an easy-to-understand quality assurance model for small and medium producers. Unlike third-party certification systems, PGS gives producers an opportunity to confirm their compliance with production standards at an **affordable cost**. Their products are clearly labeled, thus increasing the **traceability** of their products. In practice, this has resulted in **improved market access** and long-term supply commitments which have led to **increases in income** thanks to a higher price and volume of produce sold. When participating in PGS, farmers’ ability to adapt to market changes gradually improves as they directly interact with other actors in the value chain, including buyers.

For distributors and retailers

Food retailers are often involved in production monitoring and information sharing through their participation in PGS’ Local Coordination Board and/or Intergroup (see PGS structure below). PGS supports **short chains** through direct supply connections between quality food producers and retailers. Thanks to this privileged relationship, retailers have access to reliable sources of quality products and can build more trust with their consumers.

For consumers

Thanks to PGS, consumers have access to safe or organic food produced in accordance with quality standards. PGS helps **build consumers’ trust** thanks to direct connections between buyers and sellers and clear traceability. Consumers can further expand their understanding of the production process since most PGSs welcome the involvement of local consumer associations in the inspection process and organize farm visits for consumers.

For local authorities

PGS is a reliable, affordable, and effective system to manage food safety across the country. It helps restore citizens’ trust in the food system and supports a better health for consumers. Furthermore, it contributes to changing the behavior of producers towards safer and more environmentally-friendly production practices, raising awareness of social responsibility, and strengthening community linkages.

2.3 DEFINITION OF PGS

PGS are locally focused quality assurance systems. They certify producers based on the active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange (IFOAM, 2008). Producers’ compliance with quality standards is verified based on the active participation of relevant actors and stakeholders in the monitoring process.

2.4 PGS FEATURES:

- » PGS is not a quality standard but rather a **quality control system** with the direct involvement of stakeholders, especially producers and consumers.
- » PGS is NOT a third-party certification but may be an alternative to it.



- » PGS is especially suitable for the **domestic market**, where all stakeholders can participate in the quality control process.
- » PGS deliver certificates for household groups, not for individual households.

2.5 BASIC PRINCIPLES OF PGS

Although PGSs are adapted to local conditions, they share a common set of core principles. (IFOAM, 2008, Greater Mekong, 2017)

(1) Participation:

Participation is a primary condition for building a PGS. The strength of a PGS depends on the involvement of its stakeholders. The more participants, the greater its influence, especially if a PGS directly involves key stakeholders such as consumers, local authorities, traders, and retailers who have a direct impact on farmers' ability to market their produce. The credibility

of the certification is a direct consequence of participation.

(2) Shared vision for PGS development:

The stakeholders involved in the PGS usually have different purposes. Therefore, they need to work together to develop a shared vision for the development of the system whereby each stakeholder can achieve its goals. This vision must meet specific requirements for the production of organic, clean or safe products and comply with legal regulations, social justice, respect for autonomy, culture and local ecology.

(3) Transparency:

All stakeholders – including farmers – must have a thorough understanding of how the PGS works, including the application of production standards, quality assurance criteria, and the procedure and principles of decision-making. The transparency of the system can be enhanced by:

- **Clear records** and an effective system to store and access information on certified production groups, production information, PGS violations, sanctions and solutions.
- **Information sharing** between producers, groups, and intergroups, at meetings and workshops, and by participating in internal inspections and decision-making.
- Strengthening **equality** within each PGS as reflected in the organizational structure and collective responsibilities of the stakeholders. This includes shared responsibility, cross-checking among farmer groups in the production process and transparency in decision-making.

(4) Trust:

Trust is formed when stakeholders develop the shared vision and set operating regulations for PGS. Farmer households and farmer organizations are committed to complying with regulations and procedures in producing

organic products and fresh food. Other stakeholders have the role of ensuring and transmitting that trust to the consumer. Any procedure that has been put in place should be approved by all stakeholders. The process that is being applied can still be discussed and reviewed if needed.

(5) Learning:

Learning is a key principle for the sustainable development of PGS. Beyond certification, PGS also aims at providing the tools and mechanisms to support sustainable community development where the livelihoods of farmers can be enhanced. Certification should contribute to knowledge building by all actors involved in the value chain and a learning process which builds the capacities of the communities involved. Learning also plays an important role in developing mutual trust among stakeholders during the development and operation of PGS.



3 STRUCTURE AND FUNCTIONING OF PGS



3.1 STRUCTURE OF A PGS

The structure of a PGS consists of four 'components', each of which is composed of different participants as described in Figure 2. Each component also has its own roles and responsibilities in the PGS (ADDA, 2009).

(1) Farmers

They are usually smallholder farmers producing or wishing to produce food based on quality standards. They are usually members of a farmer organization or interested in joining a farmer organization.

(2) Production groups

A production group consists of at least 5 farmer households who have farming land nearby and reside in close proximity. A production group will discuss and agree on the specific structure of the group. The organizational structure of a production group usually consists of:

Group leaders:

Legal representatives and responsible for the general management of group activities; Their role is to:

- Facilitate discussion on shared responsibilities among members;
- Organize and facilitate meetings, lead discussions, and ensure that farmers strictly implement the group's decisions and regulations;
- Negotiate and sign contracts for the sale of safe products and provide information on market prices for members;
- Deal with and contact partners to monitor, give direction and encourage members to produce safe products in accordance with the group's commitments;
- Take responsibilities for finance, operations and group management; and
- Collect information and write the annual summary report for the group.

STRUCTURE AND FUNCTIONING OF PGS

Group vice-leaders:

- Share tasks with the Group Leader when needed and provide support on behalf of the group when the Group Leader is absent;
- Are entitled to sign for revenues and expenditures when authorized;
- Manage group activities under the leadership of the Group Leader;
- Encourage and supervise members to comply with the regulations of the group;
- Closely cooperate with partners to organize and coordinate the group's production activities;
- Record and manage documents for transparency and publicity.
- Manage funds and record revenues and expenses of the group; and
- Coordinate with the Group Leader to manage group activities.

Group members:

- Strictly observe the rules and regulations of the group;
- Actively participate in all group activities, training workshops and study tours;
- Commit to sell quality products to the production group as per commitment (if any);
- Contribute enough funds and group fees in time in accordance with agreed regulations (if any);
- Mobilize and encourage other members of the group to apply techniques compatible with the standard and share experiences to help each other;
- Comply with the production standards decided by the PGS;
- Adhere to traceability systems;
- Record and store information related to production and consumption;
- Agree to let the internal inspectors perform the inspection work; and
- Make corrections to address violations (if any) following internal inspection results.

The roles and responsibilities of the production group:

- Draft the production plan of the group;
- Carry out periodic cross checks for all group members;
- Provide technical support and motivate group members to achieve the targets and objectives of the group;
- Make sure members understand the quality standards and regulations of PGS;
- Ensure fairness and avoid conflicts of interest among members; and
- Connect farmer households with the inter-group and the Coordination Committee.

(3) Production Inter-group:

The production inter-group is a collection of several production groups in a certain area. An inter-group can overlap with a cooperative or cooperative team. The inter-group will establish a **Quality Assurance Committee** including representatives of farmers' leadership, Inter-Group Control Committee, production group leaders as well as external members such as consumers, traders, authorities, mass organizations, local professional agencies, farmer trainers or non-government organizations, etc. The organizational structure of the Quality Assurance Committee usually consists of:

Committee chairperson:

- The legal representative in charge of the general management of inter-group activities. The responsibility of the chairman is similar to that of the Production Group Leader, but at the level of the inter-group.

Accountant cum secretary:

- Responsible for the financial management of the inter-group.

Planning and technical unit:

- Prepares production plans;
- Provides technical support for production;
- Responsible for crop disease management;
- Recommends updates and standards revisions to align with local conditions; and
- Coordinates operations when assigned by other units.

Marketing and sales unit:

- Advertises products and promotes the brand;
- Searches markets and supports with product marketing;
- Connects farmers with markets and PGSs; and
- Coordinates production promotion with the technical unit.

Certification unit:

- Receives individual profiles, group profiles, information from the groups and instructions about PGS procedures for members;
- Drafts plans for inspection, then organizes, monitors, and reviews the inspection reports and reporting;
- Issues a certificate after consultation with the Coordination Committee; and
- Coordinates the inspection of input and output monitoring and deals with violations (for farmer groups).

The main roles and responsibilities of the Quality Assurance Committee in the inter-group:

- Supplies material service and inputs and oversees their consumption;
- Coordinates the process of completing the management plan and farmer's commitment, ensures that members

STRUCTURE AND FUNCTIONING OF PGS

- understand PGS regulations and technical standards;
- Maintains a data management system and updates the production status and activities of members annually;
- Coordinates, inspects, and supervises the process, and makes official proposals to grant a certificate;
- Deals with fraud and violations;
- Coordinates production plans for all groups and promotes products; and
- Reports to the Coordination Committee annually.

(4) PGS Coordination Committee

The PGS Coordination Committee is responsible for addressing the major issues that commonly appear in all PGS groups. The members of the Coordination Committee are technical and managerial volunteers selected at PGS annual conferences depending on the regulations of each system. The PGS Coordination Committee usually consists of representatives from cooperatives / cooperative teams, leaders or staff from relevant government technical assistance agencies [Department of Plant Protection, National Agro-Forestry-Fisheries Quality Assurance Department at provincial level (NAFIQAD)], stores, companies, etc. The organizational structure of the PGS Coordination Committee includes:

Head of the Coordination Committee:

- » Plans, assigns and coordinates activities in the PGS;
- » Promotes, supervises, and supports units to effectively carry out their missions;
- » Together with the secretary, receives, handles and

- manages PGS's records and database;
- » Makes decisions in fast-paced situations and takes responsibility for decisions;
- » Supports the inter-group to determine disciplinary actions and punishment for violations; and
- » Controls the physical facilities and assets of PGS (if any).

Accountant cum secretary:

- » Assists the head of the Coordination Committee;
- » Performs the financial and accounting work of the Committee;
- » Takes responsibility for running all financial and accounting activities of the Committee in a public and transparent manner as prescribed by the Committee and the State's current laws on accounting and statistics; and
- » Updates data for the entire PGS.

Technical/professional teams:

- » **Standing team:** Regularly monitors and supports the activities of PGS and mobilizes the participation of related units.
- » **Technical support team:** Provides technical support to the inter-group, cooperates with the standards team to review and issue the list of authorized inputs, participates in inspections, and collects samples of soil, water and products for testing.
- » **Standard team** (in charge of standards):

Participates in trainings on production standards, updates standards, and checks the certification profiles from the inter-group. The team also makes recommendations to the head to issue a decision to approve the list of accepted inputs.

- » **Market monitoring team:** monitors product sales in the chain, verifies compliance with packaging and labeling guidelines, and looks for opportunities to promote products for the inter-group.

Roles and responsibilities of the PGS Coordination Committee:

- » Accepts application forms from new production groups and assigns them to appropriate inter-groups;
- » Maintains and updates the standards applicable for input use for inspections and the handling of violations;
- » Assists the production group and the inter-group to improve procedures;
- » Receives and processes information from the inter-group report;
- » Approves certification decisions from the inter-group;
- » Promotes the PGS brand; and
- » Protects the interests of the PGS, the inter-groups, production groups and farmer households.

In practice, the structure and functions of each component of PGS are not strictly the same as in the example set out above. There is room for **flexibility** and roles are allocated according to the situation of each local area. It is also possible to integrate monitoring and certification functions into the existing mechanisms of the farmer organization in order to avoid creating an entirely new impression of a cumbersome system with a huge number of tasks.





