

IMPACT SHEET • SWITCH-ASIA PROJECT
**PROMOTING ECO-FRIENDLY INDONESIA RATTAN PRODUCTS
(PROSPECT INDONESIA)**

Introducing sustainable consumption and production to Indonesia's rattan value chain



The project supported 2 050 farmers to produce 4 650 tonnes of eco-friendly rattan annually and established 10 demonstration sites in three provinces



The Challenge

Rattan is one of the most important non-wood forest products (NWFPs) in international trade and contributes to 5.5% of Indonesia's national revenue of forest products. As part of forest management and conservation, about 1 million tonnes of raw rattan is collected annually, out of which 90% comes from natural forests and the remainder from rattan cultivation. Harvesting rattan reduces illegal logging as villagers living near forests have other sources of income from rattan. Indonesia is the largest producer of rattan in the world contributing around 85% of the global market. However, conventional methods in collecting rattan can jeopardise forest conservation. Rattan manufacturers use harmful dyes that pollute the environment and use energy inefficiently. Overexploitation of rattan is partly due to weak legislation, poor law enforcement, limited public awareness, and lack of coordination among actors within the rattan supply chain.

Objective

The project, *Promoting Eco-Friendly Indonesia Rattan Products (PROSPECT Indonesia)*, aimed at contributing towards the development of sustainable production and consumption (SCP) practices in the rattan value chain in Indonesia, including promoting responsible collection of rattan and enhancing environmental protection. **Specific objectives** included:

1. To promote sustainable production, processing and utilisation of rattan products;
2. To increase awareness, capacity and collaboration among stakeholders in the rattan value chain;
3. To improve learning, application and replication of best practice in the rattan sector.

TARGET GROUPS

- 2 050 rattan farmers living in three provinces: Aceh, Central Kalimantan and Central Sulawesi
- 800 SMEs in the rattan industry (furniture and crafts) located in three provinces: West Java, Central Java and East Java
- Associations of farmers, branches of AMKRI (Indonesia's association for rattan furniture and crafts) in targeted provinces, chambers of commerce, consumers' associations
- Departments of forestry and departments of industry and trade at national, regional and local levels
- Service providers

Activities / Strategy



Organising Rattan Producers/Farmers into Associations

Around 400 000 rattan collectors (farmers) and 200 000 workers depend their lives on rattan. The project established several associations of rattan farmers and strengthened the existing associations. Rattan farmers were generally not involved in any groups, and small enterprises, particularly unlicensed ones, as well as individual artisans tended not to be represented. The advantages of forming groups were showcased, e.g. increased capacity in rattan planting, a platform for knowledge sharing, and access to capacity building. A large number of farmers received training on rattan cultivation and eco-friendly harvesting techniques.



Building the Capacity of Farmers and Small Manufacturers

The project trained around 40 000 farmers covering 48 000 acres on sustainable rattan cultivation and environmentally friendly rattan production at 10 demonstration sites in Aceh (three sites), Central Kalimantan (one site) and Central Sulawesi (six sites). The project also provided training on product design and marketing. The SMEs immediately realised the benefits, such as an increase in productivity due to improvements in their workshops' layout, improved health and safety for workers, and access to rattan designer communities in Cirebon and Surabaya.



Linking Rattan Processors with Local Manufacturers

The project strengthened the linkages between rattan farmers and manufacturers to ensure a stable supply of sustainable and high quality rattan to local manufacturers. This was achieved through the associations and an inclusive business approach involving poor communities. One rattan processor in Palu (Central Sulawesi) now can sell its products to a rattan distributor in Surabaya (East Java), and rattan farmer groups in Katingan (Central Kalimantan) supply raw materials to Van Der Sar Import BV, a rattan exporter located in Cirebon (West Java).



