

Circular Economy: A Catalyst for a Just and Green Transformation:

Bridging gaps between circular and green
economies for a sustainable and resilient future

Sofía Martínez

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The largest
movement
for green fair
economies



About this paper

Circular economies aim to tackle global resource overconsumption by recycling, reusing and refurbishing wherever possible, in order to reduce waste, curb pollution, and drive decarbonisation. This paper explores the potential of circular policy approaches in driving a green, just and inclusive transition, in line with the Green Economy Coalition's vision and purpose. It highlights global challenges but also identifies opportunities for policymakers and industries to innovate. By fostering cross-sectoral collaboration, reinforcing multi-stakeholder partnerships and adopting circular principles, this paper points the way towards a sustainable and just economic future.

Green Economy Coalition

The Green Economy Coalition is the largest global movement for green and fair economies. Our members represent diverse constituencies but are united by our shared recognition that our economic system is no longer fit for purpose.



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1. Introduction: the convergence of a green, circular and just transition

The world faces an accelerating crisis in natural resource consumption, one that outpaces both population growth and economic output. If urgent action is not taken to transition to a circular economy (CE), the global community risks failing to meet critical social, environmental and climate targets.

A CE aims to keep materials in use as long as possible through strategies like recycling, reusing and refurbishing. This approach is essential to the green economy, as it promotes sustainable growth while mitigating environmental impacts like reducing waste, lowering greenhouse gas emissions and curbing pollution.

Despite its transformative potential, a CE has yet to be fully integrated into global environmental policies and sectoral practices because of gaps in ability, skills, efforts and knowledge. Industries continue to rely on linear models, driven by outdated practices and insufficient incentives to adopt circular principles. Overall, the world is using fewer circular solutions than ever before,

as outlined in the 2024 Circularity Gap Report and the latest Sustainable Development Goals (SDGs) progress report.¹

However, there has been determined action in recent years with the European Union's (EU) European Green Deal, launched in 2019, and the EU's Global Gateway initiative, launched in 2021. In 2024, the Green Economy Coalition (GEC²) started a multi-year programme, funded by the EU, that aims to strengthen civil society voices in the Global South to support the transition towards a fair, green and circular economy.

This white paper underscores the significance of a CE in driving the green, just and inclusive transition, in line with the GEC's vision and purpose. It connects global challenges, like natural resource depletion, waste management and social equity, with opportunities for policymakers and industries to innovate. By fostering cross-sectoral collaboration, reinforcing multi-stakeholder partnerships and adopting CE principles, we can pave the way for a sustainable, inclusive and just economic future.

¹ <https://www.circularity-gap.world/2024> and <https://unstats.un.org/sdgs/report/2024/>, respectively