3.2 FUNCTIONS OF PGS

The four main units above are involved in managing the key functions and activities of PGS. There are four main functions related to PGS operations:

(1) *PGS management and operations*

This function is carried out through the development and implementation of the PGS General Regulations, including:

- System introduction
- Organizational structure and functions
- Requirements, rights and obligations of members
- System coordination

(2) *Regulation of product quality*

This function is performed through the following activities:

- Development of production standards and input requirements for production
- Development of regulations on processing, packaging and traceability

(3) *Verifying producers' compliance*

This function is implemented through the following activities:

- Checking, monitoring and inspections
- Certification and handling of violations
- Management and handling of complaints
- Documentation and recordkeeping

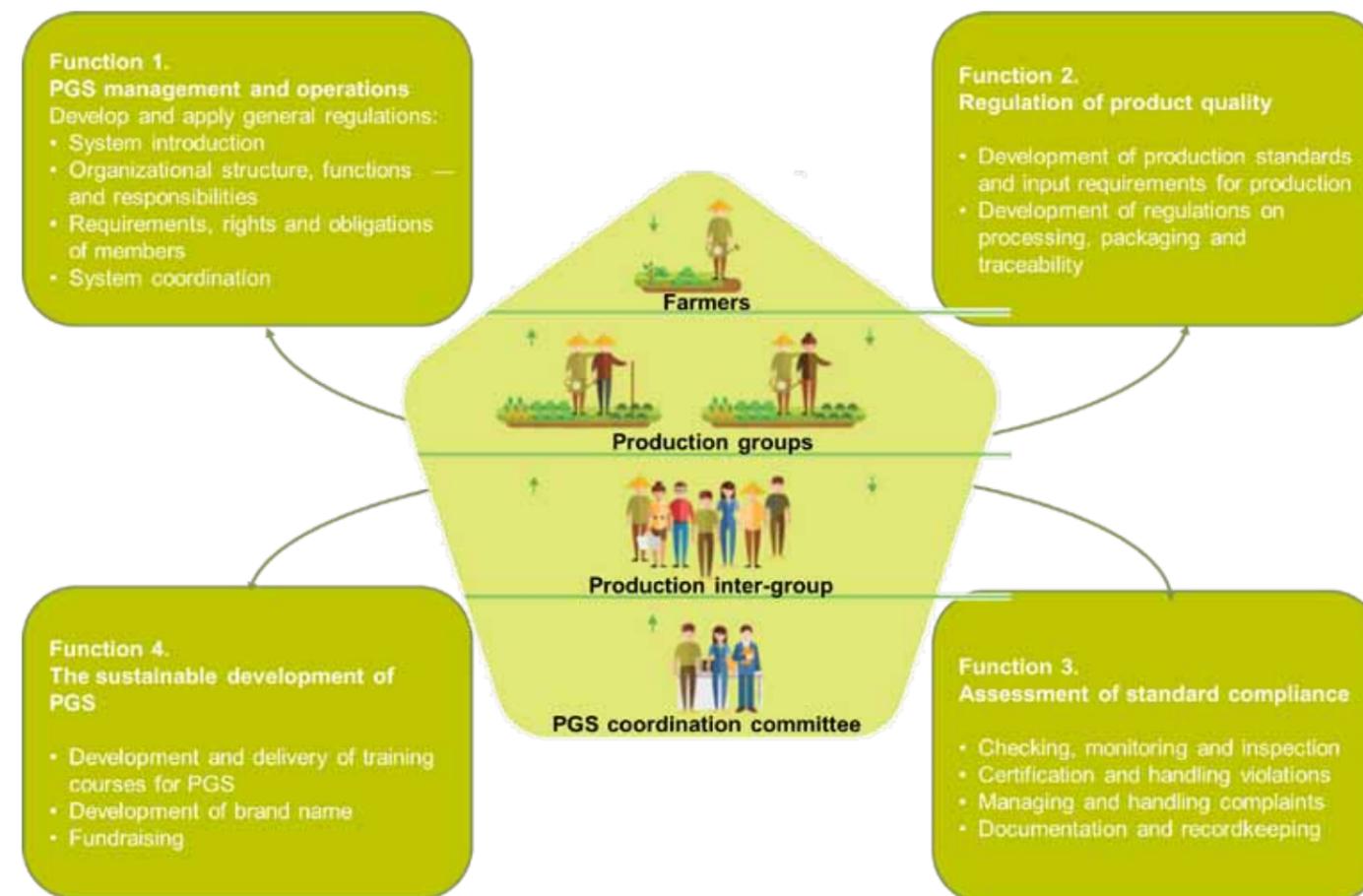
(4) *Sustainable development of PGS*

This function is implemented through the following activities:

- Training program and capacity building
- Development of a brand identity
- Fundraising

With the structure and functions above, PGS helps to ensure that products are manufactured according to quality standards and that products flow smoothly from the producer to the consumer.

STRUCTURE AND FUNCTIONING OF PGS



Source: Rikolto, 2016

Figure 2. PGS structure and functions



4 KEY FACTORS FOR A SUCCESSFUL PGS



4.1 CHALLENGES WHEN ESTABLISHING PGS

The analysis of PGS experiences in Vietnam demonstrated that there are a number of challenges, both objective and subjective, that prevent the effective development of PGS in Vietnam (Rikolto, 2018; Rikolto and VNUA, 2018, 2018a, 2018b). These challenges are described in the paragraphs below so that practitioners can carefully consider them before developing a PGS.

(1) Objective factors:

- PGS is developed at a very small scale in Vietnam.
- PGS is only well-known in scattered locations across the country.
- PGS has not yet been included in the state's food safety management system.

- PGS has not yet been officially recognised as a quality assurance mechanism in national or local policies. The absence of legal recognition of PGS by local and national authorities can hamper consumers' trust in PGS certifications.

(2) Subjective factors:

- Limited number of products certified by PGS.
- PGS products are mostly sold to niche markets and very few have been marketed through mainstream channels.
- The capacity of most inter-groups, cooperatives, and PGS management boards to organize production, business and supply relationships with companies is limited.
- PGS farmers must invest significant time, effort, and capacity to comply with regulations, while higher income and sale prospects are insecure, especially at the start.

- Financial sustainability takes time to achieve. Many "young" PGS rely on external investments in resources and materials for their operations before they can leverage funds internally.
- It is very difficult to mobilize buyers and consumer representatives to actively participate in monitoring and inspection.
- Establishing a PGS requires time and the active participation of all stakeholders.

4.2 SUCCESS FACTORS FOR PGS

Taking into account the challenges mentioned above, there are also a series of key factors that contribute to the sustainable development of PGS. Those success factors can be divided into three categories: contextual, technical and managerial as indicated in diagram 3.

(1) Contextual factors

Stable/potential markets:

The identification of market and market requirements are key factors determining the long-term supply capacity of farmers' associations. The market will determine the selection of the quality standard used, regulations on input use, processing practices, and logo and label design. Finally, it will determine farmer organisations' production planning and business operations.

Involvement of competent authorities:

The involvement of competent authorities, especially technical departments such as quality assurance or plant protection, in PGS operations and structures brings expertise and technical skills in the PGS. Furthermore, their participation contributes to building consumers' trust in PGS as they add credibility and legitimacy to the PGS.

Policy support of local authorities:

Local authorities can contribute to PGS's sustainable and continuous development by including PGS in local policies and economic and social activities. This support can take the form of investments, capacity building or market linkage.

(2) Technical factors

Standards and regulations:

The systematization and documentation of regulations on production standards, compliance, sustainability, and management contribute to strengthening the integrity of voluntary systems such as PGS. The documentation of those regulations helps the system operate more professionally, sustainably, and effectively. It also contributes to PGS' recognition as a professional and reliable system.

Compliance verification mechanisms:

Constant learning and improvement are among the cutting-cross principles of PGS. Similar to the compliance monitoring mechanism of other certification systems, PGS uses internal inspection as a tool for identifying mistakes and making corrections. The additional layer of cross-inspection is applied to eliminate conflicts of interest. The involvement of consumers, companies, and state authorities in the inspection process is the distinct factor that ensures **transparency** in monitoring farmers' compliance and contributes to building trust with consumers. PGS will not be effective if internal inspections do not function well. Internal inspections are the soul of PGS.

Sanction mechanisms for violations:

The method and level of sanctions are defined by the groups themselves, contributing to a sense of ownership

KEY FACTORS FOR A SUCCESSFUL PGS

and empowerment among farmers. The purpose of sanctions is to improve on issues that were detected and to enhance product quality. Decisions on sanctions are widely disseminated via a written document across the PGS. When violations target labels, they can be publicly announced in the media to protect consumers. The sanction mechanism contributes to better transparency and reputation of PGS, building more trust from consumers.

Logos and labels:

Proper logos, brands and labels are meant to indicate that a product's quality has been verified and that consumers can trust the quality claims that are made. Logos and labels contribute to promoting PGS products by increasing their visibility and reputation and to strengthening their position on the market.

Training and coaching:

The PGS development process should be accompanied by a comprehensive training programme targeting farmers' ability to comply with the production standard, postharvest handling and storage, business skills, production planning, branding, market research, and organisational capacity. The programme should be delivered using **participatory training methods** putting the farmer at the centre of the learning process. Using a "Training of Trainers" approach helps reduce the costs of training and increases farmers' ownership, especially

if lead trainers are well-respected members of the community. The ability of a PGS or partner cooperative to act as a reliable and professional business partner is a critical success factor for PGS.

Official recognition of PGS by authorities:

PGS is a system built and operated on a voluntary basis. It is not yet considered by authorities as an official tool for quality management. However, its recognition would offer various benefits in terms of improved reputation, investments and capacity building for PGS.

(3) Management and coordination factors

Leadership and management capacity:

Competent and enthusiastic leaders are needed to guide farmer groups in the process of production and business planning to meet markets' demand. Successful PGS usually have leaders that actively search new markets, participate in meetings, actively mobilise their members, promote PGS products to potential customers, and mobilise resources for PGS and their farmer organization.

Commitment to fulfilling roles and responsibilities:

Each component in PGS has its own specific role and function. PGS' performance depends on the commitment of each member to fulfil the roles he or she took up within the PGS. Dedicated members who fulfil their roles are the driving force behind PGS.

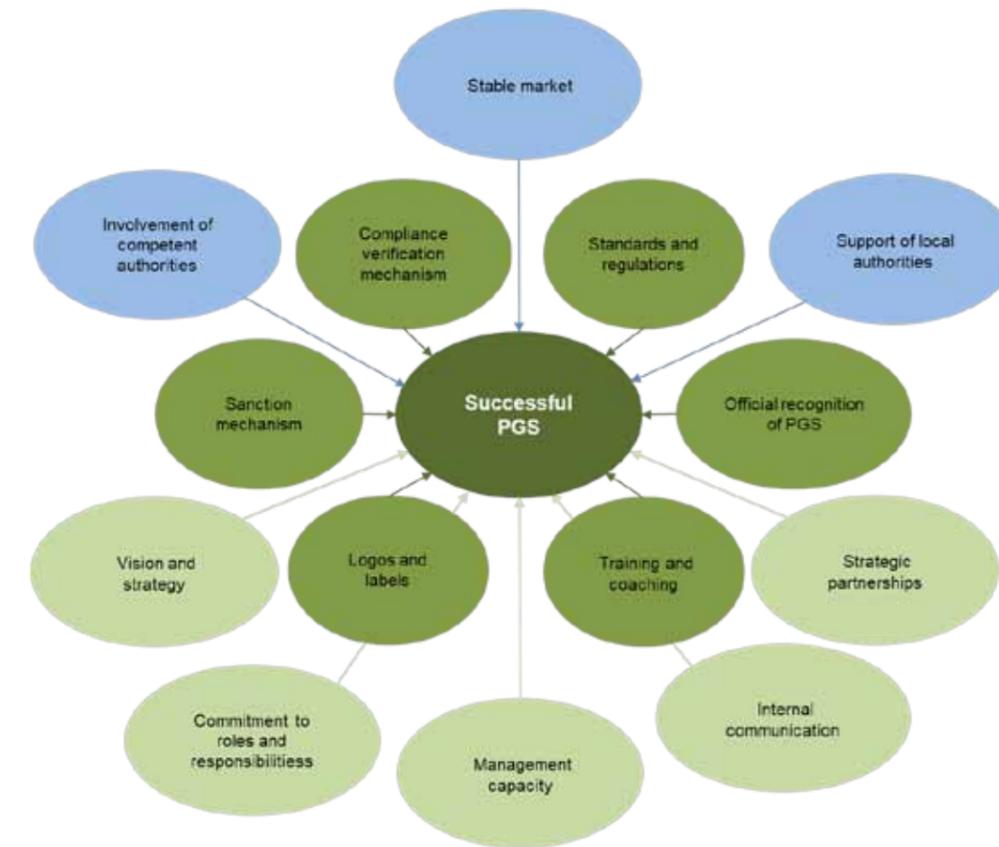


Figure 3: Success drivers of PGS

Source: Rikolto, 2018; Rikolto and VNUA, 2018, 2018a, 2018b and reference from IFOAM (2008)

Internal communications:

Smooth and effective internal communication between and within PGS components contributes to building a trusting environment among members. It fosters members' engagement towards each other and towards PGS and contributes to higher transparency.

