

Greening & Circularity

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A. ASEAN Initiative on Circular Economy

On the Regional Policy Dialogue on MSMEs and
Circular Economy

Output:

- Pointers to feed in MSMEs Study on Circular Economy Readiness
- Addition to ASEAN Access KPI regarding Circular Economy topics
- Policy Recommendation Draft on Circular Economy






Policy Recommendation:

- Empower MSMEs with awareness campaigns, capacity building, and shared facilities to embrace circular practices.
- Connect MSMEs with investors, buyers, and mentors for circular markets.
- Focus eco-labelling on international standards, and offer incentives to encourage adoption.
- Engage MSMEs in ASEAN mechanisms for collaboration and knowledge exchange.
- Provide MSMEs with debt-free financing options like Venture Capital, grants, and soft loans.
- Promote green procurement by the government and integrate MSMEs into larger corporations' supply chains.
- Facilitate affordable technology that can be accessed by MSMEs in adopting a circular economy.
- Support local communities in the value chain to create demand at the local level or an easy and competitive technology transfer mechanism.

B. Indonesia Circular Economy Roadmap


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Main Sectors with the Potential to Adopt a Circular Economy in Indonesia


	Waste production 2019 (millions of tonnes)	Projection by 2030
 Food & Beverages	57.5	54%
 Textiles	2.3	70%
 Construction	29	82%
 Wholesale & Retail	5.4	40%
 Electronic Equipment	1.8	39%

These five sectors represent 1/3 of Indonesia's GDP and employed >43 million people in 2019


A circular approach could generate meaningful economic, environmental and social benefits by 2030 compared to a business as usual scenario



Additional economic GDP of IDR 593 - 638 trillion



- Reducing waste in each sector by 18-52%,
- Reduce CO2 emissions by 126 million tonnes
- Reduce water use is 6.3 billion cubic meters

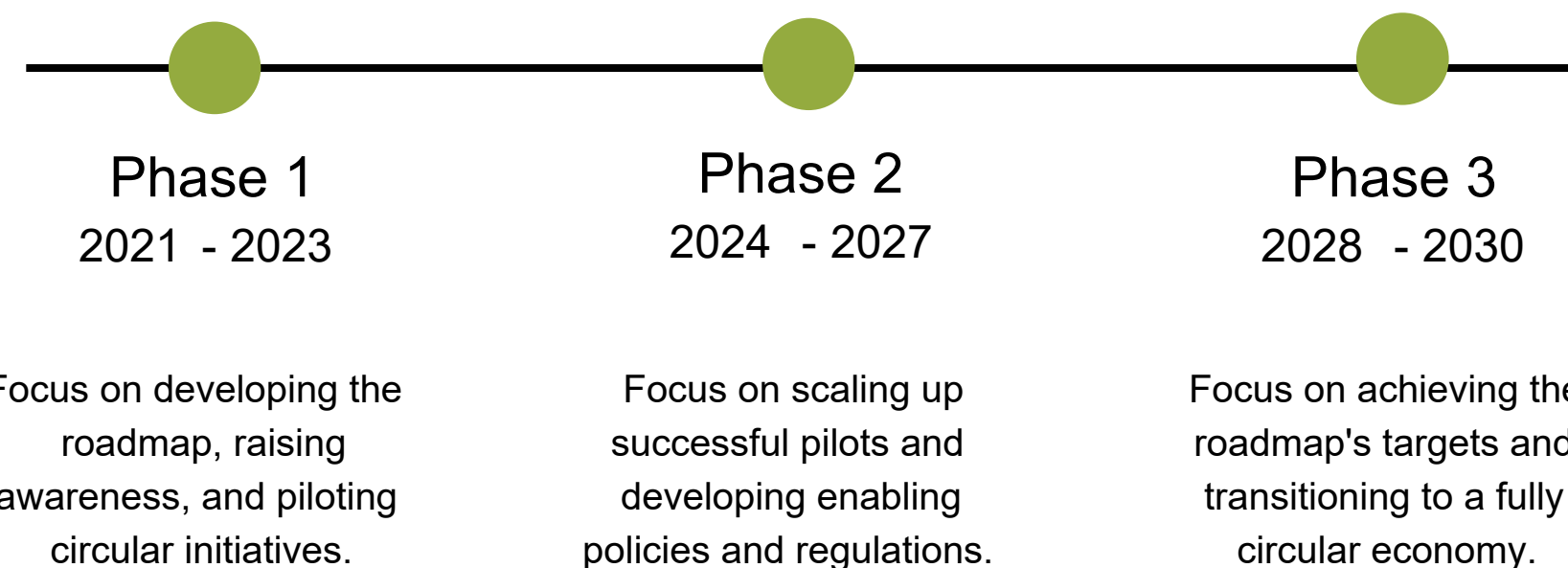


- Creating 4.4 million cumulative jobs
- Creating annual household savings of almost 9% of the budget (Rp. 4.9 million per year)

