

# Policy enablers to accelerate the circular economy

Scaling up actions across  
regions and stakeholders

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# 1 Background

## Systemic change is crucial to the continued pursuit of sustainable growth and development.

The world is facing global challenges and constraints due to resource depletion, wasteful production and consumption, and the rising impacts of climate change. Companies extract more than 60 billion tonnes of raw materials per year – or 22 kilograms per person per day – to support economic activities.<sup>1</sup> Over half of global greenhouse gas emissions come from material extraction and production.<sup>2,3</sup> Addressing the recovery and reuse of resources, product lifetime, and circular design are increasingly urgent causes. The transition to a circular economy can help tackle these challenges through five business models – circular value chains, lifetime extension/shelf-life extension, recovery and reuse, sharing and service models, and digital platforms.<sup>4</sup> This requires increased collaboration across society, governments, companies and consumers alike to take stronger and innovative actions to promote sustainable growth.<sup>5,6,7</sup>

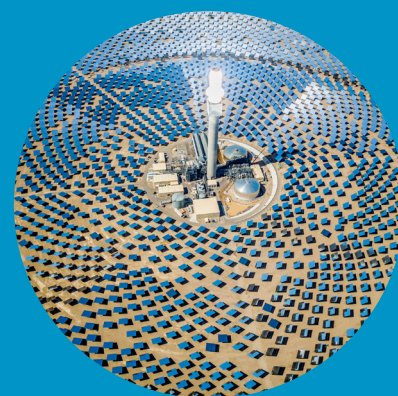
**Effective policies can help accelerate and scale up circular actions in the economy.** These policies support businesses in overcoming hurdles by stimulating innovative projects and long-term investments in circularity, facilitating collaboration and partnerships, and producing tangible results. Learning from these policies can help inform future policies to promote wider actions in other sectors and regions over time.

To better understand how policies can help unlock wider circular actions, this publication:

- **Highlights some representative pioneers in circular economy policy;**
- **Explores the key enablers from these policies that are essential to unlocking circular economy measures and potential;**

- **Describes how other regions could replicate these enablers; and**
- **Provides recommendations on how policymakers and businesses can leverage these enablers.**

This publication aims to provide insights from the policy perspective and to feed into the ongoing development of other initiatives and policies related to the circular economy globally.



## ② An introduction to the policies evaluated



## 2 An introduction to the policies evaluated

Effective policies can introduce circularity by setting up reverse logistics and inspiring innovative business models. Changes in product design, in supply chains, and the production process as a whole can also motivate new circular business models and kickstart new initiatives by stakeholders.

Based on various policy effectiveness literature (see APPENDIX: APPROACH) and an in-depth review of over 100 policies from more than 12 countries,<sup>8,9</sup> we selected three recent policies that have shown positive impacts in different regions to analyze further:

1. The European Commission Circular Economy Package (EC CE Package);<sup>10</sup>
2. The Green Deals of the Netherlands;<sup>11</sup>
3. The China value-added tax (VAT) policy on the comprehensive use of resources.<sup>12</sup>

While these are just three of the many circular economy policies implemented in recent years,<sup>13</sup> they have shown progress in triggering circular actions in the economy.

### 1.1 EUROPEAN COMMISSION CIRCULAR ECONOMY (EC CE) PACKAGE

Strategically taken as an overarching framework, the EC CE Package has led to the successful mainstreaming of the circular economy into the European Union (EU) policy agenda. First introduced in 2014,<sup>14</sup> the package fits into the Europe 2020 Strategy for smart, sustainable and inclusive growth, and later introduces four legislative proposals on EU waste policy<sup>15</sup> and the adoption of the EU Circular Economy Action Plan in 2015.<sup>16</sup> The EC CE Package sets new waste management targets for 2030, including increasing the share of municipal waste prepared for reuse and recycling to 65% and the share of packaging waste prepared for reuse and recycling to 75%.<sup>17</sup> The recycling of municipal waste increased between 2008 and 2016 and the contribution of recycled materials to overall demand has continued to improve.<sup>18</sup> Since then, the package has re-examined the 54 circular actions of the 2015 Action Plan and combined several circular economy initiatives under one umbrella, including the EU Strategy for Plastics, communication to develop chemical and waste legislation, a monitoring framework, and the Report on Critical Raw Materials and the Circular Economy.<sup>19</sup>

Mainstreaming circularity has also inspired Member States to develop their own circular economy agenda, such as in [Hungary](#), [Luxembourg](#), [Slovenia](#) and [Spain](#). In fact, having an overarching policy for the EU inspires Member States, which have not been too active on the circular economy,<sup>20</sup> to start rolling out national strategies and roadmaps, including [Greece](#), [Portugal](#) and [Romania](#).

The package also provides access to funds at the project level. For example, drawing from parallel progress on the Horizon 2020 program, the EC CE Package identifies 247 completed projects related to the circular economy and in support of industry circularity, resource efficiency and the support of small and medium-sized enterprises (SMEs). Altogether, the 257 circular economy projects mobilized a total of EUR 1.45 billion to fund the EC CE Package.<sup>21</sup>

## 1.2 THE GREEN DEALS

The highly collaborative Green Deals initiative of the Netherlands addresses non-financial circular economy barriers. It has put governments in direct communication with and depends on the support of the community, interest groups and companies. Green Deals support innovation domestically by providing the space to pilot test circular ideas with help from the government in pinpointing solutions to regulatory and administrative hurdles. It aligns with the Netherlands circular economy vision for 2050. More recently, there is a strong push to harness an international network.<sup>22</sup> Since the initiative's inception in 2011, the government has initiated 229 Green Deals; through 2018, it has successfully completed 169 across nine different aspects of the circular economy, including energy, the bio-based economy, mobility, water, food, biodiversity, resources, construction and the climate.<sup>23</sup> A recent Netherlands Environmental Agency policy review report found that the approach has added value to

innovation with respect to multi-party agreements and cooperative sharing to achieve a circular economy. However, as a policy in-progress, the government could do more in terms of scaling-up and developing more ambitious targets.<sup>24</sup>

