Corporate Social Responsibility Program for the Sugar and Ethanol Industry in São Paulo, Brazil

Activity Report
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Foreword

The consolidation of the sugar business according to the sustainability perspective is one of UNICA’s major priorities. UNICA has integrated the principles of corporate social responsibility and sustainable development into how it makes business decisions.

Our partnership with the World Bank Institute has been an excellent opportunity to demonstrate to the wider community the strong commitment of the sugar sector to a model of development that allies economic growth and productivity with concern for the environment and social welfare. In this manner, the sugar industry can fully attend to present demands without jeopardizing future generations.

The speed of change in the energy industry never fails to amaze us, since society has realized that oil is a finite resource. For this reason, Brazil has all the necessary conditions to position itself as the primary supplier of Ethanol as the new energy source.

The alcohol fuel of Brazil, internationally known as ethanol, is the sustainable solution for energy and will have a profound effect on the country, with a positive impact on the environment by reducing poisonous emissions, both locally and globally. For countries that are dependent on oil imports, there is added benefit of reducing costs.

In that sense, ethanol is the base of a “new energy agriculture”, receiving the support of several environmental initiatives such as the Biofuels Directive of the European Union, the Oxygenated Fuel Program of the United States and the Kyoto Protocol.
We would like to be important players in one of the biggest ventures ever conceived by human beings and in turn make our planet more livable for future generations. We want to make ethanol a viable energy source and disseminate this resource and fulfill the dream held in the goals of the Kyoto Protocol.

Our commitment to the future demands that we make investments in renewable energy sources. We must do the best we can for future generations.

Regards,

Eduardo Pereira de Carvalho
President, UNICA (União da Indústria Canavieira de São Paulo)
Overview of CSR

Over the past decade, corporate social responsibility (CSR) has risen in global prominence and importance. Corporate governance scandals such as those at WorldCom, Enron, Parmalat, Daewoo, and Tyco profoundly affected major capital markets worldwide, and placed issues such as ethics, accountability, and transparency firmly on the business, regulation and policy agendas. Additionally, issues such as peace, sustainable development, security, poverty alleviation, environmental quality and human rights are becoming increasingly interlinked, and are having a profound effect on businesses and the business environment. Although not traditionally responsible for finding solutions to these challenges, it is in the private sector’s best interest to be part of the solution rather than part of the problem.

Unfortunately, few companies, particularly in the developing world, have the skills or competencies to work in this new operating environment. Strategic capacity-building is imperative in educating these businesses about CSR, so they may access new markets and improve their competitiveness on a national, regional and global scale.

The Business, Competitiveness and Development Program at the World Bank Institute seeks to address the need for a better understanding of the role of business in society, recognizing that business is a private partner in development. The program addresses the clear need for broader acceptance of corporate governance and responsibility as vital components of corporate strategy, and highlights the importance of these issues in relation to poverty reduction, good governance and county competitiveness.
Business is core to development and the team, in collaboration with local partners, builds capacity to facilitate effective multi-sectoral approaches. This training program in Brazil is an excellent example of how we work with business to help them better address social issues.

Sincerely,

Djordjija Petkoski
Head of the Business, Competitiveness and Development Team of the World Bank Institute
Introduction

The recent agricultural reforms of the European Union (EU), triggered by rulings of the World Trade Organization, have transformed the global food system. The changes have allowed efficient sugar producers, such as those from Brazil and other developing countries, to be more competitive in global markets.

An important player in the case against EU sugar subsidies was UNICA, União da Indústria Canavieira de São Paulo. After the positive outcome of this case, there has been a very proactive response from Brazilian sugar companies. However, there are still many internal issues to address. UNICA must now help Brazilian sugar companies strengthen their competitive position and address some fundamental issues such as labor practices and environment impacts.

With this understanding, UNICA and the World Bank Institute (WBI) partnered to develop the capacity of local Brazilian businesses and their associations. Together, UNICA and WBI aim to enhance firm level competitiveness, which is critical to lessening the Custo Brazil (The cost of production in Brazil). In the process, Brazilian productivity will soar to new heights.

The program trained approximately 2,500 participants over a period of 8 months. Recently, InWent and the German Chamber of Commerce in São Paulo joined the alliance, with the purpose of broadening the reach of the program. Over the next 3 years the partners will deliver the program to several Mercosur countries, starting with Brazil and Argentina.

