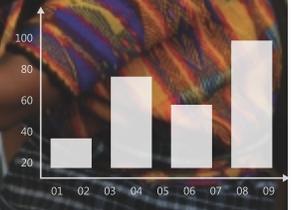




SOCIAL INVESTMENT

LATIN AMERICA





About World Vision

World Vision is a global Christian relief, development and advocacy organization dedicated to working with children, families and communities to overcome the causes of poverty and injustice.

World Vision serves all people, regardless of religion, race, ethnicity, or gender.

We work in 100 countries around the world and in 14 countries in Latin America and the Caribbean: Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Peru thru approximately 594 projects benefiting 4500 communities and around 780 000 children with direct impact to 10 million people in the region.

Learn more, visit www.wvi.org



World Vision is committed to helping raise children, families and communities in Latin America and the Caribbean out of poverty, and for us, this means engaging with all members of the community, including government, businesses and other NGOs.

We believe that the private sector has a crucial part to play in creating sustainable solutions to the challenge of poverty in the region, and we believe that much can be achieved by working closely together.

Organizations like World Vision and corporations have sometimes had different motivations and different objectives for community building, but this is changing. We recognize that companies view their contribution to overcoming social challenges as being increasingly important to their success, financial or otherwise. Business investment and philanthropy are becoming intertwined: this is social investment.

World Vision's experience working with the private sector has revealed two key elements underpinning the success of corporate social investments: anchoring activities in companies' overall strategy and making community needs a priority. Combining these two is challenging, but there are success stories.

To better understand how we can add value to the work of corporations and communities, we commissioned this study to give us a full picture of how companies are engaging in, and seeking to expand social investment. Our objective for the study is to answer questions such as:

- What types of social investment is being done?
- How is it being done?
- What value to all parties can we expect in the near future?
- What obstacles may hinder success?

Poverty in Latin America will not be overcome easily. But knowledge can create a powerful platform to move forward. We offer this study and the coming report to you in the hope that the key conclusions will be of real use to NGOs and corporations alike as we all seek to better understand current and future challenges to social ventures.

On behalf of all our global colleagues, thank you for your help with this study and for helping all of us grow in our knowledge of social partnerships as well as our desire to further them.

Warm regards,

Cynthia Currence
National Director, Corporations and Foundations
World Vision



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INTRODUCTION

I. INTRODUCTION

Latin America has experienced much **economic growth in recent years**, and for many nations it has been a boom time. Whether it is local or regional powerhouses, so called multi-Latinas, or global corporations, the private sector has been both a key driver of growth and a key benefactor.¹

But inequality and social problems linger, with rates of poverty on the decline but still significant at an estimated 164 million people.² And a recent UN report stated that rates of reduction may have slowed.³

And in Latin America, as with the rest of the world, economic progress has seen a growth in community expectations. People expect better governance, and slowly but surely, they're getting it. But they also have higher expectations of corporations – not only to do no harm, but increasingly, to contribute something positive to community development.⁴

1. Corporate Social Responsibility is Making Gains in Latin America
2. Reduction of Poverty and Extreme Poverty Slows Down in Latin America
3. Reduction of Poverty and Extreme Poverty Slows Down in Latin America
4. Corporate Social Responsibility is Making Gains in Latin



So **what is happening out there?** By now most of us have heard about corporate aspirations to contribute more to the community, but this report asked participants be more concrete: we wanted details.

Our corporate survey takers were asked very detailed questions about exactly where they have put, or wish to put, their valuable social investment resources. And it is more than just throwing money at problems: it is investing people's time and talents, and the businesses' capital.

Not surprisingly, much in the corporate world is dominated by Europe and the United States. Global corporations from these areas tend to dominate global discussions, but this paper addresses Latin America-specific information. We sought out the key people in regional and national offices of global corporations, and included regional corporations in the same group, giving us a unique and fresh perspective.

In our research paper *Common Ground, A Guide to Innovative Corporate–Cause Partnerships*, World Vision International sought to explore the latest global new trends in social investment from the perspective of relationships between NGOs and corporations.

And so despite not being exclusively about companies wishing to partner with NGOs, much of the information in this report was asked for and given was from a partnership perspective.

However, World Vision International is well aware that NGOs do not have a monopoly on working on social problems, and it is therefore hoped the information will be valuable for all stakeholders interested in corporate social investment.

There is also quite a conspicuous lack of mention of environmental issues and concerns in this report. This isn't because social and environmental concerns are mutually exclusive; of course they're not; many projects with social development objectives very much relate to the environment. The lack of environmental issues discussed in this report was due to an intent to separate the discussion about the impact of existing business operations with the discussion about new social investments. The former is increasingly becoming a non-negotiable expectation and is an altogether different conversation. The same goes for certain social concerns such as labor and human rights. The latter is about ways business can contribute to the community in addition to traditional ideas of doing business.



“ When incorporating "To be a socially responsible company" in 2005 into our strategic business model, we are committed to use our installed capacity and power of call to generate value in society. Today we are proud to know that this commitment is transformed into social profitability while social capital, resources and management processes we have built at this time achieve a blind person by cataracts to recover the sight and reintegrate into the economic and social life of the country with a better quality of life for her and her family.”

Lorena Guillé, Corporate Social Responsibility Director and Executive Director of Fundación Cinépolis, Cinépolis.

A note on the term 'Corporate social investment'

The pressure to minimize harmful impacts, or externalities; earning the so-called 'license to operate' is nothing new, nor is the idea of corporations making a positive contribution to society through philanthropy. But what is still new to Latin America, as with the rest of the world, is the idea that you can create value for the business and the community at the same time; that instead of just helping the community through donating to a social cause, a company can look for business investments that actually share value with the community.⁵



In this paper, the term 'social investment' has been used as a catchall term, but the truth is less black and white. Most social investments still do involve a mixture of basic philanthropy, purchased social license to operate, and business investment; the exact mix is different for every company and every investment. In the spirit of simplicity and looking to the future, we've gone with corporate social investment to describe it all.

Also used is the term 'corporate social responsibility' or CSR, usually in reference to 'CSR strategy'. This term too is considered archaic by some, as it doesn't reflect environmental concerns or capture the spirit of investment and shared value. In this case the term has been used because just about everyone in the business world has some understanding of what corporate social responsibility encompasses.



2.

EXECUTIVE SUMMARY

2. EXECUTIVE SUMMARY

The following are key findings from the report:



Social projects are part of a marketplace of investment options, and many companies base their strategy of selecting projects on the likelihood of positive impact for communities. Also favored are investments that will help the company be perceived by the public as a market leader on a particular social issue.



It has almost become a cliché that businesses are looking to align social investments with their core business strategy, and the respondents of this survey were no different. Some companies have successfully implemented such a strategy, linking social investments with business challenges such as hiring qualified staff.



As with other global surveys,⁶ this one found education to be by far the most popular direction for social investment. Exactly what kinds of education companies are interested in was difficult to discern, with none of the suggested themes particularly popular, and a large number of alternatives suggested. Note: this is excluding education programs that directly crossover with economic development, which were decidedly favored amongst respondents.



Economic development was favored over health, despite the latter being a traditional destination for CSR.⁷ Also, when the survey delved deeper into types of economic development activities, it found that programs aimed at youth, such as job training, were the most popular. This concentration on youth fits with the prioritization of education, and also the need to link social programs with business benefits – in this case, hiring local staff – and the fact that companies indicated they favored working with people who live near their operations.



6. Lacy, Peter et al

7. Corporate Social Responsibility is Making Gains in Latin America



Most companies surveyed recognized the importance of working with other actors in the community, including local and national NGOs, INGOs and government and multi-lateral organizations.



The vast majority of respondents considered volunteering key to their social investment strategy. This aligns with the Common Ground research, which told us that involving staff is of paramount importance to social investments.



Some of the more innovative types of social investment such as those aimed at the base of pyramid and new markets were only somewhat popular, which indicates that despite having the intention to do more innovative social investments,⁸ the path forward in this regard is still unclear.

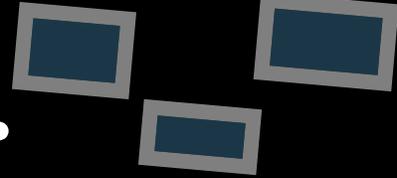


For most respondents, **, innovation means finding new ways to link social investments with core business goals,** which seems to necessarily involve finding better ways of measuring impact. In other words, Latin American companies face the same challenges as companies all over the world.⁹

8. Common Ground

9. Common Ground

3.



PARTICIPANTS

3. PARTICIPANTS

The aim of this research was not to provide a scientific study of trends, but rather a comprehensive and detailed snapshot of the current social investment market conditions.

The goal was to survey the most important players in social investment in Latin America: large global and regional corporations from Europe, North America and across Latin America.

Thirty-two highly detailed submissions to our survey were received, **and we thank the participants very much for their considerable time commitment.**

Participant details

Responses were received from companies headquartered in fourteen countries including:

United States of America, Germany, United Kingdom, France, Spain, Mexico, Guatemala, El Salvador, Honduras, Costa Rica, Colombia, Peru, Chile and Brazil.

Global and Latin Corporations

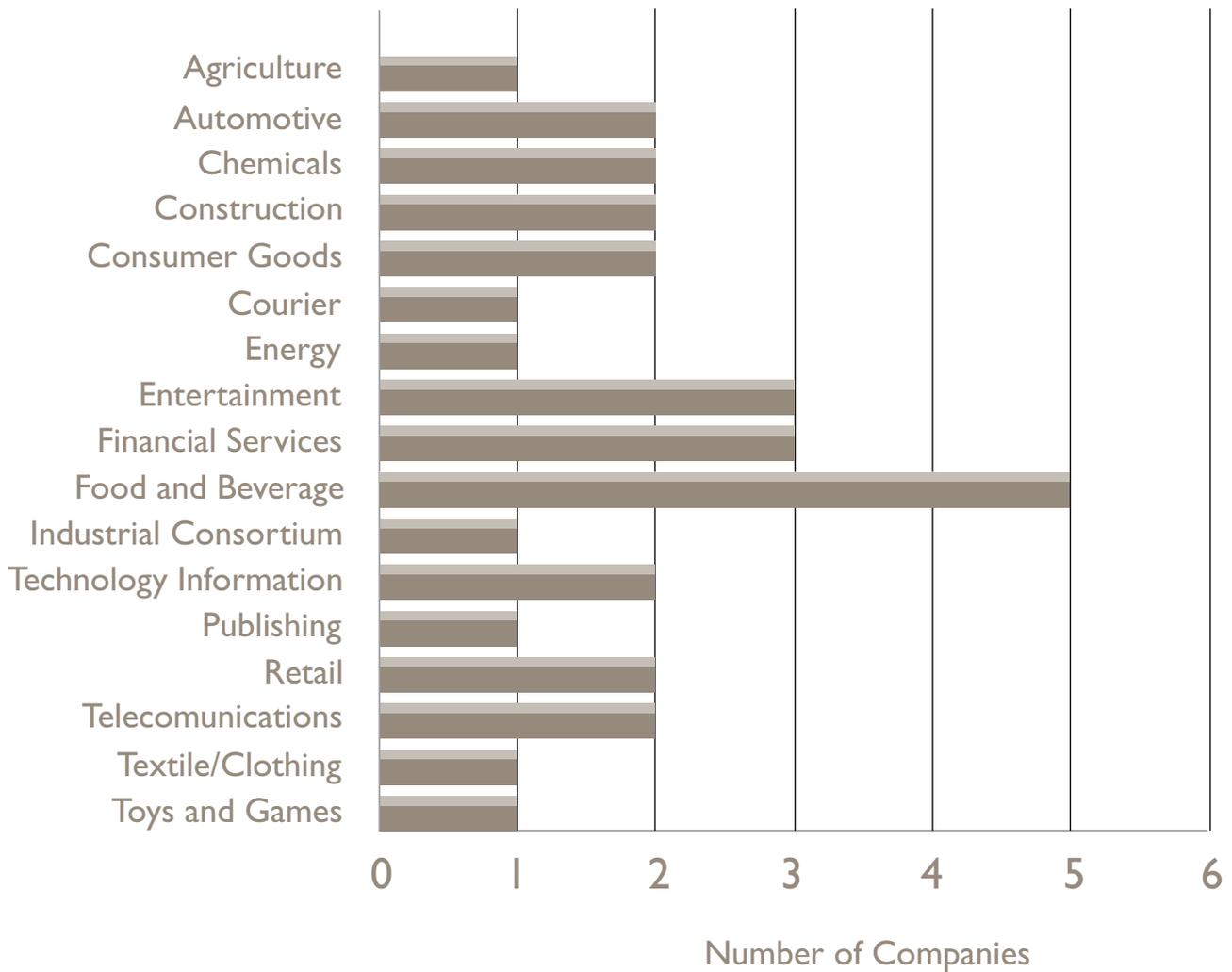


Regions

(and countries with a large contingent)



