

GOING FULL CIRCLE

Tackling resource reduction and inequality



A JOINT PAPER BY ST PAUL'S INSTITUTE AND TEARFUND

GOING FULL CIRCLE

Tackling resource reduction and inequality

Authors: Barbara Ridpath, Julia Kendal and Robert Gordon

Particular thanks to Dr Irene Guijt, Head of Research, Oxfam GB for her introduction.

Thanks to Richard Gower and Joanne Green at Tearfund for their input.

We would especially like to thank everyone who participated in the roundtables and the public event that were a part of this series and gave rise to this report.

Design: Wingfinger Graphics

Cover photos (*clockwise from left*):

Eleanor Bentall/Tearfund; ditto; David Cavan/Tearfund

© Tearfund 2017

St Paul's Institute

The Chapter House, St Paul's Churchyard, London, EC4M 8AD, United Kingdom

T +44 (0)20 7246 8339 **E** institute@stpaulscathedral.org.uk

W www.stpaulsinstitute.org.uk

Tearfund

100 Church Road, Teddington, TW11 8QE, United Kingdom

T +44 (0)20 8977 9144 **E** publications@tearfund.org

Tearfund is a Christian relief and development agency building a global network of local churches to help eradicate poverty.

For further information, email: team.publicpolicy@tearfund.org

Tearfund publications on the sustainable economy are available at: tearfund.org/circular

PREFACE

By Barbara Ridpath, Director of St Paul's Institute

To prosper in the future, we all need to rethink our economic system so that it encourages us to minimise – not maximise – our use of scarce resources, the creation of waste, and our impact on climate change. At the same time, we need to do this in a way that permits people throughout the world to thrive, with all their basic human needs met. Over the course of 2016 our joint programme with Tearfund brought together representatives from a number of prominent organisations working across the circular economy, sustainable investment and global development. Through this, we learned that there are many concerned groups focusing on poverty alleviation, or lowering resource use, or combating climate change. However, progress in one area often comes at the expense of another; lifting countries out of poverty can have significantly damaging effects on climate change as communities consume more fossil fuels. Meeting basic human needs can sometimes also come at the cost of deforestation. In addition, many programmes fail to consider the incentives that might make the business community change its behaviour.

Without being so naïve as to presume we have found a universal solution, it appears that the concept of the circular economy may be a new way of thinking about economic production that uses resources more efficiently while still permitting the private sector to prosper. This publication aims to spread the word about this concept more broadly than has been the case to date, though there has been much good work done already by the Ellen MacArthur Foundation, McKinsey & Company and many others. Most of all, we seek to encourage people working in these areas to consider issues of inequality and sustainability together, rather than separately.

The critical element is that this concept of the circular economy, which at its best can decouple economic growth from resource consumption, continues to be mindful of the ongoing need to raise material well-being for a significant percentage of the world's population. Trying to consider both these elements together is what an economist would consider as managing under constraints. More poetically, it has been said that 'The test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function'¹

However difficult, it is vitally important to seek to attain several different objectives simultaneously. One way to approach these constraints is to step away from the market concept of enlightened self-interest, and consider instead a common-good approach to the economic decisions we make. Take the car industry as one example. If we make cars that can be continually re-engineered as technology advances, we get more value from the material and labour values in those vehicles. However, we may put out of business many scrapyards and garages whose job it has been to salvage or repair cars. Indeed, looking at the way poorer countries treat and recycle materials can help inform how to do so more effectively in wealthier regions.

Our intention is for this to be a starting point for further discussion, research and practice. I hope this publication will both inform and help you to begin to think differently about how our economy can prosper and create value for all.

1 Scott Fitzgerald F (February 1936) 'The Crack-Up', *Esquire Magazine*.

CONTENTS

INTRODUCTION: WHY STUBBORNLY HIGH LEVELS OF INEQUALITY MATTER	3
The picture so far	3
Acknowledging a broken economic system	4
Need for a new economy	5
1 WHAT DOES A FAIR ECONOMY LOOK LIKE?	6
What is the circular economy?	6
What is a <i>fair</i> circular economy?	6
The circular economy in practice	6
2 MOVING FORWARD: THE LEADING EDGE	9
Key opportunities and questions for...	
Policymakers	9
Business community	9
Investors	10
Researchers	10
Non-governmental organisations	10
3 CONCLUSION: WIDENING THE CIRCLE	11
FURTHER RESOURCES	12
Resources on the circular economy in a development context	12
Other resources	12

