

SUBSISTENCE ENTREPRENEURSHIP AND THE PARADOX OF NATURAL WEALTH

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BOGOTÁ, COLOMBIA

WATER AND LIGHT: MANAGING STRATEGIES TO SCALE UP SUSTAINABLE
SOCIAL AND ENVIRONMENTAL PROJECTS IN COLOMBIA

FIRST COLOMBIAN-SWISS CONFERENCE 2012 - UNIVERSITY OF ST. GALLEN

ST. GALLEN, SWITZERLAND



AGENDA

CONTEXT

RESEARCH

NEW INSIGHTS

FINAL REMARKS

– CONTEXT

- The region
- The main focus

– PREVIOUS RESEARCH

- What we have studied
- What we have found

– NEW INSIGHTS

- Puzzling questions emerging from results

– CLOSING REMARKS

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CHOCO BIOGEOGRAPHIC REGION AN ILLUMINATING METAPHOR

CONTEXT

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CHOCO BIOGEOGRAPHIC REGION

THE PARADOX OF NATURAL WEALTH

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11.000

species of vascular plants (WWF)

900

species of birds (WWF)

210

species of reptiles
Including **63** endemic

350

Species of amphibians
Including **210** endemic

4

distinct endemic bird areas (BirdLife International)

250

rivers

CHOCO

HDI: 0,731 (31/32)
AFRO-COLOMBIAN: 82,1%
INDIGENOUS: 12,7%
WHITE / MESTIZO: 5,1%
UBN: 79,7%
GDP CONTRIBUTION: 0,53%

CAUCA

HDI: 0,782 (25/32)
WHITE / MESTIZO: 56,31%
AFRO.COLOMBIAN: 22,19%
INDIGENOUS: 21,5%
UBN: 46,4%
GDP CONTRIBUTION: 1,4%



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27%

of total continental territory (30,5M Ha) managed by indigenous reserves, which concentrates

43%

of natural forests

4,5%

of total territory (5M Ha)

collectively titled to Afro-descendant communities

Constitution 1991

new property rights regime for ethnic minorities

LAW 70 OF 1993

collective titling for Afro-Colombian communities through

Community Councils

63.000

families directly benefited

no further

issuing of individual titles

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CHOCO BIOGEOGRAPHIC REGION

THE UNDERLYING ISSUES

CONTEXT

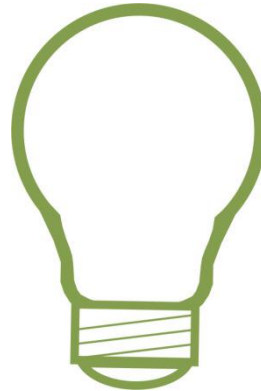
RESEARCH

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**POVERTY AND
SOCIAL EXCLUSION**



ENERGY PROVISION



**ENVIRONMENTAL
CONSERVATION**

CHOCO BIOGEOGRAPHIC REGION

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entrepreneurship
innovation + sustainability + scale

POVERTY AND
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THE CHALLENGES AHEAD

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Nature of entrepreneurship

- Subsistence enterprises (mainly based on exploitation of natural resources)
- Role of philanthropy and cooperation
- New business models (e.g. responsible mining)

Attributes of different Business Models:

- Sustainability, Innovation, Scalability

Impact of Business Models and effects of Institutional Arrangements:

- Citizenship
- Land and resource management
- Cultural heritage

THE CHALLENGES AHEAD

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ECO AND ETHNO-TOURISM (ECOMANGLAR)

THE CHALLENGES AHEAD

WHAT WE HAVE FOUND⁽¹⁾

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Three key relationships

- Political participation and ethnic movements
- Twofold dimension of the territory: economic and cultural
 - Means of subsistence
 - Ancestral legacy
- Environmental conservation and the meaning of mining as an inherited profession

Institutional transformation after the 1991 change in property rights regime

- Design and implementation of rules to manage collective land and resources
 - Collective titling has created local rules and legal tools against encroachment by intruders (Vélez 2011)
 - New property regime has not replaced individual's informal land holding (Vélez 2011)

(1) Different methodological approaches have been used such as a. **surveys**; b. **economic experiments** and statistical analysis; and c. **in-depth interviews** and structured qualitative analysis.

THE CHALLENGES AHEAD

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Barriers for entrepreneurship

- Access to seed capital
- Dependence on foreign aid
- Lack of capacity building
- Weak institutions

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A TWO DIMENSIONAL FRAMEWORK



QUALITY OF INSTITUTIONS INSTITUTIONS THAT SUPPORT ENTREPRENEURIAL ECOSYSTEMS

CAPACITY BUILDING
AND COLLECTIVE APPROPRIATION

		LOW	HIGH
CAPACITY BUILDING AND COLLECTIVE APPROPRIATION	HIGH	<p>LATENT STATE</p> <ul style="list-style-type: none"> ▪ Suboptimal value generation due to institutional constraints. ▪ Value is captured collectively. ▪ Informal networks to compensate for poor quality institutions. ▪ Scaling up depends on “brokers”. 	<p>UNLEASHED STATE</p> <ul style="list-style-type: none"> ▪ Fully unleashed potential. ▪ Value is captured collectively: different actors involved. ▪ Scaling up depends on developed markets.
	LOW	<p>STERILE</p> <ul style="list-style-type: none"> ▪ Not even first stages of development are reached. ▪ Value generated is far lower than the amount of resources invested. ▪ Scaling up is irrelevant. 	<p>LATENT STATE</p> <ul style="list-style-type: none"> ▪ Suboptimal value generation due to disruptive interventions. ▪ Value is mostly captured individually. ▪ Scaling up depends on opportunistic relationships.