Sectors



List of companies

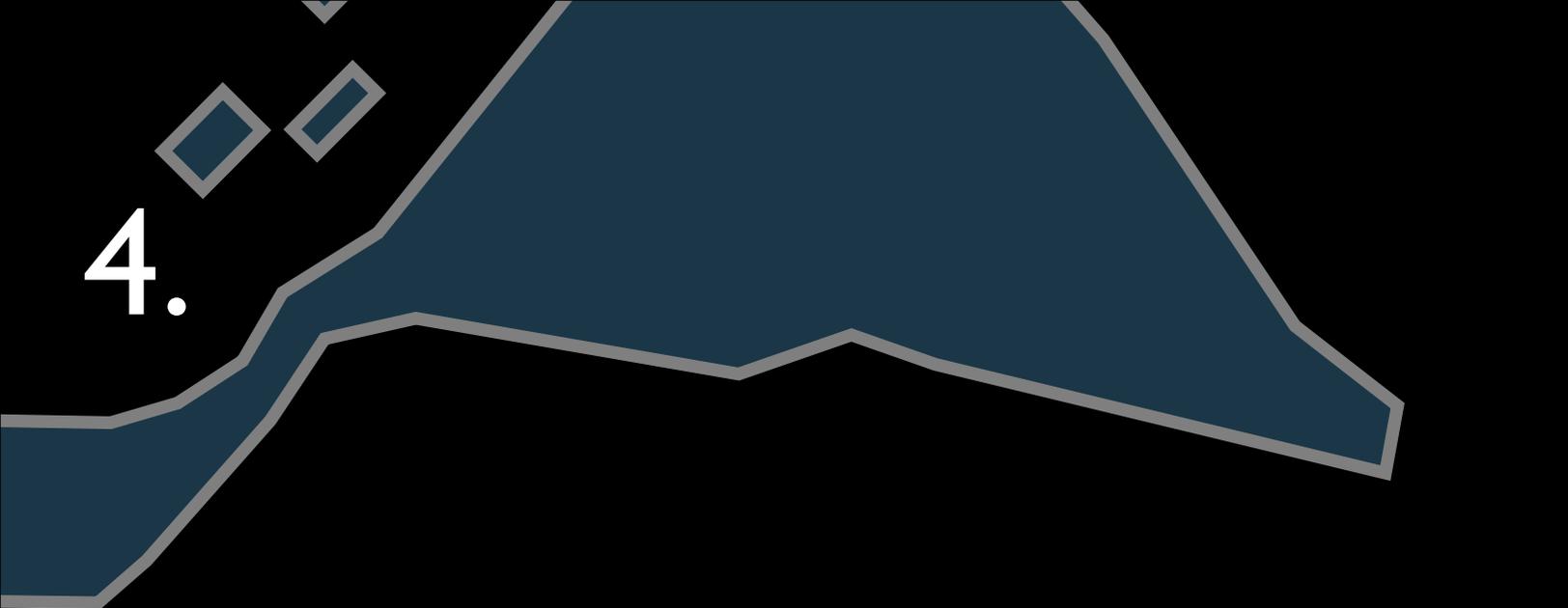


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4.

GETTING IT DONE

ALIGNING SOCIAL INVESTMENTS AND STRATEGY

4. GETTING IT DONE

ALIGNING SOCIAL INVESTMENTS AND STRATEGY

Research design and methodology for this section:



It is now common knowledge that companies want their social investment program to have a strategic vision. We also know from Common Ground and other research that companies, where possible, aspire for their CSR strategy to align with overall sustainability and business strategy.

But for this research, we wanted to go further than strategic aspirations. And so we asked companies to tell us about projects already in existence that exemplify the strategy they have in place. We also asked companies to explain exactly why the particular project was chosen, and why it was a good example of their strategy being executed.





“Discovery en la Escuela (Discovery in Schools), the educational program of Discovery Channel in Latin America is part of its corporate social responsibility. Alliances with strategic partners allow the entrance of quality audiovisual content to urban and rural educational institutions to enrich their curricular material and provides professional development for teachers to close the technological and information gap where required. The program is presented as a cable television contribution to strengthen the teaching-learning process in Latin America. Discovery en la Escuela (Discovery in Schools), as well as other social responsibility projects of the channels forming the Discovery portfolio, is a project with a strong commitment supported by experience. ”

María Teresa Velasco, Education & Public Affairs Manager, Discovery Networks, Latin America / U.S. Hispanic.

Key findings for this section:

The responses to this section indicate clearly that the task of linking social projects to strategy is challenging, with companies having difficulty providing much detail.

Answers highlight a wide variety of strategies and the broad ways specific projects are linked to them.



Impact

Many respondents had a strategy of choosing social investments where there is a perceived lack of community attention on an issue. This leads to high potential for positive impact on the community, but also the prospect of the company establishing a leadership position. This perception of leadership could result in increased positive brand awareness for the company.

Certain strategic areas such as health and education are seen to have enormous impact generally and they therefore form a part of most CSR strategies.



When possible, investments are linked to the social development area that most aligns with a business's sector or areas of expertise. For example, health-related respondents wanted to apply their core-competence to social investments.



Supply chain.

Many companies had a clear strategy of investing in their supply or value chain, and were able to clearly link projects with this goal.

For example, a food manufacturing company sought to invest in farming communities that are also suppliers of its business.



Obvious links with core business challenges.

When a company has an obvious social challenge, be it practical or reputational, choosing social investments that are strategic for the business is easier.

Finding qualified staff is increasingly a problem for corporations in Latin America, and is therefore an obvious place for affected companies to target social investments.¹⁰

One supermarket company wanted their education program linked with their need to find staff and build trust in the local community. The company provides equipment and volunteers to low-income schools in the area around stores, whose students are then given preferential opportunities to work:





“Each time a new store opens in any city, a low-income school is sponsored....The sponsored persons are given preference when applying for work....Employees have the opportunity to study, since they only work 25 hours a week.”



There was a strong focus on involving customers and employees.

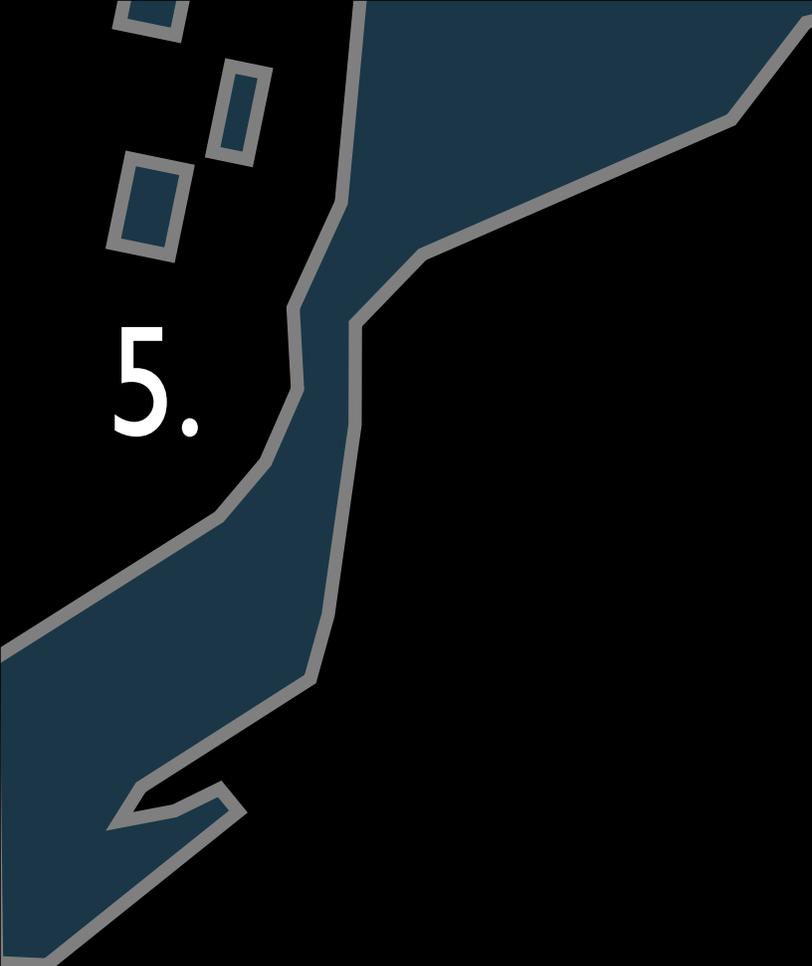
The need to involve employees was a strong preference for most companies in the survey, and in one case, was a stated requirement.



Making social investments geographically close to operations

Working locally was a key consideration for many respondents; however, one did identify a trade off between working locally and impact:

“In principle, [our] strategy is oriented to serving the towns near our operations; however, national issues might be included in the strategy due to their social impact.”



5.

STRATEGIC FOCUS AREAS

WHAT KIND OF WORK AND WITH WHOM?

5. STRATEGIC FOCUS AREAS

WHAT KIND OF WORK AND WITH WHOM?

Research design and methodology for this section:



Respondents were asked to rate the importance of various areas of focus (or social development sectors), such as health and education and also various target beneficiaries, to the overall CSR strategy of the company.

The areas of focus reflect World Vision International's Latin America operations. Respondents were asked to suggest other areas of focus that are provided further on in a list.

Keys findings for this section:

 Education is the most favored area for corporate social investment amongst the respondents, which is consistent with other global CSR research.¹¹

 Economic development was the second most popular area of focus for companies, which echoes responses to other questions of this survey that highlight the importance of supply and value chain related projects to CSR strategy.

The focus on economic development also corresponds with findings of The Common Ground Report, which highlighted the fact that growing new markets and reaching new customers are increasingly important motivations for social investment.¹²

There is also a link between education and economic development, with job training seen as a strategically important way for companies to invest in education programs. This potentially explains why economic development was more popular in this survey than health and its more traditional philanthropic programs such as clinic construction.¹³

 Only a small percentage of companies are interested in projects related to agriculture.



11. Lacy, Peter et al.

12. Common Ground

13. Corporate Social Responsibility is Making Gains in Latin America



“FedEx is proud to participate in this study which highlights efforts in the area of social responsibility, which has been a significant focus for the corporation. This approach, both in Central America and globally, promotes volunteering activities in our communities, demonstrating the commitment of our employees as socially responsible citizens.”

José Antonio De Obaldía, Chief Operating Officer for Central America, FedEx Express.

 Children, both young and teenagers, are the most favored demographic for social investments. With youth unemployment a major problem in Latin America – estimates put the number at three times the rate of adults¹⁴ – it is unsurprising that education, economic development, and teenagers are all favored by respondents.



 Projects targeting people who live near companies' operations are popular, mirroring the desire of corporations to link CSR strategy with business strategy.



 All listed demographics are somewhat popular; however, rural communities are the least popular. This corresponds with the low popularity of agriculture projects, and potentially reflects a preference to work with companies near operations, as many of those surveyed do not have extensive rural or agricultural operations.



 Despite not being directly asked about, women were mentioned by various respondents as a key target demographic.

Results - what kind of social investment?

