

Shared Value:

Doing business with social enterprises



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Thank you to the Inter-American Development Bank for placing its generous support in this publication and its trust in the value that social enterprises can give back to Latin American companies and society as a whole.

Preface

Digital Divide Data (DDD) is a social enterprise that delivers digital content, data and research services to clients worldwide. DDD’s labor inclusion model enables talented youth from low-income families to access professional opportunities. DDD also supports them so they can continue to attend technical school or college. This model, established by DDD in 2001, is now called “Impact Sourcing” and has been implemented by dozens of firms around the world.

NESsT is an international organization with 17 years of experience developing and investing in social enterprises with high social impact in emerging market economies, including Latin America. Through its portfolio, NESsT has seen and proven the potential of social enterprises to solve critical problems. Labor inclusion models such as DDD have enormous potential to offer sustainable employment for youth and other marginalized groups in the region.

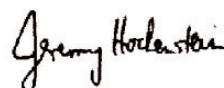
As part of its efforts to enter the Latin American market, DDD has partnered with NESsT to develop an in-depth study on the promotion of social enterprise through private-sector partnerships in Peru and other countries in the region. The result is this guide: Shared Value: Doing business with social enterprises.

This publication is intended to raise awareness of the impact of social enterprise supply chains on society and the benefits for companies that do business with them. These pages contain many examples of companies that work with social enterprises to meet their corporate and social responsibility objectives, as well as a directory of Peruvian social enterprises that are potential suppliers for major businesses around the country.

With this guide we hope to inspire the representatives of Peruvian companies and give them the courage to explore new business models that meet their operational needs while generating a positive and lasting social and environmental impact.



Nicole Etchart
CEO, NESsT



Jeremy Hockenstein
CEO, DDD

Introduction

This guide describes the key aspects of doing business with social enterprises and generating a shared value between private companies and civil society. Through this shared value, private companies can increase the sustainability of their business.

A current trend has emerged in the business community to take a broader look at social responsibility through a shared-value approach. Under the concept of shared value, companies incorporate community needs into their value chain, making their businesses stronger and more sustainable. A way to achieve this shared value is through business engagement with social enterprises. Social enterprises use the tools and strategies of a business venture to sustainably fulfill a social mission. A social enterprise is not the same as a project or initiative seeking to fulfill only social purposes.

In Peru and Latin America, social enterprises are working in different sectors and impact areas. Their

business models are generating greater environmental awareness, increasing income for small producers, creating new jobs for people with limited opportunities, and improving quality of life for marginalized groups through access to health, sanitation and education, just to name a few.

The main benefit for companies that choose to incorporate social enterprises into their value chain is that they are fulfilling two purposes at the same time. They acquire a high-quality product or service that they need for operations, while simultaneously fulfilling social purposes established under their corporate social responsibility strategy.

Companies can reach more goals when they engage with social enterprises and adopt a “win-win” strategy. This is effective when there is an alignment between both organizations’ strategic objectives, for example a supply chain relationship that forms part of the company’s

business model and clarity in the cost-benefit indicator for both parties.

There are several types of social enterprises and many opportunities to generate links with the business models of private companies. The cases analyzed in Peru and Latin America indicate that a social enterprise can form part of the primary value chain in a company's support area or social investment initiative, thereby being competitive but also environmentally and socially responsible.

Finally, there are useful resources available for companies that want to develop business ventures with social enterprises, such as:

- (a) international standards,
- (b) impact investors,
- (c) social enterprise incubators or accelerators, and
- (d) social enterprise certification.



What is a social enterprise?

A social enterprise is an innovative business that works to solve a social problem in a way that is both sustainable and profitable.¹

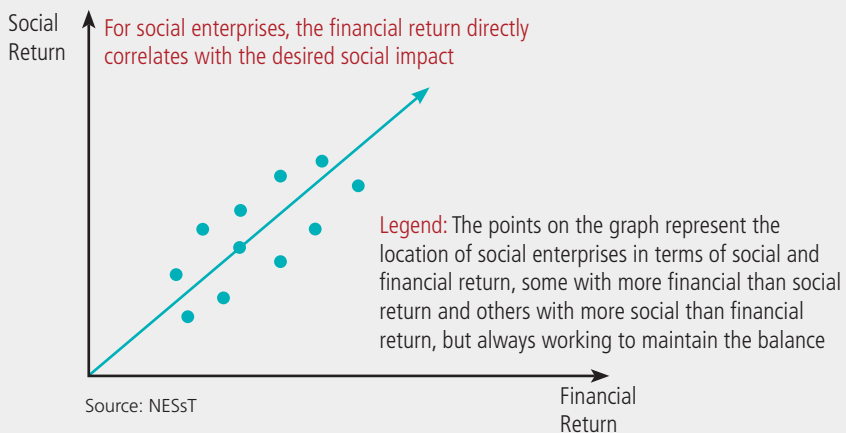
Social enterprise combines the tools and strategies of a business venture with the mission and values of a social enterprise to create lasting social impact.

The success of a social enterprise is not measured solely by the social

benefit it generates. To ensure the social impact's sustainability, it must also generate economic value.

Business conducted at the base of the pyramid as a concept is still quite young.² It was first raised in 2002 in research conducted by Prahalad and Hammond for the Harvard Business Review.³ The concept led to a new field of research on the use of market tools in the service of society.

Figure 1: Social enterprise and its financial and social return



1 "Social Enterprise in Emerging Market Countries: No Free Ride", Nicole Etchart and Loic Comolli, USA, 2013.

2 "Serving the World's Poor, Profitably", Prahalad, C. K. and Allen Hammond, for Harvard Business Review, USA, 2002.

3 "Serving the World's Poor, Profitably", Prahalad, C. K. and Allen Hammond, for Harvard Business Review, USA, 2002.

Some experts have started to coin social enterprise as “The fourth sector”,⁴ in an attempt to set it apart from its counterparts in the public sector, private sector and non-governmental organizations. Social enterprises are considered “companies” because they use business principles to generate income. This is why they are subject to market rules. They are also considered “social” because their primary motivation is to positively

impact social and environmental problems. Social enterprises represent a new paradigm: they generate financial returns and social/ environmental benefits at the same time, so they don’t depend on grants and donations like traditional social organizations. Social enterprises offer a hybrid response to current social problems and, as they are based on market logic, they do so in a financially sustainable way.

