



A SHARED VISION FOR THE CIRCULAR ECONOMY¹

World Circular Economy Forum 2024

Circularity is important for advancing sustainable and just development agenda

Ensuring economic and social development without exceeding our planetary boundaries is an important challenge of the 21st century. Circular economy represents a transformative systemic approach to addressing this challenge, encouraging more sustainable production and consumption habits, while promoting products and materials designed to last, be repaired, recycled, and recovered. Circular solutions, including services, focus on preventing and minimising resource use and waste, notably by addressing obsolescence and promoting products with a circular design. They extend beyond waste management - in urban development, the bioeconomy, industrial processes and associated research and innovation. Implementing circular approaches is thimportant for achieving the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), most notably Goal 12 on ensuring sustainable consumption and production. Circularity also aligns with the Paris Agreement, Kunming-Montreal Global Biodiversity Framework and other relevant multilateral agreements, contributing to addressing the triple planetary crisis of climate change, biodiversity loss and pollution, as well as land degradation, water stress and food security. Several countries, including High-Income, Middle-Income and Low-Income economies, are increasingly incorporating circular economy considerations into their development strategies.

As representatives of major MDBs, we are dedicated to helping public and private sector stakeholders introduce circular economy approaches

While presenting opportunities for more sustainable and productive economies - including by fostering job creation and supporting long-term economic value and social welfare - circular economy approaches also entail varying impacts across sectors and countries, resulting in economic challenges for certain groups and economies. Supporting circular economy approaches requires measures to protect the vulnerable and ensure a just and inclusive sustainable development.

There is a prevalence of market failures and gaps hindering circular initiatives, such as unpriced externalities, lower likelihood of short-term investment returns, shifts in how value chains operate and are being financed, and there are inherent financing risks associated with pioneering innovation and technological change to grow the circular economy. Sustainable economic models and markets must be fostered to unlock private investment. Targeted policy and fiscal reforms are needed to create a conducive regulatory and policy environment, which includes measures to enable fair competition between circular and linear products by considering environmental, climate, and social externalities. Circular economy approaches require simultaneous interventions across the ecosystem to ensure that adequate infrastructure is in place to respond to policy changes. Policymakers, businesses, private financiers, and civil society all play pivotal roles. MDBs can help to reduce the risks faced by the private sector and help meet public sector investment needs.

¹ This note is an output of the Multilateral Development Banks' Circular Economy Working Group, which was established at the World Circular Economy Forum 2023. It takes full responsibility for the content of this shared vision. The opinions expressed may not necessarily reflect the view of their respective institutions.

Mobilising MDBs' unique expertise for more circularity

The MDBs facilitate the adoption of circular approaches and developing circular markets according to the needs and challenges of different countries, regions, and sectors.

MDBs can share risk in the financing of important projects and coordinate interventions to foster adequate innovation, supply and demand, and regulatory interventions. Through our global outreach and engagement with diverse stakeholders, including governments and private sector partners, we can foster cooperation and bolster circular economy initiatives to address local, national, and regional needs effectively. We can support public authorities in developing coherent policies and regulations that create the enabling framework for the circular economy.

We draw on our cross-sectoral experience, technical assistance, and advisory services to support existing and pioneering solutions for circular economy approaches. Our involvement helps to mitigate investment risks, factor in positive and negative externalities, design tailored financial instruments, and help showcase, replicate, and scale up best practice initiatives.

Working together for impact

The MDB Circular Economy Working Group will focus on:

- Strengthening internal capacity to continue our demand-based support to circular economy approaches, both within our lending and our advisory activities.
- Exploring methodologies to demonstrate how circular solutions can generate economic value while fostering a just and inclusive sustainable development.
- Enhancing resource efficiency considerations within our operations across sectors.
- Facilitating the exchange of knowledge with the private sector, civil society, and local, regional, and national authorities.