



## **PGS in East Africa**

Commissioned by

**IFOAM**

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# 1 Summary

The first certification systems for organic agriculture were developed in Europe and the USA more than thirty years ago. Most of them were farmers' organizations that had a simple standard and then carried out some kind of verification by means of peer review or by visits by an adviser. As a result of external pressure, internal discussions and ultimately regulations, these systems developed into independent certification systems following ISO 65 or the more extensive IFOAM Criteria.

However, there were always farmers who didn't subscribe to the systems, sometimes because of the costs and procedures involved, sometimes because of objections to the underlying philosophy. Some question the idea that you can safeguard the organic integrity with an annual visit by an external inspector and claim that a better system is to build on the farmers' integrity as a group. This gave birth to what IFOAM calls Participatory Guarantee Systems. In those systems, social control and transparency add to the basic assumption that farmers can be trusted to create a guarantee similar to the one given by third-party certification systems.

Although many farmers in Africa are farming organically, the local market is experiencing a lack of supply of products. There are almost 100,000 farmers in third-party certification systems, almost all of them in group certification plans managed by an exporter. Because of the nature of such plans and their export focus, these farmers can't sell their products as certified organic in the local market. A dozen bigger farms or farmer groups are certified for the local market and market their products as organic. The national organic movements, KOAN, NOGAMU and KOAN, have all made local-market development a key strategic objective and are therefore engaged in the development of supply chains for the market. They also believe that there is a need for assurances that organic standards are followed. However, they believe that existing certification systems are not adapted to the realities of African smallholders. Therefore, they have developed their own quality-assurance plans, based on farmers' groups and supported by NGOs.

This report describes these systems and assesses them against the IFOAM framework for Participatory Guarantee Systems. It concludes that the aspects of participation and transparency are rather weak in the systems and that to a large extent they mimic the Internal Control Systems used for group certification. The report also analyzes the situation for third-party certification and concludes that the services are badly adapted to the local situation as a result of the export orientation. It recommends a number of measures that could make third-party certification more accessible. Still, it is clear that there is a need to develop the PGS.

The analysis of the situation in East Africa regarding organic assurance is based on the following:

- Lack of supply is a major obstacle to local-market development.
- There is only space for small premium prices in the local market.
- There is a need for organic quality assurance for local marketing.
- There is a need for consistent labeling and promotion of organic products.
- Local certification service is too costly.
- Standards are too demanding.
- Certification procedures are too demanding.

- Current organic farmers can't use their existing quality assurance for the local market.
- Many groups of farmers are too weak to deal with certification.

The report makes a number of recommendations. The most important one is that **in developing the Participatory Guarantee Systems, it is critical to work with the groups of farmers themselves and to engage them in both the design and implementation of the systems.** Other recommendations:

- With cost as the only motivation, it is probably hard to justify the development of PGSs, as they hardly will be cheaper than third-party certification of groups.
- Good terminology should be established so that confusion with third-party certification is reduced.
- The ownership and accountability of the system needs to be clear and consistent with the idea of PGS (i.e., local ownership, ownership by the farmers' group).
- Existing cultural or social features that are valuable in a PGS system should be integrated into the system.
- Costs for operating the system should be made visible, and financing needs to be sustainable (i.e., the costs should be recovered from the business).
- Transparency should be a cornerstone for the PGS.

Good cooperation among all the organic actors in East Africa will help PGS and third-party certification develop side-by-side in harmony instead of in conflict.

## 2 Introduction

The purpose of this report is to document and systematize information about Participatory Guarantee Systems (PGS) in Kenya, Tanzania and Uganda and to make recommendations for better understanding of and implementation of PGS in East Africa.

This work comes at a critical moment. An East African organic-products standard has been developed and will be adopted in the first half of 2007. The standard doesn't prescribe verification mechanisms. Instead the introduction to the standard states that

*The East African organic products standard can be used for self-assessment by producers, declarations of conformity in the marketplace, certification by certification bodies in the region, or other kinds of verification. If the standard is used for the purposes of third-party certification, inspection and certification should be carried out in accordance to international norms, such as ISO Guide 65 or the IFOAM Accreditation Criteria. If adherence to the standard is verified through other mechanisms, those mechanisms shall adhere to the principles of competency, integrity and transparency.<sup>1</sup>*

Parallel to this, the National Organic Agriculture Movements (NOAMs) will launch an East African Organic Mark. The mark will be accessible to producers that follow the East African organic products standard and are

1. *certified by a well-known certification body operating in the region (e.g., UgoCert, AfriCert, EnCert, TanCert and the EU bodies working in the region) or*
2. *part of an operating PGS system*

Both for the trust among the key actors in the sector and to be able to argue with “outsiders” such as bureaus of standards, government, and foreign certification bodies, it is necessary that the NOAMs come to an agreement on how these PGS could work. This report and a workshop in Arusha in April 2007 are inputs to facilitate such an agreement.

## Methodology

The existing systems developed by the three National Organic Agriculture Movements (NOAMs)—the Kenya Organic Agriculture Network (KOAN), Tanzania Organic Agriculture Movement (TOAM), and the National Organic Movement of Uganda (NOGAMU)—were studied through documentation, interviews and written communication. To the extent possible, the information was structured according to the format developed in the IFOAM case studies presented in Participatory Guarantee Systems, IFOAM 2005. In addition there are discussions on topics such as the motive for developing PGS, finances, interaction with certification bodies, and perspectives on marketing.

Data about third-party certification and other relevant topics were collected directly from the certification bodies.

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<sup>1</sup> DRAFT East African organic product standard, EAC Feb. 2007

## Report

In order to set the PGS discussion in a broader perspective, chapter 3 gives extensive background on the various forms of quality assurance systems, explains what a PGS system is, and analyzes the strong and weak points of various systems. That borrows heavily from work by the IFOAM PGS Task Force and the IFOAM guide for setting up certification bodies – Building Trust in Organics. In addition, chapter 4 reports on the current status of organic standards, quality assurance and labeling in the three countries. That builds on data from the EPOPA, CBTF and OSEA projects in East Africa and additional information gathering by the consultant. Readers who are fully conversant with these topics can go directly to chapter 5.

It is thought that the expansion of the report beyond its narrowly defined scope will make it more useful also for explaining the role of a PGS system and justifying it in the East African context.

## Terms used

In this report **organic assurance**<sup>2</sup> is used as a generic term to identify a system in which there is some effort to assure the buyers of organic products that the products follow an organic standard. The term **certification** is defined by the ISO as a system through which the conformity of products, services, etc. to applicable standards is determined and confirmed. The ISO doesn't define that certification can only be done by specialized independent certification bodies. It leaves open who actually does it. Nevertheless, in daily talk *certification* normally refers to third-party certification (i.e., certification by an independent<sup>3</sup> organization). The report, therefore, avoids using the term *certification* apart from the context of third-party certification. **Verification** is sometimes used in the report to describe the steps to control a system and should be seen as a component of organic assurance. Note that in the case studies the terminology remains as used by the organizations.

## Acknowledgements

In the production of this report the consultant has received valuable assistance from Samuel Ndungu (KOAN), Derek Tenywa and Irene Kugonza Bamugaya (NOGAMU), Jane Frank Mambo (Envirocare), Kemilembe Barongo (TanCert), Jordan Gama (TOAM) and Chris May (BioGlobal).

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<sup>2</sup> Sometimes the term *quality assurance* (or *organic quality assurance*) is used. The author thinks that this sometimes confuses people with assurance of more common quality parameters, such as grading and hygiene. Another, ISO style, general term that could be used is *conformity assessment of organic practices*, but that is a bit too long. However, in the case studies the terms used are those of the organization.

<sup>3</sup> *Independent* in this sense means independent from the first and the second parties, the seller and the buyer.

### 3 Concepts and terminology

*The purpose of this chapter is to introduce the reader to the various systems used for organic assurance.*

#### Ways to ensure that organic standards are met

##### Self-claim and second-party certification

Most organic marketing starts with some producer making a claim in the marketplace that his product is organic (i.e., the producer self-claims). This is common in East Africa today. If it is done in a systematic and documented way, it can be called first-party certification.

In some cases a buyer, a store or a trader is contracting farmers and is basically the person providing the assurance that the product is organic. This system exists in East Africa. If this is done in a systematic and documented way, it can be called second-party certification. It is fairly common in many industries (e.g., car manufacturers certifying their suppliers).

##### Third-party certification

Third-party certification is based on another party than the buyer or seller providing assurances that make both of them comfortable. In the case of organic certification, *buyer* should be understood as extending to the end buyer: the consumer. There are many ways to organize a third-party certification system, but for organic production, the IFOAM and ISO norms have become the standards (also codified in regulations such as the EU regulation 2092/91). Therefore the discussion here will focus on such third-party certification.

However, there is also a discussion on other options for third-party certification. Once you have departed from the ISO 65 paradigm, as is the case with PGSs, you can of course also depart from that norm as something guiding third-party certification. Third-party certification is well-established in East Africa, with a handful of international bodies and four local certification bodies active.

##### Group certification and Internal Control Systems

Group certification is a concept developed over the last 10 to 15 years to allow producers to organize themselves in groups with an Internal Control System, which is then subject to certification by an external body. It is not formally recognized in most regulations. However, through a consultative process by IFOAM, it has reached more or less global de facto acceptance, at least for producers in developing countries.<sup>4</sup> With group certification, the role of the external certification is mainly to verify that the internal control of the group is working rather than inspecting the individual farmers. Through group certification, producers can get access to and assistance in the complicated organic certification. It can also result in substantial savings; however, there are substantial requirements for qualification and resources at the group level for the implementation of the Internal Control System, which limit its applications.

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<sup>4</sup> Lately, the NOP in the USA appears to have changed its policy. It has stated that it doesn't accept that not all farms are inspected by the certification agent.

IFOAM has developed a guide for the management of Internal Control Systems and training manuals.<sup>5</sup> In some places (e.g., in South Africa), these organic Internal Control Systems are merged with other quality management systems (e.g., EurepGap) and training programs are developed. The certificate holder is in almost all cases a commercial entity, a private company or a cooperative. The certificate holder is the one responsible for the ICS, but the management of the ICS can be by the producers themselves, a contracted NGO, government agencies or by staff from the certificate holder.

A special version of group certification is practiced in organic wild collection, where the collectors are not certified individually even though they assume ownership of the products.

Most export operations in East Africa are certified as groups with Internal Control Systems. Groups vary on size from twenty farmers to more than twenty thousand farmers (Biolands). Many of the groups are in the range of one thousand to five thousand farmers. In almost all cases in East Africa, the ICS is run by commercial exporters, which in a few cases are farmers' cooperatives (e.g., KCU and KNCU).

### Participatory Guarantee Systems (PGS)

Participatory Guarantee Systems (PGS) are systems for certification that emphasize the participation of stakeholders, including producers. It is in contrast to the "objective and independent" approach favored under international norms (IFOAM, 2004). Participatory Guarantee Systems share a common goal with third-party certification systems in providing a credible guarantee for consumers seeking organic produce. The difference is in approach. As the name suggests, direct participation of farmers and even consumers in the certification process is not only encouraged but may be required. Active participation on the part of the stakeholders results in greater empowerment but also greater responsibility. This requires PGS programs to place a high priority on knowledge and capacity building – not only for producers but also for consumers.

