



# VIETNAM

## Eco-innovation in action

### Case studies from around the world

The Eco-innovation Project in Vietnam was piloted by a diverse range of six SMEs within the agri-food sector. Targeting bigger market share and a more sustainable future, Vietnam's eco-innovators have had mixed short-term results. There have been notable successes for the country's tea and guava leaf tea producers – but the hard work continues for both coconut water and seafood processing specialists.

#### In Focus:

#### The challenges of putting eco-innovation into practice

The case of Vietnam shows that eco-innovation can have truly transformative potential.

In economic, social and environmental terms, the changes which companies such as Viet Lien or Hiep Thanh have gone through show that business success and sustainability go hand in hand. However, other Vietnamese innovators are being made to wait a little longer for measurable results.

A number of challenges still endure in Vietnam. Challenges such as stubbornly high domestic competition, the risk of intellectual property violations by competitors, complex regulations and administrative processes, cheap imports of raw materials or fertilizers which undercut demand for organic produce, and a lack of viable financing options to put new business models into practice.

For companies such as Lenger Seafoods Vietnam, the new eco-innovative business model also required approval from a European mother company.

However, for many of Vietnam's pilot SMEs, the lack of access to commercial loans in particular remains a big hurdle. But alternative financing arrangements can be found, either through venture capital, retained profit, or valuable support through

#### Who are Vietnam's eco-innovating businesses?

— **Hiep Thanh Limited**, formerly a commercial tea trader, turned its fortunes around from a low harvest, environmentally damaging business model to one with new revenue streams, safe agriculture and service provision. Both energy costs and greenhouse gas emissions have been cut with new partnerships formed across the value chain.

— **Viet Lien**, producers of guava leaf tea, made an ambitious innovation drive to put a stop to environmental degradation and poor business results. The company switched to organic farming, product diversification, service provision for the community, as well as turning the site into an eco-tourism destination.

— **Eco-Link**, a processor of organic teas, ginger and turmeric, was faced with limited access to organic raw materials, high transportation costs and a lack of visibility for the brand in the region's high-end market. Through eco-innovation, the company targeted the local organic market by changing the farming habits of suppliers and building relations with new stakeholders including local government and certification bodies.

— **Eco-Source**, a fertilizer producer from Ho Chi Minh City, is using eco-innovation to target the production of organic fertilizer and consulting services for its clients.

— **Hamona**, a coconut water producer, turned to eco-innovation to improve weak relations with farmers and improve its financial capacity.

— **Lenger Seafoods Vietnam** sells purified fresh clams to the domestic market. The company has submitted its new eco-innovative proposals to its Dutch mother company as it seeks to reduce high energy costs, overly high dependence on production areas, as well as addressing stiff competition and a modest, insufficient share of the domestic market.