



STRATEGIES FOR LARGE SCALE MEASURABLE IMPACT IN MARKET SECTOR DEVELOPMENT

Case Studies: **Bamboo** and **Tourism** in the Mekong



SUMMARY

PART 1



BAMBOO & SCALED POVERTY IMPACT

DEVELOPING STRATEGY **A**

IMPLEMENTATION **B**

MEASURING IMPACT **C**

PART 2



OTHER SECTORS IN THE MEKONG

TOURISM **A**

TOWARDS A PORTFOLIO **B**

BAMBOO & SCALED POVERTY IMPACT



PART

1

DEVELOPING STRATEGY

- ❑ **STRATEGY FOR SCALED IMPACT**
- ❑ **SHARED AMBITION** needed to lift many out of poverty
- ❑ **STRATEGIC ANALYSIS** to inform investment choices to target MDG goals
- ❑ **INTEGRATING** development & business/investment sector approaches
- ❑ **THE MARKET AS A SYSTEM**; working for the poor = working throughout the market system
- ❑ **BROKERING PARTNERSHIPS** – linked up resources, commitment and experience



DEVELOPING STRATEGY

📄 OPPORTUNITY ORIENTED STRATEGIC ANALYSIS



DEVELOPING STRATEGY



SIZE OF CURRENT 'BAMBOO MARKET'	USD Millions	SIZE OF CURRENT 'GLOBAL MARKET'
300	Chop sticks	390
20	Activated Carbon	1,200
1,500	Bamboo Shoots	1,500
60	Charcoal	3,100
3,000	Bamboo/Rattan Handicrafts	6,000
5	Builders Joinery & Carpentry	6,500
500	Wood Blinds	10,000
100	Wood Flooring	14,000
200	Wood Panels	27,000
1,100	Wood Furniture	57,000

GLOBAL BAMBOO MARKETS

NOW
World \$7BN PA,
China ~\$5.5BN PA

2017 -
Mid-Level Scenario
World ~15-20BN PA

'Bamboo' Markets are bamboo components of Global markets

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

DEVELOPING STRATEGY





GLOBAL BENCHMARKING

COMPETING TO SELL BAMBOO FLOORING

	<u>Raw Bamboo Cost</u>	<u>Labour</u>	<u>Flooring Price</u>
China			
<i>Unit Costs '07</i>	USD100/t	USD150/mth	Floor 12.5/m ²
Vietnam			
<i>Unit Costs '07</i>	USD40/t	USD50/mth	Floor 13.5/m ²

