



Japan International Cooperation Agency



Ministry of Forestry and Research  
Solomon Islands

# **The Project on Capacity Development for Sustainable Forest Resource Management in Solomon Islands (SFRM Project)**

## **Market and Value Chain Analysis**

### **Output 3, Activity 3-3**

#### **Final Report**

##### **Part I**



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**Ministry of Forestry and Research, Solomon Islands  
Japan International Cooperation Agency**



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## Acronyms

ADRA	Adventist Development and Relief Agency
BEE	Business Enabling Environment
CEMA	Commodities Export Marketing Authority
CoC	Chain of Custody Certification
DFAT	Department of Foreign Affairs and Trade
JICA	Japan International Cooperation Agency
MOFR	Ministry of Forestry and Research
PGS	Participatory Guarantee System
PHAMA	Pacific Horticultural and Agricultural Market Access
POETCom	Pacific Organic and Ethical Trade Community
RDP	Rural Development Program
SIARTC	Solomon Islands Association of Rural Training Centre
SIDT	Solomon Islands Development Trust
SITPEA	Solomon Islands Timber Processors and Exporters Association
VATA	Value Added Timber Association

## Background

This document is Part I of the final report under Output 3, Activity 3-3, of the Project on Capacity Development for Sustainable Forest Resource Management in Solomon Islands. Activity 3-3 has the objective to select potential commodities for each pilot area and analyze their value chains and markets, with focus on the potential opportunities for the communities.

The study was conducted from July to September 2019, with guidance from the project work plan, internal reports (eg: community profile report of the project) as well as technical inputs provided from the Project management team.

A set of three internal reports were delivered during the development of this activity, providing intermediate products to support discussions and decision-making by the Project management team and community members:

- ✓ Internal Report No.1- Rapid Appraisal for Market and Value Chain Analysis: Gathering information on Komuniboli community profile and production systems.
- ✓ Internal Report No.2 - Rapid Appraisal for Market and Value Chain Analysis: Gathering information on Falake community profile and production systems.
- ✓ Internal Report N3 – Rapid Appraisal for Market and Value Chain Analysis of a short list of 9 commodities: Cocoa (*Theobroma cacao*), Coconut (*Cocos nucifera*), Kava (*Piper methysticum*), Sawn Timber and Furniture, Horticulture, Ngali nut (*Canarium indicum*), Betel nut (*Areca catechu*), Loya Cane (*Calamus spp.*) and Straw mushrooms (*Volvariella volvacea*).

### Structure of the final report

Part I of the final report provides detailed information on the methodology used to select the commodities ‘timber’ and ‘cocoa’, and the methodology to assess the value chain and market data.

Part II presents the results of the assessment and analysis, to understand the opportunities and challenges of the selected value chains and provides the base line information to support Output 3 of the project workplan.

## Part I - Methodology

The market and value chain analysis was developed in two phases. Phase 1 has as objective to gather information of the community profile and their major production systems to support the selection of a maximum of 2 commodities for analysis of the market and value chain(s) under Activity 3-3.

Phase 2 aims to assess detailed information of the selected value chains and analyzes the information with for each community in the pilot areas. The results of Phase 2 are presented in Part II of this report.

### 1 Selection of the Value Chain

The information gathered during phase 1 (internal Report N1) guided the pre-selection of a short list of 9 commodities, target products for the rapid market appraisal:

- Cocoa (*Theobroma cacao*),
- Coconut (*Cocos nucifera*),
- Kava (*Piper methysticum*),
- Sawn Timber and Furniture,
- Horticulture,
- Ngali nut (*Canarium indicum*),
- Betel nut (*Areca catechu*),
- Loya Cane (*Calamus spp.*),
- Straw mushrooms (*Volvariella volvacea*).

The market information of the all 9 commodities was analyzed for each community, applying 4 criteria for value chain selection<sup>1</sup>: Competitiveness potential, impact potential, cross-cutting issues and industry leadership. The analysis subsidized the discussion among the Project' team members and facilitated the community consultation.

Logs, timber and furniture was the first commodity selected due to its direct relation to the Project's goals and outcomes.

The second commodity was selected after community consultations in Falake and in Komuniboli. Through the consultation, the members of both communities<sup>2</sup> had the opportunity to learn about market information of the 9 commodities, to understand the criteria for the value chain and express their opinions and questions.

The consultation was carried out through an informative presentation made using printed materials and charts designed for each community (Figure 1 and Figure 2).

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<sup>1</sup> Details on the criteria provided in annex 1. Summary of results provided in Report N3

<sup>2</sup> Participant list presented in annex 2.

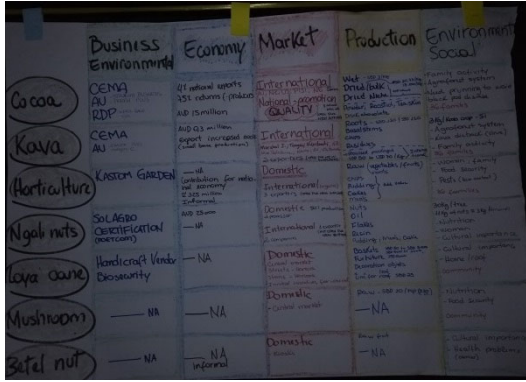


Figure 1: Summary of rapid market appraisal results in Falake



Figure 2: Presentation of Rapid market appraisal results in Komuniboli

The presentations were held in English and translated to Pijin and the local language. The participants had the chance to ask open questions and to join an interactive consultation, when they were invited to express their views on market information and selected commodities that had interest to understand the value chain and learn more about the markets (Figure 3, Figure 4 and Figure 5).

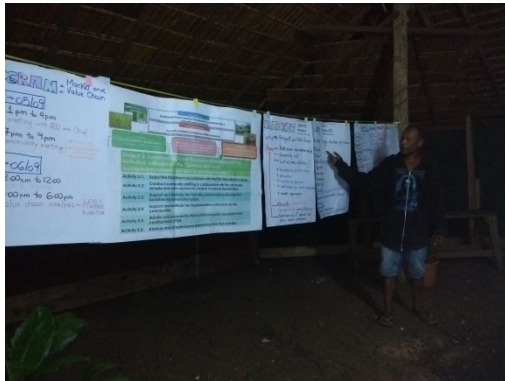


Figure 3: Community consultation and discussion in Falake

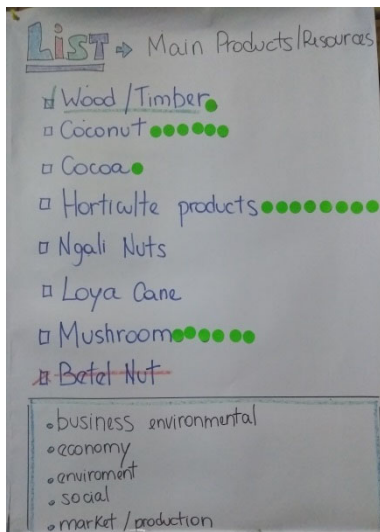


Figure 4: Community consultation in Komuniboli

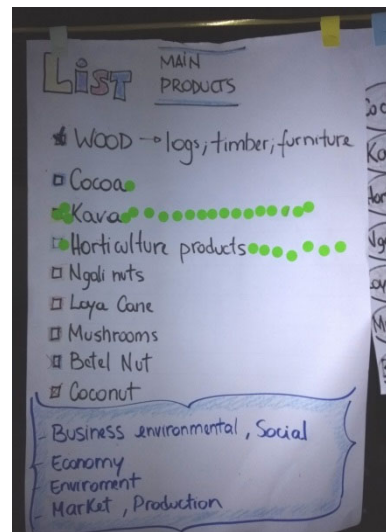


Figure 5: Community consultation in Falake

The Communities Development Committees used the results of the consultation to support the selection of the second commodity for value chain analysis.



