TRANSLINKS Rattan Value Chain Workshop

A Visit to the Rattan Harvesters in Palawan and Guidance on Facilitating a Value Chain Actors' Field Trip

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Introduction to Workshop

Value Chain work too often makes the *false assumption* that community raw material suppliers are the value chain participants in most need of capacity building that allow them to integrate conservation, social, and management issues into their activities. Community groups that harvest and sell non-timber forest products, including rattan, are often rural, poor, less educated, and have few, if any opportunities, to interact with the end markets. Dependent on middlemen or traders, these raw material suppliers face disincentives to improve quality when other value chain actors fail to invest in grading systems, proper storage facilities, and reliable market information. This is the case for rattan harvesters in the Philippines, who sell to local traders that do not grade the rattan poles, often store the poles incorrectly leading to black mold staining, and are disconnected from the end market preferences on pole length, diameter, rattan varieties, and peak pole demand seasons.

By contrast, the Philippines' furniture industry manufacturers appear sophisticated, with world class designers selling their furniture and home accessories in New York, Los Angeles, Paris, London, and Rome. Rattan furniture designs are in top demand from high end furniture stores and rattan home accessories can be found in leading department stores in the U.S. and Europe. These manufacturers employ thousands of workers and manage containers of exports every month. One would think that their knowledge of the rattan value chain is high, but in actuality ignorance is widespread within the industry on how the value chain operates at the forest level, where the rattan is sourced. Of the manufacturers who participated in this workshop and visited the rattan harvesting areas, 100% were seeing rattan growing in the wild for the first time and had little or no knowledge of growing conditions within the forest. This knowledge gap and lack of engagement in the rattan sourcing portion of the value chain has led to severe shortages of high quality rattan, compromising the Philippines furniture sales.

It is in this context that the **TRANSLINKS Rattan Sourcing Workshop: A Visit to the Rattan Harvesters** was held in Palawan, Philippines on December 2 - 3, 2008 as a follow-up to the July, 2008 workshop in Cebu. As part of promoting an overall sustainable sourcing program for rattan and other non-timber forest products (NTFPs), the Cebu Furniture Industries Foundation, which represents over 300 manufacturers in the Cebu area of the Philippines, co-hosted with TRANSLINKS "*Improving Value Chain Dynamics for Natural Products in the Furniture, Gifts & Home Decor and Fashion Accessories Industry"* in July 2008. Rattan gatherers, community rattan concession holders, manufacturers, and local NGOs learned about the value chain dynamics, NTFPs and forest management in the context of biodiversity conservation, and tenure and governance issues that impact NTFPs in the Philippines. The workshop also included facilitated visits to manufacturing facilities to learn how the rattan is crafted into the end products and the market demand and competition factors that manufacturers face; i.e. timing of orders, seasonal demand cycles, manufacturing processing steps, and how rattan quality impact product production steps.

While the Cebu July 2008 workshop focused on the manufacturing to final consumer steps in the rattan value chain, the December 2008 workshop in Palawan emphasized value chain steps at the forest management, harvest, post harvest, storage and transport functions. The rattan harvesters hosted the rattan manufacturers on a visit to the rattan harvesting areas and post harvesting processing and storage areas. A facilitated value chain assessment discussion was then held to exchange knowledge on how practices could be improved with the rattan harvesters educating the manufacturers on the forest sustainability, biodiversity conservation and social constraint issues.

While this case deals with rattan in the Philippines, the same issues play out around the world for non-timber forest products (NTFPs) and the high end manufacturers that depend on them for their product lines. For this reason, the proceeding are written as a set of guidelines that can be used by other groups interested in bringing together multiple actors within a value chain to achieve triple bottom line results – conservation, economic improvements, and social equity also referred to as nature, wealth and power.

