

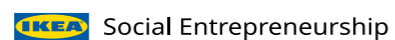
WHITE PAPER

CIRCULARITY & INFORMALITY

REDEFINING NARRATIVES

October 2024





ABOUT IKEA SOCIAL ENTREPRENEURSHIP

IKEA Social Entrepreneurship creates greater opportunities for people who are vulnerable and marginalised to live a better everyday life. It contributes to transforming IKEA into a more circular, entrepreneurial and sustainable business. By working with pioneers and pathfinders who use their businesses to make everyday life better for those who need it most, IKEA Social Entrepreneurship is committed to creating a positive impact, striving towards a more equal and inclusive society.



ABOUT UNDP ACCELERATOR LABS

The United Nations Development Programme (UNDP) Accelerator Labs is the world's largest and fastest learning network on wicked sustainable development challenges. Co-built as a joint venture with the Federal Ministry for Economic Cooperation and Development of Germany and the Qatar Fund for Development, along with Partners at Core for UNDP, the Italian Ministry of Environment and Energy Security as action partner, and the Japan Cabinet, the Network covers 114 countries, and taps into local innovations to create actionable intelligence and reimagine sustainable development for the 21st century. Over the last five years, the Accelerator Labs Network has evolved into an open, globally distributed R&D capability for the Sustainable Development Goals.



ABOUT ASHOKA

Ashoka envisions a world where everyone can embrace their agency, live with dignity, have the skills to solve problems and create positive change for the common good. The organization selects leading social entrepreneurs (Ashoka Fellows) and accompany them along their journey - with catalytic investments, strategic guidance, and an unmatched peer-to-peer community. We learn from Fellows and create open-sourced knowledge resources for broader social innovation.



ABOUT CIRCLE ECONOMY

Circle Economy Foundation is a global impact organisation with an international team of passionate experts based in Amsterdam. We empower industries, cities and nations with practical and scalable solutions to put the circular economy into action. Our vision is an economic system that ensures the planet and all people can thrive. To avoid climate breakdown, our goal is to double global circularity by 2032.

BEHIND THE COVER

Abdul Momin is a photographer from Bangladesh who documents the culture of his homeland. He focuses on bright colours, mesmerising patterns, and captivating perspectives to tell the stories of people in his country.

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1. BACKGROUND

This white paper delves into the dynamic intersection of the circular economy and the informal economy, drawing insights from vibrant learning circles with diverse participants from over 20 countries. The initiative is grounded in a collaborative partnership between Ashoka, IKEA Social Entrepreneurship, and the United Nations Development Programme (UNDP) Accelerator Labs Network, with support from Circle Economy. These learning circles were highly participatory, engaging over 100 representatives from UNDP's Accelerator Labs, IKEA co-workers, and social entrepreneurs from Ashoka's extensive network of over 4,000 changemakers across 95 countries.

As part of this process, three distinct learning circles were organised, each focusing on different themes:

1. **Perceptions and Drivers:** The first circle explored the perception and understanding of informality, the relationship between circularity and informality, and the drivers and enablers of each system.
2. **System Intersections:** The second circle examined how connecting these systems can impact circularity and informality, identifying the conditions and actors necessary for their integration
3. **Enabling Environments:** The third circle focused on the mechanisms, enablers, gaps, and options required to ensure recognition, rights, and an enabling environment for informal micro and small entrepreneurs and workers within circular economies.

These participatory sessions aimed to grasp the complexity of circular and informal systems worldwide, bringing together diverse stakeholders to surface robust insights.

It is important to note that in this white paper, the terms 'Global North' and 'Global South' are used to reflect ongoing economic and structural power relations between and within nations and regions. The 'circularity-informality nexus' refers to the intersection of informality and circularity and describes how informal economic activities interact with and support circular economy practices.

This white paper, developed by Circle Economy in collaboration with Ashoka, IKEA Social Entrepreneurship, and UNDP Accelerator Labs, aims to increase understanding of informality within the circular economy and highlights the critical role of partnerships in navigating these challenges.

