

Outline

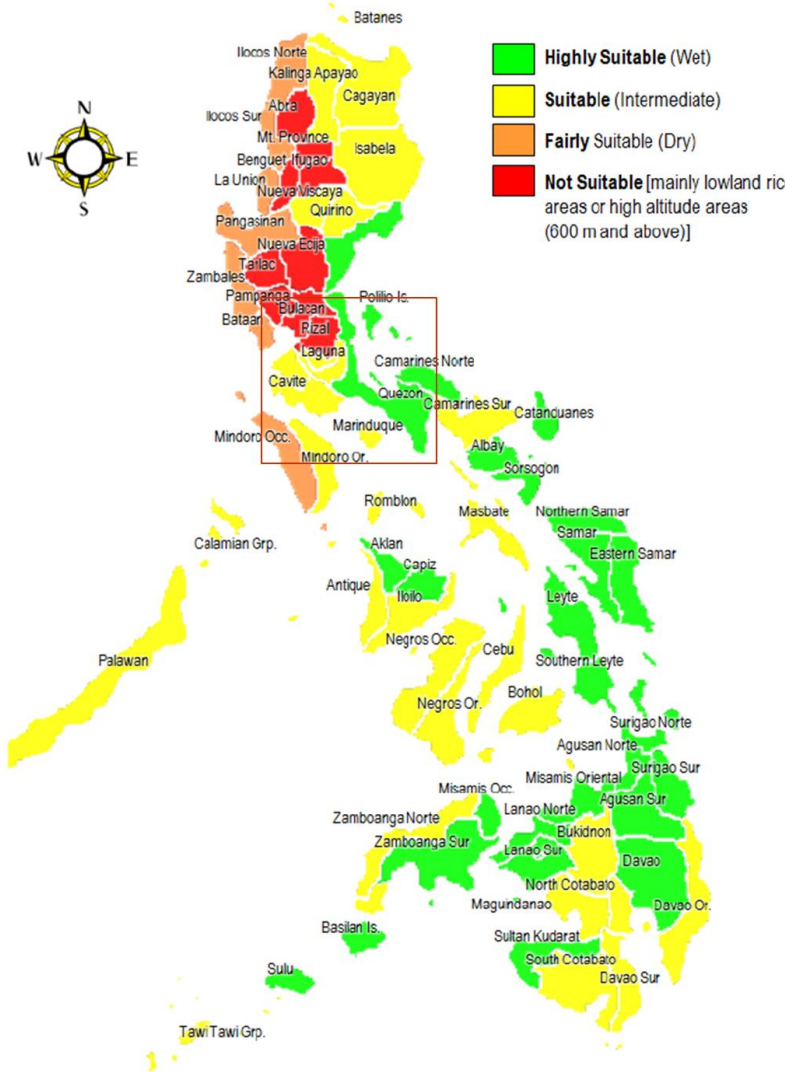
1. Importance coconut industry in the Philippines
2. Description of case study area
3. Steps for data collection
4. Methods for data analysis
 - a. Value chain network
 - b. Motivations, barriers and opportunities
 - c. Policy challenges
5. Options and recommendations
 - a. Policy options for organic certification
 - b. Recommendations for multi-stakeholder platform

Importance of coconut industry in the Philippines

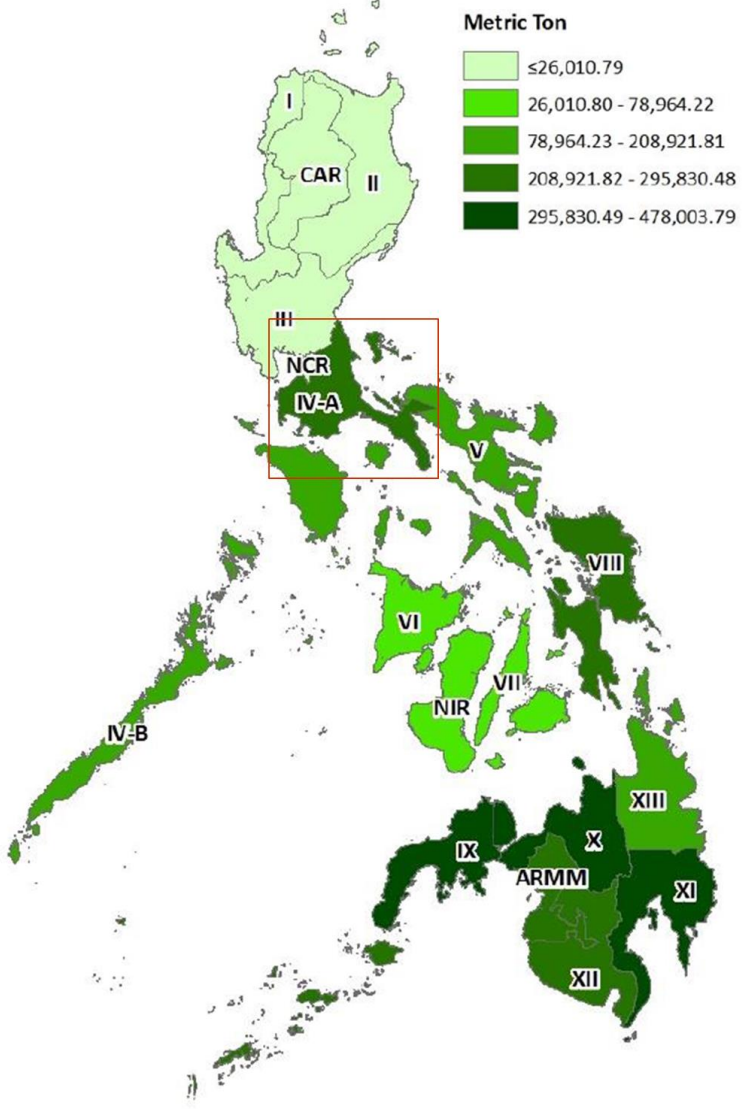
- ❑ hectare of coconut farm has the highest average carbon storage with the potential to absorb 17.54 tons of carbon per year
- ❑ coconut areas in 68 out of 79 provinces in the country
- ❑ about 331 million coconut trees in 3.3 million hectares of land, accounting for 30% of the total farmlands
- ❑ about 3.5 million coconut farmers who comprised 20% of the country's poor and are working in coconut farms in 1,195 municipalities
- ❑ With an average household consumption of one litre per week, coconut oil is the most important oil product in the Philippines
- ❑ most important agricultural export commodity in the Philippines, contributing 23% to the total value
- ❑ value of coconut oil exports was 101.29 Million US\$ in 2017 and grew by 16% as of June 2018

