

IMPACT SHEET • SWITCH-ASIA PROJECT
**SMART MYANMAR – SMES FOR ENVIRONMENTAL
ACCOUNTABILITY, RESPONSIBILITY AND TRANSPARENCY**

Introducing sustainability to the Myanmar garment sector to increase the competitiveness of SMEs



**The project facilitated 35% increase in productivity of
the participating factories, up to 20% decrease in waste
reduction, 15% reduction in energy consumption, and
improved working conditions**



The Challenge

Since the US lifted its import ban on products from Myanmar in November 2012, followed by the European Union in April 2013, the country is re-entering western markets. In July 2013, Myanmar became part of the EU's Generalised Scheme of Preferences (GSP), further fostering growth with the abolishment of trade barriers to the European market. The garment industry has huge potential to contribute to national economic growth, both as a foreign exchange earner and a massive job provider. Despite some progress, Myanmar's garment industry still lacks awareness on the principles of sustainable consumption and production (SCP) and social responsibility. This prevents small and medium-sized enterprises (SMEs) in Myanmar's garment sector from increasing their access to international markets.

Objective

The overall objective of the project *SMART Myanmar* was to increase the competitiveness of SMEs in the garment sector of Myanmar and to set preconditions for replication towards other sectors. *SMART Myanmar* promoted the improvement of sustainably manufactured garments made in Myanmar, thus increasing market access to Europe for local factories. The specific objectives included:

- Relevant Business Support Organisations being capacitated to promote and channel SCP effectively, providing SCP services and green financing instruments;
- An effective marketing strategy enhancing sales of sustainably produced garments in Myanmar;
- The production of garments made in Myanmar becoming cleaner and more efficient;
- Myanmar Garment Manufacturers' Association was supported to develop a Code of Conduct, which was implemented by garment factories.

TARGET GROUPS

- Union of Myanmar Federation of Chambers of Commerce in Myanmar Business (UMFCCI) and Myanmar Garment Manufacturers' Association (MGMA), playing roles as a hub of SCP services for their member and non-member companies
- Myanmar Ministry of Labour, Ministry of Industries, Ministry of Commerce, i.e. government officials dealing with SCP issues and export
- Myanmar Bankers' Association (MBA), to provide access to green finance
- Local banks
- Garment companies

Activities / Strategy



Building the Capacity of Business Membership Organisations (BMOs)

The project strengthened the capacity of the UM-FCCI and MGMA to improve their service offerings, as well as their internal management. It also provided technical assistance to MGMA to develop and implement sectorial Codes of Conduct. The assistance was to develop a 'hands on' interest to adopt and implement SCP practice by local SMEs.



Raising SCP Awareness and Networking

The project engaged with relevant stakeholders to increase their awareness and understanding of SCP in Myanmar's garment industry. To disseminate further information, the project enabled networking among SCP promotion agencies and government agencies. In turn, the project advocated SCP best practice to these stakeholders to promote necessary changes in Myanmar's policy framework.



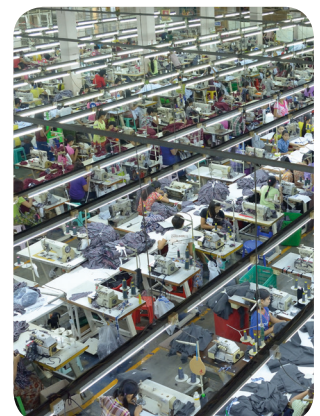
Showcasing SCP

The project identified showcase companies and SCP consultants, and established monitoring documentation for environmental indicators and benchmarking. To enable the identification of showcases for replication, outreach and marketing, the project conducted training for local consultants on resource efficiency and cleaner production (RECP).



Developing and Implementing a Marketing Strategy

To obtain an overview on international standards for SCP for the garment sector, the project organised surveys on consumption patterns and possible markets for Myanmar products in Europe and Asia, as well as corporate social responsibility (CSR) requirements for export and marketing. This information was valuable in the implementation of the marketing and export strategies of Myanmar garment products and the creation of international business linkages through business-to-business (B2B) events.