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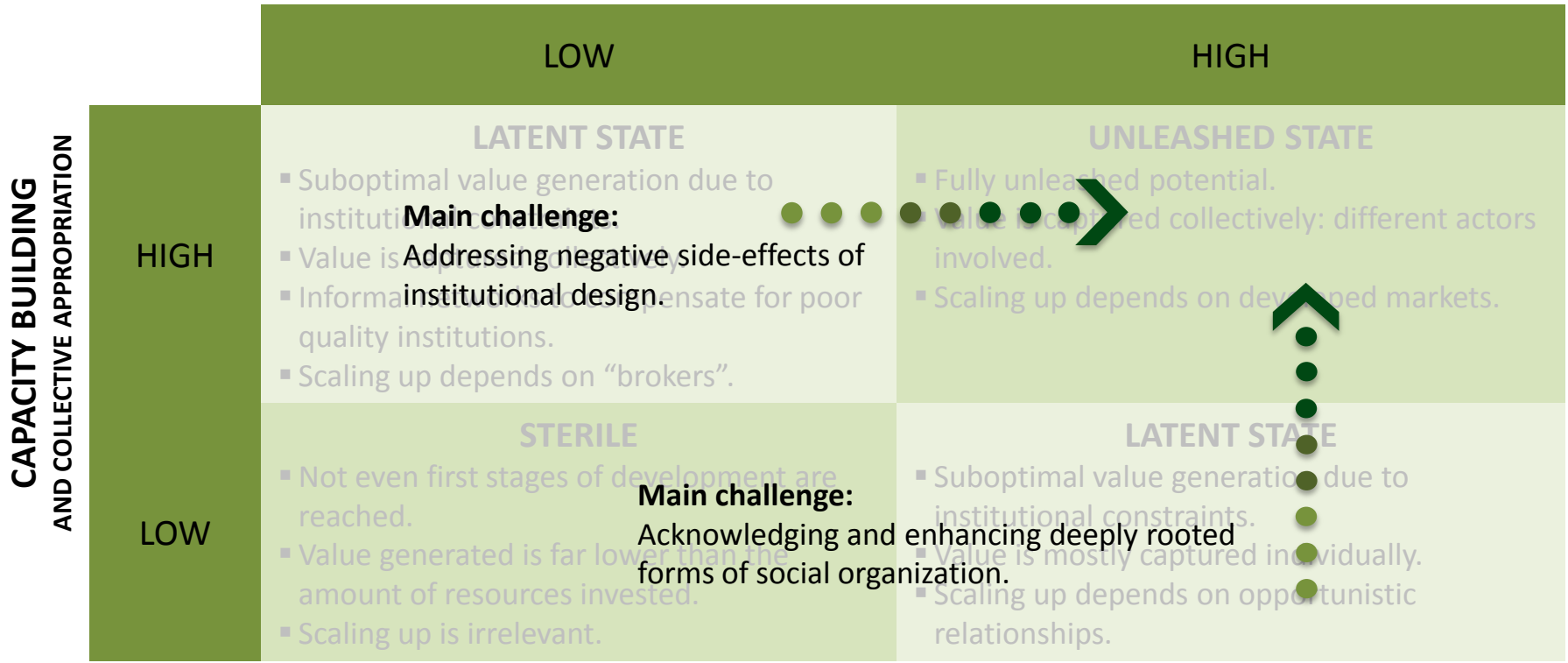
NEW INSIGHTS

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QUALITY OF INSTITUTIONS

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COPING WITH PARADOXES

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Some questions to be addressed

NATURE OF ENTREPRENEURSHIP

- a. *What kind of entrepreneurship should be promoted in this kind of environments?*
- b. *Is entrepreneurship the appropriate answer? Under what circumstances?*

PROCESSES TO FOSTER ENTREPRENEURSHIP

- a. *How to best deal with complex trade-offs in terms of:*
 - Alignment of different –and often conflicting– institutional arrangements
 - Innovating without jeopardizing traditional (community-based) forms of social organization
- b. *What can be the most relevant approach?*
 - Top-down / Bottom-up? A combination of both?
- c. *Do local specificities conflict with scale and replication?*

THE CHALLENGES AHEAD

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Phyllobates Terribilis
George Grall (C) National Geographic Society