Case study area in the Philippines

(a) Coconut suitability in different provinces in the Philippines



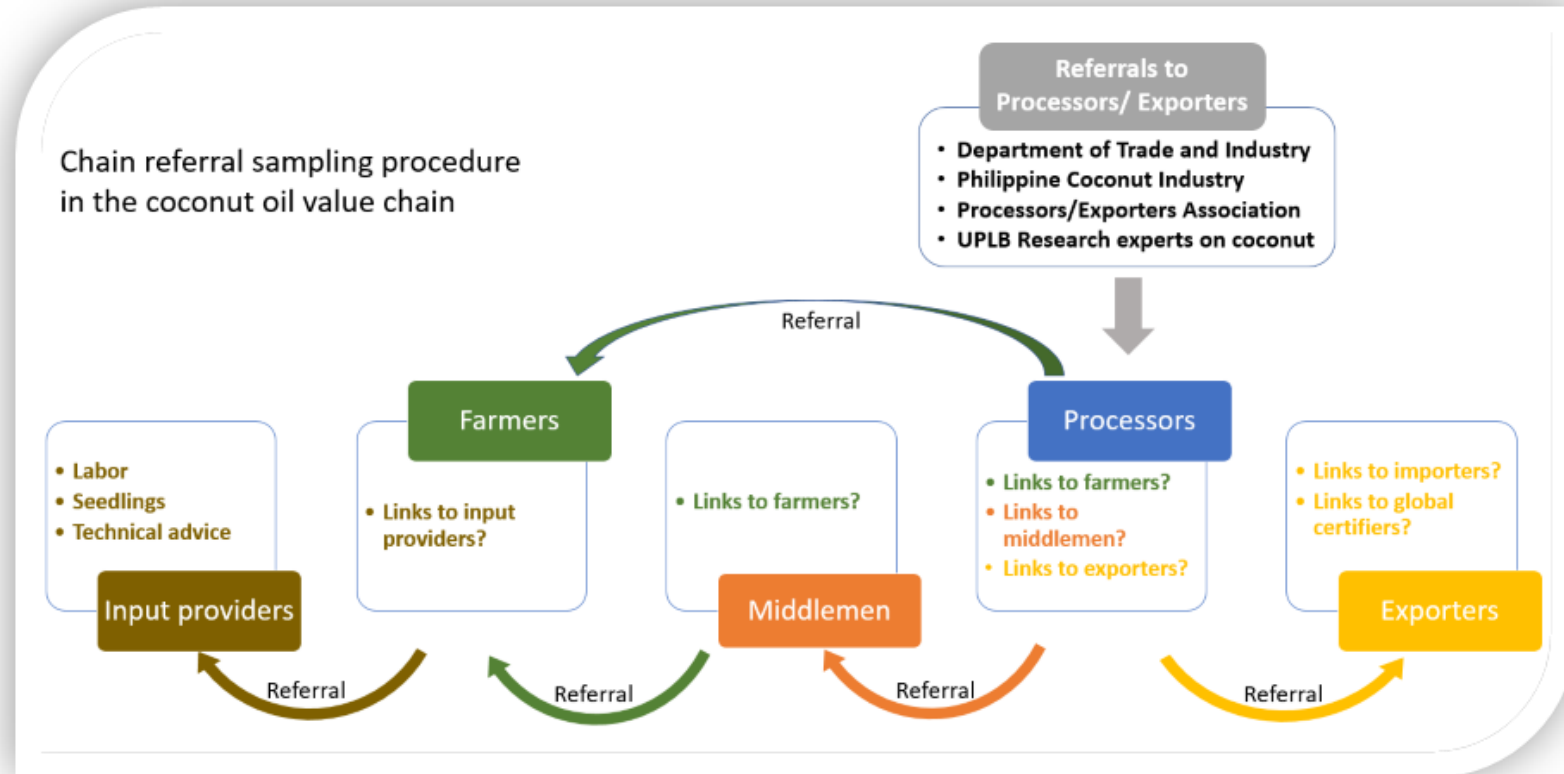
(b) Coconut production in different regions in the Philippines



- ✓ the province with the largest coconut production is in the region of Calabarzon
- ✓ Quezon Province in Calabarzon ranks 1st among the 29 provinces
- ✓ accounts for about 10 percent of the coconut production in the Philippines in 2016
- ✓ Priority-I consists of highly suitable areas with yield of at least 2.5 tons copra or 11,250 nuts per hectare per year
- ✓ processing plants and companies for coconut products are also located in Calabarzon

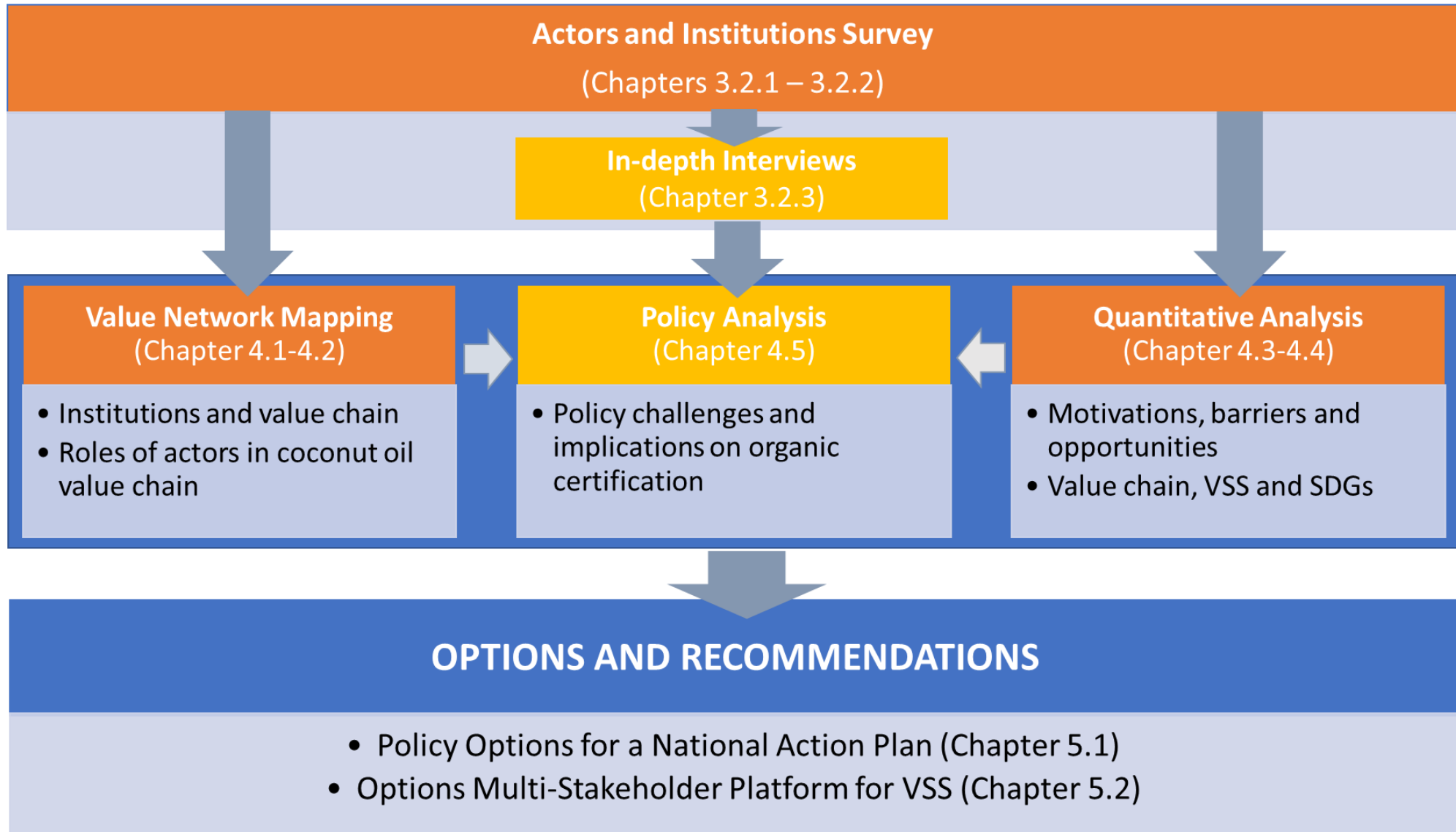
Steps for data collection in the case study area

