

**THE WORLD BANK  
TERMS OF REFERENCE**

Donor Committee for Enterprise Development (DCED)  
Green Growth Working Group Task Team on Circular Economy

**Research Topic: Enabling Policy Frameworks for Circular Economy**

*v. i*

---

**PROJECT BACKGROUND AND OBJECTIVES**

The world's population is growing and with it the demand for raw materials. However, the supply of crucial raw materials is limited. Unsustainable growth also increases consumption and waste generation. Increased waste production, rapid depletion of natural capital and resources, resource scarcity and the adverse economic effects of our linear economic model have reached unsustainable levels. These pressures pose increasing challenges for the planet and therefore, humankind, and there is a need for fundamentally new economic models that are fair, just, ecologically sustainable, and aligned with just transition principles. Aspects of circularity will be crucial to these models.

The transition to a Circular Economy has the potential to create benefits for people and the planet. For example, according to the European Environment Agency, industrial processes and product use are responsible for 9.10% of greenhouse gas emissions in the EU, while the management of waste accounts for 3.32%. Designing and producing products in line with circular principles would help to reduce energy and resource consumption; it is estimated that more than 80% of a product's environmental impact is determined during its design phase. Similarly, in both developed and developing economies, huge amounts of waste end up in landfills. It is estimated that 30-70 million tons of methane are emitted from landfills each year globally. In India, the waste sector accounts for about 20% of methane emissions, as per the Global Methane Tracker 2022. Tackling this issue from a circularity perspective could address multiple crises at once, resulting in reduced pollution, reduced emissions, reduced biodiversity loss and reduced raw material scarcity.

Small and medium-sized enterprises account for more than 90% of businesses and more than 50% of employment worldwide. They could play a huge role in enabling the transition to a circular economy by developing more efficient and circular production processes as well as new circular products, services, technologies and value chains. Central to this is designing products in a sustainable and long-lasting way to ensure materials and products get used for as long as possible; and if they do end up as waste, are fed back into a closed loop.

However, the role of SMEs in the transition toward circularity is neither well understood, nor well documented. Similarly, the impact of transitions toward circular economy on SMEs and their workers also remains opaque. **This research on the enabling environment for a Circular Economy seeks to understand the role of SMEs in supporting the transition to a circular economy with a focus on understanding the relevant policies and critical levers that can help accelerate the transition as well as the implications on job creation and job quality in SMEs (Just Transition) as a result of this transition. The research will also highlight case studies of specific SMEs that are helping advance a**

**circular economy and with what implications for job creation and job quality, and what (policy) levers have been critical to their growth**

### **OBJECTIVE**

The objective of this work is to analyze two countries that provide useful evidence that circular economy policies help create opportunities for SMEs to thrive, adopt circular practices and create meaningful jobs while accelerating the transition to a Circular Economy. Specifically, the research will look at the following:

1. What are the specific Circular Economy-related policies that have had a direct influence on SMEs?
2. What was the process and engagement in developing the policies and how did this impact the adoption of the policies?
3. How have these policies influenced SME capacity to implement circular business models in specific sectors in the selected countries?
4. How have these policies supported the growth, development and competitiveness of SMEs in specific sectors in the selected countries?
5. How has the adoption of these policies by SMEs contributed to the transition to a circular economy?
6. How has the adoption of these policies contributed to quality jobs, working conditions and economic development in SMEs in the identified sectors?
7. Summarize the key success factors in each case study that illustrate how these policies created an enabling environment for SMEs to adopt circular practices and thrive within the circular economy.
8. Provide recommendations on how to capitalize on the potential of SMEs to accelerate the transition to a circular economy.

### **SCOPE OF WORK**

The consultants are expected to conduct research based on both primary and secondary sources. The consultants should consider existing reports, circular economy policies, road maps and strategies. In addition, the consultants should organize interviews and/or surveys with SME's, existing ecosystem players such as policymakers, incubation and acceleration programs, national and international non-governmental organizations, donors, multilateral and bilateral organizations localized in both geographies, business associations, industry providers, think tanks and research centers, and private sector federations, etc. This work should focus on two countries with a focus on one sector per country.

1. **Identify focus countries:** This research will target one sector or theme per country. We expect the consultant to identify and propose one country in Africa and one in Latin America for this research. Country selection will be based on positive answers to the following criteria:
  - a. Does the country have a circular economy roadmap, operational strategy, and policies in place?

