Circular Economy in Latin America and the Caribbean:

A Shared Vision

CIRCULAR ECONOMY COALITION

Latin America & the Caribbean

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Opening Remarks

Around the world, there is growing momentum in the transition from a linear economy to a circular economy — an economy that, by design, adopts an economic model of production and consumption that eliminates waste and pollution, circulates products and materials, and regenerates nature. A circular economy offers a model for creating long-term economic prosperity and contributes to the delivery of multiple Sustainable Development Goals (SDG).

In every region, and across sectors, the opportunities that a circular economy brings are being recognised, developed, and are starting to be realised — from Europe to Africa, from Asia to the Americas. In each region, culture, and sector, the opportunities are local and global. They build on local strengths and an awareness of global interconnectedness and the need for alignment.

In February 2021, the XXI Meeting of the Forum of Ministers of Environment of Latin America and the Caribbean saw the signing of the Decision on Sustainable Consumption and Production and Circular Economy and the formal launch of the Circular Economy Coalition for Latin American and the Caribbean. With the launch, the Ministers called for the Coalition to accelerate the transition to a circular economy in the region, building on the region's more than 80 public policy circular economy initiatives and the increasing number of national circular economy roadmaps and strategies that were in development.[1–2]

To seize this momentum, now is the perfect time to create a shared vision for the circular economy in the region — a vision that harnesses Latin America and the Caribbean's unique characteristics, geographic diversity, and natural resources to shape regional expertise in the circular economy. It is an opportunity for the region to position itself as a key player and become a leader in the global transition to a low-carbon SDG-aligned economy. During 2021, a collaborative effort by the partners of the Coalition facilitated the development of this shared vision. Dozens of government officials from across the region, as well as representatives from relevant international institutions, businesses, and academia embarked on a journey to share their insights and collectively imagine the future of the region based on a circular economy functioning at scale. The vision is built on the circular economy transition activities that are already present in individual countries across the region and seeks to scale them further through collective action.

This vision is intended to inspire and create a common direction of travel for actors across the region — governments, businesses, financiers, civil society, researchers, and more — to create a thriving circular economy in Latin America and the Caribbean. It is not intended to provide a step-by-step approach to the transition, nor be exhaustive in highlighting opportunities and actions. Rather, it is a step forward in developing a healthy, regenerative, and resilient economic development model for the region. One that supports the recovery from the pandemic and provides greater wellbeing, diversity of employment, and local value-chain and innovation opportunities for the people of Latin America and the Caribbean, in line with the climate, biodiversity, and Agenda 2030 goals.

Great Harbour Cay, Bahamas. (Fuente: Unsplash)

Setting the Scene

• Diving into Latin America and The Caribbean

Latin America and the Caribbean is one of the most geographically diverse regions in the world. From the Amazon and Atlantic rainforests to the mountainous biomes of the Andes and the rich oceans of the Caribbean, the Atlantic and the Pacific. Its abundant natural resources are a wealth of immeasurable value and how we make use of them is of critical importance.

Historically, a linear extractive model, highly dependent on such natural resource extraction and commodity exports, has driven economic development in the region. This model has exposed the region to fluctuating commodity prices, which has led to periods of increased growth rates in the region when commodity prices and demand were high but also periods of recession when prices and demand decreased. Most crucially, the model has failed to deliver inclusive growth, and inequality has been persistently high overall, and poverty has increased in recent years.

The Covid-19 pandemic has starkly revealed the fragility and the consequences of this linear economic model that relies on natural resource extraction and leads to land and soil degradation, generates waste and pollution, and boosts the climate and biodiversity crises. It has shed light on the urgent need to build a resilient, inclusive recovery.

The good news is that within Latin America and the Caribbean there is evidence of fantastic innovative and regenerative economic activity. Examples of such activity allow one to start imagining what a future circular economy model for the region could look like — a region in which natural resources are used and regenerated rather than depleted, and in which traditional and modern cultures can come together to create nature-positive economic, environmental, and social benefits.

San Juan Bautista, Peru. (Source: Unsplash)

• Latin America and The Caribbean's linear economy model

— A Snapshot of the Region

• Commodity exports in Latin America have been mostly focused on minerals and agriculture.[1]

11

Caribbean countries are in the top 20 most tourism-dependent economies in the world.[2]

As recently as 2018,

52%

of Latin America and the Caribbean's countries were commodity-dependent, including all countries in South America.[3] This is not a new trend.[4] Commodity-dependence in South America remained high and increased between 1970 and 2010 - the export of basic goods went from 6% to 10% of GDP during this time,[4] making the region highly vulnerable to sharp declines in commodities prices.

Tourism is critically dependent on the health of other sectors — including construction, mobility, consumer products, food — and the health of natural ecosystems, the primary driver of tourism in the region, which have been suffering from degradation linked to typically linear activities, such as waste and pollution, and emissions.[5] For example, the Caribbean's marine ecosystems are facing large-scale changes with impact to tourism activities such as diving and other watersports as well as to the ability of healthy coral reefs to provide natural coastal protection.

> As with the wider economy, the underlying economic model of production and consumption in these sectors is linear, and whilst it brings short term gains, it is not building resilience and is undermining future prosperity.

It is deeply affecting natural resource systems and biodiversity.

- **Deforestation fronts in Latin America and the Caribbean**

9 of the 24 global deforestation fronts are in Latin America. Between 2004 and 2017, more than 43 million hectares were deforested in these fronts, an area the size of the state of California in the United States. This is mainly driven by agriculture, livestock production, mining, transport infrastructure, and fires.[6]

94%

is the observed decline in biodiversity in Latin America and the Caribbean, which is greater than any observed region in the world, when comparing biodiversity across regions since 1975.[7]

14%

of global soil degradation is in the region, with 26% of land affected in Mesoamerica, and 14% in South America; almost half of the region has a soil degradation of 20% to 40% (14 countries in Latin America and the Caribbean); the percentage goes over 40% in four countries.[8]

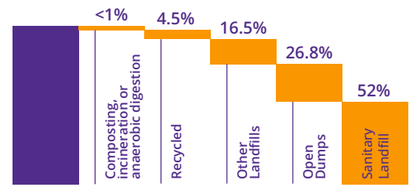
It is also leading to waste and pollution:

Consumption at household level is expected to grow at an unsustainable rate. By 2050, urban household material consumption is expected to increase to 25 tonnes per capita in the region, well above the range of 6-8 tonnes per capita that the International Resource Panel considers sustainable.[9]

541k

tonnes of municipal waste is generated per day in Latin America and the Caribbean, a figure which is expected to increase by 25% by 2050 based on the current model.[10]

Waste disposal and treatment in the region is distributed in the following way:



↳ Kaza, et.al. (2018) "What a Waste 2.0: A Global Snapshot of Solid Waste Management in 2050". The World Bank.

50%

of the region's municipal waste is organic.[10]

34%

of food that is produced for human consumption is lost or wasted.[11]

Between

70% - 80%

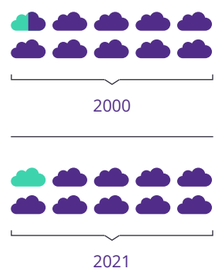
of wastewater is not treated.[12]

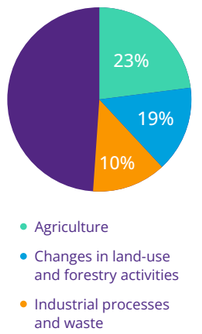
It is also leading to greenhouse gas emissions, worsening climate change - the effects of which the region is critically exposed to.

The region contributes approximately with

10%

of global greenhouse gas emissions — a figure that has doubled since 2000 and will continue to rise if the current economic model goes unchanged.[13]





More than

50%

of these emissions in the region are caused by agriculture, changes in land-use and forestry activities, industrial processes and waste.[14]

The consequences, such as rising sea levels, changing precipitation patterns, natural disasters, heat extremes and fires, poor air quality, water, and vector-borne diseases are already being witnessed across the region, affecting economies, community goods and infrastructure, agricultural productivity, population health, living conditions, and biodiversity.