Respondents were asked to rank the importance of various social development focus areas.¹⁵



The results clearly show education is the most important area for the majority of respondents, with more than **70%** ranking it as very important to their CSR strategy.

More than 50% of respondents rank the other focus areas, excluding agriculture, as either moderately or very important. Only 29% of respondents ranked social investments related to agriculture as moderately or very important to their CSR strategy.

Other suggestions for areas of focus:

- Environment: including sustainability, climate change and energy;
- Arts, sport and culture;
- Social inclusion

Many more specific suggestions were made in this section, but they have been covered in a later section that breaks down areas of focus in more detail.

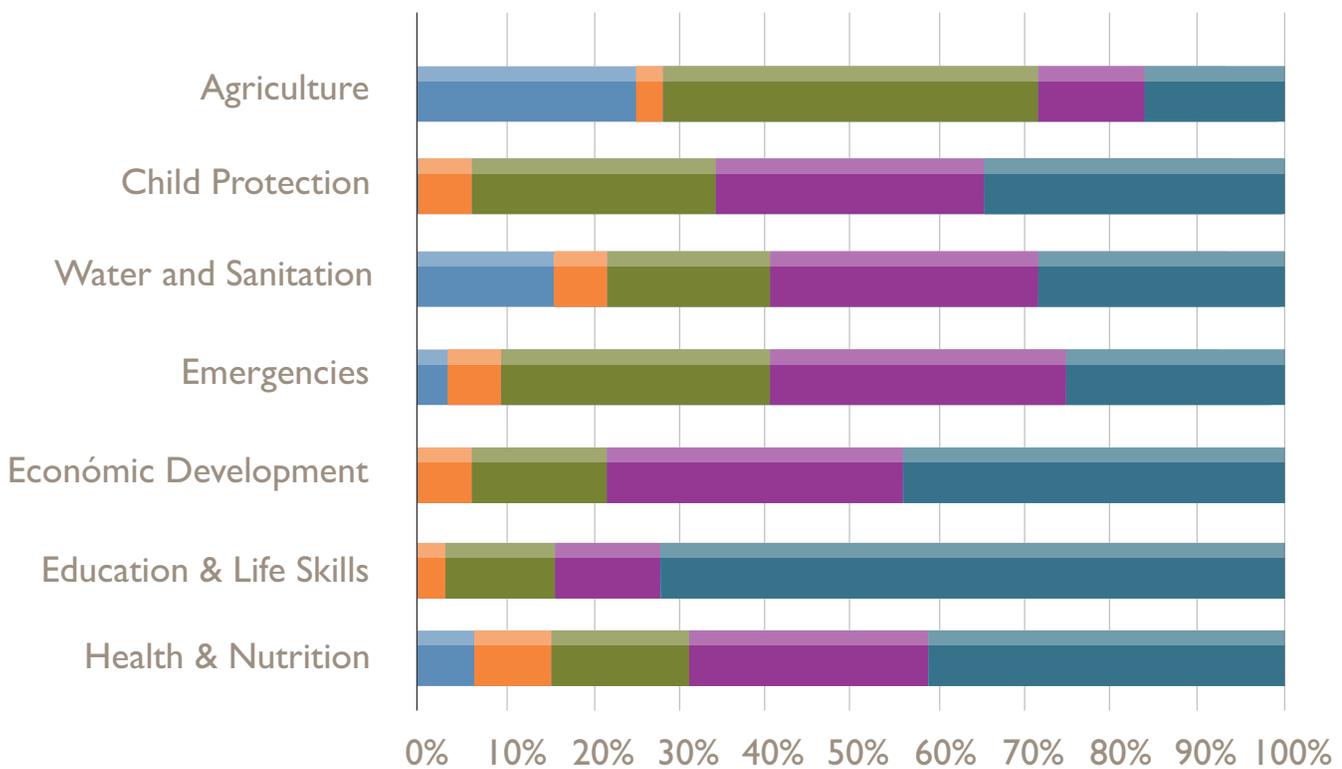


15. Based upon World Vision priority areas in the Latin America and Caribbean region



“Our partnership with the Central American Educational and Cultural Coordination "CECC/SICA" in Spanish, has several years of successful management through our social investment programmes both in formal and non-formal education, and has impacted various Central American communities. Our main goal has been the sustainability of such programs in each community and the management of the CECC/SICA has been instrumental.”

Javier F. Firpo, Intel® Education & CSR Programs Director, Intel Latin America.



- Very little importance
- Little importance
- Neutral
- Moderate importance
- Very important

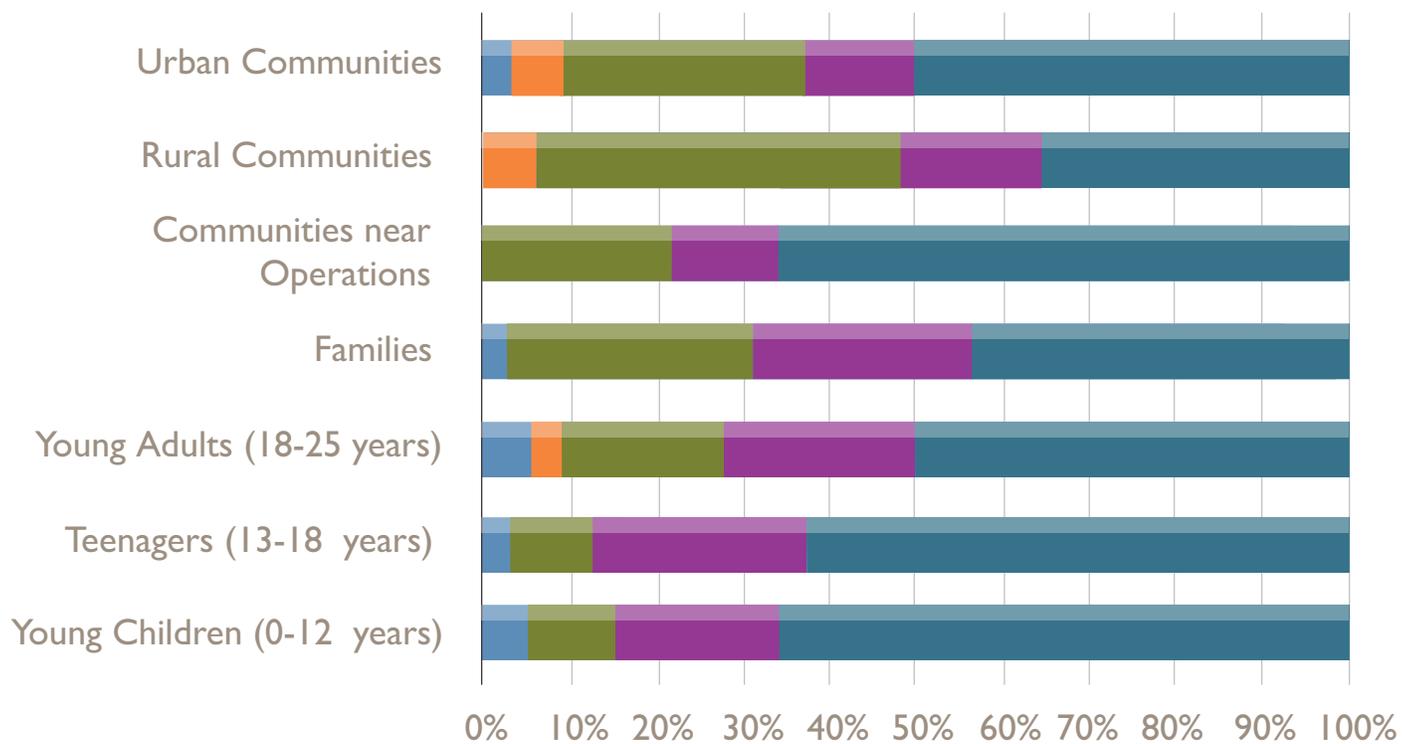
Who should investments be targeted at?

The clearest trend to emerge from respondents is that they are **very interested in working with children, both young children and teenagers**, and that they would strongly prefer to work with communities near their operations.

The other demographics are also considered important, with all categories ranking either moderately or very important by at least 50% of respondents.

Projects aimed at rural communities are the least important, but 50% of respondents still rate this demographic of moderate or high importance to their CSR strategy.





Note: respondents were not asked about their strategic preference for projects aimed broadly at women in this question, although the topic is covered in other areas of the survey. However, it can be surmised from comments made and the responses to other questions that many respondents would have indicated that this was of high importance.



6.

EXACTLY WHAT KINDS OF WORK

AREAS OF FOCUS BROKEN DOWN IN DETAIL

6. EXACTLY WHAT KINDS OF WORK? AREAS OF FOCUS BROKEN DOWN IN DETAIL

Research design and methodology for this section:

This research aims to explore specifics of corporate social investment priorities in Latin America. To that end, the social development areas of focus discussed in Section 5 are broken down into specific project themes.



As with section 5, the list of project types reflects World Vision International's Latin America operations and is not intended to be exhaustive. Respondents were asked to suggest additional project themes, and these are listed further on in this section.



Key findings for this section:



Malnutrition is the most favored project theme amongst health topics.



The topic of sexual illness prevention was decidedly unpopular.

The survey did not mention HIV/AIDS specifically and thus it is not known whether the unpopularity of projects related to sexual illness prevention broadly extends to HIV/AIDSs. HIV/AIDSs was mentioned specifically by some respondents as an additional suggestion – see further on.





“At Kimberly-Clark we have committed to instill the recycling culture in Central America and the Caribbean through our social responsibility program ReciKClA, which encourages the society in general to adopt a life style that cares for the environment. Through this effort we support SME’s engaged in the management of recoverable waste and contribute positively to the communities where we operate, while ensuring the sustainability of the business.”

Carolina Lizano Fernández, Regional Coordinator of Corporate Social Responsibility, Kimberly-Clark Central America & the Caribbean.

More than 1.5 million people have HIV/AIDS in Latin America and the Caribbean according to the World Bank;¹⁶ thus it was an error not to be more direct in the survey.



Education is an extremely broad area and none of the selections offered in the survey approached the general popularity of the sector.



A core group of respondents are very interested in providing equipment and resources for the emergency response; however, overall the numbers are not high for any project theme in emergencies.

 The number of companies indicating an interest in emergency preparedness is lower than expected, especially when it is considered that this kind of more strategic response to emergencies is considered well suited to corporate social investments, as compared with more traditional philanthropy, which relies more on the emotional response to a disaster.¹⁷ There is also a strong economic imperative for companies to ensure that disruption to economic activity is minimized, by reducing the impact of emergencies through preparation¹⁸ that is not reflected in these results.

 In keeping with the strong overall interest in economic development, the themes of entrepreneurship, for both the young and women, are extremely popular amongst respondents. The remaining project themes are also highly favored. As stated earlier, this is perhaps a very visible manifestation of an increasing need to link social investments with business goals.¹⁹

 The public aspects of water and sanitation, in this case hygiene and water use, are significantly more popular than social investments in water infrastructure or servicing infrastructure.

17. Business and Disaster Preparedness

18. A Vision for managing natural disaster risk

19. Common Ground & Corporate Social Responsibility is Making Gains in Latin America

Malnutrition
Entrepreneurship
Water Use
Hygiene
HIV
AIDs
Child Labor
Disasters
Agriculture

A possible explanation could be complacency: Latin America and the Caribbean has already reached its Millennium Development Goal for the percentage of the population with access to clean water, which is estimated at 90%.²⁰ However, a World Water Initiative Report²¹ does highlight the challenges, and the potential opportunities for corporate social investment in this area.



Only projects themed around child labor are favored amongst respondents in the child protection section.

Given that child protection issues are very relevant in the region,²² more research is needed to understand why potentially more taboo themes such as sexual abuse, maltreatment and bullying are not favored for corporate social investment.



Projects related to agriculture are generally polarizing, although a greater number of respondents were not in favor of making social investments in this area compared with those who are.

