

Demand, Competitiveness, and Impact – Bamboo and other Sectors in the Mekong



The Mekong Bamboo Consortium Project

Cambodia

Laos

Vietnam



The Prosperity Initiative

Markets & Broad-based Impact

Part 1

Outline the analytical approach with bamboo case study
“a rebirthing for industrial strategy?”
Is the bamboo sector a candidate for impacting poverty at scale in the Mekong?

Part 2

Impact on poverty so far in Thanh Hoa Supply chain Pilot.
May '07 impact data for 36,000 households

If we get time...

Part 3

Regional bamboo sector development – The Mekong
Bamboo Consortium Project

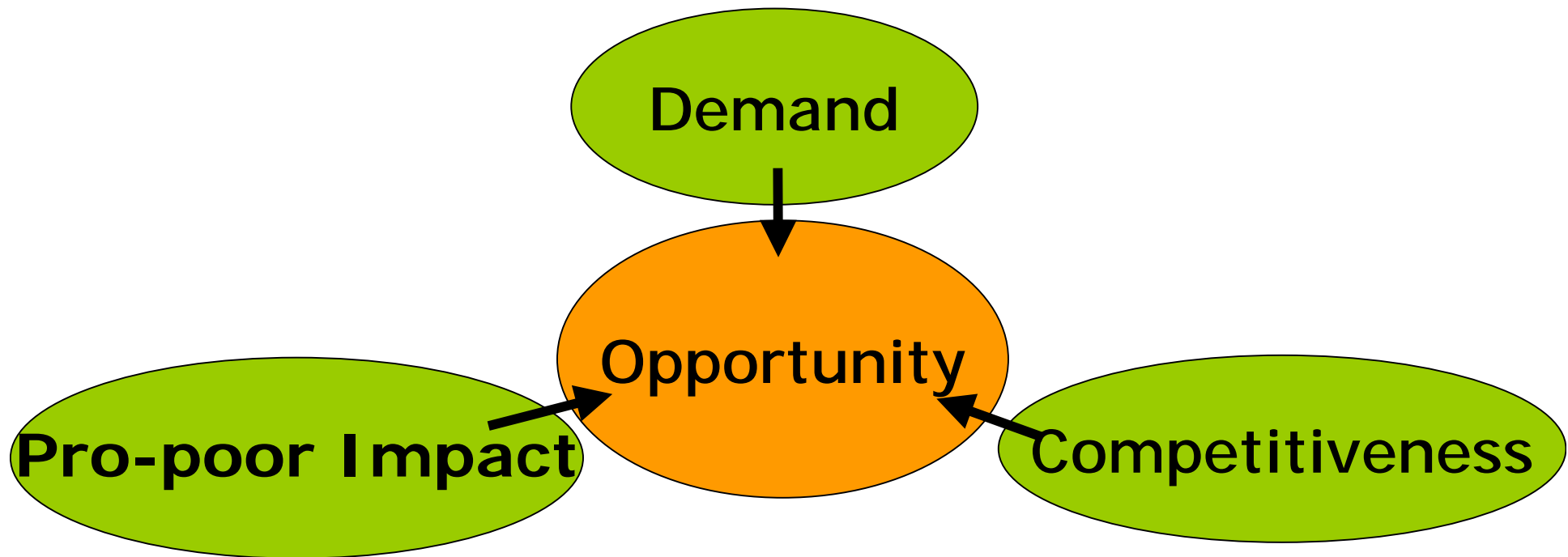
Part 4

The “Portfolio Project” - Poverty needs market choice/risk
diversification

PART 1

Identifying a sector for scaled impact

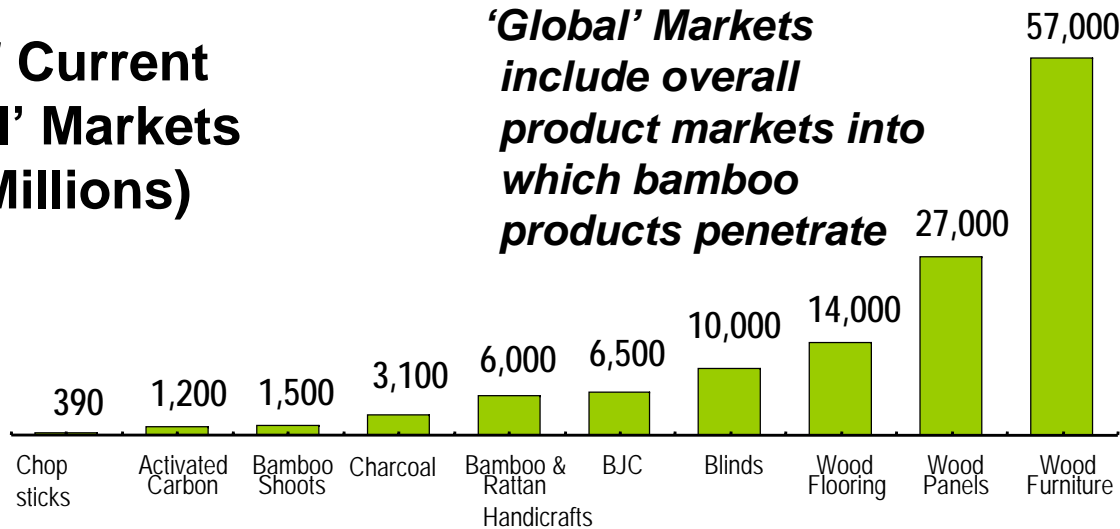
- 3 mandatory conditions – Demand, Competitiveness and Impact (DCI) - to underpin the 'opportunity' for scaled impact



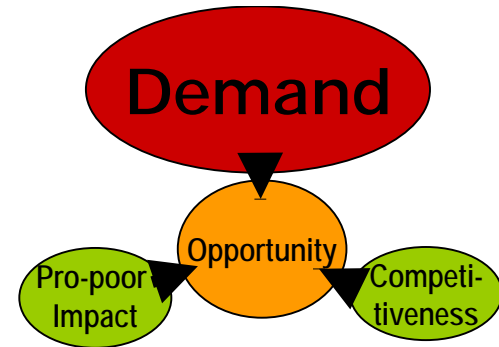
- OHK/IFC 2006 Mekong Bamboo Feasibility Study (6 months, USD250k, 14 organisations)

World Bamboo Markets

Size of Current 'Global' Markets (USD Millions)



'Global' Markets include overall product markets into which bamboo products penetrate

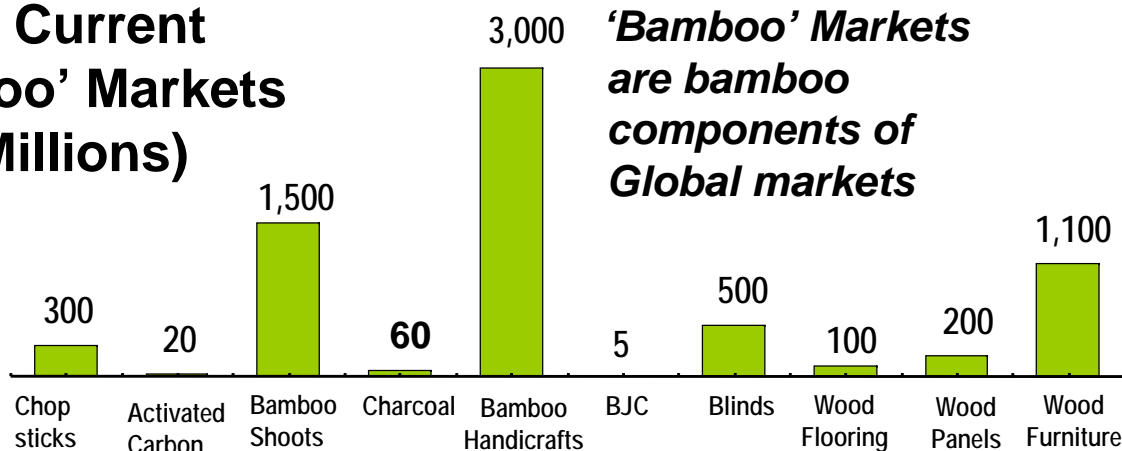


Bamboo shoots

BJC = Builders' Joinery & carpentry

- World Now USD7Bn pa, China ~USD5.5Bn pa

Size of Current 'Bamboo' Markets (USD Millions)

