



Organic Virgin Coconut Oil Value Chain in the Philippines

# Opportunities, Challenges and Policy Options



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Project: Fostering Green Exports through  
Voluntary Sustainability Standards

1ST TECHNICAL WORKING GROUP MEETING

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## Background

- Under UNCTAD project *Fostering Green Exports through Voluntary Sustainability standards (VSS)* (Find out more [here!](#)).
- Objective – to assess policy options for the Philippines VCO to capture "green" market opportunities
- Country study conducted by Dr. Lilibeth Acosta, Ms. Elena Eugenio and Ms. Jemily Sales (U. of the Philippines, Los Baños):
  - Surveyed and interviewed using the VSS Assessment Toolkit
  - 102 value chain actors (e.g. input providers, farmers, processors, brokers, government agencies, certification bodies, researchers) in Quezón, Laguna and Batangas provinces
  - Asked how they value organic certification as a tool to thrive in the VCO value chain
  - Assessed opportunities and challenges
  - Suggested policy options in support of VCO stakeholders

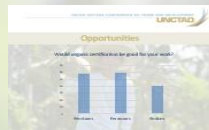


# Opportunities

- High growth of international demand for sustainable/organic coconut-based products
- Increasing awareness among VCO value-chain actors on organic certification as a tool to improve marketability of their products
- Key motivations → Expectation that VCO with organic certification would fetch price premium

... yet many non-certified producers and processors find it hard to get certified

... and many certified processors have experienced problems when getting certified





# Opportunities

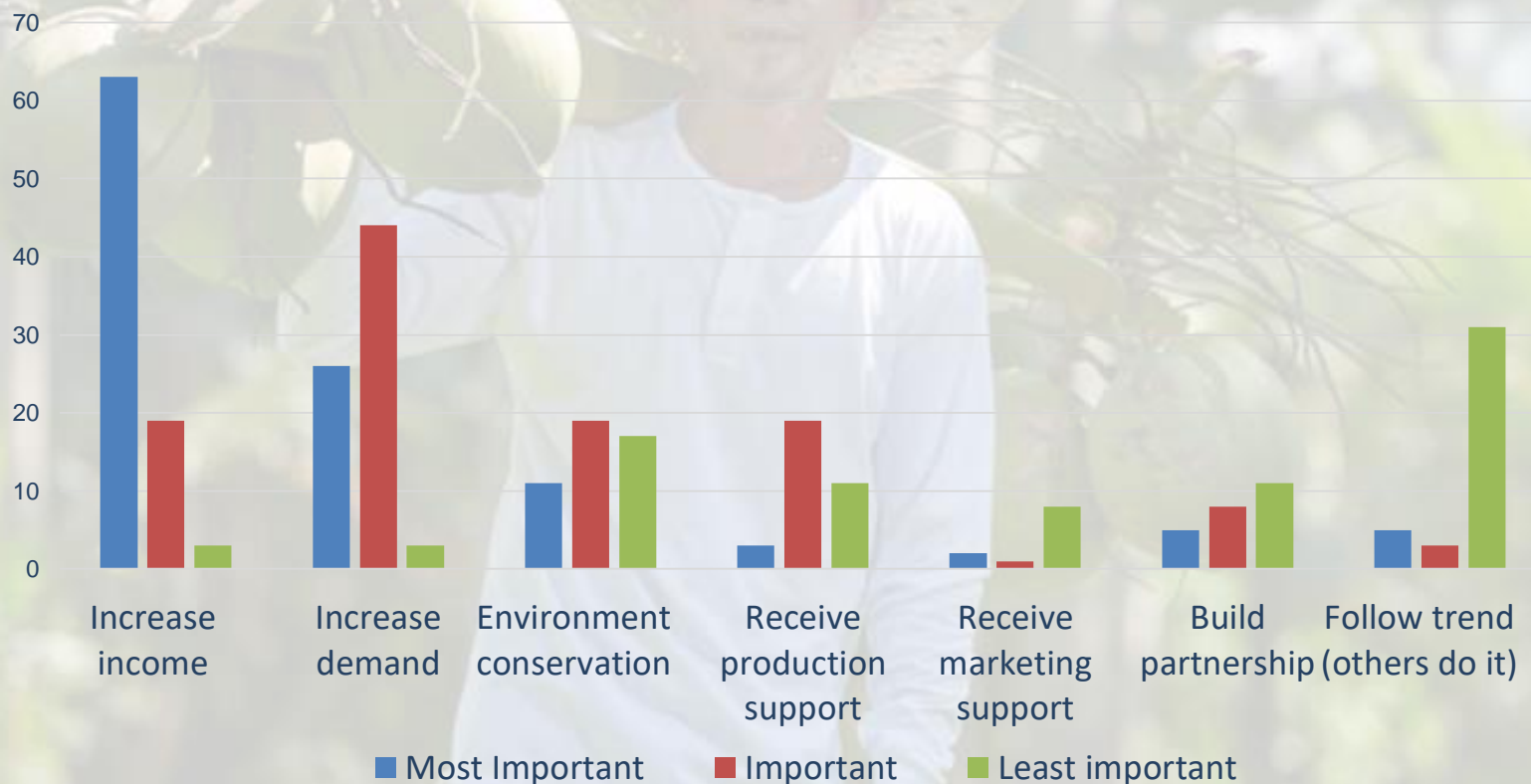
Would organic certification be good for your work?





