



SECURITY in Central America's Northern Triangle:

**Violence Reduction and the Role of
the Private Sector in El Salvador**

Americas Society Policy Brief

Together, Americas Society and Council of the Americas (AS/COA) unite opinion leaders to exchange ideas and create solutions to the challenges of the Americas today.

The Americas Society (AS), the recipient of a grant from Open Society Foundations to produce this policy brief, is the premier forum dedicated to education, debate and dialogue in the Americas. Its mission is to foster an understanding of the contemporary political, social and economic issues confronting Latin America, the Caribbean and Canada, and to increase public awareness and appreciation of the diverse cultural heritage of the Americas and the importance of the inter-American relationship¹

The Council of the Americas (COA), affiliate organization to AS, is the premier international business organization whose members share a common commitment to economic and social development, open markets, the rule of law, and democracy throughout the Western Hemisphere. The council's membership consists of leading international companies representing a broad spectrum of sectors including banking and finance, consulting services, consumer products, energy and mining, manufacturing, media, technology, and transportation.²

For further information about AS and COA, please write to AS/COA at 680 Park Avenue, New York, NY 10065, or visit AS/COA Online at www.as-coa.org, or call our New York headquarters at: (212) 628-3200.

No part of this publication may be reproduced in any form without permission in writing from the Americas Society and Council of the Americas. The views and conclusions represented in this white paper are the sole responsibility of the authors and do not reflect those of the peer review committee or members and board members of the Americas Society and Council of the Americas.

¹ The Americas Society is a tax-exempt public charity described in 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1986.

² The Council of the Americas is a tax-exempt business league under 501(c)(6) of the Internal Revenue Code of 1986, and as such, actively pursues lobbying activities to advance its purpose and the interests of its members.

Foreword

Central America has the world's highest homicide rate—more than three times the global average—and without urgent action and new approaches, regional statistics point to continued deterioration in citizen security. Reversing these trends will require collective, local and cross-border action and partnerships that include the private sector.

In the Northern Triangle countries of El Salvador, Guatemala and Honduras, where regional violence is the most acute, the increase in violence and organized crime highlights the need for new approaches to improve citizen security. While public safety is the responsibility of the state, the private sector—especially at the local level and working in tandem with other local partners—can play an important role in violence prevention. As Americas Society and Council of the Americas has observed, many businesses in the region—from small and medium-size enterprises to multinational corporations—see the value of their involvement in this effort.

The private sector plays an important role in local communities, and can positively contribute to advancing a community's violence prevention efforts. Business interests in violence reduction efforts are tied to multiple factors, including the direct and indirect savings in personnel and property-related security costs, the short- to medium-term benefits for its workforce and worker productivity, the boost in per capita income growth achieved through a reduction in homicides, and the general interest for many firms in being good corporate citizens. At the same time, insecurity is a significant factor in the cost of doing business—both at the financial and personnel levels—with businesses wary of investments and expansion in high-crime areas.

Private sector violence prevention efforts generally include a strong corporate social responsibility (CSR) component while advancing the underlying core business interests.

It is here, at this nexus of CSR with the business model, where we have chosen to focus this policy brief. Our goal is to highlight innovative corporate efforts in violence prevention so that policymakers, businesses leaders and others concerned about improvements in security can learn from these initiatives and obtain a more nuanced grasp of the possible space that can be filled by the private sector. We are not seeking to evaluate individual programs, nor is this an exhaustive typology of cases. Instead, we seek to contribute to discussions on how the private sector can be a partner in preventing violence.

This policy brief follows a series of roundtable discussions on steps to advance public-private cooperation in violence prevention that Americas Society and Council of the Americas held in El Salvador in 2012. The roundtables brought together local and multinational corporate leaders, government ministers and mayors, as well as representatives of foundations, nongovernmental organizations, multilateral institutions, and the U.S. government for half-day meetings in June and October 2012. Participants agreed that a more robust, continuous exchange of best practices, especially ones that involve collaboration across sectors, would help to expand current private-sector efforts in violence prevention while laying the foundation for an expansion of business involvement in this area. These roundtables and this policy brief speak to the mission of our organizations—to foster much-needed dialogue on critical issues for the Americas.

Susan Segal

President and CEO

Americas Society and Council of the Americas

December 2012

Acknowledgements

This policy brief and our series of roundtable discussions around violence prevention is possible due to the generous support and feedback of Open Society Foundations. We thank them for their support of our organizations over the years.

We would also like to extend our sincere appreciation to our local partner in this project, Roberto Rubio of *Fundación Nacional para el Desarrollo* (FUNDE) in El Salvador. Roberto's firm grasp of the local security dynamics, as well as his recommendations throughout the process, have been critical to the project's success. In addition, we appreciate the support of other leading institutions that collaborated in our roundtables: the World Bank, the American Chamber of Commerce of El Salvador and INCAE Business School. The government of El Salvador has also played a pivotal role in helping to bring the appropriate stakeholders to the table. In addition, the U.S. Agency for International Development (USAID) is deeply committed to El Salvador, and we benefitted from their expertise and feedback over the course of this project.

