

Case Study | May 2021

INSIGHTS IN INDONESIA PROVIDE WAY FORWARD FOR INVESTMENTS ACROSS THE REGION

Partnering with Tridi Oasis to
advance the recycling industry in
Indonesia



THE LANDSCAPE IN INDONESIA

As Indonesia's population increased alongside rapid economic growth, infrastructure has not kept pace with the level of waste generated. The highly fragmented nature of the sector means that more than two-thirds of the country's plastics are mismanaged and end up in the environment. Without major intervention, Indonesia faces a projected 30% increase in plastic pollution by 2025.

The country has launched its first comprehensive analysis of solutions for plastic pollution, the National Plastic Action Partnership (NPAP), which has set the goal of achieving a 70% reduction in marine plastic debris by 2025.

The NPAP also identified a need for \$18 billion in capital investments in circular plastics value chain infrastructure between now and 2040, as well as an additional \$1 billion in annual operating finance for solid waste management systems over the same period.

INDONESIA'S SOLID WASTE MANAGEMENT SECTOR FACES CONSIDERABLE CHALLENGES WITH AGGRESSIVE PLASTIC POLLUTION REDUCTION GOALS

PT TRIDI OASIS GROUP

Tridi Oasis was one of Circulate Capital's first investments. Founded in 2017, the female-owned start-up manufactures recycled PET flakes for a variety of uses. The company has had a rapid growth trajectory, but was already experiencing challenges to scaling its operations when the pandemic took hold in 2020.

The company's experiences and our partnership with them exemplify some of the challenges and opportunities for investing in Indonesia, and provide valuable insight as we look to invest in more countries across Southeast Asia.





The country's geography requires **investment in market-based solutions** that meet the needs of large urban areas, such as Jakarta, as well as solutions for remote island communities.



Pipeline of **early stage investable opportunities** require support from incubation initiatives and strengthening of **core business skills** to scale.



Greater **investment in innovative technologies** is needed to upcycle more types of plastics.



Co-creation of new markets through collaboration between stakeholders can address specific problem areas, such as flexible plastics.

CHALLENGES AND OPPORTUNITIES

Even before COVID-19, the Indonesian market for post-consumer recycled plastics was under pressure due to restricted exports driven by global container and logistics challenges. In addition, the country's nascent and fragmented infrastructure has a limited track record of financial and environmental returns and small deal sizes are common.

Tridi Oasis had been unable to access mainstream financing, due to the circular plastics value chain not being widely understood as an investable industry in Indonesia. Yet we saw in Tridi Oasis an opportunity to provide capital, technical assistance and insights to help the company scale to meet the needs of global brand owners and diversify into higher-value uses of plastic waste.

Circulate Capital identified the challenges of this under-supported and underdeveloped industry and has worked to support its portfolio in more ways than just financing. Leveraging our investors and network of partners, we provide mentorship and leadership training, procurement and technical expertise, and access to global supply chains.

Furthermore, The Incubation Network and The Circulate Initiative were created to help strengthen the ecosystem and incubate other early stage solutions, like Tridi Oasis.

THE WAY FORWARD

Our experiences in Indonesia during 2020 have enabled us to plan and ready ourselves for rapid deployment across Southeast Asia in 2021 and beyond. By focusing on strengthening collection and sorting to secure consistent feedstock for processing and manufacturing, we can support further development of investment opportunities across the value chain.

