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Circular Economy and Finance Mechanisms: Blue Southeast Asia (SEA) Finance Hub

**Integrating Circularity into Programs, Projects,
and Policies**

Manila, 21 February

Presentation content



Blue SEA Hub | Accelerating the development of a sustainable blue economy

40% of Earth's population lives near coastal areas



The **Ocean Economy** sustains over **3 billion livelihoods** globally and **625 million** in Southeast Asia and is expected to double to **\$3 trillion by 2030**, employing **40 million people**, as compared to 2010.



80% of world trade is achieved on water bodies.

The ocean, seas and coastal areas contribute to food security and poverty eradication.



Yet, the ocean is under **severe threat** due to climate change and human activities such as pollution, unsustainable fishing, and habitat destruction.



The **Blue Economy** encompasses economic activities that rely or impact on the use of coastal and marine resources.

Like the broader concept of the Green Economy, of which the Blue Economy forms a part, it advocates sustainable use of these resources to minimize negative impacts on the marine environment.

Blue Finance is an emerging area in Climate Finance with increased interest from investors, financial institutions, and issuers globally. It helps address pressing challenges by contributing to economic growth, improved livelihood, and the health of marine ecosystems.

Innovative financing solutions are key to enhancing ocean and coastal preservation, and Blue Finance has a huge potential to help realize these goals.

Blue SEA Hub | Supports regional delivery of ADB's Action Plan for Healthy Oceans and Sustainable Blue Economy



