

INGENUITY AND RESILIENCE: SOCIAL ENTERPRISES DURING THE COVID-19 CRISIS

EXECUTIVE SUMMARY

Social enterprises active in re-use and repair faced many challenges during the COVID-19 crisis. Still, they contributed to a fair and green recovery by prioritising local and inclusive employment, and providing necessary social services to vulnerable individuals.

This briefing outlines the impact of the COVID-19 pandemic on the re-use and repair sector, and provides examples of social enterprises' contribution to a more resilient society. Examples include the provision of re-used goods to fight social exclusion, the role of networks to support social enterprises, and the efforts of RREUSE's members to ensure a fair digital transition.

RREUSE selected a sample of eight national and regional networks of social enterprises representing 74.000 employees, volunteers, and trainees, and an overall combined turnover of 936.000.000 EUR. The selection was based on data availability for both 2019 and 2020. The average impact of the pandemic on social enterprises active in the circular economy across a set of key indicators was the following:

- 5,1% decrease in social enterprises overall turnover
- 28,7% decrease in number of clients
- 9,8% decrease in material collected

INTRODUCTION

The COVID-19 pandemic brought about a range of challenges to the economy and society as a whole – and social enterprises have been no exception. Most social enterprises active in the circular economy faced sudden losses of trading activities and revenue at the start of lockdowns, at a time when their services were needed the most. However, RREUSE members stayed proactive in contributing to a fair and green recovery where possible, often re-orienting activities to better rise to the challenges. In light of this, they offered all kinds of social and environmental services to help those most in need, with a strong focus on re-use, repair and recycling.

This briefing outlines the impact of the COVID-19 pandemic on the re-use and repair sector, and illustrates social enterprises' contribution to a more resilient society. The ultimate aim is to shed light on the resilience and adaptation capacity of social enterprises during times of great societal and economic challenges, such as the COVID-19 pandemic or other disasters and crises. In addition, this briefing also underlines why social enterprises, often at the forefront of crises, must be included and given access to all forms of economic relief measures, such as the EU Recovery and Resilience Facility¹. Not only are they market operators and environmental service providers, they also act as social services which in times of crisis, fill the gaps and often go on their own cost.

1. SOCIAL ENTERPRISES SUPPORTING COMMUNITIES DURING THE GLOBAL PANDEMIC

As recognised in the European Commission's 2020 Strategic Foresight Report, social enterprises have been key actors in strengthening social and economic resilience², which can be understood as the ability to withstand challenges and manage transitions such as the COVID-19 pandemic, and manage transitions in a sustainable and fair manner. Social enterprises active in the circular economy adapted to the crisis by providing assistance to excluded groups, and by keeping products and materials in circulation despite the logistical challenges. According to RREUSE data, social enterprises active in the circular economy managed to maintain the number of employees, despite the drop in turnover.

Providing re-used goods to fight social exclusion

The impact of the pandemic was felt worse among disadvantaged individuals and communities. Many citizens were left without any means to get to work safely or to attend online classes. Therefore, many social enterprises aimed to tackle urgent needs by providing re-used goods to the most vulnerable. For instance, Angus Cycle Hub, Just Cycle and The Bike Station were at the forefront of the crisis by

¹ Regulation 2021/241 establishing the Recovery and Resilience Facility. (Available [here](#)).

² European Commission (2020) 2020 Strategic Foresight Report. (Available [here](#)).

supplying re-used bikes to essential workers, thereby providing social, health and environmental benefits³.

Several RREUSE members provided food baskets and emergency feeding to those in need⁴. In many cases, closed stores served as hubs to organise the donation and redistribution of food at the height of the crisis. By doing so, food waste was prevented whilst providing an essential service to fight social exclusion. Supplying re-usable masks, face shields or clothing to COVID-19 patients in temporary hospitals or other vulnerable groups⁵ was also common, especially during the first wave. In Greece, Klimax Plus took several initiatives such as providing training to Roma people and raising awareness on COVID-19 measures and vaccination, which was extremely valuable given the low vaccination rate of this community⁶.

