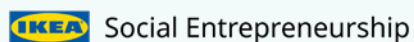


Inclusive Loops: The Crucial Role of Social Enterprises in the Circular Economy



November 2023



Foreword

The circular economy has become an important lever for change to tackle pressing resource and climate challenges. The circular economy is focused on preserving, restoring, and regenerating natural resources. In earlier work, I defined key circular innovation strategies as: narrowing loops (use less resources per product), slowing loops (consuming less and using products longer), closing loops (post-consumer recycling) and regeneration (improving natural and societal ecosystems). While these strategies can help drive circular innovation, they give little guidance about the social impact that might be generated through such innovations.

Indeed, circular economy research, innovation, and emerging legislation has focused on environmental and economic dimensions. However, as the circular economy has emerged as a key concept increasingly positioned as a positive vision of a sustainable future, understanding its social side becomes essential. This is because we need to prepare ourselves to transition towards *circular societies* rather than mere *circular economies*. To this end, we need to understand aspects like the social impacts of circular innovations, new types of employment and organizational forms, and the role of citizens and grassroots initiatives needed to generate a positive impact.

The circular society is something that needs to be built together. It is important to note that the circular economy and society already exist in various ways in our everyday lives. We get involved in maintenance and repair of items to increase their product lifetime, we recycle to allow for reuse of materials, but we also share items with others (e.g., clothing sharing) to make the best use of them and keep things in circulation. Beyond important individual actions that we carry out as citizens, we

need entrepreneurs who explore and scale up circular solutions in new ventures and intrapreneurs trying to transform existing organizations, large and small, from the inside. Now is the time to start scaling up initiatives and mapping the social and environmental impact of these actions to tackle some of our most pressing global challenges.

This report specifically spotlights the role of the social entrepreneur as a key driver for circular transformation. Social enterprises have the objective to create positive social (and environmental) impact rather than optimizing profits and shareholder value. They use commercial strategies to grow, which distinguishes them from nonprofit organizations. As such, they can be ideally positioned to tackle social and environmental issues in an economically viable way.

By including 40 cases of social enterprises covering the different circular strategies, this report provides ample inspiration on how to bring together environmental, economic, and social impact in a future circular economy and society. What innovations might we pursue? How can we overcome barriers to enable circular solutions to scale? What types of impacts might be created?

Please be inspired to create inclusive loops, bridging social, environmental, and economic impacts!

Professor Dr. Nancy Bocken

Professor in Sustainable Business & Circular Economy
Maastricht Sustainability Institute,
Maastricht University, The Netherlands

About

Global Alliance
for Social
Entrepreneurship



World Economic Forum's Global Alliance for Social Entrepreneurship

The World Economic Forum's Global Alliance for Social Entrepreneurship is hosted by the Schwab Foundation for Social Entrepreneurship. It is the largest multi-stakeholder coalition in support of the social innovation sector. The Alliance and its 100+ members, representing over 100,000 social entrepreneurs, bring together a rich and growing ecosystem of corporations, investors, philanthropists, governments, researchers, media, and industry actors. It focuses on mainstreaming social innovation by helping private sector actors to build partnerships with social entrepreneurs and their intermediaries, by creating multi-stakeholder partnerships for scaling social innovations, and by engaging with the public sector to support policy implementation in support of the social economy.



TechnoServe

TechnoServe is a leader in harnessing the power of the private sector to help people lift themselves out of poverty. A non-profit organization founded in 1968, we work in 30 countries in Africa, Latin America and Asia. Our vision is a sustainable world where all people in low-income communities have the opportunity to prosper. TechnoServe develops programs and initiatives that empower entrepreneurs through business development services, improving access to finance, providing training on regenerative practices, strengthening markets and ecosystems, and harnessing technology solutions. In 2022 alone, our work improved the lives of 3.1 million people, and participants in our programs increased their income by an average of US\$5 for every US\$1 invested in its projects.



IKEA Social Entrepreneurship

IKEA Social Entrepreneurship creates greater opportunities for people who are vulnerable and marginalized 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.

Table of Contents

- Executive Summary** 5
- Introduction** 12
- Navigating the Inclusive Loop** 15
- The Role of Social Enterprises in the Circular Economy** 22
- Opportunities to Scale the Impact of Social Enterprises in Circularity** 29
 - Opportunity 1. Develop hybrid / multi-revenue and collaborative models
for social enterprises to better reach target markets 32
 - Opportunity 2. Unlock supply constraints faced by social entrepreneurs
through innovative partnerships and new sourcing models 38
 - Opportunity 3. Upskill and reskill the workforce for a circular economy
that benefits the communities 43
 - Opportunity 4. Close the demand and supply gaps between traditional
financiers and social circular businesses 49
 - Opportunity 5. Unlock ability to scale by advocating for social and
circular-friendly standards and regulations 55
- Conclusion** 61
- Appendix** 65
- Acknowledgements** 69



Executive Summary



TechnoServe

The transition to a circular economy is gaining momentum globally as businesses, governments, and civil society recognize the urgent need to shift from a linear “take-make-dispose” model to a more sustainable and regenerative approach. However, little has been researched about the intersection of the circular economy and the social economy and how these systems can reinforce each other to tackle environmental and social challenges.

That is a significant gap. This study, animated by a profound interest in the social outcomes of circular business models, is designed to be useful for

social enterprises highlighting different models to explore and ways to address common challenges, giving them more visibility, and demonstrating their importance in accelerating the transition towards more circular, inclusive, and equitable systems.

The report also aims to mobilize the business community and the broader supporting ecosystem, formulating recommendations that can help address the barriers hindering the growth of social enterprises in the circular economy and their ability to scale their impact.

Better Understanding the Roles that Social Enterprises Can Take in the Circular Economy

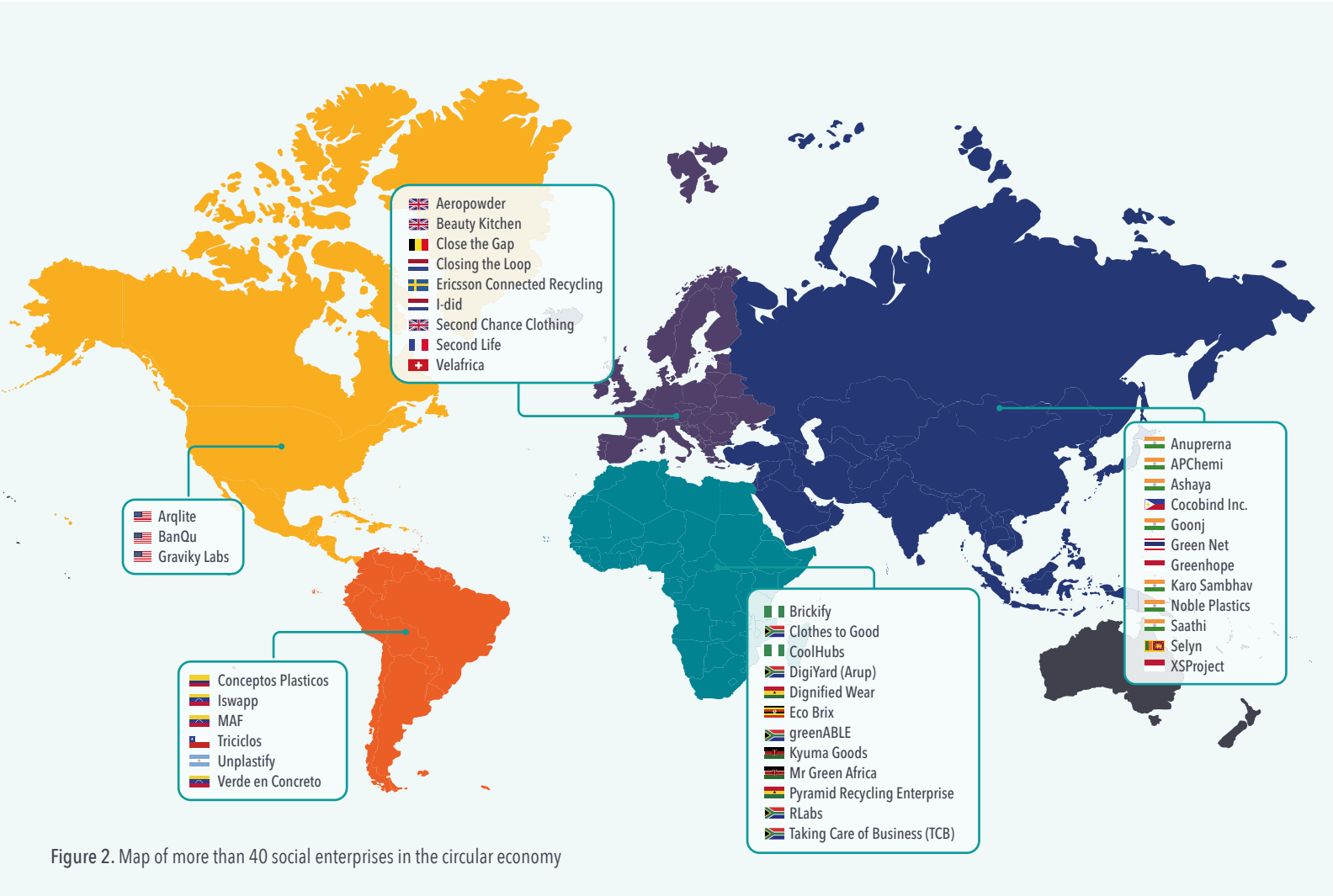
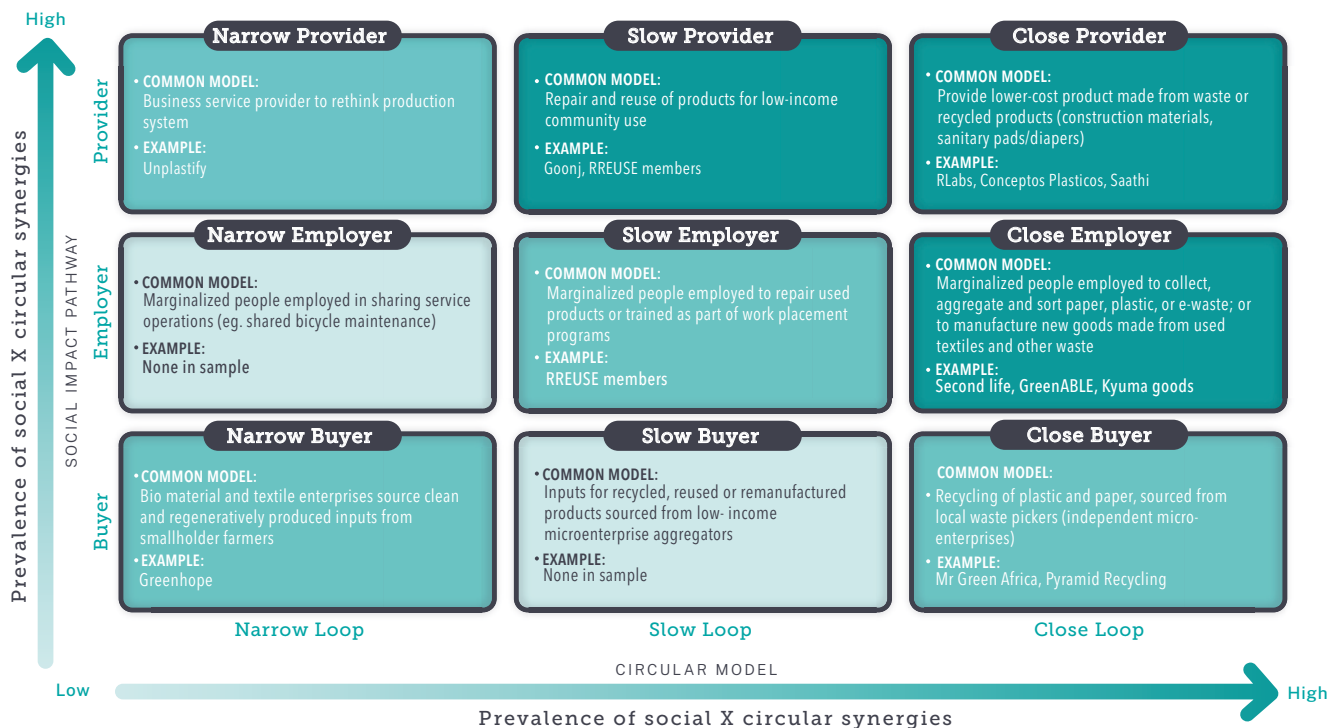


Figure 2. Map of more than 40 social enterprises in the circular economy

Through a review of more than 40 social enterprises, this report provides more visibility to emerging and established social enterprises active in the circular economy. It presents a framework to

help entrepreneurs and other stakeholders better understand the various models and strategies that social enterprises and innovators can adopt to deliver social benefits in the circular economy.

Figure 3. The Inclusive Loop Framework



Social enterprises create a positive social impact for specific target groups and adopt a number of impact pathways to do so:

- **Provider:** Social enterprises sell a product or service to the intended target population
- **Employer:** Social enterprises directly employ and/or train target groups
- **Buyer:** Social enterprises support members of the target group who supply them with materials, products, or services

The circular economy encompasses a number of strategies, which can be grouped into the three main loops of the circular economy.

- The **Narrow loop** uses less material and energy
- The **Slow loop** extends product and component lifetimes
- The **Close loop** reutilizes materials

A fourth loop named Regenerate, which improves natural ecosystems, was grouped with the Narrow loop for the purpose of our analysis.

The Potential Benefits of Social Enterprises in the Circular Economy

Our analysis shows that social enterprises can claim to deliver three principal benefits in the circular economy:



Creating Social Benefits for Target Groups

We find most social enterprises in circularity are using Provider and Employer models to create social benefits for their target groups. This includes recycling companies that employ low-income or marginalized populations directly to source or sort materials and social enterprises repurposing or remanufacturing material typically sourced at a low cost, enabling them to provide affordable product for low-income consumers.



Reducing Social Risks of the Circular Economy

Provider and Employer models also drive indirect social benefits and help mitigate negatives externalities of circular models, especially as it relates to equitable economic outcomes, health of community members, and overall environmental impact. For example, social enterprises can ensure that workers collecting recycled materials have safety and social protections and earn a living wage.



Increasing the Scale of the Circular Economy

Because social enterprises in circularity often employ similar models — especially the Employer and Provider ones — across regions, they have the ability to increase the scale of the circular economy by connecting initiatives in different parts of the world.

Qualifying the Opportunities for Social Enterprises to Scale their Impact

According to the International Labor Organization, the circular economy has the potential to create seven to eight million jobs globally. Social enterprises have a key role to play to achieve this potential, however, they need support to overcome common challenges. The principal challenges that social enterprises in circularity face are related to:

- the nascent demand for circular products;
- the limited access to affordable, high-quality materials;
- the shortage of circular skills in the workforce;
- difficulty accessing finance for smaller enterprises;
- and ecosystem policies and infrastructure designed with linear models in mind.

Building on learning from selected social enterprises and other stakeholders, including the cases of five enterprises selected here, the report presents five key opportunities for social enterprises utilizing circular business models to grow their businesses and scale their impact.

Opportunity #1

Develop hybrid / multi-revenue and collaborative models for social enterprises to better reach target markets

Social enterprises like Greenhope are working with large private sector players to create green products that address customer needs using their own proprietary solutions, while organizations such as the Social Enterprise World Forum (SEWF) hosts a community of practice for social procurement to ease this type of collaboration.