Strategic partnerships:

Developing connections and partnerships with other PGSs, cooperatives, local authorities and civil society

organisations enables PGS members to increase their learning, to find solutions to common problems, to identify new markets, and to mobilise resources for their future development. Investing in strategic partnerships contributes to the sustainability of PGS.

Vision and strategy:

Each PGS should have clear vision, goals, strategy and plans to promote PGS products, develop its brand, mobilise funds and resources, improve internal communications, and develop partnerships with strategic partners.



PART 2: PGS ESTABLISHMENT AND OPERATIONS

5. PGS ESTABLISHMENT PROCESS

6. MANAGEMENT AND OPERATION OF PGS

7. PRODUCTION STANDARDS AND INPUTS REQUIREMENTS

8. PROCESSING, PACKAGING AND TRACEABILITY

9. CHECKING, MONITORING, AND INSPECTIONS

10. CERTIFICATION AND HANDLING OF VIOLATIONS

11. COMPLAINTS AND COMPLAINT RESOLUTION

12. DOCUMENTING AND ARCHIVING PGS DOCUMENTS

13. PGS' TRAINING PROGRAMME

14. TRADE MARK AND FUNDRAISING

5 PGS ESTABLISHMENT PROCESS



5.1 GENERAL PROCESS

The PGS establishment process includes 7 different steps as illustrated in diagram 4. The order and content of those steps doesn't necessarily have to follow that of the model. Depending on the local context, the steps can be combined or integrated with other local events. Depending on the target users, the implementation process can be changed.

POTENTIAL INITIATORS

- » **NGOs, development organisations, and State agencies:** These organisations are commonly involved in supporting, promoting, and sponsoring the establishment of PGS. An important initial factor to consider when establishing PGS is the relationship

between producers and state agencies at the local level.

- » **Companies and consumers:** In an ideal PGS, companies, retailers, and consumers are directly involved in the quality assurance process and marketing of PGS produce. They can also be a driving force behind the establishment of a new PGS. In this case, they should thoroughly study the market's needs, understand the context in local production areas, and assess farmers' capacity to comply with quality requirements.
- » **Farmer organisations:** They are a key component of PGS as the producers and main inspectors of the system. Before deciding to establish a PGS, farmer organisations should study consumers' needs and preferences and assess market demand for their products.

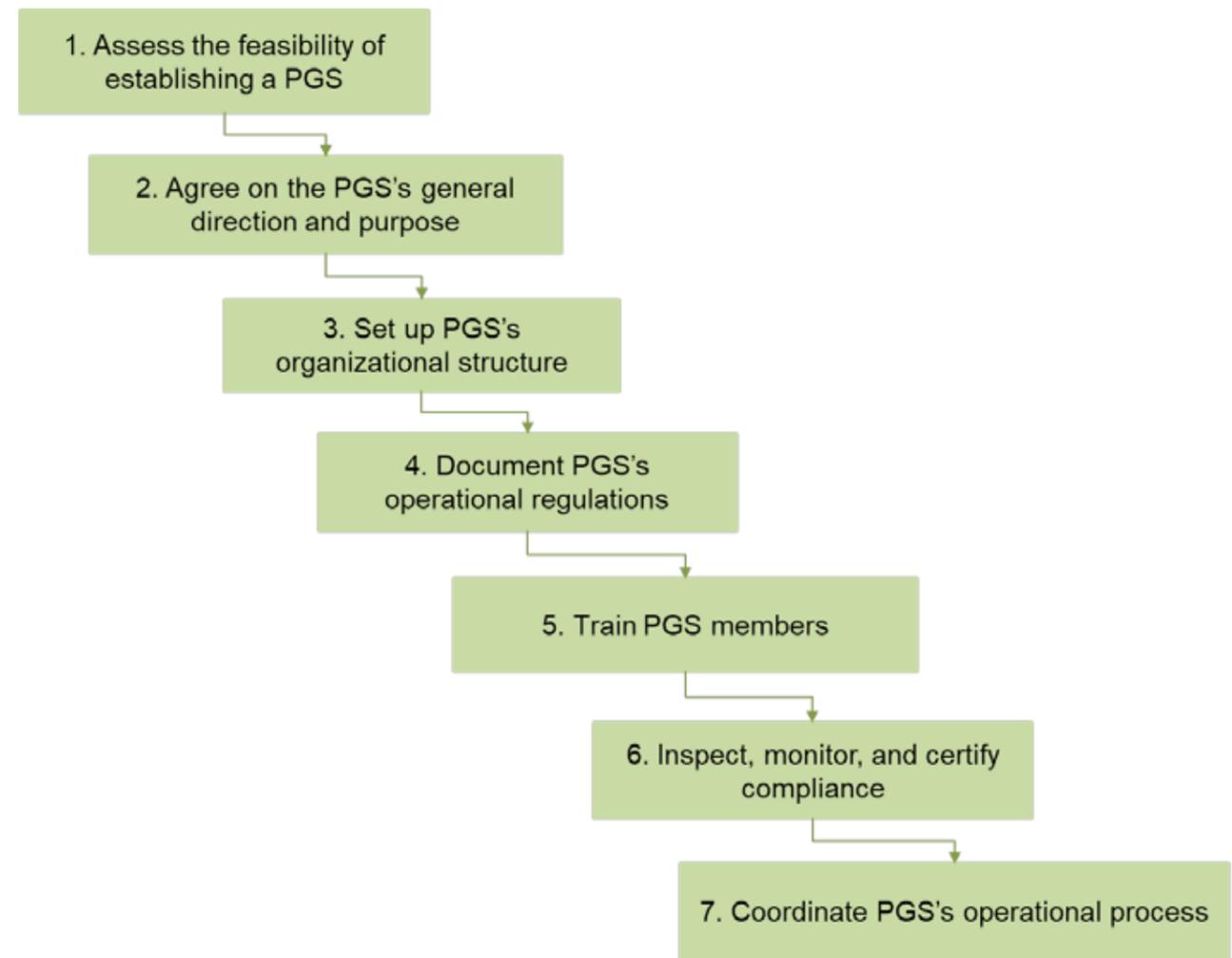


Figure 4: General PGS establishment process
Source: Rikolto and Greater Mekong, 2015.

PGS ESTABLISHMENT PROCESS

5.2 DETAILED STEPS IN ESTABLISHING A PGS

STEP 1: ASSESS THE FEASIBILITY OF ESTABLISHING A PGS

The purpose of this step is to select an appropriate location and group of producers with high potential for PGS. Step 1 includes the following 5 activities:

1. Survey and assessment of the production area:

- » Analyse current production conditions, harvesting customs, traditional lifestyle and culture, and farmers' desire to supply their products to the market; and
- » Assess the current management and production capacity of existing farmer organisations in the area and evaluate their potential to manage and operate PGS.

2. Assessment of market potential:

To do so, evaluate:

- » Potential volume and varieties that can be supplied to markets;
- » Market demand and requirements for key products;
- » Distance to markets, and potential modes of transportation to reach them; and
- » Potential approaches to access and expand markets for PGS certified products.

3. Household selection:

- » Identify and select farming households with suitable production conditions in order to meet markets' requirements based on the following information:
- » Soil and water source conditions;
- » Use of production input; and
- » Familiarity with or willingness to learn about the technical aspects of food safety and product quality.

4. Stakeholder selection:

Identify external stakeholders to be involved in the PGS based on:

- » **Their mandate:** Local partners may include: social associations (youth union, farmers' union, women's union), state authorities (rural development department, agricultural extension center, department of plant protection, etc.), and consumer associations;
- » **Local policies:** study local policies that affect farmers and influence the production and marketing process such as taxes, subsidies, and fees. Identify activities that require the involvement or support from local government;
- » **Their added value:** identify partners who – by their involvement - would strengthen consumers' trust in the system either through their credibility, legitimacy or expertise.

5. SWOT analysis

- » Assess the potential risks, strengths, weaknesses, opportunities, and threats to establishing a PGS in the pre-selected location.

PGS ESTABLISHMENT PROCESS

Once the right households and partners are selected, the market is analysed, and the risks and opportunities are identified, move on to step 2.

STEP 2: AGREE ON THE PGS'S GENERAL DIRECTION AND PURPOSE

The purpose of this step is to raise awareness and understanding of PGS and to ensure a common interpretation and vision of PGS for all the stakeholders involved. This vision is one of the founding building blocks to ensure trust in the system. In order to build this shared vision, step 2 includes the following activities:

1. Organize meetings with local farmer organizations and stakeholders to introduce them to PGS;
2. Discuss the needs of current and potential consumers, and assess the opportunities and challenges in accessing markets for PGS products;
3. Discuss the status and potential of current production, quality and price, and farmers' perception of the benefits that PGS could yield;
4. Achieve a consistent understanding of PGS and identify shared vision and goals; and
5. PGS participants should be grounded in the local context.

In many places, farmers positively welcome projects from NGOs, development organizations, and state agencies with the hope of receiving material support. The collaboration doesn't always stem from their actual needs. Therefore, PGS must be built on open and

honest discussions between farmers and partners to **avoid misunderstandings** that would lead to future deceptions.

STEP 3: SET UP PGS'S ORGANIZATIONAL STRUCTURE

The purpose of this step is to set up the organizational structure of the PGS and to allocate specific tasks based on the functions identified by members.

To achieve this, step 3 includes the following activities:

1. Identify all stakeholders and get their approval to participate in the different components of PGS's organizational structure;
2. Identify farming households who wish to participate and establish production groups: Each production group must complete and submit a PGS registration form to the PGS coordination group. The form must include the name of the farming households, the name of the production group, and the name and contact details of the production group leader. The list of farming households officially participating in PGS shall be completed after the first internal inspection;
3. Establish the inter-group and quality assurance committee:
 - » Agree upon the goals, number and roles of members of the inter-group and Quality Assurance Committee;
 - » Compile and submit information about members, detailed responsibilities, and contact information

PGS ESTABLISHMENT PROCESS

of each individual member of the inter-group and Quality Assurance Committee; and

4. Establish the PGS coordination group:

- » Identify individuals with technical and management skills to be members of the Coordination group.
- » Send information, contact information and detailed responsibilities of the coordination group members to all stakeholders.
- » Publish contact information of the coordination group representative to public media.

STEP 4: DOCUMENT PGS'S OPERATIONAL REGULATIONS

In practice, operating PGS with a wide range of participants requires skillful coordination. Various documents provide the framework to ensure consistency and shared understanding of the processes at stake. The purpose of this step is to build, together with stakeholder, **internal PGS regulations** so that every member can understand correctly the requirements that must be met and adapt their practice accordingly to avoid mistakes. Those regulations contain the agreements that have been made among stakeholders as to how to perform the 4 functions mentioned above (PGS management & operations, regulating product quality, verifying producers' compliance and sustainably developing the PGS).

Those regulations must be clearly documented by:

- » Setting up a filing system that includes a list of clear and detailed titles and subtitles for each key document;
- » Having a clear procedure to store data and PGS

documentation;

- » Developing procedures and tools for data collection for each type of data; and
- » Regularly storing, documenting and updating regulations and keeping track of ongoing activities of the system.