1. Defining the population and identifying subjects
2. Considering the sample size
3. Selecting and assessing settings
4. Gaining access
5. Initiating chains and identifying locators
6. Pacing and monitoring of the referral chains
7. Discontinuing the referral chains

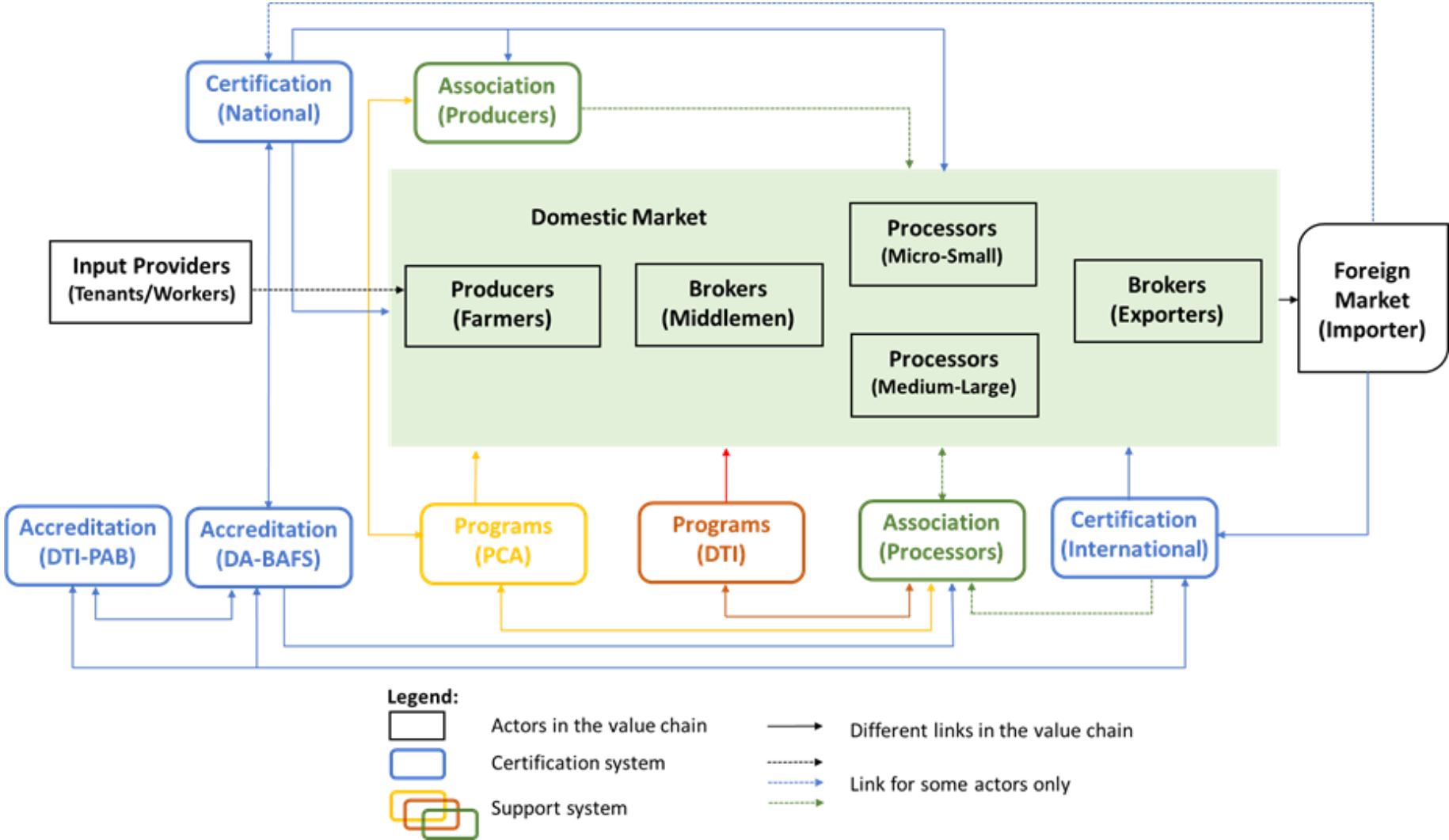


Entry points to access respondents for conducting the survey

Methods for data analysis