2 • INFORMALITY AND THE CIRCULAR ECONOMY

What is the circular economy?

The term circular economy is increasingly used to describe activities aimed at reducing waste, optimising resource use, and regenerating natural systems. It promotes designing products that can be easily repaired, repurposed, or disassembled, like modular smartphones, furniture made from recycled materials, or single-material packaging.¹ Simply put, this approach mimics nature's way of 'living within our means'. By adopting circular strategies, we can cut down on material usage, lower harmful emissions, protect biodiversity, reduce pollution, and address social inequalities stemming from our current linear economic model.²

BOX 1 • INFORMAL EMPLOYMENT RATES PER REGION ⁶

89% in Sub-Saharan Africa

- 71% in Asia and the Pacific
- 68% in the Middle East and North Africa
- 54% in Latin America and the Caribbean
- 37% in Eastern Europe and Central Asia.

What role do informal workers play in the circular economy around the world?

Practitioners, researchers and other stakeholders widely recognise that **informal workers are the driving force behind the circular economy in many countries.**

They live out circular economy strategies in their everyday jobs through second-hand reuse, repair, waste collection, sorting, and recycling.³ For example, in Cairo, the Zabbaleen community has created a complex waste collection and recycling system, managing about 80% of the city's waste.⁴ Similarly, in India, numerous informal workers repair and refurbish electronics, extending the life cycle of products and reducing e-waste.

'Informal' is an umbrella term used to describe a diverse set of activities and actors. According to Women in Informal Employment: Globalising and Organising (WIEGO), a global network focused on empowering the working poor (especially women) in the informal economy, the informal economy refers to enterprises and individuals that are not regulated or protected by the state.⁵

Discussions from the learning circles highlighted that the informal sector is often excluded in circular economy discussions, revealing a major blindspot. Existing evidence estimates that over 60% of the world's workforce and 80% of businesses operate in the informal sector.⁶ **Informal employment is hard to measure, and estimated employment rates vary across regions, as illustrated in Box 1.**⁷ Many informal sector workers rely on circular practices for their livelihoods, known as a 'necessity-driven circular economy'. They are seen as either frugally innovative or eco-innovators but may also face marginalisation and exploitation.⁸



Informal workers are often concentrated in urban waste management (Box 2).⁹

BOX 2 · DISTRIBUTION OF INFORMAL WASTE PICKERS

There are an estimated 15–20 million informal waste pickers worldwide ^{10 11}. Examples include:

- **China:** 4 million informal waste pickers ¹²
- **Brazil:** Up to 800,000 informal waste pickers ¹³
- **Colombia:** Around 300,000 informal waste pickers ¹⁴
- **Indonesia:** Approximately 2 million informal waste pickers ¹⁵
- **Nigeria:** 1 million informal waste pickers ¹⁶
- **South Africa:** 60,000 to 90,000 informal waste pickers ¹⁷
- **India** 13 million informal waste pickers, with almost 80% being women in some cities ¹⁸
- **Cairo, Egypt:** Up to 70,000 informal waste-pickers ¹⁹
- **France:** 500 organized waste pickers through Amelior network
- **Italy:** 23 groups organized by Rete Nazionale Operatori dell-Usato – Rete ONU ²⁰

At least 0.6–2% of the urban population in Global South cities are engaged in waste picking ²¹

What shapes our view of the role of informal workers in the circular economy?

The learning circles revealed that circular practices in the informal economy, especially in the Global South, are sometimes perceived negatively due to the challenging working conditions associated with them. These include long hours, low and unstable incomes, unfair pay, precarious jobs, exploitation, social marginalisation, and high health risks.²² These issues intersect with existing vulnerabilities of workers, such as high risk of poverty, lack of social protection, and lack of access to healthcare.²³ increasing these workers' risks of exclusion. Further, informal activities in the Global South are often linked to the transboundary movement of waste and second-hand goods from the Global North to countries that lack the capacity to recirculate, reuse or recycle them effectively. This issue is exacerbated by insufficient systems for upholding or monitoring labour rights practices by companies. Currently, monitoring often relies on voluntary reporting and fails to implement or enforce stricter measures for businesses that do not uphold worker support in their supply chains.²⁴