INTRODUCTION: WHY STUBBORNLY HIGH LEVELS OF INEQUALITY MATTER²

By Dr Irene Guijt, Head of Research at Oxfam GB

Decades-long development efforts to reduce poverty have seen some important gains, and since 1990, nearly 1.1 billion people have been lifted out of extreme poverty.³ However, justifiable pride in this achievement must be tempered by pessimism about inequality, with the IMF asserting in 2017 that 'despite sustained economic growth and rapid poverty reductions, income inequality remains stubbornly high in many low-income developing countries'.⁴

The picture so far

Since 1990, nearly 1.1 billion people have escaped extreme poverty. Between 2012 and 2013 alone, around 100 million people moved out of extreme poverty. However, in 2013 (the year for which the most comprehensive global data is available), one in ten people (767 million) was still living below the poverty line.

Income inequality is not the only problem. Wealth inequality – the unequal distribution of assets – is a critical obstacle in the struggle to end global poverty. Estimates suggest that if action had been taken to reduce the gap between rich and poor, then 700 million more people could have escaped poverty to live above this most minimal of levels.⁵ The accumulation of modest assets, especially agricultural assets such as land and livestock, is one of the most important means of escaping poverty. They are also critical in enabling people living in poverty to withstand financial shocks, such as an unexpected medical bill. However, estimates from Credit Suisse find that collectively the poorest 50 per cent of people own less than a quarter of one per cent of global net wealth.⁶

JUST EIGHT MEN OWN THE SAME WEALTH AS THE 3.6 BILLION PEOPLE WHO MAKE UP THE POOREST HALF OF HUMANITY

Over the past four years, Oxfam has been tracking the extent of global wealth inequality. In 2014, the situation was extremely concerning, with the richest 85 people having the same wealth as the poorest 3.5 billion. By 2015, that number had fallen to 80 people, spiralling down to only 62 in 2016. In 2017 just eight men own the same wealth as the 3.6 billion people who make up the poorest half of humanity. Extreme inequalities are evident in many shocking forms:

- Since 2015, the richest one per cent has owned more wealth than the rest of the planet. Yet life for the world's poorest people remains brutally hard.⁷
- Between 1988 and 2011, the income of the poorest ten per cent increased by just \$65, while that of the richest one per cent grew by \$11,800 – 182 times as much.⁸

2 These reflections draw largely on the Oxfam GB reports, *An economy for the 99%* (D Hardoon 2017) and *An economy that works for women: achieving women's economic empowerment in an increasingly unequal world* (F Rhodes et al 2017).

3 Defined by the World Bank as earning more than US\$1.90 per person per day.

4 Peralta-Alva A et al (2017) *Macro-structural policies and income inequality in low-income developing countries*, International Monetary Fund Staff Discussion Note.

5 Hoy and Samman (2015) estimate that poverty rates could have been as low as 5.6 per cent in 2010. Fewer than 400 million people would have remained in poverty in 2010 under this scenario, 700 million less than the 1.1 billion who were in extreme poverty in 2010.

6 Credit Suisse (2016) *Global Wealth Databook*, available at www.credit-suisse.com.

7 Ibid.

8 Hardoon D et al (2016) *An economy for the 1%*, Oxfam, available at www.oxfam.org/en/research/economy-1

- In the UK, unfettered pay ratios mean that the average pay of FTSE 100 chief executives is 129 times greater than that of the average employee and equivalent to the earnings of 10,000 people working in garment factories in Bangladesh.⁹

Inequality is unequally experienced, with women still more likely than men to live in poverty. Across the world, women consistently earn less than men and are concentrated in the lowest-paid and least secure forms of work. Globally, the average gender pay gap is 23 per cent and 700 million fewer women than men are in paid work. The World Economic Forum has warned that instead of improving in 2016, gender inequality in the economy reverted to where it stood in 2008.¹⁰

This huge and growing gap between the super-rich and the rest presents a grim picture – with shocking consequences for hundreds of millions trapped in poverty – fracturing societies and undermining democracy. So what is needed?

