

GROUP EXERCISE
TO DETERMINE SPECIFIC
FOCUS OF AE-NETWORK
IN 2016

GROUP FOUR



GROUP 2 – CIRCULAR ECONOMY: RECYCLING FOR PROFIT

1

Read Introduction text about theme

2

Read and discuss “Why is this a Business Case and Why Should Business Organisations Engage”

3

Read and discuss Sample Solutions

4

Rate the sample solutions to find the most important

5

Brainstorm, discuss and describe in detail how the AE-Network in 2016 can work with the selected, most important solution

6

Present suggestions for the AE-Network in plenum (5 min. per Presentation)

7

In plenum: Vote to find the specific focus on the AE-Network in 2016

INTRODUCTION TEXT

A CIRCULAR ECONOMY: RECYCLING FOR PROFIT

The current economy is surprisingly wasteful in its model of value creation. In Europe, material recycling and waste-based energy recovery captures only 5 percent of the original raw material value. Analysis has also found significant structural waste in sectors that many would consider mature and optimised. For example, in Europe, the average car is parked 92 percent of the time, 31 percent of food is wasted along the value chain, and the average office is used only 35–50 percent of the time, even during working hours. As a consequence of these appalling numbers, many now speak about the concept of a ‘circular economy’.

A circular is an economy in which resources are kept in use as long as possible, where the maximum value is extracted whilst in use, and in which materials are recovered and re-generated at the end of each product’s life.

WHY IS THIS A BUSINESS CASE AND WHY SHOULD BUSINESS ORGANISATIONS ENGAGE?

The business case for a circular economy is compelling. [Analysis](#) by McKinsey estimates shifting towards circularity could add \$1 trillion to the global economy by 2025 and create 100,000 new jobs within the next five years. Under the Waste & Resources Action Programme's Circular Economy 2020 Vision, the European Union (EU) could benefit from an improved trade balance of £90 billion and the creation of 160,000 jobs.

Pursuing recycling and more efficient resource use could lead to a UK industry with net exports of more than £20bn and 10,000 new jobs in the recycling sector by 2020, according to a new report. At the same time, there are good business profits to be made. Individual businesses could achieve lower input costs and in some cases create entirely new profit streams. The Ellen MacArthur Foundation’s analysis on complex medium-lived products and fast moving consumer goods showed that the use of circular economy approaches would support improvements such as the following:

- The cost of remanufacturing mobile phones could be reduced by 50% per device – if the industry made phones easier to take apart, improved the reverse cycle, and offered incentives to return phones
- High-end washing machines would be accessible for most households if they were leased instead of sold – customers would save roughly a third per wash cycle, and the manufacturer would earn roughly a third more in profits.

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- The U.K. could create an income stream of USD 1.5 billion annually – by processing mixed food waste discarded by households and in the hospitality sector.
- A profit of USD 1.90 per hectolitre of beer produced can be captured – by selling brewer's spent grains.
- A circular economy would moreover create demand for new business services, such as:
- Collection and reverse logistics companies that support end of life products being reintroduced into the system
- Product remarketers and sales platforms that facilitate longer lives or higher utilisation of products
- Parts and component remanufacturing and product refurbishment offering specialised knowledge
- Collection, disassembly, refurbishment of products, integration into the remanufacturing process, and getting products out to users all require specialized skills and process know-how. Most of the case examples at scale are subsidiaries of existing manufacturers, which result in new business model opportunities for incumbents.

SAMPLE SOLUTIONS

Improving recycling: Recycling is one of the best ways to have a positive impact on the world in which we live. Recycling is important to both the natural environment and us. We must act fast as the amount of waste we create is increasing all the time.

Better and more widespread mass transit: Roadway occupancy levels could increase six fold in some countries, according to the International Energy Agency (IEA). Cities around the world are working on solutions that include bus rapid transit, rail, and cable cars.

Car sharing and ride sharing: As the popularity of car sharing services and ride-sharing networks increases, the prospect of owning and maintaining a personal vehicle may become less appealing.

CASE: JORDAN VALLEY WATER FORUM (JVWF)

Jordan faces an unprecedented water crisis. As water is now a precious commodity, its shortage significantly affects the country's ability to realize sustainable and socially-shared economic growth and is linked closely to the country's food and energy security, urban development, and directly impacts small farmers. Jordan's declining water supply is in great part due to the lack of a clear and efficient regulatory system. Solutions are needed that will result in stronger agribusiness competitiveness, better water resource management and water distribution systems, smarter irrigation and conservation methods, and an enhanced use of reclaimed water. A multi-stakeholder platform called the Jordan Valley Water Forum (JVWF) was implemented in 2001 as a means to resolve some of the county's

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most prevalent water issues. Through the JVWF, critical water issues are affectively being addressed by better coordination and engagement practices between public and private sector stakeholders. In 2012, the first PPD process was launched by JVWF with 120 stakeholders participating. It resulted in several concrete steps toward rectifying the water crisis that include:

- breaking the monopoly of the Amman municipal market
- providing insurance funds
- securing airfreight space in airlines for export of fresh products
- addressing infrastructure maintenance issues along King Abdullah Canal

RATING

WHAT IS THE NEXT CRUCIAL STEP IN FIGHTING MENA CITIES' AIR POLLUTION? GIVE YOUR RATING FOR THE ANSWERS BELOW AND SHARE YOUR THOUGHTS IN THE COMMENTS.

Solution	Rating (1-5)	Comments
Improving recycling		
Better and more widespread mass transit		
Car sharing and ride sharing		

SELECTED SOLUTION: _____

BRAINSTORM, DISCUSS AND DESCRIBE

HOW CAN THE AE-NETWORK WORK WITH THE SELECTED SOLUTION IN 2016 TO FIGHT THE AIR POLLUTION IN THE CITIES ACROSS MENA?

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- **Brainstorm:**

- Considering what is realistic within one year and considering the capacity and mandate of the AE-network, what would be the most valuable way for the AE-network to work with this topic?
- How can AE-members share knowledge and best practice in this field?
- What would be the desired output and outcome of the work of 2016 of the AE-network? Please be specific.

- **Discuss:**

- Should the AE-network work with this through service provision to its member companies and/or through development of a common policy position?
- How should the AE-members work together on this?
- How should the action be communicated and promoted?
- Which action could give good business benefits?

- **Describe (to be presented in plenum):**

- What concrete action do you suggest for the AE-network 2016?
- What would be the concrete goal/objective of this action? (within 2016 and on the longer run)
- Who should be the lead on this action?
- What should be done by members and the Secretariat respectively until next working group meeting?
- Other considerations



You should write your work on a laptop. Arabic or English.

Please prepare for your presentation in plenum, which should take no more than 5 minutes.