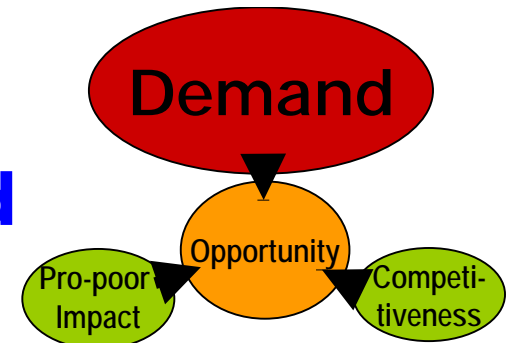


'Bamboo' Markets are bamboo components of Global markets

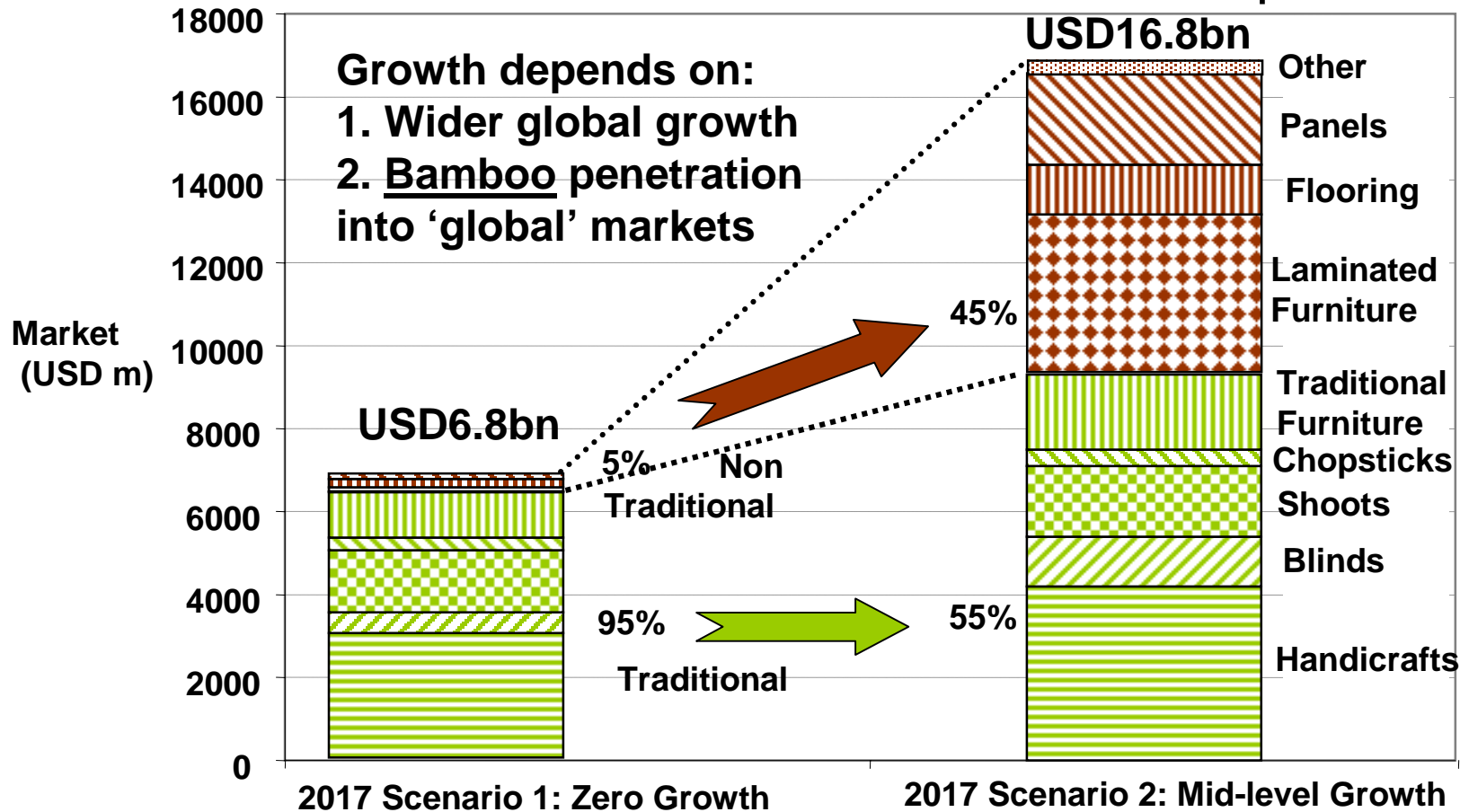


Blinds

Growing Segmented Demand

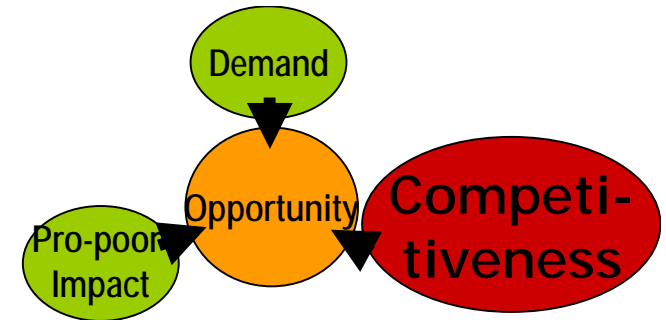


World Bamboo markets in 2017 ~ USD15-20Bn pa



We prepared 4 growth scenarios. Zero, Lower, Middle, Upper

Supply-Side Segmentation



3 Main Sub-Sectors

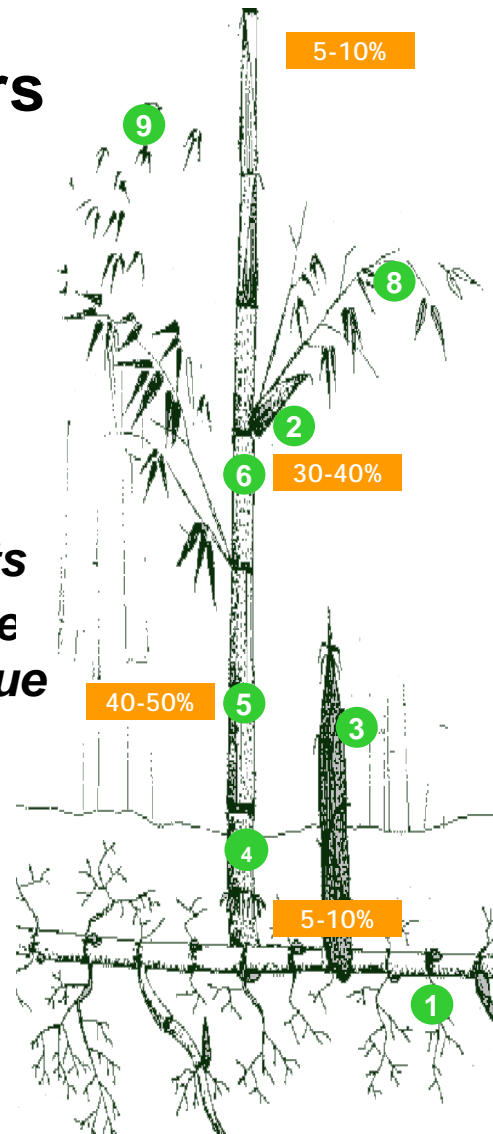
Handicrafts H

Bamboo Shoots S

Industrial Processing
4 types

- ★ Raw Culms
- ★ Bulk Products
- ★ Medium Value
- ★ Premium Value

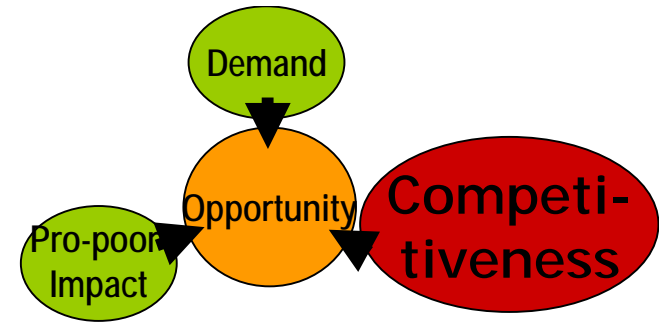
Other Developing Products D



9	Leaves	Manure, Fodder	★
		Extracts, Medicine	D
8	Twigs	Brooms, Cloths	H D
7	Top	Chopsticks, Toothpicks	★
		Bamboo poles	★
		Scaffoldings	★
6	Middle upper	Blinds, Mats, Carpet	★
		Chopsticks, Toothpicks	★
		Handicrafts	H
5	Middle lower	Flooring	★
		Laminated furniture	★
4	Base	Charcoal, Pulp	★
3	Shoots	Vegetable	S
2	Sheath & Rhizome	Handicrafts	H
1	Leftovers & processing waste	Fiber boards	★
		Charcoal	★
		Pulp	★
		Lumber	★
		Fuels	★

