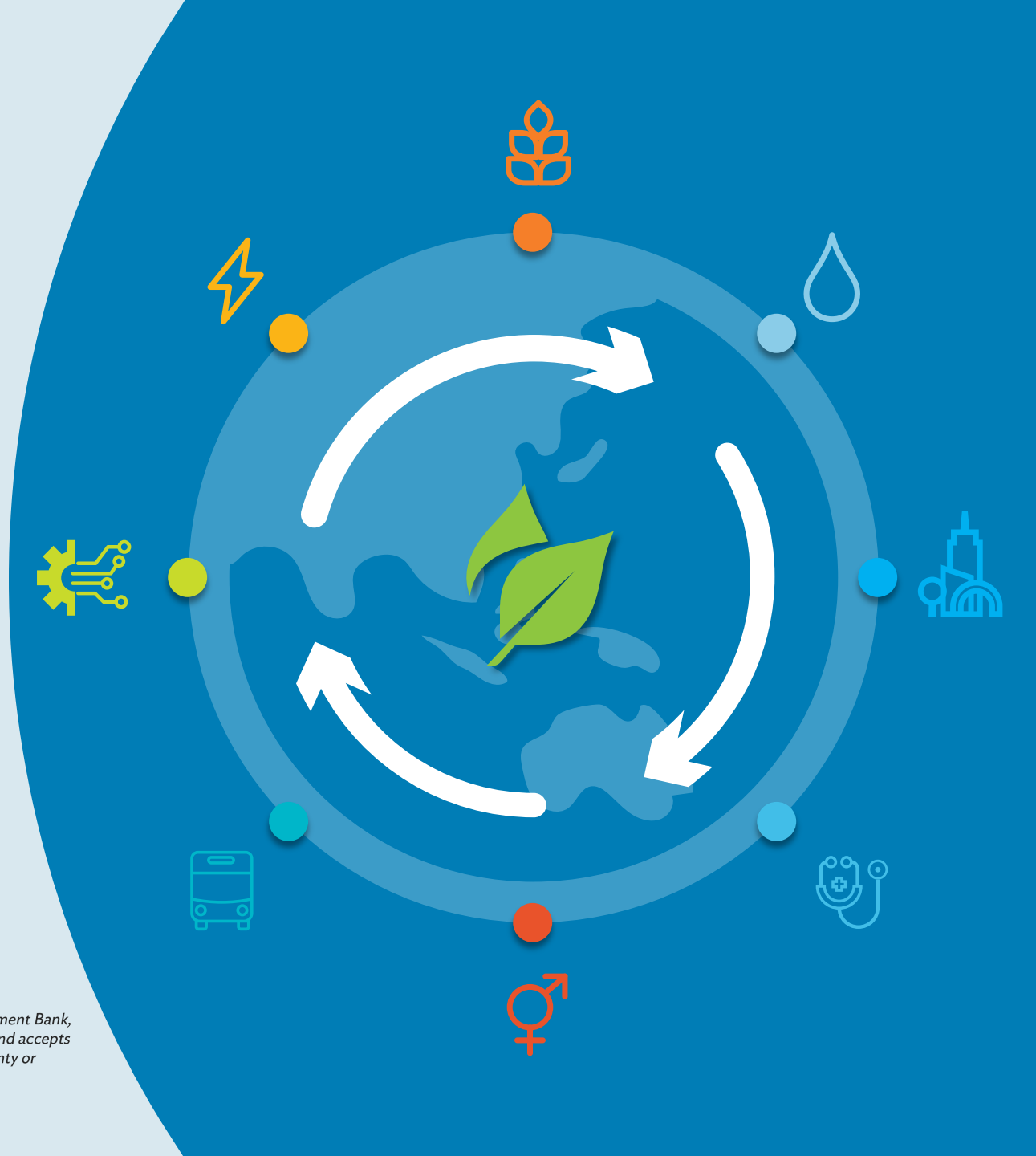
Overview of Circular Economy

21 February 2024



What is Circular Economy?

Circular Economy is anchored in sustainability providing systems approaches across the range of ADB's activities

At Micro, or project level, Circular Economy provides design approaches through which projects activities can deliver local, city, and provincial sustainability improvements.

