



## Eco-innovation

### Background

Alarmingly high levels of resource depletion, and environmental pollution from current production and consumption patterns are pushing the limits of sustainability. Multi-faceted and profound transformations are required to realign development towards a more resource efficient economy. This implies the creation of new strategies, business models, products, processes and practices as well as shifts in consumption behaviour. Eco-innovation holds the potential for systemic change through creating and meeting a demand for sustainable goods and services.

This is particularly important for developing and transition economies with growing manufacturing sectors. In many of these economies, small and medium-sized enterprises (SMEs) are key to economic activity and growth, providing up to two thirds of formal employment. Unsustainable production practices and business models however hinder company growth. This points to a number of challenges that SMEs in these countries face, such as access to finance and technology, that ultimately make them less competitive in the global market. Eco-innovation breaks this “business as usual” routine to address these challenges.

### Approach

Eco-innovation works through a new business strategy that incorporates sustainability throughout all business operations. This approach involves life cycle thinking and considers partners across the value chain. By implementing a set of coordinated modifications to products (goods / services), processes, market approaches and organizational structures, eco-innovation enables the creation of novel solutions leading to enhanced sustainability performance and competitiveness.

UNEP takes a two-pronged approach to eco-innovation by developing tools aimed at technical on-the-ground implementation of eco-innovation in SMEs, and policy guideline tools to guide the development of supportive policy frameworks for eco-innovation.

### Activities undertaken

UNEP’s Eco-innovation project has produced six products to support the development of eco-innovation at the company and policy level. By the time of the project’s closure in 2017, nine products will have been developed and finalised. Current activities are listed below.



### The Business Case for Eco-innovation

- The *Business Case for Eco-innovation* publication was published in 2014. It outlines the key business drivers to implement eco-innovation and builds on company examples spanning sectors across the globe that generated significant business benefits from eco-innovation.
- A technical *Eco-innovation Manual* has been developed for implementing partners to identify opportunities and develop strategies and business models to implement eco-innovation. The *Manual* is complemented by supplements for the agri-food, chemicals and metals sectors.
- The *Manual's* approach has been validated through a number of regional expert meetings to confirm the eco-innovation approach in different countries and contexts. It is now being piloted through demonstration projects in the countries highlighted on the map above.

### The Policy & Technology Context

- The *Mainstreaming SCP Policy for Eco-innovation* guideline aims to inform implementing partners about proactive ways to support a policy framework that will stimulate sustainable production and consumption through eco-innovation. National level action planning will be carried out in countries highlighted on the map above, with some initial activities implemented within the project span.
- The publication *Technologies for Eco-innovation* includes an assessment of the 'enablers' for the uptake of technologies for eco-innovation. In turn, this will support implementing partners in assisting SMEs in the identification, adaptation and development of technology for eco-innovation.

### Scaling Up Eco-innovation Lessons

- A Final Compendium of best practices and lessons from pilot demonstration projects will be compiled upon their conclusion.

### Outlook

The project's pilot test phase concludes in mid-2016, by which time implementing partners will have concluded pilot testing of the eco-innovation methodology and manual, and produced at least five case studies of companies' experiences with the approach. UNEP's aim is to build on these cases and the experiences from the pilot test phase to revise and finalise the eco-innovation manual and its accompanying tools and sector supplements, and make these available to cleaner production centres and other business intermediaries as part of an information repository on Eco-innovation.

The final compendium of nine products will include the *Eco-innovation Manual*, its *Tools Manual* and accompanying three *Industry Sector Supplements*, a *Policy Mainstreaming* guideline, a *Technologies for Eco-innovation* publication, *The Business Case for Eco-innovation*, and a compendium of case studies of companies that participated in the national pilot projects.