THE SOCIAL ECONOMY:
A MEANS FOR INCLUSIVE & DECENT WORK IN THE CIRCULAR ECONOMY?
ABOUT THE CIRCULAR JOBS INITIATIVE

Circle Economy is an impact organisation that connects and empowers a global community to create the conditions for transformation towards the circular economy. Our mission is to accelerate the transition through practical and scalable insights and solutions that address humanity’s greatest challenges.

The Circular Jobs Initiative is a knowledge centre that aims to ensure the transition to the circular economy is positive for work and workers. We are committed to promoting this mission by working with employers, workers, governments, multilateral organisations, education institutions and research organisations to shape this future.

With the support of the Goldschmeding Foundation, the Circular Jobs Initiative develops and shares knowledge and best practices on the future of jobs for the circular economy and translates this knowledge into practical and scalable solutions.

SUPPORT FOR THIS POSITION PAPER FROM THE CIRCULAR JOBS INITIATIVE ADVISORY BOARD

KARI HERLEVI
Project Director, Circular Economy, Sitra

"A transition to the circular economy calls for a transformative change, which must be built in cooperation with all members of our societies. This report highlights the role of social economy organizations, which can play a decisive part in creating new circular job opportunities. For these opportunities to be fair and decent, the work of social enterprises and cooperatives must be reinforced with cooperation from local, national and global players alike."

RENIERA O’DONNELL
Higher Education Lead, Ellen MacArthur Foundation

"The interplay between the circular economy and wider society is hugely important. This paper clearly articulates the value to the circular economy transition of smaller, local, and socially-minded organisations, and its case studies provide a valuable platform for further discussion."

ÖDÜL BOZKURT
Senior Lecturer in International Human Resource Management, University of Sussex Business School

"Social enterprises are proving themselves to be key to the resilience and dignity of our communities, both local and global. Their vitality, engagement with the grassroots and emphasis on social justice makes these organisations critical in the circular transition, too. This report by the Circular Jobs Initiative inquires how social enterprises can promote the circular economy while also creating decent work. Inspiring, real-life cases and grounded recommendations make this report worth a lot of attention and debate."

KRIS BACHUS
Research Manager, HIVA

"This position paper uncovers the opportunities that arise from integrating the circular economy and the social economy. It rightfully points at some of the blind spots, relating to the social dimension, in contemporary circular economy discourses. By showcasing good practices and identifying the barriers and enablers of this combination, the paper offers a valuable contribution to future discussions on enhancing the social potential of the circular economy."

ANTONIUS SCHRÖDER
Scientist, TU Dortmund Social Research Centre

"This position paper shows the benefits and win-win situation of combining the social economy with the circular economy. It is a valuable approach for a social circular economy unfolding civil society engagement by mutual endorsement, mutual support and visibility improvement. This is illustrated by corresponding missions and visions and practical examples underlining the necessity of cooperation across societal sectors in (especially local) ecosystems embedding stakeholders from civil society, policy, economy, science and education."

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By learning from the social economy, we can encourage inclusive and ethical work in the circular economy. The circular economy has the potential to create different kinds of positive social impact, including redistributing and opening up job opportunities for workers with a range of skills and levels of need across geographies. However, its social foundations remain underexplored and as a result are weak. The social economy is a means for achieving many of the social and democratic values that the circular economy must embody to be truly transformative. This includes, particularly, sustainable economic performance, value-led leadership, the rejection of profit maximisation as the sole driver for business and the promotion of decent work, education and secure livelihoods. This paper explores what we can learn from social enterprises and cooperatives operating in the circular economy and how bringing these agendas together can facilitate an inclusive and ethical circular economy that is underpinned by a just and safe labour market.

The current environmental focus of the circular economy is a limitation. Achieving a just transition to the circular economy requires attention to all aspects of the triple bottom line. It will require large-scale upskilling and redeployment, as well as maximising the quality of the labour-intensive jobs the circular economy hinges on. Next to the challenges that come with economic transitions, circular business models are not exempt from the same social issues associated with the current economic system and, if overlooked, run the risk of exacerbating these issues too. These blindspots in circular business models include the potential negative impacts related to the distribution of power, wealth and profits amongst workers, labour conditions, social protection and informality.

Meanwhile, the social economy is upheld by ethical and social objectives and has a long history of supporting inclusive and decent work. Social organisations collaborate across sectors to create job opportunities and the conditions for decent work, promoting polycentric governance in the interest of collective action. They have a deep history of stabilising or formalising workers engaged in environmentally-friendly forms of work and supporting the integration of people facing disadvantages into the labour market. As such, the social economy should not only be seen as a partner in tackling social development challenges, but also a vital partner in achieving welfare systems that are fit for the new economic paradigm put forward by the circular economy.