# Opportunities

How would organic certification benefit you?

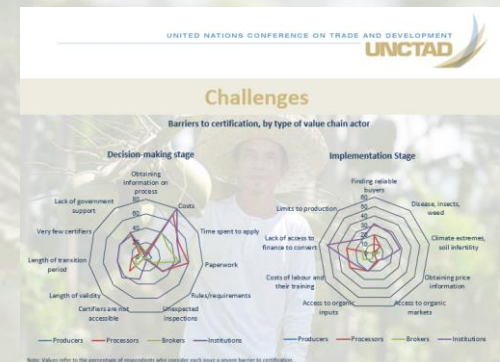




# Challenges

## Barriers to having organic certification

- High (recurrent) cost of certification to be paid to auditors
- Reporting and administrative paperwork needed for certification
- Lengthy time needed for certification (including transition period)
- Lack of access to finance when converting to organic production
- Shortage of organic certifying bodies in the Philippines

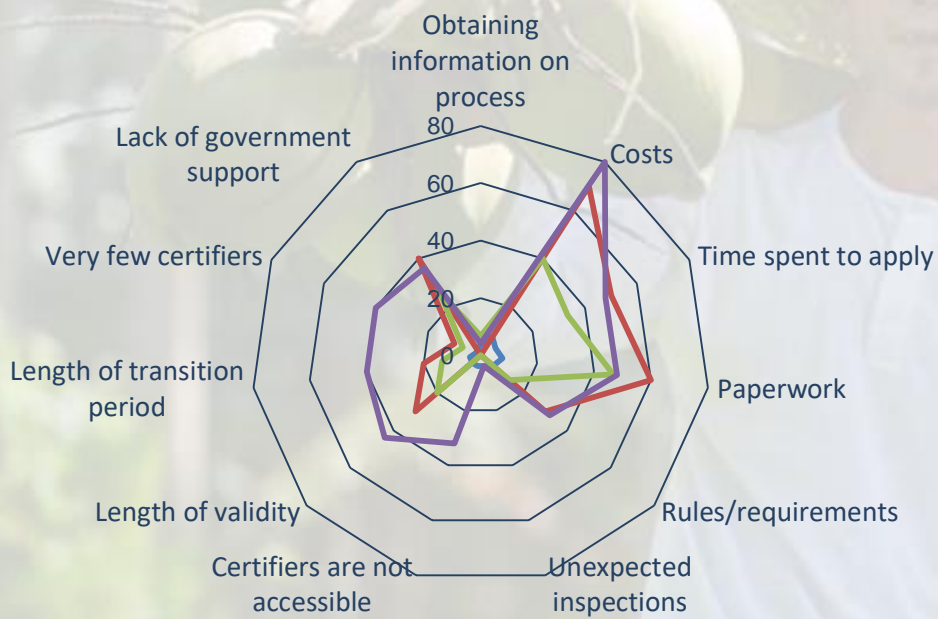




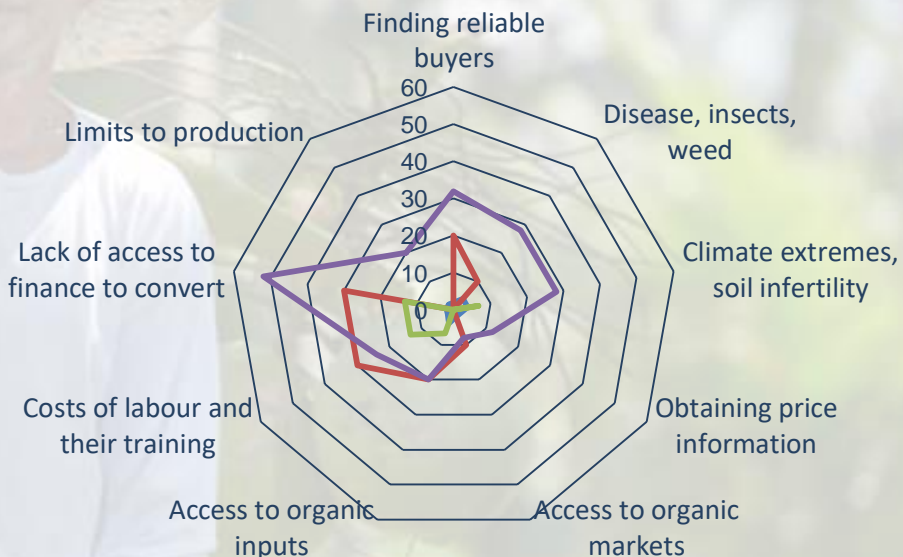
# Challenges

Barriers to certification, by type of value chain actor

## Decision-making stage



## Implementation Stage



— Producers — Processors — Brokers — Institutions

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Note: Values refer to the percentage of respondents who consider each issue a severe barrier to certification.



