

IMPACT SHEET • SWITCH-ASIA PROJECT  
**MAINSTREAMING ENERGY EFFICIENCY THROUGH  
BUSINESS INNOVATION SUPPORT (MEET-BIS)**

# Mainstreaming energy efficiency in 750 Vietnamese SMEs through business innovation support



**Partnerships with key technology suppliers leading  
to a 20-50% energy reduction for urban-based SMEs**



## The Challenge

Many small and medium-sized enterprises (SMEs) in Vietnam work with outdated and inefficient technology. As energy and water prices escalate, this inefficiency renders a high cost to business, as well as to the environment. Cost-saving technologies that enhance the energy and water efficiency of SMEs exist, but technology suppliers lack knowledge of market opportunities in the SME sector, and staffs are not trained for SME sales. Furthermore, they lack capacity to transform technical solutions into business-smart, cost-saving products for SMEs. At the same time, SMEs often are not aware of the benefits of investing in cleaner technology and they lack the capital, or access to finance, to invest in cleaner technology.

## Objective

The SWITCH-Asia project *Mainstreaming Energy Efficiency Through Business Innovation Support (MEET-BIS)* promoted sustainable production of urban-based SMEs in Vietnam by ensuring their access to affordable water and energy efficiency technologies.

The specific objectives included:

- To develop eight SME business innovation packages for energy and water efficiency;
- To partner with technology suppliers based in Hanoi to target the SME sector, and building their capacity to address the local market;
- To support financial institutions in developing financial products for SMEs;
- To communicate the commercial viability of the technologies to SME managers.



### TARGET GROUPS

- Vietnamese technology suppliers/providers to introduce the latest technologies and know-how suitable for the Vietnamese SME market
- European suppliers of energy efficiency (EE) and water saving (WS) solutions
- SMEs who will buy the EE/WS equipment from the technology suppliers
- International and national financial institutions that can offer financing to suppliers, as well as to SMEs, for investing in energy and water efficiency products

## Activities / Strategy

The *MEET-BIS* project aimed to assist key private sector players to develop commercial markets for their energy and water efficiency products, targeting SMEs. *MEET-BIS* supported SMEs in improving their profit margins by offering ‘business innovation packages’ and tailor-made investment packages in energy and water efficient techniques. The project assisted suppliers of energy and water efficiency solutions to develop commercial markets in the SME sector.



### Technical Solutions for SMEs

The project built a network of technology suppliers providing relevant products. It worked with private sector suppliers to develop commercially attractive business packages targeting SMEs. It supported technology suppliers in identifying new market opportunities and in building sales and installation capacity, aimed at SMEs.



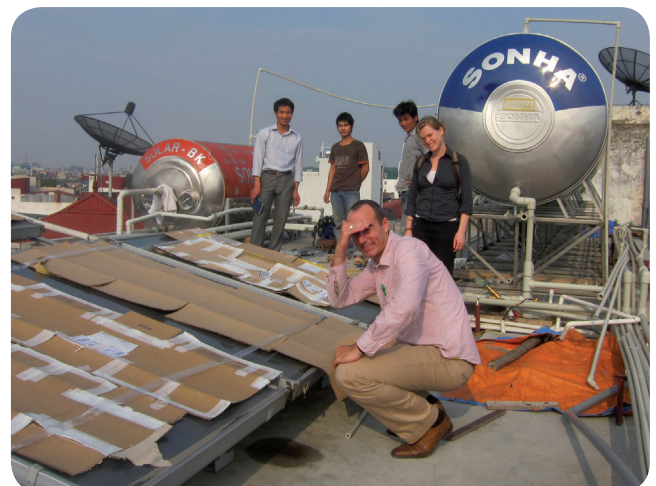
### Building Partnerships with Local and International Financial Institutions

The project also involved financial institutions to develop financial products that enabled SMEs to finance the investments. It gathered market intelligence, including needs assessment for financial products. The project assessed the need for financial products for smaller businesses, mainly access to loans. It was the project’s ambition to incorporate a financial solution into the business package.



### Matchmaking with International Suppliers

The project collected insight in supply chains of commercially-viable cleaner production technologies. It developed commercial, self-propelling markets for cleaner production technologies and ensured continuation of sales and investments in cleaner production by SMEs.



# Scaling-up Strategy



## Market-mechanism Drives Multiplication

The *MEET-BIS* project was private-sector based with the intention to form partnerships with energy and water efficient equipment suppliers to provide smart business solutions. This was a new approach for Vietnam, since business models had mainly been based on either supplying large (government) projects or trying to develop the market for energy service companies (ESCOs). The strength of the *MEET-BIS* approach was that it was market driven, and therefore more likely to be sustainable. The project approach was to support the initial steps and then let the market mechanism take over.