IFOAM uses the term *Participatory Guarantee System* to make a clearer distinction to (third-party) certification. The standards used are often the same as for the third-party certified production.<sup>6</sup> These and other non-third-party quality assurances are spreading rapidly in developed and developing countries alike. These systems often not only address the quality assurance of the product, but are also linked to alternative marketing approaches (home deliveries, community-supported agriculture groups, farmers' markets, popular fairs). Several Latin American countries (e.g., Brazil and Bolivia) have accepted "participatory certification" within their regulatory system. In Europe and the USA, organic regulations prevent producers in those systems from marketing their products as organic unless they are also third-party-certified. More information about PGS is found in annex 4.

It should be noted that what is called a PGS today is not so different from what was commonly practiced in Europe before the introduction of third-party certification (and governmental regulations). The early forms of organic assurance in Europe were often a farmers' organization with its own standards and members who visited and approved each other.

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<sup>5</sup> Available at [www.ifoam.org](http://www.ifoam.org).

<sup>6</sup> For the time being, there are no international norms about what constitutes such a participatory guarantee system. There is great variation in how they operate.

The PGS concept is still very little developed in East Africa.

## Differences between PGS and ICS

The concept of PGS and the ICS may look quite similar on the surface, and indeed many seem to confuse them. In theory there are big conceptual differences.<sup>7</sup>

- PGS is more than just a system of certification. Vital importance is placed on building networks and peer support systems for sharing of techniques, ideas and general farmer capacity building. Considerable time is spent in this regard, something that is not required under a system of ICS certification. Some ICS groups, however, also integrate substantial training and capacity building into their work.
- PGS is locally focused and often includes local consumers in the certification process in the hopes of developing and expanding local markets and awareness of organic systems of production. ICS certification is generally focused on commodity and export products. To save costs, ICS certification is often limited to exportable products – the remaining locally saleable products may not be sold as “certified organic” even if they are produced under a system of organic agriculture.
- ICS farmers must operate under “Common Point of Sale” requirements which PGS farmers do not have. This allows small PGS certified farmers more market empowerment – they are free to sell their crops individually to whoever offers the best price. However, some PGS solutions assume common marketing as they are an integral part of an organic marketing plan.
- PGS empowers farmers by putting them in control. They decide who is and isn’t certified in their own local group. This means increased responsibility, but it encourages *social control* as an important compliance mechanism. The ICS is still based on the external certifier being the real decision-maker which “delegates” some of its verification measures to the ICS.

Even if the differences in the concepts are great, they derive mainly from the social and commercial background. There is nothing preventing an ICS system from operating fairly similarly to a PGS system or a PGS system operating similarly to an ICS. Indeed some PGS systems (e.g., Ecovida in Brazil) have been recognized as an operational ICS by external certifiers. In annex 5 there is a more comprehensive overview of the similarities and differences between third-party certification, ICS, PGS and self-claim.

## Group certification without ICS

Implementing an operational ICS is a daunting task for small groups with few resources. The savings from lower certification fees can easily be outweighed by internal costs for operation of the ICS. The risk of failure with certification is considerable for an ICS system, as the non-performance of the ICS itself is the most common reason for non-conformity. The rules around the ICS regarding joint marketing also pose a serious limitation to local marketing (e.g., of vegetables), as this is often not coordinated on the group level.

It is also possible to apply a group-certification concept without an ICS and remain within the ISO 65/IFOAM framework. What cannot be set aside is the annual inspection (by the certification body) of all growers. Still, one can have a joint application, one person doing the record-keeping and the communication with the certifiers, etc. In that scenario the group certification can be seen as a business arrangement between the certifier and the group. If

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<sup>7</sup> Based to some extent on an FAO report for India by Ron Kohsla.

there is a collective agreement and it is clear that the certifier has the right to decertify individuals within that framework, then it will still be possible for the certifier to issue individual certificates.<sup>8</sup> The benefits compared to individual certification are

- less paperwork for individual farmers compared to direct certification of individuals
- facilitation of the contact between farmers and the certification body
- some money savings, depending on the fee construction of the certifier

The benefit compared to an ICS system is mainly that groups doesn't have to implement sophisticated systems for inspection and procedures for internal certification. In addition, if the group is small, say between 10 and 30 farmers, direct inspection and certification is likely to be *considerably cheaper than certifying the system as an ICS system*. The reason for this is that an ICS is subject to evaluation by high-caliber inspectors with high daily rates, and for small ICS a high proportion of the farmers will still be externally inspected.

### Other systems?

Apart from the well-defined concepts of third-party certification and Internal Control Systems and the less well-defined concept of PGS, there are other systems possible. One can have third-party certification systems that decide not to follow some of the rules for organic certification as defined by IFOAM/ISO or various regulations. For instance, such systems could allow their inspectors to also give advice or could acknowledge some social controls as being as relevant as external monitoring. Similarly, organizations that don't fulfill the requirements for a third-party certifier (e.g., a farmers' association) can apply third-party certification verification methods.

### An organic mark

The purpose of the organic assurance plans is mainly to support market development. Consumers can easily recognize a mark, while they normally have little knowledge of or interest in the standards and regulations, and they often care even less about the organic assurance procedures. Such an organic mark can have many forms. It can be a governmental label accessible for producers certified by an approved body (USDA, JAS or Denmark); it can be a mark of the organic association available for its members; it can be a mark owned by the trade; or it can be the mark of a certification body (e.g., BioSuisse or Demeter). The new East African Organic Mark will be owned by the National Organic Agriculture Movements (NOAMs) in East Africa and will be available for any producer that follows the East African organic-products standard and is subject to an organic-assurance system recognized by the NOAMs.

### The interplay between organic assurance and other aspects

Organic assurance doesn't work in isolation. It has interaction with marketing, with extension and with agriculture policy. A certain quality-assurance system has its main role in a certain marketing system (and vice-versa). PGS systems can be integrated to extension activities while ISO 65 style certification cannot. In the ICS system the internal inspections can be combined with extension work, while the external inspection by the third-party certifier may not extend to advisory service. Third-party certification bodies are not allowed to assist producers with marketing.

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<sup>8</sup> For ease of understanding, one can see each farmer as a production site of the group, and it is perfectly normal that the certifiers make individual decisions regarding different production sites.

## 4 Organic assurance in East Africa

*The purpose of this chapter is to inform the reader about the current status of organic in East Africa.*

### Markets

The export market for organic products from East Africa is estimated to be worth more than US\$12 million per year and is rapidly growing. The internal marketing of organic products is still in its infancy, but increasingly stores and supermarkets are stocking organic products. Open markets, restaurants and hotels are other outlets. Most producers are oriented to either export markets or a domestic market, but increasingly the exporting companies are getting interested in the domestic or regional markets. In Kenya three of the exporters also market their products locally. There is also some import of organic products, especially to Kenya.

### Labeling and consumer awareness

Organic products are currently sold with company brands, accompanied with an organic claim. To a minor extent the brands developed by NOGAMU, KOAN and TanCert are finding their way onto products. TanCert has established the Hai mark, which is also accessible to producers certified by other certification organizations. The NOGAMU and KOAN marks are intended for use by the members of the respective organizations and are tied to emerging PGS systems.

A recent survey<sup>9</sup> of East Africa showed that 49 percent of 600 respondents in bigger cities in Kenya, Tanzania and Uganda have consumed organic food and that these consumers appreciate the safety, soundness and taste of organic products. The same consumers were also asked how they knew that what was claimed organic was indeed organic.

VERIFICATION METHOD	TRUST		
	No	Yes	Not sure
Buying from specific farmers who practice organic farming	14%	77%	9%
Checking labels	18%	75%	7%
Purchasing from specific stores that are known to sell organic products	22%	69%	9%
Practicing own organic farming	15%	73%	11%
Purchasing specific brands known to be organic	11%	77%	12%

Most respondents felt that there should be some form of verification (69 percent). There should also be a marketing logo. In the usage of such a logo, the government should be involved (51 percent) in regulating it together with an independent body (19 percent). Eighteen percent said it should be done by NGOs.

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<sup>9</sup> Available at [www.ifoam.org](http://www.ifoam.org).

The same survey also asked how some key actors (stores, restaurants and hotels) looked upon verification that organic products indeed are organic. They buy from specific producers that they know or they check their suppliers themselves.

## Standards

To date almost all organic production that is certified in East Africa has been certified to the EU regulation for organic products. Some producers are in addition certified to the U.S. National Organic Program, to the Japanese JAS standard and to numerous private-sector organic standards, such as Soil Association, KRAV and Naturland.

Most of the non-certified organic production has not followed a strict set of standards; however, in Kenya organic standards were formulated many years ago by KIOF and have been used as the reference by many of the NGOs.

At the beginning of the decade, the development of national organic standards gained momentum. To date the following national standards have been developed in East Africa:

- one private-sector standard by UgoCert and NOGAMU in Uganda
- one private-sector standard by KOAN in Kenya
- one official Kenyan standard by KEBS (which later was adopted and gazetted)
- one working draft from the TBS
- one private-sector standard by TanCert in Tanzania

Within the Sida-funded EPOPA<sup>10</sup> program, cooperation between organic bodies in Uganda, Kenya and Tanzania was supported between 2003 and 2005. At a regional seminar in Arusha in December 2003, more than eighty participants agreed to pursue the development of a regional organic standard. A working group was established and held three meetings. However, the funds from EPOPA were limited and the work could not start in earnest. In late 2005, UNEP/UNCTAD and IFOAM joined forces with the national organic movements to pursue the regional standards and a process to develop the standards was initiated.

The development of the East African organic products standard has been based on the following:

- the already existing private sector and public standards in East Africa
- the Codex Alimentarius Guidelines for Organic Production, CAC/GL 32
- the IFOAM Basic Standards
- intensive consultations in the countries
- field testing of the standard

In January 2007 the Final Draft was submitted to the East African Community for approval.

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<sup>10</sup> Export Promotion of Organic Products from Africa

## Current extent of organic assurance in the local market

The IFOAM study on local markets in Africa<sup>11</sup> identified 85 local marketing initiatives.<sup>12</sup> Most of these sold their products based on self-claim; some of them are third-party-certified; and 16 claimed to use a PGS. From the more detailed studies of some of the initiatives, it appears that what is called PGS might only comprise a vaguely composed group, and in only very few cases do the PGSs seem to be systematic or documented. It should be noted that outside the scope of this study, one fairly well-developed PGS in Africa has been identified: the Bryanston PGS in South Africa. It is more developed and documented than the initiatives in East Africa. However, the situation is also very different, as it is working with a small group of producers (assumably rather well-off) all selling in the same marketplace.

