



WANG QINGXIAN

and equity investment in Fenglin, one of the country's largest medium-density fiberboard producers, for construction and operation of a plant producing fiberboard and related value-added products. The project will also establish over 13,000 hectares of fast-growing plantation forest, helping make the company's business more environmentally sustainable. Fenglin will be able to play a larger role in meeting the demand from China's furniture and construction industries, while increasing economic activity in one of the poorest areas of southern China. IFC has also invested in North Andre, a major apple juice producer in Shandong province; this will enable it to complete an expansion project by providing permanent working capital and a long-term loan, while benefiting thousands of farmers who supply its processing plants. In the Philippines, we continue to work with Manila Water, as this concessionaire serving eastern Manila develops a more integrated and sustainable approach to managing its business.

We also help build capacity for private enterprises and regulators, and funding for technical assistance in the region has more than doubled, to \$20 million, in the past two years. This assistance, much of it delivered by four regional facilities, is our main product in some smaller, more isolated economies. In Samoa, the Pacific Enterprise Development Facility is helping develop the venture capital industry, privatize infrastructure, and promote tourism development. In Laos, the Mekong Private Sector Development Facility has launched a forum to promote public-private partnership on improving the business environment. Our facilities in less developed regions of China and Indonesia are working on supply chain partnerships that benefit the environment (see box). This year IFC also assessed private sector investment opportunities in Timor-Leste and worked on a strategic business plan with a new microfinance institution in Papua New Guinea.

East Asia: Innovative Partnerships Address Environmental Challenges

IFC's technical assistance facilities are establishing relationships with civil society organizations to help private companies and entrepreneurs contribute more to sustainable development. Examples from our facilities in eastern Indonesia and China's interior demonstrate approaches that are friendly to business and to the environment.

In Indonesia, IFC-PENSA has established a sustainable supply chain program in partnership with the World Wildlife Fund and the Nature Conservancy; it creates market-based alternatives to illegal logging and other practices that are depleting tropical forests. A pilot program is promoting fast-growing acacia wood as an alternative to teak in furniture production. To test the market for acacia products, the program displayed samples from five manufacturers at a furniture show in Singapore in March 2005. Initial orders exceeded \$40,000, and inquiries continue. One company signed an exclusive deal to sell beds to the British market, while another received a 900-piece order for a product using acacia and bamboo.

IFC's China Project Development Facility has set up its own innovative partnership with the World Wildlife Fund, which is helping preserve critical natural habitat in northern Sichuan. The project, initiated by WWF, will help local farmers in Minshan develop sustainable farming as an alternative to illegal logging and the poaching of endangered monkeys and deer, in habitat that is also home to pandas. IFC is providing advisory services and additional resources to create pilots that can be used in an area with more than 500 villages. Our contribution includes helping identify products with a positive impact locally as well as good market prospects. For example, IFC is supporting a company that purchases honey, walnuts, mushrooms, and spices from local communities. Our support has helped attract the global retailer Carrefour, which offers a guaranteed price and provides display space for these products at its outlet in Chengdu. IFC's facility is helping reduce costs in this supply chain and increase product quality to meet the standards of a demanding international business. The project provides new income for local farmers, while Carrefour benefits by building ties to communities and offering unique Chinese products to local consumers.

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