



GREATER MEKONG
SUBREGION
CORE AGRICULTURE
SUPPORT PROGRAM

**Theme 1: Food Safety
Discussion Paper No. 3**

Supporting Food Safety

Participatory Guarantee Systems — Issues to be Considered for Up-Scaling in the Greater Mekong Subregion

The Discussion Paper Series of the Greater Mekong Subregion's (GMS) Core Agriculture Support Program Phase 2 (CASP2) is a platform for stakeholders of the GMS to examine the current and emerging development concerns affecting the subregion especially on but not limited to, food safety and quality assurance, environmental sustainability, and inclusive agro-based value chains. The papers are posted at the GMS Working Group of Agriculture's (GMS WGA) website (www.gms-wga.org).

The GMS Working Group of Agriculture (GMS WGA) oversaw the development of the discussion papers.

The information and views expressed in the papers are those of the author/s and do not necessarily reflect the official opinion of the GMS WGA.

Contents

Abbreviations	i
Executive Summary.....	1
1. Introduction.....	3
2. Situation Overview.....	4
2.1. Cambodia.....	5
2.2. The People’s Republic of China.....	6
2.3. The Lao People’s Democratic Republic.....	7
2.4. Myanmar.....	8
2.5. Thailand.....	9
2.6. Viet Nam	10
3. Analysis of the Issues	11
3.1. Coordination of PGS at the national level	12
3.2. Up-scaling: Which model works best?	12
4. Policy Directions	13

Abbreviations

ADB	-	Asian Development Bank
CASP2	-	Core Agriculture Support Program, Phase 2
CSA	-	Community Supported Agriculture
DOA	-	Department of Agriculture (Lao PDR)
GAP	-	Good Agricultural Practice
GDA	-	General Department of Agriculture
GMS	-	Greater Mekong Subregion
IFOAM	-	International Federation of Organic Agricultural Movements
Lao PDR	-	Lao People’s Democratic Republic
NAV	-	Natural Agriculture Village (Cambodia)
PGS	-	Participatory Guarantee System
TA	-	Technical Assistance

Executive Summary

To effectively improve food safety from the farm to the table, governments need both regulations and options for the certification of fresh and processed products. Certification options available in the Greater Mekong Subregion (GMS) include the ASEAN Good Agriculture Practices (GAP) and organic third party and participatory guarantee systems (PGS)¹.

To promote the development and use of PGS, two pilot tests were proposed in each of the GMS countries (Cambodia, the People's Republic of China, the Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam). This formed part of the project, Participatory Guarantee System Capacity Building in the GMS that commenced in 2014 and is implemented by the International Federation of Organic Agricultural Movements (IFOAM). The project supports pillars 1 (Food Safety and Trade Modernization) and 2 (Climate-Friendly Agriculture) of the Core Agricultural Support Program, Phase 2, supported by Asian Development Bank technical assistance (CASP2, TA 8163). Through letters of agreement between the governments of Cambodia, the Lao People's Democratic Republic, Myanmar, and Thailand, complimentary PGS initiatives were supported. PGS groups are now operating successfully in each of the GMS countries.

The main reason for the project's success is that market-orientated multiple stakeholder engagement supported the development and implementation of the PGS. The experience gained and the lessons learned from the pilots demonstrate the PGS' potential as a credible certification. The experience also provides a basis for elaborating on how up-scaling PGS can contribute to the wider food safety strategies being implemented in the GMS.

PGS were developed to provide an alternative tool for addressing the dilemma faced by the many millions of producers around the world who continue to operate subsistence farming or produce semi-commercial small volumes of seasonal products and have fragmented and weak connections with markets and few opportunities to add value postharvest or address food safety issues relating to production methods.

PGS quality assurance is based on the IFOAM PGS Guidelines that support the goal of improving food safety, primarily focused on organic production. These PGS Guidelines provide a structure and methodology for coordinating production, enhancing product quality through improved post-harvest handling systems, increasing sales, and improving livelihoods. At the same time, the PGS is a mechanism for providing consumers with trustworthy certification of safe food products.

The issues discussed in this paper are drawn from lessons learned through the implementation of the PGS and subsequent stakeholder exchanges and workshops, including the THAIFEX 2017 food safety conference.

Even though GMS countries are at different stages in developing their food safety policies and regulations for organic and PGS, some common themes are recommended to help guide the development process and provide for a PGS system that shares common standards within the GMS.

These themes are reflected in the following recommendations for increasing the establishment and use of PGS.

¹ In the text, PGS is used interchangeably in singular or plural, depending on the nature of its application.

Each country needs policies and regulations that recognize and support the opportunity for PGS to be established and function. The design of such policies and regulations should consider both the national and GMS-wide implications and opportunities for mutual recognition to facilitate future cross-border trade.