COMPETITIVENESS UNDERPINS MARKET SHARE

-  Drives market volume... which in turn
-  Drives scale of impact

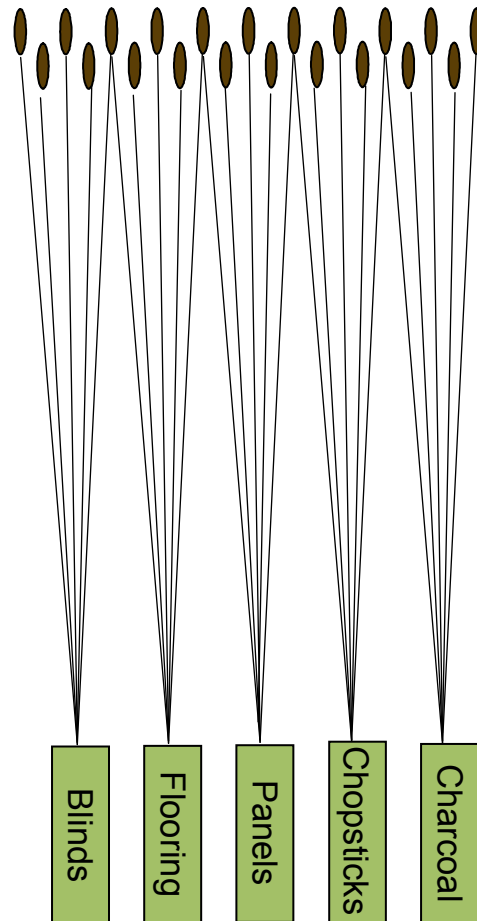
DEVELOPING STRATEGY

BAMBOO SECTOR COMPETITIVENESS

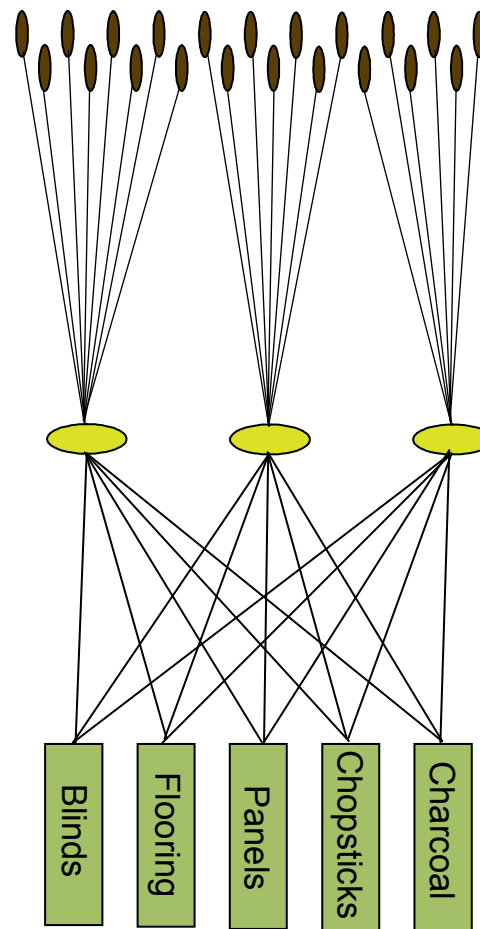


IMPROVED SUPPLY CHAIN STRUCTURE INCREASES SECTOR EFFICIENCIES

DIRECT SUPPLY MODEL
Current model in Mekong
Waste rates 50 to 70%



PRE- PROCESSING MODEL
Current model in China
Waste Rates 5 to 10%



Farmers/Traders



Pre-Processing



End Processing

DEVELOPING STRATEGY



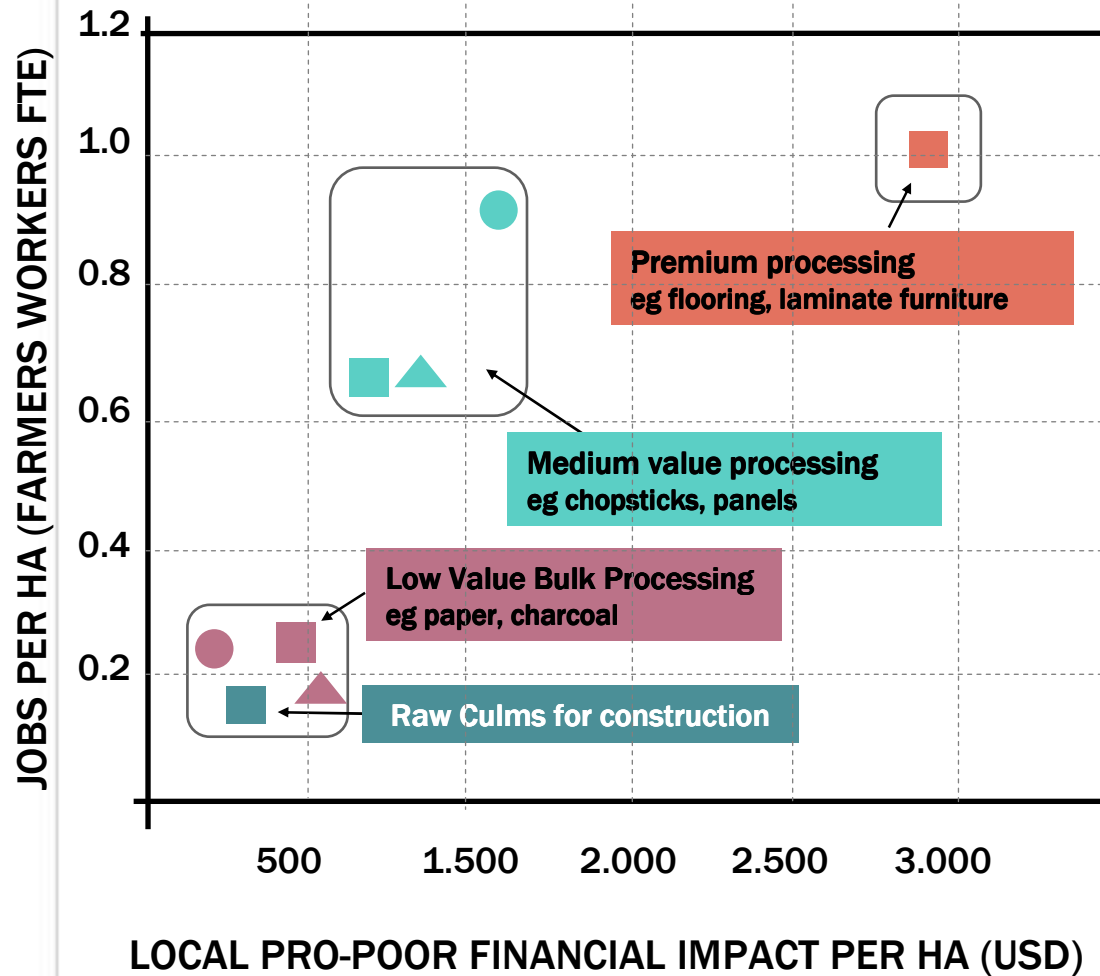
SECTOR STRUCTURE DEFINES DISTRIBUTION OF BENEFITS

	Raw Bamboo Cost (Farmer income)	Labour (Worker income)	Sector Total
China			
<i>Unit Costs '07</i>	USD100/t	USD150/mth	
Vietnam			
<i>Unit Costs '07</i>	USD40/t	USD50/mth	
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%

DEVELOPING STRATEGY



IMPACT 'YIELD' BY MARKET SEGMENT INDUSTRIAL BAMBOO SECTOR



- Flooring VN
- Mat board VN
- ▲ Woven mat VN
- Chopsticks VN
- Paper + pulp VN
- ▲ Charcoal, briquets, China
- Charcoal, briquets, Laos
- Raw culms VN