However, a small number of companies are very interested, which corresponds with the idea that participation in certain social development areas is linked to a company's ability to align the activities with core business goals; for example, supply or value chain related projects in agriculture, or geographic proximity.

20. Water Services that last in Central America

21. Water Services that last in Central America

22. Key Info on Child Protection in Latin America and the Caribbean



Health and Nutrition



Of the three project types asked about in the survey, **malnutrition** is the clear highest priority, with **66%** of companies answering that they would be somewhat or very interested in projects of this type.

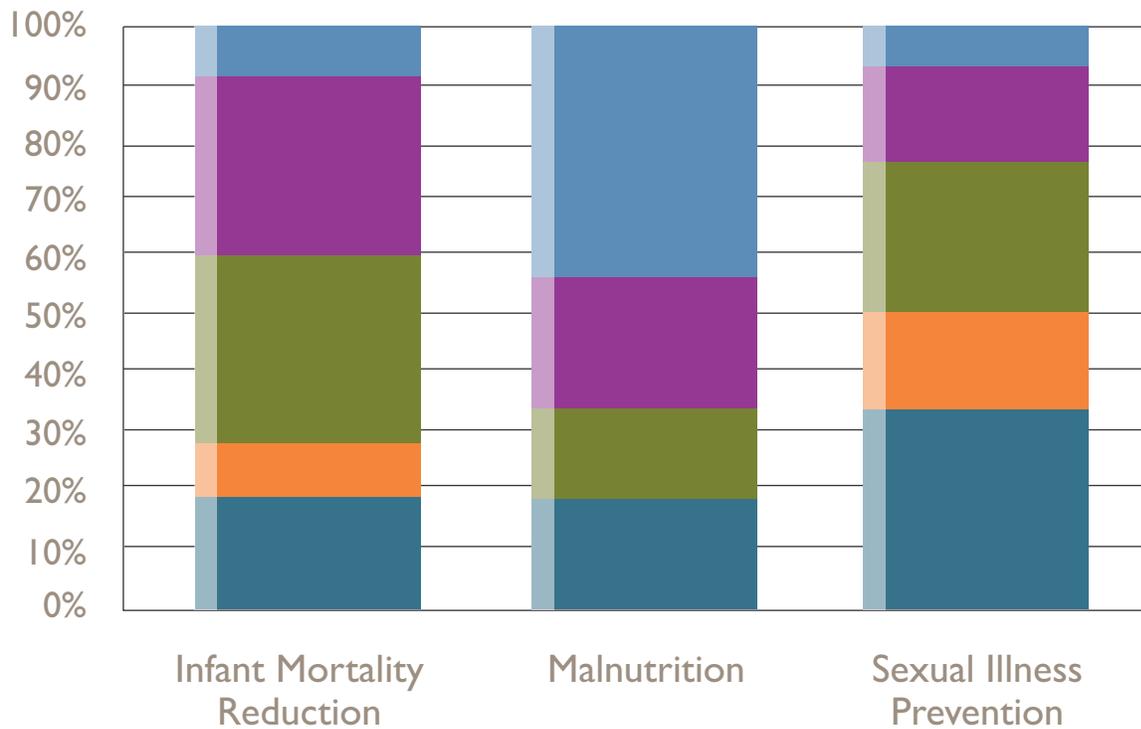


It is noteworthy that the number of companies interested in the theme of infant mortality is so low, especially as this issue relates to the issue of nutrition, the most popular selection.

Significant is the percentage of respondents not at all interested in projects related to sexual illness prevention.

Other health and nutrition themed social investments suggested by respondents are:

- Health education, especially around the promoting healthy lifestyles and eating, and reducing obesity;
- Women's and maternal health;
- HIV/AIDS
- Disability





Education

Considering that education is the standout priority area in section 5, it is likely that the project types offered in this question did not capture the full range of project themes popular with companies in Latin America.



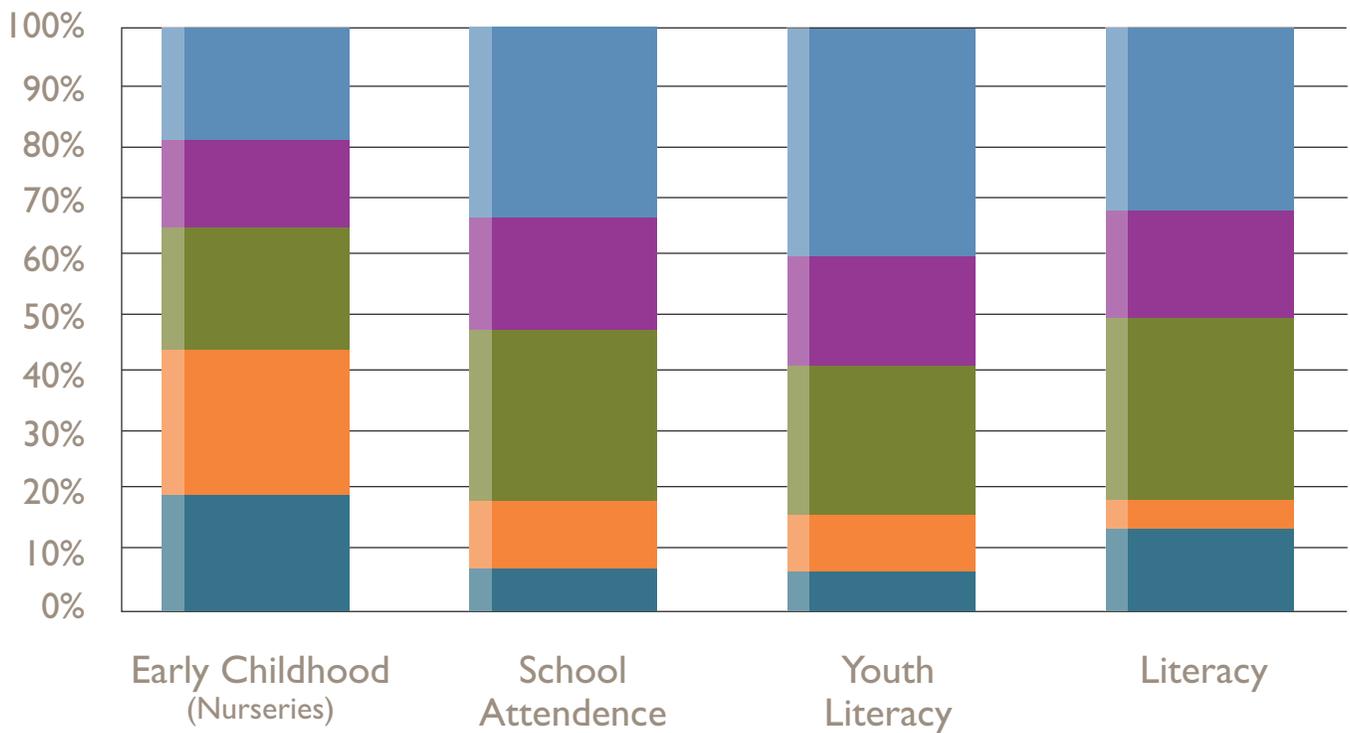
The most popular answer was youth literacy, with **60%** of respondents answering that they would be somewhat or very interested in a **project of this type** – this compares with 85% for education overall.

The theme of early childhood education is particularly low on the priority list, with 40% of respondents having no or only limited interest.



Other education themed social investments suggested by respondents are:

- **Employability** (technical and vocational skills development)
- **STEM** (Science, Technology, Engineering, Mathematics)
- **Human rights**
- **Construction of school infrastructure**
- **Finance skills**
- **Environment and recycling**
- **Citizenship**





Emergencies

None of the specific types of projects related to emergencies generated a high-level of interest among respondents. These responses generally do not correspond with the 59% of companies that rated emergencies as being moderately or very important to their CSR strategy.



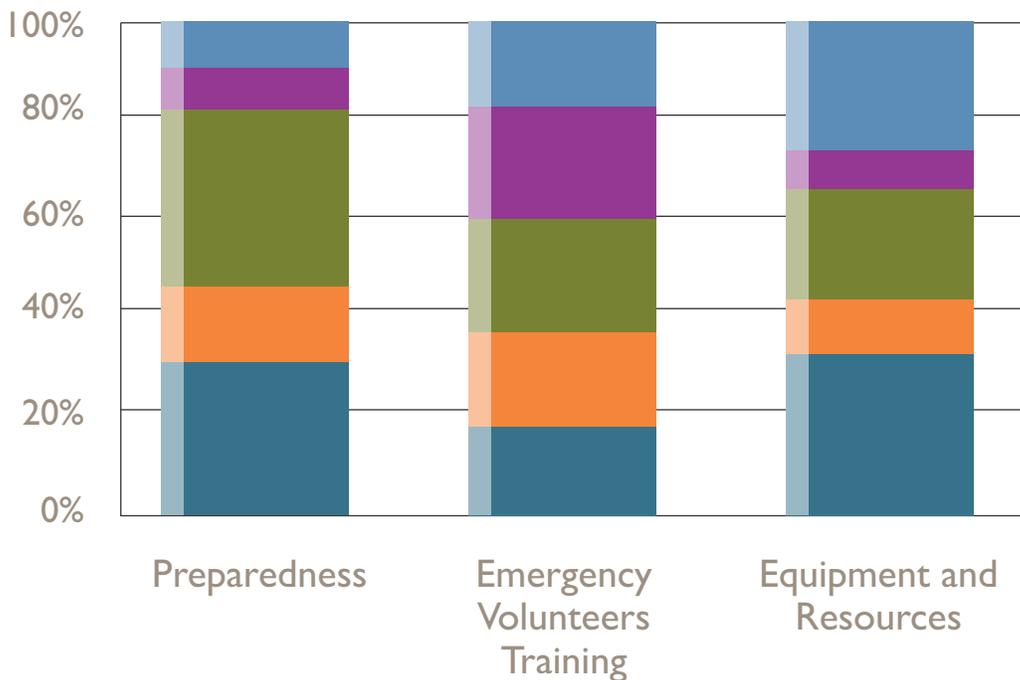
Of note is that **25%** of respondents are very interested in funding or providing equipment and resources for emergency response but only 6% are somewhat interested. This is compared with the 41% of companies somewhat or very interested in emergency volunteers training.

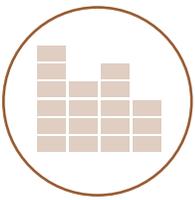


Also noteworthy are the high numbers of respondents who answered “not interested” for preparedness and equipment and recourses. This is particularly interesting when compared to the only 9% of companies with very little or little interest in emergencies overall.



- ▾ Very interested
- ▾ Somewhat interested
- ▾ Neutral
- ▾ Limited interested
- ▾ No interested





Economic Development



More than **50%** of respondents are either somewhat or very interested in each of the **themes**. This corresponds well with the **79%** of respondents who rated economic development as being moderately or very important to their CSR strategy.