The learning circles also highlighted that informality isn't just a Global South phenomenon. Research shows that informal employment has been increasing in the Global North in recent years, driven by economic recessions, crises, and evolving work arrangements like flexible and platform work.²⁵ For example, cities like London have seen a rise in gig economy workers who depend on platform-based work for income, such as delivering food or doing freelance work online.²⁶ Ensuring fair treatment for informal and less regulated workers is especially challenging in lengthy subcontracting chains, which can undermine the enforcement of collective bargaining agreements.²⁷

Informal employment and circular practices are common and 'part of the fabric of life' in many parts of the world. Informal waste workers are crucial for circular strategies, but they are often not recognised as 'relevant' or significant stakeholders on a par with businesses, industries, national and local governments, and society in general.²⁸

Who are the main actors operating at the circularity-informality nexus?

The learning circles highlighted the presence of numerous actors working at the intersection of circularity and informality.

- **Informal workers** play a vital role in circularity across the value chain through resourceful and adaptive practices.
- **Social entrepreneurs** play an important role in supporting innovation where circular and informal economies meet, serving as connectors, employers, intermediaries or providers.
- **Governments** are critical in setting the policy direction and regulatory environment to facilitate circular practices and recognise the contribution of informal workers.
- Strategic partnerships and cooperation between **public institutions**, including universities, research centres, industry and knowledge partners, are essential in disseminating innovations and developing a deeper understanding of circular economy practices as well as advocating for the rights and recognition of informal workers.
- **Financiers** play a key role in shifting from traditional to social and circular business models.
- **Private corporations** can promote wide-scale adoption of circular practices and leading actions to integrate informal workers into initiatives, contributing to the advancement of inclusive and sustainable communities and societies.
- **Consumers**, increasingly environmentally conscious, play a key role in influencing how circular practices are perceived and adopted across different regions and economic classes.
- **Networks** and accelerators can amplify grassroots solutions and operate as cooperatives, leading to new value propositions and evolving approaches to informal and circular economies.
- **Local communities** have wisdom and Indigenous knowledge that can often serve as the basis or inspiration for frontline grassroots innovations.



Figure one outlines the three layers of actors and their roles in facilitating the integration of informal workers into circular value chains, covering all stages from material sourcing to residual waste management. Together, these layers form a supportive framework for informal workers in circular economies.

Inner Layer: Grassroots

Grassroots actors, such as informal workers and local communities, drive circular value chains from the ground up. They directly create and implement innovative practices that align with circular economy principles. Their close connection to local contexts allows them to address specific challenges and opportunities effectively, ensuring practical and sustainable solutions tailored to the informal sector. Their on-the-ground presence allows them to adapt and refine circular practices in real-time, fostering resilience and inclusivity within local value chains.

Second Layer: Intermediators

Intermediaries, such as social enterprises, networks, and accelerators, act as vital bridges between grassroots initiatives and the wider system. They play a key role in scaling innovations from the local level to a broader context, facilitating the exchange of resources, knowledge, and support. By connecting diverse stakeholders and supporting the growth of successful grassroots initiatives, intermediaries help integrate informal workers into circular value chains more effectively. They ensure that local innovations gain the visibility and resources needed to make a significant impact on a larger scale, thus driving the advancement of circular economy practices that benefit informal workers.

Outer Layer: Enablers

Enablers, including governments, public institutions, private corporations, financiers, and consumers, create the overarching conditions necessary for the successful implementation and scaling of circular practices. They contribute by developing and enforcing policies, providing financing, sharing knowledge, and shaping trends that promote circular economy principles. Through their support, enablers facilitate the large-scale integration of informal workers into circular value chains by establishing a conducive environment that supports sustainable practices. Their efforts help build the infrastructure and systems needed to support and sustain circular practices, facilitating the broader inclusion and success of informal workers within these systems.

