



PGS + Project

“Developing an integrated participatory guarantee system in the Pacific Islands in support of sustainable production of high-value vegetable crops”

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Issues – Market Access – Vegetables

History of past failure

Value Chain investigation shows these issues: **Poor quality, unreliable supply**

But more complex:

- Small farms, low volume
- Transport inadequacies
- Poor prod. Knowledge
- Entrenched middlemen
- Rent seeking

Answers:

- Farmers marketing groups?
Collection Centres? Coops?

Long history of failure after donor leaves... Unsustainable



PGS Farmers group members

Answers to the problems -
a new and sustainable
model - PGS

PGS IMPACT

- Four pilot PGS functioning for over 1 ½ years
- Three new PGS started, ten in formation (700 farmers)
- Strategic Alliances (MOA's) with four leading resorts, now three more
- Some 58 farmer members given business, marketing and production skills, training ongoing another 90 (Nanoco) and 45 Tonia (Tailevu).
- Sold 40 tonnes premium grade tomatoes
- For \$170,000 which is about \$80,000 more than market

Past Research

Researchers such as Vinning (2006), Young & Vinning (2006), Johns (2013) Martin (2011) and Stukey (2014) found that:

To meet the tourism sector's needs, producers' groups have to significantly improve level of organisational and business **skills**

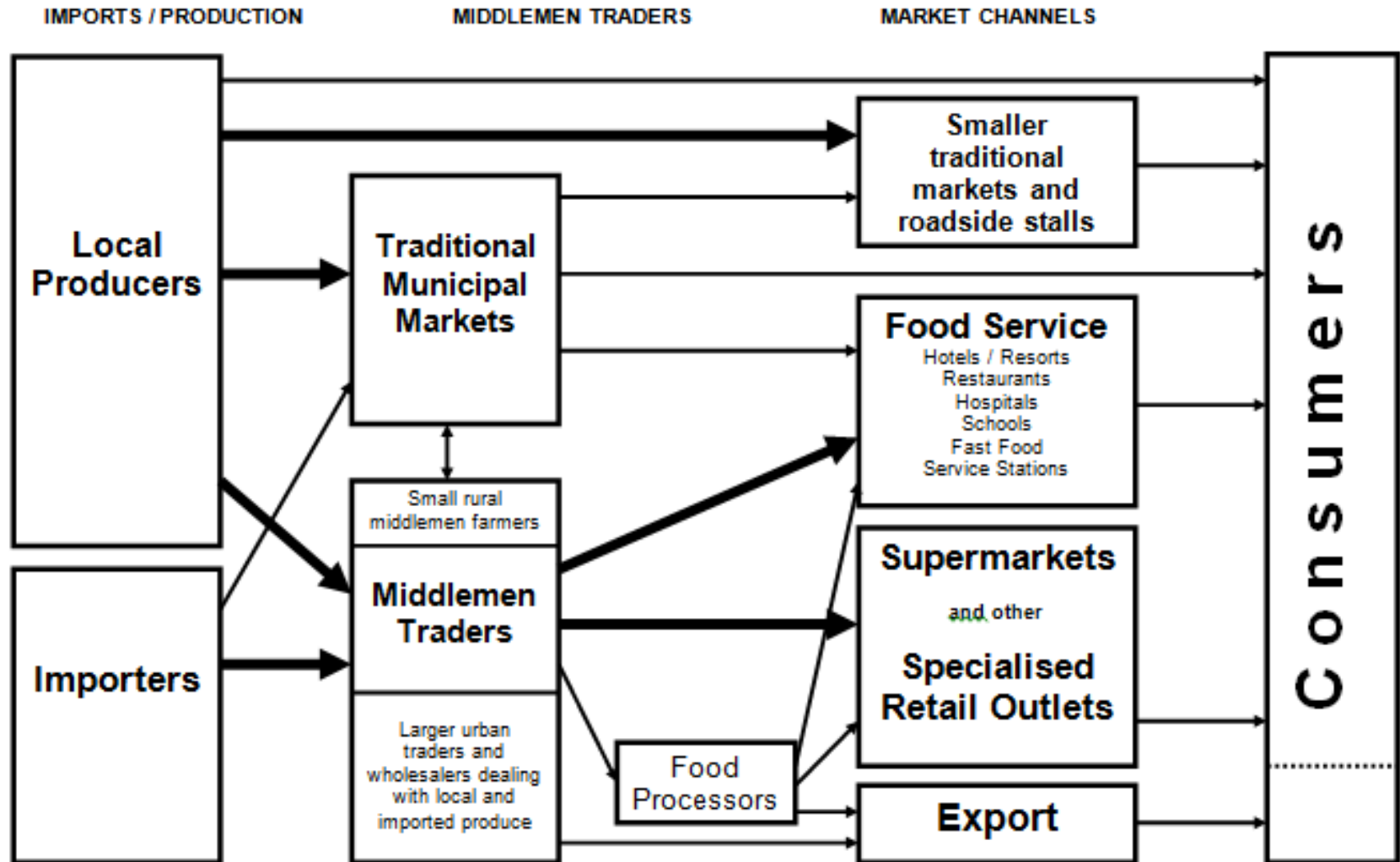
- **Volume** required was greater than smallholders' could supply.
- Resorts require supplier to provide 30 day **credit**, difficult for smallholders.
- And need is for: **reliability, consistency,** and right **price**.