Although Falake community consultation revealed a high interest in Kava, the final decision from the Committee was to select Cocoa due to its direct relation with forest sustainability, number of families engaged in this production system and the constancy of the cocoa beans production (at least 2 seasons per year).

Komuniboli community didn't select a second commodity due their high interest in to focus in the timber market.

## **2 Value Chain and Market Framework**

The framework applied in the market and value chain analysis was adapted from the methodology proposed in the "Agricultural Value Chain Guide for the Pacific Islands" (CTA, 2014), as well as considered the recommendations from "A Guide to Rapid Market Appraisal (RMA) for Agricultural Products" (HELVETAS Swiss Intercooperation and CRS, 2012) and the concepts of value chain proposed by Marketlinks (USAID, 2019).

Value chain analysis consists of two inter-linked components:

- End market buyer analysis: Opportunities for competing in current and potential markets;
- Chain analysis: Using information from actors to map the value chain, understanding the business enabling environment (BEE) and analyzing constraints in the chain for competing in a potential market.

A Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis was carried out and incorporated to the framework to enable the assessment of additional elements that might interfere in the development and implementation of the Project activity plan.

### **2.1 End Markets Analysis<sup>3</sup>**

End market buyers are important sources of information on supply and demand, can transmit Knowledge, and in some cases will invest in firms further down the chain. They determine the characteristics—including price, quality, quantity and timing—of a successful product.

End-market analysis assesses the opportunities on the domestic market through interviews with current and potential buyers of the selected commodities (1. Logs, timbers and furniture and 2. Cocoa beans), taking into consideration trends, prospective competitors and other dynamic factors. Through the analysis the information was gathered to identify needs that may guide the upgrading of the value chain (innovation to increase added value) at the community level.

#### **2.1.1 Logs, timber and furniture market analysis**

The Logs, timbers and furniture market analysis was carried out through interviews with 13 companies (10 in Honiara and 3 in Auki, see annex 3). The participating companies were indicated by the Ministry of Forestry and Research (MOFR) and the Solomon Islands Chamber of Commerce and Industry (SICCI) based on their participation in the SITPEA (Solomon Islands Timber Processors and Exporters Association) working group and the relevance of those

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<sup>3</sup> <https://www.marketlinks.org/good-practice-center/value-chain-wiki/end-markets-overview>

companies for the forest sector. Invitation letters were sent in advanced to schedule the meeting and the interviews were performed with participation of a MOFR officer. The interviews were conducted from 07 to 13/09, using a questionnaire as a guideline (annex 5). The figures 6 to 14 present some pictures from timber yards in Auki and Honiara.



Figure 6: Timber retailer in Auki



Figure 7: Milling industry, in Auki



Figure 8: Furniture maker, in Auki



Figure 9: Furniture maker, in Honiara



Figure 10: Timber kiln, in Honiara



Figure 11: Dressed timber, in Honiara



Figure 12: Rough-sawn timber packed for exportation



Figure 13: Dressed timber

The data collected during the interviews was recorded on a printed form and then entered into spreadsheet software for further analysis. The data was organized in tree spreadsheets: 1: supply; 2: transformation and trading; 3: Value chain and SWOT. The analysis of the data and main results are provided in the Final Report, Part II.

### 2.1.2 Cocoa

The cocoa sector in Solomon Islands is well understood due to several previous analyses on value chain and market systems. In addition, many analytical studies have been developed between the Solomon Islands Government and partners, most importantly the “Market System Analysis and Sector Strategy” and the “Investment Options for Value Added Cocoa Products in the Solomon Islands” developed by Australian Aid through the Strongim Bisnis initiative. The market analysis for cocoa beans comprises the information obtained from primary data assessed in Auki, and secondary information from the above-mentioned studies.

There are 5 cocoa exporter agents in Malaita, of which 3 were interviewed during this assessment: ST Cocoa Exporter, Arania (Figures 14 to 17), and an individual trader working for C-Corps. The interviews were conducted using a questionnaire as a guideline (annex 5) and the data recorded on a printed form for further analysis. The analysis and main results are provided in the Final Report, Part II.



Figure 14: St Exporter office, in Auki



Figure 15: Cocoa bean bags at St Exporter office, in Auki



Figure 16: Arania office, in Auki

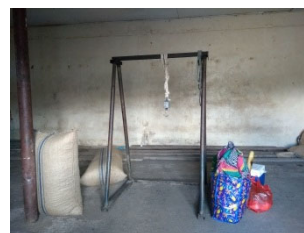


Figure 17: Weight system and quality requirements



Figure 18: Group work activity to build the Timber value chain, Falake



Figure 19: Timber value chain map prepared by Falake community

## 2.2 Value Chain analysis

The value chain analysis was developed in 3 steps:

- 1- Desktop research about the commodity and sketch of the value chain map;
- 2- Verification and Validation of the value chain map, business enabling environment and SWOT Analysis through community workshops;
- 3- Final analysis of the findings and preparation of recommendations

The community workshop to analyze the Log, timber and furniture value chain was carried out on 05<sup>th</sup> of September in Falake (with 28 community members) and 17<sup>th</sup> of September in Komuniboli, with 25 members (annex 6). The cocoa value chain analysis in Falake was carried out on 25<sup>th</sup> September, with 19 participants (annex 7).

### 2.2.1 Value Chain Map

An important part of value chain analysis is the identification of weakness in the elements of the chain and missing vertical linkages. Vertical linkages are the relations between actors at different levels of the value chain. They are critical for moving a product or service to the end market. Vertical cooperation determines the quality of relationships among actors up and down the value chain. It facilitates the delivery of benefits, embedded services and transfer of skills and information between the actors. It also often defines the benefit distribution along the chain and creates incentives or constrains for upgrading (innovation to increase added value).

The sketch of the value chain was designed based on secondary data and validated through community consultation. Information such as actors, activities, costs, services and risks were gathered for the selected commodities in each community.

The figures 18 to 23 present the value chain mapping activities in Falale and Komuniboli. Figure 24 presents the framework applied to guide the value chain map.



