

IMPACT SHEET: PLASTICS

Promoting Long-term Approaches for a Sustainable, Transformative and Inclusive Circular Economy in Sri Lanka



Improving economic development within the plastic value and supply chains through SME resource efficiency, circular innovation, green finance, and sustainable waste management (SWM) frameworks in Sri Lanka's Western Province.



PROJECT BACKGROUND

The EU SWITCH-Asia-funded PLASTICS Project seeks to promote sustainable plastic use and innovative plastic minimization and management. The project, implemented by Acted - Sri Lanka in partnership with Biodiversity Sri Lanka (BSL), Industrial Services Bureau (ISB), STENUM Asia, and The Energy and Resources Institute (TERI), focused on strengthening SME resource efficiency, fostering circular innovation, facilitating access to green finance, and advancing sustainable waste management practices in the Western Province of Sri Lanka.

CHALLENGE

Sri Lanka faces a complex web of challenges in managing its plastic waste and supporting the circular economy, starting with the implementation of Extended Producer Responsibility (EPR), which is hindered by non-segregated waste, unregistered plastic producers, and a lack of robust monitoring, transparent reporting, and sufficient infrastructure. These systemic governance issues feed directly into operational struggles within the recycling sector, where processors face storage constraints due to excessive waste input, contaminated feedstock that drives up costs, and limited end-markets for recycled materials. Compounding these difficulties is the continued reliance on low-cost, banned items and multilayered sachets because sustainable alternatives remain economically unviable, alongside a critical lack of collection systems in rural areas. Furthermore, efforts to upgrade business capabilities through transformative asset provision are stalled by logistical hurdles, including lengthy customs clearance processes and unpredictable shipping, as well as operational friction caused by limited financial allocations, SMEs' lack of technical expertise to define feasible machinery requirements, and subsequent coordination delays between suppliers and beneficiaries.

PROJECT OBJECTIVES

To facilitate sustainable and innovative plastic minimisation and management in Sri Lanka by integrating SMEs in greener value and supply chains, thereby contributing to economic prosperity and environmental sustainability.

- Enhance competitiveness and ecological responsibility of SMEs throughout the plastics value and supply chain through resource efficiency, cleaner production, and circular economy strategies
- Improve the investment climate for green value and supply chains through increased access to green finance and investment opportunities for SMEs
- Strengthen the policy and regulatory environment for sustainable plastic waste management through public-private dialogue, EPR framework development, and enhanced traceability and compliance mechanisms

TARGET GROUPS

- 150 SMEs throughout the plastic value and supply chain
- 10 existing and aspiring entrepreneurs supported with tailored circular economy business development
- 54 Business Development Service providers capacitated on circular enterprise advisory approaches
- 26 Financial Institutions engaged on green finance schemes
- Government institutions and development agencies including Ministry of Environment, Central Environmental Authority, and Ceylon Chamber of Commerce

PROJECT ACTIVITIES

SMEs across the plastic value chain strengthen business development, resource efficiency, cleaner production (RECP), and circular economy practices.

- Assess 150 SMEs via Acted's ECAT; select START UP participants
- Support SMEs to build individualized RECP plans
- Provide business plan development, management/technical training, and asset support; back BPD for START UP
- Run buyer-seller forums for plastic SWM partnerships
- Deploy STENUM Asia's QEMS tools among SMEs
- Pilot resource/service-sharing circular models

Circular economy approaches are streamlined across the plastic value chain.

- Map the plastic waste value/supply chain
- Establish 3ZH Sri Lanka for entrepreneurial incubation
- Build BDS capacity on circular models
- Host a circular economy innovation challenge
- Award 10-12 entrepreneurs tailored scale-up support
- Document and disseminate best V/SC practices
- Map a roadmap for new plastics-sector technologies

Access to finance and green investment grows to scale green initiatives among SMEs.

- Assess green finance feasibility amid Sri Lanka's shifting context
- Engage FIs to advocate for green finance schemes
- Support SMEs via awareness, meetings, and loan applications
- Pitch circular business cases to investors

Traceability, transparency, and compliance in plastic SWM are strengthened.

- Map national/international SWM policies and regulations
- Launch an EPR awareness multimedia campaign
- Hold national dialogue forums on EPR frameworks
- Set up a National Clearing House (NCH) framework
- Build an online platform to monitor plastic footprints

LESSONS LEARNED

Sri Lanka's economic crisis constrained SMEs' capacity to invest in recommended improvements, while limited financial literacy and low awareness of environmental management systems required sustained, hands-on engagement beyond original plans. Asset provision was disrupted by customs delays and coordination gaps between suppliers and beneficiaries. These challenges were addressed through persistent technical follow-up, a focus on low-cost measures, and leveraging early success stories to build confidence. A Training of Trainers approach strengthened local delivery capacity for the long term.