### Organic assurance used

Third-party	8
Self-claim	61
PGS	16

Some of the producers certified for the export market (by the foreign-based certification bodies) also offer their product on the local market (e.g., Amfri Farms in Uganda, Meru herbs in Kenya and Highland tea in Tanzania). In some cases it is not apparent that they specifically target the local organic market or rather off-load products they can't sell on the export market.

## Certification services

### Foreign-based certification

Organic certification has existed in East Africa since at least 1994, when the first company was certified in Uganda.<sup>13</sup> The certification service has been offered by foreign-based certification bodies. Originally all work, including inspection, was carried out by foreigners flying in and out. Gradually, more and more work (in particular the inspections) is done by local staff. Some certification bodies have established regional representation or developed closer cooperation with national bodies. More than 70,000 smallholders are certified, most of them in big groups (of up to 20,000 producers) with an Internal Control System. Most of them are farmers contracted by an exporter; some of them are out-growers of a bigger farm with its own production. In addition a dozen bigger farms or plantations (mainly in Kenya) are certified individually.

Costs of certification by foreign certification bodies are generally considered to be high. An individual farm will pay US\$500 to US\$3,000. However the cost per individual farmer in an ICS can be as low as a few U.S. dollars for very big groups. For a typical ICS with 500 farmers, the cost is likely to be in the range of US\$10 per farmer, and for very small ICS groups maybe as high as US\$100 per farm. There are also substantial costs involved in the operation of the ICS itself.

### The certification business in Uganda

<sup>11</sup> Will be available at [www.ifoam.org](http://www.ifoam.org).

<sup>12</sup> There are obviously many more; these were initiatives that responded to a survey.

<sup>13</sup> It may very well be that some operation in Kenya or Tanzania was certified earlier.

Fifteen of the sixteen operators in Uganda exporting on a certified organic basis in 2005 provided data on certification costs. For this group, total certification charges (not counting the cost of transaction certificates and also not including the costs for Internal Control Systems) were US\$132,105. This corresponded to 2.3 percent of the fifteen operators' sales in 2004–05.

*(CBTF: Integrated assessment of Uganda's organic agriculture policy, draft, October 2006)*

### National certification organizations

UgoCert (Uganda) and TanCert (Tanzania) were established in 2003, AfriCert (Kenya) in 2004 and EnCert 2005. All except for EnCert have been oriented towards the export sector. UgoCert and TanCert are currently operating as inspection-service providers to foreign-based certification bodies, and that constitutes their main business. Both of them have recently applied for IFOAM and ISO 65 accreditation. AfriCert's main focus has been EurepGap certification for which they are ISO 65 accredited. They have not yet certified any organic production.

For domestic production they can certify a producer according to the local standards but have not yet done that to any large extent. Currently certified local producers based on the national standards are

TanCert	around twelve, individuals and groups
UgoCert	five operators, however only one group seems to be oriented to the local market; the others also have EU and NOP certification
EnCert	one individual farm and three groups, in total 130 farmers
AfriCert	none

In all the countries the certification bodies are struggling to find a way to offer a service adapted to local producers, accessible both from the perspective of costs and procedures. There seems to be agreement that the systems established for the export market (and therefore subject to ISO 65 and IFOAM criteria) entail procedures and costs that are not going to be within reach of small groups or individual farms, unless they are subsidized by somebody.

A related problem is that farmers who are certified for the export market stream are not controlling their own certificate and the certification is only covering the export market crop(s). So even though they are certified as organic producers, they are not allowed to sell their products as *certified* organic. The stumbling blocks here are both the ownership of the certificate and the lack of joint marketing.

In Uganda for the past two years there have been discussions between NOGAMU and UgoCert on how to develop a local service accessible to small producers supplying the national market, but not much progress has been made. Currently the discussion is mainly about a concept according to which NOGAMU runs a PGS system which is in turn verified by UgoCert. In such a scenario the responsibility of the organic assurance rests with NOGAMU, which is using UgoCert like an auditor. In Tanzania, TanCert has taken some measures to make certification more accessible.

## The fees involved for local certification

EnCert charges KES 40,000 for group (of 50 farmers), KES 20,000 (US\$300) for an individual farm, as a minimum.<sup>14</sup>

TanCert operates a fee schedule of US\$150 per day for inspections, plus certification costs. Two examples are given<sup>15</sup>:

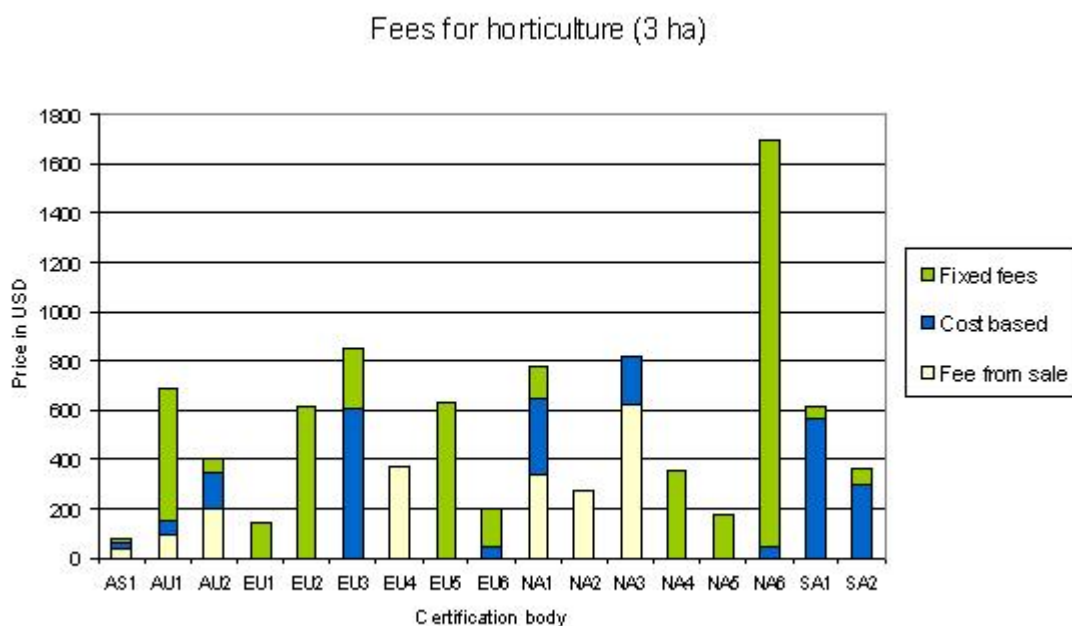
- One group close to Dar that has 50 women and all were inspected and certified for a total cost of US\$750 (= US\$15 per group member)
- One individual farm where the costs amounted to US\$600

Transport costs will be billed additionally.

The fee schedule for UgoCert is similar to the one for TanCert but included substantially higher costs for certification.

## Costs of certification in East Africa from an international perspective

These costs can be contrasted to costs from a survey in 2001 (The Organic Standard) of 17 certification organizations in Asia (AS), Oceania (AU), Europe (EU), North America (NA) and South America (SA).



The comparison shows that despite assumed lower costs for labor, etc., the local certification services in East Africa are considerably more expensive than in many other countries – even more so if one takes into account the higher value generated on the farms in most of these countries. In Europe, certification costs are often in the range of 0.5 and 1.5 percent of the value of the certified sales. Average costs for the export-certified production in Uganda was calculated to be approximately 2.5 percent of product value, but almost all of this product is

<sup>14</sup> Inspection fees depend on the distance to the farm from EnCert's office, so if the distance is big the cost will be higher

<sup>15</sup> See also TanCert's fee schedule in Annex 4.

from group certification which should result in lower costs per farm for certification services. For individual farms certified, the costs can easily go up to 10 percent of product value.

It should be noted that despite the “high” fees, none of the local certification bodies make any money, and some of them are receiving substantial external support (i.e., their current fees are not covering their costs).

## 5 PGS case studies: a summary

The PGS of the three National Organic Agriculture Movements (NOAMs) are in different shapes and stages of development. The full cases are presented in annexes 1, 2 and 3. Below is a short summary of each case, followed by an assessment of the KOAN and NOGAMU systems against the framework developed by the IFOAM PGS Task Force.<sup>16</sup> The IFOAM framework is not intended to prescribe definitive criteria but rather provide a good basis for a systematic assessment and comparison between initiatives. **It should be noted that none of the cases are really well-developed; they are rather evolving through a process of learning by doing.**

### KOAN

*Note: KOAN uses the term “ICS” for the internal controls of the PGS system.*

The KOAN PGS is still mostly in a design stage. A draft PGS manual has been written (most of it is included in annex 1). KOAN already works with the farmers’ groups that are supposed to be part of the future system, but so far the work with the groups has been mainly on marketing, quality and training.

The starting point for the KOAN PGS is to give small farmers market access. The main aim of the system is to provide an “alternative to third-party certification where farmers are required to pay for certification costs.” The PGS system designed by KOAN has four levels or actors:

1. Farmers: produce organic food
2. Farmers’ groups: organize the delivery to the market, keep basic records and an ICS
3. NGOs oriented to extension and training: extension service, training; spot-checks the system
4. KOAN: training of trainers; designs the forms, licenses the mark; promotion, linking producers to the market; spot-checks the ICS system

The system goes much beyond verification and includes aspects of training and marketing. It mimics third-party certification in many regards, also in terminology. For example, the internal control envisioned is basically the same as a “normal” ICS system and hasn’t got the participatory aspects normally associated with a PGS; the “external inspector” of the NGOs is not allowed to inspect producers to whom they also give advice (and vice-versa).

No fees are charged, as the parties are assumed to integrate the work into their normal activities.

The system as designed is described in detail in annex 1.

### NOGAMU

The NOGAMU PGS is already implemented and is in the stage of learning by doing. The system currently has 18 groups and NOGAMU expects to have 40 groups with 2,500 farmers in the system by the end of 2007. It is not described in any document. The system is intrinsically linked to the NOGAMU’s local marketing plan, in which NOGAMU actually

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<sup>16</sup> TOAM hasn’t developed its concept far enough to enable any systematization of it.

plays the role of a trader as they operate both a store and a box plan. NOGAMU also facilitates contacts between farmers and other buyers (e.g., supermarkets).

The main reason stated for establishing a PGS is cost for external certification.

Like KOAN, it works with four levels:

1. Farmer
2. Farmers' groups
3. NGO
4. NOGAMU

Their respective roles are not so clearly outlined, but it appears to be the NGO that has a key role in monitoring farmers (done by the monitoring officer, normally a development worker from the NGO), while the farmer group itself is not a prominent actor. NOGAMU itself makes visits to the groups.

It puts a lot of emphasis on training and capacity building.

NOGAMU has already designed many of the forms needed for the system.

NOGAMU is negotiating with UgoCert a construction whereby UgoCert will check all the groups.

For more information, see annex 2.

## TOAM

In Tanzania, TOAM has not yet developed any PGS. As in the two other countries, the motivation for being interested is mainly economic. TOAM plans to work closely with TanCert in the development of a system, and whether it actually will be a PGS or an (adapted?) ICS is an open question. During the PGS workshop in Arusha, a visit was made to Bonde la ChemChem in Sobuko. That group has a kind of PGS, but it is not documented or described at all. For more information about Tanzania, see annex 3.

