

MFA File No:
DEPA File No: 2023-13423

**Project Document for Strategic Sector Co-
operation in Circular Economy and Waste
Management – Phase II**

between

Denmark and Indonesia

7th June 2023

General information		MFA File no. DEPA File no. 2023-13423
Project Title	Strategic Sector Cooperation in Circular Economy and Waste Management, Phase 2	
Partner Country	Indonesia	
Project duration (years/months)¹	2023-2026 (36 months)	
Total budget (DKK)	DKK 10 Million	
Thematic focus	Circular Economy and Waste Management	
Partner Public Authority Contact person and contact details	Ministry of Environment and Forestry (KLHK) Mr. Sayid Muhadhar, Secretary of Directorate General of Solid Waste, Hazardous Waste and Hazardous Substances Management, muhadhar@yahoo.com , +62 811-949-519	
Responsible Danish Public Authority Contact person and contact data	Danish Environmental Protection Agency (DEPA), Ministry of Environment of Denmark Jan Møller Hansen, International Programme Manager jamha@mst.dk +45-24809032	
Danish Embassy Head of Representation Sector Counsellor	Embassy of Denmark, Jakarta Per Brixen, Deputy Head of Mission, perbri@um.dk NN, Environment Sector Counsellor, @um.dk	
Summary of background analysis and key strategic choices (max 2 pages)	Many concrete experiences and results have been gained during implementation of the first phase of the SSC cooperation on environment in Indonesia, and close and strong working relations have been established with KLHK, other ministries, local provincial/city authorities and others. KLHK and local authorities have found study visits to Denmark, support to preparation of waste sector studies, guidelines and handbook as well as technical peer-to-peer cooperation highly relevant and useful for implementation of national plans and activities. Since 2019 inputs to legislation have been provided, discussions on national plans and activities have been undertaken and knowledge sharing and capacity building efforts done through study tours to Denmark, EU and other countries, missions to Indonesia, seminars, on-	

¹ Project start will be date of Danish MFA approval

	<p>line events, trainings and visits organised by KLHK. The Danish Embassy has also played an active role in integrating the SSC Project into the Danish-Indonesian bilateral cooperation and climate diplomacy as well as created links between trade and SSC activities.</p> <p>The strategic focus and choice of working themes (outcomes) and planned activities during second phase of the SSC Project, are based on KLHK's priorities, past SSC achievements and latest developments in circular economy and waste management in Indonesia. The SSC will provide support to KLHK for development of a new national waste management strategy expected to replace the present strategy in 2026. Some assistance can also be provided for promoting a planned new national strategy on circular economy. Rights-based approach, poverty aspects and gender issues related to resource/waste management will also be included in the SSC Project, i.e. workshops/seminars with resource persons, promotion of social aspects, public hearings etc. in connections with project planning and implementation etc. The activities implemented by the Project will promote rights to a clean, healthy and sustainable environment. The Project will contribute to improving waste management and promoting circular economy and a more inclusive and green society/community. Whenever relevant the Project will also apply a "leave no one behind" approach and promote basic principles of non-discrimination and equality in collaboration with central and local partners.</p> <p>The two outcomes of the SSC are focused on i) support to national efforts for development and implementation of the national waste management strategy and capacity building for central and local authorities, and ii) promotion of green transition linked to circular economy and waste management, project learnings and green investment opportunities related to circular economy and waste management.</p> <p>During second phase of the SSC, support to regional cooperation support will also be extended to secure synergies with regional initiatives on circular economy. A new SSC project on circular economy is being planned in Thailand, which might provide opportunities for cross-country cooperation. Activities are thus expected implemented both at regional, national and provincial/city levels.</p> <p>The SCC will provide advice to KLHK and other ministries for advancing the circular economy agenda, developing a new national waste management strategy and inputs to guidelines, tools etc. in specific working, i.e. producer responsibility, organic waste management, textiles, e-waste, hazardous waste and other areas.</p> <p>Strategic policy dialogue, peer-to-peer cooperation, capacity building and technical advice/training are key elements of the implementation approach for the SSC Project. The SSC Project will also continue to</p>
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	<p>work closely with the Danida Fellowship Centre (DFC) on capacity building and training activities.</p> <p>For strengthening of second phase, an agreement will be made with Odense Waste Utility for support to waste management planning and services in selected provinces and cities. This will be an expansion of past successful cooperation with local authorities on waste management.</p> <p>Implementation of the national waste management strategy (Jakstranas) with targets of 70% handling and 30% reduction of waste by 2025 are under implementation. The targets are ambitious, and there are challenges in advancing effective waste management practices at provincial and city levels both when it comes to organisation, financing and service provision. The SSC Project will continue to provide support to advancing central elements for circular economy and effective waste management, i.e. organisational models, financing, planning, optimisation of services for different waste fractions, recycling and other activities.</p> <p>KLHK is the lead national counterpart in the SSC Project, but collaboration will also be extended to other ministries, i.e. Ministry of Planning (Bappenas), Ministry of Home Affairs (MoHA), Kemenkomarves (Coordinating Ministry, Ministry of Maritime Affairs) and other ministries as well as provincial/city authorities. Island authorities, previously involved in the Sustainable Island Initiative (SII), might also be invited to join activities as and when feasible. The informal sector also plays a significant role in waste management in Indonesia, in particular when it comes to recycling. The SSC Project will also collaborate with regional entities, if possible.</p>		
Sustainable Development and the Sustainable Development Goals (SDGs)²	<p>The SSC Project will be supporting the following SDGs:</p> <p>SDG 3: Good Health and Well Being SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption and Production SDG 13: Climate Action SDG 17: Partnerships for the Goals</p>		
Project Logic (Theory of Change) 1½-1 page	<p>Theory of Change – Environment SSC Denmark-Indonesia</p> <table><tr><td>If DEPA, Odense Waste Utility, Danish Embassy, KLHK, local governments and regional entities give high priority and attention to the SSC Project and the implementation of innovative and sustainable solutions to circular economy and sustainable waste management;</td></tr><tr><td>And if DEPA, Odense Waste Utility, Danish Embassy, KLHK, local governments and regional entities assign sufficient and professional staff with engagement and commitment to development and change for circular economy and sustainable waste management;</td></tr></table>	If DEPA, Odense Waste Utility, Danish Embassy, KLHK, local governments and regional entities give high priority and attention to the SSC Project and the implementation of innovative and sustainable solutions to circular economy and sustainable waste management;	And if DEPA, Odense Waste Utility, Danish Embassy, KLHK, local governments and regional entities assign sufficient and professional staff with engagement and commitment to development and change for circular economy and sustainable waste management;
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² **Sustainable development** meets the needs of the present without compromising the ability of future generations to meet their own needs. The SDGs (adopted 2015) is a plan of 17 interlinked and integrated goals to achieve sustainable development