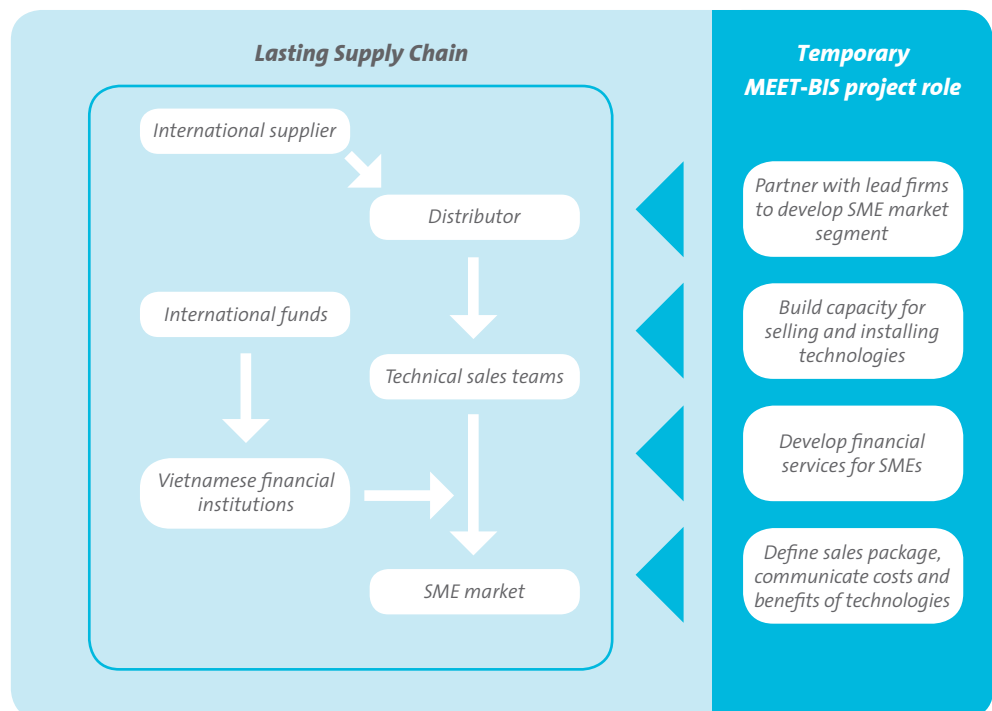
## Engaging Supply Chain Actors

The project had a strong methodological focus on developing capacity with private sector players in the supply chain of products that supported sustainable energy and water use by SMEs. The products were commercially available but had failed to reach SMEs. Once the mechanism proved profitable, the market picked it up and it was driven by the business proposition. The project explicitly worked with these suppliers or supplier networks, and to a lesser extent through intermediary business organisations.



## Business Innovation Packages

International or local suppliers served as Business Innovation Package providers. It was in their interest to help to establish valuable packages jointly with the *MEET-BIS* team. By supporting private sector companies to develop commercial markets for energy and water efficiency products, the project aimed to build sustainable and self-propelling solutions with effective supply chains. The financial sustainability of the activities was then ensured by income generated with each sale.



## Results



### Partnerships Established

The project also established relationships with key government institutions, such as the Vietnamese energy programme under the Ministry of Industry and Trade, the Ministry of Tourism and Sport, and district trade departments, etc. The project promoted sustainable production with associations, such as the chamber of commerce, the Garment and Textile Association, the SME association, etc. Sales and marketing activities were implemented, from direct sales, promotion and awareness creation in the SME sector, to capacity building within the technology suppliers. Efforts were made to collaborate with financial institutes for access to finance solutions. Over 20 local technology suppliers in co-operation with, amongst others, the lead firms Philips and Schneider Electric were involved in project workshops. By early 2012, ten local technology suppliers were working with the MEET-BIS project on a structured basis. Simultaneously, collaboration was created with financially-oriented organisations, such as SECCO (green credit lines) and International Finance Cooperation (IFC), which resulted in a workshop at the IFC office with the IFC, one of their local partner banks, and a selection of MEET-BIS technology partners.