Overall, the figure illustrates that:

- Informal workers play key roles across all stages of the circular value chain.
- Actors may take on different roles in driving circular value chains that support informal workers—from being enablers to intermediators to grassroots actors.
- Regardless of an actor's proximity to the ground, each plays a vital role in the system.

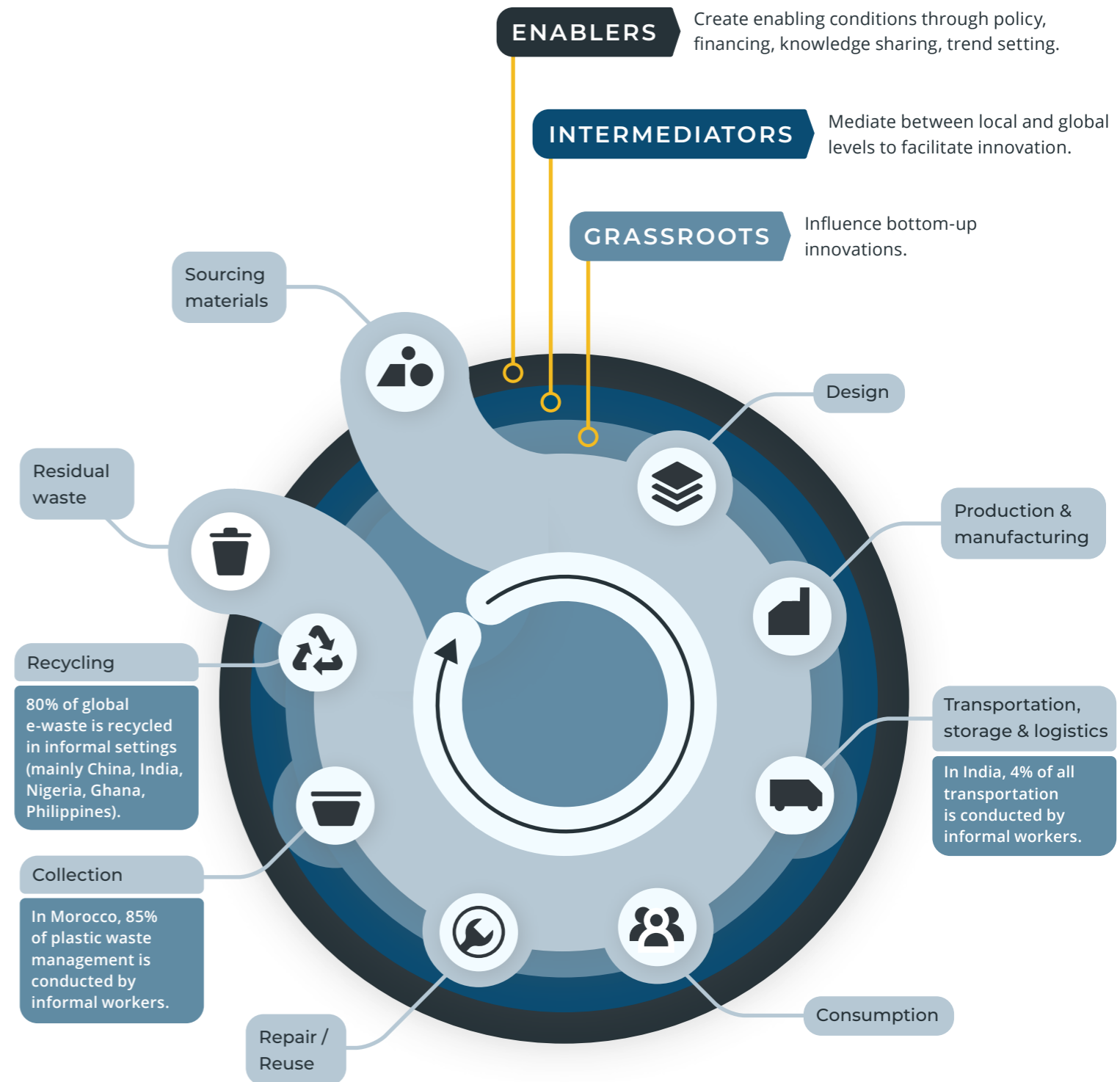
The role of social entrepreneurs

The roles social entrepreneurs play are varied and multifaceted. Compared to more commercial private sector actors, social entrepreneurs are often deeply embedded in the communities where they operate and serve. When workers in these communities are 'informal', social entrepreneurs engage in a variety of activities that bridge formal, informal, and circular areas of the local economy.