	<p>And if DEPA, Odense Waste Utility, Danish Embassy, KLHK, local governments and regional entities use their core expertise, best practice knowledge, and learning-based capacity development approaches to address partners' weaknesses and gaps in policies, regulations, and systems on circular economy and waste management;</p>	<p>And if DEPA, Odense Waste Utility, Danish Embassy, KLHK, local governments and regional entities jointly use knowledge and networks from the SSC Project on "green" market and waste sector requirements, and gaps to inform the engagement with the Danish private waste sector to provide solutions to climate adaptation and sustainable waste management;</p>
	<p>Then national and regional circular economy and waste management sector framework and partner institutional capacity will be strengthened to implement and manage systems that enable circular economy and sustainable waste management;</p>	<p>Then the exposure of Danish private sector sustainable development solutions and green financial investments tackling the green transition challenges in circular economy and waste management will have expanded in these markets;</p>
	<p>Then national and regional circular economy and waste management sector framework and institutional capacity of Indonesian partner institutions is improved for implementing circular economy and managing waste resources in a more sustainable manner.</p>	
	<p>And then Denmark, Indonesia and regional partners jointly will promote a circular economy approach and enhance implementation of the national and regional strategies on circular economy and waste management at national and local levels in Indonesia.</p>	
	<p>Below mentioned objective, outcomes, outputs have been prepared to support national and regional needs and priorities of the circular economy and waste management sector(s) in Indonesia, the Danish development and global climate action policies and the SSC framework agreement between Danish Ministry of Foreign Affairs (MFA) and Danish Ministry of Environment (MoE). The Project Logic below is based on the Theory of Change (ToC).</p>	
Main objective of SSC project	Enhanced circular economy and waste management in Indonesia.	
Outcome A	Stronger sector frameworks and institutional capacity of Indonesian authorities and support for development of the national waste management strategy, Jaktranas, to promote circular economy and sustainable waste management.	
Output A.1	Capacity building extended to KLHK, other ministries and local authorities through study visits, seminars and trainings to share best practice, experience and knowhow in circular economy and waste governance. Focus on waste planning, financing, service provision and solutions with focus on circular economy models, solid waste management, organic waste, producer responsibility, textiles, e-waste, hazardous waste and environmental inspection.	
Output A.2	Support and advisory inputs extended for development of new	

