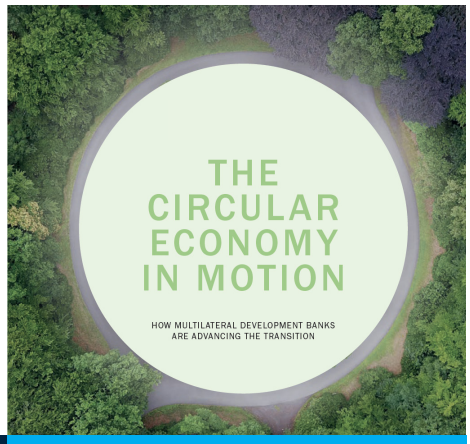
Circular Jobs: How MDBs Are Supporting Job Creation through a Circular Economy



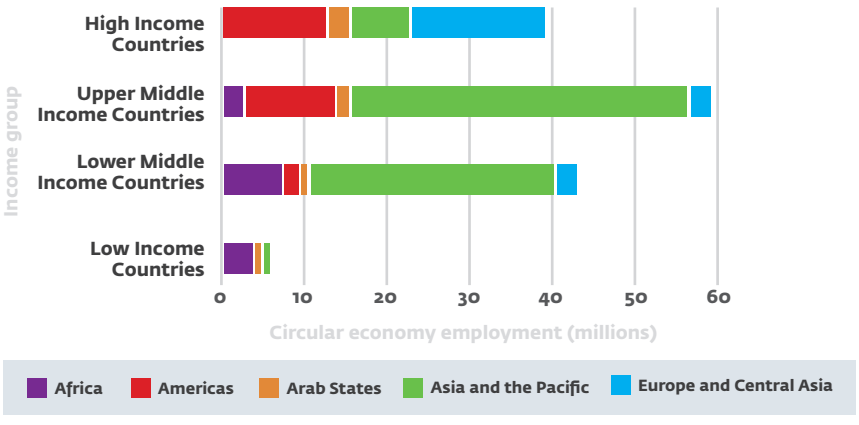
Job creation is an urgent and fundamental priority for all Multilateral Development Banks (MDBs). Without sufficient job opportunities, especially in low- and middle-income countries, where 1.2 billion young people will enter the workforce over the next 10 to 15 years, economic growth risks being derailed and poverty reduction will stall.

The circular economy is a transformative economic model for achieving sustainable development. It minimizes the use of natural resources, maintains the value of products and materials, and prevents or reduces waste. This model has enormous potential to create jobs, strengthen business resilience and competitiveness, and drive inclusive growth. MDBs play a key role in supporting and financing circular approaches that can be replicated and scaled.

The circular economy is already a significant source of formal and informal employment. A **2025 study** by the World Bank Group (WBG), International Labour Organization (ILO), and Circle Economy estimates that 121–142 million people are employed in circular activities (activities that support a circular economy) worldwide – roughly 5–5.8 percent of global non-agricultural employment. Emerging market regions, including Asia and the Pacific, Latin America and the Caribbean, and Africa, show high shares of employment in circular activities(Figure 1).

Circular economy activities can be grouped according to lifecycle stage: from the earliest design and production stage, to extending the lifetime of products, to end-of-life value recovery (see Box 1). Each stage of the lifecycle generates different economic activities and employment profiles. Circular jobs (jobs that support circular activities) are currently concentrated in repair and maintenance, manufacturing, and waste management.

Figure 1: Circular economy employment by income group and region



By the Numbers:

5-5.8%
of global non-agricultural employment is in circular activities

121-142 MILLION
people are in circular jobs

74 MILLION
circular workers are in the informal economy

26%
of circular workers are women

46%
of circular jobs are in repair and maintenance activities

This note is the first in a series focusing on the circular economy prepared by a group of Multilateral Development Banks (MDBs) composed of the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB), IDB Invest, and the World Bank Group (WBG). The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the official views of the MDB boards of executive directors or the governments they represent.

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BOX 1: CIRCULAR ECONOMY LIFECYCLE CATEGORIES

Circular Design and Production: Design phase of products/assets/services that incorporates circular economy strategies or principles, including the reduction of material inputs and use of regenerative inputs as well as increased ease of reuse, repair, or recycling. Production processes that reduce virgin raw material usage and increase production effectiveness.

Circular Use: Lifetime extension of products and assets such as through repair, refurbishment, reuse, retrofitting, and remanufacturing.

Value Recovery: Collection, sorting and aggregation to enable circularity of end-of-life products and materials. Organic and non-organic material management, recycling, and recovery.