Acknowledging a broken economic system

Inequality is about a broken economic system. For example, unpaid care work is neither seen nor counted, with women carrying out between two and ten times more unpaid care work than men worldwide. This is worth \$10 trillion to the global economy each year,¹¹ equivalent to more than an eighth of the world's entire GDP, and more than the combined GDPs of India, Japan and Brazil.¹² And crucially, the environment is too often considered collateral damage.

Our current economic system is based on deeply flawed assumptions. This is evident in policies that seem to assume the earth is capable of providing inexhaustible resources for the economy. The majority of environmental inputs, like water, are external to the economy. They do not feature in the profit and loss of a corporation, or in a country's GDP. This means natural resources are often perceived as having no cost. We ignore planetary limits at our collective peril. For more than 40 years, the demand on nature from human activity has been greater than the earth's capacity to regenerate resources. We have been cutting down trees faster than they mature and catching more fish than the oceans can replenish. It now takes the planet one year and six months to replace the stocks of renewable resources that humanity uses each year.¹³

Sustainability and inequality are deeply intertwined. The benefits of GDP growth accrue in large part to those who are already wealthy, but its hidden costs are typically borne by the poorest. The cost of exploitative resource use often goes unseen. Much economic growth relies either on the input of natural resources or on natural systems to process waste. But many environmental inputs and outputs do not appear in company or national accounts, so the state of resources can be completely ignored and are seen as free and costless inputs.

OUR CURRENT ECONOMIC SYSTEM IS BASED ON DEEPLY FLAWED ASSUMPTIONS. THIS IS EVIDENT IN POLICIES THAT SEEM TO ASSUME THE EARTH IS CAPABLE OF PROVIDING INEXHAUSTIBLE RESOURCES FOR THE ECONOMY

-
- 9 Hardoon D (2017) op. cit. Calculations from Ergon Associates using CEO pay data from the High Pay Centre and the minimum wage of a Bangladeshi worker plus typical benefits packages offered to workers.
- 10 Rhodes F et al (2017) *An economy that works for women. Achieving women's economic empowerment in an increasingly unequal world*, Oxfam GB.
- 11 McKinsey & Company (2015) *The power of parity*, available at www.mckinsey.com.
- 12 The CIA *World Factbook* calculates the world's GDP for 2015 as \$75.73 trillion (official exchange rate); the annual GDP of India as \$2.251 trillion; Japan as \$4.73 trillion; and Brazil as \$1.77 trillion in 2015, together totalling \$8.751 trillion, (all official exchange rate), accessed from www.cia.gov/library/Publications/the-world-factbook/rankorder/2001rank.html on 17 February 2017.
- 13 United Nations (2012) *Defining a New Economic Paradigm: The Report of the High-Level Meeting on Wellbeing and Happiness*, p 47, available at <https://sustainabledevelopment.un.org>.

Climate change illustrates how this exploitative resource use affects the poorest. Estimates show that the richest 10 per cent of the global population are responsible for 50 per cent of total emissions, yet the poorest communities face the worst consequences.¹⁴ Changing weather patterns that create drought and floods affect the ecosystems on which those living in extreme poverty depend, triggering deterioration or loss of livelihood for those who have no alternatives. Inequality itself can even increase carbon emissions, due to an increased appetite for growth and further consumption.

Need for a new economy

We need a different type of economy, one that is no longer based on false assumptions. Any pathway towards a fair and sustainable future will require governments to take responsibility for their impact on the planet. Businesses are key players in a market economy, and when working to the benefit of all, they can be vital to building healthy and fair societies. Civil society is critical to move governments, businesses and society towards greater accountability on resource use and social justice.

TRANSITIONING OUR ECONOMIES TOWARDS WIN-WINS FOR INEQUALITY AND SUSTAINABILITY WILL INVOLVE DIFFICULT DECISIONS AND TOUGH TRADE-OFFS. BUT IT IS FEASIBLE – IT IS A SIMPLE MATTER OF CHOICE

None of this will change unless we start to value and measure what really matters. Calculating the impact on the planet – both positive and negative – of corporate and human activities will help to form and guide policies towards true progress for societies. Rather than aiming for growth above all – the current measure of economic success – national economies can adopt other metrics, such as the extent to which communities feel connected and welcome refugees; or citizens' access to green spaces. A national economy that values and measures these factors will favour policies that support such desirable outcomes. Metrics shape aspirations, behaviours and policies – and therefore must be chosen wisely.

