

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

Building sustainable and competitive industry in Cebu, Philippines



**Cebu SMEs save up to 30% energy and 390 000 litres
of water a year, leading to significant cost savings
and more highly profitable enterprises**



The Challenge

Cebu's home and lifestyle industry had a negative impact on the environment. Energy and raw materials were not being used wisely. Production processes released dust and fumes from sanding, cutting and paint spraying, exposing workers to unhealthy pollution due to inadequate protection. Despite some progress in the supply chain and production of home and lifestyle products, the industry lacked awareness of the principles of sustainable consumption and production. A low compliance with environmental standards and weak commitment towards corporate social responsibility (CSR) prevented SMEs from promoting their products and increasing their access to international markets. The project *SMART Cebu* helped partners to switch to cleaner production processes. Three of Cebu's home and lifestyle industry sectors received assistance on how to convert to cleaner production and develop new eco-friendly product lines for the green markets of Europe.

Objective

The project *SMEs for Environmental Accountability, Responsibility, and Transparency (SMART Cebu)* had the goal to increase the competitiveness of SMEs in the home and lifestyle industries (i.e. furniture, fashion accessories, gifts/toys/housewares), and to develop a cleaner environment in Cebu. The project had the following specific aims:

- Business membership organisations (BMOs) capacitated to promote and channel sustainable consumption and production (SCP) effectively;
- Cleaner and more efficient production of Cebu home and lifestyle products;
- An effective marketing strategy developed to boost sales of Cebu Green products.



TARGET GROUPS

- Staff and experts of the BMOs (trained and enabled to support member companies in their demands, inducing technological innovation, and facilitating the implementation of cleaner production)
- Approximately 400 member companies of the BMOs from the furniture sector, fashion accessory sector, and the gifts and furnishing sector
- The population of Cebu (the final beneficiaries of improved environmental standards and employment possibilities)

Activities / Strategy

SMART Cebu was implemented by a consortium of European and Philippine organisations in Cebu that aimed at increasing the competitiveness of SMEs engaged in the home and lifestyle sectors by promoting cleaner production, and developing eco-friendly products and green markets in Europe and Asia.



Capacity Increased

The project built the capacity of BMOs to support their respective members with internal management and advocacy services for SCP. SMEs were clustered into nucleus groups in each industry association where they were coached on resource efficiency and cleaner production implementation issues. Project experts conducted an initial assessment of the environmental performance of participating companies. The advisory activities of consultants and nucleus counsellors targeted techniques (low-cost suggestions) rather than technologies (high-cost investments). The activities focused specifically on the production and consumption phases of the life-cycle of a product.



Products Innovated

The project also raised awareness of international market requirements. Exposure to international markets at trade fairs and during study tours motivated entrepreneurs to participate in eco-design workshops to innovate their products. The efforts on the production side were complemented by a marketing and export strategy to stimulate the demand for these 'green' products from Cebu. The project also made links to financial institutions and policy-makers to increase its sustainability.



Scaling-up Strategy



Strengthening Intermediaries

The project had wide outreach towards SMEs through the implementation of the nucleus approach within the BMOs. These nucleus groups were effective in raising awareness of SCP, disseminating information regarding resource efficient and cleaner production (RECP) as well as identifying priority areas for implementing cost-efficient sustainable improvements.



Using Market Forces

Cebu SMEs needed to be aware that European buyers were increasingly demanding their supply chains to contribute to their programme of reducing carbon emissions. Suppliers had to demonstrate that they were energy and resource efficient as well as using sustainable materials, reducing waste and taking care of their employees. Cebu SMEs had to align with these market realities to remain competitive. *SMART Cebu* helped SMEs develop their RECP programmes including the use of sustainable raw materials and eco-design techniques.

European consumers have little awareness of, and knowledge about, Philippine products. The project helped Cebu SMEs enter these markets with good quality design and product quality, in compliance with SCP standards.



