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*International Conference on Trade &
Marketing of Coconut Products*

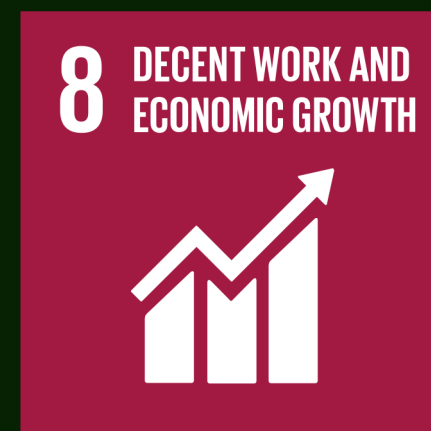


WAYS AND MEANS FOR SUSTAINABLE COCONUT SOURCING

Experience Sharing and Way Forward

Sustainability in Coconut

- Sustainability in the agricultural industry means sourcing goods, services, and raw materials that **supports long-term environmental, social, and economic sustainability**.
- Sustainable sourcing can guarantee economic sustainability by **supporting local communities and businesses**, and **promoting long-term profitability** for all stakeholders involved in the supply chain.

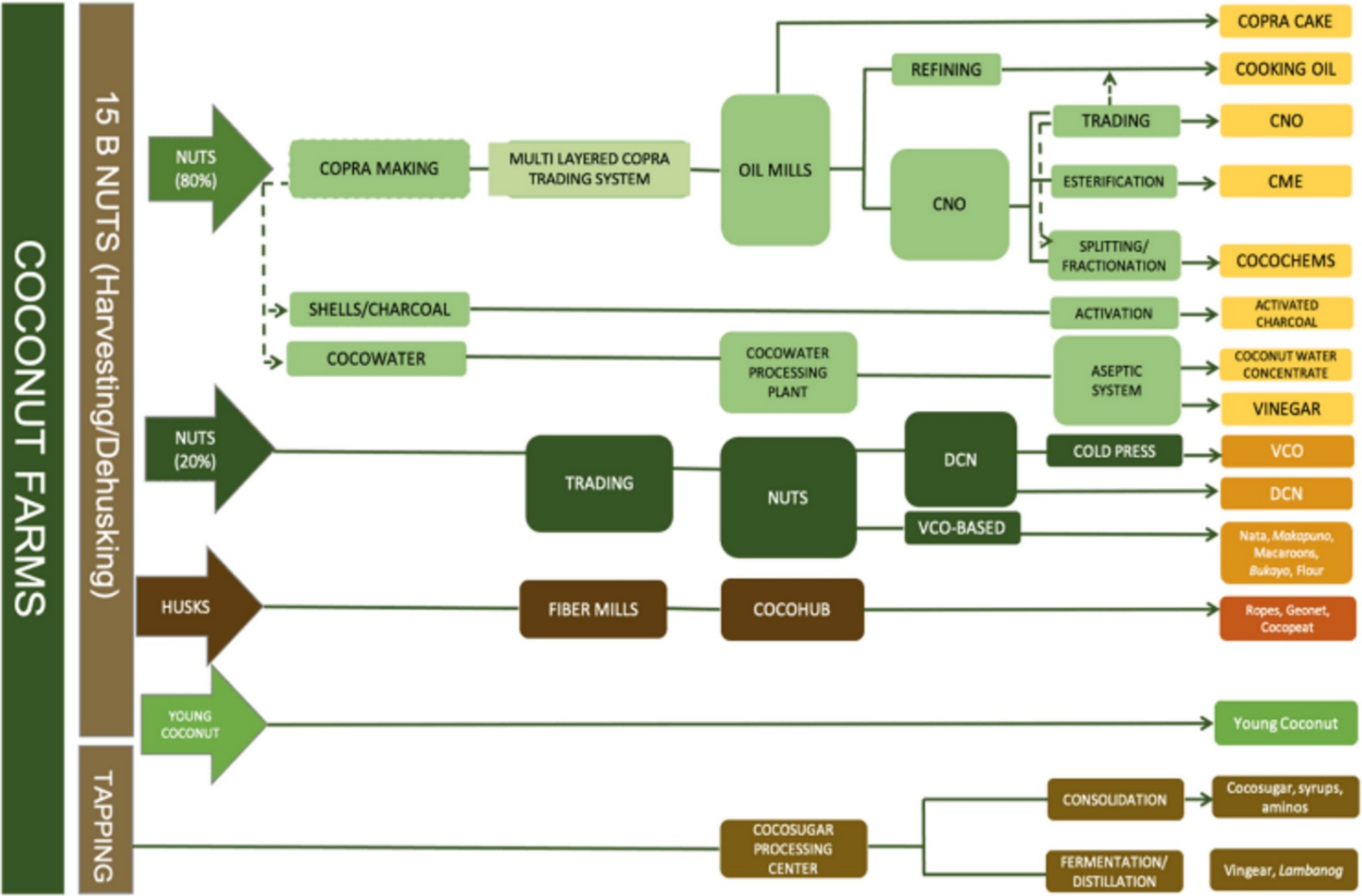




Coconut Industry in the **Philippines**

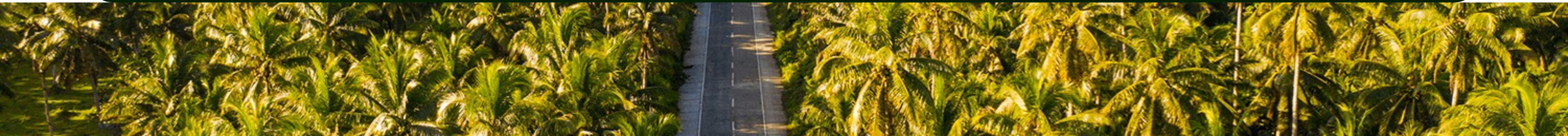
- 🌱 347 million productive coconut trees planted in **3.64 million hectares** of land (more than 25% agricultural land in the country)
- 🌱 14.72 million metric tons of coconuts produced
- 🌱 Coconut oil is the **top agricultural export commodity valued at USD 1.43 Billion** (913,360 metric tons exported)

More than 53 coconut products exported



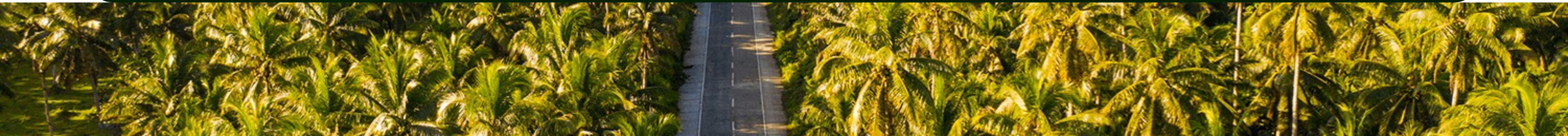
Constraints in the Coconut Supply Chain

- The supply chains of coconut in the country are multi-layered and complex, from the point of production to its domestic and international markets. The bulk of copra in the majority of the regions is sold to community buyers before the copra reaches the mills.
- The pricing of coconut products is largely influenced by world prices of coconut oil and supply conditions.



Simplifying the Supply Chain

- Through sustainable sourcing, the farmers are provided with trainings to equip them with entrepreneurial and technical skills in managing their farms.
- They can now **directly supply to processors** therefore they can realize more market and procurement benefits.





Partnership

The ultimate goal of sustainable sourcing is to build strong, long-term relationships with suppliers along with addressing social, environmental, and ethical issues.

Sustainable Sourcing

The Consumers