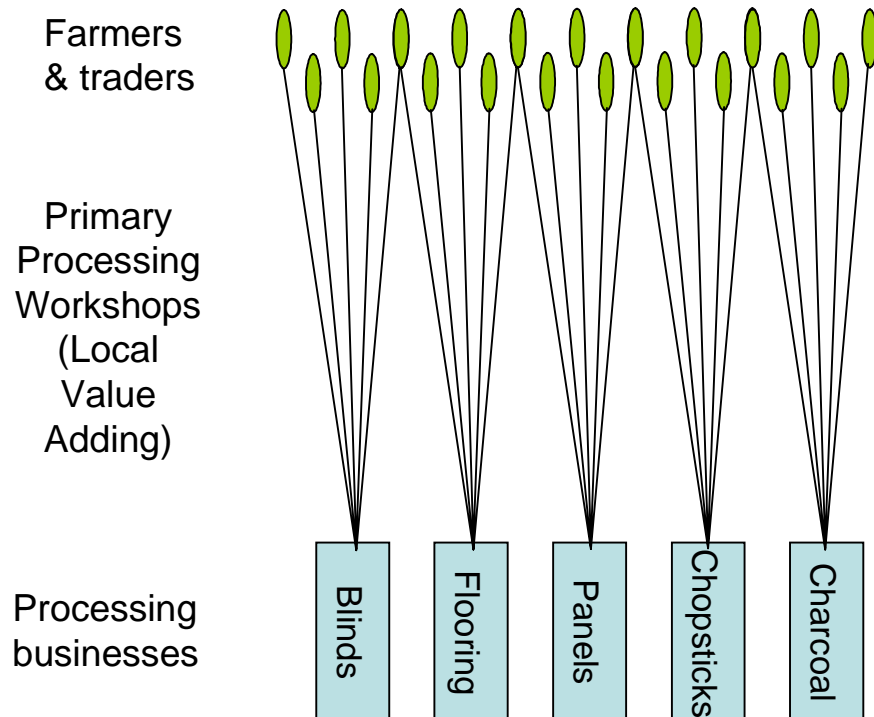
Source: Zhu 2005

Supply-Side Structure: Industrial Sub-sector



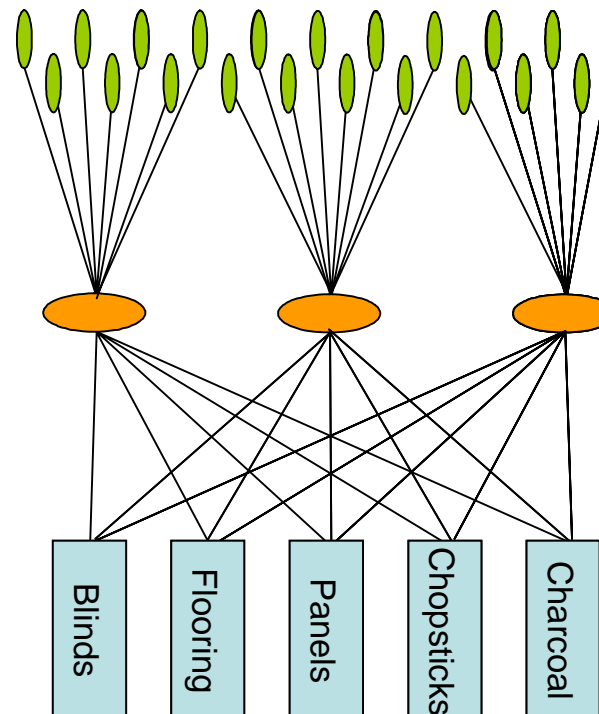
Direct Supply Model

Current model in Mekong
Waste rates 50 to 70%



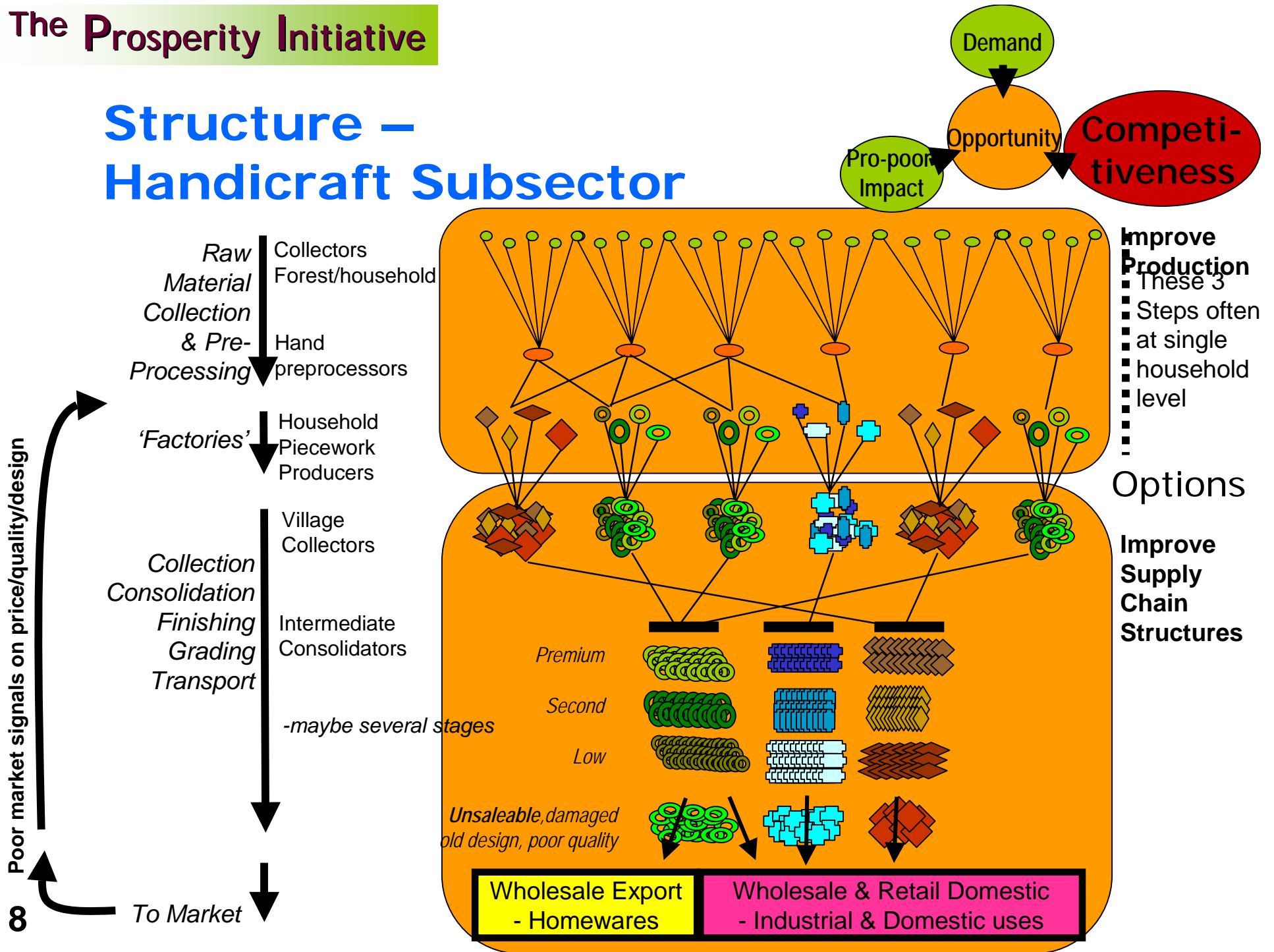
Pre- Processing Model

Current model in China
Waste Rates 5 to 10%



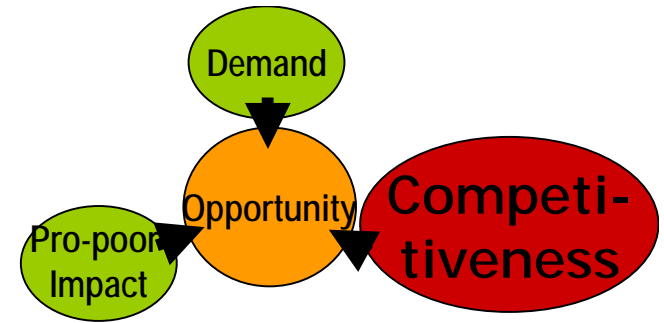
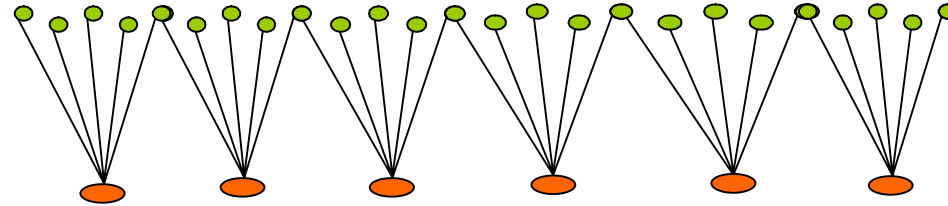
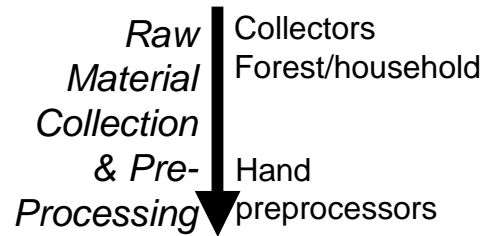
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Structure – Handicraft Subsector