Case study detailed in this report: [GreenHope, Indonesia](#)

Sector: Manufacturing

Archetype: Narrow (Regenerate) Buyer



Opportunity #2

Unlock supply constraints faced by social enterprises through new sourcing models

In India, Noble Plastics established partnerships with many large retailers in India to repurpose hangers, while Goonj leveraged collaboration with private sector players to dramatically increase its material collection capabilities and scale its impact with communities.

Case study detailed in this report: [Goonj, India](#)

Sector: Textile

Archetype: Slow Provider / Slow Employer



Opportunity #3

Upskill and reskill the workforce for a circular economy that benefits communities

The Ellen MacArthur Foundation provides a wide range of online courses on circular economy, also partnering with universities. Social enterprises like Complementing this effort, Unplastify helps corporations' workforces to change their narrative, and educate students to build the skills that a new generation of circular-economy workers and thinkers will need.

Case study detailed in this report: [Unplastify, Argentina](#)

Sector: Biodiversity & Conservation Archetype: Narrow Provider



Opportunity #4

Close the demand and supply gaps between traditional financiers and social circular businesses

Consortium such as Take-a-Share aim to bridge the financing gap for small social enterprises in the WASH and waste sectors in India, complementing efforts of established social enterprises such as RLabs acting as trusted organizations able to secure capital that they can allocate to micro-enterprises.

Case study detailed in this report: [RLabs, South Africa](#)

Sector: Waste Archetype: Close Provider



Opportunity #5

Unlock ability to scale by advocating for social and circular-friendly standards and regulations

Organizations such as RREUSE and ECOS gather individual social enterprises and national-level social enterprise networks in the re-use and repair space to share best practices and advocate for improved and standardized policies across Europe.

Case study detailed in this report: [RREUSE, Europe](#)

Sector: Social Economy Archetype: Slow Employer (Members)



Practically, the underlying opportunities can be grouped into three main types of actions that can immediately be pursued by social enterprises with the support of corporate actors, NGOs, investors, and other relevant stakeholders.



Develop Capacity and Skills needed to Thrive in the Circular Economy:

- Build the skills needed to identify and capture opportunities, strengthen their value propositions, and improve their ability to measure and communicate social and environmental impact.
- Directly support suppliers to increase capacity, quality and access better working and living conditions, especially when informal.



Forge Connections with other Market Actors:

- Connect with other private sector companies and networks to better reach target markets and unlock supply constraints through targeted partnerships, promoting a collaborative mindset.
- The ecosystem can help improve access to knowledge, skill-development opportunities, and improved financing opportunities.



Engage the Supportive Environment:

- Claim a seat at the table in decision-making forums by engaging ecosystem actors to create more advocacy and support networks and build out the circular-economy infrastructure.
- Advocate alongside other social enterprises, developing active communication strategies to increase consumer and stakeholder awareness, and recognize and promote the work and impact of social enterprises in circularity.



Introduction

Background

The transition to a circular economy¹ is gaining momentum globally as businesses, governments, and civil society recognize the urgent need to shift from a linear “take-make-dispose” model to a more sustainable and regenerative approach. A circular economy aims to decouple economic growth from resource consumption by promoting the reuse, recycling, and regeneration of products and materials.

There is an urgent need for this kind of decoupling. A linear model could result in a 250% increase in global resource consumption by 2050. Beyond over consumption of resources, the growth of the linear economy also continues to perpetuate deep societal injustices and excludes many marginalized groups. In contrast, transitioning to a circular economy could deliver annual savings of \$1.8 trillion² and create seven or eight million jobs globally by 2030³.

However, most of the attention of the circular economy has been focused to date on business models, material and resource flows, and environmental impact. Little has been researched about the intersection of the circular economy and the social economy, and how these systems can rein-

force each other to tackle existing environmental and social challenges. Social enterprises contribute to sustainable development by creating inclusive business models that tackle issues such as poverty, inequality, and environmental degradation. These enterprises are estimated to have impacted the lives of more than 1 billion people globally⁴. They also play an important role as innovators and front-runners to inspire corporations, governments, and other actors to develop inclusive circular business models.

Purpose

The following report on social enterprises in the circular economy is tailored for both the dedicated community of social enterprises pioneering sustainable change and the critical stakeholders who power the ecosystem supporting their transformative endeavors. Our study hopes to demonstrate the importance of social entrepreneurs in accelerating the transition towards more circular, more inclusive and more equitable systems, giving more visibility to social entrepreneurs active in the circular economy across the globe. It also creates a framework that helps qualify the various models and strategies to deliver social benefits through circular business models, highlighting opportunities to address most common risks and challenges.

The goal is also to mobilize the business community and the broader supporting environment, formulating recommendations that can help address the

1 Ellen MacArthur Foundation, “Circular Economy Introduction: Overview” (2019)

2 Ellen MacArthur Foundation, “Completing the Picture: How the Circular Economy Tackles Climate Change” (2019)

3 International Labor Organization, Circle Economy, and the Solutions for Youth Employment (S4YE) Programme of the World Bank, “Decent Work in the Circular Economy: An Overview of the Existing Evidence Base” (2023)

4 Schwab Foundation for Social Entrepreneurship, “Social Entrepreneurship: A Snapshot” (2021)

barriers hindering the growth social enterprises in the circular economy and their ability to scale their impact.

Scope

Our research has been guided by the following research questions:

- What is a landscape for circular practices and what kinds of social enterprises and stakeholders most effectively contribute to the circular economy?
- What kinds of models and strategies do they use to generate social impact and integrate underserved populations?
- What trends hold across value chains and geographies?
- What are the challenges encountered by social enterprises in the circular economy, and what are the tested approaches to overcome these challenges?
- What are the critical elements in the circular economy ecosystem that social enterprises require, and what is the role of collaborations and partnerships between social enterprises, corporations, and other stakeholders?

Specific Focus and Additionality

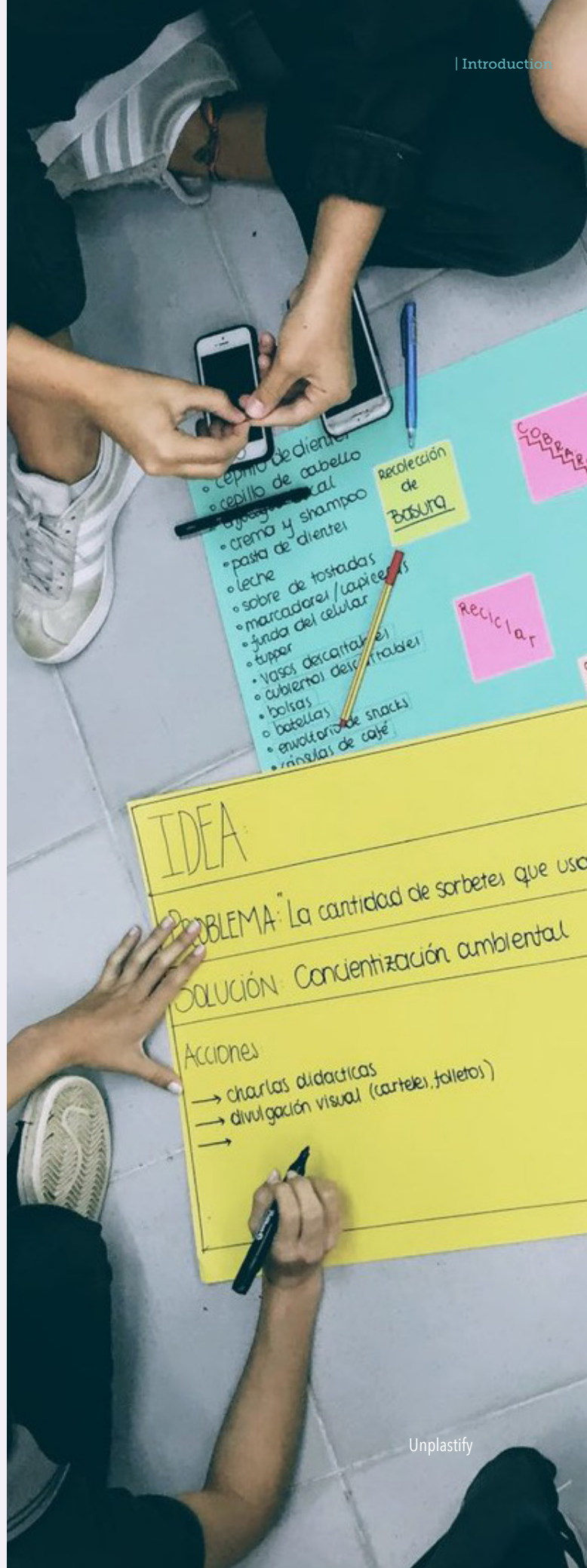
This study has been animated by a profound interest in social outcomes of circular business models and the desire to better understand how they can help provide decent income and employment, improved access to basic needs, health and wellbeing, greater equity, diversity and inclusion to people and communities who are in need.

This work also aims to unify the circularity agenda across different parts of the world, bringing more nuance to the dichotomy between higher-income and lower-income countries, and emphasizing examples from sectors and geographies that have received less attention in past publications. For instance, we broaden the horizon beyond waste management businesses — where writers and researchers have devoted a relatively large amount of attention — and talk about other sectors and models relevant in the transition to a circular economy, including food and agriculture, manufacturing, textile, and energy. Finally, this report is an effort to expand collaboration, involving representatives of the World Economic Forum's Global Alliance for Social Entrepreneurship member organizations and the Schwab Foundation communities in a joint study.

Methodology

To answer our research questions, we carried out:

- ① Reviews of academic research on social enterprise and the circular economy and discussions with academic experts in the field to develop an analytical framework for the study and formulate hypotheses related to best practices and challenges;
- ② In-depth interviews with selected social enterprises to feed our analytical framework and to develop five deep-dive case studies;
- ③ Focused research, collaborative group working sessions with the World Economic Forum's Global Alliance for Social Entrepreneurship members, and interview with other relevant stakeholders (corporates, business networks, impact investors, and NGOs listed in the Acknowledgements section) active in the circular economy to consider a wide variety of perspectives;
- ④ Survey of the World Economic Forum's Global Alliance for Social Entrepreneurship members to gather a list of social businesses operating in the circular economy across the globe.





Navigating the Inclusive Loop

The circular economy and the social economy have gained a lot of attention recently, resulting in the emergence of various new ideas and ways of thinking. However, these two areas have typically been discussed in separate siloes, each with its own terminology and viewpoints. Greater collaboration across the sectors will require shared understanding and definitions of key concepts. In this first section, we will define key concepts that form

the foundation for our study. We will provide an overview of widely accepted and most actionable frameworks for social enterprises in the circular economy, describing the common impact models they use to create positive social outcomes. Additionally, we will introduce some geographical and sector-related distinctions that will come into play later in the report.

TechnoServe



The Circular Economy

The circular economy is an economic system that aims to preserve and restore natural resources, based on the need to narrow, slow, close and regenerate their material and energy flows. This system is ideally composed of closed loops, or no-waste solutions in which all products are repurposed, reused, or reutilized in some way. We hasten to add that it is important to strive not only for a circular economy, but a sufficiency-based circular economy that also prioritizes reducing overall consumption.

The 9Rs is a framework that often characterizes the circular economy. It refers to the nine predominant strategies of circularity, with scholar Nancy Bocken and colleagues more recently adding the Regenerate strategy to account for aspects that are important for cleaner production systems, i.e., the use of cleaner raw material and the ability to restore natural ecosystems⁵. This harkens back to the original definitions of the circular economy, including the one presented by the Ellen MacArthur Foundation, that highlight the need for it to be both regenerative and restorative.

The 9Rs can be categorized into the following “loops”: Narrow, Slow, Close and Regenerate (figure 1), with the highest degree of circularity within the Narrow loop. The loops and 9Rs are defined and mapped as follows^{6,7}

5 European Commission, “Categorisation System for the Circular Economy” (2020)

6 Bocken, N., & Geradts, T. “Designing your circular business model”. *Stanford Social Innovation Review* (2022), 20, 34-39

7 Bocken, N. M., De Pauw, I., Bakker, C., & Van Der Grinten, B. “Product design and business model strategies for a circular economy”, *Journal of industrial and production engineering* (2016), 33(5), 308-320

→ ① **Narrow loops:** Use less material and energy

a) Refuse: To lower the consumption of a product/service through the adoption of a substitute, or reduce the need for the product’s function;

b) Rethink: To reduce total consumption of goods through multifunctional products, product-as-a-service, or sharing models;

c) Reduce: To decrease the amount of raw material or energy needed to produce a product/resource.

→ ② **Slow loops:** Extend product and component lifetimes

a) Reuse: To reutilize a product for its original purpose;

b) Repair: To fix a defunct product to perform its original purpose;

c) Refurbish: To bring a product from poor condition to a higher quality one.

→ ③ **Close loops:** Reutilize materials

a) Remanufacture: To create a new product utilizing materials from a prior product with the *same* purpose as the original;

b) Repurpose: To create a new product utilizing materials from a prior product with a *different* purpose from the original;

c) Recycle: To use waste as a basis for the creation of new products/materials.

→ ④ **Regenerate loops:** Use cleaner and/or renewable materials, and materials and processes that preserve and regenerate natural ecosystems

The analytical framework developed in the study uses these loops but nests the Regenerate loop within the Narrow loop model.

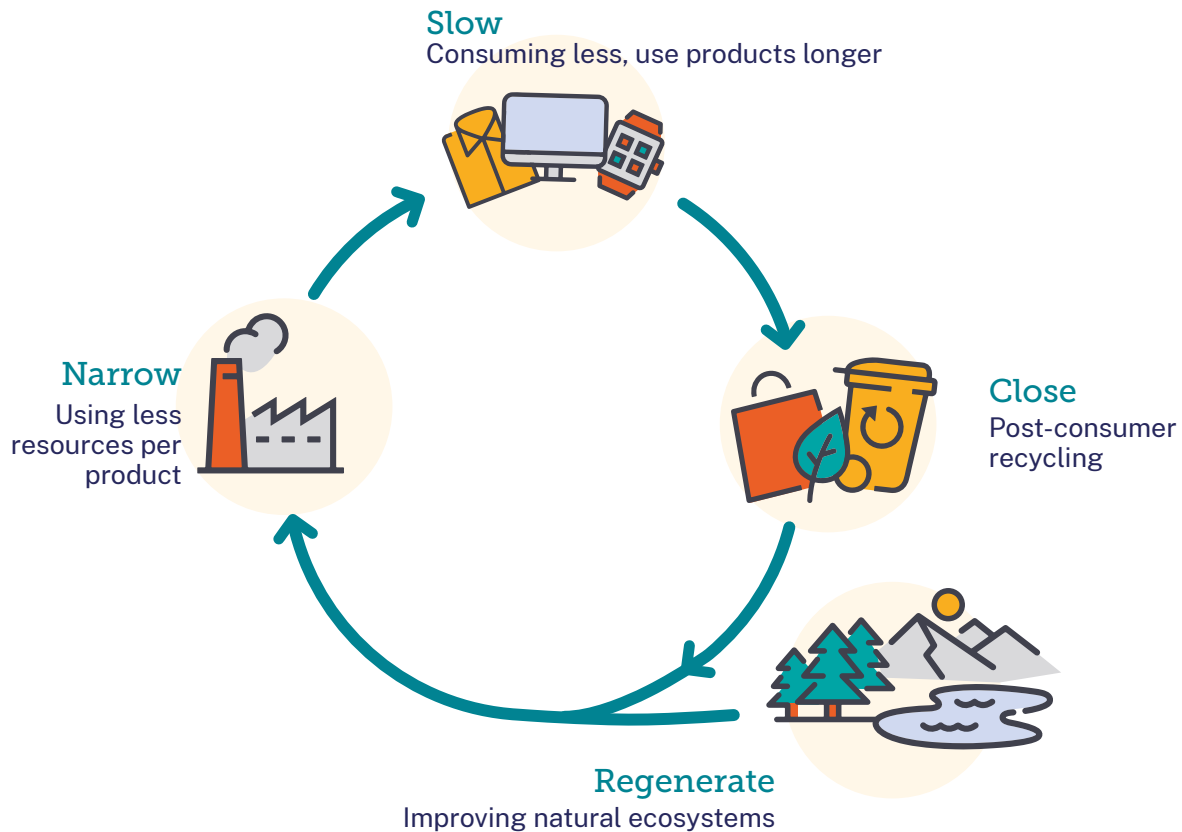


Figure 1: A circular economy: Narrow, Slow, Close and Regenerate material and energy flows (based on Konietzko et al., 2020a and Bocken et al., 2021)⁸

Social Enterprises and Social Entrepreneurship

A social enterprise⁹ is an operator in the social economy whose main objective is to have a social impact, rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and

⁸ Bocken, N., Stahel, W., Dobrauz, G., Koumbarakis, A., Obst, M., & Matzdorf, P. "Circularity as the new normal: Future fitting Swiss business strategies", PwC Switzerland (2021)

⁹ European Commission, "Social economy and social entrepreneurship Social Europe guide | Volume 4" (2013), 100-102

innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and involves employees, consumers, and stakeholders affected by its commercial activities.

