

TECHNICAL MINUTE - 01/04/2025

Circular Economy Project - Los Lagos Region

1. General Background

Currently, Circular Economy (CE) is one of the work areas in which Latin American and Caribbean countries are most interested in requesting technical assistance from the Climate Technology Centre and Network (CTCN), and it has remarkable potential for scalability and participation from both the public and private sectors.

From the first request for assistance in Circular Economy in November 2018 until the time of application - February 2022 - the Climate Technology Centre and Network (CTCN) had covered 19 countries with technical assistance in circular economy, supporting national governments and policymakers in incorporating circular economy principles into their national policies and strategies: 6 countries in Africa, 2 countries in Asia-Pacific, and 11 countries in Latin America and the Caribbean.

Eleven countries in the latter region mention the circular economy as a strategy to achieve their climate objectives in their first or second Nationally Determined Contribution (NDC) document; and seven of these countries already have a national circular economy strategy or policy framework.

An example of this growing interest is the Circular Economy Coalition for Latin America and the Caribbean, launched in February 2021. The Coalition is led by a Steering Committee of which the CTCN is one of the members. The Coalition is coordinated by the United Nations Environment Programme (UNEP) and was established to serve as a platform for exchanging best practices in circular economy and promoting cooperation between governments, businesses, and society in the region. The Coalition has included in its current work plan the development of a regional version of the Circularity Gap Report, an initiative that provides an annual global circularity metric measuring the state of the world economy and identifying key levers for the transition to global circularity.

In this context, CTCN received a request for technical assistance from the Agency for Sustainability and Climate Change of Chile for the "Evaluation of the current contribution and potential of Small and Medium Enterprises (SMEs) to the circular economy of the Los Lagos Region, Chile," identifying their role in the circular economy and proposing solutions for a greater contribution to the transition towards a circular economy in Los Lagos aimed at:

- Carrying out a general mapping of SMEs managing waste in the Los Lagos Region.
- Coordinating and validating with the "Transforma Circular Economy Strategic Program" the consultation instruments and the prioritized list of SMEs linked to the circular economy.
- Developing a questionnaire and survey tools aimed at prioritized companies. Conducting interviews with each of them and obtaining inputs to generate the summary report.
- Including just transition considerations due to the socioeconomic impact that policies implemented by the country may have on SMEs, gender, value chains, success factors, and barriers and limitations that companies might face, identifying potential socioeconomic impacts through the analysis of existing studies and interviews with selected SMEs.
- Determining enabling elements for SMEs linked to waste management to facilitate the transition towards the circular economy of the territory, such as value chains, success factors, new ventures, among others.
- Identifying gaps and proposing technological solutions, strategies, policies, and incentives to promote the participation of SMEs in the country's circular economy.

The general results of the project were a document containing:

- The Chilean Panorama of Circular Economy and Waste Management
- Waste management in the Los Lagos Region
- Building the circular economy in the Los Lagos Region
- Strengthening the link between waste managers and the regional circular economy.

2. Timeline with the most important milestones in the sector since the closure of the Technical Assistance, Immediate and long-term impact

For the Circular Territory Program, the results of the Consultancy are part of the valuable collection of information that allows building the diagnosis of the needs of the Los Lagos Region in its transition towards a new model of production and consumption. Specifically, its contribution is highlighted in the applications for monitoring and tracking instruments for the Region, such as the "Platform for Facilitation, Monitoring and Reporting of Circular Economy Actions: Circular Industry Los Lagos, Focus on Agrifood Sector" (2025) and the project "Los Lagos Circular Industry: Activation of the circular economy ecosystem in the Los Lagos Region, through an industrial symbiosis platform" (2024).

Furthermore, the Circular Territory Program has highlighted the contribution of this information in the development of consultancies such as "Strengthening Recycling and Circular Economy in the Province of Osorno" (under development since 2023) financed by the Regional Government (GORE) of Los Lagos and executed by Fundación EuroChile. Finally, the consultancy itself has been highlighted in national and international seminars and meetings held in the Region, considering it a relevant part of the path traveled by the Region to date (Image 1). This, in addition to being disseminated in the Library of the Circular Territory Program.