	national waste management strategy (new Jakstranas from 2026) and other key documents that promote and regulate circular economy and effective waste management, if and when relevant.
Output A.3	Strengthened implementation of local waste management plans for local authorities and cities. Peer-to-peer collaboration on key aspects of effective waste management financing services between Danish and Indonesian local authorities and waste utilities.
Output A.4	Policy dialogues between Denmark and Indonesian partners to support development and implementation of green transition policies, initiatives and solutions, in particular with focus on dialogue, stakeholder consultation, development and enforcement of policies and legislation, financing, national strategies, EPR, retribution fees and other framework conditions and issues.
Output A.5	Enhanced national participation and coordination in a regional context and collaboration with regional initiatives such as GIZ, EU, WB on Circular Economy.
Outcome B	With a view to promoting green transition linked to circular economy and waste management, project learnings and approaches have been shared with Indonesian partners, including exposure to green Danish solutions, technology and green investment opportunities related to circular economy and waste management.
Output B.1	Best practices and lessons learnt shared with Indonesian partners in seminars and similar events focusing on circular economy, waste management, financing, organisation and green solutions and technology.
Output B.2	Inputs to project proposals/concept notes prepared by national partners for project investments in circular economy and waste management in Indonesia.
Assumptions and risks ½-1 page	<p>Some of the key assumptions and risks of the Project are:</p> <ol style="list-style-type: none"> 1. Continued strong diplomatic and bilateral relations between Indonesia and Denmark is a pre-condition for a successful collaboration. 2. Financial and staff resources within key Indonesian and Danish partners are prioritized and available for the SSC collaboration. 3. Organizational stability in Indonesia and Danish institutions and key staff positions are maintained to ensure continuity and good results performance. 4. There is sufficient interest and commitment at the regional level and with the SSC in Thailand to collaborate on regional issues. <p>Risks:</p>

	<ol style="list-style-type: none"> 1. Indonesian and Danish institutions are not able to assign sufficient and competent staff for implementation. 2. Lack of priority and commitment to accelerate green transition, innovation on circular economy and reforms of the waste sector.
Management set-up	<p>The SSC Project will be governed by a Steering Committee (SC), which will be responsible for strategic decisions and oversight of the SSC cooperation. The SC will be co-chaired by KLHK and the Embassy of Denmark and comprise the following members:</p> <p><u>Steering Committee:</u></p> <ul style="list-style-type: none"> • Co-chair, Director General, KLHK • Co-chair, Ambassador, Embassy of Denmark • Other representatives, Government of Indonesia • Head of Division, Circular Economy and Waste Division, DEPA <p>Key staff from the Danish and Indonesian partner institutions will participate as observers as and when required. The Environment Sector Counsellor will act as Secretary for the SC.</p> <p>A Project Management Team (PMT) will be established to plan and implement the SSC Project comprising of the following members:</p> <p><u>Project Management Team:</u></p> <ul style="list-style-type: none"> • Project Manager from DEPA and Lead Technical Staff from DEPA. • Odense Waste Utility. • Senior Technical Staff appointed by Indonesian Partner Institutions. • Environment Sector Counsellor and Programme Officer, Embassy of Denmark.
Contributions from Danish Public Authority	<p>DEPA has assigned a Senior Project Manager to be in charge of the overall coordination and management of the Project, as well as Technical Experts in circular economy and waste management and other relevant technical areas.</p> <p>Odense Waste Utility has assigned technical staff in technical areas within circular economy and waste management through a cooperation agreement with DEPA.</p> <p>Other Danish public institutions and private companies will participate in the SSC Project depending on issues and activities being implemented.</p>

Contributions from Danish Embassy	<p>The Danish Embassy is a key partner in implementation of the SSC Project as well as Trade Council. The Embassy will engage in bilateral environment sector relations and green diplomacy, liaison with national partners and contributing to achieving expected results of the Project.</p> <p>The Danish Embassy, represented by the Ambassador, will co-chair the SSC Project Steering Committee and will support the implementation of the SSC Project. Moreover, the Danish Embassy will engage through bilateral relations and diplomacy both contributing to the SSC project and elevating the technical collaboration into a sector and bilateral diplomacy with Danish national interest in view. The Danish Embassy will ensure that SSC activities are well integrated in the Embassy's priorities for the country, e.g. sector diplomacy initiatives, country programmes and strategies. The Danish Embassy will also contribute to joint results reporting.</p> <p>The Environment Sector Counsellor and National Programme Officer will be actively engaged in dialogue, cooperation, planning and implementation of activities.</p>
Contributions from partner authority	<p>KLHK is responsible for the overall coordination and management of the SSC on the Indonesian side. KLHK will coordinate and liaise with other national institutions, local governments and experts involved in the implementation of the SSC cooperation as and when needed.</p> <p>National partner institutions will make staff available for implementation of the SSC cooperation, and, if feasible, co-finance some activities, i.e. seminars, study visits, studies etc.</p>
Budget	<p>The total budget for the 3-years implementation period, 2023-2026, is DKK 10 Million.</p>

Authorised Signatures:

Odense, 26 June 2023



Christian Bruhn Rieper
Deputy Director General
Danish Environmental Protection Agency

Jakarta, 26 June 2023



Sayid Muhadhar
Secretary of Directorate General of Solid Waste,
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ANNEXES

Annex 1: Results Frame and Work Plan 2023-2026

Annex 2: Targets and Indicators

Annex 3: Risk Management Analysis

Annex 4: Budget (Danish contribution)