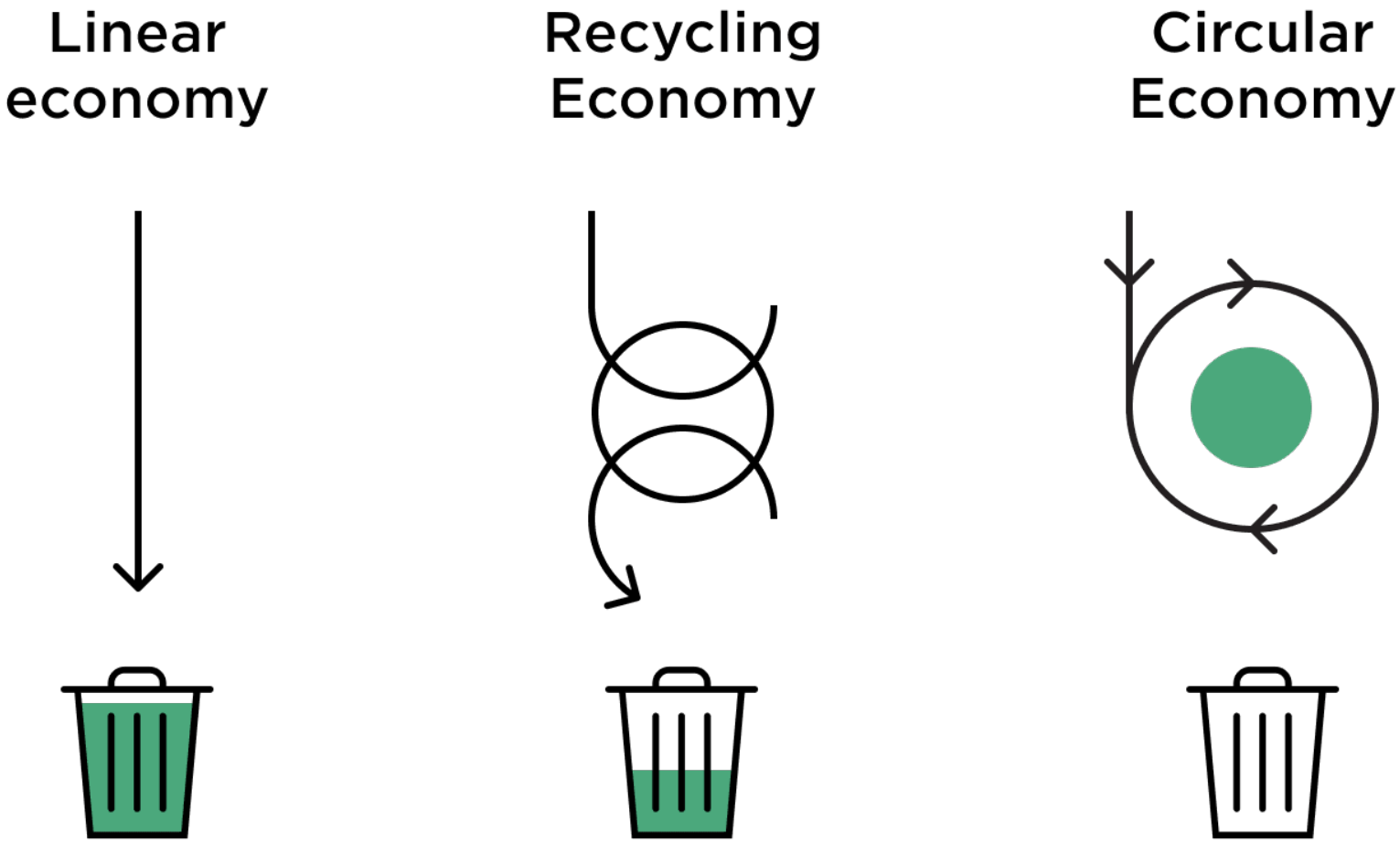
When we consider sustainability, it is frequently only from an environmental or ecosystem health perspective however to deliver effective, long-term results projects and programs must consider social, economic, technological, and environmental perspectives

At Macro, or program level, Circular Economy provides a framework through which multiple projects and sectoral activities can be effectively linked to deliver national and regional sustainability improvements.

