



SMART Myanmar

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SMEs for environmental
Accountability
Responsibility and
Transparency



What is SMART Myanmar?

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3 year project (2013 – 2015)

financed by the EU with a budget of 2 Mio EUR.

Overall objective: **to increase the competitiveness of SMEs in the garment sector** of Myanmar and set preconditions for replication towards other sectors.

Specific objective: Production and consumption of **sustainably manufactured garment** from Myanmar is improved

What are the **expected results** of SMART Myanmar project?

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- **MGMA** offers **services** to promote and channel **Sustainable Consumption & Production** (SCP) effectively. (component 1)
- **Production** of garments “made in Myanmar” **is more sustainable.** (component 2)
- Myanmar’s garment factories **increase exports to the EU markets.** (component 3)



Lead Agency





Achievements

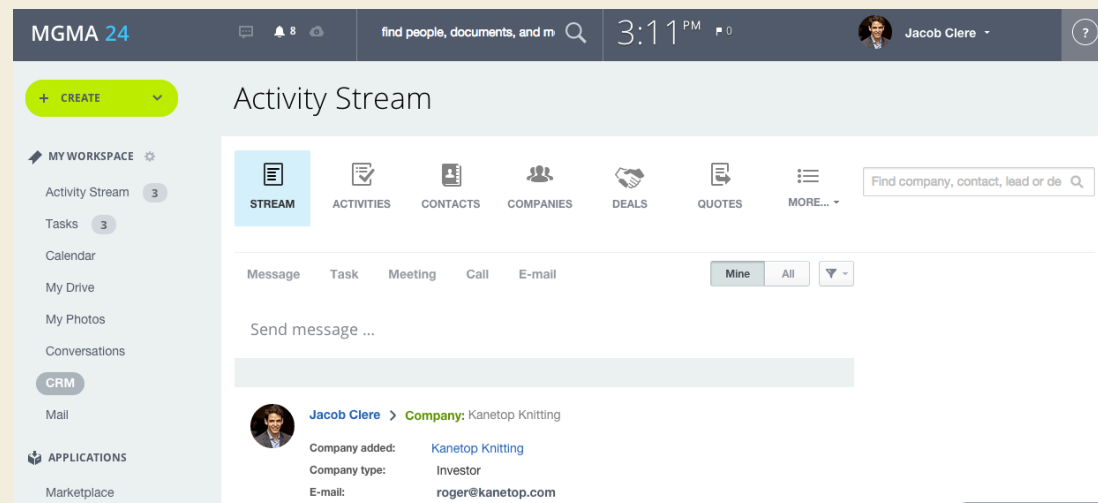
Component 1:

BMO capacity building and SCP awareness

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- Trainings and workshops conducted by Sheffield Chamber and sequa
- Client Resource Management tool
- MGMA staff titles and responsibilities
- Enquiry handling system
- Factory database facilitation





Capacity building



Achievements

- **Business matchmaking**

commercial service launched
revenue generated for MGMA

- **Research services**

membership directory
Sector research report launched and marketed



Capacity building



Achievements

- **Events and exhibitions**

factory awards

MGMA participated in 2 international textile fairs

- **Web site**

www.myanmargarments.org

1100 viewers per week, most popular:
labour law and regulations

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- Awareness Campaign CSR > 3000 companies, sequa and ADFIAP
- Study Mission to Germany – Sustainability Initiatives in Europe by t+m
- Workshops/Training on Green Financing for 19 banks with 40 participants by ADFIAP

Awareness Campaign CSR > 3000 companies

EU Ambassador speaking about benefits of CSR

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Green Finance Training

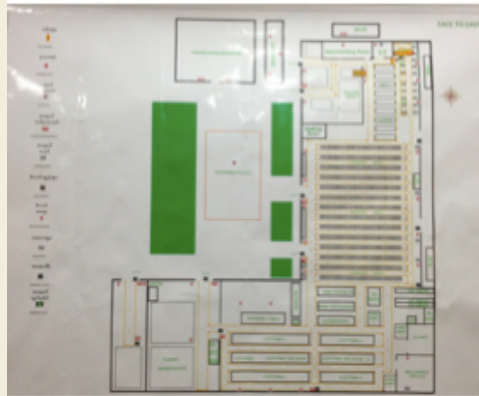
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Achievement



19 banks participated in workshops on green financing to learn and adopt the greening strategy in their lending operations.



