

IMPACT SHEET • SWITCH-ASIA PROJECT
SUSTAINABLE PRODUCTION IN THE FOOD & BEVERAGES
INDUSTRY

USING FOOD SAFETY STANDARDS AND ECO-LABELLING TO OPEN UP INTERNATIONAL MARKETS FOR THE FOOD AND BEVERAGE INDUSTRY IN SRI LANKA



**WIDESPREAD INTEREST IN SCP AND COMPLIANCE WITH
INTERNATIONAL FOOD SAFETY STANDARDS IS LEADING
TO IMPRESSIVE RESULTS IN SRI LANKA FOR BUSINESS
EXPANSION AND A CLEANER ENVIRONMENT**



THE CHALLENGE

The food and beverage (F&B) industry is a very important sector in the Sri Lankan economy and contributes around 10% to total GDP. Sri Lanka uses imported fossil fuels to generate more than 60% of its electricity, thus, the electricity tariff paid by Sri Lankan industries is amongst the highest in the region. An escalation in the cost of energy as well as related increases in the cost of water and materials has made Sri Lankan small and medium enterprises (SMEs) in the F&B industry uncompetitive in international markets. SMEs in particular are facing serious challenges maintaining their international markets. Low compliance with international standards, such as eco-labelling, has also resulted in low market acceptance of F&B products from SMEs. Outdated and inefficient technologies, improper production management, and poor housekeeping, are some of the root causes of those problems.

OBJECTIVE



The SWITCH-Asia project *Sustainable Production in the Food & Beverages Industry in Sri Lanka* seeks to improve the performance of the F&B sector in Sri Lanka through the promotion of cost-effective production techniques and best practice in sustainable production among small and medium-sized enterprises.

The specific objectives of the projects are:

- To increase local capacity in SCP to effectively deliver services to local SMEs
- To assist SMEs in the F&B industry to adopt best practices in SCP and comply with international food safety regulations and standards
- To improve the enabling conditions for successful implementation of sustainable production in Sri Lanka

ACTIVITIES / STRATEGY

The SWITCH-Asia project *Sustainable Production in the Food & Beverages Industry in Sri Lanka* addresses the optimum usage of natural resources (raw materials, energy and water), and compliance with international food safety standards.



AWARENESS, ASSESSMENT, ADVICE

Next to awareness-raising activities among SMEs in the sector, the project also conducts environmental assessments in a number of SMEs representative of the different types, sizes and processes used. Based on these findings, the project identifies the most suitable SCP practices for participating SMEs. To use cost-effective and efficient means to offer its services, the project groups SMEs into small batches based on the type of industry, degree of adoption of SCP, and their geographical distribution. The project supports participating SMEs with training and advisory services. It aims to make a large number of SMEs comply with international food safety standards. The SMEs continuously gain practical know-how via regular training and factory visits by project experts.



CAPACITY BUILDING AND POLICY DIALOGUE

With a number of policy round tables, the project addresses the enabling conditions for successful implementation of sustainable production policies in Sri Lanka. The project conducted a policy assessment and developed recommendations that fed into the dialogue. Next to capacity building and policy dialogue the project involves all leading trade associations and business clubs to ensure the widest outreach possible. Exhibitions like EDEX 2010 or events at the Asian Pacific Round Table on Sustainable Consumption and production (APRSCP) showcase project efforts.

TARGET GROUPS

The target groups of the project are:

- 500 SMEs in the F&B sector
- The applicant and partner organisations (who will be able to offer better services to SMEs)
- Employees of participating SMEs
- Policy-makers
- Consumers of F&B Products (indirect)

REPLICATION STRATEGY



INTERNATIONAL STANDARDS INCREASES ACCESS TO MARKETS

Sri Lanka's exports of processed food products must comply with international standards such as the Hazard Analysis Critical Control Point (HACCP) and ISO 2200:2005 Food Management System. The project provides advisory services for SMEs to be able to comply with such standards and regulations which then enhance their market acceptance and market opportunities. The project first works with a limited number of SMEs in one subsector and then reaches out to a greater number by offering advisory and consultancy support.



NETWORKING THROUGH A GREEN BUSINESS CLUB

The project launched its first Green Business Club in the North Western Province of Sri Lanka with a local partner, the Industrial Services Bureau. The clubs can network businesses at all levels and advocate sustainable production through their formation. They are local in nature, include a mix of companies from different sectors, and are based on long-lasting personal relationships. The clubs offer an exchange platform for disseminating successful business cases. More sector-oriented business links are established between local SME F&B producers and local larger F&B purchasers, large retailers, chains of retailers, and chains of hotels, to create market pull for greener F&B products.



GREEN REPORTING BOOSTING SCP IN THE SECTOR

The project has established a continuous dialogue with policy-makers. It also actively contributes to the implementation of Mission 9 of the Green Lanka Plan: Greening Industries which includes the National Green Reporting System of the Ministry of Environment. The project raises awareness of this reporting system in certain sectors and trains companies on reporting requirements.



This project is relevant because it targets the serious impacts on the environment by the food and beverage sector. It has contributed in a meaningful way to the improvement of sustainable initiatives by SMEs in the sector and some have already enhanced their profits by implementing SCP best practices. There are concerns over hygiene in the F& B industry and therefore the project promotes good manufacturing practices to improve hygienic conditions. The SMEs complying with international food safety standards has given them a competitive edge in the export market.