At the institutional level, government official transfers repeatedly disrupted established working relationships and required re-engagement with incoming counterparts. Parliamentary delays in enacting EPR legislation meant that compliance remained voluntary throughout the project period, limiting the binding force of policy dialogue activities and reducing private sector willingness to commit to formal mechanisms. Despite this, the EPR online portal was successfully developed and handed over to the Central Environmental Authority, and MoUs with the Ministry of Environment and the Ceylon Chamber of Commerce provided continuity and institutional anchoring for future EPR implementation.

The PLASTICS project demonstrated that sustained, hands-on technical support is essential when working with SMEs in the informal recycling sector, where low financial literacy, weak record-keeping, and limited awareness of environmental management practices require engagement well beyond initial training. Early success stories proved critical in building trust and encouraging wider participation. On the policy side, the experience underscored that initiatives dependent on regulatory mandates, such as EPR, require longer time horizons than a single project cycle can accommodate; progress was most durable where formal institutional anchoring, through MoUs and multi-stakeholder platforms, was established early and maintained consistently. The importance of flexibility was evident throughout: consolidating three planned district-level buyer-seller forums into one national event, and redirecting resources away from activities lacking institutional preconditions, allowed the project to maximise impact within available constraints. Looking ahead, future interventions in this space would benefit from closer alignment between project timelines and the legislative calendar, alongside stronger provisions for SME financial literacy and compliance readiness from the outset.



PROJECT ACHIEVEMENT

The PLASTICS project exceeded most targets across all four outputs, strengthening circular economy practices among 150 SMEs, advancing Sri Lanka's EPR policy environment, and mobilising nearly EUR 1 million in green investment across the Western Province. Built institutional foundations through SRP-NIG, e-learning, multi-stakeholder forums, and the SRP Working Group, supported by legal adoption in Boyolali and Klaten.

- 150 SMEs assessed, trained, and supported with tailored business plans; 99% improved ECAT scores
- 100 RECP assessments completed; resource savings of 89% material, 33% energy, 30% water
- 25 QEMS environmental management certifications issued
- 806 full-time equivalent green jobs sustained/created (295 female); average earnings rose from LKR 41,283 to LKR 54,638
- 10 entrepreneurs supported through the innovation challenge (6 female); 54 BDS providers capacitated
- EUR 961,910 in capital mobilised; 100 SMEs accessing financial services
- EPR online portal established at CEA; 5 policy inputs delivered; 308 participants at national Buyer-Seller Forum





**Thajul Falah HAYATHU
MOHAMED
ACTED**

“ The PLASTICS project has been a real eye-opener. We went beyond just managing plastic waste and got into the heart of how businesses actually operate, helping SMEs cut costs, use resources smarter, and access finance they never thought was available to them. Pushing for EPR, building the recyclers’ association, getting the portal live at the CEA, these are things that will outlast the project. We didn’t just clean up the system, we started rebuilding it from the inside. ”

Long-term sustainability

The PLASTICS project has embedded sustainability across its outputs through institutional anchoring, capacity transfer, and the establishment of self-sustaining sector structures. The National Plastic Recyclers’ Association, launched during the Buyer-Seller Forum with approximately 120 member enterprises, provides a formal platform for continued collective action, market linkage, and peer support beyond the project lifecycle. The Industrial Services Bureau has institutionalised RECP, ECAT, and QEMS methodologies within its technical teams, enabling ongoing advisory services to the recycling sector. The two-part Green Finance Digital Toolkit, handed over to financial institutions, and the BDS circular economy training toolkit, now held by 37 capacitated organisations, create a lasting resource base for SME support. Meanwhile, the private sector consortia established through the Ceylon Chamber of Commerce have committed to continuing the coordination work initiated under the project.

At the policy level, the EPR online reporting portal has been formally handed over to the Central Environmental Authority under a signed MoU, ensuring government ownership and operational continuity. MoUs with the Ministry of Environment and the Ceylon Chamber of Commerce provide the institutional frameworks for advancing EPR regulation and private sector compliance once legislation is enacted. The National Steering Committee and private sector core committees established under the project remain active, and the updated EPR roadmap and policy input papers developed during implementation continue to inform the national regulatory process. Together, these mechanisms ensure that the project’s contributions to Sri Lanka’s circular economy transition will endure well beyond the funding period.

Project contributions to Climate Change Mitigation and SDGs

The PLASTICS project contributed directly to **SDG 12** by embedding resource efficiency and cleaner production practices across 100 SMEs, achieving savings of 89% in material consumption, 33% in energy, and 30% in water at measure level. The deployment of QEMS among 25 SMEs strengthened environmental compliance, while circular economy piloting, EPR policy development, and the establishment of an online plastic footprint reporting portal advanced the systemic governance changes needed to institutionalise responsible production and consumption at scale.