The roles played by social entrepreneurs include:²⁹

- **Connectors and intermediaries:** social entrepreneurs may play a role in connecting informal workers with formal institutions. They support advocacy efforts to enhance recognition and access to rights for informal workers. Additionally, social entrepreneurs provide platforms for dialogue and collaboration, bridging communication gaps and addressing other common challenges. By facilitating these connections, social entrepreneurs help informal workers access formal market opportunities.
- **Employers:** social entrepreneurs may establish their enterprises and recruit from the informal sector, providing livelihood opportunities, better wages, or safer, more stable working conditions for workers.
- **Providers:** social entrepreneurs may offer benefits such as training, healthcare, and financial support to informal workers in the circular economy and their families, as well as affordable solutions, products or services to informal workers themselves.

ROLES OF ACTORS IN INTEGRATING INFORMAL WORKERS INTO CIRCULAR VALUE CHAINS



3 • DILEMMAS AT THE INFORMALITY- CIRCULARITY INTERSECTION

In this section, we **outline the tensions and dilemmas** that emerged during the learning circles **and examine the key narratives surrounding the intersection of circularity and informality**. Acknowledging that there are various actors at this intersection, **we shine a light on the unique role of social entrepreneurs** in the overlap between informality and the circular economy, showcasing their impact through two case studies. **From these discussions, four key dilemmas emerged outlining how circularity and informality interact and co-exist:**

3.1 ————— STIGMA AND RECOGNITION OF INFORMAL WORKERS

Informal work is often stigmatised, leading to discrimination. Waste pickers, who play a key role in recycling and resource recovery efforts, are especially impacted by this negative societal view. Their labour and the value of waste materials are not often recognised, so waste pickers are typically seen as a ‘social problem’.³⁰ Workers may face health hazards, exploitation by scrap dealers, and harassment from local authorities.³¹ In some cases, like Abuja, Nigeria, they are even considered illegal despite their crucial role in waste management.³² This stigma can intersect with existing vulnerabilities and potentially worsen them. For example, in Pakistan, some informal recyclers face additional discrimination due to their refugee status.³³

Stigma and recognition are closely connected. Much informal circular activity occurs in rural and Indigenous contexts that are currently not recognised, included or understood in mainstream social innovation systems. Despite holding deep circular knowledge, these communities are often overlooked. Moreover, their practices often stem from worldviews that differ from the dominant perspectives of the formal economy. Integrating the perspectives of informal workers on how to scale circularity in a meaningful way, rather than through more seemingly token consultation, remains a significant challenge. Some participants noted that this challenge is particularly pronounced in consultations with waste pickers.

The use of the term ‘informal’ poses challenges in efforts to recognise informal workers and the economic value of their activities. During the learning circles, a recurring theme emerged: informal workers do not see themselves or their circumstances through an ‘informal’ lens. Additionally, labelling economic spaces as strictly ‘informal’ or ‘formal’ fails to acknowledge their deep interconnections and interdependencies. It was emphasised that many parts of the formal sector rely heavily on informal workers’ labour and that informal networks, often characterised by reciprocity, form in response to the failures of extractive formal institutions, including the state.

Ultimately, the concept of formality versus informality is shaped by power dynamics that influence how economic activities are perceived and defined. The term ‘informal’ often carries a connotation that implies a lack of structure and organisation, which oversimplifies the diverse range of activities it encompasses. In reality, many informal enterprises are highly dynamic, efficient, and innovative. Some informal spaces may even foster collaboration, inclusivity, and participation more effectively than formal ones. However, the negative connotations attached to the label ‘informal’, often perpetuated by influential actors, can hinder recognition of their positive contributions, especially in circular economy strategies. Many participants of the learning circles argued that informality should be recognised as an integral and constitutive part of economic activity rather than something inherently ‘outside’.