Any regulation that applies to organic certification should be inclusive, specifically recognizing PGS alongside other systems as an option for certifying produce and products sold in domestically and in other GMS countries.

Keeping in mind the potential for cross-border trade in PGS-certified products, to facilitate this process, the GMS countries could adopt common baseline standards. For PGS and organic products, this would mean adopting the ASEAN Regional Organic Standard for the production of organic products and the IFOAM PGS Guidelines.

For markets with emerging organic sectors, governments could consider promoting voluntary use of PGS whereby operators can apply for and use an official national organic logo to enhance their access to markets.

At the national level, government leadership could support PGS governance, ideally engaging both government and private sector stakeholders in developing a national PGS coordinating body and PGS management systems.

PGS must be regarded as a component of a wider strategy for promoting food safety. In this context, PGS-certified products should be included in the government's food safety sampling and residue testing program. Government resources should be allocated to this activity and PGS operators should be made aware of the importance of complying with government food safety laws.

1. Introduction

Under the Core Agricultural Support Program, Phase 2 (CASP2), countries of the Greater Mekong Subregion (GMS) aim to be recognized as a leading producer of safe food, using climate-friendly agricultural practices and being integrated into global markets through regional economic corridors. This vision has been supported by three strategic pillars: (1) food safety and trade modernization, (2) climate-friendly agriculture, and (3) bioenergy and biomass management.

CASP2 is implemented by the Working Group on Agriculture (WGA) through the WGA Secretariat, with technical assistance support from the Asian Development Bank (ADB). The Participatory Guarantee System Capacity Building in the GMS project supports CASP2's pillars 1 (food safety and trade modernization) and 2 (climate-friendly agriculture) by pilot testing PGS in each GMS country (Cambodia, the People's Republic of China [PRC], the Lao People's Democratic Republic [Lao PDR], Myanmar, Thailand, and Viet Nam). The aim is to demonstrate the potential and understand the challenges to be addressed in scaling-up PGS. This was made possible through letters of agreement between ADB and the governments of Cambodia, the Lao PDR, Myanmar, Thailand, and Viet Nam.

PGS is a community-orientated certification system that encourages climate-friendly agri-produce stakeholders to form a network of producers, consumers, and other stakeholders for building a credible certification system. Conceived as an alternative to third-party certification, PGS builds farm-level capacity in agri-food certification and food traceability for smallholder farmers. An aim is to reduce the certification costs, which have kept smallholders from integrating into modern value chains and broadening their market reach.

The experience gained from implementing PGS demonstrates that they are effective in linking smallholders to new markets and can capture the confidence of consumers. Thus, the PGS provide governments with another tool—in addition to the ASEAN² Good Agricultural Practices (GAP) standards (for safe fruits and vegetables) and third-party organic certification—to help them achieve their wider food safety goals and help create a competitive agriculture sector in the GMS.

The project's goal of initiating at least two PGS pilots in each country was exceeded in Cambodia (3), the Lao PDR (3), Myanmar (2), Thailand (7), and Viet Nam (3). The project clearly demonstrated the benefits of well-structured and commercially focused farmer groups, with farmers linking with new markets and finding new sources of income. At the government level, an initial generally negative view toward the PGS methodology has been replaced by a positive one. The success of the pioneering PGS pilots has sparked a number of new PGS initiatives supported by non-government organizations (NGOs) and the private sector. With support from ADB, another round of PGS activities is planned. The PGS' potential as a credible and effective certification option has been established, and, as noted by Cambodia's Under Secretary of State San Vanty, the question is now "how best to up-scale PGS."³

PGS can provide a quality assurance option along with GAP-certified products and those certified by third parties as organic. GAP-certified products are often described as "safe products," meaning they are grown with controlled use of pesticides and chemical fertilizers and minimizing the risk of contamination from chemical residues or pathogens from animals or unclean water. Third-party certification of organic products is mostly used for exports, with accredited bodies certifying that the products meet regulatory requirements of various markets. PGS follows similar organic standards for production and sale to local markets. Their compliance procedures are orientated to internal monitoring systems, employing a structured peer review approach and engaging other stakeholders to help endorse compliance.

² ASEAN = Association of Southeast Asian Nations.

³ At the Working Group on Agriculture's 14th Annual Meeting, Siem Reap, July 2017.

Together, GAP, third-party certification, and PGS are part of a quality management landscape and contribute to the institutionalization of a “quality mindset” at all levels. The development of this process takes time and requires governments to commit resources to establish robust systems underpinned with a high level of accountability.