Now is the time to build a shared vision

The circular economy provides the opportunity to rethink the way our economy and society work. In reimagining production and consumption, from the products to the systems, it offers an approach that has been gaining traction the world over. On every continent, amongst entrepreneurs, policymakers, investors, researchers and educators, citizens, and society — activity is underway to bring the circular economy to life.

In Latin America and the Caribbean, as signalled by the XXI Meeting of the Forum of Ministers of Environment of Latin America and the Caribbean in February 2021, the circular economy is being recognised as an alternative, resilient, and SDG-aligned economic development model for the post Covid-19 era. Now is the time to harness this moment. Now is the time to develop Latin America and the Caribbean's strengths and opportunities in the transition. Now is the time to create a shared regional vision and give direction to a new circular economy development path in which economic growth, wellbeing, and environmental conservation and regeneration work hand in hand.

In the process of building of a shared circular economy vision, Latin American and Caribbean stakeholders collectively envisioned that this transition:

- Is designed by and for Latin America and the Caribbean to foster a resilient recovery, offering solutions that work for and with climate and biodiversity, and builds on the region's wealth of resources so that they can regenerate and serve future generations.
- Brings innovative economic development opportunities for a sustainable and inclusive transformation of the region. It circulates products and materials in thriving localised value chains and contributes to inclusive job creation and skills development, leaving no one behind.
- It recognises that everyone has a role to play, and that policymakers, businesses, investors, civil society, as well as citizens, are key to bringing the transition to life. It recognises that collaboration that goes beyond national territories enhances the transition.

Already, policymakers and businesses across the Latin American and Caribbean are starting to integrate circular economy principles into their policy and business strategies and develop innovative solutions that lead to natively circular businesses emerging. They are also building up networks within and across supply chains. For example, in April 2019 the multistakeholder Chilean Plastics Pact launched to explore opportunities for delivering a circular economy for plastics in the country. The Pact convenes actors from across the plastics value chain with civil society and policymakers, all of whom are united behind a common vision and plugged into a global network. Meanwhile, governments across the region are starting to include the circular economy into their National Determined Contributions (NDCs) and in policies for a low-carbon and inclusive recovery.

These are exciting signs that the transition in the region is real. In its early stages, it is already clear that innovation and collaboration is in progress. At the same time, there is still a long journey of concerted efforts ahead to make the circular economy a fully scaled reality across the region. Now is the time to develop a shared vision of a circular economy in Latin America and the Caribbean and accelerate the transition.

Circular economy momentum around the world

In recognition that the transition from a linear to a circular economy holds the key to delivering on multiple Sustainable Development Goals, including the global challenges of climate change, biodiversity loss, pollution, and resource pressures, international institutions such as the UN, MDBs, ILO, and WTO are working to develop the circular economy in their work.

At the same time, work is underway on each continent, from the local to the national level. In Europe, the European Commission has made the circular economy core to its European Green Deal economic plan, and several countries have developed circular economy roadmaps. In Africa, the 2019 African Ministerial Conference on Environment recognised the significance of circular economy ambitions for the continent's development and the African Circular Economy Alliance has been established. In Asia and Oceania, multiple country convenings are exploring the integration of the approach, and in North America research to develop national circular economy roadmaps is underway. In each region, businesses of all sizes are starting to act, increasingly supported and encouraged by investors, whilst local neighbourhoods and cities are working to pilot systemic change.

• What is the circular economy?

The circular economy is based on three simple principles, driven by design:

Eliminate waste and pollution | **Circulate products and materials** | **Regenerate Nature**

The circular economy is about:

- **Transformation and systemic change.** It offers a new economic development model that works for and with climate and biodiversity, and is increasingly powered by renewable energy and materials.
- **Long-term prosperity, wellbeing, and resilience.** It is key to an SDG-aligned economic recovery and development, supporting wellbeing and ecosystem regeneration.
- **Diversity and inclusion.** It mimics ecological systems, where all parts are crucial to the success of the whole system, and are valued for their role.
- **Innovation as well as heritage.** It draws on new knowledge and technologies as well as on indigenous world-view and expertises, and formal and informal experiences from all corners.

Bringing the circular economy to life depends on multiple factors. Key amongst them are:

- **Circular design.** In a circular economy, goods, services, and systems, for every sector including food, are designed from their very inception to eliminate waste and pollution, circulate (think reuse, repair, remanufacture, recycling, composting) and regenerate nature. A circular economy requires materials, energy, and design choices that support nature, multiple use-cycles, and the useful applications of by-products.
- **Circular business models. In a circular economy, these become the norm.** In each sector, there are opportunities that deliver for customers and consumers. They draw on imagination, innovation, and collaboration. In agriculture, opportunities lie in adopting regenerative practices, and partnerships across the food and bioeconomy sectors. In durable products, business opportunities lie in product reimagination, resale, sharing, offering products-as-a-service, repair, remanufacture, refurbishment. Everything from traditional skills to digital technology enable these opportunities.
- **The design of systems and reverse cycles.** In a circular economy, these come to the fore. Reverse logistics and systems exist to keep materials and nutrients in the economic system and/or return them to the soil as appropriate. Reverse cycles involve a range of practices including waste separation; collection, sorting, and recycling systems; industrial symbiosis; and delivery-chain logistics networks and partnerships. They can be inherently part of a circular business model and they can inform or be informed by the planning and development of sites.
- **The setting of economic conditions that enable a circular economy to scale.** The circular economy presents a systemic shift to the current economic model which has, over the past decades, been hardwired to support a linear economy. Therefore, for such a shift to emerge at scale, economic and policy incentives need to be aligned with delivering a circular economy. Incorporating circular economy principles into policies and investment strategies can create the enabling conditions for circular designs, business models, and systems to become the norm.
- **Collaboration and action by a wide range of actors, each working to deliver a shared circular economy vision.** Public policy, investment and finance, digital technologies, education, and awareness raising are all key to enabling the circular economy approach in production and consumption. Innovation is possible in each area, and can be coupled with and supported by multi-stakeholder collaborations. Collaboration between the public and private sectors, NGOs, and civil society, and across local and global value chains is core to the development of a shared circular economy vision and scaled circular economy practices.

1. Imagine how the circular economy could deliver outcomes across the region

Imagine a new economic model that can take Latin America and the Caribbean to a next era of development that is in sync with nature and society. This image was painted by the collective thinking of the region's stakeholders in the consultation process, in aiming for a circular economy transition that offers solutions and system-level transformation to enable:

1a. A prosperous economy that works with and for people. Creating an economic recovery and development path that delivers for the people of the region, is inclusive of and draws on Latin America and the Caribbean's unique resources and culture.

1b. A thriving economy that is good for the climate. Developing an economic recovery and development plan that tackles the rising threat of climate change by switching to a development path that reduces emissions and provides solutions to the challenges.

1c. A healthy economy that enhances biodiversity. Forging an economic recovery and development path that helps to nurture and look after the region's incredible biodiversity, on which sectors and ways of living are dependent.

1a. A prosperous economy that works with and for people

In reimagining how we produce and consume, the circular economy opens the window to innovation, unlocking economic diversification that supports resilience, and increasing inclusiveness. For example, economic diversification and localisation of supply chains are processes that can be designed to create opportunities to include local communities in market dynamics that they were once excluded from. This can include informal businesses and indigenous or traditional communities. At the same time, systems, product designs, and business models can be developed to be more inclusive and accessible to users.

A circular economy can create employment in areas such as improved waste management, recycling, and services sectors, and at the same time, upstream opportunities involving areas such as innovation, design, strategy, and planning. It becomes integrated into business, education, research, and more.

