



To our colleagues of the DANONE Ecosystem:

Every day more than 16 million waste pickers protect our planet by collecting and recycling, yet most live in extreme poverty and work under inhumane conditions. For the past 6 years, we have explored ways of contributing a change by developing their capabilities and by designing a new business model that includes waste management companies, local authorities and NGOs in order to maximize our social and environmental impact. This Handbook allows you to improve, scale and replicate our existing programs. **We are counting on you to work hand in hand with the world's waste pickers appreciating and transforming their knowledge into valuable practices that will drive us towards a more inclusive and circular economy.**

Today, our societies face three challenges, we need to be thinking and providing solutions for:

1. The limit to our natural resources: With a growing population, resources have to be used more efficiently. They are – simply put - limited. The plastic in a water bottle cannot be just used once and then left for thousands of years!

2. The threat of moving at different speeds: As we move from a linear value chain model to a cycle approach, it has to be done with inclusiveness as a key-defining element. Under a cycle framework you see the interconnectedness between you and the other actors in the system.

“The World is changing and supply chains are changing. We need to create a second life for PS, a circular economy for PLA but also reduce marine littering. If we continue with our current linear thinking, by 2050 there will be the same amount of fish as waste in the oceans.”

Jean-Yves Krummenacher

VP Plastic Cycle Danone Group & VP
SSD Danone Waters

We understand that making this transition cannot be solely a Danone effort and that co-creating solutions becomes critical.

3. The threat of a significant informal economy: There are millions of people in the informal economy and it is paramount that we think how to create quality jobs and bridges towards the formal economy.

In this context, connecting with vulnerable or at risk communities and engaging in a dialogue with suppliers and consumers becomes crucial. **Moving to a cycle strategy creates the framework and we need to make the most of this transformation to create new value through social innovations.** Moreover, it opens two areas of opportunity: it allows safeguarding our license to operate as it relies on our capacity to use but also manage the resources we need; and it allows us to work with

the brands so they can communicate to our clients and consumers on our purpose.

There is value in waste. Today it is lost in landfills and burnt at best. There is an opportunity to capture and monetise this value and this should be done hand in hand with partners, the most important of all being waste-pickers. They play a critical function in most of the world ensuring that materials are sorted, aggregated and recycled. Against all odds, they operate in informal networks without access to healthy and safe working conditions, invisible to most governments and societies. **We need to work with waste-pickers: to strengthen their capacity, professionalize their work and ensure their activity is recognized, dignified and appreciated. Without waste-pickers we will never achieve our purpose of generating recycling cycles everywhere we operate.**

“Our success is tied to that of waste pickers. From this premise that both challenges and concerns us: how can we build circular models at scale across Danone’s CBUs that create opportunity and value to all?”

Jean-Christophe Laugée

VP Nature &
Cycles Sustainability

“Focus to make sure your idea and project is co-created, implemented and scaled through time. Today, we move from learning by doing to learning by planning. This is the purpose of this first Handbook and why it has come together.”

Diego Durazo

Inclusive Recycling & Partnerships
Nature and Cycles Sustainability

We are not starting from scratch, but there is still much to learn. Since 2009, Danone through the Ecosystem Fund put people in action so that we would learn by doing, experimenting. We know today that it is possible to generate and implement truthfully original ideas, organizing in new ways with NGOs through co-creation, creating opportunities for leadership across Danone. This being said, most Ecosystem projects have not delivered yet the scale of change that we need. Therefore, **think big** to meet the size of our challenge and vision.

We are entrepreneurial and enthusiastic, and the years ahead should be very exciting!

We hope you find this guide to your journey as exciting as the bright prospects that we see lie ahead.

The Handbook Team

July 2016

Handbook of Inclusive Economy
Recycling and Packaging Cycles

The Handbook Team



Jean Christophe Laugée
VP Nature & Cycles Sustainability



Jean-Yves Krummenacher
VP Plastic Cycle Danone Group & VP
SSD Danone Waters



Diego Durazo
Inclusive Recycling & Partnerships
Nature and Cycles Sustainability



Igor Chauvelot
Plastics Cycle Director



Cristina Trigo Díaz
Danone Ecosystem Fund Junior Manager



Maria Luisa Luque Sanchez
Nuup Co-Founder



Melgarejo
Innovation Lead at Cirklo

How to use this Handbook?

Why is there a Handbook?

Danone has set a target under its 2020 vision and beyond for plastics, and is at a turning point: it has learned by doing and experimenting since 2009 and today it is time to plan and scale solutions. **Its knowledge and experience needed to be concentrated in a tool and shared to empower future social innovation project leaders within the company.**

The chapters are thought of as independent knowledge components:

- **Section 1: Cycles and strategic landscape**

Overview of what is at stake for Danone and society, as well as key trends emerging in business to re-think its role in solving challenges.

- **Section 2: Transforming the system: key lessons learnt**

Some of the main lessons learnt from the challenges, risks and best practices that Danone has been capturing since 2009.

- **Section 3: Designing and creating a solution.**

Specifically looking at how to move from an idea to a plan to an initiative, this section provides a step-by-step approach and introduces to tools and resources that Danoners and others can access to.

What is the Handbook for?

The “Handbook of Inclusive Economy: Recycling and Packaging Cycles in Action” is a **practical guide for Danoners and other partners to think, build and implement inclusive recycling projects that can lead to the transformation of linear recycling value chains to open or closed loop cycles in their regions.**

The Handbook is based on the experience and best practices that have emerged from Ecosystem projects, and the challenges that they faced as they were piloted and scaled.

- It connects the internal and external landscape of plastics to be an entry point and reference for future initiatives.
- It focuses on the how to's and specifically, how to design and plan for social innovation projects.
- It establishes a set of resources, the “Deep Dives”, that will be available to Danoners to explore specific knowledge elements needed, e.g. funding instruments and funding partner expectations, the circular economy, amongst others.

How to use this Handbook?

What is inclusive recycling?

Approximately 2% of the urban population in developing countries, equivalent to 64 million people, make a living collecting, sorting, recycling, and selling materials that someone else has thrown away.*

There is growing recognition that waste pickers contribute to the local economy, to public health and safety, and to environmental sustainability. However, they often face low social status, deplorable living and working conditions, and little support from local governments.

In the context of waste management and recycling, inclusive recycling projects entail to develop business models that integrate the activities and work of often informal waste pickers and their organizations into the value chain. This, in a manner that improves waste-pickers economic and social outcomes, generates solutions to municipalities and citizens, and involves companies along the value chain: from waste management to recycling and consumer businesses.

“Inclusive business is commercial business. It is not an afterthought or a remedy like philanthropic activity or corporate social responsibility (CSR) programmes. Inclusive business is a way of achieving typical business objectives such as growth, supply security and market expansion.

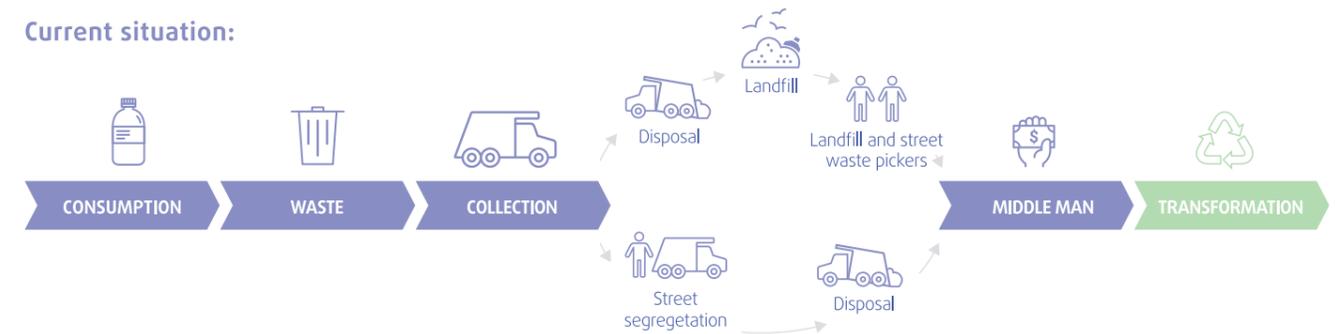
But at the same time inclusive business models are often highly innovative solutions that reach out to people at the base of the global economic pyramid and enable them to increase their incomes and improve their livelihoods.”

World Business Council
for Sustainable Development

Inclusive recycling vision:

Integrating waste pickers to the value chain

Current situation:



Danone's general vision:



Waste pickers from the Novo Ciclo project in Brazil.

* World Business Council for Sustainable Development

How to use this Handbook?

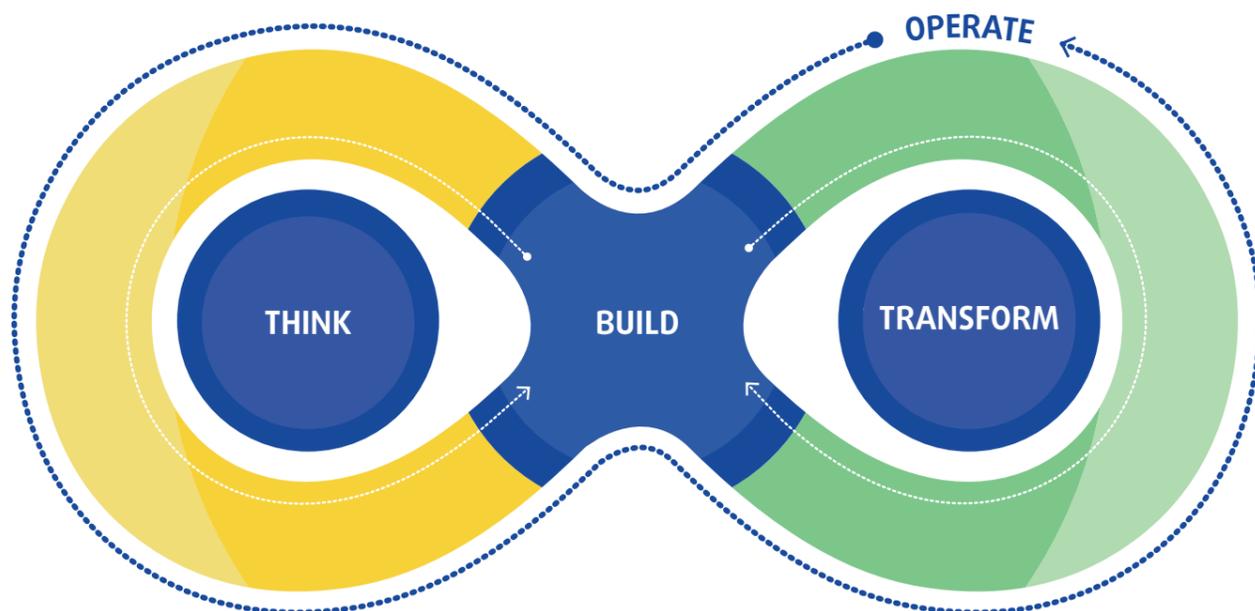
The Changelmaking Loop:

Think, Build, Transform

By researching, mapping and empathizing with the experiences of Danoners and co-creating partners over the last years, a 3-phased process for developing inclusive projects emerged.

This is not a straightforward recipe and its phases - Think, Build, Transform - iterate over time as pilots become projects, projects become initiatives and initiatives are scaled and become systems.

Overall, the Changelmaking Loop brings together a series of phases, steps and tools to facilitate Danoners understanding and identification of the right questions they should be asking as well as elements to find its answers.

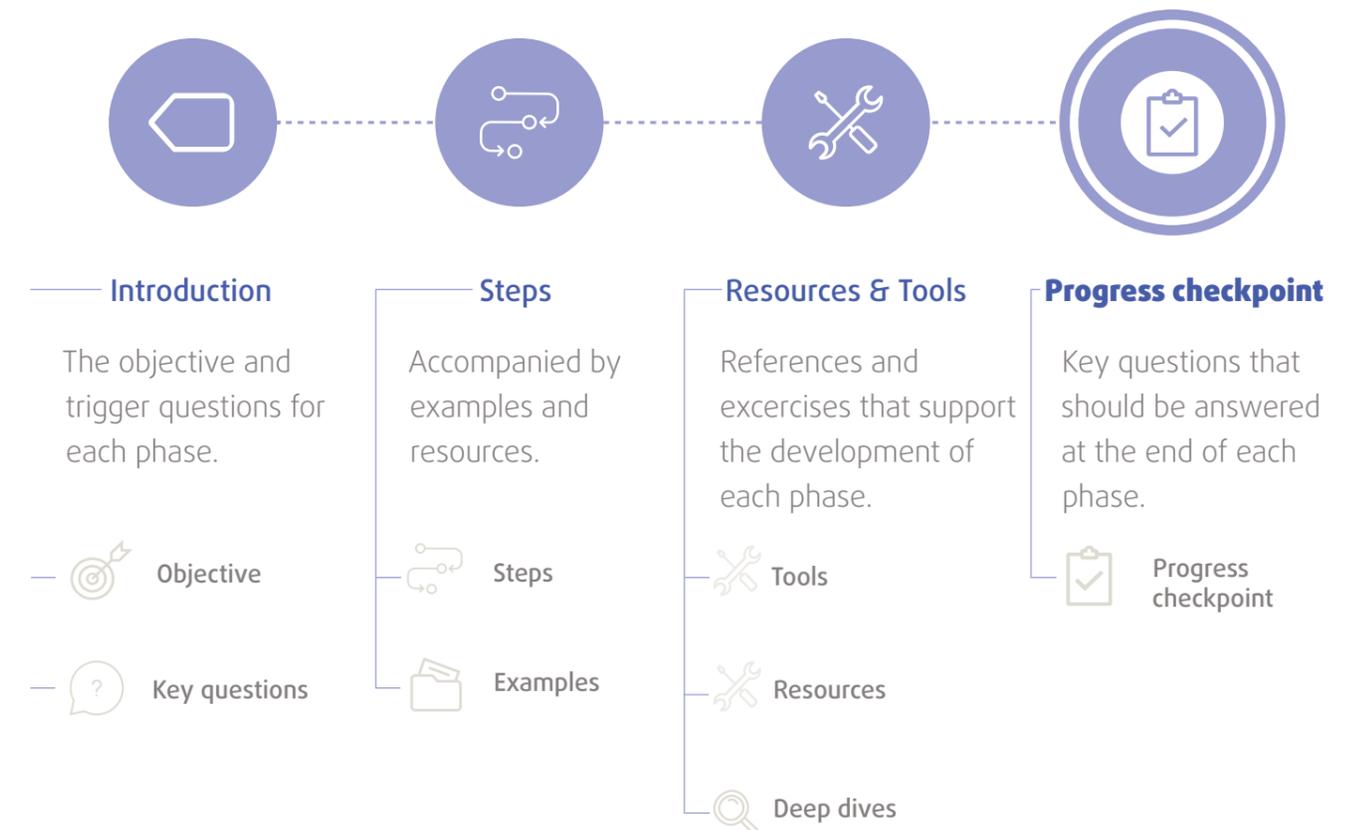


The Handbook is rich in information and content, and it can be overwhelming for anyone starting a project. The tools it suggests can be relevant in some cases, and not in others. At the end of the day, the Handbook is a resource that anyone should use as it best fits depending on their idea, approach and context.

Use the progress checkpoints at the end of each phase to confirm that your initiative is solid

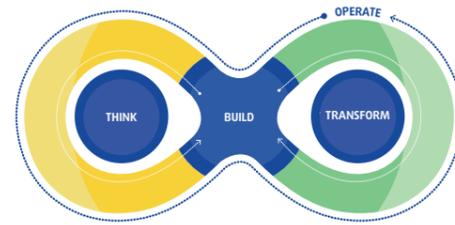
and ready to move forward, and as a guide to report the right information on its progress both internally and to external partners. Remember that social innovation requires interactive and iterative processes, you will need to have a hands on approach, return to similar subjects on different phases and go back and forth across different steps as necessary.

Each phase of the Changelmaking Loop contains:



Tools and resources

Think



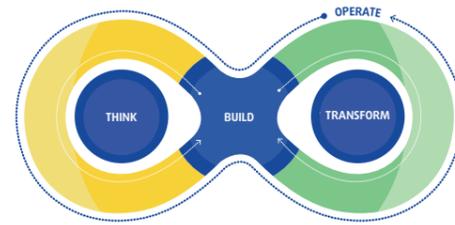
Step	Tool name	Type	Context	Useful to
1. Think systemically.	Stakeholders map	Tool	Allows organizing players that have an interest on the sector.	Organize ideas around potential partners, co-creators or rivals.
	Repository of Recycling Projects	DeepDive	A reference list of worldwide initiatives in the field of recycling and cycles.	Learn from other organizations, models and initiatives.
	Materiality Matrix	Tool	Used to identify which elements might be more or less relevant to stakeholders.	Understand the stakes and motivations of stakeholders.
	MinkaDev - systemic thinking guide	Tool	Guide developed based on the Pепенadores experience to develop systemic analysis.	Organize complex ideas and run conversations or workshops with partners.
	ADA Brand Tool	Tool	Developed for the Argentina Villavicencio brand, to integrate social impact into its DNA.	Investigate how to integrate into the brand social innovation as one of its dimensions.
2. Understand the regulatory environment.	Operating Assessment Tree	Tool	Dynamic system across different dimensions based on previous project experiences.	Identify possible risks and priorities for an initiative based on past experience.
	Social Capital Markets conference (SOCAP)	Resource	Conference organized every year in September in San Francisco bringing social entrepreneurs and funds together.	Get familiar with new trends, projects and social innovations around the world.
3. Assess the role and situation of waste pickers.	Design research tools	Tool	Set of tools that allow approaching possible projects planning needs.	Discover needs and opportunities to build successful projects.
	Empathy map	Tool	A fundamental design-thinking tool, allows getting into someone else's shoes.	Organize ideas on what waste pickers, partners, NGOs, consumers... can think and feel.
4. Understand the economic, social and environmental goals.	The Sustainable Development Goals	Resource	Global commitments towards 2030 established in 2015.	Align the efforts of Danone with the global efforts of the United Nations.
5. Define the stakes, the levers and the value created for different players in the system.	Value proposition design	Tool	A fundamental design-thinking tool, allows establishing the central argument of the initiative.	Facilitate co-creation sessions and bringing visions from different stakeholders together.

Tools and resources

Build

Step	Tool name	Type	Context	Useful to
1. Frame the problem.	Cycle strategies: open vs closed loops	DeepDive	Provides an overview on what open and/or closed loops are.	Define if the initiative will be open, closed or a combination.
	"How Reframing A Problem Unlocks Innovation"	Resource	Considers that design thinking is based on asking the right questions.	Understand the importance and methods for framing the right challenge.
3. Build partnerships and co-create.	Ideation tools	Tools / resource	A guide on how to create spaces for creative thinking and innovation: gamestorming.com	Run co-creation sessions and discussions with different partners.
4. Define your theory of change: impact and KPIs.	Theory of change	Tool	Explains the process of change by outlining causal linkages in an initiative.	Develop a logic of how short, medium and long-term outcomes connect to the desired impact.
	KPI design	Tool	Allows establishing the metrics that will be measured and that are relevant to the expected impact.	Organize KPIs and differentiate between output, outcome and impact metrics.
	Log Frame Approach	Resource	Methodology used for designing, monitoring and evaluating impact projects.	Identify possible risks and priorities for an initiative based on past experience.
	Prototyping	Resource	Innovation methods that allow gathering feedback on a service or product prior to large investments.	Testing ideas and get feedback quickly from users / beneficiaries / partners.
	"How to win campaigns: communications for change".	Resource	Social sector organizations sometimes run campaigns to change perception or raise awareness, with their own tools.	Develop impactful communication campaigns for projects.

Tools and resources Build



Step	Tool name	Type	Context	Useful to
5. Define and align the initiative's vision with Danone.	Theory U	Resource	A change management method to shift unproductive patterns of behavior.	Find and align the right purpose for meaningful and inclusive initiatives.
	Danone 2020 Vision	DeepDive	Summary of the company's goals towards 2020.	Ensure that the project is aligned with the vision of Danone.
	Value proposition design	Tool	A fundamental design-thinking tool, allows establishing the central argument of the initiative.	Define the right offering for stakeholders, clients and market.
	Danone 2020: Cycles and Strategic Landscape	DeepDive	Brief set of arguments and reasoning to contextualize the cycles' strategy.	Understand how cycles fit into the overall company strategy as well as main global trends.
6. Develop the business model and brand proposition.	Business model canvas	Business model canvas	Design-thinking tool that has become broadly popular amongst entrepreneurs.	Visualize the components of a business, and design or innovate them.
	Financial modeling	Financial modeling	Free online course by Erik Simanis to learn how to model social businesses.	Learn how to scale projects through financial modeling strategies that optimize impact and sustainability.
	Strong brand strategy	Strong brand strategy	Video from Andrea Mallard explaining tools and resources to build a strong brand strategy.	Develop an understanding of how your initiative could impact positively on brands.
7. Define co-funding avenues.	Bringing in external resources.	DeepDive	Overview of types of possible financing and funding for recycling initiatives.	Understand of how different program components could be funded through different sources.
10. Create the implementation roadmap.	Lean Startup Methodology.	Resource	Start up principles emerging from Silicon Valley and Stanford University for entrepreneurs to focus on moving fast and failing – if necessary – faster.	Develop lean strategies to implement, measure and scale projects.
	OKR setting	Resource	Methodology to set "Objectives and Key Results" for teams that is used by start-ups and large companies alike.	Develop a strategy for testing, learning and adjusting projects.
	Roadmapping	Tool	Allows setting a central vision and the key activities necessary to reach it.	Define the vision of the initiative, the milestones and key actions that needed for success.

Tools and resources Transform

Step	Tool name	Type	Context	Useful to
2. Measure the impact: to the business and to society.	Lean methods for measuring impact by Acumen	Resource	Free online course to learn how to use technology to collect and organize data for impact evaluation.	Simplify the data collection system across partners for impact monitoring.
	The Social Reporting Standard.	Resource	Developed by Ashoka and partners, it provides guidelines to report impact.	Organize, report and communicate impact generated by the initiative.
3. Communicate results: storytelling and branding.	Storytelling guideline	Tool	Allows getting across an idea in a coherent and accessible manner to non-experts.	Communicate the initiative in an effective way.
	Storytelling guides	Resource	Many resources are available: TED talks, HBR blogs...	Learn from others how to tell a compelling story.
	Storytelling for Change.	Resource	Acumen free online course to enrich and refine your storytelling, presentation techniques.	Transform results into an attractive message and story.
4. Identify and share key lessons learnt.	Key takeaways development	Tool	As milestones are achieved, allows reflecting and documenting key takeaways.	Keep track of what has been learned and create references for future project managers.
6. Set the scene to scale to the next stage.	Opportunity detection for scaling	Tool	Useful to define the strategy and key actions that need to be followed to reach a scaling objective.	Make a quick evaluation to detect elements of the initiative that need to be transformed or refined for escalation.
	The right mindset for scaling.	DeepDive	Describes the different scaling strategies that social innovations can consider.	Understand the phases and the road to scale of the initiative.

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Cycles in Action

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- 1: Summary of existing initiatives
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Section 01: Plastic Cycles and Landscape

**By the 2030s
we will need
two Earths
to support us.**



Today we use globally the equivalent of 1.6 planets to provide the resources we use and absorb our waste. This means it now takes the Earth one year and six months to regenerate what we use in a year* . Scenarios developed by the United Nations suggest that if current population and consumption trends continue, by the 2030s we will need two Earths to support us. Considering we only have one this is a call to action to reconsider how we use our resources not only in terms of efficiency, but also in terms of their life cycle.

Over the last 50 years plastic production in the world has consistently increased, reaching 311 million metric tons in 2014. Moreover, it is expected to double over the next 20 years. Plastic packaging is and will remain its largest application. If half of the plastic used for packaging is only used once, how can we increase the number of uses it has through time?

Recovery and recycling remain insufficient and a large amount of plastic ends up in landfills and oceans year on year. In most of the countries where Danone is operating and growing the challenge is ever more complex due to the lack of infrastructure, investment on waste management and disposal systems, the limited planning capacity of municipal governments and the informality in which recycling happens.

* Global Footprint Network ([link](#))

Regulatory environments are changing to establish measures that boost sustainable practices around plastic. In Brazil, for example, companies are required to collect and process the equivalent weight of recycling material that they put on the market. It is a matter of time before similar measures are set in place in markets around the world.

The challenge of our time is to understand how we can turn waste back into resources just as fast as we generate that waste if we want to find a global economical and ecological balance, protecting the very resources on which human life and biodiversity depend. **We need to develop a stronger ecosystem for a stronger economy.**

It is in the context of the ever accelerating changing world we are living in, that in 2014 Danone marked a turning point, changing its governance structure and launching its transformational “Danone 2020” plan. The ambition is to generate strong, profitable and sustainable growth by 2020.

In the area of plastics, Danone is striving to reduce its weight and excess packaging and to use recycled materials. In that regard, Danone contributes to the development of recycling channels for its packaging in many countries.

The opportunity is to transition from a linear plastics value chain to implementing cycles strategies

while creating value to the brands and society. In Argentina, Danone has created a waste-picker inclusive plastic sourcing model that will allow purchasing 100% of the business rPET needs and is already part of the Villavicencio brand identity. In Brazil, Danone has supported the development and strengthening of a network of thousands of waste pickers organized in cooperatives. Today the Brazil water CBU is creating a loop that will allow not only to comply with Brazilian extended producer responsibility regulation, but also to commit to stronger voluntary targets and to achieve them by providing greater opportunity to waste pickers.

Danone needs initiatives that allow evolving current practices, business models and brands. Big solutions are needed that create business, social and environmental impact, which can be replicated in different contexts and expanded through the organization.

For more information on the circular economy, cycles, open vs. closed loops and how it connects to Danone’s 2020 vision and Manifesto visit the Deep Dives available online on Dropbox ([link](#)) .