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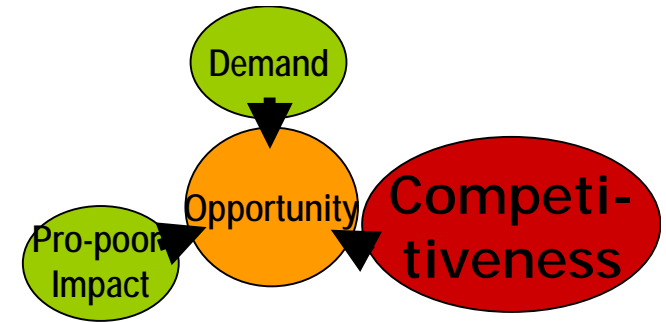
Structure – Handicraft Subsector



Baskets for betel-nut traders



Structure – Handicraft Subsector

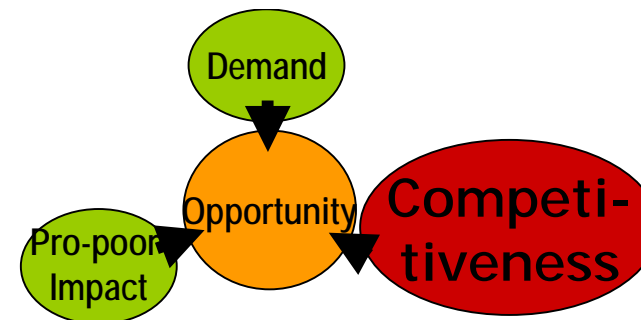


Bamboo splitting and sliver machine demonstrations, India

⇒ 4-6 x production capacity vs manual slivering

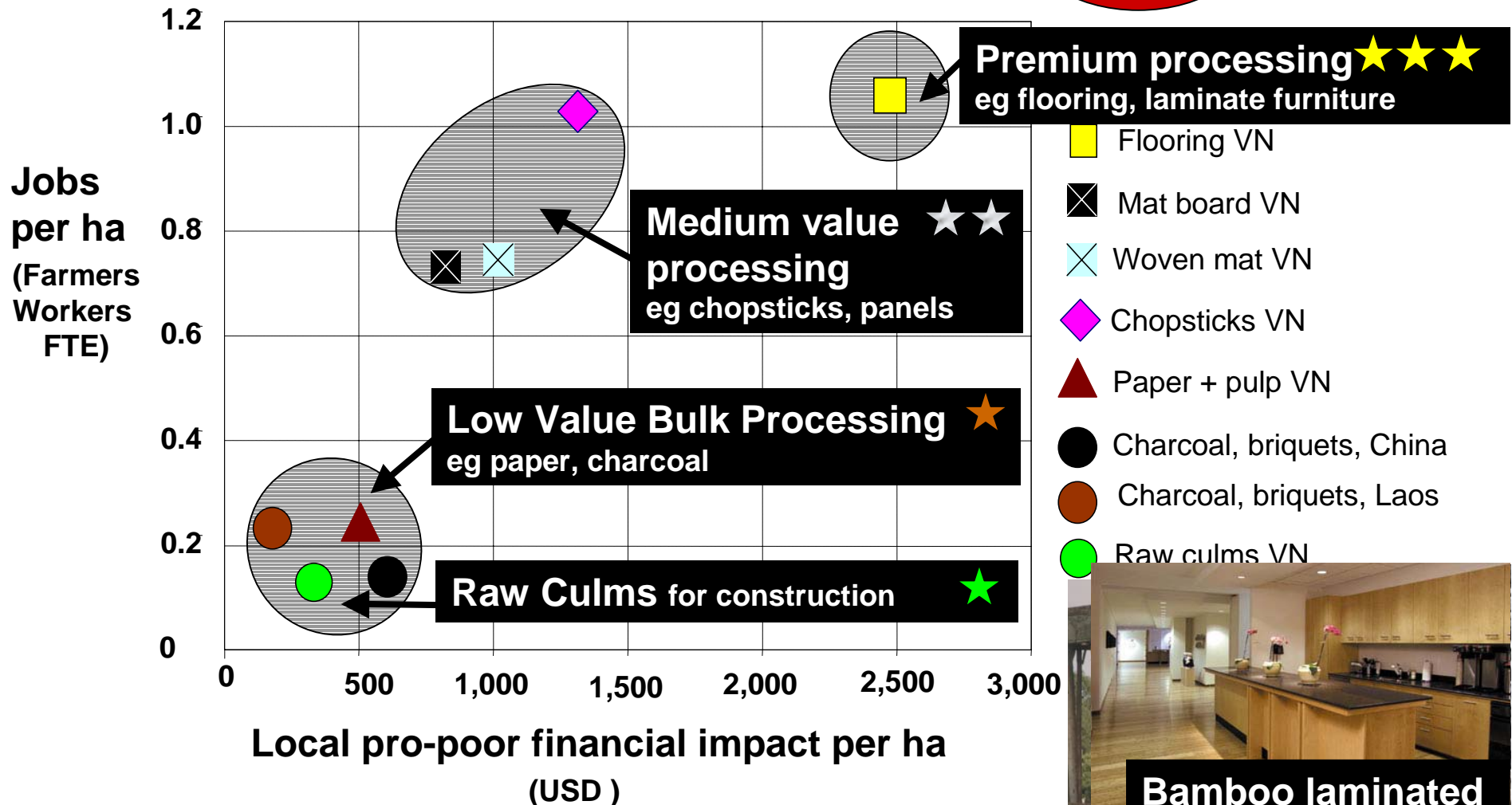
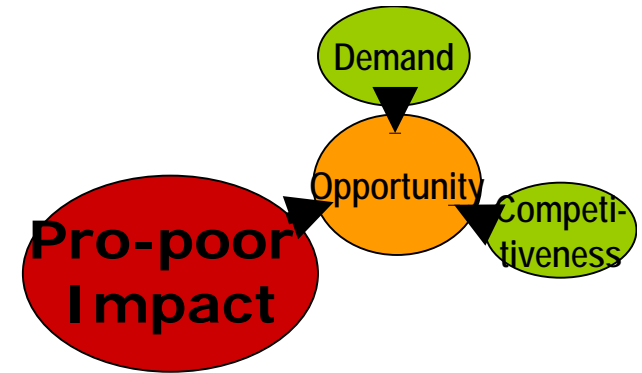
⇒ Improved quality of end product from more uniform slivers

Benchmarking Production

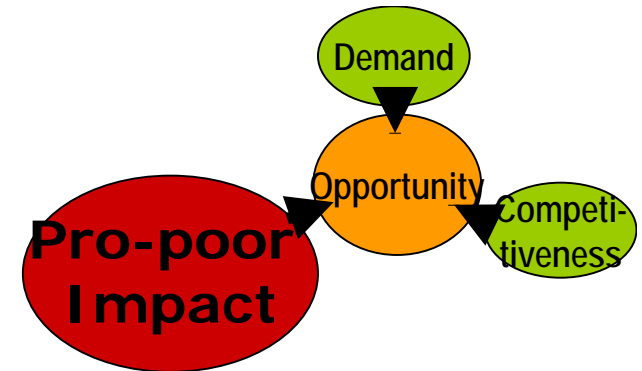


	Raw Bamboo Farmer income	Labour Worker income	
China <i>Unit Cost '07</i>	USD100/t	USD150/mth	Floor 12.5/m ²
Vietnam <i>Unit Cost '07</i>	USD40/t	USD50/mth	Floor 13.5/m ²
Industrial <i>% subsector</i>	~60%	15-20%	~75%
Handicrafts <i>% subsector</i>	2-5%	70-80%	~75%
Shoots <i>% subsector</i>	70-75%	5-10%	~80%