Social enterprises are a specific type of organizations (in many countries, there are specific legal criteria to be considered a "social enterprise") that aims to have a social impact, not generate profit. For the purpose of this study, we have focused our



Freepik

research on social enterprises that deliver social value “to the less privileged,” excluding enterprises that solely create environmental value.

The related concept of social entrepreneurship¹⁰ refers to an approach that can be undertaken by different individuals and organizations, which can include for-profit actors. It covers a broad range of activities and initiatives, including social initiatives occurring in profit-seeking businesses, institutionalized entities explicitly pursuing a social goal, relations and practices that yield social benefits, entrepreneurial trends in non-profit organizations, and ventures developed within the public sector.

Such initiatives can be undertaken by individuals, non-profit organizations, public agencies or non-profit organizations in partnership with for-profit enterprises in an attempt to balance corporate profit with a commitment to social responsibility. In general, social entrepreneurship is not referring to the organizational features and constraints (governance models, non-distribution of profits, etc.) backing the pursuit of social goals.

Target Groups

Social enterprises deliver social outcomes to groups who are disadvantaged in the labor market and/or people on low incomes¹¹. The different target groups includes children and young people, the elderly, women, people on low incomes, the unemployed, people with disabilities, people of particular ethnic and racial origins, specific interest groups, homeless people, and people with addictions. It should be stressed that social enterprises are not able to replace the role of the state; rather, they typically act as complementary agents that can understand and articulate local needs of target groups and effectively address those needs.

10 Ibid

11 Kitson, M., Haugh, H., “The Third Way and the Third Sector: New Labour’s Economic Policy and the Social Economy”, Cambridge Journal of Economics (2007)

Impact Models for Social Enterprises

The study highlights the different impact models that can be utilized by social enterprises in the circular economy, noting both the more prevalent models and less common ones that hold high potential. Social enterprise impact models can take various forms, whether the enterprises are directly embedded into the target communities or instead impact their target groups indirectly.

Though there is tremendous potential for social impact through both non-profit and for-profit models, one prerequisite for a social enterprise is financial independence. Therefore, non-profit social enterprises must have a means of earning income to sustain themselves and deliver social impact, either commercial or donative. Similarly, for-profit organizations must balance delivering sufficient finan-

cial profitability for shareholders with profitability tradeoffs required to advance their social impact mission¹². Both organization types can employ a variety of impact models to serve their target groups.

There are three primary direct impact models, each with subcategories^{13,14}. These three models not only aim to provide income to target group members, but they also have a transformational role in developing people's capacity and empowering them to improve livelihood in their communities. There are as follows:

12 Abu-Saifan, S., "Social Entrepreneurship: Definition and Boundaries", *Technology Innovation Management Review* (2012)

13 Due to our emphasis on the financial independence of social entrepreneurs, purely philanthropic models are excluded from this study due to their dependence on external financing.

14 Social Enterprise Support Network of the Baltic Sea Eegion, "9 Social Enterprise Business Models" (2018)



TechnoServe



1 Provider:

Social enterprises sell a product or service to the intended target group

a) Product provider or service provider model:

Sells products or services directly to the target group.

b) Entrepreneur-support model: Sells services to social enterprises regardless of their size and maturity, or entrepreneurs from targeted communities, helping them run their own companies.



3 Buyer:

Social enterprises support target group members who supply them with materials, products, or services

a) Direct buyer model: Buys materials, products or services directly from target group members.

b) Market intermediary model: Markets or sells products/services on behalf of target group members.

c) Market linkage model: Connects target group members with markets to engage in business.



2 Employer:

Social enterprises directly employ and/or train target group members

a) Direct employment model: Provides paid work to target group members within the enterprise.

b) Work placement and integration model: Improves employment prospects for target group members through work-based opportunities (work experience, training, etc.).

Another direct impact model involves social enterprises as cooperative organizations providing services to beneficiaries in exchange for membership fees. However, from our research, this cooperative model appears to be less common and has not been included in the analytical framework articulated in the next section of the report. There also are indirect impact models that aim to drive systems change. In this context, social enterprises aim to transform the support ecosystem, including the regulatory landscape, or promote more sustainable production and consumption behaviors without directly targeting individual beneficiaries. Our analytical framework focuses on social enterprises who more specifically deliver direct social value to their target groups.

Geographies

Any study of the circular economy and the social economy across the globe must recognize the diversity of situations in different countries. Organizations such as The Circle Economy have defined three separate categories of countries in relation to the circular economy¹⁵:

- Higher-income “Shift” countries need to shift away from over-consuming the planet’s resources in servicing their relatively affluent and comfortable lifestyles;
- Middle-income “Grow” countries need to continue growing in a way that satisfies their societal needs, but need to do so within planetary boundaries;
- Low- and lower-income “Build” countries live within planetary boundaries but still need to build an economic system that satisfies their society’s basic needs.

It is worth noting that we are using these three categories in our study as means to simplify the analysis. Even within each group, there can be enormous variance in factors having high influence on the growth of the circular economy and the social economy, such as governance, regulatory framework, socio-economic development, level of infrastructure, cultural context, climate, etc, presenting vast disparities.

15 Circle Economy Foundation, “The Circularity Gap Report” (2023)

Sectors

There are certain sectors in which the circular economy is particularly relevant; in this study, we pay particular attention to agriculture and food, waste management, manufacturing, retail, fashion and textile due to their significance for the circular economy generally and especially in lower-income countries. Other sectors relevant to the circular economy include construction and urban development, energy, information, communication and technology, water and sanitation, mining, health, education, and tourism.

The Role of Social Enterprises in the Circular Economy

To date, there has been limited attention paid to the role that social enterprises play in the circular economy, especially on both the circular and social impact models those enterprises choose to deliver environmental and social outcomes to the communities. To bridge that gap, this section of the report introduces an analytical framework that helps qualify the various models and strategies to deliver social benefits through circular business models.

Through a review of more than 40 social enterprises¹⁶ (map in figure 2, further details in appendix), it aims to provide more visibility to emerging and established social enterprises active in the circular economy, and it explores and analyzes the differences observed across the different models. This analysis also points out the three primary outcomes delivered by social enterprises in the circular economy: 1) increasing social benefits for target groups, 2) reducing social risks of the circular economy, and 3) increasing the scale of the circular economy.



TechnoServe

¹⁶ List of social enterprises sourced from members of the World Economic Forum's Global Alliance for Social Entrepreneurships, IKEA Social Entrepreneurship, and Footsteps Africa's [database of circular economy enterprises](#).



Figure 2. Map of more than 40 social enterprises in the circular economy

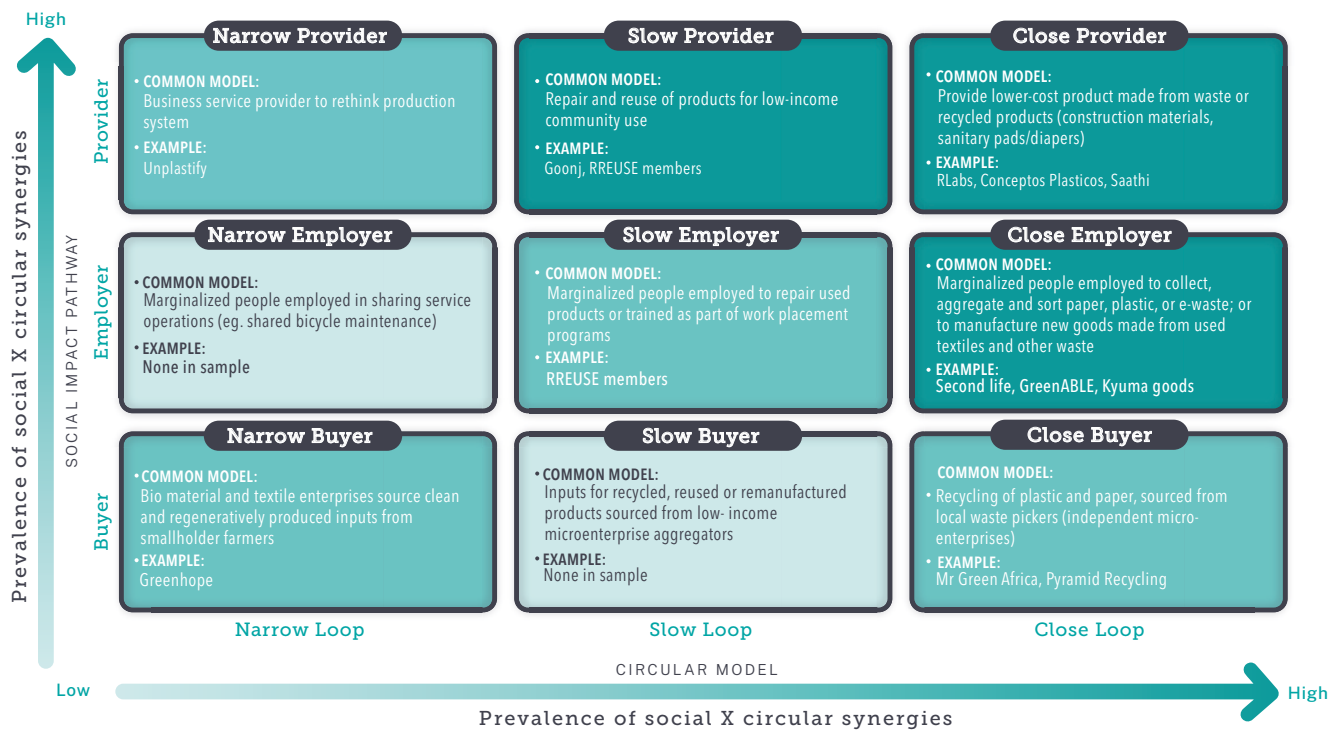
Social Enterprises in Circularity and their Impact Models

Social enterprises in circularity (SEC) businesses are social enterprises who have adopted circular business models targeting one or more of the circular loops and employing one of the three primary impact models. Some circular models are more prevalent than others, and the type of social impact is more strongly linked to specific circular models. The matrix below (figure 3) maps the prevalence of SEC models and impact pathways and highlights specific examples of SEC business in each. For the purpose of this exercise, we include “regenerate”

within the narrow loop model. In terms of social impact pathways, we focused on the most common direct impact approaches (employer, provider, buyer) and did not include social enterprises that have an indirect ecosystem impact.

This framework is intended to be a useful and actionable tool for social enterprises and their supporting ecosystem to visualize the variety of models that exist to achieve social and environmental outcomes, position social enterprises in this space, and better understand specific challenges and opportunities they might face relative to others.

Figure 3. The Inclusive Loop Framework



Our analysis of the sample of more than 40 social enterprises enabled us to derive five key insights. It is important that these are based on the sample of SEC analyzed which may not be fully representative of the space.

Key Insight #1

Most social enterprises in circularity are using Provider and Employer models to create social benefits for their target groups.

In the reviewed sample of SEC, the most common cross-section of social impact and circular models are **Close Employers**, i.e., enterprises that employ marginalized groups and utilize a close-loop circular model. This is typically a recycling business that employs low-income or marginalized populations directly to source or sort materials. For example, Second Life employs local communities to collect

ocean plastic for recycling. This category of SEC also includes business that employ individuals in the repurposing or remanufacturing of plastics, e-waste, textiles, or other materials into new products, such as Taking Care of Business, which trains seamstresses to run viable businesses creating clothes out of used textiles. When these close-loop businesses are not vertically integrated, they then often leverage the **Close Buyer** model, such as when recycling firms source their paper and plastics from independent waste pickers or local waste collection microenterprises.

Close Providers and **Slow Providers** are the two other most common models. In a **Close Provider** model, repurposed or remanufactured material is typically sourced at a low cost, resulting in an affordable product for low-income consumers. For example, Saathi provides biodegradable sanitary pads made from locally sourced banana fiber in

India. This model actually creates social benefits using the three impact models (Provider, Employer and Buyer), since the company sources from small-holder farms and employs marginalized women to manufacture the sanitary pads, and ultimately, it results in a product that increases access to sanitary products for both urban and rural women.

In a **Slow Provider model**, which includes reuse, repair and refurbish, **the inputs (clothes, technology, furniture, etc.) are typically sourced at a very low or no cost**, through donations or businesses overstock, thus providing less opportunity to drive social impact through the Slow Buyer approach. With relatively low sourcing and distribution costs, impact can be driven through the provision of goods, such as Velafrica which collects and repairs used bicycles and sells them through partner enterprises in African markets at an affordable cost. **The Slow Employer model** is also common, creating employment opportunities for target groups, as marginalized individuals can be trained and employed to repair or refurbished used goods, or to work in the aggregation centers or retail stores where the reused goods are sold.

The depth of impact seems to vary as much between companies as it does between models, and we recommend the comparison and quantification of the social benefits of these impact models to be a topic of further research.

Key Insight #2

Provider and employer models also drive indirect social benefits and help mitigate negatives externalities of circular models.

It is important to note that SEC businesses do not only expand impact, but they also tend to reduce social risks and reduce inequality. Circular economy businesses, especially those in waste management and recycling of products, can expose employees or local communities to dangerous or toxic materials. To counter this risk, a social enterprise could, for example, create recycling centers and employ waste pickers with the necessary gear and living wages to both increase circularity and impact.

Traditional circular economy enterprises, particularly in higher-income countries, may also maximize profits by developing high-priced products of a niche market of consumers with expendable income. Social entrepreneurs focused on driving impact through the provider model reduce the risk that the circular economy only grows in the high-income, urban communities. Social enterprises that develop circular products and services for low-income communities help drive access to necessary products, such as construction materials or personal health products, that are not only affordable, but also better for the environment.

Key Insight #3

Thinner loop models (Narrow) seem to present fewer opportunities to drive direct social impact than longer loop models (Slow and Close), based on our sample.

The **Narrow loop model** (refuse, rethink, reduce, regenerate) was less common in our sample of SEC. Social enterprises leveraging this approach tended to be circular solution service providers (Narrow Providers), such as Unplastify, which support businesses the rethink their products and operations. Other narrow loop social enterprises drive social impact through the buyer model (Narrow Buyer) as they produce products that are made from fewer inputs or regeneratively produced inputs, sourced from low-income communities. For example, Green-Hope develops bioplastics made from tapioca and cassava sourced from smallholder farms in Indonesia. It is less common for narrow loop businesses to drive social impact through employment, though it is not impossible. For example, sharing economy businesses, like shared bicycle systems, may employ marginalized groups to repair bicycles or ensure that the bicycles are stationed at all access points.