S.M. Sathiacama,
Project Director



RESULTS



LOCAL CAPACITY IN PLACE

Developing local potential through capacity building was of paramount importance to this SWITCH-Asia project. International partners from India and the Netherlands transferred skills and knowledge to the Sri Lankan partners to enable them to reach out to a large number of SMEs. The project experts enhanced their knowledge on how to apply SCP practices to industry.



CERTIFICATION ON INTERNATIONAL FOOD SAFETY STANDARDS

Training to enable compliance with international food safety standards was received by 143 SMEs of which 15 have already been certified for ISO 22000:2005. Fifty-five are in the process of moving ahead to obtain this ISO certificate. Six

more have received the certificate of good manufacturing practices from the Sri Lankan Standards Institution. The rest of them are complying with those standards.



ADOPTING SCP BEST PRACTICE

Four hundred and thirty-seven SMEs have been trained to adopt best practices in SCP. Most SMEs that received training and hands-on support at their factory sites are implementing the options proposed for improvements. Forty-two SMEs are in the innovator/early adaptor categories with success stories. Ten industries have showcased their success to about 70 other industries in the process of implementing SCP practices.



BEST PRACTICE DATABASE ESTABLISHED

The project has established a best practices database on SCP sharing those practices that are widely applicable in the F&B industry to SMEs in the sector. As best practices are generally collected in Europe, and as Europe has little experience in tea and spice manufacturing, the newly established database offers unique information.



POLICY ASSESSMENT

As policy formulation requires assessment of the current framework and implementation, the F&B project undertook a study on current SCP policies in Sri Lanka. The results were discussed in a workshop which was organised with all the stakeholders including the beneficiaries, government departments/authorities and the relevant ministries to identify new policy instruments on SCP for implementation. The outcome of the workshop was a compilation of the policy document with eight policy instruments. The recommendations were handed over to the Minister of Environment. The project contributed to the implementation of the Green Reporting Systems by training SMEs and the companies in the sector on the reporting criteria.

Sustainability is assured with the continuation of the project office. After the end of the EU funding the office will become an independent service provider to cater to the F&B target group and expand to other sectors. The office will house the project's outputs and capacities to service the industry.







The way our staff work significantly changed after we got involved with the SWITCH-Asia programme and are now more effective, and wasting less. Electricity and water bills fell drastically and we also avoided a capital investment of Rs. 2.0 million to install a power transformer following the intervention of SWITCH-Asia. Maintaining daily records, which we have never done in the past, is now a general practice and allows us to identify the areas of waste and take corrective and preventive action. It has resulted a significant change in the profit. SWITCH-Asia has largely assisted us to obtain the ISO 22000 Certification which we have now received and we are thankful to this programme.



Mr. S. Fernando,
Proprietor, New Monis Bakery



IMPACT IN NUMBERS

<p>ECONOMIC IMPACT</p> 	<ul style="list-style-type: none"> • Increased revenues and profits as pollution preventive measures save money, and adoption of new and advanced methodologies enhances revenue by winning more businesses
<p>ENVIRONMENTAL IMPACT</p> 	<ul style="list-style-type: none"> • Reduction of 3.5% in material consumption by reducing waste (average from 15 companies) • Reduction of 10.1% in energy consumption (average from 17 companies) • Reduction of 15.1% in water consumption (average from 9 companies) • 15 SMEs already certified for ISO 22000:2005 Standard by various certification bodies • 55 SMEs completed the documentation phase in full and are in the process of moving ahead to obtain the ISO 22000:2005 certificate
<p>ENGAGEMENT OF TARGET GROUP</p> 	<ul style="list-style-type: none"> • 437 SMEs trained to adopt best practices of SCP • 143 SMEs trained to comply with international food safety standards
<p>POLICY LINKAGES</p> 	<ul style="list-style-type: none"> • A study on SCP policies in Sri Lanka presented and discussed with government departments/ authorities and the relevant ministries to identify new policy instruments on SCP for implementation • Compilation of the policy document with 8 policy instruments was handed over to the Minister of Environment • Active support to the National Green Reporting Systems by training companies of the F&B Industries on requirements of the system





Legend

- Eligible countries where SWITCH-Asia projects are implemented
- Eligible Asian countries for the SWITCH-Asia programme
- Non-eligible Asian countries for the SWITCH-Asia Programme

Project implementation area

- City
- Region
- Country

The boundaries shown on this map do not imply on the part of the European Union any judgment on the legal status of any territory or the endorsement or acceptance of such boundaries.

OBJECTIVES

The SWITCH-Asia project *Sustainable Production in the Food & Beverages Industry in Sri Lanka* seeks to improve the performance of the Food and Beverage sector in Sri Lanka through promotion of cost effective production techniques and best practices of sustainable production among SMEs.

DURATION



FUNDING

EU co-funding: EUR 1,985,191
(EU contribution 80%)

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PROJECT CONSORTIUM



Ceylon Chamber of Commerce (CCC), Sri Lanka



IVAM UvA BV, the Netherlands



Confederation of Indian Industry (CII), India



Industrial Technology Institute (ITI), Sri Lanka



Industrial Service Bureau, Kurunegala, Sri Lanka



Industrial Development Board, Sri Lanka