



“Igniting circularity and sustainability in the Fashion value chains: equity and inclusion at the grassroots level through technological innovation”

Hecho por Nosotros side-event at the CEPAL's Forum of the Countries of Latin America and the Caribbean on Sustainable Development 2022 of the ECLAC

Wednesday March 9th, 2022

Context

Since 2009, Hecho x Nosotros (HxN) and its sister social enterprise Animaná have been fostering a systemic change in the textile and fashion industry. One of their key objectives is bridging between micro, small and medium-sized enterprises (MSMEs) and the global markets, through the use of digital tools.

Hecho x Nosotros and animaná organized a side-event on sustainable fashion at the ECLAC's Forum of the Countries of Latin America and the Caribbean on Sustainable Development 2022 with the objective of providing the audience with insights on how tech tools can empower local communities.

The event consisted of three main sections where experts and practitioners across different sectors exchanged perspectives on the importance of inclusiveness and collaboration in the implementation of digital solutions.

The first part of the event featured:

- HxN capacity building programme team:
 - Edison Benites Leiva, Sociologist | Market researcher | Hecho Por Nosotros Partner | Entrepreneurship Consultant
 - Luis Manuel Guzman Pardo Figueroa | CFO| CEO| Economist | Consultant
 - Dagoberto Fernandez | General manager of Coopecan Perú
 - Constantina Flores | Founder of Inmaculada Concepción
 - Gladis Rojas | HxN Artisan Leader
- Joan Antoni Melé Cartañá, President at Fundación Dinero y Conciencia, member of the Advising Council of Triodos Bank, promoter of the ethical bank in Latin America.



The second section consisted of a panel of speakers:

- Radhika Shah, Co-president at Stanford Angels & Entrepreneurs
- Ilán Melendez Lugo, LACChain Regional Lead, IADB
- Tricia Langman, Design Thinking & Circular Fashion Specialist
- Lucie Lamandé, Hecho por Nosotros Sustainable Finance Specialist

The last part showcased impactful case studies of sustainable enterprises in Latin America, featuring:

- Ingrid Zabaleta Chaustre, Regional Executive Assistant at FAO
- Laura Giadorou Koch, founder and Chief Engagement Officer at Women4Solutions, Inc.
- Lis Suarez-Visbal, Ashoka Fellow, Consultant and researcher specialized in Circular Economy and social impact from Utrecht University
- Maria Fernanda Pineda and Gabriela Samaniego, team coordinators for HxN Youth x Youth program
- Eleazar Guevara, founder of Novabori
- Gabriela Gayarre, CEO at Aires City and Founder of TeenGo
- Efrain, artisan of the Huanuco community, participant in HxN Huanuco project

Summary

THE FIRST SECTION kicked off with a warm welcome from Adriana Marina to the audience and the participants. She introduced the event and presented the work of animaná and Hecho por Nosotros over the last 13 years. Participants shared current projects supporting inclusiveness.

HxN Capacity Building Programme team

The session began with a case study on **capacity-building and inclusive finance**. This work was built on the collaborative ties that HxN and animaná have formed since 2009 with more than 8,100 artisans, 330 MSMEs and over 10,000 small producers in Latin America. The central partners of the project are a community of artisans and producers based in Huanuco, Peru, as beneficiaries, and animaná. Since 2021, HxN has been working with this community, mainly through an online, tailor-made training.

With regards to capacity-building, the team insisted on the importance of **taking into account key aspects such as financial education, business-planning or the use of technology** and other key leverages to improve the performance of the community members' business. As a result, HxN was able to identify gaps and problems, to



reassess and recognize the value of the beneficiaries' cultural proposal, and to formulate a **comprehensive training proposal**. In addition, the case study was a great opportunity to learn about **how direct and decentralized finance can benefit such communities through cryptocurrencies**. Blockchain technology was mentioned as a solution to help the grassroots integrate value chains in multiple ways.

The voice of our local communities conveys ancestral knowledge. We listened to testimonies about the direct impact of co-creation initiatives in Huánuco. Dagoberto Fernandez, Gladys Rojas and Constantina Flores highlighted the importance of having a space where artisans, designers and actors related to the craft sector can think together about solutions to include such groups and communities into creative projects.