Impact by Product Industrial Subsector



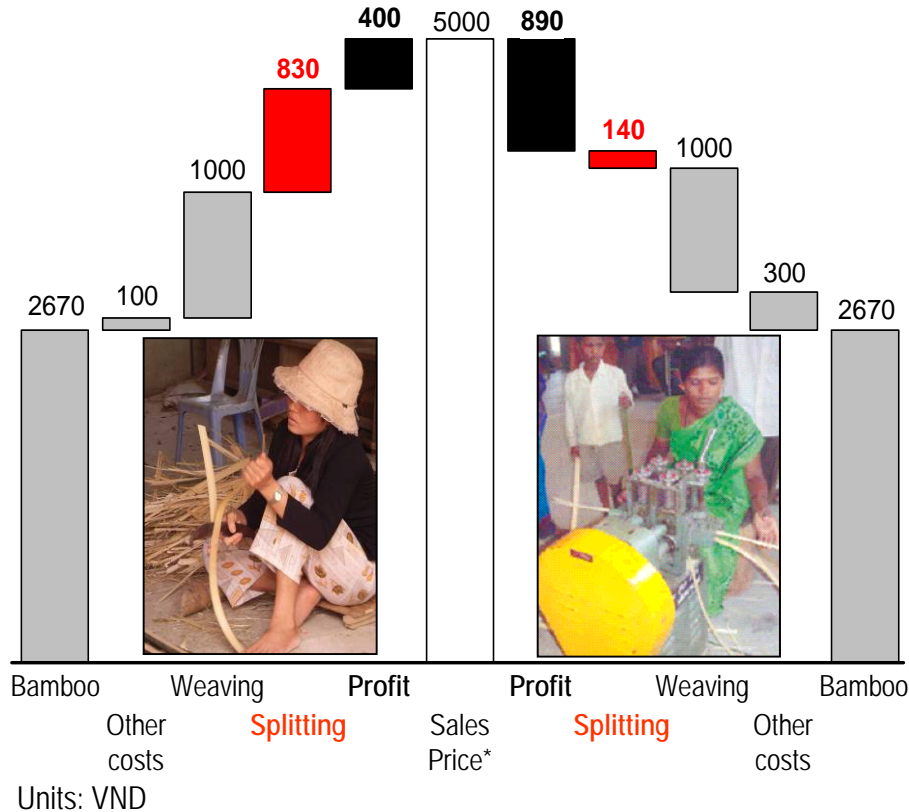
Impact by Efficiency Handicraft Subsector



Income per basket

Manual splitting

Machine splitting



Income per person

Manual Splitting

3 women = 60 baskets / day
(0.05 days/basket)

Profits = 24,000 VND/day
Income from labour = 110,000 VND/day
Total income = 134,000 VND/day

Income per person = 44,700 VND/day
= 2.8 USD/day

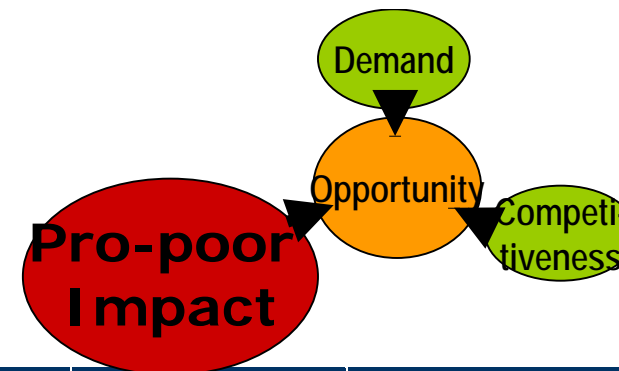
Machine Splitting

3 women = 135 baskets / day
(0.022 days/basket)

Profits = 120,000 VND/day
Income from labour = 110,000 VND/day
Total income = 230,000 VND/day

Income per person = 76,700 VND/day
= 4.8 USD/day

Impact Scale 2017

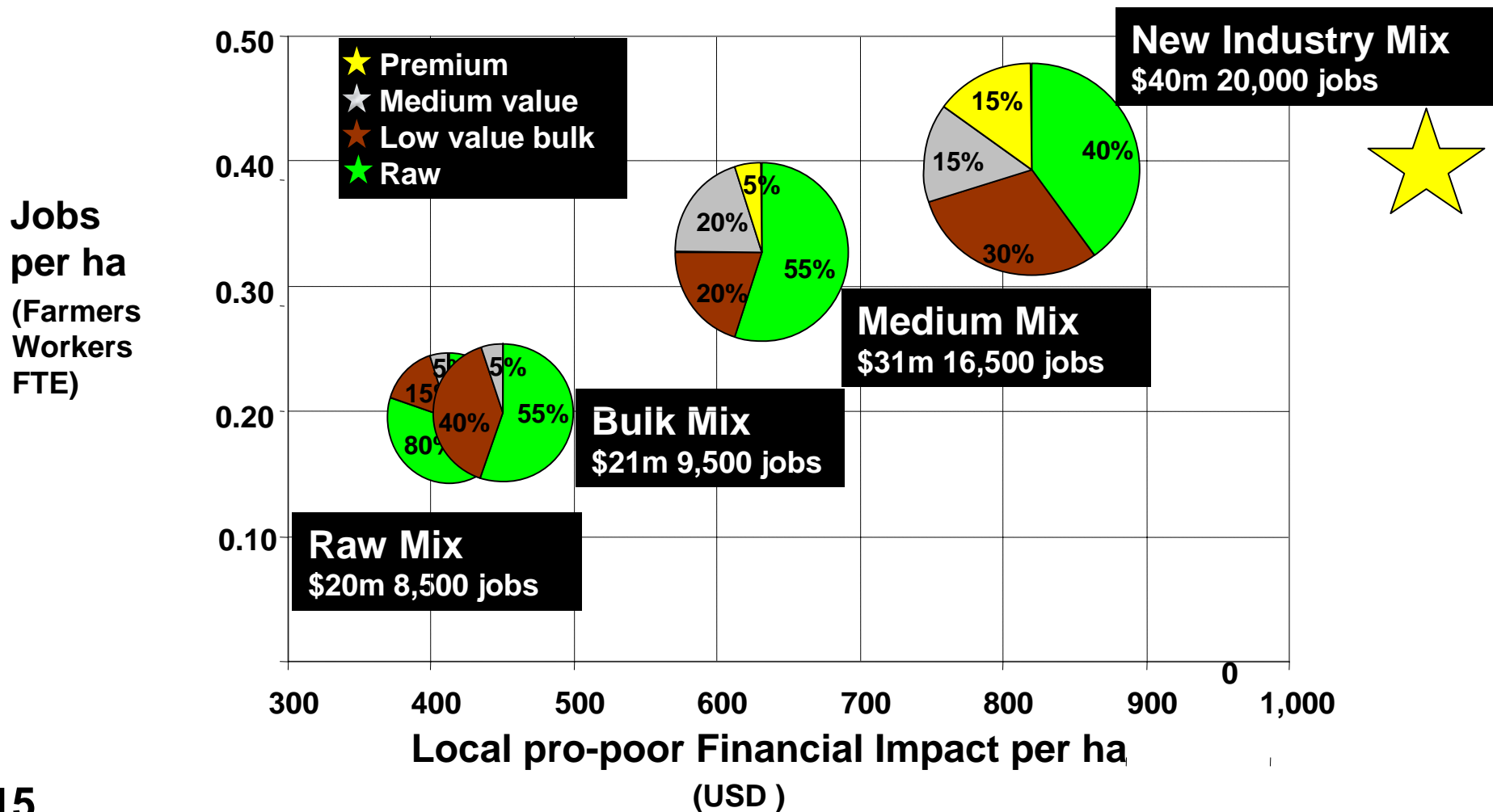


Sub-sector	Overall impact	Impact scale			Gender bias of impact % of FTEs to women	Rural bias of impact % of FTEs to rural communities	Environmental Impact
		Pro-poor financial impact	Financial output	Job creation (000's)			
		\$m	\$m	FTE			
Handicrafts	*****	***	***	*****	*****	*****	*****
		266	336	920	60%	95%	
Bamboo shoots	**	**	*	*	*	*****	****
		111	136	16	30%	100%	
Industrial Processing	*****	*****	*****	****	***	***	***
		532	716	296	45%	62%	
Total		909	1,185	1,232	56%	87%	

