



Connecting People's Capacities

SNV BAMBOO PROGRAMME

Approaches, Lessons and Innovations in Lao PDR

Prepared by Martin Greijmans, SNV Forest Products Advisor
And Célia Hitzges, Consultant

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BTA	Bamboo Traders Association
DAFO	District Agriculture and Forestry Office
DIC	Department of Industry and Commerce
DLMA	District Land Management Authority
EDC	Enterprise and Development Consultants Company
EU	European Union
FSC	Forest Stewardship Council
GDA	Gender and Development Association
GRET	Professionals for Fair Development
INGO	International Non-Governmental Organisation
ITECC	Lao International Trade Exhibition and Convention Centre
Lao PDR	Lao People's Democratic Republic
LCB	Local Capacity Builder
LDN	Lao Development Network
LFP	Lao Farmer's Product
LHA	Lao Handicraft Association
LHF	Lao Handicraft Festival
LMA	Land Management Authority
LWU	Lao Women's Union
MFM	Micro Credit for Mothers
MHP	Maeying Houamchai Phatthana
NAFRI	National Agriculture and Forestry Research Institute
NGO	Non-Governmental Organisation
NPA	Non Profit Association
NTFP	Non-Timber Forest Products
PAFO	Provincial Agriculture and Forestry Office
PRF	Poverty Reduction Fund
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SUFORD	Sustainable Forestry for Rural Development project
TPPD	Department of Trade Promotion and Product Development
WWF	World Wide Fund for Nature

1 USD = 8,000 LAK (kip), December 2011

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SNV Lao PDR



Introduction

SNV Lao PDR, in partnership with a wide range of local and international partners, has been working since 2008 on the development of the bamboo value chain in Houaphanh Province and Sangthong District, Vientiane Capital. In 2010, the SNV Bamboo Programme was scaled up to Luang Prabang and Vientiane Provinces. Since then a diverse range of activities have been implemented including:

- Raising awareness of the potential of the bamboo sector as a driving force for poverty reduction.
- Setting up producer groups and strengthening their organisational management capacity and technical skills.
- Engaging with the private sector and promoting the development of inclusive business models.
- Working with the government sector to improve business environments.
- Promoting sustainable management of bamboo resources.

Since 2008, various efforts have been made to document lessons learnt and case studies. A range of presentations and publications has been developed by the Bamboo Advisory Team. However, documentation of experiences and results has not been carried out in a systematic manner. The present document aims to organise and structure the lessons learnt from the Bamboo Programme to make them available to a larger audience.

This document is based on a review of the main existing literature on the SNV Bamboo Programme and on the bamboo sector in the Lao People's Democratic Republic (Lao PDR). Primary data has also been collected to document additional case studies.

Qualitative interviews with producers, traders, government representatives and partners have been conducted in Sangthong District, Vientiane Capital; Med and Xanakham Districts, Vientiane Province; and in Viengxay and Xam Neua Districts, Houaphanh Province.



Why the Bamboo Sector?

Bamboo: The Backbone of Rural Daily Life in Lao PDR

Non Timber Forest Products (NTFPs) play a crucial role in the livelihood, culture and traditions of Lao people. Rural households, which form about 70%¹ of the total population and mainly exist in remote mountainous areas, strongly depend on NTFPs for their daily subsistence. Most products collected in the forest are directly consumed and do not enter the cash economy. However, when there is a rice shortage, most NTFPs gathered are sold to provide for household needs. The sale of NTFPs may account for more than a third of village cash income across the country, and over half in forest-rich areas.² NTFPs are therefore the most important safety net or coping strategy for the rural poor in Lao PDR, especially minority groups living in the uplands.

Bamboo is often considered the most economically important NTFP for humans in terms of scale. Known in India as “the wood of the poor”, in China as “the friend of the people” or as the “brother” in Vietnam, bamboo is a multipurpose material. In Lao PDR, bamboo poles are used for construction and handicrafts but can also be processed into other useful products such as farm implements, fencing, chopsticks, skewers and fishing gear. Bamboo is also an important source of food for rural people. The shoots of many species are edible. They can be found year-round across the country and are popular in both fresh and

preserved food. In addition, bamboo is of cultural significance and it is used as medicine and in the production of traditional instruments.

Promising Market Opportunities in the Bamboo Sector

The global bamboo industry is seeing a significant growth, which is expected to continue further. The world bamboo market, led by China, is worth USD 7 billion per year. Traditional markets such as handicrafts, traditional furniture and bamboo shoots account for almost 95% of the world market by value. Emerging industries, particularly wood substitute-based markets (e.g. flooring, panels and non-traditional furniture) offer interesting potential for growth. They may begin to rival traditional markets and are expected to claim about 45% of the total bamboo market over the medium term.³

The bamboo sector in Vietnam, Cambodia and Lao PDR currently generates USD 261 million a year. The Mekong region is poised to capture a greater share of the world market in coming years. It is estimated that within 10 years, Mekong bamboo will be worth between USD 0.6 and 1.2 billion.⁴ Lao PDR has opened its boundaries to the market economy and promotes itself as a “land-linked” country, emphasising its potential role as a trade crossroads between China and Southeast Asia. This proximity to larger and growing economies is likely to create important growth opportunities for the bamboo sector in the country.

1. 2009, World Bank <http://web.worldbank.org/>

2. Ketphanh, S., K. Sengdala V. Lamxay and M. Greijmans. 2007. NTFPs in Lao PDR: a manual to 100 commercial and local products. NAFRI, NUOL, SNV Lao PDR

3. Oxfam Hong Kong, International Finance Corporation - Mekong Private Sector Development Agency. Mekong Bamboo Sector Feasibility Study. Enterprise Opportunities Ltd, 2006

4. Marsh J., Smith N., New Bamboo Industries and Pro-Poor Impact – Lessons from China and Potential for Mekong countries, 2006



SNV Lao PDR

Environmental Properties

Bamboo has important environmental regeneration qualities and its high water absorption capacity helps to maintain soil stability. Bamboo has great potential for preventing soil erosion and stabilising road embankments. As a fast growing plant, it can provide rapid vegetative cover to deforested areas. Bamboo also has high carbon sequestration properties. A bamboo plantation

can absorb twice as much carbon dioxide per hectare as a similar forest made up of trees. Finally, it is able to produce 35% to 46% more oxygen than most other plants. Hence, it is one of the better options for countering pollution caused by carbon emissions.⁵

5. Houaphanh Province, The first five years bamboo development strategy 2011 – 2015, 2011



SNV Lao PDR

SNV Approach and Concepts

Pro-Poor Value Chain Approach

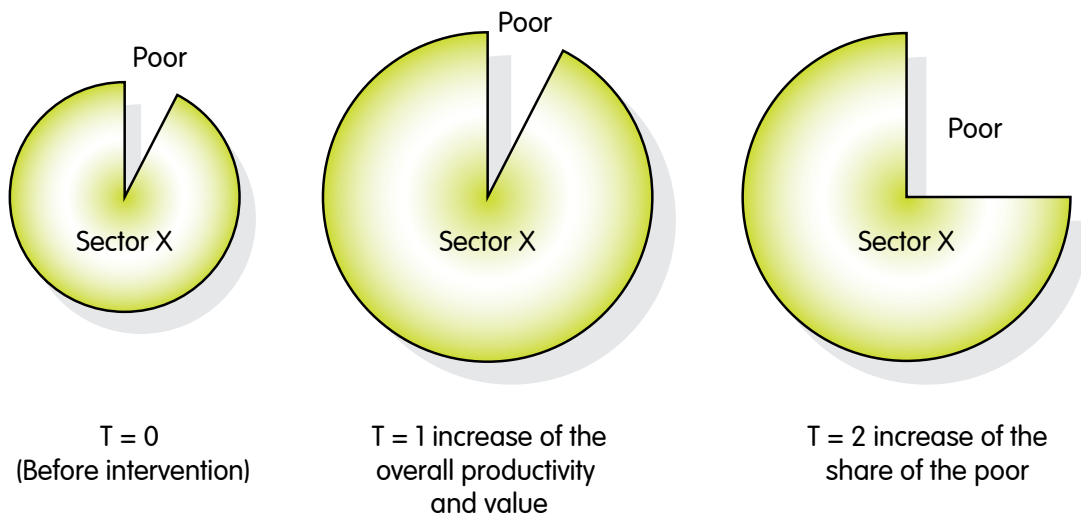
SNV aims to enable those with the lowest incomes to be part of social and economic networks so as to increase their income and employment opportunities.⁶ To reach this objective, SNV actively promotes and uses pro-poor value chain approaches. A value chain approach looks at the complex range of activities undertaken to convert a raw material into a useable or edible final product and then the means by which the final product is taken to the end user.

A value chain approach also examines issues of organisation and coordination and the strategies and power relationships of the different actors in the chain. This analysis

helps to identify the role of each actor in a chain, what keeps those actors together, what information is shared and how the relationship is evolving. It provides a clear understanding of the position of the poorest members of the value chain and of the constraints that prevent them from realising their full potential.

The objectives of improving the value chain for the poor are two-fold. The first is to increase the overall productivity and value of the products in the chain. This results in higher absolute income for all the chain actors. The second is to sustain or increase the share of the poorest value chain actors in the sector or increase the margins per product, so that they can also gain relatively more income compared to other actors in the value chain.⁷

Pro-Poor Growth



Source: M4P, *Making Value Chains Work Better for the Poor, Version 3, 2008*.

6. SNV Asia, *Using the Value Chain Approach for Pro Poor Development - Experiences from SNV Asia, 2008*

7. M4P, *Making Value Chains Work Better for the Poor: A Toolkit for Practitioners of Value Chain Analysis, Version 2. M4P, DFID, ADI, 2008*

The bamboo value chain in Lao PDR has high potential for pro-poor development. Bamboo is a multipurpose commodity and its processing is labour intensive. If properly managed, the development of the bamboo sector will lead to the creation of new employment and income generating opportunities for rural communities.

Since 2008, SNV has conducted several value chain analyses. These studies highlight the urgent need for intervention. There is every indication that under the current system of forest concessions, quotas and commercial taxes, the development of the bamboo sector will lead to an overexploitation of resources and few benefits for rural communities.⁸

Inclusive Business

Business, as an engine of economic growth, has a critical role to play in achieving development goals.⁹ Because of this potential, SNV actively promotes inclusive business models. An inclusive business

is an economically profitable, environmentally and socially responsible entrepreneurial initiative, which integrates low-income communities in its value chain for the mutual benefit of both the company and the community. It seeks to improve the livelihoods of low income populations while increasing returns to the company.

By applying inclusive models, companies gain access to a wider pool of quality producers, while low-income communities have the chance to take advantage of the opportunities offered by the market and to become employees, suppliers or small investors.¹⁰ This business strategy contributes to growth creation in new markets, a reduction in supply chain-related transaction costs, and managed stakeholder risk.

The SNV Bamboo Programme strongly encourages the development of “win-win” business models and currently engages several factories and traders in working with rural communities. Many processing factories in Lao PDR do not operate at full capacity

What Are the Benefits of Inclusive Business?

For the company	For the low-income population
<ul style="list-style-type: none"> • Secure supply of raw materials • Traceability and quality control of raw material • Lower transaction costs • Shared risk • Access to knowledge and local networks • Better relations with government • Strategic positioning in new fair trade markets 	<ul style="list-style-type: none"> • Fair prices and conditions • Assured sales • Employment creation and expansion • Training and technical assistance • Technology and knowledge transfer • Access to financing • Participation in a business environment

8. See SNV Value chain analysis in Houaphanh, Vientiane Province and Sangthong district.

9. Bonnell V. and F. Veglio, Inclusive business for sustainable livelihoods, Field Actions Science Reports, Vol.5, 2011

10. SNV, Inclusive business : creating value in Latin America, 2011

because of raw material supply shortages. Low prices give communities little incentive to collect bamboo poles. SNV, together with factories and communities, is working to identify solutions that may benefit both parties.