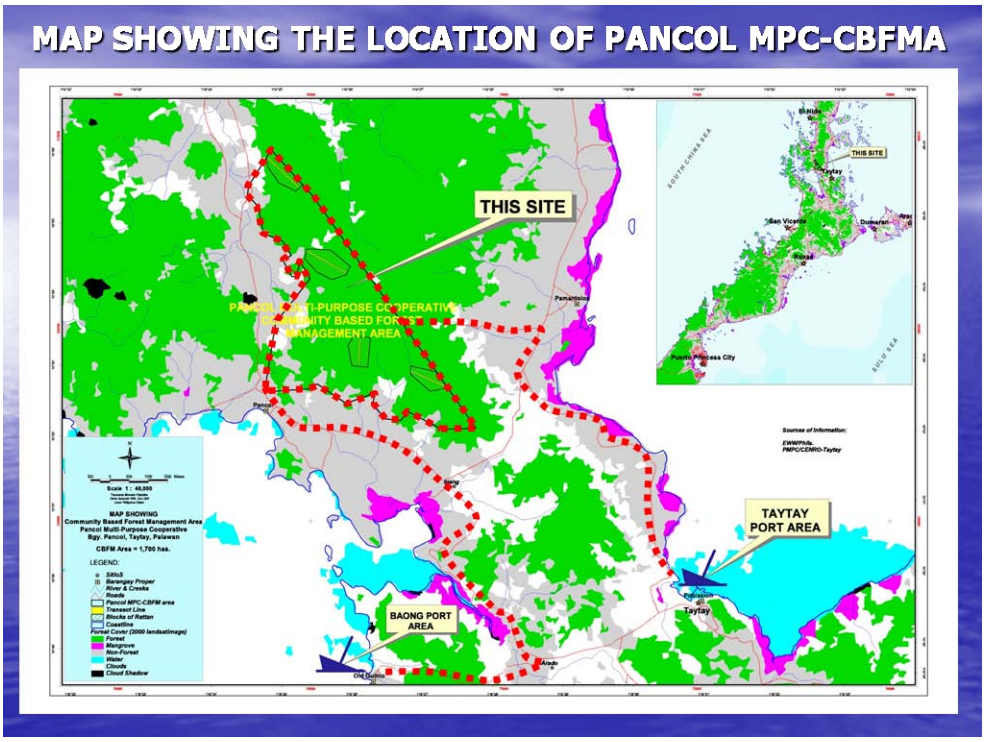
Facilitated Value Chain Actors' Workshop and Field Trip Guidance on Facilitating Inter-Actor Value Chain Learning to Achieve Conservation and Social Equity

This section of the proceedings is organized to give guidance on how to organize and facilitate a value chain actors' workshop and field trip as well as report on the proceedings of the Palawan workshop held in December 2008. The guidance and Palawan reporting are divided into five steps that can be used by groups planning to organize similar value chain coordination events.

1. **How to organize a facilitated value chain actors' workshop and field trip**
2. **How to provide a value chain/subsector structure along with local context information to maximize information sharing among the participants**
3. **How to make the most of being in the field to combine value chain steps with suppliers' and buyers' experiences**
4. **How to facilitate prioritizing of information and suggested improvements**
5. **How to close a field visit with specific follow-up actions that advance to value chain improvements after the workshop**

1. ***How to organize a facilitated value chain actors' workshop and field trip*** – In many countries there are trade groups, producer and manufacturing associations, as well as programs within government ministries and departments dedicated to industry promotion. Research these for your country and start making contacts. Increasingly governments, the private sector, and communities are looking for opportunities to become more environmentally and socially responsible. When you locate an interested individual, ask if they will be willing to help recruit other actors for a value chain field trip. Explain that participants must come ready to share their expertise. Include an experienced value chain expert in the workshop who is tasked with facilitating exchanges of information among the participants.

The Palawan Workshop:
The value chain actors for the Palawan workshop were identified through contacts with the government and community forestry management groups. In the Philippines for rattan furniture there is the Department of Trade and Industry (DTI) and Department of Science and Technology (DOST) and on the manufacturer's side the Cebu Furniture Industries Foundation, among others. At the forest and community level there are the Department of the Environment and Natural Resources (DENR) and community based forest management groups and cooperatives that harvest the rattan. In particular for the Palawan workshop, the Provincial Environment and Natural Resources Officer (PENRO) and the Pancol Multipurpose Cooperative (PMC) in Taytay, Palawan, hosted the manufacturers from Cebu and government officials at their site. Pancol PMC manages a 1,700 hectares community based forest management area, shown in the map above. Taytay is a five hour drive from Puerto Princesa, the Provincial Capital of Palawan, where the airport is located. The workshop participants had a half day meeting in Puerto Princesa and then a full day field trip to the rattan harvesting and post harvesting areas of Pancol PMC. The workshop was facilitated by an



