

REPAIR, REUSE AND JOB CREATION

Jean-Paul Raillard
Chairman of Fédération Envie



Envie Orleans - ©Alain Goulard

Jean-Paul Raillard is a trained economist who began his career as a teacher of economic management techniques. He joined the Syndex consultancy in 1983, becoming managing director in 2008 and helping to turn it into a productive cooperative (SCOP) in 2011.

He has been chair of the board of Envie 44 since February 2016 and was appointed chair of Fédération Envie in June 2019. He also chairs the supervisory board of Envie Autonomie, a public interest cooperative. He is the administrator of *Alternatives Économiques* magazine and member of the French national CSR platform as well as the National Council for Inclusiveness.

Fédération Envie comprises some fifty organizations employing 2,860 people, 2,011 of them on employment integration schemes, and generating approximately €81 million in turnover across France. Envie's mission is threefold: social (socio-professional inclusion and integration of people excluded from the workforce), environmental (encouraging repair and reuse), and economic (giving regions an economic boost).

Envie's development since the 1980s demonstrates the remarkable source of employment the circular economy can represent at the local level, initially focused on electronics and household appliances then, more recently, expanding to include medical devices. In addition, the shift in public policies and the perceptions of the general public, elected politicians and industry players opens the door to new forms of collaboration with the potential to help make the circular, local economy a dominant model in the years to come. Following France's 2020 law on the circular economy, the role of local authorities and ecobodies will be decisive in building a circular economy that recreates economic and social value at the local level while protecting natural resources.

INTRODUCTION

Fédération Envie currently comprises 52 local employment integration businesses operating throughout France and active in various areas of the circular economy: collecting household appliance waste, sorting, logistics and processing in the value chain, refurbishing and resale to the public.

The Envie network was built on four main activities. First is refurbishing household appliances, covering everything from repairs, to sales and after-sales services. Second is transport and logistics, an activity that began in the 1990s as part of the waste electrical and electronic equipment (WEEE) system. Envie then developed ultimate waste processing activities for items that cannot be refurbished: they are sorted before being crushed and recycled for recovery. In 2015, Envie Autonomie created a fourth activity in Angers, centering on renovating medical devices, particularly wheelchairs for people living with disabilities.

FROM EMPLOYMENT-LED INTEGRATION TO THE CIRCULAR ECONOMY

Envie's core mission is rooted in a project focused on finding smart opportunities for creating employment integration posts. It all started in 1984 in Strasbourg with a meeting between a social worker from Emmaüs and a senior manager at electrical retailer Darty. They set out a plan to employ young people from disadvantaged districts to repair electrical and electronic products. This was our initial mission, and we set up our first company in Strasbourg in 1984, the first in France to develop activities centering on refurbishing and selling large household appliances like washing machines. At that time, Emmaüs used to check if appliances worked but did not refurbish or sell them. The other major innovation Envie introduced was a one-year guarantee for its refurbished products, proof of our capacity to repair equipment on a lasting basis.

The switch to a circular economy began when we industrialized collection and refurbishing processes by forging key partnerships with Darty and Emmaüs, which really helped us to get going. This phase involved regular meetings and discussions between the various actors to establish a development path in line with Envie's mission. New branches set up in Marseilles and other major French cities meant the network really began to take shape. This phase saw Envie gradually beginning to gain independence from Darty and Emmaüs, its historical partners.

This was when the nonprofit Envie Développement was created to support the new organizations Envie was setting up in different regions and to build what are now Fédération Envie and its network. We operate under market conditions and 80% to 90% of our resources come from selling the goods and services we produce. Our management staff have technical and educational skills. And our business, with its constant focus on increasing product quality and staff skills, can deservedly be called a learning organization. We aim for excellence in everything we do, from providing socio-professional support to our management choices and how we sell our products, including online.

The Envie network makes use of various legal forms:

- household appliance renovations are usually subject to regulations governing nonprofits;
- transport, processing and storage are generally handled by simplified joint stock companies (SAS) owned by the nonprofits to enable them to respond to calls for tenders;
- a public interest cooperative (SCIC) provides the cooperative framework for implementing the national project for renovating medical devices.