In early estimates, the International Labour Organisation (ILO) has indicated that alongside the energy transition in the region creating over a million jobs by 2030, the circular economy would create a net total of

4.8M

jobs in Latin America and the Caribbean by 2030.[1]

Imagine, in Latin America and the Caribbean, a circular economy transition designed to be inclusive, leaving no one behind, and drawing on the region's unique practices and cultures. This can include:

- **Micro, small, and medium enterprises (MSMEs)**

60%

is what they represent in the region's employed population.[2]

99.5%

of Latin America and the Caribbean businesses.[2]

25%

of total production.[2]

They participate across supply chains and can be key sources of innovation. In the design of the circular economy transition, MSMEs can be supported by both the public and private sectors to improve their access to finance, grow their innovations, and adopt technologies to further the circular economy transformation.[3]

- **The indigenous peoples**

+8.5%

is what they represent in the region's population.[6]

These communities can be key partners in the transition to a circular economy. The knowledge and experience of the region's many local communities that live in close connection with nature can inform and catapult the region's transition forward. The transition can respect and value their knowledge and create long-term prosperity for their ways of life. This can mean creating mechanisms to ensure benefits are equally partitioned in value chains in which they participate, or replicating and amplifying, while preserving, their ancient knowledge through collaborative knowledge exchange.

- **The region's informal workers**

60%

is what they represent of total employment in the region.[4]

50%

of waste recycled in the region come from the hands of its approximately 2 million informal recycling workers.[5]

Informal businesses and workers operating in circular business models (such as repair, refurbishment, remanufacture, and recycling) can benefit from public and private support to improve and sustain health and safety standards, develop skills, and access technology to support their interface with highly functional circular value chains.

- **All genders**

80%

of the new jobs created in the transition to net-zero emissions, which includes the circular economy, are male-dominated sectors — including agriculture, forestry, energy, transport, waste management, tourism, and construction industries.[7]

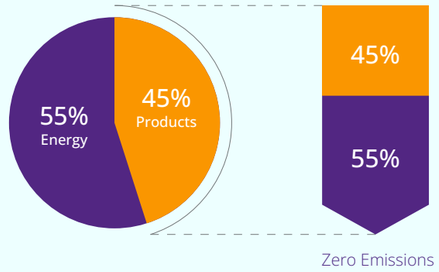
Recognising the need for inclusivity is a key part of mitigating unequal impacts and ensuring that systems are designed to work for all, with intentional design interventions to develop and invest in skills training for women and female entrepreneurs, and all non-binary genders.

> To support the design and development of an inclusive transition, collaboration and dialogue are key, as investment from both public and private sectors to support skills, knowledge development, and implementation capacity — be it in new or emerging sectors, or in the transition of existing ones.

1b. A thriving economy that works with the climate

The circular economy transition is also an opportunity to create a thriving economy that works with the climate rather than against it. The region contributes to approximately 10% of global greenhouse gas emissions — a figure that has doubled since 2000, and will continue to rise if the current economic model goes unchanged.[8] Approximately half of these emissions are caused by agriculture, changes in land-use and forestry activities, industrial processes and waste, all predominantly happening in a linear, extractive and wasteful way.[9] The effects of climate change are already significant in the region, with on average 1.7% of GDP being lost annually as a result, and extreme poverty is also expected to rise due to climate change.[10] Climate change losses in the Caribbean could reach USD 22 billion annually by 2050, approximately 10% of the current Caribbean economy.[11] In addition, at the city level, almost half, 48%, of the region's capital cities are at "extreme risk" to the impacts of climate change.[12]

> This is reflective of international studies, which have also found that the linear way products and food are produced and consumed account for approximately half of global GHG emissions.[13] Unless these emissions are addressed by transitioning to a circular economy, the world will not succeed in tackling climate change.



*Ellen MacArthur Foundation - Completing the picture, 2019

Imagine a circular economy transition in the region that leads its key industries to drastically reduce emissions, its agriculture and forestry sectors to become drivers of regeneration and carbon storage, its lands to be preserved and its cities to be built and function in a way that reduces emissions.

Transforming the way the region's economy works, from a linear economy of take, make, waste to a circular economy is key. Without a circular economy transition, and the transition to renewable energies, the region is particularly vulnerable to climate change effects.[14]

- **A circular economy is what can help to:**

Avoid GHG emissions from new material production and end-of-life treatment, by **circulating products and materials,** and the embodied energy within them.

Reduce GHG emissions across value chains, by **eliminating waste and pollution.**

Improve natural carbon capture and storage in soil and nature by designing systems, products and services that **regenerate nature.**

Recognising the contribution the circular economy can make to reducing GHG emissions in Nationally Determined Contributions (NDCs)

To boost the transition and delivery against climate targets, increasing numbers of governments from around the world, including in Latin America and the Caribbean, are recognising the potential of the circular economy and the need to integrate it into Nationally Determined Contribution (NDC) plans. In the run up to COP26, eleven Latin American and Caribbean governments were working to include the circular economy into aspects of the NDCs (Argentina, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Mexico, Nicaragua, Panama, Paraguay and Dominican Republic), with the Chilean Presidency of COP25 having brought the topic to the table in 2019.[15] Next steps are to secure the integration of the circular economy beyond improved municipal waste management practices such as improved collection, sorting, and recycling, and also explore upstream, transformative opportunities in key sectors, with greater emission reduction opportunities.

Amazon, Ecuador. (Source: Shutterstock)

1c. A healthy economy that works with biodiversity

As the circular economy transition is designed to work within planetary boundaries, rather than beyond them, it is also a model that works to support biodiversity.

The region's biodiversity is one of the richest in the world.

40%
of the Earth's biodiversity.[16]

60%
of global terrestrial life.[16]

But it is under threat:[16]

94%
biodiversity loss since 1975 in Latin America and the Caribbean.[17]

90%
biodiversity loss and water stress since 1975 in global figures.[18]

One of the leading drivers of this are current resource extraction and processing practices. The consequences of this are significant — it reduces ecosystem resilience and people's prosperity and wellbeing, particularly for communities living in close connection with nature and those who are highly dependent on biodiversity. To reduce the threats to biodiversity and allow biodiversity to rebuild, a systemic shift to a circular economy is required, to reimagine how the region produces and consumes.

Imagine a circular economy transition increasingly powered by Latin America and the Caribbean's abundant renewable energy and materials, driven by regenerative and circular business models that support biodiversity, enable it to flourish, and keep clean from waste and pollution. Imagine a transition in which nature-based and nature-inspired solutions[19] unlock world-leading innovation, and wellbeing improves.

By **eliminating waste and pollution,** the circular economy can work to reduce threats to biodiversity.

By **circulating products and materials,** the circular economy transition can leave room for biodiversity.

By **regenerating nature,** the circular economy can rebuild biodiversity.

The region's natural biodiversity endowment, as well as the embedded knowledge from populations that have deep connection with nature and its systems, open up endless sources of inspiration, such as in the creation of biomaterials and biomimicry solutions relevant to a wide range of industries — from cosmetics, energy, fibres, product design and beyond. Regenerative production can not only support biodiversity but, after a transition timeframe, also lead to higher yields, helping increase land productivity in the region, be it in agriculture or in other uses of biodiversity.[20] In addition, by designing an economy in which products and material circulate, and the use of secondary raw material becomes the norm, the pressure on biodiversity further reduces.

The region has the chance to become a leader in adopting and scaling a circular economy that goes beyond conservation and restoration efforts, and intentionally, through design, works to create a nature-positive future, one where the outcomes of the production and consumption system supports ecosystems health and resilience and helps biodiversity and communities to thrive.

Tingo María, Peru. (Source: Shutterstock)

2. Imagine the transformation of products, materials and practices across leading regional sectors

The image of a circular economy transition has been painted — it can offer a new model for the economic recovery and development in Latin American and Caribbean countries that can set the region on a course for a future of long-term prosperity, healthy ecosystems, and thriving communities. It is a promising and inspiring future to which to aspire.