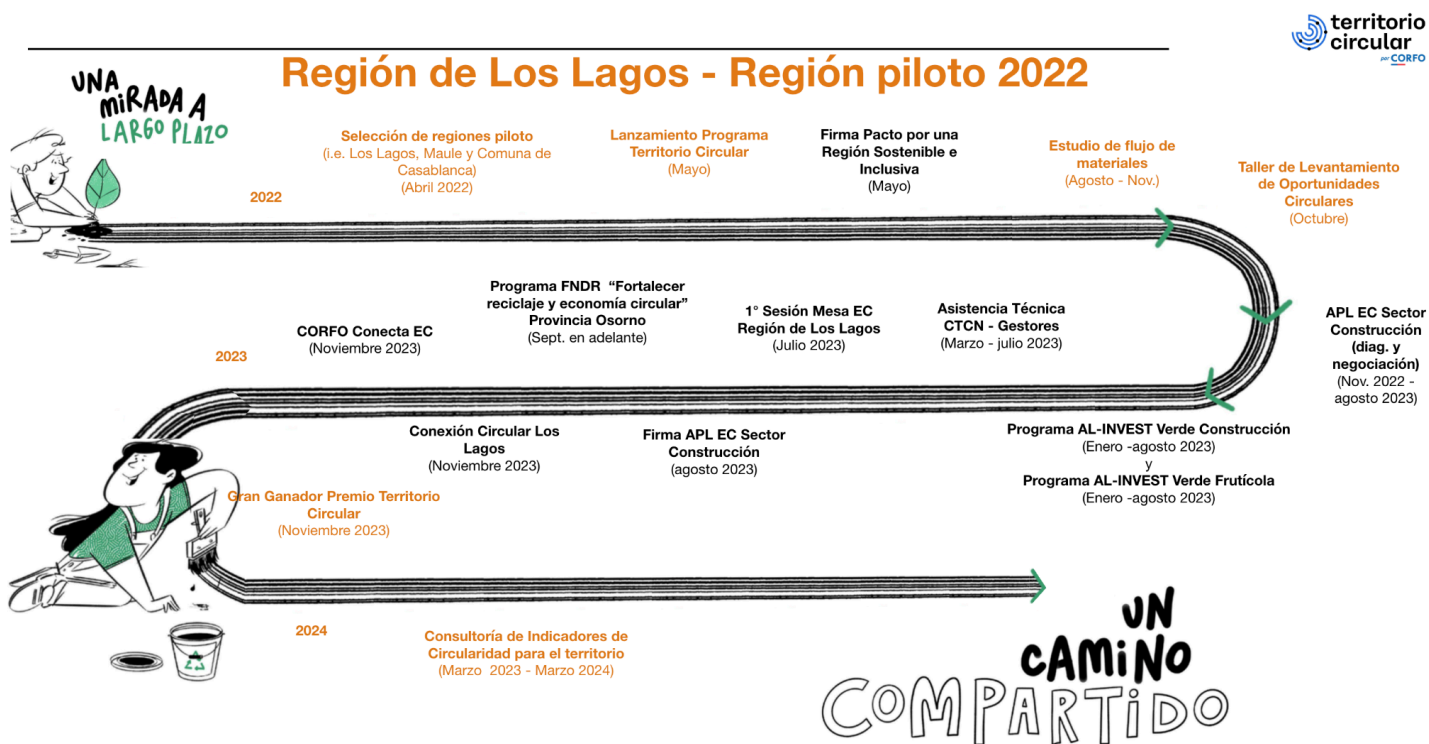


Image 1. Relevant milestones regarding the transition of the Los Lagos Region towards a circular economy.

It should be noted that the results of this consultancy were presented at the first version of the Conexión Circular Los Lagos event (November 2023) where the main challenges - described in section 5 of the study - were used as a basis in the methodology of the working groups of said event. This event had the participation, mostly, of waste managers and companies from various productive sectors of the Region, deepening the causes and possible solutions to these gaps.

3. Vision for the future, ambitions/future steps/funding secured

At the national level, and from the Circular Territory Program, the challenges identified collectively with key actors of the national ecosystem will continue to be addressed. These challenges are directly related to the implementation of short, medium, and long-term actions of the Roadmap for a Circular Chile by 2040 and relate to the articulation of the value chain, access to markets and financing, generation of public information, promotion of standards and regulations, and the development of scientific and technological knowledge. This is because relevant gaps have been detected that require articulated work and collaboration to address with special interest:

- Lack of regulation or adequate legal and normative framework for the circular economy
- Difficult access to financing for circular economy projects
- Insufficient physical infrastructure for the management of secondary materials
- Insufficient spaces and projects for adaptation, development, and piloting of technological solutions and circular business models
- Need for technical and advanced training in circular economy topics
- Lack of integration and strategic collaboration that foster collaborative models of industrial symbiosis or highly efficient development poles that reduce environmental impacts, generate new sustainable business opportunities, increase productivity, and improve the resilience of territories.

With this, it is expected to turn Chile into a regional leader in circular economy, consolidating the transition of its productive sectors towards more efficient and productive sustainable production and consumption models that will respect and promote the well-being of present and future generations, and actively contribute to the regeneration of ecosystems.

Specifically for the Los Lagos Region, and within the framework of the information gathered in this assistance and the information obtained in various regional instances, the strengthening and positioning of an emerging and new sector associated with Circular Economy Ventures is seen as highly relevant for the Regional Ministerial Secretariat (SEREMI) of the Environment, for example. This includes grassroots recyclers, waste managers, valorization companies, and SMEs manufacturing new products based on reuse, upcycling, or recycling processes. This is due to the importance of their role within the value chain of the 8 most important productive sectors of the Region's economy, as well as municipal management of household solid waste.

This strengthening is projected through the development instruments of institutions such as the Production Development Corporation (CORFO), Technical Cooperation Service (SERCOTEC), and Regional Government (GORE) of Los Lagos, which focus on applying tools for innovation, technology, improvement of equipment and infrastructure, generation of business models, improvements in operating standards to promote regulatory compliance, and strengthening the link with companies that generate demand for the services and products of these SMEs.

4. General quote from the NDE

From the Agency for Sustainability and Climate Change (ASCC), we positively value the technical assistance received. This project provided an accurate diagnosis of the role and potential of SMEs in the circular economy of the Los Lagos Region, validating the importance of addressing this sector as relevant for a just transition, and the need to advance at the subnational level in matters of circular economy.

The findings of this fast technical assistance have been highly valued by local actors, such as the regional managers of Sofofa Hub and the Regional Ministerial Secretariat (SEREMI) of the Environment, who actively collaborated in its preparation. The delivered products have been an input that supports decentralization, local development, work on the implementation of the national Roadmap for the circular economy, and compliance with the country's commitments, and we believe that there may be valuable lessons for future fast CTCN technical assistances.