PANCOL prepared a map to give an overview of the rattan harvesting area in relationship to transport options and the forests areas they are working to conserve

experienced rattan value chain expert from EnterpriseWorks/VITA (EWV). EWV Philippines staffs had developed a relationship with the community and the manufacturers prior to the workshop and were perceived as a trusted entity. Fifty-seven people were trained during the workshop – 35 women and 22 men.

2. ***How to provide a value chain/subsector structure along with local context information to maximize information sharing among the participants*** – Review the main value chain functions and actors with the workshop participants to provide a common understanding of the overall subsector. Also provide an overview of the field site area to be visited at the start of your workshop. For information on how to complete a value chain/subsector matrix that can be used to review your value chain's structure refer to the Conservation Marketing Equation tool published through Translinks in 2008. This publication can be found at www.enterpriseworks.org under publications. When preparing site level information focus on getting the best information on quantities and quality available for the product. The better the information there is to share among the value chain participants the greater chance to identify and implement improvements. Allow time for questions and answers to develop trust among the group.

The Palawan Workshop: A rattan subsector/value chain study had been completed for the Philippines prior to the workshop and field visit. Some of the workshop participants had even participated in the study. Still, a review of the basic rattan actors and functions (see matrix below) was done during the workshop when the manufacturers and rattan harvesters were together at the field site. Going over the rattan matrix helped to make the information exchanges more orderly among the actors.

The night before the manufacturers traveled to the site, The Pancol Multipurpose Cooperative put together a PowerPoint that was shown to the manufacturers. (see file name: Rattan Inventory Pancol Philippines PP). This presentation went over the harvesting site, with map included; the sampling procedure used for the rattan inventory; the rattan varieties, classifications, quantities found at the site, and shipping routes from Taytay. Providing the data the night before, gave the manufacturers a chance to formulate questions and be more observant to conditions on the 5 hour car ride to reach the site the following day. The data greatly informed the exchanges between the manufacturers and the harvesters.

Market actors and functions

Function/Actor	Rattan Gatherers	People's Organizations	*Kapatas*	Individual Permittees	Provincial Traders	National Traders	Retailers	Handicraft Manufacturers	Furniture Manufacturers	Exporters	Skills/ Technology
Exporting of furniture and crafts								√	√	√	Designs, sales contacts
Retailing of finished products								√		√	Sales outlets
Manufacturing								√	√		Designs, furniture skills
Retailing of rattan materials							√				Sales contacts
Wholesaling		√	√	√	√	√					Warehouses
Transporting		√	√	√	√	√					trucks, container vans
Sorting/scaling	√	√	√								Manual, use of caliper
Drying and bundling	√	√									Manual, sun drying
Scraping	√	√									Manual, use of machete
Rattan cutting/gathering	√										Manual, use of machete
Obtaining permits and licenses		√		√							SOP* intensive

* "Standard operating procedures" (SOPs) is the term used in the Philippines for bribes and unofficial payoffs that are made throughout the chain to conduct business.

3. ***How to make the most of being in the field to combine value chain steps with suppliers' and buyers' experiences*** - Field trips are invaluable to drive home the realities of what it takes to implement each value chain step. Transportation constraints are better understood once someone has traveled the actual route a product will take; post harvest drying issues encountered at the field make more sense when one has seen constant rain for their entire visit; and connectivity problems are comprehended when one understands there is no electricity in a town and the generator only is used two hours a day, so that is the only time email can be accessed. The field trip should be used to visit and experience as many steps in the value chain as possible, with the value chain expert facilitating and asking questions of all actors on what their needs and constraints are at each step.