Capacity development

Local capacity builders (LCBs) are a vital resource for effective and sustainable local development. SNV works with LCBs to reach impact targets while over time strengthening their capacity to replace SNV's direct services more efficiently and effectively. For SNV, an LCB is any type of actor that provides capacity development services and is owned and governed within the country. SNV engages with LCBs in different ways.¹¹

- As Clients. SNV's role is to help LCBs to understand their environment and develop viable business proposals, along with specific performance and internal organisational targets.
- As Sub-contractors. In addition to the primary aim of serving client needs, sub-contracting can also serve to stimulate better quality supply and provide an LCB with an incentive to improve its services or products.
- As Partners. LCBs are engaged as partners when they have a common goal, such as the development of certain approaches or products.

BOX 1



Enterprise and Development Consultants Company

Enterprise and Development Consultants Company (EDC) has been involved as a sub-contractor in the SNV Bamboo Programme since 2008, participating in a wide range of activities, including baseline surveys, value chain development and market strategy development. It is a locally owned and managed consulting firm, founded in 2001 by Lao development professionals. The firm provides development and capacity building services with the aim of creating new socioeconomic opportunities for rural communities. EDC focuses on the development of community-based enterprises and cooperatives, promoting entrepreneurship and human resource development in rural areas.

Since 2010, EDC has been in charge of providing business and entrepreneurial skill development services for different actors - such as producer groups, micro-enterprises, small and medium enterprises and supportive government agencies - involved in the SNV Bamboo Programme in Houaphanh and Vientiane provinces. A package of theoretical and practical training has been developed based on the identified needs of these main stakeholders.

11. SNV, Strategy Paper 2007 – 2015, Local impact - Global presence, 2007

BOX 2



Gender and Development Association: a key partner in Sangthong District

The Gender and Development Association (GDA) is a Lao organisation acting as a platform for information and knowledge sharing on gender issues in Lao PDR. GDA and SNV have been working together for many years. Collaboration was initiated in 2003 with SNV providing gender expertise to support GDA activities. In 2004, GDA conducted a pioneering research project on domestic violence in Sangthong district and found a negative correlation between domestic violence and household income. Considering this finding, GDA, with the financial support of Oxfam Novib, launched a project aimed at generating income opportunities for women in the district in 2006.

Different value chains – mushroom farming, frog breeding, rain gardening, banana fibre weaving – were explored, but none provided convincing results.

As Ms. Boutsady Khonnouvong, GDA coordinator, admits herself, GDA's lack of experience in market development partly explains these mitigated results. In 2008, the creation of a new SNV strategy reshaped the organisation's priorities and therefore its activities. Attention was given to three main sectors: micro-finance, tourism and NTFPs. GDA

grabbed this opportunity and requested SNV support to develop the bamboo value chain in Sangthong District. Since then, a strong partnership has been established and the GDA income generation project has been co-managed by GDA and SNV. GDA implements project activities and focuses on gender issues while SNV brings expertise in producer group formation, market development and sustainable natural resource management.

This collaboration might even go further, since SNV is considering using GDA's experience in mainstreaming gender in the bamboo value chain in other SNV Bamboo Programme target areas.

Synergies with International Organisations

SNV recognises that it cannot act in isolation and that it needs to promote collaboration and partnerships to maximise its impact. SNV collaborates with international partners, the private sector and LCBs. These alliances enhance SNV development impact by fostering synergies and creating access to knowledge and expertise.

BOX 3



Partnership with GRET

In 2008, SNV, together with the French non-governmental organisation (NGO) Professionals for Fair Development (GRET), initiated interventions in selected bamboo value chains in Houaphanh Province. The comparative advantages of each organisation have been used to efficiently stimulate the growth of the bamboo sector in the province.

Tasks have been divided according to each organisation's areas of expertise. GRET mainly focuses on natural resource management while SNV is in charge of activities related to value chain development and markets. The successful GRET-SNV collaboration led to the approval in November 2010 of a new project proposal seeking additional funding from the European Union (EU) to continue and expand previous interventions.



Bart Verweij



Programme Objectives

The SNV Bamboo Programme aims to support the development of the bamboo sector in three provinces in Northern Lao PDR – Houaphanh, Luang Prabang and Vientiane – and in one district in Vientiane Capital (Sangthong). Its main purposes are to develop a diversified bamboo-based economic sector that provides stable, sustainable income and employment to rural communities, thereby contributing to poverty alleviation and forest function and upland environment conservation.¹² Three specific objectives have been identified:

- To ensure land tenure rights for bamboo plantations and support market-oriented natural forest management.
- To enable producer groups to take responsibility for managing forest sustainably, developing plantations, delivering extension services and initiating locally based bamboo enterprises.
- To facilitate effective coordination between state actors, producer groups and the private sector to develop the bamboo sector.

Programme Target Areas and Value Chains

Target Provinces	Districts	Commencement of Intervention	Value chains
Vientiane Capital	Sangthong	2008	Furniture, Handicrafts
Vientiane Province	Med and Xanakham	2011	Handicrafts, Poles, Chopsticks
Houaphanh	Xam Neua, Viengxai and Sobbao	2008	Furniture, Handicrafts, Chopsticks, Poles, Pulp, Shoots, Mats
Luang Prabang	Luang Prabang, Viengkham	2010	Furniture Handicraft

12. SNV, Turning poor man's timber into green gold, Programme concept proposal, 2010



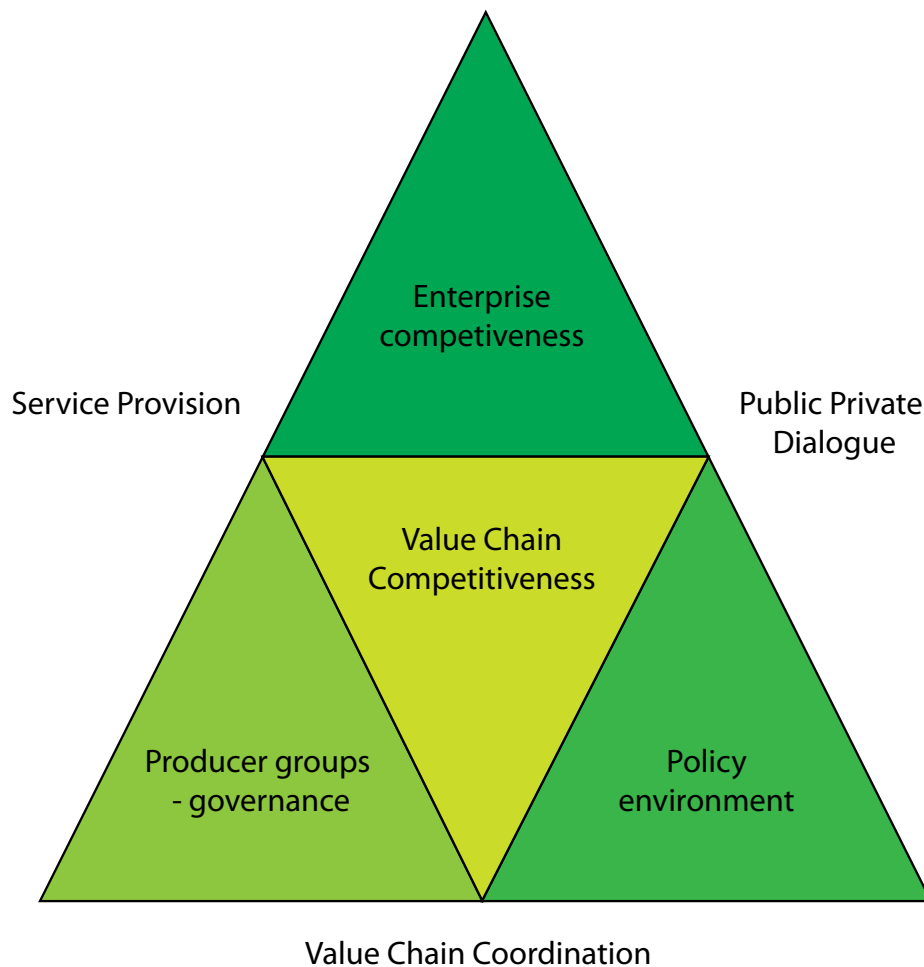
Programme Interventions and Impacts

The Bamboo Programme is clearly an “actor-oriented” programme. Interventions focus on the strengthening of the capacity of the government, communities and private sector to develop a diversified, competitive and pro-poor oriented bamboo sector. All these interventions are conducted in collaboration with different LCBs.

Bamboo Result Chain

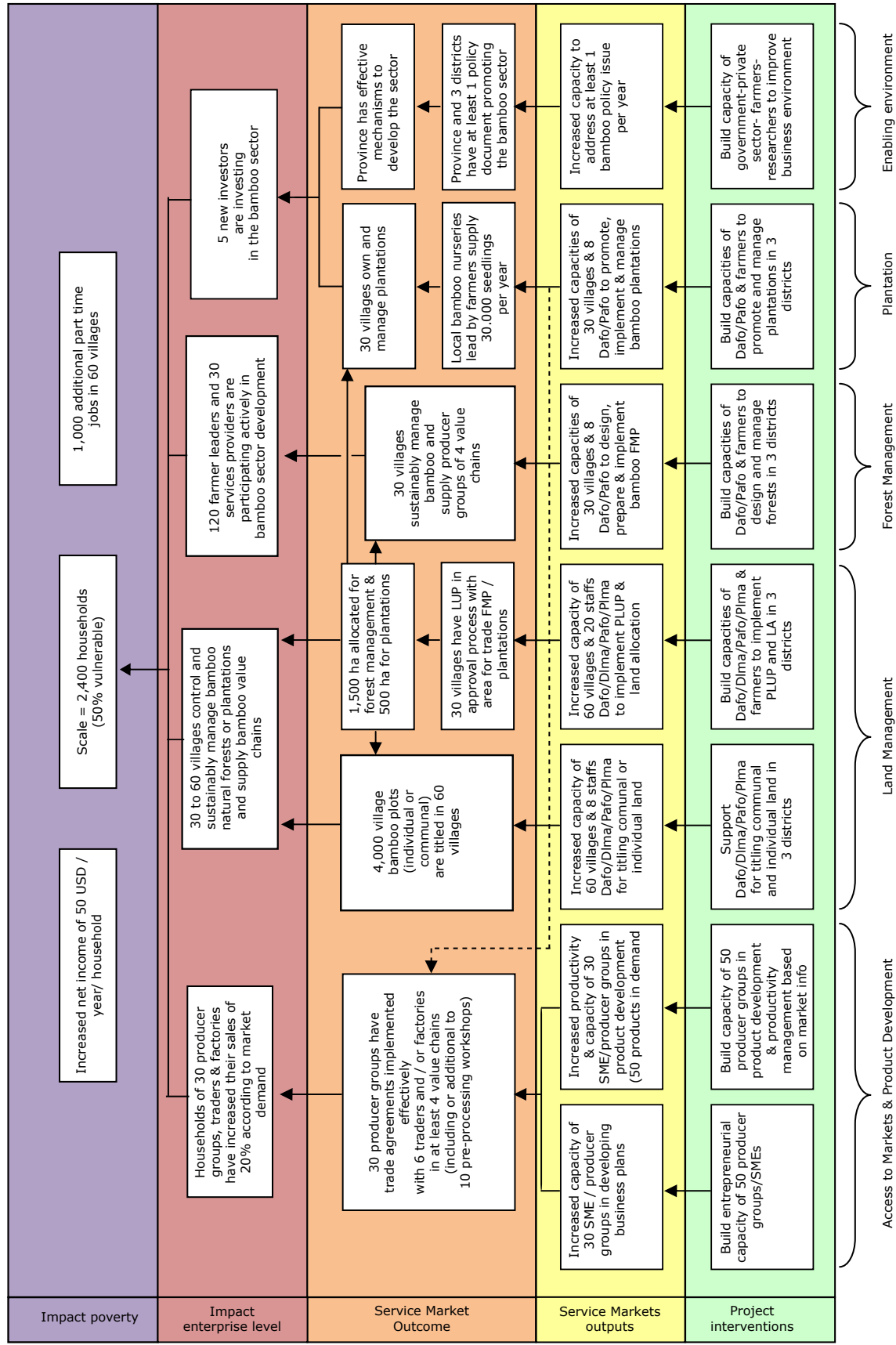
SNV’s intervention logic follows the internationally accepted monitoring framework developed by the Donor Committee for Enterprise Development.¹³ The result chain describes the causal sequence of the bamboo development interventions in Lao PDR, specifying the sequence necessary to achieve the desired objectives.