Key issues to be addressed in up-scaling PGS include

- securing PGS recognition in government policies and regulations,
- confirming the definition of PGS quality assurance,
- harmonizing standards domestically and across all GMS countries to facilitate cross-border trade,
- coordinating PGS at the national level,
- developing models for government engagement with the private sector,
- ensuring that PGS comply with government food safety regulations, and
- promoting PGS to consumers.

Organic and PGS regulations need to be shaped by policies that are inclusive rather than exclusive of different certification options.

2. Situation Overview

To help address food safety challenges GMS countries face, the “GMS as One” Policy Forum⁴ highlighted the need for each country to adopt global food safety standards and common internal control systems referencing regional standards such as the ASEAN GAP and ASEAN Region Organic Standard. The “GMS as One” policy forum participants stressed the importance of focusing collective resources of government and the private sector to develop pilot initiatives in their domestic markets as their focal point for implementing food safety strategies, and referenced PGS as an important tool to help support this process.

PGS provides a certification option that can be used to promote the growth of the agriculture sector as well as job creation and livelihood improvements in the wider agricultural community. The advantage of PGS is that they have been designed specifically to meet the needs of smallholder producers supplying local markets. As a result, costly bureaucratic procedures associated with export certification are not required.

Another advantage of PGS is that it requires the smallholders to be actively engaged in supporting the process. This manifests in knowledge exchange, trust building, and opportunities to invest in and structure postharvest and supply chain improvements that contribute to strengthening the marketing opportunities for the farmer groups. Other stakeholders are also expected to become involved in supporting a PGS. This involvement varies according to each situation—it may mean involving local agencies in providing technical or cultural support or retailers and consumers participating in on-farm peer reviews with farmers.

PGS is a grassroots initiative that is open to adopting local cultural norms to strengthen the compliance process. In this way, communities are able to demonstrate compliance in diverse ways while still aligning with PGS quality assurance requirements as described in the International Federation of Organic Agricultural Movements–Organic International (IFOAM) PGS Guidelines.

⁴ GMS as One: Unified Regional Approaches to Food Safety and Market Access Policy Forum, World of Food Safety Conference, THAIFEX—World of Food Asia, 31 May–4 June 2017, Muang Thong Thani, Nonthaburi, Thailand.

To provide consumers with confidence in PGS certification, governance of the certification should be coordinated at the national level, ideally by a multi stakeholder body supported by the responsible government agency.

IFOAM is a global organization formed in 1972. It has memberships from 84 countries worldwide. IFOAM's functions include advising policy makers, national organic movements, NGOs, and others on strategies to develop sustainable and credible organic sectors. IFOAM maintains the Organic Guarantee System, a global nonprofit independent evaluation program that helps to provide an understanding of which organic labels can be trusted. IFOAM promotes both third party and PGS as complimentary organic guarantee systems. The form and functions of PGS are described in the IFOAM PGS Guidelines document.⁵ Organic standards are listed in the IFOAM Family of Standards document (this list includes the Viet Nam PGS organic standard).⁶

2.1. Cambodia

Since the PGS concept was first introduced in a national PGS workshop in 2015, the government and private sector have collaborated to quickly advance PGS at both the governance and production levels. PGS pilots were initiated in 2015 with 2 NGOs and CASP2-supported program, implemented by the General Department of Agriculture (GDA).

The GDA implemented PGS pilots with provincial departments of agriculture in Kandal, Prey Veng, and Tbong Khmom provinces and established an organic standard (CAMORG) with a logo and Cambodia PGS with a logo. The rules for how the Cambodia PGS logo can be used are to be developed by October 2017.

One PGS pilots was initiated by CARITAS (an NGO), with 2 groups in Battambang producing vegetables for the local market, and another by Natural Agricultural Village (NAV, a social enterprise) in Kampong producing vegetables for its own NAV retail outlet and to supply supermarkets in Phnom Penh. The marketing success of NAV has been well noted by the GDA, with both parties collaborating on various levels to promote PGS and exchange expertise.

The collaboration between the GDA and NGOs has been a significant and positive feature of the open approach that the GDA has taken in supporting the PGS development process in Cambodia. This approach is reflected in the national coordinating body, where there is representation and active engagement from the private sector.

In the GMS (including Cambodia), the scale of the food safety issues is significant, with numerous smallholder farmers growing vegetables on small plots of land and applying pesticides randomly. Due to poor postharvest handling, contamination from pathogens occurs along the whole supply chain.

Orienting government support and technical resources toward the development of domestic markets is critical. To help solve the smallholder's dilemma of small volumes, low quality, and weak market links, PGS certification must address not only on-farm production but also aim to secure the integrity of product from field to plate. Because the supply chain issues extend beyond the farm gate and are usually out of the farmer's control, all the supply chain actors must be engaged to ensure consumers can buy safe organic food.