Increasing Access to Finance for SMEs

Cleaner production (CP) approaches were introduced to rattan manufacturers (SMEs) to enhance their sustainability status, enabling them to apply for green finance. Capacity building on CP was organised in Cirebon, Solo and Surabaya. The project also worked with financial institutions to develop green finance schemes for SMEs. It established links between SMEs, technology providers and banks. In Solo, Trangsan Cooperative obtained financing from Jateng Bank to finance the export of rattan products. In Cirebon, Galmantro Cooperative was granted soft loans from the Rakyat Indonesia Bank (BRI).

Scaling-up Strategy



Mainstreaming Sustainable Rattan Cultivation and Harvesting

The project helped more than 1 600 rattan collectors (farmers) to shift to environmentally friendly rattan cultivation and harvesting methods, contributing to forest conservation in Indonesia. This had reduced forest logging for natural rattan by as much as 40 000 tonnes per year. The project supported 800 rattan producers / manufacturers to continue using natural dyes in their furniture and handicrafts.



Establishment of National and Regional Collaborative Institutions (CIs)

Through the project, regional as well as national institutions for collaboration were established to increase coordination and cooperation among various actors of the rattan value chains. CIs were involved in the development of standards (white book) for rattan eco-label and certification, and served as a hub for best practice dissemination. CIs actively participated in regional rattan development activities. This resulted in the development of two rattan tourist villages in Tegalwangi (Cirebon) and Trangsan (Sukoharjo); the establishment of the Rattan Design Centre in Surabaya; the setting up of the Aceh Wildlife Rescue Centre and genetic bank of Manau rattan where a demonstration site would be the source of Manau seedlings; business cooperation between rattan farmer groups in Kalimantan with Van Der Sar Import BV in Cirebon (West Java); and innovative collaboration between Foster, a rattan stakeholder forum, with the Department of Forestry of Central Sulawesi province to further develop rattan and non-timber forest products.



Increasing Market Demand for Eco-friendly Rattan Products

The project participated in local, regional and international trade fairs to establish a market for sustainable rattan products. Public awareness was increased through seminars, targeted media campaigns, and holding the International Rattan Forum in Jakarta in November 2016 which was attended by national as well as international rattan stakeholders. Through the promotions and campaigns, consumer demand for sustainable rattan products has increased by 30% per year.



Policy Reinforcement

The project engaged with policymakers at local, provincial and national levels to create an enabling policy environment for sustainable rattan, such as land access, legal cultivation and inter-island trading. The regional as well as national institutions for collaboration have played an important role in increasing the bargaining position of rattan farmers and manufacturers. All these have resulted in the issue of governmental decrees at provincial as well as city levels.

Governmental decrees issued with the project's intervention

- The city government of Palu in Central Sulawesi Province established the city as a centre for rattan raw materials, giving focused support to rattan industry;
- The provincial government of Central Sulawesi issued a decree for local government offices to procure rattan products;
- The Aceh government established rattan as the province's third prime commodity, giving more focus and incentives to the industry;
- An agreement was established between Aceh's Department of Forestry and Aceh's rattan institution for collaboration to sustainably manage 30 000 hectares of forest area;
- The government of Sukoharjo (Solo) established the Trangsan village as a Rattan Eco-tourism Village;
- The government of Cirebon (West Java) established Tegalwangi village as a Rattan Eco-tourism Village;
- A memorandum of understanding between Cirebon's rattan stakeholders to develop Tegalwangi Eco-tourism Village.



Results



Improved Capacity of Rattan Farmers and Manufacturers

The project has improved the capacity of 2 050 rattan farmers on rattan cultivation and 60% of farmers have already implemented sustainable rattan harvesting. The project successfully established three farmer associations as well as three demonstration sites of rattan cultivation in the provinces of Aceh, Central Kalimantan, and Central Sulawesi. The sites served as training centres for rattan farmers, promoting good practice for rattan cultivation in Indonesia. In total, the project together with local governments have supported 10 demonstration sites – 3 in Aceh, 1 in Central Kalimantan, and 6 in Central Sulawesi. By the end of project, the sites have sustainably grown 206 000 rattan seedlings – out of which 68% in Central Sulawesi, 26.6% in Aceh and 4% in Central Kalimantan. In Central Sulawesi, when 90% of 140 000 seedlings survived, after 7-8 years farmers could harvest about 6 million tonnes of rattan (roughly 45 kg per rattan plant). As part of forest protection efforts, 78 550 rattan seedlings have been planted on 138 hectares of land in the three provinces. The project also improved the capacity of 800 rattan SMEs on sustainable production, with 60% of these producers/manufacturers already starting to implement eco-friendly rattan production. 36 business owners, ranging from rattan producers to exporters, now have the capacity to improve their product design after receiving coaching and consultation from professional designers.