Deep dive:



1. Danone 2020 vision ([link](#))
2. Danone Manifesto ([link](#))
3. Danone 2020: Cycles & Strategic Landscape ([link](#))
4. The circular economy ([link](#))

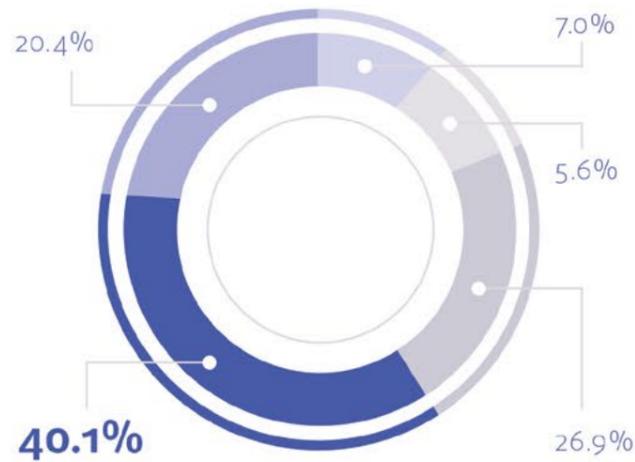
Plastics life cycle

Areas of interest:

- Plastic
- Damage
- Recycling

A IBIS World 2014 B European Association of Plastics Recycling and Recovery Association 2012 C Ellen Macarthur Foundation D Ellen Macarthur Foundation E Greenpeace: Plastic debris in the worlds oceans, 2015 F Euromonitor International G National Geographic Society H The State of Play on EPR - OECD, 2014 I Pacific Institute, 2007 J Enviroplastics LTD, 2016

1. Global plastic demand by industry 2014



2. Packaging global plastic waste contribution



3. Plastic packaging once disposed



4. Recycling outcomes for plastic packaging



- Packaging
- Transport Manufacturing
- Other
- Electronics
- Construction

- Generated by the Packaging industry
- Generated by other plastic industries

- Landfill
- Leakage
- Incineration / Energy recovery
- Collected for recycling

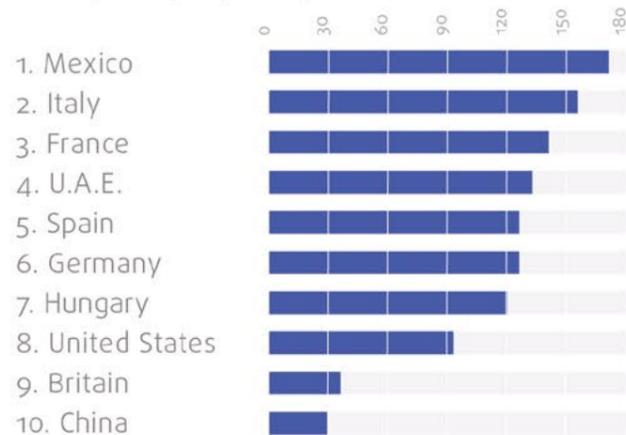
- Cascade Recycling ¹
- Closed Loop Recycling ²
- Process Losses

5. Global damage

Garbage Islands are a collection of marine debris also known as a garbage vortex.

90% of all garbage floating in the world's ocean is plastic.^E

Consumption of bottled water (litres per person)^F



6. Trends

Countries with **Extended Producer Responsibility (EPR)**³ or similar initiatives:^H

1. Costa Rica
2. Brazil
3. Argentina
4. Indonesia
5. Canada

It takes **3 liters** of water to produce **1 liter** of bottled water^I

It takes **75% less energy** to make a plastic bottle from **recycled plastic**^J

¹ Cascade Recycling: Recycling of plastics into other, lower-value applications. ² Closed-loop recycling: Recycling of plastics into the same or similar quality application. ³ The Extended Producer Responsibility (EPR) is an environmental policy approach in which a producer's responsibility for a product is extended to the post-consumer stage of a product's life cycle.



Section 02: Transforming the plastic cycle system: key lessons learnt

A. Danone Ecosystem Fund

Interdependency between economic and social issues has been the cornerstone of Danone's corporate values since Antoine Riboud's historic declaration in 1972*. Building on the company's "dual economic and social mission", Franck Riboud followed in his father's footsteps in 2009, extending the responsibility beyond the company, to its ecosystem: "How can a company hope to develop in an economic and social desert? It is in a company's best interests to take good care of its economic and social environment, in one word, its ecosystem".

This statement laid the path for the Danone Ecosystem Fund, which was created in 2009 in response to the global financial crisis. The €100 million general interest endowment fund aims to foster an inclusive economy by strengthening and developing the social and economic activities of Danone's most fragile local partners who are a vital part of its ecosystem: waste pickers, subsistence and family farmers, street vendors and micro distributors, and caregivers.

The Ecosystem Fund supports innovative business solutions respectful of the environment initiated by local Danone subsidiaries and co-created with NGOs and local beneficiaries. The Fund

* "A company's responsibility does not end at the door of the factory or the office. The jobs it provides shape whole lives. It consumes energy and raw materials, and in doing so alters the face of our planet. The public will remind us of our responsibilities in this industrial society". 1972 speech to the French employers federation - CNPF/MEDEF

particularly aims at supporting inclusive social innovation through job creation and professional empowerment, with specific attention to women empowerment. Each project is intended to generate a business outcome together with a societal outcome.

As of mid-2016, after more than 6 years we have co-created more than 60 projects all around the world in developing and mature economies, creating more than 3000 jobs and strengthening the jobs of more than 32,000 people. We partner with a network of 50 NGOs or non-profit organizations and attracted more than €71M of co-funding with more than €45M coming from our partners.

The key element of the Fund is the co-creation process with a diversity of partners and Danone Business Units, all being part of the solution by bringing their perspective, network, talent and point of view. In Danone language, we call it friction! Beyond new ways of designing and implementing business practices, people leadership, entrepreneurship mindset and conviction clearly make the difference.

The purpose of this Handbook is to serve as a companion of recycling initiatives based on knowledge and experience gathered on designing, launching and operating inclusive recycling initiatives on this, and other relevant funds and projects around the world.



Project Managers from different Ecosystem Fund projects.*

In the following parts of this Handbook, Ecosystem Fund recycling projects are going to be referred as key learning examples.

- ReNueva in Spain
- Cartoneros in Argentina
- LemonAide in France
- Novo Ciclo in Brazil
- Pemulung in Indonesia
- Pепенadores in Mexico.

You can find a summary of this projects in the Annex 1.

There are 3 key ingredients for developing a successful recycling initiative: setting milestones, knowing the journey of a project and co-creating it with partners.

* From left to right:
Borja Lafuente Sanz (ReNueva)
Frédérique Rathle (Lemon Aide)
José Borges de Carvalho (Novo Ciclo)
Mauro Homem (Novo Ciclo)
Nicolas Dobler (Cartoneros)
Sofía Díaz Riviera (Pепенadores)

B. Milestones setting

Initiatives that change and transform an ecosystem are challenging, demanding and time consuming. It takes time to understand current practices and stakeholders enough to design effective courses of action that can transform current models in an effective and long-lasting way.

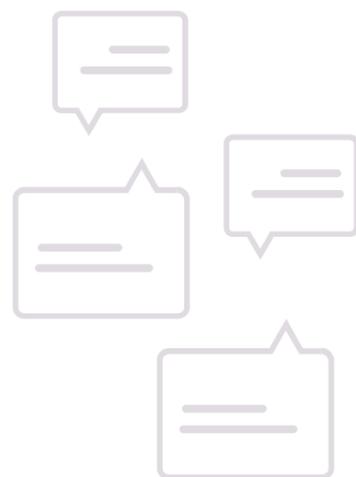
A key learning from the initiatives developed so far under the Ecosystem Fund has been that most recycling projects launched to this date underestimated the number of years Danone had to commit to them. That is why it is important to really understand the current recycling ecosystem in your context and co-create with key stakeholders to reach to sustainable commitments, business models and realistic resource allocation and planning. Value the time invested in getting to know and connecting with the ecosystem, leave assumptions behind and get as familiar as you can with key processes and stakeholders. And when the time comes to develop a solution and plan its execution be aware that things are complicated and might take longer than what they appear.

That is why planning around milestones will allow you to always maintain focus and direction.

Section 02: Transforming the system: key lessons learned

C. Journey Mapping

Most previous Ecosystem initiatives have been launched, operated and scaled adhering to a series of development stages. It takes an initiative several iterations and try-outs to go from its validation stage to its scaling-up stage. Moreover, each stage in each initiative can require different amounts of time and energy.



General stages of a social innovation project:

- 1. Understanding:** the phase where the current operation (internal and external) and its context is understood. Stakeholders and decision makers are mapped, approached and partnerships developed.
- 2. Co-creation & solution development:** the phase where challenges are defined and solutions developed under a co-creation strategy. All parts involved in the solution define key responsibilities and tasks.
- 3. Funding and planning:** the phase where the project is presented for funding and key agreements developed. The governance of the project is settled.
- 4. Setting-up, launching, operating and measuring:** the phase where the contracts and agreements are drafted, negotiated and signed. Operations are launched and results measured.
- 5. Evaluating and refining:** the phase where the achieved progress is evaluated and refinements to the solution are detected and, when possible, implemented.
- 6. Scaling:** the phase where the challenges for achieving the next phase of the initiative are defined and fed to the "Understanding" stage again. The process becomes a loop.

There is no cookie cut time frame for a project to be designed, prepared and launched. Some activities take longer time and more energy than others. Successful projects dedicate, proportionally, more time and possibly energy understanding and co-creating a solution than on their setup and launch. Once the project is being executed and implemented, its phases can take months or years. Time, therefore, is a complex variable to prepare for.

D. Co-creation: working and organizing in new ways

The time is ripe for co-creation across sectors. Social entrepreneurs and social sector organizations are looking for greater impact and scale. Businesses are looking for new markets, ways to remain competitive and relevant in the future, and for purpose for their employees. Public institutions are looking for cost efficient approaches. These diverse actors can pool their strengths and expertise for a social and economic impact that they could never achieve alone.

Co-creation is a collaborative process where players from across different sectors – such as companies, social sector organizations, financial institutions or government bodies – come together to co-design and co-implement

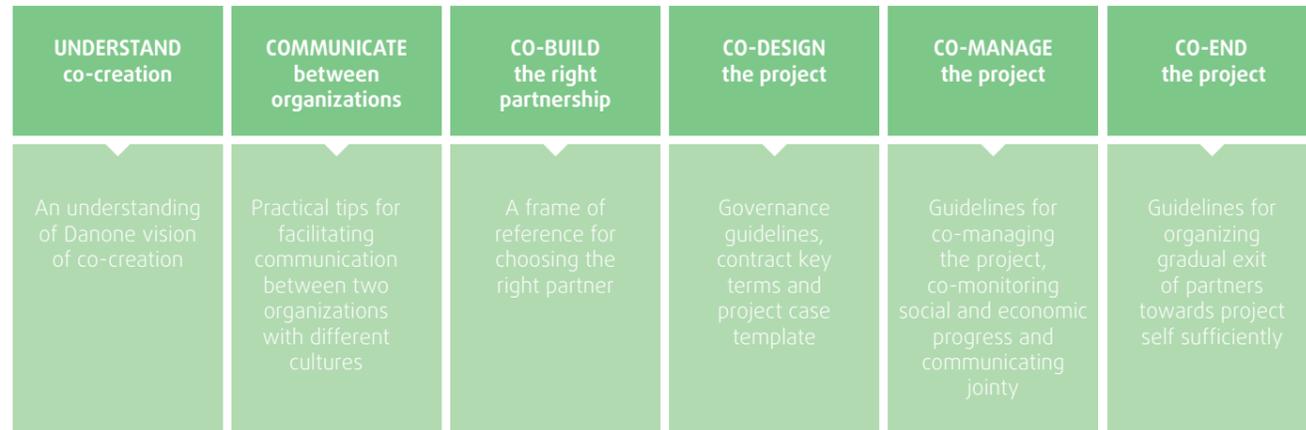
new or improved products and services that address essential needs of underserved populations. While the process is a co-creation – peers working across sectors hand-in hand to design and implement solutions based on a shared vision – the result is to address society's challenges at scale while achieving economic gains. Co-creation represents a fundamental shift in interaction between business, the social and public sectors and citizens to create shared value.

Since 2009 Danone has launched close to 63 co-creation projects with NGO partners, Ecosystem support and the leadership of CBUs in every region the company is present. This has required pushing the boundaries of cultural differences on how to get things designed, running and done.

Danone Ecosystem developed a **Co-creation Guide** in 2012 with key lessons and practices. The key stages of co-creation identified are:

- Understand co-creation
- Communicate between organizations
- Co-build the right partnerships
- Co-design the project
- Co-manage the project
- Co-end the project

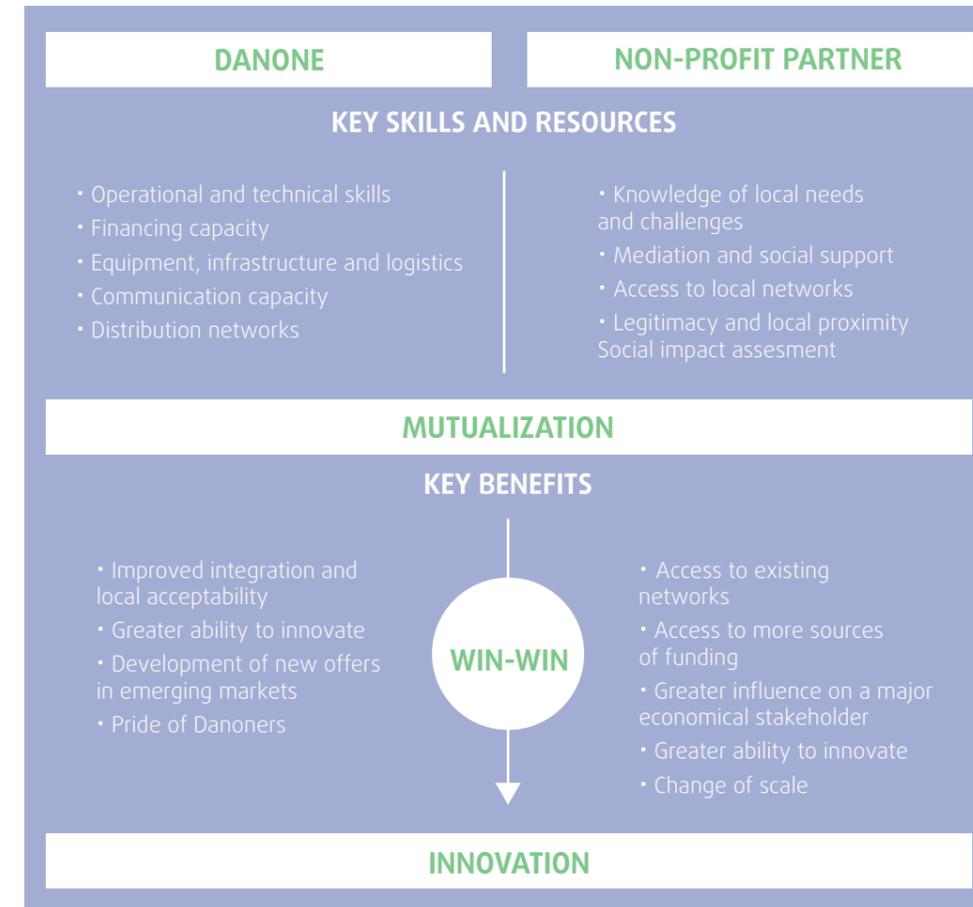
Section 02: Transforming the system: key lessons learned



Danone Ecosystem (2012) Co-creation at Danone.

Access, download and read the guide to incorporate the best practices for each stage of the project on: http://ecosysteme.danone.com/guide_cocreation/

Each player brings a different set of human or financial resources, networks, knowledge, experience, amongst other things. It is important not only to understand why Danone has an interest in co-creating, but also what interests the co-creators are pursuing.



Danone Ecosystem (2012) Co-creation at Danone.

In working to shift from a linear value chain to a cycle strategy in packaging, more than in other cycles Danone is focusing on, co-creation will be fundamental. Waste management and recycling is not the company's expertise (while milk sourcing is way closer to its core), and you will need to bring other perspectives to the table not only for one day or one work session, but also for the overall adventure.

Section 03: Designing and creating a solution

A. Your role as a social innovator

Today's complex problems require bold solutions. To address the challenge of re-imagining recycling channels and move from linear value chains to cycle strategies you will need new mindsets, skills, partners and partnerships.

Social innovation is "a novel solution to a social problem that is more effective, efficient, sustainable, or just than current solutions. The value created accrues primarily to society rather than to private individuals".^{*} As such, it requires exploring and exchanging ideas, shifting roles and relationships, and combining capital (human, financial, social...) from a wide range of sectors.

Some of the basic skills that will be needed to lead successfully the design and implementation of an innovative solution with social impact are presented here.

Social innovator core skills

Resilience: leading a shift in established systems will come with resistance and mistakes. Resilience is needed to transform them into lessons learnt and come back on track with new solutions. It is exceptional to design solutions that work perfectly at once, an open and persistent attitude is needed to reach solutions with impact that really work.

Connect, empathize & collaborate: approaching and connecting with the main stakeholders in a system is fundamental to understand their situation and develop solutions together. Innovative solutions will flourish if open exchanges of information and practices are fostered. Try to connect with others by empathizing with their needs and collaborating on your common interests.

Prototype constantly: an efficient way to know if an idea can become a real solution is to test it. Developing rapid prototypes can help finding the right components of an initiative faster. Try to test the premises of business models, systems and experiences by setting up small and cost-effective experiments that shed light on the initiative.

If you are ready to challenge so many aspects of your everyday life, if you are energized by the prospect of creating a cycle for packaging and waste in your region and if you are truly committed to this idea: this Handbook of Inclusive Economy can support you through the process and months ahead.

Resource:



The design thinking methodology will be useful throughout the project to collaboratively frame the right challenges and develop the best solutions for them through co-creation. To learn more about design thinking consider taking the IDEO U online free course ([link](#)).

"There is nothing more powerful than a new idea in the hands of a social entrepreneur."

Bill Drayton, Ashoka founder and social entrepreneur

* Stanford Graduate School of Business, Center for Social Innovation.

Section 03: Designing and creating a solution

B. How to use this Handbook

The Handbook presents, through questions, steps, resources, tools and recommendations the key lessons learnt and experiences accumulated from Ecosystem initiatives. It is an assisting companion that will help you to ask the right questions to build a successful initiative.

Keep in mind that the Handbook will keep evolving based on Danoner's new experiences, findings and successes. Therefore communicating and sharing your own progress will be fundamental for the success of your and future initiatives.

See this Handbook as a platform for your process, use the tools and resources that are presented as a starting point, be creative and proactive to look for your own. Do as much as you can to move your initiative to the next level. In each phase of the Handbook you will find:

The Handbook is a living document that is constantly evolving and enriching its contents through feedback and learnings from the field. Your input is needed and more than welcome, contact Diego Durazo (diego.durazo@danone.com) to learn more about how to participate in the Handbook evolution.



Diego Durazo
Inclusive Recycling & Partnerships

In addition to this you can find the Recommended Readings (Annex 2) and the "Deep Dives" ([link](#)) - additional resources that work as complementary satellites of relevant themes and information. They can be of great support to develop or strengthen your knowledge about Danone, cycles, financing and investment, the circular economy and more.



[Deep Dives \(Link\)](#)

[Recommended Readings \(Annex 2\)](#)

Section 03: Designing and creating a solution

C. Project's key components

One of Danone's strongest assets is the lessons learnt and living examples it has been developing since the launch of the Ecosystem Fund in 2009.

Annex 1 provides a snapshot of the recycling projects currently ongoing as well as those to be launched soon. Make sure to review these projects, as they are a source of experience and knowledge.

Several key components that emerge from the experience gathered so far have been condensed in the following table. Keep them in mind and reflect on them through your project. These main components are also referred to throughout the steps of The Changemaking Loop in the next section.

Recycling projects around the world



Ecosystem recycling projects around the world (May 2016).

This table refers to several Danone-led recycling projects for insights and examples. To know more about these initiatives, please refer to Annex 1.

Component	Key challenges	Key risks	Key success factors
Strategic Mindset			
Thinking systemically	Nothing happens in isolation, everything is part of an interconnected system that reacts to every element. Recycling by itself is a complex system, to be able to change it, a deep understanding of its intricacies is necessary: regulatory, financing, roles of waste pickers and municipalities, citizens, brands... It is important to understand why they exist as they are today and how they relate to each other.	Failure increases in probability if one of the parts of the system is not understood or taken into consideration. Undesired effects can also arise if things are not understood as part of a living system with needs and requirements. For example in <u>Pemulung</u> initially the role of intermediaries was not well framed.	Spending a good deal of time understanding the sector, its key stakeholders, trends and regulations is a must. Using stakeholder-mapping tools, empathy maps and developing a comprehensive theory of change help to ensure a systematic approach to the initiative. Partnering with an organization with this understanding - as <u>Danone in Argentina</u> did with Avina Foundation - is a way to increase the chances of being successful.
Long term vision vs short term operation	As social innovation initiatives, it is very difficult to estimate upfront, or even as they develop, the time required. Most ongoing projects were launched in 2010 to 2012 and as of today (mid 2016) still have years and many steps to go through before reaching their goal of achieving an open or closed loop.	Most recycling projects launched so far underestimated the number of years needed to commit to them. For example, when <u>Cartoneros</u> started in 2010 it assumed a time frame of 3 years to reach its scaling goals.	Developing a strong vision upfront for the long road (5 years) and establishing milestones for the different stages of the initiative are activities worth investing time and energy on. <u>Novo Ciclo</u> can be a source of inspiration to see how milestones and a larger vision have connected over time.
Defining the business case	It is key that all parties develop their business case. Some organizations you might partner with might not have the capacity by themselves: act as a consultant to your co-creators so all manage to put together their business cases. Share your business case for Danone with Senior Managers and get their feedback early on!	If you only focus on Danone's business model and rationale, the initiative might miss on other actors' drivers and overall, build a very unstable solution. In several projects the focus was on PET recycling, while the waste pickers, waste management company and recycling company all have a P&L that depends also on recycling paper, metal and other plastics.	In <u>Novo Ciclo</u> , the overall activity of waste pickers was taken into account and the model (and partnerships) were built around it. As such, for example, it seeks to bring in a group of complementary recyclables buyers around the project. Define the business case for Danone but also the co-creators involved.
Partners and partnerships			
Identifying your stakeholders	Be mindful that you can define your stakeholders very broadly or too narrowly. Also, they might change through time and developing a governance that can accommodate stakeholders as the project evolves will facilitate things down the line.	By not evaluating or mis-evaluating one stakeholder role or influence on the project, you might put it at risk. This can be of particular importance for public authorities, as happened in the <u>Pepeñadores</u> project with the municipality of Mexicali.	Danone has an extremely open culture: use it to your advantage! Take time to meet and get to know your internal and external stakeholders. Go into the field, explore and make your own opinions. This is what Borja in Danone Spain has been putting in practice throughout 2015 in project <u>ReNueva</u> .

Section 03: Designing and creating a solution

Component	Key challenges	Key risks	Key success factors
Engaging your stakeholders	Upfront, why different stakeholders are motivated to participate in a project might be unclear . There might be things that are said and others that are understood or meant. Also, the project needs to have the incentives to not only engage but retain the necessary stakeholders.	You need to know who your stakeholders are to define what value the project has for them. If you miss any of those two elements, your engagement strategy will suffer from it. What is at stake for them? For a municipality? For waste pickers? For your competition?	To engage stakeholders it is important to get out of the cubicle . Danone has participated and in some cases even provided financial support for conferences organized by NGOs such as the Grameen Social Business Conference, Ashoka's Changemaker Leaders Summit... all of these events allow to meet in informal settings, get to know your partners outside of the context of the project and spend time together.
Connecting with informal workers	One of the most important and weakest parts of the recycling value chain in developing countries are the informal workers that collect waste, and many times are in charge of its segregation, transport and possibly providing other value added services. How they think, organize and behave never obvious and it is essential to take the time and the means to understand them . Do not expect that what motivates you will motivate them.	Informal workers are fundamental for the recycling system; if their needs are ignored or not attended the whole solution can collapse . For example, their income might depend on all recyclables and not only PET, which means that a stronger solution could be one built around their economics. In <i>Pepeñadores</i> , only PET was considered in the model, leaving aside potential value.	Understanding and developing strong alliances with informal workers can lead to their professionalization, the strengthening of the value chain and the transformation of the entire system. But this is a process that will certainly require public policy changes and investment . In Brazil, the government not only recognizes waste pickers but involves them in municipal waste operations. How did such a public policy emerge?
Governance			
Rhythms and pace of different stakeholders	Social sector organizations, waste pickers, multilateral organizations... all move at a very different pace than Danone. Faster or slower, it needs to be taken into account and Steering Committee meetings every 2 to 3 months can be a time for making decisions, bringing everybody up to speed and planning .	Frustration can build up amongst partners as one expects responses to emails immediately, and on the other side, everything moves forward only when meeting in person. For example in Mexico, there is a strong culture of meetings and discussion, not that much written documents and emails. The distance to get to the location where the initiative takes place can complicate greatly the intervention. While sometimes inefficient, it allows building consensus, shared responsibility and a shared vision.	Communicate expectations of how day-to-day activities should work and take time to establish communication channels . Many free open platforms can help: Slack, Box, Dropbox, Google Drive or Basecamp. In <i>Pepeñadores</i> , an Operations Committee was set up (way smaller than the Steering Committee) for day-to-day decision-making and with the authority to make expenses up to a certain amount.

Component	Key challenges	Key risks	Key success factors
Co-creation and decision making	Co-creating a project and an operation model with other organizations is only the starting point of a long road. From there, establishing the governance structure with the right balance of seniority, number of people involved and frequency for making decisions becomes a complex endeavor . Most projects are organized with a smaller and less senior operations committee and more senior and less frequent steering committee.	Letting go and including others in decisions is possibly one of the most difficult things to do . Funds invested should not be the element that defines the number of votes in a project. Reaching out to the <i>Pepeñadores</i> leader when organizing the governance was an important effort of the project in 2013/14. For example, the initial steering committee comprised more than 10 people, which made it non-operational. It was later on changed to a leaner and simpler structure. The guiding question was: who do we truly need around a table once every 3 months?	Amongst other things, a thoughtful governance model will allow the project to: <ul style="list-style-type: none"> • Not solely rely on one person but to organize and coordinate teams across organizations. • For new partners to join bringing skills or experiences. • Attract external funding. <i>Novo Ciclo</i> has had evolving governance phases and is managing to share coordination, bring in partners and attract funding.
Learning and communicating			
Communicating internally: prompt and foster Danone's engagement	It is sometimes complicated to reach out to colleagues and involve them. It takes time to bring people into the project and create tasks or missions for them to fulfill. However, it has been the case more often than not that given the opportunity, Danoners jump on the opportunity of participating in social innovation projects!	One person cannot know it all . In the <i>Pepeñadores</i> project, when the 2nd infrastructure construction phase was going to take place, the project leader involved the Danone procurement team. After their review of construction budget proposals, the final bid was negotiated at half the initial rate!	The DanCrew community is a great example of the energy and willingness to participate in social innovation projects at Danone. Reach out to the initiative leaders for tips and recommendations .
Communicating externally: what, how, where	It is not about green or social washing, but about informing, sharing and being open to feedback . It is important to control the messages and who (government, consumers...) gets what message. In many projects as Danone is initially the main donor/investor, it retained the right to decide what is communicated, and therefore should lead in thinking how and what to communicate.	If a project is not communicated, it is invisible to stakeholders . You might want to involve them later on, and if they know about the project, it will be simpler. Moreover, communicating the project makes it less vulnerable to changes - for example - at the municipal government level.	Identify communication channels for stakeholders : environmental NGOs might participate in an event where the project is presented and to participate in a panel discussion could be a way to share the project. If the intention is to communicate to consumers that are concerned about packaging waste, then a dedicated website could be an option.