Figure 20: Group activity in to build the Timber value chain, Komuniboli



Figure 21: Timber value chain map prepared in Komuniboli community



Figure 22: Group activity in to build the Cocoa chain in Falake



Figure 23: Cocoa value chain map prepared in Falake community

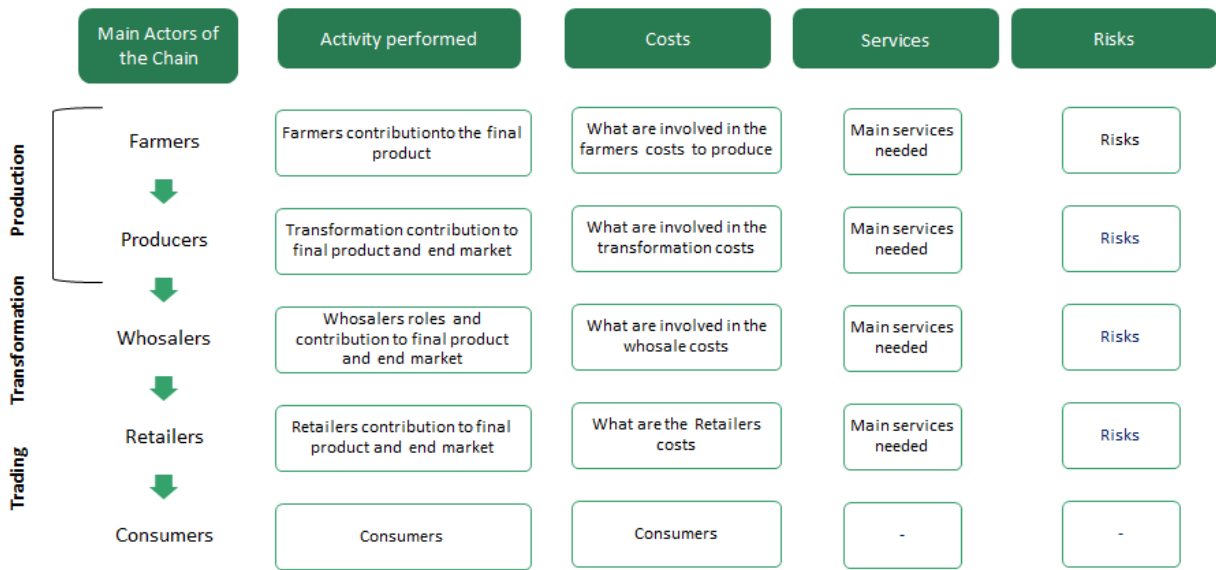


Figure 24: Framework for value chain analysis

### 2.3 Business Enabling Environment (BEE)

The information on the BEE aims to help understand how local norms and customs, regulations, policies, trade agreements and infrastructure affect the performance of the value chain. When potential improvements are identified, they can be incorporated into the design of the activity plan. The figures 25 to 27 present the community discussions on the BEE in Falake and Komuniboli.

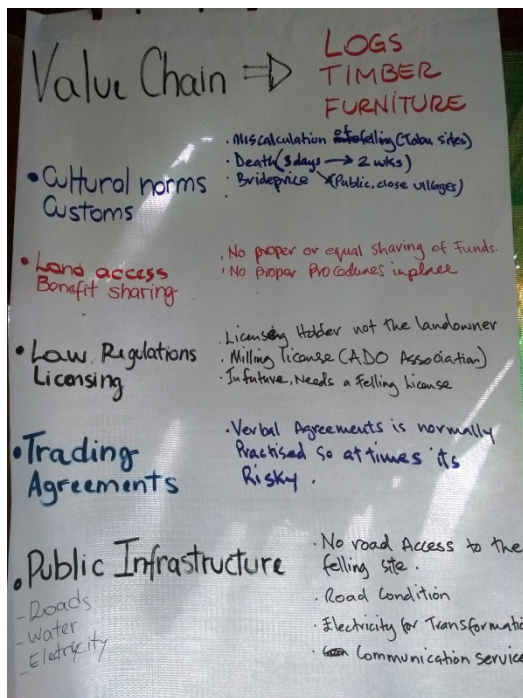


Figure 25: BEE community activity for Timber value chain, Falake

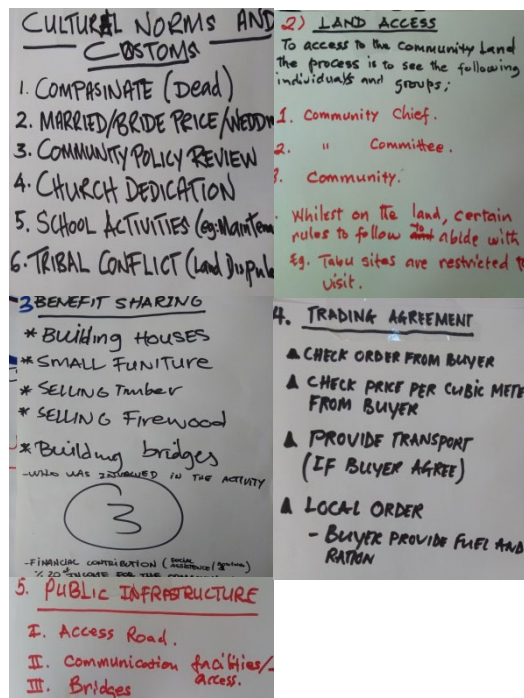


Figure 26: BEE community activity for Timber value chain, Komuniboli

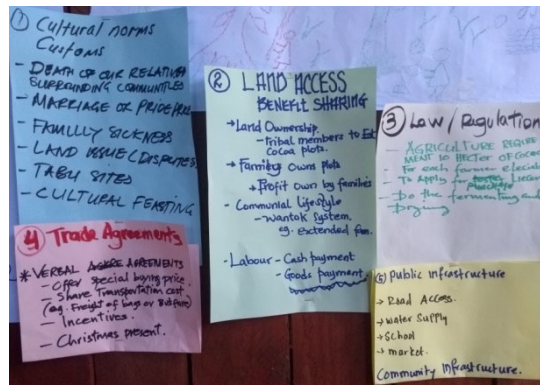


Figure 27: BEE community activity for Cocoa, Falake

## 2.4 SWOT Analysis: Strengths, Weaknesses, Opportunities, Threats

The SWOT analysis aims to identify a range of internal strengths and weaknesses, and external opportunities and threats that should be considered to guide the activity plan.

The framework below was used to guide the discussions on the elements of the SWOT analysis. The information and results are provided in the Final Report Part II.

Figure 28: Framework for SOWT analysis

	POSITIVE	NEGATIVE
	<u>Strengths</u>	<u>Weaknesses</u>
INTERNAL	<i>Internal to your community—things that you have some control over and can change.</i>	
EXTERNAL	<u>Opportunities</u>	<u>Threats</u>
	<i>Things that are going on outside your community, which you can't control</i>	

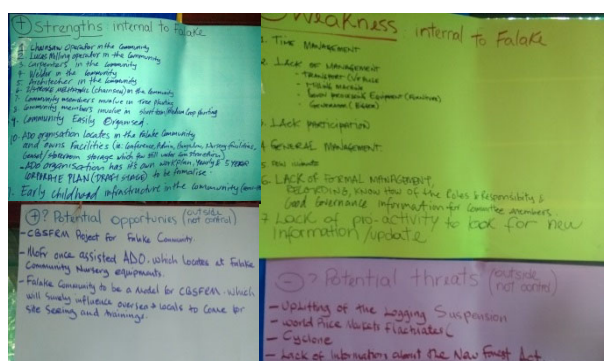


Figure 29: SWOT analysis in Falake, for logs, timber and furniture.

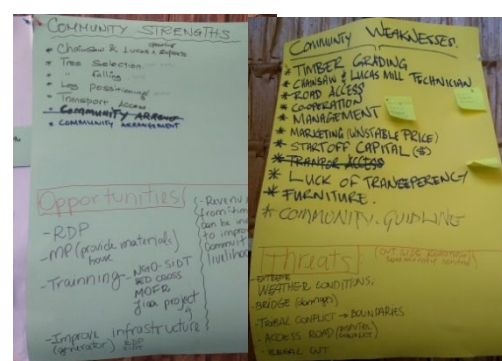


Figure 30: SWOT analysis in Komuniboli, for logs, timber and furniture.