The Palawan Workshop: The morning of December 3, 2008, the manufacturers, government officials, and NGO representatives headed to Taytay in Northern Palawan for the rattan field visit and roundtable discussion with the rattan harvesters. After five-hour travel from Puerto Princesa City, the participants arrived at the Barangay Hall of Pancol Village in Taytay. The last two hours of the trip were on rough unpaved roads and the Barangay Hall had no electricity. Driving into Taytay, the participants got a good view of the harbor and port area and it was

explained that most goods are transported by boat in and out of Taytay since the overland route is long and the road poor, especially in the rainy season. It was confirmed that cargo boats do sail directly to Cebu where the manufacturers are located. But it was also observed that the cargo boats also included “non-container” boats; that is a boat that cargo is piled up on the deck area and the cargo is open to the elements. The manufacturers pointed out that they prefer containers, but if not available, then, at a minimum, tarps must cover the rattan poles or they could get wet and develop mold in transit.

The group assembled at the community hall where members of the Pancol Multi-Purpose Cooperative (PMPC) and village officials welcomed the visiting team and served a lunch of fresh sea foods, chicken, rice and other Filipino delicacies, giving a chance for the participants to informally get to know each other before visiting various steps in the rattan subsector.

Representatives from the Cebu furniture manufacturers observe rattan growing in the forest.

Ann Koontz, Senior Program Advisor of Enterprise Works/VITA and Ms. Ma. Cleofe Bernardino, executive director of the Palawan NGO Network, Inc. (PNNI) explained the purpose of the visit. Each participant introduced themselves and their role in the rattan value chain. Ms. Koontz then led the participants through the basic rattan value chain functions and explained that the group would:

a) see where the rattan vines are growing in the forest to observe the harvesting conditions and hear from the rattan gatherers the types of vines they encounter in the forest, how they harvest them and do the first scraping in the forest;

b) get to see a sample of all the varieties/species and sizes of rattan that PANCOL can source from the forest and for which they have done inventories on and are included in their resource use permits; and

c) observe the rattan pole drying and storage areas that are used prior to the traders purchasing and transporting the poles.

4. How to facilitate information exchanges and suggestions for improvement

Inclusion of an experienced value chain facilitator, who can ask follow-up questions and link information between functions and actors, is critical to a successful field visit. Many times an actor will ask a good question, but be too shy or polite to ask the difficult follow-up questions. The facilitator also needs to create an atmosphere that promotes constructive critiques and honest sharing of constraints. For example, if the buyers express that their peak demand for rattan poles is May and this happens to correspond with the peak rice harvesting time for the community. A good facilitator needs to bring up this fact and help the group to explore solutions. Would the buyers be able to purchase earlier in the season and store the rattan? Ignoring constraints and disconnects in the value chain does not serve any actor's interest and is a common reason that raw material suppliers lose out on opportunities to access higher value markets. Focus on facilitating the information exchanges to get detailed information on product quality, quantity, price structures, and timing of orders from the manufacturers. From the suppliers focus on learning the biological constraints of rattan, best practices in sustainable forest management, and labor and costs structures for the harvesters.

The Palawan Workshop: Right after lunch, the team headed for a visit to a **rattan growing area**. The Cebu manufacturers were seeing rattan growing in the wild for the first time. The harvesters explained that vine take 25 to 35 years to grow to harvestable size, which can mean a 50 – 60 meter vine that twists and turns through the trees in the forest. The rattan gatherers cut it from the root, and if long, they climb up the tree to cut it from the other end. The rattan vine is covered in an outer skin that has sharp thorns. This skin must be removed to get to the core rattan, which the rattan pole that is familiar to the manufacturers. Removal of the outer skin is called the scraping process and is done in the forest. After scraping the poles, the gatherers cut them into lengths, usually 9 to 10 feet and carry them on their backs to pick up points. Manufacturers buy nine-foot poles for P29 to P32 landed in Cebu from the traders.

> **Manufacturers/Buyers and Gatherers Exchange:** Manufacturers' critique: "Well, it's my first time to be here and it's my first time to see a rattan plant in the wild. I didn't know if it was a tree. I thought it would look like sugar cane. It is overwhelming to know that we buy rattan at P32 per pole after seeing all that goes into harvesting the poles and the forest conditions that are needed to support sustainable harvesting. I had no idea it took so long for a rattan pole to grow and all the processes that must be done by so many poor, often indigenous people. We need to figure out a way to get higher returns

to the rattan gatherers and greater investment in sustainable harvesting to protect the rattan supply and the forests."

