

MAKING THE CASE

Bolivia

Case Studies on Inclusive
Economic Development



Center for
Inclusive Growth

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MUNK SCHOOL
OF GLOBAL AFFAIRS
& PUBLIC POLICY



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1.0

Background



1.1 Case Study: Recycling in the Bolivian transportation sector

Bolivia is a fast-growing Latin American country with distinct characteristics. The country has a wealth of natural resources comprising hydrocarbon, forestry, mining, arable land, biodiversity, etc. Bolivia is a sparsely populated country with a significant Indigenous population. It faces limited economic development due to its high production cost, lack of investment in research and development, inadequate transportation infrastructure and lack of social services.¹

The country is facing more frequent natural disasters in the forms of droughts, wildfires and flooding, which threatens its agricultural sectors and makes the country vulnerable to food shortage. Heavier rainstorms and landslides also contribute to the loss of life and the destruction of infrastructure in other sectors such as tourism and mining.² Air quality in Bolivia is poor, contributing directly to the deteriorating health of its residents specifically in the urban cities. For example, 90% of the air pollution in La Paz is caused by vehicle emissions.³ It is estimated that 1,500 deaths per year are caused by air pollution.⁴

Bolivia faces major constraints in shifting from established industrial sectors such as hydrocarbon and mining to renewables.⁵ Nonetheless, it is widely recognised that the country needs to invest in renewable sources to support its economic growth and reduce poverty.



1.2 Markets for Recycling: Waste management in the transportation sector

Over the last decade, the number of vehicles in Bolivia has increased dramatically and is expected to grow even further.⁶ Most of these vehicles are circulating in the country's four larger cities of La Paz, El Alto, Cochabamba and Santa Cruz.⁷ During their lifecycle, vehicles generate large amounts of waste, which is difficult to manage and properly dispose of because of its toxicity.⁸ Markets for Recycling began in 2019 and aims to spread awareness on the correct separation and management of this waste. The project helps strengthen green business ecosystems in Bolivia's four largest cities following a circular economy approach. Through this programme, green businesses, in the recycling, water, energy and urban mobility sectors, are provided with better access to markets, advisory services, research and innovation in order to rethink and improve their business models for waste recycling.⁹

The project is funded by the Swiss Agency for Cooperation and Development, Republic Canton of Geneva, Esperanza Foundation and Third Millennium Foundation. The project is implemented by Swisscontact with the collaboration of the public sector, including the Ministry of Environment and Water, Chambers of Industry and Commerce, universities and different development providers.¹⁰ The project features the following three intervention areas:

- **Generation and implementation of regulations** — improving extended producer responsibility (EPR) and implementing the regulation for authorised operators, along with creating a national policy for green businesses.¹¹
- **Awareness raising, communication and operational management** — working with the public and private sectors to design awareness-raising strategies through workshops, sharing experiences, campaigns and mass media.¹²
- **Business development for green businesses** — cultivating an environment for green businesses through local partnerships.¹³

Since its inception, the project has supported 17 green businesses to recycle 1,106 tonnes of waste from the transport sector and reduce 1,978 tonnes of CO₂ emissions.¹⁴



2.0

Built for All: Applied



2.1 Pillar One: Collective stewardship of shared resources for future generations

Markets for Recycling exemplifies how businesses can work to act as stewards for the environment and operate with threefold benefits across economic, social and environmental dimensions. The programme highlights how businesses can build community wealth through initiatives and support green businesses through knowledge transmission, including raising awareness among businesses and consumers.¹⁵ These initiatives aim to transform waste into resources and raw materials for other sectors and support income and jobs in communities while also building resilience toward climate change.¹⁶

Impact areas

Utilising the circular economy approach to improve use of resources and act as stewards of the environment for future generations: The first phase of the programme focused on improving the recycling of tyres, batteries and scrap metal.¹⁷ This was achieved by supporting the entrepreneurial ecosystem for green businesses, which has allowed companies to access new products and services and raise awareness on the proper handling of waste amongst individuals.¹⁸ To this end, 142 companies and institutions, along with 5,416 vehicle users, have improved their waste management strategies, properly separating and disposing waste to green businesses or collection points.¹⁹

