

**PRESENTATION GIVEN AT THE TRANSLINKS CEBU
VALUE CHAIN WORKSHOP ENTITLED:**

**“Improving Value Chain Dynamics for Natural Products in
the Furniture, and Gifts and Home Décor and Fashion
Accessories Industry”**

CEBU CITY, PHILIPPINES

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**HOSTED BY ENTERPRISEWORKS/VITA AND THE
CEBU FURNITURE INDUSTRIES FOUNDATION**



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FRAME

PHILIPPINES RATTAN VALUE CHAIN STUDY



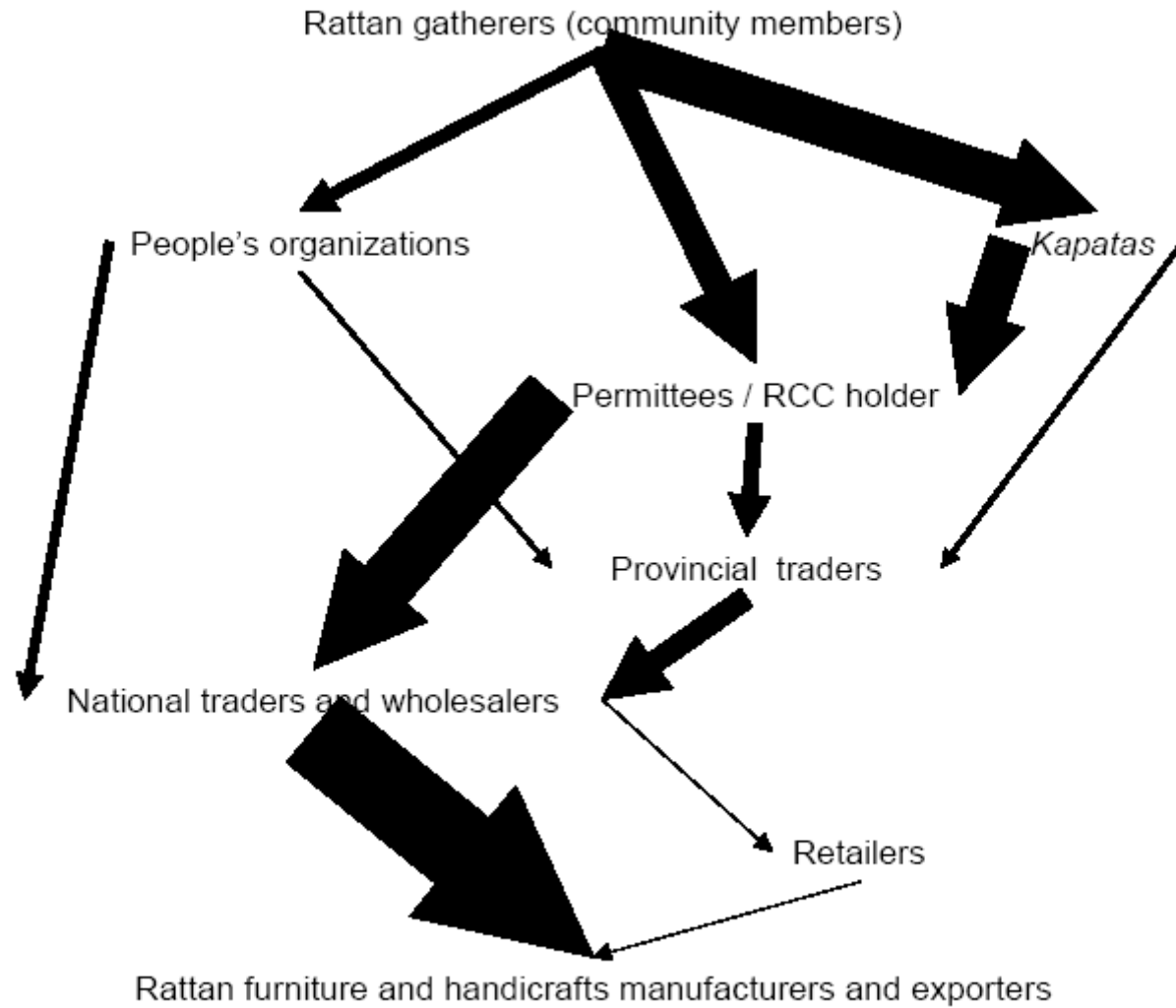
Arlynn C. Aquino



Rattan Value Chain

Structure and Operation

Physical flow of rattan

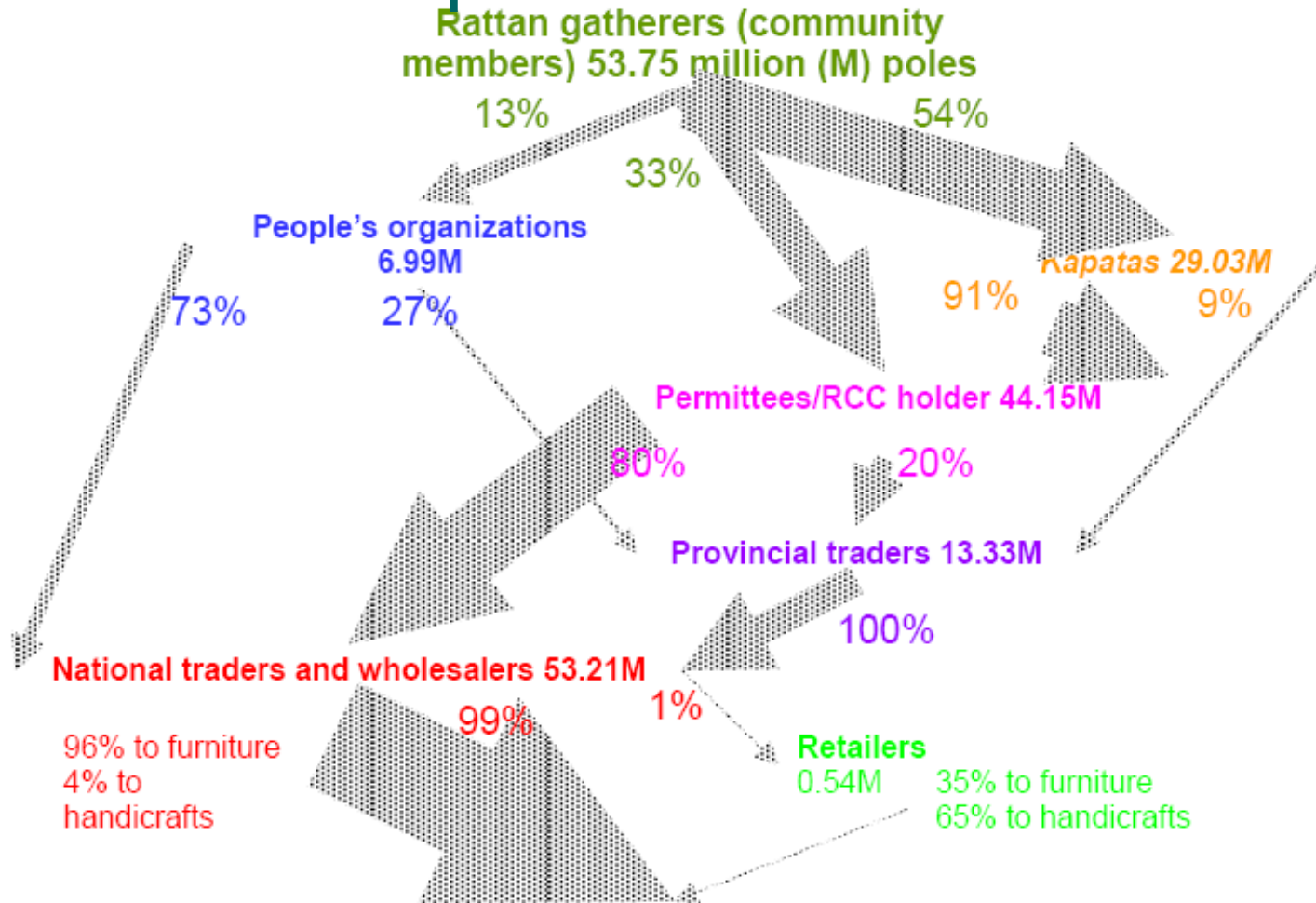


Market actors and functions

Function/Actor	Rattan Gatherers	People's Organizations	Kapatás	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.