We are grateful for the guidance and support of the peer review committee:

Felipe Bosch Gutiérrez

Corporación Multi-Inversiones

Salvador Paiz

Teculután Investments

C. Felipe Jaramillo

The World Bank

Roberto Rubio

FUNDE

Diana Villiers Negroponte

The Brookings Institution

Rodrigo Serrano-Berthet

The World Bank

This policy brief benefited from the exceptional contributions of the AS/COA policy team, including policy manager **Alana Tummino**, policy associate **Mari Hayman**, and policy intern **Leani Garcia**, and was designed by **Paula Daneze**. **Christopher Sabatini**, AS/COA senior director of policy, has provided guidance and support throughout this project. **Kezia McKeague**, COA director of government relations, provided additional support.

Jason Marczak

Director of Policy

Americas Society and Council of the Americas



TABLE OF CONTENTS

2 Introduction

6 The Private Sector and Reinsertion of Former Gang Members into the Labor Market

Grupo Calvo

League Collegiate Wear

Rio Grande Foods

10 Business Initiatives to Provide Opportunities for At-Risk Youth

Microsoft Corporation

The AES Corporation

14 Conclusions

15 Recommendations

16 Endnotes

Introduction

Central America's Northern Triangle (El Salvador, Guatemala and Honduras) is confronted by a growing crisis in public security, registering some of the world's highest homicide rates after a spike in violence beginning around the year 2000. The participation of a broad range of stakeholders, including the private sector, is necessary to reverse the socioeconomic conditions that help give rise to such violence.

Drug trafficking has propelled this increase in violence in Guatemala (39 homicides per 100,000 people in 2011) and Honduras (92 per 100,000 people),¹ a situation only augmented by cartels shifting their operations farther south in response to pressure from the Mexican security strategy launched in 2006.² In response, in a shift away from the *mano dura* (iron fist) approach of the 2000s, governments in the Northern Triangle are now pursuing a more comprehensive and balanced approach that combines law enforcement with prevention. Guatemalan President Otto Pérez Molina came into office in January 2012 and immediately ordered the military to join the fight against organized crime, while calling for more resources for education, public health and social protection. In Honduras, President Porfirio Lobo has focused on police reform but has also created a National Council for Coexistence and Citizen Security to formulate a coordinated approach to violence prevention.

Today, in El Salvador, the annual homicide rate is similar to that during the 1980–1992 civil war;³ in fact, since 1999, the 2011 World Development Report notes that the rate has increased 101 percent. But beyond homicides, Salvadorans—especially those in the lower socioeconomic classes—must deal with the daily threats of kidnappings, extortion and invasion of their neighborhoods by the country's two main gangs. In 2011, El Salvador registered 69 deaths per 100,000 people, but a March 2012 gang truce has halved the daily death toll, from 14 to 5 murders. This decrease in violence, while fragile, has opened an

opportunity for new approaches aimed at violence prevention. Still, the accord leaves the door open for a return to high homicide rates should gang leaders decide the truce is not serving their interests.

Due to this truce, along with the nature of its violence, El Salvador offers its own unique challenges, responses and opportunities to improve security.⁴ This unique situation is why this policy brief focuses on select private-sector violence prevention efforts in El Salvador. However, the approaches and lessons are instructive for efforts across the Northern Triangle.

Recent studies estimate gang size in the three countries at 54,000 members (United Nations)⁵ or at 60,500 members (World Bank).⁶ But unlike Guatemala or Honduras, the perpetrators of violence in El Salvador are street gangs—primarily Mara Salvatrucha (MS-13) and Mara 18 (M-18)—that are not heavily involved in cocaine trafficking.⁷ Originally formed by East Los Angeles gang members incarcerated in the 1980s and subsequently deported, these *maras* are composed of youth in their 20s who see joining a criminal organization as their only alternative in a society that offers few education or employment opportunities. By providing alternatives to these young people, violence prevention initiatives can begin to stem gang recruitment.

The insecurity in El Salvador is a top concern for businesses. Approximately \$2 billion is spent by the private and public sectors on security,⁸ but small- and medium-size businesses that cannot afford such protections are left vulnerable to crime. Even with private security, businesses often cannot deliver goods or services in gang-controlled neighborhoods. This magnifies communities' exclusion, which, along with a lack of jobs, high poverty and low-quality education, contributes to the risk factors that lead youth to join gangs.

The levels of crime and violence in El Salvador represent an estimated cost of 10.8 percent of gross domestic product (GDP),⁹ or \$2.5 billion—a number equivalent to just over 65 percent of the national bud-

get in 2012. Improving security will boost economic productivity and overall economic growth. World Bank estimates suggest that a 10 percent drop in the homicide rate could lead to a 1 percent increase in annual per capita income growth.¹⁰

Further, the high cost of protecting business is among the reasons—along with other economic, political and institutional uncertainties—that El Salvador’s foreign direct investment (FDI) inflows (\$386 million in 2011) remain low. While considerations beyond security help explain why the country’s 2011 FDI levels were nearly a third lower than in Guatemala and Honduras, in all three countries security is a concern for potential investors.¹¹ In El Salvador, as well as in neighboring Guatemala, 21 percent of firms polled responded that crime was their primary barrier to investment.¹² The World Economic Forum finds that Honduras (ranked 137), El Salvador (141) and Guatemala (142) ranked among the worst in a 142-country study that looked at global competitiveness and the business costs associated with crime and violence.¹³ This creates a vicious cycle: a lack of investment and jobs feed into insecurity, and insecurity helps contribute to an unfavorable economic climate.

