



European Union



Recognising
the need to
green rattan



SNV



Benefitting from an eco-friendly rattan sector

SNV recognises the need to green Indonesian rattan: Indonesia is the largest producer of rattan in the world contributing around 85% of the global market.

To support the development of a more sustainable rattan industry in Indonesia, the Indonesian Government's Ministry of Commerce prohibited the export of raw rattan in 2011.

With funding from the European Union and in partnership with PUPUK (Perkumpulan untuk Peningkatan Usaha Kecil), and the largest European and Asian rattan furniture buying companies, SNV Indonesia is promoting sustainable production and consumption practices in Indonesia's rattan value chain through the project. SNV Indonesia works with companies, their subcontractors and their raw material suppliers (farmer groups and collectors) across five areas in Indonesia to create inclusive business models:

- Aceh Besar (Aceh Province);
- Katingan, Palangkaraya (Central Kalimantan Province);
- Cirebon, (West Java Province);
- Solo, (Central Java Province
- Surabaya (East Java Province)

The Promoting Eco-friendly Rattan Products (PROSPECT) project is expected to support 2,500 rattan producers to develop more sustainable production and harvesting methods; and 1,500 rattan processors to improve their production and marketing capacity; as well as improve learning, application and replication of best practices in the rattan sector.

The rattan opportunity

The sector is fragmented without clearly developed supply chains and farmers are extremely poor. Working and social conditions are often below the Indonesian minimum standards. The majority (around 90%) of farmers, subcontractors and craftsmen are not formally organized; they have little knowledge when it comes to cash flow and are without access to finance.

Existing trading arrangements, particularly between islands, is not transparent and the supply of raw material inconsistent. Product quality and productivity is often below industry standards and production more expensive than other locations. Farmers' cultivation and harvesting knowledge is limited and craftsmen lack design skills and access to quality material.



At the consumer level demand has slowed and sales are down. Rattan products have not been actively promoted in Indonesia and competition is strong from other materials such as plastic.

The project aims to promote sustainable rattan cultivation and processing and improve the livelihoods of rattan farmers by:

- Developing inclusive business models to promote sustainable production, processing and marketing of rattan products. An inclusive business is a core business model within a

company's business strategy that integrates the low-income segment within its value chain as suppliers, consumers, distributors and/or employees in such a way that it creates shared value (win-win)

- Increasing awareness, capacities and collaboration among stakeholders in the rattan value chain
- Developing sector capacities through education and training in best practice principles and techniques
- Generating new services in health, insurance, and financial services

Weaving a greener, inclusive solution

The unsustainable harvesting of rattan can lead to forest degradation and the use of hazardous chemicals in the processing of rattan affects soil, air and water resources, and also people's health. Unsustainable cultivation and

production will also eventually threaten the income of workers engaged in the sector. The project will support farmers with training and technical assistance to cultivate and harvest in a more sustainable way and improve the supply chain. This will include selection of species, production planning, first processing, fair payment system, improved traceability and quality of raw material, transport solutions, and payment schemes.

An overall strategy will be developed for subcontractors and craftsmen to improve design techniques, technical operational skills and financial management and provide access to integrated micro-insurance, finance and social services packages.

Marketing and promotion will also be a priority to stimulate demand. Design will also focus on new product development for the local market.



Our partners in rattan

SNV is providing technical assistance to support establishing multi-stakeholder platforms and rattan value chain development. It will also use its experience and methodologies to advise and support larger companies to develop and implement inclusive business plans that engage small producers. SNV will also provide support in policy development at a national level as well as technical advice on increasing consumer demand for clean rattan products.

PUPUK has the overall project management responsibility and will be involved in all elements of the program. It will provide the majority of capacity building services including institutional strengthening and training of farmers and producers. It will use its local knowledge and networks to establish collaboration across the sector and to influence policy direction and the enabling environment.

The Innovation Center of Lichtenfels (Innovationszentrum Lichtenfels e.V) will provide technical assistance on the design of rattan products to meet market demand.



Harvesting sustainable outcomes

The PROSPECT project, supported by SNV's inclusive business activities, will deliver the following outcomes:

- **Improved business growth in targeted area**
 - o 30 companies apply the inclusive business model in the sustainable production and consumption of rattan products which includes poor local rattan producers into the supply chain of the rattan processors
 - o A replicable inclusive business model in the sustainable production and consumption of rattan products developed

SNV Indonesia

SNV is an international not-for-profit development organisation. Founded in the Netherlands nearly 50 years ago, we have built a long-term, local presence in 39 of the poorest countries in Asia, Africa and Latin America. Our global team of local and international advisors work with local partners to equip communities, businesses and organisations with the tools, knowledge and connections they need to increase their incomes and gain access to basic services – empowering them to break the cycle of poverty and guide their own development.

SNV officially opened its office doors in Indonesia in 2013. We work in close partnership with the Ministry of Home Affairs across three main sectors in Indonesia, water and sanitation, renewable energy and agriculture as well as the cross-cutting issue of climate change. Our philosophy is to partner with local organisations and employ local people, believing that lasting change to the lives of the poor has to start with the people who live and work here.



Our projects





Harm Van Oudenhoven, Sector Leader Agriculture
Email: hvanoudenhoven@snvworld.org

Contact address:

SNV Netherlands Development Organisation
Jl. Kemang Timur Raya No. 66
Jakarta Selatan 12730
Indonesia

Tel: +62 21 719 9900

Fax: +62 21 719 7700

Website: www.snvworld.org/indonesia



Ministry of
Home Affairs