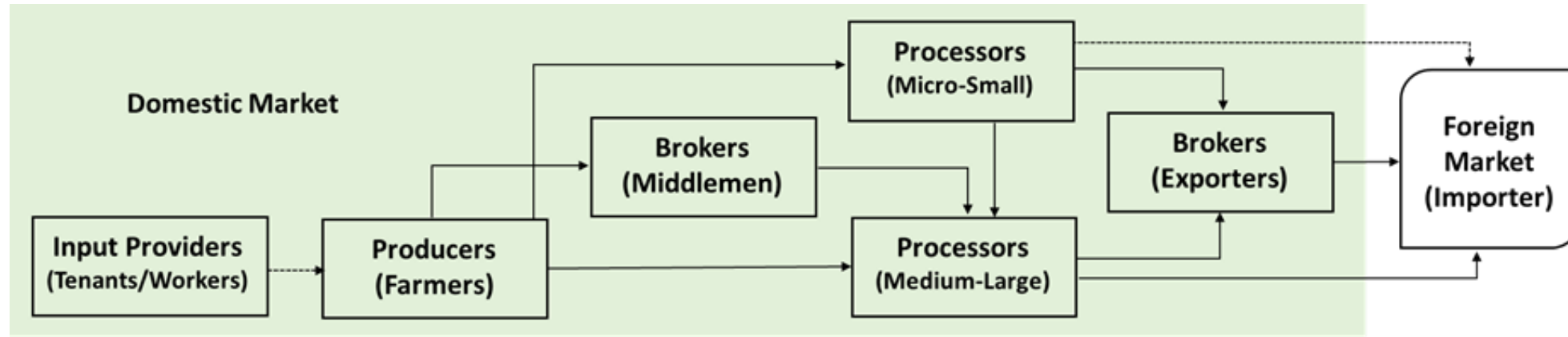


Value network mapping






Institutional context of organic certification for coconut oil value chain

Value network mapping

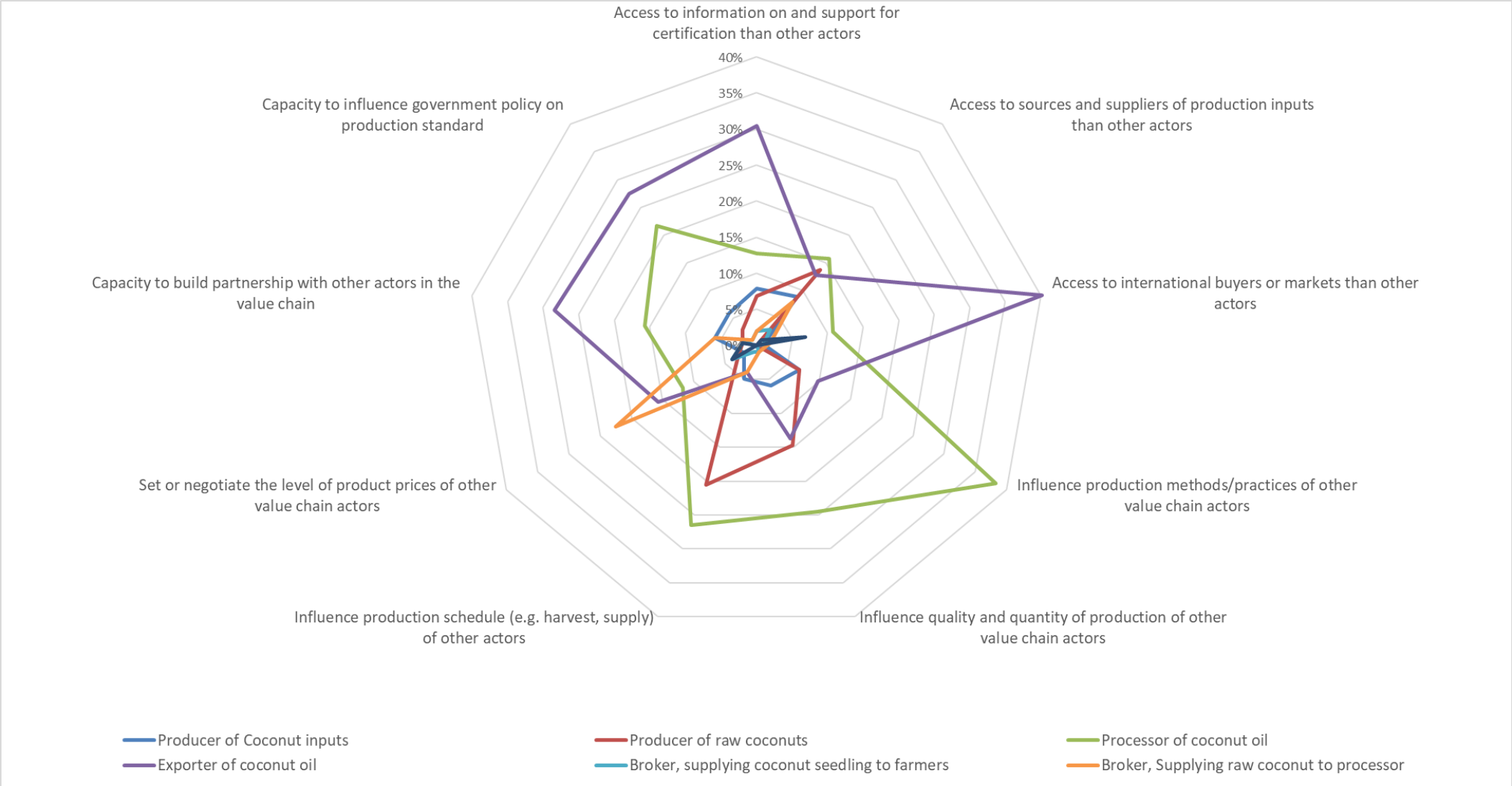


Legend:

-  Actors in the value chain
-  Different links in the value chain
-  Link for some actors only

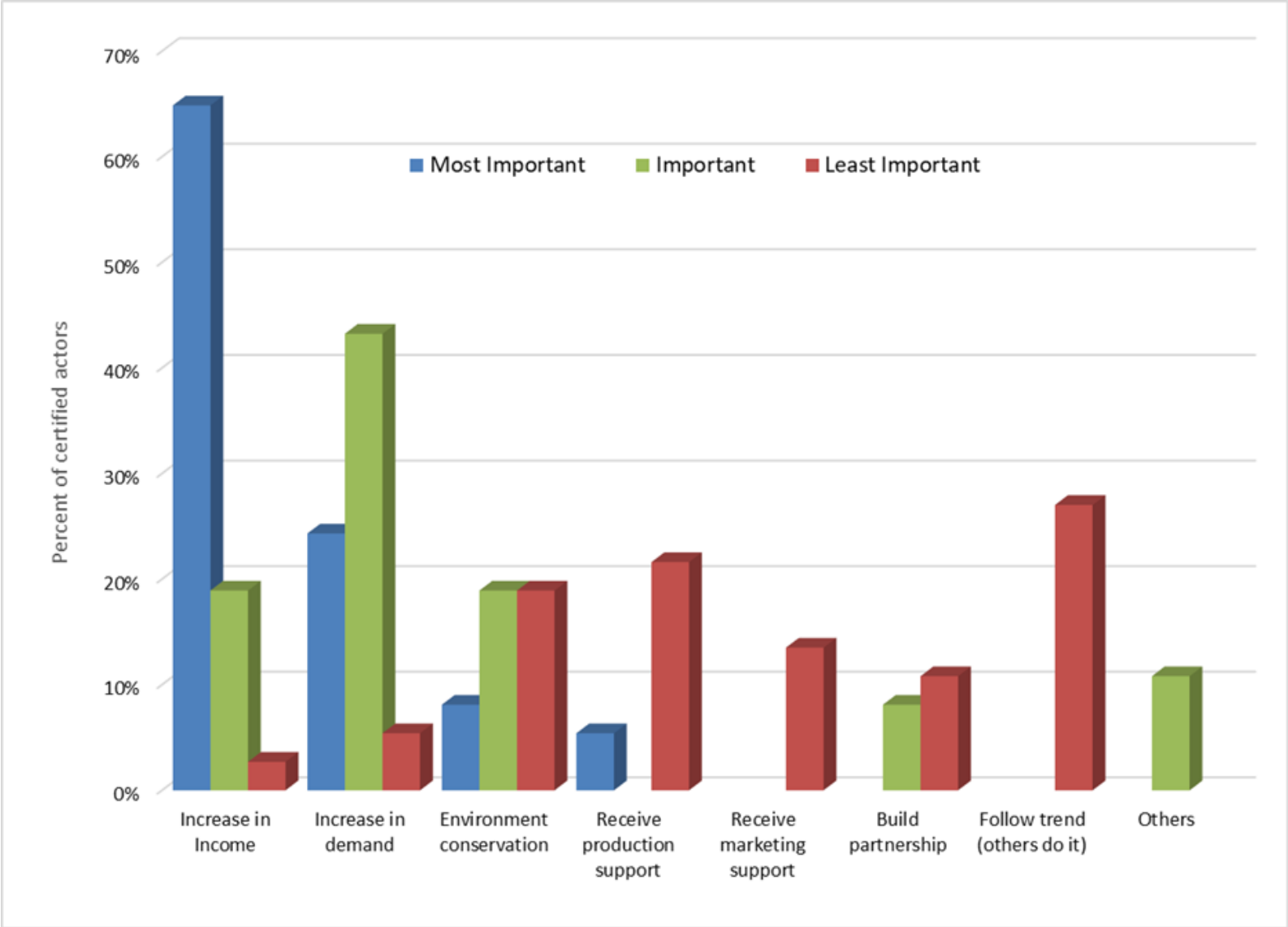
Links among the actors in the value chain