The administration of El Salvador President Mauricio Funes is working to improve security through an integrated approach that involves crime repression—through stepped-up crime fighting by the National Civil Police as well the direct participation of over 4,000 soldiers—implementation of social policies aimed at violence prevention, institutional reforms, and a goal to reduce prison overcrowding.¹⁴ Important progress in violence prevention is being led by local governments, especially in greater San Salvador, in collaboration with the Ministry of Justice and Public Security.

But efforts such as the inability to gain backing for implementation of a security tax (modeled after the 2002 tax in Colombia) illustrate the apparent gap between the public and private sectors in determining specific, action-oriented and concrete measures that can be taken to improve the short-term security situation and lay the groundwork for a long-term approach that targets the underlying issues (such as poverty and youth unemployment) that feed crime today.

Still, the private sector is well-placed to be an important partner in improving pub-

lic security. Firms offer a neutral space, innovative ideas, financial and human resources, and the management capacity to move projects forward. However, beyond a recent World Bank–led toolkit on public-private partnerships to advance security, little analysis has focused on specific private-sector initiatives to combat violence and insecurity, especially in the Northern Triangle.¹⁵ Within the region, the efforts of INCAE Business School and its nascent Regional Security Policy Center are signs that the national private sector is very concerned about this problem and is starting to address it.

This brief highlights five examples of private-sector violence prevention efforts in the case study of El Salvador. In doing so, it reveals a rich universe of corporate



Businesses often cannot deliver goods or services in gang-controlled neighborhoods. This magnifies exclusion, which, along with a lack of jobs, high poverty and low-quality education, contributes to youth joining gangs.

initiatives that deserve to be more carefully studied. Among the many types of possible interventions, including public policy advocacy and public-private partnerships to build prison facilities, this policy brief focuses on the two primary areas where the private sector can play a unique role in preventing crime: offering training and labor market access to former gang members and providing opportunities for at-risk youth.¹⁶ The examples draw from a larger sample of violence prevention efforts [SEE FIGURE, P.5] carried out by select members of the private sector that participated in Americas Society’s El Salvador roundtables. Each is categorized based on the nature of the intervention.

The three examples of former gang member reinsertion efforts—Grupo Calvo, League Collegiate Wear and Rio Grande Foods—each work with a faith-based organization, local community groups and often with the public sector to ensure that their efforts are first reintegrating these youth into society and then providing the proper training and coaching so they can enter the labor force as company employees, micro-entrepreneurs or in some other capacity. The approach and process varies by company but the ultimate goal remains the same.

The two examples of corporations providing opportunities for at-risk youth—The AES Corporation and Microsoft Corporation—were selected to show how multinational companies can help to effect change at the local level in a way that serves corporate social responsibility (CSR) objectives as well as the business' need to train the

next generation of workers and consumers.

In every case, the firm works through a learning or education program where the goal is to prepare project participants for entry into the labor market. Initiatives are carried out in collaboration with local partners and draw on the companies' direct (project execution) and indirect (donation of resources) involvement.¹⁷ Each effort highlighted faces long-term sustainability challenges as well as a constant need to adapt to the changing local conditions.

Again, although safety is the responsibility of the state, a communitywide, comprehensive and collaborative approach is required to diminish the alarmingly high levels of crime and create the conditions that will give rise to greater economic growth and investment. These private-sector efforts should be recognized for the role they play in forging an integrated approach to crime reduction.



Although safety is the responsibility of the state, a communitywide approach is required to diminish the high levels of crime and create the conditions for greater economic growth and investment.

Figure

Select Private-Sector Violence Prevention Efforts

Organization	Education (Primary, Technological, Vocational)	Micro- Businesses and Economic Empowerment	Socialization and Reinsertion	Basic Health	Public Spaces	Cultural Development	Prevention	Observatories	Other
The AES Corporation	●								
AmCham El Salvador								●	
FEPADE	●	●		●	●	●	●		
FUSADES							●		
FUNDESA		●		●	●		●	●	●
Glasswing International	●			●			●		
Grupo Agrisal	●	●					●		
Grupo Calvo	●			●			●		
Grupo Hilasal			●				●		
HSBC	●	●	●			●	●		
Interlex Estudio Juridico							●		
League Collegiate Wear	●		●				●		
Manpower Group									●
Microsoft	●								
Rio Grande Foods	●		●				●		
SABMiller		●					●		
The Bank of Nova Scotia	●	●	●	●		●	●		
Teculután Investments								●	

The Private Sector and Reinsertion of Former Gang Members into the Labor Market

The small size of El Salvador means that its relative number of *mareros*—323 per 100,000 population—is more than double that of its Northern Triangle neighbors.¹⁸ The country's future depends on luring gang members away from a life of crime and violence and creating opportunities for their reintegration into society. This task has acquired added urgency given the gang truce negotiated between the Mara Salvatrucha (MS-13) and Mara 18 (M-18) gangs in March 2012. With the truce, the door is slightly more open for gang members to explore the opportunities available to them in society as a whole.

In a country with a 12 percent unemployment rate for youth 18 to 29 years old and a 50 percent underemployment rate, the first priority for many firms engaged in violence prevention is the development of educational and job training programs for at-risk youth, rather than for those who have already joined the *maras*.¹⁹ But a few firms are leading the way in labor force reinsertion programs for youth who have consciously decided to leave their gang in search of a peaceful life and a better future. These programs are implemented in communities deeply affected by gang violence and can help to create safer communities while also making business sense.

A few common characteristics are seen across the business efforts of Grupo Calvo, League Collegiate Wear and Rio Grande Foods—all described in greater detail below.