Section 03: Designing and creating a solution

Component	Key challenges	Key risks	Key success factors
Monitoring, evaluating and learning	There are many M&E methodologies but at the end of the day you need a basic M&E system to set targets, assess the work done, share and learn. So on the one hand, a project management M&E system. On the other, an impact M&E system. Ecosystem has tested different methodologies in different settings one of which with <u>Pepeñadores</u> . In that context a mix of quantitative and qualitative approaches was implemented and allowed for many lessons learnt to emerge.	In many occasions, the KPI indicators evaluated in the project where those of Ecosystem, which were interesting but did not cover all the aspects. This can potentially generate gaps in the M&E model if proper tools to review the overall project, beyond Ecosystem's areas of interest, are not set up.	Early on establish operational, strategic and impact KPIs. Be mindful of resources and efforts needed to gather them and settle for an adequate trade off between quality of information, relevance to decision-making and costs. In <u>Pepeñadores</u> a simple logical framework was developed that differentiated between the operation (buy/sale of recyclables), social operation (waste pickers increase in income, better working conditions) and social impact (improved well-being, access to health...) and for each KPI it set who and how often he/she had to report that data (amongst the many partners).
Connection with brands and marketing	Communicating the projects is a delicate endeavor on the one hand because if poorly planned it can lead to social or greenwashing. Learn about the brand, its DNA, vision... There is a big challenge to get to know each other and establish the connection between worlds that are usually far apart.	Projects that are not consolidated cannot be articulated into the brand. Therefore, while it is important to prepare early on for when the moment comes, it will take time! Most projects are at this stage: the <u>Novo Ciclo</u> project for example is creating a solution at scale, but has not managed to share it with consumers and the broader public yet.	In Argentina, the Villavicencio team invested time and energy to connect the <u>Cartoneros</u> project to the brand, to excellent results! To learn and be exposed to trends and ideas, the Sustainable Brands newsletter can become a weekly read: sustainablebrands.com
Implementing and operating			
Regulatory framework	Regulation is not static, it changes. When the <u>Pemulung</u> project was designed, there was no extended producer responsibility regulation in Indonesia, even though there were ongoing discussions in parliament. As the law was passed, the strategic relevance of the project for Danone and society completely changed.	It is not only about the regulatory environment, all the legal aspects of the project regarding waste picking and recycling must be considered. If you invest in infrastructure for a project, are those assets protected? This is a lesson learnt by the <u>Pepeñadores</u> project as the concession to PASA (Danone's partner) was not respected, putting years of work at risk.	Partner with an organization that is knowledgeable of these topics, or join a broader initiative that can keep you informed. This is what Danone is doing in LATAM as it partners with the IDB and the Avina Foundation under the Regional Initiative for Inclusive Recycling. This is a region-wide partnership and you can find more information here: reciclaeinclusivo.org

Component	Key challenges	Key risks	Key success factors
Logistics and transports	Recycling is a volume game, where margins are narrow. Logistics and transport become critical when running the numbers. Understand the costs and value generated at each link of the cycle.	Not accounting for logistics and transport can erode the margin. When the initial location for <u>Pepeñadores</u> was determined transport was not taken into account, and it became a headache down the line. The project was set up in Mexicali while the recycling plant was thousands of kilometers away.	Logistics and long distance transport are capital-intensive activities. In most projects, a partner has been in charge of these activities but as waste picker organizations become more sophisticated and better capitalized, this is a link of the value chain they could absorb if it makes economic sense.
Building and retaining a team	At Danone, people generally stay at the same position 2-4 years. Within NGOs, there can be a large staff turnover. Cooperatives also generally have a 2-year term for their directors. With this in mind, building a team can become a never-ending process.	As people move to other positions or jobs, unfortunately the initiative suffers from it. It has been the case in nearly all projects implemented so far. The key risk is to lose track of the history, main take-away and know how, resulting in loss of time and efficiency and building frustration.	As the team is developed, consider defining the roles and establishing work plans as well as keeping organized records. In this way, transferring the project between people within organizations becomes feasible. Also, as people transition, what new role could they have? For example someone at a partner NGO might move to a Foundation and become a donor.
Scaling strategy	It is overwhelming to consider the ambitious change the initiative is set to trigger. Establishing milestones and defining stages has to be a priority early on. When <u>Cartoneros</u> was set up it already had a vision for what it wanted to achieve in Buenos Aires and Mendoza. But as the project evolves so does the end game.	Not defining the scaling stages upfront, can lead to initiate the journey taking a dead-end road. Define what needs to go first for next steps to happen. Manage expectations on how large the initiative should become by then. As this is a very different endeavor to many others that Danone is involved in look outside for growth parameters. For example, among social entrepreneurs active in the recycling or waste management sector.	In system change initiatives, scale can mean many things. There are many paths to scale: linear growth or exponential models, which imply playing under the same rules (same regulation, same consumer mindset), but also systemic changes where the rules change (regulation, consumers' roles or expectations). In the case of <u>Novo Ciclo</u> the initial phases were seeking linear growth while setting the stage for exponential growth later on (through the build up of a network). Systemic change is what lies ahead as Danone not only manages to comply with the applicable producer extended responsibility but also exceeds what is required and does so in an inclusive way. If successful, it will re-define the rules of the game.

Section 03: Designing and creating a solution

D. The Changemaking Loop: Think, Build, Transform

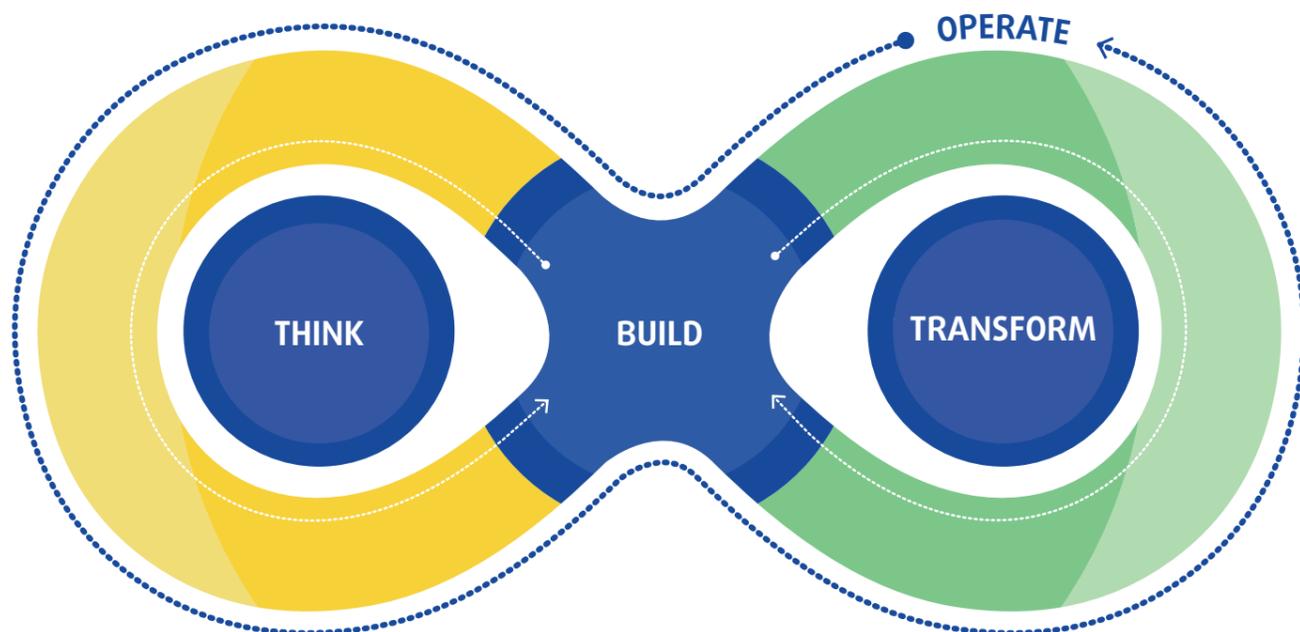
The Changemaking Loop is an iterative process composed of three major phases: Think, Build and Transform. Each phase is designed to guide you through a series of steps so you move forward towards building a packaging cycle solution.

The three major phases - Think, Build and Transform - are designed to run progressively and continuously while operating the initiative. Their purpose is to get an initiative started and scaled through the understanding of a situation, the co-creation of a sound solution, its execution and the measurement and communication of its impact.



Think

Think about the current situation of plastic recycling in your local operating context to better understand opportunities in the value chain. To do this well, leave old assumptions aside and develop new insights from your research. Identify and speak with key stakeholders, as well as with potential stakeholders that are emerging or indirectly part of the ecosystem. Discover the real needs, motivations and desires from decision makers before jumping to conclusions. Connect with your brand and develop your vision for the long term, but think and plan for the short term.



	Step	Goals
1	Think systematically: map and understand key players and value chain activities.	Identify the dynamics of the current recycling system. Imagine how the future might look like. Understand how the brand connects to this reality.
2	Understand the regulatory environment.	Map the regulatory and political environment and its implications for the initiative. Identify trends and future changes in regulations.
3	Assess the role and situation of waste pickers.	Understand the legal, social and political situation of waste pickers. Identify waste pickers needs, motivations and desires. Determine key stakeholders.
4	Understand the economic, social and environmental goals.	Understand the triple-bottom impact. Evaluate the different impacts and their connection with each other.
5	Define the stakes, the levers and the value created for different players in the system.	Assess the implications of developing an initiative in your context. Define the value and offerings that key stakeholders need to be part of the initiative.

Section 03: Designing and creating a solution



Build

Build to test, try, learn and refine. Define the problem that you want to solve and envision the change that you want to create. Begin to develop partnerships and together find novel solutions and business models that can be implemented in your context. Create governance mechanisms and establish KPIs; communicate and engage with extended teams and receive organized feedback. Establish an implementation plan and begin to run it.

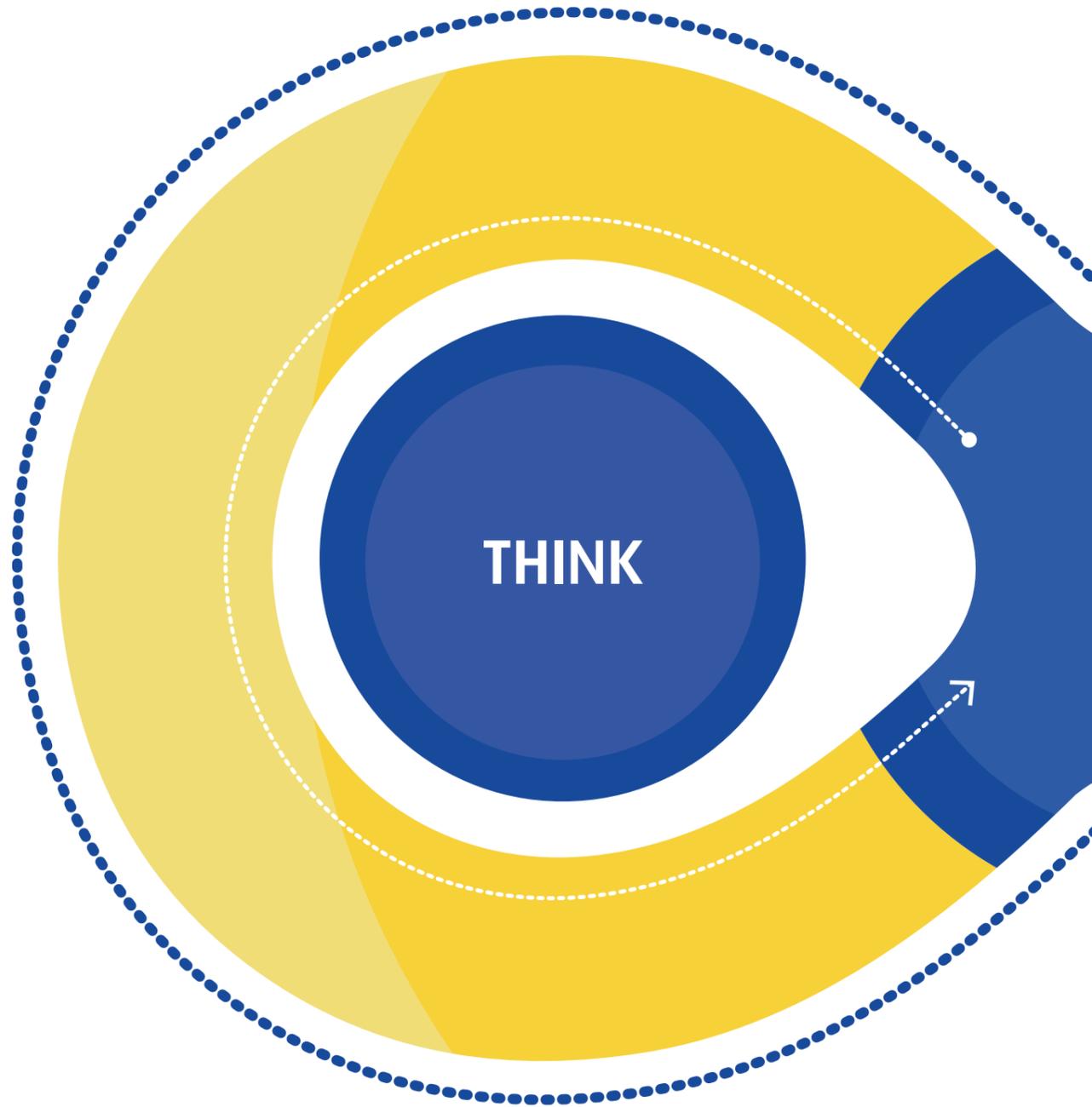
	Step	Goals
1	Frame the problem.	Define the challenge. Detect the capacities needed to solve it.
2	Build the Danone team.	Identify recurrent or one-off candidates for the team. Make sure to involve senior leadership.
3	Build partnerships and co-create.	Identify key partners. Co-create and develop the solution.
4	Define your theory of change: impact and KPIs.	Study in detail how a set of activities and inputs will lead to social, environmental and economic impacts. Establish the KPIs needed to measure both progress and impact.
5	Define a clear ambition and align the initiative's vision with Danone.	Define what your vision is and what you want to achieve in the future. Check how it fits with Danone's 2020 strategy and dual purpose.
6	Develop the business model and brand proposition.	Understand the economic flows and drivers that will support your business model. Develop a P&L as well as financial projections. Evaluate how the brand proposition can connect with the initiative's purpose.
7	Define co-funding avenues.	Identify your initiative's growth stages and opportunities for funding. Assess different funding sources and tools and their impact on governance.
8	Establish decision making rules: the governance.	Define the requirements for the strategic decision-making structure. Design and develop a process to make day to day strategic and operational decision making.
9	Secure the project legally.	To secure the license to operate, insurances, regulation compliances, etc. And define internal responsibilities and ownership of assets and investments.
10	Create the implementation roadmap.	Define your short-term goals and plan your milestones.



Transform

Transform by executing your implementation plan, reaching the milestones set initially and setting the stage for another innovation wave. Monitor and evaluate, gather learnings and successes, share them and connect it with the brand to see how this experience changes its identity. Define what lays ahead and refine your route to scale. Clean your desk and initiate the journey again: Think, Build, Transform.

	Step	Goals
1	Manage operations and implement the solution	Implement effective management techniques to operate and push the initiative forward taking all the stakeholders into account.
2	Measure the impact: to the business and to society.	Monitor and evaluate KPIs. Communicate results, but also the rationale and activities behind them.
3	Communicate results: storytelling and branding.	Engage with marketing and connect with the brand. Communicate results to consumers in a compelling way.
4	Identify and share key lessons learnt.	Reflect on your progress and develop key lessons learnt. Evaluate how the initial plan worked.
5	Benchmark your progress.	Redefine your vision to scale and plan accordingly.
6	Set the scene to scale to the next stage.	Define the next steps to scale. Define key challenges and start The Changemaking Loop again.



Phase 01: Think



A. Objective

Understand the operation inside Danone and in the recycling sector. Map existing stakeholders and define the opportunity that will take Danone towards the creation of a sustainable plastics cycle.



B. Key questions

1. How can Danone create a meaningful plastics cycle that establishes a social and environmental solution in the region?
2. What are the key gaps and barriers to shape the existing value chain from a linear model to a sustainable loop?
3. How can Danone's brands engage consumers and society to become a part of the solution?

Phase 01: Think

C. General Introduction

- Explore your context through desk (data, studies...) and field research (interviews, observation).
- Access your network looking to connect beyond your immediate reach, bringing in social entrepreneurs and environmental NGOs.
- Identify key stakeholders: explore and understand their roles and motivations.
- Connect with peers across Danone to replicate best practices from similar initiatives.
- Align your goals with the brand and CBU. Challenge Danone's business model!

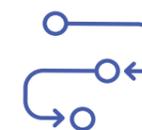
D. Steps

1. Think systematically: map and understand key players and value chain activities.

Objective: *Identify the dynamics of the current recycling system. Imagine how the future might look like. Understand how the brand connects to this reality.*

Inspiration

(+) As Cartoneros learned, gathering real and interested knowledge of all actors (cooperatives, NGOs), their members, their realities and places of work provides a better perspective and creates stronger bonds between all stakeholders.



Recycling does not happen in isolation.

Main components: *Thinking systemically, Identifying your stakeholders, Engaging your stakeholders*

- Start investigating the system within which recycling takes place in your context: Who are the stakeholders? How are they connected? What are their interests and motivations?
- Look for trends and existing efforts around the world. Detect key elements learned and opportunities for development.
- Do not assume what stakeholders and beneficiaries need or want. Meet with them and map their motivations, pain points and areas of opportunity in their operation. Consider that in Pепенadores waste pickers were not necessarily seeking increases in income if their very flexible work schedules were going to become more stringent. Freedom, after all, was a key motivator.



1. Stakeholders map (page 43 and 45)

Deep dive:



1. Repository of Recycling Projects - A reference list of worldwide initiatives in the field of recycling and cycles ([link](#)).

Phase 01: Think



1. Materiality matrix ([page 47](#)).

2. MinkaDev developed a systemic thinking tool, to identify tendencies and design inclusive business models with sustainable development while promoting intersectoral alliances, written in Spanish is an ideal reference for users in Latin America ([link](#)).

Picture the future

Main components: Short-term vision vs Long-term operation

- Picture how the year 2020 will be like for the different actors in the system: study trends and project them.
- Get to know what challenges lay ahead for the CBU and understand their current vision of the future. For example, Brazil's producer extended responsibility legislation is requiring Danone to be mindful and create a loop for a significant and growing portion of the packaging waste it generates. It is key that any project undertaken to create a loop not only allows to comply but provides room to collaborate and innovate. With this in mind, Danone is exploring solutions not only for PET but also other plastics.

Brands and social purpose

Main components: Connection with brands and marketing, Communicating internally: what, how, where

- Social purpose is set to become a core component of Danone's brands.
- Approach the marketing team to understand today's brand positioning dimensions and see where and how social purpose could strengthen its message or completely re-define it.



ADA Brand Tool

Since 2010 CBUs and Danoners have been innovating, testing, learning and launching initiatives. Some have grown and evolved, and are today becoming beacons in their own contexts, demonstrating that it is possible to affect change.

In Argentina, the Cartoneros initiative team is managing to connect all the dots: the initiative that was launched in 2010 is targeting 100% rPET sourced from the waste picker cooperatives it works with. It has managed to close the loop and even find a way to connect this ambition with the brand purpose of Villavicencio water. As of 2016, Danone and the Inter-American Development Bank are working on a partnership to invest additional resources in this best practice.

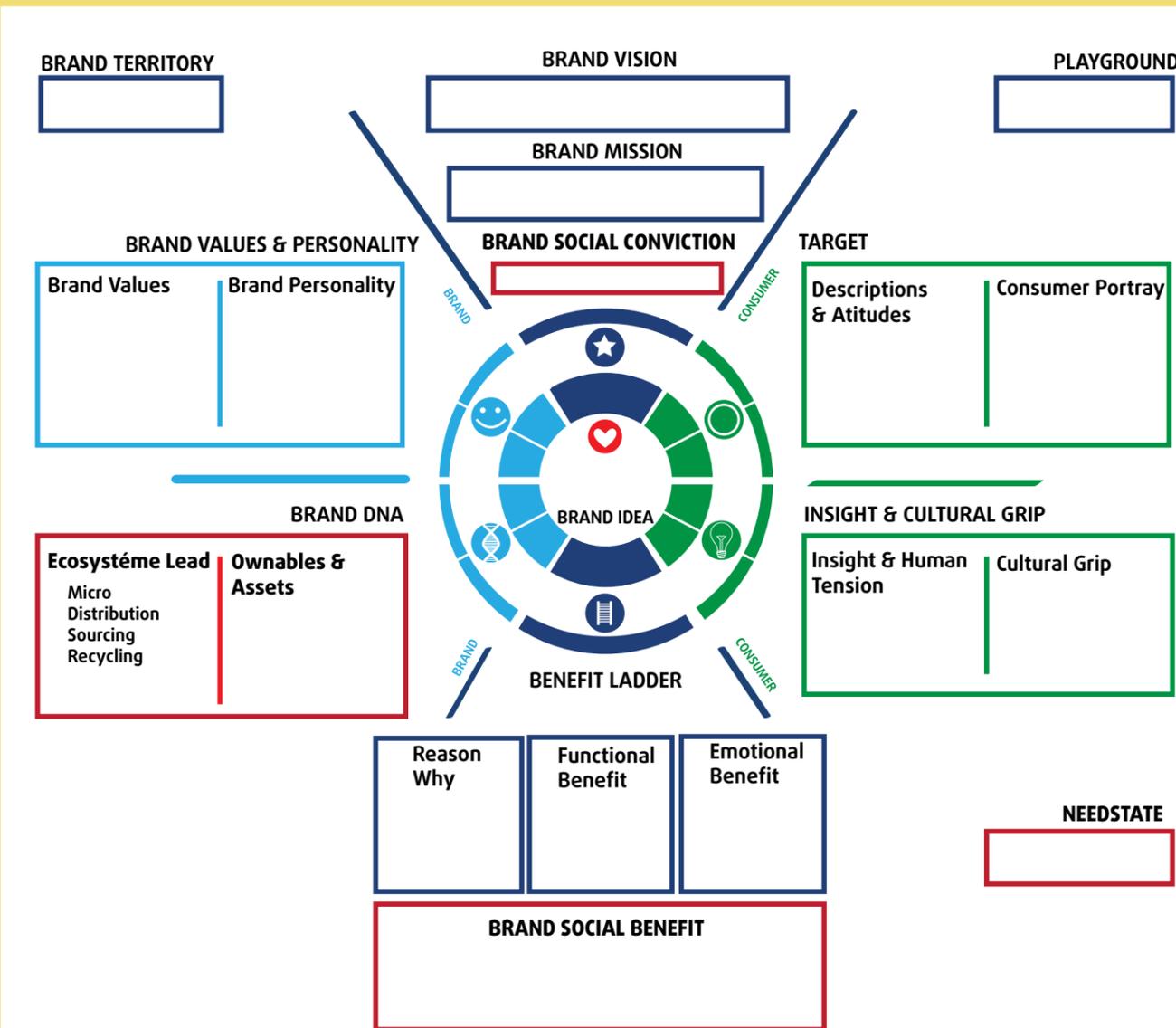
In parallel Aguas Danone Argentina developed together with the creative and communications agency Faro a new Brand Tool that, besides including the brand mission, values, personality, etc. Includes the brand social conviction, social benefit and needstate. It connects a social purpose directly to the brand's DNA. These elements served as a basis to design key jobs, a new brand behavior strategy and a marketing mix that includes "Purpose" as one of its key levers, generating important impact and success on the market for Villavicencio in Argentina. Some of the key results for the introduction of the ideas behind "Re-botella" to the brand were:

- The introduction of Re-botella changed the trend vs Plan ADA in the months of its introduction Mar-Apr (+17) compared to Jan-Feb (-9%).
- Market share evolution increased during the months of the campaign by 0.5pp and 0.2pp respectively.
- Customer engagement with the social media campaign was impactful and successful.
- The brand increased its impact overall with customers (persuasion, involvement and brand fit increased significantly amongst other elements).

Balancing the creation of value with the generation of value to society is a principle set forth as one of Danone's key purposes and differentiation elements. As such social purpose needs to be a core component of Danone's brands behavior, storytelling strategies and programs.



Brand Tool by FARO for the project with Aguas Danone de Argentina - New areas highlighted in orange.



Brand Tool by FARO for the project with Aguas Danone de Argentina - New areas highlighted in red.

2. Understand the regulatory environment.

Objective: Map the regulatory and political environment and its implications for the initiative. Identify trends and future changes in regulations.

Understand the fundamental aspects of regulations and their trends.

Main components: Regulatory framework, Thinking systemically

Inspiration

(+) In Brazil in 2010 a National Policy on Solid Waste was passed: companies have to implement "reverse logistics" and collect a percentage of the recyclable materials that they put on the market. This is favorable to investing in a cycle project that can allow not only complying but also creating value.

(!) From Cartoneros we also learned that public sector bureaucracy can generate delays and rescheduling can jeopardize the project implementation.

• Map and understand current and future Extended Producer Responsibility (EPR)* regulations in your context of operation, or other relevant waste management regulations.

• Identify and approach opinion leaders. Research current proposals that foundations, environmental groups or lobbies might be presenting to the government. For example in Mexico at this stage (2016) an EPR legislation draft is making its way through parliament, which could be an opportunity to engage with the leaders behind it to understand how likely it is to move forward today and shape the legislation to Brazil's model (where the requirement is to ensure a second life of an equivalent amount of waste, not necessarily in the recyclable that is produced).



1. Operating assessment tree (page 51).

• Based on current and future regulations in your context build an understanding regarding:

- What would they mean for Danone's operation in the short and long term?
- What business opportunity do they represent?
- What are the weak points in the value chain against the requirements of the regulations?
- Which regulations would Danone support private or publicly?

* EPR is a strategy designed to integrate externalities - environmental costs - associated with products throughout their life-cycles into their market price.

Phase 01: Think

Consider how you will develop public, private and social sector alliances

Main components: Rhythms and pace of different stakeholders, Regulatory framework

- Involve the General Secretary to approach government entities (possibly municipalities, as they are generally in charge of waste management and disposal in a territory, as well as the ministry of the environment, generally also involved in establishing the rules), non-governmental organizations and other commercial institutions to understand their approaches, needs and detect opportunities for collaboration.
- Be aware that public and private stakeholders move with different speeds. Plan accordingly and find the best ways to use your time efficiently.
- Social Impact Bonds – a “pay for impact” financial structure – are emerging as a funding mechanism for social innovation projects. Initially, philanthropic resources are channeled to implement a social intervention by an NGO or social entrepreneur. If this initiative achieves certain impact targets (and has the mechanisms to demonstrate them) then a second investor steps in – generally the government – and pays back all or part of the philanthropic capital with a return to these initial investors. While still in its infancy, many people and conversations are going on about how to not only innovate in interventions, but also in how these are funded. What is interesting about these structures is that they can make the incentives to the different stakeholders but mainly municipalities to invest in waste pickers very attractive, as they would only invest if the intervention is successful!



