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VIVA Exists

BY PETER FUCHS / PRESIDENT VIVA

Back in 1994, while serving as the director general of the International Committee of the Red Cross (ICCR), I concluded that the end of the Cold War would require us to find new solutions to prevent armed conflicts. Moreover, creating more sustainable social development to generate better living conditions could become a key factor in this search for new solutions.

But, who could contribute to this development? Governments? Up to a point, to be sure. However, government alone had not achieved this goal in the past. The private sector? Theoretically, globalization has the potential to consolidate the different sectors of society. Capitalism, however, was going through a sort of euphoria after the collapse of planned economies. Neo-liberalism and an outlook focused only on short-term gain had immediately moved in to fill the vacuum. This private sector could not be expected to generously base its activities upon social commitment. Government and the private sector working in tandem? This kind of alliance had already existed for some time, but, instead of contributing new solutions, it often helped institutionalize barren subsidy and nepotism arrangements between politicians and the “oligarchy.”

The truly novel development in the wake of the Cold War was the awakening of civil society. On the world level, it began to come together through thousands of non-governmental organizations (NGOs) and civil initiatives, and to rally around relevant social issues.

What would happen if the private sector and civil society could find a way of cooperating – an alliance never before attempted – to mobilize the best forces of these two sectors of society?

I began to think out loud in international circles about this possible alliance. The idea did resound and awoke considerable interest, but after two years I came to the realization that virtually no one was prepared to take the first specific steps.

It was at that time that I happened to read some published pieces in which Stephan Schmidheiny explained his thoughts, apparently pointing in the same direction. During our early conversations, I realized that he had moved farther down this road and was aiming at specific cooperation between the private sector and civil society in a businesslike way. He had just created AVINA with the purpose of complementing GrupoNueva’s business activities. He was already calling this concept VIVA: Vision and Values!

When Stephan invited me to accompany him in developing AVINA, I was happy to accept. If we succeeded one day in turning VIVA into a reality, an attempt could then be made to create a new model of social cooperation between the private sector and civil society. All of this was happening in 1997.

Since then, AVINA has become a reality. It links hundreds of social leaders in Latin America. GrupoNueva is today a successful business with great potential for development, firmly committed to the concepts of ecology and corporate social responsibility (CSR).

VIVA was officially created as an institution in the spring of 2003. Stephan turned the GrupoNueva stock over to the VIVA Trust, which has been responsible since that time for the orientation of the business and the financing of AVINA.

What does VIVA wish to achieve?

In the initial stage, GrupoNueva and AVINA should come to know each other better and learn from one another. AVINA can learn how to conduct social projects along the lines of business practices and how to increase NGO efficiency. GrupoNueva can learn how to get business to become more effectively involved in social development, achieving greater social impact with its CSR and environmental projects.

The idea is to strengthen the bridges between the private sector and civil society through common projects; to bring the two sectors closer by removing the traditional barriers that have kept them apart.

Thanks to Stephan's vision – one that has inspired both AVINA and GrupoNueva since long before VIVA's formal creation – a greater and growing cooperation between these two partners has been achieved over the past few years.

Early on, cooperation consisted mostly of specific AVINA investments in projects promoted by GrupoNueva executives in Costa Rica, Panama, Ecuador, and Chile. In this context, some GrupoNueva managers got to know the AVINA people; AMANCO Peru invested in a project by an AVINA leader.

Today, a strong cooperation exists in Costa Rica, Chile, Peru, and Argentina, all countries in which both partners have developed mutually beneficial strategies and projects.

In other countries, partners are still trying to get to know each other better, exchanging ideas and experiences in order to learn from one another. In Paraguay, for instance, an AVINA leader is cooperating with Masisa Argentina in a natural resources management project. In Ecuador, AVINA has supported AMANCO Plastigama Ecuador in preparing a strategy for the local Business Council for Sustainable Development (BCSD); in addition, it has supported an AMANCO CSR project to create micro-businesses. In Brazil, AMANCO Brazil is increasingly consulting with AVINA to find inspiration for numerous ongoing corporate volunteer projects. AMANCO Brazil has also established a "Better World Award" in which AVINA Brazil representatives help provide strategic guidance to the project and participate as judges. Working breakfasts between AMANCO and AVINA leaders are also being considered to foster the exchange of ideas.

Sibylle Feltrin has studied these activities and analyzed several instances of this cooperation; some of them are summarized in this brochure. It is important to emphasize that this is not a "how to" guide. We hope to show those working in GrupoNueva and AVINA the wide range of possible synergies and the virtually unlimited creativity that are possible when one seeks to strengthen cooperation between civil society and business. New partnerships such as these will, in the end, benefit both society and businesses. Let us remember that, over the medium term, VIVA wishes to prove that a business investing in CSR and sustainability will find it easier to ensure its long-term survival than a business that looks only at the bottom line. This is the proof all of us owe to Stephan.

*Peter Fuchs
President VIVA*

Thoughts on VIVA

JULIO MOURA / PRESIDENT AND CEO GRUPONUEVA

What does the VIVA concept mean for you, both personally and professionally?

From a personal perspective, VIVA is a source of tremendous inspiration. Knowing that the dividends generated by GrupoNueva will help strengthen and improve the societies we do business in is a great incentive that will motivate us to do our absolute best.

From my professional standpoint, VIVA is the new stockholder of GrupoNueva. As such, I report to it. I know that VIVA's management team and I will have to learn to work together, but since we share similar values and a common vision, I am confident that we will be able to collaborate very professionally.

What is the current status of GrupoNueva-AVINA cooperation and what problems is it facing? What are your expectations for your own companies?

There are already very positive examples of cooperation and joint work in Costa Rica, Chile, Peru, and Argentina, to name just a few examples. We know that VIVA expects bridges to be built between business and civil society. We are promoting this, but feel that the process should not be "regulated"; we have no intention of dictating models. We prefer that in each case, each company, in each country, establishes its own joint working and learning mechanisms with AVINA, its leaders, and other civil society organizations.

We expect that AVINA will help us better understand the social processes taking place in

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the markets where our companies do business so that, in turn, we will be better able to identify what society expects from us and be in a position to meet those expectations. I am convinced that we can thus be more successful as a business and, at the same time, help

improve society.

What are your vision and strategy regarding the implementation of the VIVA concept in GrupoNueva and in a more global context?

As regards the implementation of the VIVA concept, we focus our vision and strategy on consolidating a successful business group. As there cannot be successful businesses in failed societies, so too VIVA's vision will not crystallize if our companies do not succeed in the marketplace, doing business under the principles of sustainable development. A bankrupt business cannot build bridges to civil society or help create value for anyone. We understand this very clearly: our first responsibility is to VIVA, and the attainment of its mission requires our being financially successful while operating within an ethical, eco-efficient, and socially responsible framework.

What direct and indirect benefits may be expected from closer cooperation between GrupoNueva and AVINA or other local NGOs?

We visualize at least three types of benefits. First, our interaction with AVINA and all other stakeholders will help us obtain and maintain the social license necessary to do business. We believe

that this can translate into a better image and reputation for our companies. This, in turn, will help us attract new customers and earn their loyalty. Second, it will minimize risks, as we will be in a better position to identify them and take preventive action. Finally, it will strengthen our employees' enthusiasm and loyalty. They feel very positive about the company's involving them in issues of importance for their communities and society at large.

Is there now or will there be in the future a way of measuring the social and economic effects

generated in the VIVA context?

In all our companies, we promote management systems that encompass and bring together financial, social, and environmental factors. To help with this integrated management, we have developed a tool known as the "Sustainability Scorecard." We use it to set measurable performance goals in all three areas. In the financial area and as regards eco-efficiency, we have clear indicators. The social area is a bit more complicated, and we are in the process of discussing and learning how to measure the impact of our actions.

VIVA

Thoughts on VIVA

BRIZIO BIONDI-MORRA / PRESIDENT AVINA FOUNDATION

What new opportunities and responsibilities does the VIVA concept bring to you?

I find that working in a foundation that has the vision and values of VIVA and is closely linked to a business through the sharing of those very same values and vision gives me the opportunity to commit myself as a whole person in my work. This alignment between personal and organizational values, and the space it provides for full engagement, is a rare opportunity and a very meaningful one, given that we spend most of our waking life at work. Through VIVA, I am involved in an organization that creates economic and social wealth, stimulates professional growth, and allows me to live my values at work. The mind, the emotional dimension, and everything that goes into an individual's makeup, are fully engaged. This opportunity to work as a whole person is not found just anywhere. As I see it, it's a distinct privilege.

I am convinced that everyone who identifies with VIVA and its vision and values has such an opportunity in AVINA. From a management perspective, this brings the added responsibility of making sure that this privilege is systematized and in operation throughout the foundation. Preserving and nurturing this possibility – a task that, in the final analysis, is intimately related to the organization's mystique – is one of AVINA's greatest challenges and a task that goes beyond the conventional functions of administration. Respecting staff and leaders as whole persons is valuable in its own right. However, such an attitude must be accompanied by superior performance. Otherwise we would run the risk of turning the organization into a mutual admiration society.

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If we avoid distortions, if we can prove the viability of this virtuous circle of treating the individual as a whole person and the ensuing exceptional

performance at work, we would be shaping a management model that would provide greater benefits to society while being humanly and financially more rewarding. All of this makes the job a most exciting one.

How has the cooperation between AVINA and GrupoNueva evolved? How will joint programs be planned in the future?

We have done an initial survey of collaborations between AVINA and GrupoNueva companies that shows a movement from what might be called "isolated incidents" to a blossoming of strategically planned projects. There have been about 40 such collaborations in the countries of Chile, Costa Rica, Argentina, and Peru.

When Stephan Schmidheiny, founder of both GrupoNueva and AVINA, linked them through the VIVA Trust, he was careful not to give instructions on how the two organizations ought to work together. He wanted the two to experiment and to discover by trial and error what the real synergies and limitations were. However, it was inevitable that the two entities would begin cooperating in a mood of "this is what we *should* do." I call it our *politically correct* phase. This changed rapidly. As we gained experience, we felt truly free to experiment. We have seen that we can go even beyond win-win results to win-win-win solutions: AVINA benefits; GrupoNueva benefits; and society benefits. I believe that we have obtained results that neither we nor GrupoNueva could have achieved alone or by

working with another partner. Given this experience, we see that cooperation with GrupoNueva is a path to be taken.

Our survey summarized the lessons learned so far from our collaborations, and these lessons will guide us in planning future joint projects:

- Collaboration between GrupoNueva and AVINA has its best chances for success when engagement is based on mutual benefits and is aligned with the core competencies of each organization;
- Operational and logistical synergies are more efficient when coordinated by senior management;
- Activities that promote understanding and getting to know each other are worthwhile;
- Institutional space for creativity can lead to initiatives at the forefront of business-social collaboration.

Together we are searching for firmer criteria for joint projects. Which projects should we implement? Which ones should we avoid? Which ideas should we explore further? VIVA actually forces both organizations to sharpen and strengthen their own identities. AVINA is not a business. It is not GrupoNueva's corporate foundation. It is not a vehicle for carrying out GrupoNueva's corporate social responsibility. Ultimately, finding grounds for joint action helps us clarify and rediscover our own mission.

What are your medium- and long-term vision and strategy regarding the implementation of the VIVA concept in AVINA and in a more global context?

Making a reality of our mission statement over the medium and long term involves the adoption

of a combination of civil society and business approaches: "The AVINA Foundation partners with leaders of civil society and the business sector in their initiatives toward sustainable develop-

ment in Ibero-America." In doing this, AVINA should operate under performance parameters as demanding as those of a highly successful business enterprise.

AVINA has evolved over the past decade

through a process of innovation and creative experimentation. Now AVINA has entered a new stage of maturity, independence, financial responsibility, and accountability.

We plan to live up to our motto of "From good to excellent" by quickly building our core team, reducing bureaucratic tendencies, increasing accountability, refining our management and decision-making structure, and optimizing budget allocation. Then we shall be well positioned over the medium and long term to assess our impacts, implement the "Sustainability Scorecard" as a performance measurement system, clarify goals and focus on areas of greatest leverage, develop a knowledge management system, and explore alliances with other foundations and donors.