- In a deeply religious country, the Catholic and Protestant churches often serve as the only trustworthy entities for youth (the majority aged 21 to 25) who are contemplating leaving a gang. Religious institutions are helping to facilitate the transition away from a gang, due to the role of faith in society and their role as trusted brokers between the gangs and

the communities in which they operate. In addition, the church provides a safe refuge and is critical in teaching the basic social values that must be learned as a first step toward reintegration.

- A variety of opportunities for labor force participation must be contemplated, given the national unemployment and underemployment dynamics and the fact that former gang members—often tattooed and with little or no work experience—are at an inherent disadvantage in competing for jobs.
- Reinsertion efforts are generally undertaken due to a dual motivation of good corporate citizenship as well as an appeal to overall business interests.
- Some efforts have been made to coordinate with wider efforts spearheaded by national and local governments, but strengthening these links through more fully aligned private-public sector action would increase their impact.

GRUPO CALVO

Grupo Calvo, a family company founded in Spain in 1940, is dedicated to all aspects of the tuna business—from fishing to processing and distribution—and opened its El Salvador plant in 2003 in the city of La Unión. The company's 2,000-person Salvadoran workforce specializes in fishing, loading and unloading, packaging, and sales, with a production capacity of 35,000 tons of tuna annually. Its experience is unique given the large number of former gang members now employed at the company as a result of its reinsertion efforts.

Grupo Calvo's reinsertion program began in November 2002 (months before the plant's opening) after the company's CEO, Manuel Calvo, visited La Unión and was approached by several young men who could not find employment after they had

voluntarily left their gangs. These former *mareros*—42 in total, ranging in age from 20 to 25 years old—were living in a hostel established by the local church because their criminal records prevented them from finding jobs. Calvo immediately recognized that the success of the new plant would require an overall climate of public security and peace, and an important step toward accomplishing this would be to assist those who had voluntarily left their gangs.

Grupo Calvo's reinsertion efforts are guided by the assumption that potential *ex-marero* employees have already readjusted to society through church-based rehabilitation programs; thus, unlike the League Collegiate Wear and Rio Grande Foods examples described later, the company does not provide a formal rehabilitation program. Instead, its efforts are focused solely on providing training and employment opportunities without discrimination based on an applicant's background. Beyond its direct relationship with the hostel and its indirect relationship with the church, Grupo Calvo works closely with the National Civil Police as part of an agreement to provide safety in its plant and the surrounding area.

The results in the community and at the workplace have exceeded expectations. After just four months with the company, the initial group outperformed teams with longer employment histories and with greater experience unloading fishing vessels—the first job function for these employees, given the lower level of skills required. Members of this first group rapidly moved up the company ranks, with some now working as sailors and crew on the boats they once unloaded.

Overall, former gang members have proved to be some of the company's strongest and most productive employees. They respect Grupo Calvo's hierarchical structure and are exceptional at following supervisor instructions and completing tasks in a timely manner. In departments such as the fish meal factory, the teams are comprised almost entirely of former gang members, proving that they not only work hard but often take positions less attractive to others in the community.

As a result, the company directly employs 90 rehabilitated former gang members in its El Salvador plant—about 5 percent of its staff—and indirectly facilitates employment opportunities with suppliers for an additional 100 former gang members.

The results are two-fold, according to Grupo Calvo's general director in El Salvador, Miguel Peñalva. Former gang members help to increase corporate productivity while fostering greater security in La Unión. Program success is also based on the bonds and relationships that former gang members establish in their new surroundings. This distances them from their former lives and helps to end the marginalization that initially led to joining a gang. Today, Grupo Calvo's reinsertion efforts are facilitated by a system of referrals for other *ex-mareros* who have the traits of a hard worker and are looking for long-term employment.

Beyond its labor-specific reinsertion program, the company offers additional opportunities for its employees to incentivize employment in the formal sector, such as above-minimum-wage salaries, free meals, a medical clinic, and adult literacy programs enabling promotion to higher-level positions such as managers. Here, Grupo Calvo works with the Ministry of Education. The company also seeks to invest in the education of the next generation by providing scholarships to employees' children. In total, \$100,000 is budgeted for CSR programs annually, including \$50,000 for Grupo Calvo's community sports teams and \$8,000 for the 20 scholarships granted to employees' children.

LEAGUE COLLEGIATE WEAR

In 2009, League Collegiate Wear, a Pennsylvania-based college apparel company, opened its Central American manufacturing facility in Ciudad Arce—a 10,000-person city located outside of San Salvador. Today, the League factory employs 250 people. Similar to Grupo Calvo, League immediately recognized that its success would partly depend on helping to create a safer community. At the same time, the company eventually discovered that its reinsertion efforts would benefit the overall corporate bottom line through higher productivity and a reduction in employee turnover.

League helps break the cycle of gang violence through its engagement in a comprehensive rehabilitation program for *ex-marero* families and by providing employment opportunities for select program beneficiaries. Unlike the other two examples in this section, League is specifically focused on working with for-

mer gang member couples who have recently given birth to their first child; the company learned that this is the moment when a percentage of these youth look to the church for redemption and to seek guidance on how to begin a family in a nonviolent environment.