## 1.3 CHINA VAT POLICY ON THE COMPREHENSIVE USE OF RESOURCES

China has expanded its promotion of the circular economy by specific and quantifiable means. The country has implemented tax incentives that promote the circular economy by easing financial burdens on enterprises that recycle resources during production. Started back in 2009, the Chinese government has introduced various forms of value-added tax (VAT) incentives for the circular use of materials, such as agricultural, industrial and domestic waste.<sup>25</sup> The 2015 "Notice of the Ministry of Finance and the State Administration of Taxation on Issuing the Catalogue of Value-Added Tax Preferences

for Products and Labour Services Involving the Comprehensive Use of Resources" is the latest version of such a policy, providing a comprehensive list of commodities and products that support reuse and recycle regimes for industries. The government introduced value-added tax refunds of 50% to 100% for specialized products such as recycled tires, sand produced from construction waste, cardboard and fiberboard.<sup>26</sup>

From these policy examples, we have identified four key enablers that are essential to unlocking circular economy measures and potential. With better understanding, it will be possible to replicate these enablers in future circular economy policies across regions with the support and actions of policymakers and businesses.



## ③ Key enablers



# 3 Key enablers

While the outcomes of these policies build upon various features, we specifically focus here on the enablers within these policies that help unlock and accelerate circular actions. After in-depth review of the three policies (see Appendix), we have identified four key enablers:

- INCENTIVE MECHANISMS
- PARTNERSHIPS & COLLABORATION
- ALIGNING CIRCULAR ECONOMY IN MAINSTREAM POLICIES
- TRACEABLE ACTIONS & TARGETS

By identifying these key enablers, policymakers and businesses can better understand how and why these enablers are effective in expanding circular economy implementation and how they can replicate them in other regions to promote wider and systemic changes to achieve a circular economy.<sup>27,28,29</sup>

## 2.1 INCENTIVE MECHANISMS

Different incentives can encourage stakeholders to adjust their current ways of thinking and acting, moving to a more circular approach. Such incentives should not only focus on financial support but also on non-financial measures that unleash market opportunities for circular products, services and business models (such as green public procurement). They can also aim to support the development of innovative technologies to support circularity, such as in electric vehicles, renewable energy, energy storage, 3D-printing, etc. Incentive mechanisms aim to create a level playing field for circular measures by accounting for environmental externalities. For example, the German city of Bremen has imbedded car-sharing in the management of its own fleet and uses carbon emission limits in the form of a certificate scheme to support procurement. Because of these efforts, the city has successfully procured better fleet management to reduce congestion on roads and parking lots. This has also had positive effects on transport emissions and car production.<sup>30</sup>

### 2.1.1 How does this enabler make these policies effective?

All three policy packages offer incentives to stimulate circular actions in the economy. For example, through the establishment of the Expert Group on Circular Economy Financing, the EC CE Package brings together experts from financial institutions, the business community, government, innovators and civil society in order to generate attention and investment opportunities for the circular economy.<sup>31</sup>

The Green Deals, in helping stakeholders overcome regulatory barriers and in providing non-financial support, encourage investment by easing regulatory constraints on products and encouraging green public procurement. See a detailed example from the China VAT policy in box 1.





### Box 1. China VAT policy creates tax incentives for multiple sectors

Building upon previous policies on refunds for circular materials, the 2015 China VAT policy has created incentives for other companies to change business practices in their supply chains and innovate ways they can produce tax-exempt products. The law stipulates tax refund opportunities for products containing recycled content, such as:<sup>32</sup>

- 50% refunds for paper products with minimum of 70% recycled content and for tires with at least 95% recycled content;

- 70% refunds for cement with 20% to 40% recycled content<sup>33</sup>
- 100% refunds on power generation using at least 80% food waste, agricultural waste and other bio-based waste.

This has led to, for example, behavioral changes in the comprehensive use of waste tires in the Chinese automotive industry. Since 2006, the use of regenerated rubber in tires has more than doubled and more than 1,000 enterprises participate.<sup>34</sup>

These incentives coincide with broader developments in China to improve waste product reuse and recycling. For example, the country has certified 50 industrial parks dedicated to the circular economy of supply chains and has avoided an estimated 14 million tonnes in GHG emissions in 2016 by recycling plastics.<sup>35</sup> Supporting this aim in 2018, China banned imports of most waste types to further incentivize domestic improvements in recycling material waste.<sup>36</sup>



### 2.1.2 Why is this enabler important in helping accelerate the circular economy?

Both financial and non-financial incentives help businesses overcome initial upfront costs that typically deter transformational change and prevent circular products from reaching market maturity. For example, Green Deal 159, first struck in 2013, secures the conditions for green public procurement. It encourages high-quality reuse by establishing agreements among more than 50 stakeholders at the start of the purchasing process.<sup>37</sup> By drawing on the support of financial institutions and collaboration