Keynote Speech, Joan Melé Cartañá

Joan Melé Cartañá shared his experience and perspective about the creation of an **ethical banking model for Latin America**. In Latam, he said, there are great initiatives and projects but the issue appears when financing is nowhere close or when they face very high interest rates. Ethical banking can be one of the solutions. Although *ethical banking* can sound like an oxymoron, he insisted that the focus should be on another question: if you know that a bank is not ethical, how is it that you always take your payroll to that bank? As a bank has no money, and it only manages its customers' money, the clients' choices are decisive in the sustainable finance world. We should be wondering where we take our money and what our banks are doing with it.

Clients have the last word on where their money goes in the banking system, therefore they have power to shape the finance world into a more sustainable and ethical environment. Joan noted that, in times where everything is designed to attract publicity, banks are showing their 'impact investments' which are, proportionally, insignificant if compared with investments in big corporations with negative impacts. Adriana concurred on a similar experience regarding the use of oxymoron and greenwashing in the fashion industry where ethical practices are often a selling argument.

Therefore, **one of the main conditions for real change is radical transparency, which must be demanded unanimously by the clients of these institutions**. This is a condition to avoid green- and social washing. According to Joan Melé, an ethical bank should be financing projects with at least one of the following impact categories: added-value to culture, added-value to social development and/or added-value to environment restoration. In order to create systemic change, we have to **think in**



universal terms to identify problems (e.g. humanitarian needs) and create collaborations and alliances to resolve them: we have to create a **network of global conscience and mutual support**.

THE SECOND SECTION included discussions about the use of technology, the need for South-South dialogues, and the importance of collaborations to create bottom-up solutions.

Ilán Melendez Lugo

Ilán Melendez addressed the issue of **how to use technology to empower regional actors with traceability and transparency solutions**. His presentation was aimed at all kinds of people and organizations, as all of them can benefit from blockchain technology as an element of development.

Ilán presented LACChain, the result of a collective effort, which now offers multiple resources for everyone. The connection between technology and MSMEs is actually enabled by the joint action of allies working together at regional-level. Adriana emphasized the importance of blockchain for Latam and the need to create dialogue with MSMEs, artisans and producers through technological tools that are co-created in a reciprocal process, citing the example of the Peruvian cooperative Coopecan. At the end of his speech, Ilan mentioned that the biggest challenge he has identified is an aspect that HxN has already overcome: the creation of true connections and honest alliances that can make sustainable ecosystems grow.

Radhika Shah

Radhika Shah shared her insights on how the **grassroots communities leverage entrepreneurship** and how **stewardship is a key part of the conversation**.

Dignity and enhancement of basic freedoms for the grassroots are substantial aspects for grassroots empowerment. **Local communities deal with adversities every day, it is this resourcefulness that leads to entrepreneurship**.

Leveling the playing field, providing resources, access to information and collaboratively building bridges are matters that arise from a common mission. After referring to the work done by HxN and animaná in terms of sustainability and circularity, she insisted on the need for reinforcing **collaborative networks**, bringing together local consumers and creating a mindset shift throughout the ecosystem regarding what it means to be sustainable. Additionally, fundings that leverage best practices globally and technological innovation will help highlight what is happening in supply chains.



Radhika and Adriana underscored the importance of creating South-South dialogues and local programs to identify problems and solutions. For example, India and Latin American countries share a lot of challenges and opportunities.

Hecho por nosotros Igniting circular and sustainable fashion through collaboration, Tricia Langman partner of HxN

Tricia explained how HxN is igniting inclusive and circular innovation in the fashion industry with the development of an **educational platform** for designers and for other stakeholders of the fashion value chains.

Her presentation explained how HxN's Toolkit generates awareness, capacity-building, and unites actors in support of circular practices, basing its educational tools around three main axes:

- Building basic to advanced **circular design skills** catered to the learner's profile (e.g. designer, producer or consumer)
- **Connecting a network of actors** who have similar goals with diverse backgrounds and practical experience
- Design Thinking, circular models, connecting Design with Intention, to be leaders of the systemic change we need
- **Incubating collaborative circular ideas** generated within the network to help them grow in their capacities in practices with cooperatives, artisans and sustainable entrepreneurs in fashion

Lucie Lamandé

Lucie Lamandé presented the current projects of HxN on **transparency and traceability**. In the context of its ECOSOC consultative status, HxN is part of the UNECE project 'Enhancing Transparency and Traceability of Sustainable Value Chains in Garment and Footwear'. HxN looks to adapt the tools and solutions created in this framework in order for the grassroots to benefit from them. Therefore, **comprehensive capacity-building and solutions** are important to reach positive results. Understanding the grassroots' challenges, their practices and their cultural heritage is also necessary.

