



General Conference

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UNIDO activities related to the circular economy

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Report by the Director General

The present document reports on the implementation of General Conference resolution GC.18/Res.7 and provides information on the latest developments relating to circular economy. It supplements the information contained in the progress report presented to the forty-ninth session of the Industrial Development Board (IDB.49/18) in July 2021 and in the Annual Reports of UNIDO for 2019 (IDB.48/2) and 2020 (IDB.49/2).

I. Introduction

1. The General Conference, in its resolution GC.18/Res.7, requested UNIDO to continue supporting governments and industries to, inter alia, contribute to climate neutrality and the circular economy by adopting energy and resource efficient manufacturing practices and innovations in design, production processes and product lifespan management.
2. The General Conference, in the same resolution, further requested UNIDO to organize consultations on circular economy for experts from Member States with a view to facilitate exchanges on best practices, emerging innovations and the promotion and adoption of circular economy principles and practices by industries of Member States.

II. Consultations on circular economy

3. The global consultations on circular economy, held virtually from 10 to 12 May 2021, were co-chaired by Her Excellency Ms. Leonore Gewessler, Federal Minister for Climate Action, Environment, Energy, Mobility, Innovation and Technology of Austria, and Her Excellency Ms. Andrea Meza Murillo, Minister of Environment and Energy of Costa Rica.
4. Prior to the global consultations, five regional preparatory meetings were convened in November 2020 to allow representatives of Member States and other

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stakeholders to present their initial views on the topic of circular economy and identify issues to shape the debate at the global consultations.

5. The objective of the consultations on circular economy was to consider the ways and means to promote circular economy principles and practices, identify barriers and devise action-oriented solutions.

6. The agenda of the consultations was developed through a participatory Member State-driven process, taking into account written submissions from governments and other stakeholders. Three briefings for Member States were also convened to enhance the transparency and inclusiveness of the process.

7. The consultations' agenda included: circular solutions to achieve the Sustainable Development Goals (SDGs) and address the climate crisis; partnerships and initiatives to mobilize circular economy actors; policy frameworks to enable the transition to a circular economy; circular economy principles for cohesive action; and means of implementation to support the shift to a circular economy in developing countries and economies in transition. A note by the Co-Chairs summarizing the views expressed during the global consultations was submitted for the consideration of the Industrial Development Board at its forty-ninth session (IDB.49/CRP.3).

8. In its decision IDB.49/Dec.10, the Board took note of the procedural report on the consultations on circular economy submitted by the Director General (IDB.49/19) and agreed to further consider their outcome at the nineteenth session of the General Conference with a view to adopting a resolution on this matter.

9. More than 430 representatives from Member States, United Nations entities, intergovernmental and non-governmental organizations, the private sector, industry and academia contributed to the discussions during the regional preparatory meetings and the global consultations on circular economy.¹

III. Technical cooperation and policy advisory services

10. In response to GC.18/Res.7, UNIDO continued to integrate and scale up its programmes and activities to assist Member States in the transition to a circular economy.

11. UNIDO has partnered with the European Investment Bank, Circle Economy and Chatham House for the joint global project "SWITCH to circular economy value chains". The project promotes circularity actions in the global textiles, garments and plastics value chains, which have been identified as significantly contributing to climate change, biodiversity loss and air pollution. Finland has joined this project as a partner to support a pilot initiative in the electronics value chain.

12. In collaboration with the French Development Agency, UNIDO is supporting Algeria in its transition to a green and circular economy by promoting the adoption of resource efficiency practices and innovations among business clusters, associations and incubators. The Organization is also cooperating with the Philippines on safe informal e-waste recycling through a project that has been highlighted by the Global Environment Facility (GEF) as a good practice example for sustainable and inclusive programming.

13. The Global Eco-Industrial Parks Programme, implemented in partnership with Switzerland, covers selected industrial parks in Colombia, Egypt, Indonesia, Peru, South Africa, Ukraine and Viet Nam. The programme supports stakeholders at the policy, industrial ecosystem and firm levels to reduce resource consumption and improve economic, social and environmental performance. Results achieved at the policy level include the integration of a sustainable development perspective into existing laws and regulations, with an emphasis on decoupling resource consumption in the economy from the well-being of the society. The programme is guided by the

¹ www.unido.org/our-focus/safeguarding-environment/global-consultations-circular-economy.

publication *An International Framework for Eco-Industrial Parks*, which was published in December 2017 and updated in January 2021.²

14. The SwitchMed II project, implemented in partnership with the United Nations Environment Programme (UNEP), supports firms and policymakers in Mediterranean countries in setting up and operating resource efficiency centres, adopting circular economy practices and collaborating with global brands in the textile and garments industry to create circular and greener value chains. The EU4Environment project is assisting countries with economies in transition to implement circular economy practices and adopt policies to incentivize circularity.