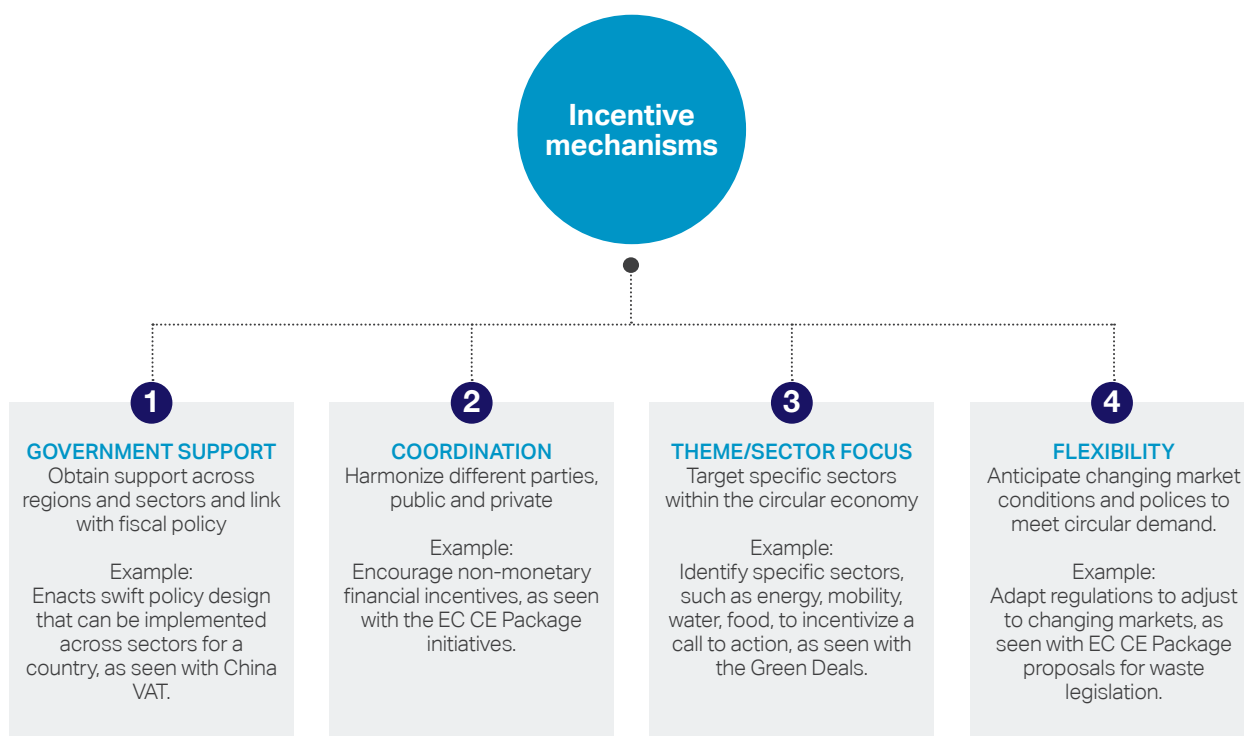
with financial experts, more access to funding creates better incentives, forming a solid symbiotic relationship. Another example includes the public-private partnership (PPP) between Georgia Regents Medical Center (GRMC) in the United States and Phillips Healthcare through a 15-year contract implementing circular initiatives using performance-based business models.<sup>38</sup>

### 2.1.3 How can other regions or areas replicate it?

When considering applying this to other regions, there are four good elements to incorporate incentive mechanisms into circular economy

policies: government support, coordination, theme/sector focus and flexibility (see Figure 1). While many regions use incentives as a policy instrument, applying them in the circular economy context could be new to stakeholders. In areas where the topic has not gained much traction in the policy arena, taking small steps to experiment with this enabler would be essential, testing out different forms of incentives (flexibility), different focus topics or sectors, and with different stakeholders.

**Figure 1: Incentive mechanisms: elements to replicate in other regions**



## 2.2 PARTNERSHIPS & COLLABORATION

Partnerships and collaboration refer to forging mutual agreements among different parties from the private and public sectors. This can include international arrangements between governments on trade regulations or private suppliers and a single ministry within a country. It can include PPPs and coordinated or joint efforts among several government ministries. Collaborative efforts such as these enhance knowledge sharing and eventually the experience needed to create effective circular economy policies. Striving for collaboration

helps form circular economy communities and create platforms for businesses to experiment with circular ideas. This encourages innovation by bringing various experts together as they share knowledge, unlock barriers and endeavor to reach a systematic path to circular change.

### 2.2.1 How does this enabler make these policies effective?

The Green Deals of the Netherlands and the EC CE Package effectively leverage partnerships and collaboration to facilitate cross-sector and stakeholder actions. Both harness the power of online platforms to engage stakeholders

and show how learning through open communication and knowledge sharing can foster exchanges and lead to innovative solutions. The EC CE Package, for example, has created the [European Circular Economy Stakeholder Platform](#), connecting with the [Circular Economy Finance Platform](#) and the [Circular Economy Industry platform](#). Box 2 provides further details on the collaborative platforms under the Green Deals.

### Box 2. Green Deals encourage innovation and cross-sector partnerships through pilot programs

The innovative Green Deals of the Netherlands provides a platform – a direct way – for the government to communicate and engage with stakeholders. The Green Deals online platform supports innovation by piloting new projects. Its visibility and clear communication have enabled partnership and collaboration among a wide range of parties. For example, in 2018, the Green Deals of the Netherlands initiated and signed the **Sustainable**

**Healthcare for a Healthy Future Green Deal** as a public-private partnership comprising care providers, care professionals, patients, governments, and service and product suppliers. The goal of the partnership is to accelerate the sustainability of the healthcare sector. Initiators from different sectors have come together to reduce the sector's CO<sub>2</sub> emissions, reduce pharmaceutical residues in ground and surface water,

create an environment that improves health, and promote circular operations, for instance by requiring circular criteria in healthcare procurement.<sup>39</sup> Other Green Deals encompassing multiple sectors include the **Green Deal on the Raw Materials of the Water Boards**, combining chemical and waste sectors in bioplastics and sewage sludge.<sup>40</sup>

### 2.2.2 Why is this enabler important in helping accelerate the circular economy?

Partnerships and collaboration accelerate sharing among private and public stakeholders and across initiatives, and encourage cross-sector collaboration. They are an accessible, visible and interactive approach to the circular economy; as a result, they create a community that can break down existing linear, siloed systems by offering collaboration among stakeholders from sectors that do not normally work together.