Programme Interventions – Logical Framework



13. <http://www.enterprise-development.org>

The result chain of the EU funded Houaphanh Bamboo Programme:



PLUP = Participatory Land Use Planning
 LUP = Land Use Plan
 FMP = Forest Management Plan
 SME = Small and Medium Enterprise
 PLMA = Provincial Land Management Authority

Intervention 1: Sensitisation of Local Governments to the Potential of the Bamboo Sector

The bamboo sector in Lao PDR has been regarded as marginal for many years. Its economic potential has until recently been largely underestimated or ignored. Since 2008, SNV, together with partner organisations, has actively worked to raise government awareness of development opportunities in the bamboo sector. Workshops, multi-stakeholder meetings and study tours have been organised, giving government representatives the chance to share their experience with a wide range of

actors involved in the bamboo value chain. As a result, strong partnerships have been established with different government agencies at provincial and district level: the Department of Agriculture and Forestry (Provincial Agriculture and Forestry Office [PAFO] and District Agriculture and Forestry Office [DAFO]); the District Land Management Authority (DLMA); the Department of Planning and Investment; the Department of Industry and Commerce (DIC); and the Lao Women's Union (LWU).



BOX 4

The Bamboo Development Strategy in Houaphanh Province



Peter Livermore

Houaphanh Province aims to become “the leading province in Lao PDR in developing and managing a sustainable industry, providing “green gold” to the people and contributing to poverty alleviation.”¹⁴ The embracement of this vision is the result of continuous efforts to promote the bamboo sector in the province.

In 2008, SNV and its partners started raising awareness among different government agencies of the economic potential of bamboo. Provincial departments were invited to join study tours and learn from others’ experience. Taking the successful development of the bamboo industry in China and Vietnam and its impact on poverty reduction as an example, provincial

authorities decided to design a strategy seeking to provide a common framework and a clear direction in developing the bamboo sector in Houaphanh Province. This initiative led to the publication in 2010 of a five-year bamboo development strategy, highlighting the main priorities for action and investment.

Three main intervention areas were identified: sustainable resource management; business development; and supportive policy development. A provincial bamboo task force was set up to ensure the implementation of the strategy. Besides being an important guideline for all the stakeholders involved in the bamboo value chain in Houaphanh Province, the strategy is also an invaluable communication tool, enabling the attraction of international donors and private investors.

Since the adoption of the strategy, a Thai businessman has expressed interest in investing in the province and local service providers have emerged. Government agencies and local producers have also been approached by different development organisations and invited to share their experience and knowledge.¹⁵

SNV does not only aim to raise government awareness of the bamboo sector; it also aims to give government agencies a lead in promoting and supporting the bamboo sector. Appropriation of the programme by the government is re-

garded as a priority and a guarantee of sustainability. Government agencies are fully involved in programme activity implementation and benefit from strong support from SNV and LCBs to strengthen their staff capacity in programme management.

14. Houaphanh Province, *The first five years bamboo development strategy 2011 – 2015*, 2011

15. See Case study 4

BOX 5

Lao Women's Union Capacity Building in Sangthong District

Originally founded in 1955 as the Lao Women's Association, the LWU is a mass organisation that seeks to enhance women's capacity for self-development and promote the role of women in society. Since 2008, LWU, together with GDA, has been implementing bamboo project activities in Sangthong District. Over this period, LWU has had the opportunity to significantly strengthen its staff capacity, attending several training sessions organised by GDA on topics ranging from leadership and project management to gender analysis of programme objectives and outcomes.

By participating in all project activities, from action plan design to monitoring, LWU has acquired solid experience in project management. As Ms. Toun, LWU project coordinator says, "Before, we were not able to

design and implement a project by ourselves. External support was needed. Now, we don't need to hire a consultant anymore. We have learnt a lot by working with GDA and SNV on the bamboo programme." "GDA will also provide, as requested, a training on proposal writing and fund raising, so LWU will have in the future all the necessary tools to implement its own projects," Ms. Boutsady Khonnouvong, GDA coordinator, adds.

Besides project management skills, LWU has also reinforced its coordination role, facilitating relations between the different agencies involved in the programme. The promotion of the former Sangthong District LWU President to the position of deputy governor in 2010 can be interpreted as recognition of the LWU's valuable work in Sangthong District.

The scaling-up of the Bamboo Programme activities to three new districts – Sobbao in Houaphanh Province in 2010 and Med and Xanakham in Vientiane Province in 2011 – shows the growing attention paid by the government to the development of the bamboo sector. In addition, SNV has recently been approached by Bokeo and Oudomxay provincial authorities. Both expressed great interest in developing the bamboo sector in their respective provinces.

Despite the strong government commitment to promoting bamboo value chains, a major

constraint is still to be overcome: the lack of inter-agency collaboration. Working on the bamboo value chain requires the intervention of a broad range of actors and presupposes effective vertical and horizontal coordination, as well as a clear division of tasks. Additional multi-stakeholder meetings between district agencies within provinces and between provincial authorities will be held to improve collaboration and coordination. Study tours will also be organised to review ongoing activities and foster internal communication.

Intervention 2: Promotion of a Supportive Business Environment

A necessary condition for industry competitiveness and growth is the improvement of business environments by lifting constraints and filling gaps in regulatory and administrative support mechanisms. Ensuring that businesses can invest without fearing excessive control or unexpected policy change is vital to the development of the bamboo sector in Lao PDR. Traditionally, enterprises have been confronted with a confusing regulatory atmosphere commonly exemplified by tedious applications for business licenses, fickle decisions on taxation and fee collection and arbitrary setting of quotas. These ineffective decision-making processes are often the result of limited dialogue with the private sector, and inefficient information sharing and collaboration between government offices.

To overcome this bottleneck, SNV strongly encourages internal coordination among government agencies and regular dialogue with the private sector by facilitating multi-stakeholder meetings and fuelling debate on the main policy-related issues. Public-private partnership models are actively promoted as a way to foster synergies and boost the growth of the bamboo sector. They ensure that the concerns of both the government and private sector are heard and taken into account in the revision or design of new policies.

Because it understands the struggles of government departments to agree upon policy reforms and design new regulations, SNV will provide further assistance and intensify its facilitation and coordination role in the process. New discussions on tax issues have been

initiated. The government is considering exempting some of the bamboo value chain actors from taxes. Currently, bamboo product traders are exempt from taxation when trading in-country, since their activities directly benefit rural communities.



CASE STUDY 1

Improving Access to Finance: DIC Support to Factories in Xanakham



Martin Greijmans/SNV

The Latsamy factory is one of the five factories producing semi-finished products in Xanakham District, Vientiane Province – mainly disposable chopsticks, skewers and toothpicks. The factory was set up in 2007 by Ms. Latsamy, a young entrepreneur, with the co-investment of a Thai businessman, Mr. Phayboun.¹⁶ Mr. Phayboun invested about 300,000 Baht¹⁷ for the purchase of equipment. In return, Ms. Latsamy's factory is compelled to sell its products in Thailand exclusively to Mr. Phayboun's company but remains free to sell to other clients within the Lao market. Ms. Latsamy's factory is essentially operating as a sub-contract supplier in the larger Thai market and thus has limited room to manoeuvre. Because she is in a position of dependence, Ms. Latsamy's bargaining power remains low and prices are set by Mr. Phayboun. Most of the benefits are captured by the Thai company, which processes her products into final products and resells them at higher prices. Her situation is not

exceptional. Four of the five factories operating in Xanakham have received financial assistance from Mr. Phayboun in the form of investment, advanced payment or deposit. Mr. Viengsavanh, Head of provincial Department of Trade Promotion and Product Development (TPPD), says: "The relationship[s] between the factories in Xanakham and Mr. Phayboun are asymmetric. The government aims to encourage the export of finished products so Lao entrepreneurs can increase the value of their products. Efforts will be made to support them." One aspect of TPPD support will be to facilitate entrepreneurs' access to financial services. "Investments are now discouraged by the complexity of procedures and factories are reluctant to borrow money from banks," Mr. Viengsavanh says. To solve this, TPPD, SNV and the Enterprise and Development Consultants Company¹⁸ (EDC) will assist factories in developing the business plans requested by banks before approving any loan. In addition, dialogue has been opened with Mr. Phayboun. Relations between factories and traders are informal and no contracts have been agreed upon. Government agencies encourage the establishment of formal agreements between Mr. Phayboun and the factories to improve the negotiating position of factories. Finally, preferable policies on finished product exports from Lao PDR are being implemented. Export tax reductions have been introduced as an incentive for international traders to buy finished products from Lao factories.

16. EDC, Bamboo factories assessment, Business Performance Assessment, Xanakham District, Vientiane Province, 2011

17. About USD 10,000

18. EDC is a local consulting firm which has been sub-contracted as an LCB by SNV to implement project activities in Xanakham District

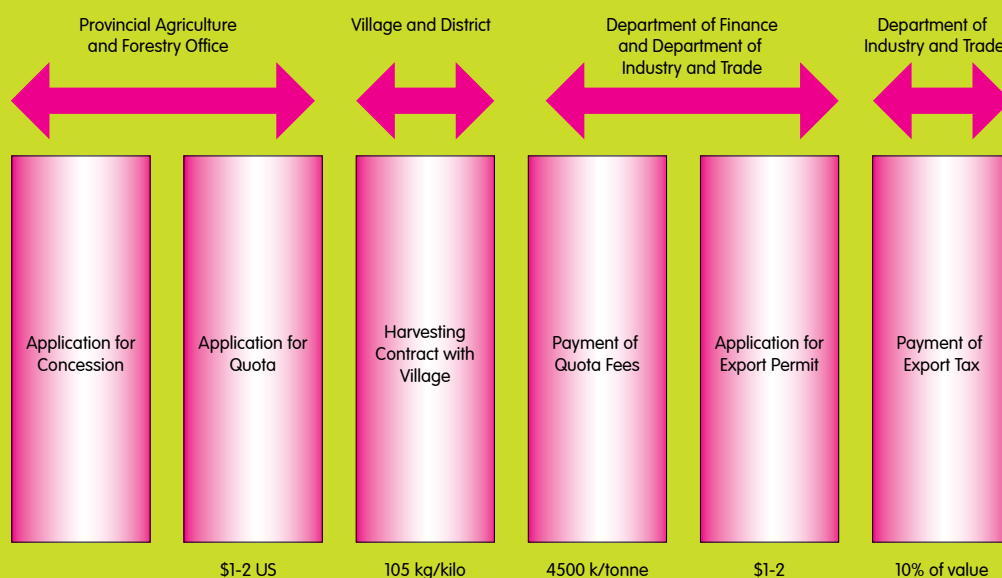
BOX 6

Tackling Taxation issues: The Example of Xanakham District

SNV and partner organisations have collaborated in the organisation of multi-stakeholder meetings and the realisation of needs assessments with the aim of identifying the main constraints preventing the development of a robust bamboo sector in Lao PDR. By raising these issues, SNV has paved the road for constructive dialogue and policy change. Major constraints identified by the private sector, and by factories in Xanakham District in particular, include taxation and quota systems. The trade in bamboo products is subject to a complex range of tariffs and fees. The figure below summarises the main taxes currently in force:¹⁹

This complicated and opaque system of levies creates a significant disincentive for businesses to invest in the bamboo sector and leads to the development of informal channels of trade. Traders and factories refer to the scattered col-

lection of fees as a considerable impediment to their work. Quota procedures are also considered cumbersome and time-consuming. Factories have currently to go through three different government agencies before obtaining a formal permit. Since the programme started in 2011, a promising dialogue has been initiated with the government. Factories in Xanakham, with EDC and SNV support, submitted a proposal to the authorities to simplify quota allocation and tax collection procedures. If approved, future quotas will be requested by the factories together and submitted to one single agency responsible for following up the whole process and for facilitating the work between the different government authorities. In addition, taxes will be collected at the district level and no longer at the provincial level, enabling factory representatives to avoid time-consuming trips.