Scaling-up Strategy



Establishing a Pool of SCP Consultants

Replication of sustainable consumption and production in Myanmar was achieved primarily through training national consultants. Once trained in RECP as well as CSR, it was easier to re-train them on sector-specific issues, especially in the field of CSR as the topics are generic and not particularly sector dependent. During the project, the SCP consultants offered services to concerned companies, ensuring replication. After finishing the training, the consultants acted as multipliers and shared their knowledge with other decision makers. In addition, SCP awareness raising and networking in general were important tools to spread knowledge about the advantages enabled by SCP and to advance the concept in the industry. With the use of showcases, ideas and identified advantages, more interest was generated among the respective audiences in Myanmar and the project goals could be attained. The most important precondition for SCP was awareness and understanding of the business case.



Building Capacities of Business Member Organisations

Another important aspect was building BMOs' capacity to adopt SCP. Common areas of improvement were identified and built upon. Cooperation between UMFCCI and MGMA was therefore enhanced and a better network for the future work was realised. With the SCP helpdesk and database, two important and practical tools for SME members of the BMOs were created.



SMART Myanmar supported the sustainable consumption and production of garments made in Myanmar. Working closely with international buyers, local factories and business support organisations of Europe, Asia and Myanmar, the project aimed to build capacity and increase skill and knowledge in local partner organisations and companies. The cooperation with international buyers was a crucial success factor to increase the compliance of Myanmar factories with international social and environmental standards.

*Ms. Simone Lehmann,
Project Manager, sequa gGmbH*



Results



Increased Capacities of BMOs

The project partners, sequa and Sheffield Chamber of Commerce and Industry, built the capacities of BMOs by developing the strategy with MGMA, i.e. a joint identification of areas for improvement and a preparation of related action plans. Several workshops were organised to create new SCP services for MGMA members. Through these services, such as matchmaking between EU buyers and Myanmar suppliers, and seminars on fire safety as well as newsletters, more than 300 Myanmar garment factories improved their businesses and thus their competitiveness. Improved competitiveness will lead to higher income and more job opportunities, especially for women.



Improved Awareness of SCP in the Industry and Banks

Various seminars and briefings were organised involving company owners, top management representatives and entrepreneurs in Myanmar's garment industry. Familiarisation about SCP concepts was the main topic as well as the introduction of green financing programmes, such as from the Development Bank of the Philippines (DBP), to support environmentally-sound investment projects in wastewater treatment, renewable energy, water supply and sanitation, and pollution prevention. DBP, funded by the Japan International Cooperation Agency (JICA), has a green lending programme to support viable and environmentally-sound investment projects from 2009 to 2016. Participants from 30 Myanmar banks were briefed on green financing and SCP. Garment entrepreneurs were shown the benefits from adopting quantitative SCP measures, through case studies.



The SMART Myanmar team advised us to make the cutting department (operated by machines) strictly follow the orders. The result was incredible. There is no longer re-cutting in the sewing department. It saved us about EUR 3 200 per year with 65.4% on material costs and 34.6% on labour costs. Through the workshops, we learnt more about occupational health and safety standards, human resource practices, implementation of clear policies and procedures, communication with our workers, and raw material savings. Before participating in the project, a European client had cancelled an order because our products did not meet international standards. Now we are receiving orders from Japan, Germany, and the Netherlands.

*Mrs. Thet Su Zin Win,
Director of Maple factory*



Created Marketing Strategy for Sustainably-Produced Garments









The project supported MGMA to offer demand-based matchmaking services for European buyers interested in finding suitable Myanmar garment companies to work with. The selected 'showcase' SMEs then visited European trade fairs and retailers to establish business linkages. More than 300 linkages were facilitated and new orders were received by the selected SMEs. However, as most garment SMEs in Myanmar can only offer cut-make-pack (CMP) business model, European buyers often were not interested. The SMEs need to move from CMP to a full scale (FOB) business model, offering their clients a larger range of services. The project prepares the SMEs to implement this new business model.



