

Sustain-Equality Consulting

<u>Team Member Name</u>	<u>Year</u>	<u>Major</u>
Member 1: Marco Piscioti-Meyersohn	Junior	Managment
Member 2: Gabriela Nieto-Carrion	Junior	Design and Management
Member 3: Gabriela Lipnizky-Sorzano	Junior	Management
Member4: Daniela Cure-Cortes	Senior	Management

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Advisor(s): Sebastian Cortes-Mejia

Topic Title: From the crop to your company: Income Inequality in the agricultural sector in Colombia

Audience: Malva Selva Top Management Team

Sustainable Development Goal

SDG #(10): Reduce inequality within and among countries

Executive Summary

Colombia is a country located in the northern part of South America, in the tropical zone, crossed by the Andes and with coasts on the Pacific and Atlantic Oceans. This strategic location makes it the second country with the greatest biodiversity in the world that has allowed its economy to be based on agriculture. Paradoxically, the agricultural sector is underdeveloped and presents high rates of poverty and inequality. Factors such as violence, drug trafficking, latifundium, and corruption displaced many farmers to the main cities. Nevertheless, those who decided to stay in the countryside have been devoted to the production of agricultural goods that are traded at prices well below fair values with intermediaries, harming the farmers' income, life standards, and accentuating labor informality in rural areas. The informality levels are one of the reasons that generate inequality in Colombia, only 6% of towns in the country have established a system that has formal productive systems. Additionally, industries are concentrated in big cities, without any type of presence in rural areas.

We address the problem of informality and income inequality in the agricultural sector in Colombia from the businesses perspective, by transforming farmers' raw materials from the primary to the secondary sector of the economy. Farmers will have the opportunity to generate products with higher value, more profit potential, demanded by the marketplace, and meeting quality standards required by national and international companies. The company Mae Selva, a Colombian small business dedicated to the production of skincare products represents an opportunity to make this possible by establishing a production center in the rural area of Valle del Cauca (a State in Colombia), where most of the input material for cosmetics can be found, such as avocado, panela, coffee, among others. Farmers will not only grow the product but will transform it in the input material needed for the production of cosmetics by Mae Selva. This initiative seeks to make of farmers direct suppliers of transformed goods, helping them to establish their company legally, increasing their income, and join formality. Simultaneously, it will bring Mae Selva closer to its raw materials, to assure quality, quantity and availability of their input materials, and generating shared value relationships between the growers and Mae Selva.