19. Prosperity initiative, Bamboo Policy Assessment, A Review of institutional and policy issues that structure bamboo industrialization in Houaphanh Province, Lao PDR, 2010

Intervention 3: Building Capacity in Natural Resource Management

Over the past year, land tenure and sustainable natural resource management issues have become key concerns in national policy debates in Lao PDR. Officially, all land in Lao PDR belongs to the State but communities can be given the right to co-manage forest resources through land and forest use planning and zoning processes. During the 1990s, land use planning and allocation activities were conducted by the government in different provinces. Territorial boundaries at the village level were delineated and areas of forest and non-forest were identified. The main objective of this policy was to contain shifting cultivation and develop villager competence in forest and agricultural land management.²⁰ However, the results of land allocation on the ground have been mixed. From a forest management perspective, few benefits have been achieved. The land zoning and allocation processes, for example, have rarely led to the design and implementation of forest management plans.

The sustainability of the investment realised by SNV in the development of bamboo value chains closely depends on the availability of bamboo resources. The supply of raw material has already been identified as a serious concern in some areas, notably in Sangthong District. Overharvesting, shifting cultivation practices and commercial land concessions have resulted in a progressive depletion of bamboo forests.



Bart Verweij

To tackle this issue, SNV, together with GRET, GDA and the World Wide Fund for Nature (WWF), initiated in 2008 the development of forest management plans based on the previous government forest zonings in Sangthong District and Houaphanh Province.

Going a step further, SNV contributed to the development of a model for issuing Communal Land Title certificates for bamboo forests to village communities in Sangthong District. All of these activities have been conducted in close collaboration with the relevant government agencies (DAFO and DLMA). The capacity of both agencies to prepare forest inventories, analyse data and make and implement forest management plans has been strengthened through the provision of a wide range of training and field activities.

20. [NAFRI, Improving Livelihoods in the Uplands of Lao PDR, 2005](#)

CASE STUDY 2

Communal Land Titling in Sangthong District

Martin Greijmans/SNV Lao PDR



According to the Prime Minister’s Decree on Land Titling, No. 88 of 3 June 2006, Communal Land Titles can be issued for all types of land that are allocated by the Government to village communities. The development of community land titles is also one of the objectives of the 5-year National Socio-Economic Development Plan, which aims to issue 1.5 million title deeds over the period 2011-2015. So far, however, no communal land titles have been issued, mainly due to the lack of supporting guidelines.

Bamboo producers, DAFO and DLMA in Sangthong realised the urgent need to improve the management of bamboo resources and,

in partnership with SNV, GDA and WWF, they initiated a process that led to the first communal land titles in Lao PDR. In collaboration with a local consultancy firm (Green Gold) and the National Agriculture and Forestry Research Institute (NAFRI), a participatory bamboo and rattan assessment was carried out, which led to the development of a management plan guiding four bamboo-dependent communities in harvesting resources sustainably.

Mr. Lounthong Bounmany of the DLMA, who had insisted that “almost everything is linked to land issues” was invited to join a 2010 study tour to Nepal, organised by the Land Issues Working Group and funded by the Food and Agriculture Organization of the United Nations (FAO).

There he became convinced that communal land titles were necessary to further secure bamboo resources for environmental and socio-economic purposes. After discussing his findings, SNV offered to pilot a process towards participatory development of communal land titles in Sangthong with the Land and Natural Resources Research and Information Centre of the National Land Management Authority (NLMA).

A field team developed a methodology that allowed for the testing of a potential action

BOX 7

Steps in a Communal Land Titling Process

plan, while seeking buy-in from the DLMA, the Land Use Planning Department, Land Policy Department, and Vientiane Land Management Authorities. On 7 July 2011, the DLMA approved temporary communal land titles covering 2,107.65 hectares of village production forest for Ban Na Pho and on 16 August for Ban Wang Mar, Ban Sor and Ban Kouay, which had prepared clear management plans approved by the District Authorities.

Sangthong can serve as a model for other districts in Lao PDR. So far, district authorities have welcomed government representatives from Salavan Province and several international non-governmental organisations (INGOs) interested in finding out more about communal land titling. Mr. Lounthong also presented the findings at the Village Focus International centre for representatives of Non Profit Associations (NPAs), INGOs and government officials and was received enthusiastically. A National Workshop took place early in 2012 for a broader audience of likeminded stakeholders, including government agencies, NPAs and INGOs, to advocate for a national scaling up of communal land titling in Lao PDR.

1. Organise public hearings and consultation workshops with the villages concerned
2. Develop a common understanding with private land owners bordering the proposed communal land
3. Confirm data or re-measure land area by the District Land Management Authority (DLMA) and establish land markers/poles
4. Finalise official paperwork ("Ekkasane Samnouane Kahm Hong") and submit for approval of the relevant Land Management Authorities at Provincial level
5. Announce the temporary communal land title deeds
6. Wait 90 days for comments from villages involved and bordering landowners
7. Issue the permanent communal land title
8. Organise the official handover ceremony of communal land title deeds ("Bai Ta Din Khok Thong") by district governor and/or Provincial LMA



SNV Lao PDR

Intervention 1: Bamboo Producer Group Formation and Product Development

Bamboo weaving is a traditional practice in Lao PDR. Sticky rice boxes, rice steamers, baskets and fishing equipment are produced by many Lao households for their own consumption. However, the commercialization of bamboo products remains limited. In 2008, SNV and partner organisations initiated the formation of bamboo handicraft and furniture producer groups in Houaphanh Province and Sangthong District in Vientiane Capital. Additional groups were formed in 2011 with the project scaling-up in Med District, Vientiane Province.

The promotion of group formation was moti-

vated by the objective of improving villagers' capacity to produce good quality and diverse bamboo products. Another objective was to link producers with markets. Once formed, all of the producer groups, and community enterprises, benefited from significant support from the project.

Numerous training sessions were provided, enabling producers to develop their technical skill and increase their productivity. Strong results were achieved within three years, and bamboo activities now generate significant additional income for the households involved.

Summary Table: Producer Groups and Income Generation from Bamboo (February 2012)

	Sangthong ²¹	Houaphanh ²¹	Med ²²
Number of groups	17	22	10
Number of households	900	366	100
Number of women	199	66	43
Total Producer group income (LAK million)	1,400	350	16
Average household income (LAK million)	1.6	1	0.3

21. Since 2008

22. Since May 2011

CASE STUDY 3

Bamboo Furniture Production as a New Income Generating Opportunity in Sangthong District



In 2008, GDA and SNV visited Ban Napo village in Sangthong District to raise villagers' awareness of the economic potential of bamboo furniture production. Looking for new income generating opportunities, Ms. Chanenao, together with 15 other householders, decided to join the programme and started producing bamboo furniture in 2009 after attending several technical training sessions.

Ms. Chanenao did not have any previous experience in bamboo furniture production and had

only been producing household items, mainly for her own consumption. Occasional sales to relatives or neighbouring village families had provided her an additional annual income estimated at 100,000 to 200,000 kip a year. At this time, Ms. Chanenao's family mainly relied on up-land rice farming as its main source of income. However, she says, "Most of the rice was used for family consumption. Some years, when the harvest was bad, we could not sell any."

Today, Ms. Chanenao produces bamboo picnic tables and chairs, selling on average four sets per month. "Each set is sold for 500,000 kip. I can earn up to 2 million kip per month. Bamboo furniture production is really profitable", she said. As a result, Ms. Chanenao decided in 2010 to devote herself to this activity and her family abandoned shifting cultivation.

With the income earned from bamboo, Ms. Chanenao first financed the construction of a new house. She also invested in cassava cultivation. "In 2009, I started planting cassava on a small plot with the support of a local company. I had to borrow money from it. The interest rate was very high. Now, I am able to invest myself and I have expanded the cultivation area from 0.5 to 3 hectares," she says. Finally, the remaining part of her earnings from bamboo sales is used to pay for the education of her youngest son.



Ms. Chanenao

Ms. Chanenao has become for many an example to follow. Villagers from nearby regularly come to ask her for advice. She is an ambitious woman who does not plan to stop growing her business. She is considering developing new designs and starting a bamboo plantation growing appropriate species for furniture production. As she says, "Bamboo has changed my life. Now, when I see people cutting bamboo to make land available, I want to tell them not to do so. They do not realise how precious bamboo is." Ms. Chanenao is not alone in Sangthong District. To date, 10 households have stopped shifting cultivation to focus on bamboo furniture or handicraft production.

Apart from the banking sector (i.e. Nayobay Bank) and government extension services, no business development services operate in the rural provinces of Lao PDR. Government agencies are often unable to offer the right type of services to communities due to understaffing, limited budgets or low capacity.

Since 2008, SNV has promoted and supported the development of a network of local service providers. These service providers are community members who possess specific skill sets and have the ability to provide tailor-made and locally appropriate solutions to the challenges faced by producers.

CASE STUDY 4

Development of Local Service Providers in Houaphanh Province

Mr. Sivon, aged 57, is a renowned handicraft designer in Houaphanh Province. He has been weaving bamboo for over 50 years, and has acquired strong technical and design skills. In 2007, he attended a 10-day training programme organised by the Poverty Reduction Fund (PRF)²³ and his talent attracted the attention of the trainers. PRF asked Mr. Sivon to conduct training in three districts in Houaphanh Province. In 2009, he joined the Houaphanh Province Handicraft Association and was involved in different training activities. His reputation grew and the Lao Vientiane Times newspaper interviewed him. In 2009, after the publication of the article, he was contacted by SNV and asked to join

the programme. Since then, Mr. Sivon has been working to train local communities to develop a diverse range of handicraft products, by using new and appropriate techniques and design. He has also contributed to identifying new products by exploring new markets and is acting as a messenger, disseminating and updating market information to the producer groups. As he says, "Since I have been involved in the programme, I had the chance to participate in several study tours and exhibitions. Each time I bring Houaphanh's products so I can observe clients' and other designers' reaction. I can also pick up new ideas from other provinces or countries." Mr. Sivon, with SNV and Phoxai²⁴ has also developed a pool of 10 trainers who assist him in providing training to the 18 villages for which he is responsible. These trainers have been selected from among the producer groups according to several criteria. "A good trainer is an experienced person able to produce at least 10 products. He or she needs to have good communication skills and to be patient and friendly so villagers are confident to work with [him]," he says. Finally, Mr. Sivon is in charge of following up on the producer groups and regularly visits them to provide additional advice. "Since I have been working with these groups, product quality has significantly improved and villagers are able to weave new products", Mr. Sivon says.