The circular economy will benefit from social enterprises and cooperatives becoming better integrated and more widespread. The ILO has called for a job-centric approach to economic growth in order to create the 600 million new jobs needed by 2030 and improve working conditions for the 780 million people experiencing in-work poverty. At the same time, the transition to the circular economy will be labour intensive. This, matched with the fact that many social organisations operate locally and engage people with less formal education, suggests there could be a win-win when it comes to ensuring a sufficient supply of labour and decent work opportunities in the circular economy for people currently facing challenges in the labour market.

Better integration of social organisations in the circular economy could therefore appeal to both the demand and supply labour requirements of the circular economy.

The time is now. The circular economy is being touted as an instrument for building back better and mitigating further unemployment against the backdrop of the covid-19 pandemic. Only a circular economy that is ethical and inclusive will be suited to meet these challenges. To do this, the circular economy must learn from the social economy and cooperate across civil society, policy, industry, science and education. Our paper recommends:

Circular economy entrepreneurs should:
- Embrace partnerships with social as well as public and other private organisations to improve labour conditions, and model polycentric governance;
- Consider opening up short-term entry level or development opportunities for people facing disadvantages and seek out social partnerships to make this happen;
- Form local and regional ecosystems with social organisations, policy, science and education to advance progress towards the circular economy. Develop common and binding strategies and roadmaps to give this work direction and visibility.

National governments should:
- Engage social organisations and unions in strategy and target setting for the circular economy to promote collective action and empowerment across the transition;
- Develop policy support focused on the achievement of outcomes that acknowledge the unique strengths of the social economy;
- Design labour market policies and institutions that could ease the work of social organisations in training and promotion of inclusive jobs;
- Introduce regulations and economic instruments towards selective collection and recycling, and mixed and circular procurement to valorise circular jobs;
- Promote national integration with local and private institutions to design robust strategies that attend to environmental and social challenges;
- Collaborate with social organisations to promote work in the circular economy.

Local governments should:
- Make social organisations in the circular economy visible through public support services and information tools to support matching of workers to opportunities;
- Work with social enterprises to employ a mix of demand and supply side interventions to make decent work available alongside opportunities for skill development;
- Work with social enterprises in mobilising community support in financial, social and political forms;
- Consider how social investment and other forms of social finance could be used as a tool for attracting financing for socially inclusive circular business models;
- Ensure partnerships for matching people to work in the circular economy are underpinned by agreements geared towards meaningful, long-term solutions.
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The circular economy is a means to an end, ‘the end being an ecologically safe and socially just operating space for humankind.’

The circular economy provides an alternative economic model to the current linear, take-make-waste, economy by seeking to maximise the value of resources already in use in society, and redefine growth to make way for a wider set of social and environmental values. If managed well, it can generate multiple benefits for the labour market, including redistributing and opening up job opportunities for workers with a range of skills and levels of need across geographical boundaries.

Despite this, the social impact of the circular economy is often less understood. Instead, the environmental and economic impacts of circular business models and supply chains have received the most attention to date. The result is a weak association between the circular economy and social impact, and the risk that circular economy targets and strategies fail to take into account the needs of the workers and communities on which they rely. The need to demonstrate how circular business models can create sustainable and decent work has become even more pressing against the backdrop of the covid-19 pandemic. We have seen mass unemployment hit workers in precarious global supply chains particularly in hospitality, travel and retail industries and the circular economy has been positioned as a key instrument for building back better and creating decent and sustainable jobs in a transformed and more resilient and equitable economy.

The social economy, also known as the social and solidarity economy or third sector, is a means for achieving many of the social and democratic values that could be upheld by the circular economy as part of a transformative agenda. This includes particularly, sustainable economic performance, value-led leadership, the rejection of profit maximisation as the sole driver for business and the promotion of decent work, education and secure livelihoods. Social innovation—a novel and sustainable solution to a social problem—has been positioned as a key approach for promoting more circular societies, calling on a range of business and not-for-profit enterprises. However, this paper focuses on a subsection of social organisations: social enterprises and cooperatives that empower disadvantaged groups by providing work opportunities or supporting existing livelihoods in the circular economy. There are cases in which the social and circular economy are already well integrated. For example, this is seen in regenerative farming cooperatives or technology-based solutions for integrating informal workers in reverse supply chains. However, even in these cases, the social economy is not commonly recognised as a structural part or innovative element of the circular economy.

Greater inclusion of social organisations and initiatives is an important mechanism for achieving a just, circular transition, including by ensuring that jobs in the circular economy are high-quality and inclusive of workers and their communities. To unpick this, we require a better understanding of how the social economy currently engages in circular economy activities, and the opportunities and challenges that follow from bringing these primarily social and environmental movements together. This paper aims to draw attention to the implicit synergies between features of the social economy sector and the circular economy and raises the following questions:

• How can the social economy help to strengthen the social impact of the circular economy?
• What are the enablers for and barriers facing social organisations to operate in the circular economy?
• What are the opportunities and conditions for the social economy to become a structural part of the circular economy?