POLLUTION CONTROL



Solid waste management – Source to Sea Approach



Circular Economy and Responsible Consumption



Non-point source pollution



Wastewater management



SUSTAINABLE COASTAL AND MARINE DEVELOPMENT



Coastal resilience and nature-based solutions



Sustainable coastal and marine tourism



Green ports and shipping



Marine renewable energy



OCEAN AND CLIMATE FINANCE



Blue Bond Incubator and Global Guidance



Ocean Resilience and Climate Adaption Partnership Financing Facility



Climate Finance – Coral Reef Insurance



ECOSYSTEM AND NATURAL RESOURCE MANAGEMENT



Ecosystem management and natural resources restoration



Sustainable fisheries management



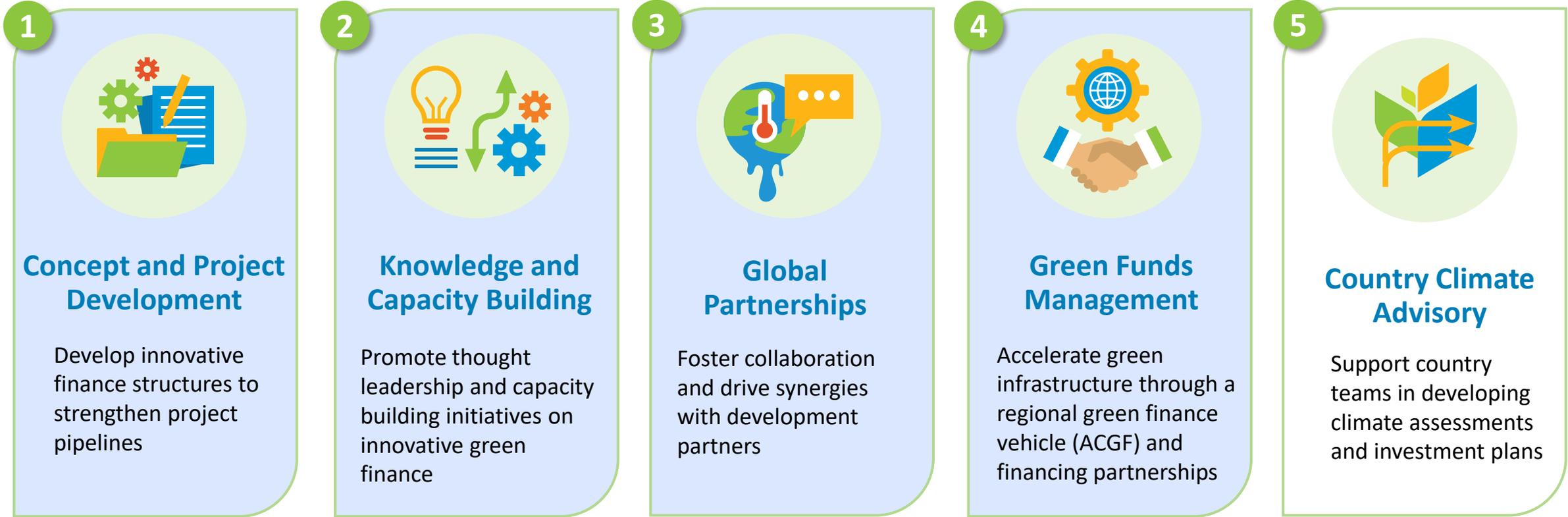
Sustainable aquaculture

Commitment: \$5 BILLION by 2024

Blue SEA Hub | A special initiative under SERD's Green Finance Hub



Founded in 2018 and formalized in 2023, GFH provides cross-cutting support to accelerate innovative and green financing solutions in ADB's SE Asia operations — focus on SOV, but increasingly supporting NSO and PPP as well.



Key touchpoints with Blue SEA Hub

- SOV = Sovereign
- NSO = Non-Sovereign
- PPP = Public Private Partnerships
- ACGF = ASEAN Catalytic Green Finance Facility

INO NATIONAL FRAMEWORKS AND COMMITMENTS

VISION 2045	National Medium-Term Development Plan RPJMN 2019-2024	Draft National LT Development Plan (RPJPN) 2025-2045	Enhanced NDC Nov 2022	Blue Finance Frameworks (economy, securities issuance)
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HUB-SUPPORTED PROJECTS UNDERWAY

- Integrated Fishing Ports and International Fish Markets Investment project, Project preparation in 2023, Investment project 2024 (\$200m)** Investment in upgrading fishing port facilities for sustainability of fish resource value chain and ports climate resilience, boosting productivity, profits and environmental sustainability of fishing ports.
- Reducing Marine Debris in Indonesia Program (CMMAI, \$500m SP1)** Policy-based loan supporting policy reforms in National Action Plan on Handling Marine Debris and plastic waste. Co-financing with KfW and AFD. Board consideration April 2024

CAPACITY BUILDING

- Blue Finance:** support to BAPPENAS in preparation of Blue Finance Instruments Guideline to lead to pre-issuance of Blue Sukuk/Bond
- Blue Finance Accelerator (UNDP, CMMAI) :** training government officials on preparation and implementation of blue projects
- Circular Economy:** support to National Plastic Action Partnership events (with CCRE)

| Promoting Action on Plastic Pollution in Southeast Asia

- Regional technical assistance \$7M, 2019-2025
- Support DMCs to deliver on ocean health commitments through activities on data, action plans, pilot projects and catalytic financing. Supports alignment with global plastics treaty.
- **Cirebon city:** city action plan and digitalization roadmap: research, analysis, and recommendations for city-level action to meet Indonesia's plastic waste leakage reduction target of 70 % by 2025, and transition to circular economy, focusing on:
 - framework for **local collection and recycling activities for household plastic waste**.
 - **easier-to-collect, and easier-to-spend household retribution fees**
 - Higher **income from plastic material sales**, enabled by improved government-run waste management systems for collection and recycling and industry co-funding for recycling through an **effective EPR**.
 - **Multi-stakeholder and participatory approach** that is inclusive of women, culturally sensitive to communities, with training and capacity building incorporated throughout process.



| Marine Debris Reduction Program in Indonesia

- Support national target of **70% reduction of marine debris leakage by 2025**, GHG emission reduction from waste sector, improved financing of SWM, enhanced producer responsibility commitments, higher coverage and quality of data.
- Financing of up to \$1 billion for subprogram 1 between KfW, AFD and ADB.
- 3 reform areas:
 - **Plastic waste management system improved**
 - **Problematic Plastic Production and Consumption Reduced**
 - **Data and Monitoring Tools for Policy Making Strengthened**
- Subprogram 1 June 2021- December 2023, subprogram 2, January 2024-December 2025