We shall focus on helping our partners and leaders become a network for economic, social, and environmental betterment in Latin America. Among the key players in these networks will be the GrupoNueva companies, the national Business Councils for Sustainable Development, and FUNDES, Stephan Schmidheiny's foundation for small business development. So VIVA is crucial to our long-term plans to create more – and more powerful – networks.

AVINA also intends to play a role in making the VIVA concept and approach more contagious, so that more businesses and civil society organizations – through similar visions and values – will interact for their own benefit and that of society as a whole.

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What are the benefits and challenges of a closer cooperation between AVINA and GrupoNueva?

As AVINA learns from business, it becomes more businesslike. There is a transfer of knowledge from GrupoNueva to us. This knowledge helps us understand better other businesses with which we relate in our various networks. We can communicate with them better and facilitate their relations with civil society organizations more effectively.

At the same time, our survey of joint projects found that knowledge travels in both directions; AVINA's know-how of social processes and focus on leadership proved valuable for GrupoNueva managers when they were making social investments.

I think that not all in AVINA or among our leaders as yet fully understand business. Some still see business people as being interested only in profits. Getting to know GrupoNueva will dissuade them from these notions. Similarly, there are some in business who perceive not-for-profits as filled with head-in-the-clouds idealists with limited interest in measuring progress and ability, and even less appreciation for the careful management of funds. I hope that their experiences with AVINA will change their views about what civil society organizations can achieve.

Is there now or will there be in the future a way of measuring the social and economic effects generated in the VIVA context?

There are of course many “measurables” in the VIVA sphere. GrupoNueva has all the metrics needed to measure business performance, and its triple bottom line methodology monitors financial, social, and environmental results. We at AVINA shall be measuring the resources that flow through VIVA to us and from us to leaders. However, assessing social impact will continue to be more difficult, aside from those projects that aim at tangible quantitative results (such as connecting people to safe water or building houses, as in the cooperative efforts among GrupoNueva, AVINA, and Habitat).

AVINA some years ago began to measure its success in partnering with leaders through a series of bi-annual surveys. We are now turning to the Sustainability Scorecard, which provides us with a tool to promote knowledge-sharing, increase accountability for results, and measure progress toward objectives. We are impressed by GrupoNueva's use of the triple bottom line approach and are learning from them how to adapt this method to our own needs. We also have a working group focusing specifically in the area of knowledge and learning.

We consider the question of measurement of critical importance. We know instinctively that our activities produce social value, and we can offer examples that clearly illustrate this. Yet we also know that we are working in an area where standards are neither clear nor universally agreed upon, and where considerable additional conceptual work is required. This is a major challenge for us, and we intend to use whatever best practices and state of the art knowledge is available. Even so, we sense that simply absorbing what exists will not be enough, and we have a responsibility to invent and customize. Addressing and resolving this challenge is a key item on our agenda for operational excellence.

MA

VIVA Experiences in Costa Rica

Text prepared in cooperation with Fausto Bejarano, general manager, AMANCO Costa Rica; Graciela Jiménez, CSR coordinator, AMANCO Costa Rica; Rafael Morice, president, ECOS, and Carlos de Paco, representative, AVINA's Coastal and Marine Initiative (CMI).

The activities of the Grupo Nueva subsidiary AMANCO Costa Rica are concentrated in two areas: Tubosistemas (pipe systems) and Construsistemas (light construction, formerly Ricalit, S.A.). The 38-year-old group has four operations sites and close to 600 employees. AMANCO certified its ISO 9001 processes, 2000 version¹. AMANCO Construsistemas, division Plycem, is certified according to ISO 14001² and AMANCO Tubosistemas has pending ISO 14000² and OHSAS 18001³ certification.

The group has always worked with communities in matters such as occupational health, environmental controls, and company impacts.

In 2002, AMANCO brought its corporate social responsibility (CSR) strategy in line with the corporate guidelines of Grupo Nueva, the holding company that owns it. Fausto Bejarano, general manager of AMANCO Costa Rica, hired Graciela Jiménez to look after CSR issues. The goal of the new strategy is to strengthen social investment rather than engage in traditional philanthropy. AMANCO introduced consultation mechanisms with interested groups to identify their needs and began to form alliances with community groups.

AMANCO seeks to use this new CSR approach to stand apart from its competitors, not only as regards its products and business dealings, but also as an organization.

In addition to the projects carried out with AVINA's cooperation, AMANCO conducted several other social projects, including:

A priority of CMI's 2003 operations plan was joint actions with Grupo Nueva such as the environmental clean-up of coastal areas with AMANCO, and the exchange of executives between Grupo Nueva and AVINA leaders.

• *Assume Your Role Program:*

This is an agreement among 178 schools, AMANCO, and the Ministry of Education for the collection and recycling

of newspapers. This allows AMANCO to meet 85% of the fiber needs of its Construsistemas plant, where the recycled paper fibers are used to make fiber-cement sheets. Children gain a learning experience in environmental protection, while schools are able to finance purchases not covered in the government's budget.

• *Business Association for Development (AED):* AED's mission is "to create within the Costa Rican business community... an ongoing culture of involvement, participation, and social responsibility that generates a beneficial impact upon society." AMANCO is one of AED's founding companies.

• *Environmental Education Project:* AMANCO is planning to move its San José plant to the nearby community of Belén, in the province of Heredia, where the highly polluted Bermúdez River runs through town. As part of its CSR policy, AMANCO decided to draft – together with CERENA H₂O, a local NGO, and the municipality of Belén – a project to implement an environmental education program at the Belén high school. The program seeks medium-term solutions to the problems of river pollution.

ECOS, another Grupo Nueva subsidiary, is a group of agroindustry and forestry businesses, including *Macadamia de Costa Rica S.A. (MCR)*, specializing in the growing, production, and distribution of macadamia nuts, and *Hacienda La*

¹ ISO 9001: International quality and good business practices standards certification.

² ISO 14000/14001: International environmental management systems standards certification.

³ OHSAS 18001: Occupational safety and health standards certification.

Pacífica, engaged in tilapia⁴ growing, ranching, and reforestation with native species. Operations outside of Costa Rica include **Ecoforest**, with plantations of high-value tropical timber in Panama and Guatemala, and **Indatrop**, with plantations and a palm-hearts processing plant in Bolivia.

AVINA's Costa Rica-based **Coastal and Marine Initiative (CMI)** works with civil society and business leaders' initiatives geared to the sustainability of coastal and marine resources and human development. CMI supports 125 coastal and marine projects throughout Latin America, 41 in Central America.

A priority of CMI's 2003 operations plan was joint actions with GrupoNueva such as the environmental clean-up of coastal areas with AMANCO, and the exchange of executives between GrupoNueva and AVINA leaders.

CMI representative Carlos de Paco says that CMI is "assuming the challenge of the millennium: the sustainable management of water. We believe that assuming this challenge is a responsibility AVINA may not shirk." CMI has prepared and submitted to the AVINA Council a proposal covering all of Latin America to "consider the relevance of integrated water management as a strategic element helping us attain our mission within the VIVA framework, and to make the appropriate proposals to GrupoNueva to adopt a common proposal."

AMANCO – AVINA CMI Cooperation in Costa Rica

Until recently, cooperation between AMANCO and CMI took place within an informal framework. The relationship was formalized in 2002 by the creation of a coordinating team capable of producing a sustainable projects identification tool to successfully meet AMANCO and CMI's requirements. Chief among these requirements are relationships with AVINA leaders, a tangible presence in the region, and a meaningful and lasting impact.

The joint projects focus on water management along coasts, reflecting CMI's strategic priority

and in keeping with AMANCO's vision that "every man, woman or child should have access to drinking water, to health care, and to a daily food supply." AMANCO sees AVINA as "a tremendous option.... We realized that AVINA already had sufficiently sophisticated structures and tools to establish criteria to facilitate the company's work in the context of social investment... there will still be many occasions on which both organizations will be able to cooperate."

AVINA's CMI and AMANCO are studying the effectiveness and replicability of their pilot project, *Waste Water Treatment in Manzanillo* (see below). Both see great potential in this kind of cooperation, as each organization contributes its specific knowledge for mutual benefit. AMANCO, on the one hand, knows how to manufacture and market pipes, and to design and build water treatment plants. CMI, on the other, has the expertise necessary to identify, support, and evaluate sustainable projects.

ECOS – AVINA Costa Rica Cooperation

In Costa Rica, the cooperation between two companies of the ECOS group – Hacienda La Pacífica and Macadamia de Costa Rica, S.A. (MCR) – and AVINA was limited in the past to a few projects.

Fernando Estrada, manager of Hacienda La Pacífica, helped create a project to produce a sustainable development plan for the farm's Cañas canton, in the province of Guanacaste. This novel project allowed all players in the canton to take part in a land-planning and development effort that eventually became law and will make it possible to maintain a long-term vision for the region. Another La Pacífica project is aimed at strengthening and exchanging know-how in order to grow organic rice and market this high-value product. A significant number of cooperatives are working on this project. A third was geared toward finding agricultural and forestry options in the Guanacaste region.

Alfredo Volio, general manager of MCR, started the first AVINA project in 1993,

⁴ Tilapia (*Oreochromis and Tilapia spp.*) is an African freshwater fish now widely harvested in many parts of the world.

supporting local schools and health centers (see below).

In Panama, AVINA supported an independent scientific steering committee to regularly assess Ecoforest Panama (part of the ECOS group) plantation operations. Members were drawn from the Smithsonian Institution, CATIE⁵, the International Tropical Forestry Institute, and the City of Knowledge. AVINA support also included funds for up to half a dozen students each year to conduct their thesis research on areas of high priority for Ecoforest. This novel method of collaboration

between the private sector and a public research institute was judged highly successful by all involved, and CATIE is preparing publications that will spread this experience widely in the Latin American forestry sector.

AVINA has helped ECOS learn a great deal about the workings of civil society, cooperating with NGOs, and understanding company stakeholders. ECOS was able to do social support and development work in each of these projects' areas of influence. Most of these programs still exist today, although they no longer require AVINA's assistance.

VIVA

⁵ CATIE: Spanish acronym for Tropical Agricultural Research and Higher Education Center.

Waste Water Treatment Manzanillo

Text prepared in cooperation with Fausto Bejarano, general manager, AMANCO Costa Rica; Graciela Jiménez, CSR coordinator, AMANCO Costa Rica, and Rafael Luna of AVINA's Coastal and Marine Initiative (CMI).

In 2002, AMANCO Costa Rica and AVINA's Coastal and Marine Initiative (CMI) created a coordinating team to identify and develop projects in the coastal region water management area. The pilot project is being implemented in Manzanillo¹, as suggested by AVINA leader Rosa Bustillo.



Only 3% of all of Costa Rica's sewage water is treated. One way to solve this problem might be to lower the costs of water treatment plants through close community involvement. This approach could be replicated in other communities.

The community of Manzanillo has suffered various economic and environmental problems. In 1985 part of this region, virtually unknown until then but endowed with a rich sea, land, and cultural diversity, was designated as the Manzanillo-Gandoca National Wildlife Refuge. However, the new refuge lacked administrative rules to guide its development. This was made worse by a blight that severely affected cocoa production, which until 1978 had been the main source of income for the region, and the collapse of cocoa prices in the world market. Tourism increased significantly, and land began to be developed with no controls or regulations.

Faced with this new crisis, the local community began to organize itself and to present its concerns and suggestions to the government. The authorities, in turn, indicated their willingness to correct past mistakes. They created in 1995/96 the Refuge Management Plan to manage resources and the environment in accordance with a strict set of principles. Manzanillo received special attention from the government thanks to its efforts in environmental education and community organization.

Yet there remains much to be done. Increasing tourism, reaching 40,000 visitors per year, has created serious problems for Manzanillo, a community of only 177 permanent residents. There is an excess of wastewater; the sea is being polluted, and drinking water for human consumption is scarce. Not surprisingly, Manzanillo can meet only 85% of the

“ecological blue flag” evaluation parameters. The acceptable minimum, according to the program created by government organizations to evaluate water quality, is 90%.

This project to improve water management in the area was made possible by the initiative and the commitment of the local population. The project includes:

- AMANCO building a standard water treatment plant with a hydraulic capacity of 99.6 m³ per day, a total area of 54 m², and able to process both sewage and soapy water;
- Building a sewer network in the community;
- Training the community in the operation and maintenance of the plant.