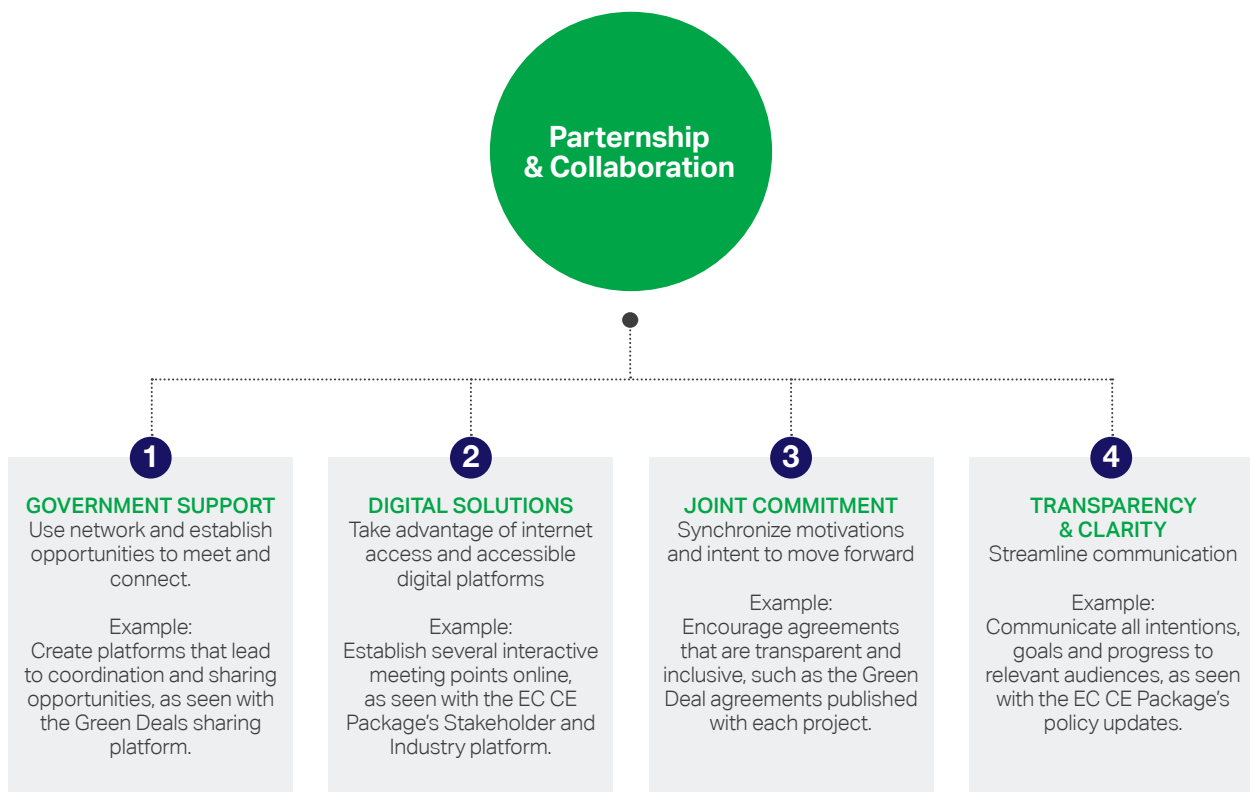
For example, the Green Deal North Sea Resources Roundabout (NSRR) brings together industry and maritime trade sectors via policies initiated by the Netherlands, the UK, Flanders, France and the European Commission.<sup>41</sup> This enabler offers a testing ground for innovation in both technology and business models alike, scaling up circular actions in the economy.

### 2.2.3 How can other regions or areas replicate it?

There are four key elements to incorporate effective partnership

and collaboration into the circular economy: government support, digital solutions, joint commitments and transparency and clarity (see Figure 2). Importantly, timing plays a crucial role in collaboration as it is only possible to establish it once organizations have targeted sectors and drawn up roadmaps. Then they can identify key stakeholders to forge deeper relations in order to better create and implement the strategy for circular economy policies. This process can be iterative in different implementation phases to review and strengthen policy impacts.

**Figure 2: Partnerships & collaboration: elements to replicate in other regions**



## 2.3 ALIGNING THE CIRCULAR ECONOMY IN MAINSTREAM POLICIES

It is possible to prioritize the circular economy and draw it out of the policy agenda by referencing existing policies to co-create momentum and promote positive impacts. Linking with mainstream economic, social and environmental policies is a powerful tool to draw support from additional networks, expertise and budgets. Ultimately, policymakers and society do not have to start from scratch when embedding the concept of circularity in existing policies.

### 2.3.1 How does this enabler make these policies effective?

Each of the three policy packages demonstrates alignment with existing policy initiatives. The Green Deals support and connect several parallel initiatives under the [Nederland Circulair in 2050](#) ([Netherlands Circular in 2050](#)). This has allowed for two green deals – [Green Deal 226 on Sustainable Healthcare](#) and [Green Deal 223 on Circular Procurement](#) – to tap into an expansive central government network with administration commitments to remove any legal and regulatory burdens faced during implementation. Green Deal 223 allows members to gain

practical experience with circular procurement while providing a space to share experiences.

The China VAT policy links with other environmental policies that blacklist high-impact and high-pollution sectors and defines compliance with existing environmental standards, such as effluent emissions, air pollution and recycling technology requirements. By connecting to existing environmental standards, it enhances environmental procurement and recycling in several sectors, including construction, transport and fabric production. Box 3 provides further examples of other policies the EC CE Package connects and leverages.

### Box 3. EC CE Package draws from various EU initiatives to promote the circular economy programs

The EC CE Package has been able to connect a wide variety of initiatives from the past and for the future, as illustrated in Figure 3. The [Europe 2020 Strategy](#) aims to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, worth EUR €8.3 million (or EUR €1.1 per inhabitant). The strategy's priorities include the promotion of more resource-efficient, greener and more competitive economic synergies with the EC CE Package. This is because the package has set particular mandates in line with circular economy principles, including circular design and production processes, empowering consumers, and waste management.<sup>42,43</sup>

