

1ST TECHNICAL WORKING GROUP MEETING ON THE ASSESSMENT OF ORGANIC CERTIFICATION IN THE COCONUT OIL VALUE CHAIN IN THE PHILIPPINES

Legazpi 1, Makati Diamond Hotel, Makati
25 November 2019

MEETING NOTES

HIGHLIGHTS:

I. OPENING PROGRAMME

- DTI-FTSC Executive Director Magnolia Ashley hosted and facilitated the opening program, with 56 participants from various coconut oil industry stakeholders including government agencies, international organizations, farmer groups, and private companies in attendance.
- PCA OIC-Administrator Roel M. Rosales in his opening remarks mentioned the challenges faced by the sector despite being a million-dollar earner, that coconut farmers remain poor and the sector continue to be vulnerable to climate change.
- DTI Undersecretary Rowel Barba in his welcoming remarks also acknowledged the importance of the contribution of the coconut sector to the Philippine economy. He highlighted the objective of the TWG meeting which is to provide an avenue for coconut oil industry stakeholders to discuss the current situation of the industry and consider the policy options and recommendations of the UNCTAD study. He also mentioned the possibility to convene the second session sometime in the first quarter of 2020.
- VCOP Executive Director Agnes Cristobal presented the updates on the virgin coconut oil industry noting that North America remains the country's biggest market for VCO. She also mentioned the difficulty of small (MSME) producers to obtain organic certification which is too costly for them to shoulder. In addition, Ms. Cristobal mentioned the negative campaign of the American Heart Association in 2016 affecting the sector's revenue since 2016, yet there is still no major study conducted by the government nor the private sector to counter such allegations.
- Ms. Miho Shirotori and Ms. Cecilia Heuser of UNCTAD shared the history, objectives and results of the UNCTAD study, "Assessment of Organic Certification in the Coconut Oil Value Chain in the Philippines" and highlighted the opportunities, challenges and policy options for the organic virgin coconut oil sector.
- DTI-EMB Chief Trade Industry Development Specialist Rose Marie G. Castillo shared the strategies of the government in promoting food exports under the ambit of the Philippine Development Plan 2017-2022 and Philippine Export Development Plan 2018-2022.
- Matthias Radek, Chief Advisor for Development Partnership Projects in Agriculture of GIZ, a German development agency, briefed on the Sustainable Certified Coconut Oil (SCNO) project implemented by GIZ and the Philippines Coconut Authority, and confirmed the importance of horizontal collaboration among existing/past activities.
- The speakers also answered several questions raised during the open forum.

II. BREAKOUT SESSION

- In the afternoon, participants were assembled into five groups to discuss the following sets of questions:
 - Of the various challenges and barriers identified in the Study, what are 3 areas that the National Action Plan must prioritise in the short-term (3-5 years) and in the long-term (6- 10 years)? Please cite specific and concrete activities or interventions.
 - Of the various policy options presented in the Study, what are the 3 areas that the Multi-Stakeholder Platform must prioritise in the in the short-term (3-5 years) and in the long-term (6- 10 years)? Please cite concrete activities or interventions to implement or operationalise the policy options.
- The groups presented the summary of their discussions and their recommended actions. The detailed outputs of the groups are attached as *Annex A*.

III. RESULTS OF GROUP DISCUSSIONS

- Among the seven (7) policy recommendations, the creation of an innovative certification system was cited by most groups to be an immediate priority. Most concerns include those in pricing (support for the certification may be sought from the government from the fees collected from exporters) and simplification of certifying procedures (such as rationalizing certification requirements and introduction of electronic filing/application). Additionally, the need for the Philippine National Standard (PNS) to be aligned with international standards was mentioned.

The table below summarizes the policy recommendations of the study as classified/prioritized by the groups into immediate (short-term) and continuing (long-term) action points.

| POLICY RECOMMENDATIONS | PRIORITY | |
|--|-------------|-----------|
| | SHORT-TERM | LONG-TERM |
| 1. to enhance the knowledge of producers | Group 2,4,5 | Group 3 |
| 2. to provide access to resources and facilities | 4,5 | 3 |
| 3. to strengthen partnership | 2,4,5 | 3 |
| 4. to foster a competitive OCB sector | 3,4 | 2,5 |
| 5. to create an innovative certification system | 1,2,3,4 | |
| 6. create a domestic market | 1,3,4 | 2,5 |
| 7. consolidate supporting actions | 1, 2,4 | 3,5 |

- In relation to creating innovative certification system, participants also mentioned interrelated activities with the need for the consolidation of government support program as well as strengthening of partnerships in the coconut oil value chain. Among these were (i) creation Taskforce/ National Coconut Coordinating Committee, (ii) coordination of stakeholders with the National Organic Agriculture Board (NOAB) and (iii) revisit of Organic Agriculture Act of 2010.
- Strengthening farmers' organizations such as through the provision of technical support (training on recordkeeping / documentation, entrepreneurial mind-setting) and

“big brother - small brother” partnerships were among the concrete actions suggested by the participants in terms of the cooperation among actors in the value chain.