We look to social organisations in different geographies that engage in core circular economy activities (regenerative energy, repair and resource management). By doing this, we hope to learn how the circular economy both locally and at scale can embody its social missions, including through creating employment and the conditions for meaningful and decent work.
2 MISSION AND VISION

2.1 THE SOCIAL AND ETHICAL FOUNDATIONS OF THE CIRCULAR ECONOMY

To overcome the immense challenges we face globally, from rising inequality to rapid biodiversity loss, we need major systemic change and a fresh approach. The circular economy offers such an approach. Circular business models aim to address the triple bottom line: creating positive environmental, economic and social impact. This presents an opportunity to redefine work, rebalance power and reimagine the way we use and value resources—including labour.4

While embracing a truly circular economy will lead to job losses in extractive and carbon-intensive industries, the shift will also see a growth in employment in labour intensive activities. Such activities include repair, reverse logistics, decentralised activity. Decentralised activities and decision-making bring governance chains increases decentralised activity. Decentralised activity. Decentralised business models include the potential negative impacts related to the distribution of power, wealth and profits amongst workers, labour conditions, social protection and informality.4 The labour conditions and social protections afforded to more practical jobs associated with closing material cycles in the circular economy, most notably in those in waste management, have received the most criticism, leading to circular jobs often being depicted as low-quality, ‘dirty’ and physically demanding jobs.28

These issues are compounded in regions where there are high levels of informality in the labour market, such as where informal workers play a key role in the waste management sector.29 Here we see the question of who deals with our resources and where, can be not only a socio-political but also a geo-political issue.30 The social and geo-political dimension of circular economy also comes into question when we consider the impact of going circular on workers currently employed in global and interdependent value chains.31 32 33

The language of just transition is increasingly being adopted in the context of the circular economy to ensure that workers in sectors undergoing change, as a result of circularity do not lose out and that existing inequalities are not exacerbated.34 35 36 By applying the lens of just transition to the circular economy, the importance of participation, social dialogue and democratic values are heightened. To maximise the potential social benefits of the circular economy and minimise risks associated with the potential blindspots discussed above, democratic change, strong social leadership and frameworks are required.37

2.2 BLIND SPOTS IN THE CIRCULAR ECONOMY

Despite these opportunities, the link between the circular economy and social justice is often considered weak.38 This is in part due to less research having been conducted into how the circular economy can maximise benefits directly for people, particularly workers, than on the material flows that keep society running. Instead, the considerable investment that has been made into understanding the environmental and economic impacts of circular business models means that circularity has a strong place in sustainability thinking.11

Circular business models are not exempt from the same social issues associated with the current economic system and, if overlooked, run the risk of exacerbating these issues too.12 14 These blindspots in circular business models include the potential negative impacts related to the distribution of power, wealth and profits amongst workers, labour conditions, social protection and informality.15 The labour conditions and social protections afforded to more practical jobs associated with closing material cycles in the circular economy, most notably in those in waste management, have received the most criticism, leading to circular jobs often being depicted as low-quality, ‘dirty’ and physically demanding jobs.16

These issues are compounded in regions where there are high levels of informality in the labour market, such as where informal workers play a key role in the waste management sector.17 Here we see the question of who deals with our resources and where, can be not only a socio-political but also a geo-political issue.18 The social and geo-political dimension of circular economy also comes into question when we consider the impact of going circular on workers currently employed in global and interdependent value chains.19 20 21

Circularity also presents opportunities to strengthen local economies and their provision of jobs. For example, sharing resources through clusters of closed-loop value chains increases decentralised activity. Decentralised activities and decision-making bring governance systems closer to their communities and by doing this can actively engage and broaden participation in these processes.22 Think of a decentralised manufacturing sector: regional 3D printing and additive manufacturing infrastructure increases the viability of redistributed, smaller-scale and localised manufacturing, which in turn lead to a more diverse range of activities locally, and with this a demand for a wider range of skills, jobs and workers.23 For reasons including these, the circular economy has been put forward as a key instrument for economic recovery from the covid-19 pandemic, providing a roadmap for how to create green, sustainable jobs that can quite literally help nations and regions to build back better.24 25 26

2.3. SOCIAL ECONOMY MISSION AND VISION

The social economy is made of social enterprises, mutual organisations, cooperatives, foundations and trusts.26 This paper intends to learn from these organisations that directly create paid employment, together with the conditions for decent work. As such, it focuses on social enterprises and cooperatives engaged in circular economy activities. Table one provides examples of such organisations. Social enterprises make up a large proportion of the social economy. In contrast to business enterprises, which normally pursue-for-profit goals and measure performance in monetary terms, social enterprises have as the core of their activities returns to society through social, cultural or environmental goals.27 The main objective of work integration social enterprises (WISEs) is to help low-qualified unemployed people who are at risk of permanent exclusion from the labour market. WISEs receive subsidies from the government to integrate these people into work and society through productive activity.28 Social enterprises often provide job opportunities that are locally based, more practical and require less training.29 Cooperatives are associations of persons with the common goal of reaching economic, social and cultural needs and aspirations.30 Cooperatives often provide targeted support in the form of income support, technology, training or access to support provided by the government or other social partners. As such, worker cooperatives are common and primarily serve to maintain economic activity, jobs and good working conditions.31 Around 10% of the working population work for or are enabled by cooperatives.32