Gross output values



95% Furniture manufacturers 51.27M poles

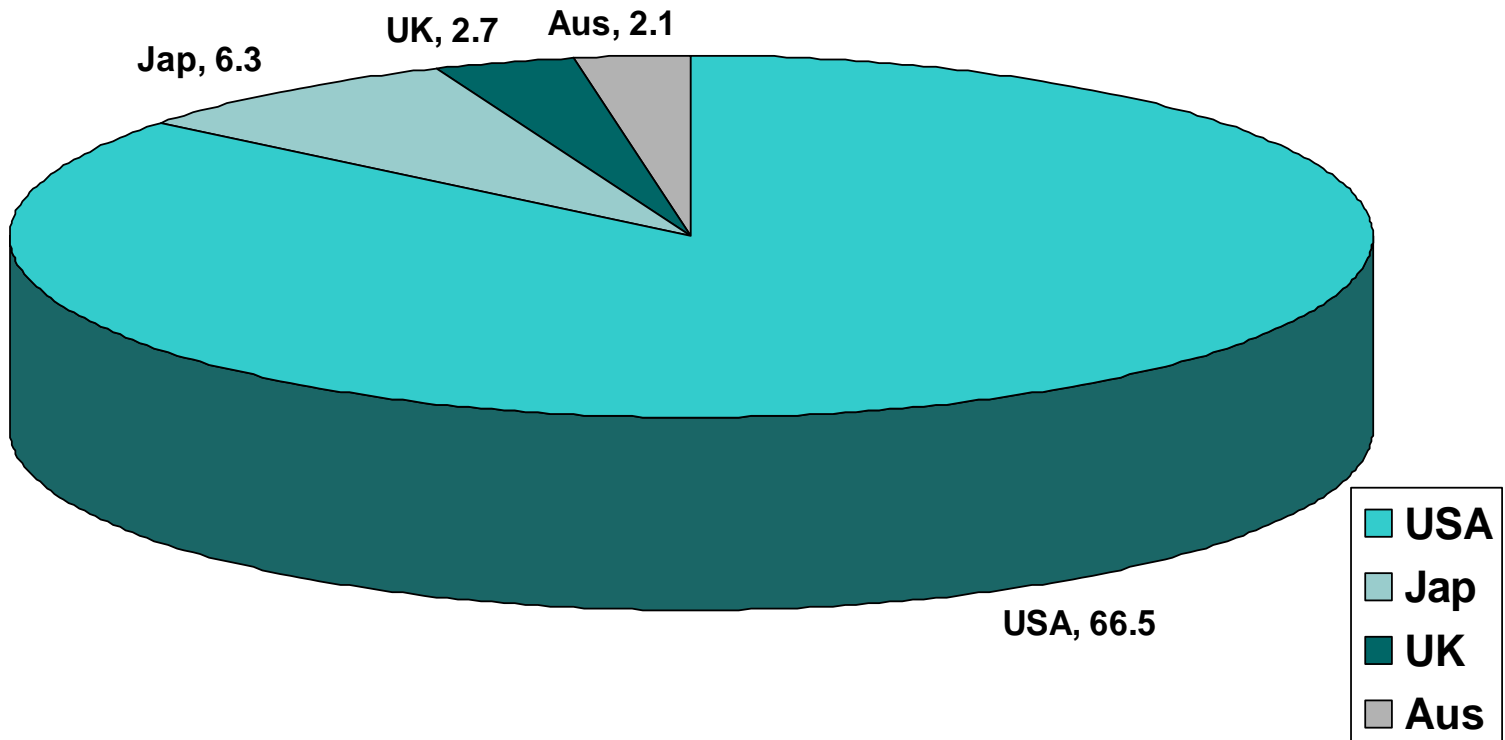
5% Handicrafts manufacturers 2.48 M pole