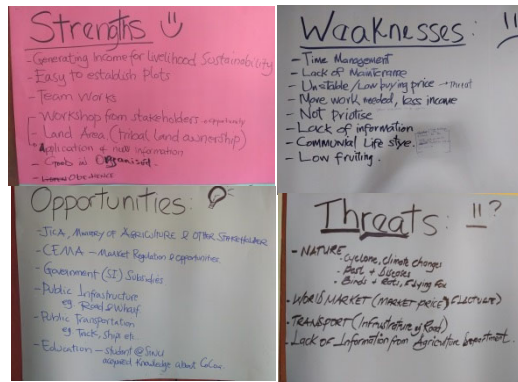


Figure 31: SWOT analysis in Falake, for Cocoa.



## Annex

### Annex 1: Intermediate results to select the value chain

There are five criteria recommended for the value chain selection: competitiveness potential, impact potential, cross-cutting issues and industry leadership. The concept and guidance on how those criteria were applied are described below, followed by the analysis of the 9 commodities for each community.



- **Criteria 1- Competitiveness potential:** The potential for competitiveness is the ability to achieve and maintain a competitive edge over market rivals through an optimal combination of efficiency, product differentiation and access to new or niche markets. When a sector and its industry are growing it brings opportunity for competitiveness, which in turn brings significant and sustainable increases in income and employment (when formal MSE (Micro Small Enterprise) are put in place).




The assumption for the pilot areas is that as soon a community can generate more income through competitive sustainable production systems, less forest conversion and unsustainable activities will happen over the native forest.




- **Criteria 2- Impact potential:** The number of farmers and families involved in the productive system – and the potential to increase and formalize as MSE, Association or Cooperative – would optimize the positive impacts of the improvement in the value chain and market access. Also the potential of increased revenue invested in local initiatives and economy is an important element of impact.
- **Criteria 3 - Cross-cutting issues:** Set of objectives to consider when determining how and where to allocate resources in the project to both improve livelihood of the communities as well as affect other cross-cutting issues, like the MOFR and JICA objectives in this project. Sustainable forest management is one the main objectives of the project, thus the commodity selected shall directly or indirectly support the community to improve sustainable forest management and livelihood activities.
- **Criteria 4- Industry leadership:** The concept of industry leadership refers to the willingness of one or more lead firms to invest time and resources (including non-economic resources such as political and social influence, intellectual contributions, etc.) to increase value chain competitiveness in a way that enhances benefits to MSE (Association or Cooperative) producers and the farmers. Lead firms are typically larger, financially stronger or more innovative firms, but industry leadership can also come from a public-sector association or even a well-organized, skilled group of producers.



Falake commodities	Competitiveness potential	Impact potential	Cross-cutting issues	Industry leadership
<input checked="" type="checkbox"/> <b>Cocoa (<i>Theobroma cacao</i>)</b>	<p>The organic production system in Falake holds potential for competitiveness and differentiation in the cocoa niche market. Potential for volume and constancy), as all of the 36 families have cocoa plantations. The total planted area, number of trees and average productivity needs to be investigated.</p> <p>The community profile of collective actions and leadership also holds potential for implementation of good practices and upscaling to new technologies to improve the quality and raise competitiveness.</p>	<p>All families in Falake have cocoa plantations. The association (ADO) could support the improvement/professionalization of the productive system and assist with the reinvestment of part of the funds into benefits for the community.</p>	<p>Cocoa production is based on organic and agroforestry systems, which matches with the project objectives with regards to promoting sustainable livelihood activities (cash crops intercropping with food crops).</p>	<p>There is leadership at the community level (ADO, in the past was willing to purchase the beans from farmers) and potential buyers on the domestic market. Buyers and local leaders have participated in the IWG (Industry Working Group), investing in technology, extension, as well as in the political discussions.</p>
<input checked="" type="checkbox"/> <b>Coconut (<i>Cocos nucifera</i>)</b>	<p>No competitiveness potential as only 7 families produce coconut in a market with 27% of the product unused.</p>	<p>No potential impact</p>	<p>No direct cross cutting alignment</p>	<p>-</p>
<input checked="" type="checkbox"/> <b>Kava</b>	<p>Although there is a lack of information about the quality of kava produced in Falake, it is expected that this commodities has competitive potential. Some farmers in Malaita are already trading their kava on a market with high demand. Potential differentiation for Falake could come from quality control and organic production. The production volume needs to be investigated.</p>	<p>All families in Falake grow kava crops, potentially delivering positive impacts for all householders.</p>	<p>Kava grows well in agroforestry systems, in which it can be produced together with others cash- and food crops. Promotion of Agroforestry systems corresponds with the sustainable forest management objective of the Project.</p>	<p>Solomon Islands has only 3 kava exporters. One of them has been working in this sector since 2004. At present there isn't any working group in this sector, which makes the business enabling environment more difficult. Despite those constraints, PHAMA Plus are interested in investigating this sector and the government is committed to release a guideline for exporters.</p>

Falake commodities	Competitiveness potential	Impact potential	Cross-cutting issues	Industry leadership
<p><input checked="" type="checkbox"/> <b>Sawn Timber and Furniture</b></p>	<p>The competitive potential for sawn timber and furniture in the communities will become more understandable when the results data from forest resource inventory is available. It is expected however, that the species and volume will meet the demand. Forest management and/or chain of custody certification could differentiate the timber products on the domestic and international markets. The potential competitiveness of the furniture will need to be investigated, especially in Falake, as the Malaita demand is unknown and to get into Honiara market they would face the transportation costs. The competitiveness also depends on the communities' capacity to produce furniture and to compete on the domestic market (quality, design, constancy of supply).</p>	<p>Sustainable forest management has the potential positive impact for all the community, assuming that the benefit sharing and job opportunity will follow the principles of transparency, equality and equity. It is expected that ADO will have an important role to administrate and reinvest the revenue properly, thereby driving livelihood improvements for all members of the community.</p>	<p>Legal, sustainable and high quality sawn timber and furniture production correspond with the project objectives. The sustainable production would drive the community to implement good practices of long term forest management, reducing the risks of forest conversion, deforestation, reducing the damages over the futures commercial trees, and as consequence, reducing the forest degradation.</p>	<p>The sawn timber industry has established the industry working groups SITPEA and VATA, which mainly look after the export sector but also discuss the domestic market, as generally the milling companies are trading in both markets.</p>
<p><input checked="" type="checkbox"/> <b>Horticulture</b></p>	<p>Farmers in Falake are producing horticulture fruits and vegetables in organic systems, which could hold potential for organic certification and competitiveness in the international markets.</p>	<p>All families are engaged in organic horticulture production, increasing the potential positive impact. ADO also is a potential channel to up scale the positive investments in the community.</p>	<p>Horticulture activity is indirect related to forest sustainable management. The products provide cash and food security, reducing the pressure over the forest resources. Also the production is organic and herefore free from pesticides. Some crops are produced in agroforestry systems.</p>	<p>The leadership in this sector is provided by the NGO Kastom Gardem, which provides assistance to their members for organic production and has a networking of trainers in all provinces. A farm / business called Za Na Tina also provides leadership in this sector related to organic certification systems.</p>
<p><input checked="" type="checkbox"/> <b>Ngali nut (<i>Canarium Indicum</i>)</b></p>	<p>None of the community members emphasized Ngali nut collection as their cultural activity or a significant source of income. Also this species was not mentioned to occur in abundance in the forest and gardens. The potential would depend on increasing the abundance and the farmer's interest to get involved in this production system. For Falake added potential would come from the organic production.</p>	<p>The potential would depend on increasing the species abundance and the farmer's interest into get involved in this production system.</p>	<p>The ngali nut as a NTFP and/or agroforestry product corresponds with the project's objectives.</p>	<p>There are 2 leading industries in Solomon Islands which could be potential partners to exchange experience. Phama plus also intends to investigate the economic potential.</p>
<p><input checked="" type="checkbox"/> <b>Betel nut (<i>Areca catechu</i>)</b></p>	<p>No competitiveness potential as the betelnut market it is an informal market not supported by the national policy.</p>	<p>Potential impact, as all families produce and trade betel nut as a cash crop, however this is an informal market without any market base line.</p>	<p>Betel nut chewing is against health recommendations and the product is not supported by the national policy</p>	<p>Informal market, no formal governance</p>