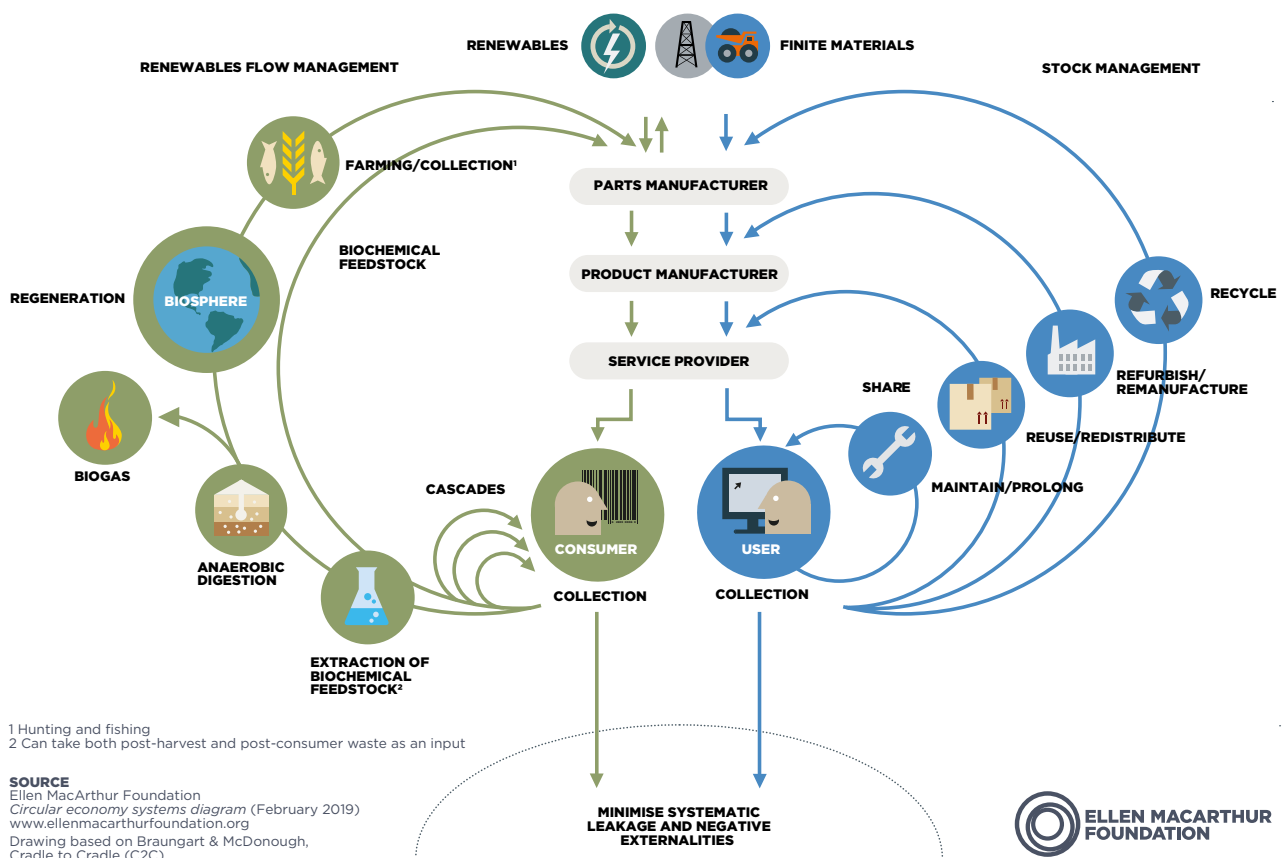
² <https://www.greeneconomycoalition.org/>

1.1. Circular economy

The CE is gaining momentum as a crucial framework for sustainable development because it is an economic model that is driven by social and environmental goals that are mutually intertwined. It also redefines economic growth by decoupling it from the depletion of resources and the generation of waste, which is part of the basis for a green economy. Its principles contribute to a more resilient model that contrasts with the traditional linear approach of ‘take, make, waste’ and fosters a regenerative system:³

1. **Design for longevity:** This emphasises creating durable and repairable products to ensure that items have a longer life cycle, reducing the need for frequent replacements.
2. **Maintain the value of resources:** This involves keeping materials and resources in use for as long as possible through strategies such as reuse, refurbishment and recycling, which minimises waste and maximises resource efficiency.
3. **Regenerate natural systems:** This focuses on restoring and enhancing natural ecosystems by returning valuable nutrients to the environment and supporting regenerative practices, thus fostering ecological balance and sustainability.

Figure 1. CE butterfly diagram from the Ellen MacArthur Foundation.⁴ To understand how the CE works, it helps to visualise the main processes of the CE into two wings. On the right wing, we have the technical cycle, which recovers products and materials through actions like reuse, repair, remanufacturing and recycling. On the left wing is the biological cycle, where we regenerate nature by returning nutrients from organic materials. These cycles are not mutually exclusive. They work together to minimise any negative effects from waste and pollution and maximise the lifespan of products.



3 <https://www.ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview>

4 <https://www.ellenmacarthurfoundation.org/circular-economy-diagram>



Green economy and CE are not competing terms; the CE is a cornerstone of the green economy. Key industries, such as energy, agriculture, water, fashion, and construction, stand to benefit from a CE integration, which can protect biodiversity by minimising waste and promoting sustainable practices.⁵ Notably, 90% of biodiversity loss is linked to resource extraction and processing, with up to 80% of environmental impacts determined at the design phase. CE debates must integrate broader green economy principles to address social injustices and connect with concepts like natural capital, biodiversity restoration and just transitions.

1.2. Just transition

The just transition concept refers to the need to balance environmental sustainability with social justice and equity. The goal is to ensure that the transition is fair and inclusive,

mitigating negative impacts while creating new opportunities for equity, inclusion, decent work and social well-being, as well as avoiding the exacerbation of existing inequalities.