All Envie businesses are approved social benefit enterprises (ESUS), i.e. have to serve the public interest, be governed democratically and reinvest the majority of their profits

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Envie - Nord

in their own development. Local organizations retain their autonomy and run their repair, reuse and logistics activities in their specific catchment area, while Fédération Envie provides network support for communication, management tools and advocacy. It can also help set up systems in areas with no geographical coverage and provide support for existing installations with specific needs. For example, in the Paris region the unit in Trappes runs a store selling refurbished household appliances in central Paris, while the unit in Gennevilliers has successfully built up a waste processing collection business.

Since the late 1990s, several Envie organizations have developed waste logistics and transport activities to supplement the revenue they generate from refurbishing, as well as improving control over collection flows. This trend was boosted with the introduction of extended producer responsibility (EPR) schemes following the creation of ecobodies in the 2000s. As the waste electrical and electronic equipment schemes were being put in place, an eco-body called Ecosystem issued various invitations to tender for waste collection and transport services, which the Envie organizations began to bid for. Certain organizations even specialized in the entire chain of logistics and processing activities. Today, we want to scale up quantity and quality in terms of the number of refurbished and repaired products, production of spare parts, and securing our supply sources. Achieving this goal involves adopting a collective approach to our processes and business models at the national level.

But we should not forget that, historically, at the heart of Envie is a social mission rooted in integration through



Envie - Rhone-Alpes ©Bernard Langenstein

employment, aiming to help people excluded from the workforce to find possible points of entry. After staff have worked at the company on an integration contract that can last up to two years (in 2020, the average time spent at the company was 11.5 months), we always do everything we can to help them find long-term employment. Last year, 74% of people who left Envie found either a permanent job, a fixed-term contract of at least six months, or skills training to build on their work experience. The environmental dimension offered by the circular economy, pioneered by Envie back when it started repairing and refurbishing household appliances and electronic products to give them a second life, is deeply embedded in our social mission and permeates all our new activities. In other words, Envie aims to create jobs that help improve the environment. The economic, social and environmental dimensions have been successfully incorporated and are also important issues for regions.

To become a dominant model, the circular economy cannot simply impact the environment; it also needs to impact the local economy and to have a social impact. With this in mind, in 2015 we set up a workshop in Angers to refurbish and sell medical devices, focusing mainly on the

social aspects: providing low-wage earners with medical devices restored to full working order and complying with all standards, since brand-new equipment can be a heavy financial burden for people who cannot afford the copayment. For example, we sold a refurbished wheelchair to a young man suffering from a degenerative disease at a price fully covered by the national health insurance scheme, whereas a new wheelchair would have cost him far more. This is the sort of case that led us to launch our project nationally.

Creating the organization from scratch has been a real adventure, including lots of work to gradually convince health insurance administrators and CNSA (French national funding agency for the elderly and handicapped) to support the project. Following these discussions, the social security authorities agreed to reimburse medical devices “restored to good working order” and included the provision in the 2020 social security funding law. While the creation of our activities shakes up the existing market, which essentially revolves round selling new products, we are convinced it is a win-win situation for everyone involved, primarily the people who need these specialist devices.

THE CIRCULAR ECONOMY, A SIGNIFICANT SOURCE OF EMPLOYMENT

Even though we lost the battle for industrial jobs in the household appliance sector several years ago, when production was almost entirely relocated to Eastern Europe, Turkey, Asia and North Africa, the development of the circular economy now represents a valuable source of employment, particularly on the booming market for second-life products. These are jobs that cannot be relocated, and being geographically closer to day-to-day uses makes it an economic activity with deeper local roots. A new virtuous circle is possible based on eco-design, durability, reuse and repair. The challenge facing us now is to find new solutions and create new conditions that encourage the sector to develop.

Cities and regions too have a major role to play in building local ecosystems centered on waste reuse and management

The sources of employment that have disappeared from the repair sector need to be restored. In the 1990s, a large number of household appliance and television repairers were working in France. The gradual drop in the purchase price of these products over recent years seriously weakened these businesses. This phenomenon is linked in particular to lower production costs after production plants were relocated, damaging the repair sector's competitiveness. This economic difficulty makes it hard to recruit the necessary labor in France, represents an obstacle to repairs, and fosters a form of obsolescence encouraged by manufacturers of low-cost products. It is time to change this.