Actions that are in process include

- completing the policy statements and process for PGS recognition in national regulation,
- developing national PGS technical guidelines,
- consolidating the roles and functions of the national coordination body,

⁵ Available at www.ifoam.bio/sites/default/files/page/files/pgs_guidelines_en_web.pdf

⁶ Available at www.ifoam.bio/en/ifoam-family-standards-0

- building capacity to strengthen the internal management of PGS, and
- training specialist trainers for government officers and new private sector actors who want to implement PGS.

Recommendations to support further PGS development include the GDA to include PGS under the umbrella of its food safety program for pesticide and pathogen residue monitoring and testing. Covering PGS under an independent testing program with published results would go a long way toward building consumer confidence in safe and organic food brands.

2.2. The People's Republic of China

The way forward for PGS as an organic certification option in the PRC is unclear because current regulations do not include allowing PGS products to be labeled as certified organic. This constraint delayed the introduction of PGS to Yunnan and Guangxi.

Under CASP2, a national PGS workshop was held in Kunming, Yunnan Province in 2015. Subsequently, two PGS pilots in Guangxi Province, in-cooperation with OXFAM Hong Kong and the Center for Chinese Agriculture Policy and Chinese Academy of Sciences, Nanning, received a workshop supported by an IFOAM PGS specialist.

Pilot groups were established in Mashan County (Guzhoi Village) where there is a long history of saving corn seeds for planting in the next season, and breeding local (black) pigs, and in Du'an County (Nonglv Village) based around saving and commercially producing traditional rice varieties. Both groups market their products at a weekend market in Nanning. They applied the China National Organic Standard and the IFOAM PGS Guidelines. OXFAM is continuing to support both groups to strengthen their PGS and their supply chains are continuing to operate.

The PRC has had national organic standards since 2005. The standards encompass organic production, processing, distribution, and retailing. In order to sell organic products legally in the PRC, all products (whether of domestic or international origin) are required to obtain PRC organic certification awarded by the Certification and Accreditation Administration. The standards were primarily set up to facilitate the export of organic products and are achievable for large organizations supporting contract farming. However, smallholders who are not engaged in contract farming can not label PGS products as certified organic.

There have been no reported proposals by PGS groups in Nanning requesting a review of the government regulation to include PGS.

There is no legal constraint on using PGS as a certification methodology, but they cannot claim to have organic certification or labeling. In the United States, the PGS certification body has avoided the same legal constraint imposed by the United States Department of Agriculture by not referring to organic specifically in their labeling, and in France, the PGS Nature in Progress has taken a similar approach to avoiding the same constraint imposed by the European Union.

In the PRC, Community Supported Agriculture (CSA), similar to Teike in Japan, provides an alternative way for farmers to engage with consumers. The CSA allows city residents direct access to high-quality, fresh produce grown locally by regional farmers. Consumer-members of a CSA purchase a share of vegetables produced by a farmer. The consumers who visit the farms (and sometimes work on them) determine if they can trust the farmer to produce the crops ethically. Increasingly, though, it is reported that consumers in the PRC would like to see CSA farms certified and the PGS is proposed as a suitable methodology. However, for the PGS to be recognised in the PRC's national regulations as complimentary to third party certification for domestic markets is likely to take some time.

2.3. The Lao People's Democratic Republic

The PGS in the Lao PDR has developed differently from that in other GMS countries. When PGS was first introduced in 2014, the Department of Agriculture (DOA) Accreditation and Certification Division immediately took control of the process and included PGS under the umbrella of its certification program. This program includes an organic third-party certification system and Lao GAP⁷ certification. The DOA is responsible (via regulation) for managing the Lao Organic Standard, registering and certifying PGS, and issuing the Lao Organic/PGS Logo.

The strength of the Lao PDR system supporting PGS is that government fully endorses the process and manages PGS. The DOA has successfully worked with three PGS groups in different locations, leading to their certification and entitling them to use the Lao PGS/Organic logo.

A challenge to the development of PGS in the Lao PDR is that the demand for quality certified product is limited. The private sector support for organic products is weak and the sector not actively engaged with the DOA in supporting the national coordination and management of the PGS. Ideally, as the private sector expands and becomes more active in the production and marketing of organic food a more inclusive approach will evolve. In the interim, the DOA could consider inviting the NGOs such as the Sustainable Agriculture Environment Association (SAEDA) and GRET (*Groupe de recherche et d'échanges technologiques*, an international nongovernment development organization) that are supporting PGS to become part of a national PGS coordinating body.

Three PGS groups are now certified by the DOA, all supported by CASP2.