Célia Hitzges

23. The PRF was established by Lao Government in 2002 as one of the significant measures to support the national five-year Socio-economic Development Plan and the Poverty Reduction Strategy Plan. Since 2002, a number of participatory rural development projects have been implemented under the umbrella of the PRF.

24. Phoxai is an LCB operating in Houaphanh Province (see case study 6)

Mr. Sitha: an exemplary trainer

Mr. Sitha of Xieng Maen village, Viengxai District, is one of the 10 producers selected by Mr. Sivon to be a trainer because of his long experience in bamboo weaving. Besides being a trainer, he is also head of a producer group comprising of 19 members from three different villages. Since he has been part of the programme, Mr. Sitha has significantly improved his skills: "Before, I only produced traditional items.

I have learnt how to weave new products and I am now able to create my own designs, using silk or cotton weaving patterns," he says. Mr. Sitha now plays a crucial role in strengthening the capacity of his group members as well as other groups in producing high quality and diverse bamboo products.

In 2011, Mr. Sitha and Mr. Sivon were invited by the local NGO Maeying Houamchai Phattana (MHP)²⁵ to train producers in Bokeo Province. He was also asked by an Asian Development Bank tourism project to provide training in one of their target villages in Xam Nuea district.

"My work is being recognised. I am very proud of being a model for other bamboo handicraft producers," he says. "Being involved in this kind of trainings also benefits my own work. I can share experience with other trainers and bring new design ideas to my village," he added. Mr. Sitha is a committed trainer and group leader, always looking for ways to improve producers' skills. He is now considering creating a demonstration place in his village where bamboo products will be displayed to visitors and where producers will gather and exchange experience.



Bart Verweij

25. MHP is a Lao non profit association working in Bokeo Province to develop alternative livelihoods for women.

While the main roles and functions of the groups relate to the commercial production of bamboo products, the programme is also designed to bring about cohesion and solidarity among pro-

ducers. The effectiveness of the groups closely depends on the ability of the villagers to work together. Initiatives to strengthen internal collaboration are actively encouraged.

BOX 8

Cohesion within the Groups: The Story of the Pounghakhao Village Bamboo Producer Group Fund

The Pounghakhao village bamboo producer group in Viengxai District, Houaphanh Province, currently consists of 14 members. Strong cohesion has progressively been established among the group. After forming in 2009, the group initiated a communal fund. All producers con-

tribute to the fund by paying an annual 12,000 kip fee and new members have to pay an additional entrance fee of 10,000 kip. Members who are also trainers are compelled to provide 10% of their income to the fund. Fees are also paid by traders for purchases exceeding 1 million kip and the group receives 3% on top of the total payment. Finally, 200,000 kip is received from groups coming to visit the village for study tours. All the producers are allowed to borrow money from the fund at a monthly interest rate of 0.5%. The fund is still small because the group was created less than two years ago. However, this initiative shows the development of a sense of cohesion between the producers.



Bart Verweij

The formation of producer groups has certainly contributed to improving product quality and productivity, but further support still needs to be provided to harmonise the performance of the different villages. Differences in quality are perceived as a significant constraint by traders, who have to meet specific quality standards to satisfy the requirements of their clients. An action plan has recently been developed by

traders to tackle this issue.²⁶ Better prices will be paid for high quality products, so traders attempt to provide producers with an incentive to improve product quality. Insect damage to bamboo products has also been identified as a major threat.²⁷ Most groups use natural methods for insect prevention. The efficiency of these methods appears to be limited in some cases and new solutions have to be explored.

26. See Case study 8

27. Pelzer N., Exploring market opportunities for Houaphanh bamboo handicraft and furniture producers, Master thesis, 2011.

BOX 9

Bamboo Treatment

Somkit Phanyasili



One of the biggest challenges for bamboo producers is insect and fungi attack, which can destroy bamboo in a relatively short period. One of the main threats faced by bamboo product producers is the "Powderpost Beetle". Its damage is recognisable in the form of a talcum-like yellowish powder and small holes in the area of the nodes and along the internodes.

This kind of blemish is unattractive, even if no structural damage is evident. This results in decreased sales as consumers lose confidence in the product. Bamboo producers are using various methods to try to prevent attack, ranging from leaching in water, smoking and lime washing or even chemical treatments using petrol and other unhealthy substances. Very often these methods are not sufficient and

the beetles attack anyway after a few months. Some methods are toxic and dangerous, so they should not be practiced.

Based on its experience in Indonesia and Thailand, SNV has facilitated demonstrations and training for villagers on pesticide resistance treatment by using Timbor²⁸ and/or a mix of borax and boric acid imported from Thailand. These natural salts are generally considered to be not much more toxic than table salt and are effective in preventing insect damage. The treatment process involves dipping bamboo poles in a water-borne solution for several days. A Lao manual on the use of the compounds has been developed and distributed to various projects and provinces.

28. A commercial wood preservative that works as an insecticide and fungicide derived from natural borates, compounds from deposits produced by the repeated evaporation of seasonal lakes, generally considered to be not much more toxic than table salt

Intervention 2: Empowering Producers through the Emergence of Community Leaders

Traditionally, communities have had limited power to negotiate product prices with traders or legislation with local authorities. Communication is usually one-sided or top-down since communities are neither perceived as equal partners nor able to act professionally on their own account.²⁹ Hence, empowering producer groups through the emergence of community leaders has been one of the SNV priorities. Local leaders have had the opportunity, through a wide range of training, to enhance their leadership, management, communication and negotiation skills. They now play a crucial role in linking groups with traders and the government and are better able to defend communities' in-

terests. They are also responsible for mobilising producers and disseminating information about markets or village rights with regard to natural forest management.

Links between traders and producer groups have been established through the programme. Empowered producers are better able to negotiate with traders. However, access to market information at the producer level remains limited. Producers mainly depend on trader information and some traders may be tempted to take advantage of this situation. To prevent this, SNV intends to facilitate information sharing between producer groups by organising peer-to-peer exchange.



SNV Lao PDR

Besides enabling producers to share their experience and information about prices, the exchanges are meant to contribute to the design of a plan of action based on the main issues faced by producers and key areas for future SNV intervention. Dialogue between traders and producer groups will also be strongly encouraged. The objective is to build trust between these actors by making them realise that their activities are interdependent.

29. SNV and GRET, EU Proposal : Support to the implementation of the Houaphanh Province Bamboo Sector Development Strategy, 2010

CASE STUDY 5

Strong Leadership: A Guarantee of Success

Mr. Livone is a primary school teacher in Houakang village in Xam Neua District, Houaphanh Province. He was unable to provide for his family's needs on his teaching salary, so he supplemented his income by making wooden furniture. In 2010, he heard about the SNV bamboo programme and came to request support. "I wanted to switch from wooden to bamboo furniture production. Producing bamboo furniture requires less investment since the raw material is easily available around the village and can be collected for free," he says. Since receiving training in June 2010, Mr. Livone has acted as a promoter and plays a central role in mobilising potential producers in his community. His intervention is crucial since most people in his village belong to the Hmong ethnic group whose first language is not Lao. Mr. Livone has succeeded in convincing 12 other households to join the programme and a group was created in November 2010. His communication skills and his experience in furniture production make Mr. Livone ideally placed to lead and successfully manage the group. The Houakang Village group is organised into three units. Producers from each unit gather to work together, which facilitates experience sharing. Unit leaders ensure that quality standards are harmonised among the group. Simple market testing informs the establishment of a yearly production plan.

New products are displayed along the road to test clients' taste. "Before producing a product in larger quantity, we first want to know if we can sell it easily," Mr. Livone says. Regular meetings are then organised to discuss the main difficulties faced by the producers and to assess the progress made in achieving production targets.

In addition, Mr. Livone has a high sense of initiative. "I asked two members to visit Ban Napo, a neighbouring village producing bamboo furniture. We can learn from others' experiences," he says. Mr. Livone is also thinking about developing a simple product development manual that could be distributed to the villagers. Strong leadership seems to be a guarantee of success. Leaders are actors of change who are able to mobilise people around a common objective.



SNV Lao PDR

Intervention 3: Building Capacity in Natural Resource Management

Rural communities are aware of the progressive depletion of natural bamboo forests. However, they do not have sufficient incentives or knowledge to sustainably manage these resources. Since 2008, SNV, with GRET, GDA and WWF has been working to raise villagers' awareness of sustainable harvesting in Houaphanh Province and Sangthong District in Vientiane Capital. Field training has been provided and forest management demonstration plots have been set up.

In addition, SNV has contributed to the development of community-based forest management plans. The design of these plans is the result of a constructive participatory process involving both communities and government. This process led to the establishment by communities of specific rules on bamboo harvesting and to the creation of bamboo village committees in charge of enforcing these regulations.

By securing villagers' access to land – through the development of communal land titles – SNV has also created new incentives for sustainable management. Villagers are more likely to invest in land and to preserve natural resources if they are sure that the land is theirs to keep.³⁰

Bamboo harvesting is regulated by several laws.³¹ In an effort to protect the regeneration of bamboo forests, a Prime Ministerial Order was passed in 2001 that created a closed sea-

son from 31 May to 31 October, during which bamboo cannot be cut. The government also has the capacity to issue short-term decisions to protect resource sustainability. For example, in 2009 authorities in Houaphanh Province issued an order to halt bamboo shoot harvesting based on the belief that bamboo stocks in the forest were declining.

Developing forest management plans is a way to demonstrate that communities are able to effectively and sustainably manage forests while exploiting their resources for commercial purposes. The successful implementation of these plans may lead to the revision of the restrictive policies currently regulating bamboo collection and commercialisation.

As well as forest management plans, bamboo plantations have been established by GRET in Houaphanh Province. Plantations are seen as a way to secure villagers' access to land and to provide them with long-term income. Different kinds of land can be used for bamboo plantations, with agricultural land being the main one. Plots have been allocated to farmers by village authorities and households have received temporary "land parcel use rights". Farmers then have three years to demonstrate their capacity to properly and sustainably manage their plot. If successful, they can obtain a permanent land title.³²

30. [See case study 2](#)

31. [Prosperity initiative, Bamboo Policy Assessment, A Review of institutional and policy issues that structure bamboo industrialization in Houaphanh Province, Lao PDR, 2010](#)

32. [GRET, securing Land-use right for farmer involved in trade-oriented bamboo forest management and plantation, factsheet no 2, 2010.](#)

Intercropping experiments are also being conducted by GRET in several villages in Viengxai and Sobbao Districts in Houaphanh Province. According to forestry regulations, farming cannot take place in forest areas but bamboo plantations can be established

Strengthening the capacity of communities in natural resource management is a

long-term process. SNV is currently exploring the possibility of working on these issues with the Sustainable Forestry for Rural Development project (SUFORD)³³ in Med and Xanakham Districts, Vientiane Province.

Further interventions will be based on the lessons learnt in Sangthong District and Houaphanh Province.

BOX 10

The Development of Bamboo Plantations in Houaphanh Province



Céla Hitzges

In 2008, GRET conducted a participatory assessment of bamboo sector development opportunities in Houaphanh Province and recorded a strong willingness from farmers to start bamboo plantations. Since then, GRET

has supported about 20 villages in establishing plantations, providing them with technical assistance and inputs such as seedlings and fencing. Study tours to Thanh Hoa province in Vietnam have been organised, enabling farmers to strengthen their capacity in pest management, soil management, nursery preparation and intercropping practices. Nurseries have also been set up. Some of the seedlings are used by farmers to expand or improve their own bamboo plantations, reducing their dependence on external suppliers. The remaining seedlings are sold to provide additional income for the villagers. This extra income enables farmers to bear the costs of investment related to the bamboo plantation. Because it takes three years before the first bamboo poles are ready to be harvested, no income has yet been generated from the plantations.