The demand is already there: currently, 45% of consumers would like to be able to repair their products.¹ Costly spare parts that are hard to obtain also represent a major obstacle to the growth of repair activities. To tackle this problem, we want to become a key actor in the sale of spare parts for reuse, which would also bring down repair costs, as is the case in the automotive sector where manufacturers are legally obliged to offer their customers second-hand spare parts. The same legal provision should also be applied to electronic products and household appliances in the years to come.

Usability and eco-design must be included in the production of television sets, washing machines and care beds so that they last longer and are easier to repair and recycle. These new fields are very attractive to young engineers, who are actively looking for activities of these types.

The benefits in terms of employment are vital, because a metric ton of buried waste only creates the equivalent of one local full-time job, or three jobs if incinerated.² In contrast, it can generate 30 jobs when materials are sorted and recycled, and with reuse can provide full-time work for 85 to 130 people. We can therefore see that all the

ingredients are in place for creating a real local ecosystem. A host of actors from the social and solidarity economy and for-profit sectors are getting onboard. For example, Darty has just announced its decision to recruit 500 repairers, and all the retailers are looking at business models for the secondhand market. The Envie network has defined an action plan aiming to create over 1,000 jobs in three years, with a view to going much further to avoid waste building up.

The goal is to revise our production processes and move away from non-selective massive waste collection and processing, toward selective upstream collection so that everything repairable is separated from everything that is not.

While this type of selective waste sorting can be more costly than throwing everything into garbage trucks, we know that it has far greater potential to create jobs and protect the environment. Ecosystem supports our efforts to achieve this goal.



Envie - Toulouse ©PH Jacob

1 ADEME (2020). *Les Français et la réparation - Perception et pratiques (French people and repairs - perception and practices)*: <https://bibliothèque.ademe.fr/cadic/249/rapport-francais-reparation-perception-pratique-2020.pdf>

2 Rémy Le Moigne (2018). *L'économie circulaire (The circular economy)*, DUNOD



Envie - Gennevilliers ©Benoit Haesen

KEY ROLE FOR LOCAL AUTHORITIES

Cities and regions too have a major role to play in building local ecosystems centered on waste reuse and management. We need new methods to structure these emerging sectors and ecosystems, including a focus on partnerships with districts and cities, as already happens in Nantes and Lyon, for example. Nantes and Lyon helped fund reuse and repair projects with social and solidarity economy organizations like Envie as well as conventional actors. The projects are designed to manage initial sorting points at waste collection centers and transport recoverable goods to reuse points where they are sorted more methodically and then dispatched to the different schemes. Public actors play a vital role in this type of project, a role that helps to build a new economic model. A public interest cooperative, Iloé, was set up two years ago in Lyon to coordinate the project. Envie has a 25% share in the cooperative with the remaining shares held by industry actors and public bodies.

We also team up with traditional waste recovery businesses like Veolia, Suez and Derichebourg Environnement to manage collection, sorting and reuse activities. For example, in Rennes we have been involved in waste sorting from construction sites in cooperation with Legendre and Veolia since 2019. Even though these activities struggle to make money, we are establishing worthwhile partnerships for creating work insertion jobs that often result in staff being employed directly by our partner companies.

We sometimes have to resolve contradictions. For instance, incinerating waste to supply district heating networks

is highly beneficial in terms of limiting CO₂ emissions. However, it is sometimes detrimental to reuse, which reduces the overall volume of waste. We feel that the development of local reuse schemes and ecosystems devised in consultation with all stakeholders represents a truly virtuous path, both socially and environmentally. In the big cities, local politicians very often share this vision, but we also have to convince cities' technical departments. They have a big say in how policies are implemented operationally and do not always see the value of developing reuse as it makes the chain more complicated. As a general rule, we work primarily with cities that have a global vision of how to prevent waste and how it moves across their territories, then the movement spreads to smaller cities and towns as the actors become aware of the importance of the issues at stake.