STEP 5 TRAIN PGS MEMBERS

There are two main target groups in the training program for PGS: (1) farming households and production groups, and (2) the inter-group and PGS coordination committee. The purpose of step 5 is to ensure that:

1. Farming households and production groups clearly understand the quality standards to be applied;
2. The Inter-group and PGS coordination committee understand and effectively apply PGS procedures, build their capacity to address operational issues, and coordinate activities for the sustainable development of PGS;
3. PGS fosters a positive environment for continuous learning and exchange.

This can be achieved by:

- » Adopting regulations and an overall training program for the entire PGS;
- » Setting up and implementing a **technical training programme on agricultural production** based on the product standards set for the PGS. The content and format of trainings should be tailored to each group of stakeholders. For example, for trainings targeting farming households, the programme should be detailed, specific, and delivered in a way that puts the **trainees at the core of the learning process.**

PGS ESTABLISHMENT PROCESS

For the inter-group and coordination committee members involved in monitoring and inspection process, the technical training programme doesn't have to go into as much depth;

- » Setting up and implementing a technical training programme on **operating PGS** for all stakeholders;
- » Setting up and implementing a comprehensive **business training programme** to enhance the business capacity of PGS members, partner farmer organisations, inter-groups and coordination committee, including on negotiation, production planning, marketing, advertising, business planning and brand development; and
- » Organising meetings and trainings to update PGS members' knowledge about market and PGS requirements.

STEP 6: INSPECT, MONITOR, AND CERTIFY COMPLIANCE

The purpose of the monitoring and inspection process is 1) to assess the status of farmers' groups and producers' compliance with the production standard and 2) to identify in a timely manner when support is needed in order to meet PGS regulations, while helping farmers' groups to apply corrective actions if needed. A PGS certification allocated to a production group is the recognition that all its members comply with the process that has been set for the group.

In order to effectively carry out the monitoring, inspection, and certification process, the PGS needs to:

- » Develop information sharing mechanism among households, inter-group, and coordination committee;

- » Develop the checklist for internal inspection, and the decision-making processes to issue certificates to production groups;
- » Specify the frequency, process and method for inspection and evaluation to assess whether quality standards have been met;
- » Clearly identify violation cases and provide solutions on how to handle violations; and;
- » Conduct regular monitoring and inspection in the fields.

STEP 7: DEVELOP A LOGO, LABEL, AND LABELLING REGULATIONS

The purpose of this step is to develop the PGS brand to make PGS products easily recognisable by consumers. When products are delivered to consumers without proper labelling, they cannot differentiate PGS products from conventional ones in the market.

- » To ensure products are clearly labelled and recognised, PGS should:
- » Identify the content to be displayed in the logo and label;
- » Develop visuals for its brand (logo, package, label, etc.);
- » Develop a set of guidelines for farmers on how to label PGS products;
- » Develop communication channels to advertise its produce (TV, social network, Facebook; website, etc.); and
- » Conduct a campaign to promote their brand in public media.

6 MANAGEMENT AND OPERATION OF PGS



For an organization to be well-managed, general regulations and rules must be developed to give directions on what to do. For PGS, the overall management and operational regulations include four sets of documents: (1) introduction to the system, (2) organizational structure and roles and responsibilities, (3) requirements, rights and obligations of members, and (4) coordination of the system.

6.1 REGULATIONS ON SYSTEM'S INTRODUCTION

These regulations finalize the name and general characteristics of the PGS. They provide all the general information about a particular PGS. They are used for information by the PGS itself, farming households and production groups, current and potential partners, and the public media.

6.1.1. PGS name:

The name often conveys the specific characteristics of PGS. For example, the name of a PGS often includes the type of product and location of the farmer organisation.

The name should be short, precise, easy to remember, and attractive. It should be discussed among members and must be consistent with the system.

6.1.2. Vision:

The vision includes what a PGS plans to achieve and its desired goals. Hence, the vision is the overlap between a PGS's values and its purpose. In order to determine its vision, a PGS should answer the following questions:

- » What are our goals for the PGS?
- » What destination do we strive for?
- » When do we want to reach that goal?
- » How do we want to achieve it?

Here is an example of a vision statement adopted by a PGS focusing on safe vegetables: "We want to develop a transparent, prestigious, and effective PGS to offer consumers various safe vegetables grown under VietGAP standards, contributing to increasing food safety and hygiene for every house, and health for future generations".

6.1.3. Mission of a PGS:

The mission describes the activities that a PGS needs to conduct to achieve its vision. The mission is the answer to the question: "what must a PGS do to reach its desired destination?" To identify the mission of a PGS, one must answer the following questions:

- » What do we do to achieve our goal?
- » What makes us different?

Here is an example of a mission statement adopted by a PGS focusing on safe vegetables: "Within the spirit of sustainable agriculture, we always dedicate our best effort to ensure the healthiness of every Vietnamese family's meal by producing and supplying products that are traceable, clean, safe, fresh and full of nutrition".

6.1.4. Background:

The background comprises information about the context and factors that led to the creation of a PGS. It helps make the process transparent, showing the history behind the PGS. The background of a PGS often builds on:

- » The desire of producers to better connect their products to the market;
- » The need to enhance the agricultural production and livelihoods of local people and the government;
- » Initiatives from local partners, NGOs, development organisations, and/or companies, and;
- » The integration of all the factors above.:

6.1.5. Scope of operations:

The scope of operations refers to the operational limits of a PGS. It can be determined through a series of factors amongst which:

- » The characteristics of farming households, production groups, and inter-groups (for example: small scale production households, number of production groups, production scale of the cooperatives);
- » Geographical limits of the production area or inter-group (for instance: commune, village, group of villages);
- » Product characteristics (for example products with an organic, food safety or sustainability claim).

6.1.6. Rights and obligations of a PGS:

The rights of a PGS always come together with its obligations. Clearly identifying a PGS's rights and obligations helps it operate more effectively and ensures consistency within the system. When identifying the rights and obligations of a PGS, one must take the following factors into account:

1. Scope of operations of the PGS;
2. Scope of business operations, organizational structure, functions, and operations;
3. The resources and materials needed, and
4. The procedures and documentation related to PGS operations and establishment.

Example of PGS rights applied in the case of a PGS for safe vegetables:

- Autonomy in financial management;
- Autonomy in operations and planning; and
- Fund mobilization to enable PGS activities from food

MANAGEMENT AND OPERATION OF PGS

production to supplying markets.

Example of PGS obligations applied in the case of a PGS for safe vegetables:

- Consult stakeholders on PGS operations at the local level;
- Monitor the production process and certificate issuance for PGS members within the system;
- Participate in market research for PGS certified products; and
- Ensures that the entire system works in a transparent and effective manner.

6.1.7. Contact information:

Contact information must be displayed on the PGS' online pages and public media used by to promote itself. Contact information includes:

- » Address
- » Name of contact person, title, phone number and email
- » PGS general phone number and email address, and
- » Website

6.2 REGULATIONS ON ORGANIZATIONAL STRUCTURE AND ROLES AND RESPONSIBILITIES

These regulations are a key reference document used during the establishment and operation of PGS.

6.2.1. Principles:

Guiding governing principles should be specified in the regulations as a basis to develop the operational mechanism of the PGS. The five basic principles of PGS are described in the "Overview of PGS" section (Part 1): participation, transparency, shared vision, learning, and trust. Nevertheless, the selection of key principles shouldn't be limited to those 5 principles.

Here is an example of key principles included by a PGS for safe vegetables in its regulations: "our PGS operates under the principles of Voluntariness, Democracy, Transparency, Participation, Financial Autonomy and Responsibility for the system's quality assurance activities".

6.2.2. Organizational structure:

The organizational structure is the organizational model adopted by the PGS to achieve its vision, mission and principles. For more information about the identification and establishment of the main components of PGS (Farmer households, Production groups, Inter-group/ Cooperative, Coordination Committee), please refer to the information presented in the section "The structure of PGS" (Section 3, Part 1).

6.2.3. Functions:

PGS functions comprise all the activities a PGS system needs to perform to reach its objectives. The general functions of an average PGS are listed and described in the paragraph "The functions of PGS" (Section 3, Part 1 of this document).

6.3 REGULATIONS ON THE REQUIREMENTS, RIGHTS & OBLIGATIONS OF MEMBERS

MANAGEMENT AND OPERATION OF PGS

These regulations are designed to provide specific guidance to PGS members and to the departments in charge of approving new members or banning existing members. The rules are developed based on the following guiding questions:

- » What are the requirements that farmers must meet in order to participate in the **Production Groups**? What are their specific rights and obligations?
- » What are the requirements that companies / traders must meet in order to participate in the **Inter-group** or **Coordination Committee**? What are their specific rights and obligations?
- » What are the requirements that **supporting organisations** must meet in order to participate in the Inter-group or Coordination Committee? What are their specific rights and obligations?
- » What are the general requirements that must be met by **all PGS members**? What are their general rights and obligations?

6.4. REGULATIONS ON THE COORDINATION OF THE SYSTEM

6.4.1. PGS term

PGS' term should be clearly specified in order to prepare transitions in human resources and plan for the long-term development of the system. The specific term and regulations for each term will be determined collectively within each PGS.

Elements to take into consideration:

- The plenary general assembly usually takes place every 3 or 5 years.
- PGS usually hold a general meeting annually.
- Regular meetings are organized based on the regulations.

Holding regular meetings at production group and inter-group levels, reinforces the trust of farmers and stakeholders, helps resolve problems in a timely manner, and stimulates the participation of PGS members.

An example of meetings held by the different components of a PGS and their frequency is indicated in Table 1.

Ad hoc meetings (unexpected meetings) are held when required or when urgent issues must be addressed such as complaints from customers, and violations of production regulations, etc. In addition to inviting core members, it is also suggested to sometimes invite other stakeholders, depending on the situation and the agenda of the meeting. Minutes of regular and ad hoc meetings shall be written based on prescribed formats developed by the PGS Coordination Committee.

6.4.2. Rules on applying and revising PGS regulations

- » PGS members and structures are responsible for complying with PGS regulations. If violations are committed, depending on the nature and the level of the violation, the wrongdoer shall be sanctioned according to the regulations.
- » The PGS Coordination Committee has authority to handle violations and suspend the operation of inter-

MANAGEMENT AND OPERATION OF PGS

Table 1. Example of regular meetings

	Farmers	Production group management	Cooperative / Inter-group management	PGS Coordination Committee
Group meeting (every week)	X	x		
Meeting of cooperative quality assurance board (every month)		x	x	
PGS Coordination Committee meeting (every 3 months)			x	x
Annual meetings (once per year)	X	x	x	x
PGS General Assembly (every 5 years)	X	x	x	x

groups if there are serious violations that affect the reputation of the entire PGS system.

During operations, PGS regulations may be amended and/or supplemented. The amendment and supplementation shall be proposed by the Head of the PGS Coordination Committee at the Annual General Meetings of PGS.

6.5 DEVELOPMENT AND APPLICATION OF THE REGULATIONS

6.5.1. Development method

The development of PGS regulations takes place from Step

2 to Step 4 of the PGS establishment process. The rules are developed with the active participation of stakeholders and must comply with the general PGS principles outlined above. The discussions must be based on principles of transparency and equality to take into account the voice of all members.

6.5.2. Application of regulations:

The PGS regulations should be applied consistently throughout the system, ensuring impartiality. The inter-group leader is responsible for sending the regulations to all members of the PGS. Members' compliance with the regulations is assessed via internal inspections and regular meetings of the PGS' various components.



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7 PRODUCTION STANDARDS AND INPUTS REQUIREMENTS



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7.1 PURPOSE OF REGULATIONS ON FARMING STANDARDS & INPUTS FOR PRODUCTION

Product quality highly depends on farming standards, the quality of inputs for production and processing, and farmers' compliance with these requirements.

The purpose of having clear farming standards and input requirements is to:

- » Provide general guidance for households and production groups on the application of the requirements and how to keep record of input use in their diary;
- » Make a checklist for the evaluation of compliance with the standards / requirements when inspecting,

supervising, certifying and sanctioning producers; and

- » Demonstrate compliance with the regulations and standards

7.2 REGULATION ON FARMING STANDARDS

Nowadays, in Vietnam, PGS is applied with two types of farming systems: organic production and safe production. Depending on each type of production, the requirements and production standards are different. The Ministry of Agriculture and Rural Development issued basic standards on organic products, and products produced under VietGAP - a safety standard - and BasicGAP-simplified guidelines for Good Agricultural Practices.