The social economy has a long history of promoting health, education, employment and sustainable development, often acting where governments have failed or are unable to meet these needs.33 34 As such, social organisations often work with underserved communities, creating employment, social protection and other forms of support for people facing challenges in society. The makeup, focus and influence of the social economy differs within and across regions. The social economy movement in the Global South largely evolved in defence of livelihoods and to provide social protection in the absence of sufficient support from governments.35 In the Global North, there is a generally stronger focus on social entrepreneurship and providing vocational training and career choices for disadvantaged groups.36 The ILO has identified four types of policy support provided by national governments, which correspond to four trends in activity by social organisations: job creation and supporting the formalisation of work, promoting sustainable entrepreneurship, providing social welfare and supporting local development.37

Despite these differences, the social economy is often looked to as a source of innovation and a key implementation partner for social policies across contexts.38 For example, WISEs are increasingly recognised in European public policy for their ability to integrate vulnerable groups into the mainstream labour market, reflected in funding received on regional levels.39 40 On top of this, activities are often community-owned or led, forming closer partnerships and collaborations with governments or private businesses as they grow. In this way, the social economy is better able to promote polycentric governance than traditional business enterprises, because multiple public, private and social bodies are involved in agenda-setting in the interest of collective action.31
2.4 THE SOCIAL ECONOMY AND SUSTAINABLE DEVELOPMENT

In 2019, the Director-General of the ILO stated that 'social and solidarity economy organisations are well positioned to become an essential part of the tool kit for achieving the 2030 Agenda for Sustainable Development in general and for better localizing the Sustainable Development Goals in particular.' Below we explore why.

Social organisations are often locally based and particularly in the Global South often support workers and communities whose livelihoods depend on the natural world. This includes stabilising or formalising workers engaged in environmentally-friendly forms of production. In Europe, social enterprises providing pathways into work in reuse have come to be termed ECO-WISEs. By opposing traditional hierarchical and profit driven business models, the social economy often avoids methods and processes that exploit the environment. This includes, for example, the many regenerative farming cooperatives that promote the production and use of organic fertilizer in Southeast Asia or bioenergy villages in Europe. In Latin America, the social movement has been an active critic of extractivist neoliberal approaches that they see being used by the Global North at the expense of the Global South, calling instead for a justice-oriented approach to solving the climate crisis. The longstanding presence in communities and the basis of trust embedded in the operations of social organisations can also benefit the circular economy agenda, by, for example, facilitating the acceptance of renewable energy sources by initially resistant communities.

The United Nations Inter-Agency Task Force on Social and Solidarity Economy (TFSSE) argues that the social economy should not only be considered an instrument for responding to crisis and providing security to disadvantaged groups, but also as a structural part of achieving green, fair and inclusive economic transitions. They should not be constrained to addressing social development challenges, such as poverty eradication, but to pioneering a broader spectrum of social innovation. The social economy’s impact over profit driven approaches suggests that they are well placed to decouple growth from activities and model processes and partnerships that facilitate more ecological patterns of production and consumption with a fairer economy. As such, a social-innovation approach has been identified as a key way of promoting human development, sustainable consumption and a more resilient and inclusive circular economy.
3 ENABLERS OF AND BARRIERS TO SOCIAL ENTERPRISES AND COOPERATIVES OPERATING IN THE CIRCULAR ECONOMY

In this section, we explore the enablers and barriers social organisations operating in the circular economy face. We draw on existing research and examples of social enterprises and cooperatives engaged in the core activities of the circular economy (regenerative energy, lifetime extension and resource management), as seen in the examples provided in table one. Two in-depth case studies are also provided in this section. The case studies are not intended to be internationally representative. They are descriptive and aim to paint a picture of the opportunities for closer collaboration between the social and the circular economy explored in this report.

Table one: Examples of social enterprises and cooperatives engaged in core activities of the circular economy, as defined in Circle Economy’s Key Elements framework.
3.1 Visibility & Networks

The value that social organisations offer to society and their expertise in establishing socially inclusive circular business models are not always visible or recognised by other sectors.43 This is in part due to a lack of information flows between the social economy and other sectors, given that social organisations often do not prioritise investing significant resources in marketing their activities.44 Many social organisations also find it challenging to measure the outcomes and impact of their activities, due to a combination of a lack of suitable indicators and not having sufficient resources or evaluation capacity. The lack of systematic evidence and documentation of the social, environmental and economic outcomes of social organisations creates an additional challenge when it comes to visibility and scaling, as well as securing financing and partnerships.45 Social organisations focusing on local solutions also may not have the intention or resources for scaling their work outside of the local context.