Changing our economic system to benefit people with the least, and safeguarding planetary boundaries for future generations is no Utopia. Transitioning our economies towards win-wins for inequality and sustainability will involve difficult decisions and tough trade-offs. But it is feasible – it is a simple matter of choice.



Biodigester turning waste into gas for cooking and fertiliser for farming in northeast Brazil.
Eleanor Bentall/Tearfund

14 Gore T (2015) *Extreme Carbon Inequality: Why the Paris climate deal must put the poorest, lowest emitting and most vulnerable people first*, available at www.oxfam.org/en/research/extreme-carbon-inequality; Piketty T and Chancel L (2015) *Carbon and inequality: from Kyoto to Paris*, available at <http://piketty.pse.ens.fr/files/ChancelPiketty2015.pdf>.

1 WHAT DOES A FAIR ECONOMY LOOK LIKE?

This new economy, one that benefits people and reduces inequality while safeguarding the natural environment, will take on a different shape: it will be circular.

What is the circular economy?

Our economy is primarily linear. A product – such as a mobile phone – is made, used and then discarded when it breaks or is no longer wanted. When a product is disposed of, all the resources (energy, water and materials) used to produce it are thrown away too. In Europe, on average, 95 per cent of a product's energy and material value is wasted in this way.¹⁵

A circular economy, by contrast, keeps resources in use for as long as possible. Waste and inefficiencies are eliminated at every stage. Products are designed to last as long as possible, then to be repaired or deconstructed. Items like cars and machinery are shared rather than left sitting idle between uses. The circular economy is better for the natural environment and rooted in it; nothing is wasted in the natural world.

What is a *fair* circular economy?

The linear economy pits development and environmental protection against each other. Economic growth and job creation are accompanied by greater resource consumption, pollution and environmental damage. This siloed approach situates economically, socially and environmentally sustainable development as a 'wicked problem'¹⁶ – difficult, if not impossible to solve due to the seemingly conflicting components.

The circular economy, however, resolves this tension by decoupling growth from environmental degradation. Waste is viewed as a resource; this whole-system approach means that as jobs are created, the environment is not only protected but often improved through better management of resources and elimination of waste.

The circular economy in practice

Circular economy practices make good financial sense; they are being adopted by many parts of the private sector and in Europe alone, more efficient use of resources could save manufacturers \$630 billion every year.¹⁷

The opportunities for tackling inequality are even greater. A fair circular economy is good for:

- **Employment:** the circular economy is resource efficient but labour intensive. It creates more job opportunities for people; jobs that are often highly skilled in the areas of remanufacturing, repair or high-tech recycling.
- **Inclusivity:** people living in extreme poverty are often already involved in informal waste collection and recycling. Low levels of income mean that resources, including waste, are comparatively more valuable. Formalising this informal circular economy can improve incomes and include often-marginalised groups such as women and youth within the economy.

15 McKinsey & Company (2015) *Growth Within: a circular economy vision for a competitive Europe*, report commissioned by the Ellen MacArthur Foundation.

16 Pryshlakivsky J, Searcy S (2012) 'Sustainable development as a wicked problem', in *Managing and Engineering in Complex Situations*, volume 21 in the series Topics in Safety, Risk, Reliability and Quality, pp 109–128.

17 World Economic Forum (2014) *Towards the Circular Economy, Volume 4: Accelerating the scale-up across global supply chains*, report prepared in collaboration with McKinsey & Company and the Ellen MacArthur Foundation.

- Health and well-being: every year, around nine million people die from diseases linked to the mismanagement of waste and pollutants.¹⁸ The circular economy is beneficial for the health of those living and working around waste – reducing sulphur dioxide and other emissions that plague cities in the developing world, mitigating soil and water contamination from waste and improving the often-hazardous working conditions of informal waste pickers.
- Future generations: ensuring the ability of future generations to meet their needs has long been a central tenet of development.¹⁹ The linear economy is, however, costly to future generations in several ways:
 - Our current resource use exceeds the rate at which these resources are naturally replenished. The finite resources that we use now will not be available in the future.
 - Manufacturing can be a polluting process. Every time a product is replaced, instead of reused, repaired or reconstructed, more pollutants are released into the environment.
 - Manufacturing replacements also makes the linear economy more carbon intensive. If the energy to make products comes from fossil fuels, more greenhouse gases are produced. In addition, greenhouse gases are released from waste in landfill and dump sites. The circular economy could make a significant contribution to mitigating climate change: in India alone, greenhouse gas emissions could be reduced by 44 per cent by 2050 through the adoption of circular practices.²⁰

A linear economy leaves future generations more at risk from changes in the climate and less well equipped to cope with them. By contrast, the circular economy is fair for future generations, ensuring that they will have resources available and a clean environment.