The table below describes the characteristics of a spectrum of organizations based on their diverse objectives:

Table 1: Spectrum of organizations in relation to their social and financial impact

Traditional civil society organizations and charities	Civil society organizations with revenue-generation strategies	Social enterprises	For-profit businesses with CSR ⁵ strategies incorporated into their business model	For-profit company without CSR strategy
Social mission and purpose predominate over financial goals. Financing dependent on donations.	Social mission and purpose predominate over financial goals. Financing through activities linked to the social mission.	Has social and financial objectives. Financing through a sustainable business model.	Financial objectives predominate over the social mission. The social impact is incorporated through CSR programs.	Has purely financial objectives. The performance is assessed in terms of economic returns.

Source: Social Enterprise in Emerging Market Countries: No Free Ride, 2013.

4 Aid, policies and growth”, Craig Burnside and David Dollar, American Economic Review, Number 90, USA, 2000.

5 Corporate Social Responsibility.

The benefits of a business relationship with social enterprises

A social enterprise provides products and services to potential customers, just like any conventional business. It competes under the same market logic in terms of price and quality, as well as other indicators, like any other supplier. What sets social enterprise apart as a supplier is the fact that it incorporates a social purpose into the creation of its product and/or service, which may lead to additional costs. Thus, for a social enterprise to remain competitive in the market, it needs innovative business strategies that incorporate the social dimensions, but keep prices competitive.

When a company establishes a business relationship with a social enterprise, it meets its own specific requirements and generates a positive impact on its operations and in the community at large. Unlike traditional corporate social

responsibility, which directs resources to a social purpose associated with company stakeholders, but not necessarily related to its business, when a company incorporates social enterprises into the value chain, its response is more sustainable and creates shared value for both parties.

Furthermore, it is common knowledge that conventional economic needs are not the only force that drives the market. Social needs can have a big impact on the success or failure of a corporate business, and can even lead to its downfall. According to the Ernst & Young report, “Business Risks facing mining and metals 2012-2013,” social license⁶ to operate has been classified as one of the six major risks for companies in this sector, as it represents an ongoing long-term challenge.

⁶ Social License means ongoing or widespread acceptance of an investment project by the local community and its stakeholders (social organizations, trade unions, businesses, professional associations, NGOs, etc.)

In Peru, cases such as Electroperú and the OAS group have witnessed a paralysis in the construction of the Iñambari hydroelectric project, a clear example of this risk in action.

This new social responsibility model,⁷ where the social and environmental purpose is part of the company's core business and value proposition, is an attempt to reduce this risk. Its purpose is to generate a positive relationship with different stakeholders, defined from the corporate business model. This strategy is well-known and is usually included in business operations. The purpose of social responsibility, then, is directly related to business sustainability through social impact.

This is where the real value of social enterprises can be seen. They fulfill an operational requirement for the business, while offering a quality product or service. They can also play a key role in the implementation of social purposes defined in the social responsibility strategy. These purposes may be related to the company's internal or external reputation,

traceability of the production process or compliance with auditing standards.

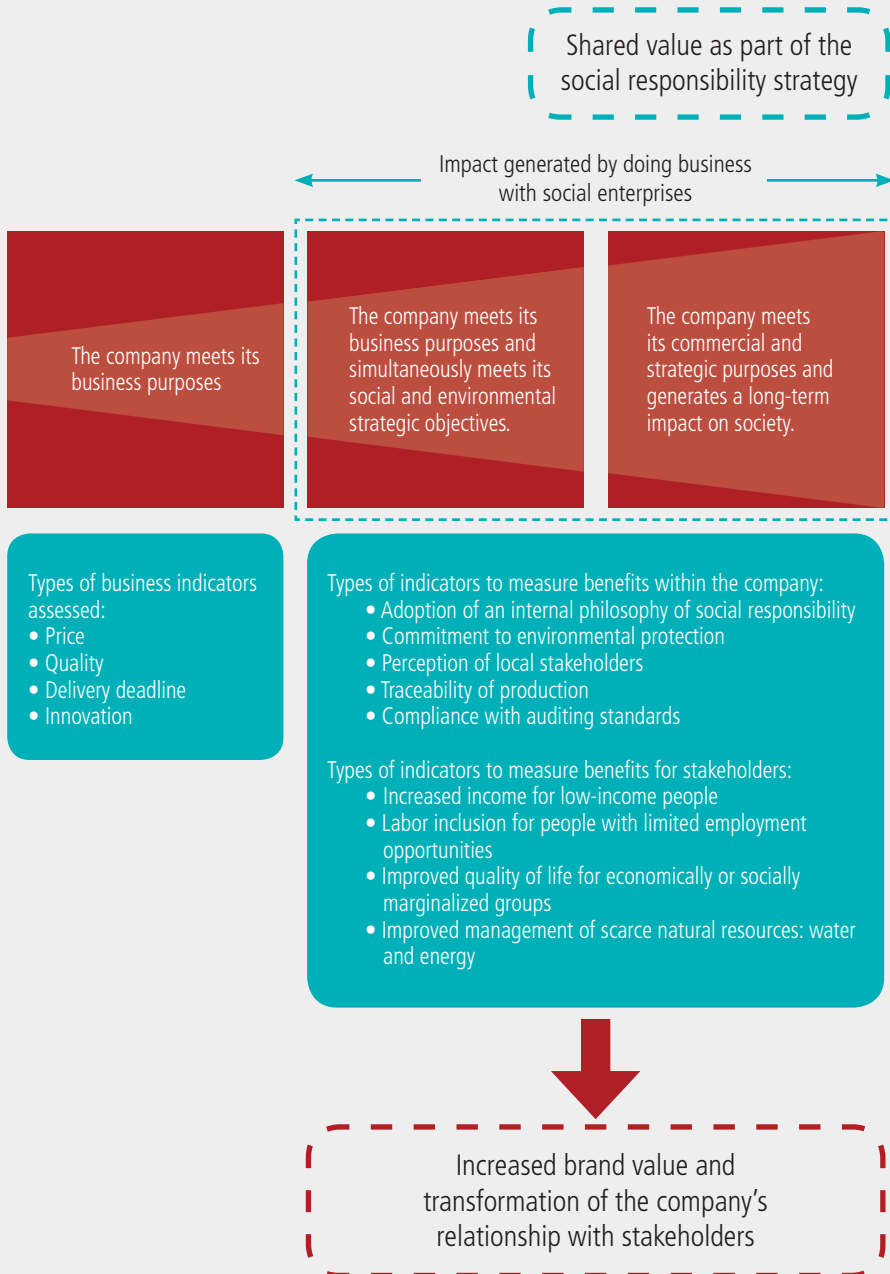
Finally, the inclusion of a social enterprise in the value chain of a business generates a long-term impact on society, which can be measured using indicators such as: creating new jobs, improving the quality of life of low-income populations or improving the use of natural resources. This long-term effect also improves the company's relationships with its stakeholders.