## Policy Options

*What actions are needed to redress these challenges?*







# 1. Addressing the administrative burden

## Challenge: paperwork and time

- Producers lack technical capacity to prepare certification documents and keep records for audits
- Processors and exporters need to repeat the process for different organic certifications
- Processors and exporters do not have resources to train all producers
- Validity is short, and renewal complex.



## Policy options

... to enhance the knowledge of producers:

- ❖ Build public awareness on the key role of farmers in certified value chains
- ❖ Introduce organic education at schools or training centers

... to create an innovative certification system:

- ❖ Online platform for knowledge-sharing
- ❖ Align standards
- ❖ Reduce paperwork for renewal



## 2. Addressing the high cost of organic certification

### Challenge: high cost

- Cost of certification too high for producers
- Transition periods are long, validity short, and renewal complex



### Policy options

... to provide access to resources and facilities:

- ❖ Build capacity to produce organic inputs and integrate them in livelihood programs
- ❖ Create access to small-scale VCO processing facilities at affordable rates

...consolidate supporting actions:

- ❖ Integrate organic practices in other programs
- ❖ Improve subsidy programs, e.g. provide support during transition



### 3. Addressing low level of compliance

#### Challenge: low compliance

- Producers may think benefits from organic certification would not come to them



#### Policy options

... to strengthen partnership:

- ❖ Support entrepreneurial skills development
- ❖ Support membership in associations
- ❖ Strengthen extension services

... to create an innovative certification system:

- ❖ Provide a premium to producers
- ❖ Promote the sharing of certification costs

... create a domestic market:

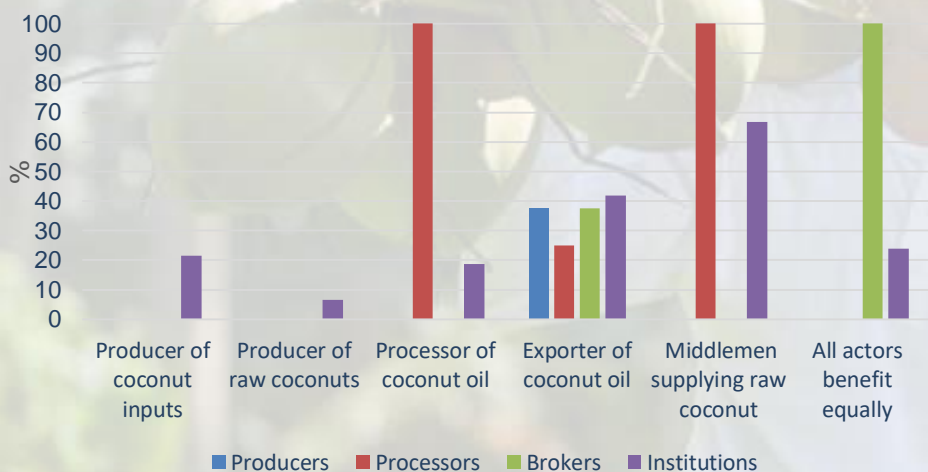
- ❖ Research and promote local demand for processed organic VCO

- Difficult to ensure producers' compliance with standards



### 3. Addressing low level of compliance

Who gets the highest benefits from certification?



Who is the most disadvantaged by certification?





# 4. Addressing other challenges



### Challenges: other

- Practices to improve productivity may not be compatible with organic production
- Too few organic certifying bodies
- Policies/measures supporting agriculture have some limitations



### Policy options

... to provide access to resources and facilities:

- ❖ Build capacity to produce organic inputs and integrate them in livelihood programs

... to foster a competitive OCB sector:

- ❖ Facilitate the accreditation of certifying bodies
- ❖ Build capacity of certifying bodies

...consolidate supporting actions:

- ❖ Integrate organic practices in livelihood and productivity programs
- ❖ Improve subsidy programs, e.g. provide support for farmers and MSMEs during transition



# From Policy Options to an Action Plan

- ❖ Build awareness on the role of farmers in organic certification and integrate them in livelihood and productivity programs
- ❖ Introduce organic production at schools or training centers
- ❖ Online platform for knowledge-sharing
- ❖ Align organic standards
- ❖ Reduce paperwork for certification renewal
- ❖ Access to small-scale VCO processing facilities at affordable rates
- ❖ Subsidy programs, e.g. provide support for farmers and MSMEs during transition
- ❖ Setting up and accreditation of more certifying bodies
- ❖ Capacity building of existing certifying bodies

By whom?

How?

By when?



# THANK YOU



**UNCTAD Project: Fostering green exports through VSS**

<https://unctad.org/en/Pages/DITC/Trade-Analysis/TAB-Project-1617AI.aspx>