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# 4th SWITCH-Asia
# Annual Meeting

# FINAL REPORT

22-23 September 2022
Bangkok, Thailand

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# INTRODUCTION

On 22–23 September 2022, the SWITCH-Asia SCP Facility organised the 4th SWITCH-Asia Annual Meeting at the Conrad Hotel, Bangkok. This meeting, consisting of the gathering of the Programme Steering Committee (PSC) and SWITCH Asia Annual Conference, was the first in-person meeting subsequent to the COVID-19 pandemic lockdown. Participants in the event included INTPA HQ, EU Delegations, SWITCH-Asia SCP Facility, representatives of EU Member States, National Focal Points of countries eligible for the programme, representatives of the SWITCH-Asia Grant Projects, programme stakeholders, and regional and international organisations. This report details the key issues raised during this event.

# BACKGROUND

Rapid economic growth in Asia and Central Asia has lifted many countries out of poverty. This has come at a cost of increased use of natural resources, as well as growing greenhouse gas (GHG) emissions and amounts of waste. Sustainability today is no longer simply about increasing efficiencies or complying with regulations. It is about making fundamental changes in the way business is done and the way the world consumes. Results can be achieved only by rethinking our business models and supply chains and designing new consumption patterns supported by enabling frameworks of policies, capacity development, innovation and financing initiatives.

Both Circular Economy (CE) and Sustainable Consumption and Production (SCP) aim at improving the overall environmental performance of products throughout their life cycles, stimulating demand for better products and production technologies, and helping consumers make informed choices. The European Union (EU) is committed to tackling these global challenges together with its partners across Asia. Launched in 2007, the SWITCH-Asia programme has achieved more than a decade of progress on SCP in 24 countries in the region.

These achievements were made possible through the joint efforts of the three SWITCH-Asia components:

- **The Regional Policy Advocacy Component (RPAC)** – implemented by UN Environment Programme (UNEP)

- **The SWITCH-Asia Sustainable Consumption and Production (SCP) Facility** – implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Institute for Global Environmental Strategies (IGES), and Adelphi
- **The SWITCH-Asia Grants Programme** – directly managed by the Directorate-General for International Partnerships (DG INTPA) of the European Commission (EC)

## AGENDA AND EVENT OBJECTIVES

The Annual Event was planned to combine and align several objectives. It was divided into four distinct parts, which were targeted to meet defined objectives of specific stakeholder groups.

The most important stakeholder groups were identified as:

1. EU Delegations
2. National Focal Points
3. Grant implementing organisations
4. Partner organisations
5. External stakeholders and wider audience

Event objectives per stakeholder groups were distinct.[1] A common denominator was to re-engage with all stakeholders by hosting a hybrid event. This was the first event permitting in-person attendance after more than two years of the Coronavirus pandemic.

For **EU Delegations**, one main objective was to deepen their understanding of SWITCH-Asia objectives and the SCP Facility, thereby strengthening the cooperation for the next phase of the programme. Due to frequent rotation and the oftentimes wide-spanning responsibility of topic areas, some EU Delegation representatives were new to a topic, or had previously not engaged with the Facility intensely.

**National focal points** were engaged to improve their understanding of the SWITCH-Asia programme's objectives and the EU policy context, and how these align with their own national policy priorities. In addition, another stated objective was to invite their reflection and feedback about the programme for further strengthening their work on SCP with the programme.

**Grant implementing organisations** were asked to contribute their perspectives and share their insights with other stakeholders to improve and streamline the programming and the integration between the grants programme and the SCP Facility. Another key objective was to inform them more broadly about the EU policy context in which SWITCH-Asia is active, as well as the pioneering role that the EU plays regarding SCP on the basis of its own Green Deal.

Regarding **partner organisations,** the objectives were to reflect on successful cooperation and to strengthen SWITCH-Asia's network and community. Similarly, for **external stakeholders and the wider audience**, the event sought to showcase the successes of the grant programme and the SCP Facility (and RPAC), and to promote SWITCH-Asia as a programme open for relevant regional partnerships along with a view to the next programming phase.

These similar but distinct objectives were used as starting points for collecting implementation ideas for the event. To this end and throughout the concept development process, these objectives were compared as to whether the format and content of the event design were suitable to fully cover all pertinent topics and areas of discussion.

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1   An event held simultaneously at a venue with attendees physically present, and as an interactive meeting online via internet.

| Stakeholder groups | Objectives | Implementation of ideas |
|---|---|---|
| **EU Delegations**<br><br>**SCP Facility (SCPF)** | • Engage with EUDs and demonstrate the relevance of SWITCH-Asia and SCPF for their work<br><br>• Strengthen the understanding of & commitment to SWITCH-Asia<br><br>• Facilitate better alignment between SWITCH-Asia's goals and EUD priorities, including selecting grants and comprehending assignments | • Shape narratives/sessions of events focusing on EUD's mandates and priorities<br><br>• Allow for (separate) EUD exchanges and reflection; integrate into working group/plenary sessions<br><br>• Promote and showcase successful EUDs |
| **National Focus Points (NFPs)** | • Improve the understanding of SWITCH-Asia's objectives and EU policy content<br><br>• Strengthen personal relationships among EU Delegations, other NFPs for regional momentum, and SWITCH-Asia<br><br>• Enable critical reflection & feedback, inspiration, and peer learning | • Invite appropriate NFPs to contribute as speakers, panellists and contributors<br><br>• Facilitate interactive and peer-exchange sessions<br><br>• Create space for constructive criticism and joint development of recommendations |
| **Grant implementing organisations** | • Improve understanding of the SWITCH-Asia context and thereby enhance the relevance of their work for SCPF/EU<br><br>• Strengthen the SWITCH-Asia network and community<br><br>• Enable critical reflection & feedback, inspiration, and peer-to-peer learning | • For presentations, select grants that are aligned with EU policy priorities and SCPF priorities to showcase the programme 'as one' and of relevance for the EU<br><br>• Facilitate interactive and peer-exchange sessions<br><br>• Create space for constructive criticism and joint development of recommendations |
| **Partner organisations** | • Reflect on successful cooperation, and demonstrate SCPF's competence and attractiveness as a partner<br><br>• Strengthen both the SWITCH-Asia network and the encompassing community | • Allow partners to reflect critically on collaboration, and how their understanding of SCP has evolved over time and with practice<br><br>• Feature partners on conference panels and in workshops, and in preparation/documentation materials |
| **External stakeholders and wider audience** | • Promote SWITCH-Asia and SCPF<br><br>• Showcase successes and demonstrate SCPF's competence on SCP issues<br><br>• Demonstrate SWITCH-Asia and SCPF's openness to insights and ideas from others, and their ability to learn and grow | • Use a professional platform and minimise technical issues, e.g. via a production company<br><br>• Invest resources in preparation and documentation material, including from assignments<br><br>• Combine interactive sessions and plenaries, and enable questions from the audience |

## PART I: Programme Steering Committee with EU Delegations and National Focal Points: Lessons Learnt and Improvements

**Hosted by:** SWITCH-Asia SCP Facility

**Participants:** EU Delegations, National focal points, selected observers (see agenda)

**Date and time:** 22 September 2022 (morning)

**Objectives**:

- Present the overall achievements for the period 2018–2022: technical assistance assignments, grants implementation, policy and stakeholder consultations, national and regional events, communication and outreach activities
- Discuss synergies and values added; and the relevance of the Programme to policy dialogues in the region (both nationally and across borders) and to priorities under the European Green Deal
- Lessons learnt and improvements on governments' and EU Delegations' engagement in activities and communication outreach

## PART II: Internal meeting with EU Delegations (closed door)

**Hosted by:** EU SWITCH-Asia Programme Management

**Participants:** EU Delegations

**Date and time:** 22 September 2022 (afternoon)

**Objectives:**

- Presentation of the new structure of the programme for the period 2023–2027, and the expected engagement of EU Delegations
- Stock-taking of existing and upcoming EU initiatives in Delegations (bilateral and regional programmes) and discussion of synergies for Phase III of the programme

## PART III: Knowledge Exchange and Networking Activities (in parallel to Part II)

**Hosted by:** SWITCH-Asia SCP Facility

**Participants:** National focal points, grant implementation organisations, assignment experts, other SWITCH-Asia stakeholders; concluding presentations attended also by EU Delegations