Social enterprises can add value by providing products and services to large companies, while generating a positive impact on society from different perspectives, as seen in the following figure.

This guide proposes that companies engage in business with social enterprises as a way of creating shared value and generating long-term relationships that contribute to the environmental, social and economic sustainability of both organizations.

⁷ The concept of social responsibility is defined as an ethical form of management that includes the expectations of all company stakeholders (shareholders/investors, employees and their families, community, customers, suppliers, environment and government) to achieve sustainable development. Perú 2021, 2014.

Figure 2: Shared Value - the benefits of doing business with social enterprises



Source: NESST and DDD

Table 2: Social Enterprise: Looking at impact from within

Social enterprise case studies	Country	Indicators of company benefits	Indicators of stakeholder benefits
<p>Arbusta provides technology services to corporations, generating employment opportunities for women and young people who have limited employment opportunities in the formal economy. It operates as an intermediary and facilitator in complex environments, providing quality digital services at a competitive price.</p>	Argentina	<ul style="list-style-type: none"> • Adoption of an internal philosophy of social responsibility among employees • Improved stakeholder perception of the company (suppliers, customers, etc.) • Compliance with auditing standards 	<ul style="list-style-type: none"> • Number of jobs created for people with limited opportunities • Quality of jobs created • Sustainability of employment over time
<p>LOOP provides services to raise awareness of pollution from plastic. It sells recycle-based products to various private companies such as Telefonica del Peru, PWC, AFP Integra and Belcorp, etc. Part of the company's profits are used to raise awareness about plastic pollution and the social and environmental benefits of recycling.</p>	Peru	<ul style="list-style-type: none"> • Company commitment to the environment • Adoption of an internal philosophy of environmental responsibility 	<ul style="list-style-type: none"> • Increased environmental awareness among various stakeholders • Reduction of pollution from plastic
<p>Solidarium is a social enterprise that identifies, classifies and integrates a network of local producers through joint purchase orders as part of an operating model they call "Decentralized Trade Market." It is able to increase its production capacity through this market. Solidarium distributes its products through major retailers like Wal-Mart.</p>	Brazil	<ul style="list-style-type: none"> • Adoption of an internal philosophy of social responsibility among employees • Improved stakeholder perception of the company (suppliers, customers, etc.) • Compliance with auditing standards • Traceability of production 	<ul style="list-style-type: none"> • Increased income for small producers • Improved quality of life for small producers
<p>CEPROVAJE is a social enterprise that has moved yellow corn producers away from individual work and dependence on intermediaries, and towards the formation of a trade organization that sells supplies to companies like Backus S.A. It has improved its competitiveness and increased its income.</p>	Peru	<ul style="list-style-type: none"> • Improved stakeholder perception of the company (suppliers, customers, etc.) • Compliance with auditing standards • Traceability of production 	<ul style="list-style-type: none"> • Increased income for small producers • Improved quality of life for small producers
<p>INCORES provides job placement services for young people starting out as apprentices in large companies. Because it is centered on a young population, INCORES requires potential employees to be enrolled in an educational institution. INCORES provides payroll services and professional training and support for its participants throughout the two-year contract period.</p>	Brazil	<ul style="list-style-type: none"> • Compliance with auditing standards • Quality job training for young people 	<ul style="list-style-type: none"> • Number of jobs created for people with limited job opportunities • Quality of jobs created

Source: NESsT

Success factors for engagement with social enterprises

For companies to successfully engage with social enterprises, they must take the following three key factors into account:

- Alignment of economic and social purposes: the social enterprise's purpose must be aligned with the corporate strategy from a business and social standpoint. Both organizations must have common goals to generate a "win-win" situation.
- Integration of the social enterprise into the business model: the engagement strategy with social enterprises must align closely with the nature of the company's business model. The more the social enterprise integrates into

the company's business model, the more the engagement increases its chances of success, since there is a genuine business interest that is far removed from the traditional subsidy model for social projects.

- Identification of all costs involved: the costs involved in the business relationship are included in the cost of the social enterprise's product or service. However, in some cases, companies can contribute to the development of social enterprises by supporting organizational development initiatives for their suppliers.

Attachment 1 provides some indicators for assessing a social enterprise as a potential supplier.

Models of engagement with social enterprises

Research for this book involved the analysis of several case studies of social enterprises that are suppliers of large companies in Peru and Latin America. This analysis identified different models of engagement that serve as a benchmark for this type of initiative:

Figure 3: Models of engagement between social enterprises and private companies

Suppliers for the primary value chain

- Sale of supplies
- Sale of manufacturing services
- Sale of end products

Suppliers for support areas

- Sale of technology support services
- Sale of job placement services
- Sale of merchandising

Suppliers of social investment services to stakeholders

- Sale of services for creating social business models or self-sustaining social programs

Source: NESsT

Social enterprises that are primary value chain suppliers

Social enterprise that sells supplies to the agro-industrial sector: This is the case of farmer cooperatives or associations that sell supplies to large companies. Companies benefit from this business relationship because they have access to raw materials at a pre-established quality and predictable prices.⁸ The business relationship also leads to increased income for small producers who may otherwise live below the poverty line and/or be excluded from the market.

Example in Peru: CEPROVAJE, a yellow corn growers association that groups together small farmers to provide agricultural supplies to the company Backus at competitive prices and with high quality standards.

Social enterprise that provides manufacturing services:

Large companies can outsource certain production tasks to social enterprises. The workforce in this type of social enterprise generally

tends to be low-income and/or with few opportunities in the formal labor market. The inclusion of these groups not only fulfills a company's operational needs but also has a positive impact on society through a profitable and efficient business transaction.

