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New Funding

Oxfam Hong Kong (OHK) continued its long running support to Prosperity Initiative by contributing USD 250,000 to Mekong Bamboo programme for the financial year 2009.

The United Nations Development Fund for Women (UNIFEM) provided Prosperity Initiative with USD 620,000 for the project “Improving Bamboo Handicraft Value Chains for Women’s Economic Empowerment in Cambodia and Lao PDR,” which is implemented by Mekong Bamboo from March 2009 to February 2010.

STORIES

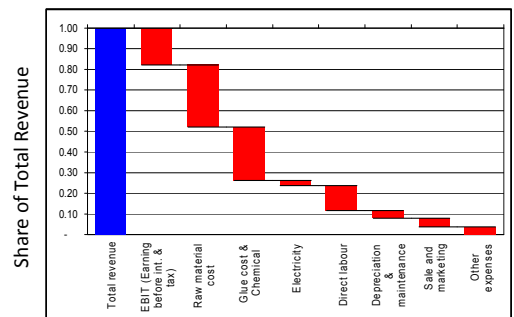
Profitable Business Opportunity and Pro-poor Impact of Pressed Bamboo (Strand Woven™ Bamboo) Production

Businesses could achieve an internal rate of return of 50% or more and a payback period of 48 months if they invest in production of Pressed Bamboo in North West Vietnam, an investment study and model developed by Mekong Bamboo has demonstrated. The average EBIT (Earning Before Interest and Tax)/Revenue ratio is 18% over a 10 year period in a phased-approach investment reaching full capacity of 10,000 m³ in year 4. With this model the starting capital required is around VND 20 billion (USD 1.14 million), which lowers both risks and barriers to entry for medium-scale businesses but still allows them to scale up with positive cashflows. Initial investment can be significantly reduced should businesses be able to take advantage of existing infrastructure and facilities. Pressed Bamboo (Tre Ép khối) was introduced to Vietnam businesses by Mekong Bamboo team in 2008 but has been marketed in China and around the world in the last 6 years, under various names including Strand Woven™ Bamboo. Vietnam has clear competitive advantages in Pressed Bamboo as its bamboo material is around 3 times cheaper compared to the price of bamboo in Anji, China. Figure 1 shows the

typical cost and profit structure in the base case scenario of the study.

Investment in Pressed Bamboo also has a positive impact on the environment as bamboo can protect soil from erosion. It can also have significant pro-poor impact as Pressed Bamboo consumes a significant amount of raw bamboo in an efficient way, thus increasing the demand and price of bamboo from poor farmers. The details of the business opportunity are presented in newly produced Mekong Bamboo Prospectus for Pressed Bamboo Production. A short version in Vietnamese and English highlighting the key findings is also available for potential investors.

Figure 1: Average Product Structure of Pressed Bamboo



Create Value and Save the Environment by Converting Bamboo Industrial Waste to Pellets

Sawdust waste from the production of slats for traditional bamboo flooring typically goes unutilized. Temporary storage of it takes up significant space, it pollutes the environment and is of great concern for many bamboo processors. Some businesses are under threat of being closed by environmental agencies when it pollutes rivers and other waterways.

The Mekong Bamboo team and its partners are helping bamboo processors to pilot new machinery to convert waste into sawdust. The idea was inspired by a similar machine to convert rice husk to pellets in the Mekong Delta (see picture).



The machine that produces pellets from rice husks in the Mekong Delta

The domestically made machine is much cheaper than the production line for pellet imported from China, thus significantly reducing the barriers for small producers in rural areas.

The experimental phase, however, has just begun. Results will be seen in quarter 3 or 4 of this year.

MOU Signed with Thanh Hoa Province

On 5 March, Mr. Nguyen Trong Quynh, Head of the Provincial People's Committee Office, and Mr. Kim Ngoc Hiep, Vice Head of the Foreign Relations Department, met with Prosperity Initiative to sign an MOU between the Thanh Hoa Provincial People's Committee and Prosperity Initiative. This MOU confirms the shared objectives of the Thanh Hoa People's Committee and Prosperity Initiative to support the development of a diverse, sustainable and competitive bamboo sector to benefit poor farmers, workers, and businesses. Work in Thanh Hoa through an IFC led project began in 2005, where Prosperity Initiative joined IFC to lead the sector development work in 2006, funding GRET and other partners to develop an industrial bamboo supply chain pilot project. Since Prosperity Initiative's formal registration in Vietnam in November 2008, Prosperity Initiative has been formalising relationships with various local agencies. This MOU is the third such agreement in Viet Nam, the others being with Ben Tre Province and the Institute for Policy and Strategy for Agriculture and Rural Development (IPSARD).

Impact Assessment in Thanh Hoa – Follow up Survey Launched

Prosperity Initiative has begun a follow up survey to its 2007 assessment of the local bamboo industry's impact on poverty in Thanh Hoa, Viet Nam. The 2007 survey involved interviews with 210 farming households and 82 collectors and traders as well as subsequent in depth inter-

views with selected farmers, bamboo workshop owners and workers.

