



Terms of Reference

A Study on Skills for Trade and Economic Diversification (STED) in the Non-Traditional Coconut Export Sectors of the Philippines

BACKGROUND

The ILO Country Office for the Philippines (ILO CO-Manila) is currently implementing a Project on Strengthening the Impact of Trade on Employment (STRENGTHEN) since April 2016. The overall objective of the project is to help the Philippines harness international trade and trade-related foreign investment and leverage its export industries towards providing more opportunities for decent work within developing countries and raising the number of developing-country workers who are productively employed.

One of the major components of the STRENGTHEN Project is to provide programme support to the Philippines in developing and upgrading its export sectors through value chains and skills upgrading and development. The STRENGTHEN Project's programme support component consists of two subcomponents: the first one is the Trade and Value Chains in Employment-Rich Activities (TRAVERA) programme, which aims to map out and identify potentials and opportunities along the value chains of an export sector, and the second one is the Skills for Trade and Economic Diversification (STED), which aims to align skills policies and programmes with value chain strategies for export growth, economic diversification, employment generation and decent work promotion.

As such, the STRENGTHEN Project in the Philippines aims to implement both the TRAVERA and the STED programmes at the same time to support parallel efforts and initiatives at the value chains front and at the skills and competencies side.

To accomplish this, the Project will first implement an enterprise survey, the results of which would then, in turn, inform the writing and crafting of the two research and study outputs: the TRAVERA value chains analysis and the STED study and report.

For this particular Terms of Reference (TOR), a country study and report on skills development (STED report) will be developed and produced, which in turn will map out and identify the existing policies on skills, the current gaps and challenges in skills and the potential skills and skills opportunities for increased trade and export growth and economic diversification.

In the case of the Philippines, as a result of extensive stakeholder discussions and review of relevant and major export statistics and data, the ILO STRENGTHEN Project, in consultation with its social partners and tripartite constituents, has selected the coconut industry as its export sector of focus and priority, which was selected due to the fact that coconut remains as

the Philippines' leading agricultural export product. In fact, three (3) of the top 10 agricultural exports are coconut-based export products, namely, coconut oil (both crude and refined), copra cake oil and desiccated coconut.

Further, it is estimated that about 1 to 3 million Filipinos are either directly or indirectly employed in the coconut industry. Moreover, project partners also highlighted the fact that various by-products could be further developed or produced out of one (1) coconut husk or shell. Among the coconut sub-products mentioned by the project stakeholders that are newly-emerging are coconut water, coco coir, coco peat, coco vinegar, and coco sugar, among others.

Rationale for the Selection of Non-Traditional Coconut Export Sectors

Nonetheless, given the wide extent and scope of the Philippine coconut industry, the ILO's project partners have further and specifically identified and requested the STRENGTHEN Project to ensure that its STE programme support component will focus on the studying and mapping out the export value chains of three non-traditional coconut export sectors/products, namely, a) virgin coconut oil, b) coco sugar, and c) coco coir.

Although these non-traditional coconut exports are not, as of the moment, as big as the more established and leading traditional coconut export products of the Philippines, such as coconut oil, copra meal cake, and desiccated coconuts, the ILO's project partners made the case that since the traditional coconut exports are already well-established and various value chains mapping studies, initiatives and plans have already been developed, there is a need to go beyond the traditional sectors by focusing on the potentials and opportunities that the non-traditional coconut export products present and represent for the Philippine coconut industry, as a whole.

In particular, given that they are non-traditional and still emerging, then all the more that these non-traditional coconut export sectors and products should be given attention and focus by identifying their export value chain strengths, weaknesses, threats, and potentials and opportunities.

Furthermore, VCO, coco sugar and coco coir were specifically chosen by the project partners as the non-traditional coconut export sectors of focus because of their recent encouraging export performance and because of the government's focus on growing, developing, expanding and upgrading the competitiveness of these non-traditional export sectors.

In addition, the government's anti-poverty reduction programmes in the coconut sector are also centered and anchored on these sectors, particularly under the KANIB Enterprise Development Program (KEDP) of the Philippine Coconut Authority (PCA), which implements community/household-level coconut processing (CHLP) programmes that include livelihood and entrepreneurial activities promoting and encouraging coir-based processing (e.g. coir-based organic fertilizer production), coco sugar production, and VCO

processing through the establishment of processing facilities, and the provision of machineries and equipment for coir processing, and VCO and coco sugar productions.

Despite these strengths, opportunities and potentials, the coconut industry, as a whole (including the three non-traditional sectors identified), is not without any challenge. Although the country is the second largest coconut-producing and exporting country in the world after Indonesia, the Philippine coconut industry is also wrought with many problems and challenges. It is said to be not only fragmented in economic terms (e.g. quality standards concerns, competitiveness challenges, innovation hurdles, diversification problems, etc) but is also faced with long-standing decent work and gainful issues such as informality of employment relations, child labour, high poverty incidence and low income earnings of coconut farmers, lack of labour standards, and safety and health concerns for coconut farm/plant workers, among others.