This effort should improve the water situation in the area; reduce the illnesses caused through fecal contamination and the pollution of ecosystems by soapy water; and strengthen sustainable development practices.

Roles in Project

Under AMANCO's supervision, the community is in charge of digging and filling for the treatment plant and of laying water pipes. It also provides power to both the treatment plant and the pumping pit, and is responsible for plant maintenance.

¹ Manzanillo is located on the southern Caribbean coast of Costa Rica – a few miles from the border with Panama – in the Canton Talamanca, Province of Limón.

AVINA CMI leader Rosa Bustillo strengthens community commitment, serves as the liaison between AMANCO and AVINA on the one hand and this partnership and the community on the other, and promotes the project to other organizations. AVINA trains the community to manage the project and supports related local initiatives.

AMANCO is responsible for the design and construction of the plant, provides and installs plant equipment and pipes, trains the community in plant operation and maintenance, and follows up on the project for six months.

The Ministry of the Environment and Energy donated the land for the plant, helps with the necessary permits, and highlights the issue of responsible water management in its official communications.

This relatively small pilot project has the potential to generate significant results by creating synergies among AMANCO, AVINA, the government, and the community. The business potential for AMANCO is high, as is the potential for learning within the framework of corporate social responsibility. The project could have a powerful impact as a model to be followed by others, and this will help strengthen AMANCO's image in Costa Rica.

VIVA

Macadamia de Costa Rica S.A. (MCR): the First AVINA Project

Text prepared in cooperation with Alfredo Volio, general manager, Macadamia de Costa Rica S.A. (MCR), and Serena Cosgrove, AVINA consultant.

Alfredo Volio, Macadamia de Costa Rica S.A. (MCR) general manager, maintains that the first-ever AVINA project began in 1993, when AVINA was being planned, and was concluded in 2000. Alfredo approached the group that was to become the AVINA Council with some ideas on possible social activities that MCR could undertake in the area around its macadamia nut plantations in northern Costa Rica. This approach eventually resulted in AVINA's first project.



In 1990, Macadamia de Costa Rica S.A. began to plant former cattle ranches with macadamia trees. These plantings are on the side of a volcano in the ruggedly handsome rural areas near the Nicaraguan border. The area is known for its poverty and underdevelopment, and for the migration of its rural population into the cities. A 1991 social and economic study looked into the local situation and conducted interviews with community members. Following this study, MCR concluded that one of the region's major problems was the poor education of local children. Many lacked the financial resources to attend school or to buy essential school supplies. Many of the schools were little more than tumbledown shacks, lacking basic equipment such as paper, pencils, and safe water. Poor medical care was another serious problem. Though a social security program exists, it did not reach all communities or was hampered by family situations, ignorance of health matters, and poor nutrition.

Since its inception, MCR had been conducting social projects to improve the quality of life of its workers and the local community. It had helped repair

roads and bridges, worked on electrification and water projects, improved communications, and conducted literacy campaigns for its workers. As the effort to provide local schools with learning materials got underway, MCR's commitment to the community and its different social activities grew significantly. Traditional philanthropic assistance gradually gave way to closer

cooperation among the company, the community (particularly heads of households, community leaders, and teachers), the municipality, and other local businesses. MCR hired a social manager responsible for the company's social projects and the promotion of sustainable development.

Five local schools received essential school materials, furniture, and equipment. Some schools also benefited from MCR strategic support that provided them with *Ministry of Education* computers and computer training through the *Omar Dengo Foundation*.

MCR believes that schools must be attractive to students. It helped parents repair and refurbish schools. Thanks to this work, a 1998 social audit showed that the school dropout rate had decreased significantly since 1991 and that almost all children were attending school, as compared with a dismal 30% in 1991.

At MCR health centers, a company physician and nurse provide care for MCR workers and members of the local community. Centers also help with problems such as nutrition, parasitic illnesses, and hygiene. The municipality and interested businesses were involved and helped draw up a plan of action to tackle children's nutritional deficiencies.

In the 1998 social audit, physicians confirmed that the region's health situation had improved significantly since 1991. This was the result of an improvement in living conditions (greater access to services, electricity, water, etc.), a goal that MCR had helped its neighbors to attain.

Another goal was to increase the awareness of child abuse among teachers, parents, and students, and to strengthen relations between parents and children. *The Paniamor Foundation* gave talks to heads of households, children, and teens on child abuse issues, and conducted child violence prevention workshops. This resulted in greater community sensitivity towards, as well as increased knowledge of, these issues.

Roles in the Project

AVINA's financial support facilitated the purchase of school materials for children and teachers, as well as school furniture and equipment. It also financed the Paniamor Foundation talks on child abuse. It supported MCR in the strategic positioning of this project so as to prevent the company from being perceived as a "Santa Claus" distributing money and materials to the schools.

The **community** showed enormous interest and provided its fullest support. It even took over construction work (extensions, dining halls, toilets, green areas, etc.) using materials purchased at a discount from MCR's sister company Ricalit (now AMANCO Costa Rica).

Macadamia de Costa Rica S.A.'s contribution took the form of financial support for the purchase of school and infrastructure materials, and it built the health stations where company physicians care for area residents. It also financed medical and clinical examinations. In addition, it helped secure significant cooperation agreements with the ministries of education, environment, energy, and public safety. As regards community education, MCR, working with AVINA, coordinated the activities of the Paniamor Foundation.

This first AVINA project began as a traditional philanthropic project and concluded with AVINA and Macadamia de Costa Rica S.A. and its stakeholders working in close cooperation, applying corporate social responsibility principles at a time when few people in Costa Rica were talking about this novel idea. It could be seen as a typical VIVA project, except that it came into being 10 years ahead of VIVA and evolved with time.

VIVA

Partnership for Building Affordable Housing in Central America

Text prepared in cooperation with Roberto Salas, President, AMANCO; María Emilia Correa, Vice President, Social and Environmental Responsibility, GrupoNueva; Graciela Jiménez, CSR coordinator, AMANCO Costa Rica; Nathalia Mesa, AVINA; Stephanie Lee Martin and Chris Little, Habitat for Humanity.

It is estimated that close to 40 million people live in Central America today¹; 51% of them live in poverty. “Poor people have less access to basic services and exhibit serious problems in the areas of basic health, poor-quality or substandard housing, and lack of drinking water. Making allowances for significant differences among the different countries, three of every five Central American homes have at least one unmet basic need,” according to a UN report².



America. AVINA SI’s association with Torre Nelson is based on the values and the vision he shares with AVINA. In addition, this partnership will energize AVINA’s efforts with other strategic initiatives such as the [Social Enterprise Knowledge Network \(SEKN\)](#), a network of business schools teaching and studying social entrepreneurship and links between social entrepreneurs and companies.

[Habitat for Humanity](#) is a non-profit organization, founded in 1976 by Millard Fuller in the United States and working to “replace poor housing with simple, decent and safe homes” in 89 countries throughout the world (16 of them in Latin America). Torre Nelson, vice president, Habitat Latin America and Central America, and an [AVINA Strategic Initiatives \(SI\)](#) leader, intends to increase Habitat’s ability and efficiency to reduce the housing deficit.

The fact that both Habitat and [AMANCO](#) are in the construction field generates an obvious synergy between them. Thus AMANCO general manager Roberto Salas decided to support Habitat in its commitment to help meet the housing demand. This is an excellent opportunity for AMANCO to practice its corporate social responsibility, as it commits its products, know-how, and employees’ volunteer work time to reach out to the community. AMANCO sees Habitat as the ideal partner for strategic alliances in the region, as both organizations share common purposes and have much to learn from one another.

Representatives of AVINA Strategic Initiatives (SI) work with long-term partners building expanding networks throughout Latin

One of the goals set by AVINA and the [INCAE](#) business school for their work on the SEKN project during 2003 was the strengthening of partnerships and synergies between NGOs and business and academic networks. The cooperation between INCAE/SEKN and Habitat reflects the translation of this plan into tangible actions.

Habitat does not give homes away. Rather, it provides the necessary conditions for Habitat affiliates and homeless families to be able to build homes. Habitat contributes volunteer labor and materials, while families invest their own time, labor, and “sweat” in building their homes and those of other families. This is what is meant by “self-building and mutual help.”

Once a home is finished, it is sold to the family at a cost equal to its actual construction costs. Habitat makes interest-free loans with low monthly repayments so that these families may become the true owners of their own homes. Home costs fluctuate considerably, depending on the country. In Guatemala, for instance, a 40-square-meter home costs approximately US\$2,760; in Costa Rica, the cost of a similar home is US\$6,540. Families are selected by a committee according to their level of need, interest in the program, and ability to repay the interest-free loan.

¹ Central America includes Guatemala, Honduras, El Salvador, Nicaragua, Panama, Costa Rica, and Belize.

² Report on Human Development in Central America, UNDP, 2001.

Thanks to the work done by Habitat, thousands of low-income families find new hope through accessible housing. Direct benefits for Habitat families include safe housing and improved health and living conditions for children, resulting in improved educational opportunities.

AMANCO – Habitat Cooperation

When Habitat for Humanity approached AVINA SI, Torre Nelson's leadership was evident, and the AVINA representative office decided to initiate the partnership process with Torre.

During the initial conversations, the office saw the contributions it could make to this leader if María Emilia Correa, GrupoNueva's vice president for social and environmental responsibility, were invited to attend the meetings. She agreed, and her involvement created new opportunities, as she was able to envision the great potential of an eventual partnership between GrupoNueva and Habitat. With AMANCO management, she contacted Habitat to assess possible partnership strategies. These meetings resulted in four formal agreements between the organizations.

AMANCO El Salvador, Honduras, Nicaragua, and Costa Rica have all signed cooperation agreements with Habitat for Humanity Central America. The goal is to implement the project, "More than a Home," and thereby provide houses and help low-income families. Thanks to this five-year agreement with AMANCO, Habitat forecasts that it will be able to build 350 more homes in the region: 150 in El Salvador, 95 in Honduras and 105 in Nicaragua, benefiting some 1,700 people. These increases are the direct impact of AMANCO's cash and in-kind donations. In the case of Costa Rica, AMANCO gives Habitat preferential business terms for the purchase of materials, and modes of closer cooperation are still being worked out.

Outside the cooperation with AMANCO, the national organizations of Habitat estimate that they will build 615 houses per year in El Salvador, 540 in Honduras, and 414 in Nicaragua (and hope to be able to increase the

number of homes built by approximately 10% a year).

AMANCO is currently trying to extend cooperation efforts to other countries such as Ecuador, Argentina, and Mexico.

AMANCO's contribution consists of:

- Supplying products and construction materials under special terms;
- Making cash donations or giving additional discounts on purchases made;
- Facilitating contacts for developing projects as required;
- Donating specialized consulting services for the design of sanitary systems and development infrastructure;
- Promoting the partnership to gain the support of other businesses for Habitat projects;
- Promoting among employees the concept of voluntary involvement in the actual construction of the homes.

Considering the enormous prestige Habitat enjoys worldwide, this cooperation is extremely important for AMANCO. Also, the company is promoting its products among people who get to know them first hand by working with and installing them. Sales volumes are increased, and AMANCO's position and image as a company committed to its community are enhanced and consolidated.

Habitat's contribution consists of:

- Contributing labor and know-how in the building of new homes;
- Promoting the AMANCO brand name;
- Purchasing AMANCO products.

Habitat benefits by getting quality products at a lower price and learning new and efficient ways to approach its work, specifically the purchasing and distribution of construction materials. The project also helps by creating a model for future partnerships with other suppliers of construction materials. All these factors help enhance Habitat's position in the market and reduce costs so as to reach even needier customers.

AVINA Strategic Initiatives (SI) – Habitat Cooperation

Parallel to the work being done by AMANCO and Habitat, AVINA Strategic Initiatives (SI) invested in Torre Nelson and Habitat to complement the work with AMANCO.

AVINA SI decided not to put money into building more houses. Instead it invested in a managerial strengthening process benefiting Habitat community leaders. It was discovered that due to their lack of business background and poor use of business management tools, these leaders were failing to identify and take advantage of growth and operational efficiency opportunities.

