

Latin American SOCIAL FORUM

THE DEMOCRATIZATION OF GIVING

2010



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2010 LATIN AMERICAN SOCIAL FORUM

“The Democratization of Giving”

On June 9 and 10, 2010, the Latin American Social Forum, an annual event that promotes the advancement of social conditions in Latin America and the Caribbean, took place at the Inter-American Development Bank (IDB) headquarters in Washington, D.C. The event was hosted by Foreign Policy magazine; the Corporación Andina de Fomento (CAF), a multilateral financial institution in Latin America; the IDB, the world’s oldest regional development bank; and FEMSA, a leading consumer beverage company in the region.

The motivation for this year’s meeting was the recognition that, despite expanded efforts, Latin American philanthropy continues to be hindered by a culture that remains skeptical of “giving.” Making giving an integral part of people’s lives and recognizing the need for more effective social enterprise continue to be crucial goals, and the forum tried to address the best ways to move the region in that direction.

For two days, a select group of the most active and influential leaders in business, philanthropy, and civil society from the Western Hemisphere and Spain met with world-renowned thinkers to discuss best social practices, share success stories, and learn from each other.



Alvin Toffler, Futurist and Author of *Revolutionary Wealth*

The forum began with an examination of common fallacies in the realm of giving, during which participants dispelled some of the bad ideas and practices of giving in the region that, while well intentioned, do more harm than good. They also took an in-depth look at the impact and potential of women in the social sector, contemplated the sources of funding for social projects in Latin America, and debated the effectiveness of NGOs vis-à-vis the private sector.

Some of the featured guests included Maria Otero, U.S. undersecretary of state for Democracy and Global Affairs and former president of ACCION International; Alvin and Heidi Toffler, futurists and authors of *Revolutionary Wealth*; Lina Moreno de Uribe, first lady of Colombia; Alejandro Foxley, former minister of foreign affairs of Chile; Mary Ellen Iskenderian, president and CEO of Women’s World Banking; and Katty Kay, Washington correspondent for BBC World News America.

Year after year, the forum has spawned powerful ideas and many practical initiatives undertaken by participants who “discovered” each other at the event and have built lasting partnerships to create positive social change. The intention of this report is to convey to a broader community the best ideas exposed at the forum and to inspire others to engage in sustainable democratic giving. ■



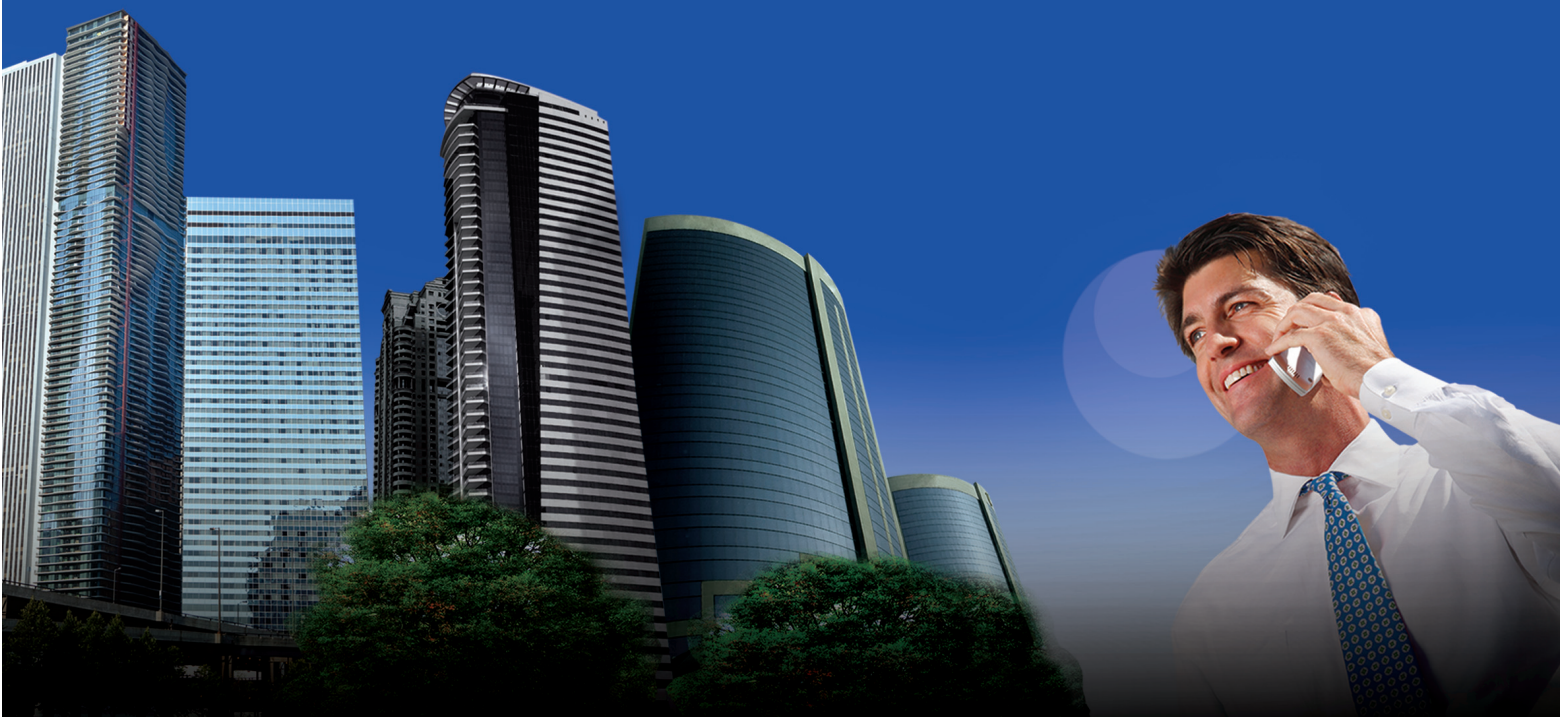
A group of attendees have dinner at the residence of the ambassador of Chile.



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THE BIG PICTURE:

A Conversation with Enrique García

The Corporación Andina de Fomento (CAF) is the most important source of multilateral financing for the Andean region and has a growing presence in Latin America as a whole. Founded in 1970 by the Andean nations, it now has 18 member countries, and its operations have grown from \$108 million (in the years 1970 to 1974) to \$33 billion (from 2005 to 2009).

As it has expanded, CAF has preserved its strong financial capacity and a privileged position in the international capital markets that reaffirms its status as the best-rated frequent issuer in Latin America and one of the main multilateral financial institutions in the region. It has



Another development strategy involves the creation of “clusters.” A cluster is a group of firms located in a specific region or city that has a strategic edge to compete globally, according to García. “In order to support the internationalization of clusters, we create partnerships with public and private organizations, local and national agencies, and private firms,” he said. “These allow us to increase cooperation and innovation and to develop support institutions.”

Examples include the agricultural industry in Peru, now a global player in its field. Using the cluster method, CAF helped improve Peruvian productivity of artichokes and asparagus. CAF is also working with small- and medium-sized

“CAF is strongly committed to helping industries increase their market shares as global producers.”

— Enrique García, President and CEO, Corporación Andina de Fomento (CAF)

also become an important center for research and intellectual activity.

Enrique García, president and CEO of CAF, pointed out in an interview that 95 percent of CAF’s capital comes from Latin America. “This fact highlights CAF’s genuine Latin American identity, which allows it to uphold its member nations’ vision of development,” García said.

CAF’s development agenda seeks to preserve macroeconomic stability and to promote microeconomic efficiency while fostering equity

and social inclusion. “We aim at achieving these goals while maintaining respect for cultural diversity and the environment,” García said.