STED STUDY

In this regard, the main purpose of the STED study is to identify current and potential skill needs, to estimate skills gaps, and to provide recommendations for the design of effective and coherent skills development policies to support growth and expand opportunities for the creation of productive employment in the non-traditional coconut export sectors of VCO, coco sugar and coco coir. The STED study will be useful for the project's stakeholders to see how skills development could help the export value chains of the VCO, coco sugar and coco coir products become more competitive in the context of open markets as well as build or maintain a sound and diversified product offering.

The research for the STED country study and report on the non-traditional coconut export sectors of VCO, coco sugar and coco coir will involve desk review of government policies and programmes and private sector-led initiatives on skills and human resource development, review of relevant and related literature on skills, and analysis of past and current statistical data on skills and employment, among others.

Also, once finalized, the STED country study and report will incorporate the results and findings from the TRAVERA (value chains) enterprise survey, which will be undertaken by a different contractor, under a separate TOR, also includes a set of questions on skills and employment in the non-traditional export value chains of VCO, coco sugar and coco coir products. The data that would be gathered and incorporated from the said enterprise survey will then inform the STED study in terms of identifying and mapping out the skills needs, gaps and issues from a demand-side perspective.

Further, while waiting for the enterprise results, series of key informant interviews, focus group discussions, stakeholder workshops, and sectoral consultations and dialogues with industry leaders, skills providers and training institutions, among others, should and would already be organized and conducted to also provide data and information on skills issues in

the non-traditional coconut export sectors (VCO, coco sugar and coco coir) from a supply-side point of view.

Hence, the STED study should result in concrete recommendations at the policy, institutional, and enterprises level. These recommendations should be linked to the main objectives of the project's stakeholders, which are to enhance exports, promote economic diversification, enable more and better jobs, ensure that firms find workers with the right skills, and help workers acquire the skills needed to find productive employment in the non-traditional coconut export sectors of VCO, coco sugar and coco coir.

REQUIREMENTS OF THE TOR FOR THE STED COUNTRY STUDY AND REPORT

As mentioned earlier, for the STED Programme to be successfully and effectively implemented, aside from gathering data, reviewing related literature and incorporating results from the enterprise survey being implemented separately by the ILO STRENGTHEN Project, the conduct of key informant interviews, focus group discussions, stakeholder workshops and sectoral consultations and dialogues with key actors in the non-traditional coconut export sectors and with key players in skills development in the Philippines would be very crucial, as information and insights from these discussions will largely inform and form the bulk of the STED country study and report, and help the study come up with sound policy recommendations that would improve and upgrade skills programmes, especially in the non-traditional coconut export sectors (VCO, coco sugar, and coco coir)

TASKS AND DUTIES

For the STED study, the selected Consultant will be responsible for delivering a study according to the expectations and protocols and within the timeframe defined by these Terms of Reference. The major tasks and duties of the selected Consultant are to:

1. Collect, search for, and review all related literature, relevant studies, current researches and policy papers, past and present value chains mapping, government export, employment and development plans (particularly, for the coconut sector), and historical and latest data and statistics on exports, skills, employment and labour standards in the coconut sector, especially in the non-traditional export sectors identified;
2. Conduct follow-through key informant interviews and focus group discussions, if needed, to validate survey findings and address possible survey gaps;
3. Organize stakeholder consultations and capacity-building workshops to affirm survey results and recommendations, and address concerns of the non-traditional coconut export sectors, farmers, workers and other stakeholders;

4. Write a study that analyses skills-related issues in the three identified non-traditional coconut export sectors of VCO, coco sugar and coco coir based on the proposed STED country study and report outline, as could be seen in Appendix A. The study will draw from all sources of information **including the ILO's STED stakeholder workshops and sectoral consultations, and also the data and information that would come from the ILO STRENGTHEN Project's value chains enterprise survey that will be implemented separately by a different contractor;**
5. Write and craft a full STED country study and report (with an executive summary); and
6. Review, revise, verify, affirm and validate the STED country study and report with the ILO and its project partners and tripartite constituents; and
7. Produce and publish a STED Country Study and Report on the Skills Gaps, Issues, Potentials and Opportunities in the Non-Traditional Filipino Coconut Export Sectors and Products following the format of the STED guide and outline (*see Appendix 1 again*).

