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IFOAM POLICY BRIEF ON

How Governments Can Recognize and Support Participatory Guarantee Systems (PGS)



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Edition 2018



Introduction

Organic agriculture can significantly contribute to addressing global environmental and social challenges and to achieving the Sustainable Development Goals (SDGs). In order to enable the uptake of organic agriculture and truly sustainable farming and food systems, recognition of and support to Participatory Guarantee Systems (PGS), as well as third-party certification, is imperative. PGS rely on the relationships between farmers and consumer groups, adapted to the local contexts, and are engines of

social development, promoting job creation and livelihood improvements in the agricultural sector.

The purpose of this policy brief is to state the position of IFOAM - Organics International regarding the need for PGS to be supported by governmental programs and policies and recognized in governments' organic regulatory systems; while also providing policy makers with recommendations and examples on how to achieve this.

Summary of policy recommendations

Support to PGS development is suitable to all stages of organic sector development. Recognition of PGS can be accomplished in numerous ways, depending on the stage of development of the organic sector and the regulatory framework in the country.

The following strategies are recommended:

Non-regulatory options:

1. Support PGS development.
2. Promote, rather than regulate, an emerging organic market.

Regulatory options, in situations where regulations are needed and supported by the organic sector:

3. Include PGS as one of the conformity assessment systems permitted under the regulation.
4. Include exemptions in the organic regulation.



What are Participatory Guarantee Systems and why support them?

Participatory Guarantee Systems (PGS) are locally focused quality assurance systems. They certify producers based on active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange¹.

PGS represent an alternative to third-party certification, a different way to ensure transparency and integrity² that is especially adapted to local contexts and short supply chains. Through a PGS consumers and producers agree on the conditions of their local food systems and the way these are verified, as they enable the direct participation of all stakeholders in:

- the choice and definition of the standards,
- the development and implementation of verification procedures,
- the review and decision process to recognize farmers as organic.

PGS are also sometimes referred to as “*participatory certification*”.

PGS share a common objective with third-party certification systems in providing a credible guarantee for consumers seeking organic products. The difference is in the path to accomplish this. Third-party certification is based on reviews of applications, which include operator internal procedures such as organic system plans, and an annual inspection visit by a trained independent inspector. PGS have a much more intensive interaction between farmers, consumers and the guarantee organization and use different tools to maintain integrity such as peer assessment and social control. PGS integrate capacity building, using the opportunity of farm reviews and regular exchanges to solve practical problems, which enable producers to follow the standards and improve their agricultural practices. The direct relationship to the process, and the fact that it is owned by the farmers and stakeholders, encourages more responsibility, transparency and active involvement in the design of production and certification processes. PGS offers the following benefits:

- **Improved access to organic markets through a guarantee system for small-scale producers:** in PGS, costs are mostly in the form of voluntary time involvement rather than financial cash expenses. Moreover, paperwork is reduced and eased, making it more accessible to small producers.
- **Increased education and awareness among consumers:** by involving other stakeholders such as consumers in the review process, PGS help build a base of engaged and knowledgeable consumers who understand the benefits and challenges of organic production.
- **Promote short supply chains and local market development:** because they are based on direct personal relationships and because they often carry endogenous development values, PGS help consumers and producers to establish and favor direct or short-distance market relationships.
- **Empowerment:** PGS are grassroots organizations. Empowerment comes from the democratic structures of PGS and the fact that in PGS, the communities (producers and consumers) have the control over the conformity assessment process. It reinforces social capital and builds collective responsibility and capacity.

Across the world, credible organic agriculture movements have emerged based on PGS, which have existed even before third-party certification became a more widespread quality verification system for organic agriculture.

1. IFOAM Definition. See <https://www.ifoam.bio/en/organic-policy-guarantee/participatory-guarantee-systems-pgs>

2. IFOAM, 2016.

Challenges of current policies for PGS

Due to the range of benefits described above, an increasing number of countries have taken measures to support the growth of organic PGS initiatives. Nevertheless, few governments recognize PGS as a means to verify organic agriculture practices. In many cases, governments are even inhibiting PGS development by setting up organic regulations that do not take PGS into account.