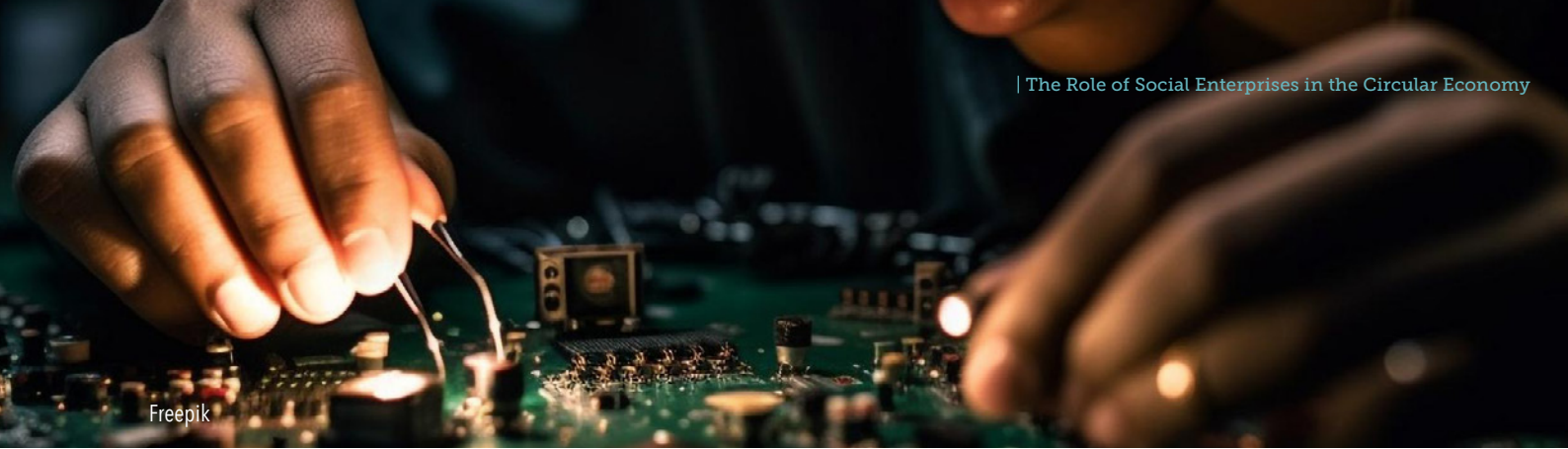
Key Insight #4

Social enterprises in circularity use similar models — especially Employers and Providers — across geographies and have the ability to increase the scale of the circular economy, connecting different parts of the world.

In our sample of SEC businesses, roughly 20% were headquartered in higher-income countries, 40% in middle-income countries and another 40% in lower-income countries. It is important to note that one of our sources of case studies is from non-profit Footprints Africa's report on the state of the circular economy in Africa¹⁷, which contributed towards a larger sample size in this geography. Overall, we observe a similar emphasis on Close loop models and on Employer and Provider models across the globe, highlighting the variety of SECs observed in all regions, the Close Employer model being the more prevalent in all three country clusters.

Our sample also included several SECs operating across different regions, sourcing their products in one location, and selling them in another part of the world. For example, Closing the Loop aggregates e-waste in low-income countries and recycles it in Europe where there is existing infrastructure. As already mentioned, Velafrica sources its used bicycles in Europe and exports them to communities in Africa. Within countries we also see models that redistribute goods across their landscape. Goonj sources much of its used textiles from urban centers in India and redistributes them for community development purposes in rural locations.

¹⁷ Footprints Africa, "The Circular Economy: Our journey so far" (2021)



Freepik

Key Insight #5

The higher prevalence of Buyer models in lower-income countries is a function of the local context, i.e., socio-demographic dynamics, existing infrastructure, and regulatory framework.

Two major differences can however be highlighted. Firstly, Buyer models are the most common in lower-income countries, followed by middle-income countries. We did not have any example of SEC businesses from higher-income countries using the Buyer model in our sample. Buyer social enterprises typically source material from smallholder farmers (feedstock) when deploying Regenerate models or from informal workers (variety of waste streams) when deploying Close and Slow models. Linked to this, we see a higher proportion of companies operating in the waste-management sector in lower-income countries, and in the agriculture and food sector in medium-income countries.

Together with economic structures (e.g., weight of agricultural sector, level of informal economy), regulatory incentives (e.g., fines for lack of waste management), and consumer awareness and education, infrastructure is perhaps one of the key differences impacting SEC businesses differently between regions. On the one hand, SEC businesses in lower-income countries, may be inhibited by a lack of infrastructure, such as e-waste recycling

structures or other types of recycling plants. On the other hand, a lack of formal recycling structure in particular may drive SEC development in those countries. For example, companies employing or sourcing materials from waste pickers are one of the most common types of SEC businesses found in lower-income countries (evidenced by our sample and academic literature)¹⁸.

In fact, the underdevelopment of infrastructure or existing systems and policies may liberate enterprises in that part of the world, as they will not need to transform existing structures and processes that have been set up to support a linear economic model. Many communities in these countries have already developed circular solutions to overcome material scarcity, and as such, reuse and repair models are already commonplace.

While academic literature¹⁹ and leaders in the circular economy movement encourage the higher-income countries to focus on Narrow loop solutions

¹⁸ Ibid.

¹⁹ Bocken, N., Valencia, M., Loaiza, C., De Jaeger, S., "The social contribution of the circular economy", *Journal of Cleaner Production* (2023)



TechnoServe

that reduce consumption overall, in our review of existing SEC, this model was the least common. Rather, we see a higher proportion of companies driving systems change in this country cluster. Finally, both academic publications and our review have highlighted a gap in social enterprises active in the circular economy in North America.

Overall, SEC businesses located in lower-income countries are exposed to more challenges, such as lack of infrastructure or fragmented supply chains, and experience less access to resources

and finance than SEC in higher-income countries. However, they have the opportunity to significantly enhance livelihoods by embracing advanced technologies and policies that promote eco-friendly, material-efficient, and sustainable growth, effectively “leapfrogging” the traditional methods. The following section will dive deeper into the challenges and opportunities for SEC businesses to scale their impact, leveraging lessons learned from established social innovators.

Opportunities to Scale the Impact of Social Enterprises in Circularity

Social enterprises implementing circular solutions face a unique set of challenges in scaling their businesses – and therefore scaling their impact – due to the fact that they are operating within an economic system that is designed for linear models. From our linear supply chains to consumer demand for fast, cheap, single-use items, our current system is not designed to support circularity. The circular economy is nascent and fragmented, resulting in specific challenges for SEC businesses. These include still limited demand for circular products, restricted access to materials, limited skills in circular and systems thinking, lack of ap-

propriate financial products for growth, and a lack of supporting policy and infrastructure for circular solutions.

Behind these challenges are exciting opportunities for corporations, financial institutions, NGOs, and governments to support social enterprises and collaborate to develop a new system that not only enables circular models to compete, but that also helps build a new, enabling environment for circular solutions to thrive. This new system will require new ways of thinking, unique partnerships and catalytic financing to break down existing barriers and enable solutions to scale.



TechnoServe

Growth and Scaling Opportunities

In this section, we detail five key opportunities for SEC businesses to grow and scale their impact, based on learning from social innovators and other relevant stakeholders. We explore the unique challenges social enterprises in this space face, and we highlight opportunities for social enterprises and ecosystem actors to collaborate to develop solutions. Our analytical framework also aims to help social enterprises and their supporting ecosystem to understand how these challenges and opportunities vary according to the different archetypes.

In some cases, like access to finance, the challenges facing SEC businesses are common and faced by many small businesses operating in low-income

economies or riskier sectors. In this case, the opportunities to unlock solutions can be tailored to circular and social businesses, but also more widely applied to what is known as the “missing middle” in finance.

Overall, we articulate three types of interventions to best support SEC businesses: developing the capacity of social enterprises in circularity and their suppliers, promoting connections among market actors, and building a more supportive environment. Throughout the section, we highlight specific examples and case studies to illustrate exactly how these challenges and opportunities appear in specific sectors, such as waste recycling, construction, agriculture, manufacturing, textiles and more.

Table 1. Summary of challenges and opportunities for SEC models to drive social impact at scale

AREA: Demand

CHALLENGE:

Nascent and limited demand, lack of awareness, and affordability constraints for circular and triple-bottom-line products

OPPORTUNITIES:

#1 Develop hybrid / multi-revenue and collaborative models for social enterprises to better reach target markets:

- develop sharper value proposition based on actual demand, better distinguishing offering versus the rest of the market;
- develop hybrid, segment, or multi-revenue models;
- leverage sharing or rental models;
- partner with and leverage the networks of corporations;
- secure public procurement deals to build scale.

CASE-STUDY:



GreenHope, Indonesia

Sector: Manufacturing

Archetype: Narrow (Regenerate) Buyer

AREA: Supply

CHALLENGE:

Restricted access to an affordable, quality supply of materials for slow and close-loop circular models

OPPORTUNITIES:

#2 Unlock supply constraints faced by social entrepreneurs through new sourcing models:

- develop innovative sourcing models, including decentralized models that support employment while sourcing materials;
- identify and establish mutually beneficial partnerships with complementary businesses or organizations;
- develop traceability, certification and assurance capabilities to demonstrate socially responsible sourcing;
- explore collaborations between different sectors;
- co-develop infrastructure and recycling capacities.

CASE-STUDY:



Goonj, India

Sector: Textile

Archetype: Slow Provider / Slow Employer

AREA: Capabilities

CHALLENGE:


Lack of circular systems thinking and hard skills in the workforce and general circularity knowledge in the communities




OPPORTUNITIES:

#3 Upskill and reskill the workforce for a circular economy that benefits communities:

- collaborate to facilitate recruitment, training, and skills development;
- advocate for more and contribute to technical and vocational education and training programs in circular skills;
- grow presence in social-impact and circular professional networks;
- better measure and communicate impact.

CASE-STUDY:



 **Unplastify, Argentina**
 **Sector:** Biodiversity & Conservation
 **Archetype:** Narrow (Regenerate) Buyer

AREA: Finance

CHALLENGE:


Limited access to financing at viable conditions for small, circular, social enterprises




OPPORTUNITIES:

#4 Close the demand and supply gaps between traditional financiers and social circular businesses:

- gather and measure data on social and environmental impact to secure finance;
- collaborate with larger businesses to access financial and in-kind support;
- improve familiarity with double or triple-bottom-line models among financiers;
- develop blended finance mechanisms;
- catalyze investments in circular economy infrastructure and support programs.

CASE-STUDY:



 **RLabs, South Africa**
 **Sector:** Waste
 **Archetype:** Close Provider

AREA: Ecosystem

CHALLENGE:

Existing infrastructure and policies being designed for linear models

OPPORTUNITIES:

#5 Unlock the ability to scale by advocating for social and circular-friendly standards and regulations

(e.g., producer and consumer incentives, extended producer responsibility schemes, right to repair, access to quality material and land, import and export standards):

- give circular, social enterprises a seat at the table;
- advocate with and on behalf of social, circular enterprises;
- develop advocacy and support networks

CASE-STUDY:



 **RREUSE, Europe**
 **Sector:** Social Economy
 **Archetype:** Slow Employer (Members)

Opportunity #1

Develop hybrid / multi-revenue and collaborative models for social enterprises to better reach target markets

Demand

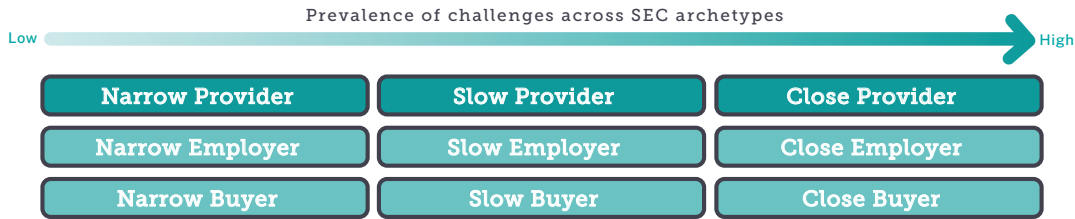


Figure 4a. Differences observed across SEC archetypes related to demand challenges.

A lack of consumer awareness impacts **all SEC models**. Affordability challenges are most prevalent for models that drive social impact as a **Provider** as they must offer products and services at an affordable price point. **Slow and Close-loop models** must overcome consumer skepticism or unwillingness to value reused or recycled products. This challenge is further exacerbated when these models factor in higher costs associated with sustainable sourcing (**Buyer model**) or additional labor costs associated with **employing** the marginalized.

Nascent Demand

Social enterprises with a circular solution, more than traditional enterprises, face still-nascent and limited demand. That is, business and consumer markets often lack an understanding of the importance and value of circular products and services. In some cases, buyers will not understand the value of a circular product, and also assume a circular product is of lesser quality or value. For example, products in the “reuse” solution area, like second-hand clothing, can be seen as being of less value since they are in their second (or even later) life. With this mindset, a biodegradable bag might be assumed to be more likely to break than a traditional plastic one. Some consumers also prefer to own their products, making them less interested in the sharing economy.

Higher Consumer Prices

Furthermore, SEC across the board tend to have products that are more expensive than traditional models. Sustainable products are 75-85% more expensive than conventional products, according to a study by consulting firm Kearney²⁰. This is due to higher input costs for sustainably made products and because negative environmental and social externalities are not priced in the linear economy. Social enterprises that source fairly from smallholder farmers may pay price premiums for their inputs or incur additional sourcing costs due to fragmented supply, while those that employ individuals from marginalized communities may incur additional costs in training or upskilling their employees, which is transferred to the consumer through high product prices.

While consumers indicate they are willing to pay more for sustainable products that deliver social or environmental impact, Kearney’s study revealed the majority of consumers are likely to pay just a 10% premium, thus making it difficult for social enterprises to sell their products at a viable price.

²⁰ Kearney, “Why today’s pricing is sabotaging sustainability” (2020)

Freepik

Solutions to Demand-Related Challenges

Our research highlighted several avenues taken by social enterprises in circularity to overcome these demand challenges:

- develop hybrid, segment or multi-revenue models;
- leverage sharing or rental models;
- partner with and leverage the networks of corporations;
- secure public procurement deals to build scale;
- develop sharper value proposition based on actual demand, better distinguishing offering versus the rest of the market.

Social enterprises can develop hybrid, segmented or multi-revenue stream business models to make up for the fact that there might be less demand or willingness to pay for the main circular product or service. This is particularly true for social enterprises where target groups are the customers. One successful example is segmenting your market and allowing one product to subsidize another.

Segmented Markets and Product Offerings

Goonj (see case study below) collects used clothes and textiles, redistributing them through different channels and products. The organization distributes usable, second-hand cloth to rural community members in return for community development work. At the same time, through its Green Goonj initiative, it sells high-quality, upcycled home goods and life products from discarded clothes. The sale of a value-added product to a market that is willing to pay for circular goods enables Goonj to invest in providing materials resources to communities in need.

Renting and Sharing Models

Sharing and rental models can also enable social enterprises, particularly those targeting low-income consumers, to overcome the demand gap. For example, CoolHubs provides solar-powered cold storage for smallholder farmers in Nigeria. Rather than expecting farmers to own their own box, they apply a rental model where smallholder farmers can pay as little as twenty-five cents per day to store a crate of produce.