Table 2. Summary of criteria in the basic GAP standard

Topic	Summary of criteria
Fertilizers	<ul style="list-style-type: none"> • Use fertilizers which are on the list of fertilizers permitted for use • Use organic fertilizers which are properly processed • Keep documentation about all types of fertilizers
Water for irrigation and processing	<ul style="list-style-type: none"> • Use water that meets the current quality standard
Plant protection chemicals	<ul style="list-style-type: none"> • Use only chemicals on the official list for permitted use • Purchase chemicals from stores with proper business registration certificates • Collect and dispose of containers according to the regulations • Display a warning sign informing when production areas have been sprayed
Harvesting and processing products	<ul style="list-style-type: none"> • Isolate at the right time • Separate the processing, packaging, and storage area from where chemicals and pollutants are stored • Use a clean water source to wash products after harvesting
Wastewater	<ul style="list-style-type: none"> • Ensure that waste collection and treatment complies with the regulations
Laborers	<ul style="list-style-type: none"> • Must be trained in chemical use and handling. • Must be provided with knowledge of labor protection and personal hygiene
Record keeping	<ul style="list-style-type: none"> • Record and keep records when buying and using fertilizers • Record and keep records when using and handling plant protection chemicals • Record farmer's diary when harvesting and selling products, including buyers' address • Producers must clearly state the location of each production plot (field/production plot mapping)

PRODUCTION STANDARDS AND INPUTS REQUIREMENTS

7.2.1 For organic production certified by PGS:

In Vietnam, the organic production standard, developed by PGS Vietnam and recognised by IFOAM, is applied. This standard provides regulations and guidance on the selection of production areas, farming practices, seeds, soil and ecological preservation measures, pest management and packaging. Please visit the website www.vietnamorganic.vn for more information.

7.2.2. For safe production certified by PGS:

The basic GAP standard (BasicGAP), which was supported by JICA (Japan International Cooperation Agency) and issued by the Ministry of Agriculture and Rural Development on July 2, 2014, is applied.

7.3 REQUIREMENTS ON INPUTS FOR PRODUCTION

Inputs for production and processing must first and foremost comply with current laws, local regulations (if any), and given standards that are applied in the locality (Table 3). Under the VietGAP and organic standards, the following requirements must be met:

- » **Cultivation area for VietGAP / organic vegetables:** The biological and chemical risks in the VietGAP vegetable growing areas need to be analyzed by competent agencies. If the production

conditions meet the requirements laid out in QCVN 03:2008/BTNMT or if the production area meets all requirements on pollution control, the producer will be issued a certificate stating that the land is suitable for safe vegetable production. In order to maintain the suitability of the VietGAP vegetable growing area, producers must stay away from the following areas: industrial zones, hospitals, cemeteries, intensive livestock farm and national highways, and have to conduct a re-evaluation of the safety level of the production area every 3 years.

- » **Water for irrigation and processing products:** Water for irrigation must meet the QCVN 39:2011/ BTNMT National technical regulation on water quality for irrigation. Producers shall not use water containing heavy metals or contaminated water such as waste water from residential areas, hospitals, fresh manure water, etc. to irrigate their vegetables.
- » **Breeds:** Use breeds on the list of plant varieties permitted for production and business, as promulgated by the Ministry of Agriculture and Rural Development or local/indigenous varieties which have already been produced and consumed locally. Seeds and seedlings must have a clear origin and proper specification/documentation according to applicable regulations

Organic production

Please refer to table 3

Table 3. List of inputs allowed to be used in organic production

Note: Allowed (A) / Restricted (R).

Source: PGS Vietnam

Section 1: Input materials to improve land fertility	
Manure from animals including chicken, ducks, pigs, cows and buffaloes, bats, etc.	• Restricted (R)
Ash (firewood)	• Allowed (A)
Compost	• Allowed (A)
Fruit peels from fruit processing plants	• Restricted (R)
Micro-fertilizers	• Restricted (R)
Mineral fertilizers	• Allowed (A)
Dolomite Minerals	• Allowed (A)
Lime	• Allowed (A)
Husk shells	• Allowed (A)
Straw	• Allowed (A)
Micro-nutrients	• Restricted (R)
EM/ beneficial microorganisms	• Allowed (A)
Plant materials (legumes)	• Allowed (A)
Compost from mushroom materials	• Restricted (R)
Molasses	• Allowed (A)
Worm manure and liquid fertilizers from worm	• Allowed (A)
Section 2: Input materials to manage pesticides and diseases	
Types of insect traps	• Allowed (A)
Sulfur	• Allowed (A)
Copper	• Restricted (R)
Microorganisms	• Allowed (A)
Baking soda	• Restricted (R)
Beneficial insects	• Allowed (A)
Mineral oil	• Restricted (R)
BT, VBT biological pesticides	• Restricted (R)
Insect repellents	• Allowed (A)
Chrysanthemum	• Restricted (R)

PRODUCTION STANDARDS AND INPUTS REQUIREMENTS

Safe production

For safe production, producers are allowed to use chemical inputs included in the list of those permitted for production, trade and use in Vietnam as promulgated by the Ministry of Agriculture and Rural Development.

Fertilizers must have a clear origin. When using traditional organic fertilizers, the fertilizers must be properly processed to ensure food safety and environmental hygiene. Fresh manure cannot be used.

Plant protection chemicals: Only plant protection chemicals on the list of those permitted for use in Vietnam as promulgated by the Ministry of Agriculture and Rural Development can be used. Pesticides should be kept intact in dedicated containers with clear labels. In case they are transferred to other packages or containers, the names of the chemicals and the instructions for their use (as on the original packages and containers) must be clearly stated. The chemicals must not have passed their expiry date. To minimize the risk of chemical hazards to vegetables, producers need to comply with the **4 right principles** (right medicine, right time, right way, and right dose).

7.4. APPLICATION OF REGULATIONS ON FARMING STANDARDS & REQUIREMENTS ON INPUTS

The list of accepted inputs must be made in Step 4 in the process of establishing the PGS system (document PGS' regulations), by representatives of all components in the PGS. The State's technical agencies play an important role in reviewing, checking and comparing the list with the current regulations of the state. Different PGSs will not necessarily come up with the same list of accepted inputs but all of them must comply with Vietnamese law and the applicable standard. A general rule is that they must follow the higher requirements.

Usually, with the purpose of building a strong brand and increasing their competitiveness, PGSs applying the safe vegetable production standard often develop regulations that are **stricter** than government regulations. For example, some PGSs decide to strictly forbid herbicides. Whenever there is a need to update the input regulations, due to a change in context, the farmer/group will send a request to the Intergroup / Cooperative who will submit it to the Coordination Committee for approval.





8 PROCESSING, PACKAGING AND TRACEABILITY



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8.1 PURPOSE

The purpose of the regulation on processing, packaging and traceability is similar to the purpose of farming standards. In addition, this regulation also helps the PGS system.;

- » To ensure **traceability** of the product to each household, thereby building trust with consumers;
- » To maintain the product **quality**;
- » To increase the **value** of products, create employment opportunities and increase income for producers; and
- » To effectively **promote** products and product quality.

8.2 REGULATIONS ON PROCESSING, PACKAGING AND TRACEABILITY

Regulations on processing, packaging and traceability include the following contents:

8.2.1 Materials to be used

- » Water used to process products must meet the quality standards of daily-use water issued in QCVN 02/2009/BYT dated June 17, 2009 by the Ministry of Health.
- » Materials used for packing and containing products must comply with regulations QCVN 12-1:2011/BYT, QCVN 12-2:2011/BYT and QCVN 12-1: 2011/BYT issued by the Ministry of Health.
- » Processing equipment and tools which are directly in contact with fresh products must be made of materials meeting the requirements of safety and hygiene as prescribed in QCVN 12-1:2011/ BYT, QCVN 12-2:2011/BYT and QCVN 12-1:2011/BYT issued by the Ministry of Health.
- » The amount of plastic packaging should be limited and farmers should be encouraged to use natural and **environmentally-friendly materials** that are locally available and can decompose quickly, such as banana leaves, banana strips, straw, or bamboo to tie the products with information tags

8.2.2. Requirements for processing facilities:

Requirements on equipment for processing:

- » Processing areas should not be near polluting areas such as garbage storage areas, industrial zones, roads and highways;
- » Processing and packaging for each type of product should be printed and put in a location that is easy to see;
- » Water used for processing, washing equipment and packaging equipment must meet standards;

Hygienic conditions:

- » Processing areas should have a system to store and sort waste;
- » Machines and equipment must be regularly maintained and cleaned;
- » Light bulbs must be covered to avoid glass debris to be dispersed and mixed with vegetables in case they fall and break.

Processing areas must meet labor standards:

- » The storage area must be painted and clean;
- » Storing shelves must not be too tall;
- » In dangerous places, such as sloping and slippery roads, machinery should be signposted and protected;
- » The area should have a first aid kit and a list of emergency telephone numbers;
- » The area must meet guidelines for fire prevention and firefighting.

In case there is no dedicated processing and packaging area, the Coordination Committee should cooperate

with the farmer organisation / cooperative to look for a reasonable collection point where members can bring their products for processing, packaging, labeling and recording sales volumes. For example, this location can be in a household that meets good conditions of safety and hygiene. Members should not be allowed to process products on the floor.

8.2.3. Packaging and labeling:

- » **Information on the packaging:** The packaging should provide full information about the product and bear a clear logo to ensure traceability from the production site.
- » **Using and managing labels and packages:** The use of packages and labels should be well-monitored and managed to ensure the transparency of the entire system. The volume of produce delivered/sold must be the same as that harvested from the farm.
- » The intergroup should clearly state the fee that PGS members must contribute for this process. The Coordination Committee is responsible for managing the use of the logo and ensuring the transparency of the system.

8.2.4. Processing and packaging:

- » Harvested produce should be taken to a collection location for preliminary processing, classification, and cleaning prior to packaging and should be cross-monitored among the members and inter-group to reduce the risk of mixing PGS products with non-PGS products;
- » Member must strictly comply with the processing and packaging guidelines for each type of product

REGULATIONS ON PRE-PROCESSING, PACKAGING AND TRACEABILITY

and must apply regulations on labor protection, electrical safety and proper equipment use;

- » Labels should be stuck on the right quantity, quality and types of products;
- » Processing and packaging activities should be recorded in the logbook, including information about employees, quantity of products, and the time of packaging and transportation.

8.3. APPLICATION OF REGULATIONS ON PROCESSING, PACKAGING AND TRACEABILITY

The specific guidelines on materials to be used, processing facilities, packaging, labeling, and processing and packaging management should be followed throughout the system. The application of these regulations is specific to each stakeholder.

8.3.1 For households and farmer groups

- » Households and production groups should comply with regulations on packaging, processing and labelling.

8.3.2 For inter-groups / cooperatives

- » The intergroup / cooperative is responsible for complying with the requirements on the management and operation of processing facilities, input materials, packaging and labeling

to ensure that the normal chain from harvesting - collecting produce - classifying produce - cleaning - drying - packing - labeling - weighing finished produce - shipping - and delivery, complies with the regulations.

- » The cooperative thoroughly records the quantity of produce bought and sold, including the types of vegetables, specifications, number of bags / bundles, number of labels, and the quantity used by each member.

8.3.3 For the Coordination Committee

- » The Committee is responsible for inspection, monitoring, and evaluation of compliance with the regulations on processing, packaging and traceability.
- » It manages the use of labels and logos by verifying farmers' compliance with the regulations and standards and issuing the right number of labels for the right produce.
- » **Product traceability** is an imported task led by the Coordination Committee. How much information should be provided? Should digital technology, such as barcodes or QR codes be used? These matters will be considered by the Coordination Committee in consultation with the cooperatives / intergroups, distributors and farmers.
- » The Committee does not provide the labels for free. It will only support a part of label printing costs if there is a support programme in place or if PGS buyers bear the costs of printing the labels.