B. Circular Economy Roadmap

Circular Economy Roadmap





Timeline on The Roadmap

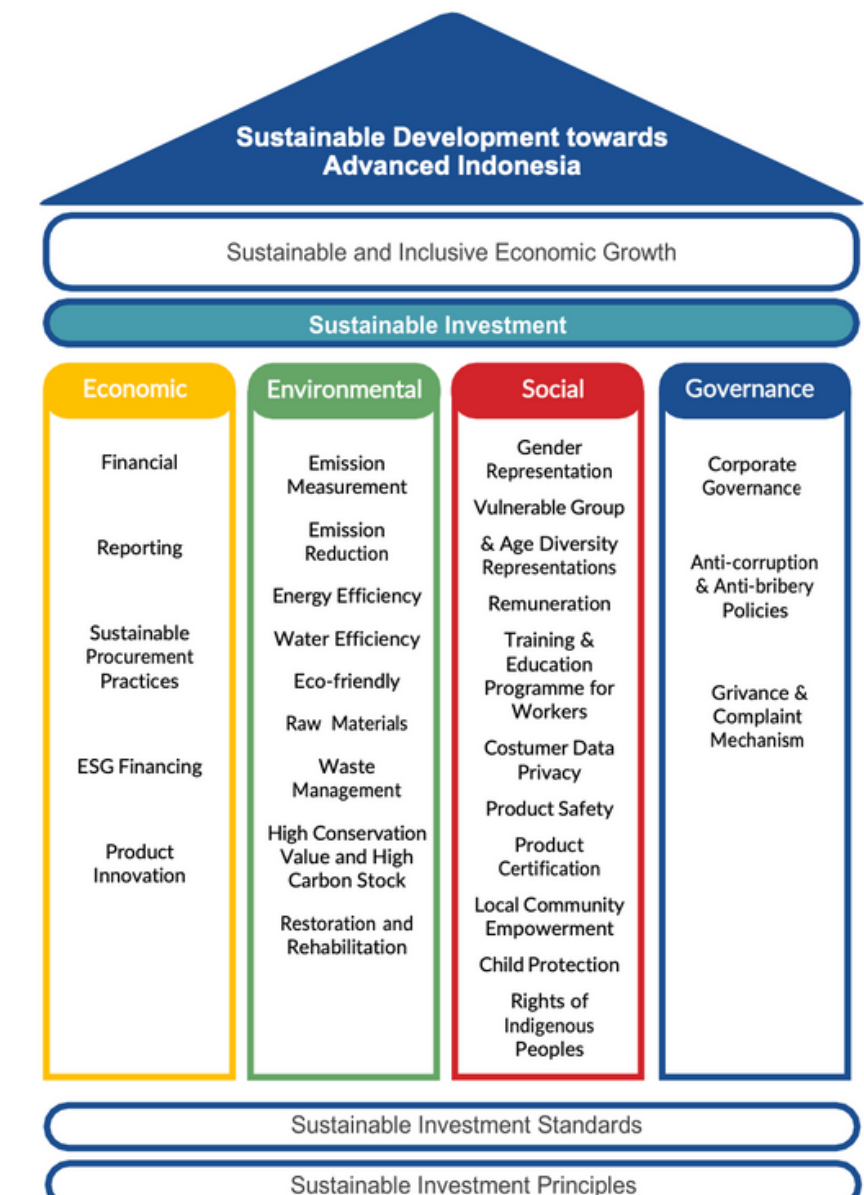


6 Key Strategies of the Roadmap

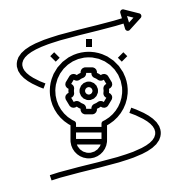
- Prioritize five key sectors: Food and beverage, textiles, construction, wholesale and retail trade, and electronics.
- Promote circular design by encouraging businesses to design products that are easy to repair, reuse, and recycle.
- Invest in circular infrastructure such as waste collection and sorting facilities, recycling plants, and composting facilities.
- Develop circular supply chains by encouraging businesses to collaborate and share resources.
- Raise awareness about the circular economy among businesses, consumers, and government officials.
- Build the capacity of businesses to implement circular practices.

C. Sustainable Investment Guideline

-  Industry -specific guidelines
-  Investment screening and due diligence
-  Monitoring and reporting
-  Stakeholder engagement



D. SMEs and Circular Economy



Product and service innovation



Collaboration and partnerships



Digital platforms



Financial support

Challenges and Gaps

Limited awareness and knowledge: Many SMEs lack an understanding of the circular economy and its benefits.

Access to finance and technology: Implementing circular initiatives often requires investments in technology and resources.

Policy and regulatory framework: The current regulatory framework may not fully support and incentivize circular practices, requiring policy adjustments and supportive measures.

Closed-Loop Ecosystem: The ecosystem that fully supports circular economy practices for the MSMEs sector has not yet been created.

Thank You



1. As a policy maker do you believe that SMEs will need to be guided legally or rather through incentives to become greener?

- Ultimately, the most effective approach likely involves a combination of both legal guidance and incentives. This hybrid approach can leverage the strengths of both strategies:
 - Legal guidance could act as a framework, establish minimum standards, and ensure environmental protection.
 - Targeted incentives can then encourage businesses to go beyond compliance and embrace more ambitious sustainability goals. We can think of incentives as tools to speed up the process of greening SMEs.

2. Have you seen an initiative in Indonesia or in another ASEAN country that has been particularly successful and impactful?

- There are several successful and impactful initiatives promoting circular economy practices in Indonesia and ASEAN countries. Most of the initiatives in Indonesia are community -based and mainly focused on waste management.
- There are also some of the initiatives on ASEAN such as Thailand, Philippines, and Vietnam.
- ASEAN Circular Economy Stakeholder Platform (ACES): This platform connects stakeholders across the ASEAN region to share best practices, collaborate on projects, and accelerate the adoption of circular economy principles.
- SWITCH-Asia Program: This EU -funded program supports the transition towards sustainable consumption and production patterns in Asia, including initiatives promoting circular economy practices in ASEAN countries.

3. What should policymakers do in the short -term and long term to help enterprises become greener?

(Roadmap Circular Economy Indonesia)

- a. Phase 1 - Focus on developing the roadmap, raising awareness, and piloting circular initiatives.
- b. Phase 2 - Focus on scaling up successful pilots and developing enabling policies and regulations.
- c. Phase 3 - Focus on achieving the roadmap's targets and transitioning to a fully circular economy.