

Name of PGS: Hansalim-PGS

Location: South Korea

Production method: Organic

Number of producers involved: 780 producers certified, 2,200 involved in total

Number of eaters involved: around 3 million (770,000 member households)

Type of products: Range of more than 2000 products. These include: rice, grains, vegetables, fruits, nuts, meat, eggs, milk and seafood, dairy products, fruit jam, sauces, tofu, noodles, dumplings, snacks, cosmetics, eco-friendly detergent, toilet rolls, naturally dyed pottery and books.

Type of market: Online store and Hansalim shops

Starting date of the Hansalim-PGS: 2017

Rationale and Context

Hansalim it is an organic cooperative in South Korea that unites farmers and consumers as members. Consumers can access products in Hansalim shops around the country or order online for home delivery. Farmers sell directly to Hansalim through contract farming.

Hansalim is rooted in a strong philosophy and activism. It represents a movement that strives for solidarity between rural and urban areas, healthy food, a decent livelihood for farmers, protection of the environment as well as food self-sufficiency. The compound of the words Han and Salim means “saving all living things”. When Hansalim started in 1986 as a small grain store selling organic grain, it was a time of agricultural crises and decline of rural communities in South Korea. Concerns about trade liberalizations, urbanization and environmental destruction brought consumers and farmers together in Hansalim to jointly work on changing society and agriculture.

Until today, Hansalim’s activities are not limited to marketing organic food. Much of the work is focused on community building and support to farmers, as well as advocating for organic farming and food self-sufficiency as a way of preserving Korean agriculture and ensuring sustainability.

Discussions within Hansalim about standards and certification have been going on since the early days of the movement. In the 1990s, Hansalim worked on the development of an independent certification system. In 1997 a national organic certification was introduced and Hansalim decided to use the official system and most Hansalim producers got certified. Many stakeholders in Hansalim were never satisfied with the national certification and criticized the strong focus on food safety and residue testing, and the lack of connection to the real values of organic farming. Thus, discussions about alternative certification continued. In 2012, Hansalim started a certification scheme for low-pesticide fruits. Hansalim stakeholders had decided to accept this special category of products that was outside of the scope of national organic certification. This new scheme already included many elements of PGS and can be considered a prototype of the current Hansalim-PGS.

The development and piloting of the Hansalim-PGS system took place between 2017 and 2019. The official launch followed in 2020 and it is foreseen to become mandatory for all Hansalim farmers by 2025. Not everybody agrees with the decision to make PGS-certification a requirement. Some farmers perceive the Hansalim-PGS as an additional double-certification burden. Indeed the majority of Hansalim farmers are dependent on national certification for their other marketing channels and to receive government subsidies, thus will have two certifications in the future.

The introduction of PGS is considered important because it reinforces the values and principles of organic farming and supports continuous improvements in farming. Through the PGS, knowledge sharing and mutual support between producers is strengthened. Consumers trust is increased and consumers gain deeper understanding and awareness of the challenges and hardships of the producers.

Stakeholder Involvement in the Operation of the PGS

Consumers and producers are at the core of Hansalim by nature of the organization. They take part in joint decision-making and meet each other during various events and meetings. Hansalim has developed a sophisticated participation and engagement system for all members. Many elements of the way the network

operates including production planning, price-setting, producer support measures and the decision-making processes have been designed over many years and are the result of long debates and discussions between stakeholders.

Hansalim is structured in many sub-groups and associations. Producers are organized in two levels: the Hansalim Producer Association and the production communities. The Producer Association constitutes a platform for representing all producers within Hansalim. Among other things this body is responsible for approving new producer members into the network. At the local level Hansalim producers are organized on in 127 production communities. New farmer members can either join an existing community or create a new one consisting of at least 5 members. Producers in these communities cooperate and support each other. The communities are also an important element in the operation of the Hansalim-PGS: they set-up their own autonomous PGS management, including record-keeping and site inspections for all farms.

Consumers are organized in 23 local cooperatives. Every new consumer member receives an introductory course on agriculture and nutrition. One of the objectives of the course is to enhance consumer knowledge and understanding about challenges of farming and to form their attitude and mindset towards farmers. Consumer members participate in all stages of the Hansalim-PGS: they take part in inspections, standards discussion, certification approval, as well as promotion of Hansalim-PGS certified products and education for other consumer members about the PGS. In the certification process they represent an outside perspective, and at the same time develop a deeper understanding about the hardships of farmers.

Hansalim headquarters in Seoul is responsible for coordinating all activities, including distribution and marketing. Among the employees is a five-person PGS team in charge of the coordination and operation of the PGS initiative. Staff in the headquarters also coordinate the various bodies within Hansalim, all composed of producers, consumers, staff and external experts. This includes the Board of Directors (the highest decision-making body in Hansalim) as well as the PGS Certification Committee, which grants certification and decides on the general direction of the PGS initiative. In the future, regional PGS Certification Committees will be created, in order to decentralize the certification process and enable local stakeholders to take ownership.

Production, marketing, philosophy and production principles

Hansalim unites 2,200 producer members, 150 processing sites and reaches annual sales of 400 million Euros. The range of more than 2000 products includes farm and processed food products (dairy products, jams, sauces, tofu, noodles, dumplings and snacks) as well as non-food products like cosmetics, eco-friendly detergent, toilet roll, naturally dyed pottery and books. Currently, 70 out of the 127 producer communities are certified through the PGS. At the moment PGS is only used for farmers, but an expansion to processors is foreseen



Consumers can order the products online or buy them in the 204 Hansalim shops around the country. These are also open to non-members, but they have to pay a 10% surcharge. Hansalim uses its own PGS-label and a QR code on the packaging allows to check the production information on the Hansalim website.