But while often viewed as a techno-centric solution that balances economic growth with environmental goals, this perspective overlooks critical social dimensions like gender, labour rights, and environmental justice. A just transition to circularity must address deeper societal, policy and geopolitical challenges to ensure that it benefits everyone. Confronting these challenges requires global cooperation, policies, standards and agreements that must involve alternative thinking, continuous reflection and diverse stakeholder engagement to ensure a just and equitable transition. It requires bottom-up approaches that include all voices, including marginalised voices, especially in decision-making processes.⁶

⁵ International Renewable Energy Agency: <https://www.irena.org/Energy-Transition/Policy/Circular-economy>; Food and Agriculture Organization: <https://www.fao.org/land-water/overview/onehealth/circular/en/>; World Bank: <https://www.worldbank.org/en/topic/water/publication/wicer>; World Economic Forum: <https://www.weforum.org/stories/2024/02/how-manufacturers-could-lead-the-way-in-building-the-circular-economy>; Ellen MacArthur Foundation: <https://www.ellenmacarthurfoundation.org/fashion-and-the-circular-economy-deep-dive> and European Commission (Build Up portal): <https://build-up.ec.europa.eu/en/resources-and-tools/articles/circular-construction-and-materials-sustainable-building-sector>

⁶ See <https://link.springer.com/article/10.1007/s43615-023-00330-w>

2. The integrated frameworks and overcoming barriers

A just transition to an inclusive green CE requires integrated frameworks that value sustainable economic growth while balancing environmental health with social equity. These structures are designed to guide economic transformation that aligns with the SDGs (in particular SDG 12, responsible consumption and production) and the Paris Agreement.

The Partners for Inclusive Green Economy (PIGE⁷) have produced principles that focus on achieving balanced social, economic and environmental outcomes in a green economy and aim to transform economies in a way that supports sustainability, equity and resilience:

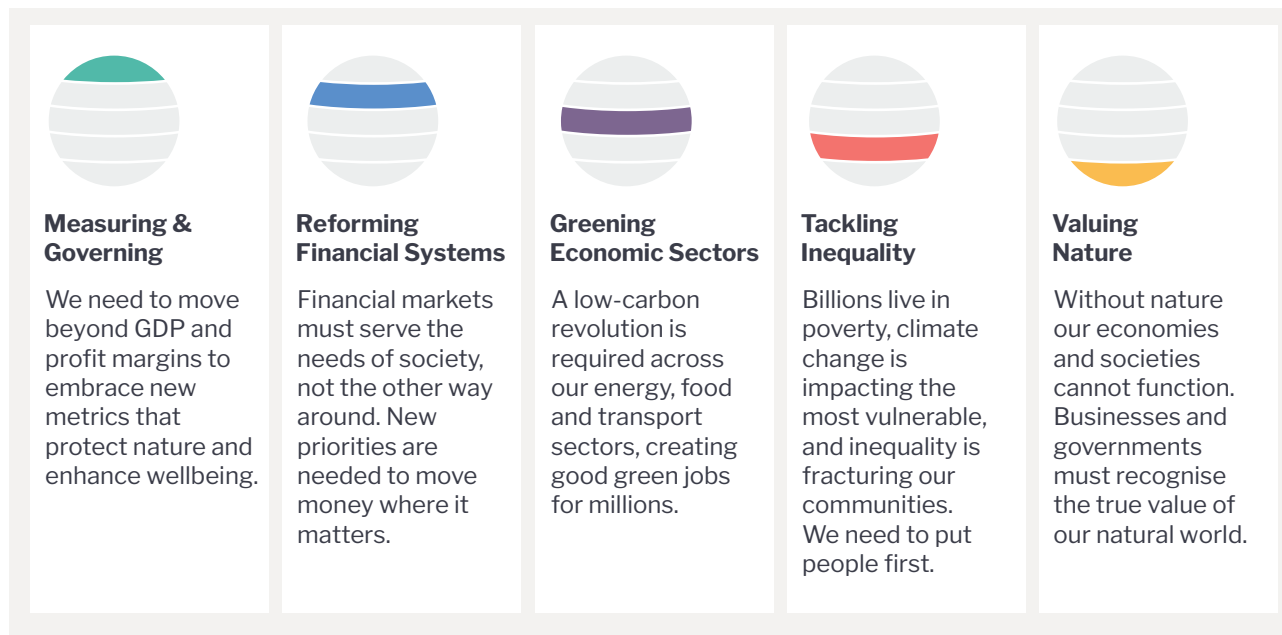
- **Well-being Principle:** The economy should be people-centred, prioritising the creation of shared prosperity.
- **Justice Principle:** The economy must promote equity within and across generations.
- **Planetary Boundaries Principle:** The economy must operate within the ecological limits of the planet.
- **Efficiency and Sufficiency Principle:** The economy should minimise resource use and environmental impact while promoting sustainable consumption and production.
- **Good Governance Principle:** Effective governance is critical for a successful, inclusive green economy.⁸

