

Promoting a Circular Economy in Indonesia (InCircular)

Supporting the implementation of a mandatory EPR framework through policy advice, capacity building and strengthening collaboration with the private sector.

Project name	Circular Economy in Indonesia (InCircular)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Indonesia: National level, East Java, Bali and selected municipalities
Lead executing agency	Ministry of National Development Planning (Bappenas)
Additional implementing partners	Ministry of Environment, Ministry of Industry, Ministry of Home Affairs
Duration	01.04.2025 - 31.03.2029
Commission value	EUR 8,850,000



Figure 1: Linear vs circular economy

The challenge

Our planet's resources are limited, and environmental pollution is on the rise. The OECD projects that plastics and packaging consumption will nearly double by 2050, underscoring the urgent need to transition from a linear "take-make-dispose" economy to a circular one. Our predominant linear model depletes finite resources, generates escalating waste volumes, and strains ecosystems, with only 9% of plastic waste globally being recycled as per UNEP reports. A circular economy (CE), on the other hand, emphasises on resource efficiency through reuse, recycling, and recovery, offers a sustainable alternative to mitigate environmental degradation and optimise material lifecycles.

In Indonesia, where local governments struggle with providing waste management services and infrastructure that needs to keep pace with rapid urbanisation and consumption growth, adopting circular principles is critical to addressing mounting environmental and economic challenges.

Extended Producer Responsibility (EPR) is pivotal in operationalising a circular economy by enforcing the Polluter Pays Principle (PPP), compelling producers to internalise the costs of managing their products' end-of-life waste. By implementing a dual system for packaging and other waste streams, EPR shifts the financial burden from overburdened municipal budgets to producers, incentivising eco-design and efficient waste management.

In Indonesia, where inadequate financing hampers effective waste collection and processing, resulting in over 60% of plastic waste being mismanaged (World Bank, 2021), EPR offers a mechanism to secure sustainable funding and enhance operational capacity, ensuring that waste is managed responsibly and diverted from landfills, rivers, and oceans.





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Packaging is the Biggest Driver of Global Plastics Use

Estimated/projected global plastics use by sector/application
(in million tonnes)

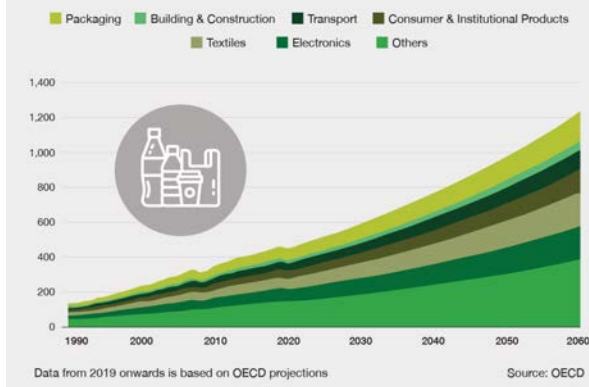


Figure 2: Plastics Production and Consumption on the Rise

organisations to jointly develop strategies, policies, and an operating system that fit to the Indonesian context. By fostering stakeholder dialogue and leveraging German and global best practices, the project seeks to deliver actionable policy recommendations to the Indonesian government, paving the way for systemic change in waste management financing and operations while promoting a circular economy that benefits both the environment and society.

InCircular works towards 5 outputs:

1. Support the coordination of the implementation of the Circular Economy Roadmap and Action Plan;
2. Enhance regulatory frameworks for EPR and selected material streams (packaging, residual waste, e-waste);
3. Strengthen collaboration with industry partners for the transition to a Circular Economy;
4. Improve waste management in selected provinces and municipalities;
5. Advance Green/Sustainable Public Procurement (G/SPP) for selected goods.

Our approach

InCircular supports the implementation of Indonesia's Circular Economy Roadmap and National Action Plan 2025–2045 (Bappenas, 2024) which emphasises circularity for key sectors to address climate change, biodiversity loss, pollution, and enhancing resource efficiency. By fostering multi-stakeholder collaboration among government, private sector, and civil society to develop EPR frameworks, the project supports the Indonesian government's objective of creating inclusive, evidence-based policies that strengthen economic resilience and sustainable resource management.

InCircular aims to unite a diverse coalition of government agencies, private sector actors, scientists, and civil society

The benefits

By supporting the transition towards a circular economy, the project holds several benefits. InCircular will address crucial challenges in policymaking to make polluters pay. Thereby, it creates a new income stream to further transform waste management financing on local and national level which would enhance economic growth and activities in a systemically underfunded sector. This will alleviate public budgets, reduce pollution and create economic opportunities within material value chains. Lastly, InCircular will capacitate national, provincial and local government to tackle these challenges in the future.

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