Building community wealth through supporting local green businesses and creating demand for their services by raising awareness: Awareness raising initiatives mobilise both public and private organisations that increase the demand for recycling services, which has triggered the creation of seven green businesses and, as a result, increased the amount of waste being collected.²⁰ In collaboration with locals, the project created and launched the app 'Yo Reciclo Bolivia' (I recycle Bolivia), which helped 112 recyclers and nine green businesses in Santa Cruz separate and collect waste more efficiently.²¹ These awareness initiatives have had a direct impact on green businesses increasing their income and generating jobs, while also reducing the environmental impact of the transportation industry and contributing to climate change mitigation. To date, eight green businesses have increased their net profit by an average of US\$9,400.²²



Opportunities for enhancing inclusion

One of the benefits of awareness raising initiatives such as workshops is that they allow for the sharing of experiences and best practices. Additionally, Markets for Recycling focuses on engaging the public sector through business and knowledge development initiatives for private green businesses, allowing businesses opportunities to forge strong knowledge networks throughout the green economy.²³ Currently, the project has not generated these links (between public and private entities) such that they will last beyond the end of the project and has not provided opportunities for green businesses to exchange best practices and experiences to create a culture of knowledge exchange.

Lessons for action:

- Encouraging better green business practices and raising awareness across the recycling, water, energy and urban mobility sectors has the potential to generate community wealth and create more jobs.
- Sectoral associations can be encouraged to become better stewards of the environment through awareness initiatives and through developing the necessary infrastructure to facilitate green practices.



2.2 Pillar Two: Equitable access to resources and opportunities

Strengths of the Markets for Recycling approach

The project promotes equitable access to resources and opportunities through its support for training and technical assistance for green businesses. So far, 31 companies have received training, of which, 22 have improved waste management.²⁴ As well, 13 public sector technicians were trained according to a circular economy approach.²⁵ Eighteen green businesses have received training, of which, nine applied the knowledge generated in their businesses.²⁶ Through research and innovation, six green businesses have improved their business model and the quality of their products.²⁷

The programme also educates vehicle users about sorting and recycling their waste safely so it can be reused or repurposed.²⁸ Ensuring access to information provides businesses and vehicle users with the tools to participate in the local economy that is both environmentally friendly and safe.

Markets for Recycling supports local green businesses by creating a network of partners across public and private sectors. Through trade fairs, the project generates attention for green businesses recycling transport waste across different sectors.²⁹ For example, one financial institution developed green credits and to date, 19 recyclers have had access to this credit for the purchase of transport vehicles (tricycles) as a business investment.³⁰ These networking opportunities also allow micro, small and medium-sized green businesses to learn from each other, grow their customer base and become established in their local economy.³¹



Opportunities for enhancing inclusion

Markets for Recycling supports training to ensure the safe handling of contaminated transport waste.³² However, the project could improve its support for employees and their health by creating a space for advocacy. With a long-term health initiative, employees would be given health benefits to ensure physical and financial access to healthcare services. This could provide further incentives for entering green businesses in charge of recycling toxic waste and provide long-term support for employees working in hazardous environments.

Lessons for action

This programme could act as a blueprint for other cities in Bolivia and Latin America to adopt and grow green businesses. To do so, the programme would need a strong financial and economic benefits analysis to build the business case for the threefold benefits in the economic, social and environmental spheres.



2.3 Pillar Three: A level playing field for work and competition

Strengths of the Markets for Recycling approach

Most green businesses involved in this project are small and medium-sized businesses that expect their income to rise by 20%.³³ To date, 341 existing jobs have improved in quality (of which 177 are occupied by women) and 13 jobs have been created or saved.³⁴ In addition, due to a conducive business environment, employees of green businesses now have access to training services, ensuring that their skills are in line with market needs and contributing to building a level playing field for work and competition.

Markets for Recycling brings together stakeholders from government, the private sector, universities and civil society in order to foster an ecosystem in which green businesses can thrive. As a result, one regulation for extended producer responsibility and one regulation for operational management for the three types of waste have been elaborated upon.³⁵ These regulations benefit green businesses by strengthening the regulatory framework surrounding waste management and introducing green businesses to new markets, thus bolstering their position in emerging value chains.³⁶

Opportunities for enhancing inclusion

Markets for Recycling could be designed to better include discriminated communities in the economy, such as women and Indigenous people, hence better addressing the challenges raised by Pillar Three of the Built for All framework. Although the project set out to support five women-led businesses out of a total of 30 green businesses, they have yet to meet this target. This project has also not set any targets related to Indigenous-led businesses, which remains an area for further inclusion.



3.0

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