Case study: China's Suzhou Industrial Park

China's use of raw materials has continued to grow, and by 2011, it was consuming more raw materials than all 34 members of the Organisation for Economic Co-operation and Development (OECD) put together.²¹ This is partly driven by China's contribution to global industry: the country produces two-thirds of the world's cement and half of the world's steel.²² China's national circular economy pilot programme is a response to this situation and an attempt to make the best use of materials and energy.

In 2005, 13 industrial parks were selected to participate in the pilot programme, including the Suzhou New District (SND). In this eco-industrial park, companies share water, energy and their waste and recycling processes. The government's pilot programme incentivises companies to collaborate and link up their supply chain through industrial symbiosis: the waste materials from one industry's processes are used as the raw materials for another. This saves money and reduces waste. For example, in SND the waste copper from one company is used by another to make electronic circuits, reducing the need for newly mined copper. By 2010, 96 per cent of the solid waste produced in the park was being used elsewhere.²³ As of 2014, there were more than 16,000 enterprises, including around 4,000 manufacturing firms, based in the park; the scale of industrial symbiosis is larger than anything in high-income countries. The introduction of industrial symbiosis has reduced sulphur dioxide emissions and organic water pollutants by 38 per cent and 47 per cent respectively,²⁴ significantly improving air and water quality for local residents.

18 UNEP (2015) *Pollution is the Largest Cause of Death in the World*, UNEP SDG fact sheet, available at <http://observatoriodasauderj.com.br> Malaria mortality figures from www.who.int/gho/malaria/epidemic/deaths/en.

19 Brundtland (1987) *Report of the World Commission on Environment and Development: Our Common Future*.

20 The Ellen MacArthur Foundation (2016) *Circular Economy in India: Rethinking growth for long-term prosperity*, available at www.ellenmacarthurfoundation.org.

21 Mathews J A, Tan H (2016) 'Circular economy: Lessons from China', *Nature* 531, 7595, available at www.nature.com

22 Mathews J A, Tan H (2015) *China's Renewable Energy Revolution*, Palgrave.

23 Mathews J A, Tan H (2016) 'Circular economy: Lessons from China', *Nature* 531, 7595, available at www.nature.com.

24 Ibid.

Case study: Tearfund Brazil and Instituto Solidaire

Coqueiral, where the Instituto Solidaire is located, is an informal settlement in Recife, Brazil. Its poor residents live on the only land available: a dense network of alleys beside a river. The settlement has no sanitation system or formalised waste collection, so human and solid waste is disposed of in the river. This affects not only the local community, but also those living for many miles along its banks throughout Recife. The river has a tendency to flood after heavy rain, which is exacerbated by the waste it contains. The flood waters enter and destroy local homes, carry disease, and in the worst instances have been known to wash people away.



Female entrepreneurs turn waste into household items.
Eleanor Bentall/Tearfund

The people in this community have taken a three-pronged approach to address the waste problem:

1. Waste collection by the community

Instituto Solidaire, with support from Tearfund, mobilised the local community to help to clear the river of waste and so reduce the chance of flooding. They also trained local people to be prepared for potential floods, so that if it does still occur, they are equipped to respond quickly and safely.

2. Waste as resources for female entrepreneurs

In 2013, Instituto Solidaire set up an artisan cooperative, the Seleta project, to enable mothers to earn their own income. The women collect discarded plastic bottles and use them to create four innovative types of high-value-added products: household items, home decorations, souvenirs and fashion accessories. Financial independence gives the women choice and agency. This, along with the emotional support the women give each other, is hugely empowering. One woman was experiencing domestic violence from her husband; the self-esteem, confidence and income she gained from Seleta enabled her to stand up to her husband. Now, the violence has ended.