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9 PGS CHECKING, MONITORING AND INSPECTION



9.1. CHECKING

9.1.1. Terminology:

- » Checking is the **organised field observation and assessment** of farmers to remind them to comply with production standards and input requirements, thereby ensuring that mistakes made in the production process are remedied in time.
- » Checking is an **internal activity** conducted by PGS members and stakeholders. Regular checks are intended for **learning purposes** and to ensure compliance by members.

9.1.2. Purpose:

Testing activities aim to achieve the following objectives:

- » To **identify mistakes** in the application of production standards;
- » To support and **share information** with households in order to improve their compliance;
- » To **enhance internal** control within the production group to ensure that the whole group is certified; and

- » To **collect information** to submit to the PGS database so that inspectors can access information from other sources when needed.

9.1.3. Checking location, time and content:

Checking is a formal activity that is regularly implemented in 3 locations:

- » **Production area:** Checking fields to verify compliance with regulations on waste, farming practices, spraying signs, pest control, and irrigation water;
- » **Households:** Checking records in farmers' diary, fertilizer containers and packages, equipment and tools, wastewater, and processing areas; and
- » **Processing facilities:** Checking whether processing facilities meet regulations on processing, packaging and traceability (see section 8 in Part 2).

9.1.4. Roles and responsibilities for checking:

Checking is usually performed by the following members of the PGS:

- » Members of the production groups who supervise and support one another,
- » The manager of the production group,
- » The inter-group / cooperative Quality Assurance Board,
- » The inter-group / cooperative inspectors or those assigned to inspect the fields, conduct pest control, etc.

PGS members often play the roles of both inspectors and inspectee.

There is no specific form to record information for regular checks. However, the inspector should record all information about the time, place and names of members who were inspected in their diary. After the inspection, conclusions, evaluations, and comments on positive observations, shortcomings and violations (if any), and how to handle them are recorded and shared. This information is kept for later use and review.

9.2. MONITORING

9.2.1. Terminology:

Supervision (or internal supervision) is the activity of **continuous monitoring** and checking conducted by members to determine whether other members have performed their required tasks in line with the agreed production plans so that necessary reminders can be provided promptly to prevent violations.

Monitoring does not focus on handling violations but aims to detect and discuss problems with members in order to **provide prompt warnings and avoid violations**. Internal monitoring is carried out by members at a low cost, therefore supporting ownership and sustainability of the system.

There is an inter-dependent relationship between inspections and monitoring. When regular monitoring is performed well, farmers can quickly address potential violations and challenges, enhancing their readiness for

inspection. The better the continuous monitoring, the more effective the inspection (and likely its outcome).

9.2.2. Purpose:

The purpose of monitoring is:

- » To monitor a farmer (group)'s production based on the production plan to ensure the right quality and quantity of products;
- » To ensure that members comply with regulations throughout the implementation;
- » To actively prevent violations by providing support and advice to farmers so that they can change wrongful practices;
- » To recommend follow-up activities to rectify violations, if any; and
- » To ensure that the quality and quantity of harvested products is sufficient to meet market requirements.

9.2.3. Monitoring location, time and content:

Monitoring is usually carried out in the field as follows:

- » **Pre-crop monitoring:** The purpose is to check soil preparation techniques, the planting area, seeds and seed-sowing, and water for irrigation. These indicators must be compared to the production plan that the producer has agreed to within the production group and inter-group / cooperative.
- » **During-crop monitoring:** The purpose is to check farmers' fields and diaries, to monitor the use of plant protection chemicals, and the water sources for irrigation.
- » **Pre-harvest monitoring:** Usually implemented 1 week before harvesting, the purpose is to verify the use of plant protection chemicals and other chemicals to ensure that they do not affect the

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quality of produce. Productivity and production are compared with the initial plan and the quantity that must be supplied.

9.2.4. Person conducting and requesting results:

Monitoring is usually conducted by:

- » A team of members who supervise each other,
- » The manager of the production group;
- » The inter-group / cooperative quality assurance board;
- » The inter-group / cooperative inspectors or those who are assigned to inspect the fields, pest control, etc.

Supervisors must respect the principles of fairness, honesty and impartiality.

Supervisors should prepare and use a production plan that members / production groups agree and sign with the inter-group or cooperative. The supervisor should record all information about the time, place and names of members who were inspected in their diary. After the inspection, conclusions, evaluations, and comments on positive observations, shortcomings and violations (if any), and how to handle them are recorded and shared. This information is kept for later use and review.

9.3. INSPECTIONS

9.3.1. Terminology:

The inspection (or cross inspection) is the **review**

and evaluation of the implementation of the PGS regulations, rules and commitments by PGS members. PGS inspections are conducted by the inspection team leader, inspectors and other stakeholders according to the procedures of the system. The purpose of the inspection is to serve the management of PGS, protect the interests of members, and the rights and legitimate interests of consumers.

9.3.2. Objectives:

- » To evaluate the situation of farmers before they join the PGS;
- » To identify non-compliance errors; and
- » To inform decisions on certification.

9.3.3. Content, time and location of inspections:

Inspections are usually conducted in two areas: (1) production areas and (2) processing areas.

Production areas:

Depending on each PGS's regulations, each production area is usually inspected twice per year without notice (**random inspections**) and twice a year with notice (**periodical inspections**). Inspections will take place at the time when certified crops are still in the field. For example, when diseases are likely to spread or when neighboring producers may use plant protection and other chemicals.

Inspection content: The inspectors will look at each field's management plan, farmers' production data, reports on violations, etc. Inspection of the production area will

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focus on the production conditions, potential sources of pollution, state of the environment, state of warehouses, processing areas, soil sampling, water quality, etc.

Processing, areas:

Processing units, traders and retailers will also be inspected at least twice a year without notice, depending on PGS regulations.

Inspection contents include: processing equipment, transportation, conditions for labor safety and hygiene, food hygiene and safety; inputs for processing (e.g. water) and packaging.

9.3.4. Arrangements and preparations for periodical inspections:

Arrangements:

- » The person who manages certificates for the inter-group will plan inspections annually;
- » Production groups and inter-groups are responsible for selecting inspectors among their members. Inspectors are trained on inspection;
- » The inter-group will prepare a specific **inspection plan** for each inspection and divide members into inspection groups. Each group must have a representative of the inter-group / cooperative;
- » The leader of the production group liaises directly with farmers about the time and date of the inspection and informs them at least 3 working days prior to the inspection;

- » The inter-group will review the entire preparation before the inspection (ADDA, 2009).

Preparations for inspections:

Inspectors must prepare the following documents ahead of the inspection:

- » A copy of the production standard used in the PGS;
- » A copy of the up-to-date farm management plan (FMP) including maps of the farming area of the farmer(s) to be inspected;
- » A copy of the up-to-date production data for the farmer to be inspected;
- » A copy of previous reports;
- » Copies of non-compliance reports and applicable sanctions taken against the non-complying farmer, if any;
- » A copy of cross-checking documents
- » The group inspection checklist (ADDA, 2009).

9.3.5. Inspectors and inspection procedures:

Cross-checking among producer groups in the inter-group will be conducted by **inspectors from other production groups**, usually with the participation of one member of the inter-group certification committee and one consumer and /or retailer representative as an observer.

Farm inspections should include the following activities (ADDA, 2009):

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- » **Interview with the farmer:** the purpose is to check the accuracy of the information provided such as the FMP and maps, and to check the status of previous observations and recommendations made by the inter- group.
- » **Farm record review:** Check farm records, including the production and sale of products.
- » **Farm visit:** Visit each farm shown in the FMP to check whether they comply with the standards and other regulations. Check the house and warehouse used by the farmer.
- » **Soil and water samples:** In the first year, soil samples and water samples will be taken for tests. The sampling method shall comply with current regulations.
- » **Record review:** The information recorded during the inspection is reviewed by the inspector with the farmer, additional information and comments are recorded, if necessary.
- » **Inspection checklist:** The inspection check-list is completed and signed by the inspector and farmer.

After cross-checking, the inspection team will synthesize the inspection results of all group members in the inspection checklist and decide whether each individual farmer satisfies for certification. **Each farmer must satisfy the certification conditions in order for the farmer group to be certified.**

The head of the inspection team will take responsibility for ensuring that the farm inspection is fully completed, and the inspection checklist will be returned to the certification committee of the inter-group within three

(03) days after the inspection visit. **It should be noted that there can be different regulations for different PGSs.**

9.3.6. Documentation of inspection results:

The head of the inter-group/cooperative will collect all the inspection reports, verify that all information has been correctly filled in, and facilitate the decision-making process. Based on the results of the inspection process, the inter-group/cooperative will make a proposition to the Coordination Committee to deliver a certificate to the group. Based on the proposition and the inspection report, the Coordination Committee decides whether the certification is approved for the farmer group.

9.3.7. Emergency inspections

An emergency inspection will be conducted if cross-checking results are not reliable or if the inspection reports do not provide sufficient information for decision-making.

Emergency inspections can be carried out at all levels and a specific procedure shall be required. Authority should be delegated to the relevant units to maximize the effectiveness of the inspection: the Coordination Committee is entitled to inspect the inter-groups; the inter-groups manage and inspect production groups; and production groups self-manage and monitor their members.

If an emergency inspection is required, inter-group inspectors shall carry out the inspection without notice to the farmer. A few farmers shall be selected randomly for the emergency inspections.



10 CERTIFICATION AND VIOLATION HANDLING



10.1. CERTIFICATION PROCEDURE

The regulations on the certification procedure should provide clear information on the process and the required steps to conduct an inspection. The general process of obtaining a PGS certification for a farmer is presented in Figure 5:

Step 1: Farmer level

Every farmer who registers to join a PGS production group must:

- » Attend a training on the technical standards;
- » Take a written commitment (PGS pledge);
- » Complete the Farm Management Plan (FMP); and
- » Participate in group activities.

Farmer's written commitment and the FMP are recorded in the PGS database.

Step 2: Inter-group level

- » The Inter-group checks completion of the FMP and notifies production groups of the cross-checking.

» Farmers and their farm are inspected by inspectors from other production groups who use the inspection documents and forms described in the section "9.3.4. Preparation for inspection" section above. The inspection shall be conducted following the procedure described in section 9.3.5. "inspectors and inspection procedures".

» Based on the inspection checklist report and other reports (e.g., the soil and water tests), farmers' written commitment and the FMP, the head of the Inter-group sends a decision to the Coordination Committee proposing 1) a certification for the farmer group or 2) a sanction against any farmer who doesn't comply. Details on common violations and corresponding sanctions are presented in Table 4.

Step 3: Coordination Committee level

» The Coordination Committee enters summary information for each farmer into the database and sends a paper certificate to the farmer group that is valid for 1 year from the date of the inspection visit.