The follow up survey will follow a similar format and is visiting the



An interview with a household in Quan Hoa district

same 210 farmers, plus the collectors and traders to whom they sell bamboo.

In addition, households who have 'split' off from the original 210 farmers will be tracked, a new commune (community) level questionnaire will be used, and the GPS coordinates of all farmers, collectors, traders and commune facilities will be collected. Throughout March, Prosperity Initiative conducted the first phase of field work for the follow up survey in Quan Hoa and Ba Thuoc districts. The remaining interviews are being carried out between mid-April and early May. In depth qualitative interviews with selected participants in the bamboo supply chain will also be carried out over the summer.

The survey questionnaires and instruments were designed and tested by Prosperity Initiative's Impact Team. The seven member survey team led by Prosperity Initiative is drawn from our local partners, including staff from local organisations, Hadeva and CRD. The draft Impact Assessment Report will be ready by mid July 2009.

Department of Forestry (MARD) Visits Mekong Bamboo Programme in Thanh Hoa

On 19 January, a delegation from the Department of Forestry (DoF), Ministry of Agriculture and Rural Development, headed by Ms. Pham Minh Thoa, Deputy Director, made a field visit to the Mekong Bamboo programme in Quan Hoa district, Thanh Hoa province. A representative from Irish Aid also joined the trip. The team visited Tien Dong, one of the lead bamboo firms in Vietnam, to which Mekong Bamboo introduced Pressed Bamboo technology. The trip also included visits to other local businesses and farmers in Quan Hoa district. As the DoF is formulating an NTFP policy framework and seeking appropriate approaches to make linkages between farmers and processors, Ms. Thoa highly valued the lessons learnt demonstrated by Mekong Bamboo and expressed strong interest in future collaboration between the Ministry and the Mekong Bamboo programme. Through discussions with local project stakeholders, a number of key policy issues to support farmers and SMEs such as land use, tax incentives, extension networks and business associations were raised by Ms. Thoa. Another visit at the ministerial level is now being planned by both parties, with a view to use this industry as a policy example for the ministry to link market development to socio-economic development.

Traceability System and Business Network Development

The last quarter has seen a successful effort on the part of Hadeva, one

of Prosperity Initiative's Vietnamese partners, to facilitate the signing of MOUs between 5 pre-processing workshops with 8 farmers groups that practice bamboo marking in Yen Bai and Phu Tho. As committed in



Business Linkage Development Workshop in Phu Tho & Yen Bai

the MOUs, the processing workshops are willing to pay a price premium of 2.5% for the right quality bamboo culm. Hadeva's effort is part of a set of activities aimed at creating more bargaining power for farmers in their dealings with bamboo businesses.

Prosperity Initiative Begins Lao PDR and Cambodia Bamboo Handicrafts Project

On 26 March, the United Nations Development Fund for Women (UNIFEM) signed a contract with Prosperity Initiative to implement the project *Improving Bamboo Handicraft Value Chains for Women's Economic Empowerment in Cambodia and Lao PDR*. The project is one of several around the world under the World Bank Gender and Development Action Plan's Results Based Initiative (RBI), which seeks to pilot, measure and ultimately scale up proven interventions for women's economic em-

powerment. UNIFEM is the World Bank's implementation partner, while the International Centre for Research on Women (ICRW) leads the impact assessment component for the World Bank's RBI globally. Prosperity Initiative will manage the Lao PDR and Cambodia project, which aims to create jobs and increase income for bamboo handicraft producers through innovations in the sector and introduction of new business opportunities. The USD 620,000 project will work with approximately 1,500 households in target provinces in both countries, where more than 80% of the people involved in the subsector are women. The work will focus on improvement of processing productivity, improved market linkages and design.

Report on Bamboo Export Ban in Cao Bang province

The removal of the Bamboo Export Ban in Cao Bang province in July 2008 has fostered a more competitive bamboo business environment, created more jobs and increased income for ethnic bamboo growers, local collectors and processors in Cao Bang. These are the key findings from a recent Mekong Bamboo supported study on the Bamboo Export Ban in Cao Bang province. The study, conducted by Tran Dai Nghia, an independent researcher from University of Thai Nguyen, highlights that during the ban (2003-2008), bamboo real term prices were 25% to 28% lower than after the ban removal and that bamboo growers' income was reduced proportionally as bamboo prices fell while bamboo workers were laid off for about two months a year. The study revealed that two of the four main reasons

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Mekong Bamboo Facilitates Thanh Hoa-Houaphanh Networking Event

With the aim of connecting the bamboo sector in Houaphanh province (Lao PDR) to the more developed bamboo industry in Thanh Hoa province (Vietnam), Mekong Bamboo



Study-tour to Thanh Hoa

and GRET organised a study tour for 50 farmers from 5 villages and 10 government officers from Viengxay and Sobbao districts to Thanh Hoa. Participants learned how bamboo can be turned into many kinds of products, how bamboo farmers' income can be raised through sustainable bamboo management techniques and inter-cropping models, and most importantly, how the potential of Houaphanh's bamboo sector can be realised.