For example, Hecho por Nosotros has also been working on the formulation of **sustainability claims based on local good practices**, in a bottom-up approach.

Lucie presented the NGO's HxN **app** to create ID and passports that connect producers, MSMEs with value chain stakeholders. Industrial stakeholders would not only be able to connect directly with their suppliers and gain greater access to



sustainable sourcing, but consumers would also learn about sustainable practices and the journey of the products they consume. In the future, the app could include DLT solutions for the obtention of direct funding by MSMEs and for enhanced traceability.

This was also the occasion to present the animana and HxN's **pilot project** where blockchain technology will be used for transparency and traceability. The value chain that will be used includes animaná as a key stakeholder to joins producers, artisans with consumers worldwide.

THE THIRD SECTION consisted in a series of Case Studies, “A glimpse of Latin America’s landscape”.

Cooperating to digitize the cotton value chain in Peru: Blockchain pilot for a more inclusive and sustainable family farming and textile industry - Ingrid Zabaleta Chaustre.

Ingrid introduced the pilot project that is being coordinated by UNECE and FAO, in which technologies like blockchain are used to close gaps in the context of rural digitalization. The initiative takes place in the framework of the FAO project +Algodón (+Cotton), a collaborative initiative which counts with the participation of the Brazilian government as a central actor as well as of other regional countries. It focuses on the importance of **digitizing the familiar agriculture, launching inclusive development and on the creation of alliances among the productive chain in the industry**, including public-private corporations. The objective is to form a better value chain while adding value transversely to all the actors.

Women4Solutions in the Care Economy - Laura Giadorou Koch

Laura highlighted that consciously and unconsciously, a mobilization is shifting Latin America towards a **Caring Economy** and a complete change in the system of values, practices and actions, including both daily and long-term strategies by people, enterprises, institutions, universities and also by the governments of cities, states and countries. This movement is driven by women and men.

Circular economy and technologies with a gender and inclusion approach: opportunities and challenges in the textile industry - Lis Suarez-Visbal

Lis shared her perspective about how **institutions must outline stronger social foundations for the adoption of circular practices**. The circular economy is not only green but also pink because both the planet and the people matter. We need public policies and companies committed to their workers and their communities, where these



circular strategies are carried out. Making that change *now* when we are at the beginning of this circular journey is essential.

To tackle this social dimension, it is pivotal to have a gender equality approach as a precondition for economic and technological development in the sector; otherwise, we run the risk of reproducing and perpetuating the same prevalent questionable working conditions that we currently have.

The circular economy is leveraged by bio-materials and new technologies such as artificial intelligence and blockchain. The latter is essential for traceability, particularly in an industry characterized by its fragmentation and the high level of labor informality. It makes millions of men and women workers visible in the industry. In addition, it can be instrumental in helping the sector gather critical data so companies can assess their social and economic impact.

The perception of sustainable fashion among the youth: how to reach Gen Z and create impactful engagement - Hecho por nosotros Youth x Youth: Maria Fernanda Pineda and Gabriela Samaniego

The fashion industry has a high and clear impact on the environment and in social spheres at a global level. At the same time, crafts represent the second largest source of employment in Latin America and Africa. **It is our responsibility to reach the Latin American youth and to empower them with knowledge about sustainable, local and ancestral practices.** Through their commitment and consumption behaviors, they can help close the gap between this heritage and innovation, global markets and entrepreneurial ecosystems. They can support and promote environmental, economic and social sustainability. Gen Z has easy access to more information, they know and worry about climate change. As a consequence, they are prone to suffer from eco-anxiety but play a more active role in society to take action and generate change. With campaigns such as #metoo, #blacklivesmatter or #timesup, this generation of young people not only positions their voice, but also demands that institutions and companies take a clear position.

With a multidisciplinary team from various countries in Latin America, Europe and Asia, HxN Youth x Youth team focuses on the perception of the following topics by the Latin American youth: environmental and climate challenges, fair work and social impact in the fashion industry, de-stigmatization in the use of second-hand clothes, and the value of artisans and their sustainable practices and technologies.

The team presented an example of local sustainable production practices based on ancestral techniques which should be promoted and preserved. They evoked the



camelids value chain where good animal care is in total communion with nature. Chemicals are not used either in any stage of the production.