League participates in a multistep recruitment and orientation program that works in collaboration with local Evangelical and Catholic churches and with *Universidad Centroamericana “José Simeón Cañas”* (UCA), a Jesuit college located in Greater San Salvador. The churches identify potential program participants based on whether they have been out of a gang for approximately six months and whether the pastor believes they have successfully completed a socialization program and are ready to re-enter society. The small number of youth who pass but suffer from drug addiction are sent to rehabilitation and invited back to the program at a later date.

Those who advance in the process undergo a six-hour psychological exam designed by UCA that evaluates the *ex-mareros* to see if they are ready to join the labor force. The evaluations measure the degree to which violence is intertwined in the subject’s responses and their respect for authority—both of which help to determine whether the former gang member meets the minimum requirements to join a League work team. Those who pass are invited to participate in a one-day workshop—generally offered every three months—which the ex-gang members attend with their mentors, who are typically members of the church. League managers and psychologists observe the workshop and evaluate a variety of the participants’ interpersonal traits. Job interviews are then recommended for those who complete both stages.

Once hired, the former gang members are enrolled in an ongoing workplace program that includes individual weekly counseling as well as group sessions focusing on how to deal with stress in a nonviolent manner. Company executives receive updated reports and monitor their progress. Realizing that rehabilitation and reintegration is a long-term commitment, an employee with a job-related problem is referred to a company psychologist for consultations rather than being fired.

Crucially, League continues to emphasize the importance of family and gives priority to hiring couples whose children

are enrolled in a League child care center. According to its El Salvador general manager, Rodrigo Bolaños, League is offering these employees “a trampoline to be successful in life”—much more than just a job.

The program makes business sense as well: 15 percent (40 employees) of League’s 250-person workforce has joined the company through its reinsertion program, and work teams comprised of *ex-mareros* are 15 percent more efficient than those of other employees. The former gang members are highly loyal to the company, a degree of loyalty enjoyed by the overall workforce as well. League enjoys a near zero percent turnover rate compared to the 8–10 percent monthly turnover rate seen by similar companies.

In addition to its child care center and offering jobs with a salary above the minimum wage, League provides breakfast and lunch at a reduced price, access to a loan and savings cooperative, and literacy classes. Similar to Grupo Calvo, League works with the Ministry of Education to provide its workers with education through the ninth grade. By 2013, League also will provide tenth-grade education, and by 2014, all levels will be available. League’s goal is to eradicate illiteracy in its local community of Ciudad Arce.

League hopes to serve as a model for other companies by proving that providing jobs to young, vulnerable former gang members will decrease gang violence and increase factory productivity. According to Bolaños, their activities are “a must to get the country back on track.”

RIO GRANDE FOODS

Rio Grande Foods, a Latin American food distributor headquartered in Maryland, was founded by Josue Alvarado in 1986 after emigrating from El Salvador to the United States. The company’s first plant in El Salvador opened in 1992; now, 20 years later, it has a 450-person local workforce with an additional 80 employees in the United States. Rio Grande’s reinsertion program places less emphasis on working for the company itself and more weight on preparing former gang members to enter the labor force through a variety of professions.

Alvarado became involved in the rehabilitation and reinsertion of former gang members upon returning from a busi-

ness trip three years ago to Ciudad Peronia, Guatemala. There, in July 2009, *Los Metales* and *Los Caballos*—the two gangs that had terrorized the 45,000-person city for over 17 years—agreed to a church-brokered truce. Inspired by the truce and the complementary reinsertion efforts, Alvarado returned to El Salvador with the belief that this model could be adapted and that Rio Grande Foods could play a role in serving as a corporate catalyst for such efforts.

In 2010, the rehabilitation and reinsertion program was launched with 20 young people, and was expanded after positive results were observed within the first month of the program.

As in the two previous examples, the first step in the Rio Grande Foods reinsertion program is for potential participants to leave their gang through the church and for their faith to help reintegrate them into society.

Since a majority of former gang members do not have an education or job skills, a main priority of the Rio Grande program is to provide training once the church-led community rehabilitation is completed. The program individually tests each former gang member to determine the vocational track that best suits the person's skills and interests, and then assigns the program participant to the appropriate skills track. For example, those interested in administration take specialized classes in marketing, finance and accounting. A diploma is presented upon program completion.

Rio Grande has established partnerships with other companies, such as League Collegiate Wear, as well as with the public sector. For example, the Ministry of Public Health provides the psychologists required to facilitate social reinsertion and mayors provide the spaces to conduct the workshops, while other companies often hire or provide internships for program participants. These partnerships help to ensure that the program has the greatest impact.

The training has been an overwhelming success, with a reported recidivism rate of only 1 percent. Of the 130 young people trained, 110—approximately 85 percent of the program's participants—found employment upon completion. This includes positions in both large businesses as well as in small and micro-businesses such as bakeries and shoe repair shops, many of which are run and facilitated by the local churches.

Five former gang members are employed with Rio Grande's training partner, League Collegiate Wear, and 15 work at Rio Grande Foods. They plan to significantly grow the program, with the aim of having 1,000 former gang members join by 2013.

For Rio Grande, their reinsertion program costs between \$4,000 and \$5,000 per workshop, with the company spending \$160,000 in total in its reinsertion efforts. Corporate funding is complemented by support from the U.S. Agency for International Development, and efforts are being carried out locally with support from both community organizations and the government. This includes working with the Ministry of Justice and Public Security, the Ministry of Health, the municipal governments of San Salvador and Cuscatancingo, as well as the Antidrug Foun-



Work teams comprised of ex-mareros are 15 percent more efficient than those of other employees.

dation of El Salvador (FUNDASALVA).