## KOAN and NOGAMU PGS in the IFOAM framework

Below the two PGSs are put into the framework of the PGS as outlined in the IFOAM concept paper (annex 4). The framework text is in italics, followed by the situation in the PGSs.

*Norms conceived by the stakeholders through a democratic and participatory process, but always in accordance with the commonly understood sense of what constitutes an organic product. The norms should stimulate creativity, which is a characteristic of organic farmers, instead of inhibit it.*

-In both cases national (in the future regional) norms have been developed by the stakeholders in a democratic process. There is not much norm development in the PGS groups, but in NOGAMU the groups are supposed to develop their own standards, based on the national one.<sup>17</sup> It is expected that the national standard will be replaced by the East African organic products standard.

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<sup>17</sup> This is also common practice in the ICS groups in Uganda.

**Grassroots Organization:** *The Participatory Certification should be perceived as a result of a social dynamic, based on an active organization of all stakeholders.*

-While the two PGSs may have some discussions about this, the impression is that the systems are externally (by the NOAMs) designed and not really based on the active participation of the farmers, and even less so by other stakeholders, apart from the NGOs involved.

**Is appropriate to smallholder agriculture,** *because the participatory nature and horizontal structure of the programs allows for more appropriate and less costly mechanisms of certification and actually highlights, celebrates and encourages consumers to seek out smallholders.*

-Undoubtedly, the NOAMs do what they can to make the system appropriate for smallholders. There is no indication of a strategy to encourage consumers to seek out smallholders.

**Principles and values** *that enhance the livelihoods and well-being of farming families and promote organic agriculture.*

-Clearly both NOAMs are committed to these values. It is a bit hard to assess how it works in reality and what it could mean in reality.<sup>18</sup>

**Documented management systems and procedures.** *There may be minimal paperwork required of farmers but there will be ways by which they are expected to demonstrate their organic commitment and integrity. These ways should be documented by the PGS.*

-Both systems have or plan to have a documented system. Both place responsibility for documentation on farmers' groups, with one person taking on a key responsibility (chairperson or internal inspector).

**Mechanisms to verify farmers' compliance** *with the established norms, which can stimulate participation and organization and which allow a learning process for all the stakeholders.*

-The direct mechanisms for verification are similar to those used in third-party-certified ICS systems. There is no indication of an effort to create participation and learning in the verification process.

**Mechanisms for helping farmers** *produce organic products and be certified as organic farmers, to include field advisers, newsletters, farm visits, and Web sites.*

-Both systems are much involved in the support of farmers, extending also into marketing.

*Should have a bottom-line document, for example a **farmer's pledge** stating his or her agreement with the established norms.*

-NOGAMU uses the simplified standard as the agreement; it is not signed, though. KOAN plans an agreement among the farmers in the group.

**Seals or labels** *providing evidence of organic status.*

-Both make or will make a mark available to the producers. Note also that the East African Organic Mark is supposed to be accessible to them.

**Clear and previously defined consequences** *for farmers not complying with standards, actions recorded in a database or made public in some way.*

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<sup>18</sup> The statement in the IFOAM paper lacks some logic, according to the consultant: Principles and values hardly enhance livelihoods by themselves?

-NOGAMU has a violation form, which assumes some standardized process to deal with non-compliances. The farm groups don't appear to be involved in the process and the consequences and sanctions are not defined. KOAN has not defined this area in its manual.

## Observations and discussion about the case studies

Both the KOAN and NOGAMU PGS appear to be modeled to a very large extent on the ICS model. It can be argued that **the difference between those systems and an externally certified ICS is actually very small**. Though modeled on the ICS, they still have less clear responsibilities for the system than is normal in an ICS system.

Despite strong language in the KOAN papers, the farmers are not really engaged in the verification process, but only in the documentation; there is also no clear inclusion of other stakeholders. From that perspective the label "participatory" might be a bit misleading.<sup>19</sup>

The direct role of NOGAMU in marketing may pose a challenge to the perceived credibility of the PGS as designed. It can also result in low uptake of the PGS system as farmers who are selling to (future) direct competitors to NOGAMU may not want to be part of the NOGAMU PGS.

Generally speaking the accountability in the systems is not clear. Which is really the key responsible organization? Who is taking the decision to include or exclude a farmer? KOAN says explicitly that it doesn't certify; who then is doing it? NOGAMU has a violation form, but who is actually taking the decision to exclude a farmer?

There are many levels and many parties at each level involved in the systems. Apart from unclear responsibilities, there are also quite some costs involved to work with so many levels. In the case of NOGAMU it even envisions involving UgoCert, increasing the number of parties and the levels to five.

The role of NGOs in the PGS system is somewhat vaguely defined. There is a risk of unclear roles and responsibility of the NGO vis-à-vis the farmer group and vis-à-vis NOGAMU/KOAN. Are they accountable to the farmers' group or to the NOAM? There might be a risk that the NGOs will not be so motivated to take on an "inspector's" role (that has been seen in some other countries). Furthermore, there is concern about the sustainability of the NGOs. What happens when their funding runs out?<sup>20</sup>

The costs of implementing the system are not calculated by any of the organizations. In the case of KOAN, the costs are supposedly assumed by the parties in their daily work, while NOGAMU envisions a small fee. It is unclear whether that fee should go to NOGAMU, the NGOs implementing the system or to somebody else. As the NOAMs are at the same time training farmers to be entrepreneurs and to have a businesslike approach to farming, it seems that the lack of economic analysis of the system is a weakness. To implement a PGS that is more or less the same as an ICS is undoubtedly demanding, and to assume that the work can be done as just some minor component of normal work is probably wishful thinking.

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<sup>19</sup> It is noted that some other systems that are also called participatory seem to feature the same (e.g., the Keystone PGS in the IFOAM case study publication).

<sup>20</sup> This concern is not unique for the PGS. Many third-party schemes also have external funding for their certification costs and for technical assistance for certification issues.

Even though KOAN speaks about openness and transparency in its paper, there is nothing in the KOAN or NOGAMU PGSs that make them more open and transparent than a third-party certification process.

The discussion in the KOAN PGS on conflict of interest (that KOAN can't certify; that extension workers may not inspect the same people to whom they give advice) is very similar to those in the third-party certification. While not neglecting that there might be conflicts of interest in a PGS, they should not be handled as in a third-party certification system. One of the main reasons why third-party systems look like they do is the way they manage conflicts of interest. Any system defining and dealing with conflict of interest in the same way will probably end up being a third-party system. Conflicts of interest need to be handled differently in a PGS system—mainly through transparency and peer review.

## 6 Discussion

### What are the issues?

Before continuing the discussion, it is worth reflecting on what the NOAMs and other stakeholders are trying to achieve. In East Africa, the search for alternative systems for organic assurance is not mainly a political project, but it is also driven by the wish to solve a problem in which available systems are not seen as accessible enough. The issues below are relevant to the discussion.

#### Lack of supply is a major obstacle for local-market development

Reportedly, there is a lack of supply of organic products to the local market. Getting more producers into a system for local marketing is seen as important for the development of local markets.

#### There is only space for small premium prices in the local market

The NOAMs believe that there is not much space for organic products to be sold for a considerable premium. This is however questioned by some actors, and the current reality is that considerable premiums are charged for organic products in some outlets.

#### There is a need for organic quality assurance for local marketing

As can be seen above, most organic products sold on the local market today are self-claim organic. The local market study does not identify lack of systematic quality assurance as a major limiting factor today. However, most people in the sector seem to agree that there is a need for some sort of quality assurance.

#### There is a need for consistent labeling and promotion of organic products

The NOAMs have identified labeling as a critical issue for market development. It is assumed that a labeling plan needs to be linked to mechanisms for quality assurance.

#### Local certification service is too costly

As can be seen above, the local certification service offered is out of reach of most individual producers. Organized as groups, the service on offer seems to be more acceptable.

#### Standards are too demanding

The purpose of a standard is to pose demands, and from that perspective they are demanding. Most of the experiences and opinions about organic standards have been based on the direct application of the EU regulation, the NOP or private (mainly European) standard. It is to be hoped that the locally developed standards are better adapted to the realities of farmers in East Africa.

#### Certification procedures are too demanding

As with the standards, the local experience is that certification requires an awful lot of paperwork and documentation. The local certifiers are probably a bit less demanding. Nevertheless, third-party certification is to some extent built on written documentation.

## Existing organic farmers can't use their existing quality assurance for the local market

This relates to the situation in which farmers or a group of farmers are contracted by exporters and the exporter controls the certificate. This is a very large group and probably the group where substantial quantities of organic products could reach the local market most rapidly. This is seen as less of a problem in Kenya, where some farmers' groups actually hold their own certificate.

## Many farmers' groups are too weak to deal with certification

In the past, East Africa was full of cooperatives that organized farmers. These cooperatives were very much integrated into the political structures, and their existence was a precondition for a number of market regulations, in particular for major export crops, such as coffee and cotton. With political change and liberalization, the cooperatives have taken on new roles and lost much of their political backing. In many cases the cooperatives were badly managed and not very efficient, lacking trust from their own members. Many of them have gone bankrupt or been scaled down to insignificance. Because of this history farmers are wary of cooperatives. Farmers' groups are still being started, but many of them are started as a result of various projects, and when the project is over the group declines. Of course, there are also some strong, farmer-driven and farmer-controlled groups.<sup>21</sup> But overall, farmers' groups are not considered to be strong enough to organize their own ICS, to apply for group certification, or to organize a PGS.

## What are the "type" situations we are discussing?

Discussions are based on certain assumptions of the reality. In the case of smallholder access to markets and organic assurance, it is important to look at the diversity of situations and not just assume that all smallholders operate under similar conditions. The following types are probably discussed:

- Farmers involved in export projects in which one or two crops are exported and who also have the potential to produce crops for the local market
- Farmers' groups that are strong, economically sustainable, well-organized and do their marketing themselves
- Farmers' groups that are not so strong and dependent on external assistance (economically and for capacity building)
- Farmers who are just loosely grouped
- Individual farmers who don't belong to any group and have no market
- Individual farmers who are contracted by or closely linked to a trader
- Individual farmers who run their own marketing (e.g., at a market stall) or by establishing a store.<sup>22</sup>

It is unlikely that one system can fit all these types of farmers.

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<sup>21</sup> From the discussions with the stakeholders, Kenyan groups appear to be stronger than groups in Uganda and Tanzania.

<sup>22</sup> It's not clear how narrowly *smallholders* should be understood and whether a farmer who is doing his own marketing can still be called a smallholder.

## What can be done within the third-party paradigm?

The PGS discussion in East Africa is to a very large extent based on the perception that third-party certification, including ICS, is not appropriate in its current shape. It is important to pose the following questions:

- What can be done with the local certification to make it more accessible?
- What can be done with the ICS systems to be more accessible?
- How can the products from already certified ICS groups reach the local markets?
- Are other group certification options possible and appropriate?