Connecting powerful social and environmental messages can help create visibility for social organisations engaged in circular economy activities. In the case of Makers Unite, creating circular products with newcomers with a refugee background from discarded life-vests used by migrants making the crossing into Greece has been a strong message that has helped to create visibility for their work, enabling them to attract funding, partnerships and grow the impact of the organisation. Their product process aims to open up a dialogue both about migration and circularity. Furthermore, for some consumers, products that combine social and environmental goals and reflect this in their marketing may create an extra pull.46

Local rural organisations often act as important actors in local development and in both direct and indirect support of livelihoods. However, individual cooperatives, such as local renewable energy cooperatives, can be seen as less effective at communicating with public and financial institutions or being limited to creating a smaller number of jobs and proximity services.46,47 De Kringwinkel is a network of WISEs covering all 300 municipalities in Flanders, Belgium. By growing through a network model and being part of a larger umbrella organisation that supports regional, social and environmental entrepreneurship enabled them to develop their branding, marketing strategy, consumer familiarity and positive reputation.48 Setting up local ecosystems of social organisations, embedded in an overarching umbrella organisation, can be vital for exchanging problems and best practices, and supporting social innovation.49 At Payoga-Kapatagan, assigning a brand to the organic fertilizer produced and sold by the cooperative and its members, Greenfriend, also helped to create visibility for their product and social and environmental mission. Both creating a strong brand and forming networks may therefore be an important recipe for success when considering how to increase the impact and job creation potential of social organisations operating in the circular economy.

The momentum around the circular economy offers an opportunity to not only create greater visibility for organisations empowering disadvantaged groups and modelling many of the regenerative practices regions now wish to model at scale. It also creates opportunities to make informal workers hidden outside of formal structures more visible. This can be achieved by advocating for their rights, through collaboration with cooperatives supporting these workers, and facilitating these workers into the supply chains through technology-based and other solutions.50

CASE STUDY: MAKERS UNITE

USE WASTE AS A RESOURCE

TYPE OF ORGANISATION:
Social enterprise

LOCATION:
Amsterdam, The Netherlands.

MAIN ACTIVITIES:
Established in 2016, Makers Unite is a creative platform and social enterprise that works with skilled newcomers arriving in the Netherlands who have a refugee background. They create sustainable products made by upcycling secondary materials, such as life-vests discarded on Greek shores. Through these products, they aim to provide a powerful positive message and facilitate dialogue about how migration can be an asset to society. In doing this, Makers Unite also strives to encourage circular design and business models, and for the circular transition to be more inclusive. Production is led by their in-house team of tailors who collaborate with international brands, like Ben and Jerry’s and Filling Pieces among others, on the co-creation of product collections.

The Makers Unite Creative Lab is a six-week programme offered for free to newcomers. Participants bring with them existing expertise in embroidery, crafts and many other creative disciplines. Over the course of the programme they take part in masterclasses, receive job coaching, get help with CV writing and complete challenges set by businesses. After the programme, they are supported in matching their skills to further opportunities in employment or training. Newcomers find the programme through municipal government referral, word of mouth or Makers Unite’s social media campaigns. To date, 153 people have participated in the Creative Lab with a 66% match rate onto their professional or educational steps. Everyone that works with Makers Unite can also join their network and talent pool of creatives. Their programmes and the salaries of former newcomers that work as tailors in their workshop are funded through a combination of grant funding and commercial income from partnerships and the sale of their main collections of upcycled products. The organisation strives to run on 100% commercial income in the coming years. The organisation started with a non-hierarchical governance structure which has formalised as they have moved towards commercial income.

CHALLENGES:
• Working with government organisations for referrals. The heavy rotation of staff within the municipal government can require new relationships to be built with client managers and means of communication to be re-established.
• Moving away from grant funding to become self-sustaining. Grant funding can sometimes be restrictive and so forming commercial partnerships has been important for innovation and independence.

ENABLING FACTORS:
• Participant feedback has been vital to Makers Unite’s progress and evolution. They use this to continuously improve their offer and communications.
• Having a strong social and environmental message has helped them in creating visibility for the organisation and attracting brand partnerships.
• In turn, brand partnerships help create visibility for the organisation within industry, which can pave the way for further commercial partnerships.
3.2 FUNDING & PARTNERSHIPS

Working in partnership with public and private stakeholders can serve different purposes and is strongly shaped by political governance structures and local market conditions. For social organisations, it can create visibility, generate referrals, match beneficiaries to employment or training, or generate income through public procurement or subsidies. For public organisations, the benefits of collaborating with the social economy include gaining a partner for implementing and achieving targets related to local waste and circular economy policies. Providing work placements can also present circular businesses with an opportunity to benefit from lower cost or subsidised labour, particularly in cases where social labour pay is partly or fully subsidised by the local government. Koopera is a Spanish second-tier cooperative with three business lines: Environmental Services, Reuse and Recycling and the Koopera Store. Koopera provides vocational and job training services to socially excluded people, which combine professional-level training with vocational and job training services to socially excluded people, which combine professional-level training with individualised support. They form partnerships with private firms in the resource management industry which provide their members with vocational training opportunities or future employment opportunities.