Launched in 2019, the PIGE brings together key organisations committed to supporting a global shift toward a more inclusive, green and CE, with a focus on policies and strategies that promote sustainability, poverty reduction and social equity. The GEC is a key player in PIGE, fostering collaboration among diverse stakeholders and amplifying civil society's voice globally. Aligned with these principles, the GEC proposes a five-pillar approach that focuses on reshaping economies to prioritise sustainability, equity and resilience. It emphasises that the current economic model is failing both people and the planet, urging for systemic change that integrates environmental health with social justice. Key areas include valuing nature and biodiversity, putting people at the centre and tackling inequality, greening economic sectors, reforming financial systems, and measuring and governing. The GEC advocates for integrating these CE principles into the green economy framework to decouple economic growth from resource consumption and environmental degradation.

⁷ <https://www.greenpolicyplatform.org/initiatives/partners-inclusive-green-economy>

⁸ <https://www.greeneconomycoalition.org/assets/reports/GEC-Reports/Principles-priorities-pathways-inclusive-green-economies-web.pdf>

Figure 2. GEC's five pillars



2.1. Barriers to an effective transition

A just transition to a CE requires differentiated responsibilities, particularly in low- and middle-income countries, and handling often interconnected challenges that have been extensively analysed in the research literature:⁹

- **Resource-related:**
 - Growing demand for critical raw materials
 - Equitable resource distribution
 - Resource constraints
- **Access-related:**
 - Countries' technology transfer and capacity building
 - Affordable and accessible sustainable products
- **Jobs/Business-related:**
 - Job creation and fairness
 - Opportunities for small- and medium-sized enterprises
- **Community-related:**
 - Environmental injustice in marginalised communities
 - Community involvement
 - Building community resilience
 - Social inequality
- **Policy/Politics-related:**
 - Economic activity operating in the informal sector
 - Policy gaps
 - Reforming global supply chains
 - Bold political decisions needed
 - Improving CE awareness with decision-makers

⁹ See, as examples: Breaking the Barriers to the Circular Economy report by Deloitte and Utrecht University: https://circulareconomy.europa.eu/platform/sites/default/files/171106_white_paper_breaking_the_barriers_to_the_circular_economy_white_paper_vweb-14021.pdf; the Ellen MacArthur Foundation: <https://www.ellenmacarthurfoundation.org/> and World Bank 2024 reports: <https://www.worldbank.org/en/research>.

These barriers highlight the need for comprehensive policy reform, investment and inclusive strategies to enable a sustainable transition. For the GEC, this means positioning a CE as part of a broader economic transformation agenda that addresses systemic issues like inequality and environmental degradation. This involves advocating for policies that integrate circular principles across all sectors, ensuring they are designed to support social equity – therefore, the acceptance of society and the affected stakeholders. To bridge such gaps involves efforts like the following:

- Address resistance from vested interests reluctant to transition from linear models.
- Mitigate economic disruptions and job losses through workforce development and retraining programmes.
- Build awareness of and ensure the equitable distribution of benefits, especially among marginalised communities.
- Promote participatory mechanisms that include marginalised communities and local stakeholders in CE discussions and foster multi-stakeholder partnerships among businesses, civil society, and governments to share best practices and knowledge on circular strategies. GEC can facilitate these collaborations to enhance the effectiveness of CE initiatives.
- Advocate for increased investment in research and development focused on sustainable materials, waste reduction technologies, and eco-design practices, ensuring that innovation is aligned with CE principles.



3. The role and potential of policies

Policies are at the heart of the GEC's five pillars and play a pivotal role in promoting circularity within the broader green economy by establishing regulatory frameworks, standards and mandates that encourage circular practices. These structures often include provisions for eco-design, extended producer responsibility, recycling targets and waste management regulations. Macroeconomic modelling serves as a vital tool for assessing the impact of CE policies, accounting for cross-industry dependencies and the role of technological innovations.

