



## Scaling up Greening of China's Supply Chains



Interactive energy efficiency audit training in a factory setting.

### Background

In 2012, China's government tasked the textile sector to reduce energy intensity 20% by 2015 compared with 2010 levels. During that year, a REEEP-funded project with Azure International created a capacity-raising energy efficiency programme which brought together the China National Textile and Apparel Council (CNTAC), four leading brands (Levi Strauss, adidas group, H&M and GAP), the International Finance Corporation (IFC) and 13 textile suppliers.

In less than 10 months, a third of these suppliers had implemented energy saving measures, reducing individual energy bills by an estimated 10%, and saving an estimated 12,000 tons of CO<sub>2</sub> and 11,000 MWh annually as a group. This proved that with proper training and tools, Chinese factories are willing to self-finance EE improvements.

However, significant outside financing is still needed to achieve wide scale energy savings. This follow-up project will partner with VF Corporation (home to 38 brands including Wrangler, Nautica and The North Face), and CNTAC. Together with the IFC, the project will also engage with their Chinese partner banks to create evaluation criteria for EE project lending, and to work with suppliers to capture lender-relevant data on energy use.

### Project purpose

To provide suppliers with the tools to achieve deeper energy savings, to widen the platform for sharing best practices, and to activate bank-led financing for improved EE.



### Main activities and outputs

- Launch project with an Opening Summit of 20+ suppliers, major brands, IFC and Chinese partner banks, CNTAC and policy-makers
- Conduct training workshops covering energy management, data management, and EE best practices
- Hold interactive audit trainings in real-life, typical factory settings
- Pilot ESCOs to help support investment grade projects at SMEs
- Offer factory visits for local banks to see the EE investment opportunities
- Convene EE Finance Roundtable for financiers, brands and suppliers
- Hold an award ceremony to highlight leading factories for their efforts

### Expected impacts

- Increased supplier capacity to manage data to secure EE financing
- Ambitious energy saving targets and action plans set at factory level
- Estimated 123,000 tons of CO<sub>2</sub> savings and 116,000 MWh energy savings achieved annually
- Enhanced capacity of factories to continuously improve their EE
- Increased capacity and willingness of international and local financiers to finance EE improvements
- Identification of five or more major energy saving projects for lenders
- Availability of ESCOs ready and able to serve the EE needs of SMEs

#### Project Information

**Location:**

China

**Duration:**

2013–2014

**Sector:**

Energy efficiency

**Thematic focus:**

Business

**Total project budget:**

€ 248,900

**REEEP grant:**

€ 150,000

**REEEP donor:**

Switzerland

**Co-funding:**

€ 98,900 from IFC, participating suppliers and VF Corporation

**Implementing partner:**

Azure International