

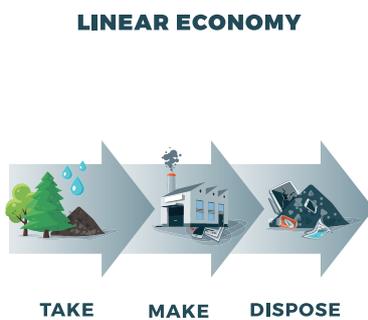
# CIRCULAR ECONOMY – A MAJOR CHALLENGE FOR THE NEXT DECADE

## WHAT IS AT STAKE?

Holes in the ground a few hundred meters deep to dig out coal or copper in China or Chile, energy-inefficient and polluting smokestack industries in Russia or India, temples of consumerism in Hamburg or Casablanca, smoldering mountains of garbage in landfills in Jakarta or Cairo, islands of plastics in the Atlantic or Pacific Ocean – this is what linear production is criticized for. Take-Make-Dispose is the principle it is based on. Value is created by producing and selling as many products as possible.

Not only environmentalists and climate activists regard this economic system out-of-date. The concept of a circular economy has surged as an alternative as it promotes the sustainable use of limited natural resources while aiming at the elimination of waste. The transformation towards a circular economy strives at sustainability not only for the sake of resource and energy efficiency but takes climate change impacts of production, trade and consumption into consideration. By focussing on the maintenance of materials in the economic cycle and on integrated waste management, material consumption and greenhouse gas emissions can be reduced.

Circular economy thus tackles production and consumption from the conceptualisation of goods or services. Transformation towards a circular economy requires a change in knowledge, attitudes and practices among stakeholder at all political, economic and civil society levels. Companies design and offer products that are intended for a long lifespan, can be repaired and recycled, and are built with a high degree of secondary raw materials. Citizens change their consumption and product utilization practices towards more sustainable alternatives. This includes buying less, sharing more, using products longer, and participating in a market for second-hand products. Municipalities provide the separation and collection of used materials, and increase recycling capacities for the secondary use of materials in order to reduce the final disposal or incineration of waste. Governments develop and implement laws and regulations as well as market-based instruments such as tax incentives to foster sustainable product development and production, sustainable consumption and product utilization as well as recycling and waste management in line with international standards and agreements.



## WHAT DO GOVERNMENTS AND INTERNATIONAL DEVELOPMENT ORGANIZATIONS DO?

Based on the UN Sustainable Development Goals, the Paris Agreement, or the Basel Convention, national and international organizations have increased their efforts to promote a circular economy at a global level. The European Union (EU) focuses on decoupling economic growth from resource use to reduce environmental degradation and fight climate change. To this end, the new EU Circular Economy Action Plan (2020), the EU Green Deal (2019), and the European Plastics Strategy (2018) are important milestones. The EU, together with national development banks such as KfW, have launched an



initiative of 10 billion euros to boost the transition towards a circular economy. Respective programs funded by the German BMZ assist municipalities and companies in enhancing their expertise and promoting related activities at all stages of the value chain, from inbound supplies and production to

outbound trade, marketing and sales, and services. In a similar way, GIZ supports its partner institutions worldwide in their efforts to draw up strategies, draft legislation and create appropriate support mechanisms to move forward towards a circular economy. German development cooperation makes funding instruments available for different programs to incorporate resource and climate-friendly waste management and circular economy concepts into national and international policy processes.

## WHAT DOES GFA HAVE TO OFFER?

The transition to a circular economy calls for changes in many technical fields such as governance, education, private sector development, waste management and financing. Related processes are highly complex and require technical competence and assistance. And this is exactly what the GFA Group has to offer. Teams of specialists in these fields provide holistic solutions based on long-standing technical experience and innovative thinking. GFA's Climate & Energy Cluster and its Technical Working Group on Green and Circular Economy enable and support inhouse experts to leverage synergies from collaboration across all relevant business units within the Group to develop and provide services for all aspects of a circular economy. As in the selected snapshot below, this comprises:

► **Needs assessments, feasibility studies and project**, ensuring coherence with EU strategies and directives such as the Plastics Strategy, Single-Use Plastics Directive or EU directives on waste management.

► **Assistance for policy makers** in developing and implementing a **legal and institutional framework facilitates** for an effective circular economy. This regards to, inter alia, national strategies and action plans on integrated waste and resource management, green procurements standards, extended producer responsibility policies (EPR), deposit return schemes (DRS), and adequate taxation regimes.

► **Promotion of innovation capacities** in small and medium enterprises (SMEs) and for entrepreneurs enhances **circular business models** and strengthens business support organizations in providing related support services by assessing product life cycles and designing durable products utilizing secondary raw materials.

► **Formal and non-formal education programs and training** promote employment and skills development that meets the labor market requirements of a circular economy. Among others, GFA teams support the formalization of informal recyclers and the improvement of their working conditions. They develop curricula and standards for integrating skills development into formal technical vocational education and training (TVET).

► **Awareness raising and hands-on capacity development** familiarize national and local public authorities, private sector organizations and companies with the challenges and opportunities related to a circular economy. Measures comprise training-of-trainers and coaching, e-learning and open access online courses.

► **Development of green procurement guidelines and financing schemes** for circular solutions leverages public and private sector investments.

► **Mainstreaming of digital innovation and data services** enhances efficiency and innovation. GFA targets value chains that suit country, sector and project contexts and safeguards efficient monitoring and evaluation.

## CONTACT

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## CURRENT HIGHLIGHTS AT GFA

### SUPPORTING A CIRCULAR ECONOMY IN SERBIA

Since 2019, GFA has been implementing the Climate-sensitive Waste Management project in Serbia on behalf of GIZ. The project focuses on three related key pillars of a circular economy: policy framework, integrated waste management and a circular private sector. GFA together with the Chamber of Commerce and Industry of Serbia has developed value chain guidelines to increase the use of secondary raw materials. Working with 16 local governments, GFA experts improve waste management systems through waste separation at source and other climate mitigation practices. GFA supports local SMEs in developing circular economy action plans and business models that aim at the utilization of secondary raw materials, process optimization, energy efficiency, and treatment of process-related waste.



### REDUCING PLASTIC WASTE IN THE AMERICAS

Since 2021, GFA assists Brazil and Columbia in the transition towards a circular plastics economy. The EU-funded project supports the countries in the exchange of knowhow and technical solutions regarding a circular economy, and comprises policy dialogue, technical cooperation, and outreach components. It addresses plastic waste challenges with legal and financial instruments and continuous stakeholder involvement through public-private-civil society cooperation. Circular economy principles are applied as part of a political and business decision making framework. Identified opportunities aim to scale up innovative circular business models, provide support to MSMEs and the informal sector, and bring political, economic and civil society actors from the EU and partner countries together.