




Proceeding Paper

How Difficult Is It to Build a Sustainable and Inclusive Company in the Global South? Reflections on a Case in Chocó (Colombia) [†]

Jenny Melo Velasco ^{1,2,*} , Nemecio Palacios ³, Eliana Villota ² and Eddy Andrés Palacios ²

¹ Department of Applied Social Sciences, University of Missouri, Columbia, MO 65201, USA

² Huella Delta, Bogotá 110321, Colombia; eliana@huelladelta.com (E.V.); eddy.palaciosle@amigo.edu.co (E.A.P.)

³ Planeta CHB SAS, Vigía del Fuerte 056820, Colombia; nepame63@gmail.com

* Correspondence: jenny@huelladelta.com

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Abstract: Planeta is a community-based company located in Chocó (Colombia), a place marked by profound social, economic, and political contrasts. Planeta is developing a business model on the açai's and jagua's value chain that is sustainable and inclusive. This paper introduces central elements to its path and reflects on its learning and difficulties over time. It results from a joint reflection between researchers, community leaders, and professionals from organizations that support Planeta's relationship with the markets.

Keywords: sustainable business; bioeconomy; community-based companies; Global South; açai



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1. Introduction

How difficult is it to build a sustainable and inclusive in the Global South? This text reflects Planeta's (a community-based company located in Chocó, Colombia) experience developing a sustainable and inclusive business model. Planeta was founded in 2016 to generate job opportunities for local communities. It is located on collectively owned lands, based on community organization, strives for sustainable use of wild fruits, and seeks inclusive territorial development.

Planeta builds on the experience and lessons learned during a more than ten-year long prior corporate effort. Planeta's work revolves around invigorating açai's and jagua's value chain and selling natural foods and antioxidant-rich ingredients. It is located in Chocó (Colombia), one of the areas with the highest biodiversity per square meter in the world [1]; however, it is also home to one of the highest rates of habitat loss and ecosystem degradation. In addition, most of its population are black communities living in poverty, a third of which live in extreme poverty. Chocó is an area historically affected by Colombia's armed conflict and has dynamics characterized by extractive economies and environmental conflicts related to timber exploitation and illegal mining [2].

Planeta seeks to develop a scheme for sustainable use of wild resources that brings wealth to local communities. Its founders are sure that the model must step aside from traditional extractive models that have been historically developed in the area and do not entail real opportunities for the community. As a result of its participation in several processes that seek inclusive corporate growth, nowadays, local, national, and international organizations recognize the potential of Planeta's model.

Planeta has achieved development in infrastructure, procedures, technology, and an increase in sales. However, its sustainability over time is still a challenge. What factors explain its path? This paper introduces elements central to Planeta's experience and reflects on its learning and difficulties over time. It results from a joint reflection

between researchers, community leaders, and professionals from organizations that support Planeta's relationship with the markets.

2. Planeta's Origins and Business Activities

Planeta is a community-based corporate initiative created to generate job opportunities by dynamizing the açai productive chain (Euterpe Oleracea), Jagua (American Genipa), and selling antioxidant-rich foods. Planeta's headquarters are in Vigía del Fuerte (located in Antioquia, which is a part of biogeographic Chocó), a municipality with a population of 9903 in a surface area of 1801 km² (445,036 acres). Most of Vigía del Fuerte's population are black (91%) and indigenous communities (3%) [3]. The municipality can only be accessed by plane or through the Atrato river.

In 2016, ten men and women from Chocó and Antioquia's Atrato region founded Planeta as a for-profit company. This endeavor builds on the learnings from a ten-year-long experience called Bosque Húmedo Biodiverso (BHD) (Biodiverse Rainforest), which worked as a for-profit community company. BHD was a joint initiative with investors, non-governmental organizations, and two companies from neighboring regions that would act as commercial allies to purchase jagua and açai fruit. This experience left two main learnings. First, it is possible to develop an entrepreneurial response commercializing ancestral and wild fruits while bringing new sources of income to collectively owned territories. Second, commercial agreements need to be transparent and equitable on several fronts: (i) price definition; (ii) acknowledgment of the contributions made by each of the actors; and (iii) distribution of economic benefits resulting from joint work.