Beyond creating a safer community for its operations, Rio Grande Foods labels its products with a corporate responsibility seal so that consumers are aware that a percentage of its sales help bring greater security to a country with which many of its U.S.-based Salvadoran customers identify. The company's five-year plan is to bring this model to Guatemala and Honduras on a local level. This would complement efforts already under way where Rio Grande shares its model at local chamber of commerce meetings, as well as on radio and television.

A challenge of this program has been convincing both the government and business leaders that former gang members can be successfully rehabilitated and reintegrated into civil society—with the added challenge of working with the government bureaucracy on both a local and national level.

Business Initiatives to Provide Opportunities for At-Risk Youth

Violence, crime and gang activity in El Salvador have contributed to an unfavorable investment climate that only exacerbates the lack of opportunities for young people, contributing to a vicious cycle of economic marginalization and few alternatives for those at risk of joining a gang. To set the stage for a more peaceful future—and to establish the country as a corporate destination that offers a highly skilled workforce— young people must be taught skills that will serve them in a demanding job market where technological skills and training are increasingly required for entry.

Yet there are few lucrative professional opportunities available to young people growing up in impoverished and violence-prone areas, where the pressure to participate in illicit activity can be intense, and where only 14 percent of those living in Salvadoran households in the bottom income quintile attend a post-secondary school. Elsewhere in the region, only 7 percent of Guatemalan youth in the country's poorest families move beyond secondary education. The two countries also have some of the region's lowest literacy rates: 82 percent in El Salvador and 73 percent in Guatemala, figures that coincide with the high levels of violence in the region.²⁰

The case studies discussed in this section highlight the efforts of two multinational corporations to partner with local communities in an effort to close the technology access gap for underprivileged young people in El Salvador, and thus provide them with meaningful alternatives to gang activity. Microsoft, which is pioneering global information and communication technology (ICT) training initiatives, has partnered with international agencies like the Organization of American States (OAS) and the Inter-American Development Bank (IDB) for over a decade to develop a variety of educational programs focused on technological skills-building and vocational training for young people

throughout the hemisphere. In doing so, it has increased worldwide familiarity with its software, helped train a new generation of future clients, and provided underprivileged youth with the tools they need to succeed in the global job market.

The AES Corporation has more recently become active in youth ICT and vocational training programs in El Salvador and several other Latin American countries, but has quickly established partnerships with local community organizations to respond to the needs of the populations it serves while grooming a generation of future employees. Whether through overarching international support of these programs, as in the case of Microsoft, or in strategic partnership with established local partners in a single community, as in the case of AES, these case studies illustrate the possible long-term benefits for corporations that commit to improving the professional and economic outlook of the young people they serve.

MICROSOFT CORPORATION

Multinational software giant Microsoft has been at the forefront of youth education and technology initiatives in Latin America for more than a decade, making use of its enormous global network to provide youth with ICT training and connect them with companies that need their services. Microsoft has spent the past 15 years working with disadvantaged youth in El Salvador, but on a global scale, the education initiatives it supports there and in other Latin American countries have provided hundreds of businesses, governments, nonprofit organizations, and families with access to Microsoft software—and, in the process, created a worldwide client base of tech-savvy, skilled consumers who know how to use Microsoft products and will help the company grow.

Microsoft employs 20 people at its El Salvador office, and operates a wide variety of social initiatives that provide

opportunities for youth from marginalized communities, in line with the company's objective of providing youth with broad access to technology to help support their future integration into the workforce. Local Microsoft-supported efforts include the Partnership in Opportunities for Employment through Technology in the Americas (POETA) program, the *Supérate* (Overcome) program, and *Alianza Para La Educación* (Partners in Learning).

In 2005, Microsoft partnered with the OAS to implement the POETA program, an initiative of the OAS' Trust for the Americas. Originally launched in 2004 to provide job skills to disabled adults, POETA operates with a variety of public and private partners in 12 countries in Latin America. Microsoft provides overarching support to all POETA centers in Latin America, and has worked directly with the Trust for the Americas to develop the POETA program.

In El Salvador, Microsoft has partnered with local businesses and NGOs to establish POETA centers in the cities of Soyapango, Quetzaltepeque, San José de Villa Nueva, and Ilopango. The centers serve young Salvadorans between the ages of 16 and 29 from low-income families living in high-crime areas, providing them with access to Microsoft's technology and a broad ICT curriculum. (For more information on POETA center operations, see the following section on AES.) The local companies affiliated with each center develop supplementary curriculums. Since 2005, Microsoft has donated almost \$1.1 million in cash and software to the POETA centers in El Salvador and provided job training to approximately 1,500 young people.

Microsoft has also joined forces with *Programa Empresarial Supérate*, an education franchise launched in 2004 by the Salvadoran company Grupo Hilasal. *Supérate* provides before- and after-school English and computer skills instruction for public school students between the ages of 14 and 18 and has provided training and international certifications in office IT (*ofimática*) to approximately 2,000 underprivileged students since its inception. *Supérate's* six centers in El Salvador operate in the high-crime zones of San Andrés, Soyapango, Sonsonate, San Miguel, Santa Tecla, and Antiguo Cuscatlán. Microsoft has acted as a strategic partner of *Supérate* since the organization's founding, contributing a total of \$500,000 in cash and software, as

well as IT certification and scholarships for youth to study at technical institutes.