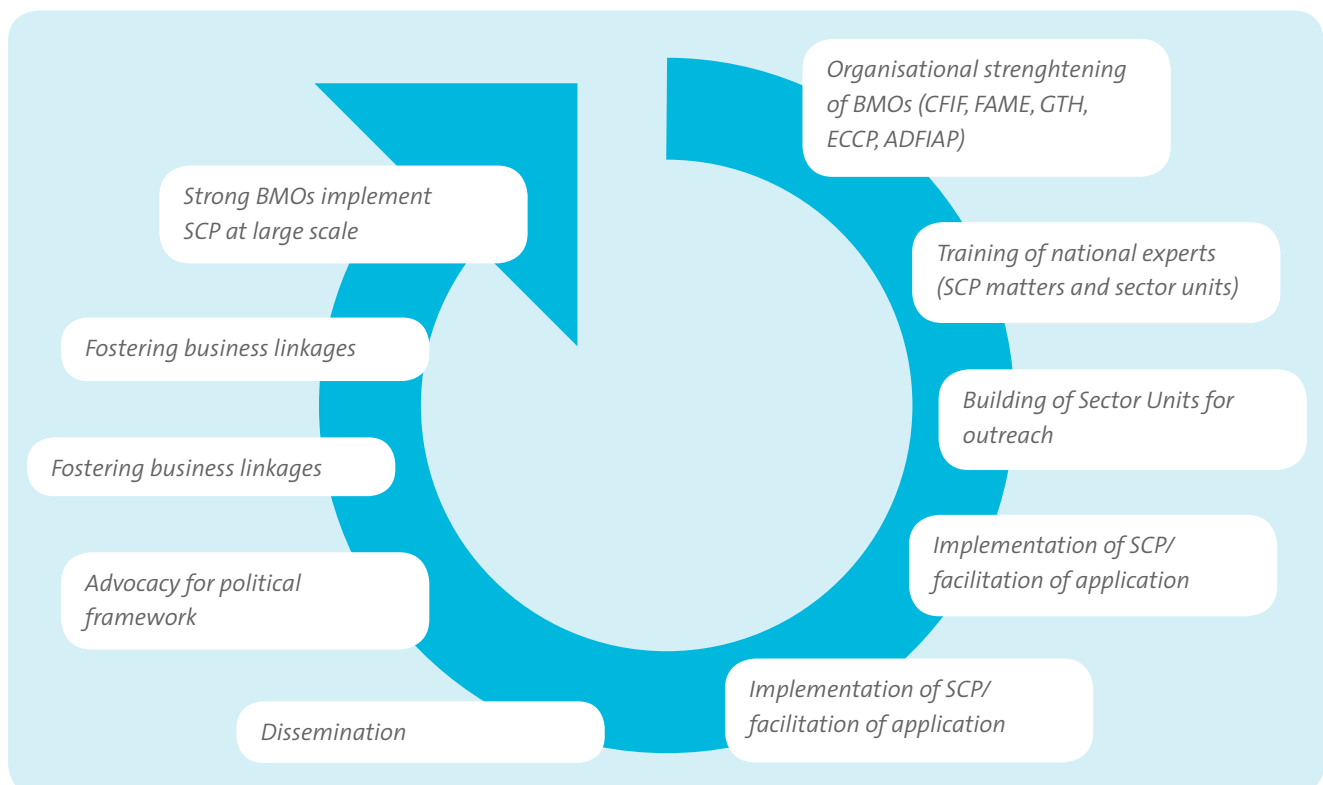
The project enabled SMEs to manufacture innovative green products, and assisted them in developing marketing and export strategies, and promoting their products through trade fairs. Samples and products were exhibited in Paris, Cologne and Frankfurt showing European visitors that Cebu is a hub for sustainable materials, design and products.



Linking to Policy-makers

SMART Cebu cooperated with the Department of Science and Technology (DOST) to develop and foster RECP activities towards more SMEs belonging to the creative industries of Cebu. Technical staff of DOST linked up with *SMART Cebu* experts to train technical personnel and conduct RECP audits.

Project's strategy to strengthen intermediaries



Results

The *SMART Cebu* project provided companies with the opportunity to exchange know-how with other entrepreneurs, training sessions and skills enhancement seminars, as well as better access to European markets.



Knowledge Transferred

The project set up 12 nucleus groups. It trained 6 nucleus and RECP counsellors to provide advisory services on SCP to the nucleus members that were also member companies of the BMOs, namely, Cebu Furniture Industries Foundation (CFIF), Cebu Fashion Accessories Manufacturers and Exporters (Cebu FAME) and Cebu Gifts, Toys and Housewares (Cebu GTH). Likewise, a pool of 30 clean production experts were trained to guide the SMEs on the technical aspects of SCP, and specifically on how to make the companies' manufacturing processes cleaner and more efficient.



Resource Savings Realised

The project experts and counsellors conducted 150 walk-through eco-assessments and coached SMEs on improved operation processes. *SMART Cebu* highlighted the areas for improvements leading to savings in energy and water, lower use of chemicals, less in-factory pollution, and improved operational efficiencies.



SMART Cebu was more than the usual SWITCH-Asia Project from the point of view that it not only promoted cleaner production in the three Cebu industrial sectors, but it offered a new business model for the BMOs and SMEs. This new model was hinged on the principles of SCP, which promotes greater competitiveness and profitability while taking care of the planet and people. It was great to see the BMOs and SMEs participating in the programme coming to life again as they developed and implemented a new vision for themselves, in the light of SCP, and with the hope of entering the green markets of Europe.



Thomas Ritter,
Project Director



With the help of SMART Cebu, Bon Ace eco-products were featured at trade shows in Paris and Frankfurt. We are very hopeful in exploring new and long-lasting business relationships through our new product lines. Cebu GTH has already greatly benefited from involvement in the project. We have welcomed new and highly capable new staff in our association and implemented an organisational development plan that will make our association more effective in offering the services our member companies need. I am very hopeful with regard to the sustainability of results regarding our BMO.