33. SUFORD is a multilateral cooperation project between the Government of Lao PDR, Finland and the World Bank, whose main purpose is to institute nationwide systematic forest management

III - Private Sector

Intervention 1: Strengthening Links with Producers and Collectors

Trade relations in the Lao bamboo sector are limited and often informal. Bamboo products are mainly used for household consumption and sales are mostly occasional. Linking producers and traders is a real challenge. SNV had to start from scratch in Houaphanh Province and Med District, Vientiane Province, where no or only opportunistic traders were operating. Poor road conditions and remoteness result in high transportation costs, which discourage traders from investing in these areas. The SNV Bamboo Programme has contributed to establishing relationships between producers and emerging traders. The formation of groups has significantly simplified traders' work by creating a centralised system. Traders now ideally deal with one representative per village and collect all the products at the same time. Trade between producers and traders is regulated by verbal agreement,

with producers receiving regular orders with specific quality standards set for each product. Quality is then controlled at the time of the purchase and traders can refuse to buy products that do not meet size or quality standards.

The Bamboo Programme focuses not only on traders but also on factories. SNV aims to establish fair links between bamboo pole collectors and factories by promoting inclusive business models. Under the current system, factories have difficulty in securing their supply since there is little incentive for villagers to collect bamboo poles. Moreover, villagers' commitment is often limited. Rice farming is usually their main activity and bamboo pole collection is only perceived as an additional and occasional source of income. SNV's objective is to give villagers a sense of responsibility while encouraging factories to create financial incentives for collectors.



CASE STUDY 6

Building Trust with Producers: The Story of Mr. Kamleck in Houaphanh Province



Bart Verweil

Mr. Kamleck, former Deputy Head of the Industry and Commerce Department of Houaphanh, is a bamboo handicraft trader in the province. He started his business from scratch with SNV support. "I heard about the SNV Bamboo Programme when I was still working for the government. I was immediately convinced by its potential. SNV needed someone to give a hand so I grabbed the opportunity. My objective is to run a profitable business while contributing at the same time to improving villager's living conditions in my province" he says. In October 2010, he set up the Phoxai Company and engaged with SNV as an LCB. Since then, Mr. Kamleck has been combining the role of trader with that of local coordinator in the bamboo programme, promoting handicraft production in his province. Among his responsibilities, Mr. Kamleck is in charge of raising awareness of the programme among communities and has been fully involved in the formation of producer groups.

He says: "Group formation is crucial. From the programme perspective, it facilitates the organisation of trainings and the provision of services to producers. It also benefits my business since producer's performance has improved." Since 2010, Mr. Kamleck, together with local service providers,³⁴ has also assisted producer groups in developing new products. He plays a central role in identifying market opportunities and disseminating market information at the producer level. In addition, he encourages the producers to improve the quality of their products. A simple quality control system has been established. "I bring to the villagers a sample product so they can reproduce it. A written agreement regarding the product size is also made," he says. In some groups, quality remains an issue but Mr. Kamleck's objective is first to support producers. "In the villages which have recently joined the programme, I always buy the products even if the quality is low. It is like an incentive. I want to encourage them to continue and to improve," he says. Finally, Mr. Kamleck provides producers with deposits to make sure they will not sell the products to anyone else. This contributes to building trust with producers and provides a basis for future agreements. Within one year, Mr. Kamleck has succeeded in establishing strong and fair relationships with producers and has shown a high commitment to working closely with them.

34. [See case study 4](#)

CASE STUDY 7

Linking Producers to Markets: The Role of Ms. Thongdeuane in Med District

Med is a mountainous district in the west of Vientiane Province. The infrastructure of the district is poorly developed and most roads are inaccessible during the rainy season.

As a result, trading activities remain limited and communities have few opportunities to sell their products.

Before the programme started in May 2011, bamboo handcraft trading was non-existent. Since then, SNV has succeeded in linking producers with the market by identifying a trader interested in buying products from Med. Ms. Thongdeuane has been trading bamboo items since 2000 from her town in Viengkham District, Vientiane Province. She used to collect handcraft products from only two villages located nearby. When she heard about the programme in 2011, she decided to scale up her activities to three new villages in Med District. Besides being a trader, Ms. Thongdeuane is also a trainer. She provides, with the support of three assistants, monthly training sessions for about 65 households. She says, "Providing training is time-consuming but it is a valuable investment. By doing so, I am sure that villagers can produce high quality products." Quality is crucial for Ms. Thongdeuane since her main customers are companies exporting to Europe. International quality standards have to be met. In just a few months, significant results have already



Cécilia Hiltzges

been achieved. Ms. Thongdeuane has ordered simple products – mainly tea boxes – from the villagers for a total of 9 million kip. Villagers are now interested in producing more challenging items and in organising themselves into groups.

BOX 11

Facilitating Producers' Access to Financial Services: A Micro-credit Initiative in Sangthong District

The Bamboo Traders Association (BTA) was established in 2004 by Sangthong District authorities and currently consists of eight members. In 2006, BTA, under the supervision of the DIC, contributed to the formation of small bamboo producer groups. Since 2008, BTA has benefited from strong support from GDA and SNV, expanding its network from 2 to 17 villages.

In 2010, the Netherlands-based organisation, Micro-credit for Mothers (MFM),³⁵ offered to help BTA provide micro-credit services to women. This led to the submission in 2011 of a proposal jointly developed by BTA, GDA and SNV. According to this proposal, 1 million kip loans will be offered to 199 women involved in project activities. Loan conditions include an interest rate of 1.5% per month and a repayment period of 6 months. The administration costs linked to the management of the fund will be financed by the money generated by the interest rate payments. Once reimbursed, the initial capital will be sent back to MFM or used to set up a bamboo development fund, according to the donor's wishes.

The MFM fund is being co-managed by GDA and LWU in its first phase, since BTA does not have any experience in this field.³⁶ Measures are taken to ensure that MFM credit is properly used, and a monitoring system has been devel-

oped based on experience previously gained by GDA and LWU.

In 2006, both organisations participated in the creation of village development funds in Sangthong District but met with little success. Most households used the money they borrowed to meet their basic needs rather than to invest in income generating activities. Hence, many were unable to repay their loans. To avoid similar difficulties, simple business plans are being developed with producers who are interested in borrowing money. Monthly meetings will also be organised by GDA and LWU to prevent any repayment difficulties.

In 2011, thanks to MFM support, 73 women will be able to invest in their businesses and expand their activities by purchasing tools and materials. BTA will also benefit from this initiative since productivity increases and product quality improvements can be expected. The system also contributes to building trust with producers. Finally, by being involved at all stages of the process, BTA is building its capacity to manage similar funds in the future. If successful, the initiative, which is currently targeting 11 villages, will be expanded to all 17 villages involved in the bamboo programme in 2012, while providing year-long loans.

35. <http://www.microkredietvoormoeders.org/en/enproj/enpBBSWI1.htm>

36. See Boxes 2 and 5

While links have been established between producers and traders, these relationships remain informal and dependent on the goodwill of both parties. Agreements are still verbal since producers are reluctant to establish contracts. It is difficult for villagers to plan their production capacity and they do not want to set contracts if they are not sure they can meet their terms and conditions. Delays in product delivery are frequently observed and these affect the trust of traders in the capacity of producer groups to be reliable partners. Building trust requires time

and effort. Traders involved in the programme are carefully selected by SNV according to different criteria. Business skills are not sufficient: traders must also show social responsibility and long-term commitment. In the same way, producers have to demonstrate a strong willingness to improve their performance and to work with traders. SNV will focus its efforts on strengthening producers' and traders' business capacity. Ideally, business plans and production plans recording the obligations and commitments of both parties will be established systematically.



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Intervention 2: Business Skills Development and the Identification of New Markets

A lack of business and management skills has been identified as a major constraint, preventing traders and factories from building strong and sustainable businesses. So far, SNV's interventions have mainly focused on producer group formation and strengthening. More attention will be given to the private sector in the next phase of the programme. In September 2011, both producer groups and traders in Houaphanh and Luang Prabang had an opportunity to attend a business training session organised by the Lao Development Network (LDN) and to develop simple business plans. Additional training will be provided, covering several topics, including negotiation

skills, marketing and basic entrepreneurial skills. Besides capacity building activities, SNV plays a crucial role in disseminating information and encouraging traders' participation in exhibitions and trade fairs.

Moreover, SNV assists traders in conducting market surveys and identifying new market opportunities. Since May 2011, SNV has also been working closely with factories in Xanakham District, Vientiane Province. A training needs assessment has been conducted and this will lead to the creation of tailor-made business management skills development courses. Special attention will be paid to inclusive business plans, production plan development and negotiation skills.



Martin Greijmans/SNV

BOX 12

New Market Opportunities in Luang Prabang: Bamboo and Construction – the Material of the Future?



Boulay Oudornvithay/SNV

The Luang Prabang economy is mainly driven by the tourism sector. Its growth has led to the development of tourism infrastructures such as hotels, resorts, guesthouses and restaurants. With the new market opportunities for bamboo-related products in mind, SNV, with a local guesthouse, initiated the construction of a bamboo house in May 2011. Eco-tourism and green concepts have become strong selling points and the owner of the guesthouse hopes through this initiative to differentiate her business from

the competition and to attract new clients. To carry out the project, SNV organised a 10-day training session for local builders from Luang Prabang and Houaphanh with previous experience in wooden house or bamboo construction.

Bamboo could be a good choice of material for environmental-friendly construction in the future. Large diameter Bamboo species are easily accessible in Luang Prabang Province. The bamboo house has already been booked by tourists.

BOX 13

The Luang Prabang Bamboo Exhibition

Peter Livermore



In December 2010, SNV, together with the DIC and the Luang Prabang Handicraft Association, organised a bamboo fair in Luang Prabang to build awareness of the value of bamboo and to boost the bamboo sector in the province. Among several activities at the exhibition,³⁷ traders from Luang Prabang, Houaphanh, Sangthong and Vientiane were invited to use stalls to sell their products and introduce new designs. The event attracted widespread attention from tourists, hotels, restaurants, tour operators, the World Heritage Office, architects, designers and various departments and local organisations.

Local people were also able to attend the event and to learn about the commercial value of bamboo. One said, "Usually, when I see bamboo, I cut and burn it to clear the land in

order to grow rice and other crops. But now I know that we can earn income from bamboo, I will bring it into the market." The exhibition was also a success for the traders, with sales amounting to approximately USD 4,000 being made in a short period. Sellers also had the chance to test their products and to collect information on buyers' preferences, the quality they require and the price they are prepared to pay. Traders received purchase orders totalling USD 24,000.

Exhibitions are powerful communication tools for the promotion of the Lao bamboo sector. By organising and supporting this kind of event, SNV also helps to link traders with markets. They are also an occasion for traders to exchange market information and product design ideas.

37. [Oudomvilay B., Luang Prabang Bamboo Exhibition 2010 – case study, 2011](#)

BOX 14

Get Ready 4 ITECC

The Lao Handicraft Association (LHA) has been promoting Lao handicraft products through various activities for the last 10 years. The 2010 annual Vientiane Lao Handicraft Festival (LHF) has been one of the most successful campaigns to encourage local producers, and craftspeople come from all over the country to share traditional Lao crafts with local, regional and international customers. The LHF provides local producers with the opportunity to establish trade relations and thereby increase their income and improve livelihoods. Although the LHA has been attempting to promote Lao products and culture, handicraft producers remain weak in promoting their products and building market links.