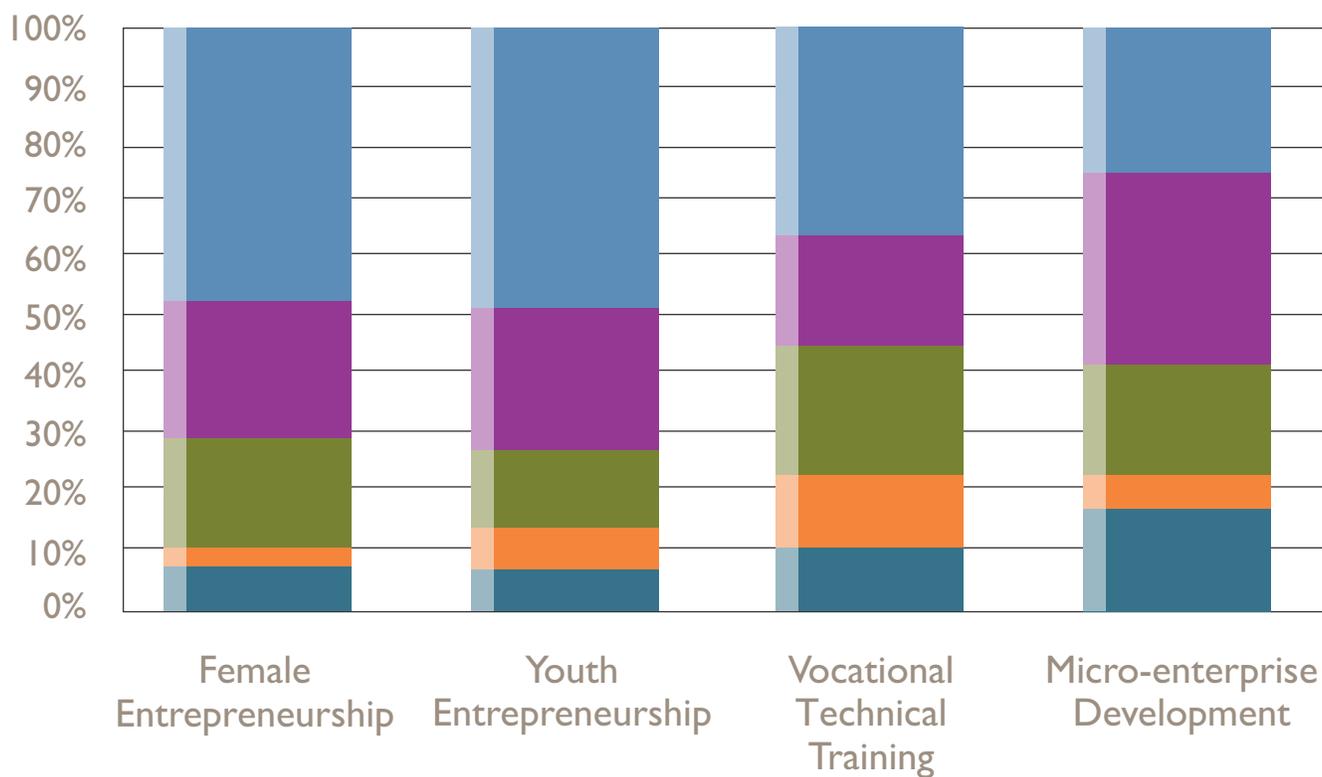
Youth and female entrepreneurship are both equally the most popular, with **72%** of respondents somewhat or very interested in projects of this type.

Somewhat noteworthy are the **15%** of respondents not interested in projects related to micro-enterprise development.



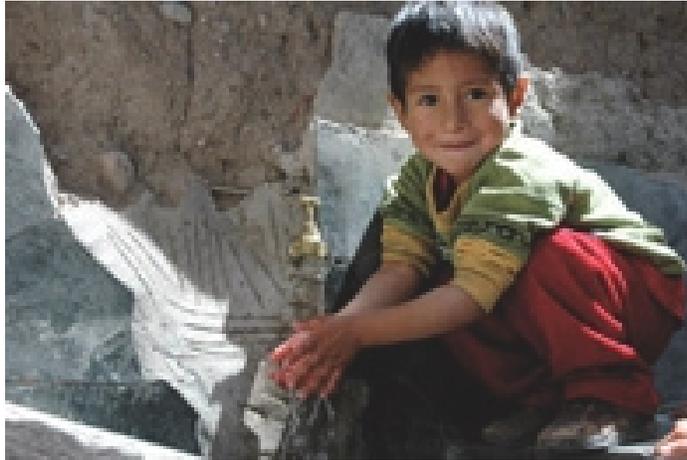
Other economic development themed social investments suggested by respondents are:

- Employment services for people with disabilities
- Male entrepreneurship
- Inclusive businesses
- Financial security
- Employability (also covered in education)





Water and Sanitation



Companies responding to this question clearly favor the public, educational, aspects of water and sanitation, rather than infrastructure.

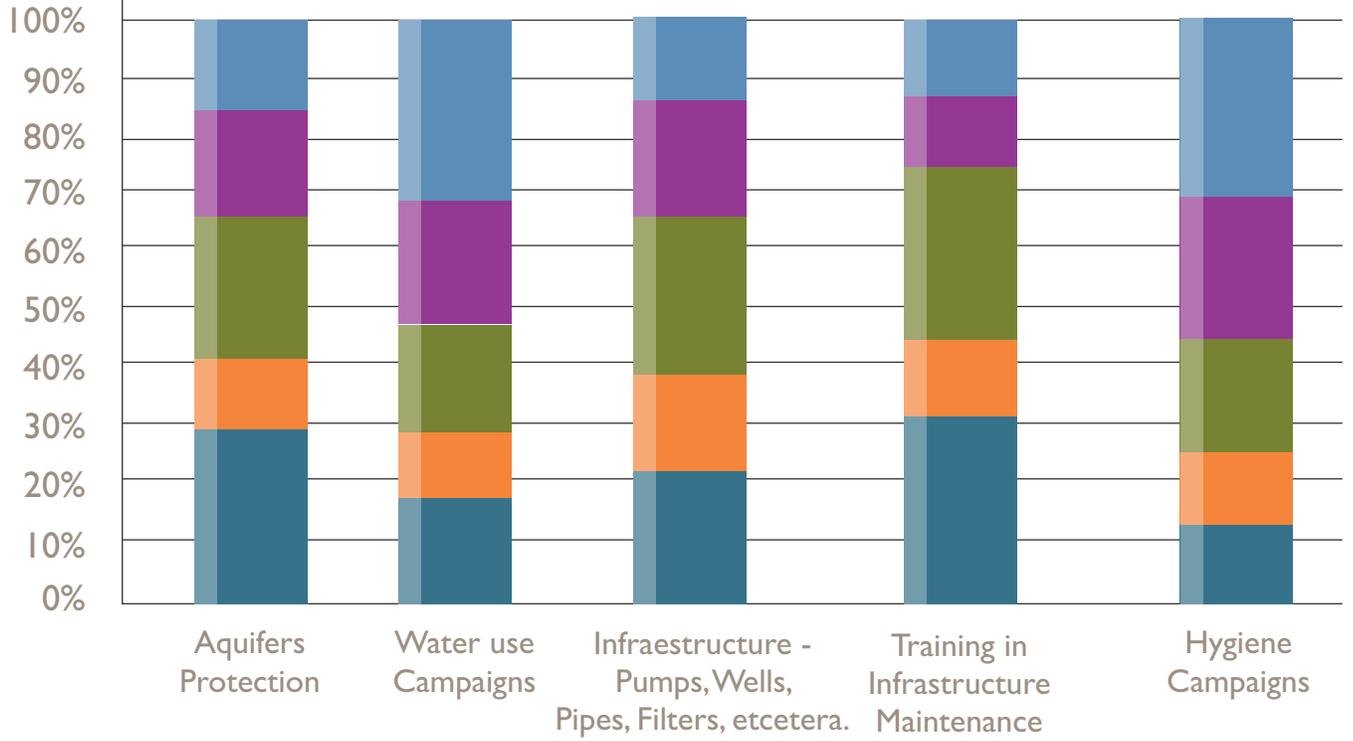


The percentage of companies somewhat or very interested in water use and hygiene campaigns at **53% and 55% respectively**, corresponds with the level of interest for water and sanitation broadly, with 59% reporting it as moderately or very important to their CSR strategy.

The number of companies not interested, or with only limited interest, in aquifers, infrastructure, and training in infrastructure maintenance, at 41%, 38% and 44% respectively, is very high compared to most other questions in this section of the survey.

Another water and sanitation themed social investments suggested by respondents is:

- Wastewater purification



-  Very interested
-  Somewhat interested
-  Neutral
-  Limited interested
-  No interested





Child Protection



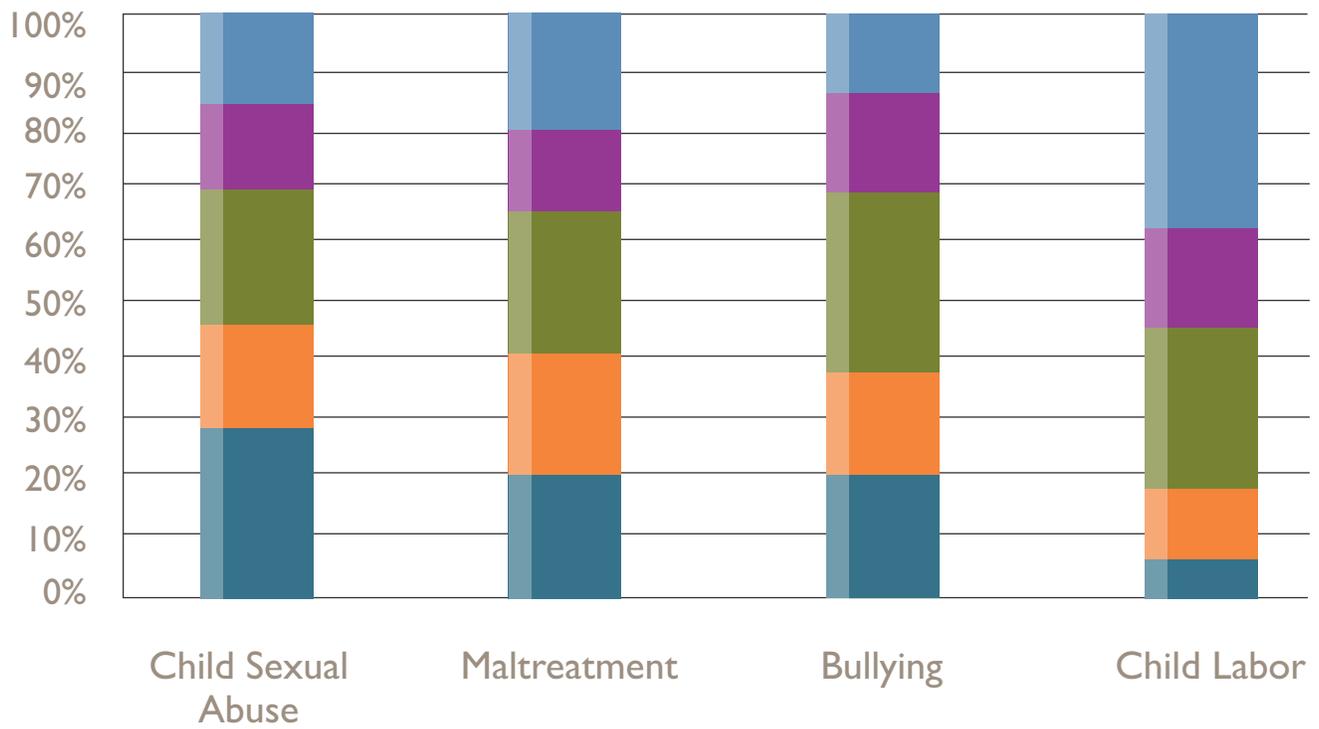
57% of companies report being somewhat or very interested in projects related to child labor.

This is the only project listed further on in this section that comes close in popularity to the 65% of respondents for whom child protection is moderately or very important to their CSR strategy as answered in section 5.

Of note are the high numbers of companies reporting no or only limited interest in child sexual abuse, maltreatment and bullying issues, at 47%, 41% and 38% respectively.

