



# Recycling and Circular Economy: A socially inclusive approach in Brazil

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Repic-Event: Abfallmanagement und Recycling in der internationalen Zusammenarbeit, Solothurn, October 30th, 2019

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# BSD Consulting: We are management consultants for a good cause.



KNOWLEDGE  
AND SOLUTIONS  
FOR SUSTAINABLE  
DEVELOPMENT

4 CONTINENTS.  
12 OFFICES.  
65+ CONSULTANTS.  
20 YEARS.  
12 LANGUAGES.  
**ONE PURPOSE.**



Zurich • São Paulo • Bogotá • Barcelona • Shenzhen • Santiago • Lisboa • Miami • Berlin

# BSD Consulting: Now part of ELEVATE, one of the largest specialized assessment companies



## Four key areas of ELEVATE:

- **Assessments:** Fourth largest company specialized in social audits
- **Consulting:** Sustainability Consulting, Sustainable Supply Chain Consulting
- **Analytics:** Social and environmental risk maps and program effectiveness data
- **Programs:** Capacity building and responsible sourcing programs



## **Our starting point:**

Rapid economic growth is increasing the amount of waste in emerging markets to levels beyond what the infrastructure that is in place today can handle. Most waste is still collected by informal waste pickers who work at the margin of the society. Multinational companies (MNCs) play a role in this development as they introduce their products into these emerging markets.