RedACTIVOS is a social enterprise that trains and employs people with disabilities to provide various services to large companies, such as the assembly of toys for “Juguetes Rasti” and the construction of reusable bags for Unilever.

Social enterprise that provides end products:

In recent years, consumers have become more concerned about the responsible production of the products they consume. Social enterprises as suppliers, with a core mission focused on social, environmental and economic sustainability, can play a strategic role by supplying finished

⁸ “Buenas prácticas de responsabilidad social empresarial. Apuntes de Estudio N 58”, Centro de Investigación de la Universidad Pacífico, Lima, 2004.

goods that can be sold in large, high-volume points of sale, through virtual platforms or chain stores. The brand thereby becomes associated with responsible practices that support the company's sustainability through its suppliers.

Example in Peru: Awamaki is a social enterprise that sells textile crafts in local stores and international sales channels (zappos.com and ABC Carpet & Home). Part of the organization's revenue is used to train craftswomen in Ollantaytambo.

Social enterprises that provide support areas

Social enterprise that provides technological services: Social enterprises can provide digital and technological services to major companies. This type of business model generates social impact by creating jobs for people excluded from the formal labor market. These services are labor intensive and employees are the most valuable resource, so this considers the reinvestment of a significant percentage of profits into training, reasonable salaries and the workforce onboarding process.

Example in Peru: Digital Divide Data (DDD) provides worldwide digital services to businesses and institutions, including UNICEF, International Finance Corporation (IFC), World Vision International, Harvard Business Review, Yale University and SIEMENS, etc. DDD hires low-income youth to provide digital services while integrating them into a study program that allows them to improve their employability in the future.

Social enterprise that provides job placement services: The demand for unskilled personnel in companies has generated an opportunity for social enterprises to connect supply and demand, acting as head hunters or employment agencies. Social enterprises work to reduce the high unemployment rates among unskilled and informal workers and improve their employability through education and training. Part of the company's profits are used for this purpose.

Example in Chile: Empleados Ya, similar to Incores, is a job placement company for low-skilled sectors, a segment in the Chilean employee market that is mostly ignored. Not only does Empleados YA recruit human resources, but also in some cases it provides services ranging from consulting to training and monitoring of results.

Social enterprise that provides merchandising: These are social enterprises that supply products that have been produced in a socially and environmentally responsible way. The products are also part of campaigns to raise awareness about different issues, contributing to the welfare of society.

Example in Peru: LOOP sells products that have been manufactured from PET, obtained by recycling plastic bottles. Products are sold to Coca Cola, Unilever, McGill University and The French Alliance, etc. With part of its profits, LOOP funds educational campaigns about environmental pollution by plastic in coastal communities.



Social enterprises that provide services for social investment in stakeholders

Investing in social enterprise has a large multiplier effect. A company interested in making social investments in its area of intervention can maximize its impact by using the services of social enterprises. These are responsible for the design, management and implementation of business models with high social impact. The advantage of this business model compared to a direct investment in the beneficiary is that it doesn't require the investment of the company's own resources in social projects and ensures transparency and objectivity in business relationships.

Example in Peru: Peru Waste Innovation (PWI) - this business arm of ONG Ciudad Saludable provides consulting services for implementation of solid waste management projects, integrated management systems and appropriate management of drinking water and wastewater. Its clients include various companies in the extractive sector, primarily those involved in mining activities. These companies incorporate the projects as part of their social investment in areas of direct intervention.

Resources for engagement with social enterprises

Compliance with international standards

Working with social enterprises in the supply chain can help companies to fulfill certain international sustainability standards. Among these standards, one of the most important is the Global Reporting Initiative (GRI), an independent institution that created the first global standard of guidelines for sustainability reporting for companies that want to evaluate their economic, environmental and social performance. It also works in coordination with the United Nations Environment Programme (UNEP).

Another important example is the ISO 26000, which provides guidelines on Social Responsibility established by the International Standardization Organization (ISO). It is not used to certify, regulate or contract, but rather it presents indicators of socially responsible work.

Peruvian organizations such as Peru 2021 and Instituto Ethos, have adapted international indicators of CSR best practices to Peruvian reality, based on a business management that focuses on values, transparency,

corporate governance and stakeholder relationships.

Engagement with social enterprises represents an opportunity for companies to meet these standards for social and environmental indicators.

Impact Investors

Impact investing works to generate a financial return alongside a quantifiable social/environmental impact. Impact investing points to a diverse range of financial returns, which may be even below market prices, depending on the circumstances of the investment.

Latin America presents an interesting environment for impact investors. From a profitability perspective, Latin American economies have been growing at a healthier pace in comparison to their slower US and European counterparts. Impact investors can be important strategic partners for Peruvian companies interested in taking their models of engagement with social enterprise to the next level. On the other hand,

resources for social responsibility can also be channeled through impact investment funds to strengthen social enterprises in different sectors. This ensures that resources for social purposes will generate a financial return that will be reinvested in other social enterprises.

The Opportunities for the Majority Initiative (OMJ), created in 2007 by the Inter-American Development Bank (IDB), promotes and finances sustainable market-oriented business models adopted by private sector companies, local governments and developing communities. It also supports the provision of quality products and services for the base of the pyramid in Latin America and the Caribbean. It is a funding opportunity for local companies interested in engaging with social enterprises.

Since 2010, the Inter-American Development Bank has closed 10 transactions with a dozen impact investors in Latin America, including Blue Orchard, Oikocredit, Incofin, ResponsAbility, Deutsche Bank Social Finance and Calvert Foundation.

Other impact investment funds in Latin America include: Adobe Capital and Ignia (Mexico and Colombia), Fondo Inversor and Vox Capital (Brazil), FIS (Chile), Acumen (Colombia and Peru), and ResponsAbility (Peru).

Despite this availability of impact investment funds, more of these types of organizations are needed, organizations that are willing to invest in early-stage social enterprises (under US\$ 300,000 investment). This, in turn, would generate the supply of social enterprises capable of business engagement with large-scale companies.