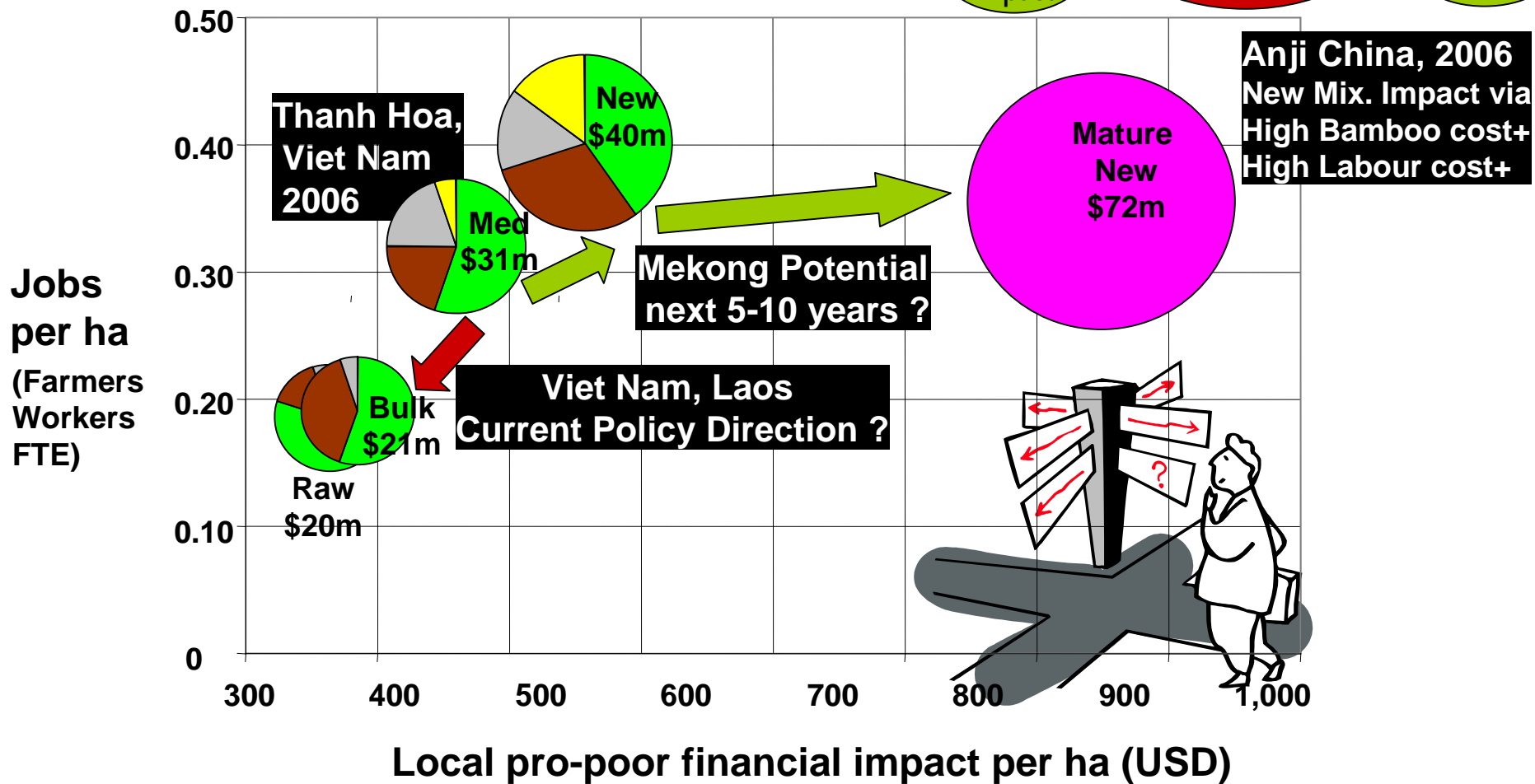
Opportunity - Policy Choice Industrial Bamboo



Supply chain 'industry mix' scenarios for 50,000 ha



Opportunity - Policy Choice Industrial Bamboo



Poverty & Donor ROI

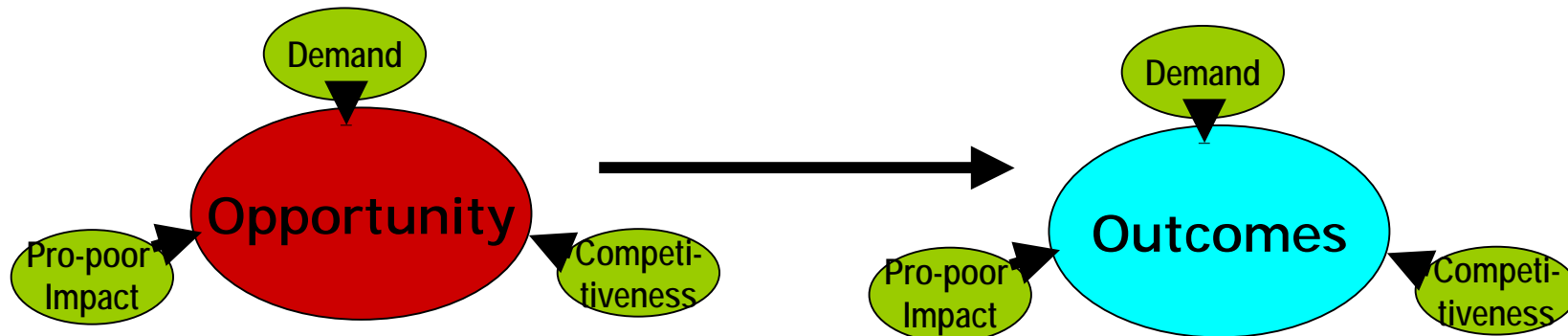


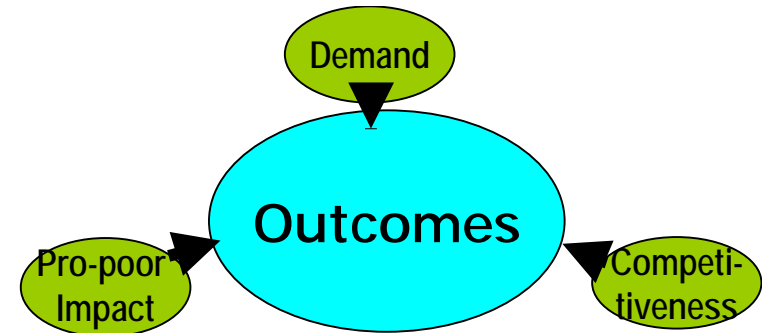
- Bamboo can lift 1-1.5million out of poverty
A coordinated strategy across Mekong sub-sectors
 - Industrial bamboo (~1M out of poverty)
 - Handicrafts (~450,000 out of poverty)
 - Shoots (~100,000 out of poverty)
- Impact Returns for Donors
 - ~\$40M of donor investment into supply chain activities (farm level, business environment, policy/sector level) by 2017 can produce...
 - 800,000 jobs @ \$50 per job; \$900M pa pro-poor output
 - ~\$1M donor investment creates additional local \$17M pa**~\$40-60 pp out of poverty**

PART 2

Feasibility → Implementation

- From Feasibility (opportunity analysis)
- To Implementation (outcomes)





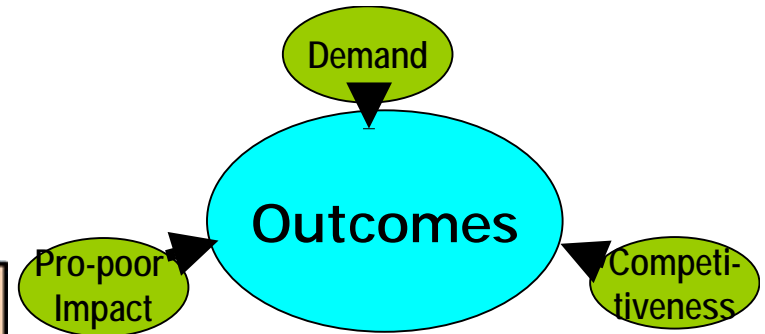
What is our Implementation “Approach”

- BDS (Hadeva)
- BEE (Province)
- SME Dev’t (Training)
- A2F (Challenge fund type lending)
- FDI (South-South; China →VN, VN→Laos)
- TT (China)
- PRD (Farmers, extension)

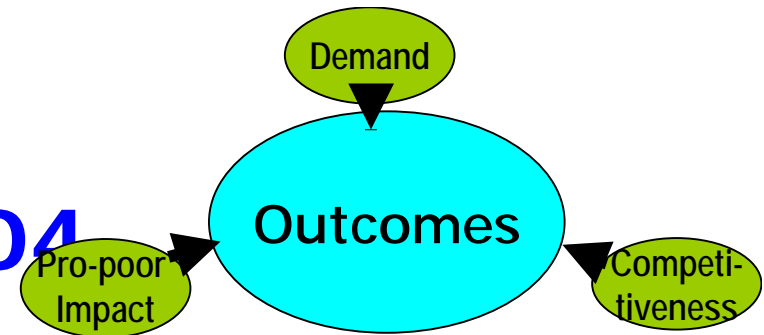
- **ABC.....XYZ** (maybe A2Z!)
- Whole of Supply Chain “system”
- No RMA, is it VCA?, Not M4P

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Where?