FORMALISATION AND REPRESENTATION

The topic of formalisation sparked intense debate during the learning circles. Some participants strongly argued that certain informal economic activities should not necessarily be adapted to fit formal systems. For instance, in some contexts, the services of informal recyclers can be more effective than formal recycling programmes in capturing different types of valuable materials, creating jobs, educating citizens about waste separation and fostering social inclusion.³⁴

While recognising the positive aspects of some informal activities, participants also **highlighted how formalisation could worsen conditions for workers in some cases, limiting their flexibility and independence.** For example, in India's cities, street vendors operated informally for decades without permits or formal registration, choosing locations and hours freely. The *2014 Street Vendors (Protection of Livelihood and Regulation) Act* aimed to recognise vendors systematically, promote stakeholder negotiations, and reduce exploitation. However, many vendors now face challenges like fixed, less profitable locations and restricted hours.³⁵ Thus, while the aim has been to bring street vendors into the formal economy, it has inadvertently limited their flexibility and independence, affecting their livelihoods and economic opportunities.

On the other hand, **formalisation can significantly improve access to legal and social benefits.** Recognising informal workers through formal institutions is essential for securing their rights, such as safer working conditions, bargaining power, and access to essential services.³⁶ For instance, in Brazil, the Micro-entrepreneur Programme (MEI), launched in December 2008, aims to formalise self-employment. One of its main benefits is inclusion in the National Register of Legal Entities (CNPJ), which streamlines tasks such as opening bank accounts and applying for loans.

The **multifaceted dilemma of formalisation highlights the need for nuance when approaching the intersection of informality and circularity.** We should neither dismiss nor overly glorify 'informality' as a whole. While some informal work is hazardous and unstable, formalisation processes should not be simplified or seen as universally beneficial. Effectively responding to the issues faced by workers at the intersection of informality and circularity requires deep place-based knowledge and an open approach.

Accelerating formalisation and privatisation processes within waste management—which often intersect with circular economy interventions—could contribute to job losses for informal workers.³⁷ They might lose access to essential resources, becoming more dependent and facing unequal integration. For example, as the private sector develops an increasing interest in waste materials, informal workers may lose access to these materials on which their income depends. Even if included in private sector projects, they might face conditions that expose them to new risks and dependencies.

Case study 1 illustrates the challenges of formalisation and representation, focusing on informal waste pickers in the Ivory Coast and examining how social enterprises, such as Electronic Waste Africa, support them within this context.

CASE STUDY 1 • ELECTRONIC WASTE AFRICA (EWA)

The Ivory Coast is a primary destination of electronic waste (e-waste) exports from the Global North. High volumes of e-waste, in combination with limited waste management infrastructure, result in hazardous e-waste being regularly disposed of in landfills and urban areas. This contributes to a range of adverse environmental and health impacts, including exposure to toxic chemicals, which can also contaminate food supply and water ecosystems.³⁸ **Most e-waste is manually processed by informal workers, who collect, dismantle, and recover valuable materials from these discarded electronics,** which are later sold in local and international markets, often via several aggregators and intermediaries.³⁹ These workers frequently lack education and knowledge of safe disposal practices, leading to environmental and health issues and highlighting the broader challenge of e-waste management. In light of these environmental concerns, the government has been reviewing its approach to informal workers.

In Abidjan, **Electronic Waste Africa (EWA)** is a social enterprise addressing challenges related to e-waste in three main areas: improving safe end-of-life management practices, advocating for the inclusion of workers in the e-waste sector, and enhancing data availability for better sector understanding. Operating at the intersection of circular economy and informality, EWA focuses on reframing e-waste as an opportunity rather than solely a challenge, aiming to highlight the valuable contributions of e-waste workers. They also strive for equitable distribution of value

throughout the e-waste value chain and have developed the first comprehensive database of e-waste stakeholders.