Value network mapping



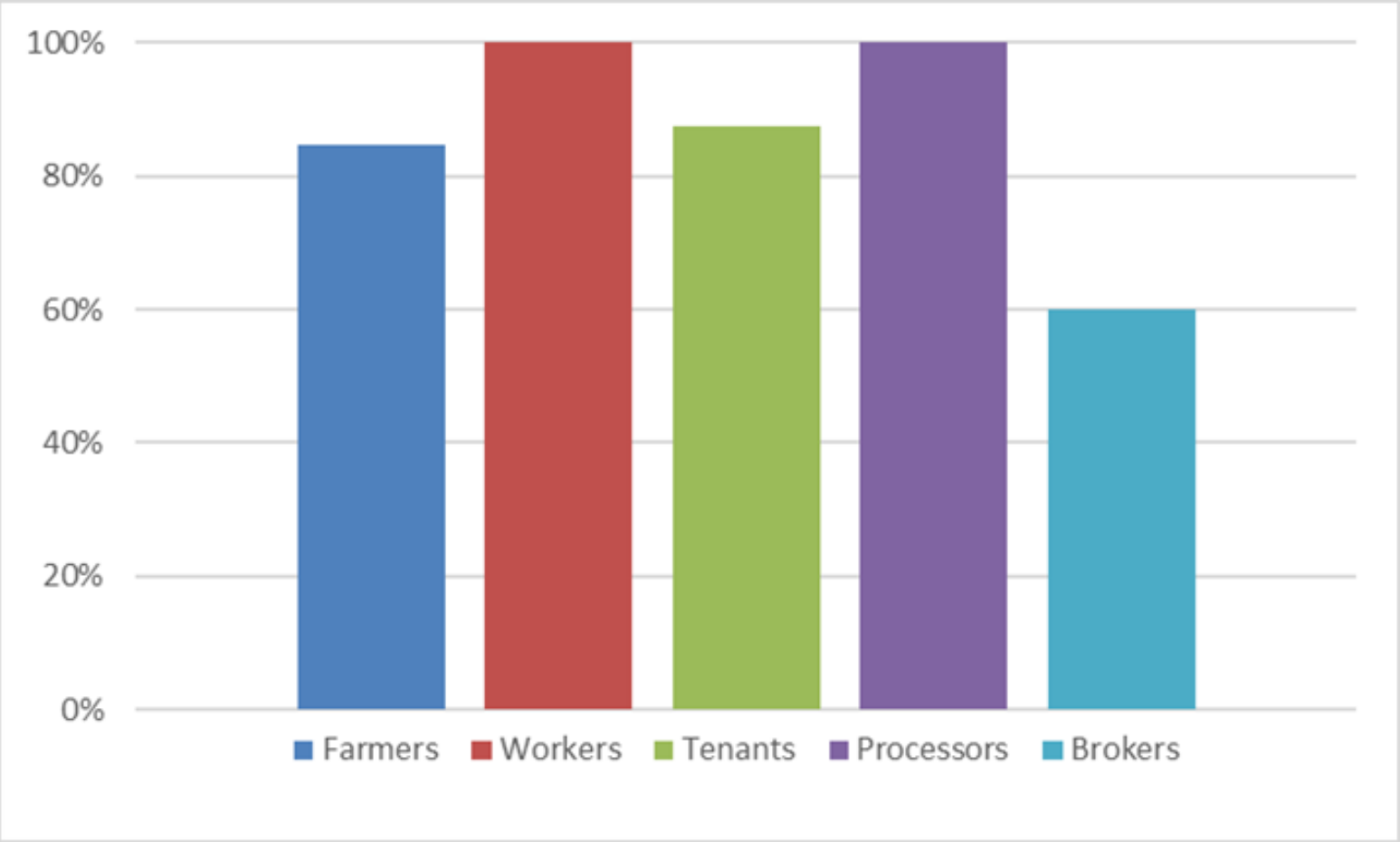
Opinion on most important actors in the value chain, by type of activities