Sector Impact since 2004



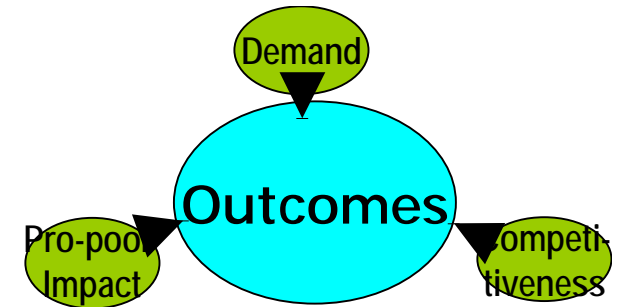
Thanh Hoa Randomised Cluster Survey (May'07)

Businesses, Traders & 212 H/H – change from 2004-2006

- Population
 - 3 districts; 2359km²; 36,258 H/H; 181,066 people
 - official poverty rate 2002 = 72%; 89% ethnic minority
- Bamboo H/H; 2004 = 61% (22,100); 2006 = 70% (25,400)
- In **2004 bamboo incomes US\$6.631 million**, 34% of total H/H income (of total US\$20.903million).
- In **2006, bamboo incomes to US\$10.340 million**, or 38% of total H/H income (of total US\$27.454million)

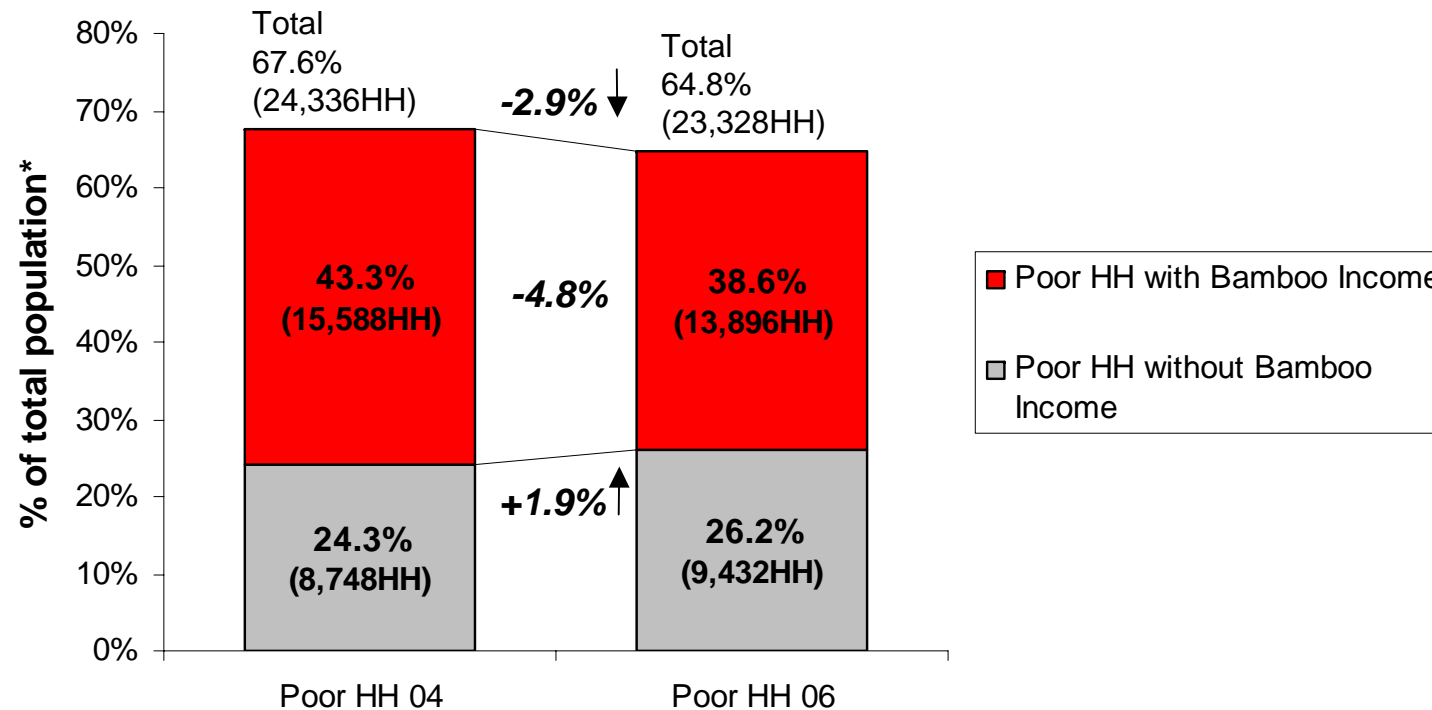


Sector Impact since 2004

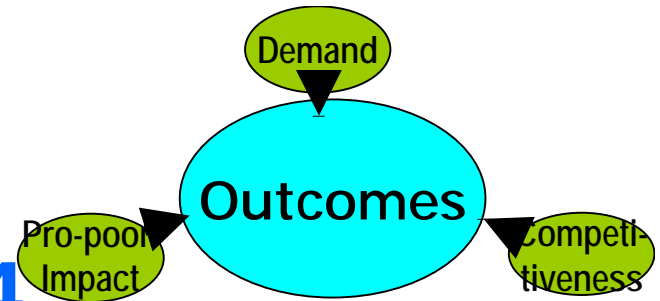


Changes in poverty among 36,000 households (180,000 people) between '04 and '06

Bamboo plays major role in lifting poor households out of poverty



Sector Impact since 2004



- Overall, more than 1000 households (-2.9%) moved out of poverty between '04 and '06
- More than 1,700 households with bamboo income (-4.8%) move out of poverty
- Nearly 700 households without any income from bamboo fell into poverty (+1.9%)

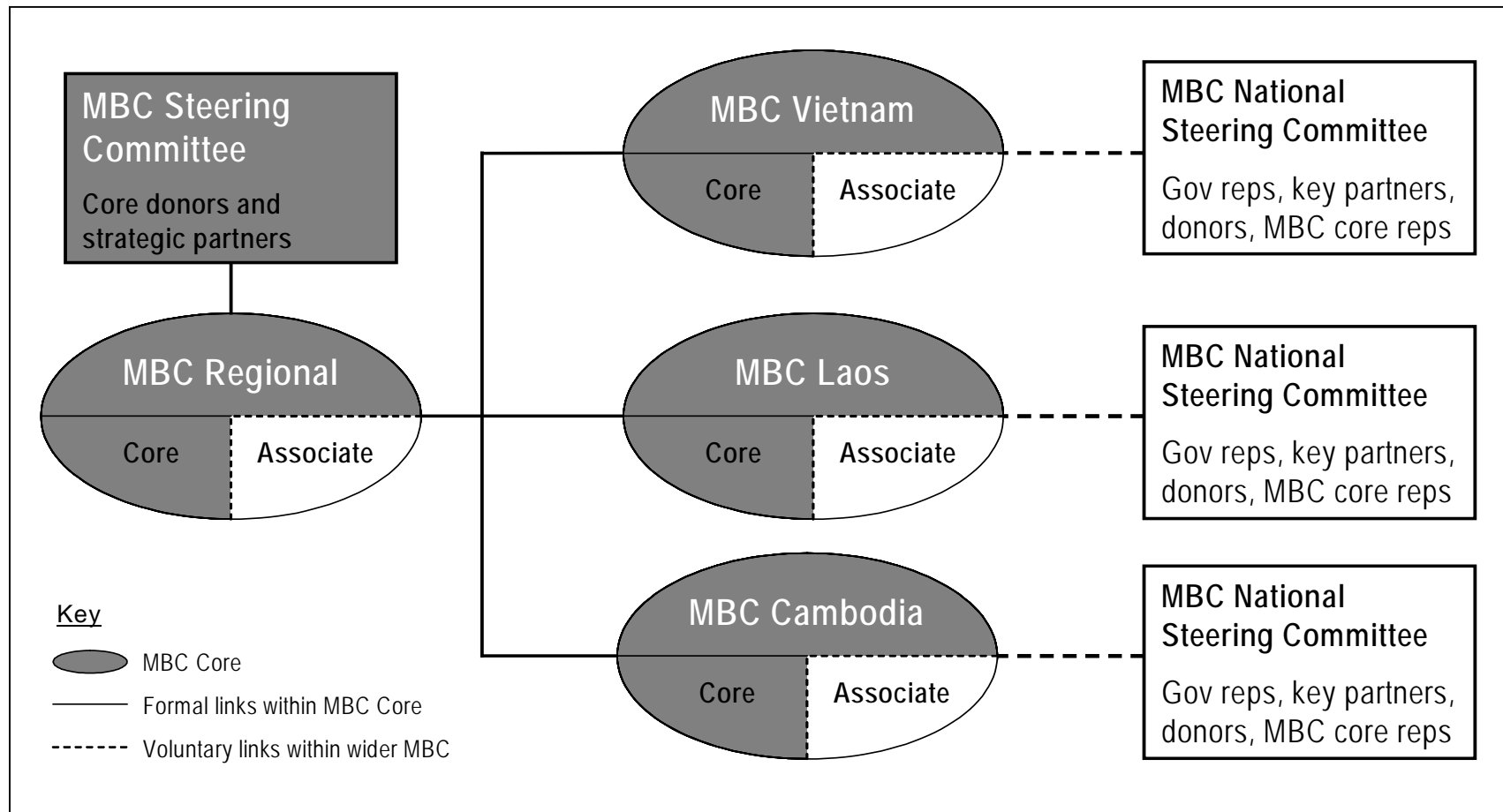
PART 3

The MBC



- Mekong Bamboo Consortium Project
- Platform – not master-planning approach to sector development
- Scale is ‘impossible’ to achieve by single agency
- Spirit of the Paris Agreement
- MBC develops local model pilots, sector level activities and supports replication, learning, capturing sector wide effects
- Going to Scale – “Open Church” – local implementation ‘denominations’ (GTZ approach, Oxfam rights based approach, M4P etc)
- MBC is an ‘organisation’ without ‘walls’
- Shared success - Attribution to Consortium