Bamboo laminated flooring and panels

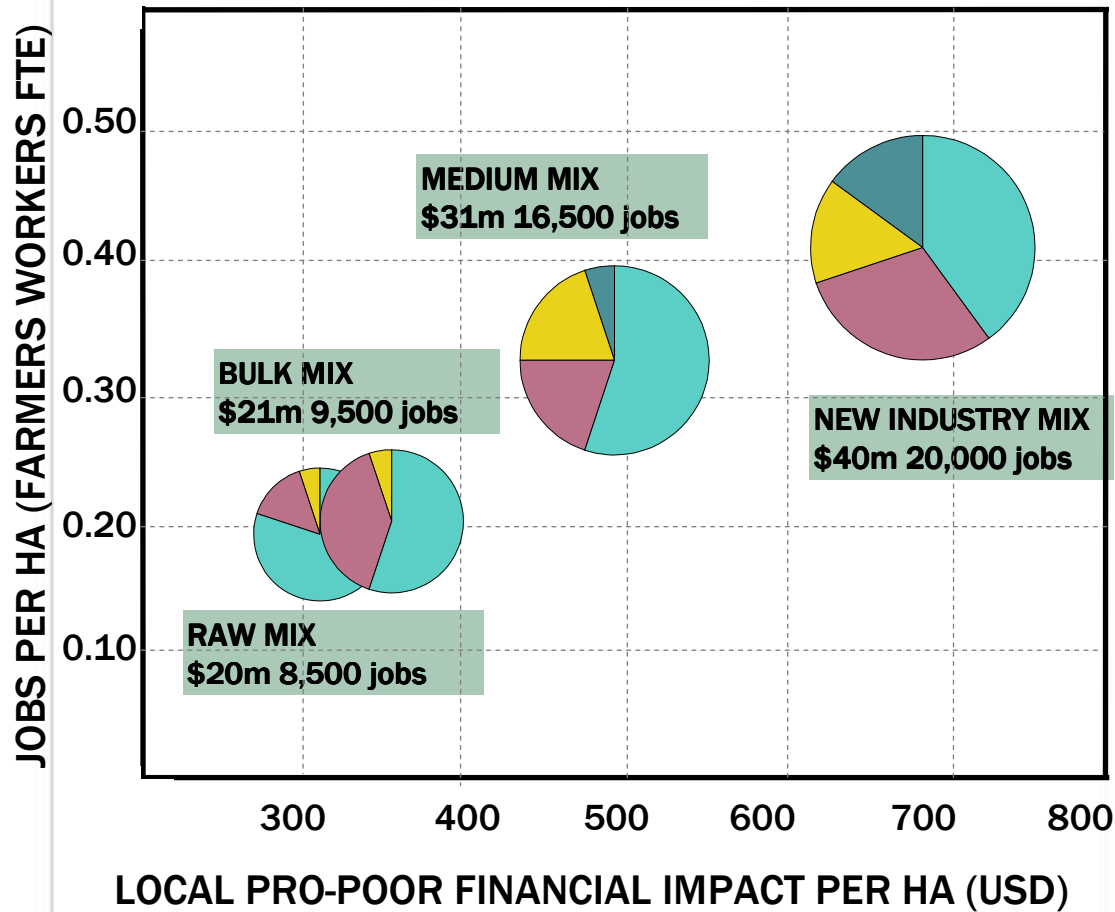


DEVELOPING STRATEGY



PROVINCIAL SCALE POLICY CHOICE

SUPPLY CHAIN 'INDUSTRY MIX' SCENARIOS 50,000 HA



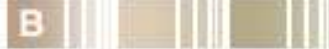
LEGEND




- Premium
- Medium value
- Low value bulk
- Raw



BAMBOO AND SCALED POVERTY IMPACT

IMPLEMENTATION



- MBC - THE CORE 
- MBC - THE CONSORTIUM 
- MBC - IMPACT TARGETS 

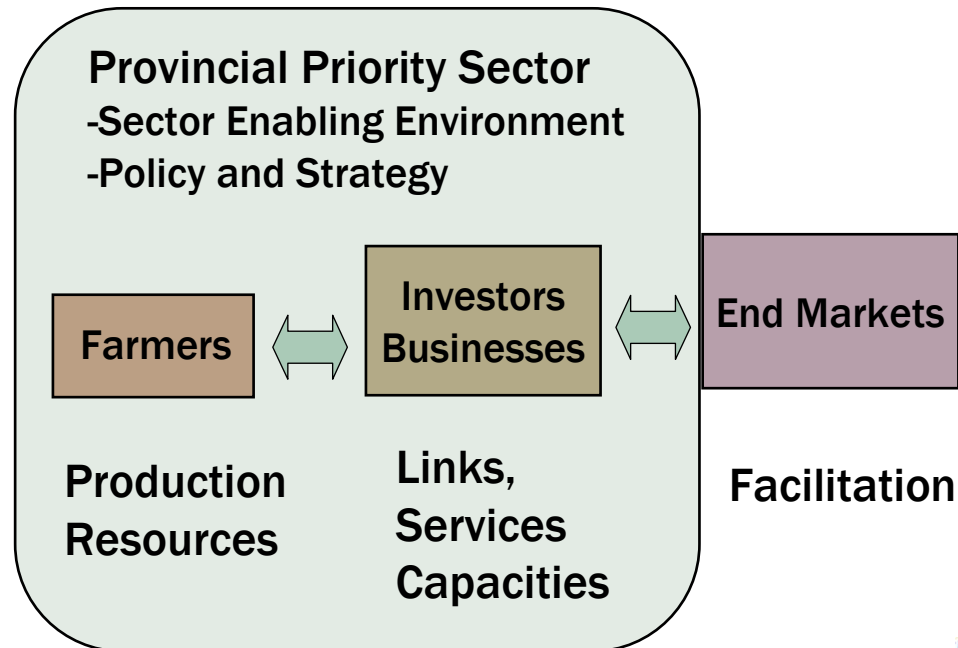
IMPLEMENTATION

SUPPLY CHAIN PILOTS
 In each sub-sector
 Industrial bamboo, shoots and handicrafts

Thanh Hoa, Phu Tho,
 Yen Bai , Hua Phan...