Established Rattan Collaborative Institutions at Regional and National Levels

Six provincial collaborative institutions (CIs) for rattan were established in Aceh, Central Kalimantan, Central Sulawesi, West Java, Central Java, and East Java, besides the national collaborative institution. These CIs supported project activities such as event organisations and ensured the involvement of target groups, harmonising efforts in strengthening rattan industry. The demonstration plots in Aceh Besar, Katingan, and Sigi have been widely accepted by rattan stakeholders and are considered as best practice in rattan raw material preservation. With involvement of CIs, the provincial governments and farmer groups have replicated



The project team



In late 2011, the Minister of Industry and Trade issued a regulation banning raw rattan export. The ban was intended to support forest conservation and sustainably revive Indonesia's rattan industry. The ban resulted in abundant supplies of raw rattan, which provided immense opportunities for value-added activities and also implementation of SCP practice. This project has encouraged sustainable rattan cultivation and harvesting methods, and sustainable processing of raw materials to produce furniture and crafts. All these have resulted in shared benefits among various actors along Indonesia's rattan value chains.



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seven demonstration sites out of the initial three sites established by the project. CIs expanded their activities to further develop the rattan industry by implementing sustainable consumption and production (SCP). Between 2015 and 2016 the government spent approximately EUR 650 000 to support the rattan industry.



Introduced Inclusive Business Model










The project promoted an inclusive business (IB) model, where a rattan exporter in West Java implemented it by building a fair business relationship with small rattan processors (sub-contractors / producers), home-workers, and rattan farmers (suppliers of raw materials). The IB model involves all actors from upstream to downstream of the supply chain of a (large) company. By investing in fair business relationship, companies strengthen their supply chains which eventually will benefit them, for example through stable supply of rattan raw materials and high quality rattan products.

