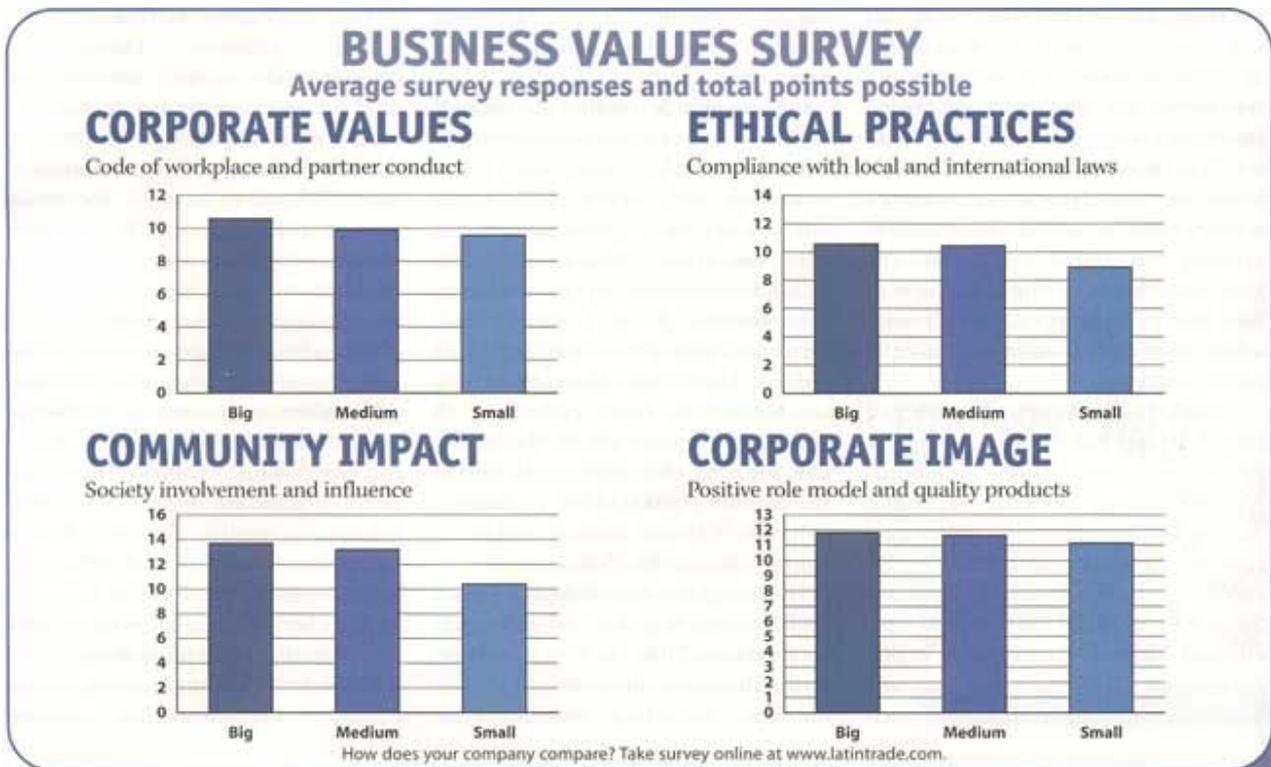


Private Pioneers

In 2002, the Colombian government recruited companies to help the country's estimated 2 million civil-war refugees re-enter society. Microsoft Colombia accepted the invitation but added a twist. The world's largest software company provided a six-month training program in Windows and several Microsoft programs as well as paid internships and, in some cases, job opportunities. So far 200 individuals, some of whom had "never seen a computer in their life," have graduated from the program, says Microsoft Colombia spokesperson San-tiago Ocampo.



Ocampo says that the government plays a large role in getting companies to act responsibly and participate in community projects in Colombia. "The government leads companies by the hand to participate," he says. "And they do."

Companies in Latin America have always helped out, but now they are rolling up their sleeves and working with governments and community leaders to create more effective social programs. Hands-on participation has begun to replace donations, the traditional method of giving, as companies shift the focus of their social aid to become integrated in local activities.