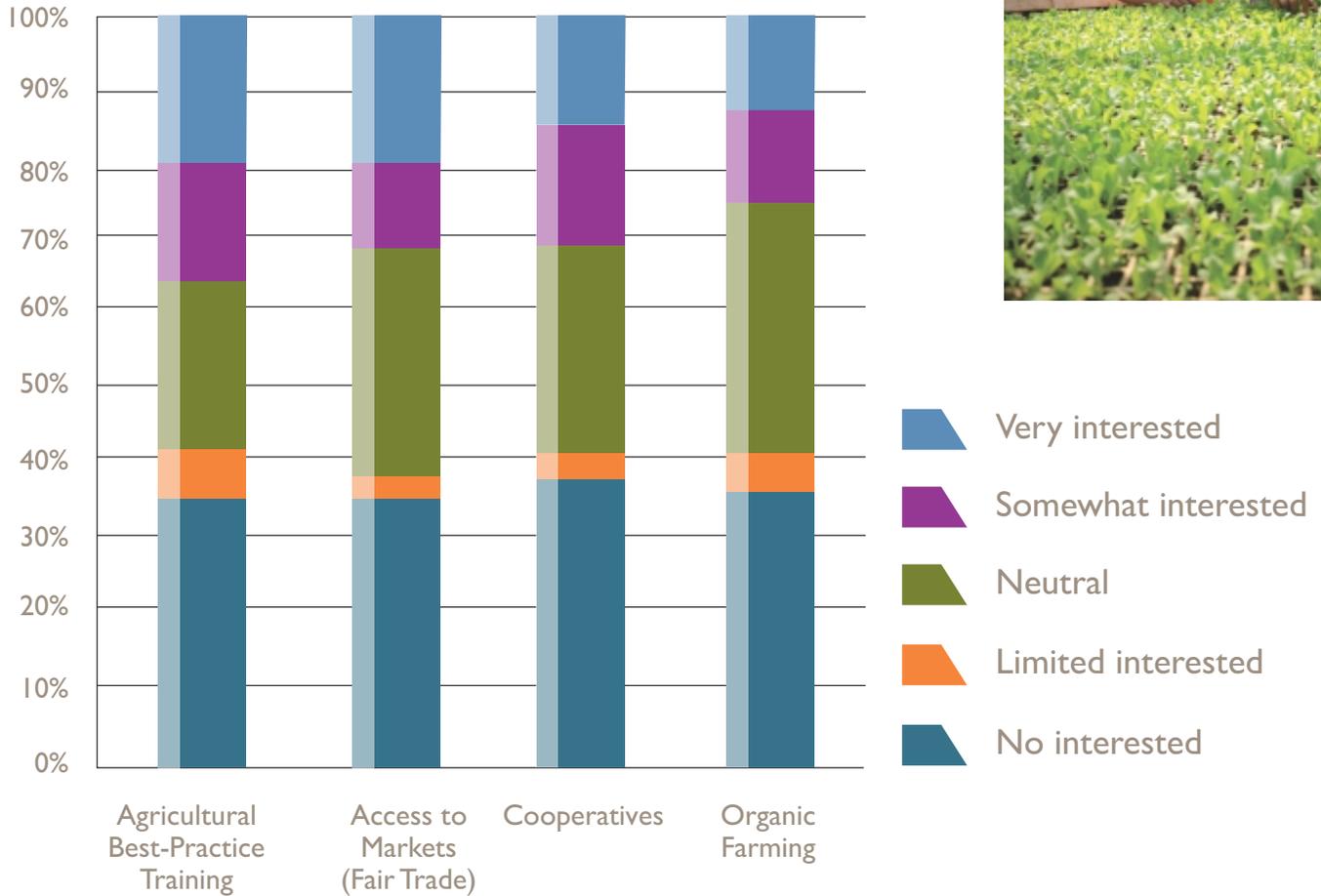


-  Very interested
-  Somewhat interested
-  Neutral
-  Limited interested
-  No interested





Agriculture

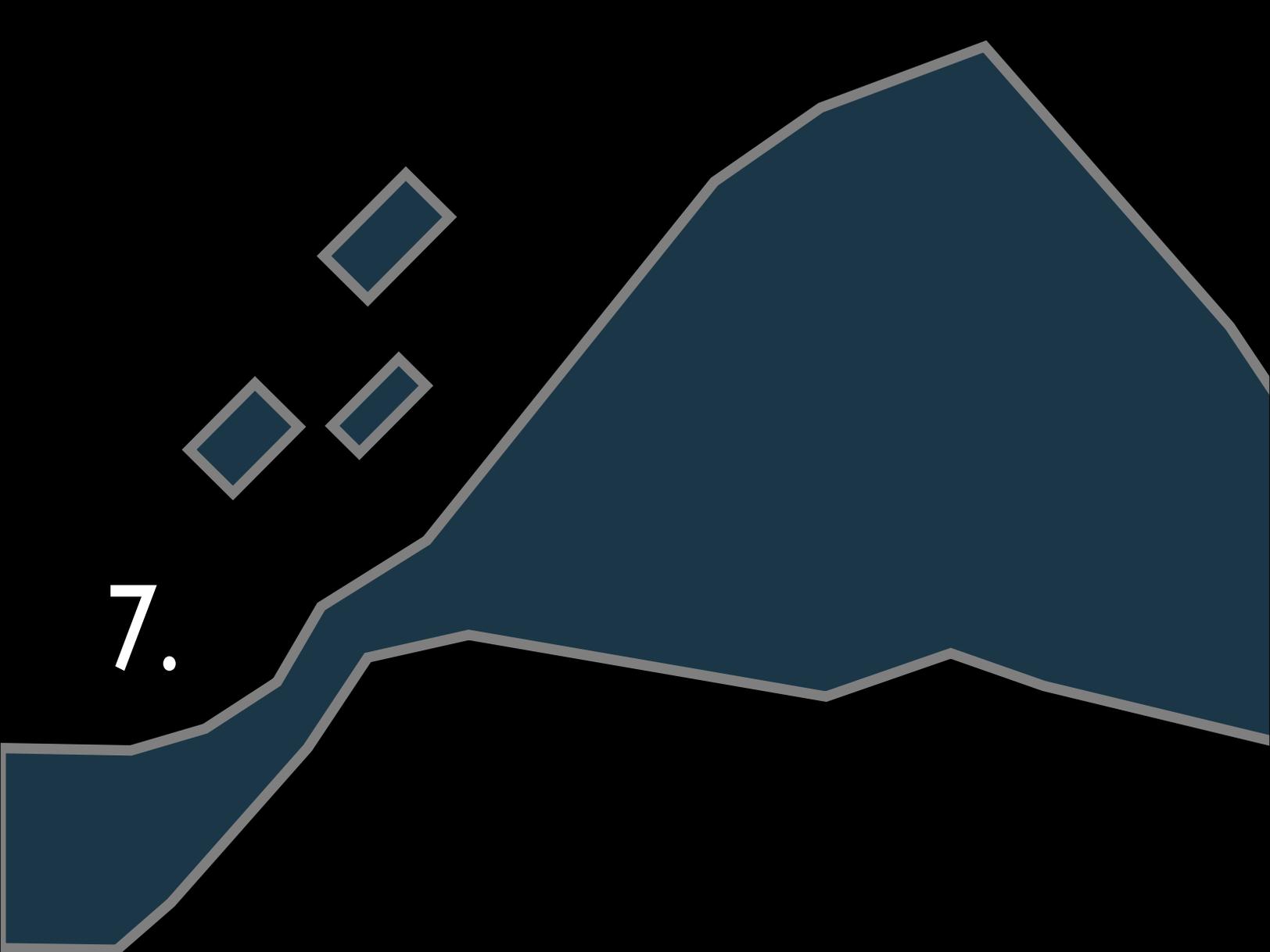


50% of respondents report agriculture as being moderately or very important to their CSR strategy.

It is therefore likely that the survey options did not capture those types of agriculture projects that interest companies.

Agricultural best-practice training is the most popular selection with 38% of respondents being somewhat or very interested.

The remaining project types are unpopular with a core group of respondents but also registered a high number of neutral responses.



7.

WHO ELSE?

WHAT OTHER COMMUNITY ACTORS
SHOULD BE INVOLVED IN A SOCIAL INVESTMENT?

7. WHO ELSE?

WHAT OTHER COMMUNITY ACTORS SHOULD BE INVOLVED IN A SOCIAL INVESTMENT?

Research design and methodology for this section:

Corporations are increasingly willing to make social investments without the participation of NGOs and other community actors; however, most do consider NGOs as having some value to bring to the table.²³ But the question is, where do large INGOs fit into the plans of companies versus smaller local and national NGOs?

Whether the work is done by NGOs or companies, the involvement of various levels of government is considered to be best practice in social projects.²⁴ But it is also important to differentiate between national and local bureaucracies and larger, government sponsored multi-lateral organizations.

And so this research seeks to provide definitive Latin America specific information that details exactly the extent corporations value partnerships with the different community actors when making social investments.

The second part of this section focuses more on NGO partners, and asks respondents the reasons why they chose current partners, to provide yet more detail as to why Latin American companies seek to partner with others in their social investments.



Note: The survey did not differentiate between local NGOs, which could mean small community based organizations, or larger national NGOs. Some respondents to the survey suggest that this is a necessary distinction.

23. Common Ground

24. Crowley, James and Alzaga, Cristina



“From my experience in working with communities, I realize that there arise the best ideas for social transformation, but often these initiatives eventually die for lacking of resources to bring them forward. On many occasions, the resources obtained from the large corporations have helped changing these dreams into efficient projects that promote citizenship and development in the regions in which we operate.”

Reinaldo Almeida, National Participation Advisory, World Vision Brazil.

Key findings for this section:

-  The majority of respondents indicate a general importance of partnering with other community actors in their social investments, with local NGOs being the most popular, followed by INGOs. Both are more popular than working with the government, but not by a significant margin.
-  Working with government organizations, for example health and education departments, is favored by a large majority of respondents. This corresponds with the idea that supporting and utilizing government capacity is considered to be best practice in social development work, regardless of the strength or capacity of the government, or the political risks associated.²⁵
-  Churches are the most unpopular partner by a substantial margin. This could indicate that despite the importance of churches to the cultural life of many Latin Americans, companies are weary of the brand risks of being seen to proselytize in their social investments. More research is needed to explore this topic.
-  The most often given reason as to why respondents chose an NGO partner is that the work of the NGO aligned well with the CSR strategy of the company. This is followed by the company having confidence that the work would be delivered professionally.
-  The availability of volunteer opportunities was also a prominent reason to choose an NGO partner, which we know to be essential from other questions in this research (see section 8 in particular). In one case, a respondent states that this is compulsory according to company policy.

25. Crowley, James and Alzaga, Cristina



“ Projects financed by private companies have contributed to improving the welfare of children in vulnerable communities through actions that promote local development, strengthening of leaders’ capabilities, integration with key partners, innovative methodologies and empowering of families in their children care, as well as contributing with the awareness of the population on the country's problems.”

Rita María Franco, Food and Nutrition Security Officer, World Vision Guatemala.