Designing and implementing a business model based on textile recycling - Eleazar Guevara

Eleazar shared his experience and his insights on how to design and implement a business model based on textile recycling. He is **Novabori's** CEO, a network of co-development of sustainable fashion in Mexico, which works with a simple idea: using recycled materials to create fabrics and products.

Their idea was simple at the beginning, but it evolved in a complex way. However, they keep in mind Leonardo da Vinci's maxim: "Simplicity is the ultimate sophistication". Over the years, they received numerous awards and mentions. In 2021, they worked with the toolkit of Hecho por Nosotros. *"As you might notice, we have come a long way and hope to continue. We are an example that it is possible to change our mind about recycling."*

Eleazar's decisions are not easy to make: **to the entrepreneur challenge, you need to add the sustainable vision and the need to strive in a competitive environment.** There are more factors, there is a need to change some of the structural problems. Transparency and traceability is important: *"we know the economy is changing and we need to adapt to new technologies and new forms of finances."*

Finance for youth - Gabriela Gayarre

Gabriela introduced **Teen Go**, the app that she is launching to teach the younger generations about how to manage their money and to become future investors. The app is based on three pillars and no cash is involved: training, assessment and control, and reward.

Huanuco project - Efrain

Efrain is an artisan from Huánuco and a participant of the HxN project mentioned earlier, in which 30 artisans are benefiting from training in digital marketing, social networks, accounting and more.

Efrain was very grateful for the project and commented that in the region where he lives, which is one of the poorest in Peru, it is a great tool for projects including biodegradability and fair trade. This also creates handicraft economic opportunities. They are currently working on an export project for international fashion markets. Some of the products that they hope to export this year are sheep fiber blankets.



CONCLUSION

The side-event was a great occasion for regional stakeholders to present their perspectives on how to advance the sustainability agenda in the fashion and textile industry. The audience could easily understand that, to each specific context and challenge, a tailored solution is needed. As evoked throughout the discussions, new forms and uses of technology need to be harnessed and adapted to serve good purposes.

This is exactly what Hecho por Nosotros is seeking: our projects are increasingly oriented towards the identification and creation of innovative tools. When referring to innovation, we mean it in terms of both substance and form. We generate content that provides solutions to the grassroots from a holistic perspective. We want them to thrive and to integrate sustainable value chains. In terms of format, **we have been recently investigating how existing and new digital tools can serve our mission.** In addition to digitizing our solutions, we want to be part of the **Web 3.0 revolution.** **The emergence of blockchain and cryptocurrency offer a wide range of opportunities.** **In order for them to serve the grassroots and the SDGs, Hecho por Nosotros and animaná are creating bridges to use them in the resolution of concrete problems encountered on the ground.** Digital experts, economists, sociologists, sustainability professionals, MSMEs: all of them need to work together to create solutions that are actually working. Their collaboration is necessary to include the decentralization of the internet in our societies, to advance sustainable development.

Several calls for action and noteworthy statements were made. We listed them hereafter:

HxN Capacity Building Programme team

- **Direct and decentralized finance** can benefit isolated communities through cryptocurrencies.
- **Blockchain** technology is a solution to help the grassroots integrate value chains in multiple ways.
- **We must take into account key aspects such as financial education, business-planning or the use of technology** and other key leverages to improve the performance of the community members' business.

Keynote Speech, Joan Melé Cartañá

- **Ethical banking** is a solution to the lack of financing of impactful projects.
- One of the main conditions for a real change towards ethical banking is **radical transparency.**



Adriana Marina

- We need to emphasize the importance of blockchain for the Latam region and to create **dialogue with MSMEs, artisans and producers through technological tools that are co-created in a reciprocal process.**

Ilán Melendez Lugo

- The biggest challenge is the creation of **true connections and honest alliances** that can make sustainable ecosystems grow.

Radhika Shah

- **Local communities deal with adversities every day**, it is this resourcefulness that leads to entrepreneurship
- **Leveling the playing field, providing resources & access to information, and reinforcing collaborative networks** is necessary.
- Creating a **mindset shift regarding what it means to be sustainable** is essential.
- **Fundings that leverage best practices** globally and technological innovation will help highlight what is happening in supply chains.
- Creating **South-South dialogues and local programs** helps identify problems and solutions .

We feel humbled to have hosted such diverse and insightful interventions. Our events are always composed of a selected panel of participants to ensure good quality and representativity.