

Innovative finance could plug waste management investment gap and help tackle plastic pollution – new paper

- A new paper from Systemiq, focused on Indonesia, could form a blueprint for investable waste management systems across the globe – driving sustainable finance into this critical, but overlooked, solution for mitigating climate change and reducing plastic pollution.
- The paper responds to the challenge of how to improve and professionalise waste collection systems, making them attractive to investors and leading to the upscaling necessary for positive system change.
- The research and findings are drawn from Systemiq's experience in developing and scaling sustainable, low-cost waste systems across Indonesia.
- It was developed in partnership with Indonesia's Coordinating Ministry of Maritime Affairs and Investment (CMMAI) and supported by Partnering for Green Growth and the Global Goals 2030 (P4G).

Jakarta, 27 June 2023: Systemiq today publishes a report revealing how blended finance could make circular waste collection and sortation infrastructure more attractive to investors, helping to drive the funding needed to upscale sustainable waste systems.

Across the world more than two billion people are without access to effective waste management systems. A lack of investment in the sector has resulted in inefficient waste management, which is the third largest source of global Greenhouse Gas (GHG) emissions. With global waste production expected to grow by over 1 billion tonnes by 2050, this funding gap poses a major threat to human and planetary health.

Effective waste management can prevent plastic from ending up in landfill, oceans and other natural environments and reduce the risk of disease and water contamination. However, in Indonesia alone, the investment needed to increase circular waste collection to a sufficient level is estimated to be US\$4 billion and that gap cannot be filled by philanthropic funds alone.

To address this issue, the *'Mobilising Blended Finance for Circular Waste Collection and Sortation Infrastructure'* report lays out a proposal to improve and professionalise waste collection systems, leading to the upscaling necessary for positive system change.

It proposes a transition to a utility-type business model funded through a blended finance framework, supported by local and national government actions, which would use concessionary finance to attract commercial capital into the waste management sector.

Initially focusing on Indonesia, the recommended blended finance framework could serve as a blueprint for other regions across the globe that face similar challenges, helping to drive the large-scale transformation needed to reduce the environmental and health impacts of mismanaged waste.

The report's research and findings are drawn from Systemiq's extensive experience in the region, including its Project STOP programme, which works with the Indonesian government

and other key stakeholders to build comprehensive, economically sustainable waste management systems that follow the circular economy principles.

The calls from across governments, industry and NGOs for an ambitious outcome from the ongoing Global Plastic Treaty negotiations highlight the need for innovative solutions which deal with the entire plastics lifecycle.

Andre Kuncoroyekti, governance lead at Systemiq Indonesia, said: "In order to meet ambitious waste management targets, waste infrastructure needs to urgently be scaled up. And yet, waste operators and governments are currently facing a number of barriers to the investment needed to drive this transformation.

"The blended finance scheme presented in this study combines a comprehensive and practical set of solutions to address these challenges. It sets out priority actions for key stakeholders across the waste management value chain and infrastructure financing ecosystem, outlining the systemic changes required to unlock capital and build a pathway into beyond-grant models."

Ibu Nani Hendiarti, Deputy Minister, Coordinating Ministry for Maritime and Investment Affairs, said: The development of this report coincides with a sense of momentum and optimism in Indonesia's waste management sector. Conditions are ripe to start transforming Indonesia's waste management nation-wide, and we started to get more traction from key stakeholders, including from Development Finance Institutions (DFIs) who are increasingly looking for 'investable' co-funding efforts to support the global transition to circular economy. Local governments are also showing more interest in progress on battling a 'waste catastrophe'."

The *Mobilising Blended Finance for Circular Waste Collection and Sortation Infrastructure* report can be accessed at: <http://www.systemiq.earth/finance-waste-management-cut-ghgs>

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Notes to editors

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About Systemiq: Systemiq, the system change company, was founded in 2016 to drive the achievement of the Sustainable Development Goals and the Paris Agreement, by transforming markets and business models in five key systems: nature and food, materials and circularity, energy, urban areas, and sustainable finance. A certified B Corp, Systemiq combines strategic advisory with high-impact, on-the-ground work, and partners with business, finance, policy-makers and civil society to deliver system change. Systemiq has offices in Brazil, France, Germany, Indonesia, the Netherlands and the UK. Find out more at www.systemiq.earth. Learn more about Project STOP at www.stopoceanplastics.com.