

Dear Ladies and Gentlemen,

Getting the world to understand what a circular economy is, and moving in that direction, is urgent. All the new science we got in 2018 and early 2019 is screaming at us to take action on this agenda

1. WHY DO WE AT WORLD BANK CARE?

All the evidence we got shows our current growth patterns are unsustainable.

Over the next decade, climate change and natural resource degradation could reduce GDP by 10% from a loss of biodiversity and ecosystem services.

Lost productivity in a hotter world could cost US\$2 trillion globally.

According to the World Wildlife Fund, our ecological footprint is untenable

we are consuming the equivalent of 1.7 Earths.

Pressures on natural resources are compounded by our growing need for materials. The OECD predicts global material use could almost double between now and 2060,– from 90 gigatons to 167 gigatons And, this increased use of materials will in all probability, lead to more waste.

A lot of what is thrown away today could become a useful resource with more efficient systems, for example 1/3 of food produced globally is lost or wasted.

1. Resource scarcity, waste and pollution **disproportionately affect the poor**

> 90% waste already mismanaged in LICs

92% of deaths from pollution in LICs/MICs

2. Booming resource use will be driven by developing and emerging countries with more material-intensive economies
3. Need to rethink production and consumption systems to hardwire sustainability, including in developing contexts

→ CE is part of the answer

2. WHAT ARE WE DOING ABOUT IT AT THE WORLD BANK:

many angles

- Pollution and Waste Management (more than 40 Billion); Plastics (PROBLUE)
- Carbon Pricing
- Sustainable Energy, Renewable Energy (\$ 21 Billion) and subsidies reform
- Private Sector, partnering with Korea on Green Competitiveness
- Sustainable Agriculture and Forest Practices; Agriculture and Pollution

The PROCLEAN program

New partnership to address priority pollution challenges and promote CE

CE pillar will leverage circular solutions to: Address environmental challenges causing the most severe social and economic costs; Deliver benefits in terms of competitiveness, jobs and inclusive green growth

3. What we learned?

Combine analytics, TA, policy reforms and investments, but

In this, pretty alarming, context, I have three key messages:

Message 1: We will not achieve a Circular Economy if we continue to maintain policies that give incentives for the overuse of natural resources, including Forest or Agriculture

- Circularity means
 - using fewer non-renewable resources, like fossil fuels and minerals – and
 - carefully managing renewable ones, like timber and fisheries.
- Unfortunately, a lot of countries still have big subsidies on
 - fossil fuels, agriculture (to destroy forest), fisheries, water and so on.
- We have strong evidence to show that
 - these subsidies are inefficient in lots of ways (especially to support the poor) and
 - they aggravate resource consumption, // pollution and //GHG emissions and...
- they're bad for the circular economy
- Globally, fossil fuel subsidies are huge – some 270 billion dollars a year
- Among their other impacts, they artificially reduce the price of virgin plastic,
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 - making it harder for recycled plastic to compete; or fuel subsidies they make it artificial cheap to trade and generate more waste. **As argued in the Bank's World Development Report on Global Value Chains, fuel subsidies can be even more damaging in a world of GVCs and growing trade flows.** Indeed, by making transport artificially cheap, they can incentivize an excessive spread of production across multiple countries, thus increasing the risk of waste at each stage as well as emissions from shipping. Mass production of Agriculture commodities at the expenses of Forest.

- And, a lot of countries implicitly subsidize waste generation by not pricing waste in line with the costs it generates.
- **So, two things we can do:**
 - **remove these harmful subsidies and**
 - **implement good policies that can work to manage natural resources sustainably.**
- These include policies—like
 - sustainable forest management,
 - pollution charges,
 - carbon pricing and
- other fiscal policies that encourage instead of deter circularity (trade policy).

- **Message 2: There are a lot of important ways the private sector can help enable circularity— and one is in product design.**
- For example, products that contain hazardous substances – like lead or mercury -create risks for both consumers and the environment,
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- And they also make it much harder to safely recycle them.
- Toxic additives in plastics in particular can create problems for recycling,
 - especially in developing countries
- which often lack the regulatory frameworks, institutional capacity and governance systems to remove or manage them.

- Institutions like the World Bank can help countries build their capacity,
 - but the private sector can help by avoiding these additives in the first place
 - and there are lots of good examples..
 - Lead from paint, high sulfur content from fuels
 - Now we need to focus on additives in plastics!
 - Here, the governments have a big role to play by rewarding private sector for innovation and smart product design and charging for costs associated with hazardous disposal.
 - Encouraging recent examples include efforts to reduce the high sulfur content of imported fuels in West Africa, and ongoing reforms in Lao PDR to phase out lead from products such as paint and toys, which the World Bank supports.
 - **Message 3: Finally, we need to put a value on our natural capital and make a solid economic case to avoid degradation or contamination of our valuable natural resources, and forest first of all.**
 - The World Bank has been advocating for the use natural capital accounting
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- – going beyond GDP to systematically measure or value our underlying natural assets
 - like air, water, soil, oceans, land, forests and minerals.
 - This kind of accounting can help policy makers understand
 - the costs of depleting the loss of natural capital or

- the benefits of protecting it, and
- the benefits of policies that encourage rather than hinder a circular economy.
- To date, some 18 countries have been working with us on this – including Zambia, Uganda, Indonesia, Rwanda and Guatemala.

CENTRAL ASIA: For example in January we will start working in Central Asia, thanks to a grant from Korea to :

Develop of circular economy action plan in selected sectors of Uzbekistan and Kazakhstan

This activity aims at supporting Uzbekistan and Kazakhstan governments to develop circular economy action plan and innovative technical and systematic solutions to improve resource efficiency and reduce pollution in selected sectors.

Developing capacity building tools

The objective of this activity is to build the evidence based on the potential to leverage circularity for development, through new analytical work and the development of practical guidance tools for Bank staff and client policymakers on how to introduce the CE framework in policy and investment in key sectors.

- **To conclude:**
- The rapid and significant destruction of our biosphere is having, and will increasingly have, a severe negative impact on human health and the economy, jobs and livelihoods.
- The World Bank's mission is to reduce poverty and boost shared prosperity

- Maintaining the health of our ecosystems is particularly important for the poor who are disproportionately dependent on natural resources.
- As we move toward a Circular Economy, we need to ensure that the new policies, regulations, programs and investments we are implementing
 - do not have a negative impact on the poor, and
 - facilitate a just transition that is inclusive of everyone.