# Waste recycling in emerging countries

Large spreads between informal and formal models are in place

## Collection



## Sorting

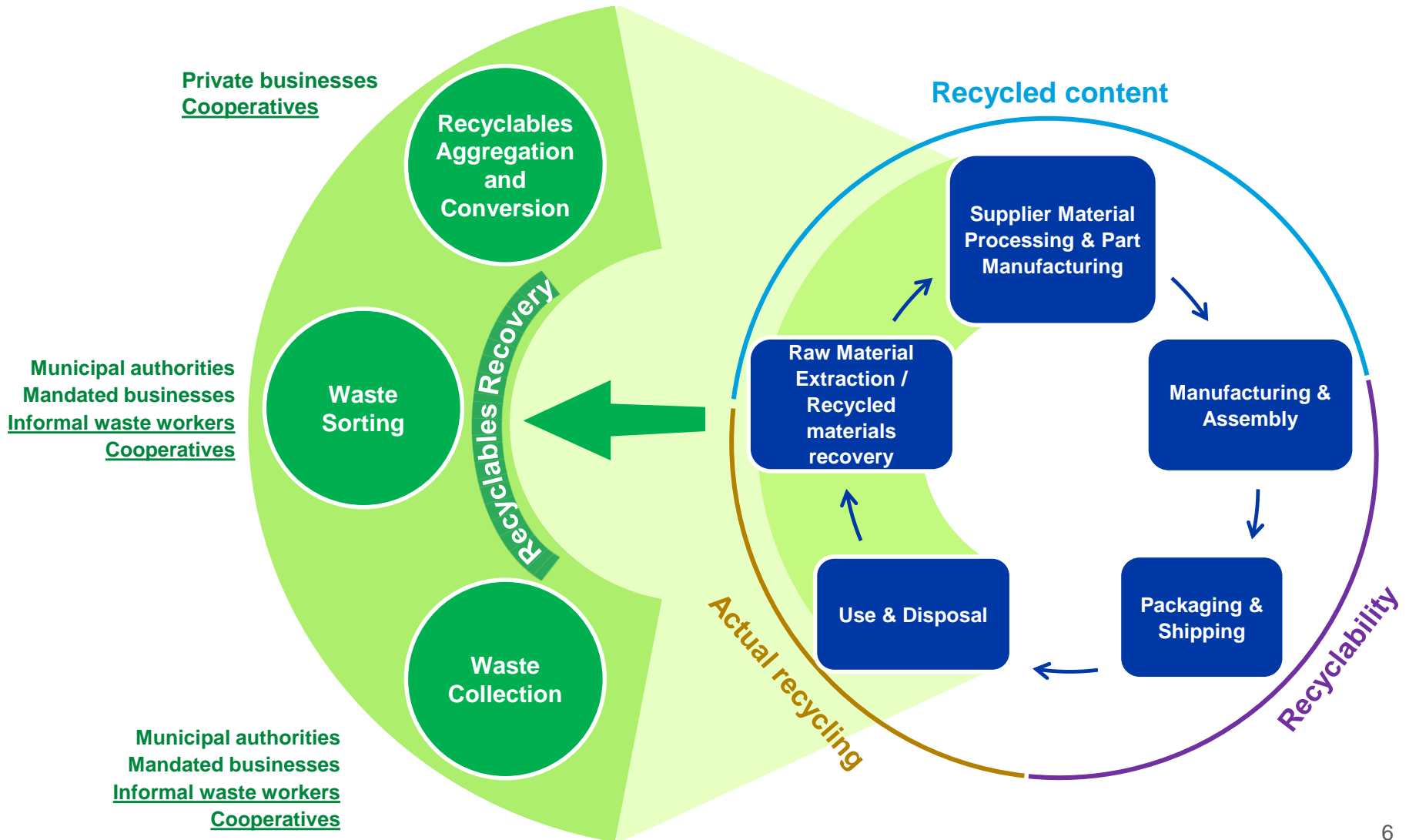


## Aggregation and conversion



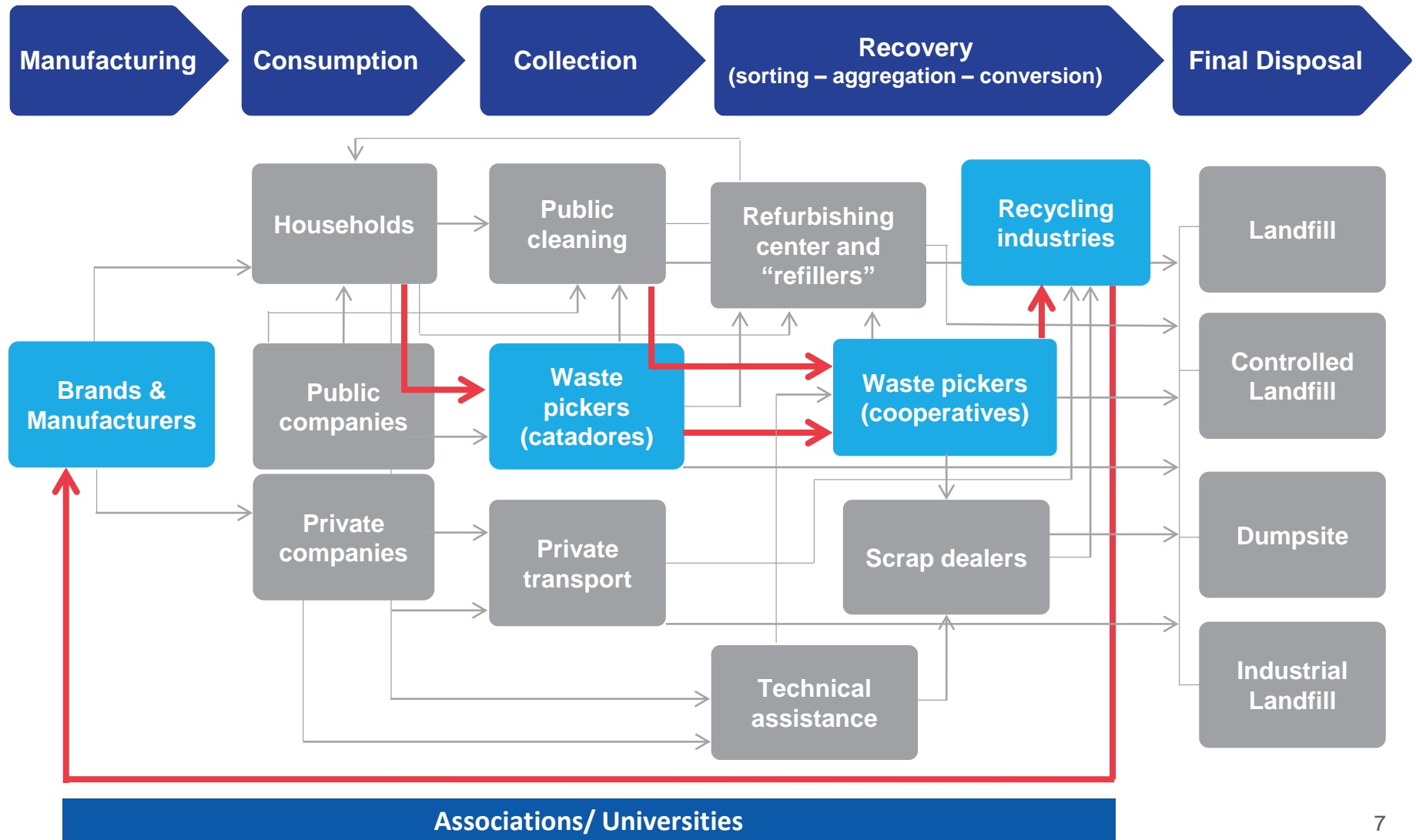
# A circular value chain approach

Circular Economy is still lacking behind possibilities




# Complex waste supply chain

Example of e-waste supply chain in Brazil including waste pickers



# The risk of informality

## Typical waste collection & segregation scenarios

Public	Private execution of public mandate	Workers-led businesses	Loosely organized worker groups	Individual waste pickers
Formal	Formal	Formal (formalized)	Informal	Informal
<ul style="list-style-type: none"> <li>✓ Post-collection waste sorting carried out by public workers in public facilities</li> <li>✓ Working conditions as per public employer standards and practices</li> </ul>	<ul style="list-style-type: none"> <li>✓ Post-collection waste sorting carried out by private companies awarded with a public mandate</li> <li>✓ Sorting takes place on company grounds by company workers</li> <li>✓ Working conditions as per employer standards and practices</li> </ul>	<ul style="list-style-type: none"> <li>✓ Post-collection waste sorting taking place in public or cooperatives' facilities</li> <li>✓ Workers-led businesses / cooperatives typically the result of labor organizing efforts</li> <li>✓ With outside help, satisfactory working conditions can be achieved</li> <li>✓ Self-management as a step toward further workers' emancipation</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Post-collection waste sorting carried out in public facilities by informally self-organized workers</b></li> <li>✓ <b>Potentially higher bargaining power of workers compared to individual system</b></li> <li>✓ <b>Registration system may or may not be in place</b></li> <li>✓ <b>Minimum OHS standards unlikely to be enforced</b></li> <li>✓ <b>Risk of child labor</b></li> </ul> 	<ul style="list-style-type: none"> <li>✓ <b>Post-collection waste sorting carried out in public facilities by individual workers</b></li> <li>✓ <b>Registration system may or may not be in place</b></li> <li>✓ <b>Minimum OHS standards unlikely to be enforced</b></li> <li>✓ <b>Risk of child labor</b></li> </ul>