- The Savannakhet Organic Farmer Group has 25 households producing 5 tons of vegetables annually for sale in Savannakhet markets.
- The Xieng Khoang Organic Farmer Association has 75 households producing about 12 tons of vegetables each year, sold into the local market at Xieng Khoang.
- The Huaphan Bamboo group is of particular interest because they are applying PGS for the sustainable management of 588 hectares of communal bamboo forest. They harvest bamboo shoots and use improved processing and drying techniques to produce a quality product that is sold to an organic retail chain (Bac Tom), based in Ha Noi, that accepts PGS certification. The returns to the farmers are better than what can be had on the local market. However, to secure supply, Bac Tom is required by the provincial agriculture forestry office to coordinate the trading process with the Huaphan Trading Enterprise. This arrangement carries some risk in terms of upfront investment to facilitate the trade but also provides an approved pathway for future opportunities for cross-border trade between Huaphan Province and Viet Nam.

Up-scaling PGS presents challenges for the DOA due to the weak private sector in the Lao PDR. There are numerous opportunities for PGS but the lack of demand from the markets driven by the private sector means that NGOs become the catalyst for PGS development. Where NGO projects support an inclusive value chain approach, their success is high as they are addressing the market demand and building smallholder capacity to supply the demand.

The inclusive value chain approach is well demonstrated by the SNV model in southern Lao PDR, where rice millers, collectors, and farmers, facilitated by SNV, came together to increase yields by using improved rice varieties and improving quality management throughout the supply chain, resulting in better returns to all the stakeholders and proving that value addition is possible through an inclusive approach to supply chain management. The successful application of an

⁷ Lao GAP is aligned with the ASEAN GAP.

inclusive value chain approach requires the active engagement of key stakeholder groups working together to achieve the same objective.

For NGOs, the inclusive value chain approach serves as an effective mechanism for strengthening supply while building market demand for smallholder production.

2.4. Myanmar

PGS in Myanmar is less developed and have less direct government support than is the case in GMS neighbours, mostly due to the relatively recent introduction of PGS and the pioneering situation of the development of the country's food safety agenda.

PGS pilots were initiated in 2015 with 2 NGOs supported by CASP2 and the Department of Agriculture (DOA). The catalyst for introducing the PGS into Myanmar has been the Myanmar Organic Growers and Producers Association (MOGPA), an organization set up to promote organic agriculture and certification. MOGPA facilitated the introductory PGS workshops supported by CASP2 and follow-up training.

MOGPA applied its own organic standard, adapted from the IFOAM Basic Standard and the IFOAM PGS Guidelines. The DOA, for its PGS program, applied the same IFOAM Standard⁸ and DOA staff working in the their PGS program received initial training from MOGPA and a CASP2-supported IFOAM PGS specialist.

MOGPA provided technical support for the development of several PGS groups including a mushroom producers group in Yangon, a vegetable producers group in Hmawbi close to Yangon, and a coffee producer group in Ywa Ngan. MOGPA has also worked with the DOA to support PGS initiatives in Mandalay (rice) and Pi Uu Lwin (strawberries). The DOA has provided support for two PGS vegetable producing groups in Nay Pi Daw neither of which are certified because they are unable to fully comply with the organic standard. This issue highlights the lack of specialist knowledge for organic production within both government staff and MOGPA. Specialist knowledge is required to support the hands-on commercial production of organic vegetable crops.

The potential for PGS in Myanmar, with its many smallholders, is significant but Myanmar must address challenges that include

- developing the specialist technical knowledge required to commercially produce organic food;
- developing a cohesive government policy supporting organic and PGS certification (ideally following the Cambodia example); and
- addressing food safety issues in general, especially relating to postharvest and supply chain contamination—there are reports of up to 70% postharvest crop loss.

For PGS to contribute to the overall improvement of food safety in Myanmar requires government support for PGS through policies and regulation. Government needs commitment and resources to support national coordination and develop the level of technical expertise necessary for pest and disease management.

To help achieve this objective government leadership is required. Ideally, government will appoint a high-profile “champion” for the PGS among the DOA staff, creating a key contact point and beginning the process of building capacity to support PGS within the government departments.

Recommended actions include

⁸ available at www.ifoam.bio/en/ifoam-standard

- appointing a senior government staff member to champion the development of PGS,
- developing the policy statements supporting the PGS (through multi-stakeholder engagement) and mapping out a process for PGS recognition in national regulation,
- developing national PGS technical guidelines based on the IFOAM PGS Guidelines,
- developing a multi-stakeholder national coordination body with prescribed roles and functions,
- continuing to build the MOGPA and DOA PGS groups' capacity to strengthen the PGS pilots' internal management, and
- drawing on international expertise to help prepare specialist training for government officers and new private sector actors who want to implement PGS and produce organic products.