1. Most of these conversations converge once per year at the Social Capital Markets conference (SOCAP) in September in San Francisco that streams all of its sessions (socialcapitalmarkets.net).

3. Assess the role and situation of waste pickers.

Objective: *Understand the legal, social and political situation of waste pickers. Identify waste pickers needs, motivations and desires. Determine key stakeholders.*

Inspiration

(+) Building a waste pickers cooperatives network such as the one developed by Novo Ciclo can benefit the waste picker profession overall as it allows to recognize their work and provide new business opportunities.

(!) The Pепенadores project made several assumptions about waste pickers needs and motivations: it assumed waste pickers would be interested in better working conditions to increase productivity. However – as it was later learned – it was never that simple and motivations are context and people specific.

Understand waste picker situation in your country.

Main components: Regulatory framework, Connecting with informal workers

- Waste pickers are generally the weakest and most fragile link in the recycling value chain: they have a limited vision over the overall business, limited capacity to formally organize and are generally prone to abuses from the system or their own leadership.
- Research and identify how the legal environment perceives waste pickers:
 - In some contexts waste pickers are recognized as a profession and receive support from the ministry of work, environment or social services.
 - In some contexts waste picker inclusion in the value chain is incentivized, and municipalities call for proposals for waste management will value positively models that include waste pickers.
- If waste picking is already professionalized in your context, then map how waste gets segregated and try to find gaps that might open new business opportunities.



While in emerging and developing economies waste pickers are in charge of kick starting the recycling economy, they are understood and supported by the public sector in a wide variety of ways. In countries like Peru, through the efforts of social enterprise Ciudad Saludable (ciudadsaludable.org), they are organized and recognized by municipalities. In Brazil, waste pickers cooperatives can even bid for municipal waste management contracts. However, in many other settings it is as if waste pickers did not exist.

In Mexico where it is calculated that 800,000 people are waste pickers, they simply do not exist under the law. There is no program within the secretary for social services or any other government secretary (environment, workforce...) that addresses the existence and the needs of waste pickers. It is as if those 800,000 people simply did not exist.

Understand their context, motivations and living conditions

Main components: Connecting with informal workers, Engaging your stakeholders

- Inclusive solutions that transform and improve the working conditions of waste pickers are a must for Danone. That is why it is so important that you get to understand the conditions, needs and challenges of waste pickers (think for example of conducting anthropological studies).

- Consider the following key elements learned from previous projects when working with waste pickers:

- Develop waste pickers as the owners of their business (Novo Ciclo).
- Work with the sense of cooperativism among organized waste picker groups (Novo Ciclo).
- Safety and quality of work are essential (Novo Ciclo & Pepenadores).
- Focus on increasing quality of life, which does not necessarily mean income increases (Global lessons learnt).



1. Design research tools: Explore and get insights from your context, stakeholders, peers and partners using tools that will accelerate and make your process more efficient. Discover, select and use the user-centered design tools available in DIY database throughout the development of the initiative. (diytoolkit.org)

- A good research strategy focuses on understanding and discovering what is the situation of waste pickers and which are their real needs in order to develop solutions that appeal and motivate them. In order to do so:

- Look for existing research, reports and other data that could provide a good overview and a starting point.
- Approach and interview waste pickers, their leaders and other relevant actors to hear directly from their experience. However be aware that people might act differently in the real world and complement with observation. For these interviews, connect with organizations that run social research and might be experts in interviewing complex populations.
- Observe waste pickers in action to get insights on how they really behave during their activities, the specifics on how they collect and separate waste, how they interact with the middlemen, what happens to the waste afterwards and the general context in which all the duties are performed.
- Analyze the information and look for patterns. Try to discover the causes behind the effects and detect the key things that might motivate a lasting impact on the system.



“I feel much more respected seeing that my work contributes to the wellbeing of people.”

Luenia - Picker organizer (Novo Ciclo project)

Phase 01: Think

Pepenadores project: initial assumptions

In the Mexicali Pepenadores project two assumptions were made: (1) that given the chance waste pickers would take the opportunity of increasing their income, (2) that because of better working conditions the productivity of waste pickers would increase and therefore, their income. This implied that they would continue working the same number of hours per week. However, as the project moved forward it became apparent that it was not that straight forward. For example: while becoming more productive, some waste pickers would decrease the number of hours worked, maintaining a similar level of income and spending more time pursuing other activities.



1. Empathy map: A useful tool representing and identifying key needs and insights from a particular group of users. Used in top consultancies and design thinking firms. ([link](#))

Understand their economics

Main components: Connecting with informal workers, Defining the business case

- Waste pickers make their living collecting several materials (cardboard, paper, PET). This mix represents their income, and while some waste pickers specialize in a material, they generally work around most or all of them. Consider all the elements of this mix for the development of an economically sustainable solution. Consider the following:
 - In the case of Brazil, there is a clear incentive to design a model that provides a second life to any material. The EPR regulation implies that Danone has to ensure that an equivalent material is salvaged (it does not need to be PET for PET, cardboard or metal would be equivalent to PET).
 - In Pepenadores, all efforts and energy were centered on PET while both waste pickers and the segregation center to be profitable need to secure a market for all recyclables.
- Keep in mind that there are two roads ahead and while both are desirable, initially one needs to be prioritized:
 - Focus on productivity: Danone's intervention is designed to allow waste pickers to increase their productivity, by better organizing and training .
 - Focus on price: Danone's intervention is designed so waste pickers connect with a more transparent market capturing a better price, either directly or through intermediaries working as partners.

4. Understand the economic, social and environmental goals.

Objective: *Understand the triple-bottom impact. Evaluate the different impacts and their connection with each other.*

Inspiration

- (+) A complex project such as Cartoneros has to develop a triple bottom line for the waste pickers, their cooperatives, the brands and NGOs involved. Possibly also to society and municipalities!
- (+) Income increases are relevant to waste pickers but improving their working conditions and group relations could demonstrate highly significant, as Novo Ciclo demonstrated.

Understand the triple bottom line.

Main components: Long-term vision vs short-term operation, Identifying stakeholders, Defining the business case.

- The triple bottom line approach is the essence of sustainable initiatives, simultaneously generating positive economic, social and environmental impacts.
- The three elements are interconnected. Traditional business practices often generate positive and/or negative social and environmental externalities but do not consider them and only calculate the economic value.
- A new approach is required to develop business solutions - products and services - that can sustain over time a triple bottom line approach. Think of Cartoneros from Danone's perspective: (i) economic value: it is increasing sales by changing the Villavicencio brand purpose, (ii) environmental value: it is sourcing its rPET needs from a packaging loop making sure waste does not end up in landfills or worse, (iii) social value: it is doing all of the previously said by working with waste picker cooperatives and partnering with them: changing how society sees them and improving their conditions.

Phase 01: Think

Identify the initiative drivers'

Main components: Long-term vision vs short-term operation, Identifying stakeholders, Defining the business case.

- Every major stakeholder involved in the project will need to generate economic, environmental and social value in different proportions.
- For each stakeholder, identify the targeted impact and specifically how it is expected to manifest and be evaluated. All of these impact dimensions can mean many different things:

Economic	Environmental	Social
<ul style="list-style-type: none"> • Personal income. • Cost of underemployment. • Job growth. • Informal to formal work force. • Profits generated for reinvestment. • Asset building. • Access to financing and investment. 	<ul style="list-style-type: none"> • CO2 emissions. • Water footprint. • Portion of packaging not managed (ends in landfills or in unknown places). • Percentage of PET in landfill. • Percentage of bio sourced material. • Use / production of recycled material. 	<ul style="list-style-type: none"> • Unemployment rate. • Female labor force participation rate. • Education. • Health-adjusted life expectancy. • Political inclusion and participation. • Economic education and empowerment. • Safety.

Based on an article by the Indiana Business Review from the Kelley School of Business ([link](#)).

- Research and talk to experts from the recycling, circular economy, informal work and social business fields to find the best ways to generate impact and identify the approaches that do not work.
- Identify how these impacts either work side by side (i.e. increasing positive social impact leads to increases in income, for example through new skills developed at the waste picker level), or against each other (i.e. to increase waste pickers incomes, recyclers or waste management companies' margins decrease which could reduce their incentives to invest in improved technologies).
- Define first the social and environmental problem that you want to solve. Set the right constraints (volume, logistics, mix price, etc.) For developing afterwards a sound business model.
- Ecosystem projects have generally been focused on job creation, empowerment and in many cases, women empowerment. Then, in other business targets such as volume of rPET sourced by Danone through the projects, quality and price.



“It is important to add value to the recyclables and be conscious about the environment, while generating positive social impacts...”

Pitu - El Alamo Cooperative (Cartoneros project)



1. The United Nations Sustainable Development Goals are important for Danone, review them and analyze their guidelines, use them as inspiration (un.org).

Phase 01: Think

5. Define the stakes, the levers and the value created for different players in the system.

Objective: Assess the implications of developing an initiative in your context. Define the value and offerings that key stakeholders need to be part of the initiative, as well as what is at stake for Danone and for them.

(!) A common mistake made in many projects was to only consider PET, as it is the resource Danone is most concerned about. However, the business model of waste pickers, recycling companies and waste management companies, as well as municipalities, is dependent on all recyclables. Consider incentives to prioritize PET, but care about all waste.

Identify who would profit or lose from any change.

Main components: Thinking systemically, Engaging your stakeholders

- Understand what is at stake for your stakeholders and what could happen should the current model continue over the years ahead.
- While the current recycling value chain is not optimal for society, waste pickers or even consumer-goods companies, it is working for someone: someone is making money, someone has power and somehow it is, at least, working (meaning that some recyclables actually get recycled). For example, while the recycling sector in Mexico is highly informal and extremely opaque, it does manage to segregate a portion of the waste and create a

business for recycled plastics. However, it does so without involving consumers, creating very different results in different cities, promoting corruption at the municipal level, maintaining waste pickers in poverty and social exclusion and concentrating revenues in a few quite harmful intermediaries.

- As the system shifts to put waste pickers at the center of the solution, engage consumers and create a recycling loop, some linkages will increase their costs, others will lose power or become irrelevant (while others will make money or become relevant). It is important to foresee where and how each stakeholder can reach similar levels of profitability as those they benefit from today (by increasing volume? By connecting with new purchasing agreements?). And if not, what other incentives could be relevant to them?

Provide solutions to stakeholders

Main components: Thinking systemically, Define the business case, Engaging your stakeholders.

- Anticipate how the value (positive or negative) affects different stakeholders.
- Develop an understanding of the value proposition that the different stakeholders need to get involved in a potential solution. Some actors will require investment capital, others recognition, new skills or technologies. For example:
 - Danone is not seeking to buy rPET at a lower price, it is seeking to gain traceability, ensure that a recycling loop is in place and that consumers can be engaged and recognize these efforts in their purchasing decisions.
 - Municipalities are worried about landfills' lifespan but not necessarily have capital to invest in the improvement of operations.
 - Foundations and environmental groups align with Danone's incentive to close the loop and might be able to bring to municipalities technical assistance. However, their work requires financial investment and commitment.



“Through the establishment of partnerships with companies, we give more visibility to our work on preserving the environment.”

Maria - Picker in Porto Alegre City (Novo Ciclo project)



1. Value proposition design: A tool used by leading companies and entrepreneurs to map needs, desires and motivations of users / stakeholders and transform them into opportunities for collaboration. Use it to map yours and get a better understanding of your opportunities ([strategyzer.com](https://www.strategyzer.com))

Phase 01: Think Tools

Stakeholder's map (internal network)

Description

The key stakeholders are the people, areas, groups or departments that have interest, are affected or have relevant influence on a system. This tool is designed to identify and analyze the key stakeholders inside Danone and develop an understanding of how their strengths and competences could boost or not the initiative.

Steps

1. Identify the different areas or departments inside Danone that could support or might have an interest in your project. In case one you identified is not listed, write it down in the Others section.
2. Define what needs does each stakeholder can fulfill in the context of a cycles initiative.
3. Identify when would you need to incorporate them in the process.
4. Accordingly identify when would be the best time for reaching them.
5. Lastly, identify the Danoner and define the posture that you think each area/department could have on the initiative:
 - a. Detractor: Might be skeptic but has the potential to become a promoter.
 - b. Promoter: Could boost the initiative.
 - c. You are not sure.
6. Evaluate the results and analyze what would the implications be for the eventual implementation of a cycles initiative.

Area/deparment	What are their motivations? What need can they fulfil?	When would the initiative need them?	When should they be reached?	The leader of this area/department is?
Senior leadership <i>Name and lastname</i>		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Strategic Resources and Cycles <i>Name and lastname</i>		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Marketing <i>Name and lastname</i>		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Logistics and operations <i>Name and lastname</i>		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Corporate Affairs <i>Name and lastname</i>		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Finance <i>Name and lastname</i>		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Human resources <i>Name and lastname</i>		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Ecosystem <i>Name and lastname</i>		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Other 1: <i>Name and lastname</i>		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Other 2: <i>Name and lastname</i>		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know

Stakeholder's map (external network)

Description

This tool is designed to identify and analyze the key stakeholders outside Danone and develop an understanding of how their strengths and competences could boost or not the initiative. This is essential for developing a successful solution.

Steps

1. Using the listed areas as a base identify the different stakeholders that could support or might have an interest. In case one you identified is not listed, write it down in the Others section.
2. Define what needs does each stakeholder can fulfill in the context of a cycles initiative.
3. Identify when would you need to incorporate them in the process.
4. Accordingly identify when would be the best time for reaching them.
5. Lastly, identify the person, organization or entity and define the posture that you think each area/department could have on the initiative:
 - a. Detractor: Might be skeptic but has the potential to become a promoter.
 - b. Promoter: Could boost the initiative.
 - c. You are not sure.
6. Evaluate the results and analyze what would the implications be for the eventual implementation of a cycles initiative.

Area/department	What are their motivations? What need can they fulfil?	When would the initiative need them?	When should they be reached?	The leader of this area/department is?
Consumers		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Waste pickers		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Municipal Government		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Waste management companies		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Intermediaries		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Recycling companies		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Social Entrepreneurs		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Academia		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Consumer goods companies		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Government (other)		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Donor comunity		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Other 1:		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know
Other 2:		<input type="radio"/> Short term <input type="radio"/> Medium term <input type="radio"/> Long term		<input type="radio"/> Detractor <input type="radio"/> Promotor <input type="radio"/> I don't know

Materiality matrix

Description

The key stakeholders are the people, areas, groups or departments that have interest, are affected or have relevant influence on a system. This tool is designed to identify and analyze the key stakeholders outside Danone and develop an understanding of how their strengths and competences could boost or not the initiative. This is essential for developing a successful solution.

Steps

1. Identify stakeholders. Think on all the people that might be impacted by or that have interest in Danone's social and environmental impact. Group them if necessary and list them. Stakeholders will often include groups such as customers, investors, media, government, intermediaries, waste pickers, NGOs, etc.
2. Identify critical issues. Think of critical issues and problems that threat Danone's operation today, think also of the ones that might become a threat in the future (2020). Try to find the most critical issues that affect your stakeholders. The critical issues often include subjects like economics, environmental impact, health and safety, human rights, product responsibility and others.

3. Consult stakeholders and Danoners to rank the critical issues under 2 main criteria (i) Importance for the business and (ii) Impact for stakeholders.
4. With the gathered information, plot the present and future critical issues, each on their own matrix according to the following criteria:
 - a. In the vertical axis map the issues according to the stakeholder's concern.
 - b. In the horizontal axis map the issues according to the impact they might have on Danone.
5. Identify the critical issues (present and future) that should become focus areas for the initiatives. Usually the critical issues located on the top right corner of the matrix are the ones that have the highest economic, social and environmental impact for Danone and the most relevant for the key stakeholders.

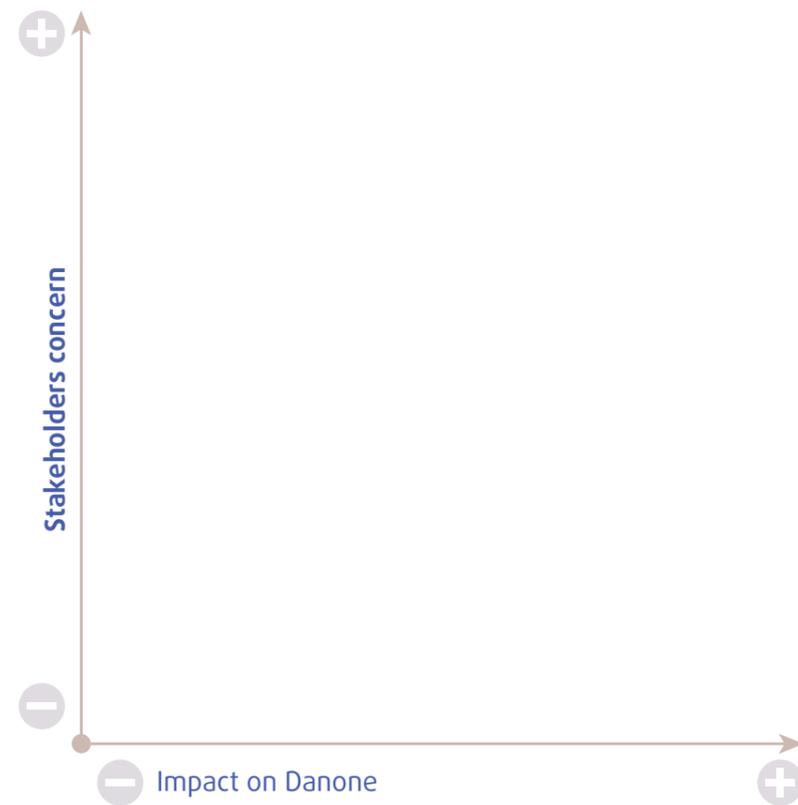
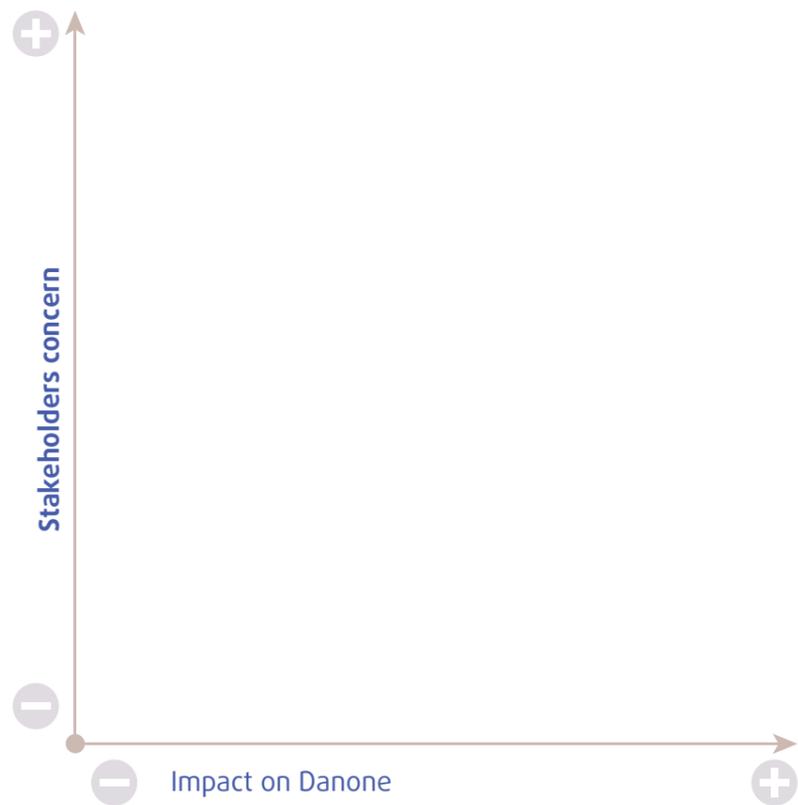
Materiality matrix

TODAY

Stakeholders	Critical issue	Impact on the business	Impact on the stakeholders

IN THE FUTURE

Stakeholders	Critical issue	Impact on the business	Impact on the stakeholders



Phase 01: Think Tools

Operating assessment tree

Description

The situation assessment tool will help you to value and evaluate the context in which an initiative could be developed. The tool helps to analyze the relevant regulations, waste picker situation and consumer awareness and gives an overview of the environment situation and its implications for a possible initiative. It also helps as a checklist for the elemental areas that need to be understood before developing any solution.

Steps

1. Go to this [link](#) and download the Environment Assessment Tool.
2. Open the Excel file and assign a grade to each of the listed areas, making sure that the selected statement describes as best as possible the situation in your context.
3. Analyze the conclusion that the tool formulates once all the fields are completed. Reflect on what would this mean for a potential initiative and take it into account for the next steps.

Download here: [Link to Excel Worksheet](#)

Operating environment assessment tree		Include	1 for low	2 for medium	3 for strong
EXTERNAL ENVIRONMENT	1 Waste regulation				
	2 Packaging regulation				
	3 Waste management models				
WASTE PICKERS STATUS	4 Recognized profession				
	5 Organized sector				
	6 Defined role				
CONSUMER AWARENESS	7 Segregation				
	8 Understanding				
	9 Choice				

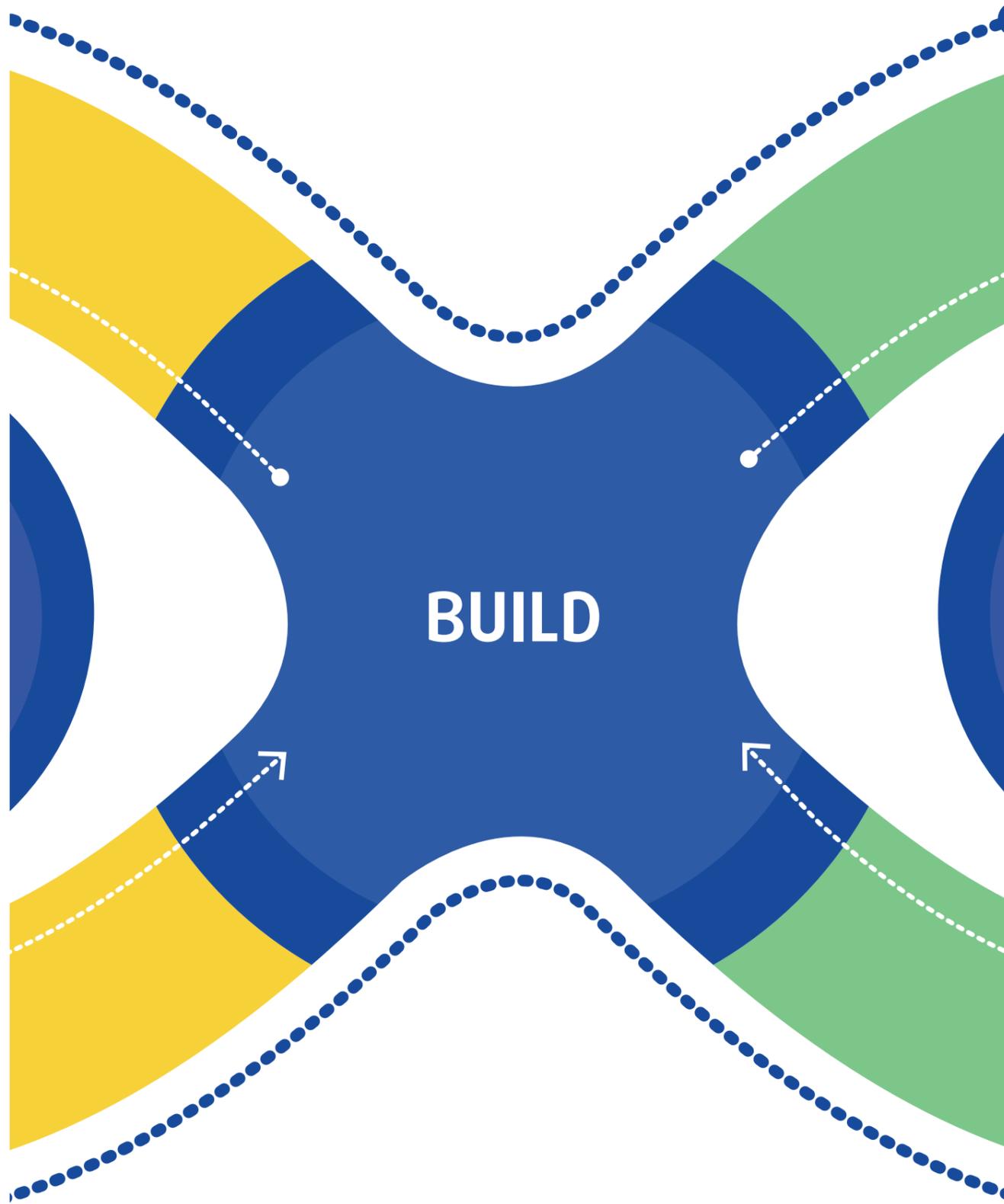
Print screen of the Operating assessment tree ([link](#)).

Phase 01: Think Progress checkpoint

F. Progress checkpoint

Before moving to the next section be sure to be able to answer at least the following questions about the initiative.

Concept	Guiding questions
Background	<ul style="list-style-type: none"> • What is the relevant data regarding the operation inside Danone and in your context? • How can Danone connect to the current recycling system in your location?
Opportunity	<ul style="list-style-type: none"> • What is the current situation of waste pickers in your context? What are the key points to improve it? • How can the existing value chain be transformed into a sustainable cycles model?
Resources	<ul style="list-style-type: none"> • Who are the key stakeholders? What are their interests and how can their support be secured? • Who conforms your core and extended team?
Constraints	<ul style="list-style-type: none"> • What are the key constraints of the initiative? (Resources, regulations, etc) • How can public, private and social sector alliances be developed?
Scope	<ul style="list-style-type: none"> • What are the economic, social and environmental goals of the initiative? • What are the key channels and platforms that are needed to integrate the initiative?



Phase 02: Build



A. Objective

Develop a desirable, viable and feasible solution for your brand and even Danone's overall plastic cycle in your region supported by a business case and a realistic implementation plan. Pinpoint as exactly as possible the real problem that you want to solve as well as your team, mentors and partners to co-create a solution.



B. Key questions

1. What is the value that your solution brings to the identified problem or opportunity?
2. How are the economic, social and environmental impacts interconnected throughout the different stages of your initiative?
3. Considering you will bring people and resources together... How will decisions be made?

Phase 02: Build

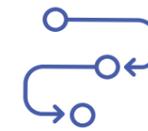
C. General Introduction

- Build trust with internal and external potential collaborators by sharing your ideas, explaining the challenges ahead and listening to their own ideas and challenges.
- Collaborate and iterate as you build a social innovation initiative:
 - Collaborating requires finding and inviting internal and external team members with different perspectives, roles and purposes.
 - Iterating implies testing and proving ideas, learning and adjusting.
- Build an open team (within Danone and in connection with external actors) to bring together the knowledge and breadth of experiences required to navigate the complex challenges your recycling initiative will face.
- Bring different sources and types of financing together to evolve from a linear recycling value chain to a loop model. Think in terms of blended capital and how grants, access to credit or subsidies play a role.
- Consider how different (social) investors will have different return expectations in the spectrum of impact vs financial returns.