One of CAF’s goals is to promote regional integration. “During the last decade, CAF approved \$6.3 billion for the execution of 54 projects aimed at fostering physical regional integration,” García said. “Those projects are related to highways, railways, waterways, ports, pipelines, hydroelectric plants and energy and communications interconnections.”

winemakers in Mendoza, Argentina, as well as with small- and medium-sized flower growers in la Sábana in Bogotá, Colombia. “CAF is strongly committed to helping industries increase their market shares as global producers,” García said.

In addition to promoting clusters, CAF finances initiatives that help promote access to financial services for micro-, small- and medium-sized businesses in Latin America.

CAF’s social agenda is an integral

part of its operations. Its social development and social sustainability agendas represented around 21.5 percent of CAF's portfolio at the end of 2009. Within these frameworks, "CAF finances development projects, strengthens public institutions, invests in productive capacities and social capital networks, and seeks to preserve and promote cultural development as a vehicle for social inclusion," García explained. "In other words, its objective is to foster comprehensive human development."

García highlighted a few key programs within CAF's social development agenda. In the last seven years, the Integrated Water Program, for example, has financed projects totaling more than \$2 billion, working to increase coverage, service quality and water quality for more than 15 million beneficiaries.

He also mentioned the Urban Development Integrated Program, which has provided quality housing solutions for low-income families, both as new developments and as integrated improvements of existing slums.

Additionally, in technical education, CAF is promoting an effort aimed at helping young adults between 16 and 26 who do not possess the necessary skills to join the labor market. The results of the first phase of this program show that 92 percent of students enrolled in the program joined the labor market with an average monthly salary of \$600, García said.

Within its social sustainability agenda, "CAF has an Integrated Community Development Program, which specifically targets communities and producers excluded from the formal socio-economic model by providing capacity-building, technical assistance and equipment to strengthen local producer organizations," he added.

Some of its specific initiatives include the Social Action Program for Music and the Social Action Program for Sports, both funded by CAF grants, which are aimed at integrating young people into society by stimulating their creativity through music and sports. "Our music program, during its 10 years of existence, has fostered the creation of symphonic orchestras all over the region and has educated 40,000 youngsters, 380 teachers and 50 luthiers," García said. "Our sports program has educated 10,000 children and 300 teachers in Latin American countries in collaboration with sports organizations."

On a macro level, García noted that Latin America has handled the recent global economic downturn very well. "In fact, macroeconomic indicators for 2009 and 2010 are positive in the majority of countries in the region," he observed.

He added that "CAF has always played an important



role in supporting its member countries in a decisive, anticyclic and timely manner, no matter what the greater economic situation is like." This was evidenced by a record \$9.2 billion in loan approvals in 2009, which García pointed out was a 15 percent increase over the previous year. Additionally, "We intensified our support to private and public financial systems in the region, while also supporting each government's own anticrisis strategy. In 2009, CAF allocated \$3.4 billion to the productive sector through the region's financial systems, which is equivalent to over 36 percent of total approvals," he said.

Looking to the future, García said, "It is essential that all actors in Latin America realize that integration is not a luxury but a necessity, if we wish to attain significant international recognition and to act as a global player. A regional competitiveness strategy is essential to achieve these common goals."

Such a strategy will entail that Latin American countries improve productivity and strengthen their institutions, which will in turn require them to share their experiences of how to design and implement institutional reforms, García explained. "They also need to share their experiences in promoting growth in new and existing industries, in transforming their education systems and in introducing new technologies."

"We need to reconcile the different regional integration approaches with the aim of building partnerships toward the future," García said. "In this context, the role of multilateral institutions is pivotal, and CAF plays an active role in promoting a better atmosphere among countries." ■

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creating
value

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company



Core Area 4
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care



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Myths and Inconvenient Truths about Microfinance, Philanthropy and Poverty Alleviation

As social enterprise and philanthropy have become increasingly systematized, a body of inherited knowledge has developed. The problem is, what if some of it is wrong? Is microfinance really a silver bullet? Are all microborrowers entrepreneurs? How well do conditional transfers work? Three experts examined these and other questions in a session aimed at challenging the prevailing wisdom.

David Roodman, research fellow at the Center for Global Development, discussed his ongoing investigation about the efficacy of microfinance. Although microfinance is often touted as the best way to alleviate poverty, Roodman has found little evidence that it actually does.

To be sure, he acknowledges that microcredit is fairly successful at enhancing individual autonomy and is even better at building institutions and creating competition. However, his research indicates that the causal link between microlending and poverty reduction is tenuous. “It’s hard to know whether it’s the borrowing that’s making them better off or if it’s that they are better off so they feel more comfortable borrowing,” Roodman said.

Another problem with microfinance is that, according to Roodman, “Microcredit, in general, does not reach the poorest of the poor. It tends to reach people around the poverty line—maybe a little bit above.”

Lina Moreno de Uribe, first lady of Colombia, also addressed the issue of microcredit, arguing that it is not always an appropriate strategy. In particular, Moreno said that it does not work well in communities in which a culture of saving does not exist.



Moreno also discussed issues of justice and equality. She stressed that within a community, “helping others is an act of justice, not of charity.” She argued that the principle of human equality should be the starting point that informs all of our philanthropic acts.

Alejandro Foxley, senior associate at the Carnegie Endowment for International Peace and former Chilean minister of foreign affairs, focused on conditional transfer programs that exist in 15 Latin American countries. Such programs transfer cash to poor households if

“**Helping others is an act of justice, not of charity.**”

— Lina Moreno de Uribe, First Lady of Colombia

they commit to pre-specified investments in their children’s education and health care. One example is the Bolsa Familia program in Brazil, which provides between 15 and 95 reais (roughly \$8.50 to \$54) per month to families earning less than 100 reais per month. Similar programs exist in other countries, including Juntos in Peru and Chile Solidario in Foxley’s homeland.

Foxley claimed that these programs have led to more spending on health care and have increased enrollment of poor children in school. However, “when you do an a posteriori evaluation of the permanent effects on the beneficiaries, it can be asserted that there is no improvement in the educational outcomes or in health indicators,” Foxley said. He argued that better outcomes are possible if such social assistance programs start helping poor children at the youngest possible age, “and I’m talking about the first months of life.” ■



VIEWPOINT:

A Conversation with Maria Otero

Maria Otero made a name for herself at ACCION International, a microfinance institution that she joined in 1986. In 2000, when she took over as president and CEO of ACCION, its partner network served 460,000 people through \$274 million in loans. At the end of Otero's tenure, ACCION's network contained 3.7 million clients and had a loan portfolio of \$3.6 billion.

Otero left her position at ACCION in August 2009, when she was appointed the U.S. undersecretary of state for Democracy and Global Affairs by President Barack Obama. On June 9, 2010, she joined forum participants for dinner at the Chilean Embassy, where she discussed her work at ACCION as well as at her current position working for secretary of state Hillary Rodham Clinton.



“Whenever you try to do anything, you really have to do it locally; you have to involve people that are part of that country. Otherwise, things will crumble.”

— Maria Otero, Undersecretary of State, Democracy and Global Affairs, U.S. Department of State

Otero began by sharing lessons learned from ACCION's efforts to make financial services available to everyone. “Whenever you try to do anything, you really have to do it locally; you have to involve people that are part of that country. Otherwise, things will crumble,” she said. “From the very beginning, you have to engage people. ACCION would go into a country and identify individuals in the private sector who we could interest in this vision, and they would put their resources on the table.”

