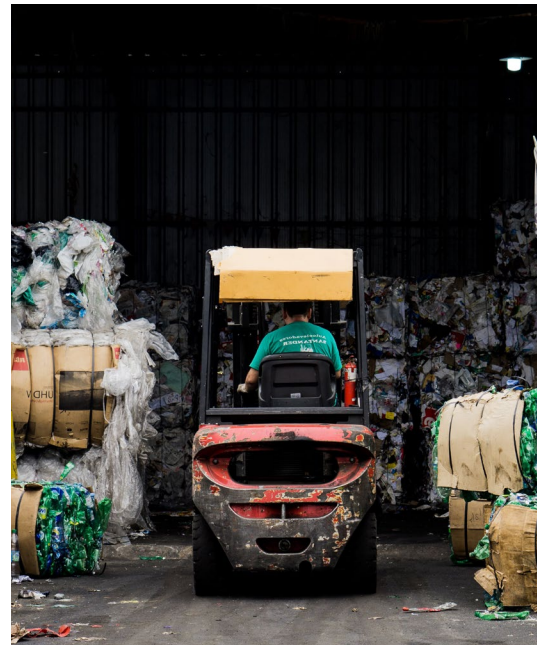


Empowering Waste Pickers and Improving Working Conditions:

How Danone Strengthens Recycling and Supports Base of the Pyramid Workers in Argentina

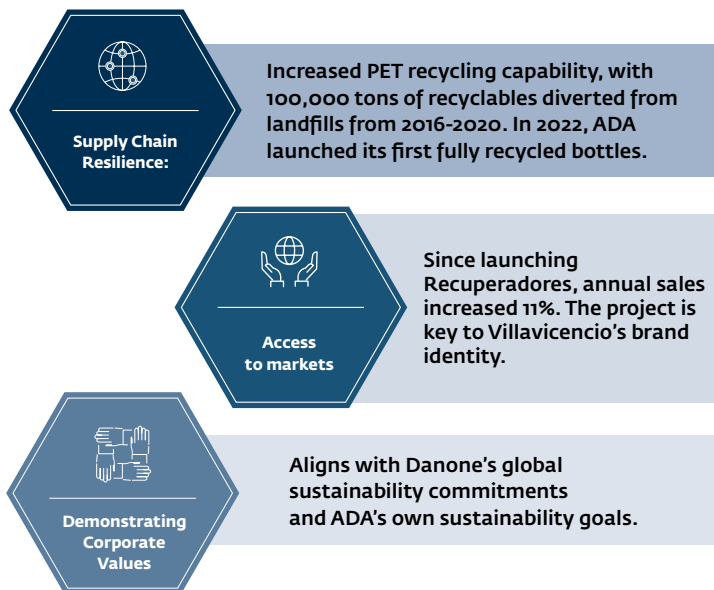
Danone is a leading multinational food and beverage company. As part of its goal to accelerate the transition to a circular economy, Danone supports informal waste pickers who are crucial to waste management and recycling systems in many emerging economies.¹ This case study focuses on Danone's work with waste pickers in Argentina, where its subsidiary, Aguas Danone de Argentina (ADA), launched the Recuperadores project to improve waste pickers' working conditions and empower them, while strengthening local recycling systems.



The Challenge

ADA wanted to distinguish its premium mineral water brand, Villavicencio, as a leader in sustainable packaging by using a percentage of recycled polyethylene terephthalate (R-PET) in its bottles. However, the Argentinean recycling sector could not provide enough R-PET to meet ADA's goals, and poorly-equipped informal waste pickers were not incentivized to collect PET bottles. ADA saw this challenge as an opportunity to increase recycling rates and to address social issues in its supply chain.

Benefits for Business



Inclusive Employment Solutions

Danone's Ecosystem Fund finances projects that strengthen inclusion and sustainability, including ADA's Recuperadores project.



