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## **JOINT ABAC-APFF-APIP-HKGC CONFERENCE**

# **BUILDING THE INFRASTRUCTURE FOR THE CIRCULAR ECONOMY IN APEC**

9 September 2019

The Hong Kong General Chamber of Commerce  
Hong Kong S.A.R., People's Republic of China

Co-organized by:

APEC Business Advisory Council (ABAC) Hong Kong  
Asia-Pacific Financial Forum (APFF)  
Asia-Pacific Infrastructure Partnership (APIP)  
The Hong Kong General Chamber of Commerce

In an evolving world with an ever-growing population and increasing demands, it is crucial to use resources efficiently and develop innovative business models that maximize resource-efficiency along value chains. Enhancing the sustainability and circularity of APEC economies can lead to enhanced economic development, strengthened social standards, and higher levels of protection for human health and the environment. A circular economy keeps resources in use for as long as possible, extracts the maximum value from them while in use, then recovers and regenerates products and materials at the end of each service life, thus optimizing a full range of environmental and societal outcomes.

Circular economy policies should look to use and reuse materials more productively over their entire lifecycles, as is the case with sustainable materials management policies. Innovations are transforming the way we use and recover materials. For example, new technologies are being developed to convert non-recycled used plastics back into basic building blocks (i.e., monomers) that can be used as the feedstock to make new plastics. Previously difficult to recycle materials are being converted into building materials, roads and consumer goods. However, these new innovative solutions will require support and investment to achieve greater scale. In particular, it is imperative to address the deficit in investment in solid waste management systems and infrastructure in the region's developing economies.

This conference looks to build on previous and ongoing work within APEC and the APEC Business Advisory Council (ABAC) including those within the Asia-Pacific Financial Forum (APFF), Asia-Pacific Infrastructure Partnership (APIP), the APEC Chemical Dialogue, the APEC Ocean and Fisheries Working Group, the APEC Virtual Working Group on Marine Debris, and the APEC Committee on Trade and Investment. Bringing together key stakeholders and experts from government, business, academe and multilateral institutions, it will seek to identify and obtain agreement on practical steps to develop a pipeline of bankable waste management project

that can attract private sector investment and participation.<sup>1</sup>

## AGENDA

### 0900-0930 OPENING SESSION

#### Welcome Remarks

TBD, The Hong Kong General Chamber of Commerce

#### Opening Remarks

Madame Marjorie Yang

*Chairwoman, Esquel Group; and Member, APEC Business Advisory Council*

#### Opening Remarks

Mr. Kobsak Duangdee

*Chair, Asia-Pacific Financial Forum; Secretary General, Thai Bankers' Association*

### 0930-1045 SESSION ONE: Advancing the Circular Economy through Resource Recovery Management (2RM)

Promoting the circular economy requires changing the narrative from “Waste Management” to “Resource Recovery Management”. While a variety of approaches to managing materials and waste streams need to be considered to deal with different circumstances, infrastructure should be developed that can support a combination of various options including reducing, reusing, recycling, energy recovery, treatment and disposal that leads to a more sustainable use of resources and materials. Using materials sustainably and creating a circular economy involves asking the questions on what 2RM is and when to use different management strategies.

This session will discuss 2RM within the broader context of the circular economy and the required policies, regulations and guidelines for increased reuse, repair, recycling and repurposing. It will also discuss how public-private partnerships can be developed in drop-off locations (DOLs), material recovery facilities (MRFs), municipal solid waste (MSW) supply contracts and tipping fees, and in industrial materials recovery facilities (IWRF), as well as the role that education and communication strategies can play in driving collaboration and innovation for a circular economy.

1045-1100 Coffee break

### 1100-1230 SESSION TWO: Current Gaps and Challenges in Developing APEC Economies

Despite existing legislation governing the collection and management of household waste (and in some cases action plans addressing marine litter and circular economy) a number of Asia-Pacific economies lack sufficient 2RM infrastructure, resulting in mismanaged municipal waste that enters the environment and the ocean. Various challenges facing governments include those related to enforcement of existing laws and regulations, governance and transparency. Insufficient operating and capital expenditure budgets at the local level, where responsibility for waste collection and management ultimately resides, deter the flow of needed capital to the solid waste management and recycling sector.

This session will discuss the current situation of waste management practices and infrastructure

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<sup>1</sup> This includes implementation of the [APEC Policy and Practice Recommendations to Overcoming Barriers to Financing Waste Management Systems and Reducing Marine Litter](#) which were endorsed by APEC Ministers in 2016 and the recommendation regarding the importance of enabling innovative, transparent funding approaches such as blended funding entities and pay for performance delivery models as outlined in [The Next Wave: Investment Strategies for Plastic Free Seas](#).

in developing economies and the broader social, cultural, economic and political/policy context. It will also discuss the various stakeholders and participants in the waste management value chain, the challenges that need to be addressed and the way forward for promoting the evolution of current systems toward effective 2RM and realizing the circular economy.

1245-1400 Lunch

### **1400-1530 SESSION THREE: Financing the Circular Economy Infrastructure**

New and innovative funding structures are required to crowd in private sector investment and enable additional investors to support environmental objectives achieved through improvements in solid waste management infrastructure. This session will discuss how to facilitate and accelerate private sector participation in financing 2RM projects in APEC developing economies.

- **Improved Risk Allocation:** Large scale infrastructure projects often involve a variety of risks that prevent private sector investment. These include risks related to the design and construction phases of a project, post-construction payment and the policy environment. So long as these risks remain unaddressed, it will remain challenging to attract sufficient capital to meet growing infrastructure demands.
- **Attracting Long Term and Other Investors:** A key barrier for financing is the lack of opportunities that are defined as investment grade by credit rating agencies. International pension funds, asset managers, insurance companies and Sovereign Wealth Funds, impact investors and others can be key sources of financing to rapidly scale up infrastructure efforts, but will be largely unable to participate in these opportunities unless the risk return profile of potential investments is altered.
- **Blended Finance:** Blended financing aims to blend concessionary and philanthropic monies with market rate investment capital to unlock institutional funding by showing that investment in the resource recovery sector can ultimately provide attractive financial returns. These structures can help share risks between the private sector and public sector. By reducing the risk profile of sustainable infrastructure projects, blended finance can allow investors to participate in financing projects that they would not otherwise be able to.

1530-1545 Tea break

### **1545-1715 SESSION FOUR: Catalyzing Initiatives – From Idea to Action**

This conference aims to initiate a process designed to eventually lead to the development of a pipeline of bankable 2RM projects in developing APEC member economies, particularly in those economies that currently face the greatest challenges in managing municipal waste and addressing the problem of marine debris at its source. This process is intended to develop in 3 stages: (a) a meeting of key stakeholders at the international level to agree to collaborate; (b) dialogues at the domestic level between authorities responsible for waste management projects and practitioners/experts from the private sector, multilateral institutions, export credit agencies and specialist institutions; (c) capacity building (training, seminars, advisory services) at the domestic/local level to assist authorities in launching 2RM projects; and (d) launch of projects and financial close.

As the first stage in this process, the conference will invite key public sector stakeholders from developing APEC economies, representatives from multilateral institutions and agencies from advanced economies promoting capacity building in developing economies, and experts from the private sector and investor community to discuss action plans to initiate the process of building 2RM infrastructure projects through public-private partnership. It is hoped that the

discussions in this session will lead to commitments and agreements among these stakeholders to collaborate in this work and facilitate the dialogues that form the next stage of this process.

**1715-1730 CLOSING SESSION**