**Formalization is key to improving working conditions!**





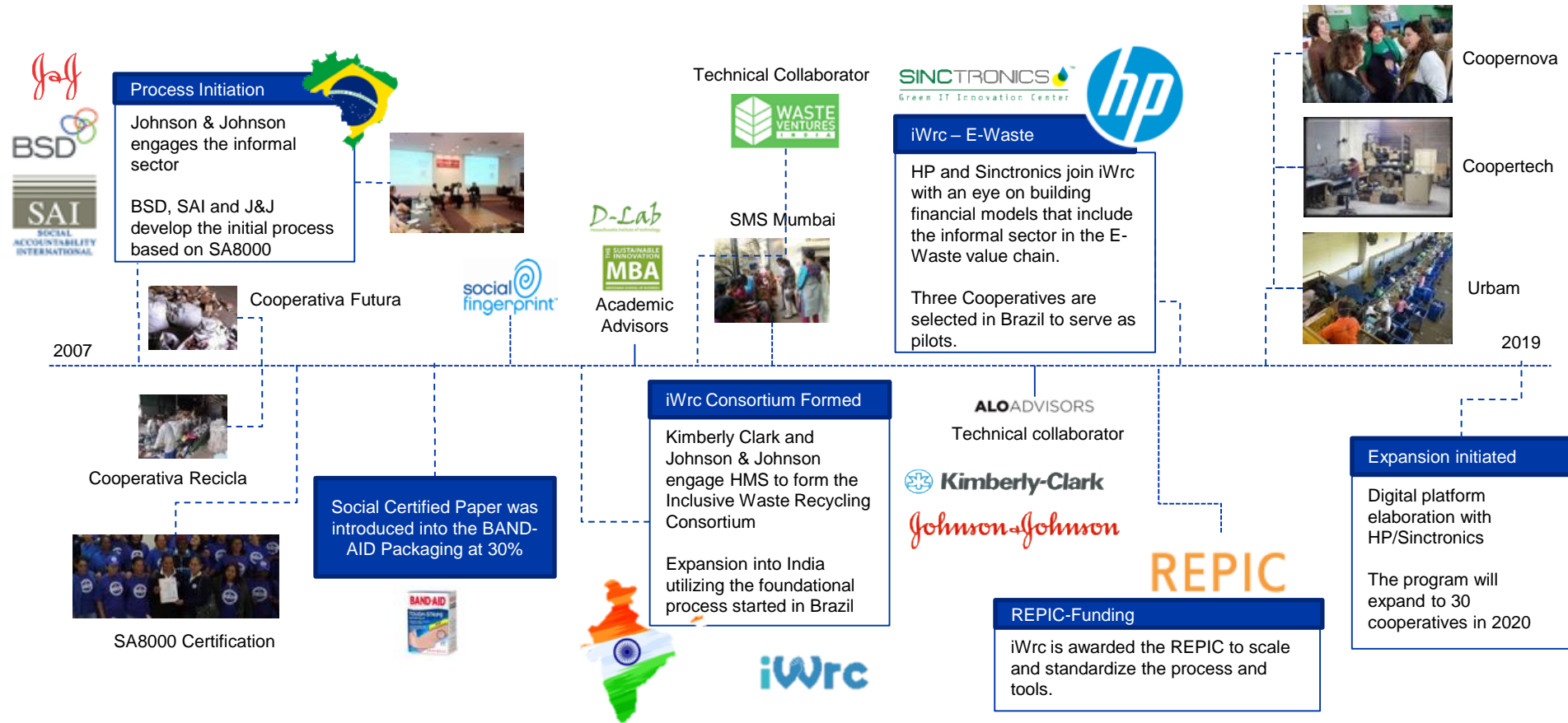


## ***Inclusive Waste Recycling Consortium***

*A platform created to scale  
inclusive waste recycling by a  
closed loop system*

# Inclusive Waste Recycling Consortium

## Timeline





# Process phases



Phase 1

Phase 2

Phase 3

Phase 4

## Economic Model (2-3 months)

Define goals, develop economic model, choose cooperatives for the pilot.

## Socialization (2-3 months)

Cooperatives feasibility assessment and obtain cooperation terms

## Pilot Run (6 months)

Minimum EHS Standards  
Action Plan for cooperatives  
Measuring results of social economic model and adjust