Introduced Cleaner Production in the Garment Sector

Fourteen young engineers were trained to offer SCP consultancy during the project implementation. For a period of three months, in-class training sessions were held on different topics, such as organisational health and safety (OHS) and business planning. Some 10 consultants were employed by MGMA, given practical training by international garment experts, and had already started to undertake factory walk-through assessments and deliver consultancy services to selected garment factories, aimed at increasing their productivity.

Impact in Numbers

<p>Economic Impact</p> 	<ul style="list-style-type: none"> Improved SMEs' productivity up to 35% based on existing production. 50 companies reported of an increased competitiveness by the end of the project (via questionnaires). Created demand for SCP consultancy among SMEs, which they evaluated as good services (via monitoring and evaluation sheets). Increased product quality significantly, with 3 factories started to offer full-scale business (FOB) in addition to cutting, making, packing (CMP) business. 10 companies tested their marketing strategy in two trade fair visits and one study tour. 30 garment factories were enabled to increase their production/export volumes. 	<p>Target Group Engagement</p>  <ul style="list-style-type: none"> Engaged with 100 garment SMEs and at least five stakeholder groups (3 business associations, 4 ministries, SMEs, banks, other support organisations) in project activities. Reached out to more than 3 000 SMEs through project activities. The project organised 13 awareness raising activities, such as project launch attended by 300 companies and 30 media representatives; newsletters and website; events with the Ministry of Industries (on CSR), with the Ministry of Labour (on OHS); public launches for CSR campaign, OHS guide, SCP helpdesk within MGMA, Garment Sector's Code of Conduct, and B2B tool; factory visits with media (TV broadcasting with the <i>Deutsche Welle</i>); and project's final conference. Types of project engagement: assessment and monitoring for 15 participating companies; 2 study tours to Europe; workshops for banks and business associations; introduction of 3 new services to MGMA and/or UMFCCI; technical trainings for SCP consultants; SCP helpdesk which provides information to SMEs; walk-in assessments carried out by the trained consultants for 100 companies.
<p>Environmental Impact</p> 	<ul style="list-style-type: none"> Reduced energy consumption up to 15% and waste during a production cycle up to 20% based on current consumption level. Promoted environmental protection through the provision of 15 energy audits to lower SMEs' energy consumption. 	<p>Policy Development</p>  <ul style="list-style-type: none"> Conducted 3 major events involving Myanmar policy makers. MGMA, as a project partner, engaged with local authorities to discuss issues such as minimum wage, while representing the interest of the Myanmar garment factories.
<p>Social Impacts</p> 	<ul style="list-style-type: none"> Increased the workers income by 20% based on current income levels. Improved working conditions, e.g. escape routes in case of fire, protection tools, basic medical services, factory reports to improve working conditions, etc. 	<p>Europe-Asia Cooperation</p>  <ul style="list-style-type: none"> Organised at least 13 international events, involving more than 120 different companies, organisations and public institutions from Europe and Asia. Conducted 2 study tours, 1 visit to trade fair, 10 buyer visits and 1 visit of European garment manufacturers to Myanmar.
<p>Climate Benefits</p> 	<ul style="list-style-type: none"> Enhanced the business awareness on climate change risks through workshops attended by SMEs and BMOs (UMFCCI, MGMA). 	
<p>Green Finance</p> 	<ul style="list-style-type: none"> 30 banks participated in workshops on green financing to learn of and adopt green financing schemes. 	



Legend

- Eligible countries for the SWITCH-Asia Programme
- Non-eligible Asian countries for the SWITCH-Asia Programme

Project implementation area

- City
- Region
- Country

The boundaries shown on this map do not imply on the part of the European Union any judgment on the legal status of any territory or the endorsement or acceptance of such boundaries.

OBJECTIVES

The objective was to increase the competitiveness of small and medium enterprises in the garment sector of Myanmar and set preconditions for replication towards other sectors. The specific objective was to increase the production and consumption of sustainably produced garments from Myanmar.

DURATION



PROJECT TOTAL BUDGET

EUR 1 996 942 (EU contribution: 90%)

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