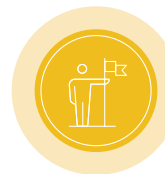
Participation

Provides equipment and training to cooperatives to improve their operations. Training for waste pickers in health and safety, life skills, and financial literacy.



Resilience

Enabled waste pickers to join a formally-registered cooperative and access government social security benefits for the first time.



Empowerment

Strengthened cooperatives' market access and negotiating power with recycling companies. Campaigns and uniforms raise public recognition.

Benefits for Workers

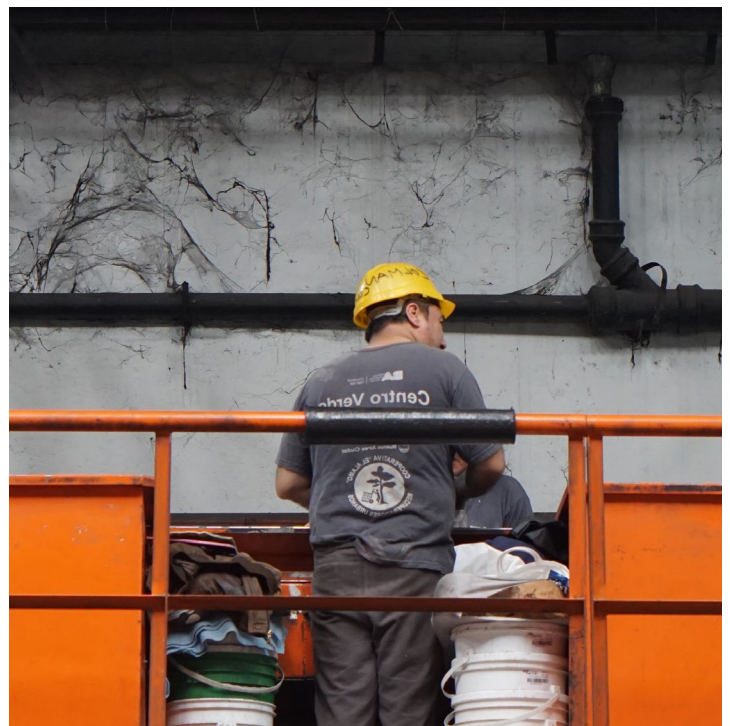
Through the Recuperadores project, waste pickers have been able to join a formal cooperative. Their earnings are now three to five times more than the earnings of informal waste pickers, and they have access to pensions, maternity leave, and other security benefits for the first time.



Industry: Multinational food and beverage company

Size: Operations in over 50 countries with global sales of \$26.7 billion in 2020.

Base of the Pyramid Workforce: Waste pickers typically come from disadvantaged backgrounds and live in low-income neighborhoods or informal settlements. They have limited education and face significant financial and social challenges, including homelessness.



How Danone Puts Inclusive Employment Solutions into Practice

Danone is the lead funder for the Recuperadores project, launched in 2011. Its key delivery partner, Fundación Avina, is responsible for day-to-day project implementation with 48 cooperatives across 38 cities.ⁱⁱ



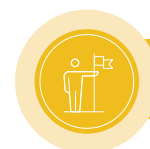
Advancement: Build capacity for self-employment

The Recuperadores project has invested in equipment to expand cooperatives' collection and sorting capacity, and technical assistance to improve their operations. The project also provides training for workers on health and safety, life skills, and financial literacy. These investments in cooperatives' equipment and workers' capacity have improved cooperatives' productivity and the volume of recyclable material processed per worker. This also enabled higher, more stable incomes for waste pickers.



Resilience: Improve access to benefits

When waste pickers join a formally-registered cooperative they are able to access government social security benefits such as pensions and maternity leave—often for the first time, as these benefits are not available to informal waste pickers. This access was particularly important when COVID-19 lockdowns kept waste pickers at home. Through their participation in a formal cooperative, waste pickers were able to access financial support, both from the government and from the Recuperadores project.