For a just sustainability transition, policies, including CE policies, should address multiple dimensions of justice, ensuring fair allocation of costs and benefits, inclusive and participatory

decision-making processes, and respect for diverse cultures and groups, particularly youth, women and indigenous communities. And given the multi-scale nature of a CE, engaging a wide range of stakeholders is essential. Still, policies must protect vulnerable groups and ensure their involvement in decision-making processes. As a critical policy instrument, GEC promotes multi-stakeholder collaboration to share knowledge, drive innovation and implement effective green economy practices worldwide. In GEC's view, these partnerships are vital for aligning regulatory frameworks with on-the-ground realities, ensuring eco-design, extended producer responsibility and recycling targets are both ambitious and equitable.

Table 1. Key Policy Instruments for a CE

Policy Instrument	Examples
Green Procurement Policies	Incorporating circular criteria into public procurement policies can significantly increase demand for sustainable products and services.
Financial Incentives	Tax breaks, grants and subsidies encourage businesses to invest in circular technologies, processes and infrastructure.
Critical Infrastructure	Investment in recycling facilities, waste management systems and sustainable transportation networks is essential for a successful transition.
Research and innovation	Supporting research and development in circular technologies, materials science and sustainable manufacturing processes will spur innovation.
Market-Based Instruments	Mechanisms like carbon pricing, pollution taxes and cap-and-trade systems internalise environmental costs, incentivising businesses to adopt circular practices.
Multi-Stakeholder Collaboration	Partnerships between businesses, academia, civil society and international organisations help share knowledge, resources and best practices across local, regional and international levels.



3.1. Circular economy policy progress in the EU

The EU wants to move from a linear economy towards a circular one to hopefully meet the ambitious objective set by the European Green Deal: Europe is to be the first climate-neutral continent by 2050. The CE holds significant potential, with estimates suggesting it could unlock €1 trillion in investments and create 700,000 jobs by 2030.¹⁰ But unfortunately, despite its leadership, the EU's progress has plateaued. The increase in circularity changes in the EU stood at 11.5% in 2022 and is slow to progress.¹¹ Material consumption and waste generation remain high, according to the European Environment Agency in 2022.¹² However, data from the agency also shows progress in some areas, such as resource use, decoupling from economic growth in the last decade, waste generation decreasing in recent years, and a recycling rate of 11.6%, higher than most regions globally.

3.2. Policy effects on the Global South

As the EU economy is inextricably linked to the global economy through global supply chains and international trade, the EU's policy framework aimed at a just transition to a green CE will have environmental, social and economic repercussions for the rest of the world. The EU will need to carefully consider the global impact of its green and CE policies, particularly on countries in the Global South, to ensure that these initiatives do not inadvertently harm developing economies or fuel opposition to green reforms.

GEC plays a crucial role in this effort by building societal demand for green action and ensuring that economic transitions are not only sustainable but also inclusive and fair. By prioritising citizen engagement, participatory mechanisms, social equity and economic inclusion, the GEC helps prevent backlash against green initiatives that might arise from concerns over economic disruption, job losses or unequal burdens. In this way, the EU's green transition can be designed to be just and cooperative, both within Europe and globally.

¹⁰ <https://www.europarl.europa.eu/topics/en/article/20151201STO05603/circular-economy-definition-importance-and-benefits>

¹¹ <https://www.eea.europa.eu/en/topics/in-depth/circular-economy>

¹² <https://www.eea.europa.eu/en/analysis/indicators/europes-material-footprint>

4. The circular economy and just transition framework in action

Overall, leadership in a CE agenda involves a collective effort from governments, organisations, businesses and individuals to bridge the gaps of creating a more sustainable and regenerative economy within the framework of a just transition. As of 2024, several countries, organisations and companies have become leaders in the CE agenda, with the World Circular Economy Forum (WCEF)¹³ bringing many of them together to discuss and make progress. Many countries and regions have developed specific legislation, strategies, and action plans to promote the circular economy – with at least 75 identified as a conservative estimate by UNIDO and Chatham House¹⁴. Regional CE action plans serve as comprehensive regional guides for transitioning to a CE, highlighting priority sectors and aligning with pertinent legislation. Recognizing the critical role the CE can play, multilateral development banks (MDBs) convened to enhance support and facilitate knowledge exchange, with its first MDB report on CE, featuring 20 global case studies, showcasing advisory services, public and private sector financing, and financial sector support¹⁵. Diverse platforms are also emerging to unite varied groups, including governments, industry representatives and civil society organisations.