Overall, the demand for coconut products is increasing. Consumers of coconut-based products are concerned about the quality and sustainability of the products. They care about the environmental and socio-economic aspects of production. They patronize brands that commit to help farmers secure their livelihood by offering sustainably produced and certified products.

The Producers

Many of the coconut farmers still live below the poverty line due to weak resource base as they have limited access to financing and little technical knowledge. The smallholder producers also face difficulties in meeting the demanded quantity, resulting to multi-level supply chain.



Key partners of the Philippines in Sustainable Sourcing

Private Sector & Civil Society

Sustainable Coconut Oil Project 2015-2019



Fairtrade Certified Desiccated Coconut in the US Markets 2018



Sustainable Development and Good Agricultural Practices in the Coconut Supply Chain



Relevant Industry Partners



Sustainable Coconut Platform



How can consumers identify sustainably produced products?
How can they be sure that the claims of the manufacturer are correct?
How can they distinguish these products from other products?

CERTIFICATION



- Certification requires audits or inspections conducted by independent certification bodies.
- Scorecard and assessment will ensure improved **traceability**, set clear **improvement targets** and **track performance**.
- Sustainability in sourcing and the supply chain brings direct benefits to people and nature while driving business value.
 - Businesses receive positive sales and marketing impacts including improved reputation, increased profitability, cost reduction, and increased production.
 - Consumers feel better when purchasing products that are sustainable or better for the environment.

SUSTAINABLE SOURCING IN THE PHILIPPINES

Farmers' Side

- **TRAINING** on **farm business skills**, Good Agricultural Practices (GAP), and how to comply with **internationally-recognized sustainability standard** (e.g. Rainforest Alliance, Fairtrade Certification, etc.).
- Diligently **COMPLYING** with quality standards and **APPLYING** learnings on managing their farm.

Where am I in the supply chain?

How do I optimize my farm?