- b. Is the country part of the African Circular Economy Network or the Circular Economy Coalition of Latin America and the Caribbean?
  - c. Ideally, countries where taskforce members have ongoing/recent activities, and could support the identification of case studies, experts, etc.
  - d. What is the prevalence of SMEs in the target sector of the country?
2. **Identify Sectors:** The taskforce has identified five key sectors; Manufacturing, Packaging, Agrifood, Textiles, Electronics. We expect the consultant to propose one sector for each of two countries for consideration in this research, to be discussed and approved with the task force.
  3. **Review relevant existing literature and references:** The consultants should review available literature on circular economy policies and the contribution of SMEs in supporting the transition to a circular economy in the relevant country.
  4. **Analyze effectiveness of implementation:** Review the implementation of the policies, their effectiveness and their direct and indirect impact on SMEs in the selected sector.
  5. **Policy levers:** Highlight core aspects of the policy (levers) that received greater attention and helped accelerate SMEs contribution to the transition to a circular economy.
  6. **Barriers and opportunities:** Identify particular barriers/challenges in policy adoption among SMEs and opportunities to address them.
  7. **Impact analysis:** Review and document evidence on the impact of circular economy programmes and policies on SMEs, documenting both intended and unintended results and lessons learned.
  8. **Contribution Analysis:** Research and document the current and potential contribution of SMEs in the chosen sector to contribute to the transition to a circular economy, quality jobs, working conditions and other environmental benefits in the particular country.

#### **DELIVERABLES/SPECIFIC OUTPUTS EXPECTED FROM CONSULTANT**

Key deliverables for this work include

1. A **proposal document** outlining the consultants understanding of the assignment, including a revised version of the scope of work and research questions – this will be discussed and agreed by the Circular Economy Task Team.
2. Set out the proposed concept at a **kick-off meeting** with the Task Team. The concept and meeting agenda should be shared with the task team at least 5 days prior to the meeting. It can be largely based on the proposal that the bidder will submit as part of their bid for this assignment. This meeting will be key in terms of expectation management and expected scope of the assignment.
3. **Desk research**, as specified under ‘Scope of Work’, above.
4. A **preliminary report** detailing the choice of sectors and countries, approach to research and deliverables, to be discussed and approved by the Circular Economy Task Team
5. **First draft of two case studies:** Present a first draft of case studies for each of the chosen countries that covers that ‘Scope of work’ described above. Each case study should focus on one country and one sector.

6. The case studies should be **presented to the Task Team to collect feedback**. Depending on feasibility, one or two virtual feedback sessions will be held with the task force.
  - a. The case studies shall not only consist of running text, but also bullet points, text boxes, tables, checklists, graphics, diagrams and other illustrative approaches. The final structure will be discussed and jointly decided upon by the contractor and the task force. The overall length of each case study shall not exceed 20 pages. **One publishable summary per case study should be provided** with key information and recommendations. These should not exceed 2 pages.
7. **A final product of two case studies (and two corresponding short versions, maximum 2 pages)** detailing the contribution of SMEs in the transition to a circular economy and role of policy in enabling this as well as recommendation for accelerating the transition. The product shall be submitted to the Task Team in English language and with a finalized text and structure ready for layouting and subsequent publication. A writing style guide will be shared with the contractor, which should be followed. Layout and publication will be the responsibility of the GGWG. However, the contractor will need to consider how the final product shall be structured and designed.
8. **Presentation of the findings** at at least one webinar with the main audience being employees of DCED members (potentially wider audience possible).

#### **SPECIFIC INPUTS TO BE PRESENTED BY THE CLIENT**

1. The Circular Economy Task Team will request all DCED GGWG members to share their organization's current and past work on circular economy, especially, as it relates to SMEs in the specified geographies and sectors.
2. Members of the Task Team will also share their stakeholder and partner networks for potential interviews where possible.
3. The Task Team will share relevant publications or reports (resources).
4. The DCED Secretariat will provide a writing style guide and example final formatting templates.

#### **SPECIAL TERMS & CONDITIONS / SPECIFIC CRITERIA**

1. This work should be concluded in no more than six months from the time of contracting.
2. The Task Team expects quality detailed final case studies, each focussing on one country and one sector and short versions (max 2 pages) with key findings that can be published.
3. The consultant should be willing to make at least one, potentially multiple presentations in webinars or DCED convenings as part of dissemination of the findings.
4. While the contract will be fulfilled through the IFC, the body for overseeing this work is the Donor Committee for Enterprise Development Green Growth Working Group Task Team on Enabling Policy Frameworks for Circular Economy, made up of representatives from ITC, GIZ/BMZ, IKEA Foundation, ILO, UNDP and UNIDO.
5. Budget: US\$35,000
6. Proposals should include the CVs of those consultants who would carry out the work.
7. Proposals should include any relevant reports previously produced by the consultancy, or links to such reports if they are available online.
8. Proposals should include World Bank vendor ID if available.