To find Latin America's Most Admired Companies, Latin Trade worked with social responsibility organizations in the region to create a Business Values Survey that measures what companies do to help out. Our five-part questionnaire included questions on corporate values, ethical practices, community impact and corporate image, as well as a financial status section to determine the size and health of the companies.

Forty companies responded to the survey, many providing additional material about their most important programs in the region. Activity ranged from donating food to charities to installing technology in rural areas. Our editors, together with regional social-responsibility organization Forum Empresa, selected companies with the highest survey scores and the most innovative ideas as this year's Most Admired Companies in Latin America.

School ties. Ford Motor Company in Mexico and Banco Itaú of Brazil work with government programs, focusing their efforts on increasing the effectiveness of existing institutions. Ford's Mexican subsidiary and the government have worked together for 37 years to improve access to education, for instance. The company has built nearly 200 schools throughout the country. A couple of years ago, Ford shifted gears to improve educational standards, rather than just building schools.

Working with the government, the company suggested structural changes to curriculums and, by the end of 2002, it had equipped more than one-third of Ford-sponsored schools with computers. Along with Mexico's Universidad Anáhuac, it created two programs to assist teachers and school administrators in planning and technological education. The automaker and the government also provided classes to teach 7,000 parents how to help their children with homework and school.

Banco Itaú, which has focused most of its social actions on primary education, partnered with the United Nations Children's Fund to launch the Roots & Wings Project. A kit for educators at Brazil's public schools produced by Roots & Wings includes material focused on answering administrative and teaching questions, including a video of school case studies and a book on how educational changes have been achieved in the country. With the support of Brazil's Ministry of Education, approximately 50,000 kits were distributed throughout the country, and the project is used in São Paulo to evaluate the performance of people seeking jobs as teachers and administrators.

Philips do Brasil uses education to teach environmental awareness. The Brazilian subsidiary of the Dutch electronics company distributes Ama-zônia learning kits to 18,000 public schools, which include information about the country's ecology and how to preserve the environment. This teaching tool is only part of Philips' environmental effort; the company published the first-ever series of Brazilian eco-tourism guidebooks to promote the country's national parks, with information on the biodiversity of each region and travel tips. Unlike many companies' social contributions, Philips publishes the guidebooks for profit then reinvests returns in printing guides for distribution within the country's parks.

Digging deeper. Banco Nacional de México (Banamex), a unit of Citigroup, works in the banking sector to promote social welfare. Since the mid-1990s, the bank has channeled funds into poor communities through its Banamex Social Development Fund. In recent years, the country's leading bank has revised its approach, creating the Fondo Acción with the Inter-American Development Bank to lend money to help small businesses adopt new technologies and identify niche markets.

"[Mexico's] banking system has not had a strong role in the market of small producers," says Adalberto Méndez Alfaro, director of Fondo Acción of Banamex. "The fund's purpose was to create an alternative for resources for low-income groups." Since 2001, the fund has provided agricultural loans to more than 28,000 campesinos. These are not just any farmers—they represent approximately 60% of Mexico's national organic coffee production, Méndez Alfaro says.

IBM is also leveraging its area of expertise, but in a unique way: by creating a bridge between Latin American and world culture. Its Cultural Access program, established at the end of the 1990s, used Internet kiosks to interconnect eight museums in Argentina, Brazil, Colombia and Peru, and also gave them access to Russia's Hermitage Museum, which has one of the finest collections of Western European art in the world. The idea of interconnectivity led to the creation in 2000 of the TryScience program, a virtual science and technology museum for children.

The program established Internet kiosks connecting over 400 global science centers. Thus far, IBM has wired three children's museums in Latin America, including Ecocentro in Argentina, Maloka in Colombia and Papalote Children's Museum in Mexico. The company plans to connect 15 more museums throughout Latin America by the end of 2003.

Seeds of change. Large companies have dominated most of the social activity throughout Latin America, mostly because they have the resources to do it. Larger corporations are only slightly ahead of smaller companies when it comes to establishing proper codes of corporate conduct and enforcing promoting a positive image, according to the Latin Trade Business Values Survey. Small and medium-sized companies are further behind big outfits, though, when it comes to community involvement and social investments. "Smaller businesses don't have the resources or the people to do this," says Maia Seeger, project director at Forum Empresa, a pan-regional association of non-governmental organizations that promote corporate social responsibility. "What we've seen is that the multinationals are the front-runners, and we're trying to integrate the smaller ones."