LHA, with support from SNV, SUFORD and Lane Xang Mineral Limited, organised one seminar each in Xiengkhouang and Champasack Provinces to raise awareness of the purpose of the LHF among selected members of handicraft producer groups and Lao handicraft businesses. The seminars focussed especially on providing information on current market needs, product

Capacity building is a long-term process that requires the strong involvement of both SNV and the private sector. The inability of some traders and factories to develop a long-term vision remains a major constraint. If profits are not high enough in the first few months, some traders are tempted to abandon the



First prize at the 2010 Lao Handicraft Festival for best bamboo handicraft product from Houaphanh

quality, size, colour and design, and customer contacts. Participants were able to share their experience on how to interact with customers and how to ensure their products are fit for sale at the LHF. They also learned new marketing and business skills in developing product profiles, pricing, exhibiting products, packaging and transportation services to attract customers.

For the tenth LHF (19-23 October, 2011 at the Lao International Trade Exhibition and Convention Centre) participants were advised to send delegates with knowledge of marketing, or who are producer group leaders or designers to attend product demonstrations.

scheme and to start another business. By strengthening networking and trader associations, SNV intends to develop a sense of responsibility among traders and to facilitate the development of joint business strategies, to ensure economies of scale are made and to develop more efficient operations.

Intervention 3: The Promotion of Networking

SNV has been encouraging the formation of trader groups and associations in the bamboo sector for several years. When the Bamboo Programme started, there was only one association: the BTA in Sangthong District. Since then, several groups have been formed. Six traders in Houaphanh Province have created

an informal network with the aim of facilitating information sharing among its members. Five factories in Xanakham District have also decided to work closely together. In this way, these factories intend to enhance their capacity to negotiate with the government and investors on an equal footing.



BOX 15

The Bamboo Traders Association

The BTA was established in 2004 by Sangthong District authorities. The main objective was to facilitate the issuance of import-export licenses by the government. At that time, there was no real intention from traders to work together. The group was institutionally weak and collaboration was limited. In 2006, the number of group members increased from four to eight and a common understanding was slowly developed among the traders. Working as a group was regarded as a way to avoid competition, to simplify tax procedures and to increase benefits. In 2008, SNV contributed to strengthening BTA's internal organisation. Since then, tasks have been clearly divided between the members. The BTA president and two deputies are responsible for the overall management and administration of the group. An accountant has been appointed and two members are in charge of domestic and international marketing, respectively.

The BTA has strongly reinforced its relationship with producers and has reached new markets. Before being involved in the programme, BTA used to only export simple handicraft products to Thailand, such as drying mats, chicken coops and joss sticks. The group is now focusing more on the domestic market, and trading a wide range of products in Lao PDR, such as furniture and higher-value handicraft products. In 2010, BTA initiated fund raising activities by selling 10,000 shares of 10,000 kip each. To date, 5,000 shares have been sold to members and small investors at the district level. The purpose of this initiative is to increase the organisation's capital for investment and to create a sense of ownership among members and investors. In just a few years, BTA has significantly improved its performance. Between 2008 and 2010, the Group's profits increased by approximately 38%. The BTA shows how group formation can benefit both traders and producers.

Besides group formation, SNV also supports the development of networks between traders from different provinces. Exhibitions and study tours enable traders to meet each other, share market information and explore new market opportunities.

CASE STUDY 8

Bamboo Trader Study Trip and Network Dialogue



Martin Greijmans/SNV

Ensuring that expansion of the producer network in the bamboo programme is sustainable requires more than secured orders from traders; more important is the direct involvement of traders to provide the right type of market information in supporting product development and expansion. This fact formed the basis for the organisation of a study tour of 14 provincial traders from Houaphanh, Luang Prabang, Xiengkhouang and Vientiane Provinces to visit producer groups in Houaphanh and establish dialogue meetings with producers and amongst traders themselves. Traveling together to meet producer groups and discussing trade issues provided participants with an opportunity to get to know each other's trading practices. More important, however, was learning about producers' expectations and what traders can do for producers in terms of strengthening trade relations.

Key issues were discussed in a meeting with traders, including possible strategies to overcome constraints, one of which is how to employ "Fair Trade" principles to benefit a national

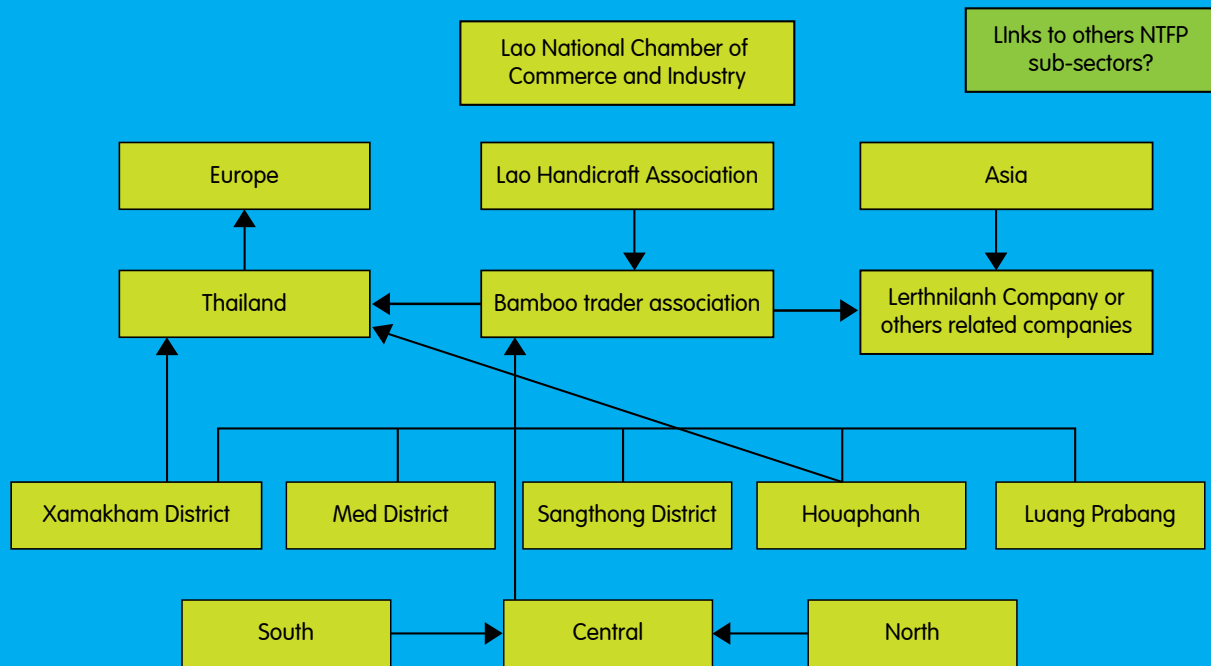
bamboo trade association. Traders were challenged to think about their current trading network, how it works and what constraints they most need to overcome in order to develop the bamboo sector and target export markets.

As an outcome of the event, SNV helped traders to develop an action plan based on priority issues. A series of market chain maps based on surveys were developed showing provincial trading systems and trading between provincial traders. During the event Houaphanh producers sold their bamboo products to visiting traders for a total of 7,776,000 kip (about USD 1,000). As well as giving good feedback on the originality and high quality of their products, traders also gave them advice on how to further improve their products.

Elements of a possible trade network vision

- **Scope:** A range of high-quality, in-demand bamboo products from a wide range of value chains (such as bamboo shoots, handicrafts and chopsticks) benefit from an established market information system
- **Organisation:** Traders, factories and producer groups have a strong trade network and are organised in associations and/or cooperatives
- **Efficiency:** Standardised, transparent and organised production and business procedures, including product codes and branding, resulting in export-ready products
- **Promotion:** Exhibition and promotion strategy to attract new markets

Overview of Potential Future for a Lao Bamboo Trading Network System



Points raised by traders

Suggested improvements raised by traders during the network dialogue

Product development

- *Quality improvements, especially with regard to insect attack*
- *Standardized products*
- *Quality control by producer group*
- *Identify products that provide good income in relation to time invested*

Business attitude

- *Agreement on product standards is necessary*
- *Understanding business practices, for example the principal of the break-even point*

Trader groups

- *Group functioning and regulations should prevent unnecessary competition*
- *Improve efficiency in the value chain*
- *Improve marketing skills*
- *Establish a marketing information system*

Suggestions from traders

- *Important to develop a strong network between producers and traders*
- *Involve producers in meetings*
- *Conduct annual trader meetings*

BOX 16

Trader Network Strengthening: Ms. Thongdeuane's Initiative

Every year, Ms. Thongdeuane, a trader in Vientiane Province,³⁸ receives large orders for bamboo product boxes through the Lao Farmer's Product (LFP) company from Swiss and Italian traders. In 2011 she received an order for 90,000 bamboo tea and cookie boxes to 15 specified designs with a value of USD 22,000 from LFP. The order was divided between two villages in Viengkham district, three villages in Med district (Vientiane Province) and three villages in Sangthong, Vientiane Capital. The products had to be delivered by the end of September 2011. Ms. Thongdeuane informed

Houaphanh traders that they could take part in future orders. Designs and sizes could be shared upon request, and specific training needs were to be provided in order to meet the quality standards required by European clients. This initiative is a good example of potential collaboration between traders and shows how a trader network can be strengthened and expanded.



Bart Verweij

The foundation of trader associations is still at an early stage. Trust has to be built between traders who are reluctant to work together. Besides BTA, cooperation among traders remains limited to information sharing. Traders

do not always see the benefits of working as a group. However, the example of the BTA is starting to inspire other traders and recent initiatives such as Ms. Thongdeuane's are promising.

38. [See Case Study 7](#)

BOX 17

Investing in Houaphanh

In the final stages of the analysis of the value chain in Xanakham District, SNV and EDC visited Mr Payboun's Xiengkhan bamboo factory³⁹ in Loei province in Thailand. Mr Payboun was briefed about the Houaphanh Bamboo Strategy⁴⁰ while discussing options for further development of activities with SNV in Lao PDR. This attracted his interest and he has since paid numerous visits to chopstick factories in Houaphanh and Thanh Hoa (in Vietnam). By September 2011 he had started investing in

a chopstick factory in Viengxai district, while introducing modern machines to scale up production and reduce inefficiency. Although the province is remote, co-investment seems feasible for this Thai factory owner who buys 20% of his bamboo supply through brokers in China and Vietnam. SNV will work to resolve further issues constraining sector growth to ensure that investment will pay off for all parties involved, including communities supplying bamboo stems to factories.⁴¹



SNV Lao PDR

39. [See Case Study 1](#)

40. [See Box 4](#)

41. [As presented in Case Studies 1 and 2, and in Boxes 6 and 8.](#)

When engaging in value chain development, there is a need to focus on the whole chain, from raw material production to consumer markets. Changing demands and preferences must always be considered, such as Fair Trade certification and new initiatives like REDD+, which are bringing new rules to the game of supply and demand. A global demand for improved chain transparency and good governance is meant to safeguard environmental and socio-economic sustainability.

SNV's approach towards pro-poor value chain development fits this ambition well, but it means that engagement in new areas should always be embraced. This chapter addresses some of the urgent issues and challenges mentioned so far, and looks at trends and new emerging opportunities. By considering these challenges and opportunities, SNV intends to diversify and provide an even more comprehensive approach to developing a pro-poor bamboo sector in Lao PDR.

Towards a Revision of the Legal Status of NTFPs in Lao PDR?

The management of NTFPs, including bamboo resources, is currently regulated in the same manner as timber resources. Quotas for harvesting NTFPs are set at national level in the same way as for trees. This ignores the specificity of different NTFPs. Bamboo's physical properties, in particular its rapid renewability, should be taken into consideration in the design and review of the current

policy regarding bamboo resources. Discussions need to be opened on whether the current legal provisions provide sufficient scope and flexibility to allow for optimal bamboo management, which is quite different from mainstream forest management. The examples of China and Vietnam⁴² should be considered: bamboo should perhaps be managed more as an agricultural crop than a timber resource.

