Solutions for a linear world that consumes over 100 billion tonnes of materials and has warmed by 1-degree
Enacted globally, a circular economy can close the Emissions Gap. This study shows that combining the twin agendas of circular economy and climate mitigation gets us on a path to a well below 2-degree world by 2032. In adopting a roadmap packed with circular strategies, we can pave the way for systemic transformations needed to course-correct the global economy—going far beyond the limitations of current policy and national climate pledges. The current pledges bring us over 15% of the way; the circular economy delivers the other 85%. If the coming decade is the decisive one for humanity’s future on earth, then 2021 is the year to ramp up our efforts to bring our goals into realistic reach and prevent the worst effects of climate breakdown. Our current economy is only 8.6% circular, leaving a massive Circularity Gap. The good news is that we only need to close the Gap by a further 8.4%—or roughly double the current global figure of 8.6%—to get there.

However, circularity in our 8.6% world is trending down, not up. Whilst the Circular Economy Gap Report 2020 revealed that the global economy was only 8.6% circular, just two years earlier it was 9.1%—things have got worse. So, although we only need to almost double circularity to close the Emissions Gap by 2032, the globe remains shackled by outdated ‘take-make-waste’ practices. Humanity has now also breached two major milestones: the world is consuming 100 billion tonnes (Gt) of materials and it is 1-degree warmer. Due to data unavailability, the Circularity Metric was not updated for this year, yet all indicators point to the reality that the globe remains engulfed by the linear economy and its unsustainable practices, processes and behaviours. However, when the covid-19 pandemic swept the world in 2020, we saw empty skies and roads, as entire populations were placed under national lockdown. Temporary as the resulting drop in annual global emissions may be, it has shown us what is possible: from governments to citizens, we are now armed with the knowledge that transformational change is doable.

And time is running out. Even if all countries that pledged climate action as part of the Paris Agreement fulfil their emissions-cutting promises, the rise in temperatures is still forecast to hit 3.2-degrees this century. Global warming shows no signs of slowing and the reality is that certain vulnerable cities and countries will face catastrophes that threaten much of the population. And in a cruel irony, lower-income nations who contribute the fewest emissions are also most vulnerable to the impacts of climate breakdown. We are already past the point of minor amendments. Course-correction will require a major, transformational gear-change in systemic thinking. This big shift is the circular economy.

Climate breakdown demands more than current climate pledges can deliver. This Circular Economy Gap Report quantitatively maps how greenhouse gas (GHG) emissions and resources move through our economy, from extraction to end-of-use. What we find is that material handling and use accounts for the vast majority (70%) of GHGs emitted. This proves how vital it is to look beyond the narrow energy focus of the current climate pledges to make a real impact. By applying circular strategies at the intersection of materials and emissions hotspots, we can increase value-retention and cut excessive consumption, thereby slashing GHGs. This is how narrowing the Circularity Gap, in turn, closes the Emissions Gap.

A circular economy can satisfy societal needs and wants by doing more with less. We need materials to fuel our lifestyles; this produces emissions. However, the circular economy ensures that with less material input and fewer emissions, we can still deliver the same, or better, output. Through smart strategies and reduced material consumption, we find that the circular economy has the power to shrink global GHG emissions by 39% and cut virgin resource use by 28%. Within this, the societal need of Housing delivers half of the impact, while Mobility and Nutrition account for much of the rest. To get to our end goal of a socially just and ecologically safe space, we need intelligent resource management to stem consumption and cut emissions, so their impact falls within planetary boundaries.

Countries: another year lost in the race to get it right. No country is firmly on the path to achieving our goal of a socially just and ecologically safe space.
They do, though, wield power—especially now. Economic stimulus packages to pull countries out of their post-pandemic slumps are rolling out and the crunch UN summit, the COP26, has been postponed to Autumn 2021. This means we have lost valuable time to accelerate action, especially as the majority of countries were not on track to update their already ‘woefully inadequate’ climate pledges by the end of 2020. To guide this process, we examine the common challenges and opportunities for three overarching country profiles and present blueprints for action tailored to each context and set of unique climate pledges. For countries, this truly is their time.

**This is the real year of truth.** With 2020 struck by covid-19, lockdowns around the globe not only contributed to a sharp decline in emissions, but also accelerated decommissioning of fossil assets. Despite this progress being unintended and arguably temporary, it can teach us valuable lessons to translate into structural change—and now, the world seems to be listening. Emboldened by universal uptake of renewables, governments are making decisions that will positively shape our climate future. The events of 2020 also served to hold a magnifying glass to the flaws in our system—an unsustainably linear system reliant on the exploitation of nature and people—and there is no environmental justice, without social justice. Destructive and instructive as the pandemic proved, it is ultimately climate breakdown that will be the biggest global health-threat of the century. In a time of building back better, the circular economy has never been more relevant.
WHO WE ARE

We work to accelerate the transition to a circular economy. As an impact organisation, we identify opportunities to turn circular economy principles into practical reality.

With nature as our mentor, we combine practical insights with scalable responses to humanity's greatest challenges.

Our vision is economic, social and environmental prosperity, without compromising the future of our planet.

Our mission is to connect and empower a global community in business, cities and governments to create the conditions for systemic transformation.
1. **Build a coalition for action that is both diverse and inclusive.** Bringing a diverse community of businesses, governments, NGOs and academics together to boost capacity and capability will accelerate collective action toward circularity, serving the betterment of societal needs and global ecological health. This will enable action toward reaching the Paris Agreement’s goals before it’s too late and begin to build the necessary infrastructure and alliances to collect, retrieve and share circular knowledge on a global level.

2. **Integrate plans for leveraging the circular economy into national climate pledges.** Circular strategies suited to different country profiles can get nations back on a well below 2-degree pathway. Integrating tailored plans can also enable better goal-setting, measurement and benchmarking for countries in the NDC revision process, and ensure that each nation can address global issues in a way that aligns to their local context, incentives and mandates. This can also support key industries that need to shoulder the change.

3. **Create an enabling environment to facilitate the circular transition.** Market and regulatory failures that inhibit the enabling conditions needed for circular initiatives to reach scale can be addressed by policymakers; including steering away from financial models that only support linear projects. Capital must also be mobilised toward circular initiatives to unlock the potential of ‘building back better’.