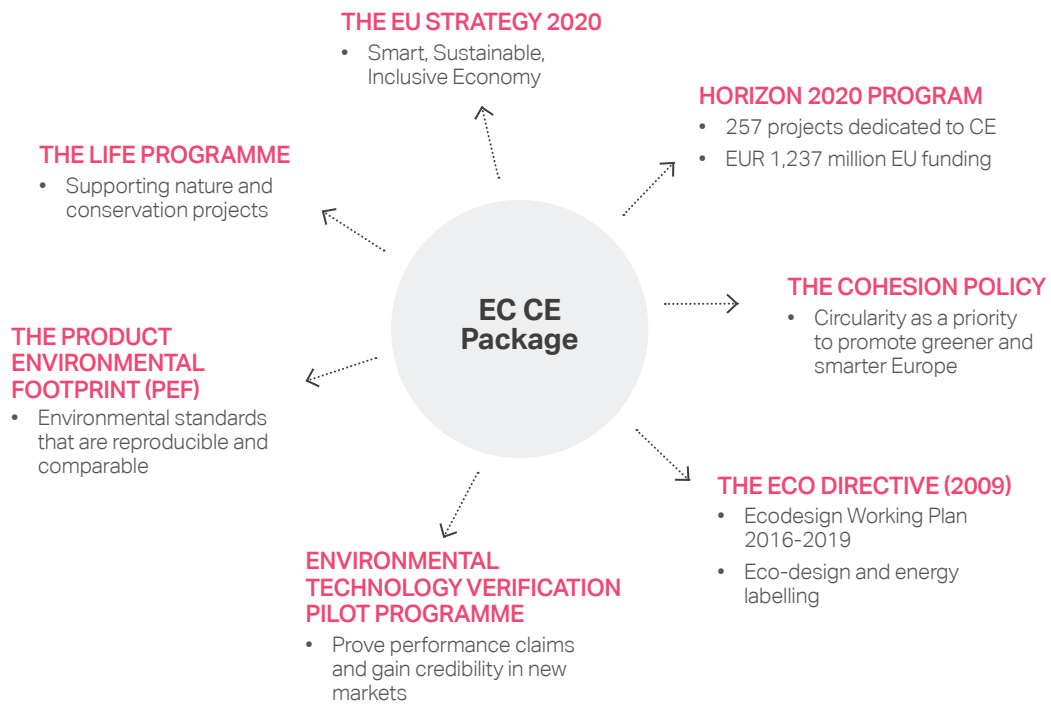
Supporting circular design, for example, the [Ecodesign Working Plan 2016-2019](#) and

the [Environmental Technology Verification pilot programme \(ETV\)](#) contribute to the EC CE Package. The Ecodesign Working Plan has resulted in 28 ecodesign regulations, and 16 energy labelling delegated regulations in support of material efficiency requirements, such as availability of spare parts, ease of repair, and facilitating end-of-life treatment. The EU ETV pilot program validates manufacturing processes that are environmentally beneficial, thereby gaining technological added-value credibility. Similarly, in order to empower consumers, the [Product Environmental Footprint \(PEF\)](#) methodology supports circular economy initiatives. It allows for the identification of environmental hotspots through life-cycle environmental performance promotion to business partners and consumers. Additionally,

the work of the [Horizon 2020 program](#), the [LIFE programme](#) and the [Cohesion Policy](#) led to the accessing of funds totaling roughly EUR €10.7 billion.<sup>44</sup>

With the inclusion of institutions like the European Investment Bank (EIB), leveraging allows for greater reach into European policies with a broader focus, such as the Cohesion Policy, containing the general message of reducing disparities between various European regions. A key financial instrument is the European Fund for Strategic Investments (EFSI), which, in partnership with the EIB, aims to achieve circular economy objectives in line with the European 2020 strategy. This type of policy alignment has engendered new projects, pilot testing and support for industry and SMEs alike.

**Figure 3: The EC CE Package aligns policies under the circular economy**



**2.3.2 Why is this enabler important in helping accelerate the circular economy?**

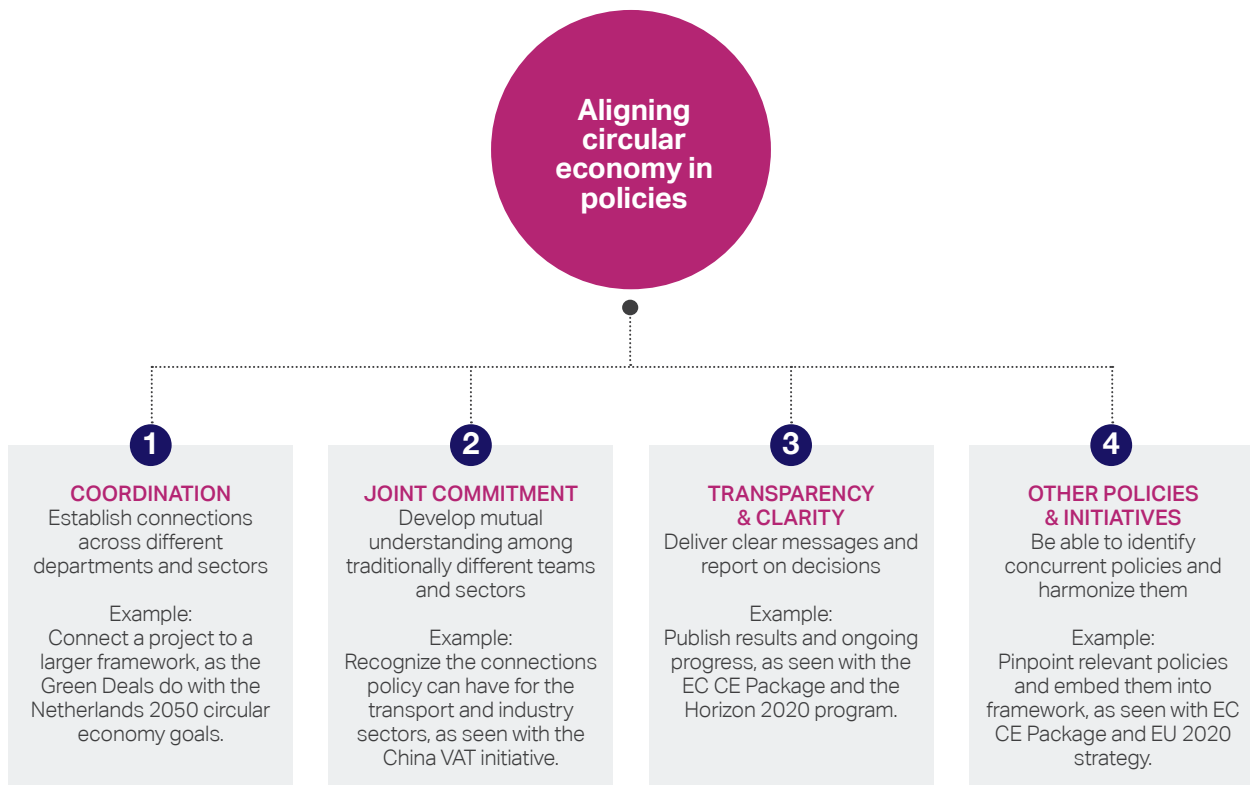
Integrating circularity into existing policies encourages stakeholders to piece together relevant aspects of the circular economy within their organizations. It streamlines the circular agenda by connecting the dots, activating actions and support from businesses and stakeholders alike. Building the connection between the circular economy and other mainstream policies also takes learnings from these policies into account and shapes it into a circular economy framework.