In Scotland, the Reuse Consortium was called on by Scottish local authorities to provide essential furnishing to households in need and to furnish temporary accommodation spaces⁷. Similarly, Now! Charity supported communities by providing beds, white goods and miscellaneous household items. The priority was to respond to the emergency needs of vulnerable groups, creating their own COVID-19 Household Relief Scheme, financed by themselves. On a different note, many RREUSE members from the wider network responded to rising back-to-school costs by offering affordable re-use alternatives and solidarity discounts, especially to low-income families⁸.

Ensuring an inclusive digital transition and digital skills training

During the pandemic, social enterprises also accelerated the shift towards using digital tools and services. For example, many Emmaüs France members sold second-hand products through Label Emmaüs, a cooperative e-commerce platform created in 2016 as a solidarity alternative to traditional online shopping sites. Similarly, Thriftify is an online retailer for charity shops launched in 2018. It

³ The Bike Station supplied over 200 bikes to key workers in Edinburgh and Perth during lockdown. Recipients highlighted the significance of this initiative, which allowed them to get to work safely whilst reducing car use. These initiatives had a significant environmental impact in terms of waste prevention as well – Angus Cycle Hub reported diverting 16 to 17 tonnes of bikes from landfill during the first lockdown, whilst Just Cycle was diverting 40 to 60 bikes from landfill each week. More information regarding these initiatives can be found [here](#).

⁴ FoodCloud, an Irish social enterprise with a mission to redistribute surplus food to local charities thus preventing food waste whilst fighting social exclusion, launched an urgent COVID-19 emergency food and funding appeal to rise to the challenge and meet the unprecedented high demand. Even though donations plummeted due to panic buying, the organization managed to double the volume of distributed food, providing an essential service to those hit the hardest by the crisis. During the peak of the pandemic, FoodCloud more than doubled the amount of food redistributed, from 30 tonnes per week to over 60 tonnes per week. More information concerning FoodCloud's operations during 2020 is available [here](#).

⁵ During the height of the crisis in late March 2020, Proyecto Abraham provided blankets, towels, clothing and footwear to places for emergency reception of homeless people in the region of Murcia, Spain.

⁶ More information regarding Klimax Plus' initiatives can be found [here](#).

⁷ More information can be found [here](#).

⁸ More information regarding initiatives offering affordable re-use alternatives and solidarity discounts to go back to school can be found [here](#).

provided an alternative for many Irish social enterprises to adapt to the new context, allowing them to maintain commercial activities at times of lockdown, and therefore stabilise the situation.

Social enterprises also introduced multiple initiatives to tackle the digital divide – the gap between individuals in terms of access to ICT products and the ability to use them. In Romania, Ateliere Fără Frontiere participated in a nationwide campaign donating over 2,000 computers: the main goal was to reach disadvantaged students without access to online tools during the pandemic⁹. The Edinburgh Remakery decided to adapt their operations to the lockdown situation and support the most vulnerable by donating ICT equipment stock to those suffering from digital poverty¹⁰. In Ireland, a social enterprise that traditionally prepares furniture for re-use re-oriented its activities by launching a project to collect, prepare for re-use and donate laptops to people who needed it.

Similarly, the lack of digital skills widely contributes to social exclusion and isolation, so the RREUSE wider network mobilised to tackle this problem. Solidatech for example, a digital solidarity program dedicated to helping non-profit organisations in France, offered several online resources, including software licenses at low prices and training opportunities to improve digital skills. In Greece, Klimax Plus provided tools and training, notably to the Roma community, to the elderly¹¹ and other vulnerable groups.

On a different note, the Italian social cooperative Insieme invited a social media influencer to their re-use store in May 2020, which helped promote second-hand shopping among young people with a clear impact in bouncing back on sales after the lockdown.

Networks supporting social enterprises during the COVID-19 crisis

National and regional networks of social enterprises provided essential assistance to social enterprises to access information about funding and grant opportunities, coordinate activities, and disseminate information and best practices to respond to the COVID-19 crisis. It was fundamental to communicate quickly and effectively with public authorities, so national networks facilitated this process by pooling resources and coordinating information. Emmaüs France also organised internal solidarity actions and a popular fundraising campaign to help its members. In short, the pandemic highlighted the importance of national and regional networks and their support function. Not only to help develop and support the sector across different territories, but also contribute to social enterprises' resilience in times of crisis.