Survey Results:

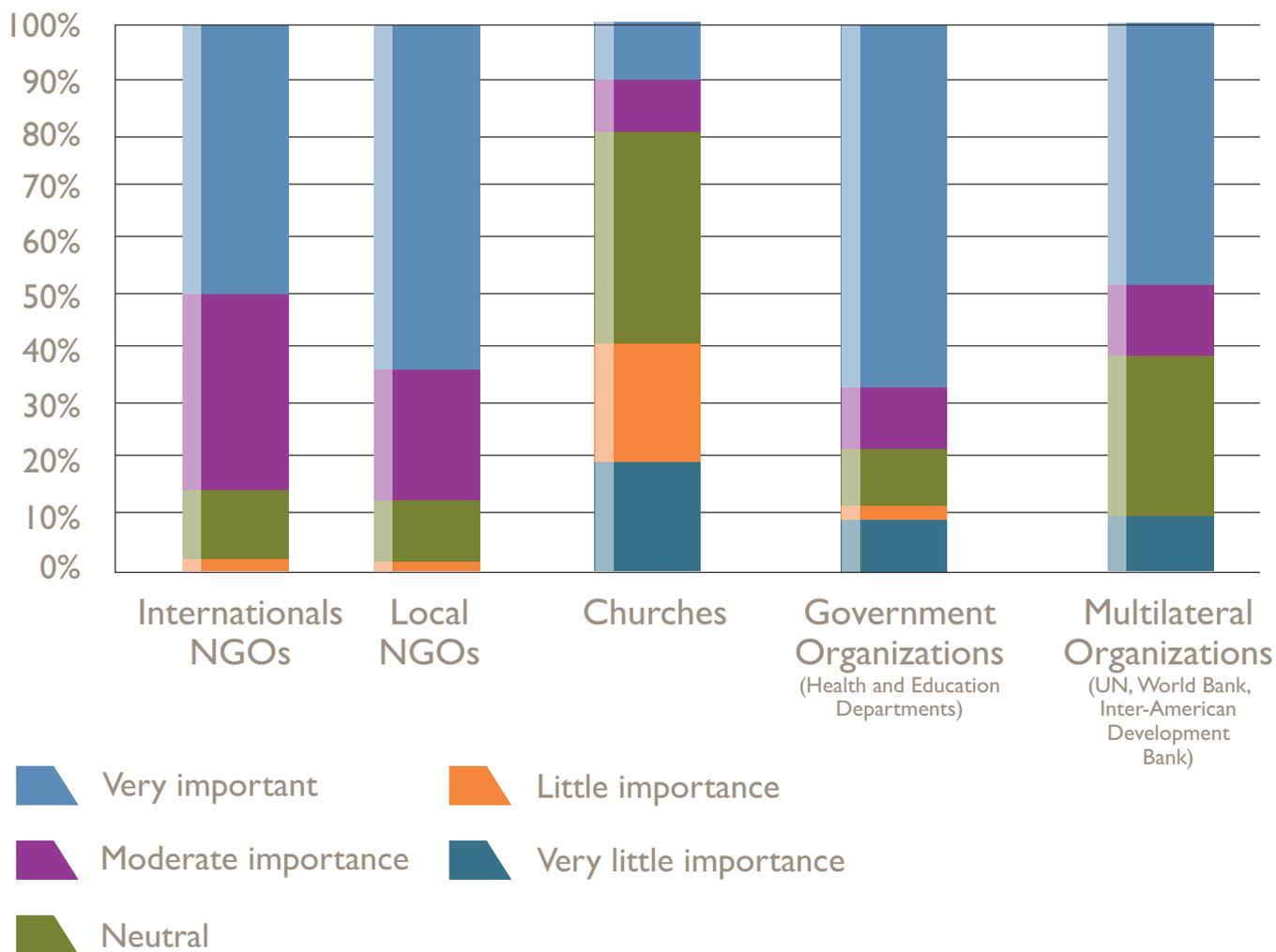


Local NGOs and INGOs are the most favored partner, with **88%** and **84%** respectively of respondents indicating that this is moderately or very important.

79% of respondents indicate that working with government organizations, such as health and education departments is moderately or very important to social investments. Working with multi-lateral organizations is also favored by a majority of respondents, with 63% indicating that this is of moderate or high importance.

41% of respondents indicate that collaborating with churches is of little or very little importance.

It is unclear how this relates to NGOs with a religious affiliation or stated values.



“The contribution to communities by corporations fund projects consists of providing the communities opportunities and direct benefits to support health, nutrition, education, participation and economic development that improve their living conditions. Nowadays, our challenge as an organization is to move this approach into one that considers people holistic well being and the full realization of rights including the development and strengthening of their capabilities to empower the people we serve.”

Janeth Santana Ramirez, Children Well Being Advisor, World Vision Mexico.





“The contribution of corporations to the communities through the projects we perform together is a proof that beyond profitability there is solidarity, that it is possible to unite wills for building better conditions and promoting the welfare of a new generation, of boys and girls, more beloved, more resilient and with greater opportunities.

The sum of the corporate and World Vision efforts multiplies the hope and responsibility to care for one another to have a child, a family, a community, a country, in sum, a more equitable world. ”

José Torres, Advocacy Specialist, World Vision Peru.

Reasons for choosing current NGO partners:

The reason most often given by respondents is that of alignment with strategy and goals. This relates to the practical aspects of the work, but is also a brand and reputational issue. NGOs are chosen as partners if seen as a good fit.

NGOs being seen as experienced is of major concern to many respondents, as well as having ability to manage the projects and partnerships well.

Volunteering is also something that came up regularly in the responses to this question, which we know from other questions in the survey (see section 8 in particular).



Other reasons for choosing an NGO partner:

- Company management knew the NGO well.
- The NGO's overall impact.
- The NGO approached the company and presented a good proposal.
- Coverage and prominence – one company was very direct referring to a partner organization: “They performed half the [blindness] surgery in Mexico!”
- The NGO's proposal included a grant from Inter-American Development Bank.
- Linkages with a wider group of NGOs.
- Appeared to be genuine in their good intentions.
- Were willing to commit to a strategic alliance.
- Methodology and ideals are pro-business.
- Have invited corporate staff to be speakers at events.
- Strategic partner NGO is employed to audit other social projects funded by the company.
- NGO is well known and trusted in the community.
- Participates in the national policy conversation on key issues.

“ Our organization shows keen interest in concrete actions that focus corporate management to jointly build sustainability foundations to assist in the improvement of infrastructure, community development and well being of the population we serve, especially in the well being of children.

This underpins the importance of developing strong corporate and strategic alliances in order to cover spaces of the marginalized and vulnerable communities with large social gap of the towns accompanied by World Vision Dominican Republic.”

Octavia Medina, National Coordinator for Integral Health, World Vision Dominican Republic.





8.

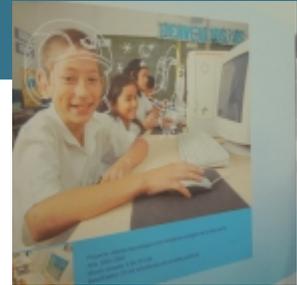
HOW TO DO IT?

PROJECT AND PARTNERSHIP EXECUTION



“We will continue to do the maximum effort for education in the Central American region. For each one of us who work in this extraordinary company, we understand the education as the most important investment of each individual, and encourage it as a fundamental human right; a necessary pillar for sustainable social and economic success in the region. That will be our legacy and that is our commitment, accompany the education of our future generations.”

Carlo Monroy, Academic Program Manager
Central America, Microsoft.



8. HOW TO DO IT?

PROJECT AND PARTNERSHIP EXECUTION

Research design and methodology for this section:

The objective of this section was to get down into the nuts and bolts of social investing. By this stage in the report we know about the preferences for the direction of investment, both general and specific, so this section is all about the different options for executing the strategy. This includes the type of activity, the level of participation, the ways of measuring success and impact, and how much to invest. Respondents were also asked about their ideas of innovation in social investment.



Key findings for this section:



The vast majority of respondents consider volunteering key to the social investment strategy. This aligns with the Common Ground research, which showed that involving staff is of paramount importance to a company's community work and overall CSR approach.

Research for Common Ground also demonstrated that managing volunteers is often considered to be the most challenging aspect of corporate partnerships from the NGO perspective, and so in Latin America, as elsewhere, this can be considered to be an ongoing challenge for better NGO – corporate partnering.



It is important to make volunteering activities as close to the company's core competencies as possible, but they are still popular regardless.



Investing in projects is also significantly more popular than the other choices offered, except for volunteering.



Goods-in-kind is not so popular, despite being a traditional way for companies to get involved in social activities.



Cause-related marketing and joint advocacy campaigns only generate a lukewarm response, which contrasts with the more positive response to projects related to campaigns in section 6, such as health, hygiene and water use campaigns.



Some of the more innovative types of social investment including supply chain related projects and base of pyramid/new markets are only somewhat popular, which indicates that despite having the intention to do more innovative social investments,²⁶ the path forward in this regard is still somewhat unclear in Latin America as in the rest of the world.



When working with an NGO partner, the majority of those surveyed want to directly participate in the project; however, project design was the area with by far the most enthusiasm, followed by project evaluation. Many more companies are prepared to leave project execution and administration up to the NGO partner.



There do not yet seem to be any widely adopted industry standards for measuring the impact and success of social projects; however, some respondents did indicate that they had developed their own standards, or use what global guidance is available such as Global Reporting Initiative, or ISO 26000. Others rely on separate KPIs for each project and reported more anecdotally.



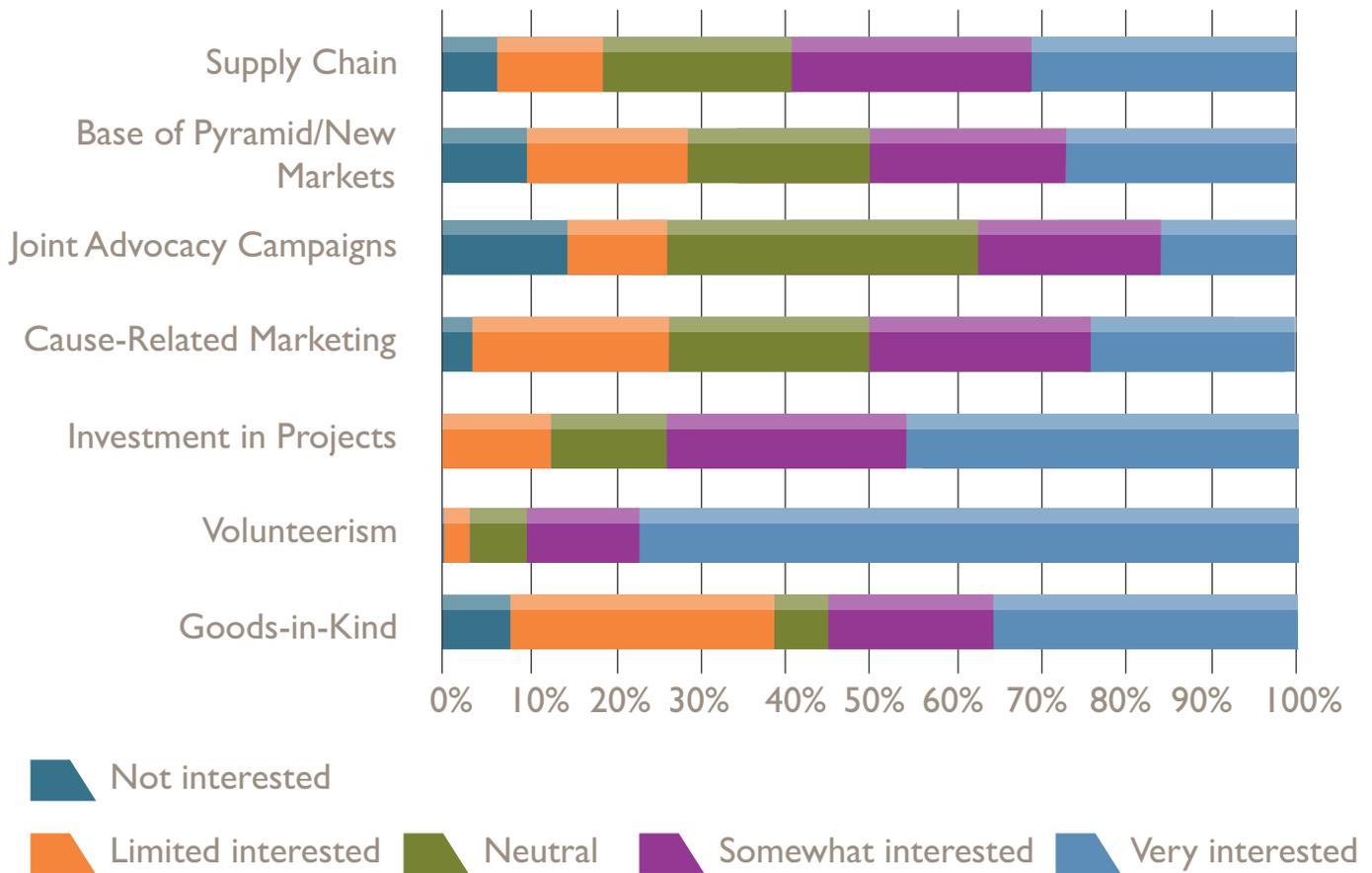
There is a spread of responses to the question of how much to invest, with the most number of responses favoring the highest number, greater than US \$500 000, and the smallest, less than US \$50 000. This reflects the diversity of those surveyed, which did include local, and larger and smaller regional corporations, as well as some grant giving foundations.



For most respondents, innovation means finding new ways to link social investments with core business goals, which of course involves better ways of measuring impact. In other words, Latin American companies face the same challenges as companies all over the world.

