

# RACE TO THE TOP



catalyzing sustainable growth





# *The vision*

Creating conditions for large scale improvements in the social and environmental impact of apparel and footwear production in Vietnam, by:

- ❶ Proving and improving the (economic, societal, reputational) benefits of a sustainable apparel and footwear industry for the industry, government, workers, and communities;
- ❷ Creating a supportive policy and regulatory environment for sustainable apparel and footwear production;
- ❸ Improving the business rationale for manufacturers and mills to invest in sustainable apparel production;
- ❹ Creating cost-efficiencies by coordinated and innovative implementation at key leverage points at the country-level.



# The approach

Works towards **systemic change**

Leverages core competencies all **key stakeholders & coordinates actions**

Builds interventions on a **business rationale**, working with private sector, governments, and multilateral organizations

Has a strong focus on **innovations**, that go beyond compliance and **catalyze** a race to the top on labor and environmental standards

Achieving **scale at country level & scalable model** for other countries

Creates shared value by **connecting societal and economic progress**

**Local ownership** embedded in the approach



# The partners

## Global Steering Group



Ministry of Industry and Trade



BETTER WORK



Global Green Growth Forum



Kingdom of the Netherlands



UDENRIGSMINISTERIET  
MINISTRY OF FOREIGN AFFAIRS  
OF DENMARK

Facilitated by





# The solutions & methodologies



Combining direct work on the ground with creating the enabling environment for scale

Current activities are a mix of harmonizing the industry approaches and activities; managing and co-financing pilot projects; creating access to finance; and initiating and supporting policy discussions

# The activities

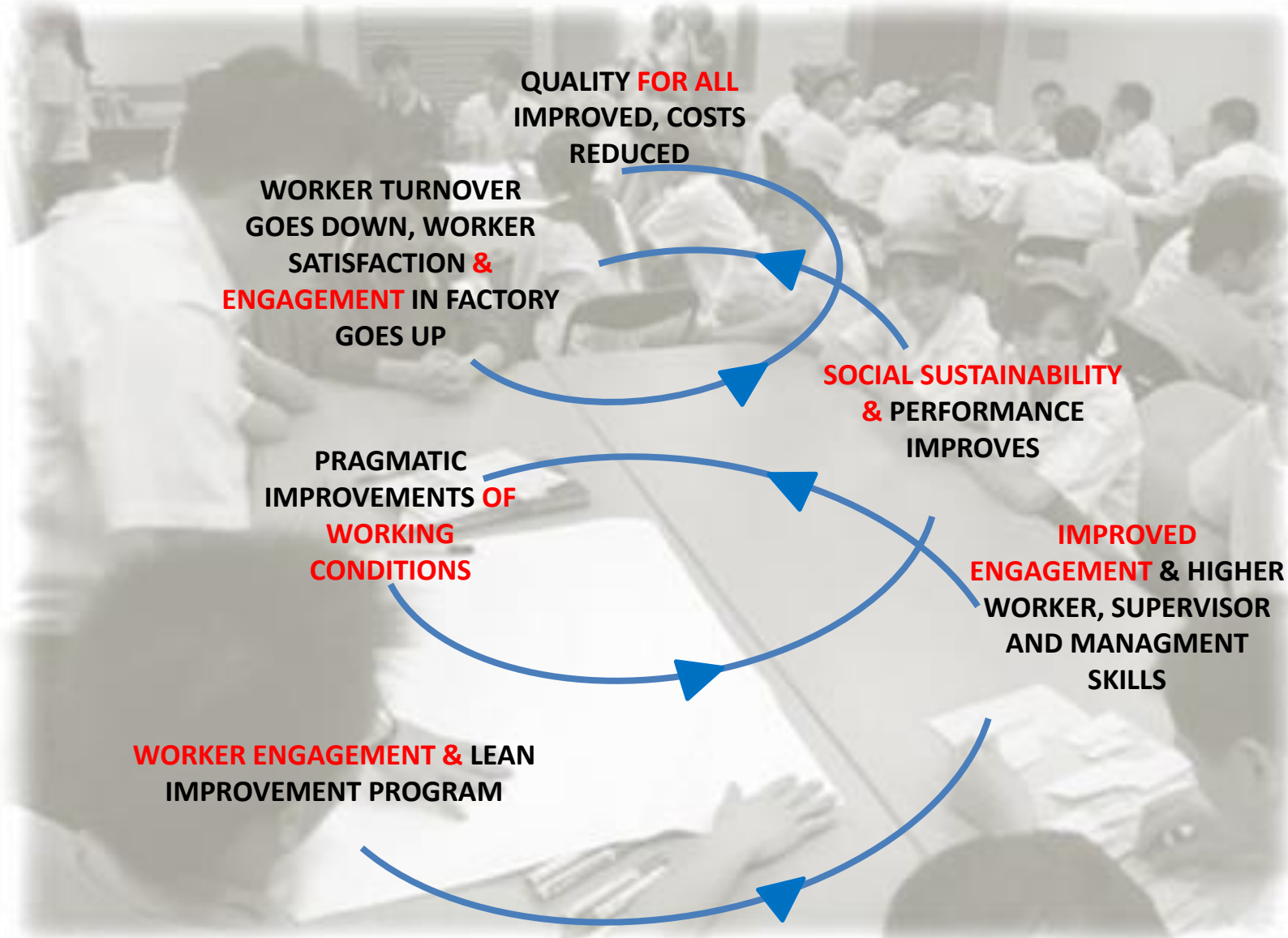
Currently engaged in:

- ❶ Capacity building in 20-30 factories/industry groups, examples in following slides
- ❷ Linking sector stakeholders for increased collaboration and impact
- ❸ Co-hosting PPP meetings and developing work plans for informing policy improvements, e.g.:
  - I. Working with MONRE on Chemical policy and the contextualization and adoption of ZDHC tools and trainings
  - II. Working with LEFASO and VCCI on the localizing international best practices for Vietnamese industry such as the Higg Index
  - III. Working with VITAS on expanding best practices to local factories and program learnings





# Productivity-Engagement Pilot: Design



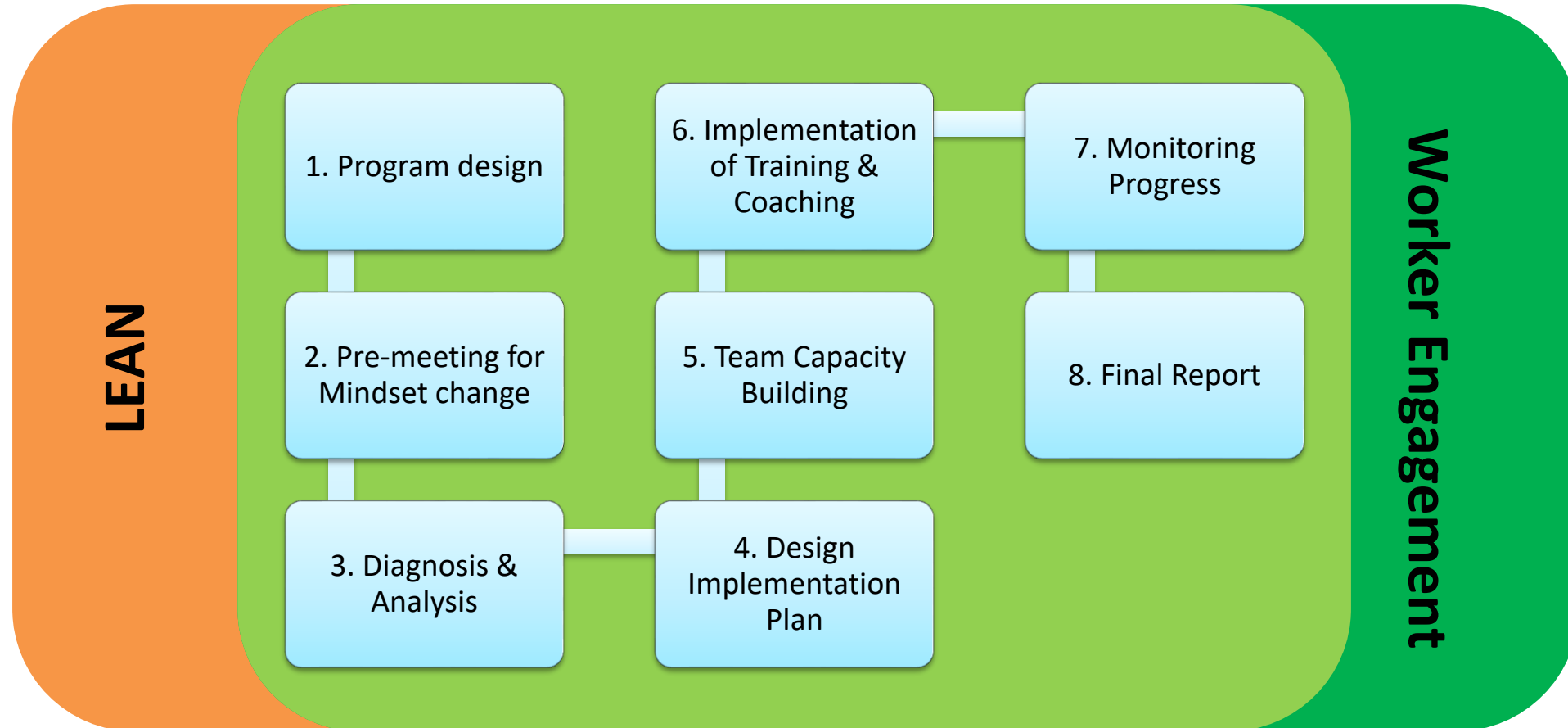
TRADITIONAL LEAN PROGRAM

+

WORKER ENGAGEMENT PROGRAM

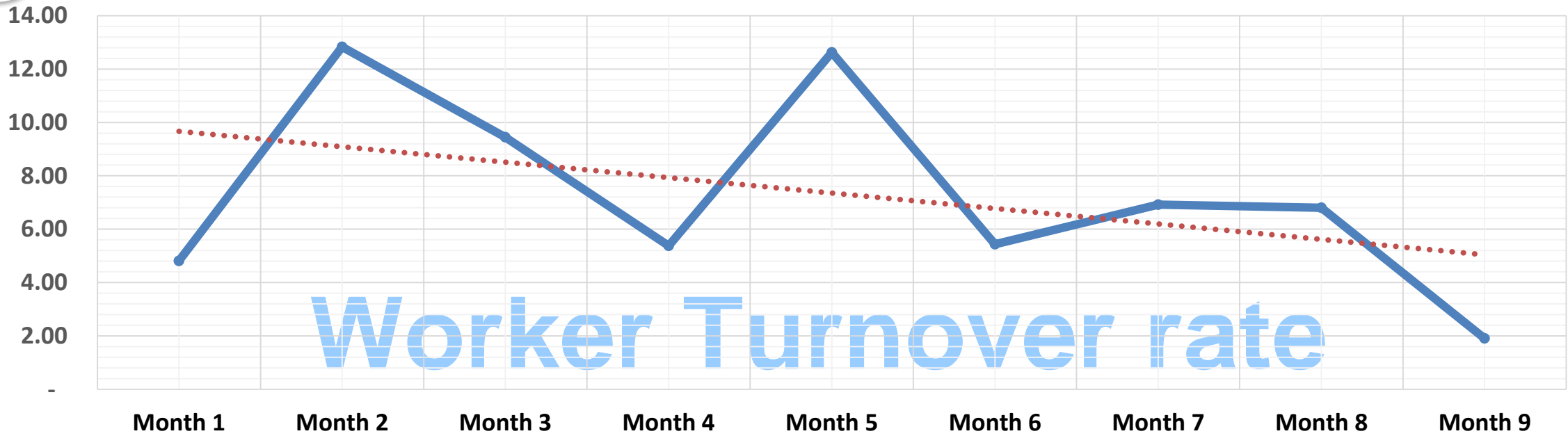


# Productivity-Engagement Pilot: Method & Activity





# Productivity-Engagement Pilot: Benefits



	Pre-Implementation	Implementation	Post-Implementation
<b>Turnover rate</b>	13.05%	10.52%	9.88%
<b>Turnover rate cost</b>	USD 209,215	USD 161,814	USD 158,304
		-19.43%	-24.29%
<b>Savings</b>		USD 47,401	USD 50,910
		<b>USD 98,311</b>	
		<b>VND 2,241,485,100</b>	