D. Steps

1. Frame the problem.

Objective: *Define the challenge. Detect the capacities needed to solve it.*



Define the problem you want to solve

Main components: *Thinking systemically, Monitoring, evaluating and learning*

- Write the problem that you want to solve in a paragraph: try to be precise enough to point out the challenges but broad enough to open space for ideas and solutions to flourish.
- Take into consideration all the key elements learned gathered in the Think section as you move forward to revisit and complement as more information emerges (stakeholders, trends, context, waste picker situation, regulatory environment, etc.) .
- Remember, a great solution always begins by asking the right questions. The Pemulung initiative demonstrates that if the problem is not well framed, the model designed from there onwards will not be adequate. In this case, the role of the intermediary – Bandar – was initially not understood and by considering this actor as part of the problem, the solution that was designed hit a wall later on.

Inspiration

(+) If you look at the starting point for Novo Ciclo, Pepenadores, Pemulung and Cartoneros, you can discover a variety of approaches while the problem - the lack of visibility and low professionalization of waste pickers - seems to be the same. In detail and in context, the problem to solve is very different as national regulations, public perception and Danone's brands themselves are different! What can seem very simple upfront can become more complex as you look closer.

Deep dive:

1. Cycle strategies: open vs closed loops ([link](#)).



1. For inspiration on the importance and methods for framing the right challenge read the following article by Fast Company "How Reframing A Problem Unlocks Innovation" ([link](#))

Determine the building blocks of the solution Danone should create

Main components: Building and retaining a team, Communicating externally: what, how, where

- In broad strokes, it should be possible to illustrate and explain the solution that is taking shape. For example, will it consider getting involved in public policy changes early on or the current framework is already providing the correct incentives? Which are the steps and investments to create a loop?
- Invest time reviewing other existing inclusive recycling models in your region or with similar characteristics. An initial set of examples has been put together and is available as a Deep Dive "Review of Recycling Projects".



"If I had an hour to solve a problem I'd spend 55 minutes thinking about the problem and 5 minutes thinking about solutions."

Albert Einstein

2. Build the Danone team.

Objective: *Identify recurrent or one-off candidates for the team. Make sure to involve senior leadership.*

Inspiration

(+) Cartoneros becoming a key element of the Villavicencio brand was a collaborative process across teams in Danone.

Map skills needed and available

Main components: *Communicating internally: what, how, where, Engaging your stakeholders*

- From the wealth of knowledge and skills available at Danone, identify which are permanently required and which only sometimes.
- The scope of insights that can be brought into a project are very wide. Pепенadores, for its second phase required building an extension to the sorting center in Mexicali and for that, hiring an engineering firm. Different firms sent initial proposals but the project team did not know on which base to choose. The team in charge of building and infrastructure at Danone was brought in which allowed engaging in an informed conversation and even significantly negotiating the budget downwards!
- Bringing others in is not about delegating, but about collaboration.

Define roles and secure commitment

Main components: *Communicating internally: what, how, where, Building and retaining a team*

- In previous projects, short-term assignments have been organized as missions: well defined and scoped, with clear deliverables. For example, a person from the financial team might be extremely helpful when building P&L projections, but might not be constantly necessary.
- To facilitate senior Danoners involvement think of how and where it is possible to have their time and attention. In Mexico - for example - a Bonafont Sustainability Committee was created to have CBU leaders provide insights and participate in social innovation projects on a regular basis.

Phase 02: Build

3. Build partnerships and co-create.

Objective: *Identify key partners. Co-create and develop the solution.*

Inspiration

(+) Cartoneros was co-created with the Avina Foundation, a solid partner that is becoming in 2016 a regional partner beyond Argentina for the overall LATAM strategy.

(-) Pепенadores recommends that you choose your team and partners wisely. Invest time and effort in doing so as once chosen, it is so for the foreseeable future.

Update your assumptions

Main components: *Engaging your stakeholders, Co-creation and decision-making*

- Analyze the value chain and update your stakeholder map as you have been meeting people, exploring new connections and finding the right organizations and people to partner with to solve the defined problem.
- On paper an organization could seem as the perfect partner but co-creating is a two way street. Both sides have to be willing and ready to invest time and energy.



“You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.”

Buckminster Fuller

- Be mindful of the planning and administrative capacity that a civil society organization might have. Growing has to be a planned process and the adequate people and processes have to be available or set up.
- If you sense early on that a great potential partner does not have the right mindset, it is possibly a sign that you should move on.

Partners evolve and change over time

Main components: *Long term vision vs short term operation*

- You will possibly need to partner with NGOs, government and possibly even intermediaries and commercial institutions to move to a packaging and waste loop model.
- Think of the role actors have today and the roles they should have if the project is a success. For example, the role middlemen players had in phase I of Novo Ciclo to – in phase II – setting an integrated network selling system.
- At this stage, update the stakeholder map and do so regularly as the project moves forward.

Co-creation = time and energy

Main components: Co-creation and decision making, Defining the business case

- You will probably have to go through a series of long and often difficult design sessions.
- These sessions are intended to build a shared vision for the project, confirm there is a mutual understanding of the background and the context in which the initiative will be implemented.
- New solutions need new kinds of relationships; facilitate the change you want to see from the beginning. Moreover, moving forward, decisions will need to be made constantly and many things will not go as planned. Structures like the Steering Committee allow to continue to keep investing time and energy in co-creation.



1. Ideation tools: Develop an environment for creative thinking and innovation is a challenge, "gamestorming" is an asset to make it happen that will enhance communication and creates ideas and strategies (gamestorming.com).



"The partnership with Danone, transforms the lives of hundreds of workers, and promotes environmental quality with citizens participation. An example to be followed!"

Luciano - INSEA's President (Novo Ciclo project)

4. Define your theory of change: impact and KPIs.

Objective: Study in detail how a set of activities and inputs will lead to social, environmental and economic outputs, outcomes and impacts. Establish the KPIs needed to measure both progress and impact.*

Inspiration

(+) Pepenadores did an exercise with partners to develop a matrix of indicators that could allow truly monitoring and learning from the project. Moreover, the impact measurement study conducted by ESSEC was immediately taken into account to improve the project.

From a clear objective, KPIs will flow

Main components: Thinking systemically, Engaging your stakeholders, Monitoring, evaluating and learning

- The purpose of the initiative is not just to capture a certain amount of recycled plastic: it is to transform a system that is currently not at its desired state.
- As the overall objective is determined - by articulating a theory of change - it will be possible to define intermediary objectives and the outputs, outcomes and impacts that should take place.
- Be aware - as you establish KPIs - that some partners might be reluctant to share their indicators because they could consider them confidential or are - simply - not used to sharing

and feel audited. In Pepenadores a significant amount of time and energy was dedicated to a planning cycle that allowed creating a KPI matrix that organized KPIs by source (i.e. which partner had to provide it, from which data and with what frequency) and type of effect (i.e. output vs outcome). This process also defined (i) management scorecards that had to be prepared and shared with the steering committee, (ii) a responsible person to whom all had to agree to report the data in time. Unfortunately, these instruments were not implemented in full as the project suffered a disruption.

- Be very clear about individual KPIs (i.e. those that Danone, the waste pickers, NGO partners... might be interested or required to monitor) and those relevant and necessary to the decision making and monitoring of the overall initiative.



1. Theory of change ([page 85](#)).
2. KPI design ([page 87](#)).

* To better understand outputs, outcomes and impact and how they differ and connect, we recommend: Sean Stannard-Stockton (2010), Getting results: outputs, outcomes and impact", Stanford Social Innovation Review ([link](#))

Phase 02: Build

Short vs long-term impacts

Main components: *Rhythms and pace of different stakeholders, Long-term vision vs short-term operation*

- Building the logical sequence of results that are expected from the intervention will allow establishing short and longer-term economic, social and environmental goals.
- This can be brought together around a Logical Framework (also referred to as LogFrame), which establishes how inputs and activities connect with a set of desired outputs, outcomes and finally, impacts.
- All this, as it becomes clear can be translated into KPIs and establish a roadmap. In the Pepenadores example just mentioned, KPIs were organized around two objectives: the operation and the social operation. Operation KPIs consisted of all aspects relating to efficiency, volumes of rPET and price. Social operation KPIs related to all the services available to waste pickers to improve their working conditions and situation.



1. To find out more about the LogFrame approach peers with experience on it and visit online resources that can provide guidance on its use. ([link](#)).

Changing behaviors is the most difficult thing to do

Main components: *Communicating externally: what, how, where; Scaling strategy*

- Note that - mostly for projects working with waste pickers or connecting with consumers - changing beliefs and behaviors are complex endeavors.
- This is possibly why all projects initially considered a certain time-frame but down the line, required more time.



1. Prototyping is essential for developing the right solution. Research the different methods available and get to work. Find more about prototyping and how to plan effectively for it on this video from the DIY Toolkit ([link](#)).
2. Social sector organizations that run campaigns to change public opinion on a topic, to pressure a system or change behaviors use Chris Rose's 2010 book "How to win campaigns: communications for change" as a guiding reference.



"The best way to predict the future is to create it."

Peter Drucker

5. Define a clear ambition and align the initiative's vision with Danone.

Objective: *Define what your vision is and what you want to achieve in the future. Check how it fits with Danone's 2020 strategy and dual purpose.*

Inspiration

- (+) Novo Ciclo will allow compensating kilo per kilo with Danone's packaging outputs.
- (+) Cartoneros will allow to source all rPET needed through the project. A cycle solution designed today needs to - through time - match in scale and ambition!

Set the right ambition

Main components: *Long-term vision vs short-term operation, Monitoring evaluating and learning, Scaling strategy*

- Now that you have an understanding of the context revisit Danone's 2020 vision and think about the future that you would like to contribute to build. Ask yourself:
 - How can you contribute to this vision? What in your perspective needs more attention? Where can your leadership, knowledge and passion take Danone?

- Be mindful of the time, energy and effort that the initiative will require. Most recycling projects underestimated the time they would require and did not plan achievable milestones accordingly. Pemulung is an illustration of this common miss-calculation: launched in early 2010 it originally assumed that Ecosystem support would end in 2014. However, it is considered to continue until 2018.



1. Theory U: A change management method to shift unproductive patterns of behavior, used for organizational and social development by companies and organizations such as Google, Hewlett-Packard and United Nations Development Program. Use it to define your professional conviction ([ottoscharmer.com](#)).

Deep dive:



1. Danone 2020 Vision ([link](#)).
2. Danone Manifesto ([link](#)).
3. Danone 2020: Cycles and Strategic Landscape ([link](#)).

CARTONEROS

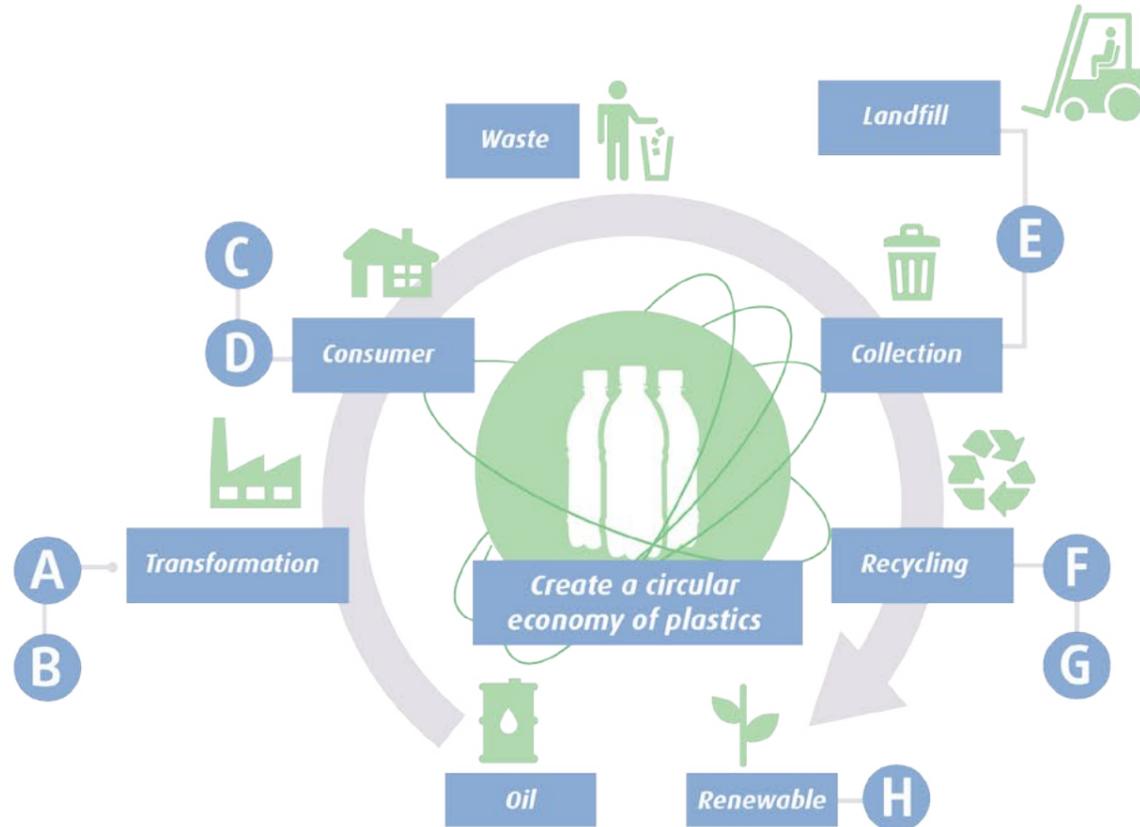
Plastic cycle analysis



- A Secure long term access**
Creates direct high quality volume of PET for recycling companies that are collaborating with the cycle strategy. **100%**
- B Have a lower Total Cost of Ownership than our competitors**
In the current low price oil environment we are at, price between virgin and recycled plastic is equivalent. In higher oil price or higher volatility environments, the model becomes more competitive as price is more predictable.
- C Deliver exciting plastic packs to our consumers**
Already compared to recycled packaging from consumers, there is a traceability advantage that can be exploited. For example, an rPET with lower CO2 footprint (due to lower transport through more "local" sourcing). **50%**
- D Nourish meaningful brands**
This value generator has been exploited in Argentina, by introducing the project purpose into the brand DNA. "Re-botella" and "Unidos por el Agua" positively impacted on sales. This would have been unthinkable without a solid cycle strategy. **100%**
- E Create a second life for all plastic packaging we put on the market**
At this stage, the project will allow to procure the 25% of rPET required but is still not allowing to account for 100% of the plastic that is put in the market. Other closed and open loop initiatives will be explored over time to achieve this target. **75%**

NOVO CICLO

Plastic cycle analysis



- F Towards 100% recyclable packaging by design**
For the water business, this is already the case. Over the next years materials and models will be explored to make it a reality for all CBUs in Argentina. **75%**
- G 25% rPET in selected countries**
This is already – on average – a reality in Danone’s Argentinian water business. As a One Company, the challenge to be explored in the years ahead concerns considering this target for other packaging such as – for example - yogurt. This is envisioned under the alliance with the InterAmerican Development Bank signed in 2016. **100%**
- H Launch 100% bio sourced Gen 2 plastic**
The Argentinian team has set an objective to identify and evaluate opportunities to move forward on bio sourced Gen 2 plastic over the next 2 to 3 years. **5%**

- F Towards 100% recyclable packaging by design**
For the water business, this is already the case. Over the next years materials and models will be explored to make it a reality for all CBUs in Brazil. **100%**
- G 25% rPET in selected countries**
This is already – on average – a reality in Danone’s Brazilian water business. As a One Company, the challenge to be explored in the years ahead concerns considering this target for other packaging such as – for example - yogurt. This is envisioned under the alliance with the InterAmerican Development Bank signed in 2016. **100%**
- H Launch 100% bio sourced Gen 2 plastic**
At this stage, this is yet to be explored in close collaboration with Danone’s global leadership. **0%**

- A Secure long term access**
Creates direct high quality volume of different recyclables for recycling companies that are collaborating with the cycle strategy. **100%**
- B Have a lower Total Cost of Ownership than our competitors**
In the current low price oil environment we are at, price between virgin and recycled plastic is equivalent. In higher oil price or higher volatility environments, the model becomes more competitive as price is more predictable. **75%**
- C Deliver exciting plastic packs to our consumers**
The Brazilian context allows to think of all packaging related to a water bottle: cardboard, other low density plastics... and over time think of transport or logistics solutions that also reduce this "non-visible" waste. **75%**
- D Nourish meaningful brands**
While Cartoneros is Danone’s flagship plastic cycle initiative, it is yet to be communicated and shared with the public. It has been presented in specialized events and conferences, but a strategy to connect it to the brand should be explored in the near future. **25%**
- E Create a second life for all plastic packaging we put on the market**
Currently Danone is not only on track to comply with Brazilian legislation, but to do so in an economically inclusive and pro-actively more ambitious manner. On a kilo to kilo equivalent, Danone is already capturing 37% of the packaging waste it generates. Through the project, it is expected to reach 50% in 2019 (vs the legal requirement of 28%). **75%**

Phase 02: Build

6. Develop the business model and brand proposition.

Objective: *Understand the economic flows and drivers that will support your business model. Develop a P&L as well as financial projections. Evaluate how the brand proposition can connect with the initiative's purpose.*

Inspiration

(+) Pemulung reminds us that a social business is - first of all - a business. The basic unit (ie. The business at the sorting center) has to work for the system built upon it to function.

(-) Pепенadores was always a difficult project to communicate as focus groups conducted early on identified low capacity for consumers to understand sources of recycled plastic. A broader understanding of consumers was never achieved.

perspective but also from your stakeholder's point of view. All co-creators should complete this tool.

The business model will require to consider several drivers:

- Route to waste: waste can be found in different places with diverse constraints. Where and how can the waste be accessed? What are the constraints and costs?
- Volume collected: recycling is a game of scale and volume. How much can you access periodically? Could it support an operation?
- Middlemen: they govern value chains. Can you get them on board or stop depending on them? Are they bringing benefits to the system?
- Valorization in the market: costs and price of waste, separated bales and rPET can vary a lot in the market. Is it possible to standardize costs? Could the value generated be increased?

Business model innovation and drivers

Main components: *Regulatory framework, Defining the business case, Logistics and transports.*

- A social business is, first of all, a business.
- The most used model so far to generate plastic cycles in Danone are the sorting centers. However, in your context, other models might be more relevant.
- Use the business model canvas to quickly and efficiently visualize and play from Danone's



1. Business model canvas (page 89).



Waste pickers from the Novo Ciclo project in Brazil.



Sorting centers

Sorting centers are physical structures that run waste sorting operations, improving waste pickers' working-conditions. It generates a sustainable channel for recycling material, which is then bought by specialized recycling companies. These materials are later transformed into recycled PET (rPET), which can be used - considering regulatory safety and health approvals - in Danone's water bottles.

Operation model of a sorting center / Generic

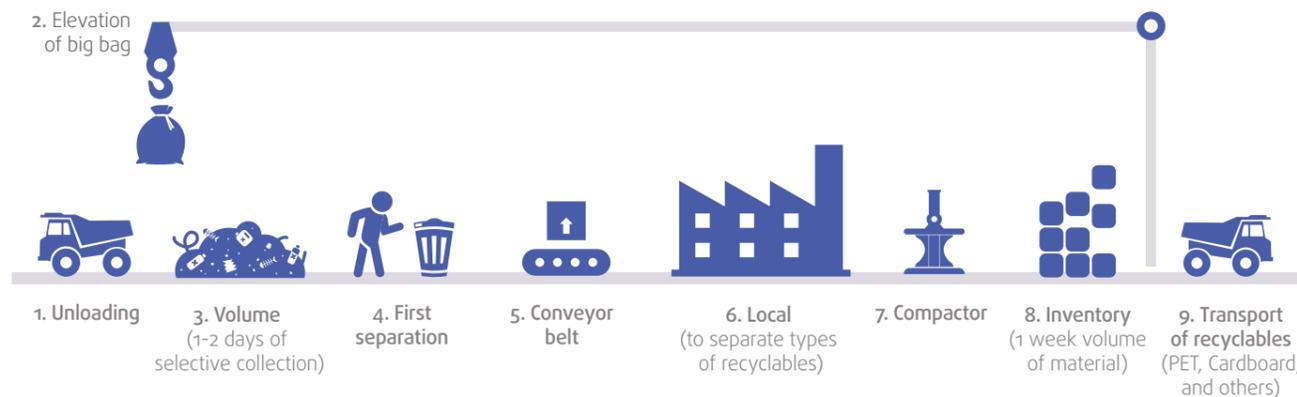
Current situation:



Danone's general vision:



Basic sorting center



*based on prices in Brasil in Real exchanged at 0.23

Novo Ciclo Theory of Change

Brazil faces significant problems in waste management and most waste pickers work in the informal sector without any recognition or social protection. The Government is encouraging initiatives to improve working and living conditions for waste pickers, while also imposing stricter waste management and resource recovery rules on companies.

(INSEA) worked with the local authority to co-create the "Novo Ciclo" initiative, which tackles the national issue of waste management and supports the emergence of entrepreneurs specialized in waste management. The project aims to professionalize waste pickers through creating waste management centers, setting up sale and resale cooperatives, and delivering management training to help them manage their own business independently.

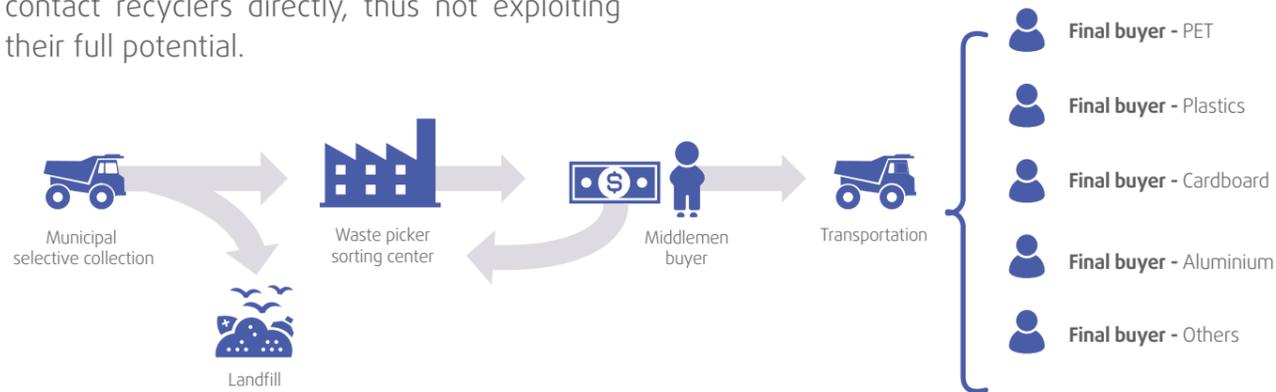
With the support of the Danone Ecosystem Fund, Danone Brazil and its local partner the Nenuca Institute for Sustainable Development



PHASE 1
2011-2013

The initial focus was on creating a network of waste picker cooperatives that professionalized their operations allowing to create a network of well functioning sorting centers with predictable numbers and experience. However, they continued to rely on middle men and did not contact recyclers directly, thus not exploiting their full potential.

The first objective is therefore to ensure volume and quality of recyclables.



Picker (\$0.2 USD) + **Midlemen** (\$0.7 USD) + Transport (\$0.3 USD) + Industry/Conversion (\$2.00 USD) = \$ 3.2 USD
**based on prices in Brasil in Real exchanged at 0.23*

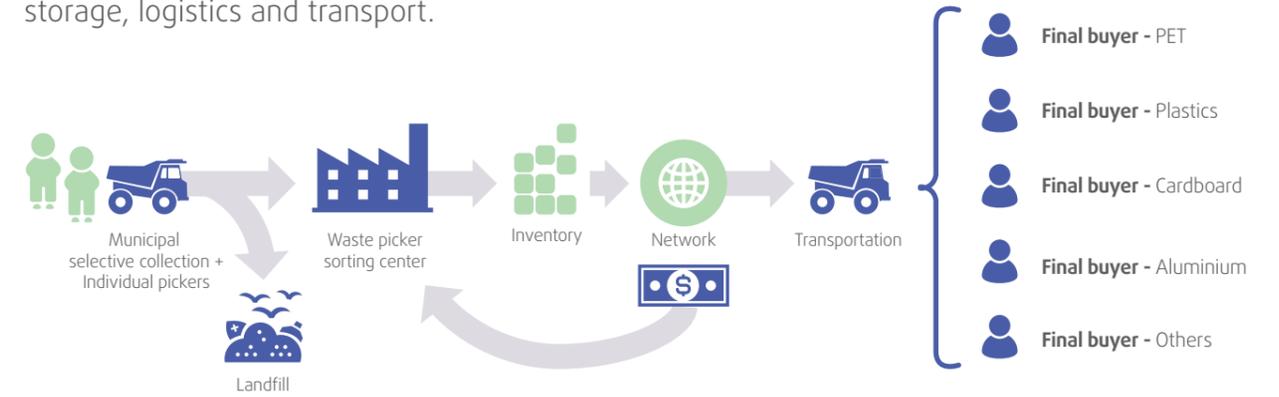
Business model:
A waste picker cooperative prior to Danone’s intervention

Key Partners NGOs that provide access to basic services Basic government (local) services	Key Activities Create strategies to access waste Segregate waste Access waste disposal facilities Monitor prices Aggregate recyclable materials	Value Propositions Sort and aggregate recyclable materials creating a market for recyclables through their labor	Customer Relationships Transactional	Customer Segments Middle-men
	Key Resources Manual (cheap) labor Basic organization (coop to access products) Basic transport (car, bicycle)		Channels Client collects directly from waste-pickers	
Cost Structure Bags and (in some cases) basic tools		Revenue Streams Sale of recyclables as obtained: no value added or differentiation		

PHASE 2
2014-2016

Once the sorting centers are stable, the model focuses on increasing the value captured by waste pickers and their cooperatives. This requires a more sophisticated access to market process, which involves the waste picker cooperatives network to manage inventory, storage, logistics and transport.

The second objective is therefore focusing on efficiencies, synergies and margin improvement.