Gisela Sánchez at AVINA SI's representative office had initiated the dialogue with Habitat and was responsible from the outset for the negotiations culminating in INCAE's involvement in this management training process. INCAE is the leading business school in Central America, and through the SEKN project, of which INCAE is a member, AVINA SI is helping 10 business schools in Latin America research and teach partnerships between business and social entrepreneurs.

INCAE/SEKN contributed by:

- Designing and conducting executive training for Habitat national and international leaders and following up on its implementation at the local level;
- Covering significant cost items such as the salaries of the INCAE professors who conducted the courses, their room and board expenses, and the cost of using the facilities.

INCAE/SEKN benefited because its students (future business leaders in Central America) got

to know the social sector better. As a matter of fact, some students volunteered to help Habitat build homes, while others are doing their MBA internships and field work at Habitat. In addition, INCAE/SEKN was able to tailor its educational products to meet the needs of a new market it was interested in servicing, the third sector. It also promoted its abilities and commitment to help society through social enterprises.

Habitat's contribution consisted of:

- Helping design training courses;
- Making cash donations or giving additional discounts on purchases made;
- Providing training opportunities for INCAE students.

Habitat benefited by having access to a top-quality business education program and by developing its leaders' and managers' managerial skills. In addition, the opportunity to attend INCAE was motivational for Habitat helpers, improving their efficiency, output, and ability to take advantage of opportunities to have a greater impact on the housing deficit by diversifying their approach to the problem.

This partnership, a good example of multi-sector cooperation in Latin America, shows how business, civil society, and academe are working in new ways to achieve their goals and generate added value for their customers and the communities where they live.

This successful project can be replicated in other countries and serves as a model for similar coalitions. The managers and leaders in the spearhead organizations remain committed to the Habitat process, continuing to promote and support its development in the individual countries, thereby ensuring its effective operation.

VIVA Experiences in Chile

Text prepared in cooperation with Marcelo Kunz, Terranova's corporate social responsibility manager, and Paola Berdichevsky, representative, AVINA Chillán.

Terranova S.A., a GrupoNueva subsidiary, has been present in the Chilean forestry sector since 1988 as a manufacturer of solid wood products such as doors and moldings and of medium-density fiberboard (MDF). In July 2002, the Masisa Group, a leader in the manufacturing of engineered wood products in Latin America with five production plants in Chile, joined the GrupoNueva companies.

Terranova S.A. began its international expansion in 1995 with the establishment of Terranova Forest Products in the United States, followed by forestry and industrial investments in Brazil and Venezuela. Other businesses were established in Mexico, Colombia, and Costa Rica.

Terranova's Forestry Division supplies the company's industrial complex with *Pinus radiata* lumber. This is made possible by its extensive landholdings, in excess of 120,000 hectares. Of this total, 80,000 hectares are plantations in production, while over 30,000 hectares are protected native forests. The company employs 40 qualified professionals and conducts its operations through service companies that provide employment to an average of 800 people a year. The division's management operates in accordance with the principles of sustainable development, seeking a sound balance between profits, environmental protection, concern for its neighbors, and its social commitment to the communities in which it operates. The division has achieved ISO 14001 certification; it is the second company in the country to have obtained this certificate for its environmental management system. In addition, the Forest Stewardship Council (FSC) certified the good management

The relationship between Terranova and AVINA Chillán has evolved considerably over the past four years. Today there are well-defined rules governing their cooperation.

of its plantations and forests and the chain of custody of its products. In 2003, the Forestry Division received OHSAS

18001 for occupational safety and health; it is one of only six companies in Chile with this type of certificate.

Terranova's Industrial Division has a state-of-the-art sawmill, a finger-joint molding factory, and a solid pinewood door factory. The division provides direct employment to 1,360 people; another 1,000 are indirectly employed. Its processes follow quality standard ISO 9000 and the FSC chain of custody for all its products. At this time, its ISO 9000-2000, ISO 14001, and OHSAS 18001 certificates are being processed. Its production is almost entirely earmarked for the US market.

AVINA Chillán was established in 1999, and today it is associated with 65 leaders, 35 of whom are associated through different projects.

The strategic objective of AVINA Chillán's 2003 operational plan was to strengthen the network of leaders and civil society organizations. In addition, it hopes to facilitate recognition of the country's existing multicultural nature; to contribute to a greater knowledge and understanding of citizens' rights and duties; and to generate meeting spaces among all sectors of society, emphasizing the links between business and society leaders. It helps and supports the corporate social responsibility (CSR) program of the Terranova Group in Chile, especially as regards the group's relations with the community.

Terranova – AVINA Chillán Cooperation in Chile

AVINA Chillán began life with the unusual mandate to work with Terranova and identify

leaders within the different companies of the group. No other AVINA office began so closely linked to a company. Prior to joining AVINA, Paola Berdichevsky, AVINA Chillán's representative, had worked for seven years at Terranova. Not surprisingly, a relationship of mutual trust and friendship has helped company and foundation to find opportunities for joint work. In fact, from the very outset, Terranova's Forestry Division and its workers have supported the establishment and operations of AVINA in Chillán with their facilities, equipment, and technical know-how.

Over time, as AVINA became better known, demand for its services began to grow in civil society. In response, AVINA Chillán became "independent" and more closely associated with civil society leaders.

The relationship between Terranova and AVINA Chillán has evolved considerably over the past four years. Today there are well defined rules governing their cooperation: AVINA is no longer the sole source of support for projects, and it only provides financial assistance after the company has made the decision to carry out a project whose design has AVINA's support. This support involves determining the community's needs before undertaking a project, thus ensuring greater impact of an initiative demanded by the community itself. AVINA also gets involved only when the project benefits both company and community.

For historical reasons, and in essence because the trust necessary to work together had already been established in advance, the cooperation between AVINA Chillán and the Forestry Division is more advanced than the cooperation between AVINA and other Terranova divisions. The first joint project was a feasibility study for a training and education center that eventually became the **San Isidro Training Center** (see below). Many more joint projects followed, including CSR workshops that marked the beginning of the company's plan of action in the area of CSR and the start of a new concept of cooperation with neighboring rural communities. The Forestry Division has conducted an in-depth study of the social impact of its operations on 16

communities, the direct demands of the different communities, and their problems and expectations. A joint initiative has been developed with a Mapuche (an indigenous group) school near one of the plantations, involving the Mapuche community and a local NGO. Another new project is an effort to promote the reforestation of the degraded lands of small landowners in the region (see below).

Over the medium term, Marcelo Kunz, Terranova's corporate social responsibility manager, intends to strengthen the interaction between AVINA Chillán and all Terranova operations in Chile by institutionalizing and rationalizing CSR within the group.

Terranova benefits from this cooperation in several ways. It receives support in the formulation of its external CSR policies. By learning to communicate better with the community, Terranova is now perceived by the community as a trustworthy partner. One of the most remarkable results of this new climate of trust is a reduction in the number of forest fires, as local people now actively prevent and fight them. In approaching indigenous peoples' issues, Terranova now promotes dialogue, a better understanding of each side's actions and motives, and a search for harmonious and lasting solutions. It also offers the Mapuches real employment opportunities. Terranova's alliance with AVINA has had a positive influence on the corporate image.

AVINA, for its part, now has a strong ally that helps it transfer knowledge and provides valuable advice on how to best approach the business sector. In addition, Terranova facilitates contact with other businesses and business people in the region and in the country. AVINA's credibility in civil society is enhanced by its ability to relate to a socially and environmentally responsible partner, seriously committed to improving the quality of life of its stakeholders.

At the present time, cooperation is not limited to AVINA's representative office and the group. The company works directly with AVINA leaders in undertaking projects and promoting CSR as part of the leaders' activities, all within the framework of an open and transparent attitude aimed at serving the community and meeting its needs.

VMA

Partnerships for Reforesting (FAS)

Text prepared in cooperation with Manuel Cabello, assistant technical manager, Forestry Division of Terranova S.A., and Paola Berdichevsky, representative, AVINA Chillán.

Manuel Cabello, the leader of this initiative, is an assistant technical manager with Terranova S.A.'s Forestry Division. He supervises forestry planning, forest protection, road building and maintenance, and surveying and cartography. Manuel Cabello, Margarita Celis (Terranova's project coordinator), and Paola Berdichevsky (representative, AVINA Chillán) developed this initiative as a way of helping local communities benefit from the company's techniques and expertise in forest planting and management.



Faced with this combination of factors, Terranova decided to develop its Associative Reforestation (FAS) project. Its goal is to promote reforestation among small landholders owning degraded and unused lands. It is estimated that some 400 small owners in the communities of Bulnes, Cabrero, and Yumbel would participate in and benefit from this project, which aims to plant *Pinus radiata* pines on 6,000 hectares over a six-year period.

The interior drylands where Terranova's industrial complex and operations offices are located are a highly eroded region of the country. This is the result of agricultural abuse over a long period of time. The farming methods used for many years eventually degraded and compacted the soil, rendering it dry and almost barren. Reforestation is one way of helping the soil recover; it will halt erosion and allow the land to be profitably used.

Back in the 1970s, the **Chilean government** launched a vigorous campaign to reforest the country. Law-Decree 701 was the first step, subsidizing the planting of trees and reimbursing owners for 75% of actual planting costs. There are two conditions: reimbursement is made the year following planting and is directly related to the saplings' survival rates.

Because of these conditions, the vast majority of cultivated forests in Chile are on lands belonging to big corporations. Small landowners hesitate to reforest their lands, as they feel they cannot afford to make the high initial investment and then wait for reimbursement. Also, they lack forestry skills.

The project aims to improve the quality of life in rural communities, foster the transfer of technology, help recover degraded lands, and help mitigate the greenhouse effect by trapping carbon. The initiative has already been officially certified as a Clean Development Mechanism (CDM) project within the framework of the Kyoto Protocol, the first such forestation project in Latin America using exotic species. This allows it to sell carbon bonds.

A contract between each small landowner and Terranova establishes that the company will carry out and finance the planting of the trees and pay for fire protection and insurance throughout the entire project. The owner will contribute the land, build a fence, and be in charge of managing the forest. At harvesting, the owner will receive 82% of the lumber, and the company the remaining 18%. In addition, the company will have the right of first refusal, at market prices, on any lumber offered for sale by the owner.

It is estimated that owners will realize an internal rate of return (IRR) of 13.2%, including carbon securities sales; otherwise,

they will realize 11%. The project is expected to sequester a total of 1.4 megatons of CO₂ (between 2003 and 2008). This would mean average additional revenues of approximately US\$4 million. While forests mature, this revenue will be earmarked for associative short-term projects benefiting these farming families over the project's 21-year run. In addition, they will receive income through certified emission reduction bonds (CERs); bonuses for activities such as pruning, thinning, etc.; and the income generated by non-lumber products such as mushrooms, kindling, etc. The organized group of small landowners will have access to other sources of financing, thus enhancing the scope of their business opportunities.

The farmers also will receive free training in the management and care of pine plantations so that they can manage their forests. Another important future benefit is the establishment of a climate of cooperation between participating landholders. This may foster alternative projects and teach them to work together in organized groups.

The company expects to benefit in many ways. It expects to realize an overall IRR of 8.7%. Over the long term, it should see a reduction in the transportation costs of logged trees, as the lands owned by the small landowners are near the company's sawmill.

The company also expects to help meet its social and environmental commitment goals by generating a pioneer project in the CO₂ market without negatively impacting its financial objectives. In addition, there is the possibility of fostering cooperation among participating landowners and teaching them to work in organized, trained groups to discover and open up new vistas for their businesses.

Roles in Project

The division of responsibilities in the project is as follows. **Terranova S.A.** is in charge of

financing the planting of the trees, of fire protection and insurance costs, and of providing landowners with ongoing technical advice on forestry issues. **AVINA Chillán** finances the training of small landowners, project promotion, attracting small landowners, and packaging the project as a CDM activity. Through the **San Isidro Training Center**, the **Terranova Foundation** conducts training sessions for landowners. It is also in charge of preparing the materials for the different technical modules.

The **small landowners** contribute the land to be reforested and assume responsibility for fencing it and caring for the forest.

The **Center for Education and Technology (CET)**, an AVINA partner, assists in promoting the project and attracting landowners; in addition, it makes its infrastructure available for all meetings. CET's cooperation is key for the project's success, as it is a highly respected institution in the community, fully trusted by the landowners, many of whom have had bad experiences in the past with other organizations seeking to promote similar initiatives. The **local municipalities** help in promoting the project among small owners.