It is now time to look at the core mechanisms of the circular economy transition: how products and materials are designed, made, and used to eliminate waste and pollution, circulate in the economy at their highest value, and regenerate nature. Picturing examples of products and materials functioning in a circular economy in the region provides a guide. The examples featured are non-exhaustive and have been identified during the consultation with stakeholders in the region as being key for the regional economy or being pioneers of the emergence of circular models to-date. They serve as illustrations of the application of circular economy principles in the region, taking into consideration the strengths and contexts in which the region will build — and in some cases, is already building — its transition.

Durability, reusability, repairability, remanufacturing, recyclability, compostability, and regeneration are key words for the products and materials circulating within a circular economy in the region. From food to durable goods, from plastics to buildings and biomaterials, products and materials locally produced, imported, or made for export can become sources of innovation in a circular economy. The systems in which they circulate can scale and accelerate these solutions and make them accessible to people.

- **What does this mean in practice?**

- **What does this mean in practice?**

Opportunities for local value chains to circulate products and materials at their highest value.

Strengthening the manufacturing base through circular economy design and production approaches.

Support for the recycling system to create a higher value secondary material market.

Decent job creation and entrepreneurial innovations across the region.

Antigua y Barbuda, Caribbean. (Source: Shutterstock)

Imagine the circular economy for food – a system in which food and organic by products enhance biodiversity, store carbon, and improve people's health.

- **Latin America and the Caribbean's agriculture and food sector is vital to the regional and global economy:**

14% of the world's food production.

16% of global food exports.

come from the region, whilst for the region itself, local production is key — only 4% of global food imports come to the region.[1]

While much of the agricultural exports come from large, intensely mechanised farms, it is estimated that at least half of the food actually consumed by the population comes from the hands of smallholder farmers.[2] Almost half of total employment in the region is in the sector, from agriculture to agribusiness, generating 30-40% of regional GDP.[3]

- **However, currently the sector faces challenges including:**

Land productivity.
In some countries, land productivity has grown in recent decades, notably Brazil and Argentina, and whilst there are pockets of nature-positive innovation, in many instances land productivity increases have been due to the intense use of synthetic fertilisers and agrochemicals which harm the ecosystems on which the sector relies to be produced.[4]

Food loss and waste.
2016 analysis shows that more than one third of the food produced in the region (127 million tonnes of food every year) is lost and wasted, whilst approximately 47 million people in the region suffered from hunger in 2019,[5] a figure that grew during the Covid-19 pandemic. Food loss and waste is particularly acute in cities. In an already highly urbanised region, with growing urban population,[6] half of all urban solid waste is organic,[7] but valorisation of this waste stream is rarely seen in cities in the region, presenting an untapped opportunity to create revenue streams, reduce landfill costs, rebuild soil health, and support farmers in transitioning to regenerative agriculture.

GHG emissions.
Current agricultural practices are also contributing to the sector's high emissions footprint. Agriculture is the second largest source of GHG emissions in the region.

- **Imagine food designed to function in a circular economy, in which...**

A much greater diversity of ingredients is favoured, with lower impact than usual options, and that are produced regenerating nature. The region's many large, medium, and small food businesses, as well as brands and retailers, offer nature-positive product portfolios to a healthier population.[8]

Edible food waste is systematically avoided and redistributed to alleviate hunger, increase food security, and reduce emissions and contamination.

Organic materials from food by products, as well as cities' solid waste, are safely circulated back into the food system as upcycled ingredients in new food products or as nutrients to rebuild soil health, or take on a different application, such as fibres, cosmetics, as the result of innovation in biomaterials.

- **In this system...**

1. Farms of all sizes produce food using techniques that generate regenerative outcomes. After a period of transition from conventional farming to regenerative production that delivers healthier, nature-positive outcomes, higher yields are reached and additional revenue streams due to multi-crop systems and upcycled ingredients emerge.[8] For example, through upcycling innovations alone, food businesses can tap into the growing global upcycled food market, valued at USD 46.5 billion in 2019, while farmers can diversify their produce and revenue streams.[8]

2. Farmers collaborate with food businesses to provide insights at the design stage of their products, and new buying models and long-term contracts with supportive terms help transitioning from single-crop to multi-crop systems that favour long-term supplies to local markets. Transition periods are accelerated by the appropriate policy mechanisms and greater access to finance, skills development and technology and support farmers' livelihoods for present and future generations.

3. Food systems help tackle climate change: in global figures, a circular economy for food could reduce global GHG emissions by 49% by 2050 (or 5.6 billion tonnes of CO_2 equivalent per year) compared to business as usual, while also increasing the resilience of farmland to the effects of climate change (such as droughts and floods) in turn supporting productivity and local consumption.[9]

A definition of regenerative production

Regenerative production is an approach to managing agroecosystems, be it in agriculture, aquaculture, or forestry, in ways that create positive outcomes for nature. These outcomes include, but are not limited to, healthy and stable soils, improved local biodiversity, improved air and water quality, and higher levels of carbon sequestration. In addition, agricultural lands remain productive instead of degrading over time, thereby reducing pressure to expand them.[8]

The bioeconomy and what it means

The bioeconomy refers to "the production, utilisation, conservation, and regeneration of biological resources, including related knowledge, science, technology, and innovation, to provide sustainable solutions within and across all economic sectors and enable a transformation to a sustainable economy".[10]

Governments and businesses are beginning to explore how circular economy principles can be applied to the bioeconomy. For example, Costa Rica's National Bioeconomy Strategy of 2020 looks to integrate a circular economy vision with a focus on valorisation of biological resources and reduction of the carbon footprint of production systems. A deeper understanding of the circular economy's transformative nature can lead to more ambitious applications of the concept into the bioeconomy across the region, unlocking opportunities to regenerate nature through circular economic models.

Imagine the circular economy for metals and minerals – a system in which minerals and metals circulate in various applications in circular business models.

- **Latin America and the Caribbean is an economic superpower in the minerals and metals sector.[11] Countries in the region are amongst the biggest producers in the world. This includes:**

  - Chile: the world's biggest copper producer
  - Mexico: the world's biggest silver producer
  - Brazil: the third biggest steel producer in the world
  - Jamaica: the seventh biggest bauxite producer in the world

Latin America and the Caribbean also holds a significant portion of the world's mineral reserves. In 2017 it represented the following:

61%
of the world's lithium reserves.[11]

39%
of the world's copper reserves.[11]

32%
of the world's silver and nickel reserves.[11]

- **However, currently the sector faces challenges including:**

  - It leaves the region highly vulnerable to commodity price fluctuations, as well as to the environmental impacts of extractive industries.
  - The mining sector represents from 4% to 7% of global greenhouse gas emissions.[12] In 2014, LAC's export-related production GHG emissions were 535 Mt CO2eq, accounting for 4% of global GHG emissions.
  - The mining export sector accounted for 18% of these emissions, while the manufacturing sector exports accounted for 72% and agricultural exports for 10%.[13]
  - The covid-19 pandemic has left the region with a social and economic crisis that has further revealed the vulnerabilities that exist within this extractive production model, with little incentives to increase value addition and diversification.[14]

- **Imagine minerals and metal products in a circular economy, in which...**

  - Minerals and metals are leased instead of sold to ensure producer countries retain long-term ownership of their natural resources, as they become resource managers and allow materials to have multiple uses.[15]
  - Metals recovered through urban mining activities are in use in durable goods (locally produced or imported) and circulate at their highest value in new products, while generating new decent jobs.[16]

- **In this system...**

1. The mining sector and its expertise in materials use circular design and materials management opportunities so that it supports the low-carbon energy transition and meets the demand for the resources needed.[15]
2. Circular business models throughout the mining and metals sectors' operations (for example, in the use and maintenance of heavy equipment) are the norm and generate benefits that go beyond the products, spanning across the entire value chain.

Mining. (Source: Shutterstock)

Imagine the circular economy for buildings – a system in which buildings are designed to support living and the circulation of materials.

