

# Project Eco - Innovation

Strengthening SCP practices in Sri Lanka  
by Empowering SME's in Agri-Food Sector



**Eco-Innovation** is the development and application of a business model, shaped by a new business strategy that incorporates sustainability throughout all business operations based on life cycle thinking and in cooperation with partners across the value chain. It entails a coordinated set of modifications or novel solutions to products (goods / services), processes, market approach and organizational structure which leads to a company's enhanced performance and competitiveness

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The United Nations Environment has initiated a project on eco-innovation aiming to develop local resources and capacities to incorporate sustainability throughout all business operations in developing and emerging economies. National Cleaner Production Centre, Sri Lanka (NCPCSL) is the local implementing partner for the project and the pilot project was conducted selecting 6 Agri-food sector SMEs representing different sectors

# SRI LANKA

## Eco-innovation in action

### Case studies from around the country

In Sri-Lanka, the Eco-innovation Project was piloted by six businesses, all in the country's promising agri-food sector. Produce such as desiccated coconut, milk, vegetable protein and cinnamon are all part of Sri Lanka's diverse agri-food industry, but for these pioneering businesses driving eco-innovation, the economic successes are being matched by real progress for communities and the environment.

#### In Focus: Eco-innovation in Sri Lanka – all about creating partnerships

A key pillar of the eco-innovation process, building partnerships has rarely featured so heavily as in Sri Lanka.

The Eco-innovation Project's participating businesses realised that many problems were linked to a lack of engagement with other partners in the value chain.

Now, with Sri Lanka's six eco-innovators committed to sustainability across the value chain, new collaborations have emerged:

Milk farmers are being educated and trained; R&D partnerships have been established with local universities and research institutes; local and international buyers are being engaged to boost sales; organic suppliers now supply greener produce; tourism agencies promote new eco-tourism destinations; technology providers enable more efficient processes; and government organizations provide connections and expertise on sustainable operations.

— **Fresh fruit processing industry**, a specialist in fruit processing, has used a range of tools including Life Cycle Thinking to develop a new business model. Now it produces fruit pulp to become a pulp supplier for bigger brands, with plans for distributing pulp and juice to its customers as part of a new, "service-oriented" model.

Who are Sri Lanka's eco-innovating businesses?

— **Coconut based industry**, an SME from Kochchikade, used to produce desiccated coconut with high levels of waste and equally high energy bills. Through eco-innovation, the company now produces virgin coconut oil with higher profits and export potential, while minimizing wastes and also diversifying to new product lines.

— **Dairy industry**, a dairy business previously hampered by lack of technology, low supplier productivity and high waste, has used eco-innovation to move from a productioncentric business model to a partnership-oriented approach. With farmer development underpinning its eco-innovations, company has increased milk yields and energised its value chain, forming multiple supplier partnerships in the process.

— **Soy industry**, producers of vegetable protein and other foods, used the eco-innovation process to address a range of "hotspots". These include factory efficiency, high import dependency and government packaging regulations. Now the company is well on the way to locally-sourced soy, a new "green-conscious" product line, as well as strong partnerships with local farmers.

— **Cinnamon processing industry**, who process and export cinnamon from Sri Lanka's Southern province, were faced with a range of problems before turning to ecoinnovation such as quality standards, waste, workforce issues and environmental damage. The company is now introducing multiple solutions including sustainable business practices, product diversification and eco-tourism to promote the brand.

— **Coconut based industry**, a new SME and coconut product specialist, has geared its eco-innovations towards the production of health-conscious goods which can be sold for premium prices on both local and especially international markets.