RREUSE's secretariat also played an important role by providing a space for social enterprises and networks across Europe to communicate and cooperate. This initiative included the organisation of COVID-19 working groups to collect information from the ground, sending out targeted updates, and acting as a key link between its membership base and the European Commission.

⁹ More information regarding this project can be found [here](#).

¹⁰ More information can be found [here](#).

¹¹ Employees teach them how to use their phones to do video-calls and communicate regularly with them not only to know if they need anything (groceries, medicines, etc.), but also to prevent unwanted loneliness.

2. OVERVIEW OF OPERATIONAL AND SOCIAL DISRUPTIONS

According to RREUSE's annual survey, social enterprises faced an average turnover decrease of 5,1% between 2019 and 2020, the first year of the COVID-19 pandemic. But this is only an average: some social enterprises were severely impacted, while others managed to thrive despite the situation. Important factors at play include average size, sources of revenue (e.g. dependency on the retail of re-used goods), and national and regional policies. For instance, a survey by a RREUSE member¹² during the first lockdown in 2020 revealed that 91% of social enterprises experienced a significant impact on finances, and 45% were threatened to run out of cash within three months. Building upon examples and data from the RREUSE network, this section will explore the impact of the pandemic on social enterprises active in the circular economy.

Collection and logistics of goods and materials for re-use

During the pandemic the re-use value chain saw disruptions of all its parts – in the quality and volumes of collection, sorting and storage.

The collection of goods for re-use faced considerable fluctuations, causing issues down the value chain. While waste collection was generally recognised as an essential service, collection for re-use was often not. As a result, most social enterprises experienced a sudden drop in collection during lockdowns¹³, followed by a notable increase of donations at the end of it – especially after the first wave, when people spent more time at home, often decluttering their houses and donating more products¹⁴.

The 'waves' of donations in a short time period were challenging to handle with limited staff capacity, but also created a need for bigger storage space compared to normal times when donations were coming in and being sold in a more regular manner. In particular, this was an issue for small social enterprises that could not afford a warehouse. Examples of municipalities providing storage support were reported, but a more substantial response was needed.

However, the problem was not only the fluctuation, but the lower tonnage of material collected over the year. For example, one RREUSE member working specifically with Waste from Electrical and Electronic Equipment (WEEE) reported a decrease of collection of 20% compared to 2019 (a difference of 26,000 tonnes).

¹² CRNS (2020) Impact of Covid19 on the Community Resources sector (Available [here](#)).

¹³ Despite the rise in collection of goods and materials especially after the first lockdown, RREUSE data shows an average drop of collected tonnes in 2020 of 9,8%. Data from a sample of eight national and regional networks of social enterprises spans from a decrease of 32,4% to a slight increase of 2,6%. This entails a drop in collection of 88,795 tonnes, only including these networks.

¹⁴ For instance, a social enterprise in Flanders, Belgium, reported receiving more than double the tonnes of donations every day, comparing May 2020 to May 2019. Normally, this organization received 15 tonnes of goods every day, but the donations increased to 35 tonnes per day in that period.

The disruptions also involved contamination, misplacement, and dumping of items, causing obstructions for social enterprises active in the circular economy. On the one hand, textile containers could not be emptied frequently enough because of the limited staff capacity. Together with the increase in donations, that resulted in overflows and dumping of textiles next to containers, completely losing its value. On the other hand, during the lockdown, municipal collection centres were often closed, meaning WEEE and other products were regularly placed at wrong collection points¹⁵, further interfering with normal operations. All this resulted in a loss of product value and extra cost for re-use operators who had to dispose of the waste at their own costs. It also led to more contamination of re-used goods and more sorting.

Retail of used goods and other sources of revenue

The COVID-19 pandemic had a particularly severe impact on social enterprises whose revenues largely depended on retail. Second-hand stores are an essential element of the re-use value chain, so having them closed can potentially threaten social enterprises' survival. As many of them faced extended lockdowns, even an increased flow of customers the following months did not compensate for the losses, resulting in serious income challenges.