+Circularity Enablers: Products, services, business models, platforms, and tools that enable circularity across different segments of the materials lifecycle, including increased intensity of use through shared business models.

Notably, jobs in repair, maintenance, refurbishment, and remanufacturing activities account for nearly half of all circular jobs globally.[1] In lower-income countries, these activities account for an even higher proportion of circular jobs, especially repair of computers, personal and household goods, and motor vehicles.

While the circular transition will require re-skilling and adaptation in some industries to mitigate displacement, the scale of the untapped opportunity is significant. Today, only 7.6 percent of jobs in manufacturing and 3.1 percent of jobs in construction contribute to a circular economy . ILO estimates suggest that recycling steel, reprocessing secondary precious metals, and reprocessing wood are among the highest generators of job growth in the circular economy. Beyond these, the transition has the potential to create new roles in product design and engineering; reuse and refurbishment; recycling and waste valorization; and regenerative agriculture. Innovative digital models, including product-as-a-service and digital traceability, can further generate roles in data and asset management and reverse logistics.

UNLOCKING THIS JOB POTENTIAL REQUIRES COORDINATED ACTION

Realizing this potential will require addressing structural challenges, including informality and gender disparities. More than half of existing workers in non-agriculture circular activities — over 74 million globally — operate informally, without contracts, safety protections, or social coverage (Figure 2). Women participate across all segments but remain concentrated in lower-skilled roles such as waste collection, second-hand retail and household repair services (Figure 3).

Figure 2: Informal circular economy employment by income group and region

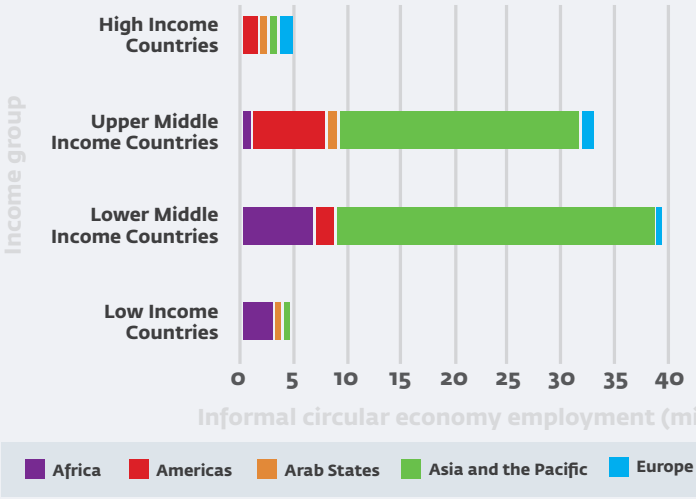
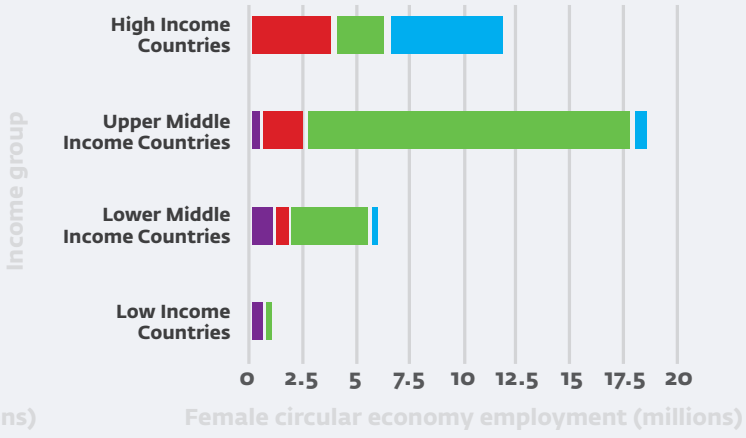


Figure 3: Female circular economy employment by income group and region



[1]World Bank Group, ILO, Circle Economy. 2025. Employment in the Circular Economy: Leveraging Circularity to Create Decent Work. Available at: https://www.ifc.org/en/insights-reports/2025/employment-in-the-circular-economy

[2]Solutions for Youth Employment (S4YE), World Bank Group. 2021. The Circular Economy: Could it provide opportunities for greener and better jobs? Available at: https://www.s4ye.org/sites/default/files/2021-11/S4YE%20Discussion%20Note%20-Circular%20Economy%20and%20Jobs_2.pdf

Circular jobs are only as durable as the business models that create them. Across the circular economy — from design and production, through repair and remanufacturing, to collection, sorting, and recycling — businesses face systemic challenges that suppress job creation and quality: virgin material price advantages that undercut recyclers, underdeveloped markets for repair and refurbishment, hazardous and informal working conditions in waste collection, and skills gaps that block access to higher-productivity roles. Addressing these challenges requires coordinated policy, investment, and market-building interventions. Figure 4 maps these challenges and the levers — regulatory, financial, and institutional — that MDBs and governments can deploy to enable sustainable circular job creation at scale.