Partnering with Corporations and Government

Social enterprises can partner with large corporations to access their established markets while providing the corporation with improved brand sentiment for promoting social and environmental impact. A member of RREUSE, a European network for re-use and recycle advocacy and capacity building, developed a partnership between a second-hand clothing business and a large European shopping market to create a section in each retail store for the second-hand clothing to be sold. This opened up the business to a much larger range of customers than it could have through its few small retail stores.

Corporations can also partner with SEC businesses as buyers. For example, international cosmetic and body-care company, The Body Shop, partnered with social enterprise Plastics for Change, which works with NGOs in India to train and employ local waste pickers. Plastics for Change provides fair prices to the waste pickers, aggregates the recycled materials and sells them to the Body Shop to be repurposed as containers for their lotions and other cosmetic products²¹.

In a similar vein, public procurement deals can also support social enterprise growth. This often requires a re-orientation of public procurement processes to focus not just on procurement costs but also desired social and environmental outcomes in order for social businesses to compete and win deals. Social enterprises, NGOs, and other alliances can help improve public and private procurement processes to be more advantageous for SECs.

For example, Buy Social Canada partners with companies to improve procurement policies, like adding a social value component into the request for proposal (RFP) scoring process and encourag-

ing positive weighting of social values along with other important technical and pricing scores²². At the global level, the Social Enterprise World Forum (SEWF) hosts a community of practice for social procurement, which brings together Agora Partnerships, Euclid Network, Acumen, EY, IKEA, Unilever and others to accelerate social procurement and fast-track social enterprises to become suppliers and service providers for corporate partners.

Product Positioning

In circular models where social impact is driven through sourcing or employment, social enterprises can learn how to better position themselves vis a vis existing market solutions. Particularly where consumers have demonstrated an interest and willingness to pay for social and environmental impact, social enterprises can apply a price premium, and clearly market their impact to the customer through certification and branding. A joint study by McKinsey and NielsenIQ showed increased sales for products that demonstrated less common impact claims, like carbon-zero, and for products that demonstrated multiple impact claims across all environmental, social and governance (ESG) categories.

Social enterprises can also position themselves as complementary to existing offerings. This is the case of biomaterial companies such as Greenhope (see following case study), whose market development efforts aim to ensure that the value proposition of bioplastic solutions is well understood in markets where plastic recycling and incineration dominate the solution space.

²¹ Yunus Social Business, “The Social Procurement Manual” (2022)

²² Ibid.



GreenHope

Business Information



Company name: GreenHope



Key personnel: Tommy Tjiptadjaja,
Co-founder and CEO



Geography: Indonesia



Sector: Manufacturing



Circular Economy Strategy:
Narrow/Regenerate Loop



Social Impact Model: Buyer

Main Activities

Established in 2017, Greenhope is an Indonesia-based sustainable material innovation company that aims to shift plastic production and consumption towards sustainability. It has developed its bio-based and biodegradable solutions focusing on the three important factors: affordability, proven positive environmental and social impact, and functional properties. In the case of plastic, moving towards bio-based and biodegradable alternatives leads to additional costs, which requires manu-

facturers to identify the right use cases and build the right product portfolio. Greenhope's bio-based technologies, Ecoplas and Naturloop, are providing biodegradable and compostable bioplastics made from cassava starch, a readily available resource in Southeast Asia. Meanwhile, Oxium, its biodegradable additive, enables conventional plastic to biodegrade safely into H₂O, CO₂, and biomass.

Greenhope sources its raw material from local tapioca and cassava smallholder farmers, improving their livelihoods by creating additional revenue

opportunities for them under Fair for Life certification scheme. In Indonesia, these value chains are almost entirely made of smallholder farmers, often with limited levels of professionalization, and Greenhope has collaborated with other businesses to learn how to work most efficiently with these suppliers and manage the associated risks. Greenhope's technology is widely scrutinized, tested and certified to ensure trust and credibility. Ecocert certifies that raw material is obtained through farmers' cooperatives at a premium price above the market price so that the use of Greenhope's biodegradable plastic directly improves the welfare of Indonesian cassava farmers.

Greenhope also collaborates with various parties across governments, the private sector, and NGOs to deliver systemic changes. Their ambition is to address the systemic plastic pollution problem through the development of regenerative solutions. Greenhope's perspective is that the plastic problem requires a holistic approach: all R circular

strategies are required and are complementary to each other, especially since upstream activities can have unexpected consequences on downstream, and vice versa, and since current solutions are not optimal, for instance a vast majority of recyclers do not have wastewater management.

At the start, plastic consumer should be reduced as much as possible, reuse should be promoted whenever possible, recycling should be performed when waste is unavoidable and when it is economically viable, and when this is not the case, we need solutions that we can return to earth as a last resort. This also means that Regenerate solutions need to be highly contextual and adapted to the local environment, and will have different use cases in different context, as illustrated by the fact that countries like Singapore and Japan that incinerate their plastic are especially interested by bio-based materials given their carbon impact. However, in countries like Indonesia and the United States, where landfill remains a predominant method of

GreenHope



waste disposal, there is a more suitable niche for plastics that are able to safely biodegrade, taking into account the conditions within landfills.

Recognizing the need for collaboration to change both demand and supply dynamics, Greenhope actively partners domestically and internationally with manufacturers, brand owners, NGOs, and local and national governments to create sustainable consumption and production for a better, greener earth. Its technologies are patented in the United States, Singapore, and Indonesia and have been widely used to make shopping bags, landfill covers, garbage bags, packaging (e.g. tissue packaging & polymailer), eco wraps, and many other products. Greenhope's manufacturing facility proudly holds ISO certifications for Quality, Safety, and Environmental standards, and the company is currently exporting to more than 12 countries across South-east Asia, Central America, and East Africa, with some activities in the United States and the United Kingdom.

Market-development challenges

Developing the market for bio-based and biodegradable products is a big challenge in any geography around the world. It requires the ability to build awareness and trust among customers for new solutions in the market. Unfortunately, inertia favors the status quo, which is reinforced by antagonistic approaches to solving the plastic problem. For example, plastic recyclers talk negatively about incineration and biodegradables, and vice versa, and people outside the plastic industry talking negatively about the entire plastic market. Furthermore, the tendency to only promote what is deemed as the best solution creates confusion among end consumers and decision-makers.



Strategies to Overcome these Challenges

Effective market development for biodegradables requires partnering with — and leveraging — networks of corporations. Greenhope develops and produces its own proprietary additives and bio-resins, then strategically works with downstream finished-product producers to create various green products. Greenhope currently has more than 150 finished-product partners around the world, including some leading brands that are able to deploy their reach and effective marketing strategies to drive customer awareness at scale. This requires, however, going through important product development milestones to build the right portfolio and trust.

Greenhope now requires new partnerships to scale its impact, building on its successes in packaging and reusable bags. There is an opportunity for private sector actors willing to drive innovations and increase customer awareness and product affordability in the space of environmentally friendly gloves, aprons, hair coloring wraps, seedling bags, agricultural films, fresh product wraps, etc., to actively collaborate with Greenhope, which has already been piloting promising technologies.

Opportunity #2

Unlock supply constraints faced by social entrepreneurs through innovative partnerships and new sourcing models

Demand and supply



Figure 4b. Differences observed across SEC archetypes related to supply challenges.

Close and Slow loop models are particularly challenged in finding sufficient volumes of quality inputs, whether that be textiles, plastic, paper, e-waste, or other material to be reused, recycled or remanufactured into a new product. This challenge is heightened if the business is driving social impact through sourcing (**Buyer model**) or directly employing marginalized individuals to source materials (**Employer model**). In both cases, sourcing is fragmented (e.g., individual waste pickers) and the firm may have to factor in the additional costs of providing training or other resources that will improve the quantity and quality of materials supplied. This also applies to **Regenerate** models that aim to source regeneratively produced inputs for their products, often from smallholder farmers.

Challenges Sourcing Inputs

Accessing sufficient supply of materials is a particularly common challenge for circular models that are sourcing non-virgin or regeneratively produced inputs. Re-use, remanufacture, and recycle solutions require consistent, quality supply, which is more difficult to obtain when the inputs have already been through one lifecycle. This challenge is exacerbated for social enterprises driving impact through sourcing from low-income or other marginalized target groups where suppliers are small and fragmented. Innovative sourcing models and win-win partnerships with complementary businesses are crucial to scaling business growth and impact.

New Sourcing Models

To deploy circular models that drive social impact through sourcing, enterprises need new models to procure quality inputs at scale, while providing benefit to the suppliers or their broader community. For example, Safi Organics in Kenya produc-

es organic fertilizer. It leverages a decentralized model that also supports youth employment: Safi trains youth groups to collect rice husks and provides equipment and working capital for youth to conduct primary processing, that is then paid off through the material purchases. This enables Safi to procure rice husks that are then transformed into biochar for their fertilizer.

Win-Win Partnerships

Identifying win-win partnerships with firms or organizations that produce complementary resources can enable SEC models to scale. For example, a compost firm needs a consistent supply of organic materials. While this may be easy to collect on an individual level for one farm, it is particularly challenging to collect enough organic material (and organize efficient aggregation) to develop compost that can serve farmers across an entire region. Developing partnerships with local restaurants, grocery stores or schools that need an outlet for their perished food provides an opportunity to se-



TechnoServe

cure a consistent supply of organic material. It also helps the restaurant, grocer or school to reduce its greenhouse gas footprint by diverting food from going to landfill.

Another example is the growing development of partnerships between electric vehicle companies and portable battery providers. Batteries in electric vehicles are no longer viable when their charge capacity declines to 80%, but they can be utilized as portable power sources for gadgets or smaller machinery²³. In this case, a partnership between an electric vehicle company and a social enterprise working to bring electricity access to rural locations or for emergency disaster situations can scale a circular solution.

Ensuring the Traceability and Quality of Materials

For social enterprises to get into corporate supply chains and be compliant with environmental and social standards, they need to meet material traceability and certification requirements. These requirements can be stringent and typically add

²³ Associated Press, “Nissan is reusing the batteries from old Leaf electric vehicles to make portable power sources” (2023)

costs for SEC businesses. However, this represents an opportunity for many entrepreneurs and other actors to collaborate to develop and internalize those capabilities or to deliver such third-party services.

For reuse and repair models, access to not just quantity, but quality material is important. This is a particular challenge for social enterprises in the textile and furniture industry as fast fashion and homeware has led companies to build products with lower-quality, cheaper materials that are difficult to give a second life. It is also present with electronic devices which have grown in complexity and where manufacturers have introduced new designs effectively preventing repairs from third parties.

While these challenges can be overcome through policies that incentivize or require use of quality materials (described in opportunity number five below), partnerships with “rethink” and “regenerate” firms that are committed to creating high-quality products are important to allow social entrepreneurs to evolve their models and secure more sustainable sourcing partners.



Business Information



Company name: Goonj



Sector: Textile (and other underutilized household material)



Key personnel: Anshu Gupta, Meenakshi Gupta, Founders



Circular Economy Strategy: Slow Loop- Reuse / Repair / Repurpose



Geography: India



Social Impact Model: Employer, Provider

Main Activities

Goonj is a social enterprise dedicated to fostering equitable relationships between cities and villages, bridging the divide between urban abundance and rural scarcity, and addressing economic poverty by expanding the lifespan of clothing material. Goonj collects under-utilized material from households and businesses through donations, then processes this material to extend its lifespan. It then uses

this material as a currency to finance development work in rural communities, supporting financially disadvantaged individuals to design and implement community-led solutions. On top of material and financial donation, and to further diversify its revenue streams, Goonj also operates its own urban lifestyle recycled product label, Green by Goonj, developing locally made and low-technology products for urban populations.

Since 1999, Goonj has operated based on principles of circularity, including reverse logistics, reuse, and recycling. It has extended the material circularity loop to connect with the development loop of mobilizing communities, community-led decision-making and design thinking on their most neglected issues. In the past year, Goonj made significant strides in reducing waste and pollution by reusing urban surplus materials (4.9 thousand tons) and circulating materials at their highest value (14.2 thousand tons).

The urban surplus material reaches one of the eight Goonj's processing centers where most of its employees (around 1,700 staff) operate. This is a significant opportunity to employ women who have been distant from the labor market in material processing and production work. These locations are the first points where all material collected from the cities goes through a rigorous process of sorting, segregating, moving as is, refurbishing (where minor repairs are needed) or recycling (when it needs to evolve in new products), and packing before being dispatched.

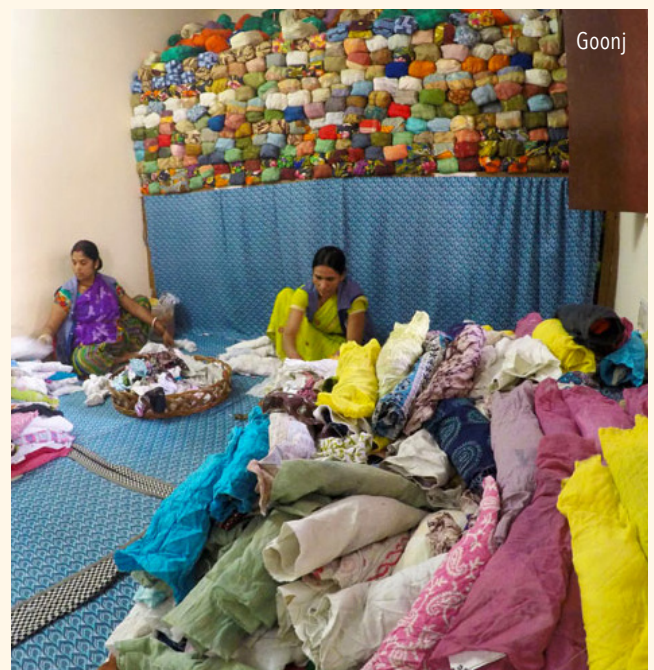
Goonj builds a network of communities from urban to village India, channeling material as a tool to address crucial gaps in rural infrastructure, water, environment, livelihood, education, health, disaster relief, and rehabilitation. Its engagement with both the urban and rural population to promote a more inclusive alternative economy where everyone is an equal stakeholder has galvanized mass civic participation in addressing basic but neglected issues.

Goonj's model of development, which entails working with hundreds of cross-sector partnerships, has facilitated more than 17,000 community-led projects in just one year. These projects range from reviving bodies of water and checking dams to large-scale nutrition work through kitchen gardens.

Supply Constraint Challenges

There is currently no shortage of material in the world, but a large share of this material remains unused. Within business operations, in households, or in landfills, there is a large volume of material that still has a life and can still be used. However, there is limited data available about the quantity of such material, which is an important barrier to driving the required mindset shift, and most people in our society still look at this material as a waste and a liability instead of considering it as an asset and a potential resource.

Getting access to surplus material is a key challenge for SEC businesses trying to develop and scale circular models. There is a significant untapped opportunity to connect the value of unused material lying around low-income communities with their development needs. The complex backend logistics and the need for a consistent and growing supply chain of material from urban to rural areas hindered Goonj in its efforts to scale its impact.



Strategies to Overcome Supply Constraints

More than 20 years ago, Goonj started going to the communities, with volunteers holding camps in residential and business areas to spread the word and initiate localized donations, redirecting material that would normally be discarded and end up in landfills.