The UNICA-WBI partnership encourages the vital role of the private sector in development and the significance of public-private partnerships.
Partnership Process: The CSR Program in Brazil's Sugar and Ethanol Industry

Step 1: Exploration—Initial Planning and Cooperation

UNICA recognized the need to support their member companies. Member companies would need support in strengthening their competitive position, as well as in dealing with global issues such as irresponsible labor practices and operations with adverse affects on the environment. The association identified the Business, Competitiveness and Development Program (BCD) of the World Bank Institute (WBI) as a good partner for the endeavor. The team was then contacted. Both parties agreed to develop a capacity building program specific for the region, with the BCD team taking the lead in development.

Step 2: Creating a Common Agenda—Planning and Inclusion

The main objective of the UNICA-WBI partnership was to encourage socially responsible behavior in sugar companies, stress the vital role of the private sector in development, and lastly, demonstrate the significance of positive public-private partnerships. In Brazil, the initiative makes evident the World Bank’s objective of improving competitiveness and growth through productivity.
Step 3: Operational Roadmap—Creating an Action Plan

The BCD program was given the role of coordinating and designing the capacity building program. Its role was to employ its wide experience in private sector development, capacity building and Corporate Social Responsibility (CSR). UNICA contributed its local expertise and financial support for the live training. The partners signed a Memorandum of Understanding (MOU) which clearly defined and outlined each party’s responsibilities and expectations from the project.

Step 4: Partnership Building

In creating this partnership, the BCD team provided training for UNICA’s local experts. These experts would later facilitate local capacity building sessions. Additionally, the BCD team developed an online course on Corporate Social Responsibility and Sustainable Development.

Step 5: Accountability

The BCD team was responsible for building a functional web-based course, as well as training consultants and experts. UNICA agreed to recruit participants, to disseminate the course, to facilitate the training sessions, and lastly, to host the certification event.

From the outset, it was understood that each party was primarily accountable to its board and stakeholders.

Step 6: Measuring and Evaluating the Process

In order to assess the effectiveness and quality of their efforts, both UNICA and WBI administered questionnaires for their respective components of the program. This feedback will be used to shape future capacity building programs.
Step 7: Building Institutional Capacity

The BCD team provided a seminar on the role of the private sector in development, corporate social responsibility and productive public–private partnerships. The participants of this seminar became the facilitators of the course's local training sessions.
Program Methodology

The capacity building program featured face-to-face training on the role of business in development. The program also provided a web-based course on CSR and sustainable competitiveness. Local partnerships were used as industry specific case studies to supplement the training sessions for the managers of Brazilian sugar companies. The program was translated into Portuguese with an emphasis on capturing the cultural uniqueness of the Brazilian society and business environment.

Face-to-Face Sessions

The face-to-face sessions were developed by local consultants and included country and industry specific case studies. Through three four-hour sessions, participants were able to apply the tools of each session to their own work. The following discusses the themes and objectives of each of the three sessions.

Session One

Session one introduced participants to the capacity building program. The instructor provided a general overview of the various issues explored in the sessions. He also introduced the concept of CSR.
Participants become acquainted with the on-line modules of the course. The instructors guide the students through navigating the course and its interactive forums, and explain the objectives of this on-line component of the program.

Lastly, this first session serves as an opportunity for participants and professionals to meet each other, as they will be working together through the remainder of the program.

Session Two

The second session focused on local case studies. After the instructor presented the case, he or she applied the concepts of corporate social responsibility to analyze it.

Participants were divided into groups for the rest of the session to discuss the case studies, share ideas, and listen to different perspectives.

This session served as a background for the contents of modules 3, 4, and 5 of the web based course.
Session Three

The last session of the program was dedicated to discussing the challenges faced when socially responsible corporate strategies are implemented. Participants were divided into groups according to the management competency they possessed (i.e. human resources, finance, or technology). Next they discussed CSR and Sustainable Competitiveness (SC) opportunities within the scope of their professional contexts.

Each team made a presentation to the rest of the group summarizing their discussion. Finally, participants were asked to write a report about “Extraordinary Management,” which was posted by UNICA 6 months after the training. The purpose of this letter was to evaluate what the participants accomplished.
Web-Based Course Summary

Introduction

The CSR and Sustainable Competitiveness course was developed by the BCD team. It was designed to introduce participants to the theory and practice behind corporate responsibility and competitiveness. Each year the course is delivered to more than 30,000 participants from around the world and form all sectors of society, including business, government, and civil society leaders.