Picker (\$0.2 USD) + **Network** (\$0.7 USD) + Transport (\$0.3 USD) + Industry/Conversion (\$2.00 USD) = \$ 3.2 USD
**based on prices in Brasil in Real exchanged at 0.23*

Business model:
A NovoCiclo sorting center following Danone’s intervention

Key Partners NGOs that provide access to basic services Basic government (local) services <i>Waste management companies</i> <i>Danone</i> <i>Coop network</i> <i>Consumers that separate at home</i>	Key Activities Create strategies to access waste Segregate waste Access waste disposal facilities Monitor prices Aggregate recyclable materials	Value Propositions <i>Sort and aggregate recyclable materials, create a 1st transformation (compacting) and connecting products with preferred markets.</i> <i>The recyclables channeled in this way can also tell a story, once that clients can share with their own clients and stakeholders.</i>	Customer Relationships <i>By gathering data on operations, sorting centers can provide valuable information to their clients on CO2 emissions saved, jobs created...</i>	Customer Segments <i>Recycling companies</i> <i>Consumer goods companies valuing traceability</i> <i>Municipalities</i>
	Key Resources Manual (cheap) labor Bale compactor <i>Rental of other (transport)</i> <i>Scale</i> <i>Sorting goods</i>		Channels <i>Segregation center coordinates the inventory and transport of materials, having the adequate permits and administrative (financial) capacity.</i>	
Cost Structure <i>COGS: machines and infrastructure / SG&A: Administrative staff, management, sales person / Chasflow costs (if waste pickers are paid cash and buyers pay on delivery or even later. There could be interest costs)</i>		Revenue Streams <i>Each recyclable is connected to its relevant market. Segregation centers coordinate to negotiate prices based on combined volume capacity (to be relevant to recycling companies needs).</i>		

Phase 02: Build



“Commercialization in network brings new possibilities to the industry.”

Toninho - President of the cooperatives network (Novo Ciclo project)

Build a P&L, projections and straightforward targets

Main components: Connecting with informal workers, Defining the business case

- For the different actors involved, be clear of when they make money and when they do not, as well as the hypothesis underlying these calculations.
- Remember to get in touch with other initiatives, they might have budgeted similar costs and developed useful insights along the way.
- Keep ownership of the P&L and develop the knowledge to adapt it when necessary.



1. Financial modeling by Erik Simanis, aimed to teach leaders how to scale projects with an approach to market based funding, financial modeling optimize impact and strives sustainability ([link](#)).

From an initiative, to a brand promise

Main components: Communicating externally: what, how, where, Connection with brands and marketing

- With the support and participation of the marketing team, analyze the Brand Tool ([Example Section Think](#)) and try to include a social conviction in it. Reach out to the Argentinian Team that put together the Villavicencio brand design.
- Work together to transform that into tangible actions that affect positively the brand strategy and marketing mix, so that the marketing team can move forward with this.



“Authentic brands don’t emerge from marketing cubicles or advertising agencies. They emanate from everything the company does...”

Howard Schultz



1. Watch this video from Andrea Mallard explaining tools and resources to build a strong brand strategy. Use it as inspiration for developing an understanding of how your initiative could impact positively on brands ([link](#)).

7. Define co-funding avenues.

Objective: *Identify your initiative's growth stages and opportunities for funding. Assess different funding sources and tools and their impact on governance.*

Inspiration

(+) In LATAM, Ecosystem has signed a partnership with the Inter American Development Bank to co-invest - going forward - in building cycle strategies in plastic and possibly beyond.

The Ecosystem Fund framework

Main components: *Identifying your stakeholders, Communicating internally: what, how, where*

- Co-funding is an important element: the fund will invest up to 50% of the required resources, the other 50% brought in by the host CBU and / or other instances.
- Looking forward, other elements will become key: a link to Danone 2020, replicability and human resources' allocated: have a Senior Project Manager leading the initiative.

Deep dive:



1. Bringing in external resources: Financing and Investment ([link](#)).

- For the fund to support an idea, it should consider, at least, answering to the following points:
 - How will the project help the CBU's Strategy? Why are we doing this?
 - What Social Reality / Problem are we addressing?
 - What is the impact of the project on Brand Reputation?
 - How will the project sustainability be guaranteed after end game?
 - What are the capabilities created? Under what governance?
 - What is the financing plan for the technical assistance?
 - Will the partnership with the NGO last beyond the project?
 - Is the model able to scale it-self without the Fund (self-funding)?

Co-funding makes co-creation tangible

Main components: *Long-term vision vs short-term operation, Scaling strategy*

- The initiative will probably need different financial instruments for its development and scaling. Study, explore and incorporate a mix of financing solutions into your implementation plan.
- Be mindful that different types of investors and for different types of investment instruments, there will be different requirements in terms of reporting and the possible loss of decision power.

- Depending on the model and context, co-creators have directly invested capital (e.g. PASA's case in Pepenadores) or being a source of complementary resources (e.g. municipal funding in Novo Ciclo).

Project	CBU	Co-Funder	Considerations
Cartoneros	Aguas de Argentina (4 brands)	Avina Foundation	The project partner NGO has its own funding sources and has invested financial capital in trainings and other project activities.
Novo Ciclo	Danone LTDA/ Bonafont	Municipality	Waste picker organizations receive funding from municipalities that complement Danone's investments. For example as credit lines for infrastructure.
Pepenadores	Bonafont	PASA	The waste management company with Mexicali's concession co-invested in building the segregation plant with Danone.

Project's funding and considerations

Phase 02: Build

8. Establish decision-making rules: the governance.

Objective: Define the requirements for the strategic decision-making structure. Design and develop a process to make day to day strategic and operational decision making.

Inspiration

(-) Pemulung initiated as a complex initiative, simultaneously launching projects in several locations with 8 different NGOs across Indonesia. There was no pilot or prior co-creation experience. Down the line, the project was scaled down as a way to take a step back and kick-start again.

Finding the right balance between votes, investment and risk

Main components: Co-creation and decision-making, Building and retaining a team

- Many projects initiated with complicated and overstaffed governing bodies.
- Think of the decisions that need to be made along the way or the emergencies that might arise: who should be at the table at that time? It is not only the donors that should be represented, but also those investing knowledge or time.
- Each committee or sub-team should (i) have a purpose, (ii) be staffed by those that can make decisions and are available, (iii) have rules and protocols.

Governance structure

Main components: Engaging your stakeholders; Building and retaining a team

- A basic governance structure should be composed of:

A) Operational Committee: to align day-to-day activities and operations between implementing organizations. While the operating team is in contact every day, they meet monthly to assess, plan and adjust when necessary.

B) Steering Committee: reviews the achievement of targets, makes strategic decisions for months ahead and discusses development opportunities. It should be composed of members of key organizations that participate in the initiative and make decisions on behalf of their organization.

C) Advisory committee: assesses the project and helps with strategic opinions regarding the expansion and scale of the initiative. This governance body could include some members of the Steering Committee, but possibly also external experts that either have a relevant experience or can be (constructively) critical.

- If you review the ongoing projects, they set up an operational committee and a steering committee since day 1. It is not necessary to start with the advisory committee set up from the start. It can be created later on as needs evolve.

Develop tools to organize decision-making

Main components: Monitoring, evaluating and learning

- When the initiative starts, it possibly has little information to rely on. As it moves forward it will produce valuable information and decision-making should be more and more evidence based.
- Define with the key stakeholders who should be responsible, accountable, needs to be consulted or simply informed during the development of the initiative, specifically for each activity and output.
- Define management scorecards and who should be responsible to (i) provide information and how often, (ii) put the information together and circulate the scorecards. In the case of Pepenadores such an instrument was developed after a planning cycle in which all co-creators participated. The waste pickers also had their

own “scorecard”: a wall-size board was set up in Mundo Sustentable’s office (partner NGO of the project) that noted all of the waste pickers improvement proposals and how they were being studied, evaluated and either implemented or rejected.



**“Coming together is a beginning;
keeping together is progress;
working together is success.”**

Henry Ford

9. Secure the project legally.

Objective: *To secure the license to operate, insurances, regulation compliances, etc. And define internal responsibilities and ownership of assets and investments.*

Inspiration

(-) In the Pepenadores project it is only after assets worth several million dollars had been invested in part with Ecosystem funding that the question of ownership emerged. From a legal, fiscal and accounting perspective, the question had not been asked upfront and if it had, could have allowed to - possibly - define other structuring routes.

Drive the context into the contract

Main components: Engaging your stakeholders; Co-creation and decision-making

- As a starting point, ensure all regulatory and compliance requirements are met: working with waste requires work, safety and health permits. For example in Mexico you require a health permit from the municipality to transport recyclables.
- Think through the rule or law and how strongly elements of a contract can be enforced. For example, in Pepenadores the co-creator waste management company - PASA - had the concession to manage and dispose of waste in Mexicali. However in 2015 the municipality discontinued this contract and invited another company to take over. It might take years for PASA to reclaim the operation. It has filed a complaint and will possibly go to court but these processes are slow, opaque and complicated.

Think of the worst-case scenario... And anticipate

Main components: Engaging your stakeholders; Co-creation and decision-making

- While conversations with partners are generally centered about the positive things that will happen, it is when the most unexpected situations arise that the initiative is tested.
- Play with scenarios and identify, under those, the role each player could take and how they could help at least mitigate if not solve problems.
- In situations where the relationship between co-creators is at risk, how will a possible separation take place? Anticipate termination of relation in the contracts.

Tools available: contracts, MoUs, cooperation agreements and many more

Main components: *Rhythms and pace of different stakeholders; Communicating externally: what, how, where*

- To define roles and responsibilities, as well as accountability, different legal tools are available.
- Brand usage and confidentiality terms are key negotiation points. To think through them initially will help smooth other elements down the line (i.e. information and data sharing for KPIs necessary for M&E).
- Projects so far have relied on two documents: the Cooperation and the Funding Agreements. While they provide a starting point, projects adapted them. Possibly reading a couple of them to identify key terms applicable to your project is a good idea.

Audits, reporting and information

Main components: *Monitoring, evaluating and learning; Scaling strategy*

- Establish who can require - for example - audits or reviews. It requires getting into a territory that is proprietary of organizations and its management.
- Be mindful that if more co-founders or partners are set to be brought in, the same terms should apply for the same types of organizations. Negotiating in each case can be complex: be very clear on what is necessary when the 1st negotiations happen and what can be set aside.

10. Create the implementation roadmap.

Objective: *Define your short-term goals and plan your milestones.*

Inspiration

(+) Novo Ciclo has grown through stages as - investing early on - in network development allowed - later on - to scale exponentially.

(!) Assess the risks involved in the project investment: what are the worst-case scenarios? What happens if the municipality changes from supporter to detractor? What happens if the waste management company you work with cannot operate its concession anymore? Design for the best, but plan for the worst!

Planning for uncertainty

Main components: *Monitoring, evaluating and learning; Thinking systemically*

- Be mindful that there is possibly no reliable data to start from and obstacles can appear anytime, threatening the initiative's development.

- To reduce uncertainty and risk, try to begin small and implement a pilot for the solution, test hypothesis through it and adjust accordingly before investing and spending resources - for example - in large infrastructure projects.

- Remember that it is very difficult to estimate how long a social innovation project is going to take to be fully implemented. Previous recycling projects have underestimated the time it can take to implement. Novo Ciclo, for example, assumed initially a commitment from the Ecosystem Fund of 4 years, but now is expected to last at least 6 years.



1. Lean Startup Methodology. Take into account the lean methodology for developing and launching new products or services for your roadmap, it will save time and resources while increasing the possibilities of success for the initiative (theleanstartup.com).

2. Google has a strong vision but employees are invited to plan - only - for the 3 months ahead and around, only, 3 objectives. This allows testing, learning and adjusting projects. You can learn more here: theokrguide.com

Phase 02: Build

Develop a strong vision for the long road, and establish activities for the short run

Main components: *Long-term vision vs short-term operation, Rhythms and pace of different stakeholders*

- Milestones are key: they break down the overall vision into achievable targets.
- Have an idea of what is supposed to happen in 12 or 18 months, but plan 6 months at a time.
- Have always in mind that, for different reasons, people leave or change jobs. A new Project Manager might take over the initiative at some point. This has happened in possibly all Ecosystem projects globally. To prepare for this situation, make sure you keep a comprehensive and organized documentation of the initiative.



1. Roadmapping (page 91).



Novo Ciclo key takeaways

Brazil faces significant waste management challenges and most waste pickers work in the informal sector without any recognition or social protection. The Government is encouraging initiatives to improve working and living conditions for waste pickers, while also imposing stricter waste management standards and resource recovery rules on companies.

With the support of the Danone Ecosystem Fund, Danone Brazil and its local partner the Nenuca Institute for Sustainable Development (INSEA) worked with the local authority to co-created the “Novo Ciclo” project, which tackles the national issue of waste management and supports the emergence of specialized entrepreneurs. The project aims to professionalize waste pickers through creating waste management centers, setting up sale and resale cooperatives, and delivering training to help them manage their own business independently.

Some of the key lessons learn from this successful project are:

- Periodic training in different areas (safety, environment, management, entrepreneurship) to waste picker cooperatives is essential for professionalization.
- Volume is essential, engagement with consumers is key. Awareness campaigns about environmental education could work.
- Collaborating with NGOs to provide effective solutions to the government is key for accelerating change and increasing impact.
- Income increase is relevant, but improving working conditions is more significant for waste pickers.

- The value chain benefits from a more professional, empowered and recognized group of waste pickers. Developing ownership amongst waste pickers for their business is beneficial for all.

This solution is key to Danone’s business as in 2010 a National Policy on Solid Waste was passed that requires companies to implement “reverse logistics” and collect a percentage of the recyclable materials that they put on the market. Through Novo Ciclo Danone is on track to not only complying with this regulation but exceed its hurdles and do it in a innovative and inclusive way. As the project evolved the next frontier becomes creating a market for other plastics beyond PET.

Watch this video to get to know how Novo Ciclo is generating social impact in Brazil and benefits for Danone’s business, the government and the environment: [link](#).



Waste pickers from the Novo Ciclo project in Brazil.

Phase 02: Build Tools

Theory of change

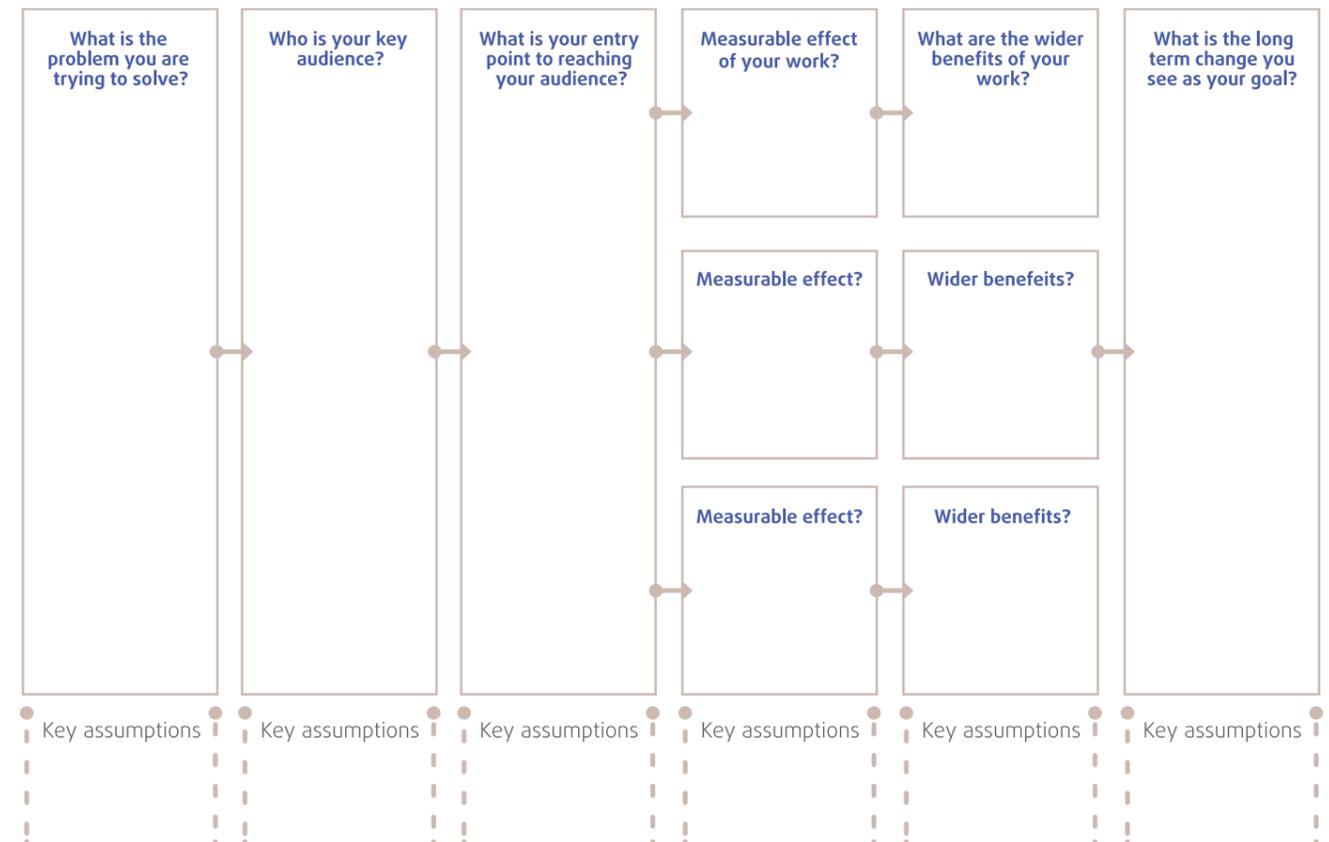
Description

This tool contributes to understand the steps that are needed to take to make your initiative's vision a reality. It helps define whether your work is contributing towards achieving the impact you envision, and if there is another way that you need to consider as well. The Theory of Change will also help you to spot potential risks in your plan by sharing the underlying assumptions at each step.

SOURCE: [DIY Toolkit](#)

Steps

1. Start by noting down the main problem you want to solve, and also your long term vision on the change you want to accomplish.
2. Complete the other boxes, such as your key audience and your entry point to reach that audience. Try to be as specific as possible because it will help you to come up with more effective actions that you can take.
3. Work outwards from your defining problem, and towards your long-term impact.
4. Write down the people that are most affected by the issue that you've identified and who you hope to help with your work – this could be a small community group or a large organization.
5. Then think about where to start your work, you may need to find a place, a person or a thing that will be your first port of call.
6. And finally: What would the immediate results or outcomes be? These could be tangible results that you can show to other people to clarify how your work is making a difference. List the key outcomes that your activity would lead to: these are the preconditions that you need to realize your vision.
7. As you fill each of the boxes in the worksheet, it is critical to also reflect on the key assumptions that underpin these steps in your work. This may help you to spot potential risks or connections between the different projects.



KPIs design

Description

A key Performance Indicator (KPI) is a quantifiable metric that will help you to track how well your initiative is achieving its stated goals and objectives.

When generating KPIs try to make them as "SMART" as possible:

Specific: Does the KPI clearly tell you what to achieve by the project?

Measurable: Does the KPI show progress towards the desired result?

Attainable: Is the KPI reachable and feasible?

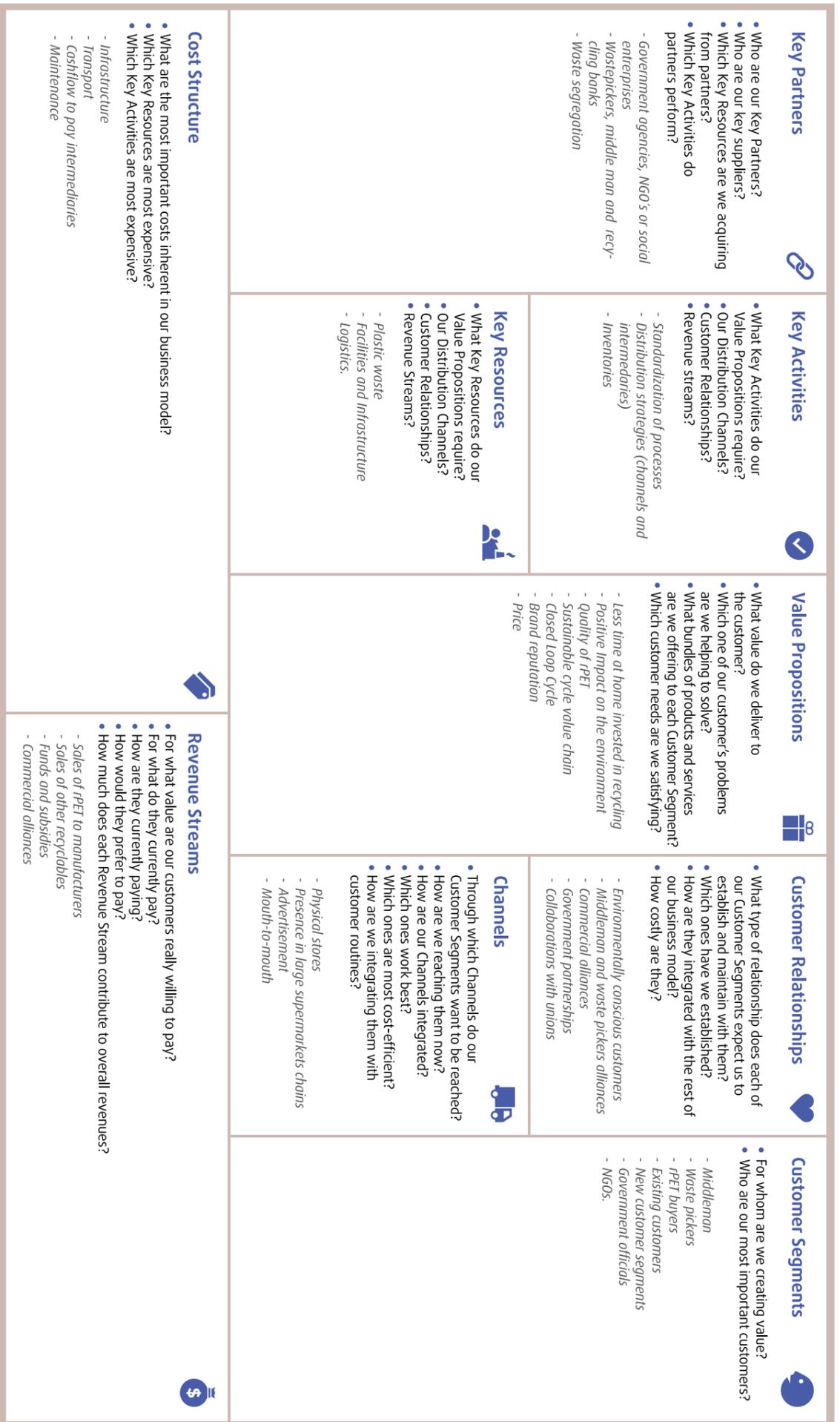
Relevant: Does the KPI contribute to measuring the overall success?

Timescaled: Is there an exact end point to work towards?

Steps

1. Start by defining the general social, environmental and economical impact you want to accomplish with your initiative. (You can use the information you generated on the Theory of change tool)
2. For each category, identify and list the impact results that can be tracked and measured. Be specific and try to list as many as possible.
3. Analyze the list and identify which results are more important to measure and keep tracked.
4. You can group them and change them as necessary.
5. Design 2-3 SMART KPIs for each category.

	What is the impact of your initiative?	What can be measured?	SMART Kpi's
Social		----- ----- ----- -----	• • •
Economic		----- ----- ----- -----	• • •
Enviromental		----- ----- ----- -----	• • •



Phase 02: Build Tools

Business model canvas

Steps

1. Watch this video to get a better understanding of how to use the canvas: [Link](#).
2. Start by defining your value proposition and keep it in mind through all the process.
3. Answer all the questions on the blocks, you don't need to follow any particular order. Try to use post-its so it is easier to iterate and move your ideas around.
4. Don't fall in love with your first idea. Sketch out alternative business models for you initiative and choose the best. Try to validate it with your stakeholders.
5. Tell a story. Explain the environmental impact of your initiative and how this relates to the brand.

*For more resources about the Business Model Canvas visit: businessmodelgeneration.com

Description

The Business Model Canvas, is a strategic management and entrepreneurial tool that allows you to describe, design, challenge, invent, and pivot the business model of your initiative. Use it to visualize and play with the different options for your initiative. Try to develop different possibilities and choose the best one for your goal.

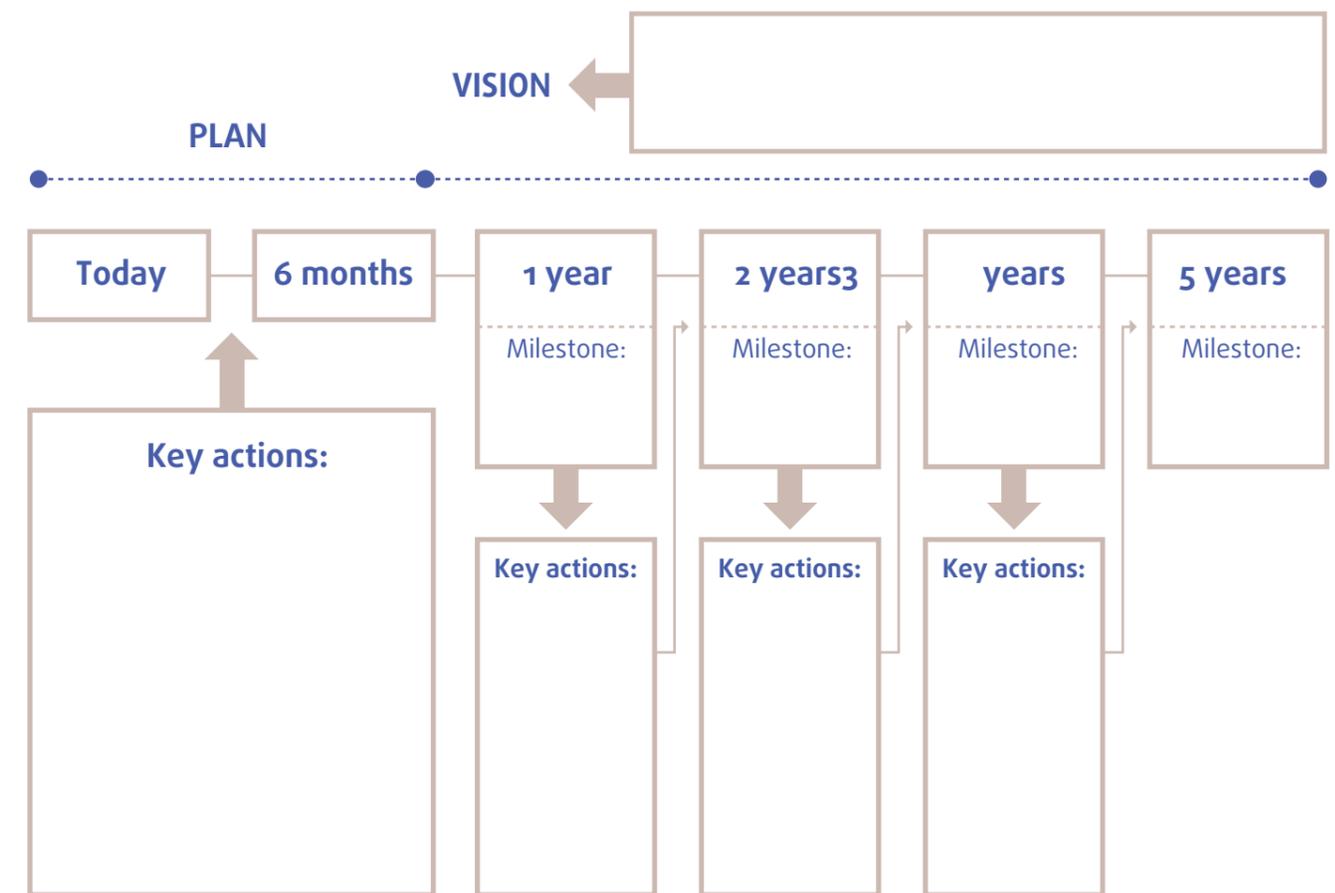
Roadmapping

Description

The roadmapping tool will help you to define the vision of the initiative, the milestones and key actions that will be needed to succeed. This tool is divided into plan and vision in order to understand that, while the vision will mostly remain unchanged, the key activities for each milestone should be defined or reconsidered once the previous milestone is achieved.