Marine Debris in Indonesia Program Context:

- **Global.** 150 million tons of plastic already in the world's oceans and a further 250 millions tons will be added by 2050 if trends continue. Plastic waste use is expected to triple by 2060, outpacing waste management infrastructure, leading to a doubling of leakage to the environment. This contributes to climate change and results in degradation of marine environments, undermines human livelihoods, damages health and exacerbates floodings. **175 nations are currently negotiating a Global Plastic Treaty to tackle plastic pollution.**
- Plastic contributes to **3.4% of global GHG emissions**
- **Regional.** PRC China, Indonesia, Philippines, Viet Nam and Thailand are responsible for nearly 50% of the world's marine plastic pollution. **ASEAN Framework of Action on Marine Debris (2019) and Regional Action Plan (2021-2025)** rekindled to align with **Global Plastic Treaty's** ambitions and ASEAN leadership.
- **Indonesia** is a major contributor to marine plastic pollution and highly vulnerable to its impacts. Indonesia's National Action Plan to Handle Marine Debris 2018-2025 is the foundation for the PBL. Ambitious goal of achieving 70% reduction of plastic waste leakage into the ocean by 2025. Achieved 34% reduction at end of 2022.

Effects of unmanaged plastic waste



GHG emissions and air pollution

- **6.5% of Indonesia's GHG emissions** come from Waste sector (third biggest behind agriculture, forestry and other land-use and energy).
- Women and children predominantly impacted by burning of waste at households.



Damage to tourism and fishing industry

- Marine biodiversity impacted through ingestion, suffocation and entanglement of plastic or microplastics
- Microplastics enter the food chain damaging human health
- Risk **\$3 billion** in annual tourism revenue
- Damage to ocean economy **\$450 million a year**