QUALIFICATIONS REQUIRED FOR THE STED STUDY

Given the extent and requirements to conduct and craft the STED Country Study and Report, the Contractor should possess and have the following qualifications:

1. Strong academic background, technical expertise and research reputation on agricultural and rural value chains mapping;
2. Technical expertise on skills, competencies and human resources development, particularly skills in the agriculture sector
3. Strong track record and professional experience in doing and conducting skills analysis;
4. Comprehensive and in-depth understanding of skills development in the Philippine agricultural sector, particularly the coconut industry, will be an advantage; and
5. Technical capacity (or if an organization or team, institutional capacity) to not only write the STED report but also to conduct and organize skills-related key informant interviews, focus group discussions, stakeholder workshops and sectoral consultations and dialogues

STED STUDY DELIVERABLES, DEADLINES, AND PAYMENTS

The STED Country Study and Report shall be undertaken from 31 October 2018 to 31 March 2019 and shall follow the proposed payment and deliverables schedule below:

Deliverables	Deadlines	Payments
Outline of the study	DD.MM.2018	\$XX
Draft version of the study	DD.MM.2018	\$XX
Final version of the study, incorporating comments from the ILO	DD.MM.2019	\$XX
Presentation of the study	DD.MM.2019	\$XX
	Total Amount	\$XX

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APPENDIX A

STRUCTURE OF THE STED STUDY

This Appendix provides a proposed outline for the STED Country Study and Report on the Non-Traditional Coconut Export Sectors of VCO, Coco Sugar and Coco Coir. There is scope for the consultant to propose variations for this structure. Significant variations from this must be agreed with the ILO.

1. Executive Summary

2. Introduction

- 3. Value Chain Profile:** This section will briefly describe and analyse the value chain's character and place the value chain in the context of the country's wider economy, both descriptively and through comparisons between value chain data and whole-economy data.

3.1. Firm-Level Characteristics and Business Capabilities of the Value Chain:

Depending on data availability and on the issues found to be important for the value chain, this section will use firm-level data to characterize the value chain in more detailed manner. This section will also describe the value chains existing business capabilities, built up from the technologies used by the firms in the value chain, the manufacturing and business processes they apply, the skills of their workers, their forms of work organization, and the infrastructure to which they have access, among other factors.

- 3.2. Value Chain Employment:** This section will consider trends in employment related to the value chain and its components, considering trends in employment totals, and especially analysing employment in terms of occupations and qualifications of employees.

- 3.3. Institutional Mechanisms:** The section should give an overall picture and map key types of institutions of the value chain through explaining their roles for the value chain's development. Key types of institutions include employer organizations, worker representative organizations, education and training institutions, professional associations, export councils, development agencies, regulatory organizations and ministries with a particular interest in developing the value chain. It should also include major initiatives and plans in place to develop the value chain generally or with a specific focus on trade and skills.

- 4. Value Chain Outlook:** With a sound basis of the previous sections' analysis, the section will take a forward looking perspective and try to envision how the value chain may develop into the future and to define the value chain's preferred vision (objectives) of the future. It will be done mainly in qualitative terms and can be done in quantitative terms if data allow.

- 4.1. World Market Trends:** This subsection should look at the market as a whole in order to identify overall market growth, where demand is located and where market growth is concentrated. In addition, it is necessary that the subsection discuss how the value chain fits into those markets, and how its position in the markets is evolving. Key questions the consultant should aim to answer include what are the reasons for having different markets with respect to the other exporting countries and how are the products positioned relative to the others in the main markets.
- 4.2. Scanning the Business Environment:** When scanning for issues in the business environment, the subsection will need to focus on the main issues relevant to the value chain's future development. The types of issue include political, economic, social, technological, environmental and legal.
- 4.3. Gaps in Business Capabilities:** The objective of this section is to identify the main areas of business capability that must be created or greatly improved for the value chain to be developed. The section should explain the main business capability gaps and deduce what kinds of skills are required to bridge the business capability gaps identified for the value chain.
- 5. Implications for Skills Development:** This section will translate the value chain outlook into projections of the demand for different occupations and their respective skills. It will then compare the projected skills demand with current skills supply.
- 5.1. Projected Skills Demand Versus Current Supply:** This section will aim to identify gaps between the current skills availability and the skills requirements of the future, in both qualitative and quantitative terms.
- 5.1.1. Labour market evidence**
- 5.1.2. Sources of labour**
- 5.1.3. Skills Supply:** Use different types of data on students and graduates of different programmes and trainings, the subsection will aim to assess the skills supply side of the value chain and present the trends in students, graduates, new entrants to demonstrate how the graduate pipeline is developing. The section also should discuss main sources of skills supply for the value chain, barriers to training and making use of other sources of skills such as inward migration.
- 5.1.4. Proposed Response to Future Skills Needs:** The section will present proposals and recommendations for responding to the skill gaps identified developed in consultation with value chain stakeholders. The proposals should form a skills strategy for the development of the value chain, providing a clear agenda for the national and value chain stakeholders, and identifying where support from development partners can have greatest leverage.

6. Conclusions and Wider Policy Implications