Acting within a public policy framework can also provide continuity and pathways into full-time work, including in the circular economy. Both Koopera and the Flemish Kringwinkel network provide municipalities with collection services. At the same time, these local partnerships provide Koopera with a way of engaging people from the local area in their social programmes. Makers Unite also works with the municipal government to support the referral of newcomers into their programme. A clear vision and approach for communicating joint social and environmental missions is particularly vital to ensuring partnerships with public bodies on referral and procurement remain successful. It is also important that partnerships between social organisations and governments and for-profit organisations are underpinned by the right agreements and indicators. This is essential for avoiding the social economy becoming a contracted service provider of low-cost labour in the circular economy, and overemphasis on subsidy frameworks at the cost of true labour market integration.

Forming partnerships can also be a route for diversifying funding sources, which is important for ensuring social organisations are not dependent on public grants and subsidies. Working closely with the public sector has led to the Department of Agriculture becoming a major buyer of their organic fertiliser made from farm waste, Greenfriend. Payoga-Kapatagan also delivers organic farming and livelihood seminars in partnership with the Department of Agriculture and Agricultural Training Institute and provides capital in the form of loans to fruit trees and forest tree seedling growers with the Department of Environment and Natural Resources. Through these partnerships Payoga-Kapatagan also makes social security, health insurance and housing programmes more accessible to its members. In the case of Makers Unite, forming partnerships with brands and investors has paved the way for more commercial partnerships while supporting them to diversify away from dependence on grant funding. In India, the Pravaranagar Sugar Cooperative was able to use revenue from their own operations to incrementally invest in higher value processes moving from the production of bioeconomy to ethanol, and with this support more livelihoods. The sale of circular products and services can therefore be a successful model for creating diverse funding sources for socially inclusive work and benefits to members, although grants or public investment in infrastructure remain important enablers, particularly at early stages.

CASE STUDY: PAYOGA-KAPATAGAN

LOCAL INTEGRATION OF COOPERATIVES IN ARGENTINA

In Argentina, there is an established policy framework—Urban Waste Management Law, also known as Basura Cero—that gives the local authority the capacity to dictate specific jurisdictional laws for recycling and waste collection. Local governments decide the public funding and the type of benefits cooperatives receive. Cooperativa El Álamo is a member of the National Federation of Recyclers (Federación de Cartoneros, Carreteros y Recicladores), and is one of the twelve waste picker cooperatives operating within Buenos Aires boundaries. Working in this policy framework enables El Álamo to provide a formal workplace for waste pickers. However, with the funding allocated to El Álamo through the Household Waste Management (2004) and Urban Waste Management (2005) laws workers can only receive payment equal to the minimum salary.

Payoga-Kapatagan and its members produce and sell their own brand of organic fertiliser, ‘Greenfriend’, made from waste from the farms. This creates a new income stream for the local farmers and revenue that is fed back into the services Payoga-Kapatagan offers its members. This includes training on combining crop production with livestock raising, in move to avoid from monocrop production, processing of farm waste to produce organic fertiliser and the rental of farm facilities to its members at a discounted rate. Members can take out micro social investment loans with Payoga-Kapatagan, on the basis that they adopt organic farming technology. Their facilities also provide a place for young people to take part in vocational and agricultural education.

62 people are directly employed by Payoga-Kapatagan, working across the production of Greenfriend, the running of the farm and the office. They work with 1,300 self-employed farmers with a total of 3,408 farmers in their membership. The cooperative has formed partnerships with government agencies in order to provide its members with social security, health insurance and housing programmes.

Following initial grant funding used to establish the organisation, Payoga-Kapatagan has adopted a diverse funding model, which enables them to be mainly financed on the basis of internal funds.

This includes income gained from membership fees, service charges from training and tractor services, and the revenue from the sale of Greenfriend. The government has also been an important partner for scaling their impact. The Department for Agriculture in Region 2 is one of the biggest buyers of Greenfriend, and the Department of Science and Technology recently supported them with funding to upgrade their fertiliser production and become a destination for agritourism.

CHALLENGES:

• The impacts of climate change are felt harshly in the region with frequent typhoons, drought, flooding and extreme heat which can result in damages to crops, livestock, properties and sometimes loss of life.

• Lack of available funding sources and high interest rates to lending agencies have also caused challenges along the way.

ENABLING FACTORS:

• The partnerships between the cooperative and government agencies have helped to facilitate access to and speed up the delivery of government programmes for the underserved farming communities that are part of their membership.

• Local leaders have played an important role in the success of the organisation, particularly in relation to contributing to the formulation and implementation of Payoga-Kapatagan’s programmes and services.

