

RATTAN VALUE CHAIN IN QUANG NAM

Activities: April 2007 until March 2009

OVERVIEW



Figure 1: A farmer visiting his rattan plant

Vietnam is a major producer and exporter of rattan and finished rattan products. Currently, Vietnam has resources of natural rattan in the mountainous areas of its central provinces Nghe An, Quang Binh, Quang Tri, Quang Nam, Quang Ngai, Kon Tum and Binh Dinh. However, the natural resources are severely depleted and run the risk of being exhausted as little attention is given to models of sustainable harvesting, which are unable to meet the demands of the domestic and export markets. Therefore, while Vietnamese companies are sourcing large amounts of cheap, easily obtainable wild rattan from both Cambodia and the Lao PDR, they are also starting rattan plantations in plains areas and gardens.

Since 1996, Vietnam's export of finished products has steadily increased, due partly to economic reforms with more open trade policies. The total export of rattan and bamboo products exceeded US\$100 million annually over the past three years. At least 2 to 3 million people are employed in rattan processing companies and small workshops in Vietnam.

In Quang Nam, the rattan sector has rapidly developed over the past few years and now has a considerable impact on job and income creation. While the annual raw rattan supply is around 20,000 tons, this does not meet the demand of processing companies, which has led to rampant extraction and the depletion of Quang Nam's natural rattan resources. This will have particular impact on the livelihoods of those in the poor mountainous areas who rely on rattan collection and sales for their household income.

Processed rattan products account for annual revenues of approximately US\$1 million.. The Quang Nam Association of Rattan and Bamboo Producers was established in mid-2006 and is comprised of 33 members. Two of these members are enterprises with high processing capacities, while the remaining members are small cooperatives or household workshops. These processing companies have limited direct market access as they sell their exportable products based on contracts with companies located in big cities such as Hanoi, Da Nang, Nha Trang and Ho Chi Minh City, which have export licenses and direct contact with international buyers. A final challenge is that the companies are less competitive due to weaknesses in product design and production management.

Districts and cities actively involved in the rattan business include Duy Xuyen, Nui Thanh, Dien Ban, Thang Binh and Tam Ky.

SMEDP's INTERVENTION

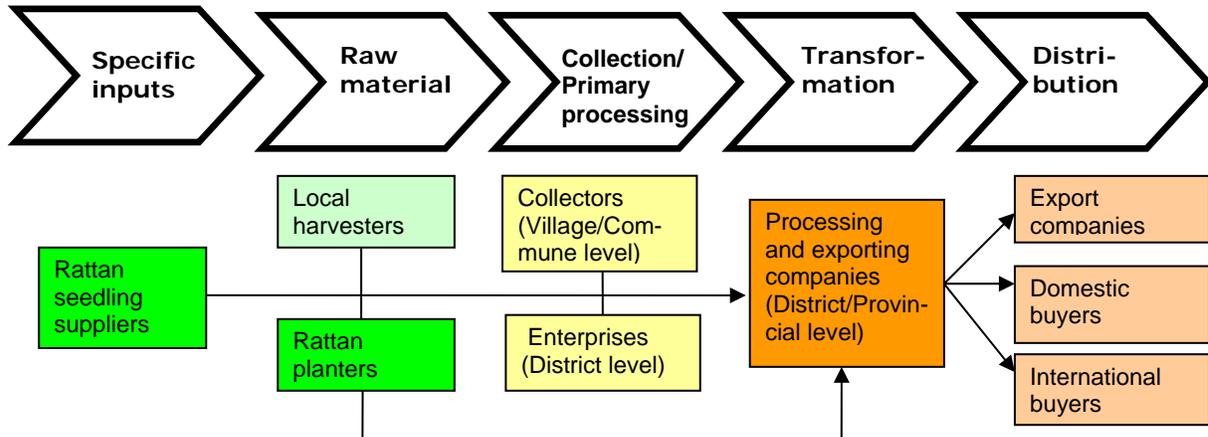
Given the importance of Quang Nam's rattan sector and its potential for further job creation and income generation, it was earmarked by local authorities for a project that aims to enrich the sector while ensuring a sustainable supply of rattan. By the end of 2005, GTZ had commissioned a group of national consultants to carry out a fact-finding mission, which gave insight into the general status of the rattan sector in Vietnam as well as specific information about the rattan sector in Quang Nam.

The report helped GTZ and its local partners produce a two-year intervention plan for achieving multiple objectives:

1. Ensure sustainable rattan supply by improving harvesting management and establishing rattan plantations;
2. Increase the competitiveness of rattan processing enterprises through training and capacity building activities;
3. Improve institutional capacity by strengthening The Quang Nam Association of rattan and bamboo producers.