Quantitative analysis



Motivations for organic certification by level of importance

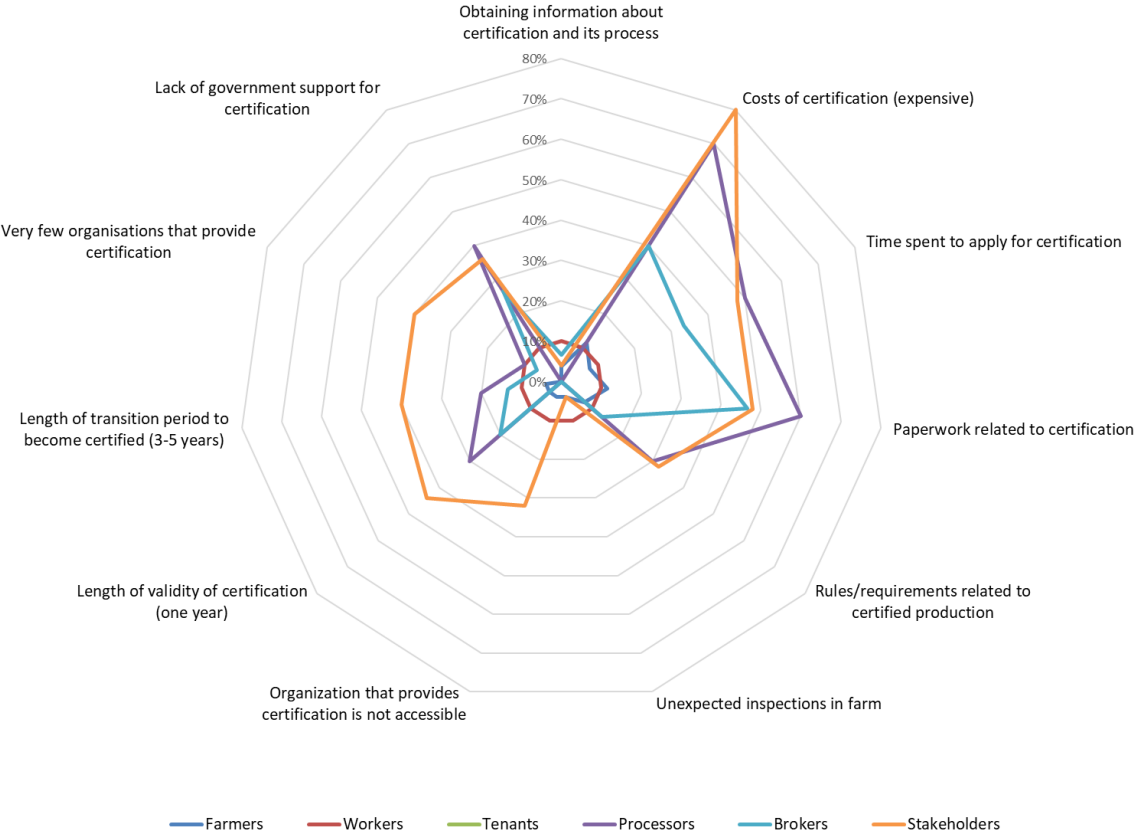
Quantitative analysis



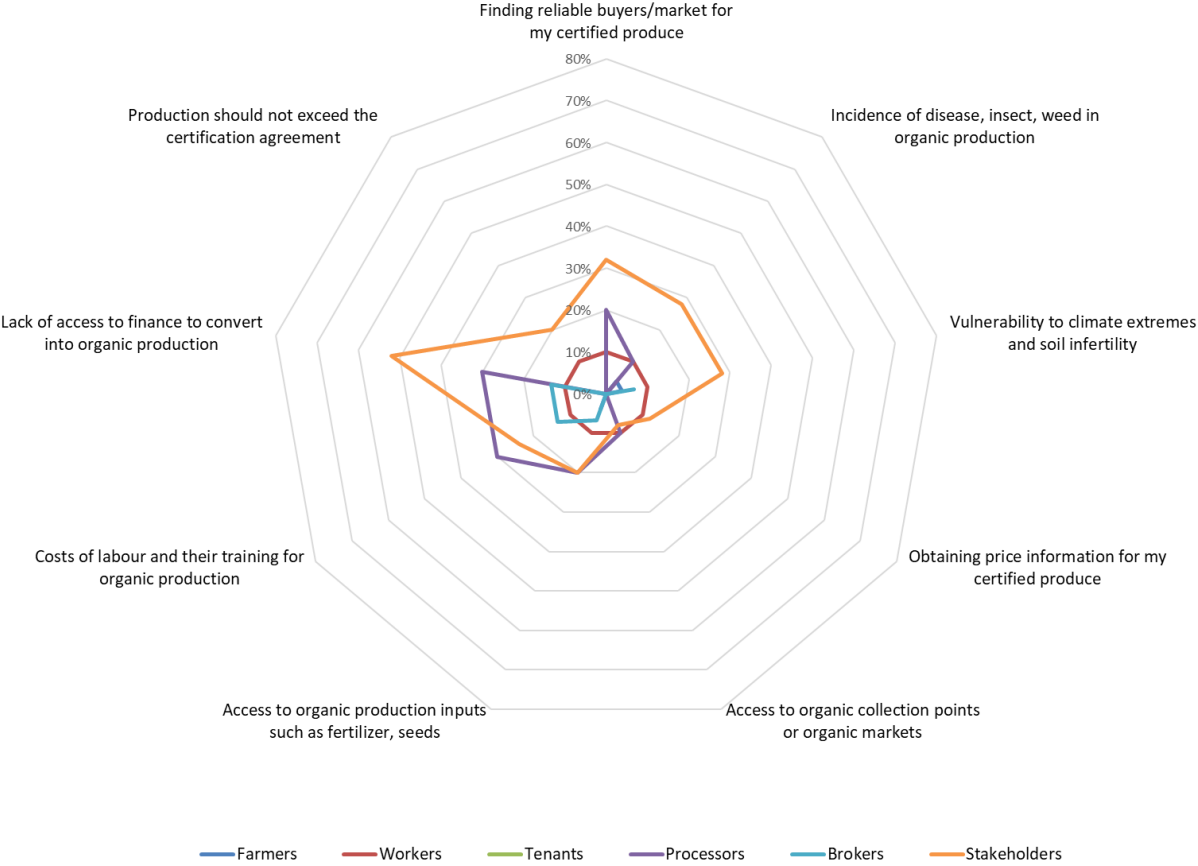
Proportion of value chain actors following organic practices

Quantitative analysis

(a) Severe Barriers in Decision-making Stage



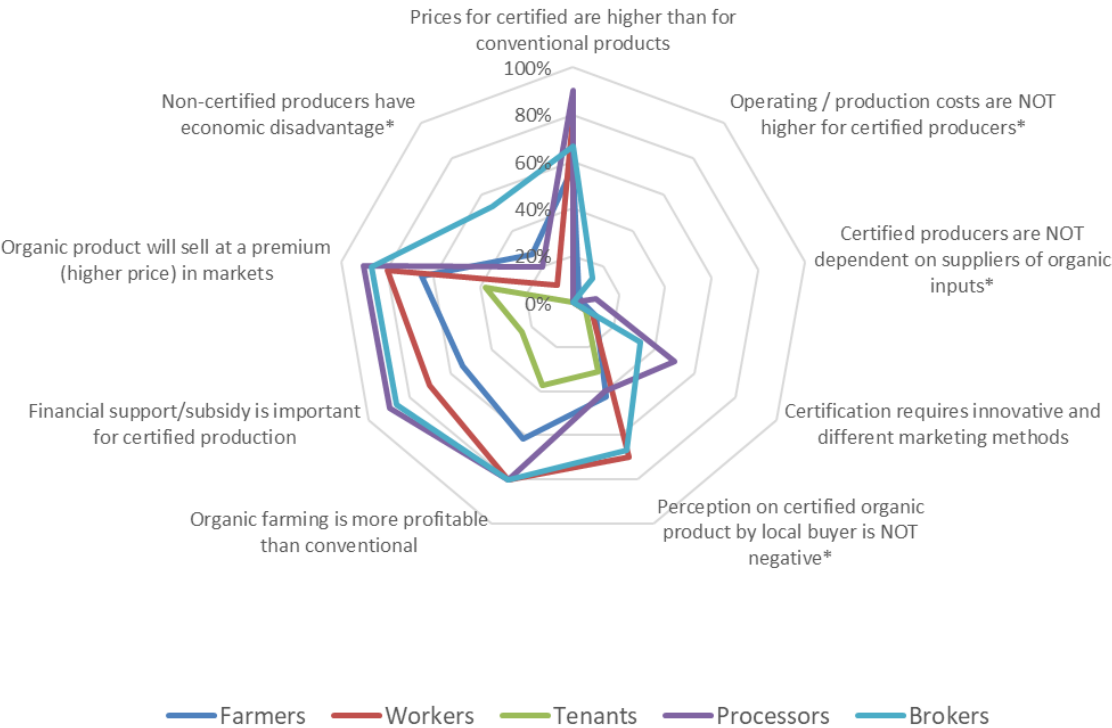
(b) Severe Barriers in Implementation Stage