### Making local certification more accessible

The local certification bodies have developed their systems inspired by the procedures used by the foreign-based certification bodies operating in East Africa. In many cases these foreign-based organizations run considerably more complex systems and have more onerous procedures when they work abroad than when they work at home. One reason is that all the documentation for products imported to the EU will be scrutinized by import authorities, and they ask for a lot more information and proof of inspection than the authorities that supervise certification bodies in Europe. Certification in Europe is usually very streamlined and actually involves less documentation and simpler inspection reports than what is used in East Africa. This, combined with high number of farmers, qualified staff and efficient procedures, means that each certification process doesn't take much time. That is the main reason why certification in Europe is cheaper than in East Africa.

Local CBs could lower the barrier to certification by

- being more efficient in the implementation and administration of the certification process
- reducing the paperwork to what is really essential
- "automating" the handling in the offices as much as possible

and still keep within the IFOAM and ISO 65 rules. It is clearly realistic to say that the cost for one individual farm would not exceed US\$150 and could possibly go down to US\$75 if farmers are located close to each other and the distances for the inspector are not too great.

If the local CBs designed special plans (perhaps not conforming to the IFOAM and ISO 65 framework) for the local market, they could save a lot more by using NGO workers as local inspectors for individual farms, accepting certain problems with conflict of interest. Especially in Tanzania, with its great distances, having inspectors available locally could save much travel time. In a scenario in which local NGO staff is doing the inspection (of farmers whom they work with anyway, and therefore do it for a low cost), the cost of the CB would be low; the fee might be below US\$50.

### Making ICS systems more accessible or appropriate

The reason for most of the opposition to the ICS model is that in East Africa these are controlled by exporters. But there is nothing preventing farmer-controlled ICS or NGO-driven ICS models. To do that is nothing more complicated than what NOGAMU and KOAN are designing for their PGS. In essence they are doing it already.

Another main critique about ICSs is that they don't allow individual marketing of products. However most of the PGS efforts also seem to be based on group marketing of products, so

in essence there is little difference. Still, the certification body could perhaps design models for ICS which are not based on group marketing.<sup>23</sup>

### Getting a product already ICS-certified into the local market

As has been noted, a huge number of organic farmers are already certified in East Africa, but they are certified through a commercial operator and can't market their products as "certified." There are a number of options for solving this problem:

- The exporter agrees that the ICS staff document the entire production system and that the exporter gets engaged in the local market development.
- The exporter agrees that the ICS staff document the whole production system, but that another party (e.g., a farmers' group or an NGO) takes care of and gets a certificate for the non-export products from the system.
- An NGO takes over the implementation of the ICS in exchange for having the certificate issued for the farmers as a group.
- The farmers themselves take over the operation of the ICS and get the certificate in the name of the group.

In any case, the certification body that issues the certificate should be involved in the discussions about this. Where there's a will, there's a way.

### Other models for group certification

As has been developed above, groups can also be certified without an internal control system. This would be based on the external inspector's making visits to all farms. However, if the CB designs the right kind of systems, one inspector could easily inspect five to ten farmers per day if farms are fully organic and close to each other. The cost per farmer could be as low as US\$15 to US\$25 per year, as shown in the example from Tanzania. If farmers are individually inspected, the requirement for centralized marketing is void, so this could be useful for rather loose groups. If the group gets some support with the documentation from an NGO, there will be less work for the CB.

### Summing up

All in all, there are many opportunities for making third-party certification more accessible in East Africa, and these opportunities should be further explored. In some cases this might mean deviation from IFOAM or ISO 65 norms, but that is the same for a PGS. It should be noted that there is nothing preventing a certification body from operating many programs and services and that they can be accredited for one program and not for another one. So the local certification bodies could offer one system that fulfils international requirements and another system that doesn't.

If the stakeholders want to establish NGO-led ICSs and mimic the ICSs developed for third-party certification, it is better that they do that within the third-party certification framework instead of copying it and calling it something else.

- A strong farmers' group can handle an ICS or a PGS
- A weak group cannot handle an ICS or a PGS
- A weak group can be supported by NGOs to handle a PGS or an ICS

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<sup>23</sup> This is currently not in conformity with the IFOAM norms. The reason is that as group certification is a collective certification, the sales should also be collective. But if the group did monitor the sales and if they are indeed organic, one could argue that it should be allowed.

## 7 Moving the PGS agenda ahead in East Africa

There is a clear need to develop PGS in East Africa. It seems to be particularly relevant and applicable to smaller groups of farmers with joint marketing. The development must involve the farmers and preferably other local stakeholders and should result in systems that they feel comfortable with. Therefore, there are no detailed recommendations in this report. Nevertheless, a number of key issues are raised:

### Developing the PGS

- With cost as the only motivation, it is probably hard to justify the development of PGSs, as they hardly will be cheaper than third-party certification of groups.
- Good terminology should be established so that confusion with third-party certification is reduced. A new concept should develop its own terminology.
- The systems should be built on farmers and involve them in the process of verification. This can also be extended to a peer review between the groups within the same PGS system.
- The ownership and accountability of the system needs to be clear and consistent with the idea of PGS (i.e., local ownership, ownership by the farmers' group). If farmers' groups are too weak to run their system, they can be assisted by NGOs or other support institutions. This support should aim at enabling the farmers' groups to take over the responsibility.
- Existing cultural or social features that are valuable in a PGS system should be integrated into the system. One should look into how trust is built and maintained in other situations (e.g., in management of joint resources and local credit plans).
- A general framework for the PGS should be developed, but details in implementation should be defined by the groups themselves.
- Costs for operating the system should be made visible and financing needs to be sustainable (i.e., the costs should be recovered from the business). Subsidizing start-up costs can be reasonable, but care must then be taken that the subsidy doesn't invite more costly models than would be the case if there were no subsidy.
- Transparency should be a cornerstone of the PGS. This means that the systems should be well-described and that the system is well-communicated to the "outside." Transparency can also mean engaging outside parties in various ways.
- Telling the story is very important in the generation of trust.

### The relationship between PGS and third-party certification

Although this report and the recommendations suggest that a PGS should be built on another "platform" than ICS, it has to be recognized that the ICS model makes it easy for farm groups to switch from PGS to third-party certification and even that the PGS can be accepted as an ICS.

It must also be recognized that situations are not fixed and that one farmers' group that is involved in local marketing suddenly can be an attractive supplier for an exporter. The parties need to figure out how such transitions can take place.

The local certification bodies in East Africa have participated in the PGS discussions, and it is important that they be involved in the future. The main threat for PGS is that either certification bodies or producers certified by them will speak badly about PGS and assert that it doesn't provide a sufficient guarantee (or, even worse, that it is fraudulent). The strong formal and informal links between the certification bodies and the National Organic Agriculture Movements should be maintained and strengthened.

## 8 References

### PGS

The following documents are available at the IFOAM Web site at

[http://www.ifoam.org/about\\_ifoam/standards/pgs.html](http://www.ifoam.org/about_ifoam/standards/pgs.html).

A Participatory Organic Guarantee System for India; Ron Khosla 2005

Participatory Guarantee Systems: Case Studies from Brazil, India, New Zealand and USA; IFOAM 2005

Participatory Guarantee of Ecological Products; Ecovida 2004

PGS concept document; IFOAM 2005 (see annex 4)

Report from International Workshop on Alternative Certification; IFOAM 2004

### ICS

In 2004 IFOAM published a set of training materials on ICS for smallholder group certification, using the product of the three workshops. This set of training materials encompasses a training kit for smallholder groups and a training kit for third-party inspectors and certification bodies' personnel. Both training kits were developed according to a didactic approach and include a training manual for trainers, the corresponding training slides, and a guidance manual for training participants. It is available at

[http://www.ifoam.org/about\\_ifoam/standards/ics.html](http://www.ifoam.org/about_ifoam/standards/ics.html).

### Certification

Comprehensive information about organic certification is available in the guide Building Trust in Organic, a new edition of which will soon appear on the IFOAM Web site

[www.ifoam.org](http://www.ifoam.org).

## 9 List of annexes

1. KOAN PGS
2. NOGAMU PGS
3. TOAM PGS
4. Joint Vision (IFOAM paper)
5. Overview of several organic assurance systems

## Annex 1: KOAN PGS

*This has been compiled from a draft PGS Manual from KOAN (January 2007) and the MoU that KOAN has signed with NGOs for the implementation of the plan. It is also based on interviews and communication with Samuel Ndungu.*

### Background

The Kenyan organic sector is still young. Consumers' awareness of organic agriculture has been developing, but sluggishly. The few consumers ready and willing to purchase organic foods don't know where they can get such products. However, there are a few retailers specializing in organic (or healthful or natural) foods. Two hotels serve organic food (only by order). The experience of organic retailing outlets has been inconsistency in supply of such products by producers.

### Why a PGS?

Several products on supermarket shelves and in other retail outlets have been branded organic (or natural or herbal) yet no third party has verified the claims. The Kenya Organic Agriculture Network plans to establish a Participatory Guarantee System to assure consumers that the products they are buying as organic are actually organic. The main aim is to provide an alternative to the third-party verification systems. Putting farmers through a system they will identify with and that will not cost them will encourage more producers to join the system. The drive of involving more farmers in the system will solve the problem of low supplies.

PGS shares a common goal with third-party verification systems in providing a credible guarantee to consumers seeking organic produce. The difference is the approach. As the name suggests, the approach encourages the direct participation of farmers and even consumers in the certification process. This is usually realistic for small farms and direct marketing of organic produce, where the chain is shorter. Participation from stakeholders results in greater empowerment and responsibility within the chain. PGS prioritizes knowledge and capacity building for producers and consumers. This direct involvement reduces the paperwork and record-keeping requirements, an important element in third-party certification. PGS is an integrity-based approach that starts with the foundation of trust. It builds on trust, transparency and openness, maintained in an environment that minimizes hierarchies and administrative levels.

Stakeholders, including farmers, should be aware of how the guarantee mechanism generally works, the process and how decisions are made. PGS believes farmers can be trusted and the certification system is the expression of this trust. It should reflect a community's capacity to demonstrate this trust through application of the various socio-cultural mechanisms, providing necessary oversight to ensure the organic integrity of organic products. Thus a variety of culturally (specific) quantitative and qualitative mechanisms for demonstrating and measuring organic integrity are recognized and celebrated. Documentation is an important tool in PGS. Privacy and the commercially sensitive information of stakeholders must be treated with confidentiality.

PGS is more than a certificate. It aims to provide the tools and mechanisms for supporting sustainable community and organic development where livelihoods can be enhanced. It promotes and contributes to the construction of knowledge nets built by all actors in the

production and consumption of the organic product. PGS ensures that the verification of the quality of a product or process is not concentrated in the hands of a few.

## Developing a new approach

### Objectives of the plan

- To ensure the active participation of the various actors in the supply chain
- To assure and win the confidence of organic consumers
- To create awareness of the value of organic agriculture to the various actors and to the public
- To provide an affordable and credible verification system for organic production and processing to organic producers

Since (because of conflicts of interest) KOAN can't certify, it will assume the role of custodian of the national label and the national standards which it has already developed. PGS was developed to build consumer confidence and ensure that production systems follow the organic standards. The system will also enable organic markets to develop through the improvement of accessibility of organic products.