Overall the initial harvesting is done well and the scraping process is fine. But, the gatherers are losing out on getting top price for their rattan poles when they cut them into only 9 foot lengths. The gatherers reported that 9 foot lengths are the longest the traders will buy, since the shipping containers are only 12 foot long. The harvesters indicated that they are will to provide very longer poles and since the rattan is flexible it could be bent before putting into the shipping container. To make this happen, the gathers would need the specified lengths from the manufacturers, something the manufacturers indicated they would be willing to provide.

Next, PANCOL had collected all the **types and sizes of rattan species** they have in their rattan concession area and for which they have done inventories and included in their resource use permits (see chart below). Since it was not possible to hike through the forest to see all the rattan species, plus growing in the wild, the pole quality cannot be observed by the manufacturer, this method of getting product feedback was the most efficient.

One of the first issues was rattan identification. The rattan gatherers did not know the scientific names for the rattan species and instead refer to the different species using their local language. But in the Philippines there are dozens of languages and multiple local names for the same species of rattan. For example, between the harvesters and manufacturers it was determined that

RESULTS OF THE INVENTORY

Species	# of Matured Individuals	Length(m)	Vol (LM)
Bogtong	276	3250	3250
Palasan*	202	3,214.5	3,214.5
Labsikan	287	3520	3520
Gatasan*	112	2478.5	2478.5
Siksik	243	3500.5	3500.5
Kalapi*	388	4364	4364
Abuan	433	5518	5518
Pipin	68	716	716
Dacanan	108	1278	1278
kalabang	72	828	828
			28,667.5

A common problem is rattan species/variety identification. PANCOL knew the local terms and not the scientific names for the rattan they harvested. The manufacturers knew the species by other local names.

Palasan is locally known in Taytay as *Nanga.* Inability to identify rattan species leads to all poles being lumped together at the harvest sites and by the traders, leaving the manufacturers to go through pole by pole to choose the species they need- a very inefficient process. The rattan gathers had no information on what were the preferred species and which species were often rejected by the buyers. Since the traders look to get an average price per shipment, so figure in rejects when paying the gatherers, this dynamic also contributes to the low buying prices the gatherers receive.

Manufacturers/Buyers and Gatherers Exchange: The manufacturers explained that rattan is valued by its size, variety (species) and quality. Each product is classified as either Class 'A' 'B' and 'C', with A being the highest quality. Because of poor processing and harvesting of small diameter vines, most poles sold from Palawan are being categorized as Class C when they arrive in Cebu.

The manufacturers went on to critique the rattan varieties that they recognized. For the other varieties, the manufacturers collected samples from the gatherers so they could test the quality and give them feedback after the trip. The manufacturers noted the following varieties and their demand from greatest to least.

a) Palasan, locally known in Taytay as *Nanga*
b) Kalapi *(Kalaban)*
c) Tumalim
d) Olising *(Taruman)*

The gatherers said there is plenty of *Nanga* in the forest in Pancol and they can supply a great volume. Manufactures said they want Palasan, Kalapi, and Tumalim because of their usability and export quality. Palasan is the best among the list as it is light, durable, and flexible (easy to mold into different shapes/designs). Olising is not widely used at present in Cebu because it cracks when molded. However, the manufacturers are also open to using a much better quality rattans that may be available and thus brought back to Cebu samples of other varieties found in Palawan.

After the rattan is harvested and the outer skin is scraped off and the vines are cut into lengths, the rattan poles are dried and stored. PANCOL showed the manufacturers how they **dry and store the rattan poles.** The picture below shows how PANCOL stacks the poles for drying. Currently PANCOL only has a simple thatched roof with open walls to store the poles prior to pick up by the trader. There was also grading of the poles done and the manufacturers pointed out that many of the poles were already starting to have black mold, which stains the poles permanently and cannot be cleaned.