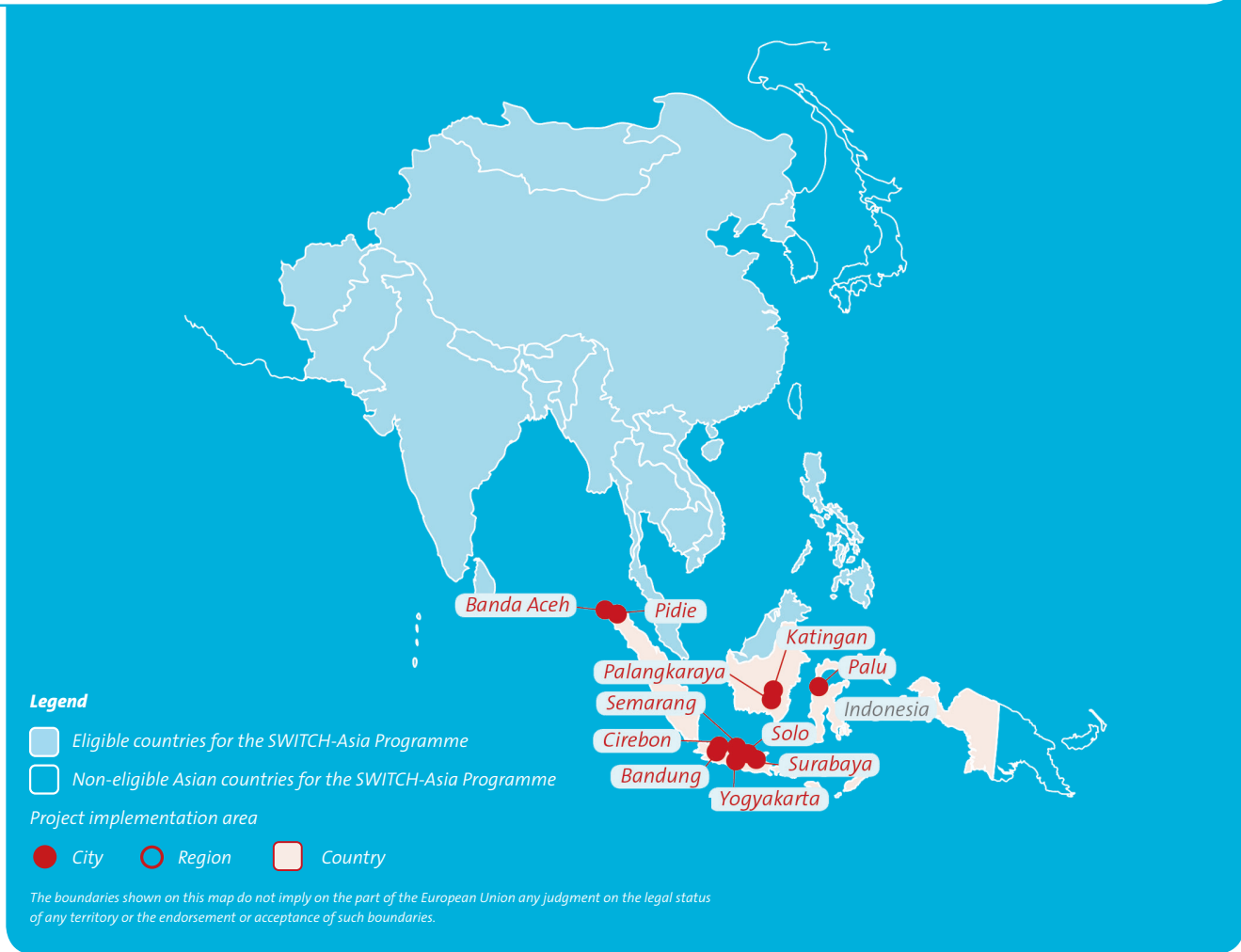


Increased Public Awareness of Eco-friendly Rattan Products

In 2016 nearly one million people have been made aware of Indonesia's eco-friendly rattan products via distribution of brochures to event participants, stakeholders, exhibition visitors, as well as through various media channels.