The system will require the following:

1. A contractual relationship between KOAN, Training Institution, and the producer group (this relationship should spell out the responsibilities of each actor)
2. A contractual relationship among the farmers themselves, committing them to comply with the stipulated group rules and regulations
3. The identification and establishment of business relationships of producers' groups with commercial partners and traders
4. The establishment of a well-structured extension service which will provide advisory services to producers

### Scope of activities

The plan is strongly linked to the KOAN marketing activities and training activities by NGOs.

### Structure

The actors need to understand their roles. The success of the system will depend on how the actors undertake their roles. The envisaged relationship will be formalized to ensure the realization of the roles of the parties involved.

### Role of producers:

1. Developing an internal group management through a structure acceptable to all group members (the structure should aim at engaging all of the group's members in management)
2. Keeping basic records which will facilitate establishment and development of an internal control system for the group
3. Producing and delivering quality organic products to the market
4. Maintaining the integrity of organic quality of the products at the group level

### Role of training organization:

1. Providing extension services to the producers' groups through organic advisory
2. Providing continuous training to the farmers on quality production of marketable products

3. Doing spot checks of selected producers to ensure compliance with organic standards
4. Keeping records of spot checks and compliance reports of all the groups involved

#### **The role of KOAN will be**

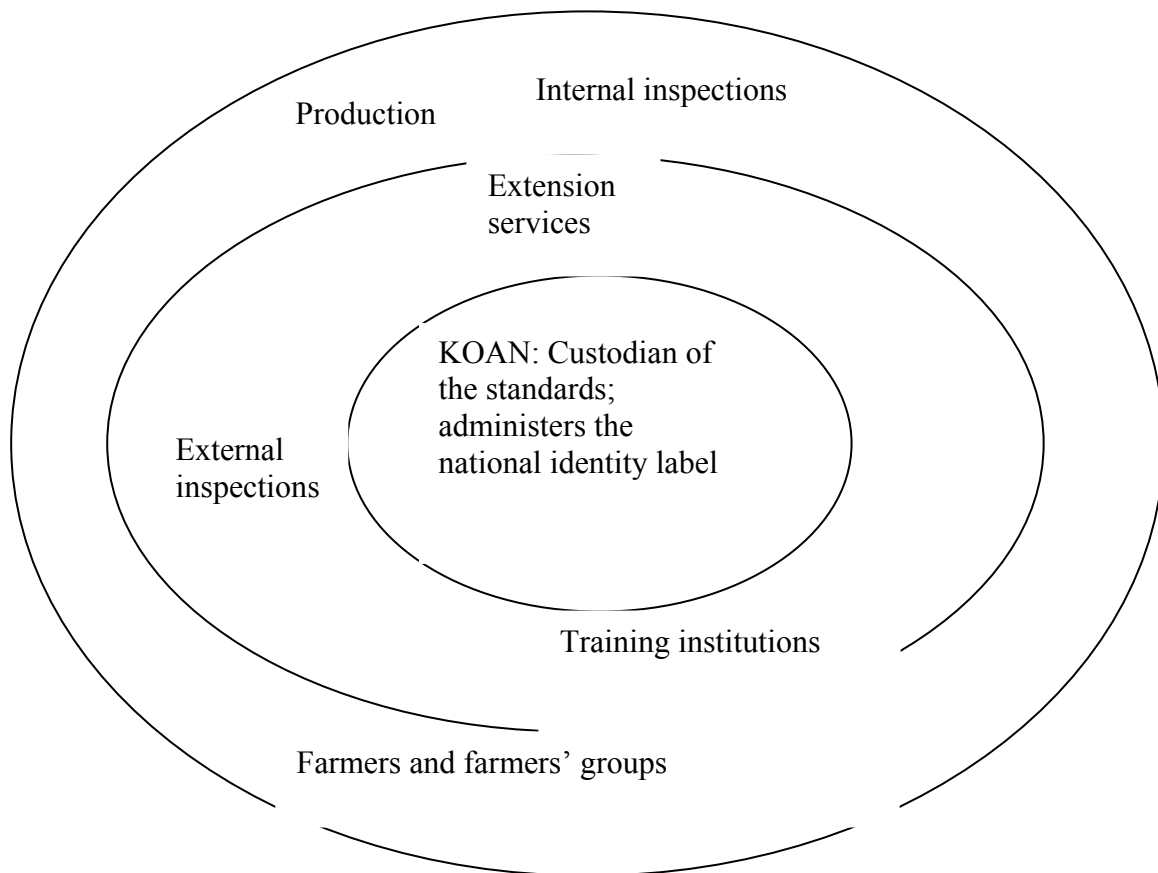
1. Building capacity of the staff involved in the system by organizing Training of Trainers
2. Designing all the forms to be used in record keeping
3. Conducting spot checks on the records kept by the extension staff and the producers' group
4. Issuing the market mark to the producers
5. Marketing and promoting the market mark to consumers and traders
6. Assisting in linking producers with traders, outlets and commercial partners
7. Providing technical manuals, pamphlets and other resource materials for use by extension staff and the producers

#### **The certification process**

Training institutions train farmers on organic techniques. KOAN facilitates upgraded Training of Trainers where **trainers and farmer leaders are trained** in production for the marketplace which includes various issues such as Internal Control Systems (ICS), marketing, market access, planting calendars and rotational programs.

At the nucleus are the organized groups of farmers, the majority of which have functional committees. Through the training institutions, KOAN will facilitate the development of Internal Control Systems (ICS) within the groups and develop checklists based on the KOAN Organic Standard. The group will then identify an **Internal Inspector**, who will be trained on organic inspections, record keeping among other certification requirements. He or she will ensure that all farmers within the group keep records. The Internal Inspector **should visit farmers at least every second week**.

The training institutions are spread throughout the country and are instrumental in offering extension services to farmers. Under the PGS, the training institutions extension officers will provide technical extension services to the groups of farmers under the plan. The extension officers will be trained in organic inspections and certification requirements. He or she will ensure that the internal inspectors keep up-to-date records, that they conform to the organic standards and that they evaluate the performance of the internal inspectors as well as that of the groups. To avoid conflicts of interest, **the extension officer (external inspectors)** will not inspect the farmers to whom he provides extension services. The inspectors will be rotated to ensure that they inspect farmers trained by other training institutions.



The role of KOAN in the verification process is to oversee its implementation by the groups and NGOs.

### The standards

KOAN has developed the KOAN organic standards through a democratic and consultative process in which the stakeholders developed, agreed on and adopted the standards as the National Organic Standards.

### Documentation

The following documents are envisioned<sup>24</sup>:

- Contracts between KOAN, training institutions, and producers' groups
- Farmer's contract (between farmer and group)
- Mark licensing agreement
- Farm records
- Internal inspection forms
- External inspection forms
- Evaluation of the groups

KOAN will design all the required documentation.

<sup>24</sup> As implied in the PGS Manual.

## Mark/Brand

The national label will identify a Kenyan organic product in the national markets. This will make consumers relate an organic product to the label. KOAN plans to promote the label so as to make consumers aware of it. Its adoption will lead to a simple, affordable and credible verification system for the national market. When the East African Organic Mark is established and the system is accepted by the NOAMs, the East African Organic Mark will be used.

## Transparency

The PGS manual gives a general overview of how the system works; it is less clear how and whether there will be transparency in the operation and implementation of the system.

## Funding and economic sustainability

The PGS system currently has no fee. The PGS is to be set up in such a way that the actors involved are not doing any work outside their normal operation. It is also to be utilized by farmers' groups already trained and receiving extension support from a training institution.

## Legal status and recognition

KOAN is a legally registered body, as are the cooperating NGOs. Farmers' groups operating under the system have legal recognition through registration with the ministry of Gender, Culture and Social services as a CBO,<sup>25</sup> SHG,<sup>26</sup> or FBO.<sup>27</sup>

There is no organic market regulation in Kenya and therefore no need for legal acceptance of the PGS as such. Under the agreement for the East African Organic Mark, PGSs are envisioned to be recognized (i.e., participants in recognized PGSs will be allowed to use the mark).

## Other areas of support for farmers

The system is integrated with training and marketing efforts targeting small farmers.

## Discussions with KOAN

Two NGOs, KIOF and COSDEP, have signed the MoU with KOAN, and another important actor, SACDEP, has declared itself positive. Until the system is implemented, organic producers that are members of KOAN are assisted by KOAN in their marketing, which amounts to some level of endorsement by KOAN. According to KOAN, a few producers have not been assisted by them as a result of their implementing doubtful practices or because their cultivation was too close to a conventional farm. This system, the criteria used and the procedures are completely informal.

There are some critics in Kenya of the idea that producers would not have to be third-party-certified.

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<sup>25</sup> CBO means Community Based Organization.

<sup>26</sup> SHG means Self Help Group.

<sup>27</sup> FBO means Faith Based Organization.

## Annex 2: The NOGAMU PGS

*Based on interviews, documents and communication with Derek Tenywa (local marketing officer) and Irene Kugonza Bamugaya (standards officer) of NOGAMU.*

### Background

The Ugandan organic market is still far from being mainstreamed. However, NOGAMU has had an organic store since 2002 and now also a box plan. Some sales of organic products take place in supermarkets and other stores.

### Why a PGS?

The main problem is the fee attached to certification. Lack of incentive for farmers makes them reluctant to pay fees.

### Developing a new approach

The NOGAMU PGS system has developed from the bottom up. It is not so well documented and is in a stage of constant development and adjustment.

The objective of the PGS system is to have a verification mechanism that is accessible to and affordable for producers and at the same time credible to consumers.

### Scope of activities

The system is intrinsically linked to the NOGAMU local marketing plan (i.e., the participants of the PGS are producers in the process of linking up with the local markets through NOGAMU). Apart from its own store and box plans, NOGAMU also facilitates contacts between buyers and producers (or groups of producers). There have been some bad experiences (when producers didn't supply products of good quality or otherwise were not reliable), so NOGAMU feels it has to be involved in these.

In principle, NOGAMU thinks the system can also work for farmers who don't sell through NOGAMU.

### Structure

The system has four actors: a farm household that is organized in a group, which is working together with an NGO, who is a member of NOGAMU.

Their respective roles are explained below.

The NGO is normally a key player, insofar as NOGAMU lacks the capacity to deal with all groups directly and most groups are weak. If the group is strong, they monitor themselves, and NOGAMU intervenes only if problems arise such as clients' complaints and poor quality. NOGAMU's intervention consists of helping put the system in place and monitoring its implementation mainly through progress reports and occasional visits.

### The certification process

as it is operating today

#### **Identification of the interested parties (groups)**

- Group contacts NOGAMU

- Gap analysis, any problems with farmers
- When registered, interviewed to know what is already known and done by the group
- Training by NOGAMU in regional workshops. Training is not only for standards but also for group formation, group marketing, etc.
- Samples of products are asked for and studied, quality, packaging, labeling, etc.