Of 105 countries with an organic regulation in place or under development in 2018,³ only a dozen have taken PGS into consideration when developing their organic legislation and regulation. Government organic regulations often restrict the use of the word organic or its equivalents (ecological, biological, etc.) to organic producers that are certified by an accredited third-party certification body (based on ISO Guide 17065). This directly excludes alternative guarantees, such as PGS. As a result, organic farmers involved in these systems can no longer make organic claims, and they fall out of the statistics and open market of the organic sector.

Examples:

- In Japan, where organic claims are only possible with third-party certification, it is estimated that there are even more true organic farmers outside of the regulated Japanese Agricultural Standards for Organic Production (JAS) system than inside. Many organic farmers end up preferring to sell their products without the official JAS organic claim rather than bear the costs and paperwork requirements of third-party certification.
- In many countries in Eastern Europe or for countries applying for EU-third country status, the bottom-up development of a local organic market is now rendered almost impossible: the application of an EU-style organic regulation denies them the possibility of going through a participatory sector development similar to the one that occurred in Western Europe for about three decades.
- In France, due to the EU regulation, pioneer organic farmers certified by the French PGS Nature & Progrès (a founder of IFOAM – Organics International), are no longer allowed to sell their products as organic, unless they seek an additional third-party certification.
- In Italy, the average size of certified organic farms is about two times the average size of Italian farms, since very small farmers are not integrated in the certified organic sector due to unbearable certification costs.
- In Spain, several attempts to re-create short organic supply chains and to involve producers and consumers have emerged but are always facing the problem that they cannot legally refer to the organic mode of production, which is their core objective.
- In the US, Certified Naturally Grown, is a PGS that includes more than 800 farmers who are fully committed to organic practices. CNG standards for produce and livestock operations are based on the National Organic Program (NOP) standards. Yet legal restrictions on the use of the term organic makes marketing more challenging.

3. Huber, Beate, Schmid, Otto and Batlogg, Verena, Standards and Regulations, in Willer, Helga and Julia Lernoud (Eds.) (2018): The World of Organic Agriculture. Statistics and Emerging Trends 2018. Research Institute of Organic Agriculture (FiBL), Frick, and IFOAM – Organics International, Bonn.

Policy recommendations

In order to encourage the adoption of organic practices and expand the organic sector beyond third-party certified organic operators, there is a need to recognize and support PGS within national organic policies and regulations.

Several international organizations have provided recommendations in this regard:

- “Compulsory requirements for mandatory third-party certification should be avoided as they will not enable other alternatives to emerge. Other conformity assessment procedures, such as participatory guarantee systems, should be explored”. This is one of the 35 recommendations included in the UNEP-UNCTAD publication *Best Practices for Organic Policy*.⁴
- “The ITF recommends that consideration be given to emerging alternatives to third-party certification, such as participatory guarantee systems” was the recommendation from the joint FAO, IFOAM and UNCTAD International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF).⁵
- IFOAM – Organics International recognizes the full diversity of organic agriculture and the great potential of PGS⁶ and calls for governments to develop and improve their organic policies and regulations so that they can recognize and become supportive of PGS.

Depending on the stage of development of the organic sector and the regulatory framework in the country, there are several ways in which support and recognition of PGS in policies and regulations for the organic sector can be achieved. Governments are advised to take into account the following recommendations:

Non-regulatory options:

1. Support PGS development

Financial and technical support can be provided to establish, build capacity, and ensure continuity of PGS in the country. Supporting PGS development is a way to promote organic agriculture adoption, but also livelihood improvements of smaller farmers. As the concept of PGS is not yet widespread in all countries and regions, there is a need for public support in the initial stage of PGS development, to provide resources for investment in capacity building and organizational development, after which those systems can operate in self-sufficient ways. A common way to do this is to finance projects that set up PGS initiatives. PGS projects can be replicated and even possibly scaled up into a large national PGS program. PGS

setup projects should last at least three years in order to give the PGS groups a better chance of being self-sustaining after the project period ends. Governments can work with international donors and cooperation projects or explore cooperative funding by several levels of government for multi-year PGS setup projects. The scale of a PGS setup project can be adapted to the size of the budget available. Financial support can also be given to existing PGS initiatives that are partly self-funded or funded through other sources. It is highly recommended that, when governments wish to engage in a PGS project, they do so in partnership and with significant (management) involvement of the local private and civil society organic sector representatives.⁷