In the cases of both *Supérate* and POETA, Microsoft plays an important role in generating alliances with other companies to facilitate increased private-sector participation in social programs for youth who lack opportunities. But along with Microsoft's collaboration with international agencies and other companies and NGOs in El Salvador, the company has also partnered with public schools through its *Alianza Para La Educación* program, which provides special training for teachers, students, school administrators, and government officials on how to build new technology initia-

Microsoft and AES illustrate the possible long-term benefits for corporations that commit to improving the professional and economic outlook of the young people they serve.

tives in schools. As part of this collaboration, Microsoft contributes peer mentoring and coaching, provides a space for teachers to share best practices, and offers professional development seminars led by education experts from around the world.

Since the Microsoft office in El Salvador has a limited number of employees and does not have the local capacity to hire young people as interns or new employees, it also facilitates contact between young people and other local Salvadoran companies that are looking for highly skilled employees trained in ICT. Ultimately, Microsoft's support of youth vocational training programs in El Salvador is not merely financial and technical: it is instrumental in generating an alliance among companies and between the private sector and local community organizations and government to increase the availability of training and employment

opportunities. Still, one of the key challenges in increasing the impact of programs like POETA and *Supérate* is finding new communities where local businesses are willing to serve as partners and to play an active role in designing curriculum that addresses local educational priorities.

THE AES CORPORATION

The AES Corporation, a global power company that operates in 27 countries, currently serves approximately 1.1 million Salvadoran clients, covering about 80 percent of El Salvador's territory. In El Salvador, as in other countries across the region, it is building a skilled workforce from the ground up through its AES–POETA Centers. Through a combination of technical training and instruction in core company values, it is seeking to address the challenge of a large number of unemployed and undereducated youth in high-crime areas of El Salvador while enhancing the company's own ability to recruit highly skilled employees in the future.

By training young Salvadoran adults as meter readers in accordance with the company's technical requirements and personnel needs, AES is attempting to bring about greater professionalization of the workforce of its subcontractor companies while contributing to the well-being of the communities it serves. Worker training is a critical objective for the company. With 23 commercial offices in El Salvador, AES employs 982 permanent employees and 1,824 subcontracted employees through its four in-country energy distribution companies (*Compañía de Alumbrado Eléctrico de San Salvador S. A. de C. V.*—CAESS; *Compañía de Luz Eléctrica de Santa Ana y Compañía*—CLES; *Empresa Eléctrica de Oriente*—EEO; and *Distribuidora Eléctrica de Oriente*—DEUSEM).

As a company that is only just beginning to implement training programs for at-risk youth in Central America and the Caribbean (in Panama and the Dominican Republic as well as El Salvador), AES sought to partner with the well-established POETA program and the NGO *Conexión al Desarrollo de El Salvador* to provide improved opportunities for youth—and thereby properly train its future workers—in the communities where AES operates.

Starting in 2011, AES invested \$43,000 to partner with The Trust for the Amer-

icas to establish the AES–POETA center and the *Programa POETA jóvenes* (POETA youth program) in the municipality of Soyapango, a high-crime area in the San Salvador metropolitan area where there is an especially high incidence of homicides and femicides, according to El Salvador's *Observatorio de Violencia de Género Contra las Mujeres* (Gender Violence Against Women Observatory). AES affiliate CAESS distributes energy in Soyapango and has a commercial office near the AES–POETA center, making the municipality an ideal location to provide social outreach to AES' constituents and offer local youth an alternative to gang membership and violence.

Conexión, which operates a network of telecommunications centers for young people and those with disabilities to promote broader use and application of ICT, is responsible for promoting AES–POETA's program in Soyapango. *Conexión* selects 18- to 30-year-old participants through a series of personal interviews with participants and their families. Youth participants must be residents of Soyapango or outlying high-risk, low-income communities. They also must have completed the ninth grade and must be either unemployed, employed in the informal sector, or without the economic resources to attend college. *Conexión* conducts a broad community outreach campaign, partnering with a coalition of municipal and federal government institutions to recruit potential program participants.

Program administration is led by *Conexión*, but AES has created its own curriculum to supplement Microsoft's broader ICT training. This curriculum is specifically designed to serve the AES–POETA center in Soyapango and fulfill the company's particular personnel needs. AES also trains the *Conexión* instructors.

The AES–POETA *Conexión* program is unique from that of other POETA centers and consists of three modules: the first module focuses on ICT training; the second provides more general training on navigating the workplace; and the third trains students to work in the electricity sector. Here, these at-risk students learn the skills necessary to be meter readers—areas where AES has identified a need for skilled and specially trained employees, and where the labor force of its subcontractors must still be improved to fully serve AES' corporate needs.

Together, the modules are taught over

the course of a three- to six-month session (the six-month session is offered to students who can only attend one class a week, on Sundays). As part of the program, AES also offers five-day internships with its contractor companies.

In its first year, the AES-POET *Conexión* program enrolled 59 students over its first three sessions, 56 of whom graduated from the program, exceeding the company's goal of enrolling 50 students in its first year. Twenty-one of the students are now currently working—either employed for AES or its affiliates, or, because of the limited need for additional meter readers at AES El Salvador, using the skills acquired to work outside the electricity sector. The AES-POETA *Conexión* program aims to eventually provide 100 young people between 18 and 25 years old with technical training to develop their ICT capabilities and prepare them for the job market. The program plans to enroll 25 more students in each of the next two years, for a total of approximately 100 participants by 2014.