In the early days of ACCION, which was founded in 1961, she explained that it was essential to change the prevailing mindset of the banking industry. Her organization had to prove that poor people could pay back loans. “We were creating different kinds of collateral so that they could borrow,” Otero said. “It was

very difficult to convince anyone that your character could serve as collateral.”

Initially, institutions such as the Inter-American Development Bank (IDB) and the World Bank were hesitant to get involved; most financial institutions did not start buying in to ACCION's vision of financial inclusion until the 1990s.

To illustrate the great strides made by microfinance, Otero cited the case of Bolivia. When ACCION created the first formal microfinance bank there in 1992, microloans made up only 2 percent of the banking system's assets. Today, with the addition of more microfinance institutions, “38 percent of its assets are in the hands of microentrepreneurs. In other words, the banking system can no longer ignore financial inclusion,” Otero explained.

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Referring to her new position as undersecretary, Otero said, “I work primarily on topics that have to do with human security, whether it’s refugees, human rights, or even environmental issues, which disproportionately affect the most vulnerable. It’s been a pleasant surprise to me that in my own work as a diplomat, I spend a great deal of time talking to civil society. On every trip that I take, I end up meeting with women’s groups, human rights organizations, environmental groups, and so on.”

One issue of great concern to Otero is population growth. “Somehow we have taken our eye off this topic. It used to be a primary topic in the 1970s and 1980s,” she said. “We are seeing that populations are growing at an enormous rate, and we are having a youth bulge, which we are seeing in Latin America and around the world.” She discussed the large percentage of people younger than 25 in many countries, and how it is difficult to train and integrate all of them into society. “This is an area where a lot of innovative work is needed,” she said, mentioning the importance of engaging youth and giving them opportunities to participate through social media.

Otero also talked about her work on the environment and oceans, which are included in her portfolio at the State Department. One interesting issue she deals with is that of the Arctic Ocean. “As it melts more and more, it is creating more spaces for transportation to go through, and there are all kinds of other factors that come into play,” Otero said.

She emphasized that the most important environmental issue she deals with is climate change, which is also the most difficult. “The amount of work that it’s taking to bring the global community behind a set of agreed-upon objectives on climate change has been enormous,” she said.

Otero enjoys her new job and her new responsibilities, but she stressed that the State Department is involved only in diplomacy. When it comes to development initiatives, she said that a lot of the resources inevitably come from the private sector and foundations. ■

 VOICED AT THE FORUM

SHE-POWER: The Impact of Women in Society

“A t the same time that we have more women in power, there are more women living in poverty,” Moisés Naím, former editor-in-chief of *Foreign Policy* magazine, said during a discussion about the impact of women in society. He cited statistics indicating that there is an increasing “feminization” of poverty.

The conversation—led by three successful women—sought to explore this dilemma and to provide insights into gender issues among the poor, as well as in society more generally. The panelists included Mary Ellen Iskenderian, president and CEO of Women’s World Banking, a consortium of microfinance institutions focused on women; Katty Kay, correspondent for BBC World News America and co-author of *Womenomics*; and Vicky Colbert, executive director and founder of Escuela Nueva Foundation, an NGO dedicated to improving basic education in primarily developing countries.

Iskenderian explained that there is a tendency for men to take over any sector as soon as a profit motive is introduced. This has been happening in the previously woman-dominated microfinance industry, since it has been proven as a profitable business model.

She also offered the example of a group of women in eastern Africa who had traditionally planted, harvested, and processed a particular ground nut. Once Western supermarkets became interested in the nut, the women were shunted aside, and the whole supply chain was co-opted by men in less than a year. “This makes us very conscious that



“...if you have more women in your corporation at senior levels, your company will outperform the competition on every single possible measure of profitability.”

—Katy Kay, BBC World News America Correspondent and Co-Author of *Womenomics*

the status quo will shift away from women and that if organizations care about keeping women in economically independent positions, they have to devote particular attention to it,” she said.

Katy Kay highlighted the value that women contribute to the working world. Businesses are

increasingly realizing that having more senior women at their companies dramatically increases profitability. “There are now six different business studies from around the world showing that if you have more women in your corporation at senior levels, your company will outperform the competition on every single possible measure of profitability,” Kay said.

She also referenced a University of Michigan study that found that diverse groups always come up with better solutions to problems, which is why evening out the ratio of men to women in senior positions is so beneficial. Referring to the 2008 financial meltdown, Kay joked, “If it had been Lehman Brothers and *Sisters*, maybe we wouldn’t have jumped off the cliff so dramatically.”

Kay sought to offer an explanation for why senior men at large foundations make roughly 35 percent more money than their female peers. Though discrimination probably plays a part, some of the blame may fall to women themselves. “Women go in for their first job negotiation and assume that the salary they are given is their salary; men go in for the job negotiation and assume that the salary they are presented with is a starting point—and that’s documented,” she said.

Colbert discussed the benefits of the educational paradigm that she helped design at Escuela Nueva. “By introducing collaborative and participatory learning, we learn to handle diversity,” she said, which helps reduce gender and racial disparities. Moreover, the collaborative, participatory model helps everyone develop important business skills such as learning to lead processes, make decisions, work in teams, and meet deadlines.

Addressing the common allegation that women are involved in “soft” issues such as education, Colbert pointed out that better education is directly linked to more peaceful behavior. “There is nothing soft about that,” she said, adding that Escuela Nueva has gathered quantitative evidence proving the link between education and peaceful behavior. “No social or economic development can be achieved without quality education,” Colbert said. ■



With a network of more than 350 nonprofit organizations (NGOs) from all over Venezuela and Latin America, the Venezuela Sin Límites Foundation supports the most vulnerable groups in society.



Mireya Blavia de Cisneros, is president of the foundation, together with her husband, Oswaldo Cisneros, the former president of Pepsi Cola Venezuela. As a private nonprofit organization aligned with the U.N. Millennium Development Goals, the Venezuela Sin Límites Foundation is committed to strengthening social entrepreneurs and their causes. It is particularly focused on working with NGOs dedicated to improving the living conditions of vulnerable people. In order to meet these goals, the foundation forms strategic

partnerships with key players in four main areas of society: technology, communications, finance, and volunteer work.

Connecting social entrepreneurs and their causes with enterprises and people who can help empower their work is the main reason that the Venezuela Sin Límites Foundation signed on with the Schwab Foundation for Social Entrepreneurship to select the Social Entrepreneur of the Year in Venezuela.

The Schwab Foundation selected the Venezuela Sin Límites Foundation as its main partner to launch the Social Entrepreneur of the Year contest in Venezuela. Winners will be included in the Schwab Foundation's network of Outstanding Social Entrepreneurs and will be invited to various Schwab Foundation and World Economic Forum events. The Venezuela Sin Límites Foundation will also grant awards to social entrepreneurs in the following areas: environment, impact, trajectory, innovation, and scope.



Understanding the importance of technology in social development, the Venezuela Sin Límites Foundation has developed innovative tools in order to promote and encourage awareness and social change and to have a real impact in less fortunate communities.

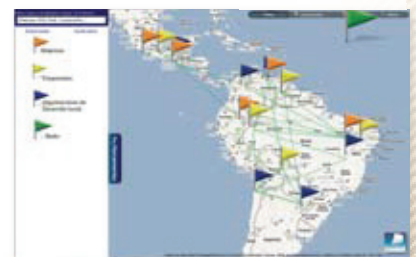
Together with Microsoft and Digital, a leading communications company in Venezuela, the Venezuela Sin Límites Foundation has developed its new website on Microsoft's Share Point platform, which provides a space for NGOs, companies, volunteers, and the general public to take advantage of the foundation's resources and to collaborate on their social responsibility projects. Thanks to this innovative tool, the foundation has been able to create transparent processes for fundraising and financing of social projects through its online project portfolio.