Ramir Bonghanoy, President, Bon Ace
Fashion Tools and President,
Cebu Gifts Toys and Housewares (GTH)



Eco-design Products Developed

European designers trained Cebu designers and product developers on eco-design as well as environmentally sound product life-cycles. The training helped them adopt eco-friendly approaches to product design and development, particularly taking the following important eco-issues into consideration: health (people), ecosystems, renewable resources (planet) and marketability of products (profit).



Sustainable Materials Promoted







Materials need to be seen, touched and experienced for new ideas to blossom and for designers to be motivated, and product developers to work with new elements. The "Materials Library" was set up to address the need of the creative sectors for new sustainable material development and innovation. An online database was established, linking materials and suppliers through a suppliers' databank and a map of material sources around the country. The Materials Library is conveniently housed at DOST.



Market Outreach Launched

The project aimed to introduce *SMART Cebu* SMEs to the European market (consumers). Cebu was introduced to the EU as the hub for sustainable materials and eco-design products. SMEs from Cebu have gained knowledge on international market requirements and learned from their participation in trade fairs. With the combined exhibition and study tour, the Cebu eco-design products have been promoted at trade shows in Paris, Cologne and Frankfurt. Sales leads and sample orders have already been placed as a result of the SMEs' participation in the trade shows.

Impact in Numbers

| | |
|---|--|
| Economic Impact  | <ul style="list-style-type: none"> Up to Php 170 000/pa (ca. EUR 3 000/pa) in energy savings per SME Up to Php 21 000/ pa (ca. EUR 350/pa) in material savings per SME Up to Php 80 000/pa (ca. EUR 1 400/pa) in labour cost savings per SME 12 fashion accessories companies, 9 furniture companies and 12 GTH companies promoted their newly developed eco-product lines in the <i>SMART Cebu</i> Special Setting in Paris, Cologne and Frankfurt Three BMOs have been reinvigorated thus leading to increased membership and creation of new revenue streams from the six clusters per BMO thus making the BMOs more profitable and relevant to their members. |
| Environmental Impact  | <ul style="list-style-type: none"> 20-30% energy savings per SME in the best result areas for all SMEs Up to 390 000 litres of water saved per annum by each SME Up to 7 900 kg CO₂ reduced by SMEs per annum |
| Social Impact  | <ul style="list-style-type: none"> Better working conditions and improved occupational health and safety for at least 50 workers per company At least 100 visitors/buyers visited the special setting per trade show with new sales prospects At least 20-30 foreign journalists per trade show covered the special settings 1 460 views of the <i>SMART Cebu</i> blog and 46 848 fans reached through Facebook from January to March 2012 |
| Green Finance  | <ul style="list-style-type: none"> The project provided matchmaking between SMEs and leading financial institutions in the Philippines such as Development Bank of the Philippines, Land Bank of the Philippines, Philippine Export and Import Agency (PhilExim). |
| Target group Engagement  | <ul style="list-style-type: none"> About 1 000 participants from close to 300 SMEs have been involved in more than 30 training sessions on eco design, SCP, resource efficiency and cleaner production (RECP) as well as other SCP-related conferences 150 walk-through eco-assessments/ training of SMEs and coached on the use of metrics in production operations/ proper costing as well as on taking RECP actions 20 trailblazer SMEs received full RECP assessments More than 90 technical personnel have been given on-site or classroom training on SCP |
| Policy Development  | <p>4 policy partners of the <i>SMART Cebu</i> project are now active in developing SCP related policies including Department of Science and Technology (DOST) and Department of Trade and Industry (DTI).</p> |





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 *SMART Cebu* sought to facilitate the cleaner production of eco-friendly home and lifestyle products, thereby increasing the competitiveness of creative industries in Cebu and developing a cleaner environment.

DURATION



PROJECT TOTAL BUDGET

EUR 1 223 482
(EU contribution: 80%)

PROJECT CONTACT

SMART*Cebu*

Mr. Thomas Ritter, Sequa, Project Director
Email: thomas.ritter@sequa.de

Roselu Paloma, c/o ECCP, Project Office in Cebu
3F CL Center, Juana Osmeña St. Cebu City, Philippines
Telephone: +63 32 253 3389, 2543767
Fax: +63 32 253 3387
Email: rpaloma@eccp.com

www.smartcebusproject.com

PARTNERS



sequa gGmbH



Association of
Development
Financing Institutions
in Asia and the Pacific
(ADFIAP)



Cebu Fashion
Accessories
Manufacturers and Exporters
(FAME)



Cebu Furniture
Industries
Foundation
(CFIF)



Cebu Gifts, Toys
and Houseware
manufacturers
(CEBU-GTH)



European
Chamber of
Commerce of the
Philippines (ECCP)



EffizienzAgentur
(EFA) NRW