**Date and time:** 22 September 2022 (afternoon)

**Objectives:**

- Strengthen connections among SWITCH-Asia stakeholders, including representatives of Asian governments, partner organisations, grants projects and experts
- Enable learning across sectors on transformative SCP practices and implementation experiences of SWITCH-Asia grants and technical assistance projects
- Exchange ideas and share insights on developing and mainstreaming SCP and circular economy practices, and develop recommendations to strengthen key aspects of SWITCH-Asia, including communication, knowledge management, engagement of key stakeholders, and policy design and implementation

# PART IV: Annual Conference

**Hosted by:** SWITCH-Asia SCP Facility

**Participants:** EU Delegations, National focal points, grant implementation organisations, assignment experts, other SWITCH-Asia stakeholders

**Date and time:** 23 September 2022 (full day)

**Objectives:**

- Present Programme impact; contributions to national policies on SCP; contribution to overall effectiveness, sustainability, and overall impact of SWITCH-Asia

- Facilitate feedback by stakeholders on outcomes, consequences and lessons learnt as part of their work on SCP and with SWITCH-Asia

- Provide a platform for sharing insights on challenges and opportunities of SCP implementation among a diverse group of SWITCH-Asia stakeholders

- Discuss strategies for strengthening regional and sub-regional collaboration with regards to SCP and circular economy

- Explore opportunities for future scaling-up and replication of SWITCH-Asia experiences from SCP projects and policy advisory, both nationally and across the region

- Create opportunities for shared learning as the basis for continued effective and dynamic cooperation with SCP and the circular economy

## PART I: PROGRAMME STEERING COMMITTEE WITH EU DELEGATIONS AND NATIONAL FOCAL POINTS: LESSONS LEARNT AND IMPROVEMENTS





**OPENING SESSION**

**Speakers:**    **Ms. Francesca GILLI, EU Delegation to Thailand**

**Ms. Alessandra LEPORE, Programme Coordinator, DG INTPA, European Commission**

During this opening session, Thailand was praised for its commitments to tackle climate change. The nation submitted its updated Nationally Determined Contributions (NDCs) by unconditionally committing to a 20% cut in GHG emissions by 2030, and up to 40% if international assistance is provided. The SWITCH-Asia programme assists Thailand to help deliver its commitments. Moreover, the Thai government launched its first

National Adaptation Plan, focusing on water management, climate-smart agriculture, one-health approach, natural resource management, and food security. The importance of working collaboratively with partners to transition toward sustainable development and resiliency was highlighted, while Thailand's commitments provide further opportunities for cross fertilisation and collaboration by all participants in this meeting.

SWITCH-Asia has assisted many countries in their transition to sustainable development; through instruments like green public procurement, national action plans, and policy advisory support on many issues such as: sustainable food system, low carbon cities, and sustainable tourism. As a result, many countries have adopted green policy dialogues and relevant SCP tools to further their transition. Overall, forty technical assistances were provided across nineteen countries. Project examples include: a) the approved national standard for sustainable textile value chains in Mongolia, b) the action plan on circular economy in Vietnam, and c) the green building codes promoted in South and Central Asia for energy efficiency and sustainable buildings. Additionally, SWITCH-Asia works with various stakeholders across the value chains, and has partners in Asia and Europe to further SCP goals. This involves 150 funded projects, of which 53 projects are underway and ongoing, and 16 that were started in 2022. Grant projects include participation from primary stakeholders and other important stakeholders, especially, the private sector and financial institutions.

The main focuses of the SWITCH-Asia programme are to strengthen the frameworks of SCP and related organisations to become the reference for Sustainable Development Goal 12 (SDG12); and to support the mainstreaming of SCP in the NDCs through facilitating the exchange among a diverse group of EU stakeholders. The national focal points and the EU delegations in respective countries have played a vital role in reviewing the relevance of activities in alignment with the countries, and they were now encouraged to help create awareness among potential grantees, as well as to help improve access to compatible national ministries. In its next phase, the SWITCH-Asia programme will be extended to cover the Middle East and the Pacific region to promote the green and digital transition by leveraging private sector partnership through the Global Gateway Initiative. This event provided a good opportunity for all ministries, partner organisations, and EU delegations to offer feedback on the current phase, as well as insights regarding the work of the next phase.



**SESSION 1: SWITCH-ASIA PROGRAMME: POLICY SUPPORT AND GRANTS IMPLEMENTATION – IMPACT AND SYNERGIES**

Speakers:   **Dr. Zinaida FADEEVA, Team Leader, SWITCH-Asia SCP Facility**
**Ms. Cosima STAHR, Key Expert, SWITCH-Asia SCP Facility**
**Dr. Sara GABAI, Communication and Knowledge Expert, SWITCH-Asia SCP Facility**
**Ms. Alessandra LEPORE, Programme Coordinator, DG INTPA, European Commission**

## Presentation of the activities performed during 2018–2022, and Programme structure for the period 2023–2027

In the last year, SWITCH-Asia faced challenges from the COVID-19 pandemic, geopolitical and domestic issues, and other prioritisations over SCP within the national governments. The programme weathered the challenges with its flexible and pragmatic approach, team dedication and commitment, rapid mobilisation of national experts, and strong analytical work. The programme provided policy advisory assistance in 38 specific cases (27 have been completed, 11 are in the final stage of completion), including work on national SCP action plans, the circular economy, green building codes, sustainable public procurement, green financing, sustainable tourism, plastics, and sustainable textiles. In 13 countries (Cambodia, Bangladesh, Pakistan, Laos, Maldives, Mongolia, Bhutan, Thailand, Vietnam, Kazakhstan, Tajikistan, Uzbekistan, and Kyrgyzstan) SCP activities focused on eight main sectors: textiles & garments; buildings & construction; plastics; waste management & circularity; agri-food; sustainable & green public procurement; sustainable consumption; and SCP national action plans. In 2022, these sectors will implement 43 grant projects, with 60 knowledge products created, and 25 more to come before the completion of the SCP Facility programme in November.

The SWITCH-Asia SCP Facility upscales its work by pursuing key levers: integrating recommendations developed through its technical assistance work in country policies and implementation strategies; developing capacities for stakeholders and institutions; finding synergies with the agendas of regional partners; aligning its actions with networking processes in consideration of the EU Green Deal; and advancing work in the area of financing. The programme helps analyse grant experiences and SCP market readiness; assess SCP financing opportunities; develop recommendations to strengthen SCP financing; and analyse and advise on integrating SCP into finance programs. The latest results have been published in the Grants Book that features the 143 grants that have been operating from 2008 to 2026.



SWITCH-Asia's communication strategy focuses on raising the visibility of the EU's green and inclusive development policies as well as promoting its role as a key partner for the region and partner countries. Since 2019, with its new communications strategy, the programme has gained over 325,000 followers; more than one thousand SCP contents have been posted online; and over 50 million impressions have been recorded (the number of times any content from SWITCH-Asia page has appeared on a person's screen). Strong partnerships with regional organisations and influencers have also greatly contributed to increasing the programme's visibility.

As of 2023, SWITCH-Asia Phase III will streamline programme elements, making SCP policy a priority in the region by assisting nations in adhering to international agreements; and this phase will also forge alliances with significant regional and European organisations. In addition, the programme has anticipated the challenges related to its geographic expansion in the Pacific and the Middle East by strengthening the regional components; taking into account the long-term effects of assistance; and by ensuring synergies with bilateral green trade programmes. To increase the outreach and effect of programmes, grants and policy support components must be brought closer together. Concerning the grants scheme, the scaling up of practices tested in pilot projects implemented by EU-Asian organisations must be emphasised at the outset. The EU Delegations and National Focal Points are encouraged to identify country and value chain priorities.

The new phase will also support grantees that wish to address questions related to upscaling practices such as business model developments. For policy support, the emphasis is on addressing common issues among countries by using a multi-country / regional approach. The new phase will seek out opportunities to bring relevance to EU policies by working with countries in the regions supporting policies such as circular economy, farm to fork strategy, plastics, deforestation-free products, and sustainable textiles. It will also work with stakeholders and governments in the region to reduce the indirect impacts of upcoming EU legislation and laws on sustainability and traceability, such as the EU Carbon Border Adjustment Mechanism and the EU Sustainable Products Directive and facilitate trading relations of existing upcoming bilateral trade agreements.