3. Advocating for change

A local pastor and graduate from the Tearfund-supported School of Faith and Politics drew together a group of 15 local churches whose members were affected by the flooding to develop a grassroots environmental campaign, 'Clean river, healthy city'. The group brought on board students from the main university in Recife, who volunteered to create publicity materials for local schools and churches about the environment and the problems of waste. Following a request from the group of pastors, a public hearing on river conditions was held in June 2016. It brought together members of the city council and public authorities, as well as representatives of local associations, schools, churches and the general public, thus ensuring municipal involvement in the community's problem. A petition calling for the state government to take action on the river and waste collected 12,904 signatures directly from community members and a further 469 signatures online. The campaign secured a public hearing with the State Legislative Assembly of Pernambuco in April 2017 for the community to call for a clean-up of the river.

Through creating jobs, and improving health and the environment, fair circular economy practices could play a significant role in addressing inequality for communities today and for generations to come in low- and middle-income countries. These case studies are just a hint of what is possible if circular practices were adopted more widely.

THROUGH CREATING JOBS, AND IMPROVING HEALTH AND THE ENVIRONMENT, FAIR CIRCULAR ECONOMY PRACTICES COULD PLAY A SIGNIFICANT ROLE IN ADDRESSING INEQUALITY FOR COMMUNITIES TODAY AND FOR GENERATIONS TO COME

2 MOVING FORWARD: THE LEADING EDGE

A transition to a whole-system approach requires the participation of actors throughout the entire process. As mentioned, circular economy practices can already be found in diverse sectors in low-, middle- and high-income countries. This is, however, just a hint of what is possible. These examples of good practice should be used to promote the widespread adoption that is needed to fully realise a transition to long-term and equitable growth that also protects the resource foundations upon which the modern world is built. All levels of the supply, distribution and consumption chain can and should play a role in this.

To identify some of the current gaps in practice and opportunities for various sectors, St Paul's Institute and Tearfund brought together representatives from a number of prominent organisations working across the circular economy, sustainable investment and global development. These discussions took place under the Chatham House Rule to encourage people to speak freely and openly about the challenges they face and the gaps in current understanding.

These conversations were a starting point, as are the following questions and recommendations synthesised from the discussions. The list below is not intended to be exhaustive, but is instead an invitation to identify new opportunities, and to connect on initiatives already in motion to further engage with the circular economy in practice. This will place businesses and policymakers at the leading edge of the transition to a more inclusive economic model.

Key opportunities and questions for...

Policymakers

- Champion the circular economy as an approach to reduce climate change impacts and environmental damage. What would a zero-carbon or sustainable growth model look like for the UK economy?
- Work with business to support the transition to a circular economy in low- and middle-income countries, for example through facilitating knowledge and technology sharing.
- Create more conducive conditions for circular practices to be adopted or expanded. This could be by relaxing regulatory hurdles that can hamper new ideas in the circular economy. Alternatively, tightening regulations to insist businesses provide information on how to repair products, or declare the percentage of recycled materials in a product, would encourage consumer awareness.
- Consider what the narrative is for the UK in a post-Brexit context and who is creating it.
- Determine whether new protections are needed for certain sectors. For example, how do we protect consumer rights? What protections are needed for self-employed micro-industries? What are the legal and intellectual property rights for circular economy designs?

Business community

- Circular practices should be built into design. Businesses should consider how to integrate sustainability and poverty reduction into the core design of goods and services.
- Think about how you can work with key intermediaries such as McKinsey & Company, the Ellen MacArthur Foundation, Chatham House and Tearfund, which already have programmes on the subject.
- Consider knowledge and technology sharing and the dissemination of case studies to incentivise others to find ways in which the circular economy can work in their businesses, including between European and developing country operations.

- Encourage your research and development or innovation labs to consider how this concept might apply in your business, for example making products more durable and repairable.

Investors

- There is a need to find a shared language that helps communicate proven examples of success with relevant metrics to investors.
- Consider how the circular economy as practised by exemplary companies creates long-term value for shareholders and stability for local economies.
- Devote more resources to resource efficiency projects. Circular investments can offer excellent social and environmental returns.
- Identify opportunities to support small to medium-sized enterprises and upscale existing circular practices.