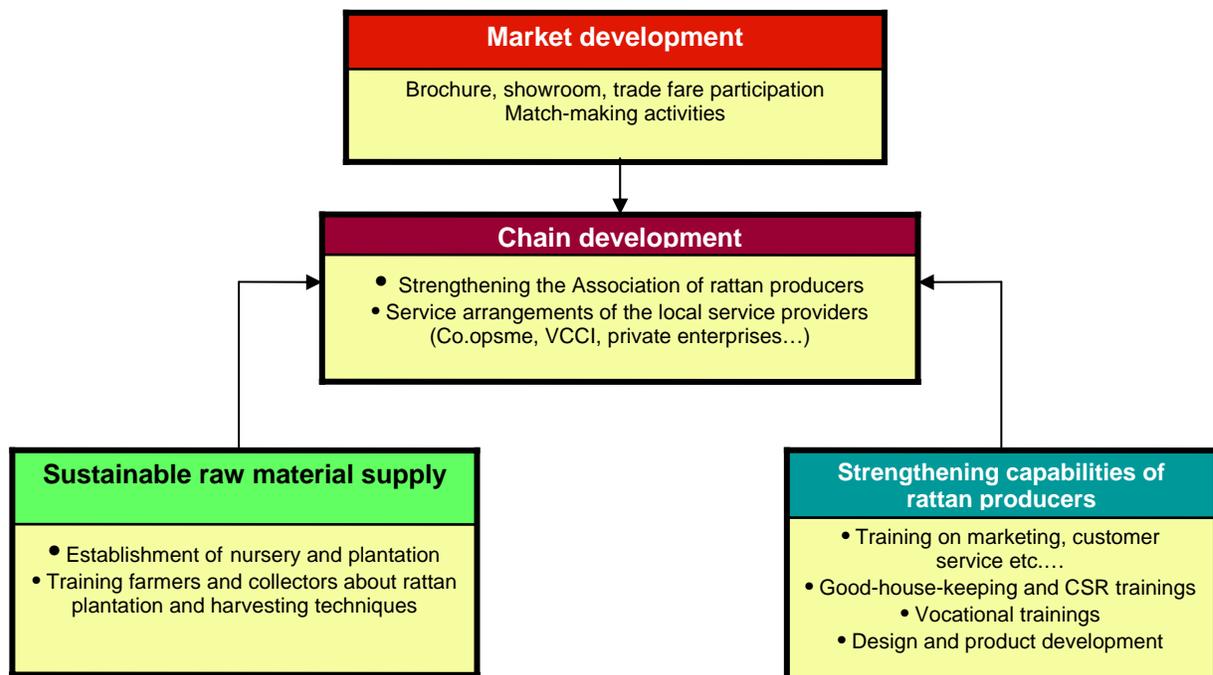
The value chain upgrading interventions, however, did not start until early 2007 after local partners pledged their commitment to its implementation.

Major stakeholders of the rattan value chain are described in the chart below



In this two-year project, the Department of Industry, known today as the Department of Industry and Trade (DOIT), played a coordinating role. The Association of rattan and bamboo producers acted as a project beneficiary and host. The project also received very active support from the District People Committees of the respective districts where value chain interventions took place. SMEDP played a facilitating role by assuming the functions of project design, steering and, to some extent, management during the value chain development process.

The chain upgrading interventions cover the following four major areas:



ACHIEVEMENTS TO DATE

- Rattan plantations are growing in 5 districts of Quang Nam: Nui Thanh, Phu Ninh, Duy Xuyen, Dai Loc and Nam Giang. The District People Committees and farmers in those districts have contributed financial and human resources to care for these plantations. A private company in Dai Loc district has set up a rattan nursery.
- An leaflet on rattan farming and harvesting techniques was developed to educate farmers about sustainable harvesting and planting techniques.
- Linkages between processing companies have been enhanced under the coordination of the Association of Rattan and Bamboo Producers .
- Three vocational trainings were held in Nui Thanh, Duy Xuyen and Dai Loc districts for approximately 75 labourers living in the respective districts. These villages contribute a considerable number of skilled workers to the rattan processing companies in the province.
- Two companies were supported in design and product development. These companies are capable of producing high-end furniture products and participated in a furniture trade fare in Ho Chi Minh City in October 2008. Linkages between businesses were formed while rattan design and product development were carried out. The companies now have access to new buyers/markets.
- Business development services for the handicraft sector were improved by introducing joint trainings on new topics such as good housekeeping and corporate social responsibility.



Figure 2: A training on Association Management, May 2007



Figure 3: Monitoring rattan plantation, Sep 2008



Figure 4: A vocational training in Nui Thanh district, March 2008



Figure 5: Products from designing project were exhibiting at Furniture Fair in HCMC, Oct. 2008

IMPACT AND SUSTAINABILITY

- Stable and sustainable raw material supply has been ensured through improved rattan harvesting management and new rattan plantations;
- Ability of the processing companies within the Association of Rattan and Bamboo Producers has been improved in order to meet the demands of big buyers and penetrate new markets;
- New product lines developed through the design and product development scheme have enabled processing companies to be independent from big buyers such as IKEA, Carrefour;
- Better linkages of processing companies coordinated by the Association of Rattan and Bamboo Producers have led to enhanced economies of scale;
- The consolidated Association of Rattan and Bamboo Producers will continue to be an agent for change in the value chain development
- The “buy-in” of the SNV Netherlands Development Organization and WWF World Wide Fund for Nature will help to continue the designed interventions in further achievements and up-scaling.

For more information, please contact:

Mr. Nguyen Van Thong, Director of the Planning Division, the Department of Industry and Trade

07 Tran Hung Dao, Tam Ky City, Quang Nam Province, Viet Nam

Tel.: +84-0510 810605; +84 (0) 905102594

E-mail: nvthongscn@vnn.vn

Mr. Le Hao, Chairperson, the Association of Rattan and Bamboo Producers

Duy Xuyen town, Duy Xuyen District, Quang Nam Province, Viet Nam

Tel.: +84 (0)903517444

E-mail: maytregonp@vnn.vn