**OPEN DISCUSSION REFLECTING ON THE EFFECTS AND IMPACT OF SWITCH-ASIA PROGRAMME PHASE II**

**Facilitator:** **Ms. Alessandra LEPORE, Programme Coordinator, DG INTPA, European Commission**
**Ms. Francesca GILLI, EU Delegation to Thailand**
**Dr. Zinaida FADEEVA, Team Leader, SWITCH-Asia SCP Facility**

**Participants:** **INTPA HQ**
**EU Delegations**
**National Focal Points**
**SWITCH-Asia SCP Facility**

During this open-ended discussion, the following questions were proposed:

1. Significance at the policy level: What is the relevance of SWITCH-Asia for the development of SCP and circular economy policy at the national level?

2. Improving the regional dimension (multi-country dimension): In which areas would you like to cooperate with other countries in the region and in sub-regions?

3. Strengthening partnerships: Which organisations, networks, and processes do you find relevant to advance your SCP and circular economy work?

4. Funding the green transition: What is your experience in working closely with financial institutions in Asia? How could you help SWITCH-Asia in connecting with them to support scaling-up SCP practices tested through our grants?

5. Engaging across government: Were you able to reach out to line ministries on the achievements of the programme? How can you best engage relevant implementing agencies?

The following issues were raised by EU Delegations and National Focal Points:

- Access to finance was important for the companies within the grant project scheme. SMEs need assistance to develop pitches to secure financial support, such as developing viable business cases and communicating in financial language. Transforming the market to create demands for SCP products can also positively assist SMEs in accessing finance.

- Continued support from technical assistance in Phase III were requested to help the already developed action plans, roadmaps, and strategies from Phase II to proceed into mandates. Moreover, collaborations between SWITCH-Asia and trade partners, such as the private sector, chambers of commerce and FTAs, are needed to develop policies into actions. Additional stakeholders and relevant ministries, beyond designated National Focal Points, must also be involved to coordinate policy support-work actions to achieve the common SCP and CE goals.

- Focus of support of information provision for SMEs in different sectors, including on the latest SCP-relevant technologies and business practices, must be aligned with the processes that are 'natural' for SMEs in terms of information uptake, e.g. through business development services or through functional business networks.

- Institutional rather than individual capacity-building was suggested to prevent discontinuation of initiatives after officers in charge of a dossier leaves an organisation. Such capacity can be achieved through co-creation of policies within governments and other relevant institutions.

- Working more synergistically, as well as combining regional and global approaches, were emphasised as important. Creating synergies among EU DGs is required to align priorities in the programme countries to ensure harmonised assistance and to achieve joint objectives. Coordinating between technical assistance and the grant scheme is needed to further policy recommendations in the relevant sectors. Also, creating synergies from a regional programme to the global gateway, instead of bilateral assistance, is encouraged.

DG INTPA and the EU Delegation to Thailand responded to the above-mentioned issues. The most important component of Phase III will remain the grants scheme, and technical assistance will be expanded to additional sub-regions (Middle-East, including Yemen, Iraq and Iran, and to the Pacific, including Small Islands States, Timor Leste and Papua New Guinea (PNG), while greater efforts will be put into the strategic connections between the grants and policy-support assistance. The Directorate General (DG) for International Partnerships in Brussels will coordinate policy priorities with other relevant Directorate Generals (DG) of the European Commission. The new phase will aim to complement the efforts of EU delegations in the countries by taking a regional approach to focus on common issues, and working together to promote the solutions.

Through the European Fund for Sustainable Development Plus (EFSD+), an integral part of the Global Gateway, the EU will explore ways to provide blending and loan guarantees for SMEs, through the collaboration between EU Financial institutions and their national counterparts. The EU and its partners, including counterpart agencies, are working together to advance agendas that will support the EU's future policies regarding these regions. Collaborations beyond the conventional partners will be strongly encouraged for the new phase. These will include working not only beyond the ministry where the NFP is located to reach out to other ministries, but also fostering private-sector partnerships to help advance both SCP and CE agendas. A missing piece in this plan is partnership with universities, as higher education institutions (HEIs) play an important and necessary role as knowledge centre through their research activity. To leverage their work, connections with the business community needs to be strengthened.

The new phase will require projects to develop strong business cases to scale up practices tested through grants to ensure their results will deliver concrete solutions for the market. The programme will bring learnings from the in-country experiences to the regional level. To address the risk of losing capacity and knowledge acquired on the programme due to the replacement of focal points/ persons, the programme has historically made an effort to disseminate information to various government agencies and their successors. The institutional development of organisations – rather than individuals – must remain the priority. Countries are encouraged to use and share the vast amount of knowledge products which the SWITCH-Asia SCPF has generated over the years and that is available at the official website of the programme (www.switch-asia.eu).

## Key Takeaways:

- A strategic connection between the programme's grants component and policy support component is vitally important and must be fostered to help countries accelerate SCP/CE policy integration into respective high-level frameworks in the country.

- Partnerships must be fostered not just among the usual partners/organisations within the government or country, but should be expanded to other agencies across the spectrum of government, private sector, higher education institutes, and civil society.

- Despite some successes, SMEs' access to finance continues to be a barrier to SCP/CE. It will be essential to maintain capacity support for SMEs, such as help creating a commercially viable business plan, and to increase interest among financial institutions in financing green SMEs during the next phase.

- Information to SME about relevant SCP technologies and practices has to be channelled through established business connections, e.g., Business Development Services (BDS), networks as well.

- Creating a market transformation, in which the demand for sustainable/circular products will be increased, can be perceived as a positive catalyst for removing the obstacles that prevent SMEs from gaining access to the necessary financing for business expansion.

- Coordination with line ministries, and other national institutions at the country level beyond NFPs and their co-engagement in developing policies and action plans, is critical for implementation of technical assistance.

- Finally, coordination among relevant departments of the EU headquarters to harmonise their priorities for the regions is expected to bring greater relevance between SWITCH-Asia Phase III and the priorities in the programme countries, thereby ensuring greater impact.

# PART III: KNOWLEDGE EXCHANGE AND NETWORKING



The Part III discussions were conducted in the form of five parallel Roundtables which then reported their core observations to the Plenary. The initial questions of the roundtable were discussed with the representatives of the SWITCH Asia stakeholders who have become recourse persons for the discussions. The interactive nature of the exchange enabled diverse ideas and recommendations for the future to emerge.



**ROUNDTABLE 1: COMMUNICATIONS AND OUTREACH STRATEGIES FOR SUSTAINABLE CONSUMPTION AND PRODUCTION (SCP) – KEY PLAYERS, SUCCESSFUL PRACTICES, POSSIBLE IMPROVEMENTS**

**Facilitator:**        Dr. Sara GABAI, Communication and Knowledge Expert, SWITCH-Asia SCP Facility

**Resource People:**    Ms. Wai WABO, Communication expert, Prevent Plastics Myanmar Project
                        Mr. Denis KENAN SCHAEFER, Prevent Plastic Project
                        Mr. Sam GRAY, Manager, RARE Center for Behavior Change

Because sustainability has become a major problem today, governments, businesses, scientists, non-profit organisations (NGOs), financial institutions and individuals are increasingly understanding that **unless the message makes sustainability completely clear to all audiences, nothing is going to change**.

During this roundtable, three topics were selected for discussion:

1. Grassroots Communication, Advocacy and Campaigning
2. Strategies to Trigger Behaviour Change Towards SCP
3. Communication as a Tool to Enhance SCP and Environmental Policy Implementation

Participants discussed key challenges usually faced when **communicating and visualising** work on Sustainable Consumption and Production, and how these could be overcome during and through communication and advocacy work. Moreover, emphasis was also placed on how communities, civil society, and individuals can be meaningfully engaged and mobilised during campaigns in support of projects and initiatives. Participants stressed the importance of:

i. *Co-creating value* – in our field, great communication is not about what 'product' you are trying to sell, but which 'story' you are going to tell. Different messages need to be prepared and targeted to different audiences, using diverse approaches to grab their attention and fulfil their interests and information demands.

ii. *Strategic approach* – It is important to have a communication plan in place, to know which media channels to use, when to use them, and how to leverage the power of influencers to amplify the message.

iii. *Avoid conflicts* – One must be sensitive about (political) conflicts and social realities in the country where communication is taking place and avoid publishing information that may be controversial or that may backfire against the person, organisation or project.

iv. *Harness support* – Support can come in many forms: increased budget, content development, and capacity building, among others. Seek opportunities to increase your communication efforts. This is how your work and the impact you're making will be known and get spread to others.

v. *Effective Communication tools for the most impact* – consider using different tools to attract the attention of diverse audiences, and stay up-to-date with communication trends.

vi. Environmental challenges are behavioural challenges. To trigger behaviour change, an enabling environment must exist, and all stakeholders, including policy makers, must be aware of each other's roles and responsibilities. Mutual understanding should be fostered through clear and targeted communications. Of great importance is also to highlight the work of local champions, those who are first-hand the catalysts of change, by strengthening their ownership of project initiatives.