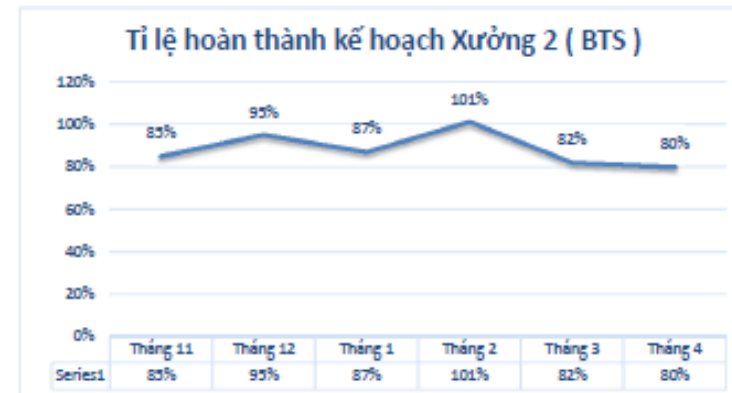
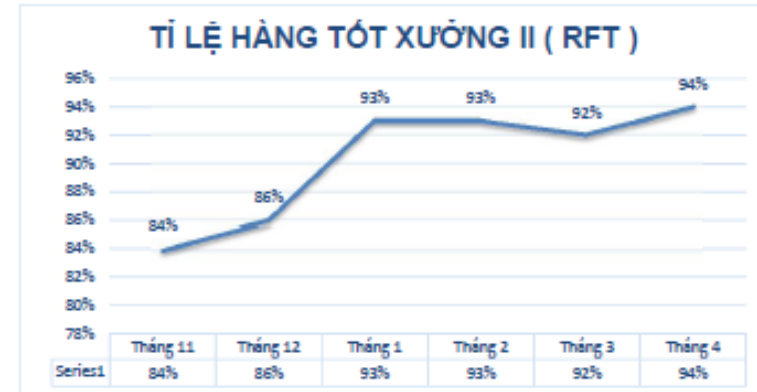
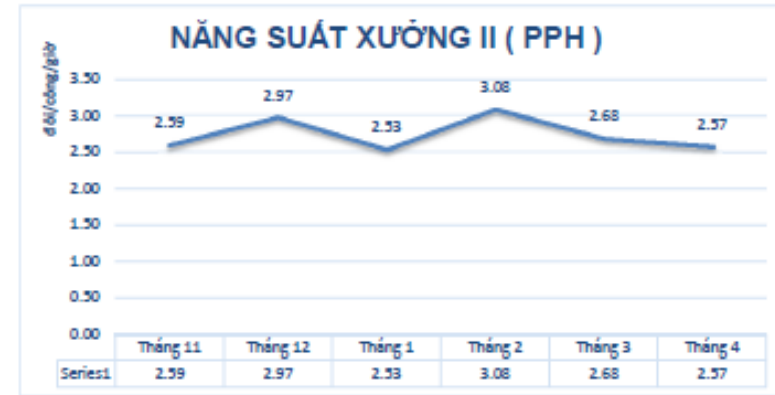


# Productivity-Engagement Pilot: Benefits



- Developing individual Case studies
- Seeing good results in first graduating factory metrics, but more importantly in overall factory behavior
- High drop in rework rates for factories focusing on Lean/Quality, improvements of Pieces per Person per Hour for factories focusing on increasing output

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# *Annex*

- ❶ Other Race to the Top activities (out of scope for the RFP)
- ❷ Background info on IDH

# Mill optimization pilot: Method & Activity



## MILL OPTIMIZATION



### TOTAL SAVINGS

for the first 3 mills that take part in the Race to the Top pilot program:



USD SAVINGS  
**\$2.6M**



ELECTRICITY SAVED  
**19.662 TVs** turned on for a year (983,109kwh)



WATER SAVED  
**150 Olympic Swimming Pools** (375,039m3)

### AVERAGE ROI: 1.5 YRS

Projects include energy efficiency, air emissions and wastewater effluent treatment for textile mills. We assess, identify, and improve on opportunities related to energy, water, wastewater treatment and chemicals, that will also result in cost savings.