As Goonj grew and wanted to further scale its impact across rural India, the organization's leaders realized that they needed to find other ways to unlock the supply constraints. Goonj started to part-

ner with retailers to collect unused material sitting across their entire supply chain. (e.g., excess stock in warehouses, textile waste from manufacturing units, unsold clothes from showrooms). It has also run several nationwide programs in collaboration with brands, asking customers to bring back their unused clothes at the store. While it represents a significant opportunity for larger companies to improve their brand equity advertising the partnership with a social enterprise, Goonj can leverage collaboration with private sector players to dramatically increase its material collection capabilities.



Opportunity #3

Upskill and reskill the workforce for a circular economy that benefits the communities

Capabilities



Figure 4c. Differences observed across SEC archetypes related to capabilities challenges.

All SEC businesses driving impact as **Employers** must invest in thoughtful recruitment strategies and, often times, provide additional on-the-job training for their employees who may be taking on formal employment for the first time. The added complexity associated with triple-bottom line enterprises require more systems thinking and the ability of employees (from leadership, to procurement, to management) to be able to monitor, evaluate and make decisions on not just profit, but also social and environmental impact.

The Need for Workers with Circular Skills

According to the International Labour Organization, the circular economy has the potential to create seven to eight million jobs globally²⁴. This will include all levels and types of jobs, from highly technical roles in engineering, to leadership, to manual labor. To fully realize this opportunity, we must re-skill and upskill the workforce, and support social, circular businesses to recruit and retain talent. Social enterprises encounter challenges in recruiting and retaining staff that have the hard skills and interest to scale circular models. For organizations that drive impact through employment, additional effort is often needed to recruit from low-income or marginalized communities, and oftentimes, additional on-the-job training is needed to improve employee performance and retention. For social enterprises that drive impact through sourcing and selling to low-income communities, it can be challenging to recruit staff that are commit-

ted to the mission and that have the hard skills to execute circular models.

Building Leadership for a Circular Economy

To develop successful and impactful circular and social enterprises, social enterprises and business leaders need to be able to think at a systems level and balance the objectives of a triple-bottom line business. While academic institutions and business schools increasingly have social enterprise departments or impact-related labs and associations, standard curriculum does not teach students how to design, market, or finance social or circular business models. Business students are trained to orient their analysis and decision-making around profit alone. To implement successful social and circular business models, entrepreneurs need to be able to think at a macro-level and continuously consider the externalities of their business decisions.

²⁴ International Labor Organization, Circle Economy, and the Solutions for Youth Employment (S4YE) Programme of the World Bank, “Decent Work in the Circular Economy: An Overview of the Existing Evidence Base” (2023)

Cultivating a Workforce for the Circular Economy

To cultivate a workforce for the circular economy, we need to expand access to technical training for individuals to develop hard skills in sectors such as waste management and manufacturing. We also need professionals in crucial roles such as procurement or packaging to upskill their knowledge in sustainability and circularity. This can be provided through niche training programs and short-term courses. For example, the Ellen MacArthur Foundation provides a wide range of online courses ranging from Circular Economy 101 to specific topics including circular economy of metals or packaging in a circular economy. The foundation also partners with universities and holds region-specific circular economy workshops in person.

Circular skills building can also be catalyzed through government investment and NGO support for technical and vocational education and training (TVET). For example, the Dutch Ministry of Infrastructure and Water Management collaborated with education cooperative *Leren voor Morgen* and the Goldschmeding Foundation to launch the Circular Skills Program, which works to bridge the gap between vocational education and professional practice in key sectors. The initiative has worked specifically in construction, providing training on changing occupational requirements, and facilitating collaboration between leaders in circularity and apprentices working for construction companies²⁵.

²⁵ Circle Economy Foundation, “Closing the skills gap: vocational education and training for the circular economy” (2021)

Partnering to Build Skills

SEC businesses can also partner with social enterprises that support vulnerable communities, people with disabilities, and other individuals often excluded from the workforce. *Veja*, a company that creates shoes from recycled plastics and polyester, contracted with *Ateliers Sans Frontières* and *Log’ins*, social enterprises that provide transitional employment and employment for the disabled, to work in *Veja*’s warehouses and manage its European logistics.

It can be difficult for small social enterprises to invest in more thoughtful recruitment strategies and on-the-job training or upskilling. Partnerships with NGOs, government agencies, and professional networks can help provide jobs match-making and additional skills building, particularly for social enterprises employing people from marginalized communities. This can be particularly impactful for social businesses that rely on community-based models where training is both needed and informal (such as the *Safi* biochar youth group model explained in the section above).



TechnoServe

Professional Networks for Circular Economy Workers

Increased formation and growth of social-impact and circular professional networks help close gaps between labor supply and demand and can even bring greater awareness or spark interest in impact or circular enterprises within specific sectors. For example, an engineer could be exposed to opportunities in the circular economy through specific clubs, networks and events tailored to engineers in the circular economy.

Developing Mission-Oriented Workplaces

Finally, for all SEC businesses — and especially for smaller or startup-enterprises where jobs may be more demanding or lower-paid — clearly communicating impact and building a work culture around it can support both recruitment and retention of a skilled workforce. Studies show that employees feel more engaged and are likely to stay at an organization when they understand the mission and feel that their work contributes to the identified mission-oriented objectives.



Unplastify

Business Information



Company name: Unplastify



Key personnel: Agustina Besada,
Co-founder and CEO



Geography: Argentina and United States



Sector: Biodiversity & Conservation



Circular Economy Strategy: Narrow Loop-Reduce / Rethink



Social Impact Model: Provider

Main Activities

Founded in 2018, Unplastify aims to tackle the root causes of the escalating plastic pollution crisis. If the current production rate continues, it is estimated that by 2050, there will be more plastic than fish in the oceans. Waste management systems are ineffective, and the current disposable culture perpetuates the problem, with approximately half of all plastic produced being single-use. Unplastify therefore decided to embark on a mission to revo-

lutionize the relationships people and organizations have with plastic. With a strong focus on prevention, Unplastify promotes awareness, new habits, and cultural change under the slogan “unplasti-fy-ing” daily life and organizations.

Unplastify adopts a multi-faceted approach, combining exploration, education, and action to tackle plastic pollution. The organization works with various stakeholders, including schools, individuals, companies, industries, and governments, to foster

systemic changes and minimize the use of disposable plastics. Its educational programs empower participants to design strategies that suit their specific environments and needs while reinforcing their commitment to deplastification.

The Educational Challenges for schools aim to inspire, empower, and guide young change-makers to unplastify their local communities. Students engage in a two-month project, developing prototypes to address aspects of plastic pollution. By integrating leadership, communication, and cooperation skills, the Challenges empower young people to become change agents in their environments. Unplastify has impacted 2,000 students and indirectly reached 17,000 students through their school programs with support from National Geographic Learning and Disney.

Recognizing the pivotal role of companies in driving change, the Company Challenges help enterprises redesign their relationship with plastic internally (offices and internal processes) and externally (products and services) through a collaborative approach involving employees. Unplastify has worked during the last five years with over 60 companies from more than 15 countries.

The Government Challenges support regulatory processes and public policies at a national and local level to build bridges between different stakeholders. Unplastify creates awareness through its research and content production arm, the Unplastify Laboratory. The organization uses the power of data and storytelling, and the involvement of Unplastify ambassadors, including renowned sports players, chefs, and artists, to inspire and activate change.



Knowledge and Skills Challenges

The plastic pollution crisis has its roots in a lack of knowledge and education. Decision-makers, businesses, and communities do not understand the urgency and the need to act rapidly. Most still adopt a traditional way of thinking that is unidimensional and aims to maximize value creation, ignoring environmental and social consequences. This also leads to a narrow understanding of the solution space, where actors only promote and try to scale existing solutions (e.g., recycling, incineration) without questioning behaviors.

For businesses that are also advancing deplastification, the challenge is often how to simply and accurately measure and report on their impact. This inability to derive data at a company level, and at an aggregated level, is a key barrier to advocacy efforts happening at the community level (behavior change, talent acquisition) and at the national level (policy).

Strategies to Overcome them

The need to create a new narrative is at core of Unplastify's work. Unplastify helps corporations' workforces to break internal barriers, eliminating preconceived ideas about plastic (e.g., being the most cost effective of all solutions), and coming up with a mix of solutions that maximize expected financial, environmental, and social outcomes. Linking companies with corporate champions who went through the journey themselves is often a very effective way to drive behavior change in mid-sized organizations. Unplastify also supports the development of analytical tools and the deployment of consistent impact measurement methodologies,

enabling businesses to adopt more circularity in business operations and to communicate more clearly to further raise awareness among customers and decision-makers.

Unplastify's education programs complement private sector efforts to build the skills that a new generation of circular-economy workers and thinkers will need. Unplastify's interventions start with 15- to 16-year-old students, telling them about the problem and that recycling is not the only solution, giving them the project management tools and skills they need for systemic actions, and guiding them to start their own community-based projects and measure their impact.



Opportunity #4

Close the demand and supply gaps between traditional financiers and social circular businesses

Finance

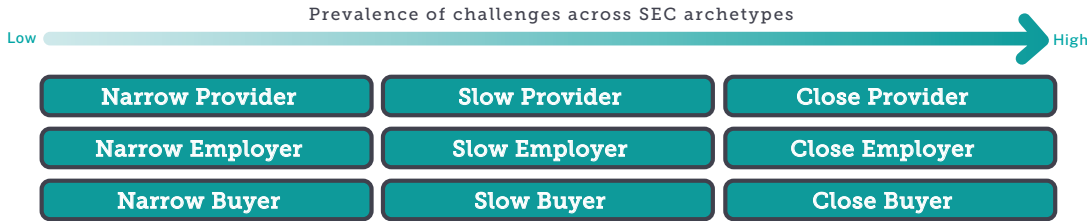


Figure 4d. Differences observed across SEC archetypes related to finance challenges.

This challenge impacts all SEC models. Accessing finance is a consistent challenge for any small business, for any social enterprise, and for any environmentally-focused business. When SEC businesses sit at the intersection of these three segments, it becomes even more challenging. Financiers are structured to make decisions on financial returns, and not the valuation of social or environmental impact. **Slow and Close loop** businesses that drive impact through **Employer** and the **Buyer** pathways (e.g., work with waste pickers to source materials) require higher working capital, likely in cash, and investing capital to operate with low-income fragmented suppliers.

The Challenge of Access to Finance

Accessing finance is a consistent challenge for any small business, for any social business and for any environmentally-focused business. When circular, social enterprises sit at the intersection of these three segments, it becomes even more challenging.

The Supply Side of Access to Finance

On the supply side, finance for circular and social models is growing, but it is heavily concentrated in high-income countries and large businesses. For example, only 7% of global impact investment assets under management are from investors headquartered in medium-and lower-income countries²⁶. While public investment firms and private banks are increasingly launching initiatives focused on financing the circular economy, the lion’s share of their finance supports existing linear companies to

test and integrate circular models²⁷.

When it comes to investment in circularity, financial institutions are willing to invest in, or lend to, traditional large corporations to pilot a circular model, since these approaches have shown to enable corporations to reduce costs, increase revenues and manage risks, rather than investing in smaller, social businesses that have historically operated circular models. To shift more traditional finance towards social and circular businesses, the sector needs increased data availability, improved social and environmental impact quantification, pricing of externalities for linear models, and updated accounting rules to fully value impact-oriented businesses and highlight the full risks of linear models²⁸.

Small and medium-sized social and circular enterprises, especially those in low-income countries, do not escape the historical challenge of the “missing

26 Global Impact Investing Network, “Sizing the Impact Investing Network” (2022)
 27 Ellen MacArthur Foundation, “Financing the Circular Economy” (2020)
 28 Ibid.

TechnoServe

middle” in finance. According to the IFC, small and medium enterprises in low-income countries face a \$930 billion financing gap²⁹. Smaller and socially oriented enterprises need investment greater than what micro-finance can offer yet are still considered too high-risk for traditional lenders or not high-opportunity enough (in terms of growth or return) for venture capital. For instance, Take-a-Stake, a consortium bringing together the WASTE Foundation, Sida, IKEA Social Entrepreneurship, and Yunus Social Business, aims to bridge that gap for social enterprises operating in the water, sanitation, and hygiene (WASH) and waste sectors in India.

Furthermore, the decision-makers at financial institutions are often not familiar with double or triple-bottom line models. Investment firms are structured to make decisions solely on financial returns, and not the quantification or valuation of social and environmental impact. These investment firms are often overly concerned with how a social, circular business offering will compete with existing products, rather than seeing the opportunity for complementary offerings or access to a new market segment, whether that be businesses and consumers who seek out responsible products or a bottom-of-the-pyramid market that shows potential for scale in terms of market size.

Social business models in particular can be complex and thus more difficult for financiers to assess. Social enterprises often use hybrid or multi-revenue stream business models, in which more commercial offerings or higher-priced goods

are sold to a niche market that is willing to pay higher for a socially responsible product subsidizes the side of the business that offers or sells a product to low-income consumers.

The Demand Side of Access to Finance

SEC models, particularly those in the startup phase, tend to require higher levels of upfront finance to test and refine innovative or never-before-tried solutions. Currently, this does not seem to be as much of a barrier for circular businesses — a 2022 study on finance drivers and barriers for circular economy businesses showed that available funding for circular models is concentrated in research and development activities³⁰. The challenge instead comes when these businesses are ready to scale and need capital to commercialize.

SEC businesses working to reduce, reuse or transform waste require high levels of working capital and investing capital to scale. For example, a recycling business that sources materials through community waste pickers requires upfront money, likely in cash, to pay the hundreds or thousands of pickers for their supply. Also, this company needs capital to fund long-term asset acquisition, such as trucks, bailing machines, and granulation machines.

²⁹ Sourced from “The Missing Middle: Segmenting Enterprises to Better Understand Their Financial Needs” and based on the Collaborative for Frontier Finance’s analysis of the “MSME Finance Gap” (IFC 2017). This analysis focuses on the credit gap only in lower- and lower-middle-income countries and excludes microenterprises.

³⁰ Saarinen, Aarikka-Stenroos, “Financing-Related Drivers and Barriers for Circular Economy Business: Developing a Conceptual Model from a Field Study”, *Circ.Econ.Sust.* (2022)

Closing the Finance Gap

Closing the finance gap for smaller SEC businesses is critical to scaling up their growth and impact. Growing the pot of blended finance mechanisms and philanthropic capital can help close this gap. Governments can also set the direction and catalyze financing through investment in the circular economy infrastructure, like waste and battery recycling, which can in turn support social enterprises with reuse or repurpose models to scale their businesses. In Chile, the government established a circular economy transformation program focused on providing investment and advisory services to accelerate startups.

Business-to-business finance solutions can be optimal for social enterprises that are upstream from larger business looking to improve on their own social and environmental metrics. This can be particularly impactful in agribusiness, where value-add businesses provide financial and other in-kind support for smallholder producers in their supply chain to adopt circular and regenerative practices. According to a study of over 150 social enterprises engaging in supplier partnerships with corporations, 30% responded that they would seek an advance from their corporate partner to invest in resources needed to meet increased demand and execute on the partnership³¹. Advance payments, loans or in-kind support in marketing or operations from corporations to SEC businesses can also help fill the finance gap while directly supporting SEC expansion.

³¹ Acumen and IKEA Social Entrepreneurship, “Corporate Ready: How Corporations and Social Enterprises do Business Together to Drive Impact” (2021)

Harnessing Data to Unlock Financing

Data gathering and impact measurement is crucial to unlocking finance for SECs. Frameworks for gathering and measuring data can support social enterprises to properly quantify and report their impact in terms of incomes increased, jobs created, waste diverted from landfill, water saved, pollution reduced, and so on. Of course, this must coincide with a restructuring of how financial firms evaluate businesses, including adding non-financial impacts to be listed on companies’ income statements and balance sheets.