- **The construction sector is key to meeting some of Latin America and the Caribbean's needs. For example:**

  - Latin America and the Caribbean is one of the most urbanised regions in the world.[17] 18% of the urban population are concentrated in 6 mega cities with more than 10 million people, which is the highest proportion among all geographic regions.[6]
  - The region's urbanisation has happened rapidly with the proportion of urban population rising from 41% in 1950, 57% in 1970, to 81% in 2018, leading to demand for housing and infrastructure.[6]
  - In the 40 years between 1975 and 2015, the built environment has increased in area by 99%[18] and the construction sector is projected to grow 5% between 2020 and 2025.[19]
  - In the current linear economy, the growing built environment has also led to the larger consumption of raw materials and the generation of construction and demolition waste (CDW). Costs and negative environmental effects of construction and demolition waste in the current system are high. For example, in Brazil, construction and demolition produce 50% to 70% of waste that goes to landfills, which presents high costs for municipalities and construction companies.[20]
  - The current construction and use of buildings in the region lead to significant energy use and GHG emissions with 24% of energy use and 21% of process-related carbon dioxide emissions in 2018 figures.[21]

- **Imagine buildings designed to fit a circular economy, in which...**

  - Buildings are designed from the outset in a modular and flexible way, sourcing healthy materials that improve occupant wellbeing and minimise use of new materials.[21]
  - Buildings are designed to have its component parts maintained and renewed when needed and can adapt to different uses over time, making them resilient to changing market conditions.[22]
  - Buildings are designed to be deconstructed and through the reuse of component parts, these materials keep circulating which leads to reduction in waste and pollution, and increased cost savings for companies and municipalities. For example, designing steel elements for reuse could generate between 2–10% in savings for the construction of a whole building and up to 25% of savings in material costs.[23]
  - Building materials are circulated at their highest value in secondary markets of reuse and recycling that create new revenue streams, jobs, and business opportunities.
  - Building spaces are efficiently utilised thanks to shared and flexible spaces, contributing to meet the region's housing demand.

- **In this system...**

1. Construction companies have transformed their design capacity, skills, and knowledge to design buildings for a circular economy. New markets emerged in materials innovation, in the services during buildings' use-cycle — for example, in maintenance, sharing, energy use, and others — as well as in secondary markets for buildings' materials — for example, commercial deconstruction, reuse of parts, and recycling of materials.
2. Digital technology provides innovative solutions and rapid economic benefits. For example, Building Information Modelling (BIM) is used to stimulate building performance at the design stage to minimise the use of materials and enable a more efficient use of space, and the material recovery.[24]
3. Policy and financial mechanisms and new contract terms are enabling the system to move from the linear mindset to mainstream circular economy principles. Cities are embedding circular economy in their master plans and allowing public buildings to be built and used according to circular economy principles.
4. Global analysis shows that a circular economy in the built environment could reduce global GHG emissions by 38% in 2050 which offer a compelling case to transform the sector in the region.[9]

Building Homes. (Source: Shutterstock)

Imagine a circular economy for plastic packaging – a system in which plastic packaging never becomes waste

- **Plastics are a challenge for Latin America and the Caribbean:**

  - The region concentrates 4% of global virgin plastic production (14.4 MMT of 359 MMT),[25] a low share that indicates that most of what is produced in the region is used and disposed of in the region.[26] The largest global sector of plastic production is packaging at nearly 40%, a share also observed in the region.
  - The region also produces a larger share of global bioplastics production (plastics made of non-fossil fuel sources), accounting for 9% mostly driven by the ethanol production in Brazil.[26] However, the simple production of bioplastics is not necessarily indicative of a circular economy transition in the plastics sector as these bioplastics need to be produced, used, and treated at end-of-life according to the circular economy principles.
  - In addition, plastics account for 12.4% of municipal solid waste — the fourth largest waste stream in the region.[27] Of these, mismanaged plastic waste[28] is higher in the Caribbean, ranging from 2% in the Cayman Islands, US Virgin Islands, Martinique, and Turks and Caicos, to 49% in Haiti.[26]

- **Imagine plastic packaging designed to fit a circular economy, in which...**

  - All plastic packaging that circulates in the region is absolutely necessary and is designed to be reusable, recyclable or compostable, while all problematic and unnecessary items and materials have been eliminated.[29]
  - Plastic packaging is widely reused in several applications, reducing the need for single use packaging and the dependency on virgin materials, while providing more convenient and affordable solutions to customers.
  - When the inevitable end of use occurs, plastic packaging is recirculated back into the system through effective sorting, collection, logistics, and technology in recycling chains that are highly inclusive to workers in the region.

- **In this system...**

1. The whole plastics value chain collaborates towards a common vision of a circular economy for plastics. Upstream solutions are scaled and avoid waste from being created in the first place, while also helping businesses capture untapped opportunities in new delivery models and increase customer access and convenience.[30]

2. Voluntary industry commitments have pioneered the transition, but policy and financial mechanisms allow solutions to scale. For example, ambitious mandatory, fee-based Extended Producer Responsibility schemes bring sufficient funding and action to scale the necessary collection and processing of packaging after its use, making recycling work for all types of packaging at scale[26] in recycling chains that are designed to be inclusive to workers that many times operate in informal recycling and live in vulnerable conditions.

3. Two interconnected strategies, one of eliminating unnecessary and problematic plastic packaging, and one of developing reuse models for plastic packaging, are particularly prominent in the region that is already today home to some of the most scaled reuse solutions in large businesses and radically innovative startups. Benefits of such models are not only economic and environmental — estimated at least USD 10 billion globally by replacing just 20% of single-use plastic packaging with reusable alternatives[31] — but also social, as populations with reduced disposable income are particularly benefited by the cost reduction offered by such models.

4. In global figures, a circular economy for plastics could reduce the global GHG emissions from their production, use, and end-of-life by at least 25% by 2040 compared with business as usual, while also generating savings of $200 billion per year.[32] Since the region is not a major producer of virgin plastic, most of the reduction would impact the use and end-of-life stages.

Refill. (Source: Shutterstock)

Benefits of a circular economy transition to Tourism

Tourism is of vital importance for Latin America and the Caribbean's economy. In 2019, the sector accounted for 42% and 10% of total exports of goods and services in the Caribbean and Latin America respectively.[33] It also represented 11% of GDP in the Caribbean region, a larger share than in Latin America (4%).[33]

As a service sector, tourism is built on a range of other sectors such as food and agriculture, buildings, plastics, and mobility. It is dependent on the health and resilience of these sectors, and on natural systems themselves. For example, if these sectors transition to a circular economy model, tourists can benefit from cleaner and healthier environments. The regeneration of natural systems also supports the attractiveness and resilience of the sector.[34]

With tourism built on an array of sectors, it can also inform these sectors through its procurement of their foods, goods, and services. Hotels and transport operators, as well as travel agencies and distributors, can embrace circular procurement in their supply chains. This can include procuring materials that can be reused, repaired, refurbished, remanufactured, and recycled, which can support sourcing "product-as-a-service" and "mobility-as-a-service" models, and can include sourcing regeneratively grown food products.[34]

Río de Janeiro, Brasil. (Source: Shutterstock)

3. All hands on deck for the transition across the region

Having painted the picture of the systemic transformation a circular economy promotes, fundamentally redesigning the economy and moving away from the linear model; and having imagined how products and materials function in this new model, it is now time to bring it to life. Stakeholders consulted in the region have clarity that it is impossible for any actor to effect a transition on their own and that there is a role for all actors in this transition. Adopting the circular economy principles and applying them as a mindset is a key starting point. How each actor can then apply them is informed by their role in the economy and how they can use this to deliver the elimination of waste and pollution, the circulation of products and materials, and the regeneration of nature in a new era of inclusive economic development.

3a. Policymakers: the enablers

In the transition to a circular economy, governments can set a clear direction of travel, and create the supporting incentives and requirements that can lead to a core transformation in production and consumption systems. They can focus these actions on five key areas:[1]

*Ellen MacArthur Foundation 'Universal circular economy policy goals', 2021.

Stimulating design and production for the circular economy across all sectors.