While corporate charity has been present in Latin America for a long time, the idea of companies' getting involved in communities is a more recent phenomenon. In some cases, it started from homegrown efforts and in others it was imported from abroad.

In Brazil, the undisputed leader on the topic of social responsibility in the region, Oded Grajew, established the Instituto Ethos in 1998, after traveling in Europe and the United States and seeing the way businesses were beginning to become integrated to community projects. Among the pioneers of the social responsibility movement in Latin America, Instituto Ethos continues to grow. By the end of 2001, it reported a 68% increase in companies participating in their corporate social responsibility self-evaluation, and now has 727 members. "Brazil is the most developed of all the [Latin American] countries," says Seeger.

Yet the South American giant is not the only country where corporate community work is taking hold. Chile, El Salvador and Mexico, among others, have active non-governmental organizations working to promote and facilitate the new concept of social action. Some countries still have not formalized a system to monitor and guide responsible corporate action in their communities. So how can the effects of social responsibility be measured?

According to Valdemar de Oliveira Neto, executive director of Brazil's Instituto Ethos, social responsibility can't be determined immediately. In most cases, a company's community impact is not visible until much further down the road. The only thing that can be measured, he says, is the effort companies make to establish change, rather than simply provide relief. Nevertheless, the benefits go both ways: Companies have a chance to make significant changes in a community while consumers and investors trust businesses more as they begin to see the softer side of a money-making machine.

BANAMEX

Banco Nacional de México (Banamex), acquired by Citigroup in 2001, has concentrated its efforts on providing resources for small businesses—once virtually ignored by the country's banking system. With the help of the Inter-American Development Bank, the Mexican bank created Fondo Acción to provide credit to small farmers. The bank also helps campesinos learn to use new machinery and sustainable agricultural practices, such as organic cultivation. Banamex's fund has issued loans to more than 28,000 farmers since 2001.

FORD MeXICO

Ford Motor Company has built and donated 198 schools to the Mexican government, primarily in areas where Ford and its distributors operate. Since the program began in 1966, more than 1.5 million Mexicans have passed through Ford classrooms. In 1998, the company restructured the program, adding projects to improve the quality of education at its schools. Many schools were given computers to incorporate technology to the curriculum, and teachers were given educational training. Parents were taught how to help kids with homework.

IBM LATIN AMERICA

IBM Latin America uses technology to promote culture in the region. Four years ago, Big Blue connected eight national museums in Latin America and the Hermitage museum in St. Petersburg, Russia. A project called TryScience.org, a virtual museum about science, technology and interconnectivity for children, is a joint collaboration with the New York Hall of Science that relies on kiosks to provide an electronic window to other children's museums, including Argentina's Ecocentro, Colombia's Maloka and Mexico's Papalote Children's Museum.

BANCO ITAÚ

Banco Itaú, Brazil's second-largest private bank, has created alliances with groups such as the United Nations Children's Fund to provide several educational programs focused mainly on primary schools. Its Roots & Wings project has become the main source of information for solving the issues teachers and administrators face in the country's schools. Approximately 50,000 Roots & Wings kits, containing materials such as videos and books, have been distributed in Brazil's private schools since 1995. A new edition will launch in 2003.

MICROSOFT COLOMBIA

Microsoft's "realizing potential" focus provides technological re-sources primarily to low-income people. Over the past ten years, Microsoft Colombia has contributed approximately US\$11 million to such programs. In May 2002, the company teamed with the Colombian government to launch the Social Solidarity Network help civil-war refugees get computer training for jobs. Microsoft Colombia donated US\$75,000, as well as software and other equipment. It also provided internship placements with companies.

PHILIPS BRAZIL

Philips do Brasil created EcoVision to increase awareness about Brazil's environment and biodiversity. Its Amazônia learning kits for children have been distributed to 18,000 public schools to begin shaping the way children think about the country's ecology. Philips also published and sold the first series of eco-tourism guidebooks on Brazil's national parks. Proceeds from these guidebooks are used to print information pamphlets that are distributed inside the country's parks, with information on the biodiversity of each region and travel tips.

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