Service providers to strengthen social enterprises

In certain circumstances, social enterprises may require some support to improve management aspects and thereby be better equipped to meet a company's requirements. It is therefore important for companies to identify partners who provide coaching, training and consulting to improve key aspects of the business model. Such organizations are commonly called incubators or accelerators. They can become engagers, with specific roles in the business partnership, such as tracking, monitoring and assessment of social enterprises.

International experience shows that incubators and accelerators are only marginally different from impact

investors. Some of them are designing and launching their own impact investment funds. In Peru, NESsT is an organization that supports and invests in social enterprises through an incubation program and an investment fund focused on the development of social enterprises. For several years now, the Universidad del Pacífico provides training programs through *Emprende UP*, which are focused on the development of social enterprises. The advantage of working with these organizations is that they have experience working with social enterprises.

Social enterprise certification

Companies can verify the performance of social enterprises through an assessment of different factors, such as organizational, social and environmental indicators. There have been recent efforts to establish a legal framework for social enterprises. An example is the adaptation of the

United States Benefit Corporation (B-Corp) to the Latin American region. B-Corp certifies companies that meet certain governance, social and environmental standards. These companies are required by law to create measurable social and environmental benefits through their operations. This concept is taking hold throughout United States through a combination of existing legislative and judicial environments, creating new legal frameworks to allow the certification of B-Corps and their market acceptance. To qualify as a B-Corp, a company must have an explicit social and environmental mission and a legally binding fiduciary responsibility to take into account the interests of workers, the community, the environment and shareholders. The company should also publish independent and verifiable reports of its social and environmental performance and financial results.

In Latin America, this program aims to establish *Empresas B* in the region and work with governments to recognize these organizations as a type of legal entity.

Conclusion

In order for companies and social enterprises to build a successful relationship, they must share similar economic and social purposes. As mentioned in this guide, there are diverse models of engagement between companies and social enterprises, and a company must identify the areas that will be involved in managing the business venture with social impact. Engagement with social enterprises has social, technical, economic and administrative aspects. A proper coordination between the areas involved within the company is

essential to avoid the duplication of efforts and resources.

In the medium term, engagement with social enterprises leads to an internal commitment and external results that reach beyond commercial considerations. In the long term, the benefits of doing business with social enterprises can lead to institutional changes in the way that companies engage with these entities and a more formal process of incorporating them into their operations and value proposition.





Appendixes

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Appendix 1:

Criteria for assessing a social enterprise


Aspect to assess	Qualifications			Qualification given	Evidence
	Low / weak	Moderate	Solid / high	(to be filled in by the company)	(to be filled in by the company)
Mission, Vision & Values	Limited connection with the company.	Moderate connection with the company.	Strong alignment between the social enterprise and company.		
Social Impact	There is no clear evidence that the social enterprise is resolving a social problem.	There is evidence from informal sources that the social enterprise offers a solution to a critical problem.	There is evidence of objective and reliable sources that the enterprise offers a solution to a social problem.		
Financial Sustainability	Depends entirely on outside donations to operate.	Generates revenue to cover direct costs.	Generates funds that exceed direct costs and permit capitalization and reinvestment.		
Financial Management	Budgets are handled by staff without a formal monitoring or tracking system.	Budgets are managed under a formal monitoring and tracking system. However, the enterprise does not have an efficient financial reporting system.	Budgets are prepared strategically and are supervised and monitored by management. They have an efficient financial reporting system.		
Staff Experience	Large proportion of staff are volunteers, few or no members with higher education.	Staff members plan to develop their skills within the social enterprise. As a minimum, leaders have higher education or university degrees.	Staff members have a long-term vision, most have a university degree.		
Communication	No formal communication mechanisms, important information is transmitted orally.	Formal communication mechanisms emerge, but staff is unfamiliar with them.	Formal communication mechanisms are used efficiently on all levels.		
Monitoring and Assessment	Performance assessment is carried out externally, as per donor requirement.	The enterprise monitors and assesses certain indicators to reach goals.	The enterprise has a monitoring and assessment system that is respected and used by staff.		
Quality	The company places more emphasis on increasing the number of customers and neglects quality.	The company has developed mechanisms to ensure the quality, but does not fully achieve its aim.	Practices are in place for ongoing improvement of quality and they are successfully implemented.		
Infrastructure	The enterprise requires significant investments to improve operations.	The enterprise meets operating requirements, but it could be better.	It has a very efficient operations infrastructure.		
Management of Suppliers	There is no formal system to track or regulate suppliers. They are hired on demand.	The enterprise records the purchase and acceptance of supplies. However, it does not have a formal planning and monitoring system.	Staff is trained and consistently uses the supply system for future requirements, to reduce gaps and avoid shortages.		
Business Management	The social enterprise does not have a marketing strategy and has little to no marketing practices.	The enterprise has social marketing practices. However, it do not have a strategic plan for business management.	The company has an approved business management strategy that is implemented through various channels.		

Appendix 2:

Directory of Peruvian social enterprises

Acopagro

<http://www.acopagro.com.pe/>

 Pamela Esquivel
ventas@acopagro.com.pe
(42) 545190

Business Description


Acopagro is a cooperative of small cacao producers who develop special quality products for the domestic and global market.

Social Mission

Ensure sustainability through revenues and improve the quality of life of its more than two thousand members by promoting innovation and fair trade.

AGTR - Casa de Panchita

<http://www.gruporedes.org/>

 Blanca Figueroa
figueroa@terra.com.pe
(01) 445-1469

Business Description


AGTR operates an employment agency for domestic workers called “La Casa de Panchita” that provides tailored training for domestic workers. After completing training, they are placed in formal, decent jobs, and the organization generates sustainable revenues by charging a fee to the employer.

Social Mission

Provide decent and regulated employment to one of the most vulnerable groups in the informal economy: household employees.

APPCACAO

<http://www.appcacao.org/>

 Francisco Rivas
(01) 472-7988

Business Description

APPCACAO cultivates and sells products made from local organic cocoa.

Social Mission

Increase income and quality of life for small-scale farmers, with a focus on social, gender and environmental responsibility.

ARPEGGIO

<http://arpegioperu.jimdo.com/>

 Giuliana Casas
giulianna@arpegioperu.org
(044) 293358

Business Description


Arpeggio is a music school for children and youth. The Academy charges fees to children from higher-income families to subsidize scholarships for low-income children and youth.