2.5. Thailand

Thailand's organic market is growing rapidly, at close to 20% per year. In 2014 sales were B2.331 billion, of which B514 million⁹ is domestic sales.

The growth in the Thai organic market serves presents an opportunity for organic producers from other GMS countries to participate. Consumers in Thailand, including supermarkets and specialist stores such as those of the Lemon Farm and farmer markets such as Sampran Riverside weekend market, recognize both third-party organically certified and PGS-certified products.

Since 2014 under CASP2 at least 10 PGS have been established, either by the Thailand Organic Agriculture Foundation (TOAF) or the Lemon Farm (shop and restaurant in Bangkok). Lemon Farm Organic and Natural Foods, supported by CASP2 and investment from its own resources, has developed several PGS. The first pilot group was in Mae Hong Sorn, Chiang Mai, producing avocados and plums. Building on their initial success the Lemon Farm established another 7 PGS groups, producing rice, herbs, vegetables, and eggs to supply the Lemon Farm restaurants and stores. As of to date, Lemon Farm has established 11 PGS groups in 8 provinces.

The TOAF has been actively working with more than 450 farm households in five locations across Thailand, one of the more public-recognized being with the Sookjai Organic PGS in Nakhon Pathom. This group produces a diverse range of TOAF PGS-certified products supplying the expanding Sampran Riverside weekend market at the Sampran Riverside Resort. This market has played an important role in linking farmers with consumers and thereby helping to establish the credibility of the TOAF PGS.

Both Lemon Farm and the TOAF have followed the IFOAM PGS Guidelines. For organic production, The TOAF has promoted the domestic Thai Agricultural Standard TAS 900-2003, Production, Processing, Labelling and Marketing of Organic Agriculture (developed by the Ministry of Cooperatives) and Lemon Farm the standards of Organic Agricultural Certification Thailand (a private third party certification body accredited by IFOAM).

A range of other PGS has also been established across Thailand. A private sector initiative has created a PGS coordinating body, the Thai Organic+, which offers private registration and a logo. Lemon Farm and other PGS groups have aligned with Thai Organic+ and use the Thai Organic+ logo on some of their product labels.

To effectively up-scale the PGS in Thailand so that it remains a credible certification system that consumers recognize and have confidence in, the key stakeholder groups need to agree on how the PGS is coordinated at the national level. Currently, however, the TOAF and other key PGS-supporting bodies are not in agreement on how this should happen. While the basics of following

⁹ In Thai Baht.

the IFOAM PGS Guidelines are agreed, the challenge is for each key party to agree on where it would sit under a national umbrella or coordinating body.

Ideally, the national coordinating body would be a multi-stakeholder body serving as an umbrella for the whole organic sector where both government and private sector stakeholders collaborate for the national coordination of PGS. The roles of this body could include managing or endorsing a PGS registration system, maintaining a PGS data base, providing guidelines to new PGS, managing a national PGS logo, approving farm inputs, and auditing PGS that want to register with the national PGS program. The TOAF and the other PGS bodies would sit under this umbrella.

2.6. Viet Nam

The first PGS in the GMS were developed in 2008 and 2009 and involved producer groups, consumers, supporting NGOs, and organic traders that now successfully produce and market large quantities of PGS-certified products daily. As PGS pioneers, Viet Nam developed its own production standard based on the National Basic Standards for Organic Products in Vietnam issued by the Ministry of Agriculture and Rural Development. Their PGS standard is now recognized in the IFOAM Family of Standards.¹⁰

New PGS have been initiated by Action for the City¹¹ in conjunction with the Economics Division of Hoi An City and supported by ADB (TA 8163) to establish PGS in Hoi An. The PGS are coordinated by the Economics Division of Hoi An City and the Cam Thanh's Peoples Committee and they follow Viet Nam's PGS organic standard and compliance arrangements adopted from the IFOAM PGS Guidelines. The Hoi An PGS demonstrate the diverse potential of PGS as they certify production and catalyze agritourism—the Thanh Dong group receives more than 1,000 paying visitors annually.

Through the ongoing work of the Organic PGS Viet Nam, the country has established well-tested systems and procedures supporting the development and operation of PGS. PGS systems have also been tested by VECO¹² (with support from PGS Viet Nam) in the vegetables subsector, supporting farmer organizations to set up PGS to monitor and certify compliance with either a food safety standard (Basic GAP)¹³ or an organic standard (PGS Viet Nam). The application of PGS to safe vegetable certification as widened the appeal and opportunity for PGS to facilitate pro-poor development.