Steps

1. Define your vision. Where do you see the initiative in the future? Think big and write it down on the vision box.
2. Define your milestones and write them down on the milestone boxes. You can start with the 3 years and work your way back.
3. Define your plan for the next 6 and 12 months. A plan is the set of key actions you have to take in order to reach the objectives. Try to be as specific as possible.
4. Once the time has passed and you have reached the milestone, make the plan to reach the next one.
5. Repeat the process every time you reach a milestone. Feel free to iterate the milestones or key actions as necessary, just remember to keep the vision of the initiative as guide.



¿What are the key actions (plan) that will take you to reach your 6 month and 1 year milestone?

Once you reach your 1 year milestone, describe the key actions you will take to reach your 2 year goal.

Once you reach your 2 year milestone, describe the key actions you will take to reach your 3 year goal.

Once you reach your 3 year milestone, describe the key actions you will take to reach your 5 year goal.

Phase 02: Build

Progress checkpoint

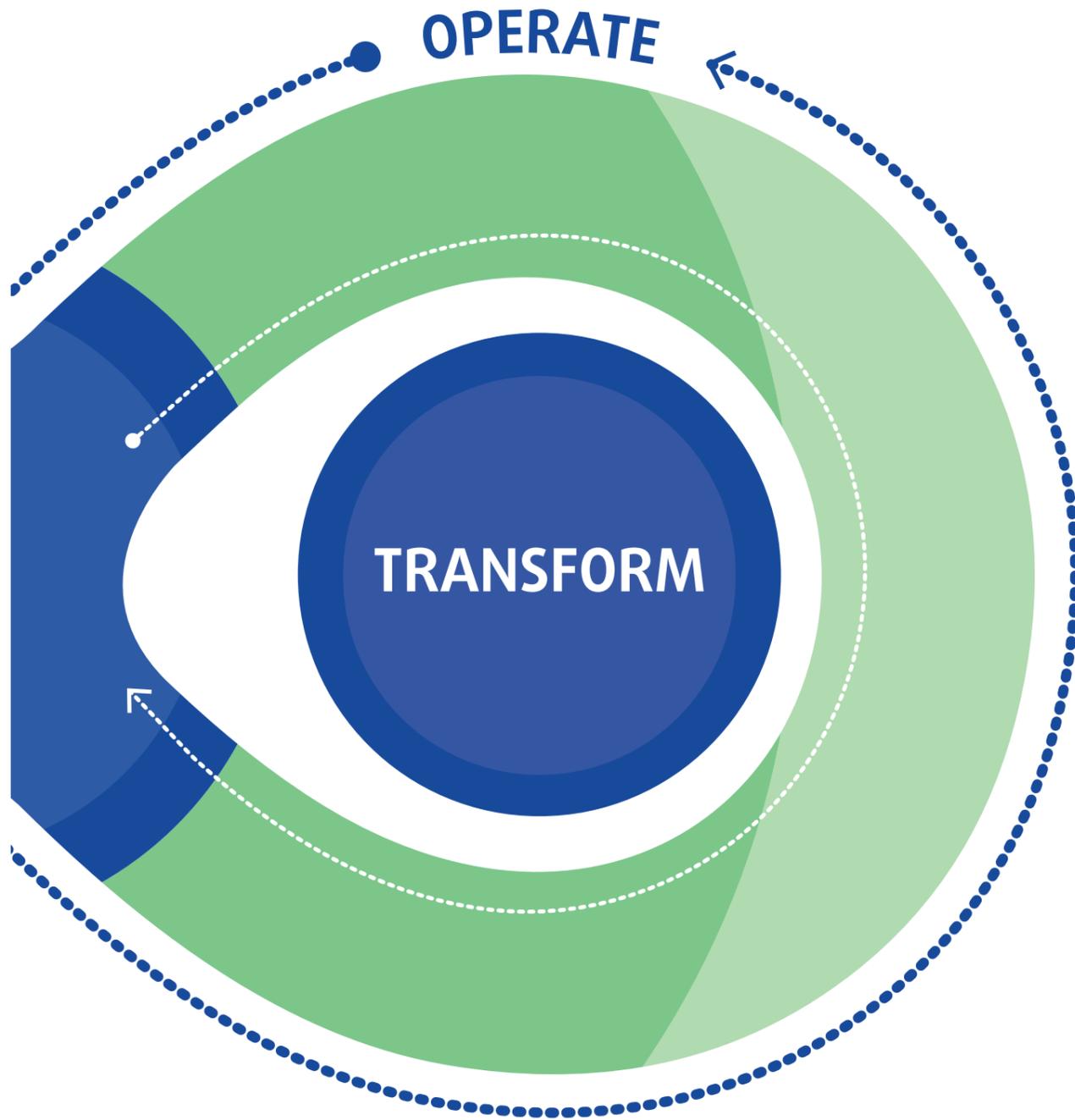
F. Progress checkpoint

Before moving to the next section (Transform) be sure to be able to answer at least the following questions about the initiative.

Concept	Guiding questions
Framing	<ul style="list-style-type: none"> • What problem are you trying to solve? • What capacities are needed to solve it?
Integration	<ul style="list-style-type: none"> • How are you planning to motivate your team? What skills are needed for the initiative?
Partnership / Alliances	<ul style="list-style-type: none"> • Who are your key partners at this point? Who else should be on board? • What tools are you using for co-creation?
Decision Making / Governance	<ul style="list-style-type: none"> • What are the key activities that would generate social, environmental and economic impact? • What are the initiative's KPIs? How is progress going to be monitored? • Which governance bodies are put in place?
Vision	<ul style="list-style-type: none"> • What are the main scaling stages? • What is the business model of the initiative?
Develop	<ul style="list-style-type: none"> • What investment is needed? What is your financial projection and co-funding avenues? • How is the brand proposition of Danone connecting with the initiative?
Constraints / considerations	<ul style="list-style-type: none"> • What compliance requirements are being considered and how is the initiative tackling them?



Waste pickers from the Novo Ciclo project in Brazil.



Phase 03: Transform



A. Objective

Launch and manage the initiative, assess its progress evaluating the generated impact. Analyze and identify best practices and gaps that need to be overcome to scale the initiative. Identify opportunities and communicate your insights within Danone, with KOLs and consumers. Develop the milestones that need to be accomplished to scale and take the initiative to the next level.



B. Key questions

1. How do you run operations to maximize value to all participants?
2. What do the measured KPIs say about your initiative's social and business impact?
3. What is the best way to engage with and communicate your progress to internal and external stakeholders? How can the brand be part of this engagement?
4. What are the next steps to scale or replicate the initiative?

Phase 03: Transform

C. General Introduction

- Run and operate the initiative following the implementation plan.
- Analyze the progress of the initiative and its results.
- Forecast the value and potential of the initiative going forward.
- Communicate achievements internally and externally.
- Evaluate your initial planning with the actual performance and detect areas for improvement.
- Identify lessons learnt that are relevant for yours and other initiatives.
- Develop strategies to connect and nourish the brand with the initiative and create reputational value for Danone.
- Refine your strategy for growth and define the next steps towards scaling.
- Have always in mind this is an iterative process.

D. Steps

1. Manage operations and implement the solution.

Objective: *Implement effective management techniques to operate and move the initiative forward taking all stakeholders into account.*

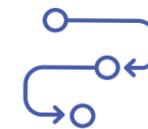
Inspiration

(!) Pепенadores had a difficult start due to the development of unsustainable governance and unclear agreements. Effective management practices were applied afterwards to set the right working environment and processes.

Do not take key decisions in isolation

Main components: *Engaging your stakeholders, Co-creation and decision-making*

- Keep key stakeholders involved and engage them in important decisions. Be mindful of the egos and requirements of players at different levels.
- Be open for new perspectives, but have a clear idea of what kind of behaviors can deviate the initiative.



Always look for improvements in operations.

Main components: *Logistics and transports, Defining the business case*

- Each time a collection and segregation of materials or a sale happens, seek to improve the process and streamline it.
- Initial operations will be very intensive in people and attention: as the model matures it has to become simpler to manage.

Phase 03: Transform

This is the stage where you will learn the most.

Main components: *Monitoring, evaluating and learning, Building and retaining a team*

- In previous projects, it is at this stage - when implementing - that most lessons learnt have emerged. This Handbook is actually the result of many lessons learnt that happen when things are tried.
- Set your team to learn and look for opportunities for improvement: always.

Some best practices for successful project management:

- Develop short-term milestones and evaluate next steps only once they are achieved.
- Keep a close eye on milestones and on factors that have an impact on profitability.
- Identify sensitive areas of your initiative quickly and track them periodically.
- Have close communication with your team and make key indicators visible and accessible for all.
- Communicate with key stakeholders constantly, keep them informed about progress highlights and key achievements.
- Be sure to have a clear strategy for your initiative and make sure all your decisions and your team align with it.
- Do not be afraid to bring bad news to the table, discuss failures and encourage your team and stakeholders to overcome them.
- Measure things that really matter and give information about the progress of the initiative, focus your team to pursue the things that really matter.

Based on: Knight, J., Thomas, R., & Angus, B. (2013, March 11). The Dirty Little Secret of Project Management. Retrieved June 09, 2016, from <https://hbr.org/2013/03/the-dirty-little-secret-of-pro>

2. Measure the impact: to the business and to society.

Objective: *Monitor and evaluate KPIs. Communicate results, but also the rationale and activities behind them.*

Inspiration

(+) An academic team from ESSEC initiated a rigorous mix of qualitative and quantitative impact studies on Pepenadores. While the project's challenges have not allowed completing the study, it is the perfect starting point for a new phase in Mexico. It allowed for ideas and lessons to emerge and be identified, that the team – immersed in the day-to-day operation – had not seen.

(!) Cartoneros reminds us that reports and KPIs tracking are difficult processes due to informality in the cooperatives.

Select KPIs together with the main stakeholders

Main components: *Monitoring, evaluating and learning*

- Select KPIs that reflect best the impacts and value creation that each party wants to measure. Check what is done in other projects both to be inspired and to allow for consolidation.
- Select KPIs that are realistic to follow and monitor.

Collect and analyze the data

Main components: *Monitoring, evaluating and learning, Rhythms and pace of different stakeholders, Logistics and transports*

- Anticipate that collecting data through cooperatives and NGOs can be difficult and time consuming.
- Develop lean methods for measuring impact through the use of mobile technology, smart surveys and integration of indicators with existing processes.
- Be constant and disciplined from the beginning: measuring is the only way to validate the value of the initiative.



1. Lean methods for measuring impact by Acumen is a 3-module course that improves the use of technology to collect and organize data and to develop a dashboard to display and act upon your the information gathered ([link](#)).

Evaluate and communicate the impact

Main components: Monitoring, evaluating and learning, Connecting with informal workers, Communicating internally: what, how, where

- Focus on measuring, detecting and analyzing:
 - The breadth of the impact refers to elements such as the number of beneficiaries reached and number jobs generated.
 - The depth refers to elements such as the increase in wellbeing per beneficiary or the quality of jobs created.
- Analyze your data and get a good understanding of what the initiative is generating and how both breadth and depth could be attributed to the initiative. Taking time and challenging what you are seeing is crucial. At some point in Pепенadores the team could not understand why waste pickers incomes were not increasing as expected. Productivity was increasing. Prices were stable... then why? The reason was choice: waste pickers preferred to work less and maintain their income levels

- Detect the things that are working and the ones that could be adapted to generate the desired business and social impact. Conduct experiments that allow you to measure the impact of potential solutions.
- Develop comprehensive reports that can be shared and analyzed by your team, the CBU and key stakeholders.



1. The Social Reporting Standard by Ashoka can give you useful guidelines and best practices to report impact and make it visible for your organization ([link](#)).

3. Communicate results: storytelling and branding.

Objective: *Engage with marketing and connect with the brand. Communicate results to consumers in a compelling way.*

Inspiration

(+) Aguas de Argentina has managed to build the Cartoneros' project into its brand purpose! It is differentiating from competition and engaging in a truly new conversation with consumers!

Develop the story behind the initiative

Main components: Connection with brands and marketing, Communicating internally: what, how, where

- In order to connect and engage people you must go beyond quantitative metrics and develop a compelling story of the initiative and its impact that can be shared and embraced by Danoners and key stakeholders.
- Practice and adapt your message to fit the audience that you are facing, highlight the parts that are able to communicate the value of interest to each different stakeholder.



1. Storytelling guideline ([page 113](#)).
2. Storytelling is essential to transmit your idea. Whether you need someone to back up your initiative, fund it or simply engage with it, storytelling can position you to succeed. Find inspiration and resources on: **TED Talks; HBR Blogs; Stanford Social Innovation.**
3. Storytelling for Change. Take this Acumen course to enrich and refine your storytelling, presentation techniques and help transform results into an attractive message and story ([link](#)).

Phase 03: Transform

Connect the story with the brand

Main components: Connection with brands and marketing, Communicating externally: what, how, where

- Approach marketing and co-create with your colleagues and partners the ways in which the initiative can nourish the brand positioning and message.
- Focus on developing messages that can engage consumers, create reputational value for Danone and shaping the brand architecture towards a sustainable future.



1. Understand what elements make a great story and a compelling storyteller in this TED Talk by Andrew Stanton ([link](#)).

2. Discover the strategic value of crafting and telling stories in business, advertisement and even medicine in this article by Harrison Monarth in Harvard Business Review ([link](#)).

- Use as reference the [ADA brand tool](#) to understand how your initiative can contribute to the branding strategy. When possible focus on integrating social purpose and social innovation as a key component of the brand positioning strategy. To do this try to support the following:

- The development of key jobs to be done for the brands to realize their business and social objectives.
- The design a brand behavior strategy that state the actions, tools, advertising messages and communications content that the brand requires to take the new brand positioning to life.
- The development a marketing mix strategy that includes "Purpose" of the brand, integrating the social innovation on it as a key component of the business agenda.

Communicate the story

Main components: Connection with brands and marketing, Scaling strategy

- If for some reason it is not yet possible to incorporate the initiative's purpose into the brand, look for alternatives. For example connecting with KOLs or students at conferences.
- Focus on building confidence and gaining recognition - even if in specialized circles - for Danone's efforts.



"Make your people empathize with the pain the customer experienced and they will also feel the pleasure of its resolution."

Paul J. Zak.

4. Identify and share key lessons learnt.

Objective: *Identify and share key lessons learnt.*

Inspiration

(+) For Ecosystem's 5th anniversary the project teams did an exercise to distill and present their main lessons learnt. The resulting document is available upon request to Ecosystem. Be sure to review it!

Detect key lessons learnt and share them

Main components: *Monitoring, evaluating and learning, Scaling strategy, Communicating internally: what, how, where, Co-creation and decision-making*

- After a main milestone has been achieved reflect together with your team to detect the key lessons learnt generated throughout the process.
- Think about what could have been done different, things that worked out well and things you are still trying to figure out.
- Register the key lessons learnt and have them present when planning the next steps of the initiative.
- Communicate the key lessons learnt to the Knowledge Management team to share them with other initiatives worldwide and contribute to their development.



1. Key takeaways development (page 115).



Sofia Díaz Rivera - Pepenadores Project Manager at recollection site.

With the support of the Danone Ecosystem Fund, the Bonafont CBU at Danone Mexico and its local partners PASA, Ashoka and Mundo Sustentable co-created the "Pepenadores" project in the city of Mexicali to improve working and living conditions for waste pickers in that city. Considering they previously worked at the garbage dump, directly under the sun in the middle of the desert at temperatures of 50°C in the summer, moving to a shaded space with access to water and restrooms was a significant improvement. The project created a new segregation plant and provided life skills training to educate and monitor waste pickers so they recycle and live better.

The project supported waste pickers in improving their conditions. Children and families also benefited from complementary services such as health coverage. Bonafont strengthened its reputation and partially secured the sourcing of rPET. This project was also intended to raise awareness about living conditions for waste pickers and the importance of waste management with the general public but unfortunately, that goal, has not been met yet.



Pepeñadores key takeaways



Sofia Díaz Rivera
Pepeñadores Project Manager
Plastic Cycle Manager at Bonafont

Project Design

1. Inclusive projects must have 3 dimensions: market, legal and operational.

Market: understand the drivers for recyclables: costs and prices. The project was set in a location that made the economics complicated because it was far from an rPET processing plant. Legal: not necessarily understood upfront, it is only later on that one realized that as Ecosystem funds had been channeled through an NGO, it is at the end of the day the NGO that possesses the asset. This is not exactly optimal neither in terms of mission of the NGO or fiscally (as it does not amortize the value). On the legal front, differentiate between having contracts and the rule of law. If the latter is not strong the former have no value.

Program Management

2. Work on the financial “Business Model” side of the project to assure sustainability.

Build the model starting from the economics of waste pickers. If their income depends on all recyclables: how can Danone trigger the creation of a transparent market for board? It should not only be about PET...

Partners

3. Have the correct team-choose your partners wisely. In this case, it is important to note that Mundo Sustentable (the NGO implementing the project on the ground) is an extension of PASA (the waste management company). Both the NGO and company have the same founder and have a shared history. Down the line, when issues arose between the waste pickers and the waste management company or between the municipality and the waste management company, Mundo Sustentable could not intervene or help because waste pickers or the municipality just saw it as a spy.

4. Involve government from the beginning.

At the end of the day, waste management is generally a municipal responsibility and it has to be onboard. In Mexicali, the mayor of the city changed at some point and its relationship with PASA was a problem since the beginning. The municipality simply stopped paying PASA for its waste management and disposal services accumulating millions of dollars in late payments. As this issue escalated the team understood that options were becoming thinner because – simply – the municipal government considered there was nothing in it for them.

Beneficiaries

5. Do not assume what beneficiaries need and want based on our reality. Considering waste pickers’ living situation one would assume that they would like greater income, and that is not necessarily the case. Also, when the segregation plant was built not all waste pickers wanted to move there to work: a significant group preferred to continue working under a terrible sun in bare health and safety conditions in the dump. The reason behind this was space: waste pickers appreciate having their own space to work without other waste pickers in the way and they felt that the segregation plant was too crowded..

Communication

6. Intelligent honesty to communicate the project. It is the only way to receive useful feedback. Therefore, in conferences or panels or other types of discussions, the more open and humble the presentation is, the higher the chances that there is someone in the room that can help solving a challenge.

Integrate key lessons learnt to your planning

Main components: Long-term vision vs short-term operation, Defining the business case

- Evaluate how the initial planning worked with what happened in reality to understand better how you should plan for the next phases of the initiative. Ask yourself:
 - Did some stakeholders take longer than expected to deliver? Is there any way you can make the process leaner?
 - Can you improve key processes significantly?
- Be sure to incorporate these lessons learnt into account when planning the key actions to reach the next milestone of your initiative.
- It is absolutely recommended to spend some time reviewing presentations made to the Social Innovation Committee of Ecosystem in the past. Specifically, those from Pemulung as they truly reflect and share very humbly the mistakes, lessons learnt and opportunities identified to move forward.



“One who fears failure limits his activities. Failure is only the opportunity to more intelligently begin again.”

Henry Ford

5. Benchmark your progress.

Objective: *Analyze your context, vision and progress. Redefine your vision to scale.*

Inspiration

(!) Other initiatives and models exist: launched by competitors, NGOs, social entrepreneurs... at this stage, no benchmark of effectiveness or efficiency has been conducted yet.

Take a look at what others are doing

Main components: Thinking systemically, Long-term vision vs short-term operation, Engaging your stakeholders, Scaling strategy

- Look out for similar initiatives: How is your progress compared with them? Is there any way you can sum up efforts to achieve greater impact? Can you learn something from them?
- Take a look at the context of operation: Has anything changed? Are there any trends that might affect the initiative? Is there any emerging competition? Will the regulatory environment change?
- Approach stakeholders and beneficiaries: How are they feeling about the initiative?

Do they have important feedback? Is there any upcoming change that might affect the initiative? Is this effort a success for them? Are they all on board for the next steps? What do they expect from them?

- Analyze your results and see if there is any significant change that needs to be made to the initiative.

Deep dive:

1. Repository of recycling projects ([link](#)).



“I’m always doing things I can’t do - that’s how I get to do them.”

Pablo Picasso

6. Set the scene to scale to the next stage.

Objective: *Redefine your vision to scale and plan accordingly.*

Inspiration

(+) It is only when the network of waste pickers was solid enough that the Novo Ciclo team decided to scale regionally and - soon - nationally. Only then did it reach out to other companies or co-founders. One stage at a time.

Define next steps towards scaling

Main components: *Scaling strategy, Defining the business case, Logistics and transport, Regulatory framework*

- Once a major milestone has been achieved it is necessary to define the key steps to take the initiative to the next level. For example: developing a better understanding of new contexts for implementation, a development of a new offering, the development of a new process or business model, incorporation of new partners, etc.

- Define the next milestone and key actions that the initiative will need to face to get to its next scaling phase, get feedback and align them with your team, CBU and key stakeholders.

- Arrange key challenges in a logical and hierarchical order to define which ones should be prioritized to scale the initiative.



1. Opportunity detection for scaling ([page 117](#)).

Deep dive:

1. The right mindset for scaling ([link](#)).



Follow The Changemaking Loop

Main components: *Scaling strategy, Long term vision vs short term operation*

- Use the general process of the loop to tackle the main challenges towards scaling:

- Understand the problem and context of operation (**Think**).
- Develop a sustainable solution supported by a sound business model and get the funding (**Build**).
- Implement measure, communicate and define next steps (**Transform**).



“Never believe that a few caring people can't change the world. For, indeed, that's all who ever have.”

Margaret Mead

Key takeaways development

Description

When a new milestone in the initiative is achieved it is important to take a time to reflect and document the key takeaways that have been acquired in the journey. This will help you to keep track of what you have learned, this useful knowledge will also serve as a reference, guide and inspiration for future project managers.

Steps

1. Write down as many key takeaways as you can.
2. Group them by categories, feel free to make as many new categories as you need.
3. Write the main issue for each key takeaway.
4. Define recommendations for each main issue.
5. Share these with your Ecosystem coordinator so they can be available for other initiatives around the globe.

Category	Key takeaways	Main Issues	Recommendations
Beneficiaries	<i>Eg. Do not assume what beneficiaries need and want based on our reality.</i>	<i>Eg. The original Theory of Change was wrong because: - The idea that increasing productivity would increase living standards was wrong, the obstacles that Waste Pickers face are not economic ones. - Political and social vulnerability are top priorities amongst Waste Picker's leaders and groups.</i>	<i>Eg. Elaborate a solid baseline with anthropological studies to understand the target population and their needs. Include beneficiaries in project co-creation.</i>
Program management			
Project design			
Partners			
Communication			
Beneficiaries			
Others			

Opportunity detection for scaling

Description

This tool will help you to make a quick evaluation to detect elements of the initiative that need to be transformed or refined to scale it. It is useful to define the strategy and key actions that need to be followed to reach this objective.

Steps

1. Reflect on the following components of the initiative using the following questions as a starter:

- Business Model: Is the current a sustainable business model with a clear overview of cost structures and revenues?
- Physical resources: Are the resources necessary for scaling readily available, affordable and controllable? Is the timing for demand and supply chains at larger scale clear, could it be supported?
- Reputation and effectiveness: Can you show evidence of the effectiveness of your work? What is the state of your brand? What coalition of supporters can you call on for help?
- People and governance: What are the current skills of the team and key stakeholders? Are they fit for the purpose? How does accountability and governance need to change? Is the management capable of a strong focus and leadership?
- Know how: Are the systems / processes capable of operating at higher volume, or capable of expansion? Is all the knowledge needed on organizational change, accountability, finance

and skills available in house?

2. For each component think if there is something you should Modify/ Magnify/ Minimize/ Substitute/ Rearrange/ Combine in order to scale the initiative.

3. Write down the key detected changes and take them into account when defining the next milestone and key steps of the initiative.



Phase 03: Transform Progress checkpoint

F. Progress checkpoint

Before moving forward be sure to be able to answer at least the following questions about the initiative.

Concept	Guiding questions
Operate	<ul style="list-style-type: none"> • How are your key stakeholders feeling about the initiative's progress and vision? • What areas of operation could be improved?
Impact	<ul style="list-style-type: none"> • What key data supports the initiative's impact? • Which activities are working and which need to be improved?
Branding	<ul style="list-style-type: none"> • What is the key message the initiative is promoting? • How your initiative is nurturing the Danone brand? • What is the initiative's story?
Key Lessons Learnt	<ul style="list-style-type: none"> • What are the key lessons learnt of the initiative? • How are they being integrated into the next steps in the initiative?
Scaling	<ul style="list-style-type: none"> • How does the future of the initiative looks like? • What areas and actions can be systematized for scaling? • What are your next steps? • What funding avenues are needed for scaling?



Ecoponto from Novo Ciclo project in Brazil.

