Enhancing capacity in the cinnamon value chain

The project's key objectives were to increase the volume of cinnamon supplied to export markets through the support of the cinnamon industry stakeholders, and upgrade quality and food safety compliance to meet the conformity requirements of high-end markets. Additionally, the project aimed to address the negative social stigma related to cinnamon processing jobs which affect local production because of the lack of labour due to urbanization and migration trends.

On 21 June 2016, the STDF and UNIDO organized a jointinformation session on the project.

A result story on the project is availablehere.

STDF/PG/343

Status
Completed

Start Date
01/07/2012

End Date
31/10/2016

Project Value (US$)
$2,205,600

STDF Contribution (US$)
$705,600

Beneficiaries
Sri Lanka

Implementing Entities
United Nations Industrial Development Organization (UNIDO)

Partners
The Spice Council of Sri Lanka (TSC)

Background

One of the most well-known products exported from Sri Lanka is the 'true' Ceylon cinnamon (Cinnamomum zeylanicum blume) that still holds a strong position in the world market due to the unique added-value through its primary production. However, Sri Lanka's cinnamon exports to the world market have been gradually diminishing compared to the global share of cinnamon exports in the last few years, especially in the European and North American markets. Enterprises engaged in the cinnamon

industry believed that the main reasons for this loss of competitiveness were the higher price compared to cassia (a cheaper substitute), and the inability to supply the adequate volume that meets the necessary buyer product specifications and food and hygiene standards (Sanitary and Phytosanitary Standards). Several other factors such as lack of human resource availability, applied skills, training infrastructure, etc. have also been affecting and straining the value chain.

The project aimed to establish an institutional training delivery mechanism and a national framework for training operators involved in the cinnamon industry to produce 'true' cinnamon meeting the necessary buyer product specifications and food and hygienic standards. Furthermore, the project aimed to support local stakeholders in the process of obtaining the Geographical Indication mark for the Ceylon or 'true' cinnamon.

Results

Capacity of the cinnamon value chain improved in terms of food hygiene and safety

The project led to improvements in the food safety and hygiene of the cinnamon value chain through promotion of Good Manufacturing Practices (GMP) and formulation of National Competency Standards for Cinnamon Field and Factory Operations. The entire process from competency standards to curriculum development was based on the requirements of SLS: 81: 2010, ISO 22000, HACCP, and the principles of GMP. Furthermore, the training contents were developed to assure quality standards of Pure Ceylon Cinnamon also stipulated by SLS 82: 2010.

During the formulation period of the training programme, the project maintained close consultation with all stakeholders and requested adoption of documents developed by the relevant national authorities, including the Tertiary and Vocational Education Commission (TVEC). To implement this training framework, supporting documentation, such as an outline curriculum, training plans, assessment resources and audio-video training materials were developed. The project strengthened the institutional capacity of the Cinnamon Training Academy in order to ensure the continuous support of the value chain through training and consultancy services beyond the closure of the project.

Capacity improved to deliver food hygiene and safety training strengthened along the cinnamon value chain (Institutions, producers, growers and workforce)

The national vocational qualification (NVQ) framework and the competency standards developed for Cinnamon Field and Factory Operations will enable the workers in the cinnamon value chain to obtain nationally recognised training qualifications with a food safety and quality component, available in English, Sinhalese and Tamil. This in turn will also have a social impact by uplifting their working conditions and social standards through a more industrialized, so-called 'line' system. It is expected that more unemployed youth will be attracted to the job opportunities in this labour intensive industry due to a recognised social status and good remuneration. Future attraction of more people into the industry will address the issue of peeler scarcity by providing a skilled workforce to the industry. This will in turn enable the industry to increase the production capacities and volumes to meet global demand. As such, this initiative can contribute to the government's "one million new jobs" and "Ceylon cinnamon becoming a billion dollar industry" policy.

The project also supported the institutional capacity building of the Cinnamon Training Academy (CTA). In particular, the project equipped CTA with the training materials and corporate documents, and developed a model plantation for training purposes at its premises. CTA is the result of a public-private partnership led by the industry and supported by the Government of Sri Lanka and the UNIDO-TSC-STDF project. A due diligence study was carried out for the creation of the CTA and an internationally qualified management company was contracted to develop a five-year strategic plan to ensure its full sustainability. The project also developed a business plan for the CTA. The work programme for the CTA including human resource recruitment schedule, training materials for a pilot training program, and a scheme to assess and award certificates to graduates was elaborated based on the competency standards developed for the sector. The registration of the CTA as a NVQ-level training provider was carried out and as a result, it received its national level accreditation for the training function as the training infrastructure at the CTA was fully in place. This will also enable CTA to deliver standardized training and award nationally accepted certificates. At the end of the project, a marketing campaign was conducted to promote the NVQ training programs delivered by the CTA and simultaneously mitigating the social stigma around cinnamon processors. In cooperation with CTA, the project organized awareness raising and training sessions in the main cinnamon producing areas, on which more than a thousand people participated.