EWA plays the social entrepreneurs roles of both connector and provider:

- As a connector deeply engaged with local communities and worker associations, EWA seeks to meaningfully involve workers in decision-making processes. In addition, it provides platforms for workers to voice their interests and seek collective solutions. EWA collaborates with government agencies, NGOs, international organisations, and private sector stakeholders to advocate for policies and practices that protect informal workers while promoting sustainable e-waste management, as highlighted by a participant during the learning circles.
- EWA also acts as a provider offering training programmes to informal workers through their e-waste academy, an initiative which also sets up local collection points across the Ivory Coast to coordinate the recovery of e-waste before processing it in safer platforms.⁴⁰

Overall, EWA's approach focuses on **empowering informal e-waste workers through training, advocacy, and collaboration. This will increase their social standing and professional recognition within the e-waste recycling sector and support their integration into the formal waste management systems.** By working with grassroots organisations and local communities, EWA strengthens community ties and empowers workers to advocate for their own rights and recognition.

'TWO CIRCULARITIES': TOP-DOWN VERSUS GRASSROOTS

From the learning circles, it emerged that there are effectively 'two circular economies' operating in parallel: 'grassroots circularity' and 'top-down circularity'. 'Grassroots circularity' tends to be local, tangible, and nature-based, often driven by workers in the informal sectors of the Global South. It is also associated with concepts such as solidarity, sufficiency, and scaling down, which are crucial for tackling current social and sustainability issues. This form of circularity builds community solidarity through mutual support and equitable distribution of benefits, focuses on sufficiency by managing resources sustainably, and scales down to smaller, localised initiatives that adapt to specific community needs. This approach often draws on knowledge from informal settings and highlights the need to recognise the interconnectedness of the economy and society, requiring holistic re-learning alongside technical innovation.

In contrast, 'top-down circularity' is technology-driven and abstract, primarily defined by institutions in the Global North. While grassroots circularity is viewed as a lived reality or way of life, top-down (or dominant) circularity is shaped by theoretical frameworks and 'expert' perspectives.

Case study 2 explores how informal women artisans in Brazil contribute to local, sustainable practices and how the social enterprise Rede Asta supports and connects them to broader markets with technological tools, thereby empowering grassroots circularity initiatives.



CIRCULARITY AND INFORMALITY: ARE THEY RELEVANT?

From the perspective of informal workers, both the concepts of circularity and informality are largely irrelevant. The activities, processes and people labelled as 'informal' are typically named so by outsiders; for these workers, 'it's just life and livelihoods'. Similarly, the circular economy in informal spaces is 'just a new term for a pre-existing reality'; practices such as repair and second-hand consumption are not novel but are a part of life in contexts where hyper-consumptive and extractive lifestyles have not been normalised.

CASE STUDY 2 · REDE ASTA

In Brazil, many women engage in artisanal activities across various sectors, such as crafts, handmade goods, textiles, and jewellery. **These activities are often 'informal' and small-scale, taking place in local markets and networks rather than 'formal' retail outlets.** They are often circular, emphasising the reuse and upcycling of materials in creative ways. However, traditional artisanal skills are at risk of disappearing due to factors such as inadequate formal training, generational shifts, and economic pressures. Additionally, artisans often face challenges accessing formal markets and distribution channels, which hinders their ability to expand their customer base and maintain sustainable incomes.

Rede Asta, a social enterprise based in Rio de Janeiro, supports 52 artisan groups in Brazil, made up of 700 women,⁴¹ to preserve and promote artisanal activities and skills. **Rede Asta acts as an intermediary, connecting artisans to broader markets** through its showrooms and online business-to-consumer (B2C) and business-to-business (B2B) platforms, selling their products under the unified brand 'Asta'.⁴² They partner with organisations to gather scraps and up-cyclable waste, enabling artisans to expand their reach

beyond local markets and increase their visibility to potential customers, nationally and internationally.