Impact measurement is also crucial to unlock funding from development finance institutions as they align their funding to advance the Sustainable Development Goals. In addition to supporting SEC businesses to measure their impact, helping them build the capacity to clearly articulate their value proposition, including social and environmental impact, will be key in unlocking additional finance. Non-governmental institutions can play this capacity-building and facilitation role, supporting SEC businesses to prepare for finance and educating financiers on how to source and evaluate businesses with social and circular impact models.



RLabs

Business Information



Company name: RLabs



Sector: Waste



Key personnel: Christine Taphel, CEO and Marlon Parker, Co-Founder



Circular Economy Strategy: Close loop-Recycle



Geography: South Africa



Social Impact Model: Provider, Buyer

Main Activities

RLabs is an award-winning South African non-profit company, established in 2009 in Bridgetown, Cape Town. Its model has expanded to 24 countries across five continents; to date, more than 2,200,000 people have accessed RLabs skills-training and economic-empowerment programs.

ReCha, one of RLabs' ventures, focuses on the waste economy sector in South Africa. It started in 2019 with an entrepreneur who collected cardboard using his own car; since then, it has grown to be a recycling, material-waste-management, and commodity-trading center employing more than 60 people and generating \$2 million in revenue. His challenge to grow further was ensuring that waste can be bought from the communities as close to the source as possible.

The solution involved building the entrepreneurial capacity of micro-businesses and aggregation points operated locally by the communities that would supply their waste to the larger buy-back center at a contracted price. The model includes:

- 1. Market linkage:** Partnership with an established and mature recovery business with a growth mindset. The partner can process and sell additional supply and is willing to increase its social impact, with a commitment to collect and buy from local communities at a contracted price-point.
- 2. Community engagement:** Selection of enterprising community members that may already have access to land or who can operate a space made available by local municipalities, and engagement of local community to increase awareness and stimulate collection to feed into newly established aggregation point.
- 3. Capacity-building:** Basic entrepreneurship training program, and technical waste management training program for entrepreneurs and their community.
- 4. Access to finance:** Loans to entrepreneurs to ensure they have the required working capital to buy waste from community, paying back the loan gradually as a portion of their sales, and small grant fund for basic equipment.
- 5. Access to technology:** Partnership with technology provider to track data (type, volume) and unlock opportunities (customized support, data transparency for enabling environment).

The venture's goal is that a first batch of 60 entrepreneurs can create 200 formal jobs and 1,500 indirect jobs in the communities and divert 13 million kilograms of waste per year from landfills. If proven successful, this model initially tested in the city of Cape Town could be scaled nationally and regionally in South Africa.

Access to Finance Challenges

Working capital is an especially prevalent challenge. Many micro-businesses operating in the waste industry are interfaces between the informal activity in the local communities and the formal business environment. As such, there is an expectation that they can enable livelihoods in the surrounding communities by paying — on the spot and in cash — the people that bring them waste. However, the formal businesses that these micro-enterprises work with will only pay them when collecting a certain quantity of aggregated waste, which could happen only once or twice a month. This creates a real challenge in terms of cash-on-hand and working capital.



Strategies to Overcome them

Collaboration between social enterprises, established businesses, and micro-finance institutions can help to close the financing gap, as demonstrated by RLabs. Under this model, the social enterprise supports the development of waste-collection micro-businesses and is able to secure financing, especially with contractual offtake agreements from established recycling businesses. The social enterprises can then disburse micro-loans to the

waste-collection micro-entrepreneurs to provide them with the working capital they need. Finally, the established recycling business will ensure that a portion of the money they use to buy waste from those micro-businesses is sent to the social enterprise to pay back the loan.



Opportunity #5 Unlock ability to scale by advocating for social and circular–friendly standards and regulations



Figure 4e. Differences observed across SEC archetypes related to ecosystem challenges.

Current regulations and policies design for linear, profit-first models challenge all types of SEC businesses. For example, Reuse, repair and refurbish (Slow loop) models are particularly challenged by policies that promote low-quality, single use goods. Sharing economy businesses within the rethink model often drive impact by providing goods and services to low-income communities. These businesses require close collaboration with local governments to access the public space. Import and export policies that delay goods from crossing borders or significantly increase costs impact Buyer and Provider impact models.

The Policy Challenge for Circular Models

Policies have a particular impact on Slow loop (reuse, repair and refurbish) and Close loop (remanufacture, repurpose, recycle) businesses, which in turn can expand or contract social impact opportunities in employment of marginalized or disadvantaged individuals, sourcing from low-income suppliers, or developing products that are more affordable or beneficial for low-income consumers. Current policies have been designed to reinforce and promote linear and profit-only business models and will continue to do so without targeted advocacy and social and circular enterprise network development to amplify the needs of triple-bottom line enterprises.

Policy Impacts on Circular Textile Models

SECs in the textile industry are particularly challenged by policies that reduce their access to quality supply. Second-hand clothing businesses rely on a continuous source of gently used products in good condition. However, fast fashion has

driven companies to de-prioritize quality design and materials in favor of inexpensive inputs. This results in clothes with short lifespans that cannot be resold. In Europe, 40-60% of discarded clothing are disposed due to poor garment quality and breakdown, such as holes, tears, discoloration, or other damages³².

Poor-quality textiles also impact remanufacture and repurpose models. Policies that promote the use of single-blend and high-quality textiles would help extend the lifecycle of clothing for re-use and improve its ability to be repurposed. Policies that disincentive use of virgin materials, such as a virgin-material tax, or that lower the cost of circular products, such as zero-VAT for repair and resale of second-hand textiles, would help make circular models more affordable. This, in turn, would not only support smaller social enterprises, but also promotes the broader development and adoption of circular models across all sizes and types of businesses.

³² European Environmental Agency, “Textiles and the environment: the role of design in Europe’s circular economy” (2022)

Policy Impacts on Circular Technology Models

Social enterprises that repair and refurbish technology and hardware also face challenges accessing proper tools and parts. Corporations often make slight changes to designs of parts that require the hardware to be either repaired by the corporation, blocking local repair shops from supporting customers, or design choices make it too expensive to repair, incentivizing customers to buy new.

“Right to repair” policies require manufacturers to make tools and parts available to repair facilities on fair and reasonable terms. This would be particularly important for products’ long-term availability and viability in low-income and rural locations and the promotion of locally-owned repair and refurbish social enterprises. In addition, zero value added tax (VAT) policies for such repair work is also an important incentive for circularity in the technology sector.

Policy Impacts on Sharing Models

Social enterprises in the sharing economy bring access to resources for low-income consumers — particularly for higher-value products or services, like cars and other forms of transportation, which allow consumers to access them at a reasonable price on an as-needed basis. Sharing models inherently require access to the public, which brings policy challenges. For example, bicycle shares in urban areas must negotiate with local government to utilize parking or road space for bicycle docking and must secure ample and strategically located space to make their services useful and convenient for the consumer.

Policy Impacts on Recycling Circular Manufacturing

Space is also a particular challenge for social enterprises developing re-used, remanufactured, recycled and regenerative products. Finding adequate storage for materials is difficult and expensive, especially in densely populated areas. Waste-repurpose or recycling firms in particular must also consider the potential toxicity of their materials, and ensure their supply is adequately stored to avoid environmental damage or local pollution. Governments can support social enterprises to access space through policies that enable use of abandoned buildings or vacant lots.

Import and export processes and policies can greatly impact the viability of social circular businesses by limiting their ability to source circular materials or sell their products across borders. These enterprises are often moving goods that are not standardized or do not fit into traditional customs forms. For example, a business that aggregates and sells used bicycles in low-income countries must import and export shipments of bicycles that are a variety of brands, styles and sizes. Lack of uniformity can cause significant delays or rejections at the border, leading to value chain disruptions and costs for the social enterprise. Regenerative and repurposed goods, like organic fertilizer, can contain living materials that are much more difficult to import and export.

Catalyzing Policy Change

In summary, policies that extend product life, enable repair, and improve recycling will help reduce costs and improve the viability and scalability of circular, social enterprises. Below are three avenues for social businesses, corporations, NGOs, and governments to facilitate the adoption of these types of policies:

- **1** Give circular, social enterprises a seat at the table: Policy working groups and standards boards should include representation from social and circular business leaders who can advise on specific regulations or processes and know by experience where the bottlenecks and opportunities for unlocking business exist.
- **2** Advocate with and on behalf of social enterprises in circularity: Large corporations have a louder voice and more lobbying power than an individual social enterprise. Corporations have the opportunity to advocate for circular policies such as “right to repair” acts.
- **3** Develop advocacy and support networks: Organizations such as RREUSE, highlighted in our case study below, gather individual social enterprises and national-level social enterprise networks in the re-use and repair space to share best practices and advocate for improved and standardized policies across Europe. These types of networks amplify the voice of social enterprises and fast-track policy change.



TechnoServe



RREUSE

Business Information



Company name: RREUSE



Key personnel: Neva Nahtigal,
Director



Geography: Europe, Secretariat
based in Brussels



Sector: Social Economy



Circular Economy Strategy: Slow and
Close Loops-Reuse / Repair / Recycle



Social Impact Model: Provider / Members
are typically Employers

Main Activities

RREUSE is the European network for social enterprises active in the circular economy. The members of the RREUSE network specialize in the field of reuse, repair, and recycling, and provide local and inclusive employment as well as a strong sense of belonging for the most vulnerable in our societies. There currently are thirty-two members in the network, representing over a thousand social enterprises, mostly based in Western Europe. These

social enterprises typically collect, sort, prepare for re-use, and sell used products, therefore extending their lifespan. They also focus on providing jobs, training and skills opportunities to individuals at risk of socioeconomic exclusion. The main products and material streams these organizations are active in are textile, electric and electronic devices, furniture, and household goods.

Since 2001, RREUSE's Secretariat has been supporting the development of the sector by carrying out the two main following actions in cooperation with its members:

- Advocating for a stronger policy framework at the European Union level to support social enterprise activities in environmental services, notably through the EU Circular Economy and Social Economy Action Plans. Recent efforts included the recognition of the role of social enterprises and their inclusion in the Extended Producer Responsibility schemes for the textile sector in the EU. RREUSE is also a member of various coordination groups such as the Right to Repair Coalition, which enables it to feed inputs into those forums. Members are typically involved in advocacy at local, regional, and national levels.
- Facilitating capacity-building through exchange of contacts, best practice examples and local, national and legal developments among social enterprises working in the field of re-use, repair and recycling through dedicated member sessions and tailored communication channels. There is a growing focus on the development of partnerships between social entrepreneurs and private companies of various scales. These partnerships aim to provide direct access to economic resources, infrastructure, and/or new markets to social enterprises, or to provide inclusive work opportunities following temporary work integration provided by the social enterprises.

RREUSE also aims to drive awareness at an international scale through the following activities:

- Gathering unique data on the re-use and repair sector from its members and producing value-added analysis to showcase the impact of our sector;
- Representing, promoting, and communicating about the social enterprise re-use, repair and recycling sector and its activities to European and international stakeholders through events, communication activities, and projects;
- Acting as partner in international projects aimed at further developing the re-use, repair, and recycling sector in cooperation with universities, local authorities and research centers on both environmental and social issues.

Ecosystem Support Challenges

RREUSE's main mission is to protect and promote social enterprises active in the circular economy against market dynamics that can be harmful to them.

A first example links to the entrance of large corporations in the circular sector. Given its growing popularity, many new actors have entered this space with business models that can sometimes be harmful to existing social enterprises, which have been active in the sector for decades. For instance, large multinational textile companies have been deploying take-back schemes oriented to down-cycling. They normally offer a discount to custom-

ers to buy more in exchange for them returning their unused clothing, which they repurpose into other products (e.g., insulation materials) through suboptimal industrial processes, causing a loss of products' environmental and economic value. This also means that items that used to be donated to social enterprises are now not donated, but rather monetized to further increase consumption.

A second example links to how producers of consumer goods have gradually introduced, over the last two decades, products of lower quality in the marketplace, preventing the social economy to thrive by limiting reuse and repair opportunities (e.g., low quality fabric; use of adhesives, staples and poor-quality composite materials in furniture; lack of access to and high costs of spare parts of electronics).

Strategies to Overcome them

To efficiently protect and promote social enterprises' role in the circular economy, RREUSE aims to

include them in the conversation and ensure that they can be heard. This includes:

- Ensuring that new policies recognize their roles (e.g., EU Textiles Strategy, Waste Framework Directive, EPR Schemes), therefore creating an enabling policy network for the sector;
- Developing re-use and preparation for re-use targets to implement the principles of the waste hierarchy and promote job creation;
- Ensuring effective implementation of social and environmental clauses and reserved contracts in public procurement procedures;
- Promoting tax regimes fostering circular activities that help provide affordable essential goods and create local inclusive jobs (e.g., reduced or zero-percent VAT on labor costs associated with re-use and repair and the sale of second-hand goods.);
- Developing specific policies and programs geared towards skills development and inclusive labor market.



Conclusion

The Role of Social Enterprises in Circularity (SEC)

Social enterprises in circularity (SEC) have adopted circular strategies (Narrow, Slow, Close, Regenerate) and employ one of the three primary direct impact models (Provider, Employer, Buyer) to deliver social benefits to low-income populations and people at a distance from the labor market. Our review of over 40 SEC models across the globe enables us to point out three primary outcomes delivered by social enterprises in the circular economy.

1



Creating Social Benefits for Target Groups

We find most social enterprises in circularity are using Provider and Employer models to create social benefits for their target groups. This includes recycling companies that employ low-income or marginalized populations directly to source or sort materials, and social enterprises repurposing or remanufacturing material typically sourced at a low cost, resulting in an affordable product for low-income consumers. Within our sample, thinner loop models (Narrow) seem to present fewer opportunities to drive direct social impact than longer loop models (Slow and Close).

Reducing Social Risks of the Circular Economy

Provider and Employer models also drive indirect social benefits and help mitigate negatives externalities of circular models, especially as it relates to equitable economic outcomes, health of community members, and overall environmental impact.



2

3



Increasing the Scale of the Circular Economy

SECs seem to employ similar models — especially Employer and Provider — across geographies and have the ability to increase the scale of the circular economy, connecting different parts of the world. However, we need to recognize important differences across geographies. The higher prevalence of Buyer models in lower-income countries appears to be a function of the local context, i.e., socio-demographic dynamics, existing infrastructure, and regulatory framework. Social enterprises in higher-income countries are more likely to pursue systems change rather than direct impact.



Opportunities for Social Enterprises in Circularity to Scale their Impact

SECs face a unique set of challenges in pursuing these outcomes, due to the fact that they are operating within an economic system that is designed for linear models. From our linear supply chains to consumer demand for fast, cheap, single use items, our current system is not designed to support circularity. The circular economy is nascent and fragmented, resulting in specific challenges for social entrepreneurs in this space, such as: still limited demand for circular products, restricted access to materials, limited skills in circular and systems thinking, lack of appropriate financial products for growth, and a lack of supporting policy and infrastructure for circular solutions.

Nevertheless, social enterprises have a number of opportunities to overcome these obstacles and scale their impact. The broader ecosystem — corporations, financial institutions, NGOs, and govern-

ments — have an important role, as well, collaborating to develop a new system that not only enables circular models to compete, but that also helps build a new, enabling environment for circular solutions to thrive.

These include measures to improve market access; the development of new sourcing models; the upskilling of workforces; using data and mixed-financing mechanisms to improve access to finance; and advocacy for circularity-positive policies.

This new system will require new ways of thinking, unique partnerships and catalytic financing to break down existing barriers and enable solutions to scale.

