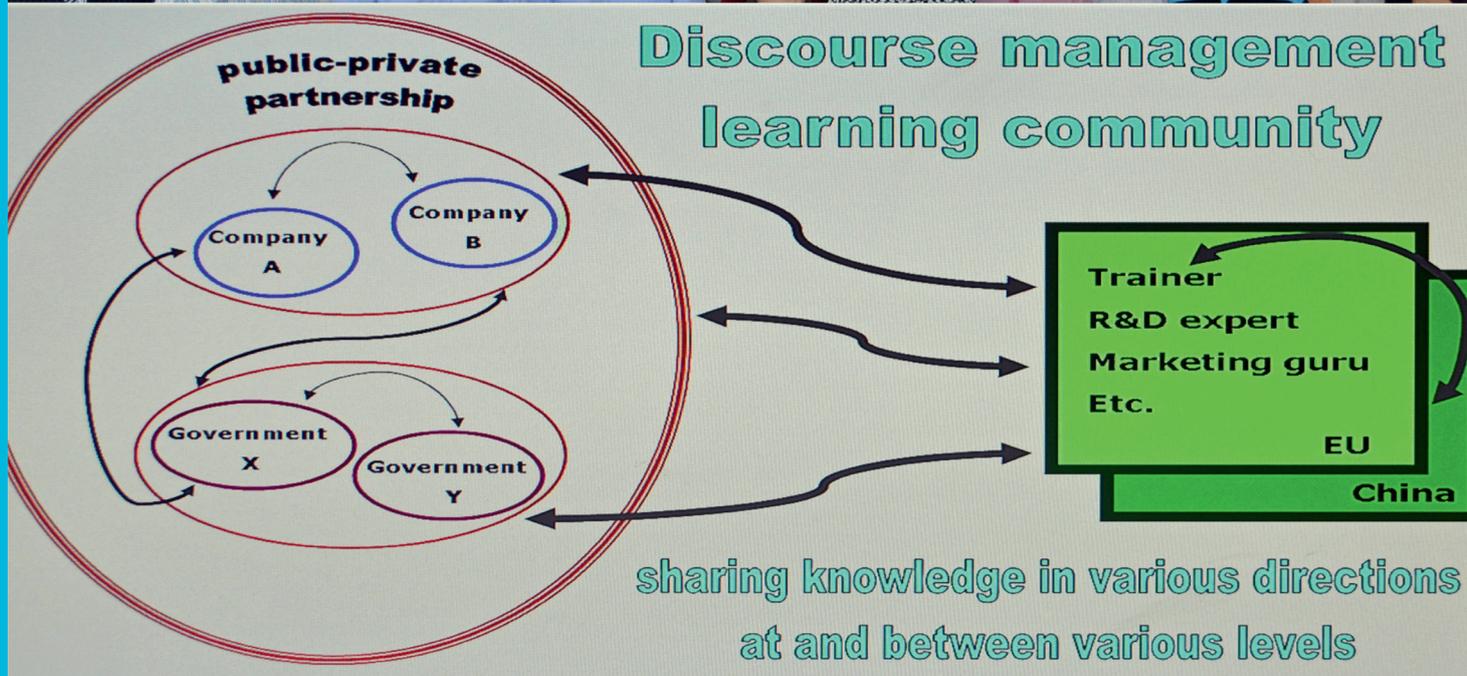


IMPACT SHEET • SWITCH-ASIA PROJECT  
IMPROVING ENERGY-EFFICIENCY & ENVIRONMENTAL  
PERFORMANCE OF SMES AND LARGE COMPANIES  
FACILITATED BY VOLUNTARY PUBLIC-PRIVATE PARTNERSHIPS  
**ACCELERATING IMPROVEMENT OF  
RESOURCE-EFFICIENCY IN SME SECTORS  
OF LAUNDRY AND TEXTILE INDUSTRY**



**800 CHINESE VOLUNTARY AGREEMENTS FACILITATE  
REALISATION OF 10 MTON CO<sub>2</sub> EMISSION REDUCTION IN 2015**



## THE CHALLENGE

In China, many SMEs operate inefficiently. In Nanjing 1000 SMEs within the laundry and dyeing industry contribute to 25% of the industrial wastewater emission and 5% of industrial energy consumption. Textile wastewater emission is responsible for 46% of total industrial wastewater emission in Jingzhou. The textile and textile care industrial sectors are resource and energy intensive. SMEs in the laundry and dyeing sectors have a large potential to improve their environmental performance. However, this room for improvement is not effectively addressed by conventional Chinese regulation. Voluntary public-private partnerships (PPPs) will have a bridge and support function to accelerate the process of achieving ambitious environmental and energy saving results, as existing regulation standards can be met relatively easily by most SME companies.