The Venezuela Sin Límites Foundation has also developed an SMS platform for fundraising through cell phones, using the short code DAR (327), and a large number of the NGOs registered in the foundation's network have held successful fundraising campaigns using this platform.

The Venezuela Sin Límites Foundation's 10 years of experience has allowed it to expand its scope through Unidos en Red, an interactive global community of social entrepreneurs based on the web.

Again with Digital as its main partner, the foundation has developed Social Maps, a tool that uses Google technology to create an online space for different social actors (companies, organizations, volunteers, researchers, etc.) to obtain and to manage accurate information on social development initiatives. Because it greatly simplifies the task of locating and sorting social entrepreneurs and their causes around the world, this tool propelled Unidos en Red to a global level, making it possible for the foundation to promote, encourage, and document the work of agents of change everywhere.



WHERE THE MONEY GOES:

What Foundations, Philanthropists and the Private Sector Look to Support in Latin America

Good ideas are never enough by themselves. Without adequate funding, they go nowhere. Thus, it is important for any social entrepreneur to know what kinds of projects foundations and philanthropists support in Latin America, as well as why they fund them. These were the topics of a session that featured Alejandro Villanueva, regional director for Latin America and the Caribbean Programs at the W.K. Kellogg Foundation; Bernardo Guillamon, advisor to the Office of Outreach and Partnerships at the Inter-American Development Bank (IDB); and Nancy Truitt, president of Truitt Enterprises, a development consulting company.



Ricky Martin teams up with fellow celebrities in an effort to relieve a devastated Haiti.

Villanueva explained that the Kellogg Foundation is more interested in funding proposals that are geared toward the creation of wealth, rather than simply providing services. Discussing the foundation's efforts in southern Mexico and Central America, Villanueva said, "What we are trying to do is to go to specific areas in which we see need as well as opportunity."

By focusing on wealth creation, the foundation seeks to enable people and communities to realize their full potential. In the long term, the aim is for beneficiaries to become self-sufficient, thereby eliminating the need for outside assistance.

Guillamon stressed the importance of partnerships.

His office at the IDB seeks out "partners that have the knowledge and the same long-term commitment that we do," he said. Partnerships are so valuable because they enable specialization and take advantage of expertise.

A recent IDB initiative aimed at fomenting partnerships among the development community is the Latin America Donor Index (www.LACdonors.org). The website is the result of a thorough mapping of the myriad actors involved in development in Latin America and the Caribbean. It is designed to help connect sources of funding with those working on the ground, as well as to facilitate communication and coordination among various agencies, foundations, and local governments. The IDB hopes that this tool will lead to more efficient allocation of resources and more effective projects.

Angel Saltos, former executive director of the Ricky Martin Foundation and a participant in the session, offered an illustration of how powerful partnerships can be. After the January 2010 earthquake in Haiti, Martin partnered with Habitat for Humanity and travelled to Haiti to assess what was needed and how much money would have to be raised. "The next step was a massive solicitation of help from his colleagues. The response was spectacular. Latino as well as American artists made videos requesting donations," Saltos said. "A great deal of money was raised and continues to be raised. ...Habitat's goal is to construct 50,000 homes over the next five years in Haiti."

Truitt explained that foundations typically have either a regional or a functional focus. Some functional areas she mentioned are conservation and the environment, children's issues, and health. She added, "Then there are what I would call the political policy areas: education, economic growth, human rights, justice, security, microfinance, technology, and migration."

In seeking funding from a foundation, Truitt recommended checking to see if others have successfully made similar proposals and then finding out how they did it. She advised visiting the foundations in person and also asking if they will accept a pre-proposal for critique. ■

INNOVATIVE PARTNERSHIPS FOR EXPORT: Latin America's Rise in the Global Partnerships Arena

By *Bernardo Guillamon*

We are witnessing the emergence of a new generation of partnerships for development in Latin America and the Caribbean (LAC). These innovative models are becoming a regional and international benchmark, making the region a leader in partnership building within the developing world. What are the main drivers of this ascendance? Although each partnership is unique, there are three overarching characteristics of recent partnership platforms in LAC: 1) a results-oriented emphasis; 2) an increased cross-thematic leverage; and 3) a built-in action network structure.



“Latin America is becoming a pioneer in the development of partnership platforms.”

—Bernardo Guillamon, Advisor to the Office of Outreach and Partnerships, Inter-American Development Bank (IDB)

EMPHASIS ON RESULTS: LAC's new partnership models are placing greater emphasis on development effectiveness and long-term sustainability. Following the Paris Declaration of 2005, development effectiveness is understood as harmonization and coordination of efforts with both public and private actors; increasing local ownership; and creating evidence-based and results-oriented operating models. Latin America is becoming a pioneer in the development of partnership platforms that embrace this holistic view of development effectiveness.

Salud Mesoamerica 2015 is a prime example of this trend. This \$150 million regional initiative was launched in June 2010 by the Bill & Melinda Gates Foundation, the Carlos Slim Health Institute, the government of Spain, and the Inter-American Development Bank (IDB). The four partners will work with Mesoamerican countries to finance health projects for the most vulnerable segment of the

population—women and children under the age of five. Individual projects will prioritize reproductive health, maternal and neonatal health, maternal and child nutrition, and vaccines. The innovative operating model will work on the supply side of health services (by improving the coverage and quality of basic services) but also on the demand side (by promoting increased use of health services and the adoption of healthier habits by poor households). The program also uses a financing model that provides incentives for allocating resources more efficiently and promotes health policies based on empirical results. In addition, projects will be executed in close coordination and

collaboration with local governments to ensure local ownership.

CROSS-THEMATIC LEVERAGE: Another key trend in LAC's new generation of partnerships is a redefinition of the concept of leverage. A growing number of projects are moving beyond the traditional mobilization of financial resources at the level of individual projects toward more sophisticated forms of cross-thematic leverage. Cross-thematic leverage can be defined as the integration of independent but highly complementary and synergistic programs or projects into a single, integrated multi-sector solution, implemented through coordination and collaboration. These integrated approaches seek to attack social or economic problems from multiple angles, recognizing the multidimensional nature of economic development.

Cross-thematic leverage is the concept behind the

IDB's strategy for tackling neglected tropical diseases (NTDs) in LAC. Through a regional partnership with the Sabin Vaccine Institute/Global Network for Neglected Tropical Diseases and the Pan-American Health Organization, the IDB is helping to combat NTDs by integrating health, hygiene, and mass-drug administration with the IDB's traditional water and sanitation infrastructure programs. Based on past efforts, the partners reasoned that medications, hygiene, and health programs are needed in order to control NTDs; in the absence of basic water and sanitation infrastructure, however, such programs become unsustainable. Similarly, the water and sanitation infrastructure can help control NTDs in the long term; but in the absence of medications, hygiene programs, and education, the infrastructure may be insufficient. This new approach has a much stronger potential to successfully control and eventually eliminate NTDs in the region. This initiative was launched in 2008 and currently has six projects operating in the region.

ACTION NETWORKS: A growing number of high-profile partnerships in LAC have adopted the action networks concept. These networks are flexible, results-oriented, thematically focused structures for collaboration. The Clinton Global Initiative was a pioneer of this concept. The model is quickly spreading across LAC, with strong support from the IDB and

other organizations.