53.75M Poles Total

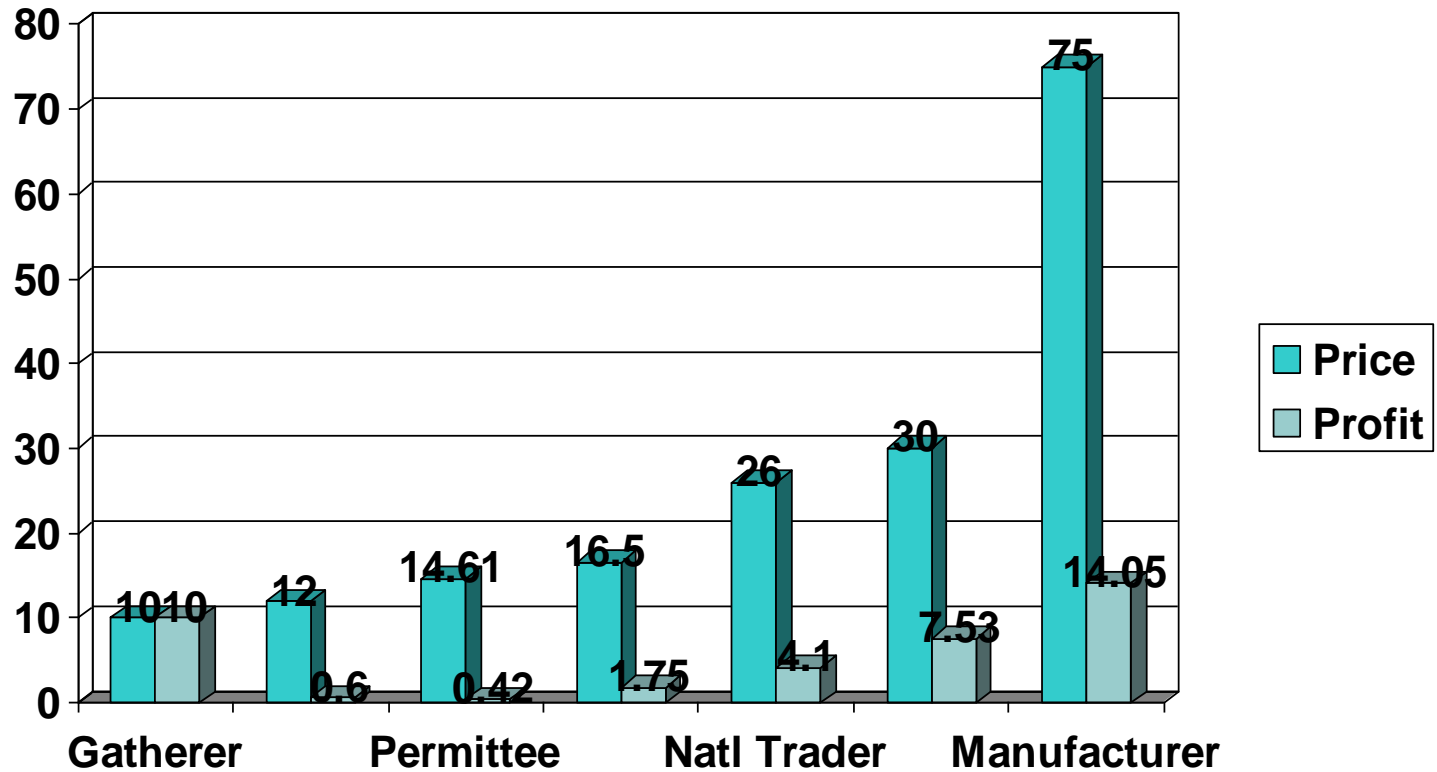
Employment

	Permanent or seasonal	Formal or informal	Gender roles
Gathering	Part-time Dry season	Kapatas-informal Permittees-formal	Men dominated
Trading	Permanent – selling all year round	Formal	Men and women
Manufacturing	Mfg- most permanent Subcon – seasonal	Mfg – most formal (SMEs) Family or single proprietor	Men and women Mfg – 2M:1F

