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IFC Partners with Mekong Timber Plantations Limited to Strengthen Forest Plantation Sustainability in Lao PDR

Vientiane, Lao PDR, June 8, 2018 - IFC, a member of the World Bank Group, has partnered with Mekong Timber Plantations Limited (MTP) to provide advisory support to its outgrower plantation program that supports farmers engaged in sustainable plantation forestry businesses in Lao PDR.

Over the next 18 months, the IFC and MTP collaboration will consult farmers that are participating in MTP's existing outgrower scheme to develop a more robust and mutually beneficial second phase outgrower scheme. The scheme is important locally for having transformed underutilized and degraded land into productive use through a cooperative model.

"Under this cooperation agreement, IFC will assist MTP as it re-engages with outgrower farmers to assess the current system. Together we aim to introduce a comprehensive redesign that supports farmers by providing better market access and incorporating internationally recognized social safeguards," said Phongsavanh Phomkong, IFC's Head of Office in Lao PDR.

MTP is jointly owned by the New Forests Tropical Asia Forest Fund (TAFF) and the Government of Lao PDR, and manages 22,000 hectares of timber plantations in Bolikhamxai and Khammoune provinces. MTP launched in 2017 under new ownership control with New Forests' equity investment and seeks to re-invigorate operational management of timber plantations established under prior ownership, including a dedicated focus on strengthening cooperation and support to approximately 5,000 outgrower farmers. MTP's outgrower operations include approximately 5,000 hectares of plantations established under the purview of the plantation's prior owners starting in 2005.

"MTP welcomes advisory support from IFC, which will enable us to strengthen cooperation with our local stakeholders while enhancing the company's operating scale and efficiency, ultimately providing value to communities and our shareholders alike," said MTP's General Manager Nico Strydom.

IFC supports private sector forestry companies in developing countries, including Lao PDR, to establish viable business models involving communities, smallholders and supply chains. IFC's Forestry Investment Program supports the development of business models for community-based reforestation of degraded and underutilized land. The Forest Investment Program is a targeted multi-donor fund and program within the framework of the Climate Investment Funds.

About IFC

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In FY17, we delivered a record \$19.3 billion in long-term financing for developing countries, leveraging the power of the private sector to help end poverty and boost shared prosperity. For more information, visit www.ifc.org.

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About MTP

Mekong Timber Plantations (MTP) is a tropical hardwood plantation company responsible for a 24,000-hectare estate in central Laos, mainly in Bolikhamxay and Khammouane provinces. The company manages more than 18,000 hectares of planted eucalyptus and acacia trees with regional offices in Paksan and Songhong. MTP is jointly owned by the New Forests Tropical Asia Forest Fund and the Government of Laos.

The company aims to be a leading sustainable plantation forestry business in Asia, with a focus on higher value timber production for regional markets. Mekong Timber Plantations works with development and improvement of silvicultural methods and ensures the business meets international best practices for responsible forest management.

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