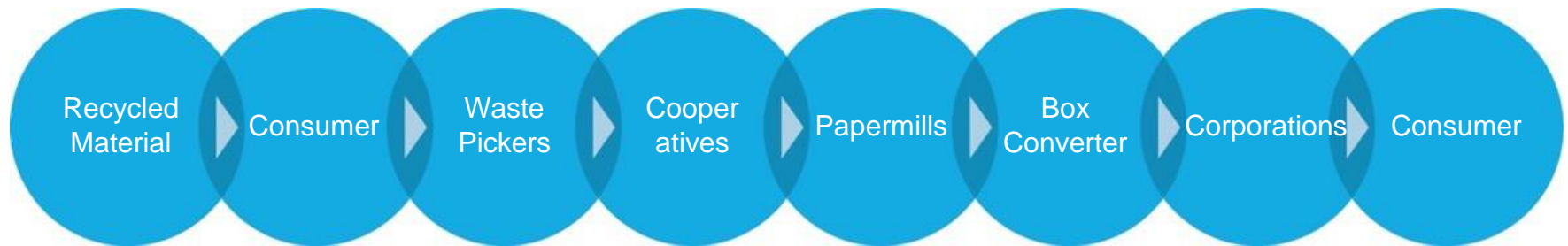
## Final results (~1year)

Lessons Learned  
Scale process  
Expansion to other regions

### Social Fingerprint Tool:

- Identifies the weak links in an organization's management system, enables it to make targeted improvements
- Supports continual improvement towards SA8000 implementation and eventual certification

# Closed loop system: Example J&J



30% of the Band Aid packaging consists of **recycled material**

# Results: Example Cooperativa Recicla

Before



After



**Formalization of operation** and licenses in place

**Legal compliance** against the national solid waste policy



**Increase of productivity** due to less turnover and absenteeism

H&S program and **reduction of accident risk**



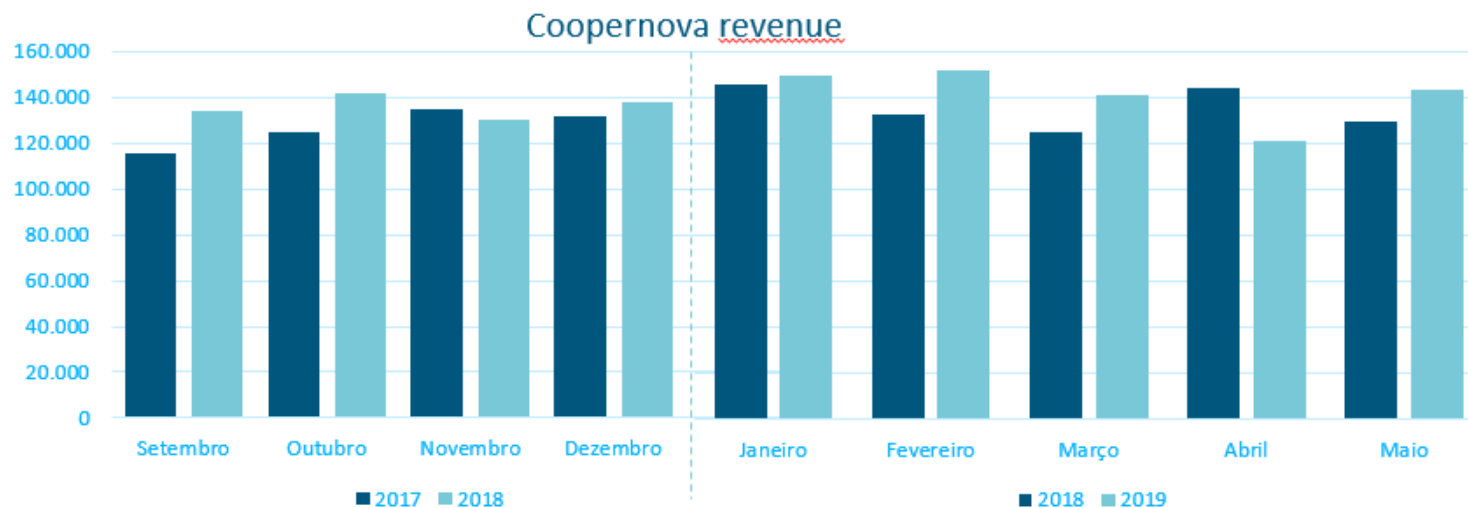
**Increases of salaries** for up to 2x minimum wage

Direct contribution to **12 SDGs**



# Results: Example Coopernova – E-waste

## Coopernova Results



### Social

Average remuneration per worker (5% increase)

+3,23% → +5%

Actual average income per worker

R\$ 2.556\* (\$ 669)

Lowest income vs. local minimum wage (1)

R\$ 2.098\* (\$ 549)

Increased from 217,03% to 219,14%, and to 110% of legal minimal wage.

