

CALL FOR ACTION
REVERSING THE LINEAR PATH – CIRCULAR ECONOMY IN THE ROADMAP
FOR GLOBAL RECOVERY



We, the members of the Circular Economy Solutions Dialogues (CESD) Sounding Board, in our individual capacities¹, propose solutions to overcome structural barriers and accelerate the circular economy transition. We are drawn from across low-, middle- and high-income countries. We serve within public and private sectors as well as civil society.

We are concerned that only 8.6% of the world economy was circular in 2020, much lower than it was in 2018. We believe that business as usual is not an option any longer. Doubling global circularity could reduce global greenhouse gas emissions by nearly 40% by 2030. It could also contribute to both biodiversity protection and the fight against pollution.

It is time for international trade and business practices to move beyond extractive and degenerative linear economic models. It is time to reconnect resource use to social and environmental well-being in addition to absolute resource reduction.

We emphasize that:

Linear economic structures are incompatible with Earth systems. Linear models are leading humanity beyond planetary boundaries. Current urbanization and related infrastructure models contribute to exponential degradation of land, sea and air ecosystems;

A global economy based on extractive industries and environmental externalities contributes to converging crises in climate, biodiversity and pollution, with devastating impacts on human health. It also widens social inequalities and hampers our collective resilience;

COVID-19 recovery plans and investments are only loosely coordinated within the G7, the G20, and globally. Urgent responses to disruptions in global supply and value chains often ignore the great potential of the circular economy;

Available funds are insufficient to enable paradigmatic changes in the economy. There is a lack of investments to facilitate wide-scale adoption of circular economy practices, including the development of digital solutions. This hampers the achievement of the Sustainable

¹ Disclaimer: This Call for Action represents the opinions of the authors and is the product of the co-creative process of the Circular Economy Solutions Dialogues (CESD) Sounding Board. It is not meant to represent the position or opinions of the organisations of the Sounding Board members, nor the official position of any staff members.

Development Goals (SDGs).

We believe in:

The critical role of the 2030 Agenda as a way to foster multilateral responses to sustainability challenges;

The transformative power of sustainable infrastructure, including nature-based solutions, to deliver on the Paris Climate Agreement and the Post-2020 Biodiversity Framework, across interconnected and interdependent low-, middle- and high-income economies;

The leveraging power of private sector initiatives to 1) scale up impact investments; 2) re-direct financial flows away from activities causing depletion of resources or pollution; 3) enhance the environmental and social sustainability of corporate investments, including in established and emerging industrialized economies; and 4) engage in transparent and long-term research partnerships addressing global sustainability challenges;

The value of continuing the Circular Economy Solutions Dialogues (CESD) over the long term to expand collaboration, deepen cross-sector expertise, and support the adoption of circular economy principles.

We must:

Prioritize sustainability in all production and consumption cycles;

Integrate practices promoting the circular economy in supply and value chains to accelerate and effectively implement systemic change globally, and especially in cities.

We are aware that:

Despite growing awareness of threats to global security linked to environmental imbalances, **the growth of the linear economy currently far outweighs that of the circular economy**;

There is an urgent need to create effective synergies among existing initiatives, tools and information sources;

The circular economy remains a niche, distributed among a few suppliers and consumers, manufacturers and brand owners, industry and services. Social and environmental due diligence in global value and supply chains must be implemented;

Volatile regulatory systems slow down durable market transformations. Adverse factors such as a lack of transparency or laws against environmental crime are one example. Informal recycling markets are globally integrated but only loosely controlled. These problems need to be effectively addressed by governments, multilateral organizations, and multinational corporations;

The lack of a widely accepted and comprehensive definition and methodology for measuring the circular economy hinders the transition to circularity. This increases the importance of relevant attempts such as the EU Taxonomy for Sustainable Activities;

Moving from 'awareness' to 'action' towards a circular economy requires a quantitative and a qualitative leap in research and advocacy. We need to move collectively from empirical to consolidated evidence of links between circular economy pathways and global warming scenarios.

We call for the following:

- 1. The adoption** of a holistic paradigm for economic development and infrastructure provision. This should incorporate the use and reuse of materials at all levels, across the entire supply and value chains, and throughout the life cycle. The G7 and G20 are the right places to consolidate long-term strategies for a circular economy that are contextual, resilient, and responsive to interconnected global processes;
- 2. The development** of robust indicators to measure and monitor the circularity of businesses and economies at an aggregate level. In particular, this could be done through the implementation of corporate due diligence in global supply chains. Circular economy is inextricably linked to transparent social and environmental responsibility. Systematic and transparent data collection, sharing, and use can enable more informed decisions and support the transition to a low-carbon, circular economy;
- 3. The engagement** of public and private actors to 1) strengthen circular economy considerations in upstream policy, investment preparation, and economic development promotion; 2) increase financing for investments in the circular economy; 3) shift investments away from unsustainable, resource-intensive and/or polluting business models and activities – especially in contexts where rapid, new urbanization and large-scale urban regeneration are taking place to achieve a net-zero economy; and 4) intersect with other economic transformations, like the creative economy;
- 4. The mobilization** of financial and technical assistance to build up technical and institutional capacities to address the challenge of transitioning to a circular economy, by 1) developing context-specific pathways towards a circular economy; and 2) encouraging financial institutions, particularly national and multilateral development banks, to link asset valuation to circular economy development;
- 5. The alignment** of local and national policies, and financial incentives at regional and multilateral levels to strengthen the delivery of commitments and mobilize capital;
- 6. The promotion** of circularity in national, regional and global COVID-19 economic recovery investment plans;
- 7. The facilitation** of inclusive public participation processes in the transition to the circular economy, and the improvement of social benefits. Special efforts should be made to address gender inequalities and to include vulnerable groups, in particular informal workers. All in all, we must leave no one behind.

Together, we can bend the linear economy.

By 2023, we must increase the share of the circular economy beyond the 2018 levels. Only if we accelerate the transition, can we achieve a 20% circularity in the economy by 2030.

The opinions expressed in this document are solely of the CESD Sounding Board members and do not purport to reflect the opinions or views of the respective organizations.