Planeta oversees the harvest, transformation, and commercialization of açai. This effort has built a series of relationships with three main actors: (i) Cocomacia, (ii) local Community and Indigenous Councils, and (iii) families from the community. These relationships stem from an operational model that addresses procedural and logistic matters.

The Senior Community Council of the Integral Peasant Organization in the Atrato (Consejo Comunitario Mayor de la Asociación Campesina Integral del Atrato or Cocomacia) and the indigenous Councils, respectively, have the authority over and manage the territory, strive to protect its sustainability, and strengthen environmental and social processes. They are responsible for obtaining the permits for the use of resources. Local Community Councils and Indigenous communities develop organizational processes in each of the communities; they authorize the use of açai and receive a percentage of the profit of the fruit and palmettos sold on family and communal land. Land-owning families accompany the harvest. Under this scheme, Planeta is responsible for leading the harvest, following up on the permits for use, providing training in collection and management plans, purchasing the fruit from the communities, processing it under the INVIMA'S sanitary regulations, and selling it to the market, ensuring that all benefits go to the community.

This operation occurs in the Atrato region, a distant, dispersed territory connected only by the river with explicit social and economic inequalities. By 2018, 71% of the population at Vigía del Fuerte lived in multidimensional poverty conditions [1]; 25% of the population was illiterate; 50% was at severe risk of food insecurity [4]. Furthermore, 64% of the people in the area suffer from long-term unemployment, while 82% have informal work [5]. Additionally, the armed conflict has historically affected the site and serves as the turf for illicit economic activities that generate significant profits.

The context in which Planeta operates entails different challenges that raise its operation cost and urge the development of combined strategies. The company has been organizing the offer for açai and preserved palmettos with a system that allows sustainability while connecting with the market. In addition, Planeta has participated in several projects fostered by nongovernmental, national, and international organizations dedicated to supporting community-business endeavors. As a result, the company has consolidated commercial relations that align with its offer, the competition context, and operational capacity. Planeta currently has commercial relationships with national companies that understand the peculiarities of undertaking business amid the conditions in Vigía del

Fuerte. It continues strengthening its business model, stabilizing its production and commercialization, and creating the necessary alliances to fully develop the potential of this type of business in biogeographic Chocó.

3. Journey and Learnings

Planeta is the response of the local population to the paradoxical situation of inhabiting one of the richest rainforests in the world while living in poverty. It is a business community built on a logic of inclusive territorial development. Although it is a company under consolidation with infrastructure and organizational development, it still faces sustainability challenges.

Below are four reflections stemming from Planeta's direct experience; they concern the company's primary factors and apply to other companies trying to grow in contexts such as that of Vigía del Fuerte. These reflections are aligned with the moments in the production process.

3.1. The Conditions for Supplying Raw Material

Planeta's work with the açai pulp and preserved palmettos encompasses biodiversity's use and sustainable exploitation. This process entails complying with environmental rules to protect the rainforest; these rules do not apply to other crops.

Complying with these environmental regulations involves several challenges. On the one hand, compulsory requirements under environmental regulations to formulate management plans and obtain exploitation permits are expensive; the figures can be close to USD 22,500. On the other hand, the required procedures are similar to the compulsory requirements enforced in the rest of the country, even though the area is somewhat different; processing these requirements entails having access to technical knowledge, electrical power, and the Internet. This need is particularly problematic in a territory such as Vigía del Fuerte, where 71% of the population lives in poverty and there is no permanent electric power supply. The illiteracy rate is 25%, a figure far higher than the 5% illiteracy rate in Medellín—the closest capital city [3].

This way of regulating rainforest resources has two potential consequences. First, it allows only certain actors with the economic power and capacity to fulfill the regulatory processes to access a legal permit to use the forest sustainably. Many of these actors are companies from other regions of the country that fail to generate development processes within the territory. Second, this type of regulation does not bring incentives or the conditions necessary for communities to develop forestry activities legally. In a context where other illegal and more profitable economic activities—such as timber extraction—expensive legal processes are problematic and do not foster legality or care for the rainforest.