With the approval of communal land titles for forest land, authorities will be further requested to provide clear managerial and financial guidelines. An instruction to allow for (temporary) exemption of taxes on land, natural resources and income is a crucial incentive if communities are to invest in this land. Tax exemption for poor communities could be seen as an effective poverty reduction tool. Policy reform is a long term-process. However, by raising these issues, the Bamboo Programme aims to initiate a debate on NTFP status in Lao PDR.

Encouraging the Emergence of Associations and Cooperatives⁴³

The recently approved Decrees on Associations (2009) and Cooperatives (2010) provide a legal back-up and guidelines for farmers and business operators nationwide to form production groups. The concept of cooperatives is not new in Lao PDR. In 1975, the Lao People's

42. [Oxfam Hong Kong, International Finance Corporation - Mekong Private Sector Development Agency. Mekong Bamboo Sector Feasibility Study. Enterprise Opportunities Ltd, 2006](#)

43. [SNV, Non State Actors and Local Authorities in Development: AFP sector concept idea, 2011](#)

Revolutionary Party actively promoted collective production as part of its centrally planned economic policy. However, these models of collectivisation provided little space to farmers to decide and plan for agricultural production. Groups had to follow the government's production plans and had limited freedom in running their businesses and producing goods in line with market demand. Besides, cooperative farm members had to share land and tools, so there was little opportunity for individuals to own a production unit and plan for its operation.

In 1986, the government decided to abolish the collective farm system after realising its goals had not been achieved. This decision paved the way for individuals and the private sector to run businesses in accordance with market demand and led to the emergence, through project interventions, of diverse scattered farmers' organisations.

In recent years, new challenges have arisen in Lao PDR, encouraging the government to promote the formation of cooperatives. The intensification of agriculture to enhance food security requires the development of agricultural extension services, and a progressive move from subsistence to commercial agriculture necessitates the development of links with markets. In addition, the lack of empowered farmer organisations and small enterprises is still resulting in a weak economic sector since issues hampering its growth cannot be solved. Finally, regional and global integration can only be achieved if Lao PDR is able to meet international market and product norms and standards (for example, fair trade and organic production).

The creation of cooperatives is seen as a way to promote and empower the emerging Lao rural civil society, giving it the lead in developing "home grown" poverty reduction and sustainable development strategies. This process is fully in line with SNV's objectives and will be strongly supported. Huge provision of capacity building and facilitation will be needed for local organisations to be able to engage in a dialogue with the state to overcome the numerous constraints currently hampering the development of cooperatives.

A range of challenges have already been raised in the cases presented in this document. Major bottlenecks identified include the limited understanding among farmers and small enterprises of the benefits of forming producer groups, cooperatives and associations, and the inexperience of these actors in developing and managing meaningful relationships between chain actors and policy makers. This process of change will require important mind-set changes and the reallocation of roles, functions and opportunities of the government, farmers and entrepreneurs.

Facilitating the creation of bamboo handicraft and furniture producer groups and trader associations is a first step towards developing cooperatives. By mobilising local actors and promoting community-based business models, the SNV Bamboo Programme is contributing to the emergence of an empowered rural civil society in Lao PDR. The strengthening of producer and private sector capacity in product development, business management, communication and ne-

gotiation and service provision aims to develop a strong agri-business sector able to operate in a competitive and global environment.

The involvement of the government in many project activities is expected to facilitate the mind-set changes necessary for the development of independent, efficient, sustainable and self-functioning associations.

Through its Bamboo Programme, SNV intends to fuel the national dialogue on cooperatives and to develop a set of tools that can be used in other sectors.

Bamboo Handicraft Product Certification and Export⁴⁴

SNV's ambition is to enable producers to reach international markets in the medium term. Certification is a powerful tool with which to draw foreign customers' attention and to enter niche markets where clients are ready to pay premium prices for certain products. "Certification" is defined as a procedure by which a third party gives written assurance that a product, process or service conforms to specified standards.

Certification is still in its initial stages in the Mekong region. The most striking example is Vietnam, which is one of the major worldwide exporters of Forest Stewardship Council (FSC)-certified furniture.⁴⁵ The government of Vietnam has played a crucial role in promoting certification as an answer to stricter regulations in the European Union and the United States on the

legality of timber products. In Cambodia, a large number of organisations selling products branded "Made in Cambodia" have recently emerged with the development of the tourism sector and the support of a multitude of INGOs. In Lao PDR, only a few initiatives have been led. WWF and SUFORD are supporting rattan and timber product producers in obtaining FSC certification after establishing export markets. Only a few organisations have engaged in fair trade by becoming members of the World Fair Trade Organisation.

A reputable independent third party is required to conduct the evaluation to ensure the objectivity of certification. This process is often expensive, detail-oriented and tedious; tedious because a number of measures have to be taken in the production process to guarantee compliance with standards, and expensive because these measures involve costs and because the process itself has to be financed by the organisation seeking certification. Hence, certification in the bamboo sector in Lao PDR is closely linked to the formation of cooperatives, since producers at the village level, single traders and retailers are unable to bear the cost of such procedures independently. Addressing this issue before starting any certification process is imperative.

Organising better production according to standardised procedures and improving product quality are also priorities. The first steps have been made with the formation of producer groups, but many challenges remain. Production is still scattered and quality is unequal between the producer groups. Insect damage is also a major

44. Ukkerman, R. Bamboo handicraft products - fair trade/ marketing study, 2010

45. [FSC certifies sustainable forest management according to strict environmental and social standards.](#)

threat to be solved. Transparency and good governance in managing natural resources involves consideration of the rights of the communities that use these resources. Ensuring the sustainable harvesting of bamboo and NTFPs is also essential for the achievement of product certification. The case of Sangthong shows one way forward in communal land tilting.⁴⁶

SNV will focus on bundling its activities on sustainable management, user rights, product development and cooperative or association formation, with the aim of exporting certified bamboo products by 2014.

As the example of Vietnam shows, the strong involvement of the government is necessary to achieve this objective. SNV is working to raise the government's awareness of the opportunities of fair trade. SNV is also advocating for the development of an enabling environment that creates favourable conditions for export to international markets. Procedures are currently cumbersome, time-consuming and costly, preventing producers and traders from exporting. A study of the rattan and bamboo product exportation procedures has already been conducted and a consultation workshop has been organised. This process will be closely followed up by SNV.

Beyond Bamboo: REDD+?

Bamboo is not classified as a tree and as such it has to date not been recognised as a carbon sink under Reducing Emissions from Deforestation and Forest Degradation (REDD+). The acceptance of bamboo for afforestation/refor-

estation under CDM⁴⁷ contracts is a first step towards the recognition of bamboo's potential to sequester CO₂ and may lead to further opportunities for bamboo to be considered in the global climate change debate. Well-managed bamboo resources offer excellent opportunities for environmental sustainability and contribute to poverty reduction.

For REDD+ credits to be allocated there must be a clear demonstration of carbon storage based on bamboo-specific carbon assessment methods and parameters, and clear land and carbon tenure arrangements have to be in place. Bamboo, as a wood substitute and as

BOX 18

REDD+ is an effort to evaluate carbon stored in forests by offering payments for curbing trends of degradation or deforestation or enhancing carbon stock in forest areas. Forest managers protecting instead of destroying forest can claim credits from international voluntary carbon markets for the effective reduction of CO₂ emissions. These payments would function as an incentive for improving forest management and compensate for investments and opportunity cost related to adapted practices.

The architecture of REDD+ is still the subject of international debate, and national and local REDD+ implementation systems are being piloted. Land tenure is of critical importance for claims to carbon credits based on fair and equitable benefit distribution systems.

46. See case study 2

47. Clean Development Mechanism, a Kyoto Protocol mechanism to assist developing countries reducing their greenhouse gas emissions

a component of agroforestry systems, might reduce pressure for deforestation and forest degradation and contribute to carbon conservation and enhancement.

From this perspective there are two ways that bamboo can play a role in generating carbon credits:

- 1. Direct carbon sequestration, as managed bamboo can be an effective carbon sink that out-performs some fast growing tree species. Managing bamboo involves the annual, sustainable and selective harvesting of stems, which are turned into products that can hold carbon for many years. The increasing popularity of durable bamboo products ensures that for the foreseeable future, productive bamboo systems can be considered a carbon sink. Additionally, bamboo is increasingly becoming a competitive substitute for tropical timber and as an energy source, which can potentially stimulate changing (and improving), forest management practices.*
- 2. Indirectly, by offering communities alternative and locally appropriate income opportunities to sustain their livelihoods, substituting unsustainable shifting cultivation practices for engagement in the bamboo value chain.*

Case study 3 shows that income from bamboo products obtained from natural forests can be more profitable than engaging in shifting cultivation, and Case Study 2 demonstrates that communities are able to manage forest sustainably,

thereby convincing the government to allocate communal land titles over these forest areas.

Direct access to REDD+ carbon credits from sustainably managed bamboo forests is not yet possible, but strong lobbying is taking place that may lead to international policy change in this regard. The bamboo sector today offers multiple economic and environmental opportunities, and potential access to carbon credits may be an additional stimulus for sustainable bamboo management. A guarantee of carbon credits from bamboo can, however, can not be given.



SNV Lao PDR



Conclusion

The strength of the SNV Bamboo Programme is based on its purpose and its original approach. Communities in upland Lao PDR remain among the poorest households in Asia. The selection of the bamboo value chain as a target sector has enabled SNV to reach some of the most vulnerable communities in Lao PDR, including ethnic minorities and women. Within a few years, SNV has succeeded in linking communities in three provinces – Vientiane, Luang Prabang and Houaphanh – and in remote areas of Vientiane Capital with markets, contributing to the improvement of their livelihoods. The SNV Bamboo Programme has, more than generating additional income, given a voice to the poor by participating, through group formation and technical and business skills development, in their empowerment. Communities are now regarded as equal and professional partners by the private sector and the government.

Applying a pro-poor value chain approach presupposes interventions at different levels of the chain, since all actors are interconnected. Hence, the SNV Bamboo Programme focuses not only on communities but also on the private sector and the government. SNV strengthens private sector business capacity and encourages the formation of trader and factory associations, with the aims of boosting the growth of the bamboo sector and promoting the development of inclusive business models. These initiatives are combined with activities at government level. The government has a crucial role to play in the development of

supportive business environments that are able to attract private investment.

The growth of the bamboo sector cannot be dissociated from environmental and land issues. Recognising the progressive depletion of bamboo resources due to overharvesting, shifting cultivation practices and commercial land concessions, SNV has made a point of building government and community capacity in sustainable forest management. In addition, an innovative and promising step was taken with the establishment of the first communal land title deeds in Lao PDR. Communal land titling allows communities to secure their access to land and can be used as a basis for sharing the advantages of any future carbon benefits and other environmental payment mechanisms.

SNV's core activity is capacity building. By involving LCBs in programme implementation, SNV fosters effective and sustainable local development and contributes to the emergence of civil society in Lao PDR. In the same way, SNV intends to strongly encourage the development of cooperatives as a way of supporting the emergence of an empowered rural civil society able to back a strong agri-business sector operating in a globalised environment.



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SNV works to avert food poverty by increasing the capacity of smallholder farmers, pastoralists and forest-dependent communities through innovative, market-based solutions to issues relating to market access and value chains, food security and sustainable production. In Asia, SNV focuses specifically on Value Chain Development and Inclusive Business in smallholder cash crops, and it has increasing interest in climate-responsive approaches and the inclusion of governance issues where relevant.

By the end of 2011, there were 12 ongoing SNV projects in Asia, with a total value of EUR 8.5 million, dealing with tea, spices, rice, maize, cassava, cashew nuts, fruit, vegetables, NTFPs, silk, bamboo, acacia, pangasius and shrimps. SNV works together with government partners, private sector organizations and companies, service providers and civil society organisations.

The Bamboo Programme is implemented with the support of the following donors and organisations:



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