MBC – THE CORE



BAMBOO FLOORING SALE		Ends Sept 15th	
WOODSTOCK 2ply Solid 3' Top Quality Fashionable & Durable Woodstock \$1.89 _{SF}	WOODSTOCK 3' Ampu Series Great Overall Value Top Quality Bamboo Woodstock \$2.39 _{SF}		
WOODSTOCK 6' Ampu Bamboo 6ft Long Boards for Easy Installation 25 Year Warranty Woodstock \$3.59 _{SF}	MING DYNASTY Hand Scraped Hand Made by Artisans Asian Bamboo Ming Dynasty \$4.79 _{SF}		

IMPLEMENTATION

MBC – THE CORE

- 📁 **SECTOR LEVEL ACTIVITIES**
- ➔ **RESEARCH & KNOWLEDGE**
 - Market research
 - Production & Technology development
 - Resource Inventory mapping
 - Regional knowledge platforms & global linkages
- ➔ **IMPACT ASSESSMENT**
 - Develop tools for baseline & capturing sector level transformations in households, businesses and institutions
 - Replication & integration of databases - sector wide poverty impact and programme ROI
- ➔ **MARKET FACILITATION**
 - Linkages with Buyers (Walmart, Ikea etc)
 - Business database, investor linkages

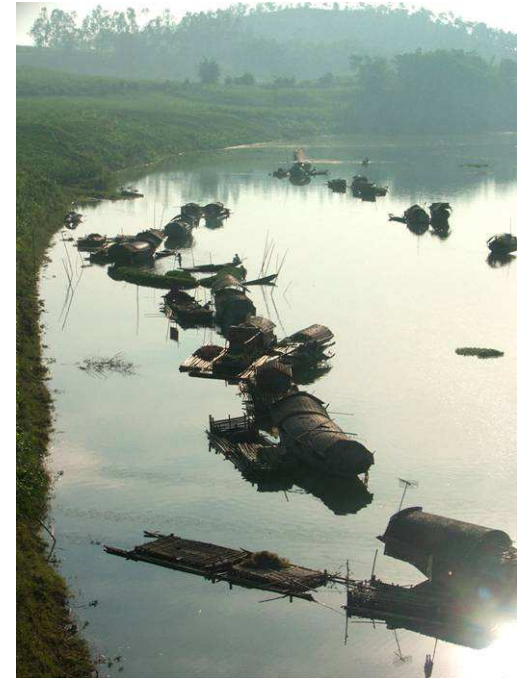
Thanh Hoa Nurseries
– developing better bamboo production for Vietnam



IMPLEMENTATION

MBC – THE CONSORTIUM

- ☐ **THE MBC CONSORTIUM**
PI - MANAGER AND CODIRECTOR WITH IFC
- ➔ **DOING THINGS ON THE GROUND**
 - ☐ GRET, Hadeva, Winrock, EDC, INBAR, IDE, CIAT, HRPC, Helvetas...
 - ☐ Gov (VN, Laos, Cam Depts of Agric/Forestry)
 - ☐ Range of Vietnamese businesses
- ➔ **IN DISCUSSION**
 - ☐ SNV, GTZ, many others including bilateral proj. Gov partners, businesses/investors (national, global)
 - Expect ~30+ operational partners in region
- ➔ **GOING TO SCALE BY 2008**
 - ☐ Growing the Core Team
 - ☐ Formalising relationships
 - ☐ Expanding full range of activities



IMPLEMENTATION

 THE MBC - LEVERAGING RESOURCESMBC – THE
CONSORTIUM

MBC ASSOCIATES
-Uptake of practices
-Leverage own
resources &
competencies
-New experiences &
Contribution to MBC



MBC CORE
-Core Partners
-Supply chain Pilots
-Sector Level
Activities
-Coordinate &
manage MBC
-Support to
Associates

**Cost efficient - Not a top down project
architecture**

Based on incentives to collaborate

MBC Mgt & Core accountable to Consortium

Members



IMPLEMENTATION**MBC – IMPACT
TARGETS****THE MBC - IMPACT TARGETS 2017**

- **Bamboo can lift 1-1.5million out of poverty (2017)**

Industrial bamboo (1M)

Handicrafts (450,000)

Shoots (100,000)

- **Return on Investment for Donors**

\$40M of donor investment ...

\$900M pa pro-poor output

~ \$40-60 PP OUT OF POVERTY

MBC DONORS

OHK & IFC (800,000k since 2004)

Minor donors 2005 -IKEA, M4P; 2006 OGB

Current 2007 → 2.5million pa (SDC, Irish Aid, OHK, IFC)



BAMBOO AND SCALED POVERTY IMPACT

MEASURING IMPACT

DEMONSTRATING SCALED IMPACT ■

THANH HOA IMPACT TO DATE ■

METHODOLOGY, INTEGRATED M&E ■



MEASURING IMPACT



- ➔ **IMPACT IN THANH HOA INDUSTRIAL BAMBOO SUPPLY CHAIN PILOT**
- ➔ **ENTERPRISE LEVEL IMPACT – SURVEY ‘06**
- ➔ **HOUSEHOLD LEVEL IMPACT SURVEY ‘07**