One notable example is Sports for Development, a regional action network led by the IDB that seeks to unite programs that use sports to promote a culture of productive values, job skills, dropout rate reduction, violence prevention, and healthy nutrition among LAC youth. Sports for Development is a regional platform of foundations, corporations, governments, and NGOs. The IDB promotes the initiative and provides resource mobilization opportunities, capacity building and NGO strengthening, knowledge dissemination across the network, and active regional and extra-regional outreach with high-visibility partners. Sports for Development is currently running more than ten programs across the region and has incorporated partners such as FIFA, Street Football World, and Partners of the Americas, among others.

There are many more examples of how LAC is emerging as a leader in innovative partnership building in the developing world. The IDB, as the largest source of development finance for LAC, has been at the vanguard of this movement to find more effective models for collaboration. New strategic alliances will continue to transform the way people respond to social and economic challenges during this decade, and the IDB will continue to lead, support and facilitate those initiatives. ■



The Inter-American Development Bank (IDB) plays a catalytic role, bringing the private and public sectors together to deliver high-impact and scalable development solutions.

Your Partner for Latin America and the Caribbean





AES SUPPORTS AND ENERGIZES HAITI

AES has been present in Latin America since 1993 and currently operates in seven countries there. The regional reach of AES companies allows its network of more than 9,600 professionals to share knowledge, expertise, and best practices across businesses and borders. Combining deep local insights with a global presence and perspective, AES helps communities and countries grow with reliable and responsible electric power.

AES invests time and resources in a wide range of social, economic, and environmental initiatives to provide sustainable social contributions, while promoting development throughout the region.

After the devastating earthquake that struck Haiti in January 2010, AES was present from the first moment, supporting the humanitarian work and helping to restore Haiti's power infrastructure.

How has AES supported relief efforts in Haiti?

AES has designed a multistage plan that focuses on immediate relief efforts and long-term projects that will provide Haitians with the necessary tools to rebuild their country and restore all their basic services.

What activities does this plan include?

- A partnership with the Organization of American States through its Trust for the Americas foundation to train local electricians
- Restoration of the Varreux Substation, which feeds about 10,000 customers, or about 60 percent of the Haitian electricity market
- Humanitarian aid in the form of donations of food, tents, water, medicine, personal protection equipment, and electrical generators; the donations were channeled from AES businesses around the world to Haiti through the AES Dominicana Foundation

What is one of the most important aspects of the aid that AES has been providing?

AES has been able to assemble a multidisciplinary team from the different countries where it operates, which maximizes the knowledge transfer, communicates and teaches the best practices on safety and operational excellence, and provides skills to Haitian technicians that they can teach others.

The regional reach of AES allows the company to provide the best support not only in the countries where it operates but also in neighboring nations.



VOICED AT THE FORUM

‘BAND-AID’ OR PRIVATE AID: Are NGOs More Effective than the Private Sector?

“If you really want to tackle a problem which is as complicated as poverty, you had better address the root causes; otherwise, anything you do will just be a band-aid,” said Homi Kharas in a session about the effectiveness of private development aid. Kharas, a senior fellow at the Wolfensohn Center for Development at Brookings Institution, posited that \$60 billion to \$70 billion is spent globally by the private sector on international development causes. But what impact is this aid having? Are NGOs or private companies better at administering this aid? The discussion sought to address such questions.

Vidal Garza Cantú, director of the FEMSA Foundation, cautioned that NGOs are sometimes so focused on doing their work that they do not stop to measure the effects of that work. To help overcome that, businesses can offer expertise quantifying results, which makes alliances between NGOs and companies a wise option.

He further argued that development aid is typically most effective when social causes are joined with business causes. “When you have shared causes for shared results, then things begin to happen,” Garza Cantú said. For example, FEMSA, primarily a beverage company, focuses its social efforts on water sustainability throughout Latin America.

Expanding on Garza Cantú’s argument, Diego Molano, director of corporate affairs at Telefónica International, said that “doing busi-



“If you really want to tackle a problem as poverty, you had better address the root causes; otherwise, anything you do will just be a band-aid.”

—Homi Kharas, Senior Fellow, Wolfensohn Center for Development at Brookings Institution and Co-Author of *“The California Consensus”*

ness with poor people is very good business. It is a win-win situation.” He pointed out that Telefónica has been able to help close the telecommunications gap between rich and poor in Latin America, while also making a profit.

“I think we are in a very interesting stage in which we are seeing the creation of new business values,” said José Carrera, corporate vice president of social and environmental development at the Corporación Andina de Fomento (CAF). “In simple terms, the new philosophy is that one has to be a good neighbor.”

Carrera added that “governments will continue to be a very important actor in channeling resources to

different sectors of society.” He said that governments can have varying levels of efficiency, but they always play a key role as the representatives of society at large. CAF, a regional development bank composed of governments and private banks, recognizes that and focuses on the efficient mobilization of resources to provide financial services to the public and private sectors.

Many at the session pointed out that private companies can bring not only money to partnerships but also expertise in areas such as management and accounting.

Lina Moreno de Uribe, first lady of Colombia, stressed the importance of partnerships and the need to

institutionalize them. “The vast majority of foundations and NGOs work in isolation,” she said. She recommends a “third generation” of philanthropy that involves “not just alliances between the private sector and NGOs, but a system that encapsulates everything: the public sector, the private sector, and the social sector.”

Though he recognizes the value of partnerships, Kharas offered a cautionary note to end the session. “Personally, I think the global experience is that efforts to try to coordinate are very costly; people get bored, they spend a lot of time in meetings, really passionate about doesn’t get done.” ■



THE CIVIC STRATEGY: A Conversation with Iñigo Jodra

Banca Cívica Group pioneered the concept of civic banking in Spain. Implemented in 2004, this unique model is both profitable and socially responsible. In a recent interview, Iñigo Jodra, director of international development at Banca Cívica Group, explained how civic banking works.

“Civic banking is our primary business strategy, and it provides us with competitive levers to achieve superior growth, profitability, and reputation compared to our peers,” Jodra explained.

“With civic banking, our customers are ‘citizens’ because they have unparalleled rights, such as the right to choose where the bank’s investment in social causes will be allocated,” Jodra said. “In 2009, this investment amounted to more than \$100 million.” The bank provides a reliable online platform through which customers can choose social projects to support. Last year, customers chose from 6,000 social projects—submitted by 5,000 nonprofit organizations and associations—that benefited 78 countries. The funds that customers allocate to social projects are based on the profitability of their business with the bank, which is fully disclosed to them. Thus, as Jodra said, “Financial and social profitability are no longer a tradeoff; rather, they reinforce each other through civic banking.”

Despite the current economic downturn in Spain, Banca Cívica Group is performing well. It has roughly \$60 billion in assets and 1.8 million customers. The bank forecasts an increase in its return on assets (ROA) of 2.5 times in the next five years.

The bank’s success domestically has enabled it to look to expand beyond Spanish borders. It is currently working on entering the U.S. market and aims to begin retail banking operations there in the first quarter of 2011, subject to regulatory approval. According to Jodra, “We are tailoring civic banking to the requirements of the



“Financial and social profitability are no longer a tradeoff; rather, they reinforce each other through civic banking.”

—Iñigo Jodra, Director of International Development, Banca Cívica Group

U.S. market and regulations. We are confident about our potential in this country, given the outstanding commitment of U.S. society to philanthropy and the culture of giving back to the community.”