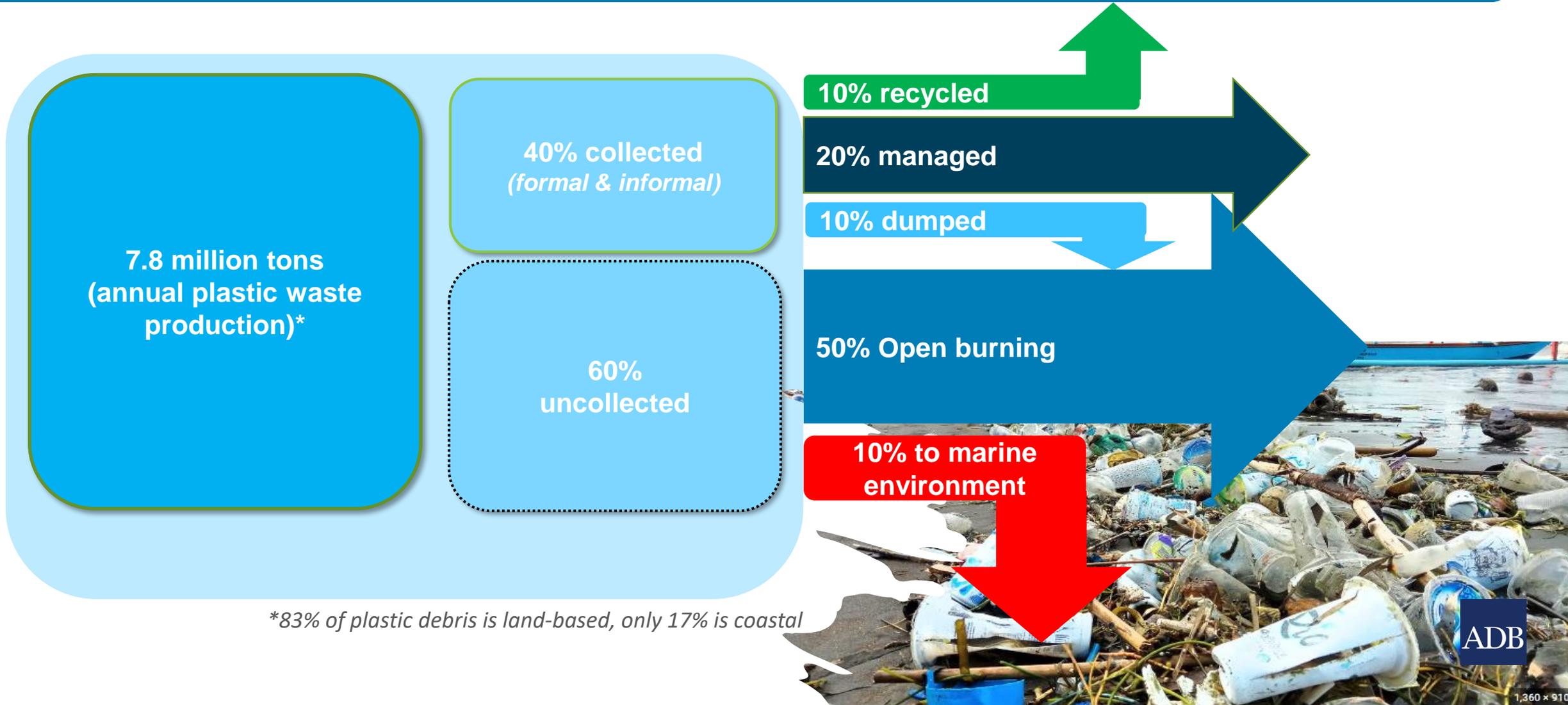


Blocking waterways exacerbates flooding

- Up to **38% of debris** extracted from waterways is plastic.
- Plastic waste aggravates the magnitude and impact of frequent flood episodes or extreme weather events on the population. Jakarta already suffers losses of **\$400 million annually from flooding.**

Core Challenge

Indonesia is one of the top 10 largest contributors of plastic marine debris globally with 5,000 tons of plastic entering its ecosystems every day and around 550,000 tons per year finding their way to oceans and waterways



**83% of plastic debris is land-based, only 17% is coastal*

National Policy Agenda

70% reduction in plastic waste leakage to ocean by 2025

35% reduction achieved by 2022 compared to 2018 baseline

Global Plastics Treaty

Indonesia is an active member in the international negotiations. Target for adoption of treaty is 2025. Will be implemented nationally through a National Action Plan. Indonesia is part of a group of economies advocating for a focus on **reduce, reuse, recycle, redesign solutions** and not restrictions on domestic production of plastic.

2020-2024 National Medium Term Development Plan

2 out of 7 agendas related to **waste issue**: Strengthening the environment and improving resilience against natural disasters and climate change; Strengthening infrastructure to support economic and basic services development

National Action Plan on Marine Plastic Debris 2017-2025

Involves 16 ministries and 56 activities with targets in 5 areas

1. Improving behavioral change
2. Reducing land-based leakage
3. Reducing sea-based leakage
4. Reducing plastics production and use
5. Enhancing fund mechanisms, policy reform, and law enforcement

INO Marine Debris Program Design

Reform Area 1

Plastic Waste Management System Improved

- Local government to prioritize use of waste retribution fees for waste services
- Legislative reform to categorize waste as a **mandatory basic service**
- Well performing waste banks incentivized
- Fishing vessels prevented from dumping fishing gear and fishing port waste facilities meeting international standards

Reform Area 2

Problematic Plastic Production and Consumption Reduced

- Expansion of producers issuing roadmaps for reduction of plastic waste
- Development of **national producer fee system**
- **Single use plastic bans** and restrictions scaled up across Indonesia
- Standards for **reuse and refill** and mandating **recycled** content

Reform Area 3

Data and Monitoring tools for Policy Making Strengthened

- National waste information system harmonized to include maritime data
- Gender data and analysis expanded

COUNTRY OBJECTIVE

Sustainable economic development and improved environmental resilience against climate change and disasters

OUTCOME

Reduced plastic waste entering the ocean

1 NO POVERTY



5 GENDER EQUALITY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



Brings together government action at national and local levels and private sector engagement through the needed reforms on plastic producers' side