Achievements

Component 2:

Sustainable production

- SMART compliance Academy
- Productivity improvement program



3 Workshops

factory owner & middle management (10 factories)
3 intense on-site consultancies (3 pilot factories)

Analysis of:

- current compliance
- necessary improvements
- root-causes

Designing of:

- ★ **corrective action plans**
- ★ **procedures and policies to sustainably improve good working conditions**





Before

No child labour protection policy

After

★ **Formulated & documented
child worker protection policy**

- Responsible person identified, step by step work procedure
- Documents needed to verify actual age before hiring worker
- Random check after new worker joins
- Action to be taken if child labour is found
- Workers age verification documents checked again after policy was established: age verification documents were kept in file
- Special case migrant workers obtain doctors certificate



Before

25 % labor fluctuation

After

★ 5% labor fluctuation



New
Machines
(Technology)



Daily target
reached =
+ 1 hour
wages
extra



Company
outing
+
1 extra day
per year



Before

12 hours per day

7 am – 7 pm (incl. break)

After

11 hours per day

7:30 am – 6:30 pm (incl. break)



**Same
wages**



General observations

Before

- Some fire exits were blocked
- Insufficient emergency lights
- No regular checks of fire extinguisher
- Inaccurate evacuation maps
- No systematic approach to regular checks

After

- ★ All factories understood the requirements **of systems**
- ★ Established OH&S **policies** with detailed checklists
- ★ Made **improvements**
- ★ **Continue** to correct issues
- ★ Some factories **passed certification**

Achievement

Before



After

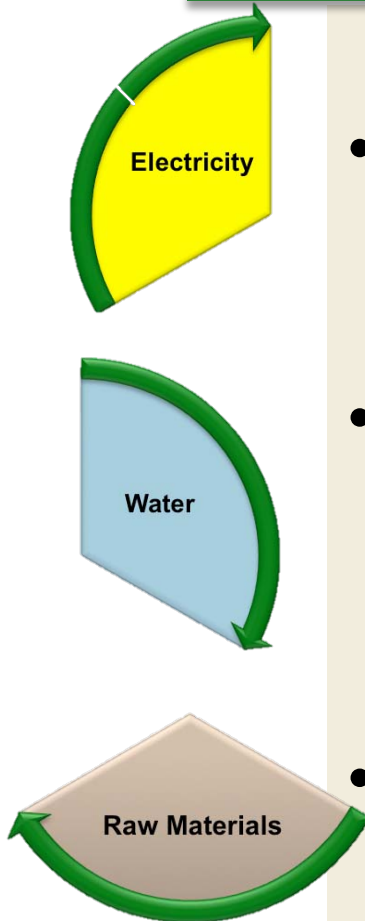


Certification – The Door to the European Market

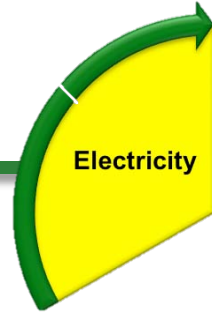
- Quality and social standards get more important in Europe
- Important argument for consumer to buy
- Certifications almost a “**MUST**” to start business



Activity cluster Consumption reduction



- Reduction of lights, individual switches, training of workers
- 200 transportation boxes purchased and used to move goods around, 7 middle tables placed between sewing lines
- Create optimum usage of fabric to achieve minimum wastage