Falake commodities	Competitiveness potential	Impact potential	Cross-cutting issues	Industry leadership
 <b>Loya / lawyer Cane (or rattan) (<i>Calamus spp</i>)</b>	No database about market and production (collection), however it is considered a potential high income commodity through value added products such as woven baskets and furniture. The Loya cane as a raw product doesn't indicate competitiveness; however when combined with furniture made from timber it has a potential to create a value added and differentiated product.	Loya cane is considered a common resource, which grows abundantly in the natural forest. There is potential positive impact in the benefit sharing and engagement of the community in the collection, and processing for manufacture of furniture.	As an NTFP, Loya cane corresponds with the objective to add value to sustainable forest management.	There are no known industries and initiatives leading in this sector (a part from some small business that would need to be further investigated). However the loya cane production could be merged with the 'timber/furniture' activity, thereby building a more stable business environment.
 <b>Straw Mushrooms (<i>Volvariella volvacea</i>)</b>	No data available about market and production (collection). Low value and low income. It would require a specific study to investigate the demand and potential for value added products.	Low value and low income. It would require a specific study to investigate the demand and potential for value added products.	As an NTFP and common resources for the community members, this commodity would meet the project's objectives.	No market governance structure, no industries and market leader

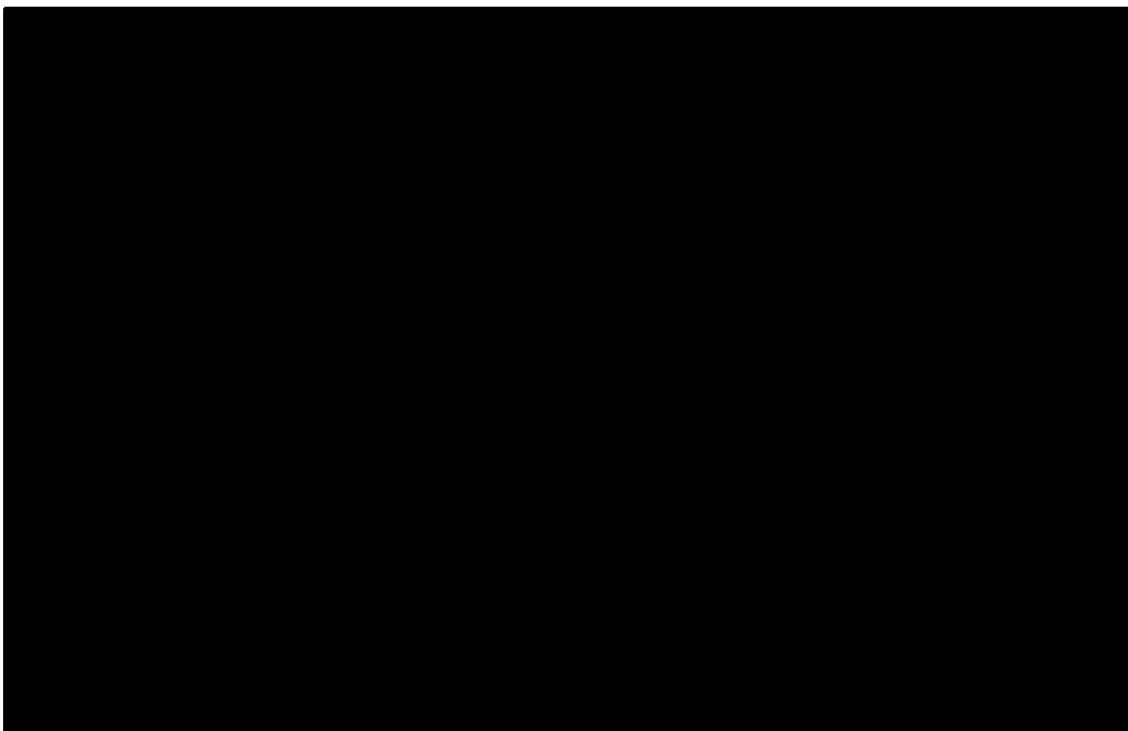
Komuniboli commodities	Competitiveness potential	Impact potential	Cross-cutting issues	Industry leadership
 <b>Cocoa (<i>Theobroma cacao</i>)</b>	Only 10 (50%) of the community families are engaged in cocoa production. The competitiveness will depend on potential niche markets, which would depend on volume, constancy and potential for organic production (during the field activity it was mentioned however, that all plantations /crops are produced using insecticides).	Only 10 (50%) of the community families are engaged in cocoa production, which reduces the potential positive impact. There isn't an active association (or collective initiative) to upscale the impact in the short/medium term.	Cocoa production is based on agroforestry systems and plantations. Part of the cocoa plantations is located outside of the pilot area established by the Project.	No leader in the cocoa production was mentioned; however this item would need to be assessed in the second phase if this value chain is selected.
 <b>Coconut (<i>Cocos nucifera</i>)</b>	All families have coconut plantations in Komuniboli, however copra, green and dried coconut products don't indicate potential for competitiveness as it would be very difficult to add value to those products. Alternatively, potentially competitive products could be investigated on the emerging market of coconut charcoal and wood.	Although there isn't any active association (or collective initiative) all farmers own coconut plantation and in the short term they will need to take action against the invasive Rhinoceros beetle (cutting down the coconut trees). Instead of burning and disposing of the trunks, the coconut timber wood could be processed into different sub products of added value and generate alternative income.	The coconut timber processing corresponds with the projects objectives in terms of timber processing and sustainable management. It would support the community to face the environmental threats posed by the rhinoceros beetle which could compromise their food security. Reduced food security could drive forest conversion to access cash form tree harvesting and to expand the agricultural area.	Additional to the IWG of the coconut sector the Coconut Technology Centre ( which is a non-profit branch of the company of Kokonut Pacific) has been leading the research and manufacture of new products made of coconut wood. Potential partnerships shall be investigated if this commodity is selected for phase 2.
 <b>Kava</b>	Kava is not produced by the community.	Kava is not produced by the community.	Kava is not produced by the community.	Kava is not produced by the community.