Social Mission

Create conditions through music education for social inclusion based on talent development and cultural transformation.

Asociación Inkaterra

<http://www.inkaterra-asociacion.org/es/>

 José Purisaca
jpurisaca@inkaterra-asociacion.org
9935-01887

Business Description

Asociación Inkaterra develops scientific, technological, social and cultural research used to generate tourist products and services. These are purchased by Inkaterra customers and other institutions.

Social Mission

Promote the conservation of mega biodiversity and cultural resources in Peru through the development of scientific knowledge and the facilitation of responsible business models for the benefit of local communities.

Asociación Cultural Ángeles D1

<http://www.angeles-d1.org/>

 Mary Ann Lynch
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467 - 1051 / 252 - 7050


Business Description

The Association generates income by charging fees for its Dance School and selling tickets to its events. This income is used to finance several art awareness and education programs for at-risk youth.

Social Mission

Generate opportunities for the development and social transformation of at-risk youth through dance, with a transformative approach that expresses human and artistic potential. Promote an inclusive and creative culture.

Asociación de Desarrollo Eco-Agrícola TIKARI

 Camila Claussen
camila.clausen.arca@gmail.com
941362010


Business Description

Tikari designs agricultural production systems and develops organic products, which are sold to generate resources for the development of social and environmental projects.

Social Mission

Create a sustainable and responsible development in high Andean communities through the use of local resources and innovative productive solutions. This activity currently impacts the life of 500 producers, with an aim to broaden the base of participating communities.

Asociación Kemito Ene

 Ruth Buendía
ashaninkarioene@yahoo.es
(64)545670

<http://careashaninka.org/kemito-ene/>


Business Description

Asociación Kemito Ene sells coffee and cocoa products developed in conjunction with Ashaninka communities, through efficient and sustainable production systems.

Social Mission

Improve the quality of life of members of the Ashaninka community through development of production capacity, capacity building and the promotion of fair trade.

Asociación Promotora Caritas Graciosas

 Elena Velaochaga
velaochaga@caritasgraciosas.org.pe
(01) 441-1418

<http://www.caritasgraciosas.org.pe/>

Business Description

Caritas Graciosas offers interactive games organized in the form of fairs for children to companies, schools and families to celebrate diverse events. Educational campaigns in marginal areas are funded by the revenues generated. The fair features the bus, "Rum Rum the Explorer", an interactive museum that stimulates children's senses and learning.

Social Mission

Give children access to modern educational programs that promote their central role in learning, the transformation of pedagogical practice, active parent participation and community value.

Awamaki

<http://awamaki.org/>



Krissa Hendersen
krissa@awamaki.org
958 335085

Business Description

Awamaki works with indigenous women in Ollantaytambo to develop high-quality textile products for sale internationally through online stores and sales platforms.

Social Mission

Promote sustainable employment and inclusion in a sustainable global market for highly vulnerable and marginalized groups such as indigenous women in the Peruvian Andes.

Biomosas del Perú

<http://www.carbonecologico.com/>



Manuel Barba
manuelbarba@carbonecologico.com
944615150

Business Description

Biomosas del Perú produces and sells Coal Eco briquettes, a solid material made from rice husks, which do not emit toxic fumes when burned.

Social Mission

Improve health in more than 2.8 million Peruvian households that currently use firewood and charcoal to cook. In addition to polluting, this smoke causes eye and respiratory illness and even cancer.

CEPROVAJE

<http://www.carbonecologico.com/>



Pedro Concepcion
pconcepcion@ceprovaje.com

Business Description


CEPROVAJE produces and supplies hard yellow corn to large-scale companies in the food and beverage industry. It formalizes and centralizes the production of local farmers.

Social Mission

Formalize over 200 small farmers and improve their competitiveness and efficiency, resulting in a direct improvement in their income level.

CISMO SAC

www.culqi.com

 Amparo Navarte
analvarte@culqi.com
976572301

Business Description

Culqi is a mobile payment platform that connects small-scale buyers and sellers through mobile phone applications.

Social Mission

Empower 1 million Latin American micro- and small enterprises with affordable technological tools. Directly increase income and indirectly boost the family budget.

Consorcio Titikayac

<http://www.explorandes.com/>

 Diego del Río
diego@explorandes.com
(84) 238-380

Business Description

Consorcio Titikayac is a partnership between the tour operator Explorandes and the Llachón Quechua indigenous community. It offers unique tourist activities such as kayaking across Lake Titicaca. This product is offered to various travel agents operating in the region.

Social Mission

Promote market insertion and increase formal employment opportunities for members of an indigenous community who normally face restrictive barriers in this area, thereby improving their incomes and boosting the local economy.

Copiloto

<http://www.copiloto.pe>

 Jose Haya de la Torre
jota@copiloto.pe

Business Description


Copiloto provides strategic communication and social management services. With its multidisciplinary specialized team, it can address complex challenges with measurable results, always placing creativity at its core.

Social Mission

Generate positive results for all brands with a social focus, thereby increasing their sustainability. Through a creative, strategic and efficient management of communication, incorporate this focus as an integral part of the company's DNA.

Corporación Aders

<http://www.aders-peru.com/>

 Celfia Obregón
celfia@aders-peru.org
(01) 422-0075

Business Description


Corporación Aders supplies native potatoes to major supermarket chains in Peru. It stores and processes native potatoes grown by small-scale farmers from different regions of the country.

Social Mission

Increase the income of small-scale farmers with low incomes and promote the sustainable use of natural resources and environmental conservation, with special emphasis on the regions with the greatest need.

Digital Divide Data

<http://www.digitaldividedata.org/>

 Stefanie Delgado
stefanie.delgado@digitaldividedata.com
989 193689

Business Description

DDD delivers high-quality competitively priced business process digital content services to clients worldwide, and recruits and trains youth from low-income families as its key workforce.

Social Mission

Provide employment opportunities and higher education for low-income women and youth in emerging market economies, strengthening skills and providing opportunities for growth and success.

DUHEM

<http://www.duhem.co>

 Lucía Valencia Dongo
lvalenciadongo@duhem.co
999452121

Business Description

Duhem is an online sales platform that sells various products characterized as being socially responsible.

Social Mission

Promote causes such as education, environment, social development, human rights and health, by dedicating a percentage of its earnings to programs run by different NGOs.