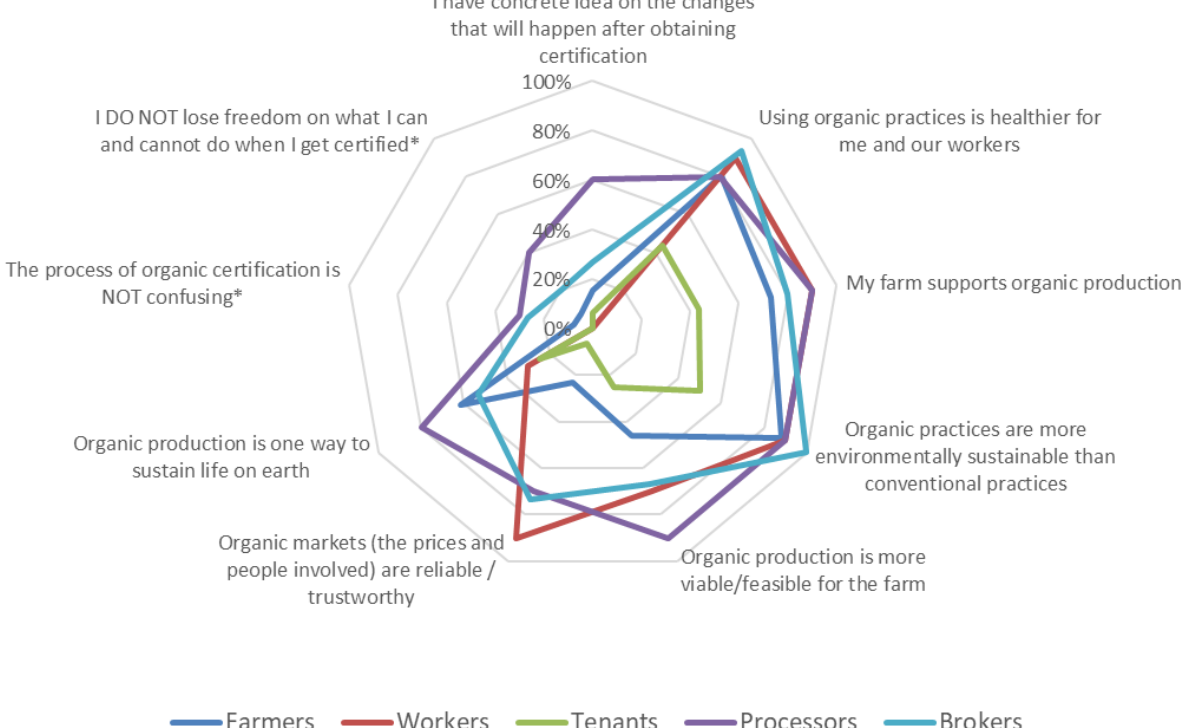
Severe barriers to certification during (a) decision-making and (b) implementation stages, by value chain actors

Quantitative analysis

(a) Economic

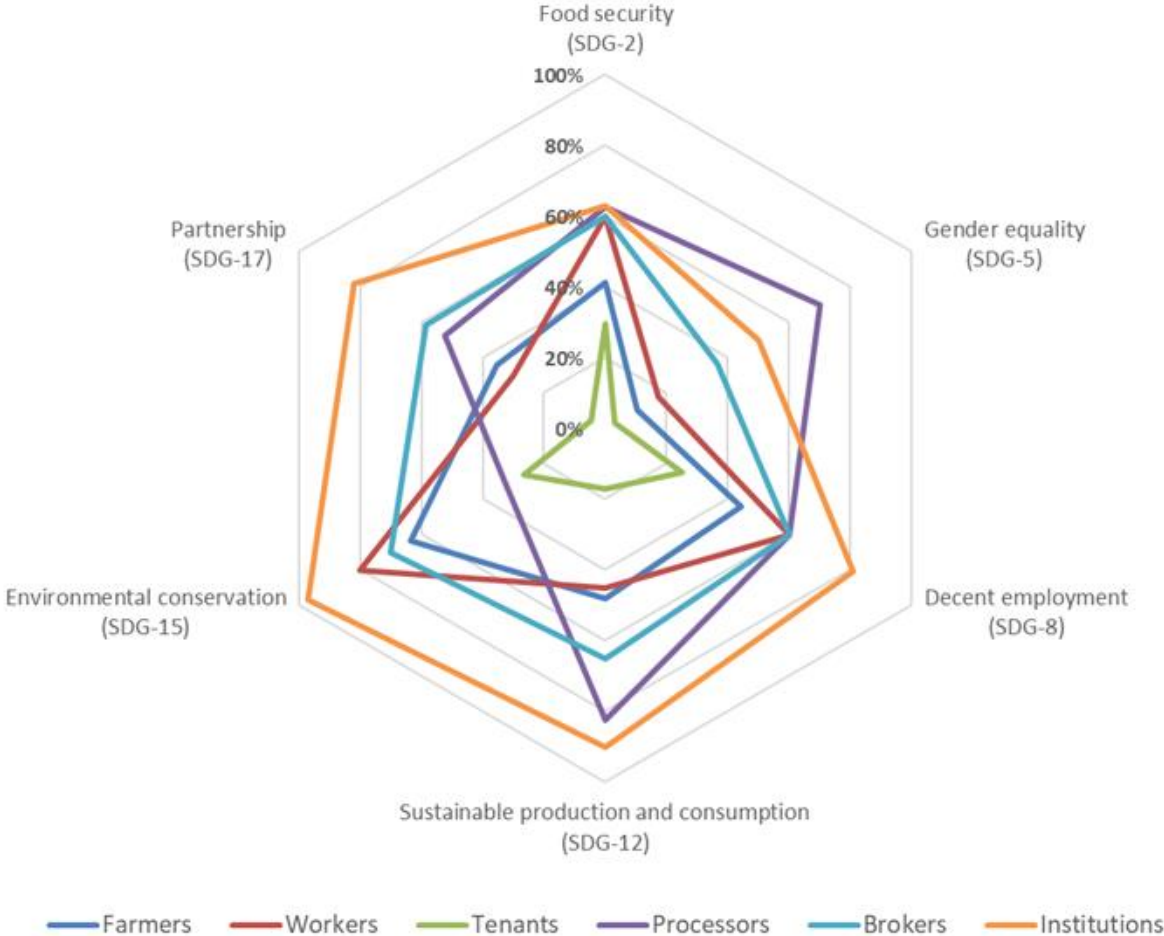


(b) Non-economic



Economic (a) and non-economic (b) opportunities from organic certification, percent of actors who both agree and strongly agree

Quantitative analysis



Proportion of actors and institutions who agree and strongly agree on the contribution of VSS to the SDG, in percent

Policy analysis: Challenges for certification identified by actors in the value chain

Challenges for certification	Value Chain Actors		
	a. Producers	b. Processors	c. Brokers
1. Prerequisites for/Transition to certification	Not qualify with non-organic inter-crops; Lack knowledge on certification; Long transition period to organic; Source of organic inputs	Costs for training producers; but many lack motivations to participate in seminars	No government support for international certification or export of certified products
2. Costs of certification	Not affordable; Short validity	Pay for costs of producers; Not affordable for SMSEs, esp. with short validity	Pay for costs of producers
3. Application requirements	Cumbersome paperwork; Renewal require the same documents	Time consuming, Renewal require the same documents; OCBs not easily accessible	Time consuming for exporters; Different standards of importers
4. Inspection/Quality compliance	Difficult to keep record	Non-compliance of producers because inspection once per year and randomly	Business risks for exporters due to image in global market
5. Contract compliance	Cannot increase production per hectare	Certified producers sell to others who pay better	Exporters get inconsistent quality and unstable quantity of coconut oil from SMSEs
6. Economic benefits	Labour intensive but low price for certified organic raw coconut; Low demand for organic products in national market	Higher price for coconut oil but processors pay costs of certification for producers; Low competitiveness of SMSEs	Middlemen set price; National standards not aligned to export standards in global markets

Policy analysis: Challenges for certification identified by actors in the value chain