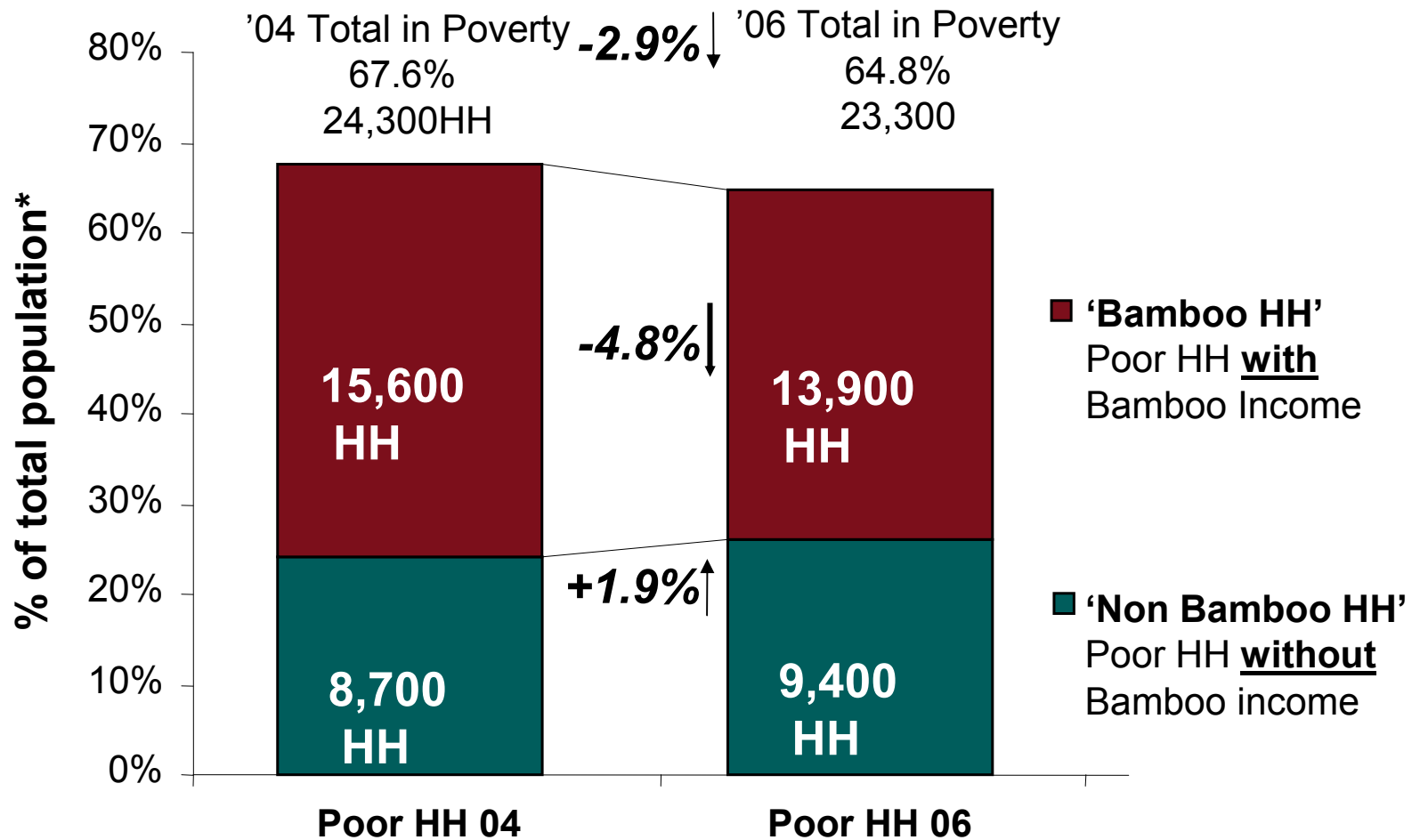
MEASURING IMPACT

- ❏ **BAMBOO IMPACT IN THANH HOA
THE SAMPLE POPULATION & THE METHODS**
- ➔ **THE POPULATION**
 - ❏ 3 districts, over 2,359km²
 - ❏ 36,258 Households
 - ❏ 181,066 people
 - ❏ 89% ethnic minority
 - ❏ Official poverty rate 2002 = 72%
- ➔ **INCOME AND EXPENDITURE SURVEY**
 - ❏ Randomised Cluster survey
 - ❏ Sample size (n=212) large enough to statistically differentiate conclusions
 - ❏ Household selection fully randomised within clusters (communes)
- ➔ **TRIANGULATED WITH TRADER INTERVIEWS**
- ➔ **COMPARISONS BETWEEN '04' AND 06**
 - ❏ Bamboo & non-bamboo household incomes
 - ❏ Movement out of poverty/across income groups
 - ❏ Other factors (land, ethnicity etc)



MEASURING IMPACT

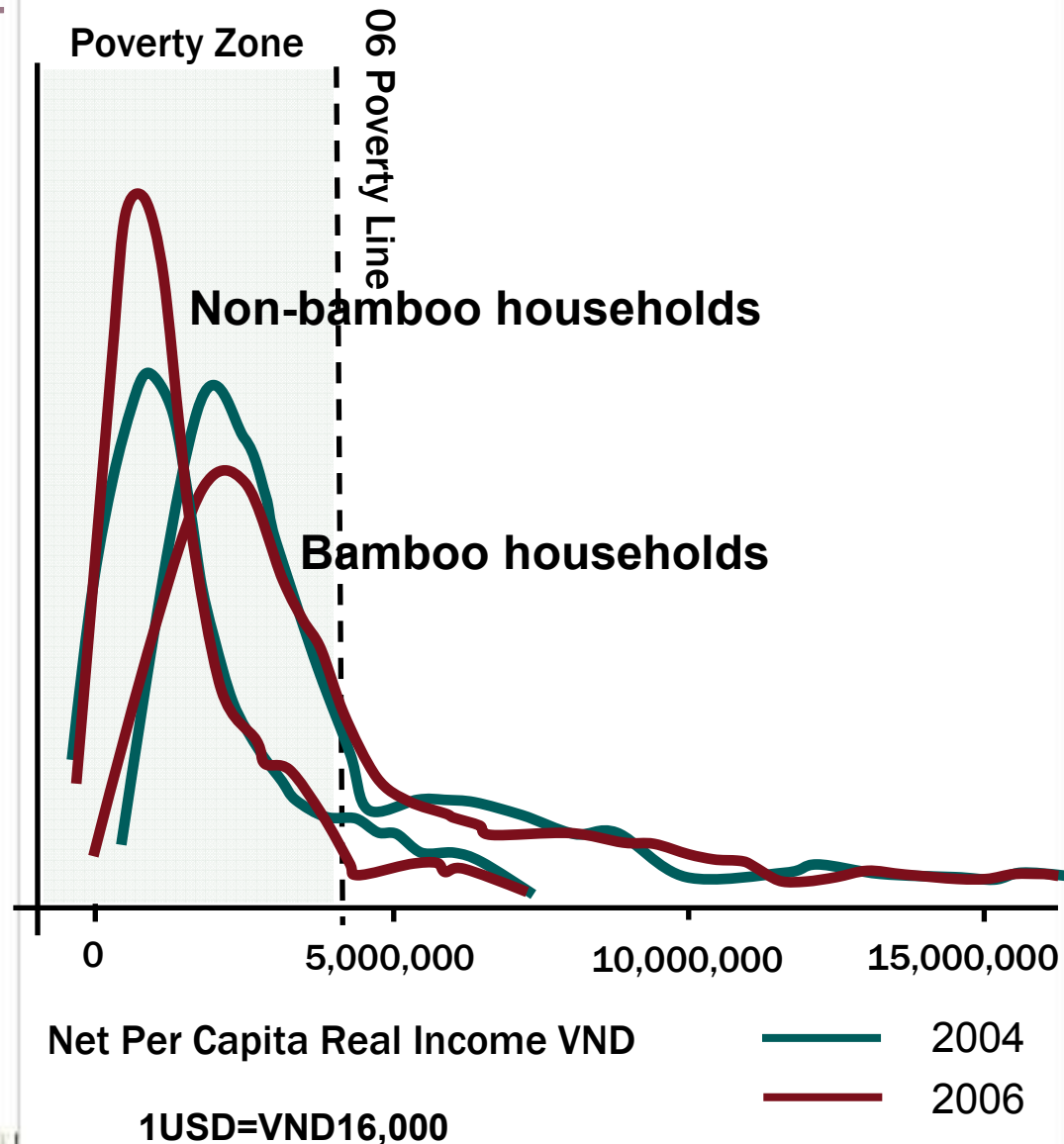
BAMBOO IMPACT IN THANH HOA Bamboo lifts people out of poverty



