

# Cleaner Production Case Study

## COMFIT COMPOSITE KNIT LTD. Facilitating Financing in Energy Efficiency

This series showcases success stories of PaCT partner factories in the Bangladesh textile sector, which have implemented Cleaner Production projects.

### Factory Overview

Comfit Composite Knit Ltd. specializes in knit garment products, producing 1.9 million pieces per month. Comfit pursues a robust sustainability goal and always strives to use its resources efficiently and reduce impact on the surrounding environment.

Comfit, having a workforce of over 4,000 people, embarked upon the Resource Efficiency journey by partnering with IFC's PaCT in 2014. During the Cleaner Production (CP) assessments, CP experts identified several opportunities for resource efficiency upgrades in Comfit's dye house. The experts evaluated each upgrade option and made several recommendations that can lead to substantial savings in water, energy, and chemicals use.

Unfortunately, what stood as a barrier between Comfit and the resource efficiency upgrades was access to appropriate forms of finance, as some of the recommended upgrades were capital intensive, and required external sources of funding, such as loans and grants.

### Finding the Solution

PaCT introduced Comfit to partner financial institution IDLC Finance Ltd. Based on PaCT's factory assessment, and USAID's Catalyzing Clean Energy in Bangladesh (CCEB) energy audit report, IDLC simplified Comfit's loan application process and management approval in a short span of time, coordinating among all the stakeholders for providing seamless service to Comfit.

*"Both IDLC and IFC PaCT worked closely to develop a successful resource efficiency financing model that not only incentivized each of the major stakeholder's involvement, but also balanced the relative risks of implementing a comprehensive energy efficiency project at Comfit Composite Knit Ltd.," shares Mr Mesbah Uddin Ahmed, General Manager & Head of Corporate Division, IDLC Finance Limited.*



The Bangladesh PaCT: Partnership for Cleaner Textile is a holistic program that supports textile wet processing factories in adopting Cleaner Production (CP) practices, and engages with brands, government, communities, financial institutions, and other stakeholders to bring about systemic, positive environmental change for the Bangladesh textile wet processing sector, its workers, and surrounding communities, and to contribute to the sector's long-term competitiveness and environmental sustainability.



### Project Investment at a Glance

Total Investment	USD 139,350
Financier	IDLC Finance Ltd.
Loan amount	USD 126,580*
Loan tenor	5 years

\*Process and foreclosure fees were waived.

### Expected Energy Efficiency Savings at a Glance

Steam



160,000 tonnes/year

Energy



66,000 kWh/year

CO<sub>2</sub> Emissions Avoided



390 tonnes/year

## Sealing the Deal

PaCT's support to Comfit and IDLC Finance Ltd. played a critical role in the growth and enhancement of both institutions.

Comfit sourced approximately USD 126,580 from IDLC for the upgrades, at an attractive interest rate. The energy efficiency upgrades were financed using a blended financing model with funds from the USAID's CCEB project and Bangladesh Bank's Refinance Scheme for Renewable Energy and Green Products. Only personal and corporate guarantees were used to secure repayment of the loan; no other collateral was required.

The collaboration with PaCT also helped IDLC to create a diversified credit portfolio. The program assisted IDLC in structuring the blended model of financing that facilitated finance at attractive terms, coordinating with USAID-CCEB project in arranging an investment-grade energy efficiency audit at Comfit's factory.

## Results are Promising

With PaCT's support in facilitating the financing, Comfit effectively implemented the following efficiency upgrades:

Energy Efficiency Interventions at Comfit Composite Knit Ltd.	Required Investment (USD)	Expected Annual Cost Savings (USD/year)	Payback Period (years)
Online efficiency monitoring system for boilers with oxygen trim	75,000	12,410	6.0
Insulating steam valves/flanges/fittings	3,200	1,370	2.3
Replacing vacuum tables with start-stop tables	4,200	1,120	3.8
Replacing T8 tubes with LED tubes	3,970	2,300	1.7
Installing steam traps and utility flow meters	--	--	--

Table 1: Energy efficiency interventions with corresponding investment, savings, and payback periods.

In addition to elevating Comfit's image in the market, the resource efficiency upgrades have helped Comfit achieve impressive results—annual savings of 160,000 tonnes of steam, 66,000 kWh of electricity plus avoiding 390 tonnes of CO<sub>2</sub> emissions.

## PaCT's Resource Efficiency Financing (REF) Program

Often financial institutions (FIs) are hesitant to provide financing to resource efficiency projects in the textile sector as first-cost financing security is usually missing due to their lack of experience with available technologies and market opportunities. Additionally, FIs do not have internal resources to evaluate or identify appropriate resource efficiency projects.

PaCT is playing a leadership role in bridging these gaps by enabling FIs, textile factories, and technology suppliers to work collectively in facilitating resource efficiency projects in the textile sector.

### PaCT's integrated financing approach

- Facilitates textile factories to access financing for resource efficiency projects
- Supports FIs to build their capacity in evaluating resource efficiency projects and developing innovative financing models
- Links factories, and FIs to technology suppliers for reliable technology sourcing

For more, please visit <http://www.textilepact.net>

Anis Salahuddin Ahmad  
Director  
Comfit Composite Knit Ltd.

*PaCT's invaluable support, particularly in understanding the need for resource efficiency upgradation in our plants, and linking us to the right financial institution has helped us to receive finance within a short time, at attractive terms. As a progressive institution, we feel encouraged to invest in more such upgradation projects in the future.*

For more information, please visit [www.textilepact.net](http://www.textilepact.net)

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