



Philippines Coconut Coir Project

June 1994 — April 1999

To earn more money from their harvest, small-scale coconut farmers in the Philippines dry their coconut meat and sell it to oil mills as copra. In the past, however, many farmers often viewed their leftover coconut husks as waste material to be burned. Through this project, farmers learned how to use coir - the fiber extracted in decortication of coconut husks - to produce mattresses, brushes, cordage, doormats, erosion control materials, and handicrafts for sale on the domestic and export markets. It can even be used as a low-cost cooking fuel.



Coir dust, a byproduct of coir extraction, can also be sold as a substitute for peat moss for horticultural use. This project was one component of a larger project that benefited small-scale rattan harvesters and producers in the Philippines. EnterpriseWorks/Philippines also assisted other non-governmental organizations in expanding community-based coir enterprises - especially those working with indigenous people in the uplands.

Economic Participants

16 --- in 2001

Enterprises Assisted

N/A

Total Monetary Benefits

\$240 --- in 2001

Cumulative TMB

\$17,822

Project Budget

\$309,665

Primary Funders

Philippines -Australia
Community Assistance
Program
USAID/Philippines
Ford Foundation

ACCOMPLISHMENTS

- Demonstrated the commercial viability of coir processing.
- Strengthened the enterprise management capabilities of small-scale coir processors by providing organizational, management and technical services.
- Created national awareness of the needs of small-scale coir processors in the Philippines, particularly in the area of business development services by establishing networks and linkages among strategic groups and individuals.
- Helped leverage financial resources for small-scale coir enterprises and improve their producer skills.

LESSONS LEARNED

New processing technologies bring environmental benefits. Prior to this project, the participating coconut farmers disposed of coconut husks by burning them or by throwing them in the river. By turning the husk into value-added products instead, coir processing has helped reduce air and water pollution. Increasing the incentive to maintain active trees also benefits the surrounding landscape, since coconut trees planted on hillsides help control erosion where other trees have been cut down for fuel wood or logging.

Screening criteria enhances delivery of business assistance. It is simply too costly to provide business development services to many different types of groups on an individual basis. EnterpriseWorks/Philippines solved this problem by developing criteria for screening local groups that request assistance, then identifying a number of groups to receive project services together. This reduces costs, and also facilitates the formation of support networks among the various groups, helping them to serve their own needs.

Enterprise viability depends on proximity to the marketplace. Because transport charges for coir are relatively high in the Philippines, small-scale coir processing is only viable when the enterprises are close to medium-scale fiber manufacturers who are willing to buy the raw material. If enterprises have to transport their coir to distant domestic or international markets, their prices may not be competitive with those of Sri Lankan and Indian processors.

Members' short-term interests need to be balanced against enterprise sustainability. Enterprises owned and operated by farmer groups sometimes encounter pressure from their members to raise raw material prices above market levels in order to generate more immediate income, jeopardizing profitability and long-term sustainability. Enterprises sometimes must learn through trial and error that they cannot get higher prices for their products without also making quality improvements that justify price increases.

Careful site selection is critical. Past experience has shown that certain specific site conditions must be met if coconut-processing enterprise modules are to be viable. For example, small-scale coconut oil mills are generally successful only when they are located at least 100 km from the nearest large-scale mill in an area where three-phase power lines exist and the local market exceeds 25,000 people. The project has incorporated these site selection criteria into its strategy for providing services to new enterprises.