CERTIFICATION AND VIOLATION HANDLING

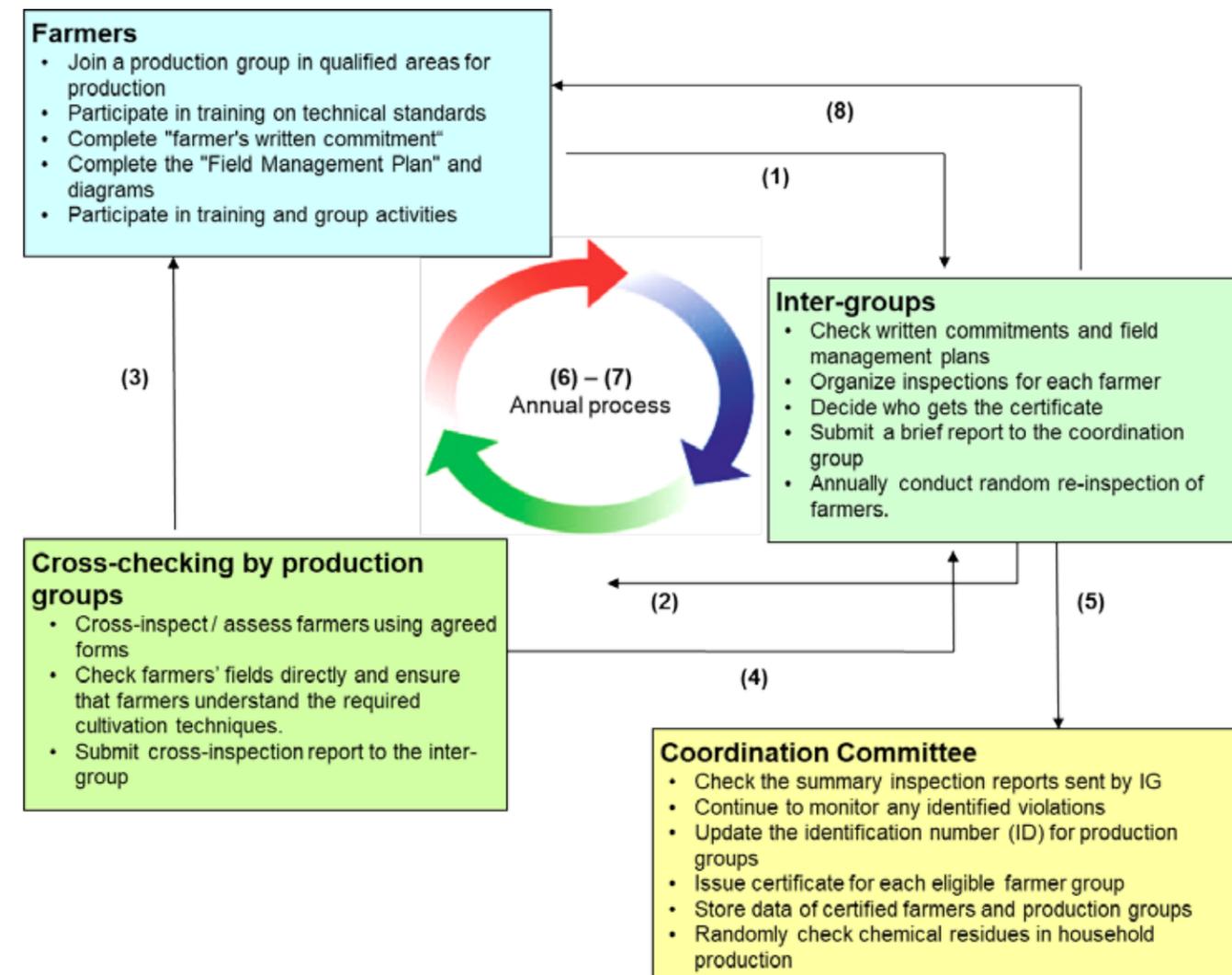


Figure 5: The general process of obtaining a PGS certification for a farmer
Source: ADDA 2009

CERTIFICATION AND VIOLATION HANDLING

Each certificate has an individual identification number (ID number) that includes codes for both the farmer and the Inter-group.

- » Depending on the regulations, farms will be re-inspected annually or bi-annually. This process is managed by the head of the inter-group. Farmers must then update their FMP and records, accordingly. Based on the new inspection reports, the certification committee will make a decision to confirm or change the certification status of the farmer group.

In addition to periodical inspections, every year, the Inter-group will re-inspect farms to check for compliance. 10% of the farmers in the inspection reports shall be randomly selected for this re-inspection.

After being issued with a certificate, farmers are allowed to use the PGS logos on their product.

10.2. DECISION MAKING

Decision-making is governed by principles of accuracy, objectiveness and transparency.

After reception of the certification report, inspection data and recommendations sent by the intergroup, the certification committee calls for a meeting to decide on the certification status of a farmer group. Based on the inspection results, the certification committee can take one of the three decisions below:

- » **Not approved:** The certification committee can make this decision when one or more farmers do not comply with key requirements of the standards which directly threaten the quality and safety of the product. In the case of organic PGS, this decision can be made, for example, when a farmer has a parallel production, i.e. if a farmer produces the same product using both organic and conventional production methods. In the case of PGS used with BasicGAP, this decision is usually made when a farmer seriously violates the standards in such a way that it threatens the integrity of the production, for example, if a farmer uses prohibited pesticides or synthetic fertilizers (Table 4).
- » **Approved, without condition:** This approval is given when all farmers in the group comply with all the regulations and their commitment. The farmer group will obtain a certificate without having to meet any additional conditions.
- » **Approved, conditionally:** This decision is made when one or more farmers do not fully comply with the regulations and commitment they made, especially when the violations are related to farm management. The farmer group will obtain a certificate after its member farmers demonstrated that they took corrective actions to improve their farm management. The farmer group will be given clear instructions and a deadline to meet the certification conditions.

CERTIFICATION AND VIOLATION HANDLING

Table 4. Examples of violations and sanction management

Types of sanction	Violations
Reminders and notices given during meetings	<ul style="list-style-type: none"> • Minor deficiencies in recordkeeping • Unsatisfactory production system
Written warnings	<ul style="list-style-type: none"> • Minor violations of standards or regulations • Third time reminder for the same problem • Not meeting conditions for certification • Major deficiencies in recordkeeping
Suspension: The inter-group will not allow farmers to sell their products under the PGS name or logo until farmers have taken corrective actions.	<ul style="list-style-type: none"> • Repeated violations of standards or regulations.
Certificate withdrawal: Farmers are not allowed to sell their products under the PGS name or logo for up to 36 months.	<ul style="list-style-type: none"> • Obvious violation of standards that threatens the integrity of the product. For example, using prohibited pesticides or synthetic fertilizers.
Termination of participation: Farmers will be permanently banned from participating in the PGS.	<ul style="list-style-type: none"> • Repeated violations that result in a warning, suspension or withdrawal of PGS certificate. • Obvious frauds. • Intentionally obstructing PGS inspection, including inspectors' access to the fields. • Refusing to respond to requests for information.

11 COMPLAINTS AND COMPLAINT RESOLUTION



11.1 DEFINITION

Complaints are any questions, requests, or feedback expressed by **customers** about potential violations of agreements set forth in the commitments or contracts signed between the PGS and customers.

Complaints also refer to the questions, requests and feedback of **PGS members** regarding the satisfaction of their rights and obligations as set forth in the PGS regulations.

Furthermore, complaints may also arise from the **local community** following potential negative impacts experienced in relation to PGS.

Complaints must always be addressed in order to:

- » Ensure the transparency of the system;
- » Protect the rights of members and customers;
- » Improve the relationship between PGS and the community; and
- » Improve the sustainability of the system.

11.2 PROCEDURE FOR HANDLING COMPLAINTS

Complaints will usually be handled following those steps:

Step 1. Receive complaints and analyze information:

- » After the Coordination Committee, inter-groups, cooperatives and / or shops receive information about a complaint from customers or members, it should **verify the information** and classify the complaint as soon as possible (at least within 02 days).
- » When the identity of the complainant is clear, reception of the complaint should be confirmed immediately, and the method of settlement and the deadline to respond to the complaint should be communicated clearly to the complainant. The recipient of the complaint should handle the complaint as soon as possible.
- » When the identity of the complainant is unknown,

the information in the system should still be verified to assess whether the situation described in the complaint is accurate and take action to address it.

- » When the complaint targets a problem that goes beyond the scope of the PGS, the complainant must be informed that the problem cannot be attributed to the PGS.

Step 2. Determine the cause of the complaint

- » The Coordination Committee coordinates the investigation to assess the cause(s) of the complaint. Together with relevant stakeholders, it will investigate the cause of the problem by carrying out farm inspections, checking logbooks and records, analyzing produce samples, and communicating with members. The information collected must be recorded in reports and/ or photos.
- » The investigation should involve at least 3 parties in the process: farming households, production groups and the inter-group / cooperative.

- » After the causes are determined, solutions must be found to address the internal management issue at stake and address customers' concern as soon as possible (at least within 10 days).

Step 3. Address / resolve complaints

- » The Coordination Committee, inter-groups / cooperatives and / or stores will contact the complainant directly, in writing, via email or other ways to discuss and agree on the complaint settlement.
- » After an agreement is found between the complainant and the service that received the complaint, the receiver – either the Coordination Committee, inter-group / cooperative, and / or shop will record minutes to describe the complaint and how it was settled in the case dossier.
- » In case the problem is linked to mistakes within the PGS, the minutes will be sent to stakeholders as soon as possible (within 03 days) to take further steps, as necessary.

Table 5. Example of a PGS complaint handling process (PGS Yen My - Thanh Tri, Hanoi)

STEPS	RECIPIENT	ACTIONS TO BE TAKEN	TIMELINE
Step 1: Receive complaint	Coordination Committee/ inter-group / cooperative, shop	<ul style="list-style-type: none"> • Pass the information to the shop, inter-group / cooperative. • Verify whether the object of the complaint is within the scope of the PGS • Contact the complainant to take a sample of the product for verification (if the complaint is about a product) 	1 day – whenever the complaint arises
Step 2: Investigate the causes	Coordination Committee urges the inter-group / Cooperative	<ul style="list-style-type: none"> • The Coordination Committee assigns the head of the cooperative / inter-group to inspect the farm and farmer's records and to review the data provided to the distributor. • The investigation and inspection process should be recorded in a report and photos should be taken if necessary. 	1 day
Step 3: Determine the causes and resolve the complaint	Inter-group / Cooperative	<ul style="list-style-type: none"> • The group clearly determines the causes and identifies responsible farmers. • If the complaint is linked to a mistake by a farmer, the farmer shall be reminded about production and harvesting standards and regulations. 	<ul style="list-style-type: none"> • 2 days if no analysis is required. • 10 days if an analysis is required.
Step 4: Reply to the complainant and make internal changes as necessary	Coordination Committee, inter-group / cooperative	<ul style="list-style-type: none"> • The cause of the problem will be shared with the complainant and a resolution will be proposed that suits both parties. • If the complaint is not related to a farmers' mistake, the group will discuss a settlement with the violating party and notify the complainant. • If a suitable resolution cannot be found for both parties, the case will be settled in accordance with the law. • The results of the sample analysis shall be notified to the customer in written or by phone. 	<ul style="list-style-type: none"> • 1 day after reception if the object of the complaint goes beyond the scope of the PGS • 10 days after reception if a sample analysis is required and if the product is within the scope of PGS.

Step 4. Close the complaint

- » Save information and minutes about the complaint;
- » Summarize and draw experience from the resolution of the complaint, and share learnings during the next meeting.

11.3 REGULATIONS FOR COMPLAINT HANDLING

The drafting of regulations on how to handle complaints should involve all stakeholders who may be involved in the complaint and feedback process within and outside the PGS. They must comply with applicable laws, be in line with cultural practices and be ethically appropriate.

The regulations should clearly describe the roles and responsibilities in handling complaints, the timeframe for resolving them, and how information must be collected and documented. In the absence of such regulations, farmers are often left responsible for handling the complaint, while their ability to directly deal with consumers is often limited.

Authority to handle the complaints should be delegated to relevant units. At the same time, coordination between actors in the chain should be strengthened, especially between retailers, where complaints are likely to be received, and inter-groups which are involved in verifying information and taking corrective action.

In order to maintain a good reputation, complaints should be settled as soon as possible, ideally within 15 days of their reception



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12 DOCUMENTING AND ARCHIVING PGS DOCUMENTS



Records, reports and regulations play a very important role in PGS. Those documents record production, processing, sales and inspection activities, operational and management processes, and contain the evidence demonstrating why PGS products can be trusted. They play a key role in the transparency and traceability of PGS products.

12.1 DOCUMENTS TO BE KEPT AND STORED

The following documents should be kept:

12.1.1. At farmer household level:

- » A written commitment to comply with PGS regulations;
- » Regulations on using input materials;
- » Farm management plans;
- » Maps of the production area;
- » Production and sales diary including records on the use of pesticides, fertilizers, harvesting, and sales;
- » Internal inspection results and corrective action plans, if any;

- » Documents/hand-outs from training courses;
- » PGS regulations and procedures for inspections.