What will I change?

What has changed?

FARM BUSINESS SKILLS

- **Farm Planning** (calculation of required seedlings and farm inputs)
- **Business Analysis** (profit calculations, risk analysis, and quality control, cost-benefit)
- **Record Keeping**
- **Financial Management**
- **Creating Farm Business Plan**
- **Evaluating Performance**
- **Responsible Decision-Making**



Sustainability Standard

Effective Planning & Management System



Farm productivity and profitability

Biodiversity Conservation



Protects biodiversity and natural ecosystems, meaning there is no deforestation, no hunting, no agrochemicals, etc.

Natural Resource Conservation



Focuses on soil, water, waste management and pest management

Improved Livelihoods and Wellbeing



Ensures that farm workers receive at least minimum wage and equal pay, that, occupational health, and no forced or child labor



SUSTAINABLE SOURCING IN THE PHILIPPINES

Private Sector's Side

- **ESTABLISHING** a chain of custody for the coconut supply chain of the particular products, providing incentives and higher income to coconut farmers while creating marketable products that can be traded globally
- **PROVIDING** direct market access to certified farmers and **BUYING DIRECTLY** the raw materials from the smallholder producers
- **ENSURING TRACEABILITY** to maintain the integrity of the products

Internal Management System



Result: Increased Productivity of Farms

Ave. Annual Harvest of Coconut Farmers with FBS Training and Certification

26% Higher than coconut farmers without Interventions

7,312 Annual average number of nuts per hectare

Result: Increased Income of Farmers

Ave. Annual Income of Coconut Farmers with FBS Training and Certification

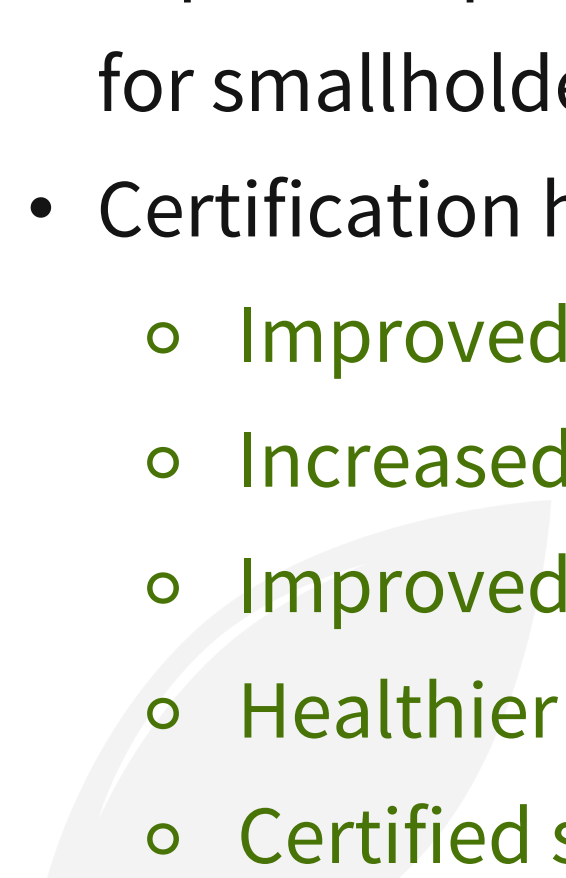
47% Higher than coconut farmers without Interventions

P28,842 Annual average number of nuts per hectare





KEY TAKEAWAYS & WAYS FORWARD

- The best motivator is seeing and realizing personal benefits (e.g. premium price, higher income, maximized productivity, etc.) thus, farmers strive better to comply with the guidelines of the Certification.
 - Expanded partnership of public and private sectors is key to delivering targeted improvements for smallholder farmers in the supply chain.
 - Certification has a lot of benefits:
 - Improved sustainability of farm
 - Increased income of farmers
 - Improved environmental awareness
 - Healthier farm environment for farmer
 - Certified sustainable products are more appealing to consumers
- 



Other Marketing Initiatives



COCONUT FARMERS AND INDUSTRY DEVELOPMENT PLAN

- Financed by the Philippine government through a special fund intended solely for the improvement of the lives and livelihood of smallholder coconut farmers and for the development of the industry

SOCIO-ECONOMIC & ECOLOGICAL SUSTAINABILITY



- Organization of Farmers
- Trainings
- Crop Insurance
- Health & Medical Program
- Scholarships
- Credit



- Hybridization
- Farm Improvements & Diversification (Coffee and Cacao, Dairy Animals, Livestock, etc.)



- Shared Facilities for Integrated Coconut Processing
- Infrastructure (trading posts, coconut bioengineering solutions, training centers)
- Product Development and Marketing Assistance



International Conference on Trade & Marketing of Coconut Products

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