4. IFOAM, 2017

5. FAO, IFOAM and UNCTAD, 2008.

6. IFOAM, 2009.

7. IFOAM, 2017

Example:

Municipality of Bella Vista, Argentina

The municipality of Bella Vista has taken an active part in setting up PGS as a tool to raise awareness about agroecology and organic agriculture, eating healthy foods and sustainable production. The municipality recognized the public value of PGS in a council resolution (Ordenanza No. 919-09, November 2009). Following this, the municipality council approved by municipal decree the creation of a PGS Committee and has defined its functions. The Committee is formed by public organizations, producer's organizations and NGOs. Its role is to promote the creation of the PGS, to ensure the compliance of the system with its charter and the requirement set by the PGS Committee. The same decree also commits the municipality to promote organic agriculture within its area. Twenty smallholder families are currently involved in the projects together with local consumers and several NGOs.

Example:

Provincial government support, Philippines

In the Philippines, local governments in several provinces have played an important role in supporting PGS. The PGS initiatives in the provinces of Quezon, Nueva Vizcaya, Nueva Ecija, Negros Occidental, Lanao del Norte and Davao City were all developed and supported by their local government units, with some even allocating funds to support the initial operation, including training, committee meetings, and development of standards and manual of operations.

Example:

Technical and financial support in Costa Rica

The government provided technical and financial support to the establishment of PGS initiatives. The national accreditation body for organic certifiers conducts annual audits of the PGS initiatives, which is needed for their official recognition according to the law. Currently, four PGS initiatives are officially approved and can make organic claims.

Example:

Support and recognition in India

PGS development in India was initially led by the civil society, in particular by the organizations that joined forces to form the legal entity PGS Organic Council (PGSOC) in 2011. Based on their successful experiences and implementation, the Ministry of Agriculture initiated a PGS technical cooperation project with FAO in 2005 and launched in 2011 a nationwide PGS development program implemented by its National Center for Organic Farming (NCOF) under the Ministry of Agriculture. This program has shown impressive outcomes, leading to the certification of 57,499 organic farmers through PGS by 2018, with more than 200,000 farmers registered in the program. Currently, the country provides the most progressive example of government support to PGS, with a government-led national PGS, as well as several government-funded organic support programs with PGS certification included. The new organic regulation, compulsory and enforced from July 2018 on, recognizes third-party certification and the government-led-PGS program as the two possible options for conformity verification in the country.

2. Promote, rather than regulate, an emerging organic market

In early stages of development of the domestic organic sector, it is more important to develop laws that will promote organic agriculture rather than to regulate organic labeling. Governments can support the development of a national or regional organic standard. It is recommended that, initially, such a standard be voluntary.⁸ Where a national or regional standard has already been developed by the organic sector, the government should consider endorsing or adopting it as the official national organic standard, and make it freely available for producers, certifiers and PGS initiatives to use. Voluntary adherence to national or regional standards can be associated with an official and protected logo or mark and a corresponding organic guarantee system, which may be organized at the national or supra-national (regional) level. This may be managed by the government, without having a compulsory organic regulation, or it may be managed by the private sector (e.g. by the national organic umbrella organization).

The absence of an organic regulation means that there will be no compulsory organic control system associated with the organic claim. However, if need be, governments may still act upon suspicion or complaints using general consumer protection regulations as is often the case in many other trade sectors. For such actions, a national or regional organic standard, officially endorsed by the government, can serve as a legal reference. The presence of a legally-protected common organic logo or mark also gives the needed assurance to consumers looking for guaranteed organic products.

Concrete recommendations on public support for organic agriculture, including an organic policy template for countries with an emerging organic sector can be found in the [Global Policy Toolkit on Public Support to Organic Agriculture](#) published by IFOAM – Organics International.