PROMISING PROSPECTS FOR RETAIL CHAINS

Electrical goods and electronics chain retailers have spotted the potential of the market for second-life goods, which is growing rapidly every year. The trend is driven by consumers who are increasingly green-aware and convinced by the idea of buying secondhand. Their purchasing practices express a quest for economic value as well as, increasingly, the desire to reduce their environmental impact. Major chain retailers in France, like Darty and Boulanger, are already thinking about the stores of tomorrow. They have taken action and entered the second-life market by installing departments specifically

for these products in their stores, going far beyond the refurbished smartphones that are found everywhere these days. But they are not alone. Other chains, such as But and Conforama, are also interested in launching services to repair and sell refurbished products.

The market that most interests chain retailers is for customer returns, where customers return practically new products that do not live up to their requirements or failed the first time they were used. This market is also very attractive to Envie, with good quality products retrieved from Cdiscount or Rue du Commerce before being repaired then resold through Envie stores. Products of this type can expand the ranges available in our stores, but refurbishing them creates less work, and thus fewer jobs, than waste sorting.

However, some chain retailers are looking for ways to lean into the secondhand market to increase sales of new products, for example, by offering discount coupons to customers who bring in products for repair but where the repair cost is not economically viable. One of the risks posed by approaches of this type is that they restrict extensions to product lives, and actually tend to accelerate the product renewal phenomenon encouraged by marketing campaigns and trends.

In terms of negative side-effects, the market for smartphones is an interesting case. Numerous new actors have entered the refurbishment market, attracted by fast growth and high profits. But this fast growth is not necessarily positive from the environmental or social perspective. A good illustration is the emergence of major players in refurbishment, capable of bulk buying batches of secondhand smartphones, less than six months old, in the USA and Japan where renewal rates are very high, sending them to Asia or to low-cost economies nearer to Europe for repair before selling them in France. This system primarily props up the market for new products and creates very few jobs regionally. What is the true benefit in terms of resource exhaustion and CO₂, and in raising consumer awareness that more sustainable lifestyles are possible? Certain observers have underlined the risk that the market for second-life products will be co-opted by manufacturers that have forecast a fall in sales of their new products and will therefore seek to offset it by capturing a larger share of the growing market for secondhand products.

This one-dimensional perception of the circular economy as simply a new market to conquer is not the vision we believe in. We aspire to the creation of a new economic model in its own right, one that combines inclusiveness, fewer inequalities, environmental sensitivity and local development, ushering in new ways to produce and consume. This is why actors from the social and solidarity economy proposed that French parliamentarians include a financing fund for reuse in the February 2020 law on the circular economy and combatting waste. The idea was very

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well received by the Senate and approved by the Assembly before being included in the law. The new legislation will also make it possible to set up a repair fund to be managed by eco-bodies to finance activities that will create local jobs by lowering repair costs.

Preparations for setting up these two funds are currently the subject of intensive lobbying by some of the new actors in the market that are attempting to convince the authorities they are legitimate recipients for the millions of euros that will be distributed by these reuse and repair funds. While the debates on the new law showed that parliamentarians

were generally in favor of providing significant support to local economic initiatives rooted in the social and solidarity economy, the government is very anxious to ensure free competition. The issue of employment will be partly settled by the final decisions taken in this regard.

CONCLUSION

The circular economy can become a major source of job creation in the future, provided it can develop local reuse activities supported by public policies and regional networks committed to genuine efforts to extending the working life of products. The experience built up by Fédération Envie over the past 40 years in the field of work integration centering on repairs, reuse and recycling is helping to create this new and more virtuous economic model. We have never stopped innovating and proving that this path forward is possible.

Eco-bodies and local authorities will be pivotal in determining how the circular and local economy will develop, particularly when it comes to electrical and electronic equipment. Envie plans to build lasting partnerships. There are plenty of partners ready and willing to join us in this adventure, even though the economic limitations remain unclear—an approach that typifies social and solidarity entrepreneurship. So we need to be ambitious!

The second-life market will continue to grow and we want to play our part by pursuing our goal to ramp up our business fivefold over the next ten years. The market is opening up to competition, which should stimulate it. But we are absolutely determined to tie the circular economy to the creation of inclusive, local jobs. This is the only possible sustainable path forward.