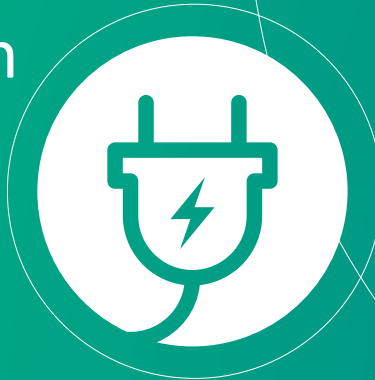


SWITCH GARMENT

EU SWITCH-Asia Internal
Thematic Consultative and
Brainstorming Meeting on
Textile and Garments



CAMBODIA GARMENT SECTOR PROFILE (PRE-COVID)

- Approximately 600 Factories
- 16% of GDP
- 80% Exports – USD 7.9 Billion
- 600,000 Employed – 80% Women
- Over 90% export factories foreign owned or financed
- Weak backward value chain integration / participation
- Domination by ready made garments, Others include laundries, footwear
- Low energy productivity and resource efficiency – low adoption of sustainable energy technologies
- Low competitiveness compared with peer countries

GARMENT SECTOR OPPORTUNITIES, CHALLENGES, STRATEGIES

The Opportunity

- **Integrated Projects Have Good Investment Performance:**

With solar: < 3 years SPB, > 22% IRR (4 years)
Without solar: < 1.5 years SPB, > 45% IRR (4 years)

- **Cheap Capital:** Mainstream Export Factories have money at very low interest rates
- **Lots of low hanging fruit** (lighting, efficiency motors, compressors, etc.)

The Challenge

- **Garment Factory Business Reality: 3-year horizon, thin margins, small operating profit**
- **High Risk Adversity:** Beyond utility savings, uncertainty about strategic returns (e.g. sustainability benchmark improvement)
- **Energy Costs:** Typically 15% or less of operating costs – Others dominate: Aprox. 60% material input, 20% Labor

Potential Investment Support Strategies

- **SESCOs:** Finance focus on supporting SME energy service partners and simple non-recourse business models
- **Business Model:** SESCO partners guaranteed delivery of strategic sustainability outcomes to factories

PROJECT OVERVIEW / ACTIVITIES

Goal: Improve sector competitiveness by scaling investment in sustainable energy investments and practices

Outputs / Outcomes

- 50 factories audited
- USD 2 million in investment by 2024
- 40% of participant factories make investments
- 20% reduction in energy intensity by 2025
- USD 25 million investment facility capitalized
- 5 Shortcourses developed
- Brand collaboration platform established

PROJECT OVERVIEW / ACTIVITIES

Project Components



Regulations

(SE Investment Friendly Policy Pathway Adopted)



Monitoring and Verification

(Measurement and Verification Scheme Established)



Factory Assessments and Training

(50+ Audits, Range of SE Trainings, Awareness Products)



Finance

(SE Finance Facility Established)

Factory Services



Factory Energy Assessments



Expert Training



Project Development Mentoring



Engagement Support

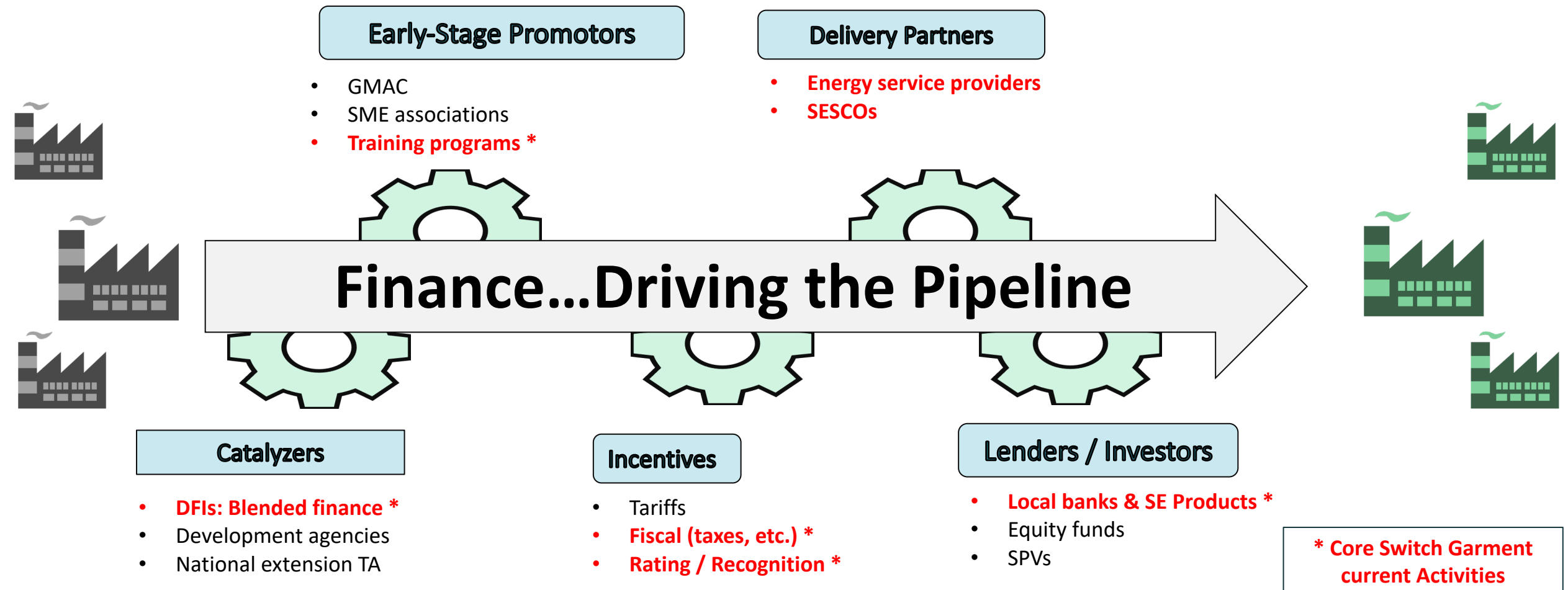
Partners: 

 **geres**
ACTING FOR
CLIMATE
SOLIDARITY

 **GMAC**

PROJECT OVERVIEW / ACTIVITIES

Investment mobilization and factory commitment is our key success metric..



ACHIEVEMENTS



Factory Partnership



Excellent Visibility



Building a Platform for Success...

- **20 Factories** Recruited
- Excellent **Visibility** (Brands, Government)
- Strong **Brand** Support (H&M, Li & Fung, VF, etc)
- **40** Factory Staff Trained in Audit Process and Data Collection
- Additional co-financing secured (e.g. **EUR 150k** from SEA MATS)
- Strategic **Partnerships** (e.g. Research and Training Collaboration)

KEYS TO SUCCESS (SO FAR)

- **Teamwork:** Strengthen consortium partnership and recognize contributions
- **Industry Partner:** GMAC is dynamic and key to factory relationships
- **Commercial Mindset:** Profitability through sustainability
- **Platform Visibility:** Market successes and achievements to build excitement
- **Flexibility and Innovation:** Use teamwork and creativity to overcome barriers
- **Coordination and Value Addition:** Coordinate with partners and flexibility to be additive
- **Vision:** Build excitement for project achievements and future strategic opportunities



Consortium Weekly Meeting



THANK YOU



STAY IN TOUCH

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