- The need to enhance the knowledge of producers as well as the creation of domestic of domestic market were also recognized to be immediate concerns of the sector. Information campaigns for both producers and buyers were identified to be essential such as continuous training program for farmers, establishment of model region (locality) on organic certification and public awareness/promotions of the benefits of organic products in traditional and social media outfits.
- On the other hand, provision of access to resources and fostering a competitive sector were considered by the participants as targets/goals for a longer term.
- Noticeably, most of the suggestions and insights during the group discussions were in line with the study’s policy recommendations. As such, it can be gathered that overall, the first session achieved its goal of aligning the understanding of all stakeholders regarding the need for and the challenges faced in organic certification for virgin coconut oil.

IV. MOVING FORWARD

- The second TWG session will finalise the national action plan by agreeing on the, specific action, action owners, and timelines to the elements identified in the Group Outputs in the table below.
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GROUP OUTPUTS

| | Short-term (3-5 years) Priority Areas | Specific and concrete activities or interventions | Long-term (6- 10 years) Priority Areas | Specific and concrete activities or interventions |
|---------|---|--|---|--|
| Group 1 | <p>#7 CONSOLIDATE SUPPORT</p> <p>-There is a need to harmonize existing programs among government agencies</p> <p>-Harmonization of support encompasses all the other 6 policy-options</p> | <p>#7 CONSOLIDATE SUPPORT</p> <ol style="list-style-type: none"> 1. Create Taskforce/ National Coconut Coordinating Committee 2. Conduct regular coordination meeting 3. Inventory of projects and initiatives on coconuts 4. Harmonize project activities/Initiatives <p>Timeline: 1st Quarter of 2020</p> | | <p>ADDITIONAL ACTIVITIES</p> <p>Convergence approach (government agencies and non-government initiatives/support)</p> <p>Integration in the school curriculum</p> <p>Building awareness on the role of the farmers in organic certification</p> <p>Conduct roadshow on the importance and benefits of certifications/coconut products</p> |
| | <p># 5 INNOVATIVE CERTIFICATION SYSTEM</p> <p>-It is very costly on the part of the producers</p> <p>- For local certification: Department of Agriculture-Subsidized OCCP-Certification can be tapped</p> <p>- Must have Clear Protocol in terms of certification process. Otherwise it will incur additional cost</p> | <p># 5 INNOVATIVE CERTIFICATION SYSTEM</p> <p>-Inventory of existing system and accredited certifiers</p> <p>-Coordinate with the National Organic Agriculture Board</p> <p>-Revisit the National Organic Law</p> <p>-Conduct Information/Education Campaign on the importance and benefits of GAP/Organic and other Certification</p> | | |

| | Short-term (3-5 years) Priority Areas | Specific and concrete activities or interventions | Long-term (6- 10 years) Priority Areas | Specific and concrete activities or interventions |
|---------|---|--|---|--|
| | -Government must provide financial support | | | |
| | #6 CREATE DOMESTIC MARKET - To encourage participation of MSMEs in the establishment of VCO Processing -Anchor domestic market promotion on the health benefits | #6 CREATE DOMESTIC MARKET -Confirmation of the health benefits thru research and development - Promotion on the utilization of VCO "Love your product" As Food: Condiment (salad dressing), ice cream topping, culinary oil, coffeemate As Personal Healthcare: toothpaste/oil pulling, mouthcare, massage, topical ointment, scalp care/haircare, skin care (anti-itch/allergy) -Labeling/Packaging/Design proper design/label for intended use e.g. food, massage oil, etc | | |
| Group 2 | 1. Enhance knowledge on organic practices | a. Equip farmers with GAP organic standards with sustained coaching, mentoring b. Public awareness/massive information dissemination of the | 1. Expand domestic market for organic products | a. Research and Development (R&D) on health benefits b. Product development |

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|---------|--|--|--|---|
| | | benefits of organic products thru social media, trade fairs, exhibits, tri-media/IEC materials) c. Unified protocol on organic certification based on market requirements | | c. Participation to trade fairs and exhibits d. Establish market linkages |
| | 2. Strengthen Partnership in Value Chain | a. Organization / strengthening of farmers' organizations / corporations b. Establish enabling mechanisms / support system, e.g. training on recordkeeping / documentation c. Entrepreneurial mind-setting d. Big brother-small brother partnership | 2. Develop a competitive and innovative certification system | a. Citizen's monitoring to be included (from community, industry associations, cooperatives) b. Establish simplified certification scheme(e.g. third party auditing, incentive system, cost sharing, etc.) |
| | 3. Consolidate Government Support Programs | a. Align/harmonize/strengthen convergence efforts among stakeholders (government, private sector, farming sector, etc.) with provincial commodity investment plan as entry-point b. Enhance access to resources, facilities, technologies | | |
| Group 3 | Innovative certification system | <ul style="list-style-type: none"> Lobby/propose for a share in the fees collected from the exporters for the VCO certification | Enhance knowledge of producers | <ul style="list-style-type: none"> Create programs and mainstream organic education |

