



**CAF - Development Bank of Latin America
Department of Environment**

Shared Value in Green Economy

**Third Meeting of the Global Partnership for
Business and Biodiversity.**

2-3 October 2013
Montréal (Québec) Canada

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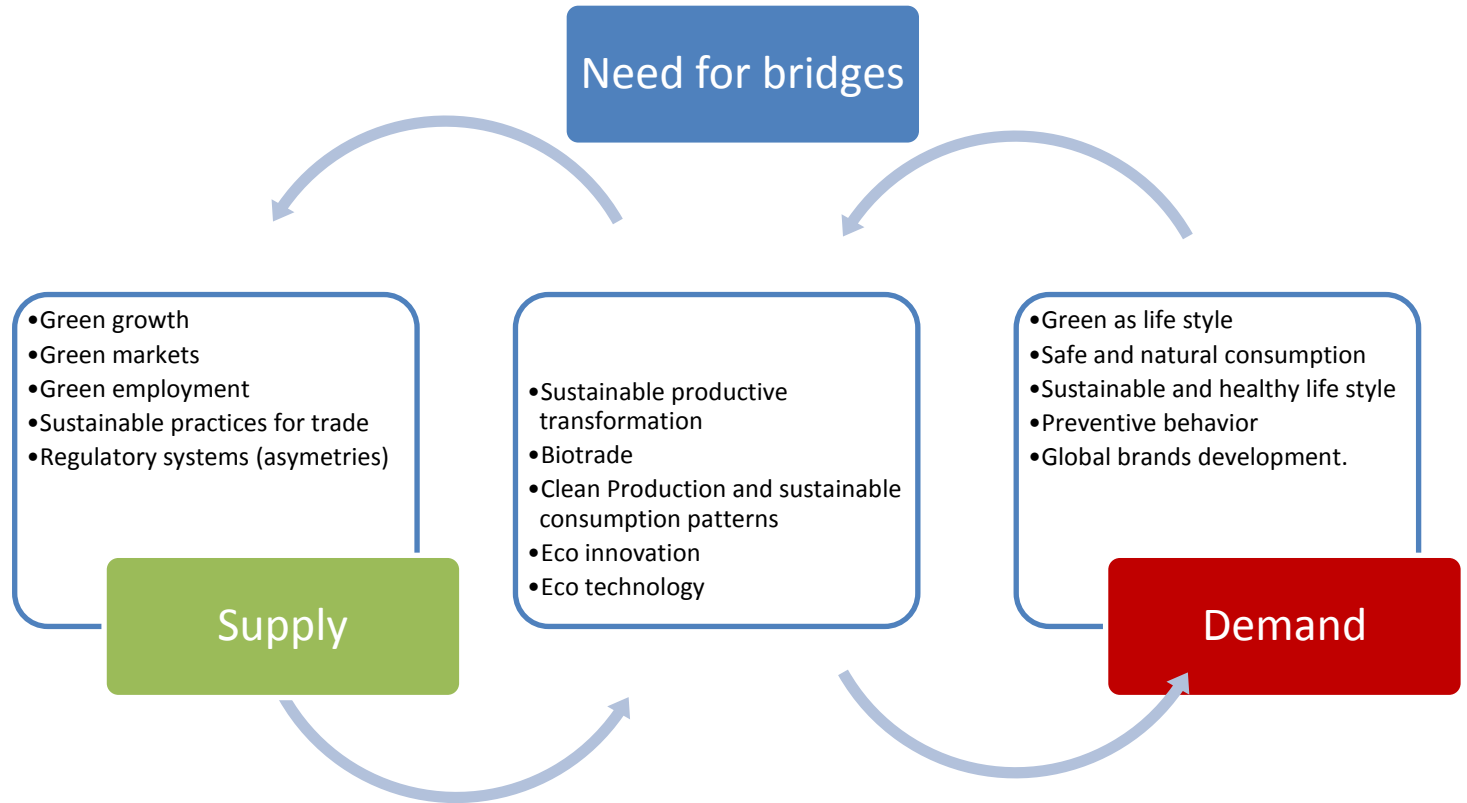


Biodiversity, LAC natural capital

2013



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*Are policies and operating practices that **enhance the competitiveness** of a company while helping to improve economic and social conditions in the communities where it operates.

