

	Participatory Guarantee System	Third Party Certification
What is it?	Assurance system with (1) a specific set of verifiable standards, (2) evidence requirements for each standard, and (3) a process of regularly assessing evidence to ensure the standards are met.	Assurance system with (1) a specific set of verifiable standards, (2) evidence requirements for each standard, and (3) a process of regularly assessing evidence to ensure the standards are met.
Source of best practices?	Elinor Ostrom's Nobel Prize-winning design principles for governing common resources	ISO and International Social and Environmental Accreditation and Labelling (ISEAL) Alliance
When should it be used?	Only suitable for purpose-driven enterprises with relational trade and a commitment to transparency	Required for companies under profit-maximizing structures with transactional trade and "trade secrets"
Who is involved?	Active participants in the system. Clearly defined boundary for being recognized as a participant. Includes the verified producers and enterprises.	Central standards owner, private certification agency that conduct audits, and accreditation body that oversees certification agencies.
Who sets the standards?	Distributed. All participants involved. Those who are affected by the rules participate in improving the rules	Centralized. Under a single institution. Participatory governance not required.
Who monitors?	External assessment required according to fixed monitoring schedule. Monitors are drawn from or accountable to the participants. Process developed by participants to ensure credibility. Crowdsourced monitoring based on public and transparent claims	External assessment required according to fixed monitoring schedule. Monitors are employees of private certification agencies, which may have financial interests in issuing certifications. Overseen by accreditation bodies.
Costs?	Designed to reduce costs and increase participation by small-scale producers and enterprises	Involvement of multiple private institutions increases costs and reduces accessibility
Advisory support?	Focused on continuous improvement of all participants Monitors encouraged to provide advisory support.	Employees of certification agencies not permitted to provide advisory support services
Government recognition?	Voluntary system. Some governments have explicitly recognized participatory guarantee systems alongside third party certification. This is usually based on high levels of public trust and inclusion of small enterprise	Voluntary system. Government regulation usually focuses on third-party certification to protect consumers and address socialwashing and greenwashing concerns.