For example, by incentivizing regenerative production in land-use, agriculture, and food sectors through regulations and subsidies, or by requiring products to be repairable or have extended-use cycles, whether through increased durability, modularity, reusability, remanufacturing potential, and recyclability requirements. Developing product standards as well as labelling schemes can further support this, bringing greater awareness and guidance on requirements for manufacturers and producers, and informing users.

Moving beyond managing waste to managing resources and preserving value.

Developing separated collection and sorting systems that support high-quality recycling, as well as treatment systems such as composting and anaerobic digestion, and developing Extended Producer Responsibility and/or Deposit Return Schemes.
Through a combination of fiscal incentives and disincentives, they can help the use of secondary materials to grow, they can support industrial symbiosis practices, and they can disincentivise landfill and incineration through which valuable materials get lost.

Making the economics work by creating the conditions through which circular economy choices become the norm.

For example, by aligning taxes, subsidies, and state funds with circular economy outcomes to drive the transition, and by incorporating circular economy principles into trade policies to ensure alignment of incentives or disclosure requirements to support transparency and uptake.

Investing in supporting innovation, infrastructure, and skills.

For example, by incorporating the circular economy in schools and higher education and by funding applied research and professional skills development programmes, and by investing in innovation and co-financing critical enabling physical and digital infrastructure.

Collaborating for system change

By engaging across government tiers to ensure alignment across national and international policies, and by promoting multi-stakeholder, cross-value-chain working mechanisms to develop solutions, ensure delivery and measure progress.

Examples of specific policies in the region that further the transition

- Brazil's National Policy for Agroecology and Organic Production: promotes agroecology, organic agriculture and explicitly fosters natural systems regeneration.[2]
- Chile's Law on Extended Producer Responsibility: establishes a legal framework for EPR and targets for collection and valorisation of tires,[3] containers and packaging.[4]
- Colombia's Resolution No. 1407 from 2018 established an extended producer responsibility scheme regulating the management of containers and packaging.[5]
- Costa Rica's National Strategy for replacing single-use plastics with renewable and compostable alternatives 2017-2021: bans polystyrene, including on import.[6]
- Peru's Law No. 30884 regulates single-use plastics, other non-reusable plastics and containers made of expanded polystyrene (EPS) used in the consumption of food and beverages.[7]
- Uruguay's Decree 373/2003: establishes a tax exemption for machinery and premises intended for lead-acid battery recovery operations.[8]

For circular economy solutions to become the norm rather than the exception, economic incentives and regulatory requirements must set — or reset — the playing field. A circular economy strategy, a whole-of-government approach, and a focus on institutional capacity development are important to ensuring that there is alignment and consistency between the many policy areas and governance tiers, and that there is the capacity to implement and confidence from other actors in the system that this is the case.

Examples of national circular economy policy strategies in the region

Several national circular economy roadmaps and strategies for the economies are emerging in the region. The creation of these are significant opportunities to convene and engage with a wide range of stakeholders to ensure locally appropriate plans and to draw on the potential of the country:

- Circular Economy National Strategy of Colombia (2019)[9]
- Circular Economy Action Plan of Uruguay (2019)[10]
- Peru's Circular Economy Roadmap for Industry (2020)
- Roadmap for a Circular Chile by 2040 (2021)[11]
- Ecuador's Law for an Inclusive Circular Economy (2021)[12]

3b. Businesses: the implementers

Businesses are key implementers of the circular economy – in their business models, in their design and production of goods and services, in the design and management of value chains, in their choice of materials, technologies, and partnerships. The region's businesses of all sizes, from MSMEs and disruptive startups to large corporations, can drive internal shifts to transition to the circular economy. By approaching it with a circular design mindset, businesses can zoom in on user needs — hence designing better products and services — and zoom out in the system in which they operate — addressing the root causes of global challenges.

Where to act:

- **Strategy and planning:**
  Making circular economy a leadership priority, explicit in business strategy; incorporating circular economy principles into business models; assessing and managing risks of the transition to a circular economy; setting transition targets and creating implementation plans.
- **Innovation:**
  Supporting circular innovation and development projects from top management; collaborating internally across areas and externally with suppliers, customers, and other relevant stakeholders to innovate in the circular economy; deploying tools, systems, and data to approach circular innovation with a user-centric, systems thinking.
- **People and skills:**
  Communicating circular economy strategy and implementation plans internally; providing necessary circular economy training to the workforce; assigning responsibility to individuals and project teams for the implementation of circular economy projects.
- **Operations:**
  Deploying digital systems to support the implementation of circular products or services; implementing plant, property, and equipment assets to support circular products and services.
- **External engagement:**
  Engaging with multiple transition actors: with suppliers to increase sourcing based on circular economy principles; with customers to advance the circular economy agenda; with policymakers to support an inclusive transition; with financiers and investors to enable the implementation of circular economy projects; and participating in circular economy related business collaboration initiatives.
- **Products, materials, and services:**
  Ensuring the design and use of products, materials, and services in functional circular business models and value chains; selecting, using, and combining materials in a way that enables reuse, repair, refurbishment, or disassembly, as well as the regeneration of nature in food and bioeconomy sectors.
- **Measuring progress and reporting:**
  Tracking the transition progress across the business, to further inform the strategy and to provide transparent reporting against internationally recognised standards and frameworks.

Ultimately, businesses can not only generate new revenue streams, cost savings, and innovation opportunities, but also accelerate the achievement of their climate, biodiversity, and Agenda 2030 goals.

Circulytics: a publicly available measurement tool

Circulytics is a publicly available measurement tool that supports the transition of companies towards the circular economy regardless of industry, complexity, and size. Going beyond assessing products and material flows, Circulytics reveals the extent to which a company has achieved circularity across its entire operations and within value chains. The tool is available in English, Spanish, and Portuguese.

Santiago de Chile, Chile. (Source: Shutterstock)

3c. Citizens and civil society: the active participants

Citizens have a key role to play. Behaviour changes and sustainable lifestyles are key factors to accelerate and scale the circular economy, thus citizens, customers, and consumers must be integrated and empowered in circular design processes. They also have the power to hold other parties to account, through the ballot box and where appropriate and affordable, through their consumption choices.

The role of civil society organisations is equally key to the transition in various forms. Not only can they inform citizens, governments, and businesses about key aspects to be considered in formulating policy or taking business decisions, they can also enable the society's multiple voices to be heard. In this way they can also hold to account governments, the private sector, and other institutions. Countries that have embarked on systemic transformations towards a circular economy in recent years in the region have noted the power of their role.

Ultimately, for people to engage in a circular economy, as citizens, as customers, and as consumers, they need governments and business to provide systems and information, infrastructure, products, and services designed according to circular economy principles. It is a two-way path.

Examples of how citizens can actively participate can happen in several ways, including in:

- **Re-thinking how needs are met:**
  As circular economy systems and products emerge, citizens have the opportunity to re-think how to service their needs - for example by shifting from owning products to accessing a product in a service model when they need it. In doing so, they don't need to purchase the goods but can still benefit from it. They can transition from being a consumer to being a user. This way, goods achieve a higher usage rate, and in a service model, businesses are incentivised to support longer use cycles. This in turn, creates economic opportunity, whilst reducing the need for new products to be created with primary resource extraction. Such models can be designed to be more affordable, increasing the accessibility of such products for people who cannot afford to buy and possess goods in linear ways.
- **Participating in product sharing schemes:**
  Citizens can benefit from sharing models which create access to under-used assets in the economy. Durable goods such as cars, home appliances, tools, and clothes often have low utilisation rates and citizens can take advantage of geographic proximity and digital technologies to share access to these items. This also allows for people with lower disposable incomes to access goods they wouldn't otherwise afford.
- **Engaging in repairing, refurbishment, or remanufacturing:**
  Through the redesign of products, services, and systems, the opportunity to mend and repair, refurbish, and remanufacture products opens up, enabling citizens to engage directly or through professionals, prolonging product use, instead of discarding and buying new replacements.
- **Participating in product collection and return schemes:**
  Customer engagement is key to systems that depend on products being returned for effective collection, recycling, or remanufacturing schemes. Returning bottles or other reusable packaging, textiles, and cell phones helps to keep products in use for longer and ensure that they can be reused, repaired, refurbished, or disassembled with valuable component parts remaining in use.
- **Supporting waste segregation, recycling, and composting systems:**
  Citizen participation on waste segregation schemes is key. For example, they can separate compostable home food waste from non-compostable waste. Their participation enables recycling firms or municipalities to make the most out of post consumption waste and contributes to minimising the volumes of waste in landfills and CO2 emissions.
- **Refusing unsustainable goods:**
  Where an affordable alternative aligned to circular economy principles is available, refusing to buy or consume unsustainable, linearly designed products or services sends a strong signal to the market. It supports the economies to transition to more circular products and services while businesses scale the offer of affordable products and services designed for a circular economy to allow an inclusive participation of all people.