*The concept of Shared Value recognizes that **the ills or weaknesses of society** often create **internal costs for firms** such as:

- *Wasted energy or raw materials
- *Expensive accidents
- *Palliative training needs that compensate shortfalls in education



***A company needs a successful community and a community needs successful businesses.**



Shared Value

*By addressing the damages and limitations of society one does not necessarily raise costs for businesses because they can innovate through the use of technology, operational methods and innovative management approaches, which, as a result, would **increase their productivity and would expand their markets.**

*It 's not about "sharing" the value already created by firms through some form of redistribution. Rather, it consists in **expanding the economic and social value pie.**

*Three key ways that companies can create shared value:

- *By reconceiving products and markets.
- *By redefining productivity in the value chain.
- *By enabling development of a local cluster.





From Social Responsibility to Shared Value

Shared Social Responsibility

- * Value: doing good
- * Citizenship, philanthropy, sustainability
- * Discretionary or in response to external pressure
- * The agenda is determined by the reports out and personal preferences
- * Impact limited by the footprint of the company and the CSR budget
- * Example: buying according to fair trade



Creation of Shared Value

- * Value: economic and social benefits in relation to costs
- * Joint creation of value between the company and the community
- * An integral part of the skills
- * The agenda is specific to the company and is generated internally
- * Realigns the entire budget of the company
- * Example: transform the procurement process to improve the quality and performance



Some Potential Clusters in the LAC region

Cluster :critical mass of companies, specialized assets and institutions in particular fields to allow synergies between companies and related industries

Forest Cluster

- Wood products, environmental services, etc.
- **CAF Strategy for Forests, Climate Change, Biodiversity**

Ecotourism Cluster

- Nature Reserves, adventure tourism, package tours, gastronomy, hotels and hostels.

Agroforestry Cluster

- Main Products: i.e. **Coffee and Cocoa**.

Bio-business Cluster

- Pharmaceuticals and cosmetics.



Chain value, generic operators scheme (micro level)

Basic Functions



Actors categories in the Value Chain and their relationships



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Forest Cluster Example

Positioning of the **Brand Amazon** as part of the Brand Peru

Strategy for Forests and Climate Change in the Amazon

Financial Strategy
(Public and Private)

Institutionality (ARAs Land Management Units, CIAM, etc.)

Forestation

Forest Products

Products pulp / paper

Bio - energy

Bio - technology

Specialties

- Intangible values
- Adapted offer
- Sustainable forestry

- Novel compounds
- Containers
- Construction

- Recycling
- Care and hygiene
- Office products

- Alternative energy sources: Ethanol (sugar cane), Biodiesel (palm oil)
- Biorefinery