Their approach is anchored in building reliance among artisans. Early on, Rede Asta's leadership noticed some artisans becoming dependent exclusively on their sales channels, leading to a recognition of the need to diversify artisans' income streams by connecting them directly to different buyers.⁴³

Rede Asta also acts as a provider, offering business training, workshops, and mentoring to artisans to develop skills in business management, marketing, product development, and pricing strategies, enabling them to operate in competitive markets. The work of these artisans embodies key aspects of circularity, as well as contributing to local sustainable economies. Rede Asta bridges the gap between 'informal' circular work and the broader, more visible circular economy. **By promoting greater recognition of artisans' knowledge through their upcycling research lab, they validate the importance of artisanal skills within circular initiatives.** This grassroots network-building activity exemplifies how the informal, circular and formal sectors can interact in ways that are non-extractive and inclusive.

4 •

KEY FINDINGS AND WAYS FORWARD

This white paper examines the intersection between circularity and informality to increase understanding of informality within the circular economy and foster dialogue among actors on empowering informal workers and their collaborators to advance the circular economy. Learning from different perspectives and experiences is essential for fostering mutual respect, promoting collaboration, and uncovering aspects of the system that might otherwise be overlooked. This broader perspective helps identify interconnected challenges and opportunities within complex systems, and **a holistic understanding of these complexities is crucial for effectively addressing and achieving the Sustainable Development Goals (SDGs).**

After exploring the challenges and dilemmas around this nexus, the key findings can be summarised as follows:

- The label of 'informality' is often an external categorisation. However, for informal workers, these activities simply represent their way of life and means of livelihood.
- The stigma surrounding informal labour presents a major obstacle to acknowledging and understanding the substantial economic and circular contributions of informal workers. It is important to respect the significance and identity of these workers, moving beyond negative connotations that don't fully reflect their reality.

- The knowledge necessary to embrace circularity at the local and global levels exists within informal settings, yet this is frequently overshadowed by dominant views shaped by technology and theoretical frameworks.
- The complex issue of formalisation highlights the need for a nuanced approach when addressing the intersection of informality and circularity. Formalisation processes can be empowering, but they can also worsen issues for workers' when not approached in ways that safeguard their livelihoods and rights. Therefore, there is an urgent need for nuanced and context-specific approaches when considering the 'formalisation' or integration of the informal sector.

As we move forward, **informality and circularity should be driven by urgency, from addressing unmet needs and livelihoods to resource scarcity and the climate crisis.** Numerous actors work at the crossroads of circularity and informality, playing a critical role in bringing these two systems together. These include social entrepreneurs, government stakeholders, public institutions, the private sector, financiers, consumers/citizens, local communities, networks, and, most crucially, informal workers themselves. Social entrepreneurs are closely tied to the communities they serve, bridging gaps between the formal and informal sectors by including informal workers in decision-making, facilitating material exchange, and promoting recognition of their work.

As attention grows for the role of informal workers in the circular economy, more questions than answers may arise. Understanding the realities of how the informal sector operates, and the workers and actors within it, is vital for considering alternative ways of organising economies and societies to be more socially and environmentally just.

- Stakeholders promoting understanding and measures related to the role of informal workers in the circular economy may wish to explore the following questions:

- Instead of prescribing 'formalisation' in a given context, how can we better understand specific vulnerabilities faced by a given group of workers in a given socio-cultural, political, or economic context? How can we move from abstract, universalising solutions to context-specific ones?
- Workers do not typically identify themselves as 'informal'. To truly recognise informal workers, it's essential to acknowledge them in ways that reflect their own identities. How can we ensure recognition aligns with and respects workers' self-perceptions?
- How can we recognise informal workers' valuable knowledge of circular practices without further excluding the most marginalised? Similarly, how can waste materials enter formal circular economies without exploiting the livelihoods of these workers?
- Without a deep contextual understanding of the local situations where workers operate and attention to the power dynamics within them, interventions in informal economies pose significant risks. How can private sector actors scaling circular strategies be better supported to understand the vulnerabilities and risk factors related to informality across their global value chains?
- What partnerships and coalitions help to build informality-circularity synergies in a given context? How can social entrepreneurs play a role in promoting more socially inclusive circular societies?



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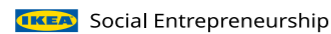
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