\*BR minimum wage: R\$ 998 (\$ 267)

### Financial

Monthly revenue (by the end)

7,5% → +20% (2)

(1) New indicator

# Results: Example Coopernova – Social Fingerprint

Date of assessments:

10.10.2018 – initial/24.05.2019 – re-assessment

SOCIAL FINGERPRINT CATEGORIES - Coopernova	mai/19	oct/18
Policies, Procedures & Records	2,8	2,7
Social Performance Team	3,0	2,7
Identification & Assessment of Risk	3,0	2,8
Monitoring	3,3	3,0
Internal Involvement & Communication	3,3	3,0
Complaint Management & Resolution	2,9	2,4
External Verification & Stakeholder Engagement	3,0	2,7
Corrective & Preventive Actions	3,0	3,0
Training & Capacity Building	3,0	2,8
Management of Suppliers & Contractors	2,3	1,5
<b>TOTAL RATING</b>	<b>3,0</b>	<b>2,6</b>

# Results: Example Coopernova – Social Fingerprint

Ecological	Unit	At the REPIC Project's Completion
Greenhouse gas reduction	[t CO <sub>2</sub> -eq]/year	96.000
Newly collected and separated waste	[t]	13.500
Newly recycled waste	[t]	1.370
<b>Economic</b>		
Triggered third-party funding/investments	[CHF]	250.000
Local private income generated	[CHF]	3.360.000
<b>Social</b>		
Number of beneficiaries	[Number]	1000 (total family members)
Number of new jobs	[Number]	26
Number of trained personnel	[Number]	250
<b>Other Indicators</b>		
Resinsertion rate for plastics	%	13%
Reinsertion rate for paper	%	30%