12.1.2. At producer group level:

- » PGS regulations;
- » List of production group members, including full name, title, year of birth, gender, production area, varieties grown, date of PGS enrolment, contact number, and the member identification number;
- » Internal inspection plan;
- » Copy of internal inspection results;
- » Regulations on using input materials;
- » Map of group members' production area;
- » Group's production plan;
- » Group's meeting minutes;

- » Synthesis of inspection results of group members;
- » Decisions on punishment applicable to violating members, if any;
- » Decisions on PGS certification
- » Complaints;
- » Internal inspection checklist
- » PGS regulations and procedures for inspections

12.1.3. At inter-group/ cooperative level:

- » Consolidation of the internal inspection reports of producer groups;
- » List of production group members;
- » Group production plans;
- » Complaints;
- » Decisions on PGS certification;
- » PGS regulations;
- » Regulations on using input materials;
- » Inter-groups' meeting minutes;
- » Internal inspection checklists;
- » Internal inspection plans;
- » Result of soil, water, and product sample tests;

- » Marketing plan; and
- » PGS regulations.

12.1.4. At the Coordination Committee level:

- » Decision on PGS certification;
- » Regulations on using input materials;
- » Product sample test results;
- » Internal inspection plans and checklists;
- » Certification notification from inter-group;
- » Notification on rejection of certification (if applicable);
- » PGS application request for new groups;
- » PGS regulations

12.2 REGULATIONS ON DOCUMENT STORAGE IN PGS

The PGS regulation on documentation and storage is based on 3 questions: What documents should be stored? How long should they be stored for? Who will store the documents? A general regulation on how to store and archive documents is presented in Table 6 below.

Table 6: Example of a regulation on archiving PGS documents

Type of document	Unit in charge of archiving documents				Archiving duration
	Household	Farmer group	Inter-group/ cooperative	Coordination Committee	
PGS regulations; group regulations; inter-group regulations; and PGS Coordination Committee regulations					3 years
Lists of authorized inputs and regulations on the use of authorized inputs	x	x	x	x	
Set of standards for application					
Training materials and handouts					
PGS members' written commitment to comply with PGS regulations	x	x			
List of production groups' members; written commitments to comply with PGS regulations		x	x		
List of members of cooperatives / inter-groups				x	
Applications of new groups to join the PGS and their written commitments to comply with PGS regulations				x	
Map of households' production area	x				
Map of group member's production area		x	x	x	
Soil, water, and product sample test results			x	x	
Farmer Field Management Plan (FMP)	x	x			
Individual group production plans		x			
Production plans of all production groups			x		
Internal inspection plans		x	x	x	
Internal inspection forms		x	x	x	
Internal inspection results (incl. corrective action plans)	x		x		
PGS certification decisions		x	x	x	
Notification of rejection of certification		x	x		
Complaints		x	x		
Decisions on sanctioning violating groups		x	x	x	
Group meeting minutes		x			
Inter-group meeting minutes			x		
Coordination Committee meeting minutes				x	
Individual farmer diary	x				5 years
Financial reports		x	x	x	
Financial documents		x	x	x	



13 PGS' TRAINING PROGRAMME



Learning is one of the key principles of PGS. Participation in a PGS means participation in a neverending process of learning and training that tackles production, business, sustainability, marketing, quality assurance, food safety, leadership and certification aspects. This chapter presents an overview of recommended trainings in support of PGS.

13.1 PURPOSE OF PGS' TRAINING PROCESS

The training programme contributes to the following objectives:

- » Ensuring, the correct application of PGS' processes and regulations;
- » Building PGS stakeholders' capacity to manage the system;
- » Enhancing farmers' production and processing capacity to achieve quality, safety, sustainability and productivity; and,
- » Enhancing the organisational, marketing, leadership and management skills of farmers and leaders.

13.2 STAKEHOLDERS AND TRAINING CONTENT

Different stakeholders will be the target of different components of the training programme:

- » **Producers:** This category refers to farmers who should receive training on Good Agricultural Practices in line with the selected production standard and on the penalties that apply when the production standards are not respected.
- » **PGS managers:** This category refers to members of the PGS who are not producers but representatives of local organisations and authorities who play a role in the PGS' management and inspection system.
- » **PGS marketers:** This category refers to the distributors / retailers who bring PGS products to the market. They have to clearly understand how

Table 7. Example of recommended training content

Who	Recommended training content	When
Farmers	<ul style="list-style-type: none"> Farming techniques according to production standard Production standards 	Before production starts
	<ul style="list-style-type: none"> Logbook / diary recording Production planning 	Before production starts
	<ul style="list-style-type: none"> Processing and packaging 	When produce is harvested
Production managers	<ul style="list-style-type: none"> Leadership skills Inspection Marketing 	After production groups are established
Managers of inter-groups/ Cooperatives	<ul style="list-style-type: none"> PGS operations Inspections and handling of violations Production support and supervision Marketing 	After inter-groups/ cooperative structures are established
PGS Coordination Committee	<ul style="list-style-type: none"> PGS governance and management PGS database management 	After the Coordination Committee is established

the products are produced, how their quality is guaranteed and how to protect the integrity of the products.

Considering the large number of functions that are covered by a PGS and performed by its members, a comprehensive PGS training programme covers a wide range of subjects. In practice, thematic training sessions must be suited to the different stakeholder

categories, following an adequate timeline. Trainings focus on Good Agricultural Practices, for example, should follow the crop production calendar. Table 6 presents an overview of important training sessions per category of stakeholder and indicates an appropriate timing for their delivery. In practice, training content must meet the needs of farmers and stakeholders in the system, calling for a very context-specific curriculum.

13.3 IMPLEMENTATION OF THE TRAINING PROGRAMME

13.3.1. Training methodologies

The training methodologies should focus on **experiential learning** and **participatory** training approaches, putting learners at the centre of their learning journey. Lessons should be tailored to trainees' capacity, existing knowledge and past experiences. Ideally, the distance between trainers and trainees should be minimal. Trainers should refrain from delivering trainings in a "lecturing" format but should instead play a **facilitating role**, encouraging information exchanges, eliciting questions from learners, and delivering conclusions.

The benefits of this training approach are multiple:

- » Increased **involvement** and contribution of learners, ensuring that the content discussed is appropriate to their needs and situation;
- » Higher **ownership** of the learning process fuelled by a feeling of respect and appreciation from fellow learners;
- » More room for questions and answers, ensuring that every individual **understands** the issues discussed. This last element is critical in ensuring that all learners effectively play their role in the PGS.

13.3.2. Organisation of the training programme

The Inter-group/Cooperative and the PGS Coordination Committee will be responsible for organising training courses. Specifically, their role is to:

- » Assess learning needs for different categories of stakeholders;

- » Develop a training curriculum and programme based on the identified needs;
- » Coordinate the delivery of training activities and assess training courses; and
- » Document and store training documentation and data.

It is recommended that practical trainings take place in production fields where producers can directly take up and test recommended practices. Depending on the target group and content of the training programme, trainings can take the form of workshops or short-term intensive training courses.

As mentioned above, the content and format should be tailored to the stakeholder group. For example, if some learners are illiterate, training materials should include clear visuals, pictures and videos.

13.3.3. Responsibility of participants

Each training participant is responsible for:

- » Actively and fully participating in all training activities;
- » Complying with training regulations and rules;
- » Integrating their learning into their practice in order to achieve the objectives of the PGS;
- » Sharing learnings with other members and continuing their own personal learning journey.

The organisation and delivery of training programmes can be assisted by non-governmental organisations, companies, technical experts or competent authorities with technical knowledge about several aspects relevant to PGS.



14 TRADEMARK AND FUNDRAISING



14.1 DEVELOPING A TRADE MARK

According to the World Intellectual Protection Organisation (WIPO), a trademark is a sign capable of distinguishing the goods or services of one enterprise from those of other enterprises. The sign can take the form of symbols, logos, or text and is attached to the product's packaging, tag or on the product itself.

In the context of PGS, the logo allows to clearly identify a product as having gone through the PGS quality assurance process. The PGS stamp notifies customers that a product meets the requirements to be certified under the PGS certification process.

14.1.1. Advertising the trademark

Advertisement can take place through various channels:

- » **Product packaging:** the most popular and affordable way of advertising PGS products is by affixing a logo on the product is packaging – indicating to consumers that the product can be trusted.

- » **Broadcasting through loudspeakers and radio:** these channels are very popular, especially in rural areas. They enable a PGS to reach thousands of potential consumers beyond its usual network. Local authorities can usually assist in facilitating advertisement through those channels.

- » **Website**

- » **Social media: very affordable but time-consuming, social media** enables PGS members to directly interact with potential consumers.

The PGS logo and name should be used according the regulations on logos and labels. The next sections list some of the best practices in that regard.

14.1.2. Using the PGS logo for certified products:

The PGS logo can only be used for products cultivated by members who have been certified by the PGS process. The process follows a series of steps:

- » A farmer or farmer group requests the Coordination Committee to give it the authorisation to use the PGS

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logo for its products;

- » The Coordination Committee verifies that the farmer group is indeed certified and considers the request submitted by the farmer or farmer group;
- » If it agrees, the Coordination Committee will issue the PGS logo to the farmer group for the quantity required;
- » The PGS logo can also be used purely for advertisement purposes. In this case, it can be printed on T-shirts, caps and other goodies to promote the system, pending approval by the Coordination Committee.

14.1.3. Using the PGS label for traceability

When used as a certification stamp, the PGS label will include more information than when used as a logo (ADDA, 2009). Additional information must be added to validate the label as a certification stamp:

Inter-group information: This includes the name and, if needed, the province or city of the inter-group. This information specifically aims to encourage consumers to buy as “locally” as possible and to reduce their “food miles” (i.e. the distance between production and consumption locations).

Farmer identification number: This is a unique number identifying each farmer in the system. It includes: the inter-group’s name, the identification number of the production group, the number or name of farmers certified by PGS and the year it was registered in PGS.

14.2. RAISING AND USING FUNDS

At the start of PGS in Vietnam, the system operated on a voluntary basis and did not levy any fee. However, this approach is unsustainable and PGSs relied too much on external investments. Fundraising is essential for the survival of the system to cover various costs related to meetings, trainings and inspections.

14.2.1. Financial resources for PGS:

PGS’s funds usually come from 2 sources:

- » **Membership fees:** This is a small fee contributed by each member every year. The amount to be contributed by members to the PGS and the way funds are spent is to be decided by the members. In Vietnam, the fee varies but often revolves around VND 100,000 per year (about EUR 4).
- » **Sales fees:** This is a small fee added to the price of PGS products to contribute to monitoring, training and inspection costs.

Additional financial contributions can be made by supporting organisations (NGOs, foreign agencies, local authorities, individuals, etc.).

Experience from Vietnam shows that the ability of a PGS to levy funds from members and sales is a key factor of sustainability (Rikolto and VNUA, 2018).

14.2.2. Use of financial resources

Although a very low-cost system compared to other certification mechanisms, PGSs usually must cover the

following expenses:

- » Administration, printing and stationery for PGS activities;
- » Inspection and monitoring activities;
- » Training PGS staff;
- » Development funds, welfare funds, bonus funds, reserve funds;
- » Investment and development expenditures, including procurement of equipment;
- » Taxes and other legal obligations;
- » Expenditures on humanitarian and charity activities as indicated in the law;
- » Other expenses.

14.2.3. Fund development and financial management

PGS operates on a voluntary and non-profit basis in order to assist small-scale farmers to increase their access to markets and produce safe, quality products. All expenditures for PGS activities, as well as membership fees, must be approved by the PGS Coordination Committee.

Accounting books must be updated regularly. Every year, a financial report must be sent to the Coordination Committee and inter-group / cooperative by the PGS accountant.

Any revenues made by the PGS will be reinvested in the further development of the PGS, as approved by the Coordination Committee annually.



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This is a crucial question for consumers, farmers, agri-food companies and policy makers alike. For Rikolto, it is a means to invite everybody to join in a conversation about finding solutions to make our world's food systems more sustainable.

Rikolto (previously VECO) is an international NGO with more than 40 years of experience in partnering with farmer organisations and food chain actors across Africa, Asia, Europe and Latin America. We enable and support smallholder farmers to take up their role in rural poverty alleviation and to contribute to feeding a growing world population in a sustainable way.



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