Survey area (60% of provincial sector)– 8500 people moved across poverty line

MEASURING IMPACT

WHAT IS BEST INDICATOR TO MEASURE POVERTY IMPACT?



Bamboo HH move
out of poverty
- red line ('06)
below green line
('04) in poverty
zone

Non-bamboo HH
move into poverty
- red line ('06)
above green line
('04) in poverty zone

Bamboo HH are less
poor than Non-bamboo
HH

**Kernel Density
Function
Poverty &
Sustainability
Indicator?**

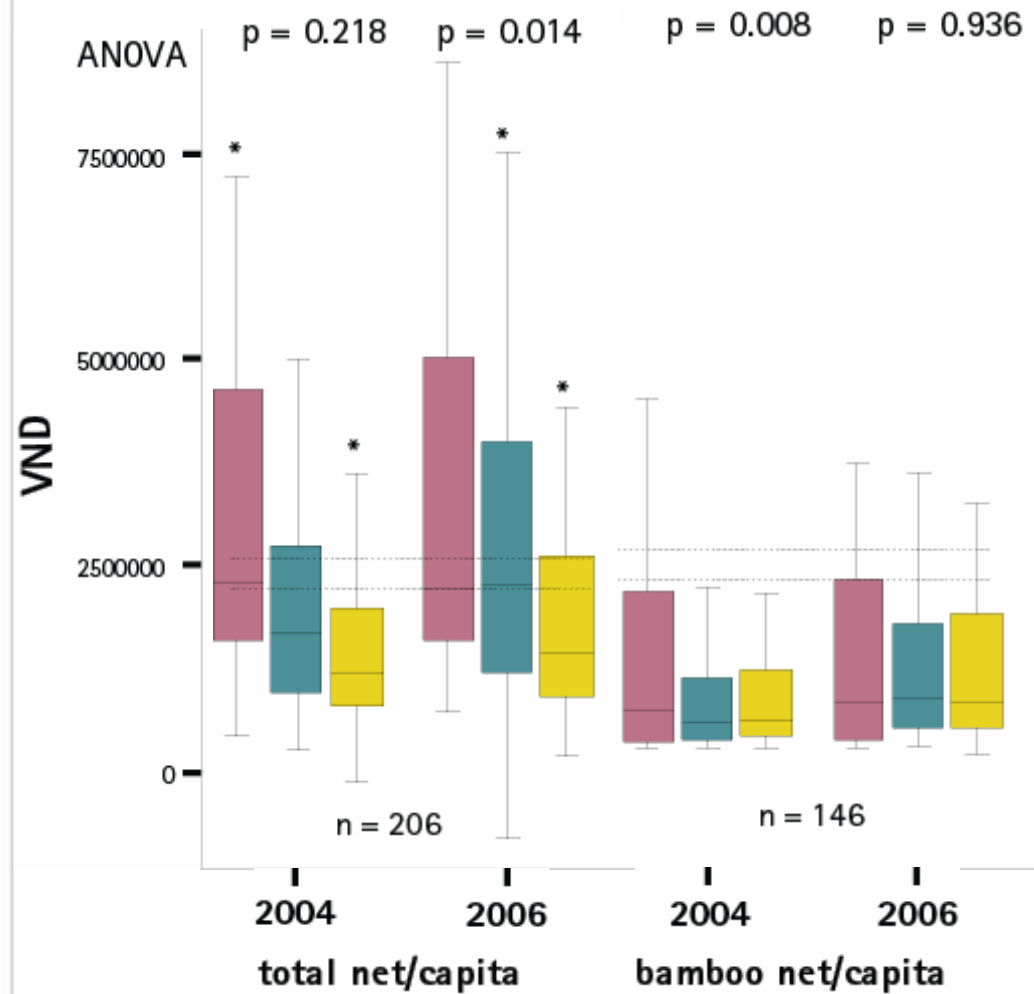
MEASURING IMPACT

- **BAMBOO IMPACT IN THANH HOA**
INCOMES ARE INCREASING IN THANH HOA
- 61% had bamboo income in 2004; 70% in 2006
- 2004 bamboo incomes US\$6.6million, 34% of total H/H income (of total US\$20.9million).
- 2006, bamboo incomes US\$10.3million, or 38% of total H/H income (of total US\$27.5million)