Manufacturers/Buyers and Gatherers Exchange: The manufacturers noted that PANCOL needed to do a second scraping of the rattan pole and sort the poles by species, diameter, and grade. Proper classification would allow grade A poles to get higher prices, versus all PANCOL's rattan poles being graded C.

Drying the rattan poles in the open was allowing mold to grow and reducing the quality of the poles.

The manufacturers noted that they employ their own classifiers to double check the shipments. Their classifiers are looking for consistency in length, diameter, species, pole shape, and imperfections. The greatest source of imperfections comes from staining caused by poor post harvest drying.

Rattan should be dried for one week before shipping or until it turns brownish. The drying should be continuous, meaning that the poles are not rewetted by rain during the drying process. When poles are not dried properly, molds started to appear and will stain the poles permanently, taking would could be an A grade pole and turning it into a C grade pole. Mold causes discoloration of the final furniture product. An inspection of PANCOL's poles found that almost all of them had the start of black mold growth, because they were drying the poles in the open and not moving them under cover during the afternoon rains.

The PMPC chair and village councilor Ophelia Sumoroy said they plan to have their own storage/warehouse in the village where they can dry and store the rattan poles properly.

PANCOL also noted that they lack experience in shipping rattan outside the town through the nearby port at Taytay town proper. The manufacturers indicated this would be the most efficient, but the rattan should be wrapped with a tarpaulin in order to be protected from the seawater and rainwater to ensure quality, if containers were not available.

The manufacturers mentioned that traders are an integral part of the business process since about 95 percent of the manufacturers are relying on the traders' available products. Two of the manufacturers offered to put PANCOL in touch with their most reliable and high quality traders to see if they might be willing to start facilitating the purchases from Palawan. The gatherers asked for support from the manufacturers during their initial shipments to assist them in learning classification. One of the manufacturers offered to send their company classifier to work with PANCOL on their initial shipments.

5. How to close a field visit with specific follow-up actions that advance to value chain improvements after the workshop – To maximize the learning exchanged in a field visit, targeted follow-up must be scheduled. Be specific on follow-up actions and pick two to three actionable items that can be accomplished within one month. Longer term goals and activities can also be planned, but it is best to get a pattern of working together established while the field visit is still fresh in everyone's mind. Exchange contact information for all that attended and designate a lead person from each actor's group who will take the lead on the short-term action items and update the entire group on progress.

Do not try to be all things to all actors and solve all problems right away. It is better to establish a working relationship and make progress within a subset of the group and/or on a subset of the recommended changes.

The Palawan Workshop: A representative from the manufacturers and a representative from PANCOL volunteered to follow-up on the items listed below. John Orqueza of EWV volunteered to also help facilitate the exchange of information between the two groups.

a) PANCOL will obtain greater clarification on the rattan species available and update the manufacturers on the status of PANCOL's resource use permit approval to be able to give an initial harvest and shipping date for the species preferred by the manufacturers.

b) The manufacturer representative will check with their preferred rattan traders to gage interest in going to Palawan to purchase rattan and other non-timber forest products.

c) The manufacturer representative committed to sending their company rattan classifier to assist PANCOL with their initial classifying prior to shipment.

d) PANCOL will change drying practices to stop mold growth on the poles.

Conclusion

This workshop training and field visit allowed the actors to discuss quality, cost structures, and quantities and types of rattan that are in demand by the manufacturers AND can be harvested sususstainably while conserving the overall forest biodiversity. A major learning was on how much of the rattan harvested was either not the varieties needed by the market and/or was poor quality due post harvest practices. By gathering only the rattan species in demand and instituting better post harvest drying methods, a good majority of the poles could be sold at grade A prices P29 to P32 per pole in contrast to the P16 to P19 that is paid for grade C.

When possible bring the actors to the harvest, production and end buyers' locations. While conference center, presentation style workshops can be effective, walking through the forest where the rattan grows or visiting a manufacturing facility is much more compelling and stimulates more vibrant exchanges and in depth learning. But while field visits are often fun and an adventure for all parties, taking people out of their regular routines, the learning from a field visit is only maximized when it is coupled with strong value chain research and follow-up.