### **Contracts**

Contracts for the groups are under development.

### **Monitoring: internal control**

- For the farm levels, yield estimated, sales, agriculture methods, and contamination are recorded. Farmers have (or should have) individual books for sales, vet medicines, fertilizers they used, quantities they grow, etc. Experience shows that farmers can keep individual books; a copy should be with the chairperson.
- Internal monitoring by monitoring officer (from NGO)
- Groups should have internal monitors (trained by NOGAMU or partner organization). They should be accountable for compliance with standards. The “development worker” from the project is the key responsible person. A visit form and other control measures are developed.
- There should be guidelines (also adapted to the local situation) for what should happen if farmers commit a violation.
- Visits done by the standards officer, the training officer or any other NOGAMU staff that is due to visit.

### **Under development: cooperation with UgoCert**

Around April 2007, all suppliers should be into a verification system which will be developed by UgoCert. NOGAMU has asked UgoCert to check on the groups. Target for the verification is the groups (not NOGAMU). NOGAMU envisions a joint visit with the inspector.

### **Standards**

Groups get the Uganda Organic Standard. They are encouraged to interpret the standards for the actual production and to present their own standards, which should be documented. This localized standard is formulated in the first person as an agreement but not signed. Eighteen groups have formulated such standards.

### **Documentation**

The system currently has the following documents:

- Internal Organic Standard for the group
- Individual records of the farms
- Farm Internal Inspection Form (used by the monitoring officer)
- Farmers Registration Form (a list of all farmers in a group)
- Violation Form
- NOGAMU Field Visit Form (to document the supervision by NOGAMU)
- Standardized Activity Report from field visits by NOGAMU staff

The last two documents deal with marketing issues, product quality, etc.

## Mark/brand

The NOGAMU brand has been developed. The brand will be tied to verification. The brand is linked to membership of NOGAMU, and it will be physically applied by NOGAMU. NOGAMU needs to have control over the mark. When the East African Organic Mark is established and the system is accepted by the NOAMs, the East African Organic Mark will be used.

## Transparency

As the system is badly documented, it is hard to say that it is transparent today. Transparency is supposedly high within the groups.

## Funding and economic sustainability

The PGS system currently has no fee; a smaller fee is expected (in the range of 1,000 to 2,000 Ugandan shillings). NOGAMU finances its work from its funding, and the NGOs involved do the same.

## Legal status and recognition

NOGAMU is a legally registered body, as are the cooperating NGOs. Most of the farmers' groups are not registered.

There is no organic-market regulation in Uganda and therefore no need for legal acceptance of the PGS system as such. Under the agreement for the East African Organic Mark, PGS systems are envisioned to be recognized (i.e., participants in recognized PGS systems will be allowed to use the mark).

## Other areas of support for farmers

The system is integrated with training and marketing efforts targeting small farmers.

## Extent of the system

Today eighteen groups aim at forty by the end of the year (twenty per year). The average number of farmers per group is sixty, which means that 2,500 farmers are expected to be in the system towards the end of the year.

## Discussions with NOGAMU

*Below are some issues raised in discussion with NOGAMU about the PGS.*

### **Application of the PGS**

There are three broad categories of groups.

One category of groups fits well in the ICS. Those are bigger, have bigger supplies, can market on their own as a group, and grow similar crops.

Another category of groups is looser and composed of smaller farms, more diversified production (especially vegetables), and often scattered or urban farmers. They normally sell individually with loose cooperation. They are not as coherent as a group, but they meet regularly. They are normally supported by an NGO (such as Send a Cow). These would not be able to deal with the certifiers.

The third group is represented by farmers who are already certified and linked to an exporter. They are already organic and follow the standards. They are controlled through an ICS, but in most cases the ICS is managed by the exporter. They are a very large group of farmers – more than thirty thousand in Uganda. How can they be linked to the local market for a non-export crop? We need to speak with the exporters and the ICS teams to get their products into the market stream.

### **Marketing**

NOGAMU has trained members to sell directly, but people have not been very consistent and qualities and quantities have not been reliable. UCHUMI expressed dissatisfaction with the organization of the supply chain. NOGAMU can get a bad reputation by assisting the suppliers if they don't deliver what is expected.

### **Farmers' groups**

A challenge is to keep records. A few groups are strong by themselves and are not associated with NGOs.

### **Costs for UgoCert supervision**

A simple calculation on the need for verification would lead to two workdays per group or eighty work days in total. At current UgoCert fee levels (US\$150 per day), this corresponds to US\$12,000, or US\$5 per farmer (which is higher than the costs for big farmers' groups with ICS systems, and lower than the costs for small farmers' groups with ICS). In addition to this there are costs (for NOGAMU and the NGOs) for running the PGS system. Total costs are probably in the range of US\$10 per farmer. With the current market situation and the volume of production by the farmers, it is doubtful that the farmers will be willing to cover such costs, according to NOGAMU.

## Annex 3: Tanzania<sup>28</sup>

The report below is from a meeting with Jane Frank Mambo (Envirocare), Kemilembe Barongo (TanCert), Jordan Gama (TOAM) and Gunnar Rundgren.

There is currently no systematic PGS work in Tanzania, although there are NGOs working with groups of farmers for market access. They also work with the adherence to organic standards. There are around ten operators certified by TanCert to the local standards.

### TanCert

Women from Mukaranga are certified. A research institute paid for their certification. They have not been able to organize the supply and reach the market, as quantities are too small. Farmers (fifty women) were trained by Kihata, an organic NGO. Farmers were inspected individually by TanCert. Cost: 600,000 for inspection.

Mikese farm: will cost four days times US\$150.

TanCert is looking into how to offer a service that is cheaper and more accessible for the local market.

### Envirocare

Works with groups that sell organic. Envirocare has trained them for certification with the assistance of TanCert and TOAM. Some of the farmers are certified (by IMO, with TanCert doing the inspections) for exports for coffee. Envirocare works with some of these farmers for other crops. Envirocare will open a store in Dar for the products of these farmers. Envirocare lacks money to pay for certification. Producers will not be able or willing to pay for certification. Farmers are trained for group certification. Jane thinks the farmers can work as a group.

### TOAM

For export farmers, TOAM promotes third-party certification.

For the domestic market TOAM wants to have simple systems in which groups and NGOs are involved in the monitoring of farmers. The extension worker in a certain area should be responsible for monitoring. Group could make decision based on this monitoring. System is not yet being used. One project with cocoa has already initiated such a set-up.

TOAM discussed with TanCert how TanCert can offer the inspection service to oversee such a system, not necessarily certification.

TAOM will organize a Hivos-supported training session for Internal Quality Management Systems.

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<sup>28</sup> It was not really meaningful to put this general discussion into the case study outline.

## Discussion

The main concern is that current certification systems are costly and tedious. A third-party solution that caters to that is basically fine. It was noted that TBS<sup>29</sup> approval costs are also high; application fee is only 700,000 Tanzanian shillings for a small food processor.

It is important to avoid any conflicts between third-party certifiers and PGS systems.

Conflict-of-interest regulations are posing problems: extension worker can't be used for inspection in third-party-certification.

It is a challenge to prepare farmers for market access.

The NGO's role should be to facilitate the groups rather than be the carrier of the PGS systems. There are concerns about sustainability of NGO funding—projects often last only three years.

Some farmers' groups are strong enough to work with PGS or ICS, but most farmers' groups are too weak to run these systems. A challenge for the NGOs doing the capacity building is to ensure sustainability. Groups built by themselves can be strong. Coffee groups are often strong—developed from the cooperatives. One of the groups for the exports from Dabaga has been formed and is strong.

How can one get farmers involved in export projects to be able to sell their products locally as organic? How can agreements be made by the exporters?

All the three NOAMs are involved in the IQMS project from Hivos. There is a risk of confusion with the IQMS initiative and the PGS initiative.

A simpler system by TanCert using the ICS approach might be a good option.

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<sup>29</sup> Tanzania Bureau of Standards

## TanCert Fee schedule

### Application fee

Category	Level in Tanzanian shillings	Descriptions
Individual operator	30,000	<b>The fees are paid in lump sum when applicants submit the forms to TanCert. The application fee is not refundable.</b>
Individual Processors	30,000	
Producers associations	25,000	
Operator with contracted producers	50,000	

### Inspection fees

#### Daily fees

Category	Level in Tanzanian Shillings	Descriptions
Individual operators	100,000	All levels are rated per day of inspection work, traveling, and writing of inspection report
Society/ Association/Farm group	120,000	
Operator with contracted producers	150,000	
Processor	150,000	
Big farms	150,000	

### Other fees

The operator will meet transport and accommodation costs for the inspector. This will be worked out and agreed with TanCert before an inspector is assigned to the inspection work.

### Certification fee

Category	Level in Tanzanian shillings	Description
Small individual farms	20,000	Small-scale processor is one where no factory is involved.
Society/ association/farm group	80,000	
Operator with contracted farmers	100,000	
Processor at small scale	60,000	
Processor at factory level	100,000	
Big farms	100,000	

### Cost Estimate

Once an application is approved, the administration officer will work out a cost estimate for inspection and certification fees and present it to the operator. Once an agreement is reached, the administration officer will issue an invoice for the agreed sum, which is payable in full *before* inspection takes place.

## Annex 4: IFOAM PGS Concept Paper

### **Participatory Guarantee Systems – Shared Vision, Shared Ideals**

#### **Introduction**

There are dozens of Participatory Guarantee Systems serving farmers and consumers around the world. Although details of methodology and process vary, the consistency of core principles across countries and continents is remarkable. The elements and characteristics outlined here demonstrate our shared vision but are not meant to concretely direct existing or future PGS programs towards conformity or “normalization.” The very life-blood of these programs lies in the fact that they are created by the very farmers and consumers that they serve. As such, they are adopted and specific to the individual communities, geographies, politics and markets of their origin. This document of Key Elements and Key Characteristics is then respectfully presented only to highlight those elements that do remain consistent across PGS systems –the Shared Vision and Shared Ideals that have brought them together.

#### **The Mission of the Working Group**

The PGS Working Group will develop, facilitate and encourage Participatory Guarantee Systems (PGS) around the world. While we work to identify and synthesize key elements and characteristics of a PGS, we will maintain a fundamentally open and inclusive attitude to the many and various ways a PGS can function.

#### **PGS Philosophy grows from Organic Philosophy**

Participatory Guarantee Systems subscribe to the same ideals that guided yesterday’s pioneering organic farmers. PGS programs require a fundamentally ecological approach to agriculture that uses no synthetic chemical pesticides, fertilizers or GMOs, and further sustains farmers and workers in a cradle of long-term economic sustainability and social justice. The primarily local and direct market focus of PGS programs encourages community building, environmental protection and support to local economies in general.