15. Through the “Circular economy in the textiles industry” project, supported by the GEF, UNIDO brings together businesses, governments and consumers in Ethiopia, Lesotho, Madagascar and South Africa. From creating and promoting business models and financing mechanisms for green investment, to fashion ecosystem mapping, institutional strengthening and capacity-building, the project promotes circular economy practices in the textile and garments sector through sustainable chemicals and wastes management. Good practices include establishing recycling chains and implementing waste management techniques to minimize the generation and release of persistent organic pollutants and hazardous substances.

16. Together with other United Nations entities and international organizations, UNIDO actively participates in the formulation of two GEF-funded programmes on “Transitioning to a circular economy for chemicals and waste in Africa” and “Financing agrochemical reduction and management”, which seek to stimulate a lasting change at the regional and global levels by encouraging countries to re-examine their approach to chemicals and waste management.

17. The Climate Technology Centre and Network (CTCN) is assisting 17 countries worldwide as they seek to build circular economies. In Africa, Côte d’Ivoire, Kenya, Malawi, Mauritius, Zambia and Zimbabwe are collaborating with CTCN to develop circular economy roadmaps for the waste sector that include policy, regulatory and technology guidance. In Latin America, CTCN is working with Brazil, Chile, Cuba, the Dominican Republic, Ecuador, El Salvador, Paraguay and Uruguay to design more comprehensive roadmaps that include numerous industrial and agricultural sectors and will utilize technological solutions offered by the fourth industrial revolution to launch more efficient and cost-effective value chains.

18. Under the umbrella of the Partnership for Action on Green Economy, UNIDO has supported Uruguay in developing its National Circular Economy Action Plan, launching the Uruguay Circular Award and creating the Circular Opportunities Sectoral Fund. Based on circular economy principles, the Biovalor project, which was completed in 2020, promoted the development of low-carbon sustainable production models, supported by adequate, clean and innovative technologies. In the framework of this initiative, strategic pilot projects related to composting, biogas production, organic fertilizers and alternative fuels have been developed, and the testing of different technologies and new business models has been supported. In Argentina, UNIDO has facilitated fiscal feasibility studies for circular economy and is currently assisting the government in developing a circular economy strategy.

19. In Mauritius, UNIDO conducted an assessment of an industrial waste cost structure to understand the capacity of enterprises to promote sound solid waste management through circular economy approaches as per international practices. In Kyrgyzstan, the Organization is assisting in the design of a national industrial resource efficiency policy to promote climate-friendly industrial development. In Indonesia, UNIDO is conducting a resource efficiency scoping assessment in the fertilizer and cement sectors to prepare guidance for large industrial plants to foster the implementation of the national low-carbon development initiative.

² <https://tii.unido.org/eco-industrial-parks>.

20. Through the industry conversion interventions under its programme to facilitate the implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer, UNIDO supports national capacity-building on the recovery and reuse of environmentally harmful substances, energy efficient products, and product lifetime extension.

21. UNIDO participates in the elaboration of international standards on circular economy in a dedicated technical committee of the International Organization for Standardization.³ This work includes, inter alia, setting a framework and principles for the implementation of a circular economy, producing guidelines on business models and measuring circularity frameworks.

IV. Convening and partnerships

22. UNIDO has been actively promoting circular economy as a viable solution to global challenges, including the climate crisis, biodiversity loss, land and ecosystem degradation and ocean pollution, in major relevant intergovernmental processes and multilateral fora, as well as establishing strategic partnerships for joint action.

23. In preparation for the high-level political forum on sustainable development (HLPF) 2021, UNIDO co-led the development of a policy brief on the *Interlinkages between Energy and Responsible Consumption and Production (SDG 12)*.⁴ The Organization also convened, together with UNEP, high-level side events on the themes of “Circular economy as a holistic means to accelerate the implementation of SDG 12 and SDG 13” and “Circularity for Resilience and Jobs” during the HLPF in July 2021.

24. UNIDO contributed to the second periodic review being conducted by the United Nations Framework Convention on Climate Change (UNFCCC) with a presentation on “Achieving the long-term global climate goal through circularity”.

25. UNIDO has been a founding partner of the Global Alliance on Circular Economy and Resource Efficiency⁵ and co-convened its first high-level meeting in September 2021. The Alliance aims to provide a global impetus for initiatives related to the circular economy transition, resource efficiency and sustainable consumption and production, building on efforts being deployed internationally. Fifteen countries and the European Union have joined the Alliance to date.

26. The Regional Coalition on Circular Economy for Latin America and the Caribbean was launched as a result of collaboration between UNIDO, CTCN and governments in the region.⁶ UNIDO also convened Latin America’s largest circular economy forum in November 2020.

V. Action required of the Conference

27. The Conference may wish to take note of the information provided in the present document and provide recommendations on how to enhance international cooperation and multilateral action on circular economy. The Conference may also wish to provide guidance to the Secretariat on the continuation of consultations and briefings on circular economy.

³ www.iso.org/committee/7203984.html.

⁴ https://sdgs.un.org/sites/default/files/2021-06/2021-UN_POLICY%20BRIEFS-063021.pdf.

⁵ https://ec.europa.eu/environment/international_issues/gacere.html.

⁶ www.coalicioneeconomicacircular.org/en/elementor-7/inicio-english/.