<p> <b>Sawn Timber and Furniture</b></p>	<p>The competitive potential for sawn timber and furniture will become known when the results from forest resource inventory analysis are available. It is expected that the species and volumes will meet the demand and that potential forest and/or chain of custody certification may differentiate the timber on the domestic and international market. The potential competitiveness of the furniture will need to be investigated, as it strongly depends on the community's capacity to produce furniture and to compete in this market (quality, design, and constancy).</p>	<p>Sustainable forest management has a potential positive impact for all of the community, assuming that the benefit sharing and job opportunity will follow the principles of transparency, equality and equity. As Komuniboli doesn't have a formal association (or cooperative, MSE) it is assumed that the community will establish transparent agreements to administer and reinvest the revenues properly, driving livelihood improvements for all members of the community.</p>	<p>Legal, sustainable and high quality sawn timber and furniture production correspond with the project objectives. The sustainable timber production would drive the community to implement long-term forest management practice, reducing the risks of forest conversion, deforestation, damage to future crop trees, and as consequence, reducing the forest degradation.</p>	<p>The sawn timber industry has established the industry working group SITPEA and VATA, which mainly looks after the export sector but also discusses the domestic market, as generally the milling companies are trading in both markets.</p>
<p> <b>Horticulture</b></p>	<p>Komuniboli farmers are using insecticides and mineral fertilizer for horticulture production, limiting their participation in the organic market. The potential competitiveness is to add value to horticulture products through food processing. Another alternative for out of season crops would need further investigation to evaluate the potential competitiveness.</p>	<p>Positive impact would depend on how many families would be able to engage in the food manufacture and out season production.</p>	<p>Horticulture activity is indirectly related to sustainable forest management. The products provide cash and food security, which reduces the pressure under natural forest resources.</p>	<p>-</p>
<p> <b>Ngali nut (<i>Canarium Indicum</i>)</b></p>	<p>None of the communities emphasized the Ngali nut collection as their cultural activity or as a significant source of income. Also, this species was not mentioned to occur in abundance in the forest and gardens. The potential would depend on increasing the abundance and the farmers interest into get involved in this production system</p>	<p>The potential would depend on the increasing the abundance and the farmer's interest into get involved in this production system.</p>	<p>The Ngali nut as a NTFP and/or agroforestry production corresponds with the project's objectives.</p>	<p>There are 2 leading industries in Solomon Islands which would be potential partners to exchange experience. The Phama plus project also intends to investigate the economic potential</p>
<p> <b>Betel nut (<i>Areca catechu</i>)</b></p>	<p>No competitiveness potential as the betel nut market is an informal market not supported by the national policy.</p>	<p>Significant potential impact, as all families produce and trade betel nuts as cash crops, however this is a informal market without any market base line.</p>	<p>Betel nut chewing is against health recommendations and the product is not supported by the national policy</p>	<p>Informal market, without formal governance</p>

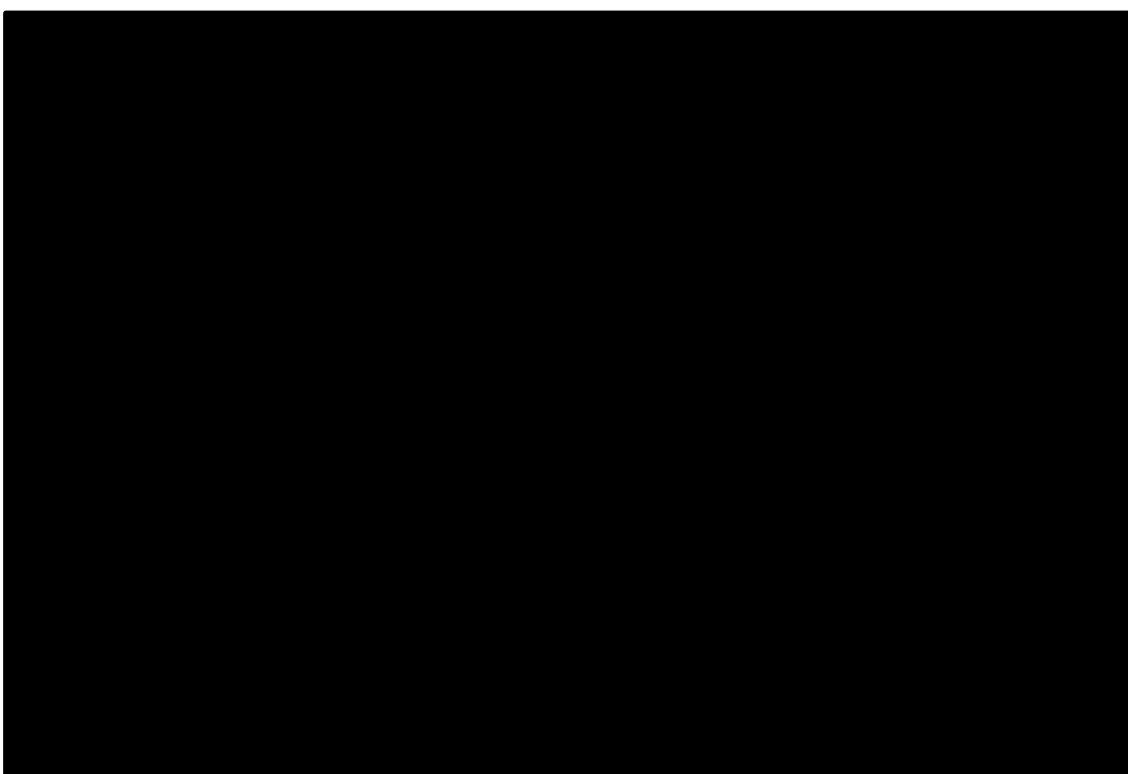
 <b>Loya / lawyer Cane (or rattan) (<i>Calamus spp</i>)</b>	<p>No data available about market and production (collection), however it is considered a high income commodity through value added products, such as woven baskets and furniture. The Loya cane as a raw product doesn't indicate competitiveness; however when combined with furniture made from timber it has a potential for value added and differentiated products.</p>	<p>Loya cane is considered a common resource, which grows abundantly in the natural forest. There is potential positive impact in the benefit sharing and engagement of the community in the collection, and processing for manufacture of furniture.</p>	<p>As an NTFP, Loya cane corresponds with the objective to add value to sustainable forest management.</p>	<p>There are no known industries and initiatives leading in this sector (a part from some small business that would need to be further investigated). However the loya cane production could be merged with the 'timber/furniture' activity, thereby building a more stable business environment.</p>
 <b>Mushroom (<i>Volvariella volvacea</i>)</b>	<p>No data available on market and production (collection). Low value and low income. It would require a specific study to investigate the demand and potential for value added products.</p>	<p>Low value and low income. It would require a specific study to investigate the demand and potential for value added products.</p>	<p>As an NTFP and common resources for the community members, this commodity would meet the project's objectives.</p>	<p>No market governance structure, no industries and market leader</p>