## ROUNDTABLE 2: ENGAGEMENT BETWEEN THE SWITCH-ASIA GRANTS AND POLICY WORK – HOW TO STRENGTHEN THE SYNERGIES

**Facilitator:**      **Mr. Per-Olof BUSCH, SWITCH-Asia Assignment Expert**

**Resource People:**      **Dr. Kanat SULTANALIEV, SWITCH-Asia Assignment Expert**
                        **Mr. Emanuel Rogier VAN MANSVELT, SWITCH Garment Cambodia Project**
                        **Dr. Abdulla NAZEER, PROMISE Project (Maldives, India, Sri Lanka)**
                        **Ms. Mijidsurn CHIMEDDORJ, Sustainable Plastic Recycling (SPRIM) Project, Mongolia**

Three topics were proposed for the discussion of this roundtable:

1. Creating synergies between grants and SCP policy frameworks
2. Strengthening through partnerships
3. Transformative experiences and knowledge

SWITCH-Asia grants and policy support assistance have proven their potential to complement one another; policy support sometimes enables work on the ground; and the work invested in pilot projects can inform policy formulation. For example, SWITCH-Asia's assistance and promotion of SCP to the leather sector in one part of India resulted in the revised guidelines and a scaling-up process to other regions of the country, making the leather industry greener and more sustainable. For Phase III, the participants in their discussions have asked the future Policy Support Component Programme to focus more on creating and supporting platforms for the sharing of information and experiences among programme countries. This is aimed at maximising knowledge and lessons learnt among grantees and governments, in order to promote the replication of successes and avoid duplicating the mistakes made by another country.

## ROUNDTABLE 3: MARKET TRANSFORMATION – HOW SCP PRACTICES GAIN RELEVANCE ALONG THE SUPPLY CHAIN; CHANGING MARKETS, AND BUSINESS AND CONSUMER EXPECTATIONS

**Facilitator:**     **Ms. Katharine THODAY, Principal Environment Specialist, ADB**

**Resource People:**     **Mr. Anshuman DAS, Project Manager, Bhoomi Ka Project, India**

    **Mr. Jakub SMUTNY, Head of Programmes, Switching to Circular Economy Mongolia and SWITCH to Solar Cambodia**

    **Ms. Jessica WEIR, SWITCH-Asia Assignment Expert**

    **Dr. Rene VAN BERKEL, Resident Representative, UNIDO**

    **Mr. Sanjoy Kumar SANYAL, SWITCH-Asia Assignment Expert.**

Three topics were proposed for the discussion of this roundtable:

1.  Understanding consumer expectations and building a sustainable supply chain
2.  Transforming markets: how finance and legislation interact
3.  Changing framework conditions: policies, standards, and technology

To create a market transformation, all stakeholders involved must be aligned and act together. These include government, financial institutes, consumers, businesses, primary producers, and Civil Society Organisations (CSOs). Governmental policies are needed to enable change in production and consumption, while changed consumer behaviour will create demand. Importantly, CE and SCP concepts must demonstrate clear economic benefit for producers, and this needs to be enabled by policy frameworks that govern markets. CSOs can act as catalysts, bringing all stakeholders together. Government's green public procurement, financial access, de-risking support, and investment in critical infrastructure are further examples of what government can do to move the market.

For CE and SCP innovations to enter the mainstream market, a clear value proposition must be made. The current market framework does not promote CE or SCP innovations, therefore linear and fossil-based business models are the norm. For CE and SCP innovations to become competitive, markets need to be reshaped by government policy, and circular business cases must/will be built accordingly. Consumer trust must be created and maintained by the quality of the product, and distributed demand for such products must be aggregated to produce a critical mass. Finally, effective models must be discovered and emphasised in order to spur market transformation. A scale-up must be supported, while demand, sales, incentives, and disincentives must be facilitated.

## ROUNDTABLE 4: ENGAGEMENT WITH PRIVATE SECTOR – STRATEGIES FOR WORKING WITH SMALL AND LARGE COMPANIES

**Facilitator:** **Mr. Thomas THOMAS, ASEAN CSR Network**

**Resource People:** **Mr. Mark DRAECK, UNIDO**
**Ms. Ukhnaa SARANGOO, Project Manager, STeP EcoLab Project, Mongolia**
**Mr. Jens NORGAARD, SWITCH-to-Green**
**Mr. Sanjay KUMAR, APR-SCP**

Three topics were proposed for the discussion of this roundtable:

1. Critical factors for engaging with small, medium-sized and large businesses in the area of SCP and circular economy
2. Encouraging innovation in small, medium-sized and large businesses for SCP and circular economy transition
3. Ensuring sustainability of business transitions for SCP and the circular economy

Most private-sector partners, particularly small and medium-sized enterprises (SMEs), are still unfamiliar with the ideas of CE and SCP. To approach them strategically, the group identified key drivers, risks, and challenges associated in driving the CE and SCP agenda into the business sector. Key drivers for CE and SCP include (i) natural resource constraints, (ii) market demand (increasing the trend towards sustainable lifestyles among the younger generations), and (iii) tighter regulations (in line with the global commitments). Major risks are (i) a lack of understanding about CE and SCP concepts, (ii) high investment costs for sustainable products, and (iii) low perception about recycled products, leading to low demand. Meanwhile, SMEs are also faced with a lack of time and resources for investment (i.e. they often find themselves facing other life-or-death priorities), along with a lack of role models (i.e. successful SMEs).

To address these issues, the group proposed that the next phase should focus on (i) building local capacity to integrate CE and SCP models into business models, (ii) simplifying CE and SCP concepts in the SME's context (i.e. what does it mean in real term), and (iii) providing a platform for successes to scale. Above all, SMEs need finance to invest in order to become more circular and sustainable. While technological innovation is critical for businesses to become more circular, some advanced technologies are too far-reaching for SMEs, and may necessitate collaboration among themselves (cluster collaborations), or collaboration across supply chains or through business development services (BDSs). Consumer demands alone will not develop a circular economy mindset; transformation requires both 'carrots and sticks,' and both techniques must be adapted to the local context. Continued assistance is required for start-ups and incubators to commercialise proven solutions based on value-chain thinking.

There are some trends that drive sustainability and circularity in the business community: (i) the necessity to be efficient due to rising energy costs/resource scarcity, (ii) using transformative technology to gain competitive advantages, (iii) increasing the use of sustainable packaging, (iv) complying with the law, and (v) supporting the local community. Given these trends, SMEs capacity must be strengthened to keep up with CE demands; public and private partnership dialogues must be fostered/maintained; environmental and social governance principle must be promoted; gaps between large and small companies must be narrowed; and good performers deserve public recognition. At the same time, law enforcement needs to be ensured and local capacity must be built. The group also recommended that SWITCH-Asia III facilitate a coaching program between large and small companies, promote measures that lead to increased public investment in CE and SCP transition, ensure equal treatment of businesses (large and small), and introduce Extended Producer Responsibility (EPR) programmes, in which producers will be held more accountable for the disposal of their products at the end of their life.