The feedback from these deliveries is used to fine tune the course and develop new modules so that the course is relevant to the needs of target audiences. Ideally, the course becomes integrated into a wider process of curriculum development that examines the role of business in society, such as this one in Brazil. In efforts to increase the global audience and applicability, the course is now available in eight languages, including English, Russian, Chinese, Portuguese, French, Japanese, Arabic, and Spanish. (The Portuguese version of the on-line course was sponsored by InWent.)

Course Structure

The course is structured into six web-based modules and a case study. It is offered over a 10-day period and will approximately take six hours to complete. Participants are encouraged to maximize the interactive capabilities allowed by the course format, and post their thoughts and comments on the course materials to their virtual classmates. Overall, the objective of this course is to provide
participants with an introduction to the fundamental rationale, design, and implementation of CR programs.

The six modules of the course are the following: 1) CSR Main Concepts, 2) Decision-Making Frameworks, 3) CSR Diamond, 4) Building Sustainable Competitiveness through CSR, 5) CSR and the Poor, and finally, 6) Coalition-Building and Action Plans. Sea Star is the supplementing case study. A brief description of each module follows.
Module 1: CSR – Main Concepts

The overall objectives of this module are to introduce participants to the main concepts of CSR, and provide them with some useful definitions and classifications. By the end of the module, they should be able to answer the following questions:

- What is CSR about?
- Why is CSR becoming one of the main challenges facing the private sector, government, and civil society?
- What are the main benefits of addressing CSR challenges in a systematic and timely manner?
Module 2: Decision Making Framework

This module aims to provide participants with four decision-making frameworks, which they might find useful in addressing complex CSR issues, particularly at the corporate/organization level. Typically, business problems which have strong social and ethical components are very complex and do not have simple solutions. The necessary courses of action are neither obvious, nor are the consequences of their implementations clear. The four decision-making frameworks suggested in this module arm participants with systematic approaches to analyzing and acting in complex situations.
Module 3: The CSR Diamond

In this module we provide participants with a comprehensive overview of the environment that influences CSR. The main objective is to introduce a framework to address complex issues of CSR in a more systematic way.

At the end of the module participants should be able to:

- Identify appropriate policy measures, which will improve the business environment for companies to strengthen their competitive position by incorporating the key CSR elements in their corporate strategy;
- Understand the linkages between corporate and national governance and CSR, and through this, appreciate the impact of the policy and business environment on corporate behavior.
Module 4: Building Sustainable Competitiveness

The main objective of this module is to provide a framework to build sustainable competitiveness through CSR.

In module 1, the business case for companies to integrate CSR into their strategies is established. Here, the focus is on how a firm can create and sustain a competitive advantage by incorporating CSR concepts into its corporate strategy.

Competitive advantage grows fundamentally out of the value a firm is able to create for its stakeholders. Therefore, the CSR concept, with its holistic view of the business environment is naturally an integral part of building competitive advantage. To provide a systematic way of analyzing corporate benefits and integrating CSR into corporate strategy, four frameworks are introduced.
Competitive Advantage

Broad target

1. Cost leadership

Narrow target

2. Differentiation

3.1 Cost focus

3.2 Differentiation focus

Porter’s Generic Strategies
Module 5: CSR and the Poor

This module presents some tools and approaches that can be used to improve the role of business enterprises in poverty alleviation, by building coalitions with other stakeholders. Therefore the CSR Diamond and the Sustainable Competitiveness frameworks discussed in modules 3 and 4 are utilized.

The main objective is to discuss two key aspects: The relationships between CSR and impoverished stakeholders and Corporate Strategy and impoverished stakeholders.

By the end of the module participants should be able to:

- Identify business strategies supportive of poverty alleviation by better understanding the relationship between CSR and the poor;
- Provide a rationale for why companies should be involved in poverty alleviation efforts;
- Appreciate the complexity of addressing these issues from a corporate perspective;
Module 6: Action Plans

In the last module of the web based course, participants are presented with a framework for the design and implementation of action plans aimed at making the policy and business environment supportive of sound CSR policies and practices.

