

# AID-FOR-TRADE CASE STORY:

## BELGIUM

### GRAND PLACE VIETNAM

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**Region:** Asia

**Country:** Vietnam

**Type:** Expansion project of a private company

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### ANSWERED QUESTIONS

Vietnam-based company looking for funding to develop its activities.

Present since 1994 in Vietnam, Grand-Place is a manufacturer specializing in chocolate couverture and chocolate decorations. In 2007, GPV has obtained a loan of 650,000 euros to finance BIO building a new plant, acquisition of a second production line dedicated to couverture chocolate manufacturing base of cocoa butter and finally expanding the range of chocolate decorations, high quality products offering great value especially for export. The plant, inaugurated in 2009, produces 3,000 tons of chocolate per year, sold to major hotels and restaurants, bakeries, confectioners and ice cream manufacturers. GPV also exports some of its production in North America and Asia.

BIO has also awarded a grant for technical assistance in order to study the quality of the beans and train its technical staff in the management of the cocoa. The results of this study led to the establishment of GPV by a program to improve the quality of the beans in order to integrate the sector in its production process. In January 2011, GPV has marketed the first chocolate "Made in Vietnam", manufactured entirely in Vietnam.

### OBJECTIVES PURSUED

- Increase in turnover
- Diversification of products
- Integration of the cocoa
- Reduction of import of raw materials (cocoa)
- Development of exports of finished products (chocolate)

## FACTORS FOR SUCCESS

- Companies with a strong background in marketing and manufacturing of chocolate;
- Vertical integration of the cocoa Vietnam offers many development opportunities;
- Team management quality;
- Powers pointed at sales and marketing;
- Quality Products;
- Base diverse clientele;
- Steady increase in demand on the local market.

## FAILURE FACTORS

- The development of the cocoa sector in Vietnam remains a major challenge because it is still undeveloped;
- Chance to see return of industry heavyweights in the domestic market;
- Risks inherent in the country (local currency devaluation, political instability, ...)

## RESULTS (focus on intermediate outcomes)

### **Consolidation and development of business activities**

- Investment BIO helped develop the business volume and thus the volume exported.
- Meanwhile, the company investigated the possibility of local sourcing, especially to differentiate its markets. BIO has contributed to these forward-looking approaches through technical assistance.
- GPV has decided to develop local sourcing including the establishment of a processing unit.
- Passage of a situation of importing raw materials to a situation of exploitation and development of local agriculture

### **Institutional capacity building and management**

- GPV positions of responsibility assigned to the Vietnamese that they can gain experience in management (financial, production and human resources)

### **Economic and social impact**

- First example of vertical integration of the cocoa sector with the launch of a chocolate made entirely in Vietnam
- Increasing share of exports with generating hard currency for the country
- Creating new jobs
- Transfer of skills and know-how in designing and manufacturing products
- Female-dominated jobs

## LESSONS LEARNED

The success of this project demonstrates the importance of access to finance for private enterprises in developing countries. By helping companies to invest in expanding and consolidating their activities by long-term financing, and by granting subsidies for technical assistance, BIO helps stimulate innovation and develop new skills. The private sector support is helping to strengthen the local economy, diversification of markets and promotion of entrepreneurship. The food industry is to say, subsistence farming, export crops, livestock and the processing industry is a priority for BIO since it generates a direct impact on the local economy and conditions life of the population.