Banca Cívica Group has also created formal partnerships with prestigious U.S. nonprofit organizations, including global groups such as World Vision and Ashoka and local ones such as Mary’s Center and United for D.C. “They support us in promoting civic banking among their constituents, and we facilitate their access to our funding platform in Spain. This year, our Spanish customers will be able to choose from at least 20 social projects from U.S. nonprofits. Civic banking will represent a relevant funding source for them and will foster civic engagement

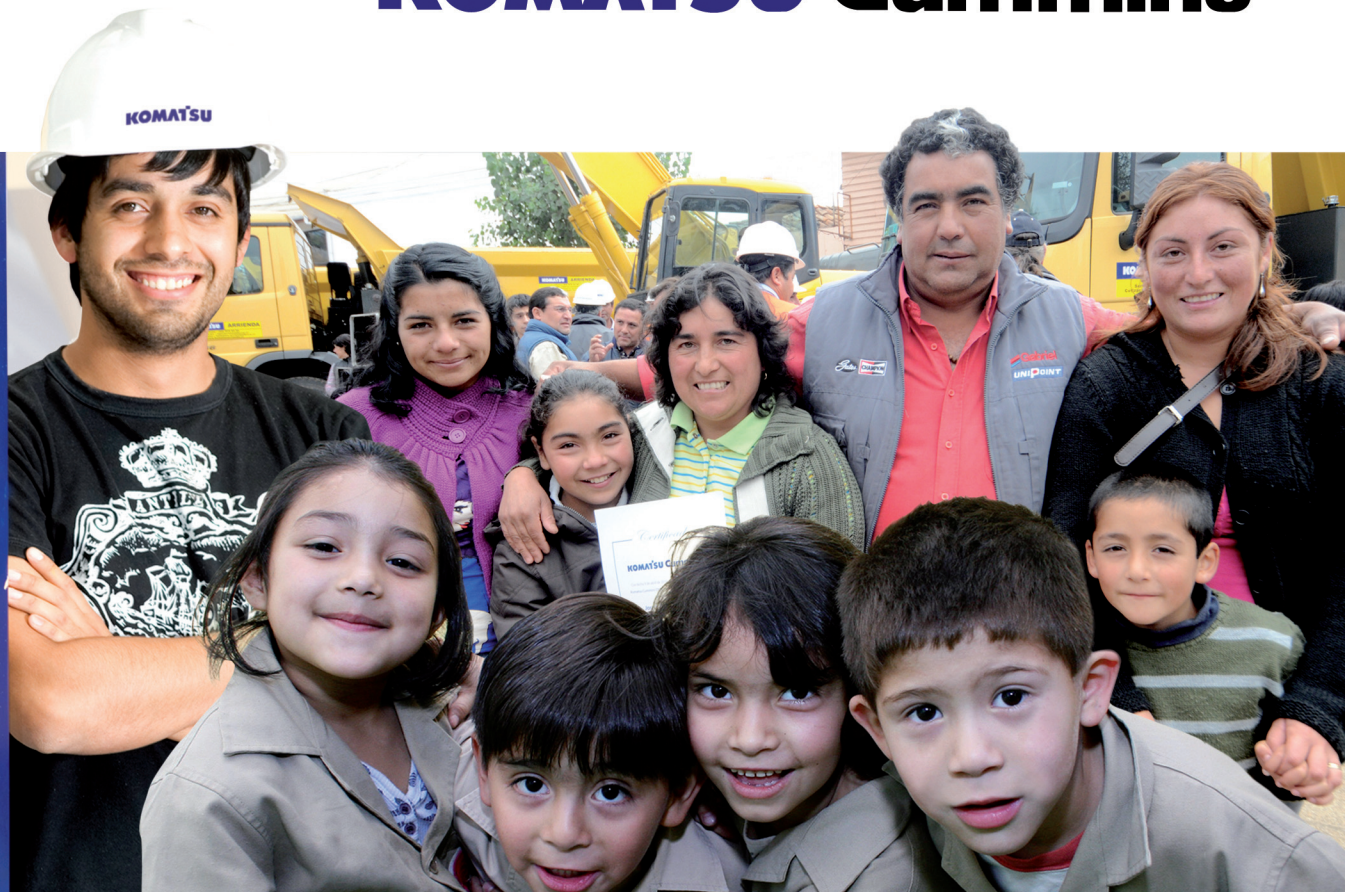
in the country,” Jodra said.

In addition to its U.S. operations, Banca Cívica Group is forming partnerships with Latin American banks and corporations willing to adopt what the group calls a Civic Strategy. To spread this concept, the bank employs an advisory unit that specializes in transferring the methodologies and business systems that leverage its proven experience in Spain. “Our ultimate aim is to promote a global network of civic banks and corporations that learn from each other and bring good by doing well,” Jodra said.

Many Latin American banks and corporations have sophisticated approaches to social responsibility and sustainability and are looking for new strategies. “We believe that the Civic Strategy is the next natural step for them,” Jodra said. “Civic banking offers an effective approach to motivate unbanked communities to engage with banks through the social projects platform. We are looking forward to sharing our know-how with ambitious banks and corporations that have a civic mind-set.” ■

To reach Iñigo Jodra, e-mail him at inigo.jodra@cajanavarra.com

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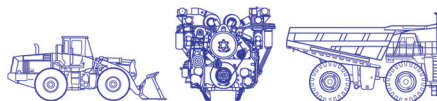


What do they have in common?

The joy of being able to count on the support of Komatsu Cummins Chile

We have a strong commitment to working with the community

- We provide technical training to underprivileged young people in Antofagasta, northern Chile, at the **School for Apprentices**.
- We built and maintain **El Jardín de la Alegría (The Garden of Joy)**, a kindergarten in Renca, Santiago, for more than 40 at-risk children.
- We donated **11 fishing boats** to **Pelluhue** fishermen who lost their boats in the February 2010 tsunami, in the south of Chile.
- We cleared more than **35,000 cubic meters of debris** from **Pelluhue** and are assisting in the reconstruction of this village, which was devastated by the earthquake and tsunami.



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Leveraging the Power of the Private Sector to Fight Child Labor

By Diego Molano, Director of Corporate Affairs, Telefónica International

For the last 12 years, Fundación Telefónica has been working toward the prevention and eradication of child labor in Latin America through its Proniño program. It is currently the largest social initiative being carried out by a private company in the region.

The program makes a significant contribution to the International Labour Organization's goals, which are to eradicate the worst forms of child labor by 2015 and all kinds of child labor by 2020. Thanks to Proniño, more than 170,000 kids now attend school instead of going to work.

The first step in the program is to support governments in restoring basic rights, such as education, health, nutrition, and leisure time. Once these rights are established, the program then develops an inclusive educational model. This pedagogic model acknowledges the social reality of these children and helps them develop a mind-set that motivates them to stay in school.

Additionally, Proniño instructs teachers and provides them with tools to make classes more efficient and engaging through the Fundación Telefónica Classrooms program. These classrooms are equipped with the latest technology, including access to the largest Spanish education portal on the Internet, educared.org.

The investment made by Telefónica to the Proniño program this year is worth more than 45 million euros, or about \$60 million. However, Telefónica's contribution goes beyond the monetary investment. It also includes the involvement of its employees, with more than 25,000 active volunteers.