#### **PGS Philosophy (Fundamental Values)**

Participatory Guarantee Systems share a common goal with change to third-party certification systems in providing a credible guarantee for consumers seeking organic produce. The difference is in approach. As the name suggests, direct participation of farmers and even consumers in the certification process is not only encouraged but may be required. Such involvement is entirely realistic in the context of the small farms and local, direct markets that PGS systems are most likely to serve. Active participation on the part of the stakeholders results in greater empowerment but also greater responsibility. This requires PGS programs to place a high priority on knowledge and capacity building –not only for producers but for consumers as well. This direct involvement allows PGS programs to be less onerous in terms of

paperwork and record-keeping requirements –an important element, since PGS systems seek to be absolutely inclusive in bringing small farmers into an organic system of production. In stark contrast to existing certification programs that start with the idea that farmers must prove they are in compliance to be certified, PGS programs use an integrity based approach that starts with a foundation of trust. It builds from there with an unparalleled transparency and openness, maintained in an environment that minimizes hierarchies and administrative levels.

## **B) Key Elements**

### **1. Shared Vision**

A fundamental strength of the Participatory Guarantee System lies in the conscious shared vision that farmers and consumers have in the core principles guiding the program. While PGS programs may vary in the level of actual participation, they thrive because of the active awareness of why, how, and not least of all WHO is being served.

### **2. Participatory**

Participatory certification is based on a methodology presupposing intense involvement by those interested in the production and consumption of these products. Principles and rules for organic production are conceived and applied with the contribution of all stakeholders – producers, consultants and consumers. The credibility of the production quality is a consequence of participation.

### **3. Transparency**

All stakeholders, including farmers, must be aware of exactly how the guarantee mechanism generally works, the process and how decisions are made. This does not mean that every detail is known by everyone but rather a basic understanding of how the system functions. People should be aware about the criteria of how decision on certification is made, especially the reason why some farm cannot be certified. This implies that there must be some written documents available about the PGS and the documents are made available to all interested parties.

Privacy and commercially sensitive information of producers gathered during the operation of PGS must be treated with confidentiality. But such confidentiality should not be used to compromise the transparency principle. This may seem in conflict with transparency but a line must be drawn between privacy and commercially sensitive information, on the one hand, and access to information for the purpose of transparency.

### **4. Trust - “integrity based approach”**

The advocates of PGS hold to the idea that farmers can be trusted and the organic certification system should be an expression of this trust. It should reflect a community’s capacity to demonstrate this trust through the application of their different social and cultural control mechanisms, providing the necessary oversight to ensure the organic integrity of their organic farmers. Thus, a variety of culturally specific (local) quantitative and qualitative mechanisms for demonstrating and measuring organic integrity are recognized and celebrated. These are integral to the certification process.

### **5. Learning Process**

The intent of most PGS has been to provide more than a certificate, also aiming to provide the tools and mechanisms for supporting sustainable community and organic development where the livelihoods and status of farmers can be enhanced. It is important that the process of certification contributes to the construction of knowledge nets that are built by all the actors involved in the production and consumption of the organic product. The effective involvement of farmers,

consultants and consumers on the elaboration and verification of the principles and rules not only leads to the generation of credibility of the organic product, but also to a permanent process of learning which develops capacities in the communities involved.

## **6. Horizontality.**

Horizontality means sharing of power. The verification of the organic quality of a product or process is not concentrated in the hands of few. All involved on the process of participatory certification have the same level of responsibility and capacity to establish the organic quality of a product or process.

### **C) Key Features of a PGS**

- 1 **Norms conceived by the stakeholders** through a democratic and participatory process, but always in accordance with the commonly understood sense of what constitutes an organic product. The norms should stimulate creativity, which is a characteristic of organic farmers, instead of inhibit it.
- 2 **Grassroots Organization:** The Participatory Certification should be perceived as a result of a social dynamic, based on an active organization of all stakeholders.
- 3 **Is appropriate to smallholder agriculture**, because the participatory nature and horizontal structure of the programs allows for more appropriate and less costly mechanisms of certification, and actually highlights and celebrates and encourages consumers to seek out smallholders.
- 4 **Principles and values** that enhance the livelihoods and well being of farming families and promote organic agriculture.
- 5 **Documented management systems and procedures** – There may be minimal paperwork required of farmers but there will be ways in which they are expected to demonstrate their organic commitment and integrity, these ways should be documented by the PGS.
- 6 **Mechanisms to verify farmer's compliance** to the established norms, which is able to stimulate participation, organization, and which allow a learning process for all the stakeholders.
- 7 **Mechanisms for supporting farmers** to produce organic products and be certified as organic farmers, to include field advisors, newsletters, farm visits, web sites etc.
- 8 Should have a bottom-line document, for example a **farmer's pledge** stating his/her agreement with the established norms.
- 9 **Seals or labels** providing evidence of organic status.
- 10 **Clear and previously defined consequences** for farmers not complying with standards, actions recorded in a data base or made public in some way.

Participatory Guarantee Systems / Concept Working Paper

## Annex 5: Main features of different quality assurance systems<sup>30</sup>

*Note: Grower Group certification as presented here is linked to third-party certification, as the groups are subject to third-party certification.*

<b>Third-party certification</b>	<b>Grower group certification with ICS</b>	<b>Participatory Guarantee Systems (PGS)</b>	<b>Self claims / declaration of conformity</b>
<b>General</b> Conformity assessment by an independent body; impartial and objective ISO and IFOAM norms	Assurance based on external evaluation of an internal control system	Assurance based on internal quality "control" / co-responsibility system of a group or network of operators and interested parties in the production, distribution and consumption or use of the product or service	Assurance based on suppliers' or producers' claims
<b>Set-up:</b> Any legal entity - Governmental department - NGO - Non-profit foundation - Private company	Legal entity Self-organized / buyer organized Contracted out organization (NGO, local authorities)	Informal and formal groups - Farmers' association - Consumer cooperative - Clubs - Marketing organizations - NGOs	Mainly informal, but can take the form of organized quality assurance
<b>Scope</b> Local, regional, national or international	Local, regional, national or international Group normally has homogenous production and centralized marketing Claim of certification only valid when marketing through centralized channel	Local, regional or national Production can be diverse and marketing is not always centralized PGS members are certified as individuals	Mainly direct marketing channels
<b>Participation</b> Open to all (non-discriminatory) Market-value driven	Contract or membership (production based) Single interest (production) dominating Group may be self-organized, organized by a common buyer or an NGO	Groups are generally self-organized based on common social, political and economic agenda. Membership criteria may be discriminatory (e.g., only small farms)	Individuals mainly However also exist as network of producers organized by a wholeseller, for example
<b>Governance</b> No single interest predominating - clear line of authority - no delegation of decision - conflict of interest management	Contract terms Election (self-organized groups) Appointment (group contracted) Buyer (individual contracts)	Elections Co-responsibility, decentralized decision making emphasizing empowerment and capacity building	Not applicable

<sup>30</sup> Based on paper developed by Grolink (2006).

<b>Third-party certification</b>	<b>Grower group certification with ICS</b>	<b>Participatory Guarantee Systems (PGS)</b>	<b>Self claims / declaration of conformity</b>
<p><b>Standards and norms</b></p> <p>Detailed production and processing requirement</p> <p><i>Private standards and regulation</i></p> <p><i>Existing international norms</i></p>	<p>Detailed production and processing requirement</p> <p>But often a simplified standard for the farmers</p> <p><i>Private standards and regulation</i></p> <p><i>Existing international norms</i></p> <p><i>Product quality requirements often part of standard</i></p>	<p>Inclusion of social norms alongside production and processing norms is common</p> <p>May not be detailed (only a set of principles, values and ideology)</p> <p>May or may not conform to regulation and international norms</p>	<p>Can be to any standards or own standards developed by the supplier or producer</p> <p>May or may not conform to regulation and international norms</p>
<p><b>Standard and norm setting</b></p> <p>NA for all</p> <p>Stakeholders' input where applicable</p>	<p>May include additional standards and norms (beyond the certification requirements) by board, membership or buyer</p>	<p>Board or membership</p>	<p>NA</p>
<p><b>Quality assurance</b></p> <p>Quality manual</p> <p>Internal review</p> <p>External evaluation and/or accreditation (regulatory or market requirement)</p> <p>No requirement for training of operators</p> <p>May not assist producers to comply with standards</p> <p>-documentation</p> <p>-internal audit</p> <p>-complaints</p> <p>-confidentiality</p> <p>-document control</p> <p>-public access</p> <p><b>-record keeping</b></p>	<p>Documented system, following requirements set by the certification body</p> <p>Internal "inspections"</p> <p>Focus on managers and field officers/inspectors to ensure compliance through Internal Control Systems</p> <p>Preliminary screening and performance criteria for inclusion of members</p> <p>Training of members</p>	<p>Focus on training and value formation of members. Also empowering members to take an active role in the norm setting and certification process</p> <p>Rely on <b>social conformity</b> enhanced through procedures and social conventions</p> <p>Involvement of different interested parties (including consumer participation)</p> <p>Minimal bureaucracy to maintain low costs to farmers and time filling out papers</p>	<p>Credibility and integrity of supplier</p> <p>Can be enhanced by transparency (e.g., consumers visiting producers, buying off farm)</p> <p>Documentation: from nothing to sophisticated</p>
<p><b>Verification</b></p> <p>Documentation</p> <p>Inspection by trained professionals</p> <p>Sample testing</p> <p>Chain of custody</p>	<p>ICS system to use same methodology as certification body</p> <p>External inspection to evaluate the group ICS performance and effectiveness based on doc review and sampling of members' farms</p>	<p>Membership pledge and affidavits</p> <p>Peer review visits and evaluation</p> <p>Sometimes a more direct "inspection"</p>	<p>Self-declaration</p> <p>Documented systems and internal checklists may be used</p>
<p><b>Certification</b></p> <p>Separate decision</p>	<p>"internal decision" but subject to acceptance by external CB</p>	<p>Collective decentralized decision making</p>	<p>NA</p>
<p><b>Separation of roles</b></p>			

<b>Third-party certification</b>	<b>Grower group certification with ICS</b>	<b>Participatory Guarantee Systems (PGS)</b>	<b>Self claims / declaration of conformity</b>
Separation of inspection and certification functions May not give specific advice	Advisory and internal inspection can be integrated	Advisory and peer review and inspection are often integrated	NA
<b>Communication about quality</b> Use of certification mark <sup>31</sup>	Use of certification mark	Use of common label, logo or seal	Use of label
<b>Transparency</b> Publication of policy, norms, operating manuals and annual reports Little transparency regarding certified operators	Private system transparent only to CB	Transparency and open access to information is the norm. Some operate mainly on oral accounts; most get along with minimal paperwork; a few feature farm videos on the Internet	From nothing to highly transparent
<b>Funding and resources</b> Service fees	Market sales cover the costs of the system	Rely greatly on voluntary work. Direct costs are covered by membership dues, donation, and/or percentage of sales	Very few costs

<sup>31</sup> The use of certification marks has declined in recent decades. Increasingly, producers prefer generic logos such as the NOP, the EU logo and the German Bio logo. These are organic quality assurance marks, or marketing marks, based on certification but not tied to a particular certification body.