ANNEX 01 Summary of existing initiatives

Name	CBU	Year of launch	Country	Type of organization	Project description	Current status
Novo Ciclo	Danone LTDA/ Bonafont	2012	Brazil	1. NGO 2. NGO/academia	To recover the volume of recyclable material that DANONE LTDA and Bonafont release on the market, through empowering and strengthening Pickers Organizations within a network with active participation in the recycling chain, through partnerships with government and civil society in the South and Southwest MG.	Phase 3 has started. The objective is to recover 100% of the equivalent volume of recyclable material that Danone Brazil (4 Divisions) generates and to develop a second life for PS chain. The main actions for phase 3 are: - Danone Brazil signed the national agreement of the companies and the Novo Ciclo is the official model to meet the law. - Scale-up the model: integration of two additional Cooperatives Networks. Total 3 Networks, 69 Cooperatives in 59 cities. - Development of a second life use for PS chain. - Hard investments and infrastructure through co-funding (higher than Ecosystem funding). The impacts expected for 2018 are: - To employ 1700 waste pickers with 2.5 higher income (from 450 to 1136 R\$/month). - Achieve 100% of recycling ratio for Danone Brazil. - RPET 1,380 T/year (20% of CBUs volume). - PS: a second life use chain in order to reach >20% of CBU volume. - CO2: -16K tons/year (-2.8% F.S.;-8.5% DDR).
Pepenadores	Bonafont	2012	Mexico	1.NGO 2.Waste management company 3.NGO	Secure PET at stable price, improve waste pickers working conditions, exclude child labor without affecting family income and educate people. There are 2 different projects that Bonafont - initially - would like to launch in parallel: 1. Segregation Center: a plant outside the dump field in which Pepenadores will sort wastes with a better productivity than in the dump field. Kids will be forbidden without affecting family income (higher productivity, thus higher income). 2. Small Shops: small centers aim at educating and generating new jobs through recycling.	The second component of the project (ie small shops) was never launched, and the project did not replicate after Mexicali. The project is currently on-hold due to municipal government interference with PASA, who has temporarily lost its operations permit (even though they have a concession). The team is currently redesigning the project to develop several labs in other regions of the country in order to influence public policy on waste management and wastepickers rights. It will be presented in September 2016.
Cartoneros	Aguas de Argentina (4 brands)	2010	Argentina	1. Foundation 2. Government	Secure rPET for Aguas Danone Argentina, (1) strengthening "Cartoneros" (waste pickers) cooperative models in BAs, connecting their PET collection through infrastructure, equipment and training to improve safety and productivity, and organizing independent Cartoneros from the northern area; (2) developing a comprehensive model in Mendoza city, transferring BAs experience, integrating independents and already organized Cartoneros, and generating capacities and alliances to work with public system and private trades with all materials; (3) dignifying the role of "Cartoneros" work through formalized work; better income; social recognition; and attention to social needs of their selves and families through a auto-sustainable program; (4) studying replication opportunities in other cities for the coming years.	Phase 2 has started. The objective is to reach 100% of ADA's packaging recovery by integrating new cooperatives and replicating the model in other cities of the country. The main actions for phase 2 are: - Strengthening inclusive recycling ecosystems by investing in infrastructure, technical support for cooperatives, and training / building capacities for all actors. - Technical assistance to local governments. - Explore opportunities for innovation in the value chain. - Large generations programs to scale up recovery. - Advocacy for public policies. - Strategic communication and acknowledgment to increase project impact. The main impacts expected for 2019 are: - 2000 (+600) people empowered. - 9000 (+3000) indirect beneficiaries. - 250 tn/month of PET recovery (+150tn). - 100% of ADA's packaging equivalent waste recovery. - Legitimization of ADA's & brand purpose.

ANNEX 01

Summary of existing initiatives

Name	CBU	Year of launch	Country	Type of organization	Project description	Current status
Pemulung	Aqua	2010	Indonesia	1. NGO 2. NGO 3. Company	<p>To empower Pemulung in Indonesia and secure a supply of recycled plastic.</p> <p>Taking advantage of rPET sourcing opportunity to empower recycling communities and strengthen Indonesian plastic recycling industry, developing innovative social models in 7 cities.</p>	<p>A third phase was approved in December 2015. The objective of this third phase is to: 1. Scale up the production of the Recycling Business Unit (RBU). 2. Establish ownership and governance of this RBU 3. Push for advocacy in the industry to regulate the recognition of Pemulung as formal workers 5. Push for advocacy with consumers through waste management intervention.</p> <p>Note: in SIC#2 presentation the team mentions as key lessons learnt: "Lack of feasibility study, proper business plan, and know how in running a recycling business; Lack of social study on Pemulung & their relationship with "Bandar" (previously misunderstood as middle man).</p>
LemonAide	Danone Eaux France	2016	France	1. NGO 2. Social business	<p>Half of the plastic bottles consumed in France are not recycled. In the meantime, the rate of youth unemployment hits a record high.</p> <p>Lemon aide is a social business that aims to tackle both issues by implementing a socially inclusive and environmentally-friendly business model. Young people who have dropped out of school can get access to a first work experience, find support, develop transferable and technical skills by collecting/sorting/conditioning recyclable waste, starting with PET containers.</p> <p>The project is focused on the out-of-home collection channel. Reverse vending machines (managed by LemonTree) are installed in public places and high traffic locations. In exchange of introducing a bottle, the machine give to users different types of coupons developed in the partners of the project.</p>	<p>Project has started.</p> <p>The main objectives of the phase are:</p> <ul style="list-style-type: none"> - To have 80 machines at the end of 2016 (mainly in IDF and Paris). - To collect 8T of PET per machine (2-3 machines in each moll). - To collect 24T of PET per machine per year. - To have by the end of 2017 170 machines in total. - To have a sustainable and autonomous model.
ReNueva	Aguas Danone España	2016-2017	Spain	1. NGO 2. NGO	<p>Create a recycling model for away from home materials that – as of today – are not segregated and brought back into the recycling stream. Our goal is to create a second life not only for PET but also other recyclables, while generating open or closed loop solutions. ReNueva focuses on the away from home recyclable materials in Spain employing people with disabilities or at risk of social inclusion. We will also generate training and awareness raising campaigns on recycling and littering to the public.</p>	<p>The project is about to begin and the main objectives of the phase are:</p> <ul style="list-style-type: none"> - Creation of a waste sorting plant and gather key learnings for further implementation. - Creation of a School of Waste pickers: to empower and train people in Waste Management to access to a certificate degree and employment. - Creation of an interactive app: to increase the volume of collected packages in HORECA channel and job creation. - Education and awareness: educate and engage in the importance of recycling and stop littering. <p>The main impact goals are:</p> <ul style="list-style-type: none"> - In 2020 we will supply 33% of rPET needed in the CBU. - 32 jobs created and 240 people trained. - To increase and improve Danone's reputation.

ANNEX 01

Existing Initiatives

Summary

Project Name	CBU	Country	Year launch	Project Description	Initial timeline vs Actual timeline
Novo Ciclo	Danone LTDA/ Bonafont	Brazil	2012	To recover the volume of recyclable material that DANONE LTDA and Bonafont release on the market, through empowering and strengthening Pickers Organizations within a network with active participation in the recycling chain, through partnerships with government and civil society in the South and Southwest MG.	Presented in 2011, it was supposed to be executed between 2012 and 2015.
PM contact and email	José Carvalho - jose.carvalho@danone.com				
<i>in EUR</i>	Phase 1	Phase 2	Phase 3		
SIC Date	13-sep-11	feb-14	N.A.	Current Status	
Ecosystem	767,000.00	833,000.00	0	Phase 3 has started. The objective is to recover 100% of the equivalent volume of recyclable material that Danone Brazil (4 Divisions) generates and to develop a second life for PS chain.	Initial time expected for project
CBU	372,000.00	340,000.00	0	The main actions for phase 3 are: - Danone Brazil signed the national agreement of the companies and the Novo Ciclo is the official model to meet the law.	4 years
Other	694,000.00	279,000.00	0		
Total	1,833,000.00	1,452,000.00	0		Actual time expected for project
Plastics regulatory environment				Waste pickers regulatory environment	The project is now expected to last until end of 2017, a total of 6 years.
2010 National Policy on Solid Waste: companies have to "reverse logistics" and collect a percentage of the recyclable materials that they put on the market (22% today and up to 45% in 2031). There are penalties for non-compliance.				Recognized in government policies, their inclusion in recycling processes is encouraged. Moreover, cities have to implement segregated waste management and waste pickers are invited to be part of the solution. Strong cooperative movement in Brazil.	
Understanding of Danone/CBU purchasing needs				Other recyclables	
There is a clear understanding of the rPET value chain and recycling in general as presented by the Danone team at #2 SIC.				Yes, other recyclables are considered in the model inviting interested buyers for cardboard, aluminium... to partner in the project.	
Partner	1. MNCR 2. INSEA	Description of Partner Org		1. Organizing the collectors of recyclable materials throughout Brazil 2. Promote sustainable development through pickers inclusion as service providers in collective selection	
Business Model Drivers					
Infrastructure	Medium	Value created to waste picker	Clear	Danone's dependency	
Regulatory environment	Favorable	Value created to Danone	High	Low. The waste pickers network is quite strong and solid.	
Understanding of time needed	High	Consumer involvement	Low		

ANNEX 01 Existing Initiatives Summary

Project Name	CBU	Country	Year launch	Project Description	Initial timeline vs Actual timeline
Pepeñadores	Bonafont	Mexico	2012	Secure PET at stable price, improve waste pickers working conditions, exclude child labor without affecting family income and educate people. There are 2 different projects that Bonafont - initially - would like to launch in parallel: 1. Segregation Center: a plant outside the dump field in which Pepeñadores will sort wastes with a better productivity than in the dump field. Kids will be forbidden without affecting family income (higher productivity, thus higher income). 2. Small Shops: small centers aim at educating and generating new jobs through recycling.	Initially, 2011-2012. Delays building the segregation plant led to 2014. Additional funds were requested up to end of 2015. However, as the project is on hold, timeline is unclear.
PM contact and email					
<i>in EUR</i>	Phase 1	Phase 2	Phase 3		
SIC Date	17-sep-10	28-feb-14	N.A.	Current Status	Initial time expected for project
Ecosystem	1,200,000.00	587,000.00	0	The second component of the project (ie small shops) was never launched, and the project did not replicate after Mexicali. The project is currently on-hold due to municipal government interference with PASA, who has temporarily lost its operations permit (even though they have a concession).	
CBU	344,000.00	233,000.00	0		24 months
Other	1,558,000.00	564,000.00	0	The team is currently redesigning the project to develop several labs in other regions of the country in order to influence public policy on waste management and wastepickers rights. It will be presented in September 2016.	Actual time expected for project
Total	3,102,000.00	1,384,000.00	0		
Plastics regulatory environment				Waste pickers regulatory environment	The project is currently on hold and a timeline is not visible at this stage.
There is no plan in sight in Mexico to extend the responsibility of companies as per in other LATAM countries, These regulations will sooner or later happen, but today while they are already presented by some groups to the parliament, they are not on the public agenda yet.				Waste pickers are not recognised under any social or economic program of the Mexican government. Under the entity responsible for the environment (where waste management rules fall) pepeñadores are only presented in regards to what they "can not" do. Basically, they don't "exist".	
Understanding of Danone/CBU purchasing needs				Other recyclables	
There is an understanding - at the macro level - of the recycling value chain for packages with food quality, There is no understanding of other potential channels and/or other recyclables.				Not considered under the project, It is understood that they are part of the economics of the pepeñadores and the recycling business, but they are not in the picture.	
Partner	1.Mundo Sustentable 2.PASA 3.Ashoka		Description of Partner Org	1. Since 2004, NGO implements social projects with waste pickers in Mexico. It has a strong relationship with Mexico's largest waste management company (PASA) as the founder of the company is also the NGO founder. 2. Largest waste management company in Mexico, dedicated to collecting and disposing waste. 3. Largest association of SocEnt in the world	
Business Model Drivers					
Infrastructure	Very High	Value created to waste picker	Unclear	Danone's dependency	
Regulatory environment	Not favorable	Value created to Danone	Low	High. The project being very investment-intensive, Danone's role through out the project has been high. Mundo Sustentable's management was not very strong either. Moreover, the regulatory environment is not supportive nor the environment overall, due to corruption.	
Understanding of time needed	Low	Consumer involvement	Low		

ANNEX 01

Existing Initiatives

Summary

Project Name	CBU	Country	Year launch	Project Description	Initial timeline vs Actual timeline
Cartoneros	Aguas de Argentina (4 brands)	Argentina	2010	Secure rPET for Aguas Danone Argentina, (1) strengthening "Cartoneros" (waste pickers) cooperative models in BAs, connecting their PET collection through infrastructure, equipment and training to improve safety and productivity, and organizing independent Cartoneros from the northern area; (2) developing a comprehensive model in Mendoza city, transferring BAs experience, integrating independents and already organized Cartoneros, and generating capacities and alliances to work with public system and private trades with all materials; (3) dignifying the role of "Cartoneros" work through formalized work; better income; social recognition; and attention to social needs of their selves and families through a auto-sustainable program; (4) studying replication opportunities in other cities for the coming years.	Start in Q3 2010 to end in Q3 2013 when the cartoneros cooperatives in BAs and Mendoza are sustainable in terms of flow and improvements have been made.
PM contact and email	Nicolas Dobler - nicolas.dobler@danone.com				
<i>in EUR</i>	Phase 1	Phase 2	Phase 3		
SIC Date	23-jul-10	0	N.A.	Current Status	
Ecosystem	1,082,000.00	0	0	Phase 2 has started. The objective is to reach 100% of ADA's packaging recovery by integrating new cooperatives and replicating the model in other cities of the country.	Initial time expected for project
CBU	215,000.00	0	0	The main actions for phase 2 are: - Strengthening inclusive recycling ecosystems by investing in infrastructure, technical support for cooperatives, and training / building capacities for all actors.	39 months
Other	336,000.00	0	0		
Total	1,633,000.00	-	0		Actual time expected for project
Plastics regulatory environment				Waste pickers regulatory environment	
Non-recyclable taxes are a threat in Argentina. While they do not exist yet, they are a possibility in the near future.				Waste pickers are organized in cooperatives. In Buenos Aires the waste pickers are recognised but it is city by city (not country wide).	
Understanding of Danone/CBU purchasing needs				Other recyclables	
Value chain is well understood, as well as the needs/challenges of the only recycling company in the country - Cabelma.				Focus on PET and paper. Not really considering P&L at waste picker, coop or buyer level. (a P&L on cooperative level will be presented in the SIC. The team is currently working on it)	
Partner	1.Fundación AVINA 2.Government		Description of Partner Org	1. Creating partnership with social and business leaders for the sustainable development of Latin America.	
Business Model Drivers					
Infrastructure	High	Value created to waste picker	Somewhat clear	Danone's dependency	
Regulatory environment	Somewhat favorable	Value created to Danone	High	Medium. As a counterpart, Fundación AVINA is a strong player that is both quite independent (has its own funding) and experienced through the IRRRI network.	
Understanding of time needed	Medium	Consumer involvement	High		

ANNEX 01 Existing Initiatives Summary

Project Name	CBU	Country	Year launch	Project Description	Initial timeline vs Actual timeline
Pemulung	Aqua	Indonesia	2010	To empower Pemulung in Indonesia and secure a supply of recycled plastic.	From Q1 2010 to end of 2014. Phase III until 2018
PM contact and email	Annie Wahyuni - annie.wahyuni@danone.com			Taking advantage of rPET sourcing opportunity to empower recycling communities and strengthen Indonesian plastic recycling industry, developing innovative social models in 7 cities.	
in EUR	Phase 1	Phase 2	Phase 3		
SIC Date	22-ene-10	20-sep-13	N.A.	Current Status	Initial time expected for project 4 years Actual time expected for project
Ecosystem	882,000.00	269,000.00	0	A third phase was approved in December 2015. The objective of this third phase is to: 1. Scale up the production of the Recycling Business Unit (RBU). 2. Establish ownership and governance of this RBU 3. Push for advocacy in the industry to regulate the recognition of Pemulung as formal workers 5. Push for advocacy with consumers through waste management intervention.	
CBU	164,000.00	-	0		
Other	-	-	0		
Total	1,046,000.00	269,000.00	0	Note: in SIC#2 presentation the team mentions as key lessons learnt: "Lack of feasibility study, proper business plan,	
Plastics regulatory environment				Waste pickers regulatory environment	
When the project started there was no regulation around plastics and - at least in SIC materials - the risk of one appearing did not appear as a concern in the horizon. However, a new Government Regulation on Extended Producer Responsibility was passed somewhere between 2010 and 2013. Law n#18 of 2008 focusses on Waste Management Law n#32 of 2009 focusses on the "Polluter Payer" Principle Regulation ==> Recycling industry chain in not fully regulated by government				There were programs in the 90's to organize waste pickers and many organizations formed back then. However, access to market is still in intermediaries hands and there are no regulations to legally organize waste-pickers	
Understanding of Danone/CBU purchasing needs				Other recyclables	
At project launch, there was no clear understanding of the value chain or its dynamics. At the SIC#2 the team mentions as key learnings: "Lack of feasibility study, proper business plan, and know how in running a recycling business; Lack of social study on Pemulungs & their relationship with "Bandar" (previously mis-understood as middle man);...				Only carton appears besides PET and plastics, and economics at waste picker level, or the several levels of organizations proposed are not present.	
Partner	Phase 1. Ashoka (exited in 2012) Phase 2. Local NGOs (x8) Bina Swadaya Konsultan		Description of Partner Org	1. Largest association of SocEnt in the world. 2. 8 local NGOs organized in network will empower recyclers communities and accompany recycling units (LPP) in their development. 3. rPET supplier NAMASINDO, Pulp company , others will purchase cooperative product (PET waste flake)	
Business Model Drivers					
Infrastructure	Medium	Value created to waste picker	Somewhat clear	Danone's dependency	
Regulatory environment	Somewhat favorable	Value created to Danone	High	Medium. It seems that as the project is evolving, it is becoming simpler to manage, compared to a start where some key hypothesis were made and maybe made the kick off harder.	
Understanding of time needed	Medium	Consumer involvement	Low	Phase III will focus on establishing an independent governance and ownership of the RBU to prepare a successful exit	

ANNEX 01

Existing Initiatives

Summary

Project Name	CBU	Country	Year launch	Project Description	Initial timeline vs Actual timeline
LemonAide	Danone Eaux France	France	2016	Half of the plastic bottles consumed in France are not recycled. In the meantime, the rate of youth unemployment hits a record high.	2016 to 2020
PM contact and email	Frédérique Rathle - frederique.rathle@danone.com			and environmentally-friendly business model. Young people who have dropped out of school can get access to a first work experience, find support, develop transferable and technical skills by collecting/sorting/conditioning recyclable waste, starting with PET containers.	
<i>in EUR</i>	Phase 1	Phase 2	Phase 3	machines (managed by LemonTree) are installed in public places and high traffic locations. In exchange of introducing a bottle, the machine give to users different types of coupons developed in the partners of the project.	
SIC Date	29-oct-15		N.A.	Current Status	
Ecosystem	1,300,000.00		0	Project has started.	Initial time expected for project
CBU	652,300.00	-	0	The main objectives of the phase are:	4 years
Other	6,851,800.00	-	0	- To have 80 machines at the end of 2016 (mainly in IDF and Paris).	
Total	8,804,100.00	-	0	- To collect 8T of PET per machine (2-3 machines in each moll). - To collect 24T of PET per machine per year.	
Plastics regulatory environment				Waste pickers regulatory environment	4 years
				To think of waste pickers are not relevant in the French context. The project consideres training and developing skills in unemployed young people in France (30 direct jobs at Lemon Tri, 44 indirect jobs, 87 young people getting a job outside Lemon aide after the program).	
Understanding of Danone/CBU purchasing needs				Other recyclables	
There is no reference to the current recycling model or business in France. If this is the most cost-efficient model to increase recycling rate in France is unclear.				Not considered. Model only considers plastics (specifically plastic water bottles, not other packaging)	
Partner	1. FACE 2. Lemon tri 3. Eco Emballages 4. Pole Emploi 5. E2C		Description of Partner Org	1. FACE (Fondation Agir Contre l'Exclusion): a general interest foundation co-created by 13 large French companies (including Danone) to promote 2. Lemon tri: a for-profit organization and first client of Lemon aide, to which it will provide commercial and management supports, and transfer tech 3/4/5. to bring expertises, fundings and sourcing of young people.	
Business Model Drivers					
Infrastructure	High	Value created to waste picker	Unclear	Danone's dependency	
Regulatory environment	Favorable	Value created to Danone	Medium	Low. At the end of the day Lemon Tri already exists and the project will invest in it. It has a mission and growth plan that Danone is strongly supporting.	
Understanding of time needed	TBD	Consumer involvement	High		

ANNEX 01 Existing Initiatives Summary

Project Name	CBU	Country	Year launch	Project Description	Initial timeline vs Actual timeline
ReNueva	Aguas Danone España	Spain	2016-2017	Create a recycling model for away from home materials that – as of today – are not segregated and brought back into the recycling stream. Our goal is to create a second life not only for PET but also other recyclables, while generating open or closed loop solutions. ReNueva focuses on the away from home recyclable materials in Spain employing people with disabilities or at risk of social inclusion. We will also generate training and awareness raising campaigns on recycling and littering to the public.	TBD. The project is just starting.
PM contact and email	Borja La Fuente - borja.lafuente@external.danone.com				
in EUR	Phase 1	Phase 2	Phase 3		
SIC Date	2016	-	N.A.	Current Status	
Ecosystem	650,000.00	-	0	The project is about to begin and the main actions of the first phase will be:	Initial time expected for project
CBU	255,000.00	-	0	- Creation of a waste sorting plant and gather key learnings for further implementation.	
Other	632,000.00	-	0	- Creation of a School of Waste pickers: to empower and train people in Waste Management to access to a certificate degree and employment.	
Total	1,537,000.00	-	0	- Creation of an interactive app: to increase the volume of collected packages in HORECA channel and job creation.	Actual time expected for project
				- Education and awareness: educate and engage in the importance of recycling and stop littering.	
Plastics regulatory environment				Waste pickers regulatory environment	
In Spain companies that use plastic in packaging or other applications have to pay a contribution on the volume of plastic that is put in the market to comply with the European Directive and Spanish Law on integral waste management systems. This contribution is known as "Punto Verde" in Spain and this regulation is not expected to change in the near future. It is important to note that if a company puts 1 ton of plastic in the market but creates a closed loop for half the amount, it is not netter of and the tax still applies in full on the 1tn amount.				Waste pickers in Spain have a regulated and recognized job activity under the minimum wage. This project aims towards developing job opportunities under this area for communities under risk of social exclusion.	
Understanding of Danone/CBU purchasing needs				Other recyclables	
The idea is to create sorting systems as early as possible in the recycling process, to maintain as high as possible the quality of recyclables. This will lead to a better value chain management and the possibility to truly moving to a closed or open loop model. We have invested time in understanding players, where they are and logistics elements, to make sure they are computed into the social enterprise business model early on.				Other recyclables are considered in the model to ensure that the developed initiative has several streams of income and access to different markets.	
Partner	1. Fundación Trinijove 2. Ecoembes 3. Suppliers		Description of Partner Org	1. Special Employment Center which works in the integration of people with disabilities and at risk of social exclusion. 2. The organization that cares for the environment through recycling and ecodesign of packaging in Spain. 3. (RECUMAS, ALIPLAST, TORREPET). Help us in increase the PET volume collected and are responsible to converse the PET Bales into rPET.	
Business Model Drivers					
Infrastructure	Medium	Value created to waste picker	Clear	Danone's dependency	
Regulatory environment	Somewhat favorable	Value created to Danone	Clear	Medium. As we see more cities moving to banning or requiring stricter rules when it comes to recyclable materials, we anticipate that in Spain this could become an important conversation to engage with consumers/	
Understanding of time needed	TBD	Consumer involvement	Medium		

ANNEX 02

Recommended readings

Resource	Link
Danone company reports	http://www.danone.com/en/for-you/investors/company-reports/
Plastics Europe (2015), The Facts: an analysis of European plastics production, demand and waste data.	http://www.plasticseurope.org/documents/document/20150227150049-final_plastics_the_facts_2014_2015_260215.pdf
Velis C.A. (2014). Global recycling markets - plastic waste: A story for one player – China. Report prepared by FUELogy and formatted by D-waste on behalf of International Solid Waste Association - Globalisation and Waste Management Task Force. ISWA, Vienna, September 2014.	https://www.iswa.org/fileadmin/galleries/Task_Forces/TFGWM_Report_GRM_Plastic_China_LR.pdf
Franklin, Pat (2006), Down the drain: plastic water bottles should no longer be a wasted resource, Waste Management World, May-June 2006	http://www.container-recycling.org/assets/pdfs/media/2006-5-WMW-DownDrain.pdf
UNEP (2014) Valuing Plastics: The Business Case for Measuring, Managing and Disclosing Plastic Use in the Consumer Goods Industry.	http://www.trucost.com/published-research/134/valuing-plastic
Trucost (2015), Benefits of the Cradle to Cradle Product Program, Technical Report Document, Cradle to Cradle Products Innovation Institute.	http://s3.amazonaws.com/czc-website/resources/impact_study_technical_report.pdf
Trucost (2016), Scaling sustainable plastics: solutions to drive plastics towards a circular economy.	http://www.trucost.com/published-research/185/Scaling-sustainable-plastics-use
Ellen McArthur Foundation (2016), The new plastics economy: rethinking the future of plastics.	http://www.ellenmacarthurfoundation.org/publications/the-new-plastics-economy-rethinking-the-future-of-plastics
Forum for the Future (2016), The Circular Economy Business Model Toolkit: Card deck.	https://www.forumforthefuture.org/sites/default/files/Card%20deck.pdf
Nesta (2014), Making sense of the collaborative economy.	https://www.nesta.org.uk/sites/default/files/making_sense_of_the_uk_collaborative_economy_14.pdf
ROI (2012), A guide to Social Return on Investment.	http://www.elon.edu/docs/e-web/org/nccc/SROI-Guide_Reprint_v2_screen_master.pdf
Medina, Martin (2007), The World's Scavengers, Salvaging for Sustainable Consumption and Production, AltaMira Press.	https://www.amazon.com/Worlds-Scavengers-Sustainable-Consumption-Globalization/dp/0759109419
Brown, T., & Kätz, B. (2009). Change by design: How design thinking transforms organizations and inspires innovation. New York: Harper Business.	http://www.amazon.com/Change-Design-Transforms-Organizations-Innovation/dp/0061766089

Resource	Link
Kelley, T., & Kelley, D. (2013). Creative confidence: Unleashing the creative potential within us all. New York: Crown Business.	https://www.amazon.com/Creative-Confidence-Unleashing-Potential-Within-ebook/dp/BooCKEo5ZY?ie=UTF8&keywords=creative%20confidence&qid=1464630679&ref_=sr_1_1&s=books&sr=1-1
McDonough, W., & Braungart, M. (2002). Cradle to cradle: Remaking the way we make things. New York: North Point Press.	https://www.amazon.com/Cradle-Michael-Braungart-ebook/dp/Boo31RDV9G/ref=sr_1_1?s=books&ie=UTF8&qid=1464630742&sr=1-1&keywords=cradle+to+cradle
Osterwalder, A., Pigneur, Y., Clark, T., & Smith, A. (n.d.). Business model generation: A handbook for visionaries, game changers, and challengers.	https://www.amazon.com/Business-Model-Generation-Visionaries-Challengers-ebook/dp/BooBD6RFFS/ref=sr_1_1?s=books&ie=UTF8&qid=1464630830&sr=1-1&keywords=business+model+design
Cubicle Warriors Toolkit - League of Intrapreneurs.	http://www.leagueofintrapreneurs.com/toolkits
Precious Plastics project.	http://preciousplastic.com/
Wiego (Women in Informal Employment: Globalizing and Organizing).	http://wiego.org/

**DANONE ECOSYSTEM:
Handbook of Inclusive Economy**

Recycling and Packaging Cycles
in Action