Even when stores were allowed to open, many social enterprises were reluctant to do so because of the associated risks and initial lack of guidance¹⁶ on how to adjust their processes. Many of them work with vulnerable people with health issues, and were therefore unwilling to potentially expose their vulnerable staff to the virus. Moreover, due to additional measures such as opening limitations, reduced schedules or additional safety costs¹⁷, in certain cases it was impossible to open even in periods when lockdown measures relaxed – and some stores were closed for the whole 2020. RREUSE calculated an average decrease in number of clients of 28,7%, compared to data from 2019. However, in some cases the drop was more severe, with a national network reporting an average drop of 50,3%.

Other sources of revenue, such as public procurement contracts, income depending on services (e.g. catering, education activities), or private partnerships¹⁸, were also under strain, further impeding operations. For instance, some municipalities temporarily suspended textile collection agreements with social enterprises, severely harming small organisations largely reliant on such contracts.

¹⁵ In Wallonia, Belgium, this was reported to be a rather common phenomenon, leading to 50 tonnes of additional waste collected in clothing bubbles every month.

¹⁶ In some countries measures varied across regions, which can be confusing for national networks of social enterprises trying to coordinate efforts. In some cases, it was even dubious whether certain social enterprises were allowed to operate or not.

¹⁷ Expenses concerning COVID-19 protection (face masks for workers and customers, cleaning expenses, etc.) were significant, and they were not covered by public authorities in any case.

¹⁸ For instance, one member reported that a partnership between a social enterprise and a company to collect small (W)EEE from stores across the region had to stop during lockdown, therefore hindering the usual operations of the social enterprise.

Job and training opportunities in the face of uncertainty

The pandemic hampered one of the core purposes of social enterprises, which is to integrate socially disadvantaged persons into the labour market, offering work, training and volunteering opportunities. Having an occupation is not only a source of income or skills, but also an opportunity for vulnerable individuals to maintain stability, gain self-esteem, and make social connections. For such groups, losing the routine and opportunity to work from one day to the other brings out extra social, mental and personal difficulties.

Despite the challenges, social enterprises continued to provide occupation through re-use, repair, and recycling: data collected by RREUSE shows that members maintained the number of employees despite the drop in turnover, number of clients, and tonnes of material collected. Social enterprises only made use of temporary unemployment schemes as an option of last resort, seeking instead to pivot to new activities and offering social services. In some cases, this was inevitable due to operational disruptions, causing a decrease in full-time equivalent hours – but overall, the number of employees was stable, thus ensuring that vulnerable people maintained their link with the labour market¹⁹, essential in preventing social exclusion.

However, in some cases, social enterprises had to stop accepting volunteers or temporarily stop work integration programmes due to the manual nature of the tasks, which could not be provided online. Similarly, some skills training courses had to be cancelled or postponed. While in some cases, this was due to financial difficulties, in most cases it was related to health measures in place. For instance, an Irish social enterprise could not provide an upholstery training programme for one year and a half, eventually cancelling the initiative.

3. LESSONS LEARNED FROM PUBLIC POLICY RESPONSES TO THE CRISIS

Recognition of social enterprises and economic support

While most governments provided help to cover the salaries, which was essential to social enterprises' operations and purpose, most RREUSE members reported challenges accessing other economic support measures. It was often complicated to receive financial support due to the mismatch of measures with the evolution of restrictions or administrative gaps related to legal status requirements. For instance, in some countries, non-profit status or other legal forms excluded social enterprises in their various forms from assistance measures accessible to private companies. Moreover, many umbrella organisations could not be eligible for support measures due to their legal status, despite their crucial role in coordinating the sector and foreseen decrease of income as a result of their members' financial struggles.

¹⁹ Many social enterprises that put employees onto temporary unemployment maintained the personal link by phone and videocalls. Rotation work was also common in order to give minimum work to everyone.

At EU level, the Recovery and Resilience Facility²⁰ was established, containing a suite of support measures including specific help to the Member States based on their own plans – a great opportunity to bolster social enterprises’ contribution to resilience. However, the consultations carried out at national level to inform how funds should be allocated within the National Recovery and Resilience Plans drafted by each Member State lacked transparency²¹. Some of the national draft plans were not publicly available or were made available late in the process, while the public consultation process in certain countries was very limited or did not even take place. Most social economy actors had not been adequately involved in consultations for these plans²².

