

# RESOURCE EFFICIENT AND CIRCULAR PRODUCTION PROCESSES

## Strengthening the Competitiveness of MSMEs in International Value Chains

### Overview

The Resource Efficiency and Circular Production (RECP) Approach is a customized coaching programme for micro, small and medium-sized enterprises (MSMEs) in developing countries to increase their competitiveness by optimizing their consumption of resources and going circular.

Building upon best practices, the International Trade Centre (ITC) works with stakeholders along international value chains to build capacity of MSMEs to reduce, reuse and recycle natural resources such as energy and water as well as waste within their production processes.

Throughout our projects, ITC facilitates an active collaboration and dialogue between value chain actors – including international companies and local suppliers – to ensure joint implementation of green business practices.



The approach is and has been implemented in a number of ITC projects:

**Countries:** Burundi, Caribbean region, Malaysia, Egypt, Ethiopia, Ghana, Jordan, Kenya, Madagascar, Morocco, Peru, Tanzania, Tunisia, Uganda and Vietnam

**Sectors:** Agri-food, footwear, furniture, textile & clothing, among others

**ITC projects:** GreenToCompete Hubs (SIDA), eTex and Africa FAN (BMZ), GTEX/ MENATEX (SECO), MARKUP (EU), ARISE Plus Malaysia, and UKTP (FCDO).

### Benefits for MSMEs

By joining the coaching programme, SMEs can:

- 1 **Reduce production costs and increase productivity;**
- 2 **Reduce environmental footprint;**
- 3 **Develop new products and services;**
- 4 **Ensure business continuity and supply chain stability;**
- 5 **Access green finance opportunities.**

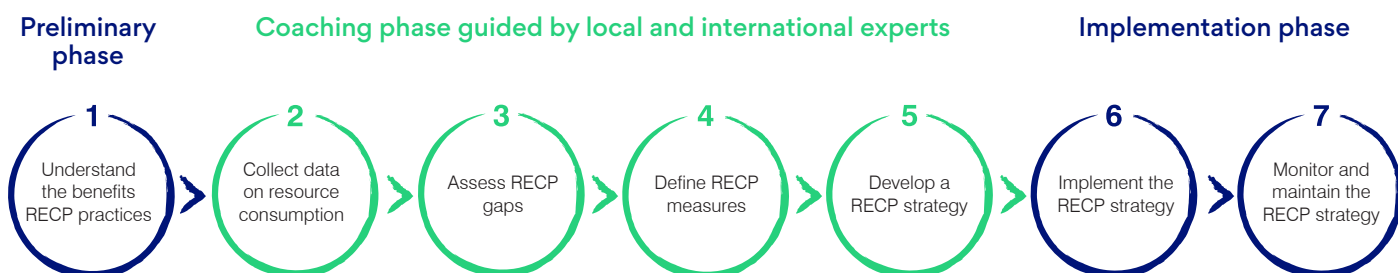
## The coaching programme

In the coaching programme companies work with ITC trained local experts to assess industry standards, buyer and legal requirements as well as MSME performance in relation to resource efficiency and circular production practices specific to each target country and sector. According to the results of these analyses, efficiency targets regarding energy and water consumption and waste production are set for each MSME individually.

Based on the targets identified, gaps are identified and the experts advise the MSMEs on the identification of measures to enhance their existing practices. Shortlisted measures

are assessed from a financial perspective and compared through a cost-benefit analysis deriving those measures that make business sense. As a result, measures are recommended as part of a resource efficiency and circular production strategy and related communication plan. To ensure the implementation of the strategy and its measures, MSMEs receive further guidance on accessing green finance, technology and expertise.

The coaching programme is implemented according to the following steps:



Note: RECP: Resource efficient and circular production

The coaching programme is complemented by in-depth workshops on common pressing issues of the selected MSMEs to implement resource efficient and circular production practices. The workshop topics are jointly identified with the suppliers and their international buyers.

In parallel, the selected MSMEs are enrolled in the online learning course “Resource Efficient and Circular Production Processes” hosted on the ITC SME Trade Academy. An ITC certificate can be obtained upon completion.

## Engagement of international buyers and financiers

International buyers including brands, retailers and manufacturers take an active role in the design and implementation of the approach in the targeted countries and sectors. Buyers can nominate suppliers to join the programme and participate in the coaching process starting from the sensitization workshop, to customized coaching sessions all the way to the implementation of the identified resource efficient and circular production measures. Benefits for international buyers include improved environmental sustainability of their supply chain, collaboration and an active dialogue with their suppliers beyond existing commercial ties, as well as drawing from lessons learnt for a potential replication of the project

with further suppliers and in other sourcing countries.

Financiers including commercial and development banks as well as traditional and impact investors are invited to take part in the project early on in order to inform participating MSMEs about existing green finance offerings and to consider to finance bankable projects resulting from the project. In this way, financiers can access a pipeline of interesting bankable projects and MSMEs.