International experience shows farmers market groups often **unsustainable** eg two years after donors leave, 60 - 80% fail (consistent with presenter's experience) .



Do we need a new model for effectiveness and sustainability?

Tomato Value Chain - 2013



Need a new model -What is PGS?

*“Participatory Guarantee Systems are locally focused **quality assurance systems**. They contractually guarantee the link between producers and market based on active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange”- (IFOAM definition, 2008 and current).*



Guarantees **standards**, of product, of reliability, consistency and volume to market. Contractual arrangements of guarantee. Involves “whole of chain” approach.

Participant Guarantee System (PGS) in the Pacific – Fiji and the Solomon Islands

In 2013 a project under auspices of **PARDI** began with 4 farmers groups involving 58 farmers in Fiji. Similarly in the Solomon Islands 2 groups with 12 farmers. Joined with Post Harvest and Market Investigations.

First shipment tomatoes 100Kg from Qerqere Sept 2013

Since then they have shipped approx 10 tons, made \$45,000



PGS Project Objectives

- 1. Research:** Better understand and document vegetable market and smallholder access.
- 2. Structure & skills:** Improve coordination and access high-value vegetable sales for farmers in Fiji (Sigatoka Valley & Koronivia, Nanoco, Nandi) and Solomon Islands (Guadalcanal). Applied research to prove the model.



- 3. Inputs:** Strengthen key critical value chain inputs like seeds, compost, know how to enhance long term PGS adoption

PGS – a robust model

This quality assurance marketing system offers **benefits** :

Based on economies of scale through joint farmer action

But so does every other Farmers Group

So what is different?

Principles of PGS Groups

After Tim Martin (FAO 2011)



Agreement required by members Beginnings of differentiation:

- Voluntary, open membership, self selected, choice to adopt PGS
- Democratic control
- Consistency of product
- Reliability of supply (cool room)
- Agreed volume
- Commit their produce to group.
- Non-profit organisation
- Contribute up to 20% of sales
- Education - skills training and production information

What Else?