Thanks to the help from AVINA and a highly respected and specialized local NGO, the company is able to build a relationship with the landowners based on trust, and to meet its social and environmental objectives with a pioneer project in the CO₂ market.

For the small landowner, the project is both profitable and gratifying. Owners, most of whom are 60 years old or older, feel useful and are glad to guarantee a legacy for their children and grandchildren, who will enjoy the benefits of their foresight in 20 years' time.

VMA

Terranova's Training and Development Centers

*Text prepared in cooperation with Paola Berdichevsky,
representative, AVINA Chillán.*

Terranova S.A. is known for its standards, working conditions, environmental regulations, control and safety systems, and good labor relations. Forestry, however, has a poor reputation among the general public, one made worse by issues such as indigenous land rights and the environment. The company thought that setting up a community training center would not only benefit the community, but would benefit the image of forestry companies locally and nationwide as well.



not want to train too many people in any one area and thus saturate the local job market.

The Nueva Etruria Training and Development Center, located in a rural area of the Araucania region, is geared toward the training, education, and development of native communities within the sphere of influence of Terranova's Forestry Division.

The company began working on this in 1999, and the result was the [San Isidro Training and Development Center](#). In order to provide this initiative with a suitable legal framework, the [Terranova Foundation](#) was set up in 2001. In 2002, the Foundation created another center called the [Nueva Etruria Training and Development Center](#).

The San Isidro Center was established in Cabrero, the headquarters of Terranova. The center's main purpose is to provide training, education, and development to members of the community living near the company's industrial facilities, especially poor and badly educated young people and adults, whether unemployed, in between jobs, semi-qualified, or new entrants to the job market. Company employees and members of the community volunteer to teach and train at the center.

The center has offered courses in sewing, family gardening, metal shop, furniture making, cuisine, beauty and hairdressing, plumbing, and electricity. During 2003, courses have been offered in home decoration, farming technologies, upholstery, and construction. Providing courses in so many specialties is one of the greatest challenges faced by the program. The center does

Courses it offers include practical veterinary care, greenhouse crops, Mapuche textiles, food preservation, medicinal plants, and beekeeping. The courses, which depend on job market needs and community requirements, train the students in techniques geared towards self-employment. The courses incorporate social and cultural elements that foster introspection and an enhanced quality of life. Some courses are directly related to productive activities (such as farming technologies, beekeeping, productive management of greenhouses, etc.).

All teaching activities at the center are based on eco-efficiency and sustainable development, safety and accident prevention, and personal development.

In 2001, San Isidro Center trained 50 students. In 2002, Nueva Etruria Center began activities and trained 62 students; an additional 46 were trained at San Isidro that year. In 2003, another group of 143 graduates brought to 301 the number of people trained to date. Forty more were trained in 2003 as part of a special program for company workers.

By 2002, 84% of the students trained at San Isidro had done paid work; 56% had been able to start their own businesses; and 91% had increased their family income. Students in both

centers had enhanced their self-esteem and were more aware of their abilities, skills, rights, and duties. This is clear evidence of personal development, a sense of responsible citizenship, and the hope for a better quality of life.

In 2003, Terranova nominated Nueva Etruria for the “Good Corporate Citizen” award given by the Chilean American Chamber of Commerce, and the initiative was among the nine finalists selected from a field of 27 entrants.

One student said of her school experience that “more than teachers, we found friends who taught us and transmitted knowledge with great empathy and for the common good; they motivated us to go on to the end and be able to look at the future with courage, ready to face our destiny with determination and hard work.” And another said: “San Isidro has been the gate we needed to go forth into the labor market.”

Roles in Project

Several organizations cooperated in creating the learning centers. Terranova and AVINA Chillán financed part of the initial investment in San Isidro Center and its start-up costs during the first three years (as well as the Terranova Foundation’s operational costs). In addition, Terranova financed all of the costs of Nueva Etruria Center. It contributed the lumber for building San Isidro Center, and restored the old school in Etruria, remodeling it into the Center. Terranova’s efforts have had the full support of its executives and employees, who have been leading and working in this initiative as volunteers. In 2001, they contributed 48 volunteers; this translated into 852 class hours at San Isidro and 134 at Nueva Etruria.

One of the Terranova volunteers said: “My greatest motivation for joining San Isidro as a volunteer was to pay society back for the opportunity I was given to go to school.” Another claimed that “San Isidro gave me a

chance to help my fellow man and has been an opportunity for me to develop as a professional and as a human being.”

Besides being involved in start-up costs, AVINA Chillán offers both centers access to social networks. This helps them compare learning experiences and new approaches, gather information, and establish contacts. AVINA fosters the initiative’s further development, providing non-financial services such as training and strategic support that enhance its impact.

FUNDES has been associated with San Isidro since the center’s beginnings, during the first year offering a “Trainers’ Training Course” for a group of volunteers from the different businesses and the immediate surroundings. FUNDES also conducted motivational workshops on entrepreneurship and business management to link training and education with specific productive initiatives.

The Center for Education and Technology (CET), working through an AVINA leader, produced a successful pilot project in sustainable agriculture and family-oriented technologies. This topic was later included as a regular course at the center.

The cooperation between AVINA and Terranova in this project has allowed both centers to receive professional support for the management of training centers. It also helps them get closer to their communities and identify and conduct courses to meet local needs.

The synergy generated between AVINA and Terranova has made it possible to develop two projects that contribute to local development and human dignity while allowing businesses and their employees to help in this endeavor, feel responsible for a truly innovative process, build a partnership among the private and the social sector and AVINA’s leader network, and be involved in the creation of a new paradigm.

VIVA

Civil Society Organizations Prepare Sustainability Reports

Text prepared in cooperation with Paola Berdichevsky, representative, AVINA Chillán.

Civil society organizations (CSOs) have long called upon business to be more transparent in reporting its activities. And business is beginning to respond, producing not only annual reports (covering mainly financial results) but also sustainability reports on the meeting of social and environmental responsibilities. Many companies prepare their reports in accordance with the Global Reporting Initiative (GRI) guidelines, developed by a coalition of both business and non-business groups. Now the tables are turning, and business is calling upon CSOs to be more accountable and transparent in their operations and reporting.

In Chile, business reporting is still a minority activity, with only 15 companies in Chile publishing sustainability reports at this time. They range from a two-page bulletin to reports based on GRI guidelines, including outside auditing.

Chilean CSOs are not in the habit of disclosing the roles they play in the community. One possible explanation for this attitude is the fact that, under the military government, publicizing their work might have endangered the lives of their members. However, this tendency towards secrecy persists. More recently, some politicians began attacking the “excessive” amount of resources the national government has been allotting to CSOs – resources that, according to these critics, fail to generate any visible impact. CSOs attempting to make public statements in their own defense found that it was impossible to speak publicly on behalf of all organizations and that there was no systematic approach to measuring their impacts, which in many instances are long-term.

Thus Rodrigo Díaz, a publicist and AVINA Chillán leader, devised a pilot project to address



this situation. Organizations represented by 10 leaders selected by AVINA will prepare sustainability reports to gain visibility and highlight their work. Their reports will enable them to show that they behave responsibly and transparently and that their discourse is consistent with their environmental, social, and economic activities. The reports could become a distinguishing feature for these CSOs, as they

will help provide a “quality seal.” In addition, they provide a space to reflect on their strategy and help improve their own internal management.

The project aims to promote learning and self-evaluation within each organization at the environmental, social, and economic levels, and generate self-reliance so that the CSOs can continue the process in the future with no outside help. It should provide standardized tools and processes that could be useful to others in the future. The project will also evaluate the external communication process and the public perception of the CSOs’ actions (transparency in their behavior and use of funds).

At the same time, and on the basis of the experience gained with the publication of the Terranova sustainability report, work will be done with a group of journalists to make them aware of the importance and the meaning of this type of reporting. This will help create alliances between the social sector and the media.

Roles in Project

AVINA Chillán gave leader Rodrigo Díaz the idea of inviting nine organizations to prepare sustainability reports. A tenth organization joined

the original nine when it learned of the idea and appreciated its potential impact. AVINA expects this initiative to improve the organizations' internal management, spread the word about AVINA and what it does, help leaders share knowledge and expertise, and raise the perceived value of external communication.

Under the initiative submitted by Rodrigo Díaz, AVINA finances transportation costs for participating leaders, specialist fees (such as the coordinator, graphic designer, journalists, photographers, etc.), the printing of the reports, and the final event at which the reports are made public.

In this initiative, Rodrigo has had to translate the language used in the business world's sustainability reports into the realities of the CSO world. Headings include Organizational Aspects, Sharing Good Practices (vision, sustainability, or institutional policy), and Sharing Experiences (learning and its results). Rodrigo has created a greater awareness in all 10 AVINA leaders, supporting their organizations in the development and preparation of their sustainability reports. These organizations include GrupoNueva's [Terranova Foundation](#).

Over the medium term, Rodrigo will be advising the leaders on the systematic drafting of a communication strategy and a "corporate image" that will strengthen the work they and their organizations do.

GrupoNueva's contribution has been to first inspire and then validate the idea of the sustainability report, ratifying its viability and later supporting AVINA Chillán in adapting this tool to the realities of the CSO world. Once the idea took form, María Emilia Correa, GrupoNueva's vice president for social and environmental responsibility, assumed an inspirational role and contributed to the preparation and "translation" of this tool, thus sharing her professional experience with AVINA.

This initiative is a good example of how the business and social sectors can enrich one another. Some AVINA representative offices want to replicate this approach. There has been novel GrupoNueva/AVINA cooperation in this initiative. The company has not contributed money, but has inspired and provided assistance through the expertise of a group of people who work for it. GrupoNueva will benefit as the CSO reports help inform the public about the value of such reporting.

AVINA

VIVA Experiences in Peru

Text prepared in cooperation with Roger Velásquez, AMANCO Peru Social Responsibility Coordinator¹, and Hania Perez de Cuellar, AVINA Peru.

GrupoNueva's AMANCO Peru focuses on the production and sale of integral solutions used in the infrastructure, real estate, mining, and agriculture sectors. AMANCO has a plant in Lima and 180 employees. The company obtained ISO 9000 certification, version 2000, for its processes in 2002². It is now working to secure ISO 14000³ and OHSAS 18001⁴ certifications. Its entire output is earmarked for the Peruvian market.

Within the framework of the company's CSR strategy, AMANCO Peru defines its strategy as, "acting in a socially responsible manner, valuing the professional and human development of our employees and the social and economic environment of AMANCO Peru." It decided to give priority to fostering CSR throughout the country by assuming a leadership role vis-à-vis its corporate peers. This is evidenced by the company's leading role in Peru 2021 (an organization associated with the World Business Council for Sustainable Development) and its creation of a steering committee for the Social Responsibility Network in Peru.

Roger Velásquez has designed and supported several outside projects (see AVINA-AMANCO Cooperation, below). These include:

- *Getting to Know AMANCO Peru:* Working for a closer identification of our employees with the company by involving their family members;
- *Home Visits:* Getting to know the social and economic realities of our employees' families in order to design programs to meet their needs

AMANCO's and AVINA's joint goal is to create a greater awareness in both businesspeople and consumers and get them to work together, promoting social responsibility in the country for the sake of a better quality of life for all.

(training for wives and mothers of employees to help create an additional source of family income; counseling on social benefits; and salary reviews consistent with social problems);

- *Workshops:* Generating additional income through basic nutrition and Christmas handicrafts workshops;
- *Volunteer Corporate Program:* Assuming and translating into practical terms the company's social responsibility to its stakeholders, and improving the organizational environment.

Masisa, also part of GrupoNueva and a leading engineered wood products company, has business offices in Peru offering a wide variety of products. AVINA and AMANCO Peru are meeting with [Masisa Peru](#) to get to know one another better, exchange ideas, and plan for future ties and joint projects.

[AVINA Peru](#) is four years old, has 109 leaders, and is funding or has funded 68 of them. Of these, 26 work in the area of education and culture, 26 in the environment, 27 in CSR, and 30 in local development.