Compliance capacities of the cinnamon processors enhanced through certification according to national and international standards

The inability to supply demanded scales due to non-compliance of cinnamon with the necessary buyer product specifications, and food and hygiene standards was a major bottleneck faced by the industry. Supporting the cinnamon processors to enhance their production compliance capacities through certification will enable the product to meet the high-end conformity

requirements of European and North American markets. This will also support the branding effort on Ceylon cinnamon by the Government in the global market. The project faced unwillingness by cinnamon producers to certify them against GMP, mainly related to the unawareness of its added value in risk mitigation as well as foreseen costs on its necessary infrastructure. Thereby, the project piloted the GMP upgrade of six pre-selected cinnamon processing centres that agreed to participate in this support scheme and which fulfilled specific requirements, based on the gap analysis of a Sri Lankan non-profit certification and training body called IndExpo Ltd. Among those centres is the Kahawatte Plantation, where the majority of workers are women. Furthermore, the project developed a GMP booklet for the cinnamon value chain, providing guidance on practical aspects of developing, implementing, and maintaining GMP within a cinnamon processing facility, thus allowing the dissemination of required knowledge for factory owners and operators that are considering an upgrade of their centre against GMP. Later, this booklet was used in the process of developing a national accredited GMP standard for Ceylon cinnamon.

Image and branding of the cinnamon exports from Sri Lanka improved in the export markets through the launch of the PCC Mark

To regain its deserved market share, the project provided assistance through multiple reports and guidelines, covering the necessary steps to exploit the long-term market opportunities, through the conformity assessment of the Pure Ceylon Cinnamon mark as a product certification scheme, to the roadmap on obtaining Geographical Indication for Ceylon Cinnamon.

Pure Ceylon Cinnamon mark supported in its design and pilot stage with the training qualifications and GMP certification as key elements of the mark

The Sri Lankan Government is working through the Export Development Board (EDB) to brand the quality of Sri Lankan cinnamon products in the world market as a local Certification Trade Mark, “Pure Ceylon Cinnamon”. The project supported the country to develop a common understanding among the stakeholders on the importance of having the training framework and the GMP certification as an integral part of the “Pure Ceylon Cinnamon” mark, and setting up a framework and implementation strategy for the “Pure Ceylon Cinnamon”.

Having a workforce trained according to nationally recognised training qualifications and conforming with nationally and internationally accepted quality & food safety and hygienic standards will support the cinnamon industry to become competitive in the global market. It will also secure its strong position in the cinnamon market by providing a high quality and healthy product to the consumers.

The Pure Ceylon cinnamon mark is supported and upgraded as Geographical Indication (GI)

The Sri Lankan Government is also working on obtaining GI for Ceylon cinnamon in the European Union (EU) through EDB. The registration of the “Pure Ceylon Cinnamon” mark as a GI provides Ceylon cinnamon with a high-end intellectual property protection in the EU markets. This will provide an acknowledgement and value for Ceylon cinnamon for its intrinsic qualities and long standing reputation. Moreover, the GI will enable true cinnamon to be protected against deceptive products. It also gives Ceylon cinnamon a marketing and promotional value in the global market. In addition, the local quality control will also ensure that all producers are adhering to national and international requirements and standards on quality and food safety.

As GI will mean a new area for the country as well as for the cinnamon industry, all stakeholders are keen on contributing and participating in the process of obtaining a GI. Thereby, the project together with FAO supported the conduction of a deep analysis to identify the knowledge and process gaps in obtaining GI for Ceylon Cinnamon and recommend follow-up activities.

Recommendations

Cinnamon Training Academy

It is recommended that the CTA builds strategic partnerships with other local institutes in order to commence the diversification of its service portfolio based on the defined scope under the validated strategic plan. As an example, approaching universities and food science and technology institutes will allow CTA to conduct studies on the cinnamon value chain and create best practices for increased production.

In view of the outcome of the pilot GMP program, the CTA shall develop and establish a mechanism to promote GMP to cover the majority of the value chain actors. The CTA shall also collaborate and coordinate actions with relevant national authorities and industry experts, where needed, to support cinnamon processors in upgrading their production as well as continue to disseminate information on the benefits of being certified against GMP.

The National Apprentice and Industrial Training Authority (NAITA) and joint CTA programs have proven successful and based on this, the project supported the development of a concept paper and discussion with the NAITA on which the CTA also participated. As an outcome of this preliminary cooperation, NAITA indicated its willingness for further cooperation with CTA

which was also supported by the Ministry of Primary Industries. It is recommended to follow up with a business portfolio diversification, thus also having a possibility to become a “centre of excellence”.

The Spice Council

It is recommended that TSC continues its support to the CTA and promote its services at governmental level as well as among industry stakeholders. TSC/CTA need to devote more personnel resources to expedite and complete the task of development/accreditation of Ceylon cinnamon GMP standards and establish a single certificate system for Ceylon cinnamon exports that will guarantee traceability through PCC lion logo.

Public sector

The public sector needs to consider best practices and results of the project to unify efforts for upscaling purposes thus also contributing to its vision of “one million new jobs” and “Ceylon cinnamon becoming a billion dollar industry”. As Ceylon cinnamon is one of the most labour intensive value chain in Sri Lanka, followed by tea and cocoa, as well as its potentials in export markets due to its added value e.g. its health benefits, it can open doors for other spices produced in Sri Lanka. Thus, the promotion of Ceylon cinnamon, nationally as well as globally, should be continued to achieve these goals.

It is also recommended to develop studies on product certification in relation to internationally accepted food safety and hygiene standards to comprehend the needs for product certification. This could avoid the duplication of efforts and save resources, such as in the case of the PCC mark and the development of a technical dossier for Geographical Indication GI.