The scope of Module 6 is limited to the design and implementation of action plans at the country level, since developing action plans at the corporate level was already discussed in Module 4. The role of civil society was also addressed in Module 3.

The focus will be on:

• Coalition building for Action
• Action Plans:

  1) Design and Implementation
  2) The role of the government
  3) Tools:

    – The action plan Matrix
    – Worksheet
    – Checklist

At the end of the Module, participants should be able to:

• Develop action plans that are aimed at improving the business environment and are conducive to sound CSR practices;
• Utilize a set of specific tools for the design and implementation of an action plan using the CSR diamond framework.
Case Study: The Sea Star

In order to facilitate action-based learning, the program utilizes a fictional case study, *The Sea Star*, throughout the course. The case will provide an effective way to introduce and analyze new concepts and information regarding CSR.

The case presents a real policy and business situation that poses critical challenges in policy and management decision making. Each participant will analyze the case individually, and then answer related questions. This will help participants internalize new concepts more effectively, relate them to situations in their countries and organizations, and apply the new concepts in practical ways.
Results of the Program

Participants

Participants included directors, managers and supervisors from various divisions, such as human resources, comptrollers’ office, finance, production, technical, agricultural, marketing, accounting/auditing, commercial and legal departments.

Lessons Learned

- Attendance-required sessions increased participant involvement, contributing to discussions and the group’s critical analysis
- The participants performed well in class, but their increasing involvement depended on each participant’s interest in CSR.
- Informational access through links offered on the platform was also critical to participant performance.
- This initiative demonstrated an ability to present CSR in a multi-seCTORAL fashion.
- The combination of face-to-face sessions and web-courses also improved efficiency.
- Participants were interested in the theme. Very few people were absent or distracting. Classes were almost always full.
- The program was promoted by word of mouth. Participants in the first session referred their colleagues and peers.
Participants’ Opinion

According to participants the contents of the course are very detailed and complex in modules 3 and 4, which discuss CSR integration into the corporate strategy as a way of getting a competitive edge and adding value. The proposed exercise for the shipyard renovation (Sea Star) made the groups play the roles of consultants for all of the stakeholders concerned in the action. Such exercises reinforce all of the concepts that were studied, and the assigned presentations give participants an opportunity to make contributions within each of their areas of expertise.
Participants' Impressions of the Program

"Firstly, I'd like to thank you for the opportunity to hold this meeting, was a contribution in many respects particularly to me and the Cosan Foundation team. Even though the Foundation has taken a few steps, we still haven't taken any important steps to show that walking towards sustainability is more important than mere philanthropy. The course came along at a very special time, when Cosan is opening itself to the capital market, and I have no doubts that we will be required to deliver in all aspects of social responsibility. Thanks a lot. I look forward to having new, interesting opportunities like this."

Lúcia Teles
Social Projects
COSAN Foundation

"The course is very high quality and provides an unprecedented contribution to mankind and all players in the production process. Although the contents are too extensive to be absorbed so fast, I think people like us can't afford to miss this opportunity to go deeper into the subject on our day-to-day lives until we incorporate CSR or even engrave it on our souls. As an educator (Geography teacher), I've started to contact my Secondary School students trying to give them an opportunity to raise their awareness of this new path that the world should take over the next few years with a view to achieving sustainable competitiveness and helping the planet survive. The course was conducted very well from the first moment, through the dynamic, until closing by the competent João Paulo and other managers involved. All of the material available on the platform was very good too. It was a major contribution and gave us subsidies to disseminate this proposal on the corporate governance level, the public power and the community we are part of. Our group lives in this proposal. I thank UNICA and everyone else for this unique opportunity."

Dalmiro
Paraiso Bioenergia
Follow-up on Participant Recommendations

The World Bank Institute received feedback from participants through web-based evaluations. To follow up on their comments and suggestions and with the support from InWEnt, the on-line course was revised and modified to include the feedback and recommendations.

Certification Event

Last March 28, 2006 UNICA and WBI organized a conference/diploma ceremony in São Paolo, as the conclusion of the training program. The event consisted of a representative awarding of diplomas to participants who completed the course and a conference. Djordjija Petkoski — Head of Business, Competitiveness and Development program at WBI — delivered the conference on CSR and the role of business in development to signal the end of the program.
Conclusions and Next steps from UNICA's perspective

At UNICA we are committed with sustainable development and corporate social and environmental responsibility. As the largest association of sugar and ethanol businesses in Brazil we take the responsibility of helping our members achieve their social and environmental standards.