| | Short-term (3-5 years) Priority Areas | Specific and concrete activities or interventions | Long-term (6- 10 years) Priority Areas | Specific and concrete activities or interventions |
|---------|---|---|--|---|
| | | <ul style="list-style-type: none"> Review set of requirements to simplify or rationalize requirements | | |
| | Competitive OCB Sector | <ul style="list-style-type: none"> Invite more OCB players Conduct study to determine why there are only a few players | Strengthen partnership and consolidate support | <ul style="list-style-type: none"> Integrate all government programs (e.g. organic/GAP training by PCA and DA-ATI, NC by TESDA, livelihood/business trainings by DTI, and LGUs) |
| | Create domestic market | <ul style="list-style-type: none"> Create awareness on benefit of organic products/green living (e.g. roadshow/caravan, social and traditional media) Get local celebrity endorsement (“Coco” Martin) | Provide access to resources and facilities | <ul style="list-style-type: none"> Provide financing to organic producers (e.g. ACPC) Provide technical support like coaching and mentoring by NGAs and private producers |
| Group 4 | No. 1 - Enhancing knowledge of producers | <ul style="list-style-type: none"> PCA/DA/TESDA Linkage with NC2 Continuous training program targeting farmers Model region on organic certification | | |

| | Short-term (3-5 years) Priority Areas | Specific and concrete activities or interventions | Long-term (6- 10 years) Priority Areas | Specific and concrete activities or interventions |
|--|---|---|---|--|
| | No. 7 - Consolidate Support No. 3 – Strengthen Partnership | <ul style="list-style-type: none"> • PCA to issue step-by-step guidelines on the certification process • Government and NGO interventions and policies should be consistent with goals for organic certification • NGOs can be encouraged to provide more certification assistance projects • Go-Negosyo Trabaho Program | | |
| | No. 5 - Innovative Certification System | <ul style="list-style-type: none"> • Simplify procedures • NOAP/PNS must align with international standards; electronic filing | | |
| | No. 4 - Competitive OCB Sector in PH | <ul style="list-style-type: none"> • PH OCBs should work towards international recognized (BAFS Organic Certification) | | |
| | No. 2 - Provide access to resources facilities | <ul style="list-style-type: none"> • PCA/DA should also provide organic fertilizers, not just chemical fertilizers • Ensure enough supply or source for organic fertilizers/pesticide | | |
| | No. 6 - Create domestic market | <ul style="list-style-type: none"> • DTI/DA/Processors/DOT • Promote other uses and other finished products (food, non-food) using VCO as raw materials | | |

| | Short-term (3-5 years) Priority Areas | Specific and concrete activities or interventions | Long-term (6- 10 years) Priority Areas | Specific and concrete activities or interventions |
|---------|--|--|---|--|
| | | <ul style="list-style-type: none"> • Highlight VCO in various agencies' local trade promotion programs • Linkage with industries (hotels, retailers, fitness and health clinics) | | |
| Group 5 | Enhance Knowledge on Organic Practices | <ul style="list-style-type: none"> • Information Dissemination | Develop a Competitive Sector of OCBs | |
| | Provide Access to Resources and Facilities | <ul style="list-style-type: none"> • Regionalize Training Facilities for PCA • Conversion of Regional offices to Training Centers • Livelihood Programs | Create domestic market for organic products | <ul style="list-style-type: none"> • Change Consumer Behavior (Awareness Campaign with the help of government programs) • Marketing by the use of Mass Media |
| | Strengthen Partnership in Value Chain | <ul style="list-style-type: none"> • Processors Both Existing and New • From Cooperatives to Small and Big Associations and then Traders | Consolidate Government Support Program | <ul style="list-style-type: none"> • Synchronization of Government Programs |

| | CHALLENGES | SPECIFIC AND CONCRETE ACTIVITIES OR INTERVENTIONS |
|---------|---|--|
| Group 3 | There are too few organic certifying bodies | <ul style="list-style-type: none"> • Invite players |
| | Incentives to comply with standards are low | <ul style="list-style-type: none"> • Processors to give additional premium to organic products |
| | Local demand is low | <ul style="list-style-type: none"> • Create strategic marketing plan for domestic market • Create more value-added products |
| Group 4 | Getting organic certification is administratively burdensome + Organic Certification is costly + Reduce limitations for subsidies programme | <ul style="list-style-type: none"> • Increase subsidies or easy-access loans for organic certification • Encourage NGO and Government agencies to implement projects that provide administrative assistance to farmers for organic certification |
| | Local demand is low + Incentives to comply with standards are low | <ul style="list-style-type: none"> • Market/promote VCO as ingredient for food, personal care, cosmetic and pharmaceutical products • Research and development on other uses of VCO (food and non food) • Effective national branding to boost local demand |