MEASURING IMPACT

BAMBOO IMPACT IN THANH HOA ETHNICITY IS NO BARRIER TO BENEFITS



MEASURING IMPACT

📷 THANH HOA PILOT 8,500 STORIES OF PEOPLE LEAVING POVERTY



Lu Thi Hoa: *"With my monthly income from the bamboo workshop, I am now more independent. I support my parents and save some of the money for myself, too."*



MEASURING IMPACT

📷 ATTRIBUTION AND SECTOR IMPACT

- ➡ Multiple regression analysis
 - Only bamboo income correlates with leaving poverty
- ➡ Activity (lens) based attribution of impact? (donor/agency 'lever' obsession)
- ➡ Designing for a control group of market system project?
- ➡ Attribution to The Consortium



OTHER SECTORS IN THE MEKONG



PART
2

TOURISM

 **Mekong Tourism Screening**

- Application of demand-competitiveness-impact analytical model to Tourism
- Demand – tourism segments & spending patterns;
- Competitiveness? –
National, destination, supply chain



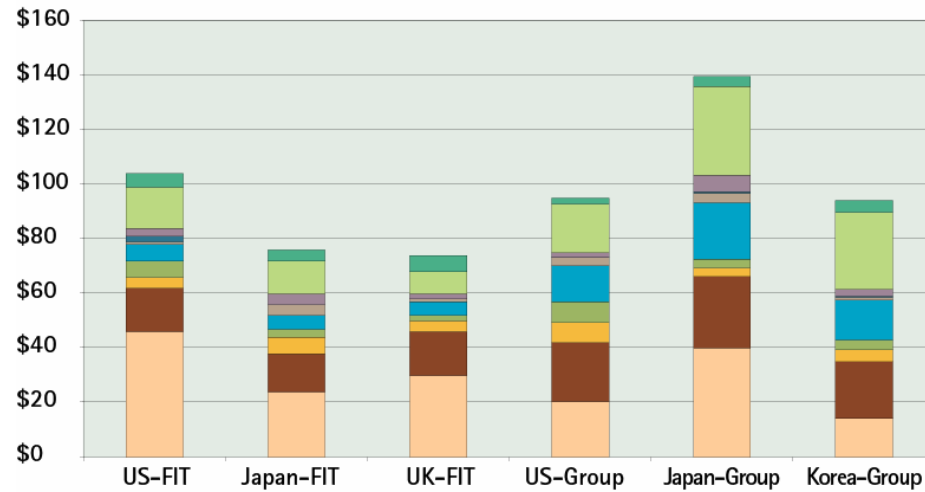
**Our first pilot
destination
Siem Reap**

**Another
IFC collaboration
with PI**

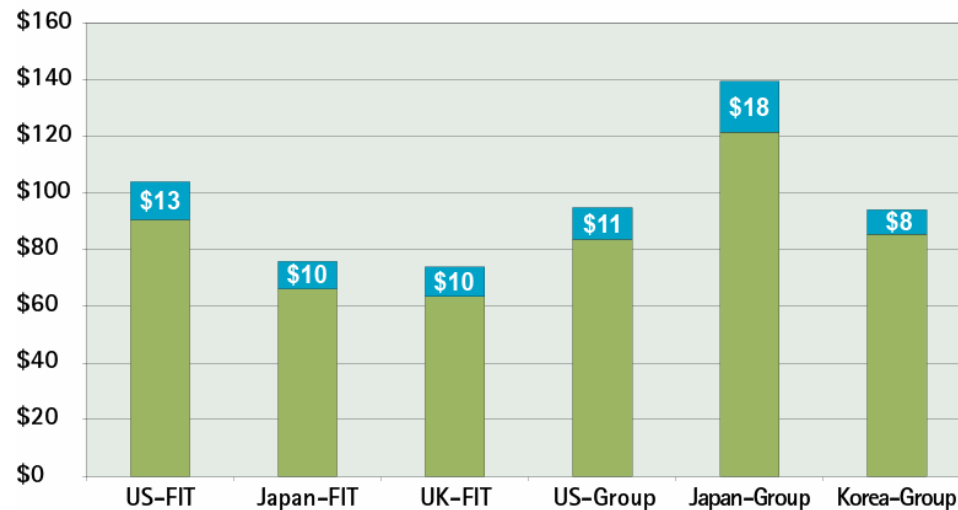
**Project funded by IFC
and Oxfam Hong Kong**