Social enterprises

Social enterprises play a pivotal role in the advancement to a CE, delivering social and environmental change that benefits the entire world. For example, according to the network Reuse and Recycling European Union Social Enterprises, or RREUSE, social enterprises generate an average of 70 jobs per 1,000 tonnes of materials collected for reuse, employing 45–80% of disadvantaged groups.¹⁶ This fosters inclusivity by providing employment opportunities to low-skilled workers and those at risk of social exclusion. There are also transformative opportunities for companies to collaborate with social entrepreneurs in various aspects of a CE, such as workforce development, market access, material sourcing, financing and advocacy.

Organisations and programmes

Many organisations and programmes have been created to support CE principles and educate others on how it can be a part of the just transition framework. The Ellen MacArthur Foundation is a global leader, advocating for systemic change and collaboration across sectors.¹⁷

13 WCEF2025 ; WCEF2024 ; WCEF2023

14 National circular economy roadmaps. A global stocktake for 2024.pdf

15 The_circular_economy_in_motion_2024.pdf

16 https://social-economy-gateway.ec.europa.eu/how-reuse-and-repair-social-enterprises-are-contributing-socially-and-circular-society-2023-06-13_en

17 <https://www.ellenmacarthurfoundation.org/>



The International Organization for Standardization has developed a suite of standards designed to guide and enhance CE practices in business operations.¹⁸ The Circular Economy Alliance provides CE training and certification to both individuals and organisations.¹⁹ The Circle Economy is an organisation providing CE knowledge and solutions to businesses, cities and nations.²⁰ The EU-funded JUST2CE aims to understand the opportunities and challenges for a just transition to a CE.²¹ The project also shares an atlas that collects and visualises information about CE practices and initiatives worldwide.²²

‘Circularity divide’: more support is needed

Despite the integration of a CE into policy frameworks—over 70 national CE roadmaps and strategies have been published globally since 2016—the 2024 study conducted by UNIDO and Chatham House highlights concerns about a ‘circularity divide’.²³ This divide stems from insufficient collaborative efforts, leading to misaligned global value chains and exacerbating global inequalities as advanced economies gain competitive advantages. More support measures are needed for collaboration among CE projects and its integration into broader green economy activities.

18 <https://www.iso.org/sectors/environment/circular-economy>

19 <https://circulareconomyalliance.com/>

20 <https://www.circle-economy.com/>

21 <https://just2ce.eu/>

22 <https://just2ce.eu/atlas/>

23 https://www.unido.org/sites/default/files/unido-publications/2024-05/UNIDO_National%20circular%20economy%20roadmaps_v07.pdf

5. Key recommendations

It is time to take swift action – and it is not only policy that is needed. We need stimulus on financial and social dimensions to drive true systemic change. Below are our key recommendations for all stakeholders:

For policymakers

- Establish enabling regulatory frameworks that incentivise CE practices alongside green and just transition policies.
- Promote green and circular procurement that prioritises products and services with lower environmental footprints and longer lifespans.
- Encourage circular business models through government contracts and procurement criteria.
- Prioritise green, circular and sustainable technologies.
- Adopt green circular business models.
- Explore opportunities for product-as-a-service models, remanufacturing and closed-loop systems.
- Invest in research and innovation of CE technologies and solutions.
- Measure and report progress toward CE goals with clear targets and indicators.
- Support skills development in education and training programmes to equip the workforce with the skills needed for a CE.
- Collaborate across value chains to optimise resource use, reduce waste and promote circularity.
- Foster partnerships for joint research, innovation and investment in circular initiatives.
- Foster collaboration between academia, industry, civil society and government to accelerate innovation in waste management, resource efficiency and sustainable production and consumption.
- Transparently report on environmental performance, resource use and waste reduction efforts to stakeholders.

For businesses

- Move from improved waste and reuse practices through circular business models to closed-loop and full life cycle approaches.
- Step into a leadership position for a CE agenda and work with governments and civil society towards the common goal of mainstreaming a CE. This offers significant branding opportunities, with a clear business case for many companies.
- Connect with governments, research and civil society groups who can provide complementary approaches to driving innovation and implementing CE practices across supply chains and sectors.
- Consider the opportunities and risks from greater circularity for informal actors in global value chains.
- Consider how existing skill pools can be utilised and how opportunities for legal recognition (if not formalisation) can offer improved livelihoods, along with sustainable and inclusive outcomes.
- Create partnerships with social entrepreneurs and invest in training programmes as part of a two-way engagement with the social innovation sector and to achieve internal circular mainstreaming goals.