Some **differentiation**:

- **Ownership and Commitment** (It is your business - no dependency) **Farmers are empowered.**
- **Trust** – of paramount importance
- **Business Planning**
- **Transparency**
- **Good management, good advice**
- **Adequate Capital** – from within
- **Planting material and other quality inputs**
- **Conflict Management**
- **Members lose some independence, gain a groups strengthening**

PGS - A Different Model

- **Guarantee** – MOA between farmers and resorts
- **No Credit**
- Services **Self Funded** from sales & savings
- **Business**. Not for free! Commitment
- **Company**, run by the Executive and members (modernisation)
- **Ongoing Support** from self funded Business Support
- **Organic Focus** – where possible, and moving to organic.
- **Formal Market Arrangements** MOA, Contracts
- **Articles, Rules:**
 - **Internal organisation & Management**
 - **Funds management**
 - **Share capital**
 - **Members contribution from sales - Working Capital**

PGS Group Formation

1. **Initiation:**
2. **Awareness Meetings:**
3. **Formation Meeting:**
4. **Training:** Production, marketing, business skills, finances, governance.
5. **Operations:**



Business Plans – Planting Schedule

example: Narata

Planting schedules – monthly programme.

January Ravuama Sakiusa Isaia Viliame Korokorovata	February Meli Nemia Epi Emosi	March Mara Vilikesa Nataqiri Peni
April Rt Ilisoni Ravuama Tanikei Isaia	May Viliame Sakiusa Meli Nemia	June Epi Emosi Mara Vilikesa
July Nataqiri Peni Rt Ilisoni Tanikei	August Ravuama Sakiusa Isaia Viliame	September Meli Nemia Epi Emosi
October Mara Vilikesa Nataqiri Peni	November Rt. Ilisoni Tanikei Ravuama Isaia	December Viliame Meli Epi Emosi

Content Includes:

- Business Objectives
- Resource Requirements
- Production Plan
- Management Plan
- Marketing Plan
- Financial Plan – Cash flow budget

Each member plants $\frac{1}{4}$ acre
 In teams of four in
 succession.

Production Plan

Tomatoes – Indicative Production Schedule For Qereqere Farmers PGS Groups: Eight plantings of four farmers each of 1/4th of an acre, total 1 acre per month

Activity	Dec '13	Jan '14	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
A.1. Land, seedling Preparation	■												
2. Transplanting		■											
3. Maintenance			■										
4. Harvesting				■									
5. Governance			- - - - -										
B.1. Land, seedling Preparation		■											
2. Transplanting			■										
3. Maintenance				■									
4. Harvesting					■								
C.1. Land, seedling Preparation			■										
2. Transplanting				■									
3. Maintenance					■								
4. Harvesting						■							
D.1. Land, seedling Preparation				■									
2. Transplanting					■								
3. Maintenance						■							
4. Harvesting							■						
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3. Maintenance							■						
4. Harvesting								■					
B. 1. Land, seedling Preparation						■							
2. Transplanting							■						
3. Maintenance								■					
4. Harvesting									■				
C. 1. Land, seedling Preparation							■						
2. Transplanting								■					
3. Maintenance									■				
4. Harvesting										■			

Replicable Model - Vegetables

- **Outscalable Model:** We believe the PGS Model in Fiji and Solomon Islands is transferable with powerful effect in other PIC's.
- **Commercialisation/modernisation:** But training/mentoring of farmers is needed, in Bookkeeping, farm management, business skills, post-harvest tech.
- **Challenge of Climate Change:** Increasing problems, need for resilient farmers marketing structures. Predicted to deteriorate further. Group marketing spreads risk.

Grade 1 – no defects



Grade 2 – minor defects



Formal Agreements Between PGS Groups and Resorts (MOA)