Impact in Numbers

<p>Economic Impact</p> 	<ul style="list-style-type: none"> Rattan farmers saw an increase in the price of rattan raw materials by approximately 31.25%; The project created additional business opportunities out of newly-established business linkages between rattan farmers and manufacturers; 20% rattan farmers/collectors shifted to sustainable rattan cultivation and harvesting. SME producers now can directly buy raw materials from farmers (or their cooperatives), eliminating middle men that previously drove the rattan prices high; 100 new product designs have been developed and exhibited in international exhibitions, e.g. Indonesia International Furniture Expo (IFEX) in Jakarta and International Interiors Show (IMM) in Cologne (2016). New purchase orders for six new designs have been received from Denmark, Spain (EUR 22 300) and United Arab Emirates (EUR 16 900). 	<p>Target Group Engagement</p> 	<ul style="list-style-type: none"> Engaged with 800 SMEs and 1 600 farmers in various project activities; Conducted 14 outreach activities, such as focus group discussions (FGDs), workshops, technical assistance, training and coaching, dialogue with stakeholders, product exhibitions, business linkages, and a media campaign. The activities involved 3 farmer groups, 7 collaborative institutions, 2 designer associations in cities of Cirebon and Surabaya, and 2 rattan eco-tourism villages. Engaged with 200 members of AMKRI (Indonesia Furniture and Craft Association), government agencies (Ministry of Industry and Trade and Ministry of Environment and Forestry at provincial as well as local levels), universities, business development service providers, and micro finance institutions.
<p>Environmental Impact</p> 	<ul style="list-style-type: none"> Improved resource efficiency by reducing the input material (rattan) by 10%; Reduced the use of harmful substances by 60% through the use of water-based finishing and non-toxic paints or natural dyes; Reduced solid waste by using 1-2% rattan biomass as fuel to heat the steam machine for bending rattans; 40 SMEs producing rattan products (furniture, handicrafts) have implemented cleaner production approaches. 	<p>Women's empowerment</p> 	<ul style="list-style-type: none"> Built the capacity of women since about 30% of the project's target groups were women. They attended trainings for farmers and rattan producers (home workers). Created new jobs for women as product designers and seedling providers.
<p>Social Impacts</p> 	<ul style="list-style-type: none"> Supported rattan farmers and workers to have more stable income through direct links with rattan producers/manufacturers; Created new job opportunities, e.g. product designers, sub-contractors, new rattan enterprises; Improved the workshop layout at rattan enterprises to increase productivity and create safe working environment for workers; Built the capacity of rattan farmers through trainings on sustainable rattan cultivation and harvesting methods at 10 demonstration sites. 	<p>Policy Development</p> 	<ul style="list-style-type: none"> Conducted 6 regional and 1 national policy dialogues; Submitted a policy recommendation related to regulations issued by the Ministry of Industry and Trade: a) No. 36/M-DAG/PER/11/2011 on inter-island transportation of raw rattan materials, and b) No. 37/M-DAG/PER/11/2011 on warehousing system for rattan raw materials, to ensure a stable supply of raw materials and avoid rattan smuggling. Engaged with local authorities to promote eco-label certification, resulting in new policies, i.e. Sukoharjo mayor's decree endorsing rattan eco-tourism village in Trangsan; Cirebon mayor's decree for eco-tourism village in Tegalwangi; and Aceh governor's decree supporting non-timber products management; The project developed rattan plantation programmes which were endorsed by provincial and national governments, such as the department of forestry (KPH IV) of Aceh Province, and the governor of Central Sulawesi province to issue a new decree on the use of rattan products.
<p>Climate Benefits</p> 	<ul style="list-style-type: none"> Contributed to the forest conservation through sustainable cultivation and harvesting which will result in 288 tonnes of eco-friendly rattan by 80 farmers (to be harvested in about seven years after the project was completed). 	<p>Europe-Asia Cooperation</p> 	<ul style="list-style-type: none"> Organised a business dialogue Cologne, Germany, in 2016 involving European and Asian stakeholders; Established cooperation with Man and Nature (France) for rattan cultivation in Namu Village in the surrounding of Lore Lindu National Park, and worked with Noah's Ark (France), Yaboumba Association (France) to establish a wildlife rescue centre. It also cooperated with International Labour Organisation (ILO) to conduct training for rattan home workers. 40 home workers were trained regarding insurance and health and safety; Promoted knowledge transfer through guide books on rattan cultivation and cleaner production, research on new rattan species as well as natural dyes, market analysis, and the "Rattan for Life" publication on eco-label criteria. A joint publication with AMKRI entitled "100 Top Players Rattan Industry in Indonesia" was shared with international associations and buyers.
<p>Green Finance</p> 	<ul style="list-style-type: none"> Organised 10 business meetings involving SMEs and banks; Promoted an inclusive business model by introducing farmers to the government's 'Resi Gudang' scheme which allows farmers (and their cooperatives) to obtain additional financing; About 20 SMEs in Central Kalimantan benefitted from improved access to finance from banks. 		



OBJECTIVES

The project sought to contribute towards the development of sustainable production and consumption practice in the rattan value chain in Indonesia, including promoting the responsible use of rattan and enhancing environmental protection.

DURATION

Timeline: 2008 to 2018. Project period: 01/2013–01/2017.

PROJECT TOTAL BUDGET

EUR 2 190 237. 80
(EU contribution: 79.90%)

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