8. UNCTAD-UNEP, 2008.

National and regional examples

In **New Zealand** organic claims in the market place have to be truthful, i.e. the producers should follow the NZ organic standard, and market surveillance was regulated in the Fair Trading Act 1986. Several cases have been brought to court. The national organic market was worth around 124 million Euros dollars in 2015. For export market access there are voluntary, government and privately managed certification schemes that are accepted by the EU, USA and Japan and exported organic products for 151 million Euros in 2015. This legal environment has enabled the PGS initiative Organic Farming New Zealand (OFNZ), with 150 producers involved, to make organic claims in the domestic market.

Similar to New Zealand, the organic market in **Australia** remained open, at least until 2018, with moderate regulatory arrangements. In 2015 it reported a value of 941 million euros, with annual consumption of 40 euros per person.

In the **USA** the organic market grew to a size of approximately US\$ 800,000 before a federal organic law was passed in 1990.

In **East Africa** there is a public standard adopted by the East African Community. Adherence to the standard is voluntary. There is also an East African Organic Mark administered by the national organic movements. The mark can be used on products certified by a certification body, or a PGS scheme.

In **Namibia**, the standards authority and the government supported the development of a Namibian National Standard. The Namibian Organic Association (NOA) owns the standard and the Namibian Organic Mark. The primary assurance system for local markets is PGS, which is administered by the NOA. The Organic Mark can be used by growers certified through the PGS, while third-party certifiers can operate alongside the PGS. Third-party certification is primarily used for export markets. The Namibian Standard was developed in line with a standard compliant with the IFOAM Basic standard (IBS), which facilitates an easy migration of PGS-certified farmers to third-party certification when and if required.

Since 2006, the **Pacific Community** has its own regional organic standard: The Pacific Organic Standard, which is approved in the IFOAM Family of Standards. Producers certified to this standard can use the "Organic Pasifika" label. There is a version for PGS and another one for third party certification. The not for profit, membership organization POETCom is the regional governance body for the organic movement, responsible for the management of the regional logo, developing the rules for its use and monitoring application and compliance with these, but also involved in supporting the development of the organic sector in the Pacific, for instance through capacity development of farmers and local promotion of organic agriculture. PGS is the most used option for local organic certification.

Regulatory options:

In many countries the organic sectors turn to their governments for endorsement and support. Often a mandatory organic regulation is mistakenly considered as a prerequisite for such support and as the only way to address the issue of distrust among consumers. But

governments should carefully consider the advantages and disadvantages of regulating the organic sector. In early stages of development, it is likely to inhibit, rather than facilitate, the development of a domestic organic market and the adoption of organic practices.

If regulations are really needed and supported by the organic sector, the following options are recommended:

3. Include PGS as one of the conformity assessment systems permitted under the regulation.

Whenever a compulsory organic regulation is in place or demanded by the sector, having PGS recognition in the regulation is certainly the best way to recognize and support PGS. Governments can develop organic regulations that define organic certification as conducted by either:

- a third-party certification body with the appropriate accreditation, OR
- an approved Participatory Guarantee System (PGS).

In this scenario, the regulation should describe the process by which PGS can get approval. For example, PGS initiatives may be approved by the national supervisory body, or by the state competent authorities in Federal States, by regional or provincial governments, or even by smaller administrative units. In countries with one strong organic umbrella association representing the sector, governments may consider delegating to the association the task to approve PGS initiatives.

The definition of PGS and their legal approval requirements should preferably be based on the PGS definition, key elements and features elaborated by IFOAM – Organics International. Moreover, PGS initiatives and PGS-certified producers should be requested to keep an “open-gate” policy and grant access to their production and management units and documentation to the public and the authorities.

Producers certified through such approved PGS should be allowed to make organic claims, use the national organic logo or alternate mark, and benefit from all kinds of supports granted to organic producers with third-party certification, such as subsidies, tax-exemptions, etc.

PGS official recognition may come with some hurdles for PGS initiatives, due to the establishment of prescriptive requirements for what PGS should be like in order to achieve recognition. The dilemma and the challenge of PGS official recognition therefore lies in the delicate balance between legally codifying and controlling PGS on one hand, and on the other hand leaving them the freedom to continue being bottom-up, participatory, democratic and self-governed social processes. The risk of having a top-down inflexible approach, which is rather contrary to the PGS concept, can be mitigated through participation processes and an effort to delegate to and trust the power of grassroots organizations. Concrete recommendations on how to develop pro-PGS organic regulations including a regulation template for countries with an emerging sector can be found in the [Organic Regulation Toolkit](#) published by IFOAM-Organics International.