3.2. Market Conditions

Açai produced by Planeta has evident social and environmental attributes. It is produced by a community company seeking to generate job opportunities for local communities under a sustainable model that limits the amount of fruit extracted. However, obtaining this açai is more expensive than others produced under different territorial and environmental conditions. This system—combining tree growing with livestock production—is more costly than açai produced by national companies with better economic situations and farming massively.

In Planeta's experience, the national açai market is unwilling to pay extra for açai that has social and environmental attributes. Thus, the market's decision to purchase (or not) is essentially related to price and not to the product's social and environmental features. This forces Planeta to seek international markets that are more interested and willing to pay the additional cost for sustainable use of açai.

Accessing these international markets is a challenge. On the one hand, it requires obtaining quality certifications entailing deep internal transformations and vast investments. On the other hand, once the certifications are in place, the costs of moving a product from

Vigía del Fuerte to somewhere in Europe are high. Moving a product to Europe entails transportation in small vessels by the river to the capital city, then on land, and finally to a marine port.

3.3. Operational and Organizational Structure

Planeta is a company harvesting and transforming açai. Arriving at a standardized product that meets the quality standards set by national and international clients requires an organized and efficient productive structure. Attaining this structure requires developing organized processes, incorporating technical knowledge, and consolidating management processes that enable profitable management.

Combining these elements concerning the operational and organizational structure has been challenging in this context. One of these reasons is the inadequate infrastructure and lack of university education in the area. The municipality does not have any university; the closest one is 103 km away in Quibdó (Chocó's capital), and the second is in Carepa (in the Antioquia department), 132 km away. These universities do not offer programs related to Planeta's production needs; the academic offer is limited to education programs and a few engineering programs focused on transforming raw materials. In addition, the high illiteracy and school dropout rates mean the number of professionals in the area is low. Attracting professionals from other territories is also arduous since the social and economic conditions in the area are not attractive for young professionals in this or other regions.

On the other hand, neither Vigía del Fuerte nor Biogeographic Chocó, in general, have a well-developed network of actors supporting business development. According to the Departmental Competitiveness Index, which measures different aspects that affect the level of competitiveness in Colombia's department, Chocó's corporate dynamics in 2020 placed 29 out of 33; the participation of medium and large-sized companies placed 30 of 33. This lack of corporate fabric has implications for the local population's corporate culture. They have neither the experience nor the guidance in business management to consolidate and grow a company, neither the experience to manage conflicts when a single individual is both a shareholder and an employee, nor how to combine and balance business decisions when considering social and environmental matters.

Another factor that affects the operational and organizational structure is the lack of working capital, which the economic conditions in the territory can explain. Although nongovernmental organizations (both national and international) are unfolding several development endeavors to bring financial resources to the place, their operation usually falls into the hands of foreign actors in the area. These projects become sources of income and investment for local companies lacking working capital, yet they create several challenges. On the one hand, they are diverse and numerous, which distracts the attention and energy of community companies that must comply with different financing agencies' requirements and working logic. On the other hand, they place many interests and rationales at risk, thus creating tension for the communities, which are often the actors with the least negotiating power. Moreover, many of these development initiatives are conceived in the Global North, disregarding local communities' reality, dynamics, and aspirations.

4. Conclusions

This essay includes reflections on the aspects challenging the intention to build community-based companies in complex areas with contradictory tendencies, such as Vigía del Fuerte in Chocó. Planeta's experience exhibits the multiple structural and historical aspects surrounding these companies and illustrates the difficulties companies face in their effort to generate inclusive development. While these challenges respond to historical processes in the country, these aspects influence the conditions for the success of inclusive companies based in the Global South. Facing these challenges requires individual action from the communities and organizations working for development in these places; acknowledging them is thus paramount to finding more appropriate ways of supporting

them to build pathways to develop alternatives that bring tangible benefits to the people from the community.

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