Types of project

The vast majority of respondents want to involve employees in their social investments through volunteering, with **78%** of companies very interested in this activity.



The second most popular response is investing in projects, with 75% of respondents reporting being somewhat or very interested.

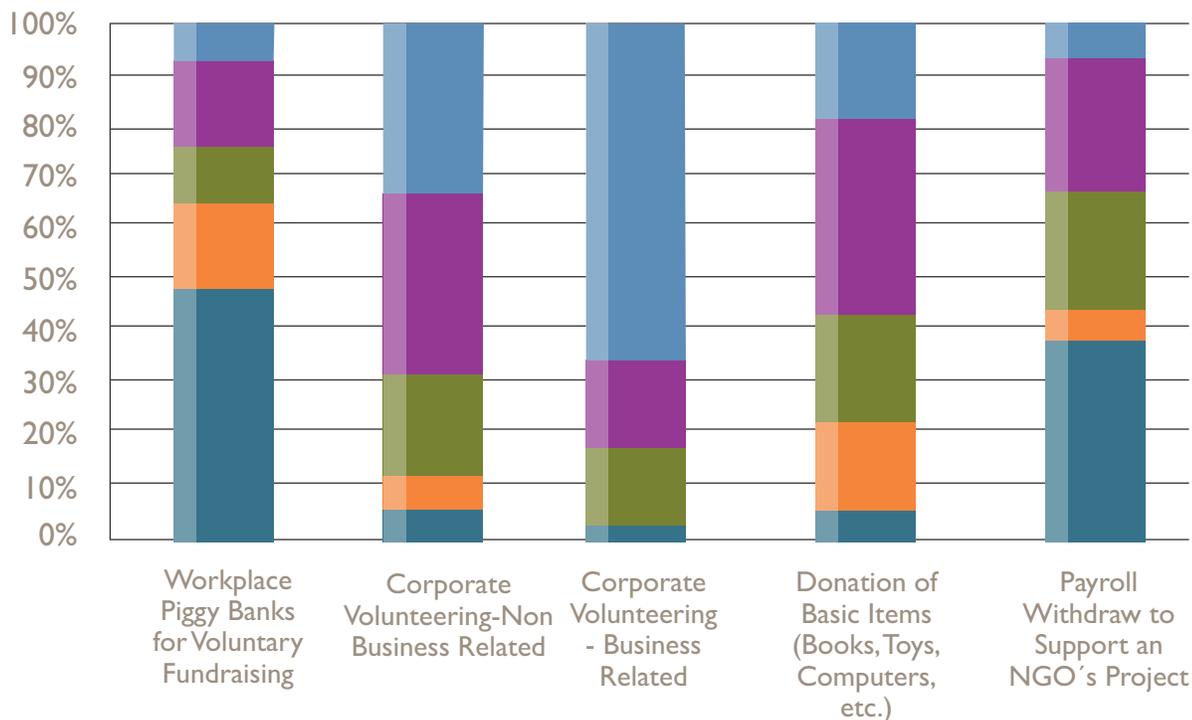
Only 53% of respondents report being somewhat or very interested in goods-in-kind donations.

Some of the more innovative types of social investment including supply chain related projects and base of pyramid/new markets are only somewhat popular, with only 59% and 50% respectively of respondents indicating a moderate or strong preference for these types of projects.

Cause-related marketing and joint advocacy campaigns also generate a lukewarm response, with only 50% and 38% respectively of respondents indicating a moderate or strong preference for these types of projects.

Volunteering

Business-related volunteering is by far the most Popular way of volunteering, with **85%** of respondents reporting being somewhat or very interested.



Non-business-related volunteering is a distant second, with 68% reporting being somewhat or very interested, with only 34% very interested.

The least popular responses are the two versions of cash workplace giving. Particularly noteworthy is the 38% of respondents not at all interested in a payroll giving program. Interestingly, workplace giving is more popular if it involves goods, such as books, toys etc.

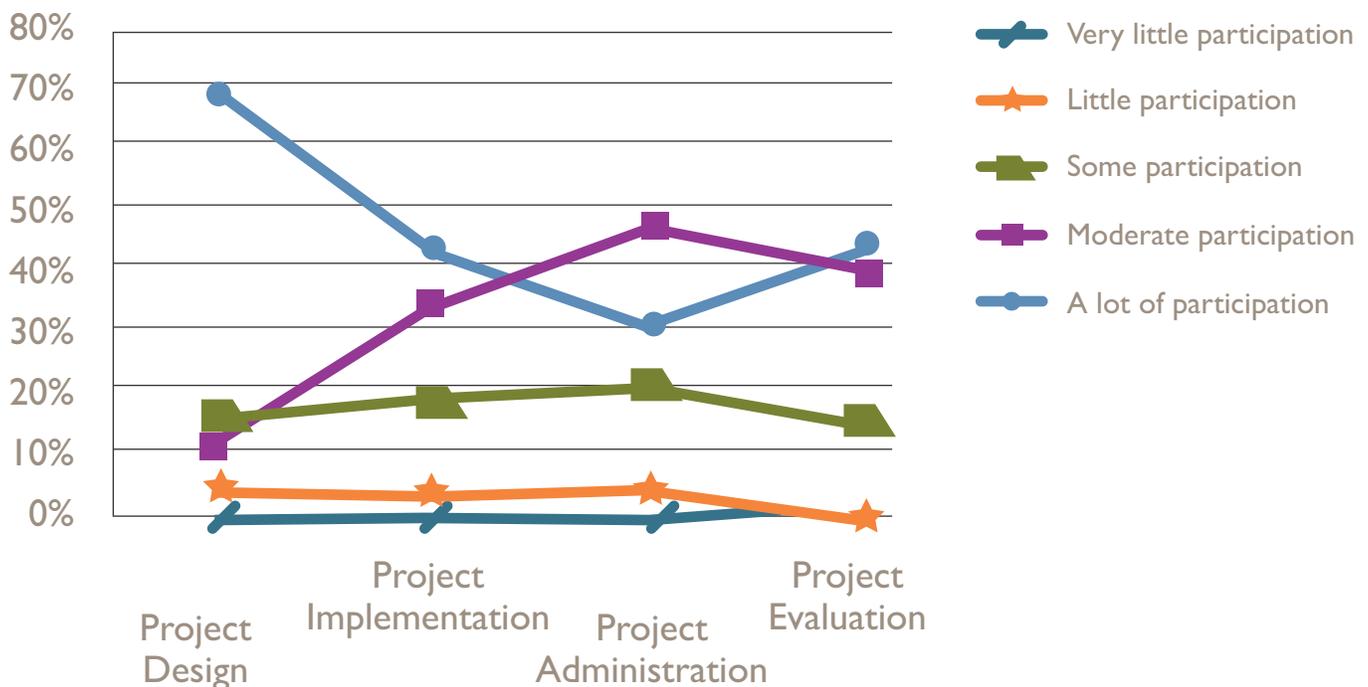
Company participation when working with a partner:



This data clearly shows that respondents want to participate in their social investments, even when working with a partner.

Project design is clearly the most favored way of participating, with 69% indicating they would like a lot of participation at this stage. Moderate and some participation is relatively more favored during the middle phase of the project lifecycle, particularly project administration activities.

At the evaluation phase, companies clearly want to participate, with 85% indicating a preference for moderate or a lot of participation at this stage.



How success is measured

There were a wide variety of responses given to this question, and it is clear that unlike environmental performance, there are not yet any widely adopted global standards for measuring the success and impact of social projects.

Some respondents did indicate that they utilize global guidance and reporting tools, such as Global Reporting Initiative and ISO 26000, whilst others rely on in house measures.

A difference between the respondents seems to be the extent to which they utilize standardized measures for all of their social projects. The global nature of a lot of these companies means they likely have more in-house reporting requirements than others in the survey, who were much more able to set measures of success on a per-project basis.



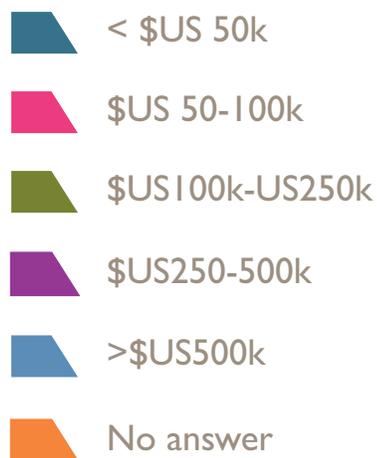
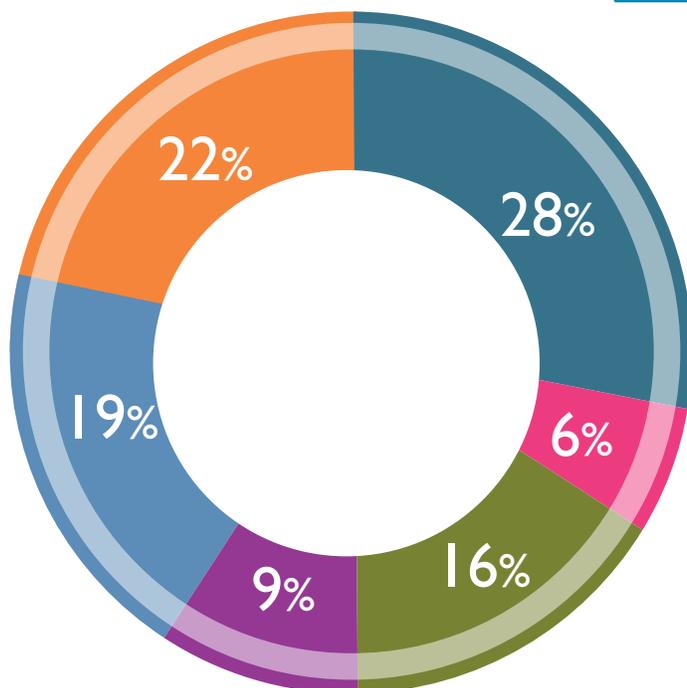
Other tools and measures of success:

- Market and communications perceptions.
- Self-assessment check lists for project participants.
- Surveys of participants.
- Compliance with budget.
- Number of people benefited.
- Project maintenance costs per person benefited.
- Success Stories.
- Qualitative impact research.
- Number of units of goods-in-kind delivered.
- External social audit.
- Number of volunteers who participated.
- Share price.

How much to invest?



There was a definitive spread of answers to this question, with the highest number, **28%**, favoring small investments of **US \$50 000 or less**, whilst the second highest number of responses was the biggest investment size, of **US \$500 000 or more**.



Administrative costs

Respondents were asked about limits set on administrative costs, particularly in the context of an NGO partner. The majority said they had no set limits, although a few mentioned a link to the percentage of corporate net profit. A small number had a set monetary limit, for example, US \$50 000.



Innovation – how do companies want to work in the future?

The most common response to this question involves greater business linkages; in particular, social investments that can be linked with supply and value chains. Others mention projects that unlock the business potential of the base of pyramid. For any of this to happen, businesses stated that they need better tools for measuring success and impact.

Other examples given include:

- Increased internationalization (for global companies).
- Public-Private Partnerships (PPPs).
- Micro-enterprise and entrepreneurship.
- Empowering education and entrepreneurship through technology.



NEXT STEPS

This research is an important snapshot of a complex picture. Certainly there is an opportunity for much more research, especially about intentions, such as why certain types of investments are favored over others, which investments are truly strategic to the business, and how companies balance this mix and why.

Importantly, more knowledge is needed about how to measure the impact and value of social investments in a way that enables companies to make them yet bigger and more strategic. This was after all one of the more important themes identified in this research: companies want to make more social investments, but without being able to demonstrate the business return, social projects will compete with rather than support a business's profitability. The notion of the social business or enterprise, not talked about in this report, could also challenge this idea in coming years.

But the biggest challenge is perhaps community awareness and support. As long as communities remain inherently skeptical of the private sector's intentions, prioritizing brand and reputation over substance will be a temptation. But given the intentions stated in this survey, it is clear companies are moving in a positive direction.

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