Sales Destinations



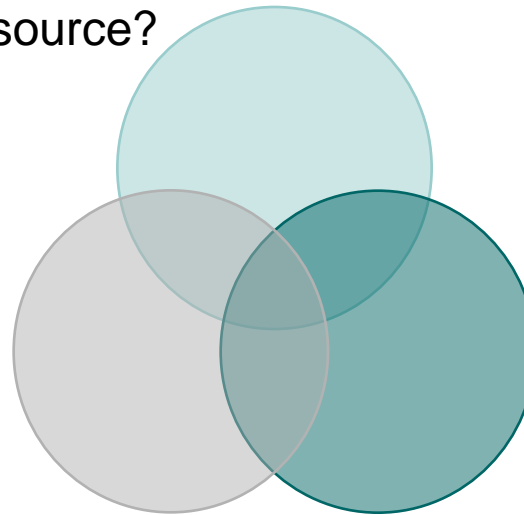
Prices & Profits



Nature Wealth Power framework

Sustainable use and
management of rattan
as a natural resource?

Nature



Wealth

Economic development for all?

Good governance?

Power

Nature

- NRM Mapping and Resource Tenure
 - Resource tenure and management system
 - Traditional management practices
 - Trends in supply base; sustainability
 - Impacts of disturbance
 - Technology for productivity of resources
 - Local capacity, social learning, KM
 - Access and use of services

Wealth

Actors	Selling Price per Pole	Profit per Pole
Gatherers	10.00	10.00
Kapotas	12.00	0.60
People's organizations	14.61	0.42
Individual permittees	14.61	0.42
Provincial traders	16.50	1.75
National traders	26.00	4.10
Retailers	30.00	7.53
Manufacturers	75.00	14.05

Note: Gatherers are provided no input other than time and labor, which is not computed in this table.

Gatherers typically have almost no access to financial capital and low managerial capacity. They get paid in cash at the time of delivering poles and have invested time, labor, and harvesting skills or receive small advances of in-kind goods or cash via traders.



Wealth

- Livelihood issues
- Processing, storage and transporting
- Product quality changes
- Opportunities and barrier to innovation




Power

- Legislative framework
- Traditional laws
- Legal and extra legal rules and procedures that govern access
- Mechanism of access control and maintenance



Power

- Elites at the various steps in the Commodity Chain
- Those who implement and enforce rules
- Legitimacy of the power of rule makers
- Positive and negative sanctions that are used to enforce

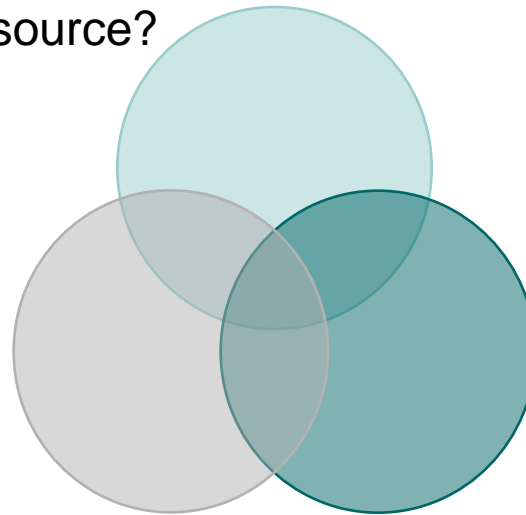


Developing an intervention strategy for rattan

Nature Wealth Power framework

Sustainable use and
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Power

Developing an intervention strategy for rattan



Identify competitive advantage

Commercially upgrading the industry to realise competitive advantage



Identify competitive advantage

- Ways enterprise can take ownership of a product's unique demand characteristics
- Market strategies for accessing, new regional and international markets
- Changing negative or limiting perceptions of regional and international market actors.



Upgrade the industry commercially to realise competitive advantage

○ Enabling environment

- Reduce the effects of poor enforcement practicing
- Transparent business practices and reducing informality
- Avoid weakening of key supporting markets
- International enabling environment



○ Vertical linkages

- New information, skills and know-how to enterprises
- Addressing high transaction costs and achieving economies of scale through organising enterprises




○ Horizontal linkages

- Share market information
- Strengthening bargaining power of enterprises for mutual dependent relationship with lead firms



○ Integrated support

- Addressing financial services constraints
- Delivering viable financial services
- Marketing (packaging, advertising, certification, etc..)

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- Sustainable competitiveness
 - Transparent, long term and focused relationship



Daghang salammat!