Achievements

Before



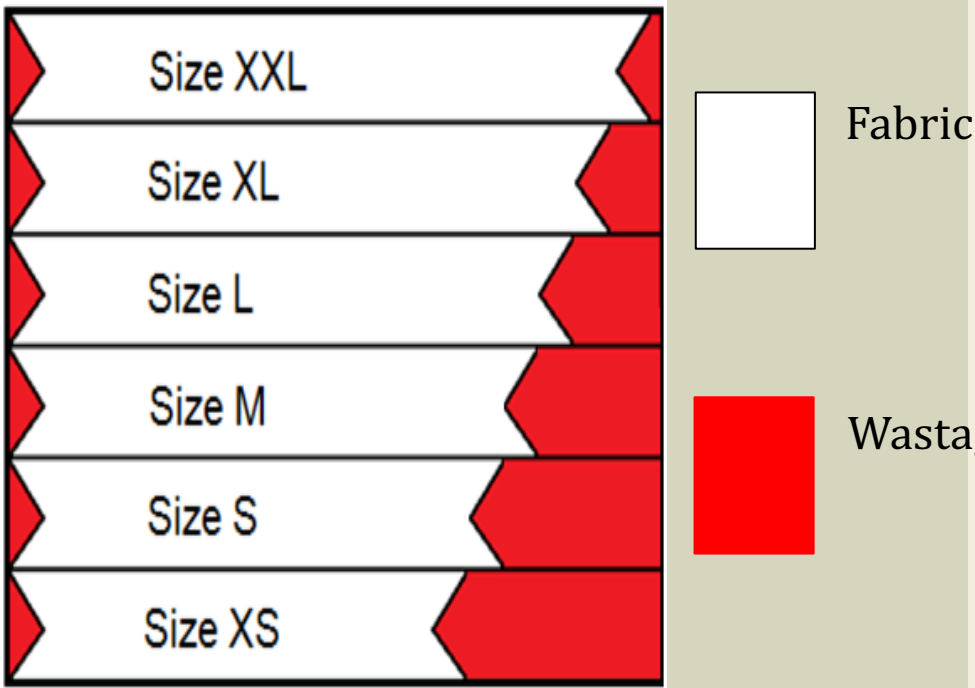
After



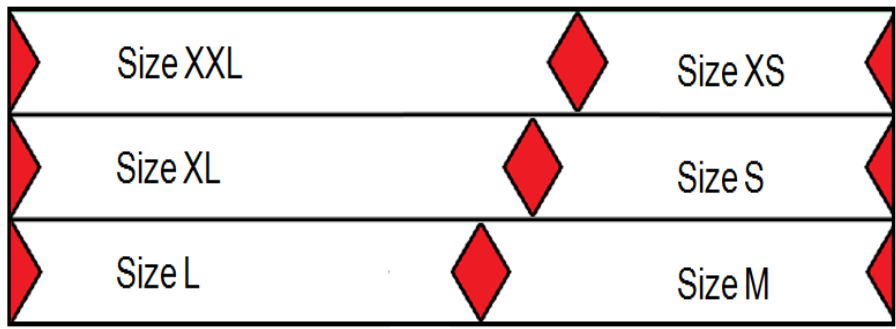


Achievements

Before

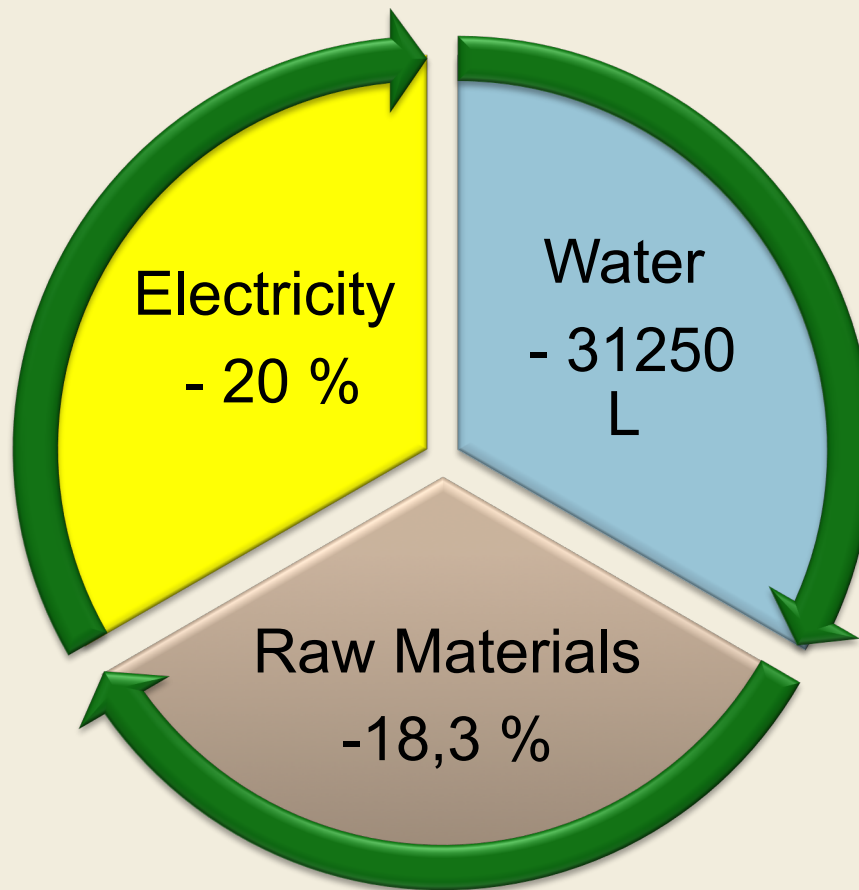


After





Achievements



**Total monthly
savings which
increase
competitiveness**

Activity cluster factory productivity

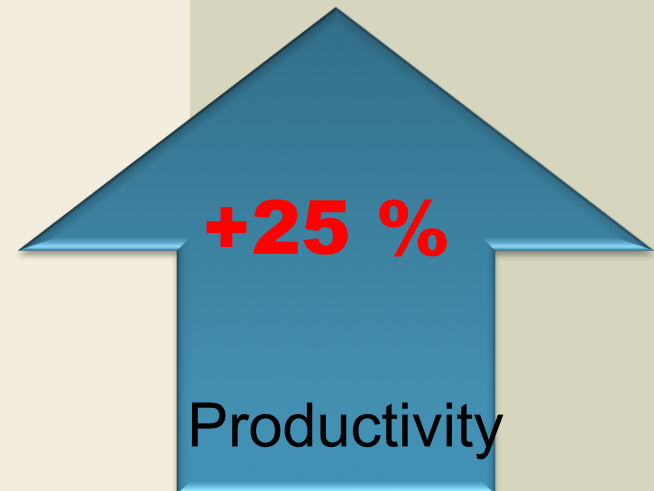


- Standard Allowance Minutes (SAM) calculated
- Pre-Production meeting and time table implemented
- Factory lay out recommendations
- Signs for immediate communication
- Production planning software
- Quality management



Achievements

- ★ Daily **out-put quantity is reached** in most lines
- ★ Machines occupied in sequence = **no bottle necks**
- ★ Production flow **interruptions minimized**
- ★ **Managment informed** about key performance indicators





Achievements

Component 3:

Export and Marketing



A voluntary standard developed by MGMA

Before

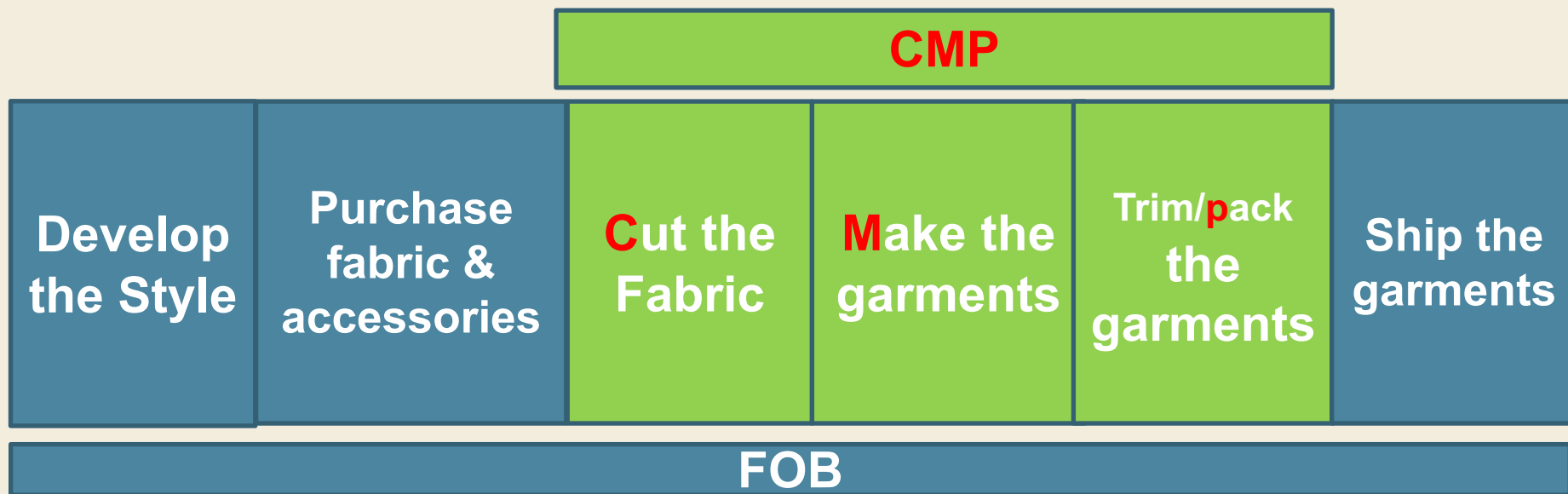
- Whole industry lacked knowledge on labour, OHS and environmental standards
- Myanmar industry envisioned guideline for the local context
- T+m inputted draft CoC
- Workshops were conducted

After

- ★ Based on ILO core conventions CoC developed with SMART **to push compliance to higher standards**
- ★ Minimum standards for Myanmar's garment industry
- ★ Process for **annual revision** inbuilt
- ★ Some factories almost reach the standard
- ★ **Road map to increase compliance** under development
- ★ MGMA **CSR desk as new service** , expert hired



The aim is to achieve full-stage manufacturing (FOB)





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★ Workshops, trainings on reaching to FOB

- Price calculation
- EU market requirements
- Merchandise planning & actions
- How and where to source?

★ Study Tour to EU “European Market & Buyer Requirements”
(Trade Fair visits, B2B meetings) to gather sourcing knowledge

★ Training and coaching during first trial orders by EU buyers
with selected manufacturers

★ EU Trade mission to Myanmar in March 2015 to create business
contacts



First steps towards a major change

Achievements

- ★ **Manufacturers' awareness** of global competitive pressure is increasing
- ★ **Manufacturers' knowledge** in “from CMP to FOB” is improving
- ★ European business delegation of garment manufacturers visiting Myanmar with **high interest to place orders**





- ★ **Consistent policy framework** on labour-related laws
- ★ **Enforcement of the labour law**
- ★ Legal framework conditions to reach to full scale business (FOB)
- ★ Lack of **financial services**, legal framework
- ★ **Mind set of factory management / correlation** between good working conditions and productivity;
- ★ **Lack of local SCP services**
- ★ **Lack of skilled workers /vocational training**
- ★ **Social dialogue** structures



- **Upscale SMART compliance academy** to more factories, continue productivity enhancement program through SCP consultants to support compliance with the MGMA CoC
- **MGMA compliance award**
- **Forum with banks** to prefinance orders (Letter of credit)
- Continue **cooperation with ILO** on industrial relations and factory inspections
- **Close cooperation with EU brands/buyers** factory training
- Production of **replication tools** (guidebooks, vidoes, case studies)



- ★ Capacity building for MGMA = a success
- ★ Factories **open minded** to implement changes
- ★ **Access to finance** is vital for the industry to develop
- ★ Many **promising steps** were taken by all stakeholders
- ★ **Challenges remain** (for local factories) to reach international standards
- ★ **Intervention** by many stakeholders needed



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Thank you for your attention!



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This project is funded by the European Union