**MEET-BIS aimed to assist private technical suppliers of EE/WS products. Most were SMEs themselves, like Systech. Building capacity with them and helping them develop commercial markets in the SME segment, contributed to the continuation of offering affordable EE/WS products to SMEs. It was the capacity building together with linking technology suppliers with SMEs that made the project relevant. The potential for sustainability was high: the project approach was to support the initial steps and then let the market mechanism take over.**



Mr. Remco van Stappershoef,  
Project Manager



**As a small technology supplier of energy efficiency products, we did not have the know-how and capabilities we needed in sales and marketing. MEET-BIS helped us to approach the market in a different way. We used to depend mainly on our relationships to win projects. Now we approach a wider group of potential customers. My staff learned much on how to reach out to SMEs. MEET-BIS supported us with seminars, PR, making plans, and building general awareness and interest in energy efficiency. The MEET-BIS approach helped us to identify new customers, as well as networking with other suppliers. We are on the way to becoming an energy service company, which needs much support from projects like MEET-BIS. We hope that MEET-BIS can continue to help us to network with more green credit line and financial institutions.**

Mr. Vu Ngoc Tuyen, Director, Systech Eco



### Green Solution Delivered

The MEET-BIS project launched several green solutions, such as modern energy efficiency using solar cells, optimised energy usage in lighting systems to save energy, and water heaters based on solar energy. It also suggested the use of a two-level sensor for the toilet and shower. Energy Services Company of Vietnam (VESCO), as a target group of the project, developed an energy audit process with the idea of identifying opportunities to save energy and energy saving measures on the basis of surveys, analysis and evaluation operational status of energy consumption and determining the rate of energy consumption and the energy sector waste. Since start up, the project has identified key product-market combinations most suitable for mainstreaming EE/WS products in the SME sector.



### Business Support Packages Developed

Business Support Packages (BSPs) are tools for technology suppliers to enhance business development in the SME sector. These can be used directly by the technology suppliers, or in cooperation with a business development service provider (for example, MEET-BIS). Tools are used for communication with SMEs, and others are able to be used as communication tools towards finance institutions. For example, case studies and cost-benefit analysis provide a reference for institutes to assess investment plans. The package of tools provides practical instruments for technology suppliers to use at specific steps in the sales cycle.

# Impact in Numbers

## Economic Impact



- By 2013, over 420 SMEs had started investing in clean technologies, mainly in saving energy.
- An economic benefit was created with the technology suppliers. Total value of energy and water saving products sold since 2011 is EUR 2.43 million (VND 65.66 billion).

## Environmental Impact



- Types of SCP measures implemented:
- In the garment industry, old lighting systems were substituted by TL8 with electrical ballast or even TL5 technology with an average reduction of 15% in energy. The food sector also invested in more efficient lighting. Hotels, restaurants and office buildings invested in compact and LED lights.
  - Buildings, and especially hotels, confronted with high consumption of hot water, were particularly interested in solar water heaters and heat pump systems. Solar hot water system can save 60-90% energy.
  - Variable Speed Drivers were installed for the industrial fan of the boiler / ventilation system. Hotels / buildings installed VSDs in elevators or used it with water pumping system or chiller.
  - Hotels, offices and factories installed energy consumption monitoring software. Medium-sized companies were particularly interested in energy audits that advised on increasing efficiency. Through an energy audit, up to 15% energy reduction could be achieved.
  - Double button toilet and efficient showerheads for hotels and commercial buildings were installed.

## Climate Benefits



- The reduction of CO<sub>2</sub> emission is an estimated 9 842 559 kg CO<sub>2</sub>e between the first sales in January 2011 and end of June 2013. This equates to the annual emission reduction of a 4 MW hydropower plant in Vietnam.
- The present investments in energy and water saving products & services will contribute to mitigating climate change with an estimated annual emission reduction of 9 788 636 kg CO<sub>2</sub>e. This will last until products reach their end of life and need to be replaced.

## Target group Engagement



- In the course of the project, saving energy and water was promoted among 3 852 SMEs, of which 1 364 showed interest in EE/WS products & services by visiting the project's events or attending individual meetings with project staff. 423 SMEs already invested in those technologies. Such events were shaped in co-operation with Chambers of Commerce and relevant associations.
- Formal cooperation was established with 11 local technology suppliers. By July 2013, 9 of those suppliers had successfully generated sales.
- 70 technology suppliers participated in events or activities of *MEET-BIS*. A database of approximately 278 local suppliers of energy and water saving products has been created.
- An international firm and a local supplier have been matched to introduce water saving products.
- Two international companies performed capacity building on marketing and sales.
- Close relations were built with the relevant Vietnamese government bodies.

## Policy Development



- The project worked with several governmental departments including the Ministry of Culture, Sports and Tourism, trade departments, and the Vietnam National Energy Efficiency Programme.





**Legend**

- Eligible countries where SWITCH-Asia projects are implemented
- Eligible Asian 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 SWITCH-Asia project *Mainstreaming Energy Efficiency through Business Innovation Support (MEET-BIS)* promoted sustainable production of urban-based SMEs in Vietnam by ensuring their access to affordable water and energy efficiency technologies.

**DURATION**



**PROJECT TOTAL BUDGET**

EUR 1 943 419 (EU contribution: 80%)

**PROJECT CONTACT**



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