Reform Area 2: Problematic Plastic Production and Consumption Reduced

Subprogram 1	Subprogram 2
<p>Implement regulation on producer responsibility by collecting and verifying plastic waste reduction roadmaps from major retailers, manufacturers and food and beverage companies, which outline how producers will reduce at least 30% of waste by 2029.</p>	<p>Accelerate the number of producers submitting high quality waste reduction roadmaps through strengthening compliance incentives.</p>
	<p>Establish and commence the implementation of a Nationwide scheme for the collection of fees on plastic from producers, which is earmarked to finance improved waste management services and climate change or environmental initiatives.</p>
<p>At least 10% of cities and regencies across Indonesia ban or restrict SUPs to reduce plastic waste and incentivize the use of eco-friendly designs for packaging.</p>	<p>Bans and restrictions on SUPs expanded to at least 45% of cities and regencies.</p>
<p>Revise standards on the manufacture and distribution of cosmetics to enable an expansion of refill systems, to reduce the overall demand and use of single use plastics in the sale of cosmetics.</p>	<p>Require mandatory minimum recycled content and providing quality standards and practices to increase use of recycled PET for food products.</p>

40,000 tonnes of plastic waste reduced through producer commitments (2021 Baseline: 175 tonnes) (Source: MOEF)

200 of the largest food and beverage manufacturers, and retailers have submitted complete plastic waste reduction roadmaps with targets of 30% waste reduction by 2029 (2020 Baseline: 0) (Source: MOEF)

At least 45% of all cities and regencies have issued a ban or restriction on problematic plastics by 2026 (2020 Baseline: TBD%) (Source: MOEF)

13% of waste recycled at a waste processing facility by 2026 (2021 Baseline 2021: 10%) (Source: SIPSN)

Marine Debris | Potential Replication in the Philippines



NATIONAL STRATEGIES

- Philippine Development Plan 2023-2028 sets clear environmental and climate change targets, aligned with NDC
- Philippines Biodiversity Strategy Action Plan aligned to Kunming-Montreal Global Biodiversity Framework Goals
- **National Plan of Action for the Prevention, Reduction, and Management of Marine Litter** – DENR, May 2021

FOCUS ON THE NPOA- ML

- **Vision of having a Philippines free of marine litter** through shared responsibility, accountability and participatory governance
- Overarching goal of **Zero Waste to Philippines waters by 2040**
- **6 strategies:**
 - science-based baseline information on ML;
 - mainstream Circular Economy;
 - enhance recovery and recycling;
 - prevent leakage from collected or disposed waste;
 - reduce maritime sources or marine litter;
 - manage litter already in riverine and marine environment
- How to build a **programmatic approach/support?**
 - Impact on fishery resources, population health, marine tourism, flood management and marine and coastal ecosystem protection
 - Array of existing regulations, pending laws: EPR Law July 2022, draft of Implementing Rules and Regulations; SUP Bill
 - Support LGUs in implementing their responsibility for waste service provision and service fee collection, and budget allocation: through policy reforms, TAs
 - Perspective of the GPT: continued Intergovernmental negotiations continuing in 2024 for an ILBI in 2025



Thank you

The ASEAN Regional Action Plan for Combating Marine Debris

May 2021



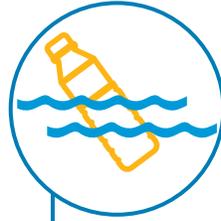
How could ADB support ASEAN Regional Action Plan recommendation to progress the NAP's objectives?



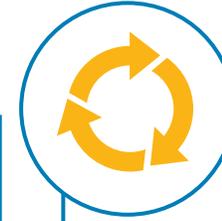
ASEAN Conference on reducing Marine Debris held in Thailand- Nov 2017 recommended integrated land-to-sea policy approach and implementing a Regional Action Plan



ASEAN Summit June 2019: Bangkok Declaration on Combating Marine Debris
ASEAN Framework of Action on Marine Debris



Regional Action Plan developed , to guide regional actions addressing Marine Debris issue over the 2021-2025 period



- 14 regional actions** around elements of the waste value chain
- **Reducing inputs into the system**
 - **Enhancing collection and minimizing leakage**
 - **Creating value for waste reuse**