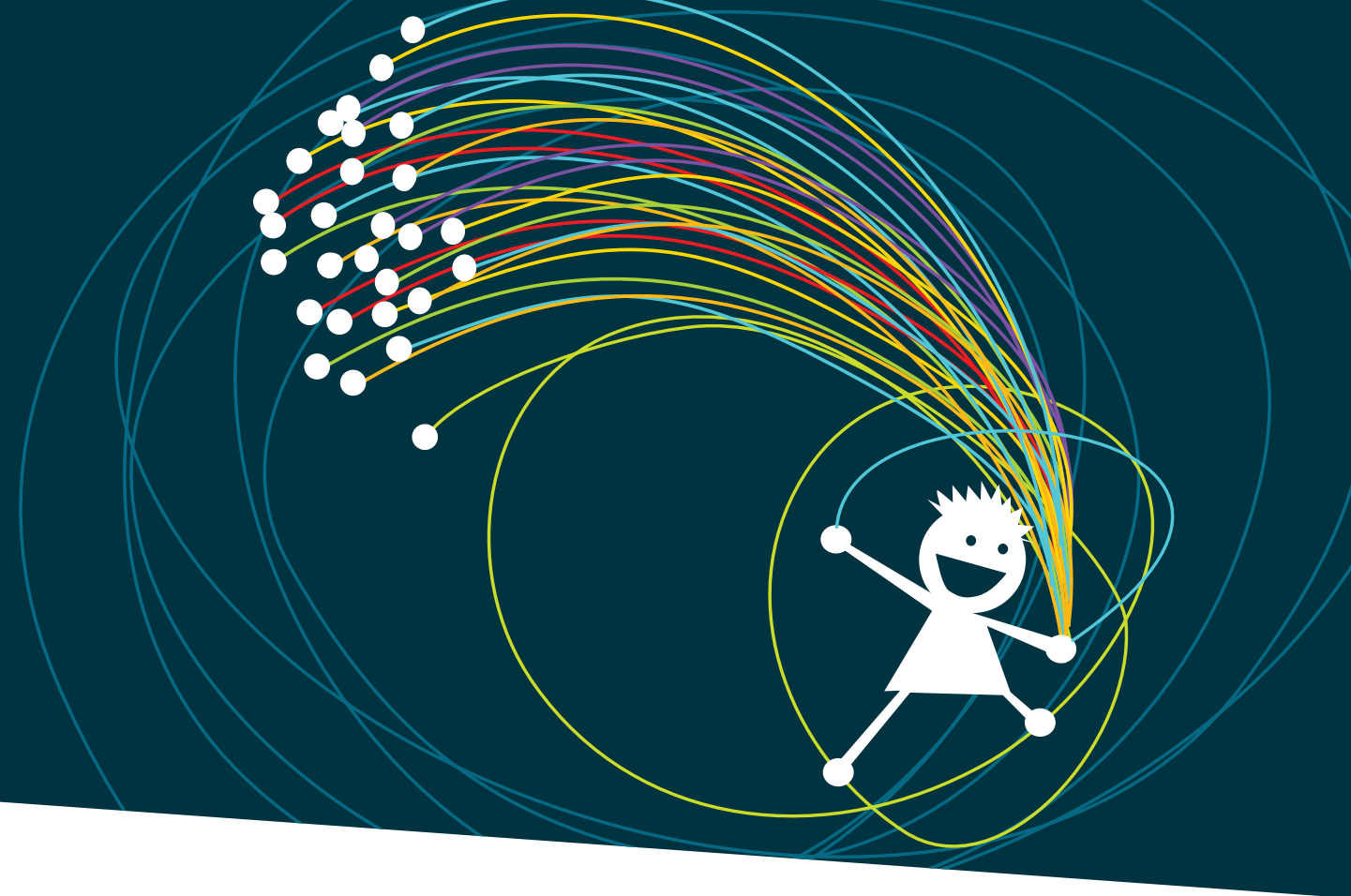


Perhaps the most important contribution is the transference of world-class management practices of a multinational company to the social world. Proniño is the result of coordinated work from numerous social actors, such as teachers, parents, students, national and local governments, unions, civil society, multilateral organizations, and 108 NGOs that develop and implement the program. The administration of this network, along with the professionalization and permanent improvement of the NGOs is one of the key success factors of the program.

Proniño has become stronger because it has adopted many of the best practices that private companies use, such as implementing a management model to monitor the program. This model helps to measure impact, improve execution, share knowledge among NGOs, update government databases on child labor, identify risks, and make strategic decisions about the future of Proniño. ■

PRONIÑO OF FUNDACIÓN TELEFÓNICA BY THE NUMBERS

- 171,473 children
- 4,496 schools
- 751 leisure centers
- 302 Fundación Telefónica Classrooms used by 134,335 children
- 8,093 teachers trained using technology and learning how to work in collaboration
- More than 5,000 social workers in Latin America
- Presence in 13 countries and in nearly 700 towns in Latin America
- 97 percent retention rate in schools
- 108 NGOs



3rd International Congress Against *Child Labor*

Promoting networks and innovation for the prevention and eradication of child labor.

Our aim is to form a network of organizations and people who share best practices and forge solid links that help eradicate child labor and accomplish the millennium goals.

Virtual Congress: August 1 to September 30, 2010.

On-site Congress in Bogota, Colombia: November 3 and 4, 2010.

Stopping child labor is everybody's responsibility.

More information at: <http://encuentrotrabajoinfantil.fundacion.telefonica.com>

Q&A:

A Conversation with Orlando Ayala about the Latest on Growing Technology Trends

The so-called digital divide is generally a symptom of a more basic divide that could have its roots in social, economic, gender, or educational disparities. A lack of technology is not the problem per se, nor is improving technology access the stand-alone remedy. But a carefully applied technology solution can serve as a digital bridge to help equalize these societal imbalances.

According to Ayala, “Cloud computing has the potential to deliver relevant solutions with reduced barriers to entry, which can enable a democratization of technology and create new opportunities for countries, their governments, businesses, and citizens.” “With flat or declining budgets, the recent economic downturn, and a need to provide citizens with improved access to government services, cloud computing has the potential to deliver a comparative advantage as countries seek to build a world-class digital infrastructure.”

What is cloud computing? Is the concept of the cloud something new?

ORLANDO AYALA: Simply put, cloud computing is running software in a data center so the software and, more importantly, the data associated with that software can be accessed in a variety of ways. Instead of running software that resides only on a single device—whether it be a laptop or a phone—or that sits on a server in a fixed location, the software runs in a data center and can be accessed on a PC, a browser, a phone, or even a connected television.

Cloud computing is a logical continuation of the trend to become increasingly online. The concept of

the cloud is not new. In fact, consumers who use social media sites such as Facebook or web-based e-mail such as Windows Live Hotmail already have direct experience with the cloud. Most IT outsourcing—be it network infrastructure, security monitoring, or remote hosting—is a form of cloud computing. What is new is the growing trend of consumers and businesses that are taking advantage of the increased connectivity and decreased costs associated with cloud computing.

What has changed? What are the main benefits of the cloud?

OA: Businesses, consumers, and even governments are becoming



Orlando Ayala, Vice President of Emerging Markets, Microsoft Latin America

increasingly dependent upon real-time information and expect that data will be available regardless of the user's location or choice of device. From streaming financial data to entertainment, cloud computing enables new scenarios for collaboration and convenience to help technology users be more efficient and effective.

On the data center side, the industry has developed methods for decreasing costs and increasing computing power by introducing ways to share resources. For example, a business that uses cloud computing can deploy additional capacity if demand for a product unexpectedly increases; likewise, it can also scale

back those resources when the demand has been met. Cloud computing allows that to happen more rapidly and affordably than if the business were managing its own, on-premises servers. Rather than making a capital expense to purchase and deploy more servers, this business could instead extend its cloud service to include additional computing resources until they are no longer needed—or keep these resources assigned if their business grows rapidly.

This type of capability could enable even small businesses to experiment with new models with a faster time to market and less inherent risk. It could also enable governments to provide new citizen services that would fluctuate in predictable (e.g., on tax day) or unpredictable (e.g., during an economic stimulus program) ways. Cloud computing also has tremendous value in health care, where a single, comprehensive patient history could improve quality of service and decrease cost by improving preventative care.

How does the cloud drive economic opportunity?