Furthermore, knowledge about sustainable lifestyles is key to move away from materialist aspirations and place citizens at the core of a Latin American and Caribbean society living in a thriving, inclusive circular economy. Systematically integrating the concepts of sustainable lifestyles and the circular economy into formal education is essential to create new mindsets in generations to come.

Guatemala city, Guatemala. (Source: Shutterstock)

3d. Investors: the financiers

Finance is key to bringing the circular economy to life. Governments, investors, commercial banks, multilateral development banks (MDBs), development finance institutions (DFIs), and other financial services can work together to provide both public and private sector financing to unlock the circular economy to scale.

Access to finance is critical for a wide-range of opportunities including upstream innovation, the development of secondary markets, as well as financing for the necessary physical, digital, and natural infrastructure, and skills development. Public and private investments in infrastructure can be particularly key to accelerating the transition. For example, investment in collection systems and treatment plants, farming equipment for regenerative food production, and digital infrastructure that can enable reverse logistics or digital platforms for product tracing and material flow logistics. This can, for example, connect farmers with potential buyers of surplus produce and identify food supply chain hotspots.

In the past two years, the number of public equity funds investing in the circular economy world-wide saw a steep rise — from one in 2018 to ten by mid-2020, mostly pushed by leading global providers like BlackRock, Credit Suisse, and Goldman Sachs.[13] A similar trend is happening in Latin America and the Caribbean. In December 2020, there were more than 26 sources of circular financing available in the region.[14] In Uruguay, for example, the Circular Opportunities Program provides financing for small and medium enterprises with innovative circular economy initiatives and a Circular Economy Research and Innovation Fund seeks to foster research and innovation capacity to enable economic reactivation and resilient organisations.

Opportunities exist for both public and private investors, and public-private partnerships and blended finance solutions can make challenging projects investable. Different types of financial mechanisms already exist in the region, and investors have their role to play in driving the transition. For example: [15]

- **Debt instruments:**
  Through banking credit, they have the opportunity to work with anchor clients and across supply chains. The use of banking credit is already happening in the region, driven by key players like Bancolombia and Banco Estado de Chile; green bonds and sustainability-linked loans and bonds can include circular economy KPI's. FEMSA issued its first green bond in 2020, aiming to benefit strategic areas — circular economy, climate action, and water stewardship;[16] and long-term credit offers an opportunity for specific circular economy credit lines to provide long-term and low-interest credit. Examples of long-term credit in the region include Bancoldex, BNDES, CORFO, and IDB/IDB Invest.
- **Hybrid instruments:**
  Investors can use hybrid instruments to reduce risks and spur innovation. Through blended finance schemes — of which LatitudR is an example — and debt, equities, mezzanine loans, and insurances, they can mitigate risks at early-stage investments, and scale-up innovative business models.
- **Equity instruments:**
  Investors can use equity instruments to finance and scale circular economy initiatives across the region. Public equity market is an opportunity to engage asset managers and ESG ratings/providers to develop a local market. Private Equity and Venture Capital are opportunities to scale-up innovative circular businesses in the start-up stage, as has been demonstrated by FINEP, Kapin Capital, and Rise Ventures.
- **Non-reimbursable:**
  Non-reimbursable funds, like grants, are an opportunity to level the playing field for SMEs. Examples are the "Innovate Peru" initiative, led by the country's Ministry of Finance; the PROPYME Fund, of Costa Rica's Ministry of Science; and CORFO (Production Development Corporation), a Chilean governmental organisation to promote growth.

Public investments can be invaluable in de-risking projects, providing early finance, and setting a direction of travel in the economy. It can be focused on:

- **Investments in early-stage activities:**
  Including ventures, research, and material innovation.
- **Financing of physical and digital infrastructure projects:**
  Including access to 4.0 technologies that can transform production lines, and business model and material choices.[17]
- **Investing in skills development:**
  Such as through government training programs for new circular sectors or context-specific training.
- **Investing in the economic redevelopment:**
  Of affected sectors and communities to ensure a just transition.

BMV, Mexico. (Source: Shutterstock)

Closing remarks: A collaborative transition

Now is the time to leave behind a linear economic model to embrace a circular economy. Around the world and particularly in Latin America and the Caribbean, there is a growing momentum to do the transition.

The power of regional collaboration

- The Environmental Alliance of America (promoted by Colombia, Costa Rica, and Mexico, including the recent participation of Paraguay and Ecuador) has developed the first voluntary common eco-labelling scheme and environmental declarations system in Latin America and the Caribbean.[1]
- The Pacific Alliance (Chile, Colombia, Mexico, and Peru) published the Roadmap for a Sustainable Management of Plastics in 2020, which establishes the circular economy as a key action on which these countries will work together.[2]
- LatitudR is a joint group of civil society and multilateral organisations and the private sector that works across the region. The platform develops inclusive recycling systems with economic, social, and environmental sustainability across the region, while increasing formalisation and improving working conditions for waste pickers.[3]

This document traces a shared regional vision of the circular economy that is designed by and for Latin America and the Caribbean. A vision through which all actors agree on the direction of travel and can orientate their actions as such. And that requires unprecedented levels of collaboration at the domestic level within countries as well as across the borders beyond countries.

Goods and services, production, transportation — a wide variety of things run across borders. Transnational dialogue, engagement and exchange can:

1. Create alignment of policies from developing common standards to developing international policies such as trade and in turn enhance development opportunities.
2. Promote the interoperability of policy and business schemes, for example by aligning on collection and sorting schemes to sharing a classification or taxonomy scheme.
3. Help nurture an inclusive and just transition within countries and regions, for example through the exchange of best practice and understanding of investment needs.

This vision aims to set a common horizon and inspire the various peoples in all countries in Latin America and the Caribbean. To realise this vision and capture the many opportunities here laid out as inspirations, a further key step is to set clear regional targets and indicators through regional roadmaps that can increase commitment across countries and alignment in the region. This kind of alignment and collaboration can also lead to the sharing of methodologies for measuring and monitoring the transition at the national level.

In addition, it can create a virtuous cycle of exchanging experiences between countries and support effective collaboration amongst them to build the next era of inclusive economic growth and long-term prosperity in the region, and set the region up for leadership internationally.

Bogota, Colombia. (Source: Unsplash)

Appendix Case Studies

• Food system

Case Study Balbo Group Brazil

Balbo Group is a family-owned business in the sugar and ethanol sector whose plantations demonstrate the application of circular economy principles in large-scale regenerative agriculture. After decades of conventional production, in the 1980's, the Group disrupted its own farming methods with the "Green Cane Project". It adopted agroecological principles in a large-scale monoculture, with positive environmental and economic outcomes. By changing the way cane was harvested — raw, or "green" versus burning it down — and modifying its harvesting equipment to adapt the technology to the new methods[1] the farm has rebuilt soil health and seen a 20% increase in productivity. With higher yields and the elimination of costs with agrochemicals, this system has boosted profitability for the company, which currently operates with its vertically integrated, premium, and organic product line in more than 60 countries.