The circular economy can be a powerful jobs engine — with the right investment in human capital. By establishing quality standards for aggregated recycled content — developed with direct input from recyclers — and equipping collectors with the training to meet them, emerging markets can unlock higher and more stable revenue streams for their most vulnerable workers. Higher-productivity circular roles such as remanufacturing technicians, quality assurance specialists, and reverse logistics managers require capabilities that do not yet exist at scale in most emerging markets. Technical and vocational training systems, employer-led training, and skills recognition frameworks are powerful enablers of job creation. Ensuring women are not left behind in the circular transition — and have the skills to access emerging circular jobs — is equally critical. The 1.2 billion young people entering labor markets in developing countries over the next decade represent both a natural workforce for these roles and a priority beneficiary of investment in skills pipelines. Digitalization of circular sectors — waste, electronics, and textiles — creates real opportunities for women and youth to supplement their earnings and shape the circular economy's future, provided they have access to the right education, training, and upskilling opportunities.

Transitioning to a circular economy creates opportunity but also disrupts existing linear business models and industries. Workers and enterprises in sectors such as single-use packaging, extractives, and fast fashion face real displacement risk as circular alternatives scale and regulatory requirements tighten. Governments need adjustment mechanisms alongside their circular economy strategies: reskilling programs for displaced workers, social protections, and diversification strategies for communities dependent on linear industries. Managing this transition fairly — while building the workforce for circular business models — is a government responsibility, and one where MDBs have an important supporting role.

Figure 4. Fostering sustainable and inclusive job creation across circular value chains

Category	Business Activities	Challenges	Potential Policy & Market Levers
Circular Design and Production	Resource-effective manufacturing; innovations in material usage, e.g. bio-based and recycled inputs	Input price competitiveness vis a-vis virgin inputs; adequacy and quality of feedstock	Recycled content mandates and public procurement policies; aggregation of private buyer commitments and new business applications to create off-take security; youth innovation and entrepreneurship platforms to develop circular design talent; gender-responsive incubation programs supporting women-led circular startups
Circular Use	Repair, maintenance, refurbishment, remanufacturing	Underdeveloped markets; informal employment; limited access to working capital for Micro, Small, and Medium Enterprises (MSMEs)	Repairability requirements; spare parts and warranty standards; durability-focused procurement policies; working capital, equipment and MSME finance; training and standards to formalize jobs; apprenticeship, mentorship and support schemes targeting youth and women
Value Recovery	Collection, sorting, aggregation, recycling	Poor infrastructure and logistics; hazardous working conditions for waste pickers; volatile secondary market prices (and demand) for recycled materials	EPR schemes; investment in waste management infrastructure; formalization pathways and access to finance for informal workers and cooperatives; decent work standards, safety protections, and quality training including youth and women-focused vocational pathways tied to recognized credentials
+Circularity Enablers	Digital tools and platforms which, for example, enable shared use business models	Resource constraints to support digital infrastructure; skills gaps; lack of industry standards	Investment in digital infrastructure; technical and vocational training systems including for women and youth; harmonized regulatory frameworks for digital tools

THE ROLE OF MDBS

MDBs play a key role in supporting transitions to a circular economy, working alongside governments, development partners, and the private sector. MDBs bring the depth of analytical expertise, advisory services, and investment across the full circular lifecycle and across multiple sectors simultaneously. This breadth of support matters because the systemic barriers constraining circular job creation cannot be resolved at a project level alone.

At the knowledge and research level, MDBs are building the evidence base that markets and governments need. This includes employment baselines quantifying where circular jobs sit and what shares are informal; harmonized definitions and taxonomies that give financiers and regulators a common language; and sector- and country-level analyses identifying where investment unlocks the greatest employment returns. Through convening and thought leadership, MDBs are bringing together key partners to share what is working and learn how to implement replicable solutions to support employment in the circular economy.

MDB advisory services provide support for the design and implementation of both circular economy strategies and specific sector action plans. MDBs help governments design the full regulatory and policy framework required, including demand-creation measures, such as extended producer responsibility schemes, recycled content mandates, and procurement policies, as well as labor and safety regulations that protect workers in circular systems. MDBs advise firms on circular economy approaches that enable quality job creation and integration of MSMEs into supply chains. MDBs can also support firms in adapting circular business processes and making the case for workforce upskilling, for example, in sectors such as material recovery and product repair, where better-skilled workers can translate into higher firm productivity.