The following 3 mills are part of the pilot program. The Race to the Top Mill Optimization program is now expanding and can include laundries as well.

#### MILL 1



ELECTRICITY

COAL

WATER

#### ABSOLUTE SAVING

637,074 kWh/year    4,127 ton/year    119,981 m3/year

#### COST SAVING (US\$/Y)

\$47,748    \$516,460    \$119,981

#### ANNUAL COST SAVINGS

**\$684k**

#### MILL 2



ELECTRICITY

WOOD

WATER

#### ABSOLUTE SAVING

346,035 kWh/year    22,156 m3/year    225,076 m3/year

#### COST SAVING (US\$/Y)

\$25,215    \$201,443    \$218,834

#### ANNUAL COST SAVINGS

**\$445k**

#### MILL 3



ELECTRICITY

NAT. GAS

WATER

#### ABSOLUTE SAVING

-4,670,869\* kWh/year    184,753 GJ/year    29,982 m3/year

#### COST SAVING (US\$/Y)

-\$320,786\*    \$1,696,499    \$127,738

#### ANNUAL COST SAVINGS

**\$1.5M**

### CONTACT

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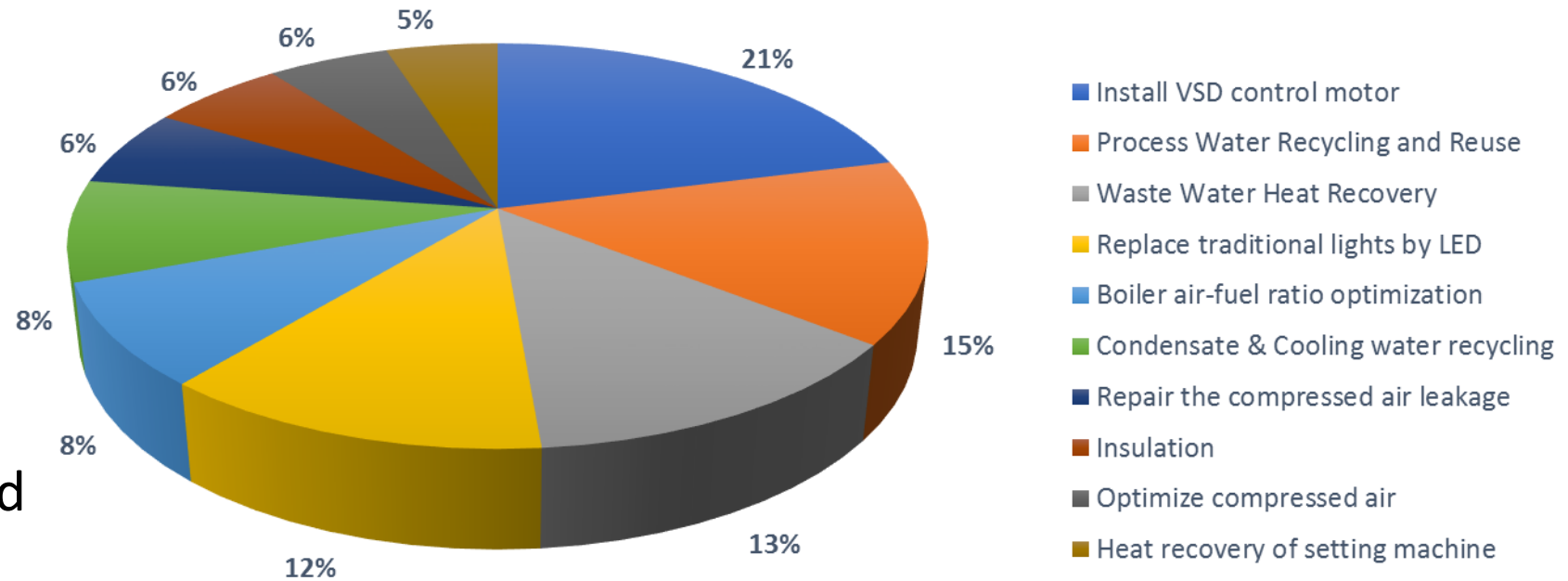
\*This figure is calculated by IDH based on the data provided by the mills. IDH is not responsible for any errors or omissions. IDH is not liable for any damages or losses.