**2.3.3 How can other regions or areas replicate it?**

There are four key elements to incorporate this enabler into the circular economy: coordination, joint commitments, transparency and clarity, and harmonizing with existing policies (see Figure 4). A combination of cooperative and communicative elements should support these efforts when adopting this enabler in other regions. If mainstream policies or other initiatives do not necessarily

have circular economy aspects to identify, it is important to view this as an opportunity to use coordination and commitment to embed circular economy objectives into new policies to achieve greater potential for future alignment.

**Figure 4: Aligning the circular economy in other policies: elements to replicate in other regions**



## 2.4 TRACEABLE ACTIONS & TARGETS

Effective circular economy policies must have traceable actions and targets. This leads to tangible results and holds stakeholders accountable for their progress. This enabler ensures the consistent monitoring of results, the capacity to reproduce them and their evolution over time.

### 2.4.1 How does this enabler make these policies effective?

To trigger concrete actions, it is necessary to set timelines and targets in various sectors in order to produce tangible results. Quantifiable targets can help specify and benchmark progress. The Green Deals, for example, support the Waste-to-Resources

program (VANG Buitenhuis program) with specific targets for reducing the volume from residual waste by half, from 2 million tonnes to 1 million tonnes by 2022.<sup>45</sup> Box 4 provides further details on the actionable targets from the EC CE Package.

#### Box 4. EC CE Package sets specific targets in a quantifiable and transparent way

The EC CE Package provides a general vision and represents inclusive and actionable goals. This plan intends to meet specific targets in production, consumption, secondary raw materials and innovation,<sup>46</sup> with the goal of targeting waste as a resource and improving resource productivity. Resource productivity targets include a 30% increase by 2030, which would result in 0.8% increase in GDP while creating two million jobs.<sup>47</sup> Among the

new waste management targets, for instance, by 2030 the share of municipal waste for reuse and recycling will increase to 70% from the current 27% average. The share of packaging waste prepared for reuse and recycling will increase to 80%, with specific targets for various materials, including plastic. Among the 54 specified actions<sup>48</sup> of the circular economy package, plastics are a priority, which has led to the European Strategy for Plastics and

the goal to eliminate single-use plastics in 11 targeted categories.<sup>49</sup> The package also includes a monitoring framework complete with an online database,<sup>50</sup> which houses more than 20 specific Nomenclature of Economic Activities in the European Community (Nomenclature des Activités Économiques dans la Communauté Européenne – NACE) indicators for circular economy activities.<sup>51</sup>

### 2.4.2 Why is this enabler important to helping accelerate the circular economy?

Having consistent and robust data to assess the current status as a baseline is crucial to target setting and action. By monitoring specific targets, policymakers can hold parties responsible for their actions in a given timeframe, while long-term target planning provides stability for circular investment and business planning. Ongoing monitoring allows for review, reflection and adjustment to the changing market, resulting in more effective implementation.

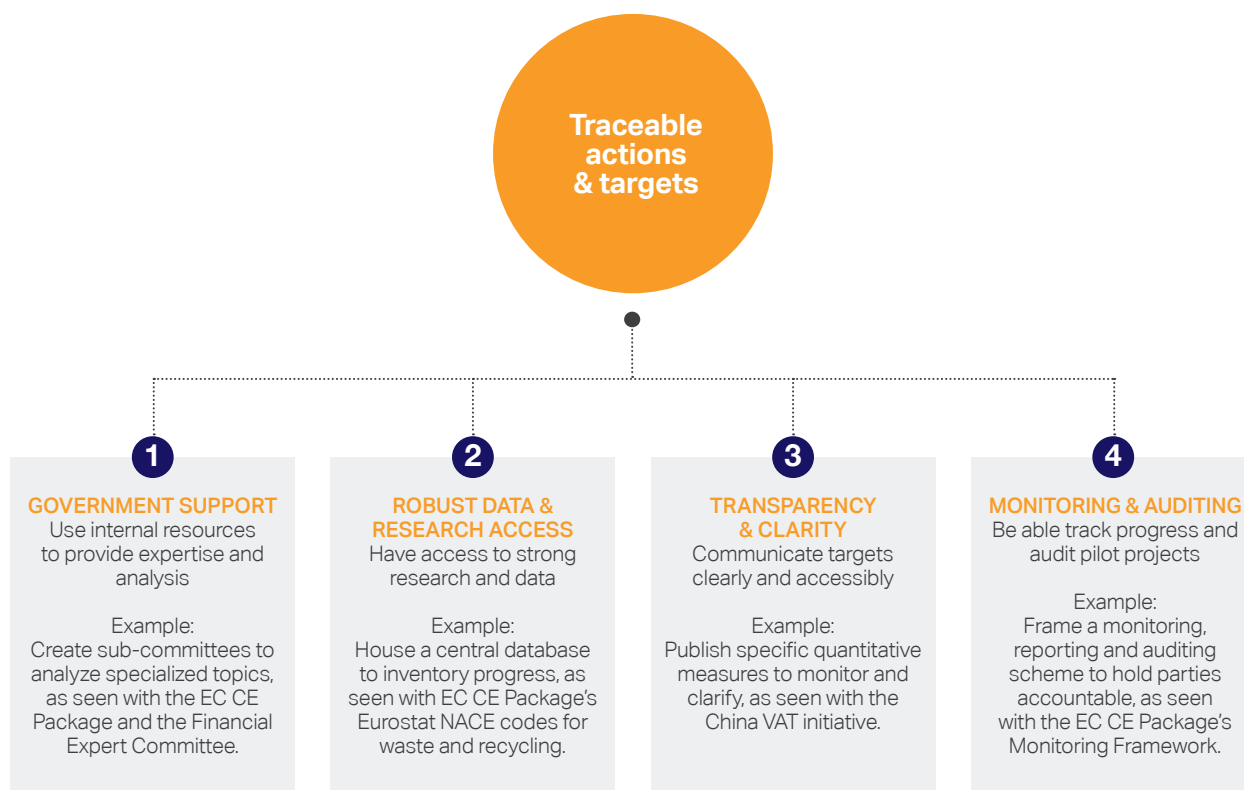
Finally, this enabler provides clear and tangible messages for actions and signals businesses and civil society can readily absorb.

