



## **OPENING REMARKS**

**Minister of National Development Planning/Head of National  
Development Planning Agency (Bappenas)**

**on**

**The 4<sup>th</sup> Indonesia Circular Economy Forum (ICEF)**

**July 21<sup>st</sup> 2021**

**08.00 – 16.35 (Jakarta time)**

***Distinguished ladies and gentlemen,***

***All panelists and participants of the 4<sup>th</sup> Indonesia Circular Economy  
Forum,***

***Assalamu'alaikum Warrahmatullahi Wabarakatuh***

*Greetings from Jakarta, Indonesia*

1. First of all, I hope that all of you and your family are in good health. It is a great pleasure for me to join all of you here. Let me first express my pleasure to be part of this virtual meeting amid a challenging situation that we are still facing today.

**Distinguished guests, ladies and gentlemen,**

*(slide 2)*

2. Indonesia has a vision to escape from Middle-Income Trap and become a developed country by 2045, exactly a hundred years after the nation announced its independence. To achieve this goal, we

have recognized Sustainable Economic Development as an important pillar of Indonesia's development.

*(slide 3)*

3. The impact of COVID-19 pandemic is significant. For the first time since the 1997-1998 crisis, Indonesia plunged into recession and 2.67 million Indonesians lost their job.

*(slide 4)*

4. On the other hand, the Covid-19 pandemic reduces emissions by 29.48% in 2020 due to decreasing activities. However, the decline is not enough to stop climate change, and the emission is expected to increase again along with economic recovery. Post Covid-19 pandemic, Indonesia is expected to face an even bigger problem due to climate change.

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5. The Covid-19 pandemic, like the previous pandemics the world has faced, has also brought significant changes to civilization.
6. This pandemic has accelerated many changes and we should be able to adapt. The development trend of post pandemic will require the use of technology utilization, digitalization, and healthier economy through adopting green recovery.

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7. Thus, it can be concurred that recent developments have made circular economy more important than ever to be implemented in Indonesia. Issues of natural resources degradation, along with increasing price volatility and supply chain risk, call for an immediate action.
8. Furthermore, the advancement in new technologies, shifts in the labor market due to automation, increasing consumer awareness of

environmental issues, along with supportive regulatory and investment opportunities present a great potential for Indonesia to implement circular economy.

**Distinguished guests, ladies and gentlemen,**

*(slide 7)*

9. Previous research has identified the five sectors that should be prioritized for the circular economy implementation in Indonesia, based on their economic potential and circularity potential. The five sectors are food and beverages, textiles, construction, wholesale and retail trade, and electrical and electronic development sector.
10. These five focus sectors play a pivotal role in Indonesia's economy, contributing over 30 percent to Indonesia's current GDP and employing more than one-third of Indonesia's workforce in 2019.

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11. The circular economy undoubtedly offers a great potential for Indonesia. Circular economy implementation is estimated to boost GDP growth by 2.3 – 2.5 percent in 2030. The contribution of circular economy to overall growth would be 0.6 percent, and the nominal additional impact on the five focus sectors would amount up to IDR 312 trillion.
12. Therefore, Indonesia's next step towards an improved economic growth will revolve around circular economy. The GDP growth strategies will be focused on improving productivity by reducing waste and increasing the lifespan of assets and creating new business models and investment opportunities from the implementation of circular economy. This implementation will also be beneficial for improving the resiliency of Indonesia's economy to ecosystem services shock.

**Distinguished guests, ladies and gentlemen,**

*(slide 9)*

13. Adapting to a more digitalized world, the circular economy agenda is also consistent with smart city development. The smart city concept essentially utilizes digital and ICT-based innovations to improve efficiency of urban services, and the circular supply chain is based on how to use resources efficiently, even re-generating the value of what would have been wasted in linear supply chain.
14. “Smart” technologies that are produced and consumed through a circular supply chain will benefit the environment through many channels.
15. The smart and circular mobility system, for example, will allow for autonomous and better utilized vehicles, which leads to fewer cars, less congestion, and less pollution.
16. Other examples are the smart and circular energy development and built environment, which involves low carbon energy, renewable power sources, and buildings with smart technology that facilitates fully closed water, nutrition, material, and energy loops.

*(slide 10)*

17. Many cities in the world have practiced smart and circular city initiatives, and have been able to reap a positive economic and environmental impact.
18. Pécs city in Hungary, for example, with its renewable energy power plants utilizing biomass, has managed to fulfill 100% of the town’s district heat demand, and generated an extra overall income of 12.4 million euro for farmers in South Western Hungary.
19. Another example would be Phoenix City in Arizona, USA, which created a circular economy hub with a technology solutions business incubator, for all initiatives supporting reduction of waste sent to

landfill. By 2018, this technology incubator has raised US\$1.34 million capital, generated \$3.15 million in revenue, launched 10 products, and filed 2 patents.

20. A more policy-driven initiative came from Melbourne City in Australia with its 1200 Buildings Program, which encourages building owners to transition their properties into smart and sustainable buildings. This initiative was executed through information provision, incentives, and government grants. As a result, over \$17.2 million in investment occurred, and the project led to a reduction of 18,000 tons of greenhouse gas annually.

**Distinguished guests, ladies and gentlemen,**

*(slide 11)*

21. To put the circular economy agenda into place, Bappenas and UNDP have developed a national roadmap regarding Indonesia's five phases of circular economy implementation.
22. We are currently standing in the first two phases: the phases that focus on research and the development of the Indonesia Circular Economy Action Plan. Moving on, the third phase would be the development of circular economy platform and piloting of projects, and the fourth phase would be to foster partnerships and enhance the enabling conditions.
23. Lastly, the fifth phase would be the full implementation of circular economy, guided by Indonesia's national medium-term development plan for year 2025 to 2029.

**Distinguished guests, ladies and gentlemen,**

24. We are aware that economic recovery without smart, circular, and low carbon initiatives could escalate human and economic risk in a longer term. A big investment is needed to speed up transition towards a smart, circular, green and low carbon economy. At this moment, I

would like to invite all of you to take the momentum to reshape our world as a better place to live for our future generations.

Thank you.

**Jakarta, July 21 2021**

**Minister of National Development Planning/**

**Head of National Development Planning Agency - Bappenas**

**Suharso Monoarfa**