PRIORITY REGENERATIVE RESOURCES

TYPE OF ORGANISATION:

Cooperative

LOCATION:

Isabela Province, North Philippines

MAIN ACTIVITIES:

Payoga-Kapatagan was established in 1992 with the mission of ‘strengthening the voice of farmers’ and ‘empowering them by providing livelihood opportunities’. They work with farmers in the local area to adopt organic farming methods and technology, both to encourage and reduce the cost of responsible farming, and combat and prepare for the impact of climate change on the local land.
Social organisations operating in regions without a clear regulatory framework for circular economy activities may face greater challenges. The lack of a regulatory framework around the circular economy can lead to insufficient public resources being allocated to labour costs as well as the absence of a marketplace for the circular products and services offered by these social organisations. In Argentina, funding and support provided to informal workers in the waste management sector is limited by the lack of an established market for recycled materials or second-hand products. Whereas in India, the market for biofuel created by a cooperative from sugar molasses was improved by the national government introducing a mandate for petroleum blending at 5%. Regulations aimed at improving levy prices for and the use of regenerative materials, selective collection and recycling, and promoting mixed and circular procurement can therefore help to increase inclusive job opportunities in the circular economy.88

By working with social enterprises to make work opportunities available in the circular economy to people who face disadvantages alongside offering them opportunities for skills development, local governments can combine supply and demand side policy interventions to the benefit of both social inclusion and the supply of labour to the circular economy.89 This can be approached through referral partnerships with social enterprises, or, in some cases, local governments may establish their own bodies for matching people that come through their services to employment in circular economy activities. For example, WSP Parkstad in Limburg in the Netherlands matches people coming through social services to work at a textiles sorting centre.90 However, it is likely that social organisations operating in contexts with stronger welfare states may secure finance and other forms of support more easily.

3.3 REGULATIONS & LABOUR MARKET POLICIES

The ILO suggests the greening of economies represents a new alternative for achieving economic growth and at the same time social objectives such as social inclusion and poverty eradication.91 Social organisations engaging workers in the circular economy through labour market programmes, such as active labour market policies, can experience constraints related to the length of time they are able to work with these groups or the salaries they are able to provide. Under some schemes, for example, organisations may only be able to offer short-term work placements and therefore only temporary solutions to unemployment situations. This may be particularly insufficient for people facing multiple and complex disadvantages, who over a short period may not be able to develop the skills and confidence they need to prepare for full-time work in the circular economy.92

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3.4 POLITICAL CONTEXT

Cooperation between the social and circular economy will be variably challenging in different locations depending on the legal framework and political context. Informal sectors are more likely to emerge in areas that lack formal municipal structures, for example in waste management. Institutional gaps may in fact create a greater need and space to operate for cooperatives in an effort to provide stability and long-term employment for workers, as was the case for El Álamo. For organisations scaling circular activity in contexts with a high degree of informality, engagement with social organisations is often essential for reaching out and connecting to the workforce and creating better job opportunities for workers engaged in resource management activities. If social organisations are entirely reliant on public financing, the political cycle could represent a risk to vital funding and other forms of support. In the case of Payoga-Kapatagan, public bodies acting as customers offered support that allowed the organisation to remain independent and play to its strengths. Payoga-Kapatagan is a strong advocate for farmers and regenerative farming practices in regional and national forums.

As in relation to regulation, organisations operating in regions with no clear circular economy agenda may have fewer opportunities to engage with other socially driven actors in the circular economy ecosystem. Despite this, social organisations may be able to play a greater role in the adoption of the circular economy in regions that generally accept the social economy as a driver of movements outside of the current economic paradigm, and are important for implementing social and economic policies.

STRUCTURAL INTEGRATION OF SOCIAL RE-USE CENTRES INTO FLEMISH WASTE MANAGEMENT POLICY

De Kringwinkel is a regional network of WISEs in Flanders, Belgium, which formed in 2002 when all reuse shops in the region came together under one name. The network is made up of 29 reuse centres and 141 shops. The reuse sector is structurally integrated into Flemish waste policy and as such De Kringwinkel reuse centres have been incorporated into the Flemish Waste Management policy and now serve all 300 Flemish municipalities. The network is also linked to policy through their status as a WISE and the subsidies they receive for providing tailored support, training and employment for the long-term unemployed. The network employs around 5,311 people, 80% of which is social employment.
4 CONCLUSIONS

