

FIRST STEPS – PROMOTING A CIRCULAR ECONOMY IN GERMAN DEVELOPMENT COOPERATION

Background

The majority of economic systems are currently oriented towards linear growth and generate substantial negative effects on the climate, the environment and ecosystems (the “triple planetary crisis”). In circular systems such as a circular economy, by contrast, the resource extraction and waste generation are significantly reduced, as products and materials are used for as long as possible in an environmentally sustainable way or are recycled. In recent years, the European Union (EU) and Germany have set binding targets to promote circular economy, for example through Germany’s National Circular Economy Strategy or the EU’s Circular Economy Action Plan.

A transition to a circular economy can make an important contribution to almost all the global Sustainable Development Goals (SDGs), including SDG 12 “Responsible consumption and production”. Many partner countries of German development cooperation (DC) are pursuing their own initiatives to make economic processes more resource-efficient.

However, financial resources and capacity for this transition are often limited, which means that DC can play an important role in promoting a circular economy. This has been reflected in the strategies of the Federal Ministry for Economic Cooperation and Development (BMZ) since 2020 and will continue to be pursued under the BMZ reform plan in 2026. This plan identifies circular economy as a priority area for strengthening partnerships between DC and the business sector.

The German Institute for Development Evaluation (DEval) evaluated German DC activities supporting circular economy, specifically those by the BMZ and the Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN), between 2023 and 2025.

Insights from the evaluation

The evaluation showed that strategic concepts and foundations for circular economy exist in German DC. For example, both ministries use a coherent and internationally aligned definition of circular economy. However, conceptual gaps remain, which makes it difficult to manage the topic of circular economy effectively. In addition, circular economy is prioritised differently across BMZ strategies, creating challenges for operational implementation. In particular, it remains unclear what overarching objectives are being pursued, under which strategic framework and how circular economy interventions are to be implemented. This also limits their potential contribution to achieving the SDGs.

Furthermore, DC actors use different approaches to classify DC interventions as part of circular economy. An analysis using artificial intelligence (AI) suggests that the DC portfolio for circular economy could be more than twice as large as estimated by DC actors (Kunert et al., 2026). The evaluation also found that additional ministries, such as the Federal Ministry of Agriculture, Food and Regional Identity (BMELH) and the Federal Ministry of Research, Technology and Space (BMFTR, formerly BMBF), also finance circular economy interventions in partner countries. These ambiguities and inconsistencies may pose challenges in the future, particularly for the BMZ in its role as the lead ministry for DC, as effective strategic management of circular economy interventions depends on a clear and comprehensive understanding of the portfolio.

The evaluation also showed that circular economy interventions, especially those implemented by the BMZ, are heavily concentrated in the waste sector, even though circular economy is relevant across many other sectors. A stronger focus on earlier stages of the production cycle would be important for reducing carbon emissions and waste. While this approach is reflected in BMZ and BMUKN strategies, it is not yet fully realised



in operational practice. Moreover, the consideration of vulnerable groups remains largely limited to interventions in the waste sector.

Finally, the evaluation identified potential for improving collaboration between German DC actors. Interventions by multiple German actors in partner countries could be more closely aligned and implemented more coherently. Where several ministries are engaged and working together in circular economy, a clear shared strategy is needed to define necessary details, implementation priorities and common objectives. This is essential to increase effectiveness at the country level.

Recommendations of the evaluation

Based on these insights, the following three recommendations were developed (see Figure 1):

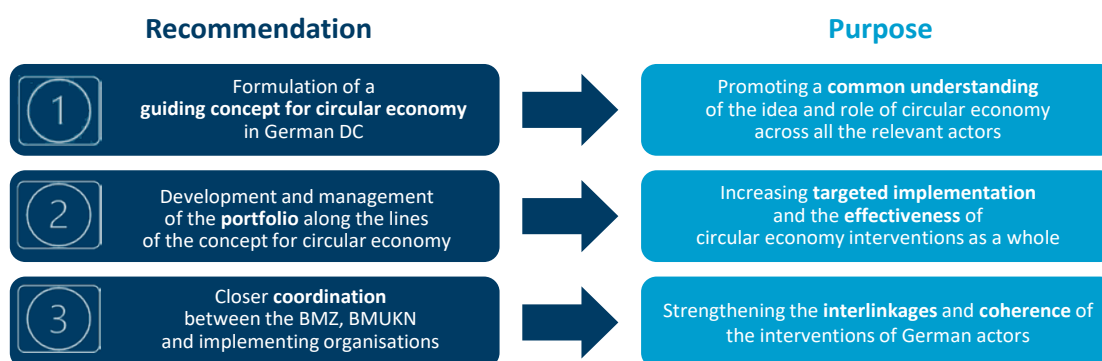
1. In coordination with other ministries, such as the BMUKN, the BMZ should develop a guiding strategic document

for circular economy in German DC, establishing objectives and priority areas of activity. The document should align closely with the National Circular Economy Strategy.

2. In collaboration with implementing organisations, the BMZ should further develop its portfolio in line with its conceptual objectives and promote interventions that target the early stages of the product cycle.
3. The BMZ, the BMUKN and implementing organisations should strengthen coordination at the country level, for example in joint talks with the partners, to enable more strategic portfolio development based on current circumstances and prospects and more consistent implementation of objectives and interventions.

The BMZ reforms launched in early 2026 present a unique opportunity to fundamentally realign DC support for circular economy in line with DEval's recommendations, thereby increasing the relevance and coherence of DC interventions in this area.

Figure 1 Recommendations of the evaluation of circular economy in German DC



Source: DEval, own visualisation

Literature

Römling, C., K. Guffler, L. Kunert, L. Welk and J. Schnell (2025), *Förderung der Kreislaufwirtschaft in der deutschen Entwicklungszusammenarbeit*, [Promoting a Circular Economy in German Development Cooperation], German Institute for Development Evaluation (DEval), Bonn.

Kunert, L., C. Römling, A. zu Eulenburg and K. Guffler (2026), *Identifying a Portfolio Using Artificial Intelligence*, DEval Policy Brief 3/2026, German Institute for Development Evaluation (DEval), Bonn.

Amélie zu Eulenburg
Head of Department

Dr Cornelia Römling
Team Leader

Laura Kunert
Evaluator

Dr Kerstin Guffler
Head of Department

Janis Schnell
Evaluator

Lukas Welk
Former Evaluator DEval

The German Institute for Development Evaluation (DEval) is mandated by the German Federal Ministry for Economic Cooperation and Development (BMZ) to independently analyse and assess German development interventions. Evaluation reports contribute to the transparency of development results and provide policy-makers with evidence and lessons learned, based on which they can shape and improve their development policies.