> ***"The circular economy gives us the tools to tackle climate change and biodiversity loss together, while addressing important social needs."***

> ***"It gives us the power to grow prosperity, jobs, and resilience while cutting greenhouse gas emissions, waste, and pollution."***

Eliminating waste and pollution • Circulating products and materials • The regeneration of nature



Source: Everyday Industries

Net Zero 2050, SDG's, Strategy 2030, and Circular Economy

Guiding Principles and Client DMC Commitments

Our Client Developing Member Country's commitments to **Net Zero 2050**, upcoming **Global Plastics Treaty** and **UN Sustainable Development Goals** provide the framework for ongoing sustainable development

ADB Strategy 2030

Strategy 2030 – Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific

Systems Level Approach to Operationalize Links and Balance Implementation Trade Off's

Circular Economy is a programmatic systems approach to support economic development whilst de-linking it from the unsustainable consumption practices

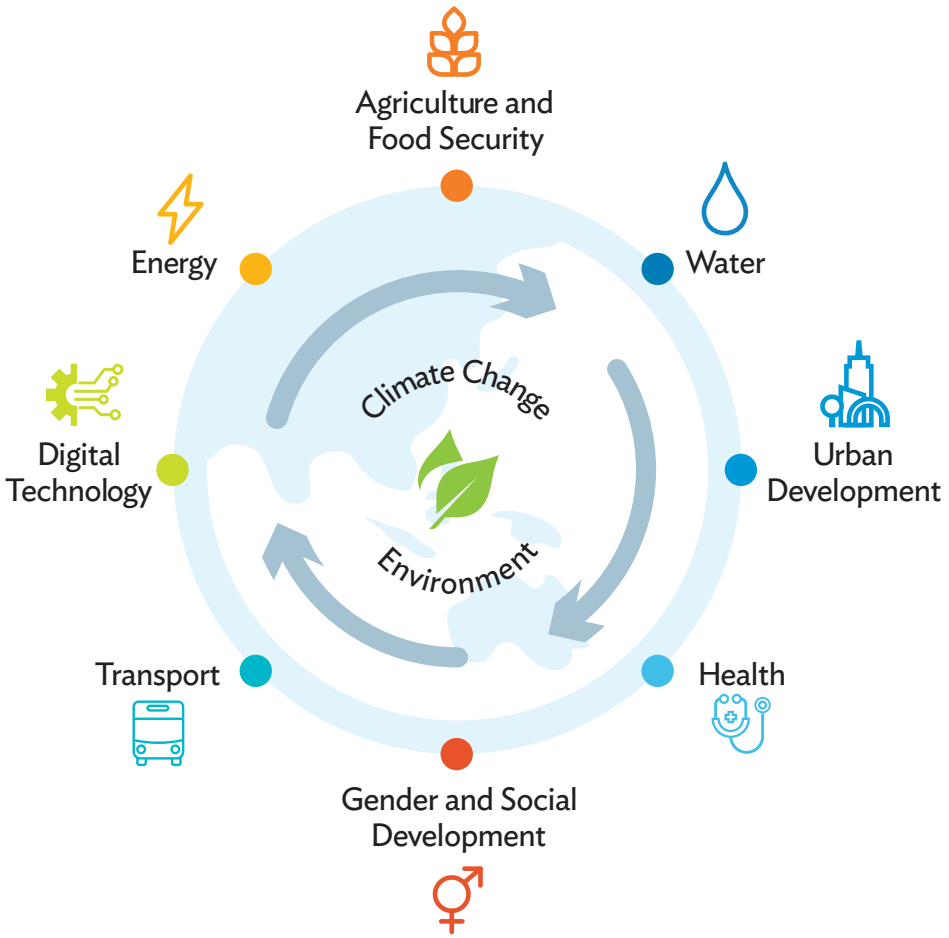
Sectors

Energy, Transport, Water, Urban Development, Digital Technology, Agriculture and Food Security, Climate Change, Environment, Gender and Social Development