The potential benefits of the PGS as a mechanism for improving food safety are now well demonstrated. Reaching this stage in the development of PGS in Viet Nam has been NGO-driven with support from the private sector. However, to up-scale PGS at the national level requires support and engagement from government, ideally following a collaborative approach engaging with the private sector and agencies that have already developed expertise and systems for PGS management.

Various agencies, including PGS Viet Nam and the Viet Nam Organic Agriculture Association have pointed out to the government's Ministry of Agriculture and Rural Development the huge interest in the PGS from various parties and they fear that the integrity of the existing PGS brand will be undermined if new PGS sprout up in an uncoordinated way, highlighting the urgent need for government to support the development of PGS

¹⁰ Available at www.ifoam.bio/en/organic-landmarks/ifoam-family-standards

¹¹ The Action Center for City Development is an NGO promoting innovation to help "green" urban communities.

¹² VECO Vietnam is a member of Vredeseilanden, an international NGO with headquarters in Leuven, Belgium.

¹³ Basic GAP (24 steps) is a reduced Viet GAP standard (65 steps).

- policy and regulation; and
- coordination supporting the development of a management body that shares responsibilities for national management and coordination between government and competent organizations such as the PGS Viet Nam and the Viet Nam Organic Agriculture Association.

3. Analysis of the Issues

The primary PGS issues are fragmented supply chains with few opportunities to add value. A large majority of producers continue to operate subsistence farms or produce only small volumes of seasonal products and are often only weakly connected market networks. In this cycle, debt is common, product quality is low, and the farmers are price takers supplying collectors who often amalgamate the products from an area and sell them on to wet markets or wholesalers.

In such situations, the PGS can provide a structure for organizing and coordinating the production base, enhancing product quality through improved postharvest handling systems, certifying the product, and attracting buyers wanting reliable sources of quality product. In many cases where new buyers understand the potential of PGS, they become involved in supporting the development of the whole process.

In the past, when decisions have been made relating to policy and regulatory control of organic production and certification, the process has been modelled on regulatory arrangements of export markets rather than the needs of local markets. Where regulations do not recognise alternative organic certification approaches such as the PGS, they risk excluding the opportunity for PGS certification to be used as tool in pro-poor development. When a regulation has been set, changing it takes time and can be complex process. This issue can be addressed by each country aligning PGS regulation with global (IFOAM PGS Guidelines) and regional standards (such as the ASEAN Regional Organic Standard).

Current opportunities for cross-border trade between GMS countries in PGS products are very limited given that production is focused on local markets. However, there are opportunities for cross-border trade in quality PGS products, as demonstrated by the export of good quality dried bamboo shoots from Huaphan in the Lao PDR to Ha Noi. The adoption of common GMS PGS standards would help reduce barriers to cross-border trade and enhance the credibility of PGS certified products. In the case of the dried bamboo shoots both the Lao PGS and Vietnam PGS demonstrated, on a basic level, how this process can work. They both apply and recognize the IFOAM PGS Guidelines making it easy for the buyer in Viet Nam to understand and have confidence in the integrity of the Laotian certification process.

Although GMS countries are at different stages of regulatory development for organic food, PGS, and food safety in general, there are common GMS issues relating to up-scaling food safety strategies that the PGS could help to address. To be effective at the national and regional level, food safety quality assurance programs must be recognized by government policies and supported via regulations. It is possible for the GMS to have voluntary standards and certification options, but compliance with both national and GMS standards would provide an effective mechanism for helping to ensure that minimum food safety standards are being met at both levels.

In this context, the PGS should be recognized alongside other certifications such as GAP or organic third-party certification by governments in their national policy and regulation. To help facilitate cross-border trade and build consumer confidence in PGS within the GMS countries the definition (standard) of PGS should be recognized as the IFOAM PGS Guidelines, and for organic production the ASEAN Organic Regional Standard or a recognized national standard should be used.

3.1. Coordination of PGS at the national level

The credibility of PGS certification could be eroded by uncoordinated proliferation of PGS using different standards and confusing the market. Thus, there is a strong case for coordinating the PGS at the national and GMS level, but the question is: “How should coordination be structured?” Government cannot do it alone, as it is not the input supplier, farmer, processor, trader, and retailer.

The consensus among stakeholders is that government should take the lead role by developing supporting policy and regulation and facilitating the establishment of PGS national coordination bodies with multi-stakeholder representation. The bodies should have defined roles for government in order to not overextend its resources and capacity to deliver.

A key function of the coordinating body could be managing a national PGS logo, a registration system (similar to the IFOAM PGS registration model and approval system),¹⁴ maintaining a national PGS database, providing PGS documentation to new PGS, promoting PGS, and providing overall governance of PGS.