## ROUNDTABLE 5: LEVERAGING KNOWLEDGE TOWARDS TRANSFORMATION

| | |
|---|---|
| **Facilitator:** | **Mr. Dwayne APPLEBY, IGES** |
| **Resource People:** | **Dr. Mushtaq MEMON, UNEP** |
| | **Dr. Saima SHAFIQUE, SWITCH-Asia Assignment Expert** |
| | **Dr. Ashikur JOARDER, SWITCH-Asia Assignment Expert** |
| | **Dr. Daniel NEYER, BEEN Nepal Project, University of Innsbruck** |

Three topics were proposed for the discussion of this roundtable:

1. Role of knowledge institutions[2] in SCP transformation
2. Importance of frameworks for thinking and learning to transform
3. Characteristics of successful knowledge co-creation and cross-sector communication as part of SCP transformation

Knowledge carriers (e.g., institutions, chambers of commerce) play an important role in knowledge generation and transmission. However, in order to transfer knowledge, the appropriate language for each receiver of knowledge must be used. Highly technical knowledge must be simplified and localised to meet the needs of various learners. Finally, a standardisation system is required so that knowledge can be easily stored and found, rather than being lost with those who created it. In countries where SWITCH-Asia is working, the programme helped to create frameworks of thinking and learning for SCP transformation, from the development of sector-specific guidelines to capacity building (e.g. training), support policy integration, and legal framework development. The importance of data science was highlighted as a crucial foundation in informing policy development.

Knowledge sharing occurs within industry associations and clusters in many SWITCH-Asia countries, particularly in Central Asia, because it provides convenient and informal interactions between their NGOs, research organisations. Excellent communication is essential for taking great knowledge to the next level. Government, as a data generator and collector, can help create demand for new processes or products, which can lead to innovation across sectors. While a database can be created for existing information, it is also important to look back and create a database for what does not exist (i.e. things we don't know). This is how new knowledge is created.

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2   Such as universities and schools, or knowledge-generating units in government, knowledge-sharing systems, think tanks, etc.

## Key Takeaways from all Roundtable discussions:

- Policy and regulations are critical in setting the right tone for stakeholders to align their interests and act together to further SCP.

- To mainstream SCP, the notion of circular economy and sustainable consumption and production should be more fully integrated into the practices of businesses, especially the SMEs.

- Through a policy framework of incentives and disincentives for businesses and consumers, it has been observed that CE/SCP lifestyles and innovations along with new business models can be transformed, and this will bring about new policies that will shape changes in consumption and production patterns.

- On this basis, CE/SCP benefits must be clearly proven in economic terms for businesses to follow, especially SMEs that face multiple challenges in running their businesses.

- There are powerful trends (e.g. sustainable lifestyles, ESG, resource efficiency, transformative technology) that drive sustainability and circularity in society and businesses; they need to be harnessed.

- Policy and regulations are critical in setting the right tone for stakeholders to align their interests and act together with regard to SCP.

- Collectives of SMEs and engagement with larger companies have an important role to play in assisting SMEs in restructuring their operations with regard to SCP/CE.

- Access to finance is critical for businesses (big or small) to transition from traditional business model/ operations to those that are circular and sustainable.

- Technology innovations are important; however, some are too advanced for SMEs to invest in or even utilise, so there is a need for finding locally relevant and appropriate technological solutions and for promoting them through BDS services.

- SWITCH-Asia would be well-placed to assist in the formation of platforms for sharing of information and experiences within countries and throughout the region in order to maximise knowledge for greater impact.

- SWITCH-Asia can also facilitate the improvement of in-country coordination between grant activities and policy support, as well as between grant activities themselves.

- To generate greater support and drive behavioural change, it is critical to focus on a story rather than a project when conveying an effective message to drive change.

# PART IV: ANNUAL CONFERENCE





**BREAKOUT 1: INNOVATIONS: INSIGHTS FROM THE IMPLEMENTATION PROCESS**

**Facilitator:**   Ms. Nurzat ABDURASULOVA, SWITCH-Asia Expert and PERETO Project, Kyrgyzstan

**Panellists:**   Ms. Davaajargal BATDORJ, Switch-off Air Pollution in Mongolia's Cities
Mr. Abishek JANI, Switching to Green & Fair Fashion
Mr. Per-Olof SCHULTE, SWITCH-Asia Assignment Expert
Mr. Victor ABAINZA, Senior Consultant, ADFIAP Consulting Group

Four questions were explored during the panel discussion:

1. From a project point of view, what are your innovation project and implementation experiences?
2. From a government point of view, how can the needs adapted and translated from each SCP processes, best be addressed; and what is needed for implementation?
3. From a financial point of view, why is innovation a priority?
4. What are your recommendations for promoting innovative approaches?

The SWITCH-Asia Switch-off Air Pollution in Mongolia's Cities (SOAP) project addresses both energy-efficient retrofitting of the existing stock of non-engineered individual houses in Mongolia and the construction of new houses. The project innovates along the entire market value chain of construction and retrofitting. The cost of energy efficiency measures was identified as a key concern by customers. Therefore, the project packaged and delivered low-cost solutions, by teaching homeowners to retrofit the energy efficient components themselves. Engineers then checked the quality of work done to ensure safety. Moreover, the project digitalised the processes, which also helped to reduce time spent on paperwork.

The SWITCH-Asia Switching to Green & Fair Fashion project promotes adoption and mainstreaming of sustainable production systems in India's cotton textiles sector by creating an enabling framework, supporting green business development, and improving access to green finance. The project innovates by setting up an alternative marketplace for sustainable products. This creates demand for sustainable products and allows more information to be shared, thereby closing the 'reporting gap' of the sector. Like SOAP, this project also found it important to have a convincing business case in place to generate interest among stakeholders for participating in the project.

The Asia Cleantech Micro, Small and Medium Enterprises Financing Network (ACMFN), launched jointly in 2016 by ADFIAP and adelphi as a SWITCH-Asia grant project, worked to build and leverage a cleantech financing eco-system for cleantech micro, small and medium enterprises (MSMEs) in China, India and Indonesia. ACMFN can offer insights from its implementation period of 2016–2020. First, innovation is needed to customise approaches for different business models, in order to fit each country's needs. Cultural diversity must also be considered. Second, specific work plans, activities and time horizons must be appropriate for their operating environments. Third, financing is a key issue, and SMEs often have to rely on support to improve their access to finance. Some Asian public sector banks offer SCP relevant finance programmes, but type of practice is still in its infancy. Fourth, the effectiveness of supporting policies for SCP needs to be improved. For example, most countries already have pollution-related policies, but implementing the policies locally is often not carried out coherently.

In order to further innovative approaches, it was recommended that SWITCH-Asia tailor their approaches to fit the community or the country where they are being implemented. The specific circumstances of each government or community must be taken into account. Co-creation is also very important and needs to be amplified by promoting multi-stakeholder approaches to solving problems. Many SMEs are focused mainly on their daily operations; therefore, education and awareness can be a significant contributor to change. Better dialogue among grant projects and sub-regional groups is needed, as well as better synergy between grant projects in order to facilitate long-term policy dialogues. Recommendations were given to the private sector to systematically and purposefully network and collaborate, e.g. by means of working groups. Incubation setups that can prepare for and facilitate access to finance are also necessary for project success. SWITCH-Asia can play an important role here by offering expertise and connections.

## Key Takeaways:

- Innovation is urgently needed as part of SCP transformation processes; for them to be successful they must generate positive social impact and be economically viable – in many cases, markets and legislation need to be adjusted to achieve this
- Co-creation of solutions is a key to success, and a holistic understanding of and approach to SCP is needed – government, business including SMEs and financial institutions, and academia are all needed for a transformation towards SCP

- Innovative approaches can take place in all lifecycle stages; they need to address the various gaps that can obstruct the progress of the project
- Projects must be tailor-made so that their approaches fit the local context, culture, and operating environment; taking 'key concerns' of customers as their starting point (e.g. cost, quality, etc.) is helpful
- Building knowledge and capacity on SCP among all stakeholders is an important success factor for SCP projects.