The MBC Structure



PART 3

The MBC. USD2.5M pa



	Vietnam	Laos	Cambodia	Regional	Key Focus
Co-ordination & management	<ul style="list-style-type: none"> VN dev. aid coordination and promotion. VN networks Project & policy co-ordination 	<ul style="list-style-type: none"> Laos dev. aid coordination & promotion. Laos networks Project & policy co-ordination 	<ul style="list-style-type: none"> Local dev. aid coordination and promotion. Local networks. Project & policy coordination 	<ul style="list-style-type: none"> Regional dev. aid coordination and promotion. International & regional networks 	Pro-active leadership of: <ul style="list-style-type: none"> Project and policy coordination. Development aid coordination. Network facilitation
Policy, strategy & research	<ul style="list-style-type: none"> National strategy & development plan Provincial dev. plans BEE / farmer policy 	<ul style="list-style-type: none"> Local sector development plans BEE Farmer & forestry policies 	<ul style="list-style-type: none"> BEE Land use / farmer context Integration into local development plans 	<ul style="list-style-type: none"> Regional & int'l trade promotion. Impact monitoring Knowledge sharing 	National & local policies & planning to stimulate the parallel growth of: <ul style="list-style-type: none"> markets & industries farmers & resources
Markets & processing industries	<ul style="list-style-type: none"> Investment promotion Technology & mgt dissemination Value chain pilots Market access Access to finance 	<ul style="list-style-type: none"> Investment promotion Technology & mgt dissemination Value chain pilots Market access Access to finance 	<ul style="list-style-type: none"> Small enterprise focus Upgrading handicraft, shoots & fishgear sectors Market research (e.g. Thai baskets) Access to finance 	<ul style="list-style-type: none"> Market Research Technology adaptation Standards development FDI promotion 	Development of 3 distinct industry groups: <ul style="list-style-type: none"> Handicrafts Industrial processing Bamboo shoots
Resources & farmers	<ul style="list-style-type: none"> Awareness promotion Farmer extension & support Production pilots and trial 	<ul style="list-style-type: none"> Awareness promotion Farmer extension & support Production pilots and trial 	<ul style="list-style-type: none"> Link to community forestry plans Farmer extension & support 	<ul style="list-style-type: none"> Knowledge sharing Resource planning coordination 	Intensification and expansion of bamboo production to meet expected future demand for commercial species.
Management Board	Government, MPDF, Oxfam, Key donors & Implementing partners	Government, MPDF, Oxfam, Key donors & Implementing partners	Government, MPDF, Oxfam, Key donors & Implementing partners	MPDF, Oxfam, Key donors & Regional partners	

Who are 'We'

Started 2004 with discussions between IKEA and IFC

Donors & Managers Now;

- Oxfam HK, IFC (800,000k) 2004→
- Others 2007→ 2.5million pa (can announce v. soon)

Minor Donors;

- 2005 -IKEA, M4P; 2006 OGB

Implementation;

- GRET, Hadeva, Winrock, EDC, INBAR, IDE, CIAT...
- Gov (VN, Laos, Cam Depts of Agric/Forestry)
- Range of Vietnamese businesses

Soon;

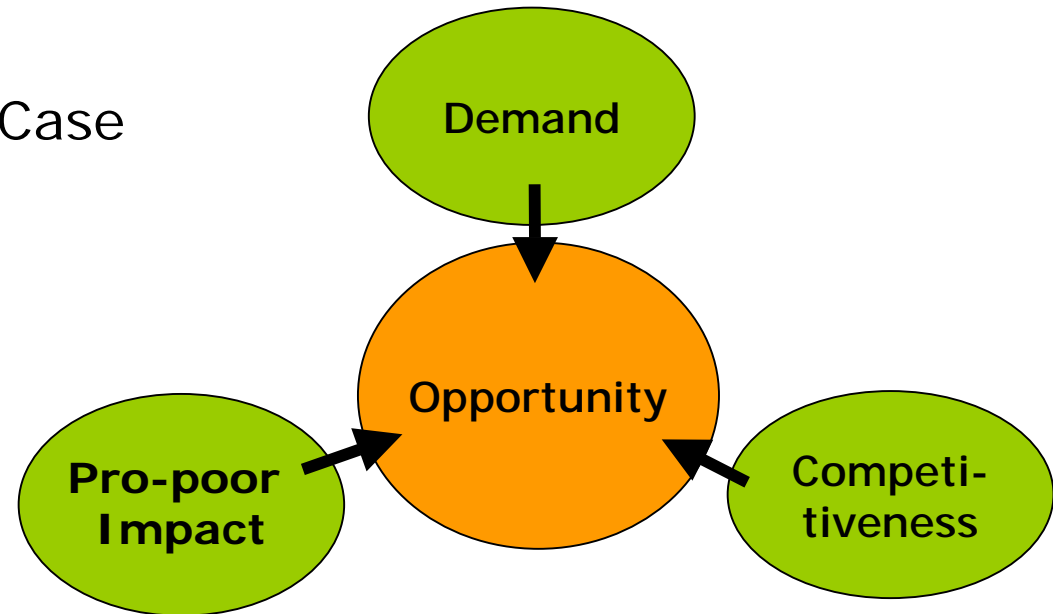
- SNV, Many others including bilateral proj. Gov partners, Private Sector (national, global)
- Expect ~30+ operational partners in region

PART 4

Can we find other sectors?

**Ending poverty via smallholder power across
'portfolio' to spread risk**

- Portfolio Project & PI
- Bamboo as Pilot/Test Case
- Tourism, Coffee

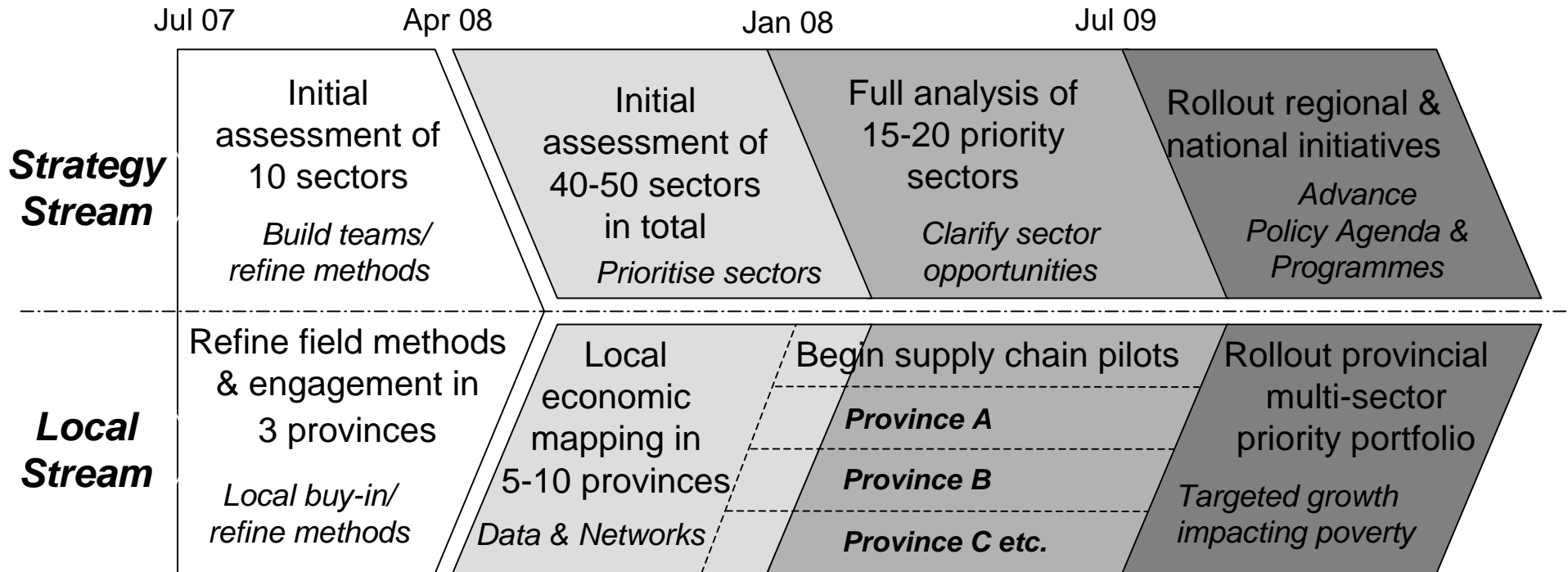


Docs (and jobs) @ www.indochinajobs.info

Mekong Portfolio Project

Phases of the Portfolio Project

1. Inception 2. Screening 3. Feasibility 4. Implementation



Duration	9 months	9 months	18 months	3-6 years
<i>Budget (est)</i>	<i>USD1.5million</i>	<i>USD1.8million</i>	<i>USD5million</i>	<i>Initiatives have own budget</i>

-Strategy Stream only
-Local Stream resourced via local project donors

Bamboo and other Sectors in the Mekong