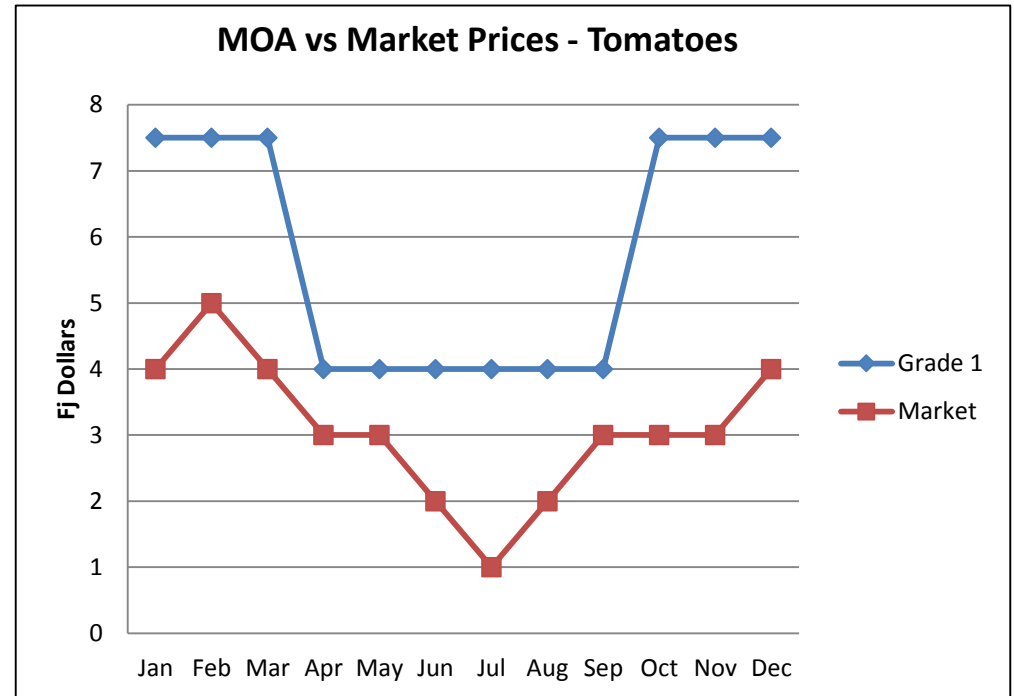
Koronivia PGS and GM of Grand Pacific Hotel

**About double market is paid
(\$80,000 extra for farmers so far)**

MOA specifies quantity (min), quality, packaging, logistics and prices (two tier season)

It is a “strategic alliance” import replacement arrangement

It is a “win-win” for both parties



Impact - outputs

After 2 Years: Consolidation -

roles of executive board members, management. Pilots replicable.

Marketing is operational, quality grading, branding, packaging, MOA's

About two thirds of our Groups (including in formation) are fully organic.

The PGS "model" is close to being "proved" in Fiji.

Our model is unique in Fiji, and follows work overseas (eg 100 such groups in Baluchistan)



A suite of publications downloaded over 1000 times – Handbook, Training Modules is available at <http://www.spc.int/lrd/pardi-publications/pgs-package>

Impact

Supplying premium tomatoes to leading resorts and hotels: Shangri-La and Intercontinental (Coral Coast – Sigatoka); Grand Pacific Hotel and Holiday Inn (Suva – Koronivia)

MOA's established, guarantees followed

Packaging, quality, grading, reliability, consistency and volume for import replacement: lessons learned. Prices around double municipal markets

Income, improving farmers standard of living

Structure, training, materials developed

Model about to be replicated in Fiji, and is ready for outscaling

Kava Projects underway (12 PGS Groups all Organic).



Sales



Skills training

PLANS

- **Diversification of products (Brassica, native species etc)**
- **Outscaling – additional PGS (long run 40 PGS across the country).**
- **Organic certification**
- **Upscaling – Further Resorts MOA's, diversification, Now 23 Groups, 18 are Organic.**



Challenges – Way Ahead

- **Consideration for supplying ALL the import replacement quality vegetables (40 – 60 PGS)**
- **Movement to Organics. All Yaqona PGS for export must be organic (Export recognition)**
- **Cottage Industry for PGS Village Ladies (Chickens, Jam –value added)**
- **Use of plastic sheds, irrigation to ensure supply every week of the year – Expensive!**



Vinaka vaka levu