Empowerment: Support self-organization of informal workers

The Recuperadores project integrates informal waste pickers into cooperatives, offers administrative support to formally-register cooperatives, and provides training and equipment to operate them efficiently. Since the project began, some 5000 waste pickers have been formally integrated into 48 cooperatives. When waste pickers join a formal cooperative, they can earn three to five times more than informal waste pickers, and they become eligible for a monthly income provided through the government's social security system.ⁱⁱⁱ

The project also strengthened cooperatives' market access by facilitating their collaboration, which has improved their negotiating power with recycling companies. This collaboration also created more opportunities to bypass intermediaries and sell recyclable waste directly to the recycling companies, enabling cooperatives to secure the best possible prices.

“When we first began, all the waste pickers were selling to intermediaries and not directly to recycling companies ... they were ultimately losing money.”

María Ayanz, Senior Sustainability Analyst, ADA



Empowerment: Recognize value of work

The project conducts awareness-raising campaigns that highlight the value of waste pickers' work. It also provides waste pickers with uniforms that give them a professional identity. A recent ADA advertising campaign prominently featured the Recuperadores logo on Villavicencio bottles, along with a QR code that consumers could use to learn more about the social impacts of the project and the importance of waste picking. ADA also contributed to the development of an online platform that supports the participation of local municipalities and companies in recycling initiatives, raises awareness about urban waste management systems, and increases recognition of the value of waste pickers' work.



Figure 1: Villavicencio bottles with branding linked to the Recuperadores project

The Benefits for Business: Danone's Experience



Supply chain resilience

The Recuperadores project has significantly increased PET recycling capacity and recycling rates in Argentina. Between 2016 and 2020, 100,000 tons of recyclable materials were diverted from landfill by the project. Importantly, ADA has secured preferential access to R-PET supply through its longstanding contract with Ecopek, a company that purchases PET from the cooperatives. ADA aims to further increase the volume of PET collected in Argentina by increasing the number of Recuperadores cooperatives from 36 to 40.



Access to markets

The Recuperadores project has become a key feature of Villavicencio's brand identity and marketing. Having a socially responsible brand, which leads the market in the use of R-PET, has boosted Villavicencio's sales performance. After launching its first public awareness campaign about recycling in 2015, Villavicencio's year-on-year sales increased by 11 percent, compared to a declining trend prior to the campaign. This success led ADA to launch an advertising campaign that prominently features the Recuperadores logo on the Villavicencio bottles (see Figure 1).



Demonstrates corporate values

The Recuperadores project aligns closely with Danone's global sustainability commitments, as well as ADA's own sustainability goals. As noted, as a result of the company's efforts over more than a decade to formalize and strengthen recycling systems in Argentina, ADA has been able to overcome obstacles to sourcing R-PET. Since 2015, Villavicencio has used a minimum of 50 percent of R-PET in its bottles, and in 2022, the brand launched its first fully recycled bottle. By 2023, the brand aims to collect 100 percent of the plastic it produces.



Reputation and risk management

The Recuperadores project has secured ADA's position as a leading private sector voice on recycling policy in Argentina. While no statutory recycling requirements were in place in mid-2022, ADA has gained valuable recycling experience ahead of legislation that is expected to require companies to take financial and/or physical responsibility for the treatment or disposal of their products after consumers use them. It is also strategically positioned to participate in government consultations on any new regulations.

Endnotes & Sources

ⁱ Danone. 2018. DANONE ECOSYSTEM: Handbook on Inclusive Economy. Recycling and Packing Cycles in Action. Paris: Danone. <http://ecosysteme.danone.com/wp-content/uploads/2018/01/Danone-Ecosystem-Fund-Handbook-on-inclusive-economy.pdf>

ⁱⁱ Technoserve. 2021. Danone Ecosystem Fund Evaluating the Business and Impact Case of Cartoneros. Internal report. Unpublished.

ⁱⁱⁱ Ibid

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