- Using a country-focused approach
- Applying the differentiated approaches
- Developing integrated solutions
- Taking multisectoral approaches
- Promoting digital development and innovative technologies
- Expanding private sector operations
- Developing capacity
- Adding value and promoting quality infrastructure

Circular Economy Entry Points Exist Across ADB's Sectors

The value, efficiency and integrated systems approach can support programmatic additionality to enhance ADB's services and DMC needs lead products portfolio across sectors



ADB Sectors exist as part of national, regional and global systems. Circular Economy supports the ONE ADB approach to provide integrated solutions and products for our clients through multi-sectoral approaches

- Energy projects with integrated climate change, digital, water, urban development and nature-based solutions
- Urban development with integrated nature-based climate change mitigation solutions, urban farms, digital technology, energy efficiency and water conservation
- Gender accessible, quality jobs linked to sustainability and resource efficiency
- Healthy and Age Friendly Urban Development
- Bio-based Circular Economy to link increase circularity in the construction industry by linking urban, sub-urban and rural systems

Circular Economy and Systems Thinking provides the framework, language and metrics to design, articulate, and deliver multi-sectoral solutions

Systems Thinking for Pipeline Development

- Circular Economy is an umbrella term or “Brand” covering the full range of sustainability transition aspirations from the Micro scale (Community) to Macro scale (National and Regional Policy)
- The unification of sustainability disciplines under a **Circular Economy systematic approach closely aligns with ADB’s Strategy 2030 and our transition to a ONE ADB operational approach**
- Circular Economy, as a systems approach, provides a common frame of reference to integrate social development, climate change, health oceans, urban development and a plethora of other ABD sovereign and non-sovereign activities into **programmatic solution packages** tailored to the needs of our client DMC’s
- The project and pipeline additionality supported by CE systems approaches **allows ADB’s integrated portfolio of services to deliver greater development and sustainability impact** when compared to business-as-usual siloed project approaches
- The fundamental shift from individual projects to a **programmatic approach to sustainability** is fully compatible with our current Country Partnership Strategy and Indicative Country Pipeline and Monitoring Reports

Plastics – Marine Plastics Pollution

Circular Economy is most often associated with plastics from their avoidance and substitution through to waste management and recycling. ADB's Promoting Action on Plastic Pollution is working across ADB to address marine plastic pollution and support our DMCs as the Global Plastics Treaty is designed and implemented

Circular Economy Entry Point	Multiple Financing Solutions	Multisectoral Programmatic Pipeline
Marine Plastic Pollution	Private Sector GEF Grant Sovereign PBL	Nature-based Solution Substitution Private Sector Integration Eco-system Services Transport Infrastructure Climate Change Adaptation Urban Infrastructure Circular Plastics Economy Eco-compensation Innovation Digital Solutions Sustainable Manufacturing Gender Accessible Quality Jobs

Prosperous

Inclusive

Resilient

Sustainable

Guangxi Wuzhou Healthy and Age Friendly Cities

Circular Economy is anchored in sustainability and regularly associated with waste management, but integrated systems approaches can be applied across ABD's sectors. The tools and language of Circular Economy can support the integration, implementation and optimization of multi-sectoral solutions for Liveable Cities

Circular Economy Entry Point	Multiple Financing Solutions	Community Positive Programmatic Pipeline
Sustainable Development	Sovereign Lending	Infrastructure Investment
	Private Sector	Urban Sector Development
	Grant	Gender
	Blended Financing	Digital Solutions
		Social
		Nature-based Solution Substitution
		Health
		Integrated Waste Management
		Climate Change Mitigation
		Energy
		Water
		Transport

Prosperous

Inclusive

Resilient

Sustainable

ADB

Risk Management and Balance for Multi-Sectoral Projects

The transition to sustainable development approaches and the integration of diverse project elements present significant Challenges for ADB's risk management

The study of Circular Economy is driven by understanding of **Systems Dynamics** and the identification of emergent systems phenomena resulting from sustainability interventions

The application of hybrid impact assessment methodologies will allow ADB to support the transition of our DMCs towards sustainability from community to National Policy level whilst **successfully mapping the potential positive and negative results of these transitions**

The use of these tools can help ADB to de-risk our programmatic activities and further expand our pipelines to encompass mitigation and avoidance strategies into the multi-sectoral solutions and integrate safeguards solutions

Multi-sectoral programs will, inevitably, lead to **balancing decisions between sectoral best practices**.

