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LEAD Fellow addresses social inequality in major cities

Created on Tuesday, 11 September 2012 14:07

Leonardo Martins Dias is a sustainability advisor to European businesses and a LEAD Fellow. Earlier this month he spoke to *El Pais* – one of the largest newspapers in Spain – about the work he is doing to reduce social inequality in Latin American cities.

"Favelas exist in Madrid – they're just called something else"

Blond haired and blue eyed, Leonardo Martins Dias does not look like someone who grew up near one of Rio de Janeiro's most notorious favelas. His mother, a psychologist, worked with the favela residents and she changed his life by taking him to meet those who were less advantaged. "One day, when I didn't want to eat my dinner, she said 'come and see what life is like for the poor.'" Since that day Martins has reminded friends with the people he met in the favelas.



Martins, 38, is from Pelotas, Rio de Janeiro but he is based in Spain, where he represents the Brazilian organization Central Unica das Favelas (CUFA), an international NGO with origins in the favelas. He says that their work in Madrid "forms the basis for achieving better investment for projects in Latin America." The organisation aims to help companies implement social projects in the favelas, which subsequently allows them to "access a market of one hundred million potential consumers."

Broadly speaking, favelas are the deprived areas of big cities and according to Martins, they are huge potential markets for businesses. "Favelas exist in Madrid, London or Paris - they are just usually called something else." But the only way to access these markets is to initiate sustainable projects which contribute to improved living conditions - what Martins calls a "business model that creates a legacy in the favelas".

Brazil is "one of the few countries in the world where there is a clear social vocation to reduce inequality." If companies want to enter the market there, they must contribute to this trend.

Martins is no stranger to violence, and can recount many incidences when his life has been in danger. But he says that "the favelas bring benefits to business. The residents are part of a growing market with significant purchasing power – the new middle class. They are the base of the pyramid - 46% of purchasing power is in this social group. They have huge strategic value."

An example of this is the Brazilian telephone company 'Oi'. "This company's strategy was to build a call centre in the favela." By basing the office in Complexo do Alemão (a favela in Rio de Janeiro), the company began to bring work to the neighbourhood. A brother, a daughter or a friend suddenly began to earn a decent salary, thereby "changing the perception of the company. They're taking over the whole market."

The social projects implemented by these businesses can change the vicious cycle of violence and drugs. "I have friends who controlled entire favelas, people who hadn't left the neighbourhood for 30 years. They tell you that their life was 'do or die'. Now they help to run community programmes and they are happy. "

During a talk at the European Commission headquarters in Madrid, Martins raised the issue of the evictions in Spain and asked, "Where will all these people live?" The question, coming from an expert in marginalisation and violence, made people aware of the frightening consequences of inequality.

Spain is facing a serious social crisis, he says, and if it is not managed properly, violence will be the result. "Spain has to learn to manage extreme inequality. If stealing is prevalent among the rich, how can we expect the poor to live by the rules and go without?" Spain has time to invest in social projects and avoid the problems that Rio is experiencing, however. As Martins says, "preventing inequality is a profitable business plan."

This is a translation of an article published in Spanish in *El Pais* 03/09/12. The original article can be found [here](#).

Leonardo Martins Dias completed the LEAD Europe programme in 2011. The 2012/13 programme is currently accepting applications – to find out more, please click [here](#).

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