OA: With cloud computing, new businesses can decrease the cost of entry by managing their backend infrastructure as a monthly cost. Such democratization of technology will enable even small businesses and sole proprietorships to take advantage of the power of technology to help improve existing operations or to expand the enterprise to new areas. The more affordable models enabled by cloud computing can empower a business to develop and



pilot new applications, rapidly scale up successful ideas and similarly scale back less successful endeavors. By providing a platform for experimentation, cloud computing can unlock an opportunity that might never be tested if a business needed to consider the capital expenditure in their cost-benefit analysis. At the same time, this experimentation can happen in a more environmentally sustainable model; infrastructure can be deployed and redeployed with minimal environmental impact.

What are some of the most pressing issues to consider regarding cloud computing?

OA: To realize the opportunities presented by cloud computing, governments will have to address some important policy challenges, which generally fall into two areas: (1) protecting users' interests and (2) promoting access and investment. Each of us—industry, government, and consumers—must shoulder our responsibility to protect and

nurture the cloud ecosystem. In particular, governments will have to think about protecting the privacy of cloud users, securing data stored in the cloud, and promoting transparency around security practices, combating fraud, and ensuring openness and interoperability.

What can governments do to promote migration to the cloud?

OA: From a cloud preparedness perspective, governments can pursue a number of policies to ensure that their countries are well positioned to reap the benefits of cloud computing. The first is to ensure that the communications infrastructure is cloud-ready through ubiquitous and affordable broadband access. Second, governments should continue to encourage research and development by providing incentives for private sector investment in cloud computing. Finally, governments can help stimulate innovation in cloud services through robust IP protection. ■

FOSTERING GAINFUL GIVING:

A Conversation with Fernando Cortés

Sociedades Bolívar is a group of 23 Colombian companies, with activities in finance, securities, insurance, and construction. It is most recognizable by its primary institutions: Seguros Bolívar, Banco Davivienda, and Constructora Bolívar. The group has an international presence in Ecuador, Venezuela, Costa Rica, Panama, and the United States. It is governed by a code of ethics and is dedicated to responsible, transparent business practices that generate growth and improve social welfare.

Fernando Cortés, vice president of corporate social responsibility (CSR) for Sociedades Bolívar, said that “wherever Sociedades Bolívar has a presence, it deals with stakeholders in a way that is consistent with the principles and values stated in its code of ethics.”

Through its Bolívar Davivienda Foundation, of which Cortés is president, Sociedades Bolívar develops and funds multiple social projects in Colombia and Latin America. The foundation, Cortés explained, “supports intelligent philanthropy efforts and specific initiatives in journalism, family life and social cohesion, institutional strengthening, education, venture philanthropy, health and rehabilitation, art and culture, and environmental issues.”

Among the foundation’s projects are the Simón Bolívar National Journalism Award, which seeks to promote democracy and freedom of speech through journalism; the Colombian Youth Philharmonic, a joint effort with the Batuta Foundation and the Youth Orchestra of the Americas that enables talented, young Colombian musicians to join the most prestigious philharmonic orchestras in the world; and nonprofit

management programs that provide institutional guidance and management training to NGOs.

Sociedades Bolívar recognizes that socially responsible corporate practices are good for business. Thus, the CSR department affects all aspects of the group’s operations. “We are committed to integrating CSR throughout the value chain of our



“The community-oriented focus that is built in to our organizational culture leads us to seek social value in all of our activities.”

—Fernando Cortés, Vice President of Corporate Social Responsibility, Sociedades Bolívar

businesses, linking it to the management of the various group companies,” Cortés explained.

Moreover, Sociedades Bolívar coordinates the management of the various companies in the area of corporate social responsibility to ensure that they are all committed to the group’s social vision.

Transparency and sustainability are particularly important values for Sociedades Bolívar. One example of its commitment to these values is the publication of its “Sustainability Report,” which the group produces annually and shares with stakeholders.

“The community-oriented focus that is built in to our organizational culture leads us to seek social value in all of our activities,” Cortés said. “We integrate business goals with social responsibility projects, and most of these projects end up generating bottom-line results, either through direct profits or by enhancing our reputation.”

Socially responsible business practices add value in many ways. One

way, according to Cortés, is that “they promote trustworthy relationships and strong links to the community, which help us to develop new strategies and identify new business opportunities.”

Cortés stressed that the financial crisis has not caused Sociedades Bolívar to move away from its commitment to corporate social responsibility. Instead, referring to the economic downturn, Cortés said, “It has only strengthened our conviction to invest in our reputation and in generating trust through responsible and sound management. Additionally, it has provided evidence of the importance of social responsibility as a generator of economic and social value.”

Whether it is through its Bolívar Davivienda Foundation or its conscientious business practices, “Sociedades Bolívar seeks to be regarded as a socially responsible group of companies that serves as an example for other companies in the areas where we operate,” Cortés said. ■



SPOTLIGHT ON:

NTN24

“24 Hours a Day,
Non-Stop”

“The first thing you feel is surprise, then a real connection, and at the end, you want to make it one of your favorites, the one you can't miss.”

—The Rodriguez Family, Utah

That is just one of the thousands of e-mails received at the new international Spanish-language news channel, NTN24. It's a name that's becoming quite familiar among Latin viewers, and it simplifies a powerful concept: Nuestra Tele Noticias (Our TV News), 24 hours a day, non-stop!

NTN24 is a new channel, created nearly a year and a half ago, that offers news and information to Spanish-speaking viewers all over the world. When Direct TV's World vice president John de Armas discovered it, he said, “This is not your typical news channel that handles current affairs in a shallow manner. The journalists at NTN24 do know how to put their finger on the pulse.”

With its innovative and original approach to the news, NTN24 debuted in the U.S. market and quickly spread all over the Americas. Currently, the channel is available in more than 20 countries on some of the biggest names in satellite and cable, including Direct TV, Sky, Telefónica, Telmex, and other regional and local carriers. Viewers in other Latin communities anxiously await its arrival on their cable systems; for now, they can watch it on the Internet at www.nten24.com.

NTN24 offers 11 live newscasts a day, covering the most important news events, controversial issues, and key trends of importance to Spanish speakers around the world. Plus, the channel has 20 original programs featuring current-affairs debate, culture, entertainment, and fashion. It also offers programming on the economy,

the environment, science, health, and technology. Plus, NTN24 offers sports coverage, a place for citizen journalists to interact, and fascinating human-interest stories that capture the essence of Latin culture.

NTN24 is a news alternative for the Americas, as well as for Latinos throughout the world, that is based on strict journalistic ethics. The information it transmits is aimed at providing a balance of opinions and contexts within a news agenda relevant to Latinos.

NTN24 understands that in order to reach the Latin audience, its news coverage must be deeper and more diverse than traditional newscasts. As a result, NTN24 has incorporated programs and information specials that include social, economic, political, and cultural developments of interest to the Latin audience that may not have been previously considered television news material.



Claudia Gurisatti, NTN24's director, predicts the channel will become the world's most influential Spanish-language news channel. That is also the challenge and goal of the company that launched it, RCN, and its founder, Carlos Julio Ardila. Ardila sees NTN24 as another step in the process of Globalization 3.0, a concept coined by Thomas Friedman, where the world will be managed by a new, more diverse group that comes not only from the United States and Europe.

A multicultural channel with innovative ideas, NTN24 is news produced by Latinos for Latinos, one of the fastest growing populations in the world. It's a channel that understands the power of a recent statement by Donald Terry, manager of the Multilateral Investment Fund at the Inter-American Development Bank: “If you work towards economic growth, you have to be pro-Hispanic.” This is a responsibility that NTN24 states as “24 hours a day, non-stop.” ■

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