Educar para Conservar

<http://educarparaconservar.wix.com/>

 Dora Landauro
educarparaconservar@gmail.com
959 -188 -928

Business Description

Educar para Conservar generates income from the sale of ecologically produced merchandising to companies and through environmental education services provided to various public and private institutions and the general public. It uses this income to fund environmental education programs in low-income areas of Peru.

Social Mission

Reach a significant portion of the population to educate, raise awareness and instill environmental conservation habits and attitudes, based on an in-depth knowledge of local environmental problems.

Fundades

<http://www.fundades.org/>

 Sergio Claux
fundades@fundades.org
(01)251-2200 / (01)251-3510

Business Description


Fundades organizes social responsibility programs (such as “Recicla más”) and various charity events (such as fairs or competitions), and uses the income to finance social projects for vulnerable groups, especially people with disabilities.

Social Mission

Improve the quality of life of people with disabilities through the promotion and implementation of social projects related to health, child abandonment, education, work, sports and the environment.

Ingenimed

<http://www.ingenimed.net>

 Sandro Gamarra
sandro_gs777@hotmail.com
(084) 507-867

Business Description

Ingenimed designs, produces and sells blue light phototherapy equipment called “NEOLED”, a high-quality, cost-effective treatment for neonatal jaundice. Three different models are available for rural public hospitals in Cusco.

Social Mission

Cover the lack of available affordable and reliable technology for the treatment of neonatal jaundice in rural areas. Jaundice is a recurring health problem and if not treated properly, it can cause permanent neurological problems.

Innova Magrini

 Nicasio Uñapillco
nicasio_magrini@hotmail.com
(084) 202-096

Business Description

Innova Magrini manufactures and sells Andean grain harvesting machinery, and other agroindustry machines that result in higher yields and better quality final products. Their design is adapted to local characteristics and the needs of small- and medium-scale Andean farmers.

Social Mission

Increase competitiveness and incomes of small- and medium-scale farmers by adding value to their product. In Peru, there are more than 65,000 small- and medium-scale farmers.

Koyllor

 Mario Endara
mario.endara.cre@gmail.com
endara.r@hotmail.com
950791254

<http://www.koyllor.com/>

Business Description

Kollyor manufactures and sells a line of improved portable cook stoves to families, tour operators and social organizations in the Puno region of Peru.

Social Mission

Improve the health of many rural families who currently use environmentally harmful fuels in their homes, through the distribution of improved stoves.

Life out of plastic (LOOP)

 Nadia Balducci
nbalducci@lifeoutofplastic.com
(01) 2529406

<http://www.lifeoutofplastic.com/>

Business Description

LOOP promotes environmental awareness campaigns financed with profits generated from the sale of products made from recycled plastic bottles and the provision of indoor environmental awareness services to companies.

Social Mission

Raise awareness about plastic pollution and promote responsible use of this material in Peru.

La Tarumba

<http://www.latarumba.com/>

 Estela Paredes
informes@latarumba.com
01 446 46 60

Business Description


La Tarumba is a cultural association for theater, music and circus arts. Through artistic production and distribution of services, it finances programs for training at-risk children and youth, who in turn become involved in cultural enterprises for children and youth in underserved communities.

Social Mission

Achieve social, cultural and educational development through art.

Perú Waste Innovation

<http://www.pwi.com.pe/>

 Alberto Huiman
alberto@pwi.com.pe
4466323

Business Description


The company is the business arm of the organization Ciudad Saludable. It designs and provides engineering and environmental solutions for large-scale companies, based on principles of efficiency, effectiveness, sustainability and feasibility.

Social Mission

Promote sustainable environmental management models targeted to local conditions and contribute to the fulfillment of the macro-objectives of institutions involved.

Power Mundo

<http://www.powermundo.com/>

 Paul Winkel
paul.winkel@powermundo.com
(01) 266-0509

Business Description


PowerMundo builds and manages an international network of partners, suppliers, distributors and clients to promote, distribute and finance a series of clean energy products.

Social Mission

Preserve the environment by providing clean energy and improve quality of life for people who do not yet have access to this basic service, which in Peru is 31 million people.

Rainforest Expeditions

<http://www.perunature.com/index-sp.html>

 Kurt Holle
kholle@rainforest.com.pe
959185759

Business Description


Rainforest Expeditions offers a variety of tourist services in the Peruvian Amazon, which are developed in partnership with local indigenous communities in an effort to add value to the Amazonian rainforest.

Social Mission

Share the value created through local partnerships, suppliers and employment together with more than 300 local families, and commit to the conservation of the Tambopata National Reserve.

Red Uniendo Manos

www.manosperu.org

 Conrado Olivera
conradoccc3@manosperu.org
(01)333 0152

Business Description


Red Uniendo Manos sells handicrafts made by low-income Peruvian artisans in cooperatives. Products are made from cotton and alpaca (carpets, sweaters, dolls), clay pots and silver jewelry.

Social Mission

Provide the tools necessary through training to ensure that artisans follow certain work standards and enter the market at fair prices; improving their ability to generate sustainable income.

RITEC

www.ritec.com.pe

 Victor Ramírez
ritechiclayo@gmail.com
(74)203946

Business Description


RITEC provides information services for efficient irrigation to medium- and small-scale coastal farmers. It uses a remote evaporation sensor to determine the ideal irrigation schedule and volume for agricultural land and improve productivity.

Social Mission

Ensure an efficient use of water for agricultural purposes, to remedy the scarcity of water resources and promote productivity in this sector.

X-Runner

<http://www.xrunner-venture.com/>

 Isabel Medem
isabel.medem@xrrunner-venture.com
(01)2488687

Business Description


X-runner provides reliable, economic and ecological sanitation services through the installation of dry toilets and waste collection and waste processing. This service is sold to marginalized populations with no access to water and sanitation in slum areas.

Social Mission

Improve quality of life and prevent diseases caused by lack of water and sanitation services through the creation of a cleaner, healthier atmosphere. In Lima alone, there are 3 million people who have no access to sanitation services.

Yaqua

<http://yaqua.pe/>

 Fernando Tamayo
ventas@yaqua.pe

Business Description

Yaqua sells personalized bottled water and dedicates all profits to fund clean water projects in vulnerable parts of Peru.