## OBJECTIVE



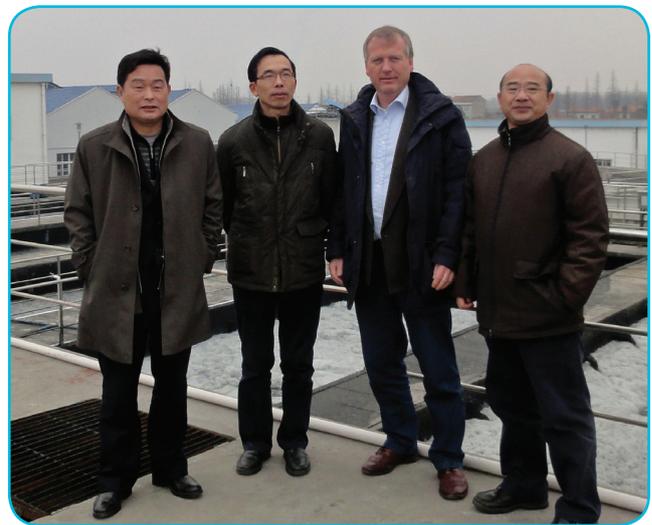
This *Improving energy-efficiency and environmental performance of Chinese SMEs and large companies facilitated by voluntary public-private partnerships (VA3)* project aims to scale up Sustainable Consumption and Production (SCP) practices by facilitating voluntary public-private partnerships throughout China and thereby contributing significantly to the mitigation of climate change.

## TARGET GROUPS

- 550 laundry & dyeing SMEs in Nanjing and 150 textile SMEs in Jingzhou;
- Large energy-intensive companies in Nanjing, Jingzhou and other Chinese cities;
- Financial institutions, NGOs and SME associations;
- Local and national governments with focus on environmental, spatial planning, economic and trade departments.

## ACTIVITIES / STRATEGY

The project partners broaden the cost-effective voluntary PPPs on sustainable development from large companies to SMEs in China. This widening to a large number of SMEs has been facilitated by Chinese SME associations taking into account EU SME best practices. The self-sustainability of this action will be realised by the management of three integrated SCP work packages developing and demonstrating PPP replication towards SMEs (WP1), improving PPP policy framing related to 12th FYP cycle (WP2) and strengthening PPP financial and institutional enabling environment (WP3). Thereby scaling-up of PPPs for improving industrial resource-efficiency will be guaranteed throughout China.



In this VA3 project at least 700 PPPs will be signed with individual SMEs in the cities of Nanjing and Jingzhou, and at least 100 PPPs with SMEs and large companies in Chinese mega cities such as Jinan, Hangzhou, Xian, Baoding and Tianjin. The main focus is on the laundry and textile SME sectors. The project develops and implements a China-specific manual on how to implement and facilitate voluntary PPPs for SMEs. The project builds capacity with industrial and governmental trainers to reach out to 700 target SMEs in Nanjing and Jingzhou. These trained PPP facilitators will encourage and streamline the signing of voluntary agreements between these SMEs and local governments and the development of PPP-related financial incentives by means of local banks and government. The VA3 action will be implemented in period 2012-2015.