## **Annex 2: Participant list of the Community Consultation**

*Falake: Community consultation*



*Komuniboli: Community consultation*



### Annex 3: List of assessed companies in the forest sector

No_	Company name	Venue for the interview	Contacts
1	Lagoon Eco Timbers		
2	Hatanga Timber		
3	Homeland Timber Milling (HTM)		
4	Goodwood (SI) Ltd		
5	Pacific Export Alliance Ltd		
6	Fairtrade		
7	TGA Timbers		
8	SA Holdings Ltd		
9	Top Timber		
10	VATA		
11	Malta Timber Enterprise		
12	Kwaibala Furniture		
13	EKD Hardware		
14	South Pacific Group		

### Annex 4: List of assessed companies in the cocoa sector

No_	Company name	Venue for the interview	Contacts
1	ST Export		
2	C- Corp		
3	Arania		



## Annex 5: Questionnaires

### Log, timber and furniture

#### Project on Capacity Development for Sustainable Forest Resource Management in the Solomon Islands

##### Survey questionnaire for Solomon Islands Timber Producers

##### Domestic Market

<b>Forest Sector:</b>	Round logs, Sawn Timber and Furniture
<b>Phase 2:</b>	Market and Value Chain Analysis

Company:
Representative:
Contact:

##### Part 1: Wood Supply

- Which kind wood products do you buy?
  - Round logs (to process at your industry)
  - Pre-processed timber (for re-sawing, planing, drying at your industry)
  - Fully processed timber
  - Furniture
  - Other wood products:

- What are the desirable species?

Species	Round logs	Pre-processed timber	Fully processed timber	Furniture	Specifications
Burckella					
Calophyllum					
Cordia					
Dillenia					
Eugenia					
Kwila					
White beech					
Rosewood					
Taun					
Tubi					
Vitex					
Akwa					

##### Others:

Average volume purchase per year:

% volume for domestic market:

- What are the product specifications (dimensions) that you need and quality requirements?
- What are the purchase prices? (ex: species x dimensions x quality,)

Products/Species	Specifications	Purchase prices

5. What type of commercial terms (ex: sold on FOB) do you use when buying wood? Do you perform any additional service to purchase wood? (ex: transportation, loading)
6. Do you require any legality verification/certification? Do you need any license?
7. How many suppliers do you have (from where/ province?)
8. How is the constancy in the timber supply? Are the suppliers reliable or is it difficult to meet your demand?
9. What could improve in the timber supply?

**Part 2: Transformation and Trading: Domestic market**

10. What are the main products that your company produces for the domestic and international market, specifications, main uses and sales price?

Domestic Market			
Products	Specifications	Main uses	Sales prices

**Total volume/ year:**

11. What are the main products that your company produces for the international market, specifications, main uses and sales price?

International Market			
Products	Specifications	Main uses	Sales price

**Total volume/ year:**

12. Have your costumers requested timber legality verification?

**Domestic Market :**  Yes  No  
**International Market:**  Yes  No

13. What are the main factors that influence your decision to sell in the domestic or in the international market?
14. How many companies are working in the same activity as you (producing similar products / competitors)?
15. What are the main challenges to trade in the domestic market?

**Part 3: Value chain map**

**Value chain- Vertical**

1. What are the main activities that your company performs?
2. What are the main costs involved?
3. What are the main risks?

**Value chain- Horizontal (Governance)**

1. Is your company member of any group of companies/industries (ex: association)?
2. What are the positive and negative aspects of participating in these kind of initiatives?

**Value Chain - Services:**

1. What are the main services that your company needs to have a good performance?

**Business Enabling Environment**

1. Does any one of those factors below interfere in the wood supply for your company?

Commodities	Cultural norms and customs	Land access/benefit sharing	Laws, Regulations, Licensing, policies	Trade agreements	Public infrastructure
<input checked="" type="checkbox"/> Round Logs					
<input checked="" type="checkbox"/> Sawn Timber					

<input checked="" type="checkbox"/> Furniture
others

**Part 4: Potential improvements- SWOT**

Internal to your company—things that you have some control over and can change.	<b>Strengths</b>	<b>Weaknesses</b>
Things that are going on outside your company, which you can't control.	<b>Opportunities</b>	<b>Threats</b>

*Cocoa*

**Project on Capacity Development for Sustainable Forest Resource Management in the Solomon Islands**

**Survey questionnaire for Solomon Islands Cocoa beans: Domestic Market**

<b>Agriculture Sector:</b>	Cocoa beans
<b>Phase 2:</b>	Market and Value Chain Analysis
Company:	
Representative:	Contact:

**Part 1: Cocoa beans Supply**

- Which kind beans do you buy?
 

<input type="checkbox"/> Fruits	<input type="checkbox"/> dry
<input type="checkbox"/> fruit pulp	<input type="checkbox"/> Other cocoa products:
<input type="checkbox"/> wet	
- What are the product specifications and quality requirements?
- How do you check the quality?
- How is the pricing system (per kg, bag...) and how much do pay for the products?
- Do you perform any service to purchase it? (ex: pick up in the farm, re-packing, transport, storage, ...)
- What type of commercial terms do you use when buying cocoa? (ex: pre-order, deduction of the cost for the services above, pay immediately or pay after trading,.....)
- Do you require any legality verification/certification from your seller? Do you need any license to trade cocoa bean?
- How many suppliers do you have (from where/ province?)
- How is the constancy in the cocoa beans supply? Are the suppliers reliable or is it difficult to meet your demand?
- What is the average volume/quantity of cocoa beans you buy (per month, quarter, semester or year)?
- What could improve in the cocoa supply?

**Part 2: Transformation and Trading: Domestic market**

- What are the main activities performed by your company?
- What are the specifications and quality of the final products that you trade?
- How do you check the quality of your final product?
- Have your clients/costumer requested any certification or license (eg: biosecurity, organic, origin certification.)?
- What type of commercial terms is established with your client/costumer? (pre-order, who pay the transport, insurance, etc)

6. What is the sale's price of your product and how the price is decided (eg: in accordance to the quality, volume.) ?
7. How many companies are working in the same activity as you (producing similar products / competitors)?
8. What are the main challenges to trade (to sell) cocoa beans in the domestic/international market?

**Part 3: Value chain map**

**Value chain- Vertical**

1. What are the main activities that your company performs?
2. What are the main services that you need?

What are the main costs involved?

3. What are the main risks?

ACTIVITY	SERVICES	COSTS	RISKS

**Value chain- Horizontal (Governance)**

1. Is your company a member of any group of companies/industries (ex: association)?
2. What are positive and negative aspects of participating in these kind of initiatives?