BREAKOUT 2: TRANSFORMATION TOWARDS SCP
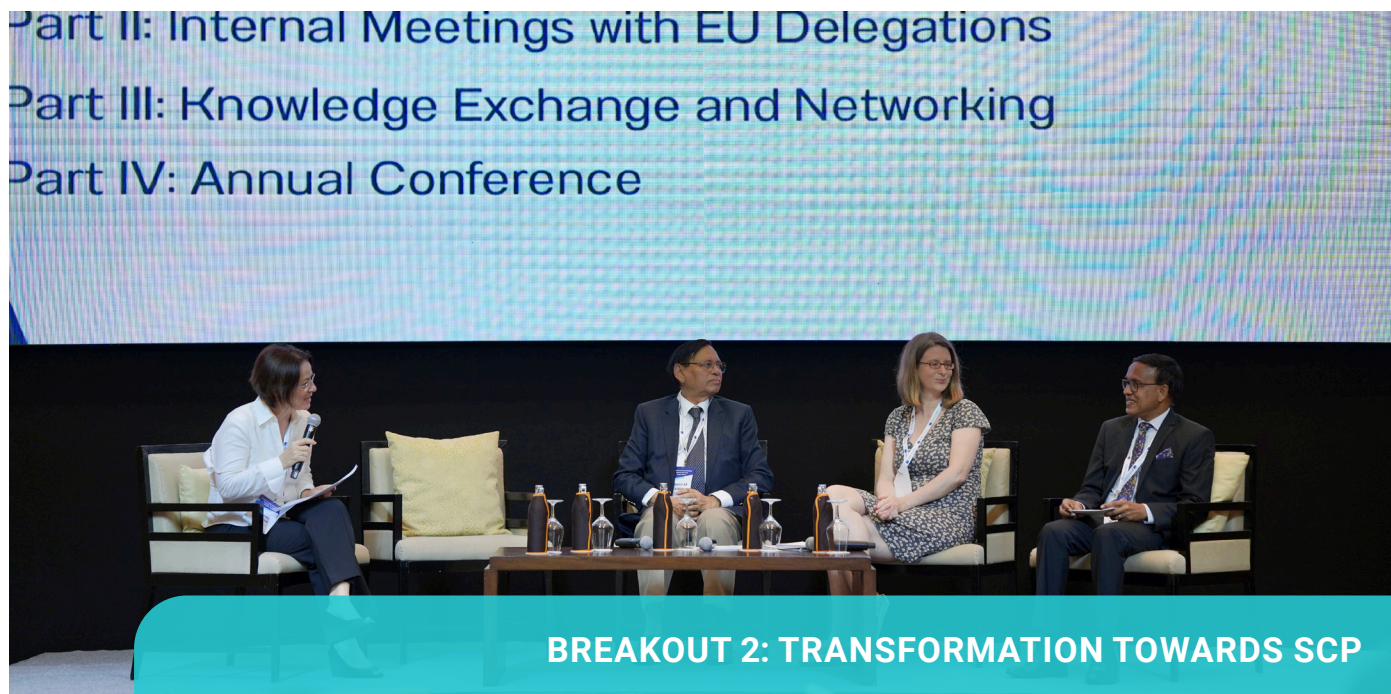
**Facilitator:**     Dr. Zinaida FADEEVA, Team Leader, SWITCH-Asia SCP Facility

**Panellists:**     Dr. Abdulla NAZEER, Maldives National University, PROMISE Project (Maldives, India, and Sri Lanka)

Mr. Jawed KHAN, SWITCH-Asia Assignment Expert, Housing and Buildings, Pakistan

Ms. Katharine THODAY, Principal Environment Specialist, Asian Development Bank (ADB)

Four questions were asked during the panel discussion:

1. What does transformation towards sustainability mean to you from the perspective of SCP?
2. What are the key priority issues and enablers for transformation (existing or desirable) in your country or in the context of your work?
3. What are the barriers and opportunities to circular transition, who are the losers with transformation, and how do we lower the barriers to change?
4. How can SCP best be supported in rethinking and reshaping the legislation and frameworks in your sector and at national policy level?

The transition towards SCP is already underway, although slowly and in various different ways. The CE concept is gaining traction in the business community because it is consistent with the responsible and inclusive business practices that the global business community is adopting. However, key priorities and enablers must be triggered to go into action, in order to bring forward circular transformation. For that, education, communication, finance, linkages between SCP and other related agenda, roadmaps, and technology solutions play important roles in moving the CE and SCP agenda forward.

Education is key in changing consumer behaviour as witnessed in Maldives, where SDGs and climate change issues are embedded in school curricula, creating increased awareness among younger generations, and leading to behaviour change. In recent years, the financial sector has developed a growing appetite for

climate change and environmental actions, which paves the way for CE and SCP to be brought into the agenda. Such integration must come with clear business benefits in order to trigger a market transformation.

This kind of integration is better understood in some sectors than others, such as in construction. Therefore, effective communication and learning across sectors is required. Communication needs to be focused on tangible achievements and what a resource efficient and circular society would look like: this may be illustrated though a simple fictional story or via comic books to draw public attention to SCP and CE. Successes from one country can be usefully transmitted to other countries, and SWITCH-Asia plays a vital role in facilitating cross-fertilisation of knowledge and experiences across countries in Asia and Europe.

Technology solutions are needed and must be accelerated to create transformative change. Government has an important role to play in this by setting the right policy or putting legislation in place to enable it. A law amendment in Pakistan has enabled financing for solar energy transition and lowered the cost of building materials (e.g. bricks), which has led to more energy efficient buildings in the country. The same goes for phasing out coal-fired power plants supported by ADB. International conventions/agreements, such as the Paris Agreement, also work as levers to encourage countries to adopt sustainability, as they create a level playing field for all parties to the agreements to take action.

The panellists agreed that there should be no winners or losers, but rather win-win opportunities for all to transition to SCP. Transformation should be for everyone's benefit so they can embrace it and play a part in it. For example, ADB is supporting countries to phase out coal-fired power plants by engaging influential players to make it happen. Through education and awareness campaigns and introduction of alternatives, single-use plastic use among SMEs in Maldives has gone from 100% to less than 10%.

SWITCH-Asia plays a vital role promoting SCP in the region by facilitating connections between countries to share and learn experiences from one another. Going forwards, government and NGOs must be further supported to help increase MSME awareness and build capacity. New technology must also be introduced to accelerate the transformation.

## Key Takeaways:

- The concept of 'new realities' must be demystified, and presenting transformation scenarios carefully considered in the local/regional context. The transition to a circular/green economy is complex; there will always be potential winners and losers when the status quo is challenged. Such consequences must be carefully examined and anticipated, with a collaboratively developed roadmap agreed to beforehand.

- The role of multidisciplinary partnerships and collaboration is ever more essential, including in financing where access to finance (particularly for SMEs) needs to be facilitated via enhancing skill development and leveraging promotional actions.

- The skills, knowledge and competence in dealing with the circular economy, especially those of all the main players, must be harnessed. Education and training are critical for achieving not only comprehension of what is going on, but also for providing new vision, values and skills. A respect and appreciation for local knowledge and practices fitting the local context should be developed.

- Creating and enabling environment to take people and organisations on board is essential. Hesitation when facing change and fear of the unknown can be softened by preparing stories about such transitions. Good ongoing communication is the key to the whole process.

**BREAKOUT 3: STAKEHOLDER ENGAGEMENT TO SUSTAINABILITY**

**Facilitator:** Dr. Arab HOBALLAH, Executive Director, SEED

**Panellists:** Mr. Zafar MAKHMUDOV, Executive Director, CAREC
Mr. Niall O'CONNOR, Director, Stockholm Environment Institute (SEI)
Ms. Ukhnaa SARANGOO, STeP EcoLab Grant Project, Mongolia
Mr. Sanjay KUMAR, President, Board of Trustees of Asia-Pacific Roundtable
on Sustainable Consumption and Production (APRSCP)

Three questions were asked during this panel discussion:

1. How do you engage with various stakeholders, and which ones have been the most active fulfilling your organisational mission?
2. If there is one issue you would like to see either further developed or added to the SWITCH-Asia programme, what would this be, and why?
3. To what extent do global SCP related policies, including the EU Green Deal, the CEAP and others, influence your activities and provide opportunities for collaboration with others working in the area of SCP?

**Session Summary:** SCP is multistakeholder by nature, but many actors work in a silo, such as focusing only on production but not on consumption. Multi-stakeholder partnerships are critical to achieving SCP, spearheading innovation and avoiding duplication of efforts.

Youth, educational institutions and others who drive change through knowledge and capacity building, can ensure the sustainability of SCP initiatives. Officials working in government agencies are also key stakeholders who have an understanding of the importance of SCP in their respective countries and can thus play an active role in advancing SCP policies and actions, including creating networks for young people and opening up opportunities for them.