Regulation example:

Brazil

Law 10831 of December 2003 is a short law that provides the framework for the regulation of organic agriculture in Brazil. Its article 3 states that, except in the case of direct sales between consumers and family farmers, organically traded products shall be certified by an officially recognized body, which includes “various certification systems in operation in the country”.

The Decree 6323 of December 2007 regulates the above law and clarifies that the Brazilian Organic Conformity Assessment System, identified by a unique seal throughout the national territory, is formed by the Participatory Organic Quality Assurance Systems [PGS] and by Certification by Audit [third-party certification]. A special section of the decree regulates the functioning and the accreditation process of PGS and states that the Ministry of Agriculture and the Ministry of Environment shall provide support for the establishment of PGS initiatives in the country (Section IV, Art. 37)

Regulation example:

Uruguay

The decree 55717.11.08 of November 2008 establishes a national certification system for organic agriculture. Its Definitions section defines the concepts of “Participatory Certification”, “Participatory Guarantee System” and “Participatory Certification Entity”. It sets requirements that Participatory Certification Entities should comply with in order to be registered, including compulsory representation of producers and consumers and transparency requirements, and their responsibilities as certification organizations. (Definition section: Article 4, Section II.2, Section II.3: Article 18)

4. Include exemptions in the organic regulation

Even if a compulsory regulation is in place, categories of producers or market channels could be completely exempted from certification (whether third party or PGS). Exemptions can be made:

- For very small farmers - in this case it must be defined what the threshold is for “(very) small farmers”.
- For farmers selling their produce directly to consumers.

One might add specific requirements for farmers who want to access such exemptions, for example: they must belong to a local organic producers association, they must grant access to their production units to the public or the competent authority, they must be 100% organic (no split or parallel production), etc.

Such exemptions do not encourage the development of PGS initiatives as such but, in case the compulsory regulation does not include PGS as one of the conformity assessment systems permitted, they might be able to relieve some of the PGS members from the burden of

double-certification and will not inhibit the development of PGS. In any case, small producers and those selling directly may be exempted from the obligation of certification, but not from complying with the organic production rules.

Regulation example:

United States of America

Paragraph 205.101 of the NOP regulation states that “A production or handling operation that sells agricultural products as “organic” but whose gross agricultural income from organic sales totals \$5,000 or less annually is exempt from certification [...] but must comply with the applicable organic production and handling requirements [...] and the labeling requirements. The products from such operations shall not be used as ingredients identified as organic in processed products produced by another handling operation.”

Note: The financial threshold from the USA example is not directly transferable to other countries. Whenever this approach is adopted, the financial threshold should be carefully considered and compared to the revenue of typical small full-time producers of the targeted category to be exempted.

Regulation example:

Brazil

Law 10831 of December 2003 is a short law that provides the framework for the regulation of organic agriculture in Brazil. Its article 3 § 1 states that “Where direct sales take place between consumers and family farmers taking part in proper social control organization processes, previously registered with the appropriate inspection body, certification shall be optional as long as product traceability is assured to consumers and inspection body alike, as well as free access to production and processing sites.”

The Decree 6323 of December 2007 clarifies that products sold in direct sales (including institutional purchases) can bear the national organic logo if verified through the national Organic Conformity Assessment System (defined as approved PGS initiatives and third-party certifiers). If not, these products should bear the phrase « organic product not subject to certification in the terms of Law n. 10831...».

Regulation example:

Uruguay

Article 27 of Chapter IV of the Decree 557.17.11.08 of November 2008 states that “Direct sales from the producer to the final consumer can be performed without the need of certification in the conditions and in conformity with the regulations established by the Ministry of Livestock, Agriculture and Fisheries”.

Note that options 3 and 4 are not mutually exclusive and a regulation could include both.

Furthermore, none of the options indicated will prevent a country from gaining equivalence with other importing countries. For example, Costa Rica, which is on the EU third-country list, and India, which is also on the EU third country list and has its accreditation system approved as equivalent by the US NOP, have both adopted option 3.

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