Fighting poverty in Latin America by strengthening local businesses

Launched in Panama in 1984, the Fundación por un Desarrollo Sostenible (‘foundation for sustainable development’), or FUNDES, was one of the first private non-profits in Latin America devoted to local economic development work. Striving to fight poverty in the region, the organisation initially focused on providing microfinancing to small and medium-sized businesses. Today, FUNDES is an agile non-profit consultancy firm that has helped more than 60,000 ‘mom and pop’ businesses put down roots and serve local communities, including bakeries, hardware shops, beauty salons and more. It partners with both governments and development organisations to build competitive and sustainable business ecosystems. Small local enterprises are supported in linking up with each other as well as with larger players, creating efficient, profitable and inclusive value chains for the benefit of all.

A recycling network to lift up the vulnerable

With the support of the Julius Baer Foundation, FUNDES is carrying out an innovative project in Cartagena, Colombia, aimed at creating a robust, socially responsible local waste collection and recycling network linked to local shops. Besides improving sanitation services and raising environmental awareness, the new recycling value chain will improve the livelihoods and inclusion of some the most vulnerable members of society — ‘waste pickers’ or ‘informal recyclers’ — in a city plagued by poverty and inequality. In Cartagena, as in virtually every big city in Latin America, the collection, separation and informal commercialisation of recyclable materials — paper, glass, plastic, etc. — offers a way to make a living for thousands of poor people. But these waste collectors typically suffer under very precarious labour and health conditions. They lack protective equipment, formal job recognition, negotiating power and more. Together with its local
partners — Actuar por Bolívar and Fundación PepsiCo — project leader FUNDES seeks to build a safe, profitable recycling network that affords these waste collectors dignity and embeds them in a mutually supportive value chain with other business actors from different social strata.

Building capacities and relationships
Core to the project is a holistic approach that brings together all the key actors and enables them to work in concert. Project staff will begin by mapping the whole recycling value chain — with an emphasis on plastic waste — ranging from the main waste generators in Cartagena (e.g. hotels, shops, schools) to disposal sites, recycling collection centres and buyers of recyclables. Over the course of three years, the project aims to foster an efficient, integrated recycling system comprising at least 200 mom and pop shops, 600 trained and well-equipped picker/recyclers, two or three collection centres and three larger consumer-goods companies. Besides professionalising the entire system, special focus will be placed on building relationships of trust and solidarity between everyone from shopkeepers and waste collectors to collection-centre managers and company executives. Over time, these relationships can lay the groundwork for wider societal sensitisation and problem-solving of the challenges faced by lower strata in the highly unequal context of Cartagena, Colombia.

Facts and figures: Colombia
Though Colombia has made some progress on social indicators in the last decade — reducing undernourishment, for example — it remains one of the most unequal countries in the world. At the same time, Colombia is the fourth largest economy in Latin America by GDP, has significant natural resource wealth and has displayed respectable growth rates recently based on rising exports of oil, coal, coffee and more. But much more must be done to create a sustainable, diversified local economy that shares its wealth and gains more widely.

- According to the United Nations Development Programme, Colombia is the third most unequal country in the world in terms of income distribution. Indeed, inequality partly drove the armed conflict besetting the country for many years.
- A recent study found that 85% of Colombians perceive the nation’s income distribution to be unfair.
- Statistics from the US Development Agency show that less than 0.5% of Colombia’s population owns 62% of the country’s best land.
- Cartagena is one of Colombia’s most unequal cities (Gini coefficient of 0.45). Approximately 27% of its residents live in poverty.
- Poorly paid ‘informal recyclers’ or ‘waste pickers’ are vital to recycling efforts in Cartagena, as in the rest of Latin America. Across the continent, an estimated 1 million or more such workers form the backbone of the recycling industry. Indeed, they gather 90% of the materials that are eventually reused by big businesses.
- Professionalising and embedding these recyclers in a safe, eco-friendly business-oriented system will improve the livelihoods of some of Cartagena’s most-vulnerable sufferers of inequality dynamics.
- While Colombia struggles with high rates of poverty and inequality, it possesses vast natural wealth and beauty. It ranks near the top globally for biodiversity of plants and animals, and is the only country in South America with coastline on both the Pacific Ocean and the Caribbean Sea.

For further information about FUNDES, please visit: www.fundes.org

“[B]uilding peace is like building a cathedral. You have to have a solid base, and then you do it brick by brick.”

Juan Manuel Santos, Former President of Colombia and 2016 Nobel Peace Prize Winner