For civil society

- Encourage and empower consumers to adopt sustainable lifestyles and make informed choices that contribute to a CE.
- Hold policymakers, businesses, and other stakeholders accountable for their commitments to CE initiatives.
- Advocate for policies and practices that promote resource conservation, waste reduction, and social equity.
- Advocate for transparency, accountability and inclusivity in policies and decision-making processes (eco-social contracts).
- Encourage participation in recycling programmes, community gardens and repair cafes.
- Educate the public about the benefits of a CE and the importance of sustainable consumption and production.
- Engage with community organisations, grassroots movements and local governments to support CE initiatives at the grassroots level.



6. Conclusion: call to action

We are in a pivotal period with no time to lose if we want to achieve the SDGs in line with climate and biodiversity objectives. Efforts to promote CE, sustainable development and resilience in varied contexts must prioritise just transition approaches that empower local communities, local value chains, foster innovation and build capacity for sustainable, circular solutions. Active participation from stakeholders is essential for ensuring a fair and inclusive global green and CE.

We suggest some immediate next steps for all stakeholders:

- **Collaborative action planning:** The GEC is calling on partners to bring together stakeholders to develop comprehensive action plans for advancing CE initiatives at the national, regional and global levels. The Partners for Inclusive Green Economy (PIGE), as further developed below, is a good platform for this.
- **Capacity building:** Prioritise investment in capacity-building programmes that equip stakeholders with the skills, knowledge and resources to implement CE strategies.
- **Monitoring and evaluation:** Establish regular and robust mechanisms to monitor and evaluate CE initiatives to ensure that progress is measured, impacts are understood and areas for improvement are identified.
- **Scaling up success stories:** Identify successful green and CE initiatives and scale up the projects that have proven effective in achieving positive environmental, social and economic outcomes. These can serve as models for replication, particularly in low- and middle-income countries.
- **Continuous learning and adaptation:** Foster a culture of continuous learning by encouraging stakeholders to share best practices, case studies and lessons learned through platforms like PIGE.
- **Learn from others:** Analyse the impact of circular and green EU policies in third countries, building on the work of the GEC's co-host, the International Institute for Environment and Development Europe, and its horizon scanning exercise.²⁴
- **Engage proactively** with informal economic actors – and other stakeholders engaging with the informal SMEs sector – as the key difference, challenge, and opportunity for building interlinkages between the northern and southern circular economy.

²⁴ <https://www.iied.org/innovative-tracker-engages-majority-world-experts-identify-gaps-european-research-priorities>



The geopolitical landscape has evolved since the COVID-19 pandemic. We have a fresh opportunity to reconvene and reinvigorate our joint work in PIGE around its core themes to accelerate effective action if we want to deliver the SDGs by 2030, together with climate and biodiversity targets. We can play a stronger role in supporting these efforts by setting clear targets, indicators and frameworks that promote cross-sectoral circularity and the building of societal demand and by working with PIGE and our partner EU-funded initiatives like the Partnership for Action on Green Economy,²⁵ the Green Growth Knowledge Partnership²⁶ or the SWITCH to Green Initiative.²⁷ The GEC is already planning key events for 2025, such as the WCEF in Brazil.

Lastly, the EU could further support the global transition to a CE by leveraging policies, external action and private sector development tools. Enhanced engagement through EU

external action and financing instruments will ensure that CE principles are mainstreamed in all global trade and industrial and development efforts. The upcoming EU Circular Economy Act proposed in the 2024–2029 EU political guidelines by President von der Leyen presents a key opportunity. The act would create market demand for secondary materials and harmonise waste management, particularly in critical raw materials, that should benefit both producers and consumers of critical raw materials, which is fundamental for the green transition. The EU could also use strategies like its Global Gateway²⁸ to support CE transitions in low- and middle-income countries by integrating CE principles into all sectors. Here, civil society organisations, like the GEC, should play a key role, ensuring that Global South and local voices are effectively consulted and included in the transition towards green, circular and fair economies.

25 <https://www.un-page.org/>

26 <https://www.greengrowthknowledge.org/>

27 <https://www.switchtogreen.eu/the-flagship-initiative/>

28 https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway_en