# Mill optimization Pilot: Benefits

- Clear benefits from best practices / quick wins
- Working with factories on higher impact changes (e.g. Solar PV installment)
- Using gains to help inform policy and disseminate good practices

## ECONOMIC BENEFITS FROM THE 10 BEST PRACTICES

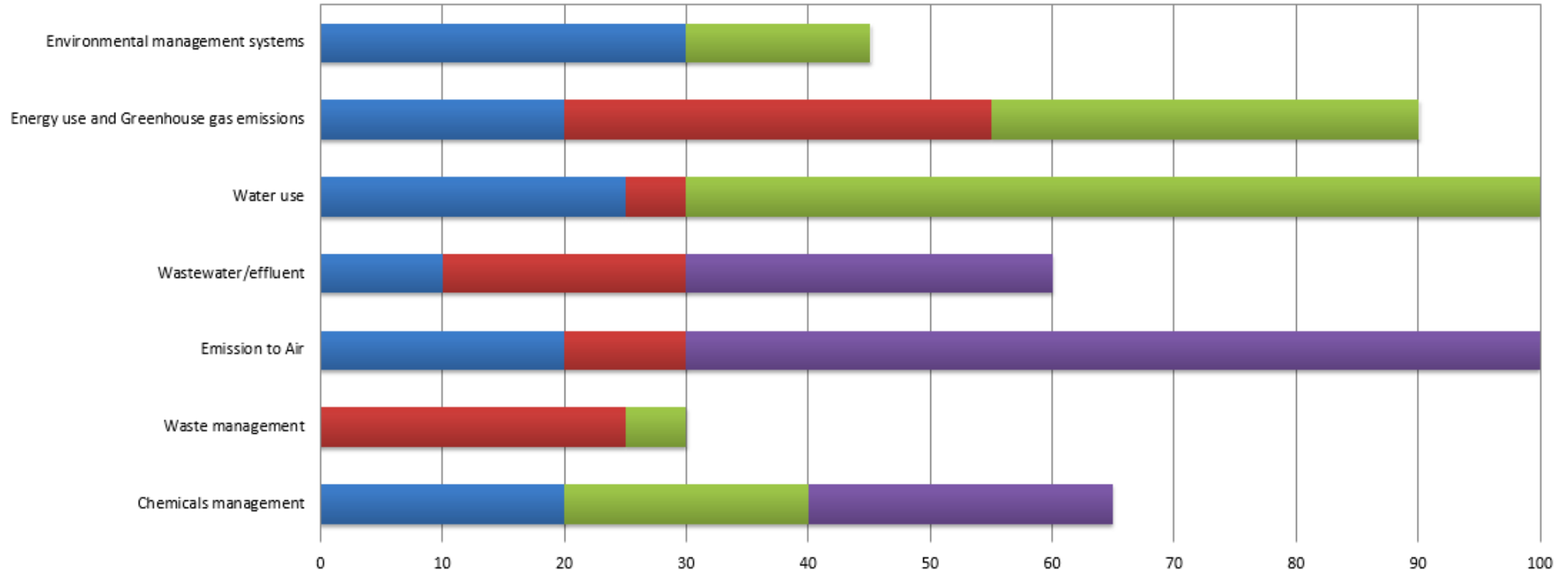




# Mill optimization Pilot: Benefits



Example Higg scores and improvement areas



	Chemicals management	Waste management	Emission to Air	Wastewater/effluent	Water use	Energy use and Greenhouse gas emissions	Environmental management systems
■ Current performance	20	0	20	10	25	20	30
■ Performance after immediate actions	0	25	10	20	5	35	0
■ Performance after short term actions	20	5	0	0	70	35	15
■ Performance after mid-long term actions	25	0	70	30	0	0	0

# What is IDH?

IDH - Driving sustainability from niche to norm

- Convenes companies, NGOs, governments and others into public private **partnership** facility
- Funded by a.o. Dutch, Swiss, Danish, and Norwegian Governments
- **11** commodity chains in **50+** countries
- **500+** companies, financial institutions, producers' organizations and NGOs
- **300+** million Euro investment capital



*We believe there are two kinds of companies: those that sell sustainable products... **and** those that will...*