Waste prevention and re-use: “essential service” or not?

Due to unclear definitions of what constitutes an “essential service” and whether re-use and waste prevention operations are part of such category like other waste treatment activities, there was uncertainty regarding which social enterprises had to shut down temporarily and which ones could remain active. In some cases, national and regional networks of social enterprises had to liaise with national authorities to clarify whether a member could operate²³.

In parallel, the French government decided in 2021 to officially recognise second-hand stores as an essential service. Similarly, repair was also considered an essential service in several countries such as Austria or Ireland. Although repair stores could not open during lockdowns, mobile repair was possible. In the Netherlands, due to the “intelligent lockdown” re-use stores were not forced to close, providing stability to the value chain. On a practical note, the Flemish administration helped social enterprises encourage citizens to temporarily hold back donations, thereby preventing an excessive amount of goods. Finally, Scotland set up a “Third Sector Resilience Fund” for non-profits experiencing cash flow problems – and many social enterprises active in the circular economy reported applying successfully.

4. CONCLUSIONS AND POLICY RECOMMENDATIONS

The current COVID-19 crisis has evidenced that enabling and promoting the role of social enterprises will be essential to manage crisis in a sustainable and fair manner. Social enterprises active in the circular economy proved their capacity to provide a wide range of services for common good, swiftly adapting to social needs and finding creative solutions to rise to the challenge. Linkage to local

²⁰ REGULATION (EU) 2021/241 of the European Parliament and the Council of 12 February 2021 establishing the Recovery and Resilience Facility. (Available [here](#)).

²¹ Bankwatch Network and CAN Europe (2021) Building back better? Transparency and the 672 billion Recovery and Resilience Facility (RRF) (Available [here](#)).

²² In some countries, the final Recovery and Resilience Plan did not even include the terms “social economy” or “social enterprise”, even if the Regulation 2021/241 establishing the Recovery and Resilience Facility included “Support for social economy and social enterprises” as an intervention field.

²³ For instance, a case was reported in Ireland in which legislation was unclear regarding whether a social enterprise recycling mattresses could operate as a “waste service”.

communities allows them to readjust and easily engage in the relief response. That said, in many cases this was on the cost of the enterprise.

RREUSE believes that social economy operators, notably those active in re-use, repair and recycling, must have preferential access to economic relief measures, given their contribution to building resilience and alleviating the impact of large-scale crises. The lessons from the COVID-19 crisis must be drawn to ensure a future-proof and inclusive circular economy.

The following is a list of policy recommendations related to supporting social enterprises in the face of COVID-19 and any other future crises requiring social and economic resilience:

- Recognise re-use and repair activities as essential services, given their role in supplying low-cost products, preventing waste and employing people distanced from the labour market.
- Speed up response to crisis, offering additional and prompt support to social enterprises (a combination of instruments including grants, loans, solidarity funds or temporarily waving taxes) to help them maintain operations and swiftly adapt to social needs.
- Include and consult social economy re-use operators in EU, national and local economic relief measures such as in the COVID-19 related Recovery and Resilience Plans, Local Green Deals, and more.
- Public authorities, including the European Commission, to liaise with national networks of social enterprises active in the circular economy to ensure a clear understanding of existing measures, monitor current barriers and needs, and provide tailored support.
- Ensure that EU funding mechanisms such as ESF+ contribute to building social and economic resilience through inclusive jobs, training opportunities and circularity of goods and materials.
- Promote the uptake of social and circular public procurement, particularly in times of crisis, and ensure that all public contracts and payments are maintained regardless of the difficulties to perform the tasks.

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RREUSE is an independent non-profit organisation representing social enterprises active in the field of re-use, repair and recycling, with 31 members across 29 countries in Europe and the USA.

Our main vision is for Europe to support the role of social enterprises in a circular economy, providing meaningful work opportunities to thousands of vulnerable members of our community through innovative economic, social and environmentally beneficial activities.

RREUSE's primary mission is to help tackle poverty, social exclusion and a throwaway culture by promoting policies, best practices and partnerships that support the professionalism and development of social enterprises working in environmental services with high potential for local and inclusive job creation, notably re-use and repair.