Self-sufficiency is a core priority and only Korean products can be found in Hansalim shops. Special labels give visibility to food grown from local (Korean) seeds and livestock products from animals which were feed with local (Korean) feed.

Hansalim promotes an approach based on direct sales of organic food between the rural and the urban areas. According to Hansalim’s principle of common responsibility farmers are responsible for the healthy lives of consumers and consumers bear responsibility for the livelihood of the farmers. This is reflected in the way production and prices are planned. Prices are not subject to market fluctuations. Producers, consumers, and employees all gather before the planting for the upcoming year and, at this open meeting, they collaboratively plan the production and decide on the prices for the following year. Farmers sell directly to Hansalim through contract farming and get a fixed share of 72% from the final sales price. The remaining 28% are used to finance the operation of Hansalim, including all the transport and marketing. Hansalim is a non-profit organization and any surplus revenue is reinvested.

In order to support producers in periods of hardship, a special Price Stabilization Fund was set-up in 2012 and 0.2% of the Gross Profit Ratio is paid into this fund. In addition, the same amount of money is raised by producers. The fund is used to compensate producers for their loss, if an unexpected event occurs and the harvest is less than 50% of the normal volume. Hansalim has also set-up a finance platform, through which members can apply for investments grants.

Production requirements for producers are similar to those in the national organic regulation. In addition to organic products, seven types of fruits produced with some use of chemical pesticides are accepted. Detailed rules for this exception have been defined in the Hansalim production standards and the products are marked with a special label that differentiates them from the organic products, to ensure transparency.

Korean consumers are very concerned about food safety. Therefore, food sold at the shops is frequently tested for residues of chemicals and pesticides, but also radiation levels in the aftermath of the Fukushima disaster.

Functioning and Structure

Every year, producers sign a new contract and renew their commitment to the values of Hansalim. When new producers want to join, they are asked to complete an educational program and join a production community for one year of prospective membership. During this period they develop an understanding of the Hansalim vision, the standards and the community activities. Once this period is completed, the Hansalim Producer Association decides about the approval of the producer as Hansalim member. This application process has been established over many years and is independent of the relatively new PGS process. Once the production community has successfully completed the certification process, all new members will be integrated into the PGS-certification through the community.

All communities, the basic level of operation of the Hansalim-PGS, carry out their autonomous PGS management. A local secretary, frequently one of the farmers of the community, is responsible for maintaining and updating information about each farm and to arrange regular trainings and meetings. Twice per year, all members of the community gather to carry out site visits of all farms, to verify conformity with the standards. Bigger communities may form subgroups. Observations about the farming practices and needs for improvements are recorded in a site visit report.

Each community is then visited once per year by an “external” verification team, consisting of at least 3 persons: one producer from a different community, one consumer and one Hansalim staff member, all previously trained to carry out this verification. Other members of Hansalim may join as additional visitors. The team reviews the status of autonomous management of the production community and visits a sample of the farms. Production is looked into, but special attention is paid to how the community operates, how they organize trainings and meetings and how challenges are managed. These visits aim at reviewing the practices and PGS management, but also supporting the producers by sharing knowledge and jointly reflecting about improvements. Information about challenges that producers face is collected in order to share it within the Hansalim network. Findings and observations are summarized in a report.

The certification decision is taken after the “external” verification, by the Hansalim PGS Certification Committee. Composed of producers, consumers, staff members and external experts, this committee meets once per month and reviews all the reports from the “external” verification, verifies the suitability of Hansalim-PGS certification, and then issues certificates to the production communities.

Once certification has been granted follow-up action will take place throughout the year. The production community will continue their autonomous management and implement recommendations, but also staff members from the PGS team will follow-up and continuously communicate and support the producers.

In case problems are identified, either during the external check or during the deliberations of the PGS Certification Committee, the production community will be informed and asked to prepare an improvement plan. Non-compliances are categorized into minor, major and internal violation, and the corrective measures are adopted accordingly.

The PGS certificates are issued not to the individual producer, but to the community and many of the common recommendations and improvements requested relate to the functioning of the PGS management

within the community. However, if there are issues with individual producers, they will be addressed separately and sanctions may also apply to them individually.

Costs and funding of the PGS program

The main expenses for the operation of the PGS are the salaries for the 5 members of the Hansalim PGS team. A smaller amount is used to cover expenses related to meetings and travel, including reimbursements of the “external” check teams. These expenses are funded from the general Hansalim budget (28% of the total sales). It is not foreseen to ask for any additional fees related to the PGS certification. On the local level, producers usually pay a small contribution to compensate the local secretary in their communities.

Any additional information or advise

The Hansalim PGS is built on the values of Hansalim and follows the Hansalim spirit: make sure to identify your core values and build your PGS in a way that fits and serves those values. Listen to the needs and concerns of all stakeholders and make sure to address them in the design of your PGS.

PGS should be a way to show and increase respect for the hard work and efforts by the farmer. Take measures to avoid the emergence of an atmosphere of inspection or control, that would make people think, someone needs to come and make sure the farmer “is not cheating”.

Sources:

- Interview and additional information obtained from the Hansalim PGS team
- Hansalim PGS website: <https://hansalimpgs-modoo-at>
- Chang, Jennifer (2014) Hansalim Organic Cooperative – A Best Practice Model of Direct Sales between Farmers and Consumers. Presentation at: IFOAM Organic World Congress 2014, Istanbul, Turkey, 13-15 October 2014. <http://orgprints.org/24218>