Challenges for certification	Value Chain Actors		
	a. Producers	b. Processors	c. Brokers
7. Government subsidies	Requires three years of organic practices; Lack of national OCBs to provide guarantee on organic practices	Requires three years of organic practices; Not affordable for SMSEs because subsidies in form of reimbursements	Exporters do not qualify for subsidies
8. Pest and diseases	Reduce harvest; Forced use of pesticide	Affected supply	Affected image of exporters in global market
9. Low productivity	Low harvest due to senile trees, poor soil quality, conversion to built-up areas	Unstable supply of raw coconut	Middlemen has unstable supply of raw coconut
10. Climate change impacts	Rehabilitation of typhoon-destroyed coconuts in remote areas; Lack of knowledge to respond to climate impacts leading to low productivity	Unstable supply of raw coconut	Middlemen has unstable supply of raw coconut
11. Impacts on SDGs	Low farm productivity does not support food security	Partnership do not extend to producers of raw coconut	Labour-intensive trading of raw coconut difficult to support women employment

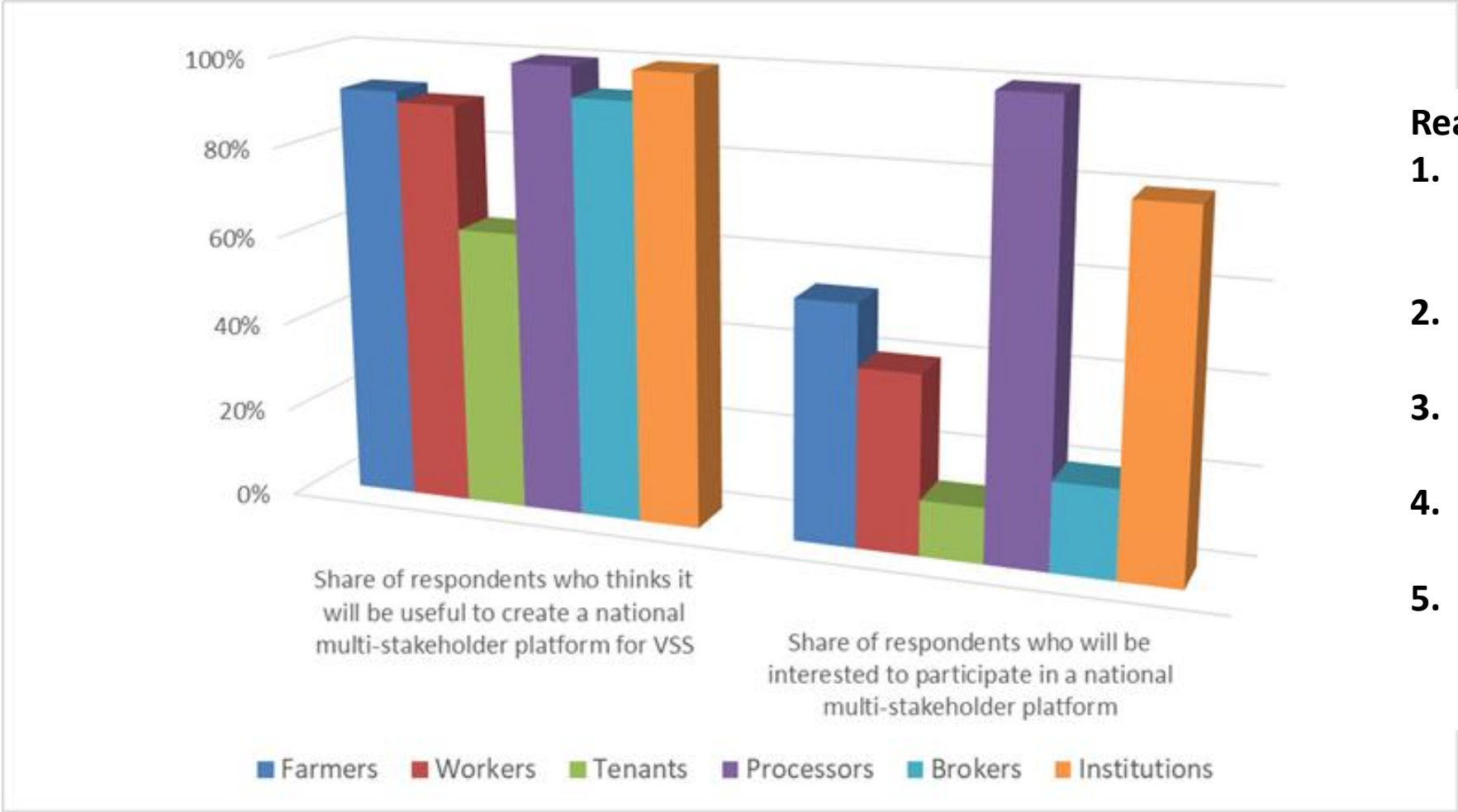
Policy Options: How to address the challenges in organic certification

Options		Actions
1. Enhance knowledge on organic practices	Producers' key role in certified value chain	Build public awareness
	Mobilize community to create knowledge	Organic education in schools
2. Provide access to resources and facilities	Production of organic inputs	Build capacity and integrate in livelihood programs
	Small-scale processing facilities	Create accessibility at affordable rates (i.e. rental, sharing)
3. Strengthen partnership in value chain	Shift away from traditional production	Provide entrepreneurial skills/support
	Get support from entrepreneurs	Provide extension services, Membership in associations
4. Develop a competitive sector of OCBs	Accreditation of OCBs	Accessibility of accreditation offices
	Capacity building for OCBs	Education and training on accreditation

Policy Options: How to address the challenges in organic certification

Options		Actions
5. Create innovative but affordable certification system	Create incentives	Provide premium to producers, Sharing costs of certification
	Simplify requirements	Reduce paperwork, Less documents for renewal, Align standards
	Knowledge sharing	Online platform for best practices
6. Create domestic market for organic products	Increase demand	Processed organic products affordable for local consumers
	Change consumer behaviour	Increase awareness, Marketing strategies for organic products
7. Consolidate government support programs	Link to other programs	Integrate organic practices in livelihood and productivity programs
	Improve subsidy programs	Provide to farmers and MSMEs during transition period

Recommendations: Multi-stakeholder platform for VSS



- Reasons not to participate:**
- 1. Tenants – lack of time, capacity, knowledge, and interest**
 - 2. Brokers and farmers – lack of time, only if receive invitation**
 - 3. Workers – lack of time and capacity**
 - 4. Processors – lack of time and additional expenses**
 - 5. Institutions – lack of time and knowledge**

Opinions on establishment of a multi-stakeholder platform for VSS

Recommendations: Multi-stakeholder platform for VSS

GOALS

- ✓ Need to be more targeted and adapted to the local contexts
- ✓ Need to create sense of “country-ownership”

REPRESENTATION

- ✓ Inclusive - “active participation of weak(er) stakeholders in the decision-making process
- ✓ Represented by those with “stake” in achieving the goals

POWER BALANCE

- ✓ Need to consider asymmetries in knowledge, capacity, resources, and embeddedness among the value chain actors
- ✓ Power dynamics will have to be managed effectively

LEADERSHIP

- ✓ effective leadership is crucial in setting goals that address multiple interests, win trust of stakeholders, and take the partnership process forward
- ✓ Collective leadership is important in multi-stakeholder contexts and achieving sustainability goals