Researchers

- Understand how change happens. How does systems change actually work? This is often overlooked in discussions about alternatives.
- Identify types of circular interventions that are effective in creating income opportunities and health and environmental benefits for local communities in a development context. The direction of change and the needs of local communities are different around the world. What are the common factors that enable circular practices to thrive?
- Find knowledge sharing opportunities with other sectors; this could be an opportunity to pursue funding collaborations. What could the developed world learn from best practice in developing countries?
- Explore how to mitigate the displacement effect on small businesses dependent on repair, service and recycling work.

Non-governmental organisations

- Identify innovative case studies from the developing world to showcase worldwide as examples of best practice.
- Tell the story. Communicating what is possible is critical when bridging the gap from current practice to a transformed economy. How can we mainstream good news stories and positive case studies? Who are the best messengers and what language should they be using to encourage effective change?
- Support local communities in adopting or expanding circular practices to reap the economic, social and environmental benefits.

**SUPPORT LOCAL COMMUNITIES
IN ADOPTING OR EXPANDING
CIRCULAR PRACTICES TO REAP
THE ECONOMIC, SOCIAL AND
ENVIRONMENTAL BENEFITS**

3 CONCLUSION: WIDENING THE CIRCLE

The circular economy is a different way of thinking about the world. The private sector is already recognising and adopting it to great financial benefit, but by widening its implementation, the benefits can extend to low- and middle-income countries, to creating jobs and improving health and the environment.

THE CIRCULAR ECONOMY AT ITS BEST; CREATING A SYSTEM WHERE BOTH PEOPLE AND NATURE THRIVE

More widespread adoption of circular practices would be marked by transitions: from environmentally damaging economic growth to economic and environmental prosperity; from a disposable business approach to waste eliminated from the system; and from passive consumers to active citizens. Future prosperity requires diverse actors and organisations to embrace a different approach. Only then will we see the circular economy at its best, creating a system where both people and nature thrive.



Waste in the river at Recife affects the local community and people living for miles along its banks.
Eleanor Bentall/Tearfund

FURTHER RESOURCES

Resources on the circular economy in a development context

Gower R, Schröder P (2016) *Virtuous circle: how the circular economy can create jobs and save lives in low and middle-income countries*, Tearfund, available at http://tilz.tearfund.org/en/resources/policy_and_research/sustainable_economics/the_circular_economy/

Fernandes A (2016) *Closing the loop: the benefits of the circular economy for developing countries and emerging economies*, Tearfund, available at http://tilz.tearfund.org/en/resources/policy_and_research/sustainable_economics/the_circular_economy/

How waste can save lives and create jobs, Tearfund, four-minute film, available at <https://www.youtube.com/watch?v=WYFS6ONRIZA&t>

Other resources

The Ellen MacArthur Foundation (2014) *Towards the Circular Economy, Volume 3: Accelerating the scale-up across global supply chains*, report prepared in collaboration with the World Economic Forum and McKinsey & Company.

The Ellen MacArthur Foundation (2016) *Circular Economy in India: Rethinking growth for long-term prosperity*, available at www.ellenmacarthurfoundation.org

Evans A, Gower R (2015) *The restorative economy: completing our unfinished millennium jubilee*, Tearfund, available at http://tilz.tearfund.org/~media/files/tilz/research/tearfund_the_restorative_economy.pdf

GIZ (2011) *Recovering resources, creating opportunities: integrating the informal sector into solid waste management*, available at www.giz.de

McKinsey & Company (2015) *Growth Within: a circular economy vision for a competitive Europe*, report commissioned by the Ellen MacArthur Foundation, available at www.ellenmacarthurfoundation.org

UNEP (2015) *Pollution is the Largest Cause of Death in the World*, UNEP SDG fact sheet, available at <http://observatoriodasauderj.com.br>

World Economic Forum (2014) *Towards the Circular Economy, Volume 4: Accelerating the scale-up across global supply chains*, report prepared in collaboration with McKinsey & Company and the Ellen MacArthur Foundation.

WRAP (2015) *Economic Growth Potential of More Circular Economies*, available at www.wrap.org.uk/content/circular-economy-study-identifies-3-million-jobs-across-europe

All webpages accessed February 2017.

GOING FULL CIRCLE

Tackling resource reduction and inequality



www.tearfund.org/circular

100 Church Road, Teddington, TW11 8QE, United Kingdom

T +44 (0)20 8977 9144 E publications@tearfund.org