Technical assistance programs help public, private, and civil society stakeholders strengthen systems to enable circular activities and jobs. These include the employment environment for waste pickers in waste management systems and the design of adjustment mechanisms for workers and industries facing displacement. Aligning technical and vocational education and training curricula is increasingly integral to the circular economy transition, as is fostering entrepreneurship to support innovative circular business models.

MDBs invest across the full lifecycle of the circular economy. Investment in sustainable circular businesses and activities is foundational for creating sustainable circular jobs. This ranges from financing resource-effective manufacturing and material input substitution to repair, refurbishment, and remanufacturing to collection and sorting and recycling infrastructure as well as MSME financing. Each stage generates diverse employment opportunities across value chains including highly specialized technical roles alongside a broader base of skilled trades.

BOX 2. USING KNOWLEDGE TOOLS TO UNLOCK CIRCULAR JOBS

Jobs in the Circular Economy is a knowledge initiative jointly led by the World Bank Group, International Labour Organization, and Circle Economy. It aims to bridge gaps in existing research and **create evidence-based tools to better understand and unlock the potential of the circular economy for creating jobs.**

Based on three years of joint research, **Employment in the circular economy: Leveraging circularity to create decent work** provides the first global baseline assessment of employment in the circular economy. The report underscores the need for targeted policies to enable the circular transition and integrate workers' rights and social protections into circular economy strategies.

MDBs also have a role to play in sharing lessons across client contexts as the transition to a circular economy evolves. This goes beyond project-level investment and extends to sector fundamentals to shape adequate policy frameworks, worker protection systems, skills infrastructure, a financial architecture that allows circular transitions to be both economically productive and genuinely inclusive.

Multilateral development banks play a key role in supporting and financing scalable and replicable circular solutions that create quality jobs. Examples of support include direct investments, technical assistance and advisory support, and knowledge products.

Creating Jobs for Ride-Hailing Drivers

Debt finance for fintech firm in Nigeria
International Finance Corporation

IFC provided a **$20 million financing package** to African fintech Moove to address the limited access to vehicle financing constraining ride-hailing platforms and to contribute to a circular economy by increasing the intensity of a vehicle's use. The investment **enabled drivers in Lagos to receive formalized contracts, extensive training, insurance, and access to vehicle financing — supporting quality job creation in the platform economy.**

New and Better Jobs in Recycling

Loan to improve Serbia's recycling systems
European Bank for Reconstruction and Development

EBRD provided a **loan of up to €75 million** to the Republic of Serbia, accompanied by technical assistance for the formalization of waste management activities and targeted support for informal waste pickers. The investment **creates long-term jobs in the construction and operation of regional waste sorting and recycling facilities across 47 municipalities.**

Supporting Circular Entrepreneurs Across Africa

Programmatic support to MSMEs
African Development Bank

AFDB's **AfriCircular Innovators Programme** provides business development support — including grant financing, training, peer-to-peer learning, and market linkages — to early-stage circular startups. **The program prioritizes job creation for youth and women: in its pilot phase, five of the ten enterprises that received tailored coaching and grants expanded their teams.**

Upskilling Workers in Electronics Refurbishment

Quasi-equity finance for refurbishing platform
European Investment Bank

EIB provided a **€17 million financing package** to Swappie, a smartphone refurbishing platform, to support its growth and invest in training and development opportunities. The financing **stimulates demand for skilled labor across refurbishing, quality control, logistics, marketing, and customer service — expanding quality jobs in the electronics circular economy.**

Creating Circular Jobs in Forestry

Debt finance for engineered wood production
Asian Development Bank

ADB provided a $50 million **green loan** to Shouguang Luli Wood in Jiangxi Province, China, to finance the construction of a factory producing engineered wood panels from wood waste sourced from smallholder suppliers. The investment **is expected to create approximately 1,500 direct and indirect jobs in the forestry value chain, while generating additional income for smallholder suppliers.**

Analytics to Support Job Creation Strategies

Knowledge tools to drive circular strategies
Inter-American Development Bank

Under the **Regional Collaborative Platform for Strengthening the Circular Economy,** IDB provides analytical tools to support evidence-based circular economy strategies at national and city levels. Knowledge products include the Circularity Gap Report for Chile and the **Solid Waste and Circular Economy Hub**, **which help governments identify opportunities to diversify and grow circular employment beyond repair activities and informal waste collection.**

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