The ILO has called for a job-centric approach to economic growth in order to create the 600 million new jobs needed by 2030 and improve working conditions for the 780 million people experiencing in-work poverty.76 At the same time, the transition to the circular economy will be labour intensive, often calling for manual roles in processing, collection, sorting, repairing and repurposing that can require less training and will be geographically spread. This, matched with the fact that many social organisations operate locally and engage people with less formal education, suggests there could be a win-win when it comes to ensuring a sufficient supply of labour and decent work opportunities in the circular economy for people currently facing challenges in the labour market.77 Further integration of social organisations in the circular economy could therefore appeal to both the demand and supply labour requirements of the circular economy. By collaborating with social organisations to create skills development opportunities and tangible routes to employment, mainstream organisations operating in the circular economy have the opportunity to create more inclusive job opportunities and help to bridge career transitions for lower to higher skilled jobs, at the same time as securing a supply of labour. From their longstanding history of supporting underserved communities, social organisations have developed new and successful ways of tackling issues related to labour market integration. As a result they have established frameworks, processes and values that make them well-placed to be partners in integrating workers at risk of being marginalised by economic transitions in supply chains. This includes the experience of many organisations in formalising or providing informal workers with access to finance, services and other benefits, which could be applied to other forms of precarious work that could grow in the circular economy, such as the platform economy.78 79 As such, the social economy should not only be seen as a partner in tackling social development challenges, but also a vital partner in achieving welfare systems that are fit for the new economic paradigm put forward by the circular economy. Environmental challenges are the best example of a collective action problem. With that in mind, it is necessary for national, regional and local governments to take the lead in coordinating collaborations for the design and implementation of circular economy strategies working closely with private sectors and civil society.

This paper has drawn on examples of organisations around the world that are modelling inclusive employment practices on a local scale and many of the regenerative approaches regions with circular economy ambitions now wish to model at scale. Although decent work is implicit in the work of social organisations and their reciprocal relationship with their beneficiaries, members and communities, many are constrained in the wages and the durability of the job opportunities they can provide. The key ways that the social economy creates decent work, including at scale, in the circular economy therefore needs further unpicking, particularly looking outside the resource management sector, which has already received a lot of attention. Insights such as these will be important for making the case for more structural integration of social organisations in the circular economy.

4.1 RECOMMENDATIONS

CIRCULAR ECONOMY ENTREPRENEURS:
• Embrace partnerships with social as well as public and other private organisations as a way of improving labour conditions, distributing power between employees, forming ecosystems of organisations and modelling polycentric governance seen as key for social-ecological resilience.
• Consider what roles in your organisation could be suited to providing short-term, entry level or development opportunities for people facing disadvantages and seek out partnerships with social organisations to create pathways into these roles.
• Form local and regional ecosystems with social organisations, policy, science and education to advance progress towards the circular economy. Develop common and binding strategies and roadmaps to give this work direction and visibility.

NATIONAL GOVERNMENTS:
• Engage social organisations alongside unions in strategy and target setting for the circular economy, to increase collective action and ensure different groups are empowered by the circular economy transition.
• Develop policy support focused on the achievement of outcomes that acknowledge the unique strengths of the social economy, recognising it as not only a partner in alleviating social issues, but as a key actor for managing innovation and technological change.
• Design labour market policies and institutions that could ease the work of social organisations in training and promotion of inclusive jobs. Labour market policies with flexibility in the incorporation and periods of training for vulnerable groups could increase their opportunities to obtain a long-term job position.
• Introduce regulations and economic instruments that increase selective collection and recycling, and promote mixed and circular procurement in order to valorise the work of people in the circular economy and create a business case for the materials and products they help to cycle.
• Promote national integration with local and private institutions to design robust strategies that attend to environmental challenges, without forgetting social inclusion and decent work goals.

LOCAL GOVERNMENT:
• Create visibility for social organisations creating employment in circular activities through public support services and the creation of databases and other information tools that highlight their work and facilitate matching with other public and private bodies locally.
• Work with social enterprises to employ the right mix of demand and supply side policy interventions that make work opportunities available in the circular economy to people who face disadvantages alongside genuine opportunities for skills development.
• Work with social enterprises in mobilising community support in financial, social and political forms towards the circular economy and towards the creation and support of employment.
• Consider how social investment and other forms of social finance could be used as tools for attracting more public and private financing for socially inclusive circular business models.
• When partnering with organisations to match people distant from the labour market to work in the circular economy, ensure these partnerships are underpinned by agreements and indicators that maximise the potential for meaningful, long-term solutions and ensure the social economy does not become a contracted service provider of low-cost and low-quality labour in the circular economy.
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AUTHORS
Esther Goodwin Brown (Circle Economy),
Luis Sosa (Circle Economy),
Antonius Schröder (TU Dortmund),
Kris Bachus (HIVA, KU Leuven),
Ödül Bozkurt (University of Sussex Business School)

CONTRIBUTORS
Reniera O’Donnell (Ellen MacArthur Foundation),
Kari Herlevi (Sitra), Sonia Dias (WIEGO),
Makers Unite, Payoga-Kapatagan,
Koopera - Innovación Social y Ambiental

COMMUNICATIONS
Lena Bäunker (Circle Economy),
Laxmi Haigh (Circle Economy)

DESIGN & LAYOUT
Nicolas Raspail (Circle Economy),
Inge ter Laak (Circle Economy),
Gayle Tjong-Kim-Sang (Circle Economy)

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