Social Mission

Transform the consumption of bottled water into a stream of solidarity, with a goal that by 2050 all Peruvians have access to clean water and sanitation.

Appendix 3:

Directory of impact investors

Organization	Web site	Headquarters
Acumen Fund	acumen.org	New York, USA
Adobe Capital	www.adobecapital.org/	Mexico City, Mexico
Blue Orchard	www.blueorchard.com/	Genoa/Zurich
Deutsche Bank Social Finance	www.db.com/cr/en/concrete-funds.htm	Frankfurt, Germany
Fondo de Inversión Social	www.fondoinversionsocial.cl/	Santiago, Chile
Fondo Inversor	www.inversor.org.co/	Bogota, Colombia
Fundación Calvert	www.calvertfoundation.org/	Wisconsin, USA
Ignia	www.ignia.com.mx/	Nuevo Leon, Mexico
Incofin	www.incofin.com/	VA, Belgium
Oikocredit	www.oikocredit.coop/	Armesfoort, Holland
ResponsAbility	www.responsability.com/funding/	Zurich, Switzerland
Vox Capital	www.voxcapital.com.br/	Sao Paulo, Brazil

Appendix 4:

List of interviewees

Private Companies

Company or organization	Interviewees
Antamina SA	Ricardo Ordoñez/Milton Alva
Corporación Belcorp	Verónica Melzi
Explorandes SAC	Diego del Río
General Electric International Peru	Luis Felipe Carrillo
Nextel del Perú SA	Rosa Bonilla
SODEXO SA	Carolina Roullion
Super Mercados Peruanos SA	Mariela Prado
Tecnológica de Alimentos S.A (TASA)	Wendy Rojas
Unión de Cervecerías Peruanas Backus y Johnston S.A.A.	Magdalena Morales

Social enterprises

Company or organization	Interviewees
Asociación Civil Awamaki	Krissa Henderson
Asociacion Civil. Red Activos para la Autonomía de las Personas con Discapacidad	Beatriz Pellizzari
Asociacion para el Desarrollo Sostenible del Peru - Ader'S Peru	Celfia Obregón
FUNDES Perú SAC	Ulrich Ueli
Hoteles CBC SAC	Mario Canessa
Instituto de Co-Responsabilidade Social de Brasil - INCORES	Rodrigo Biajoni
ITA- Asociación Inkaterra	José Purisiaca
Life Out Of Plastic SAC – L.O.O.P.	Nadia Berrocal
Peru Waste Innovation SAC	Alberto Huiman
Proyecto Qori Chacra	Valerio Paucarmayta
Rainforest Expeditions SAC	Kurt Holle

Related Institutions

Institution	Interviewees
Asociación Colombiana de Contact Centers y BPO	Jualiana Silva
Asociación Peru 2021	Henri Le Benvenue
Cámara de Comercio Americana del Perú-Amcham	Aldo de Fillipi
Confederación Nacional de Instituciones Empresariales Privadas - CONFIEP	José Luis Altamiza
Consultor del Fondo Multilateral de Inversiones del Banco Interamericano de Desarrollo (BID-FOMIN)	Ivan Miflin Bresciani
Ministerio de Desarrollo e Inclusión Social	Diego Luna
SASE Consultores SAC- Grupo SASE	Baltazar Caravedo
Social Enterprise Knowledge Network – Red SEKN	Elsa del Castillo
Universidad del Pacífico	Maria Angela Priale



About NESsT

Founded in 1997, NESsT develops and invests in social enterprises that solve critical social problems in emerging market countries. The organization supports pioneering early-stage enterprises, which pilot new business models and approaches to tackle social issues. Because of their innovative models, NESsT Enterprises create new markets that can be replicated and catalyze changes in behavior or within the broader system.

NESsT has invested over US\$ 11 million in capacity and financial support to launch over 160 high-impact social enterprises. NESsT Enterprises have directly improved the quality of life of 400,000 marginalized people.

The organization has six country offices, including Peru. It also has representative offices in San Francisco and London.

www.nesst.org/peru

About Digital Divide Data (DDD)

Digital Divide Data (DDD) is a social enterprise that delivers solutions to meet digital service needs of global enterprises and institutions. DDD created a new model called “Impact Sourcing” -by the Rockefeller Foundation- which was implemented in Cambodia in 2001. For DDD, “Impact Sourcing” is a model that delivers high-quality competitively priced digital business solutions. The business model includes a work-study program that provides young people with the experience, skills and leadership capacities to help their families out of poverty. Hundreds of young people had access to their first formal job thanks to DDD and over 500 young people have obtained university degrees thanks to support from the organization.

DDD has a portfolio of international clients such as Ancestry.com, the British Library and Stanford University; as well as local clients such as Mobitel and SMART, telecommunications services operators in Cambodia. With the partial support of the Multilateral Investment Fund (MIF), member of the Inter-American Development Bank Group (IDB), DDD began business operations in Peru in 2014.

<http://www.digitaldividedata.org/>

“Shared value, doing business with social enterprises shares the experience of enterprises who have undertaken to create value and contribute to solving social problems. In the upcoming years, it will become increasingly important. The contribution of social enterprises to the construction of a just society is fundamental.”

- Baltazar Caravedo, Leadership Center, Universidad del Pacífico. Lima, Peru

“This publication is a clear example of the evolution that we are currently undergoing towards a lasting and sustainable engagement between businesses and society. It describes how social enterprises can help companies that operate in Peru to maximize the impact of their investments, generating value for society from the very heart of its business and the value chains associated with its business activity. In this setting, alliances with social enterprises become a new tool and innovative challenge to contribute effectively to the development of the country.

- Milton Alva, Manager of Sustainable Development, Antamina Mining Company.

“Corporate social responsibility has been evolving and gaining ground in a global context, passing through a series of adjustment and improvements in the vision applied to undertake corporate sustainability strategies. On the other hand, markets and society are demanding companies to obtain not only economic benefits but also to contribute to solving social problems. In this sense, social enterprises emerge as the ideal partners for corporations that wish to benefit the community. This guide shows companies how to do business with social enterprises and generate a shared value with society. The alignment between the strategic objectives of both organizations is fundamental to ensure an innovative and sustainable product or service.”

- Pablo de la Flor, Manager of Corporate Affairs, Banco de Crédito del Perú.