The main goal of Baltazar Caravedo, AVINA's representative in Peru, is to help Peruvian society to become an integrated, free, democratic, and peaceful society, evolving into a reliable, governable society, committed to sustainable development and equitable growth. Thus he is bringing together the different elements of society, especially the private sector and civil

¹ In February 2004, he assumed this position in AMANCO Mexico.

² ISO 9000: International quality and good business practices standards certification.

³ ISO 14000: International environmental management systems standards certification.

⁴ OHSAS 18001: Occupational safety and health standards certification.

society, preparing them to engage in dialogue and to build a shared view of society. He hopes they will move from fragmentation towards integration, seeking consistency between words and deeds.

The strategy is based on identifying leaders who will contribute their skills to this social transformation. The four major areas of activity are:

- *Education*: going from a rote-based education system to one that prizes meaningful learning and creativity; from relying solely on reason to an integration of reason and emotion, and developing multiple intelligences;
- *Business*: going from companies seeking profit only to ones that are concerned with society's needs and demands, as there cannot be viable and sustainable businesses in a sick society;
- *Media*: changing the notion that the news should only show the violent and wicked side of mankind to one where positive and constructive values prevail, and encouraging the media to promote the sustainable management of natural resources;
- *Local society dynamics*: generating opportunities to identify common interests and build a vision of shared local development within the framework of a national decentralization process.

AMANCO – AVINA Cooperation in Peru

A few years ago, cooperation between AMANCO and AVINA Peru took place within an informal framework. The first joint projects were philanthropic activities, driven by purely altruistic motives and with few benefits for the company; for the most part, they consisted of financial donations by AMANCO. Then apprenticeships were established swapping NGO members, AVINA leaders, and AMANCO employees to build bridges and foster trust among the organizations.

Today, the two organizations are moving rapidly toward a more intense and structured cooperation. Monthly meetings between AMANCO and AVINA managers provide an excellent forum to exchange experiences and information. There are also several informal activities, such as meetings, talks, and

events with AVINA leaders in order to jointly look for solutions. In addition, several joint projects have taken place. AMANCO Peru has provided financial support for social projects, transfers of know-how (managerial, pipe installation, and repair), irrigation system and sanitary facilities installation, and the promotion of corporate volunteer work within the company.

AMANCO's and AVINA's joint goal is to create a greater awareness in both businesspeople and consumers and get them to work together, promoting social responsibility in the country for the sake of a better quality of life for all. In this regard, the commitment by Franklin Alarco, AMANCO Peru's general manager, is extremely important, as it is sending a clear message to his counterparts in the business sector. He is a member, for instance, of the Board of Directors and Executive Committee of Peru 2021, which works to create a national Peruvian vision for 2021 through participatory and multi-sector processes (education, CSR, etc.). He is a member of the steering committee of the *Peruvian Social Responsibility Network*, which also includes AVINA leaders and business members, whose goal is to promote social responsibility in Peru.

AMANCO-AVINA cooperation in Peru benefits both organizations in their common task of promoting and bettering their activities within the context of CSR.

AMANCO can establish and strengthen its image as a different type of company, one that is environmentally and socially responsible. In addition, CSR activities have a positive impact on the work environment, as employees are better able to identify themselves with the company's values and activities. For example, one technician spends every Sunday in poor neighborhoods in the suburbs, teaching residents how to install and repair pipes.

AVINA, in turn, has a business partner. This link makes it possible to show national businessmen that alliances between the private sector and non-profit organizations are indeed viable. The consistency between what AVINA promotes and AMANCO does makes the partnership legitimate and, therefore, sustainable.



Corporate Volunteer Work in AMANCO Peru

Text prepared in cooperation with Roger Velásquez, AMANCO Peru social responsibility coordinator¹; Baltazar Caravedo, AVINA Peru representative, and Jaime Ulloa, Volunteer Work Association executive director.

AVINA Peru is financing the Corporate Volunteer Work initiative in Peru, promoted by its leader Jaime Ulloa, executive director of the Volunteer Work Association. In cooperation with the Association, AMANCO Peru has designed a pilot project for corporate volunteer work involving 44% of AMANCO's employees.



With the help of AVINA and the NGO Ashoka, the Volunteer Work Association submitted the Corporate Volunteer Work project to the management of AMANCO Peru. AMANCO was chosen because it practices CSR and because, according to the Association, it is one of the businesses that works hardest and gets the best results in volunteerism in the entire country. Considering the high degree of compatibility between their institutional philosophies and objectives, AMANCO Peru and the Volunteer Work Association decided to implement a corporate volunteer work pilot project beginning in April, 2003.

Very few businesses practice CSR in Peru, and there has traditionally been little association between business and non-profit organizations. This is due in part to a mutual lack of knowledge of one another, to the very distant relationship existing between businesses and the community, to the mistrust each sector feels for the other, and to the lack of specific models that would make it possible to implement CSR in Peru.

The Volunteer Work Association, created in 2000, is a non-profit organization whose mission is to promote volunteer work in order to create a culture of social responsibility in the country. Its Corporate Volunteer Work project fosters involvement by private companies and their employees in volunteer activities. This project

was launched in late 2002 with the support of AVINA, Ashoka, and the W.K. Kellogg Foundation.

“Few corporate social responsibility practices have greater impact than corporate volunteer work. By sensitizing company employees, they become more aware of the social impact of their decisions, and a significant contribution is gained in the fight against poverty and underdevelopment. It should be borne in mind that there cannot be socially responsible businesses if their employees do not practice social responsibility,” noted one business group.

AVINA Peru – Volunteer Work Association Cooperation

AVINA is financing this project of the Volunteer Work Association in order to improve the interaction between the business sector and the community. The project carries out pilot corporate volunteer programs with companies, preferably those that are already active in, and sensitive to, the CSR area, as these companies have a high potential for program continuity. The implementation and outcome of these pilot projects will help convince participating businesses of the advisability of using these methods. They will also be held up as role models to help spread the practice to other businesses in the country and the region.

The volunteer work project aims to improve the interaction between both sectors by creating a greater awareness in businesses and training them to adopt corporate volunteer work as part of their community relations strategy. The project also hopes to make the relationship between business and the community more human, to promote internally the social projects supported by each

¹ In February 2004, he assumed this position in AMANCO Mexico.

business in order to bring about a change in organizational culture, and to recruit volunteers for social projects. Lastly, the project hopes to generate specific cases that can be used for promotional purposes.

AMANCO Peru – Volunteer Work Association Cooperation

Basing themselves on the AVINA project, AMANCO and the Volunteer Work Association jointly began the Corporate Volunteer Work project committing AMANCO's executive personnel to a volunteer initiative involving its employees, and asking the company to provide facilities for implementing this practice. The project investigates and diagnoses previously existing conditions among company personnel regarding the possibility of doing volunteer work in an organized fashion. Using this research, it designs and implements a volunteer program, and eventually evaluates it.

Once the necessary internal review steps had been taken at AMANCO, the Social Committee, made up of volunteer employees, reviewed the different volunteer work projects proposed by the Volunteer Work Association and unanimously decided to support the *Santa Rosa de Quives School and Health Station* at Santa Anita, both of which are a short distance from the AMANCO plant. This choice was guided by AMANCO's desire to have a positive impact on its neighbors.

During the first phase, the Volunteer Work Association trained AMANCO's volunteer employees. In July, 2003, a Corporate Volunteer Work Day was organized. This was attended by 80 AMANCO employees out of a total of 178 (44%), representing all employee categories (plant workers, clerical staff, mid-level managers, and top executives). Sixteen work teams were created. Successfully and with great personal commitment, these teams tackled maintenance work at the school and the medical facility, participated in educational and recreational activities with school students, and did registration work (filming and photography) at both locations.

This work involved the staff of both institutions; school personnel, for instance, were in charge of cleaning the walls AMANCO volunteers would

later paint, while the staff at the health center sandpapered and plastered walls. These were joined by area residents, who loaned ladders and buckets to get the job done.

Benefits to AMANCO Peru include a better work environment and, as a result, greater productivity. In addition, employees become spokespersons for their company's CSR policy, fostering solidarity and teamwork. At the same time, there is a strong impact on the company's institutional image, strengthening the ties between the company and the community. The project helps consolidate AMANCO's vision, which is "to improve the people's quality of life." AMANCO volunteers were also able to see firsthand how this vision can become a tangible reality.

After the volunteer day, 98% of employees were familiar with the company's community support programs, as compared with only 51.5% before. Two-thirds of those who are familiar with the support programs believe them to be very successful, as compared with only one-third before. There has been a significant improvement in the internal image of community support programs: 92% of employees involved would again volunteer, and 55% of the staff feel very comfortable working for a company that affords them the opportunity to volunteer their time.

The project also benefits non-profit organizations, their beneficiaries, and society at large, as volunteer work sensitizes and involves people who come from a different sector and who, though they might have wanted to, have not had many opportunities to come in contact with and influence the social reality surrounding them. Another benefit is an increase in the social investment by businesses in non-profit organizations.

The Volunteer Work Association has recommended that AMANCO conduct two other volunteer work events to establish stronger bonds between volunteers and beneficiaries. It has also recommended a special, end-of-the-year recognition of the volunteers.

Thanks to the assistance provided by AVINA and the Volunteer Work Organization, AMANCO is gradually implementing a system to promote corporate volunteer work within the company and thus meet its responsibilities to its own employees and the immediate community. This is a project with a high

potential for replication in Peru and other countries in the region, as it strengthens bridge-building between the business and the social sectors in a professional and gradual fashion. At the same time, it encourages businesses to consider the significance of social responsibility.

VIVA

Business Plan Competition

Text prepared with Roger Velásquez, AMANCO Peru corporate responsibility coordinator¹, and Guadalupe Esteves, AVINA Peru.

This competition included AVINA Peru, through an initiative by leader Nadine Freeman, Ashoka director for the Andean area, along with AMANCO Peru, and McKinsey & Company. Ashoka and McKinsey originated the Social Entrepreneur Award in Brazil in 2000. It has since become an important tool for encouraging social entrepreneurs to be trained in business techniques and to help them create business plans for their respective CSOs. In the three years since its inception, the award has attracted some 200 contestants and has gained such acceptance that it has laid the foundations for its implementation in Peru.



helping them prepare the business plan executive summary. A panel of judges made up of McKinsey, AMANCO, Ashoka, and AVINA members evaluated the work and narrowed the contestants to 17 teams. These got further training by McKinsey, and fleshed out their business plans (strategy, marketing, etc.). Five teams emerged after this step. An AMANCO manager or a McKinsey consultant helped the teams prepare a final version of their business plans and prepare the different presentations. These plans were presented and judged, and two winners were chosen.

Given the gulf between business and CSOs in Peru, CSOs have been unable to learn from business the managerial, organizational, money management, and governance skills they need to survive. Giving an award for the best CSO business plan is a first step to encouraging CSOs to value and develop these skills.

The project's goal is to help make the Peruvian social sector more professional, allowing CSOs to develop innovative business plans aimed at marshalling resources, generating income, and developing alliances in order to achieve sustainability and thereby enhance their projects' social impacts. The McKinsey method was used, with the support of college students and other professionals, among them AMANCO experts.

The contest attracted 34 contestant teams (33 AVINA leaders and/or Ashoka fellows, and one AMANCO-associated NGO), each supported by a college student majoring in either business administration or economics.

The teams first registered and began drafting their ideas. Then McKinsey trained all teams,

AMANCO and AVINA felt that the project helped narrow the gap between the business and CSO worlds. It helped shift old paradigms and prejudices and created synergies and learning on both sides. For instance, AMANCO employees participating in this project were pleasantly surprised by the solidarity, strength, and dynamism they saw at all levels in people and institutions committed to social issues.

The organizers and leaders enjoyed being involved in an effort to make the Peruvian social sector more professional, and in helping to create organizations better prepared to make investments in the social area. The social entrepreneurs benefited through training in business planning; 74% of the participants who presented a business plan in advance gave a "very good" evaluation to the training received (14% rated it as excellent, and 12% as good). They emerged with well-prepared business plans. And some received cash prizes to start or invest in their business plans. (The winner received a US\$4,000 prize, while the second prize went to two organizations who shared

¹ In February 2004, he assumed this position in AMANCO Mexico.

US\$2,000.) All contestants received certificates.