### 2.4.3 How can other regions or areas replicate it?

Figure 5 highlights four elements to replicate this enabler in other regions: government support, robust data and research access, transparency and clarity, and monitoring and auditing. Changes in behavior and business models take time, especially in regions where the circular economy is relatively new.

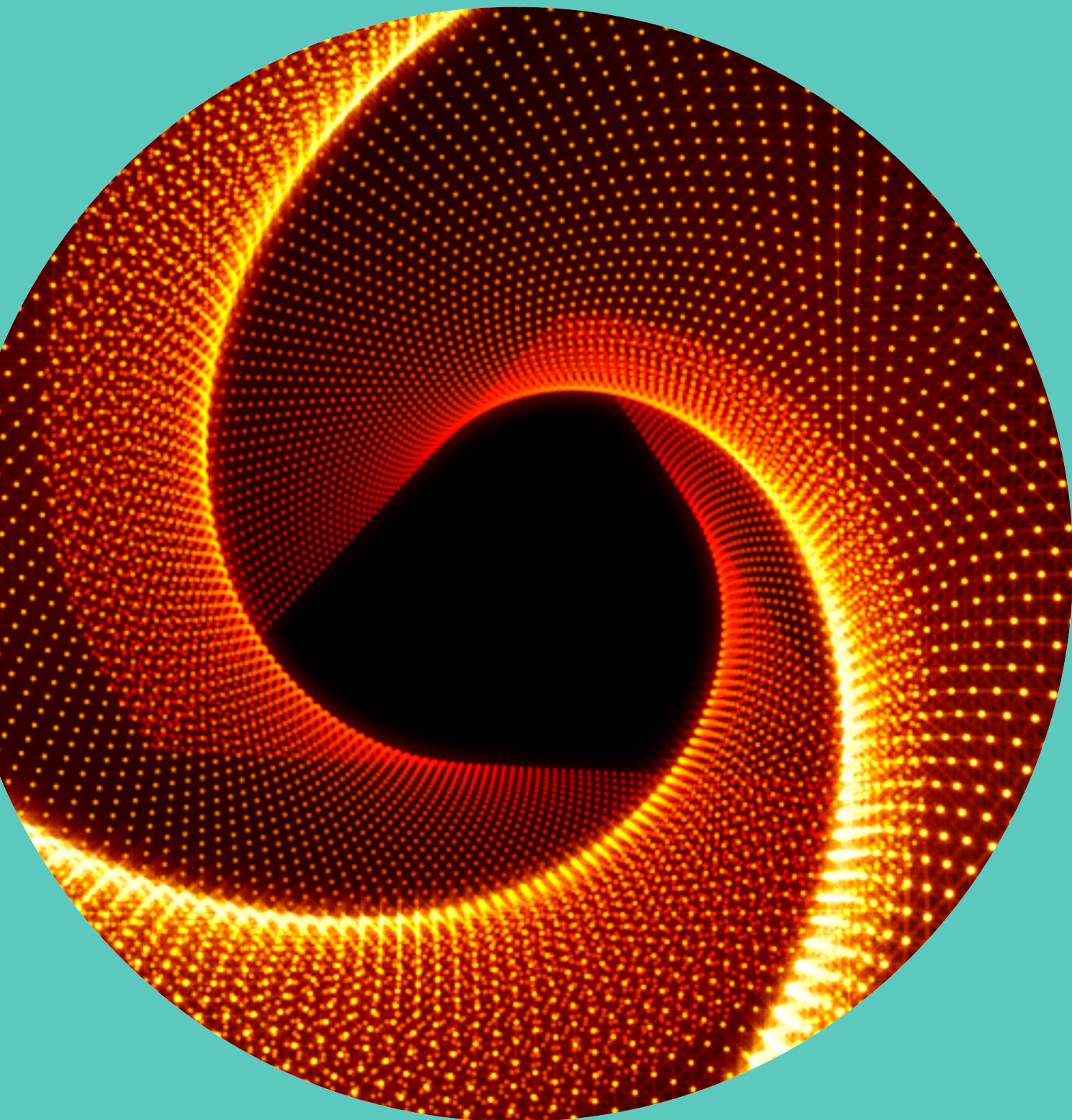
Therefore, certainty and positive signals from target setting and progress tracking are crucial. Government often plays a key role in supporting the relevant infrastructure, through its authority for target commitment, support in building processes and monitoring progress, and safeguarding the governance of this process. These efforts will help spark ideas and actions by stakeholders in new regions and produce tangible results for study and further improvement.

**Figure 5: Traceable actions & targets: elements to replicate in other regions**





# ④ Recommendations



# 4 Recommendations

Effective circular economy policies can stimulate changes in systems and business models while amplifying key enablers that unlock further potential for success.

While these enablers describe particularly good policies, they also address challenges in policy design, such as: a lack of financial resources, abstract targets and goals, and an unclear understanding of the results. Other challenges include a lack of strategy or the presence of circular economy policies in general. Regions where the circular economy is less prominent in policy agendas are particularly exposed to start-up challenges.

Some non-Organisation for Economic Co-operation and Development (OECD) countries, such as Colombia, Laos and Rwanda, have begun to roll out circular economy practices in recent years in waste sorting and reuse, but have yet to grasp the use of circular design to generate sustainable development opportunities.<sup>52</sup> Leveraging key enablers can help in further scaling these efforts to include other topics, sectors and regions.