**Business Enabling Environment**

1. Does any one of those factors below interfere in the cocoa business for your company?

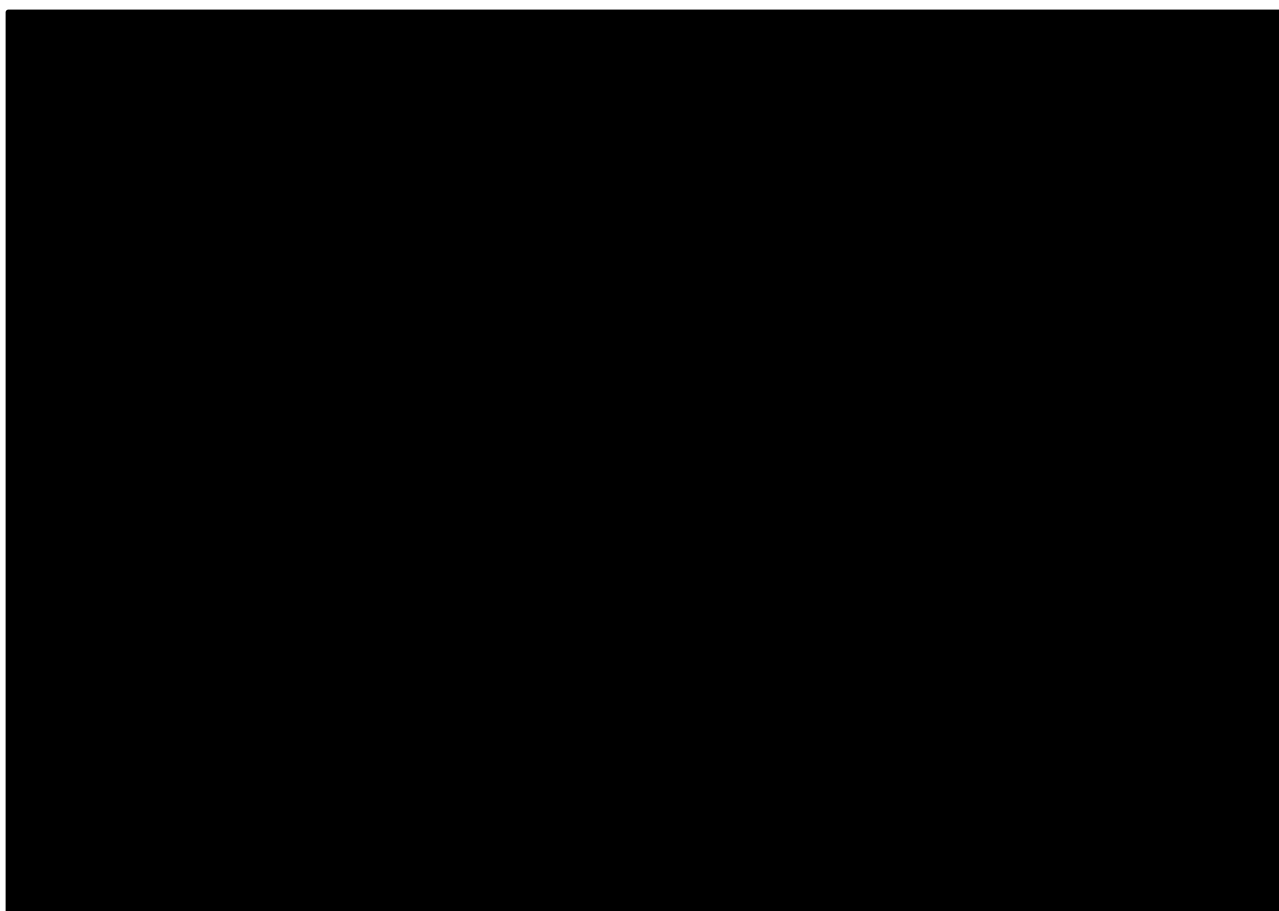
Commodities	Cultural norms and customs	Land access/benefit sharing	Laws, Regulations, Licensing, policies	Trade agreements	Public infrastructure
Wet beans					
Dry beans					

**Part 4: Potential improvements- SWOT**

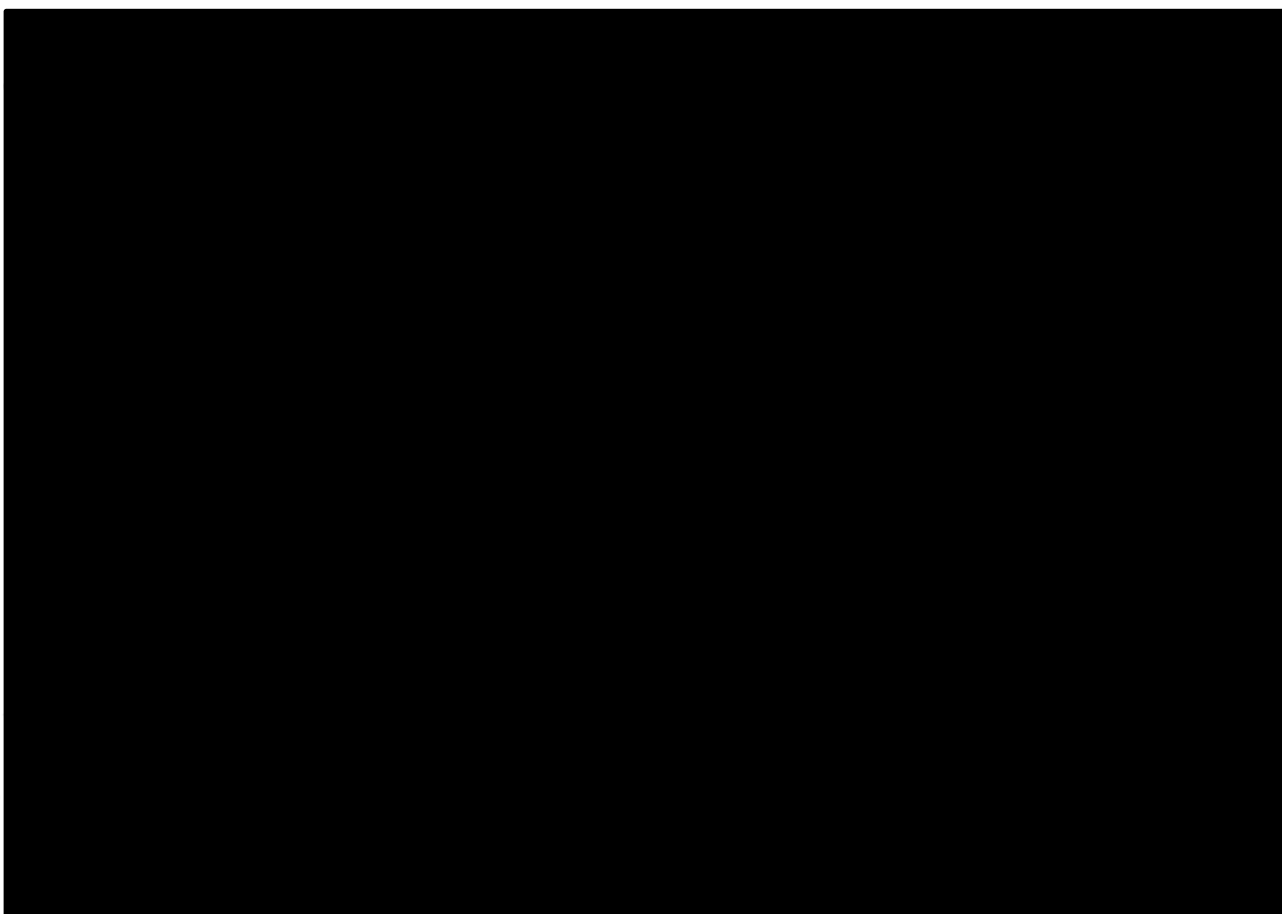
Internal to your company—things that you have some control over and can change.	<b>Strengths</b>	<b>Weaknesses</b>
Things that are going on outside your company, which you can't control.	<b>Opportunities</b>	<b>Threats</b>

## **Annex 6: List of Participants in the Log, Timber and Furniture Community Activity**

*Falake*



*Komuniboli*



## **Annex 7: List of Participants in the Cocoa beans Community Activity**

*Falake*