Detailed, transparent assessment of various options can guide development effectiveness decisions. Systems approaches require consideration of dynamic factors over extended time periods to be considered and quantified

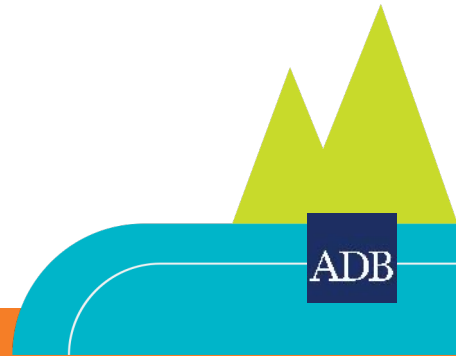
Complex Value across Economic, Social, Environmental and Technological Domains support this risk management and balancing decisions

Prosperous

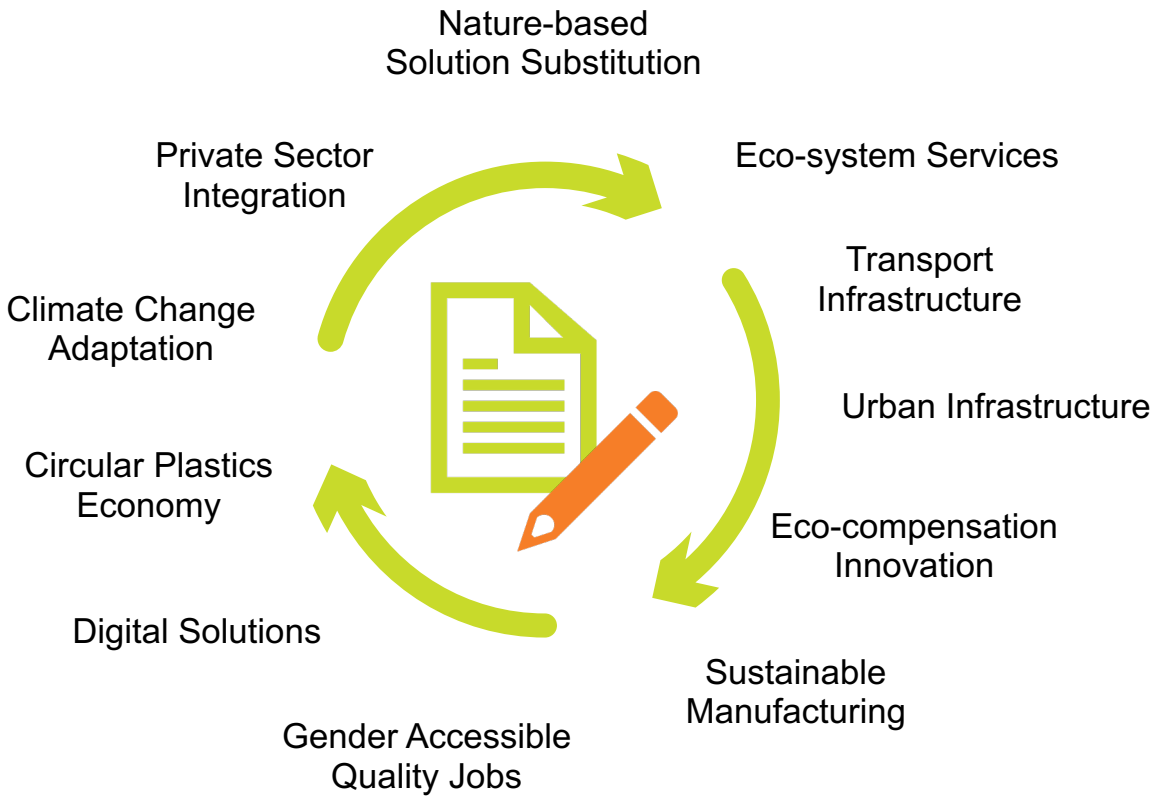
Inclusive

Resilient

Sustainable

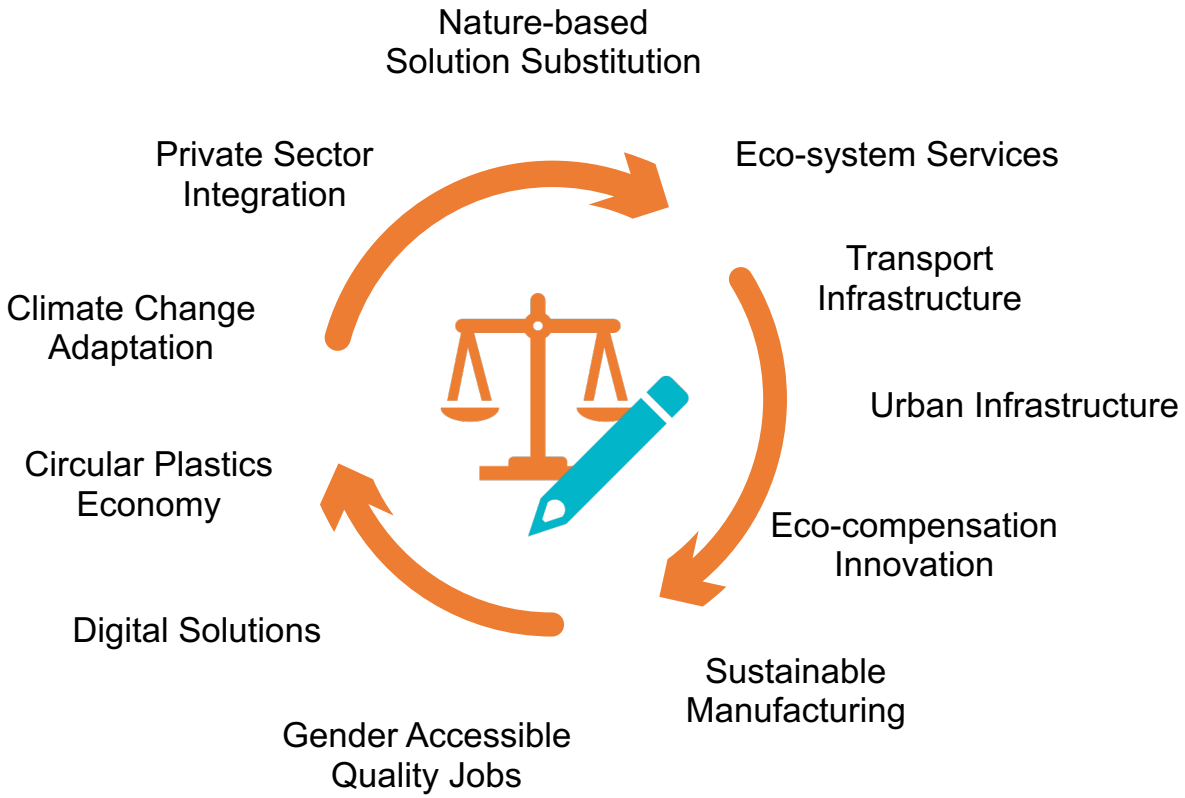


How do project officers design for circularity?



- Define the core project sectors and then identify logical links to adjacent sectors
- Drawing on timeframes and enabling policy environment of the host country scope which elements should be part of the initial project and which can be packaged for future development pipeline
- Develop funding approaches which provide best fit for each project element
- Recognize time as an element of circularity

How do policymakers design for circularity?



- Research beyond the immediate project or sectoral focus. What policies or enabling legislation is required for the circulation of these materials?
- Identify barriers to circularity in national and international policy (e.g., Basel Convention)
- Facilitate cross ministry interactions and clearly identify responsibilities amongst ministries, local, regional, and national administrative units
- Promote flexibility during drafting of policies and subsequent laws and regulations

Thank you.