Promoting the circular economy in other places around the world could allow for more efficient, flexible and systemic changes needed for circular and sustainable development through the key enablers. Actions from both policymakers and businesses are essential to ensuring these enablers gain traction, whether they involve leveraging resources or convening experts. For example:

**Policymakers can...**<sup>53</sup>

**1. Establish circular economy roundtables or working groups across governments or government departments.**

Establish ongoing dialogues among relevant key parties to discuss, streamline and prioritize the integration of the circular economy in the wider policy agenda across developed and developing countries. For example, governments in Rwanda, Nigeria and South Africa have forged partnerships and collaboration with the EU and the World Economic Forum. Such discussions should align on clear targets and commitments through transparent communications, and share learnings and relevant expertise from circular policy implementation. They could build upon existing cross-party dialogues, such as the [China-EU Memorandum of Understanding](#), [EU-Indonesia Business Dialogue](#), [EU-Mexico High Level Dialogue on Environment](#), OECD Regional Policy Dialogue meetings, and the United Nations Environment Assembly.

**2. Organize platforms and network for knowledge exchange and innovation.**

Establishing centers for knowledge-sharing facilitates exchanges among traditionally unrelated sectors and promotes knowledge transfer from potential expert experience to nascent circular policy-building. The sharing of knowledge and coalitions formed will lead to new ideas

and innovative solutions that connect stakeholders and accelerate effective strategy and implementation. The platforms exemplified through the Green Deals and the EC CE Package can also be a way to evaluate the effectiveness of incentives and stimulate feedback into future policy design. Other platforms include the recently launched African Alliance on Circular Economy, which exhibits the use of digital platforms. Other collaborative efforts using digital platforms in other parts of the world include Canada's [Circular Economy Leadership Coalition](#) and the [U.S. Circular Economy Accelerator: A Recycling Partnership Initiative](#).

**3. Ensure flexible and responsive policy design and policymaking.**

To recognize the evolving needs of business to overcome the initial hurdles, such as simplifying regulations and unlocking barriers (for example, defining "end of waste" and the use of secondary raw materials), governments can implement circular economy policies in gradual phases, with ongoing dialogue and engagement with businesses in parallel. They can also create near-term roadmaps with milestones and mechanisms to revise and enhance existing policies. Finland's Circular Economy Roadmap is an example of continuous policy-making tracking and refining.<sup>53</sup>

**4. Measure the outcomes and effectiveness of circular economy policies.**

Organizations often assess

the impacts and potential of the circular economy in economic and environmental terms, especially within the EU. Such impact assessment should be applied to circular policies by adding a social dimension using frameworks such as the Sustainable Development Goals. The qualitative and quantitative, if possible, evidence of the social, economic and environmental benefits of circular policies not only helps inform future policy design, it also helps motivate wider adoption and efforts across sectors and regions.

### Businesses can...

**1. Form partnerships and participate in pilot projects with policymakers and other stakeholders to explore ways to unlock circular economy potential.** This encourages committee formation and aligns separate business units internally and within the supply chain to achieve circular economy design. It also activates the conversation between government and businesses to target the areas that need action the most. In addition to public-private partnerships such as the Green Deals, some business-led initiatives have been active across regions – [Factor10](#), the [Circular Economy Accelerator](#) in the U.S., the

[Circular Economy Leadership Coalition](#) in Canada, the [Ellen MacArthur Foundation](#), the [Circular Economy Club](#), etc.

Major companies have been taking part in some of these initiatives and providing case studies for others to adopt and communicate with respective stakeholders for further actions.

**2. Proactively explore new means to implement and finance circular economy solutions.** Independently identifying solutions particular to an industry or business can help policymakers understand where streamlining support should occur on the policy side. Then, businesses can actively give feedback to governments about discoveries, align targets and engage with financial institutions about the potential prospects of such solutions to increase access to capital. For example, DSM has invented a circular manufacturing approach to making carpets 100% recyclable and 90% less energy-intensive.<sup>55</sup> In order to overcome regulatory hurdles, DSM has supported Zero Waste Europe's call-to-action mandating circular regulations to adopt this innovative design and connecting private industry with policymakers.<sup>56</sup>

**3. Establish company-wide commitment to the circular economy internally and externally.** A clear dedication to circular actions not only helps policymakers recognize the needs and willingness of businesses to scale up the circular economy; it also helps provide a strong signal to company staff. Clear commitment could also spread across the whole value chain, unlocking further potential business opportunities for businesses. For example, more than 30 companies have committed to the [Alliance to End Plastic Waste](#); This commitment gives strong signals to internal stakeholders to support mitigation measures and a means to engage with suppliers to work jointly on this goal.

# 5 Appendix: approach

## IDENTIFYING POLICY EXAMPLES FOR KEY ENABLER ASSESSMENT

We used the 2018 Circular Policy Action Brief as the starting point in identifying the three representative policies highlighted in this report.<sup>57</sup> The brief includes over 100 circular economy policies from more than 12 regions, including China and the EU, assessed under 12 parameters covering circular business models, policy frameworks and sector types. Based on the literature review, we have summarized the key characteristics and used them to review policies from

different regions (see Figure 6 below).<sup>58,59,60,61,62,63</sup> These sources<sup>58-63</sup> collectively look into different aspects, such as the need to scale up, common policy barriers, actions needed from the public and private sectors, the policy agenda and a future vision.

Our goal was to highlight policies that can help businesses overcome the initial hurdles to scale up circular actions. From this perspective, we found that all of these circular elements are related to certain overarching themes that could better aid business solutions. Better policies could introduce circularity by setting up reverse

logistics and inspiring innovative business models. Changes in:

- product design
- supply chains
- production process

can also motivate new circular business models and kickstart new initiatives in the economy. On:

- resource and material efficiency
- waste collection
- material recycling
- refurbishment of manufacturing

clear targets can aid, prioritize and encourage strong action and implementation.

**Figure 6: Identifying three policy examples with potential to accelerate the transition to the CE in different regions**



# Endnotes

- <sup>1</sup> Navigant (2016). Implementing Circular Economy Globally Makes Paris Targets Achievable.
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Maison de la Paix  
Chemin Eugène-Rigot 2B  
CP 2075, 1211 Geneva 1  
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