A public–private–community partnership structure might be used for the national coordinating body, with the roles and responsibilities allocated accordingly. The four stakeholder groups in the value chain are government, producers, private sector, and consumers. An option for government is to simplify its management responsibilities and “contract” the daily coordination of PGS to an established entity, which serves as the intermediary linking the farmers and consumers. For example, in Viet Nam this role could be undertaken by the PGS Viet Nam. Government would maintain a governance responsibilities and ownership of a national logo but the day-to-day PGS management is carried out by the entity.

The bulk of the agricultural production in the GMS continues to be consumed locally. Fresh vegetables dominate this market, are sold daily in numerous outlets, and present the most food safety risks to consumers. Contamination can occur on-farm but also at many points along the supply chain. Thus, PGS certification must align with the other food safety certifications and aim to provide security over the whole supply chain.

The PGS structure strengthens the opportunity for farmers to organize their postharvest handling systems by establishing collection points where produce and product can be graded and packaged securely before it is sent to market. Collection points must address food safety standards. Traceability is now a foundation requirement of all credible food safety programs. Collection points provide the opportunity for supervised record keeping and product labelling.

Standardizing product quality can help to add value and secure markets.

3.2. Up-scaling: Which model works best?

Models to establish PGS have been both market-led, where a private sector operator or an NGO (with its own retail outlets) has provided the capital investment and impetus to work with groups of farmers to establish a PGS, and project-led, mostly by government agriculture departments (notably in Cambodia, the Lao PDR, and Myanmar).

The most successful models have had a strong private sector involvement providing a market, such as in Thailand, Lemon Farm or Sampran Riverside Resort; in Viet Nam, where the PGS Viet Nam has facilitated the engagement of the organic retail sector; and in Cambodia, with the NAV PGS.

¹⁴ www.ifoam.org/pgs

For PGS certification to be credible, the system should be legitimized at the national and regional level and should provide clear benefits to all the key supply chain stakeholders.

For PGS to be effective, its development requires multi-stakeholder involvement with a clear understanding that the purpose of setting up a PGS goes well beyond creating groups of farmers. The purpose is to create opportunities for farmers to become organized so they can confidently engage in markets they could not access on their own. The PGS provides a tool that can facilitate this process.

4. Policy Directions

Recommendations to assist governments to effectively improve food safety from the farm to the table include the following:

- Promote the ASEAN Regional Organic Standard as the minimum standard required for producing organic products in the GMS.
- Recognize PGS alongside other organic certification systems as a certification for produce and products sold in domestic and potentially other GMS markets.
- Base the definition of PGS and any legal approval requirements on the PGS definition, key features, key elements, and characteristics elaborated by in the IFOAM PGS Guidelines.
- Particularly for markets with emerging organic products, consider promoting the PGS as voluntary (within the national regulation) where operators have the right to use an official national organic logo and to access markets. Operators who are not certified as PGS under the regulation may still be able to make organic claims, but may not use the official PGS logo or statements (such as “certified in accordance with the national organic PGS regulation”) to do so.
- Establish a national PGS coordinating body that actively engages government and private sector stakeholders in the national coordination of PGS. Roles of this body could include managing a PGS registration system, maintaining a PGS data base, providing standards and guidelines to new PGS, managing a PGS logo, approving farm inputs, issuing certificates, and auditing PGS that want to register with the national PGS program.
- Support and encourage the promotion of PGS to retailers, traders, and consumers in local markets.
- Include PGS-certified products in the government’s food safety sampling and residue testing program.
- Engage with other GMS countries to facilitate cross-border trade in PGS-certified products.

About the Core Agriculture Support Program

The Core Agriculture Support Program (CASP) supports the GMS in attaining its goal of being a leading producer of safe food using climate-friendly agriculture practices. Now on its second phase, since 2012, CASP2 is committed to increasing the subregion's agricultural competitiveness through enhanced regional and global market integration and subregional connectivity.

The agriculture ministries of the six GMS countries supervise the implementation of CASP2 through the GMS Working Group on Agriculture (GMS WGA). A technical assistance (TA 8163) with financing from the Asian Development Bank, the Government of Sweden, the Nordic Development Fund, and the Water Financing Partnership Facility supports the CASP2 implementation. The GMS WGA oversaw the development of the discussion papers.

About the Asian Development Bank

ADB's vision is an Asian and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to a large share of the world's poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

Core Agriculture Support Program Phase II

GMS EOC, 23rd Floor, The Offices at Central World, 999/9 Rama 1 Road, Phatumwan, Bangkok 10330, Thailand
Phone: (662) 207 4444, Fax: (662) 207-4400, Website: www.gms-wga.org