For UNICA it was of great importance to start a partnership with the World Bank Institute, as it allowed us to offer a new range of training opportunities for our member companies.

This first program on "Corporate Social Responsibility (CSR) and Sustainable Competitiveness" was primarily directed to corporate members of UNICA, to build their capacity on CSR and how to incorporate these concepts in their business strategy as a tool for improving firm competitiveness. The executives who participated in this program were very interested in the topic and at the end of the program were able to apply the concepts learned into their areas of work.

We decided to take advantage of this program and the benefits of WBI's web based course and extend its reach also to benefit university students in Sao Paulo State. At UNICA we take very seriously the education of our next generation of leaders, whom will be responsible for our countries and economies in the very near future.

The partnership between UNICA and WBI will continue and grow, by offering new training programs to our members. The next step in our partnership will be to offer WBI's web based course on multi-sectoral partnerships for Sustainable Development, which will be adapted to the Brazilian environment.

Maria Luiza Barbosa
Head of Corporate Social Responsibility, UNICA
Participating Companies

- Açúcar Guarani
- Açucareira Corona
- Cerradinho
- Cevasa
- Cia Energ. Santa Elisa
- Cocal
- Coletta
- Copercana
- Copersucar
- Corona
- Cosan
- Dedini Açúcar e Com.
- Dedini S/A
- Destilaria Pioneiros S/A
- Gesc
- Grupo São João
- Grupo São Martinho
- Jpessoa
- Nardini Agroindustrial
- Nova America
- Paraíso Bioenergia Ltda
- São José do Estiva
- São Manoel
- UNIBANCO
- UNICA
- Usina Açucareira Furlan
- Usina Ester
- Usina Ferrari
- Usina Mandu
- Usina Monte Alegre
- Usina MB
- Usina Pitangueiras
- Usina Santa Adelia
- Usina Santa Cruz
- Usina Santo Antonio
- Usina São Domingos
• Usina São João
• Usina São José
• Usina São Martinho
• Usina Zanin
• Uspedra
• Vale do Rosario
• Viracool
• Virgolino de Oliveira
• Vista Alegre
• Zilloren

Participating Universities

• Centro Universitário das Faculdades Metropolitanas Unidas
• Centro Universitário Ibero-Americano
• Centro Universitário Nove De Julho
• Centro Universitário Sant’Anna
• EDESP-FGV
• Escola De Administração de Empresas de São Paulo
• Escola De Economia de São Paulo
• Escola Superior De Propaganda e Marketing
• ESPM-SP
• FAAP
• Faculdade Anchieta
• Faculdade Brasileira de Recursos Humanos – Instituto Hoyler
• Faculdade Campo Limpo Paulista
• Faculdade Cásper Libero
• Faculdade de Artes Plásticas da Fundação Armando Alvares Penteado
• Faculdade de Ciências da Fundação Instituto Tecnológico de Osasco
• Faculdade de Economia da Fundação Armando Alvares Penteado
• Faculdade de Economia e Administração do Ibmec
• Faculdade ENIAC
• Faculdades Integradas Hebraico Brasileiras Renascença
• Faculdades IPEP
• Faculdades Metropolitanas Unidas
• Faculdades Oswaldo Cruz
• Faculdade Politécnica de Jundiaí
• Faculdade Santa Marcelina
• FATEC
• FGV-EAESP
• FGV-EESP
• IBMEC
• IBMEC-SP
• Instituto de Ensino Superior de Cotia
• Mackenzie
• Metrocamp
• Neurônio
• OUTRA
• Pontifícia Universidade Católica de São Paulo
• Pontifícia Universidade Católica de Campinas
• PUC
• Trevisan
• UNICAMP
• UNIP
• Universidade Anhembi Morumbi
• Universidade Bandeirante
• Universidade Anhembi Morumbi
• Universidade Cruzeiro do Sul
• Universidade Estadual de Campinas
• Universidade Estadual Paulista Júlio de Mesquita Filho
• Universidade Ibirapuera
• Universidade Metodista de São Paulo
• Universidade Paulista
• Universidade Presbiteriana Mackenzie
• Universidade São Francisco
• USP