

**IMPACT
HUB**



Embedding Circularity in Entrepreneurial Support:

Learning from Pilot Programs



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About the pilot

In light of the climate crisis, Impact Hub supports impact enterprises and enables collaborations to bring emissions to zero and is committed to work towards sustainable food and agricultural systems. We see a transition to a circular economy that respects planetary boundaries as a key driver towards these goals. Therefore, Impact Hub launched the “Circularity by Design” program in 2021 with the hypothesis that just like profitability is a design principle for most businesses, circularity can also become a design principle for enterprises. Impact Hub developed the “Embedding Circularity” toolkit for incubators and accelerators, provided capacity building to business support organizations, and validated the tools with entrepreneurs and businesses through pilot incubation and acceleration programs with 12

Impact Hubs in Africa, Asia, Latin America and Europe.



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Circularity as a design principle can be reflected in the services of any business support organization (BSO) and enables Small and Growing Businesses (SGB) to make leading positive contributions towards climate action and environmental sustainability. At Impact Hub, we see our contribution through the following three pathways which were included in the pilot programs:

1. Supporting the development of circular economy enterprises and the adoption of circular principles for already existing SGBs (incubation and acceleration pilot programs)

2. Increasing awareness and know-how for the circular economy (SGBs, IHs & BSOs)

3. Strengthening the circular economy startup ecosystem

The project engaged 12 Impact Hubs (IH) in Africa, Europe, Asia and Latin America over the course of 20 months (Nov 2020 - June 2022) and consisted of the following activities:

- Codifying knowledge and best practices from the IH Network and partners and integrating them in incubation and acceleration methodologies.
- Tools, methodologies and best practices were collected and compiled into the [Embedding Circularity Toolkit](#). Participating IHs used the first version of the toolkit to design and deliver their pilot programs with 82 participating SGBs.
- A Circular Economy Ecosystem Mapping tool was created, followed by an ecosystem mapping carried out by all participating IHs.
- Capacity building of program managers included dedicated training and coaching sessions, bootcamps, masterclasses.
- A Community of Practice was created to enable knowledge exchange and peer support.
- A first round of pilot programs (incubation and acceleration) with embedded circular economy principles was implemented, supporting a total of 82 SGBs.

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About the evaluation

The evaluation reviewed the pilot programs with the aim to provide insights for future iterations and decision-making with regards to how BSOs can integrate circular economy principles in future support programs for SGBs. The scope of the evaluation is limited to short-term outcomes and insights into the design of the program itself and included desk review of program documents, key informant interviews with program managers and participating entrepreneurs, learning sessions and participant base- and endline surveys. The presented results and learnings focus on 45 Africa and Europe based participants in Greece, Rwanda, Senegal, Spain, Tanzania, Zimbabwe which represent 55% of participating ventures, as well as the program managers based in these countries¹.



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Results

The ventures that completed an incubation or acceleration program represented the following sectors: 21% food & agriculture, 16% manufacturing, 16% water supply, waste management or remediation activities, 11% fashion and lifestyle followed by others.

The short-term outcomes at the entrepreneur level were positive, with an **increase of skills and access to networks** throughout.

95% of respondents (41) were satisfied (27%) or very satisfied (68%) with the program

93% of respondents say their strategy become clearer (or much clearer) as a result of the program and 73% specify how they have achieved goals that they had for the program

98% of respondents feel that the program was very or extremely helpful to learn more about the circular economy and how circular economy principles can be applied to their venture.

93% of respondents feel that they now have sufficient knowledge on how to apply circular economy principles to their business

Business results were overwhelmingly positive. Comparing the years 2020 and 2021,

85% of ventures at idea and start-up stage and 52% at growth stage increased their in revenue.

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100% of idea or start-up, and 30% of growth stage ventures grew their customer or beneficiary base.

69% of idea or start-up and 35% of growth stage ventures reported an increase in their full-time staff, 77% and 48% respectively increased their part-time staff.

Participants report increased awareness of what circular economy means and which changes they need to make to become a circular venture. All participants with a running business have integrated more circular aspects, particularly with regards to waste reduction and conscious consumption, as you can see in below examples.

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We managed to introduce biodegradable packaging.

Eny's Treats, Zimbabwe

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My goals were to provide cheap and affordable pluckers to small and medium poultry farmers. I have considered working on reducing costs and I managed just by being 100% circular. Costs of production were \$150 average now \$100. Finished product was \$300 now \$250.

Mtewa Investments, Zimbabwe

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We have been able to not only recycle the pads after use, but also reduce the amount of raw materials that we use in production and packaging.

Kosmotive, Rwanda

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A strong focus was put on planting quality declared seeds of cassava, correct spacing, timely planting,..., use of cassava crop residuals and organic fertilizers. The major achievement is that, through the knowledge gained, smallholder cassava farmers have increased cassava productivity from an average of 1 metric ton/acre (with traditional framing methods) to 7 metric tons/acre.