For participating students, the award was an opportunity to develop professionally through the training on business plans provided by McKinsey. They developed professional relationships with social sector organizations and contributed to a social sector activity. And the students working with the winning teams received US\$500 and US\$300 prizes for the first and second place winners, respectively.

The founders of all three winning organizations are Ashoka and AVINA leaders. First place went to *Yachay Wasi Educational Research Institute* led by Juana Loayza, for its business plan “Student Activities Handbook.” Tied for second were *Healthy City*, led by Albina Ruiz, for its business plan “Environmental Licenses for Profitable Urban Solid Waste Management Systems”; and *Green Valley Program*, for the business plan submitted by the “Discover Green Valley” travel agency.

Roles in Project

Cooperation among the four key organizations was both complex and efficient.

Ashoka (four team members) cosponsored the event. It was responsible for holding and coordinating it, and, together with McKinsey, for coordinating and preparing all materials. It

provided contestant support and coordinated events, and evaluated the different business plans. It contributed one of the judges.

AVINA Peru (five members) cosponsored the event. It was responsible for promoting the event and recruiting students. It provided contestant support, coordinated events, and evaluated the different business plans. It contributed one of the judges. **AMANCO Peru** (general manager and four managers) was responsible for evaluating the different business plans. It advised finalists, provided trainers for the teams that made it to the finals, and contributed one of the judges.

McKinsey (seven consultants) was responsible for preparing contest materials and providing training. It evaluated the different business plans. In addition, it was available through a hotline and provided trainers for the finalists. It contributed one of the judges.

Business planning is a little-known and little-used tool among social entrepreneurs. Cooperation among business consultants, business administrators, and social entrepreneurs has shown that the application of strategic planning tools such as business plans can have a positive impact on social activities. Another positive outcome of this cooperation was the opportunity to exchange learning experiences between the business and the social sectors.

VIVA

An Alternative Community Irrigation System

Text prepared in cooperation with Roger Velásquez, AMANCO Peru social responsibility coordinator¹; Guadalupe Esteves, AVINA Peru; and Luis Cortez, administrative director of the NGO Ecociudad.

AVINA Peru supports “Family and Neighborhood-based Environmental Leadership,” an initiative launched by the NGO Ecociudad, led by AVINA leader Luis Cortez. One of Ecociudad’s goals is the creation of related networks of urban leaders for the development of alliances with private sector companies, and AMANCO Peru expressed an interest in participating in community-wide environmental improvement initiatives. Villa El Salvador was an excellent platform for their joint efforts.

Villa El Salvador has become a legend. In May, 1971, thousands of families invaded vacant private lands in the south of Lima. Despite serious conflicts with the then-ruling military junta, an agreement was reached, and the settlers were relocated to a nearby desert-like area. Driven by its success as a social movement seeking to solve its housing and employment problems, the settler community that is Villa El Salvador has continued to grow. In 1972, there were 73,000 residents; today, there are 325,000. It has an industrial park, home to more than 1,200 small industries manufacturing 461 different products. These companies market their products in Peru, and have recently begun to export².

For the past seven years, Ecociudad has been working in several neighborhoods in Villa El Salvador to improve the quality of urban life. To date, the AVINA-financed initiative has trained 65 community leaders to promote community involvement; established 35 environmental committees that mobilize 700 residents who do volunteer work in recovering community green areas and environmentally monitoring 32 parks; developed closer, positive relations with the business sector (see the experience with AMANCO); provided 1,200 families with a technology package including eco-irrigation,



resident-based park management, solar water purification, water tank modules, and latrines that are helping improve basic services and recover green areas in poor neighborhoods; and created “The Environmental Traffic Light,” a resident-controlled management tool.

Working in tandem, Ecociudad and AMANCO have come up with a small pilot project known as *A Little Water for the Parks* in the Príncipe de Asturias neighborhood, with a population of 1,200 to 1,500. Its basic problems were improper handling of wastes, lack of citizen involvement, and neglect of public areas. Thanks to this pilot project, Ecociudad had an opportunity to establish links with other local businesses wanting to join in the new initiative to replicate the idea and enhance its impact.

Under the supervision of both AMANCO and Ecociudad, the local community became actively involved in the installation and operation of Ecoriego, an alternative, community-based irrigation system for neighborhoods and settlements whose public utilities do not include parks and green areas. The community involvement shows that environmental protection is not only a concern of the wealthy.

Ecoriego is a simple wastewater treatment system. In this case, the wastewater generated every day by 19 families is recycled and used to irrigate green areas. Ecoriego has helped:

- Consolidate the community’s organizational abilities and involvement, as operations and maintenance become the responsibility of a citizens’ committee;
- Develop the leaders’ abilities to manage new social projects for the community, such as the

¹ In February 2004, he assumed this position in AMANCO Mexico.

² Source: www.municipium.cl

construction and expansion of the park's infrastructure, which was financed by the central government through the "Let's work in the city" program;

- Conserve drinking water, as no potable water is now used in the park;
- Reduce environmental and ocean pollution;
- Make possible the consolidation of green areas in remote neighborhoods.

Roles in Project

Ecociudad, dedicated to promoting environmental awareness in low-income neighborhoods, acting with community leaders, was responsible for promoting and designing the original and innovative idea for Ecoriego.

Under the supervision of AMANCO and Ecociudad, the **local community** installed Ecoriego and continues to help maintain it. Local residents help repair existing facilities,

build the central square, and plant a garden.

In addition to cooperating in the design and installation of the Ecoriego system, **AMANCO Peru** has helped with the transfer of technological skills by sponsoring the work of specialized labor and conducting a plumbing course for a group of 15 masons. AMANCO also supplied the working materials needed to repair the educational center known as the "Nest," and the dining hall, both of which were in very poor condition.

AVINA Peru has served as a contact platform between AMANCO and Luis Cortez, an AVINA leader.

As AVINA said, an initiative such as this "is the best communication tool to help those business, public, and social groups that do not believe in synergy as the foundation for all projects to become convinced that where there is a will, there is a way, and that even the desert can be turned into a lush garden."
VIVA

VIVA Experiences in Argentina

Text prepared in cooperation with Gerardo Ourracariet, general manager, AMANCO Argentina; Carmen Olaechea, representative, AVINA Buenos Aires; and Pedro Tarak, representative, AVINA Patagonia.

AMANCO Argentina, part of Grupo Nueva, focuses on three areas: agriculture and ranching (PVC pipes, accessories, irrigation systems, troughs, wells); home (sanitary systems and accessories); and infrastructure (sewage and drinking water networks, telephone conduits). Before the recent financial crisis, the 10-year-old group had almost 450 employees in three plants. Today it has a single plant and 130 employees. Its creativity, business commitment, and social responsibility policies helped it weather the storm and avoid having to shut down. In 1998, AMANCO won ISO 9002 certification¹, followed in 2001 by ISO 9001 (1994 version; in 2002 by its ISO 9001, 2000 version); and in 2003 by its ISO 14001². At the present time, it is awaiting OHSAS 18001 certification³.

AVINA's first representative office in Latin America was opened in September, 1997 in Buenos Aires. Pedro Tarak, as the representative, and Patricia Kistenmacher launched this adventure, based from the outset on a strategy of decentralization. Its first task was to find the staff necessary to open representative offices in different parts of the country.

Six years later, there are three AVINA representative offices in Argentina (Buenos Aires, Córdoba, and Patagonia) and two offices abroad with responsibilities in the country. The Montevideo office is responsible for the Argentine province of Entre Ríos, and the Paraguay office looks after the Great Chaco region that includes portions of Argentina, Bolivia, and Paraguay.

On October 1, 2001, the Buenos Aires representative office became **AVINA Buenos**

AMANCO Argentina's creativity, business commitment, and social responsibility policies helped it weather the storm and avoid having to shut down.

Aires, the province of Buenos Aires being part of its responsibilities. The province is home to 35% of the population of the country, and 30% of Argentina's

economy; it generates 45% of the country's GNP. It is also the site of the national government, home to 30% of all CSOs, 53% of universities, and the major national media. It is unthinkable, therefore, to attempt to promote change in Argentina without involving this region and recognizing its strong impact and influence, positive and otherwise, on what happens in the rest of the country.

The strategic priority for Carmen Olaechea, the AVINA Buenos Aires representative, is networking among leaders, leader groups, and AVINA representative offices; supporting leaders; developing alternative, non-financial services; and learning and gauging the impact of investments and efforts different from traditional financing.

Her most pressing task is the creation of a network that will include 35% social leaders, 35% business leaders, 20% leaders from academe, and 10% leaders from the service sector. The expectation is that because of their background and previous relations, they may become a legitimate and proactive reference group in a region of almost 13 million people. At this time, the network includes 54 leaders, 25 of whom receive financial support.

Patagonia was part of the AVINA Buenos Aires representative office during the first five years. In October, 2001, Pedro Tarak and his team created the **AVINA Patagonia** representative office; today it has a 68-leader base; 56 leaders are Argentines and 12 are Chileans.

The 2003 operational plan of AVINA Patagonia focuses on developing support of civil society

¹ ISO 9001/9002: International quality and good business practices standards certification.

² ISO 14001: International environmental management systems standards certification.

³ OHSAS 18001: Occupational safety and health standards certification.

leaders and the private sector (both in Patagonia and elsewhere), and a better integration between these two sectors. The overall goal is to promote Patagonia's cultural identity.

AMANCO – AVINA Cooperation in Argentina

Early contacts between both organizations took place within the framework of traditional philanthropy, *i.e.*, money and material donations by AMANCO.

However, as the years went by, the relationship between AMANCO Argentina and **AVINA Buenos Aires** and Patagonia grew stronger. Gerardo Ourracariet, general manager of AMANCO Argentina since 2001, is convinced that we “can attain full success only when we are able to meet our financial, environmental, and social expectations. To turn a profit is essential, but it is also essential to be eco-efficient and responsible towards our community.”

During the first few months of this closer alliance, AMANCO used AVINA's experience and knowledge in the social field to improve its CSR. Nowadays, AMANCO is “paying back” and transferring its experience and knowledge to AVINA representative offices, so that they may more effectively implement their strategies. There exists at this time “a beautiful working fellowship and friendship relationship with the respective teams,” according to an AMANCO spokesman.

In keeping with its strategic plan, the AVINA Buenos Aires representative office is strengthening its relationship with business leaders to help them assume a leading role in their own sector. The focus during the first stage of the plan is on informing potential leaders and creating a greater awareness in them, fostering a climate of trust among them, and promoting CSR as a competitive advantage. During the second phase, AVINA will build bridges between outstanding business leaders and social leaders in order to create social capital.

AVINA identified the general manager AMANCO Argentina as a business leader due to his guidance, values, and personal commitment

in promoting CSR. He has attended several meetings and other activities (monthly breakfasts, dinners, etc.) organized by AVINA. Following a year of exchanges, Gerardo Ourracariet was asked to be a member of the AVINA Buenos Aires support group, together with another business leader, a civil society leader, and two members of the representative office. Their responsibility is to identify and implement projects, and to support business leaders backed by the representative office. In addition, there is an opportunity to promote CSR programs from other companies, such as the volunteer work program implemented in AMANCO (see the detailed description of the project “Corporate Volunteers in AMANCO Argentina”). Its membership gives AMANCO the opportunity to position itself regionally as regards CSR.

The commitment of Gerardo is of crucial importance for the success of AVINA's strategy. On the one hand, he has a clear vision of the role of business leaders in society; on the other, he has innovative ideas as to how to implement that vision. Based on its own experience, AMANCO today can show other Argentine business leaders results establishing that CSR is not an additional expense but a good business investment. As such, it should not be shirked, even in times of crisis.

The relationship between AVINA Patagonia and AMANCO grew stronger and more sharply defined following a 2002 meeting of AVINA leaders at Puerto Pirámides, Patagonia. Together with other social area leaders, AVINA invited 10 business leaders (hospitality industry, banking, oil, theater, etc.) to hold a joint workshop in order to find ways and means of building bridges between social and business leaders. Gerardo is convinced that it was after this meeting that he actually came to understand the meaning of CSR and the concept of a bridge between business and the community.

Following this meeting, a group of business leaders (among them the general manager of AMANCO Argentina) decided to take the name *Chakaruna* (an Indian word meaning “bridge man”) and hold regular meetings. Chakaruna seeks ways of building bridges between concerned social and business leaders. At present,

Chakaruna is gathering and classifying information on all “bridges” being built in Patagonia and elsewhere as a first step towards the preparation of a synergy map. Later, and in coordination with AVINA Patagonia’s plan of action, they will identify “needs” and possible Chakaruna contributions to the issue.

