



## IFC-MPDF Improves Supply Chain for Farmers

IFC-MPDF has initiated a linkage project that could substantially increase the incomes of 400 subsistence farmers in Vietnam's remote Than Hoa Province. This project involves linking the farmers with a company manufacturing bamboo flooring for IKEA, the multi-national household furnishings company.

The farmers have traditionally raised bamboo for sale, but to meet the factory's demand for two million culms (trunks) per year that have been grown in an eco-friendly way, farmers need to learn new techniques for planting, growing and harvesting bamboo.

Environmentally-friendly cultivation is a must for an increasing number of consumers and also for the partners involved in this project. The latter are IFC-MPDF, the Asian Development Bank's *Making Markets Work Better for the Poor Program*, the governments of Luxembourg and the Netherlands (through IFC's Corporate Citizenship Facility), IKEA and the flooring manufacturer, The Bamboo Factory.

GRET, a French non-profit association that promotes appropriate technology is advising the farmers on how to grow more bamboo in a sustainable manner. A second non-governmental organization, International Development Enterprises (IDE), which specializes in helping to raise living standards for the poor, is piloting pre-processing of bamboo at the village level and evaluating the results. Also, with assistance from IKEA design specialists, IDE is investigating how to make use of those parts of the bamboo not required by the flooring factory.

Ken Key, IFC-MPDF's Agribusiness Program Manager sees strong potential for replicating this project. "Bamboo makes an excellent substitute for wood in furniture manufacturing. Because it grows much more rapidly, increased use of bamboo will reduce the demands on slower-growing timber forests."

### Development Partners

#### International Finance Corporation

IFC's mission is to promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives. IFC finances private sector investments in the developing world, mobilizes capital in the international financial markets, helps clients improve social and environmental sustainability, and provides technical

ADB 

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Ireland 

Japan 

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New Zealand 

Norway 

Sweden 

Switzerland 

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assistance and advice to governments and businesses. The **Corporate Citizenship Facility (CCF)** of IFC is designed to help IFC clients and a wider private sector in emerging markets to (i) identify and define the business case for better environmental and social practices in individual businesses and across sectors; (ii) actively disseminate and replicate successful findings more widely and (iii) help clients realize opportunities and reduce risks.

#### **Mekong Private Sector Development Facility (IFC-MPDF)**

IFC-MPDF is a multi-donor funded initiative set up by IFC, the private sector arm of the World Bank to support the development and growth of private, domestically-owned, small and medium sized enterprises in Vietnam, Lao PDR and Cambodia. The linkage initiative seeks to leverage the resources of IFC-MPDF to positively impact the value chain, and bring additional benefits to surrounding communities.

#### **Asian Development Bank**

ADB, a multilateral development finance institution dedicated to reducing poverty in Asia and the Pacific was established in 1966. ADB's *Making Markets Work Better for the Poor Program* is designed to help improve market access for the poor with an aim to reduce poverty, support social development and ensure environmental sustainability in order to reach ADB's Millennium Development Goals. The program is financed by DFID, ADBI and AusAID.

#### **IKEA**

Since its founding in 1943, IKEA has offered a wide range of home furnishings and accessories and can be considered a global leader in this sector. This project is part of IKEA's sustainable business in which environmental and social considerations are natural parts.

#### **The Bamboo Factory**

TBF is a recently established manufacturer of bamboo based products, principally for the export market. TBF wishes to ensure a stable supply of raw material while at the same time improving incomes and the standard of living for suppliers in its catchment areas.

#### **GRET**

Created 25 years ago to promote appropriate technology, GRET, is a French non-profit association. Operating in Vietnam since 1988, GRET works principally on projects and programs that aim to increase incomes of poor rural and urban populations, and it has significant experience in agricultural and institutional development.

#### **International Development Enterprises**

IDE is a non-profit development organization dedicated to creating wealth and improving living standards of the rural poor. Operating in Vietnam since 1991, IDE has substantial experience working in Thanh Hoa Province and specializes in conducting research and implementing development projects, particularly to improve market opportunities.

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