There is a strong need to engage with consumers and industry representatives – in other words, with both the supply and demand side of the value chain. Government representatives must also be engaged in advocacy initiatives so as to champion the uptake of SCP policies. A key challenge that has been identified is how to transfer knowledge to SMEs. Different stakeholders often speak different languages –for instance, SMEs and government.

The importance of co-designing programmes in partnership with key stakeholders and accessing the right knowledge was strongly emphasised. Research conducted by the Stockholm Environment Institute (SEI) along with evidence-based knowledge can inform the private sector, SMEs, entrepreneurs, financial providers and youth, among others, and can enable them to better understand SCP and take action towards desired sustainability goals. For instance, to enhance the roles of SMEs, social entrepreneurs and financial providers to help vulnerable communities build resilience to climate change, evidence-based knowledge, existing solutions, and policy will drive more informed and effective actions.

As another example, it is of key importance to engage local herders and local industries, and develop guidance for sustainability practices in partnership with the government. However, the numerous eco-certification standards that are already in place often confuse and disorient consumers. Research on the footprint or the environmental impact of commodities is absolutely necessary in order to distinguish products that are sustainably made from those made by companies using greenwashing strategies and making false sustainability claims. Working with research institutions is key in this context.

Beyond engaging with grant projects, stronger ties should be forged more systematically with SMEs, policymakers, and local communities, ensuring capacity development and knowledge transfer. This institutionalisation will ensure sustainability of the Programme's efforts beyond the life-span of a grant project or a technical assistance. Furthermore, local SMEs should be prepared to become more competitive in the international/European market, and increase their awareness of and knowledge about international regulations and procedures. SWITCH-Asia can serve as the platform to showcase local business innovations so as to reach high-end stakeholders in, for instance, the fashion industry. Key messages on sustainability championed at the local level may have higher impact and more influence if jointly communicated through SWITCH-Asia channels.

Evidence-based research should inform SWITCH-Asia's work. and inclusivity and gender quality should be mainstreamed.

Knowledge of EU policies and strategies are also important for Asia because they may anticipate further developments in the region. However, policies must necessarily be contextualised in order for them to be relevant and applicable in a particular national context, without disregarding indigenous and local knowledge. At the same time, it is of critical importance to be aware of EU policies, regulations, agreements, especially when businesses want to access EU markets.

## Key takeaways:

- SCP and SDG12 cannot be attained without a sustained multi-stakeholder approach involving all actors in the ecosystem understanding each other and working together towards a shared and common goal. No one stakeholder is more important than the other. Each has their own equally important value, and each may need different kinds of support.
- Evidence-based knowledge and research are key to informing stakeholders on SCP and the role they can play in responding to current environmental and sustainability challenges in an informed manner.
- Communication must be clear and straightforward in order to get the SCP message across multiple stakeholders and drive them to take action.

**PLENARY 1: STRENGTHENING REGIONAL ENGAGEMENT WITH SCP AND CIRCULARITY**

**Facilitator:**  **Dr. Zinaida FADEEVA, Team Leader, SWITCH-Asia SCP Facility**

**Panellists:**  **Ms. Katharine THODAY, ADB**
**Mr. Kai HOFFMAN, GIZ**
**Dr. Rene Van BERKEL, UNIDO**
**Mr. Thomas THOMAS, ASEAN SCR Network**
**Dr. Mushtaq MEMON, UNEP**

Three questions were asked during this panel discussion:

1. What advantages do you see in introducing the concept of CE with its associated strategies, in addition to SCP? In other words, what is implied by introducing CE, in addition to SCP, into your area of activities?

2. From your perspective, where are the core strategies for upscaling SCP work in the region?

3. What suggestions you would be able to give to SWTICH-Asia?

Economic growth and wellbeing do not need to equate more waste. By innovating useful products and services and eliminating waste, we can maximise  resource efficiency. Introducing the CE concept, in addition to SCP, shrinks the footprint of human activities by pointing at the natural limits to growth, need to rejuvenate ecosystems and on systemic interconnections of various production-consumption systems. SCP, as an instrument to achieve CE will help to mitigate the triple planetary crisis: climate change, pollution and biodiversity loss. Example of practices enabling CE are shared economy; extending product lifecycle longevity; innovative designs and materials for the ease of recycling will lower resources use as well as lowing wastes. CE aims at retaining value of resources in the supply chains as long as possible, switching resources towards renewable and less harmful and by assuring efficiency of resource use. Essential to it is changing human behaviours and lifestyles toward these CE practices. During production, a CE helps to address resource flow and ensures nothing goes to waste. Circular resource use means the target is zero waste. The CE language must be shifted from "minimizing" waste to actually "preventing" waste. Therefore, the CE is not a recycling economy, but it is an innovative economy built on perpetual loops and systems thinking both in production systems and consumption systems. Part of this innovation is also to turn products into services, thereby shifting the incentive structure of producers to long-lasting, resource-efficient modes of delivery. Instead of

owning cars, we need mobility, instead of owning cell phones, we need communication, and healthy food instead of a fridge.

The financial, managerial and knowledge support required for shifting towards CE will be facilitated through creating standards for reporting and accountability as well as requirements for products and services performance. More dialogues between SMEs, entities that support their SCP innovations (industry associations, innovation programmes, etc.) and financial intermediaries must take place to allow transitions towards CE to happen. Regional policies too are contributing to the uptake of CE. For example, the EU Proposal for Making Sustainable Products the Norm, or the EU Sustainable Product Initiative and other polices from the European Green Deal elevated the CE concept and will . Other economic and societal benefits arise from CE policies;  for example, it is estimated that the European Green Deal will result in 40 million jobs as part of new practices in SCP. CE policies also strengthen consumer rights, for instance, longer product guarantees and warranties will force manufacturers to better build their products to last.

It is recommended that SWITCH-Asia carry out further work on compliance, because (allowed) noncompliance is far too cheap today, but too costly to our environment. Governance can be improved through enabling governmental policies like roadmaps, action plans, and five-year development plans. Industry and innovation also need to be the core strategy for upscaling. These can be promoted by grant and policy supports, as SWITCH-Asia always done.

## Key Takeaways:

- CE is a strategy for solving the triple planetary crises of climate change, pollution and biodiversity loss which are caused by current human production and consumption patterns

- The value of resources must be maintained in the value chain for as long as possible, resources that are put into the value chain must be less harmful and, where possible renewable and "doing more will less" must be the core principle across the whole supply chain.

- CE is not a recycling economy, but it is an innovative economy, which is built on perpetual loops and systems thinking; support of the innovation ecosystem to reach required CE goals is an urgent call of today

- Being noncompliant is far too cheap today, but too costly to our environment. There is a call for governance system that enforce compliance, accountability and transparency of practices. Standards based on data and ongoing analysis are needed to support such system.

**PLENARY 2: ENABLING SCP FINANCING FOR SMES**

**Facilitator:**   Ms. Cosima STAHR, Key Expert, SWITCH-Asia SCP Facility

**Panellists:**   Ms. Melanie KENGEN, Blending and Investment, EU Delegation to Thailand
Mr. Sanjoy SANYAL, SWITCH-Asia Assignment Expert, India
Mr. Victor ABAINZA, Senior Consultant, ADFIAP Consulting Group

In general, in the Asian region, there is a fair amount of private sector financing for sustainable production measures available. This includes "green finance" targeting energy efficiency and even pollution reduction, if government legislation is in place – for example for effluent treatment in the textiles sector in India. This "greening" of businesses is more understandable to financiers than "green" business cases. In the latter case, financial institutions need a strong business case by looking at profitability, risk and reward, and if enough revenue will be generated to solve the lending proposition. However, capacities to assess relevant business cases are lacking. To invest into these business cases needs an understanding and the buy-in of top management into SCP, and approve only those that are profitable and sustainable.

A McKinsey study stated that by 2030, there would be green business opportunities available for Asian enterprises for as high as USD 3 trillion in Asia and the Pacific region, much more than what is currently available. We need to make sure that on the financial sector's side, both market and institutional capacity building happen quickly, so that this effectively enables SMEs to pursue green (and therefore SCP-relevant) projects.

For the EU, in its function as a donor and financier in Asian countries, regulatory aspects and financial frameworks play an important role. A large sum of annual climate finance was committed in climate negotiations, and it is expected to be a major driver of green business from the donor community.