Practically, the underlying opportunities can be grouped into three main types of interventions that can immediately be pursued by social enterprises, with support from corporate actors, NGOs, investors and other relevant stakeholders.

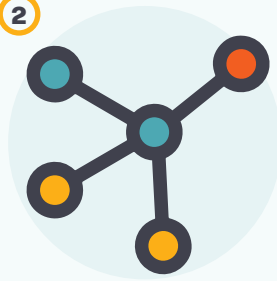
1



Develop Capacity and Skills needed to thrive in the Circular Economy:

- Build the skills needed to identify and capture opportunities, strengthen their value propositions, and improve their ability to measure and communicate social and environmental impact.
- Directly support suppliers to increase capacity, quality and access better working and living conditions, especially when informal.

2



Forge Connections with other Market Actors:

- Connect with other private sector companies and networks to better reach target markets and unlock supply constraints through targeted partnerships, promoting a collaborative mindset.
- The ecosystem can help improve access to knowledge, skill-development opportunities, and improved financing opportunities.

3



Engage the Supportive Environment:

- Claim a seat at the table in decision-making forums by engaging ecosystem actors to create more advocacy and support networks and build out the circular-economy infrastructure.
- Advocate alongside other social enterprises, developing active communication strategies to increase consumer and stakeholder awareness, and recognize and promote the work and impact of social enterprises in circularity.

Recommendations for Further Research

Research about the intersection of the circular economy and the social economy is nascent and still evolving, and this report aims to provide the foundation for further research. It is important to note that our main findings are derived from the set of tools and frameworks used in this report, which have their own limitations. Through our study, we identified a few specific areas which would benefit from further in-depth exploration.

- ➔ **Quantifying the social benefits of different impact models:** This study focused on three primary impact models (Provider, Employer, Buyer) and observed that the depth of impact across those models seem to vary across companies and regions. We recommend expanding this research with the comparison and quantification of the social benefits of these impact models in the circular economy.
- ➔ **Evaluating the transformative potential of social enterprise:** Future studies may further explore the transformational roles of social enterprises. While this report put emphasis on the direct relationships between social enterprises and their target groups, greater focus could be put on the ability for social enterprises to empower communities with greater control of their own productive resources and decision-making power to ultimately improve their livelihood.
- ➔ **Comparing circular models across regions:** Another area for further exploration is the geographical differences between social enterprises in circularity. It is especially important given the evolving nature of circular models being practiced by social enterprises in higher-, medium- and lower-income countries where they operate in very different socio-economic and political contexts. Identifying the most relevant regulatory levers in relation to these contexts could help inform policymakers in selected geographies.
- ➔ **Studying the intersection of large companies and social enterprises in the circular economy:** Finally, the research highlighted three main roles of social enterprises in circularity: increasing social benefits for target groups, reducing social risks of the circular economy, and increasing the scale of the circular economy. Further research could investigate the benefits for larger companies that are transitioning toward the circular economy to partner with social enterprises – for instance supporting their ability to meet their ESG commitments.

Appendix

Figure 5. List of more than 40 social enterprises in the circular economy

Company Name	Main country of operation	Sectors	Short Description	Social Enterprise Maturity	Circular Loop	Main Social Impact Category (Secondary categories if any)
<u>Aeropowder</u>	United Kingdom	Manufacturing	Upcycles feather waste from chickens into sustainable insulation material for food or pharmaceutical deliveries	Growth (4-7 years)	Close loop	Systems change
<u>Anuprerna</u>	India	Retail & Consumer Services	Designs ethical clothing sourcing from small artisans with a made-to-order textile sourcing marketplace	Mature (15+ years)	Narrow loop	Buyer (Employer, Provider)
<u>APChem</u>	India	Energy	Produces high-quality purified pyrolysis oil, in high demand for the production of circular plastics, sustainable chemicals, hydrogen and sustainable jet/vehicle fuels	Growth (4-7 years)	Close loop	Systems change
<u>Arqlite</u>	United States	Housing, Construction & Urban Development	Turns plastic waste into value by manufacturing construction materials, providing an innovative recycling service to large manufacturers and cities	Growth (4-7 years)	Close loop	Systems change
<u>Ashaya</u>	India	Waste Management	Takes previously unrecyclable multi-layer plastic and turns it into material that can be used in a variety of new products while empowering waste pickers	Early-stage (1-3 years)	Close loop	Employer
<u>BanQu</u>	Over 58 countries	Information, Communication & Technology	Provides a blockchain-based, traceability solution for agricultural and recycling value chains and recycling chains to offer financial security to the world's lowest-paid workers	Established (8 to 15 years)	Close loop	Buyer
<u>Beauty Kitchen</u>	UK	Retail & Consumer Services	Creates beauty products with reusable refillable options to replace single-use plastic packaging	Growth (4-7 years)	Narrow loop	Systems change
<u>Brickify</u>	Nigeria	Housing, Construction & Urban Development	Recycling waste plastic bags into modular bricks and lumber for roads and housing	Growth (4-7 years)	Close loop	Provider
<u>Close the Gap</u>	Belgium, Kenya, South Africa	Information, Communication & Technology	Provides refurbished IT equipment for educational, medical and social projects in developing and emerging countries at affordable rates	Mature (15+ years)	Slow loop	Provider



<u>Closing the Loop</u>	The Netherlands, multiple African countries	Waste Management	Operates in Ghana, Rwanda, Mali, Zambia, The Gambia, South Africa, Nigeria, Malawi, Cameroon and Uganda collecting e-waste from networks like repair shops, schools, and churches, selling it to local partners	Established (8 to 15 years)	Close loop	Buyer
<u>Clothes to Good</u>	South Africa	Waste Management, Education & Employment	Buys and sells used and new clothing (i.e., textile recycling), trains and creates inclusive employment across the value cycle	Established (8 to 15 years)	Close loop	Employer
<u>Cocobind Inc.</u>	Philippines	Manufacturing	Supports coconut farming communities for environmental and financial benefits, developing off farm revenues for coco farms and enhancing local development	Mature (15+ years)	Close loop	Employer (Buyer, Provider)
<u>Conceptos Plasticos</u>	Colombia	Housing, Construction & Urban Development	Produces a 100% recycled plastic construction system used to assemble houses and schools for vulnerable people, primarily women collectors in emerging countries	Established (8 to 15 years)	Close loop	Provider
<u>CoolHubs</u>	Nigeria	Manufacturing	Reduces food waste with solar-powered, eco-friendly 10-foot-square storage units that preserve fresh food for 21 days, accessible to smallholder farmers at low price	Established (8 to 15 years)	Narrow loop	Provider
<u>DigiYard (Arup)</u>	South Africa	Housing, Construction & Urban Development	Connects construction waste to informal housing projects, reducing landfill waste, providing affordable building materials, and improving construction quality for low-income customers	Growth (4-7 years)	Slow loop	Provider
<u>Dignified Wear</u>	Ghana	Manufacturing	Creates and sells shoes, handbags, clothing, and accessories made from recycled tires, offering employment and training to people with disabilities and rural women	Established (8 to 15 years)	Close loop	Employer
<u>Eco Brix</u>	Uganda	Housing, Construction & Urban Development	Recycles seven types of plastics, including an innovative plastic-sand composite paver, while promoting job creation, supporting people with disabilities, and raising awareness about plastic waste	Growth (4-7 years)	Close loop	Employer
<u>Ericsson Connected Recycling</u>	Sweden	Information, Communication & Technology	Provides technology to digitalize and connect the very manual and paper-based recycling industry	Early-stage (1-3 years)	Close loop	Provider
<u>Goonj</u>	India	Water & Sanitation, Health, Education & Employment	Uses material as a tool to address crucial gaps in rural infrastructure, water, environment, livelihood, education, health, disaster relief and rehabilitation	Mature (15+ years)	Slow loop	Provider (Employer)
<u>Graviky Labs</u>	United States	Manufacturing	Captures carbon emissions from vehicles or chimneys before it enters our atmosphere through reformat technology, and recycles the captured pollutants into inks	Growth (4-7 years)	Close loop	Systems change
<u>Green Net</u>	Thailand	Agriculture & Food	Provides technical and managerial support for small-scale producer groups to convert to organic agriculture and access market	Mature (15+ years)	Narrow loop	Provider



<u>greenABLE</u>	South Africa	Waste Management	Salvages valuable materials from used printer cartridges, diverting them from landfills and creating job opportunities for individuals with disabilities	Established (8 to 15 years)	Close loop	Employer
<u>Greenhope</u>	Indonesia	Manufacturing	Researches, develops and deploys bio-based materials that have lower carbon footprint and are biodegradable / compostable, using locally sourced renewable starch from smallholder farmers	Growth (4-7 years)	Narrow loop	Buyer
<u>I-did</u>	Netherlands	Retail & Consumer Services	Produces acoustic interior products, bags and accessories from recycled felt, offering fixed-term work contract to people distant from the labor market to train them and help them find their next job	Established (8 to 15 years)	Closed loop	Employer
<u>Iswapp</u>	Venezuela	Retail & Consumer Services	Facilitates the exchange of used clothing for a small fee, promoting sustainable consumption practices and circular fashion	Early-stage (1-3 years)	Slow loop	Systems change
<u>Karo Sambhav</u>	India	Waste Management	Enables enterprises to close their material loops, covering e-waste, plastic packaging waste, battery waste and glass	Growth (4-7 years)	Close loop	Employer
<u>Kyuma Goods</u>	Kenya	Manufacturing	Partners with drought-affected communities and trains women and youth to collect and preserve discarded cattle hides for sustainable footwear leather production	Established (8 to 15 years)	Close loop	Employer
<u>MAF</u>	Venezuela	Housing, Construction & Urban Development	Creates eco-friendly solutions through smart interior design and upcycled architecture, offering comprehensive construction services nationally and internationally	Established (8 to 15 years)	Close loop	Provider
<u>Mr Green Africa</u>	Kenya	Waste Management	Processes and sells over 140 metric tons of post-consumer plastic monthly, with half sourced directly from 550 marginalized waste pickers	Established (8 to 15 years)	Close loop	Buyer
<u>Noble Plastics</u>	India	Waste Management	Recycles apparel plastics from corporate clients ensuring they reenter the apparel industry, empowering women and marginalized communities through employment and training	Early-stage (1-3 years)	Close loop	Employer
<u>Pyramid Recycling Enterprise</u>	Ghana	Manufacturing	Innovates with curtain ropes, chair fittings, and 'wood plastics,' creating jobs by training waste pickers, mainly single mothers, who supply 65% of their weekly plastic intake	Mature (15+ years)	Close loop	Buyer
<u>RLabs</u>	South Africa	Education & Employment	Empowers community members through skills and training, community development, social and disruptive innovation, social enterprise incubation, impact investing and social franchising	Established (8 to 15 years)	Close loop	Provider
<u>Saathi</u>	India	Retail & Consumer Services	Produces and sells biodegradable sanitary pad from banana fiber, employing women in low-income communities	Established (8 to 15 years)	Close loop	Provider (Employer)



<u>Second Chance Clothing</u>	United Kingdom	Retail & Consumer Services	Provides entrepreneurship training in UK prisons, empowering ex-offenders with skills for preloved fashion ecommerce businesses	Early-stage (1-3 years)	Slow loop	Employer
<u>Second Life</u>	Global	Biodiversity & Conservation	Partners with international corporates to develop circular plastic supply chains that help clean our oceans	Growth (4-7 years)	Close loop	Employer
<u>Selyn</u>	Sri Lanka	Retail & Consumer Services	Produces fair-trade handlooms using blockchain for improved product traceability and empowering rural women through sustainable livelihoods	Mature (15+ years)	Narrow loop	Buyer
<u>Taking Care of Business (TCB)</u>	South Africa	Education & Employment	Equips unemployed community members with the skills and resources they need to become re-sell, repair and/or refurbish entrepreneurs	Established (8 to 15 years)	Slow loop	Employer
<u>Triciclos</u>	Brazil, Chile, Colombia	Waste Management	Works at the end of the cycle handling waste to ensure it has a circular destination (reuse and recycling), and create solutions to review the waste generation before its design	Established (8 to 15 years)	Close loop	Employer
<u>Unplastify</u>	Argentina	Education & Employment	Challenge individuals, organizations, companies and governments to change their relationship with plastic and to take action to unplastify their communities	Growth (4-7 years)	Narrow loop	Provider
<u>Velafrica</u>	Multiple countries in Europe and Africa	Education & Employment	Collects disused bicycles in Europe (Switzerland and Germany), repairing them in social institutions and prisons, and exporting them to partner enterprises in Africa (Tanzania, Madagascar, Ghana, Burkina Faso, Ivory Coast, Gambia)	Established (8 to 15 years)	Slow loop	Provider (Employer)
<u>Verde en Concreto</u>	Venezuela	Agriculture & Food	Designs, builds and develops aquaponic farms in rooftop gardens located in Venezuela	Early-stage (1-3 years)	Narrow loop	Systems change
<u>XSPProject</u>	Indonesia	Retail & Consumer Services, Waste Management	Transforms consumer and corporate waste that waste pickers are typically not able to sell into products with innovative design	Mature (15+ years)	Close loop	Employer



Acknowledgements

Funding Partner

IKEA Social Entrepreneurship

Lead Authors

Maxime Francois-Ferriere
(TechnoServe)

Katarina Kahlmann (TechnoServe)

Juan Carlos Thomas Soto
(TechnoServe)

Julian Wassenaar (TechnoServe)

Katey Finnegan (TechnoServe)

Jasmine Nguyen (TechnoServe)

Contributing Authors

Jens Andersson (IKEA Social
Entrepreneurship)

Nancy Bocken (Maastricht
University)

Benoît Bonello (SUEZ)

Isis M Bous (Lex Mundi Pro Bono
Foundation)

Marie Lisa Dacanay (Institute for
Social Entrepreneurship in Asia)

Namita Datta (World Bank / S4YE)

Abel Diaz Gonzalez (Maastricht
University)

Michel Ducommun (Velafrica)

Chris Gale (eBay)

Carolina Garcia (AB InBev)

Agneta Giannoccaro (Ericsson)

Tracey Gilmore (Taking Care of
Business)

Tatiana Glad (Impact Hub
Network)

Meenakshi Gupta (Goonj)

Maike von Heimann (Anglo
American Foundation)

Mark Horoszowski (MovingWorlds)

Katerina Hoskova (World
Economic Forum)

Tom Johnson (Impact Hub
Network)

Judith Ketelslegers (World
Economic Forum)

Richenda van Leeuwen (Aspen
Network of Development
Entrepreneurs)

Nina Levchuk (Impact Force)

Gonzalo Muñoz (Triciclos)

Daniel Nowack (World Economic
Forum)

Claudio Padua (Instituto de
Pesquisas Ecológicas)

Marlon Parker (RLabs)

Mayya Saliba (Circle Economy)

Pranshu Singhal (Karo Sambhav)

Vishrut Shivkumar (Catalyst
Management Services)

Sreepriya Sridharan (Schwab
Foundation)

Tommy Tjiptadjaja (GreenHope)

Claudia Valladares (Impact Hub
Network)

Daniel Waldron (Acumen)

Darren West (SAP)

Marta Zaccagnini (Village Capital)

Maria Zapata (Ashoka)

Communications

Nicholas Rosen (TechnoServe)

Design & Layout

Los Pájaros



TechnoServe, IKEA Social Entrepreneurship, The World Economic Forum's Global Alliance for Social Entrepreneurship "Inclusive Loops: The Crucial Role of Social Enterprises in the Circular Economy" (2023)