## Challenges and lessons learned

- Understand the context
- Engage stakeholders
- Create a win-win situation

# Mapping the local situation

## Some key issues to consider

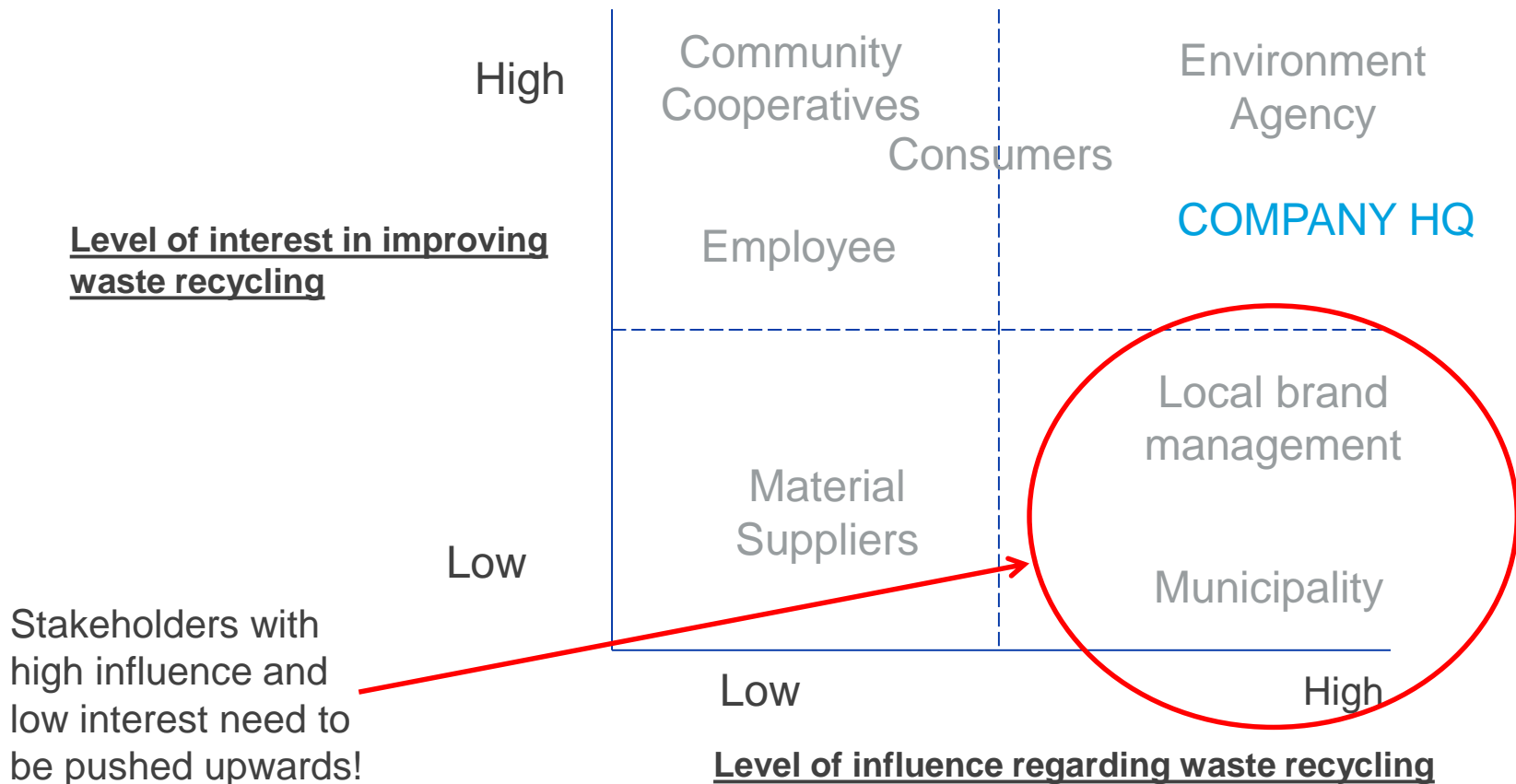




# Engaging your stakeholders

## Stakeholder mapping for waste recycling

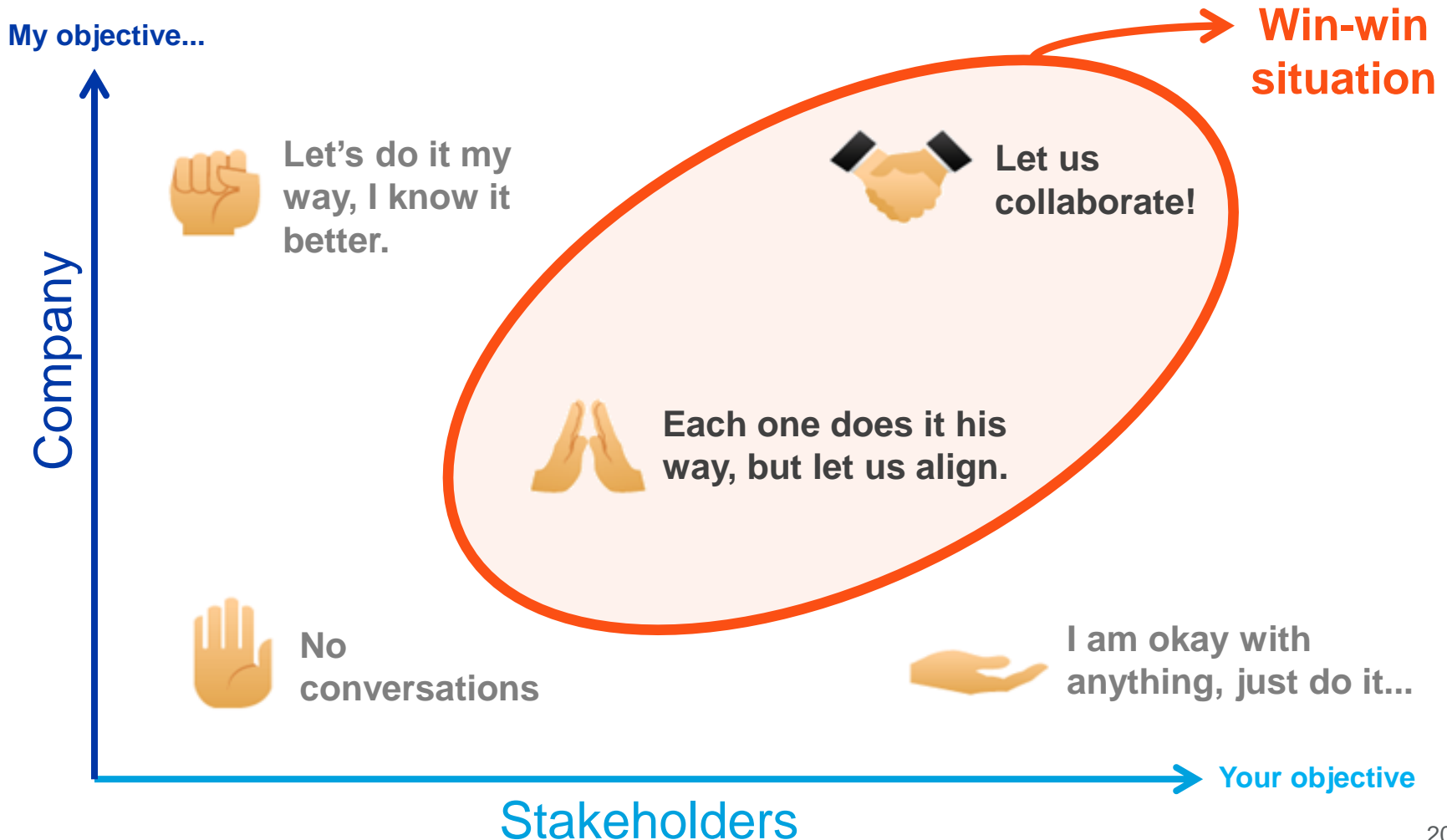
Map current interest and influence of each stakeholder and define the potential to leverage their roles.



# Approaching your stakeholders

Be aware of the common reaction to new changes.....

## Create a win-win situation



# High recycling rate success factors

Different factors in different stages influence the success

*Each part of the supply chain is linked to factors that influence the recycling rate:*



## Brand:

- Commitment
- Packaging design and cost
- Product information and tags
- Legal pressure



## Product packaging:

- Value of material
- Grade of hazardness
- Lack of penalties



## Packaging company:

- Commitment
- Technical restrictions to reuse material
- Legal pressure



## Waste pickers/sorters:

- Value of material
- Weight of material
- Infrastructure



## Distributors/clients/consumers:

- Commitment
- Client communication
- Recycling infrastructure



## Recyclable processors:

- Value of material
- Weight of material
- Infrastructure



## Technology:

- Availability of tracking technology
- Availability of mass balance tools
- Consumer interfaces



## Material converter:

- Market demand
- Value of material
- Supply of material

# Challenges and best practices

## Summary of encountered challenges

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### Challenges encountered:

- Lack of leadership commitment
- Lack of financial resources
- Readiness of cooperatives
- Resistance of waste pickers to change
- Lack of transparency in commercial transactions
- Productivity gap
- Lack of support of municipality
- Communication challenges with informal sector

### Solutions encountered:

- ✓ Visit of leadership to picker's site
- ✓ Cooperation with other companies
- ✓ Readiness analysis of cooperatives and creation of clear selection criteria
- ✓ Hand-holding in the first phase until positive results appear
- ✓ Address productivity gaps with better equipment and campaigns
- ✓ Meeting with municipal authorities in company headquarter
- ✓ Create easily understandable models and maintain intense dialogue with cooperatives

# Thank you!



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