ELPP, Tanzania

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Our achieved goals are: 1. Improve plastic waste collection to 300 tons per month by March 2022 2. Develop new sustainable market by use of TechSystem from November 2021 to May 2022. We are achieving them effectively due to the precious knowledge we got about Circular economy, Team management and Partnership knowledge from the program.

PREYO GROUP COMPANY LTD, Tanzania

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Learning and Recommendations

With rigorous documentation and periodical sessions to exchange experiences, we compiled learnings and recommendations that can be utilized by any Business Support Organization (BSO) wanting to integrate circular economy aspects within their support programs. We hope that these insights will spark further conversation and collaboration in the SGB sector at large.

Businesses at all stages (idea, start-up, growth) can be supported effectively to integrate circular economy principles. As part of the evaluation we set out to understand the differences in embedding circularity according to the maturity of business.

- The content of workshops for each of the stages was equally valuable and gives an important basis upon which ventures can continue growing their circularity within the business, whereas the intensity of support and type of mentor support requires stage-specific adaptation.
- The pilot results show that early-stage ventures can be supported to become circular more easily than later-stage ventures as their business model and operations aren't fully defined yet. Changing plans is easier than changing already set-up systems and processes.

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- We noted that some participants at the growth stage were more reluctant to accept new or different ways of organizing their venture, particularly those that also considered themselves circular natives who have based their business idea on the concept of a circular economy.
- All of the above requires training and availability of easy-to-use and adaptable materials for program managers, like sample workshops or the Embedding Circularity Toolkit, but also access to local circularity expertise. In ecosystems with limited local circular economy expertise, BSO might need to invest in training one or more staff members to be able to embed circular principles in their programming. The trained staff members can then support the rest of the team.

Financial performance can be combined with circular economy principles.

Overall, the pilots provide initial evidence that embedding circularity in business support services does not have to come at a cost of weaker performance on business indicators. While it does require rethinking of the business model for later stage businesses, which may mean a short-term slowing of growth for some of them, we have seen promising

growth figures for most of the idea- as well as for growth-stage ventures. We are also looking forward to following the pilot participants for the longer run to see how their increasingly circular ventures develop.

Access to funding opportunities is important.

- Circular adapters, whose core business is founded in a more traditional, linear setting, may be in need of more funding to move to circular practices, particularly when they are already at an advanced stage in their business.
- In any case, the need for business support organizations to facilitate or provide access to funding for ventures to invest in more circular practices has become clear; comments on connections to funders/investors by the participants themselves reinforce this point.
- Overall, there is an opportunity for the SGB ecosystem and investment community to focus on the growth of circular ventures and a more circular impact economy as a new vertical.

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There is equal interest for the circular economy in nascent markets and advanced markets.

- The ecosystem mapping is a crucial activity in both contexts and visualizes just how advanced (or not) the circularity ecosystem is and how a Business Support Organization can contribute to its development.

- In nascent markets, for example in the African countries Rwanda, Zimbabwe or Senegal, the interest for circular economy business support programs is just as high as in more advanced circularity ecosystems, like in some of the European countries.

For nascent markets, it may be beneficial to put even more emphasis on awareness raising with potential stakeholders, and particularly with local/regional/national governments. As the language of circularity isn't yet known, campaigns that help introduce the topic to as wide a range of audiences as possible, will increase awareness and ultimately create more opportunities in the ecosystem for entrepreneurs.

In order for circular enterprises to succeed, they need to be able to plug into a value chain in which other actors are also working on more circular approaches.

- The importance of creating networks and partnerships to act within the circular economy ecosystem cannot be stressed enough. The aspect of networking and relationship building that the pilot programs provided was highly valued by all participating ventures, who also reported increased access to potential partners, investors and customers.

- Any business support program should include opportunities to connect with like-minded entrepreneurs through peer sessions and in-person events and provide training on relationship building. Furthermore, field trips to established circular entrepreneurs proved to be both inspiring and conducive to relationship building.

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In order for Business Support Organizations to succeed in supporting circular entrepreneurs, they need to engage in ecosystem building activities.

- As mentioned above, an ecosystem mapping exercise should precede all other activities as this provides the context in which each BSO will work, allows mapping out stakeholders to include in the program and to orient entrepreneurs within the ecosystem. This should not remain a one-off activity, and by repeating the mapping periodically, the BSO can visualize for themselves how the ecosystem develops, hence also adapting its activities accordingly.

- This also means that experts in the area of circular economy are identified early on, and can be engaged in the program. For example, Impact Hub Harare made important efforts in this respect, identifying circularity champions and organizing a Circularity Forum with various industry players in both the private and public sector within the sustainability ecosystem in Zimbabwe.

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Join us in spreading Circularity as a design principle!

For further information visit <https://impacthub.net>, and follow us on [Instagram](#) or [LinkedIn](#).

Check out the [Embedding Circularity Toolkit](#) and share it with your contacts.

For partnership opportunities, get in touch with our team via partnerships@impacthub.net.

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