Several projects between AMANCO Argentina and leaders of AVINA Patagonia resulted from the meeting in Puerto Pirámides:

- *The New People of Bariloche Foundation* (Gente Nueva de Bariloche): AMANCO is providing technical support and materials for installing “rope pumps” in sparsely populated areas in Río Negro, turning this activity into a business (see the detailed project description);
- *H.O.N.G.O.S Foundation* in El Calafate: AMANCO provides technical support and materials

for installing a drinking water system to service an indigenous community;

- *The Wild Lands of Pirámides Foundation* (Tierra Salvaje de Pirámides): AMANCO supports the building of PVC cages to study and monitor killer whales. (This project is still in the study and planning phase.)

In all these projects, Pedro Tarak has brought together people from different sectors. He has then stepped back and allowed the actors themselves to develop their own activities and strategies. The role of the general manager of AMANCO Argentina is mostly to develop awareness among, and “infect” Buenos Aires leaders interested in working with Patagonian communities and leaders. AVINA Patagonia, in turn, helped AMANCO to meet, relate to, and work with social leaders and develop its CSR strategy.



Corporate Volunteers in AMANCO Argentina

Text prepared in cooperation with Gerardo Ourracariet, general manager, AMANCO Argentina, and Pedro Tarak, representative, AVINA Patagonia.

Three years ago, Gerardo Ourracariet, general manager of AMANCO Argentina, asked AVINA Patagonia representative Pedro Tarak to identify one or more leaders in the area with whom the company could work. This request came as the result of AMANCO Argentina's decision to hire more people from the local community and to give priority to nearby suppliers. The goal was to enhance the quality of life in the community by providing employment to area residents and using products and services from local businesses and industries. AMANCO Argentina understood that identifying neighborhood leaders would help it to get to know its community better. Since then, AMANCO has worked with AVINA leader Fabián Ferraro and his **Defenders of the Chaco (DCH)** team in order to identify local leaders.

After about one month of fieldwork, Fabián and his team identified several community leaders, including Eva Luján, the founder of the **Evalú Association**. AMANCO paid for this work by installing an irrigation system in DCH's property and providing jerseys for its soccer teams.

In 2002, while the Argentine economic crisis was in full swing, and equipped with a better knowledge of the immediate community and its problems, AMANCO Argentina decided to develop a corporate volunteer work program with Evalú. The company was motivated by the dismay that had begun to overtake AMANCO's own people as the national economic crisis continued to take its toll. In addition, as several low-income employees are residents of the neighboring community, it seemed appropriate to work within AMANCO's own sphere of influence, not least because workers' families would benefit from the project. The expectation was that this would improve motivation



among company employees and the neighborhood at large.

The “Puerta 8” neighborhood is very close to AMANCO Argentina's Pablo Podestá plant. The area is notorious for its poverty, large families, and high crime and unemployment rates. Eva Luján, a school teacher, founded Evalú to train the unemployed to do work that

might get them jobs, and at the same time to support the neediest children in the neighborhood. Evalú is a small but hugely respected community organization offering cultural activities, job training, and health services. It also provides a meal to about 100 children per day.

After listening to Evalú's proposals, AMANCO identified projects it could support by providing the volunteer labor for community training activities. These activities included:

- A nonperishable food drive among customers and workers seeking to ensure Evalú's continued ability to feed the 100 children visiting its dining hall each day. It has been conducted with 35 AMANCO customers in the Federal Capital and Metropolitan Buenos Aires, who helped organize the drive and collect the foodstuffs.
- Building a new dining hall at Evalú, thus expanding the area where food is served to feed more children. It will also be used for social activities involving the children's families and neighborhood residents. Customers have cooperated by contributing products from their businesses.
- Building bathrooms for the dining hall, so that people will not have to return home to use sanitary

facilities. AMANCO has contributed volunteer labor. Other area companies contributed materials, and AMANCO's customers supplied the sanitary fixtures.

- Helping mothers of children attending the Evalú dining hall to create community vegetable gardens. Some of these mothers are also wives of AMANCO employees. Financially hard-pressed families can thus grow some of their own food, whether in home or in community vegetable gardens. A local real estate company pays part of the rent on the land, and AMANCO pays for the utilities. AMANCO's agronomists, working voluntarily, train the people, teaching them about planting times and methods, young plant care, and harvesting practices. They also serve as a link with national organizations that provide seed.
- Organizing recreational and cultural activities (picnics, day trips, films, puppet shows, and others) for children attending the Evalú dining hall. This enables the children to participate in events that help them gain a more positive view of their reality, while developing in the workers a greater sense of belonging to the neighborhood and the company.
- Organizing sewing workshops to teach community residents to operate sewing machines. There are plans to produce new DCH T-shirts with AMANCO's logo at this sewing workshop. Fabián told AMANCO that he would like to have the corporate logo on the new T-shirts so that "children will continue to carry AMANCO on their chests," as he considers it a socially responsible business, even though DCH has international sponsors who manufacture sports clothing and could provide these T-shirts.
- Providing sexual education. Volunteer AMANCO staff organize talks on sex for teenage boys and girls and their mothers. Teachers include AMANCO's physician and other professionals with specialized knowledge of topics recommended by AMANCO's workers, Evalú's social worker, and well-known manufacturers of teenage personal hygiene products.

As a result of these activities, customers, suppliers, area residents, and the workers

themselves see AMANCO as an ethically responsible group, committed to its community. The work environment at AMANCO Argentina has improved considerably, the satisfaction index going up from 72% (2001) to 82% (2002). Specific indicators related to volunteer activities include: mission, which went from 70% to 85%; motivation, from 73% to 85%; and values, from 73% to 85%.

Community members have learned that "talent, ability and training being equal, area residents receive preferential treatment" from AMANCO, which also gives priority to suppliers in the neighboring community, "quality, price and terms being equal."

Evalú and its clients have benefited by an increase in the number of children being served at the dining hall from 80 to 100, a reliable, uninterrupted flow of food, training for 15 people at the sewing workshop and in the vegetable garden, and for 15 teenagers and their mothers in sexual education issues.

Roles in Project

Fabián Ferraro and his [Defenders of the Chaco](#) provided AMANCO with consulting services on community social work. Parents of children attending the [Evalú](#) dining hall contribute their time and effort to AMANCO's volunteer projects (and in recognition of AMANCO's support, Evalú's children often present AMANCO with a gift [a song, a story] when a project is concluded).

As for [AMANCO Argentina](#), each employee is given five workdays a year for volunteer work. Of a total of 130 employees, some 70 do work in the nine current volunteer projects. The remainder cover for their absent fellow workers. The employees train children and their families in construction, plumbing, and gardening work, contributing some working materials and services.

[AVINA Patagonia](#) identifies the social leaders, and AMANCO Argentina creates and completes the project.

In the midst of the Argentine economic crisis (2001/2002), AMANCO Argentina decided not to abandon activities that reflect its corporate social responsibility, a decision that has had very

satisfactory results. AMANCO has shown that companies need not wait to overcome crises before integrating CSR into their policies. The corporate volunteer work program, with the professional support of local organizations, also helped to significantly improve the work climate at AMANCO.

For AMANCO Argentina, CSR is a part of daily business. As a company, AMANCO does not

sponsor projects with donations; rather, it manages its impacts upon stakeholders through new ways of doing business, such as preferential hiring. Employee volunteer projects have been and continue to be an important gateway to their stakeholders. These projects have improved the internal corporate environment, developed customer loyalty, generated new partnerships with new providers, and earned the recognition and respect of the community at large.

VIVA

Drinking Water for Patagonia

Text prepared in cooperation with Gerardo Ourracariet, general manager, AMANCO Argentina, and Pedro Tarak, representative, AVINA Patagonia.

AMANCO Argentina general manager Gerardo Ourracariet and Gustavo Gennuso, an AVINA leader who heads Bariloche's New People Foundation, met at a regional gathering of AVINA Patagonia leaders in Puerto Pirámides, in November, 2002. After listening to presentations on the issue, AMANCO decided to donate pipes to the foundation, which works in the two poorest villages of the entire region, helping families in the areas of education and health. What began as a donation of materials by the company eventually became a true cooperation project. AMANCO Argentina is currently involved in a "Drinking Water for Patagonia" project, part of a corporate effort known as *Todos Ganamos* (We All Win), organized by its parent company GrupoNueva to seek projects that do real business with the poor while benefiting the poor and generating new customers.

Many rural areas of Patagonia are very poor. Among their major problems are high unemployment, inadequate housing, and a widespread lack of health care. Most homes have no interior drinking water and use outhouses for sanitation. Only a handful of families enjoy the convenience of a septic tank or drain field. The health risks faced by people lacking adequate sanitary facilities become worse in the winter, when rain and snow cause streets and fields to flood, turning them into cesspools.

Initially, the project was based on a study by the New People Foundation into the basic needs of area residents. But following another AVINA regional meeting in Bariloche, in November, 2003, new contacts developed between AVINA and a number of leaders that resulted in other players being involved in the project. Chief among them are the Agricultural and Ranching



Social Project (PSA in Spanish), a specialized autonomous agency of the Ministry of Agriculture that since 1993 has been fostering the development of some 60,000 small producers throughout the country, and FECOSUR (Federation of Cooperatives in Southern Río Negro). An agreement signed by AMANCO and PSA has helped identify the

neediest rural producers.

AMANCO, the foundation, and PSA have jointly developed a pilot project to provide drinking water and services to rural homes in the province of Río Negro. This is not, however, simply a philanthropic project limited to donating materials. Rather, the pilot project is a business venture for AMANCO, as it aims to turn rural families into AMANCO customers.

New AMANCO customers have been and continue to be identified by the New People Foundation, and FECOSUR helps open accounts for each of them with AMANCO Argentina. Clients thus have access to the project's three consecutive stages:

- *Stage 1 (costs US\$110 per client):* Provision of PVC pipes, rope pumps, and hook-ups to install the pumps;
- *Stage 2 (US\$50):* Provision of a pipe system, hook-ups, water tank, washbasin, and drainage for the home itself;
- *Stage 3 (US\$30):* Provision of a pipe system, hook-ups, flush tank, toilet, and fiber cement base for the latrine, or materials for a vegetable garden (depending on personal needs).

FECOSUR collects payments. It also establishes the amount of each customer's installment payment depending on his or her

financial situation. Experience shows that less than 1% of enrolled customers pay late. Once a customer has paid in full for the first stage, AMANCO Argentina extends credit for the amount of the second stage, to allow her to have access to the products needed to go on with the next stage. The same procedure is followed for the third stage.

An important feature of the project is the possibility of modifying and adapting the three stages if the foundation, a specialist in the field, should detect changes in the residents' cultural patterns. According to Gustavo, having an indoor toilet could significantly alter the cultural patterns of a family that had never had this facility.

During February and March, 2004, AMANCO was marketing and supervising 20 projects (initial stages). Customer invoicing for these stages totaled US\$2,200, 40% of which is contributed by AMANCO. Replication of this project entails a modest profit for AMANCO Argentina. This profit could be increased as the project spreads among PSA producers, most of whom lack safe running water and indoor plumbing in their homes.

Roles in Project

AMANCO Argentina, whose suppliers and sales people were directly involved, advised the foundation, PSA, FECOSUR, and area residents on product specifications and technical requirements for the project. It helped finance the different stages, advancing the materials for the next stage as soon as the previous one has been paid.

New People Foundation, FECOSUR and PSA worked closely with area residents, selected new customers for AMANCO, and set and collected their installment payments. They also supervised the management of different project stages. The area residents put together the “do-it-yourself” modules for each stage.

AVINA Patagonia provided a meeting platform for Gustavo Gennuso, PSA technical personnel and AMANCO Argentina. It also closely supported and advised AMANCO Argentina in the execution and follow-up of the project.

This is an example of a “multi-win” project. It benefits the poor people in the area. It benefits AMANCO Argentina both through its bottom line and by helping it reach its CSR goals. It also helps the various other partners realize their own institutional goals and has excellent potential for replication elsewhere.

VIVA

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