Report on Bamboo Export Ban in Cao Bang Province

(continued from page 3)

for removal of the ban were associated with Mekong Bamboo's support of the provincial officials' study tour to China to look at the bamboo industry there in China and a follow up workshop on measures to foster bamboo production in Cao Bang. For the full report, please contact the Mekong Bamboo team.

OTHER PROGRESS

Thanh Hoa Industrial Bamboo Project Update

Mekong Bamboo and GRET finalised the four month contract for the Luong Development Project (LDP) in Thanh Hoa. Key outputs achieved during this period include technical leaflets, the *Luong (Dendrocalamus Barbatulus)* Bamboo Book and training courses on bamboo plantations and management. Mekong Bamboo and GRET also worked closely to develop the annual work plan for 2009. This plan also includes increased links and support to the province to develop the bamboo industry strategy.

Phu Tho & Yen Bai Industrial Bamboo Project Update

Hadeva made significant progress in promoting the development of the bamboo sector in Yen Bai and Phu Tho provinces with activities such as training in bamboo sustainable management and inter-cropping for farmers, linking bamboo farmers to processors, supporting bamboo businesses on market and technology information and new product development.



Visit to Duong Thanh Phu , a typical bamboo company

Increasing Number of Investors Interested in New Bamboo Processing Technology

Nine investors interested in Pressed Bamboo met with Mekong Bamboo in this quarter for further information on this new product and market opportunities. This is a positive signal for scaling up the bamboo industry in Vietnam toward higher-value products.

Up coming

Training course on marketing skills for farmers' groups

A short practical training course on marketing skills for farmers' groups and Hadeva staff is to be organised in the second quarter of 2009 in Phu Tho province. This training, primarily aimed at improving bamboo farmer groups' access to the market, is co-organized by Hadeva and CRD/LDP with funding from the Mekong Bamboo.

Publication of *Luong* Bamboo Book

Five hundred copies of a book on *Luong* bamboo will be published in July. This book covers all aspects related to the planting and management of *luong* bamboo in Thanh Hoa province. This book is for field extension officers to provide technical support to farmers in the project area. This is a result of partnership work between GRET and Mekong Bamboo.

New Outputs from Mekong Bamboo

(Please contact Mekong Bamboo for these products)

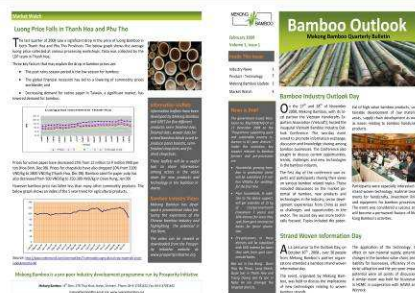
New Prosperity Initiative Video

Prosperity Initiative has produced a new video, "Creating Prosperity," which describes Prosperity Initiative's approach to impacting poverty. The video highlights Prosperity Initiative's work in the bamboo sector throughout the region, highlighting industrial bamboo in Vietnam and handicrafts in Lao PDR. The video can be accessed through the Prosperity Initiative website at <http://prosperityinitiative.org/Information/Library/Video.html>.

Prospectus on Application of Pressed Bamboo Technology in Vietnam

This document presents the main findings of the Mekong Bamboo study on pressed bamboo or Pressed Bamboo. It covers the market and technical aspects of pressed bamboo such as product properties, production process, material requirements, and presents a business model for this new product, including financial, risk, and sensitivity analyses.

'Bamboo Outlook' Bulletin



The first edition of this quarterly bulletin (in Vietnamese and English) was published to provide bamboo businesses with information on the bamboo industry in general, new technologies and good production practices.

Extension Poster

In April, Mekong Bamboo, in cooperation with Gret and Hadeva, designed and printed one thousand coloured posters to be distributed to *Luong* bamboo growers in Thanh Hoa, Phu Tho and Yen Bai provinces. Among other things, the poster aims to advise the growers not to harvest bamboo culms below three years old. This is an effort of Mekong Bamboo and its partners to help farmers improve the quality of their bamboo plantations.

Technical Note on Intellectual Property Related to Pressed or Strand Woven™ Bamboo

This Mekong Bamboo technical note provides a briefing from our research on the current intellectual property issues related to pressed bamboo products. It can be downloaded from: http://www.prosperityinitiative.org/images/stories/mb_tech_note_-_patents_trademarks_related_to_sw.doc.pdf

Changes in Mekong Bamboo Team

John Marsh has returned to lead the Mekong Bamboo Team. The Management Team also includes:

- Ngo Viet Hung, Business and Investment Lead
- Truong Duc Tung, Vietnam Coordinator
- Sihattha Rasphone, Lao Coordinator
- Tran My Hanh, Executive Project Manager
- Bob Baulch, Impact Lead

A review of the work of Mekong Bamboo is planned for the second half of 2009.

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