



## IGNITING CIRCULARITY AND SUSTAINABILITY IN THE FASHION VALUE CHAINS: EQUITY AND INCLUSION AT THE GRASSROOTS LEVEL THROUGH TECHNOLOGICAL INNOVATION

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### CONTEXT

Since 2009 animaná and Hecho por Nosotros have been contributing to a systemic change within the textile and fashion industry by creating bridges between micro, small and medium enterprises (MSMEs) and the global markets through the use of digital tools. Hecho por Nosotros (HxN) and its sister social enterprise, animaná organized this side event of the *Forum of the Countries of Latin America and the Caribbean on Sustainable Development 2022 on Sustainable Fashion*, with the goal of gaining a better understanding of **how technology may help empower local communities**.

Additionally, these organizations continuously collaborate through the stimulation and development of the circular economy in the textile and fashion industry. In this regard, they also focus on encouraging *regenerative models*, since *sustainability* is a tainted word; seeing the need to go much more deeply into the root of the fashion industry.

The event consisted of **three main sections**, in which a broad range of experts and practitioners participated in a discussion around the importance of closing the inequality gap and building a fraternal network through digital tools. **Blockchain technology, traceability and transparency, and decentralized financial inclusion** were the central topics of the event.

**IN THE FIRST SECTION**, Adriana Marina welcome the audience and gave place to present: **“IGNITING CIRCULARITY AND SUSTAINABILITY IN THE FASHION VALUE CHAINS: EQUITY AND INCLUSION AT THE GRASSROOTS LEVEL THROUGH TECHNOLOGICAL INNOVATION”**

Together, with the HxN Capacity Building Programme team, introduced the session with a case study on inclusive finance, traceability and transparency with Andean product artisans, using animaná’s in design and marketing. They all demonstrated the impact that HxN and animaná’s model have had in building collaborative ties with over 8,100 artisans, 330 micro, small, and medium-sized enterprises (MSMEs), and over 10,000 small producers in Latin America over the years.

In this opportunity, we revised the **Huánuco case** where we witnessed how artisans' and producers' financial education and use of technology, as well as the acceleration of access to possibilities and triumph over recognized difficulties, were directly associated with **improved business performance**. Moreover, we discovered how in the HxN ecosystem with educational and techno tools in hand of the grassroots, we can apply direct financing through cryptocurrencies. Blockchain techno as a tool can be the leverage tool for integrating the value chains.

Afterwords, Adriana welcomed the Keynote speaker of the event, Mr. *Joan Melé Cartañá*, president of the **Fundación Dinero y Conciencia**, presented an **ethical banking model that would fit in Latin America and protect young initiatives from high interest rates**. On the bright side, **clients have the last word** on *where* the money goes in the banking system, therefore they have **power** and can shape the finance world into a more sustainable and *ethical* environment. However, to avoid greenwashing and likewise propensities, he highlighted that **radical transparency** must be demanded unanimously. Ethical banking, consequently, should consist of projects that: **add value to culture, add value to social development and/or add value to environmental restoration**. Adriana remarked on a shared experience regarding oxymoron and greenwashing within apparent ethical industries such as fashion and banking.

Joan stated that: *“To create systemic change we have to see the universal aspect of the problems, the humanitarian needs, and then create alliances of mutual support. We have to create a world network of conscience.”*

*Ilán Melendez*, the LACChain Regional Lead at *IADB*, addressed the issue of how to use **technology** to empower **traceability and transparency**. By showing that the

bridge which connects technology with MSMEs is actually a **joint action of allies** that enable an infrastructure for the LATAM region to grow, he answered our main question. He accentuated blockchain technology as an element of development and **the creation of true connections and honest alliances to favor ecosystems' growth**. Adriana emphasized the importance of blockchain for LATAM and the need to create dialogue with MSEMES artisans producers through techno tools that are cocreated in a reciprocal process, as shown by the producer of alpaca in the *Coopecan* case.

*Radhika Shah*, Co-president at Stanford Angels & Entrepreneurs, and Adriana's interchange laid down the basis of a **South to South dialogue**. They concluded the value of spreading south-south local programs which raise the local issues and solutions, as well as the collaboration needed among both regions. Later on, Radhika shared her insights on how the grassroots communities can leverage entrepreneurship. **Dignity** and enhancement of **basic freedoms**, she stressed, enhance empowerment. Furthermore, **stewardship collaborative networks** for local consumers are a crucial part of the discussion.

Later on, Adriana introduced *Tricia Langman*, a partner of Hecho por Nosotros in charge of educational tools for industry's designers and stakeholders. She reported how HxN and its **Toolkit HxN** are igniting inclusive circular innovation in the fashion industry through the creation of an educational platform for designers and fashion value chain stakeholders. Raising awareness, building capacity, and bringing together stakeholders in support of circular practices are among its top priorities.

Hecho por Nosotros is part of the UNECE traceability and transparency project, where animaná and HxN are represented by Adriana Marina as expert consultant. In this framework, *Lucie Lamandé*, team member of HxN, presented a portion of the organization's daily operations. It revolved around the widespread **limited technology** committed to building an inclusive network of stakeholders throughout the value chain that succeeds in cultivating and enforcing transparent and traceable methods in LATAM and throughout developing countries. The industry stakeholders would not only be able to connect directly with their suppliers and gain greater access to sustainable sourcing, while consumers would be able to learn about sustainable practices and the journey of the products they consume; but they would also be able to secure certifications and bind new markets.

**THE CASE STUDIES**, displayed at the end of the session, shed light on a number of significant realities directly linked to the current state of Sustainable Fashion in Latin America. Among them, we listened to *Ingrid Zabaleta Chaustre* and her pilot project **+Algodón (+Cotton)**, in which technologies like blockchain are making it possible to narrow gaps and digitalize rural; *Laura Giadorou Koch* and the shift in LATAM towards a **Caring Economy**; and *Lis Suarez-Visbal* and her views on the role of **social foundations in circular economy**, where she remarked that it “... *is not only green but also pink because both the planet and the people matter*”. Moreover, we heard from other voices such as *Maria Fernanda Pineda* and *Gabriela Samaniego* in **Youth x Youth**, who introduced us to the upcoming social sphere of the **global fashion industry** by the interaction with Latin Gen Z; *Eleazar Guevara Novabori*’s CEO and a **business model** based on **textile recycling**; *Gabriela Gayarre* launching of an investment app for younger generations: **Teen Go**; and *Efrain*, artisan from Huánuco and representative of the project there, and the **export project** they are currently working on.



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