Reduced material and energy consumption across project SMEs translates into lower greenhouse gas emissions, while circular economy models and waste valorisation support a shift away from linear, high-emission production patterns. EUR 573,555 mobilised through financial institutions directed private capital toward sustainable business investments. Beyond SDG 12, the project contributed to **SDG 8** through 806 green jobs created or sustained, to **SDG 17** through multi-stakeholder partnerships formalised via MoUs with the Ministry of Environment, Central Environmental Authority, and Ceylon Chamber of Commerce, and to **SDG 13** through awareness-building on climate-linked environmental risks among SMEs, policymakers, and financial institutions.

Beyond SDG 12, the project generated broad contributions across multiple goals. SME income growth and 806 green jobs advanced SDG 8 (Decent Work and Economic Growth), while improved access to green finance and capital mobilisation supported **SDG 1** (No Poverty) and **SDG 10** (Reduced Inequalities) by strengthening the economic resilience of micro and small enterprises. Women’s participation, with 295 female green jobs and 6 of 10 innovation entrepreneurs being women, contributed to **SDG 5** (Gender Equality). Reduced resource consumption and waste valorisation supported **SDG 6** (Clean Water and Sanitation) and **SDG 15** (Life on Land) by limiting plastic and contaminant discharge into natural ecosystems.

At the systemic level, multi-stakeholder governance mechanisms, national dialogue forums, and formalised public-private MoUs contributed to **SDG 16** (Strong Institutions). The green finance toolkit and financial institution engagement advanced **SDG 9** (Innovation and Infrastructure) and **SDG 17** (Partnerships for the Goals). EPR and circular economy awareness activities reaching youth, policymakers, and communities contributed to **SDG 4** (Quality Education) and **SDG 11** (Sustainable Cities and Communities), building the knowledge base for more sustainable urban waste management practices across the Western Province.

Impacts at a Glance

Economic Impact	<ul style="list-style-type: none"> • Average monthly worker earnings increased from LKR 41,283 to LKR 54,638 (32% increase) • EUR 961,910 in capital mobilised across project SMEs • Seller Forum (308 participants, 85+ exhibition stalls) created direct B2B connections between recyclers, manufacturers, and large buyers. • Formation of the National Plastic Recyclers' Association with approximately 120 members provided a sustained platform for market linkage and collective business development
Environmental Impact	<ul style="list-style-type: none"> • 51% overall savings of utilization of resources: water 30%; material 89%; energy 33% • Reduced plastic leakage to land and waterways through improved waste segregation, collection, and processing practices among beneficiary SMEs across Colombo, Gampaha, and Kalutara districts • 25 SMEs implementing QEMS environmental management systems
Social Impact	<ul style="list-style-type: none"> • 806 full time equivalent jobs created/sustained (511 male, 295 female) • 32% increase in workers income • OHS training was delivered to SMEs across all three districts as part of the 39 thematic capacity development sessions; QEMS implementation strengthened hazard identification and risk mitigation practices in 25 SMEs • Training, forums, and consultations were designed to be accessible to both men and women. Gender-disaggregated data was collected throughout. 295 female FTE green jobs created; 6 of 10 innovation challenge entrepreneurs were women; 31 of 54 capacitated BDS providers were female
Climate Benefits	<ul style="list-style-type: none"> • 33% reduction in energy use across 87 monitored SMEs • Energy efficiency improvements, including lighting upgrades, machinery optimization, and process adjustments, were implemented across SMEs, reducing material consumption and lowering embodied carbon in production
Green Finance	<ul style="list-style-type: none"> • Number of SME-investors engaged with: 150 SMEs • EUR 573,555 via financial institution loans; EUR 388,355 in transformational assets • Six classroom sessions (two per district across Colombo, Gampaha, and Kalutara) and one national forum connected project SMEs directly with representatives from 26 financial institutions, creating a platform to discuss available green finance products, eligibility criteria, and loan application requirements.
Target Group Engagement	<ul style="list-style-type: none"> • 308 at Buyer-Seller Forum; 26 FIs; 54 BDS providers; 37 EPR portal registered users; government, academia, and civil society across national dialogue forum • 39 thematic capacity development sessions; 6 green finance classroom sessions; 3 national dialogue forums on EPR; 1 national Buyer-Seller Forum • New buyer-seller linkages established through the national forum; National Plastic Recyclers' Association providing sustained supply chain coordination; improved upstream raw material sourcing and downstream market access for QEMS-certified recycled products
Policy Development	<ul style="list-style-type: none"> • 5 national-level events or mechanisms established with policymakers • Development of national standards for recycled plastic products; SLS standards for reusable plastic bottles; controls on importation of plastic toys; shopping bag charges; ban on lunch sheets promoting biodegradable food packaging • Updated EPR roadmap for Sri Lanka; preparatory framework for National Clearing House; functional EPR online reporting portal at CEA providing traceability and transparency infrastructure ahead of formal EPR enactment



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EUR 3,125,000
(EU Contribution: 80%)



DURATION

2022 - 2026



PARTNERS



Acted



Biodiversity Sri Lanka (BSL)



Industrial Services Bureau (ISB)



STENUM Asia



The Energy and Resources Institute (TERI)



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