# SCALING-UP STRATEGY



## PUBLIC PRIVATE PARTNERSHIPS AS A COST-EFFECTIVE TOOL TO SCALE-UP SCP FOR SMES

The PPP focus is on development and demonstration of an optimal mix of communicative, financial and regulatory policy implementation instruments for addressing and accelerating SCP. Therefore the project applies participatory principles of discourse and trust management that go beyond the limitations of technical training only. This leads to much higher level of management commitment from public and private partners and supports top-down and bottom-up communication within companies and governments and increases constructive dialogue between public and private partners. This change from environmental DAD (decide, announce, deliver) to DDD (discuss, decide, deliver) model enables win-win-win SCP situations for all public and private partners and Chinese citizens enjoying better quality of life and living conditions. Scaling-up of PPPs is envisaged from large companies to SMEs and more regions. The VA3 partner Energy Research Institute of NDRC links to the national policy level while the regional authorities can pick up on the tangible results of PPPs and include this flexible PPP mix of policy instruments in their five year plans.



*Our VA3 project team has experienced that discourse management is a cheap SCP and innovation catalyst for successfully implementing public-private partnerships. Discourse management creates a learning PPP community sharing relevant knowledge in various directions between for example EU and Chinese partners, Chinese governmental and industrial organisations or SME associations and individual SME companies. Valorisation of this PPP knowledge will result in large energy savings and emission reductions far beyond business as usual, policy framing and strengthening financial enabling environment for achieving sustainable economic growth in China. Tai bang le!*



*Erik ter Avest  
project coordinator  
from the NL Agency*



## ENGAGING INDUSTRIAL ASSOCIATIONS AND GOVERNMENTS FOR UPTAKE AND WIDER OUTREACH

A serious constraint is the short-term attitude of SMEs characterized by exclusive interest in profit and poor environmental awareness. A win-win co-operation licensing authorities, SMEs and SME associations have to be created. The industrial associations together with governmental organisations here play a crucial role. In China, the municipal authorities have environmental funds that can be used to provide financial incentives for industrial companies signing voluntary agreements. This leaves a very good opportunity to support SME sectors that sign PPPs with local government.



## FACILITATING INVESTMENTS TO GREEN INDUSTRIES

The project works towards developing new financial instruments for encouraging green projects and providing SME-specific financial loans and incentives for implementing PPPs. Local banks in Nanjing and Jingzhou have expressed their interest in this action. They have included this VA3 action on SCP into their own low-carbon development strategies for SMEs.

## RESULTS



### CAPACITY BUILT TO REACH OUT TO SMES

A train-the-trainer course for SMEs has been successfully completed. This course has largely contributed to bridge the knowledge valorisation gap on VA3 process and contents between EU and China. Thirty Chinese VA3 facilitators have been trained. At the Shanghai Laundry Expo the latest and most advanced technologies, machines, apparatus and chemicals for laundry and dry-cleaning were showcased. The VA3 SME toolkit including lessons-learnt from the Shanghai course has been applied to pilot SMEs in Nanjing and Jingzhou. Training of 140 SMEs was expected to take place in 2012. At the end of 2012 already 262 SMEs have been trained by Chinese PPP facilitators, so VA3 action is progressing fast.



### SIGNING OF PPPS WITH SMES INCLUDING INCENTIVES PROVIDED BY LOCAL GOVERNMENT

At the end of 2012, all 262 trained SMEs have completed their Energy-Efficiency and Emission Reduction Potential Scan (EE&ERPS) reports. The aggregated data in these confidential reports have been used for negotiating targets and signing PPPs. Each EE&ERPS report has got approval from management of SME company. In period 2012-2015 at least 700 SMEs and 100 large energy-intensive companies will sign PPPs on improving resource-efficiency with local government. Consensus has been built up on SCP challenges ahead for SMEs and China-specific SME needs and requirements through signing of PPPs including governmental incentives and established action teams in SME pilot companies.



### SCALING UP PPP APPROACH BY PR AND DISSEMINATION ACTIVITIES

Early 2012 the action website [www.VA3China.com](http://www.VA3China.com) has been developed and launched. The website is in both English and Chinese and has been used as a platform for internal and external communication. This VA3 action established a formal and informal action network of partners, associate partners (in particular local bank authorities), SME target groups, national and local governmental authorities as well as local mass media. The network started off crucial trust and discourse management by jointly discussing impressions of energy consumption and environmental performance of laundry and textile SME sectors in China. Chinese emission trading policy needs and requirements have been informally discussed and elaborated in more detail for digesting and taking advantage of VA3 benefits.



