



Sustainable Product Innovation (SPIN)

Vietnam, Laos, Cambodia

June 2012

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Quick facts

Zone	Cambodia, Laos and Vietnam
Time Frame	2010 - 2014
Theme	Sustainable Consumption and Production (SCP)
Implementing agency	Delft University of Technology (DUT), the Netherlands

I. Background information

Vietnam's economic growth rate and industrialization over the last years, regardless of the recent cooling down, have had an adverse impact on the environment. This, coupled with a still weak institutional capacity to adequately address environmental issues, as well as limited technical infrastructure and financial resources allocated to environmental protection and low carbon development, has contributed to a wide range of environmental problems. One of the main sources of this problem is the current unsustainable ways of production and consumption which leads to inefficient use of materials, energy and water and results in environmental pollution, waste and degradation of ecosystems. The low current quality of growth undermines the long term sustainable development of the country. The ability of Vietnam to address the quality of its growth is at the core of its development challenges. Although Cambodia and Laos are currently less developed, they also have similar aspirations for economic development for the future, and thus face similar risks.

The "Sustainable Product Innovation in Vietnam, Cambodia and Laos" project, which is co-financed by the EU funded SWITCH Asia Programme, was designed to overcome these barriers by demon-

Case Study





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strating the economic, social and environmental benefits of sustainable product design, including the domestic market, which is not only in line with the Vietnamese government's recent decision to focus on the development of the domestic market to stabilize the economy in the present crisis period, but also with the National Green Growth Strategy, which is under preparation. Through the successful implementation of the "Cleaner Production for Better Products - CP4BP" demonstration projects in the region, the approach of Sustainable Product Innovation (SPI) has proven feasible. By applying this approach in a substantial number (500 or more) of small-medium enterprises (SMEs) in relevant sectors, it is expected that a considerable positive impact on overall sustainability can be achieved.

Project Definition

Growing global concerns about environmental problems such as climate change, pollution and biodiversity loss and about social problems related to poverty, health, working circumstances, safety and inequity, have fostered sustainability approaches for industry. Products are the core business of enterprises and product innovation in a more sustainable manner is key to any (new) business activity. Improved product design which applies sustainability criteria - Design for Sustainability (D4S) - is one of the most useful instruments available to enterprises and governments to deal with these concerns. This implies that companies incorporate environmental and social factors into product development throughout the life-cycle of the product, the supply chain, and with respect to their socio-economic surroundings (from the local community for a small company, to the global market for a trans-national company).

The specific objective of the "Sustainable Product Innovation in Vietnam, Cambodia and Laos" project is that by the end of the project (2014), Sustainable Product Innovation (SPI) will be a proven approach to at least 500 businesses in five industrial sectors (food processing, textile, footwear, handicraft and furniture) in Vietnam, Laos and Cambodia. These sectors were selected based on their substantial share in the economy of the region, on their current overall negative impact

on environmental and social sustainability, as well as on their potential for sustainable product innovation.

The project's objective can only be achieved, and sustain its impact after project completion, if companies see the development of more sustainable products as an opportunity to access new markets (or to secure existing markets). The project will thus approach both supply and demand sides of sustainable products:

1. On the supply side, interactive trainings for SMEs on marketing skills include strategic and product marketing, marketing mix planning, networking and portfolio building, as well as participation in trade fair opens new market opportunities for selected companies.
2. On the demand side, workshops aimed at raising awareness among policy makers and governmental institutions will help foster demand for sustainable products. These actors can help implement enabling policy instruments for SPI, as well as open up new markets for sustainable products, mainly in the area of public procurement.

Project key expected outcomes

The action will lead to the development of a large number of products re-designs or new designs and to be introduced to local, regional and international markets. These products will have a significant lower impact on the environment, are of better quality and have a positive impact on social issues. It is also expected that the project will improve business opportunities for the participating companies in the 3 pilot countries.

In addition to the products being (re)-designed and marketed during the project, the Sustainable Product Innovation approach will provide the participating SMEs/companies with:

- The ability to develop a portfolio of more sustainable products.
- Improved knowledge of current and potential markets and of customer requirements.
- Improved skills on development of strategic and product marketing, including suitable marketing mix, market communication skills.
- Availability of a network of local experts and organisations able to provide them with ad-





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vice and technical expertise for their further application of SPI.

- Resulting increased business opportunities, also fostered by the actions at the policy level that will facilitate the development of a market for sustainable products at national level.
- Improved economic performance (reduced costs, and/or increased productivity).
- Reduced environmental impact resulting from the production process and product. The minimal improvement for the products will be 10% reduction on average, on one or more of the main elements: energy, water and materials use over the life cycle of the product.
- Consideration of raw material sourcing and substitution to more efficient and less polluting alternatives.
- Improved internal (working) environment and reduced health risks associated with product production and disposal.
- Improved image.

The outcomes of the action will, therefore, contribute to a decrease in environmental impact and will improve the social sustainability aspects connected to products over the whole lifecycle.

Project Beneficiaries

The major beneficiaries of this action are the sector organisations, chambers of commerce and other intermediary business organisations connected to the five sectors. Other beneficiaries are the NGOs in the region that focus on sustainable development and sustainable products and the workers in the companies. All consumers nationally and internationally, will benefit as well, as do the inhabitants of the region because of the reduced environmental impact and improved social and economic circumstances.

Project achievements/impacts to date

By November 2011, the SPIN project was working actively with 100 companies: 65 in Vietnam, 20 in Cambodia and 15 in Laos.

- Improved or new more sustainable product designs are now emerging from all those targeted SMEs/companies
- Sustainability impact is being recorded (so including economic) which is varying from 10% materials reduction per product to zero waste/energy in product service systems

The indicators for uptake of project results by other stakeholders are:

- SPIN's initiatives/ideas have been applied in /up taken by : One UN project on Green Supply in Vietnam, World Bank project in Suoi Giang (from models of zero agriculture waste), Hoi An Terracotta Park (in establishment of sustainable design centre)
- Over 200 national experts (from companies/SMEs, sector organisations, consultancies, universities, etc.) on design have been trained,
- Trade fair interest: Green Expo in Ho Chi Minh city 23-25 May 2012 would like to have SPIN's initiative as the central theme for their expo.
- Establishment of a Green Designers Club in Ho Chi Minh city, called the Vietnam Designer's House.

Reference:

Project document, Project activity reports
Website: www.spin-asia.net

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