- Adhesives
- Pulp Treatments
- Forestry

- “Green” chemical products

Sustainable Development

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Social Perspective

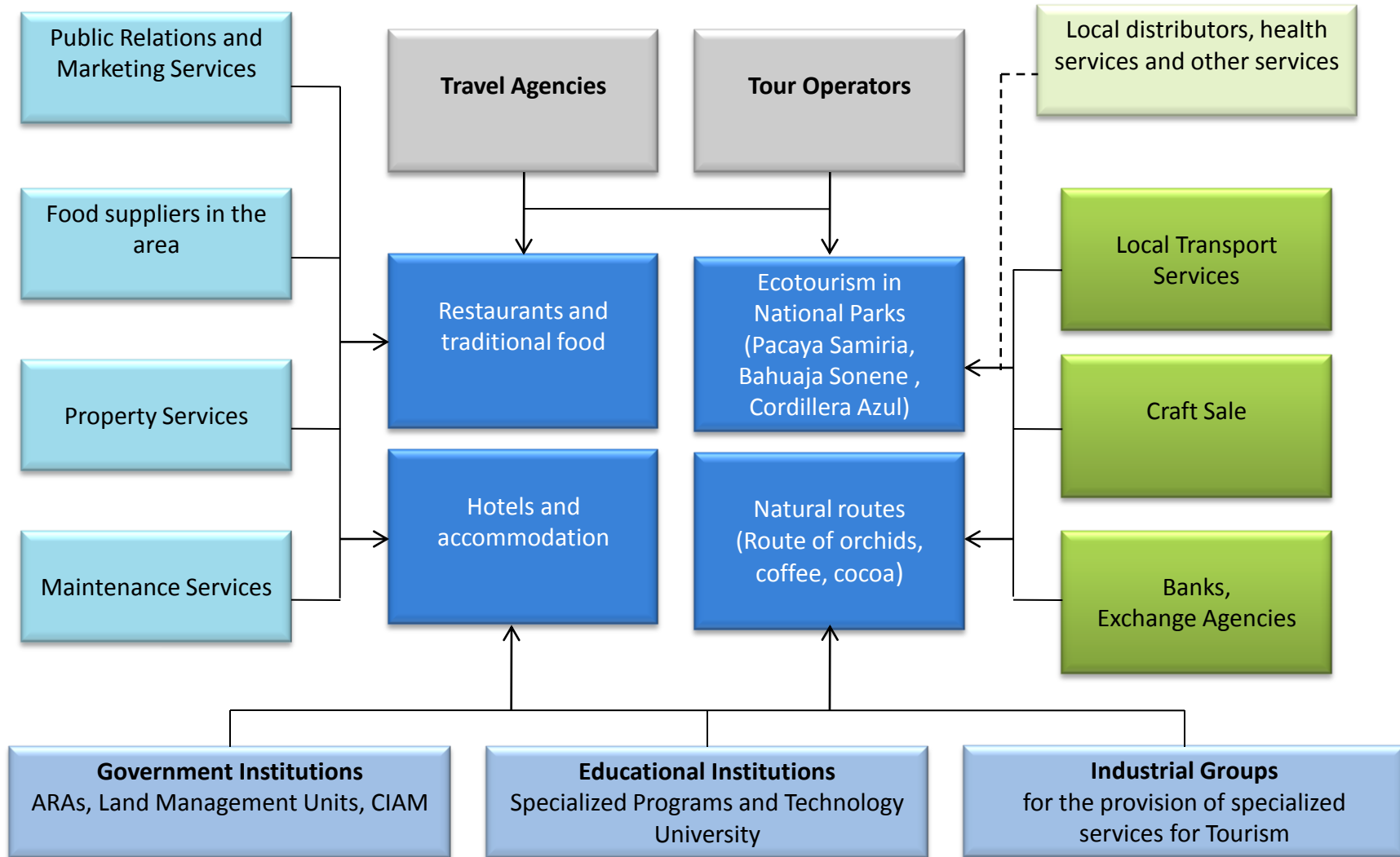
Efficient Production Processes

Forest Biomass

Innovative Products



Ecotourism Cluster Example





Strengths and Weaknesses of an Ecotourism Cluster

Strengths

- *Active community participation in the conservation of community attractions in the area.
- *Diversification of the natural attractions of the area.
- *Ability to diversify and improve the quality of customer services.
- *Environmental and conservationist culture of the Quaker community has been an appropriate value for the other residents of the area.
- *Interest of entrepreneurs to achieve certain environmental standards and quality service to seek to be creditors of stamps or certifications.
- *Increased average stay of tourists in the area.

Weaknesses

- *Limited participation of local government (Municipalidad) in the development of tourism in the area.
- *Low levels of education and skills of workers.
- *Lack of criteria for land use and zoning in the development of tourism.
- *Rapid population growth results in a significant migration of workers to the area.
- *Poor condition of roads in the area.
- *Lack of support from public institutions.
- *Lack of formal cooperation relations among entrepreneurs.
- *Absence of a House of Tourism in the Area.
- *Poor quality of basic services: electricity, water, telecommunications and health care.
- *Entrepreneurs do not train their employees for fear of going to another job.



Integrating Economic and Social Policy

In the new thinking of competition, there isn't an inherent conflict between economic and social objectives, rather than a long-term synergy.



- * The competitiveness of companies depends heavily on:
 - * Increasing the skill levels
 - * Safe working conditions
 - * Perceptions of equal opportunity
 - * Low levels of pollution (pollution is a sign of unproductive use of physical resources)
- * However, efforts to achieve "social" objectives must be aligned with productivity and prepare and motivate individuals to succeed in the market system.
- * Efforts to achieve "economic" objectives should explicitly include programs to increase human capabilities, improving the lives and sense of opportunity for individuals and improve the business environment.



Thank you

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