## IMPACT IN NUMBERS

<p><b>ECONOMIC IMPACT</b></p> 	<ul style="list-style-type: none"> <li>• Proven financial PPP incentives and instruments suitable for SME-sectors;</li> <li>• Development and demonstration of innovative financial policy implementation instruments such as emission trading, green loans and project financing encouraging implementation of green technologies leading to sustainable economic growth;</li> <li>• Monitoring, reporting and verification testing of carbon intensity or carbon market instruments suitable for SMEs and energy-intensive companies.</li> </ul>
<p><b>ENVIRONMENTAL IMPACT</b></p> 	<ul style="list-style-type: none"> <li>• 700 target SMEs have implemented China-specific PPPs for realising ambitious environmental targets;</li> <li>• SME sector associations and pilot SMEs have demonstrated cost-effectiveness of PPP approach for improving resource-efficiency;</li> <li>• Findings have been digested in SME PPP manual for further scaling up in China;</li> <li>• Signing of 100 additional PPPs with top 10.000 companies leading to overall annual energy saving of 100 PJ and emission reduction of 10 Mton CO<sub>2</sub> in 2015.</li> </ul>
<p><b>SOCIAL IMPACT</b></p> 	<ul style="list-style-type: none"> <li>• Double capacity building of government officials, SME associations and pilot SMEs creating a systematic switch from unsustainable to sustainable patterns of economic growth;</li> <li>• SME representatives have learnt how to co-operate in a constructive way with local governments on achieving ambitious SCP targets contributing to improved quality of life and living conditions for Chinese citizens;</li> <li>• Access to proven China-specific PPP know-how on how to combine realization of top-down Five-Year-Plan SCP targets with bottom-up SME activities and results in constructive and cost-effective way.</li> </ul>
<p><b>ENGAGEMENT OF TARGET GROUP</b></p> 	<ul style="list-style-type: none"> <li>• A large number and wide variety of Chinese stakeholders from science and R&amp;D bodies, national, provincial and local governments as well as industrial business sectors and companies (“golden triangle”) have been engaged in VA3 action;</li> <li>• All contacted private and public Chinese stakeholders have a combination of personal, governmental policy and business motivation factors for joining or taking advantage of VA3 project;</li> <li>• 262 trainings at SME company level and large amount of informal VA3 visits and meetings have contributed to consensus and progress on sustainable impact at annual formal VA3 meeting.</li> </ul>
<p><b>POLICY LINKAGES</b></p> 	<ul style="list-style-type: none"> <li>• Providing China’s policy makers with PPP findings and tangible results for SMEs;</li> <li>• Funneling up and down this PPP implementation feedback at all local, provincial and national levels of government;</li> <li>• Crucial role of our partner ERI as an entity within NDRC12th Five-Year-Plan policy advice and implementation cycle;</li> <li>• PPP support of associates NDRC and MEP for policy framing within 12th FYP for SMEs;</li> <li>• Policy recommendations for low-carbon economic growth PPP approach for SMEs and large companies.</li> </ul>



**Legend**

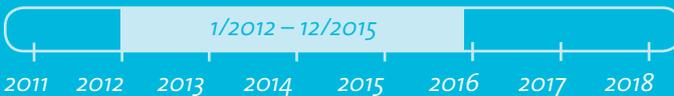
- Eligible Asian countries for the SWITCH-Asia programme
- Non-eligible Asian countries for the SWITCH-Asia Programme
- Project implementation area**
- City
- Region
- Country

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 project aims to scale up SCP practices by facilitating voluntary public private partnerships throughout China and thereby contributing significantly to the mitigation of climate change.

**DURATION**



**PROJECT TOTAL BUDGET**

€ 1,942,333 (EU contribution: 80%)

**PROJECT CONTACT**



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**PROJECT CONSORTIUM**



Energy Research Institute (ERI) of National Development and Reform Commission (NDRC) of China



Beijing University of Civil Engineering and Architecture (BJUCEA)



Nanjing Commerce and Trade Bureau (NJCTB)



Nanjing Environmental Protection Bureau (NJEPB)



Nanjing Laundry and Dyeing Industrial Association (NJLDIA)



Jingzhou Environmental Protection Bureau (JZEPB)



Jingzhou Textile Association (JZTA)



CINET (International Committee on Textile Care)