TOURISM

Tourism spend (per day) in SR by spend category

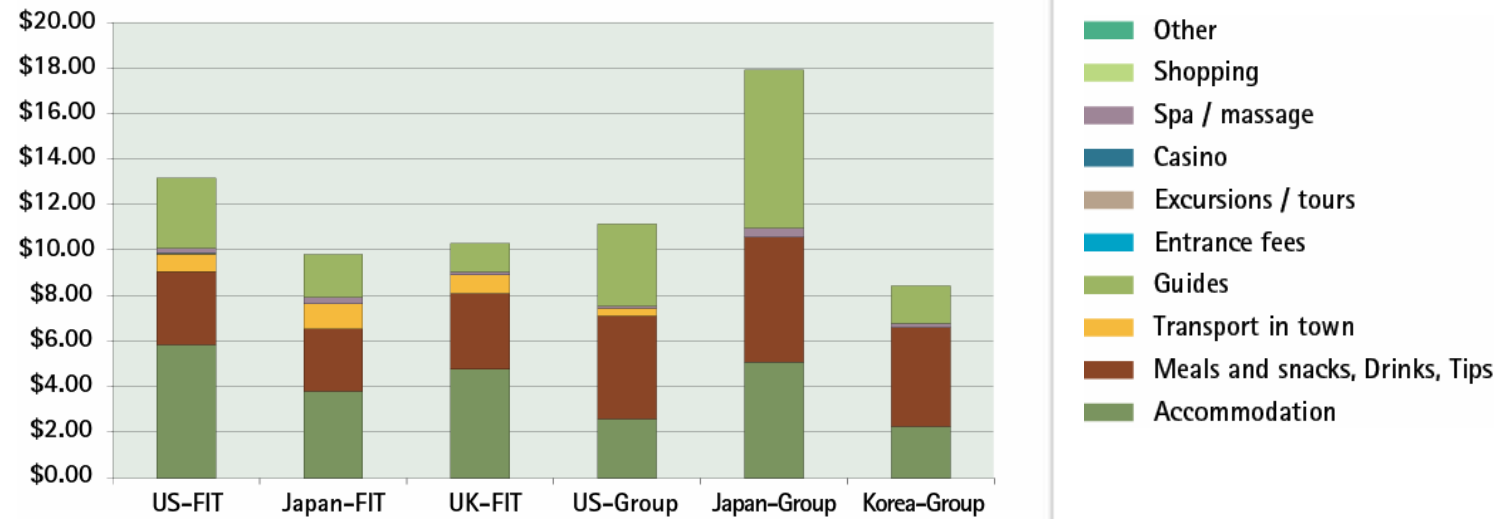


Tourism spend (per day) in SR broken into (1) pro-poor & local economy and (2) rest

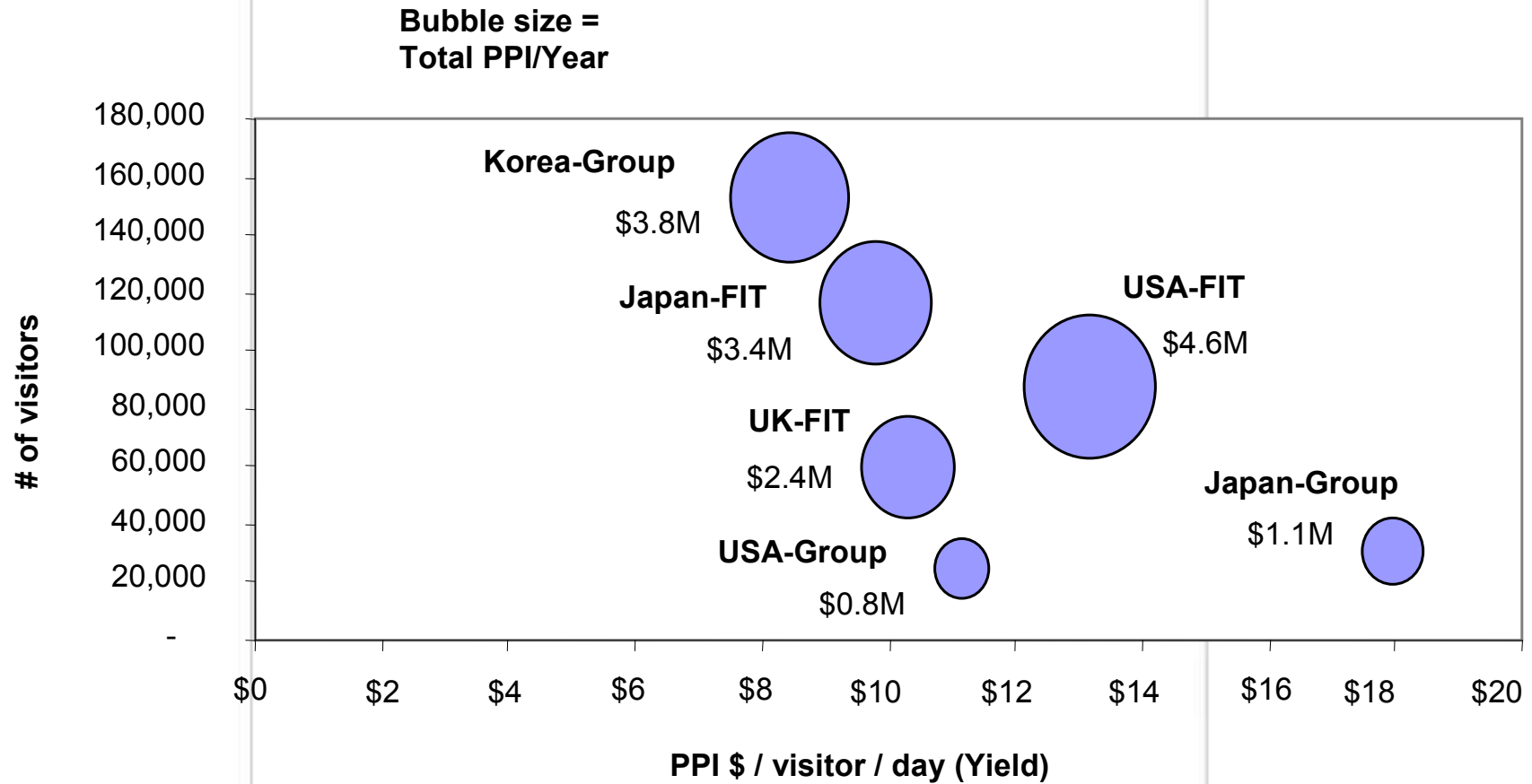


TOURISM

Pro poor or local economic impact spend per day by spend category



TOURISM



Policy Options?

TOWARDS A PORTFOLIO



Pork
with
GoV,
ILRE

**Biofuels
& Energy**

Tourism
IFC Lead

Coffee
with
GoV, EDE

Bamboo
With IFC
& Many MBC
Partners