A key effort to mainstream financing for sustainability is the ambition to define sustainable technologies and projects through a "green taxonomy". The EU taxonomy, for example, is a document of 500 pages targeting different sectors, and it also lists benchmarks and indicators. It is part of a larger scheme to shift financing towards reducing pressures on the environment and taking into account social and governance aspects, the Sustainable Finance Action Plan, and is not applicable outside of the EU. There are several regional and national taxonomies currently under development. For example the Indonesian, Thai, and Malaysian governments are having a conversation on taxonomy and benchmarks with the EU. As countries have different focus sectors and levels of technology, it is important that definitions are specific to their context. At the same time, it is important to be practical about the definition of green, especially in Asia, and a taxonomy should facilitate

rather than complicate financing. Whereas financial institutions need the exact numbers on bankability of the project, donors expect reporting on impacts to ensure transparency and justify the use of public funding.

The EU has several programmes available for development finance institutions and local banks to support SCP financing. This makes sustainable investments more attractive for banks. There are environmental and social indicators that need to be considered by banks and SMEs, so that the financing is used as intended to contribute toward SDG achievement. The EU developed "blending facilities" for development and investment, which work to channel loans, grants, and equity to banks, who make them available to SMEs. There is also a guarantee programme to strengthen sustainable finance now available in Asia, seeking to share the risk among investors and the financial institution. It also offers technical assistance, to assure that the programme reaches its intended objectives. The program is now at the assessment level.

To actually create a great impact for "greening" or "green" SMEs, local banks could make use of these types of guarantees to provide "collateral-free" loans for SMEs, rather than improve their own risk ratio only. This can ensure that guarantees' advantages move down to the implementing businesses, where it is most needed.

Financial innovation is also needed to target financing to SCP-relevant SMEs, like the bundling of projects into one entity or cluster with shared security for receiving loans, or by using a well-established "anchor company" for specific SCP-relevant upgrades which uses their products.

As currently SCP-relevant business cases are still pioneers, it is important that they have convincing impact objectives, and that they work together with stakeholders to create a strong business case, where financing facilitates a scale-up of impacts.

## Key Takeaways:

- Financial institutions typically need a strong business case by looking at profitability, risk and reward, and if enough revenue will be generated to solve the lending proposition, but also government legislation, for example regarding pollution prevention.
- Donors like the EU need to be aware that their financing programmes make available advantageous financing also to SMEs, not just to local banks
- Financial innovation is also needed to target financing to SCP-relevant SMEs
- SMEs need to be able to demonstrate their business case and make a convincing proposition regarding how finance allows scale-up of business and impacts.

# CONCLUSION AND KEY TAKEAWAYS

## Circular Economy and SCP:

- CE addresses the triple planetary crises of climate change, pollution and biodiversity loss, caused by human actions with SCP/SDG 12 being a core strategy for achieving it. CE is not a recycling economy, but an innovative economy, which is built on 'perpetual loops' and systems thinking. Societies and economies need to prioritise sustainability, leading to innovation and evolution of SCP practices along the supply chain to initiate the required transformation.

- SCP and CE are not a stand-alone goals and must be considered in the context of policies and actions related to other critical areas as part of the SDGs, such as climate change, ecosystem preservation and management, wellbeing and health. They also need to be considered at different levels – national, regional, international, and across different supply chains.

## Stakeholder engagement:

- A multi-stakeholder approach is essential to make the changes. In the context of SWITCH Asia, stakeholders come from all sectors: government, private sector, academia, civil society, communities, and consumers. They are equally important, but each have different needs, require different support but all benefit from knowledge generated by grant or policy support projects. The unique ecosystem of the SWITCH Asia stakeholders enables interconnection between different levels of change required for the CE transformation – interorganisational, sectoral, national and international – including across Asia and Europe. Timely and, most importantly, continuous engagements are critical.

## Communication:

- Communication plays a crucial role in overcoming the lack of understanding about CE and SCP in all sectors, and particularly among SMEs. This communication must be based on data, research, and the collective reflections of stakeholders. It is essential to adapt the communication language to fit the target audience.

- CE and SCP benefits must be clearly communicated in economic terms, as well as in terms of risks, to gain buy-ins. To generate greater support and drive behavioural change, it is more effective to focus on telling compelling stories rather than specific projects and activities. This is particularly important to overcome potential fear and uncertainty about the future and to generate milestones in transformational processes.

## Policy:

- Policy is critical in setting the direction for stakeholders to align their interests and act together on SCP. Yet, transformation is possible only where there is a coherence in policy with regulations, institutions, and economic and informational instruments reinforcing desired change in production and consumption patterns. It is important to also assure alignment of the SCP agenda with more general visions of national and regional developments.

- Policy must be informed by data and ongoing research and analysis to continuously monitor and adjust direction and pace of development, as well as to create synergies with other development processes. Stakeholder consultations (engagement) will remain a core strategy for understanding development trends and emerging risks and opportunities to inform policy adjustments.

- Noncompliance to environmental regulations remains far too cheap resulting in high costs to the environment and livelihoods and wellbeing of billions of people. Good environmental governance remains a challenge that is to be addressed across the region.

## Innovation:

- Innovation is urgently needed as part of SCP transformation processes; for it to be successful it needs to generate positive social impact and be economically viable – in many cases, markets and legislation need to be adjusted to achieve this

- Co-creation of solutions is a key to success, and a holistic understanding and approach to SCP is needed – government, business including SMEs and financial institutions, and academia are all needed for a transformation towards SCP

- Innovative approaches can take place in all lifecycle stages; they need to address the various gaps that can obstruct the progress of the project

- Innovative approaches are necessary to address the various gaps that can obstruct progress towards climate resilience and circular economy. At the moment, there is a demand for technologies that would bring us towards required climate targets and business models that would facilitate efficiency and resource minimisation within production and consumption systems.

- Projects must be tailor-made and innovative approaches to fit the local context, culture, and operating environment

- There is a need for innovative enabling environment to increase access to finance to different actors along supply chains, particularly to SMEs.

- Innovation is urgently needed as part of SCP transformation processes; for it to be successful it needs to generate positive social impact and be economically viable – in many cases, markets and legislation need to be adjusted to achieve this

- Co-creation of solutions is a key to success, and a holistic understanding and approach to SCP is needed – government, business including SMEs and financial institutions, and academia are all needed for a transformation towards SCP

- Innovative approaches can take place in all lifecycle stages; they need to address the various gaps that can obstruct the progress of the project

- Projects must be tailor-made so that their approaches fit the local context, culture, and operating environment; taking "key concerns" of customers as starting point (e.g., cost, quality, etc) is helpful

- Building knowledge and capacity on SCP among all stakeholders is an important success factor for SCP projects.

## Finance:

- SMEs' access to finance continues to be a barrier to further SCP and CE, and access to finance is crucial for businesses (big or small) to transition to CE and to mainstream SCP approaches

- Creating a governance-based market transformation, where legislation directs businesses towards sustainable production and where the demand for sustainable products is increased, can help SMEs gain access to the necessary finance

- Financial institutions typically need a strong business case by looking at profitability, risk and reward, and if enough revenue will be generated to solve the lending proposition, but also government legislation, for example regarding pollution prevention

- Financial innovation is also needed to target financing to SCP-relevant SMEs

- SMEs need to be able to demonstrate their business case and make a convincing proposition regarding how finance allows scale-up of business and impacts.

# SWITCH-Asia programme – next stage:

- Activities of the programme facilitated relations between stakeholders of SWITCH Asia ecosystem. During the next period, the Programme should strengthen the strategic engagement between grants, grants and policy support, and between the programme and other relevant SCP and climate-related processes in Asia Pacific.

- Communication between the EU and the Asia Pacific region could be strengthened by a more impactful coordination of communication objectives among relevant Directorate Generals of the EU, and by harmonising their priorities for the regions and countries.

- In view of increased collaboration among grant projects and in recognition of them seeking more active roles regionally, information and experience sharing within countries and throughout the region could be strengthened, and allow for more active contributions from SWITCH Asia stakeholders.

- SWITCH-Asia can more strongly engage with ongoing SCP-relevant issues and processes, thereby leveraging its SCP and CE achievements. Among these processes are NDC and SDG national planning and reporting processes, global governance issues, like the Global Agreement of Plastics negotiations, internationally and trade-relevant discussions related to EPR, and similar issues.

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