Case Study Guayaki Yerba Mate

The company Guayaki Yerba Mate uses a regenerative business model that works towards preserving biodiversity, regenerating natural systems, and providing a greater livelihood for indigenous communities and smallholder farmers. They produce Yerba Mate, a naturally caffeinated tea made from the leaves of Ilex paraguariensis, also called "yerba mate", a native species rich in caffeine found in the South American Atlantic rainforests of Paraguay, Argentina, and Brazil. Yerba mate has been cultivated for generations in the region and is used to make different local beverages. The company has developed long-term partnerships with local communities to harvest yerba mate in the rainforest and forested farmland at fair prices, contributing to the economic sovereignty of more than 1,190 indigenous people and smallholder farmers. They monitor over 400 flora and fauna species in the cultivated forests and have created a system that allows nearly 5 times greater water-holding capacity than sun-grown farming.

Case Study: Using a national strategy to increase valorisation of organic waste, Chile

Chile released a National Strategy for Organic Waste to 2040 with the goal to increase the valorisation of organic waste from 1% to 66% at the municipal level by 2040, alongside supporting objectives to be achieved by 2030: 5,000 educational institutions with composters and/or vermi-composters; 50% of public institutions separating at source and valorising the organic waste they generate; 500,000 households using composters and/or vermi-composters. The Organic Waste Law Proposal for the further implementation of this strategy is currently being drafted.[1]

Case Study Random Impact in Guatemala

Random Impact won the #SinDesperdicio Central America Contest in 2020, with an innovative solution for reducing food loss and waste in Guatemala. The team uses organic waste from restaurants and homes to feed a specific breed of cockroaches, which are then used as protein powder for the manufacture of balanced feed for animal and human consumption. They seek to promote responsible animal protein production by recovering organic waste and using it as food for insect growth.

Case Study Regenerating soil to feed citizens in São Paulo, Brazil

The City of São Paulo, Brazil, is fostering an inclusive, holistic, circular approach to food and the system that supports it. Actions have involved policies to strengthen agriculture practices with regenerative outcomes in the southern rural zones of the city, as well as the management of food loss and organic waste valorisation. The City's award-winning 'Connect the Dots' project provides technical assistance to smallholder farmers for transitioning to agroecological practices that build soil health, increasing their ability to access markets and sustain long-term supply chains. Food loss from markets is being tackled with capacity building for integral use of food, and through the redistribution of edible food to disadvantaged communities. The high-quality organic waste from food markets is composted in decentralised facilities and then turned back to soil to support farmers from the 'Connect the Dots' project as an agricultural input, which reduces their production costs. Public procurement policies are used to create the market for this agroecological transition. This multi-pronged, multi-stakeholder, integrated approach by the City is creating the conditions for the food system to transition.

• Biomaterials

Case Study Natura &Co Group – Community Fair Trade

Currently the fourth largest beauty company in the world, Natura &Co Group comprises four brands: Natura Cosmetics, The Body Shop, Avon, and AESOP. Natura Cosmetics and The Body Shop produce a huge range of products including soaps, creams, and shampoos, all of which rely on the rich biodiversity of important biomes in Latin America and the Caribbean, including the Amazon Forest, for ingredients and materials. Through its Community Fair Trade system, the company supply chains rely on the knowledge of traditional and indigenous communities in Brazil, Ecuador, Mexico, Nicaragua, and Peru, to source almost 40 types of 'biodiversity assets' (plant-derived ingredients) in a way that is regenerative to the ecosystems where they are found and inclusive to such communities. This is driven by the principle of the 'standing forest economy', creating higher economic value out of a healthy forest compared to cutting it down This model provides higher incomes for the nearly seven thousand families of traditional and indigenous communities. It has already preserved 2 million hectares of the Amazon Forest and is intended to grow to 3 million hectares by 2030. This is only possible through the creation of inclusive value chains in which the company's efficiency and technological innovation is combined with the intelligence, capillarity and reach of the local communities to generate profitable, long-standing, supply and demand relationships.

• Plastics

Case – Unilever and Walmart Mexico

In 2019, en Walmart shops in Mexico participated in a pilot establishing refill stations for Unilever shampoo brands.[1] After the successful three-month trial, the refill system helped save over 3,000 single-use shampoo bottles, representing 126 kg of plastic. Moreover, since the refill shampoo was 16% cheaper than the packaged one, customers were benefited by a cheaper option.[1]

Case – Coca-Cola, Latin America

How to create reusable and returnable schemes for packaging across various soda brands? This was the challenge for Coca-Cola since each of the company's brands had its own packaging style. In 2018 Coca-Cola successfully launched the universal PET bottle in Latin America. Users return empty bottles to retailers who store them and then give them back to Coca-Cola upon delivery of a new order. Coca-Cola takes the multi-branded mix of bottles back to a bottling facility where paper labels are washed off and bottles are cleaned, refilled, and rebranded with a fresh label. In 2020, sales of returnable PET bottles grew 9.9% compared to 2018 and 2019 and represented 27% of all sales volume in the whole region. The production of 1.8 billion single use bottles was avoided, potentially reducing up to 47% of associated GHG emissions. This innovation is available in eight countries in Latin America and the Caribbean: Argentina, Brazil, Colombia, Ecuador, Chile, Mexico, Guatemala, and Panama.

• Mineral and metals

Case study: Mining: a priority for a circular economy transition in Ecuador

Ecuador's 2021 Circular Economy White Book establishes mining as a priority sector for the transition to a circular economy. It defines specific strategic lines and actions, such as tax incentives or clauses in trade agreements for mining companies to finance urban mining and incentives for MSMEs that provide remanufacturing and repair services for mining equipment.[1]

Case Study Sinctronics: Creating reverse logistics systems

Flex and HP wanted to generate value by providing services and solutions that went from a reverse logistics management system to providing technology to incorporate recycled materials into new pieces and parts of IT products. In 2012 they founded Sinctronics, a Recycling and Innovation Centre committed to stimulating the development of recovered materials markets by using recycled content in new HP products. Sinctronics also actively works with a network of allies to share the knowledge and scale an inclusive circular economy in electronics in Brazil.

• Businesses initiatives

Case study: World Economic Forum's Scale 360° Circular Innovation

This initiative brings together leaders in the public and private sectors, science and innovation, to leverage collaboration mechanisms and trigger circular economy change.[1] In Chile, SOFOFA, a non-profit organisation composed of 3,000 companies and the Ministry of Environment have launched a second national Scale 360° Initiative. Preliminary results from phase 1 include the identification of 32 potential circular economy projects at a national level, which will further be analysed and validated through a network of actors. In 2022 the objective is to scale at least 3 validated projects. The "Alianza Público-Privada por el Ambiente" (public-private alliance for the environment) partnered to implement Scale 360° in Argentina.
This was launched in August 2021 by the Red Innovación Local in partnership with McKinsey.org, Coca-Cola, Genneai, Enel, Syngenta, Mobel Citta, and Fundación Avina with the overall objective of increasing recycling rates in Argentina.[2]

Notes

Opening Remarks

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Latin America and the Caribbean's linear economic model — a snapshot of the region

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About the Circular Economy Coalition for Latin America and the Caribbean

The Circular Economy Coalition for Latin America and the Caribbean was born out of the growing interest in and initiatives on circular economy among governments, the private sector, and civil society; as well as of the multiple initiatives of both regional and international organizations providing technical support in this area. Therefore, the Coalition seeks to provide more coordinated support, avoiding duplications and strengthening cooperation for a bigger impact. The Circular Economy Coalition's main objectives are to create a common vision for a circular economy, taking into account a regional perspective that is both integrated and holistic; provide a platform for knowledge-sharing and tools; and support the transition to a circular economy through system thinking.

UN environment programme

ELLEN MACARTHUR FOUNDATION

CTCN UN Climate Technology Centre & Network

IDB Inter-American Development Bank

KONRAD ADENAUER STIFTUNG

PACE Platform for Accelerating the Circular Economy

UNIDO

WORLD ECONOMIC FORUM

CIRCULAR
ECONOMY
COALITION

Latin America & the Caribbean