Aside from training young people for the job market, one of the unintended benefits of the AES-POETA *Conexión* program is to motivate participants to go back to school. While 21 program graduates are working, another 17 have returned to formal education—most at the university level in fields like marketing and engineering, or to become web technicians.

For AES, the greatest challenge of its AES-POETA *Conexión* program is to convince its contractor companies to

believe in the solidity of the program and to hire the young people who graduate from it. The company has now determined that its curriculum will change next year to provide customer service training to incoming students, rather than training them as meter readers.

This reflects AES' need for additional customer service representatives at the company's 23 commercial offices in El Salvador, and represents an effort to provide graduating students with more jobs within AES. At the same time, this curriculum change will provide students with skills that are highly sought, adaptable and can be put into practice at any company or organization seeking employees with customer service training. Abraham Bichara, the executive president of AES El Salvador, notes why their efforts are important on a larger scale: "Public-private cooperation helps to move forward the forces that will lead to inclusion, poverty reduction and access to employment."

For *Conexión*, the primary challenge is that demand for the program in Soyapango and the surrounding communities is very high, well exceeding program capacity: there are usually 100 to 150 applications for only 20 program scholarships. According to the latest census, 90,000 people between ages 15 and 34 live in Soyapango and its surroundings, so it will take many more initiatives like the AES-POETA *Conexión* program to make a major impact in reducing violence and providing alternative opportunities for youth.

By training young Salvadoran adults as meter readers, AES is attempting to bring about greater professionalization of the workforce of its subcontractor companies while contributing to the well-being of the communities it serves.

Conclusions

International attention on the plight of security in Central America's Northern Triangle often characterizes the region as being in a downward spiral with scant hope for a better future. But this policy brief shows that is not the case. The many positive examples of private-sector violence prevention efforts show that the commitment of the business community, working in partnership with other stakeholders, can help ameliorate the violence and offer hope for what is possible in the region.

We hope this policy brief can be used as a tool and reference point for the many businesses looking to improve security—and for the policymakers who are searching for ways to better coordinate actions with the private sector.

Our examples and our meetings in El Salvador over the course of 2012 lead us to the following conclusions.

First, private-sector violence prevention efforts are most effective when addressing both corporate as well as community needs.

Greater corporate buy-in, especially in the long term, is often achieved when social responsibility and business concerns can be addressed through the same program. The AES Corporation efforts, for example, help to provide a pipeline of well-trained employees for both the company and its subcontractors while also giving an opportunity to those who may otherwise have little hope for their future. Similarly, Grupo Calvo, League Collegiate Wear and Rio Grande Foods are noteworthy examples of how business can facilitate reintegration into society through efforts that also serve their local plants or factories by creating a safer community.

Second, former gang members possess unique personal traits, such as respect for authority and efficiency in carrying out tasks, that can be applied to potential workplace success. Grupo Calvo employs 90 rehabilitated gang members and League Collegiate Wear's Salvadoran workforce includes 40 such employees—both companies have seen productivity benefits as a result.

In fact, League has observed that *ex-marero* employees are 15 percent more efficient than other employees. For Grupo Calvo, these employees also are some of its most productive and are exceptional at following instructions and completing tasks.

Third, the greatest impact, especially in the short term, is achieved by working locally and without duplication of efforts.

Each of the corporate efforts is focused on how to effect change at a community level. While initiatives such as those of Microsoft Corporation may be covering a large geographic area, each intervention targets the particular needs of a community and is adapted to local conditions. The public and private sectors should liaise at a national level while ensuring that red tape does not impede local coordination. A proliferation of overlapping private and public interventions would be wasteful.

Fourth, long-term partnerships, such as with a faith-based organization, an NGO or the public sector, are longest lasting if forged during project conceptualization and carried through to implementation. The examples we highlight each involve collaboration with an outside partner from the beginning of the intervention. Neither the public nor the private sector should expect potential partners to commit to a project that has not been formulated as part of a joint process.

Fifth, the March 2012 gang truce in El Salvador offers a greater space for the private sector to build on existing programs and establish new, cross-sectoral partnerships that highlight the long-term socioeconomic advantage in foregoing gang membership. The truce, while not a long-term solution to gang membership, recruitment and overall violence, offers an historic opportunity to show former or potential *maras* that alternatives to the gangs exist in society. While unemployment and underemployment remain high, the public and private sectors can build on the lull in violence to expand violence prevention programs and to help provide these youth with the skills necessary to enter the labor force.

Recommendations

First, the private and public sectors each bring unique ideas, resources and skills to violence prevention efforts and must find ways to coordinate these efforts, especially at the local level. While security and violence prevention are primarily responsibilities of the state, the private sector is well-placed to launch innovative programs that improve safety in their communities. The most successful programs, however, are designed and implemented in collaboration with mayors and community groups that have the flexibility to adapt to changing circumstances. While participation and liaising with the Ministry for Justice and Public Security is especially important in a small country, national bureaucracy should not impede the forward movement of locally driven efforts. At the same time, the private sector should link and coordinate with the public sector and others to avoid duplication and to ensure they are building on existing efforts.

Second, corporate practices to improve security must be continuously catalogued and updated with a central repository and coordinating institution so that businesses interested in launching an initiative can learn from and adapt best practices. This policy brief featured five private-sector violence prevention examples, but as seen in the figure in the introduction, many more companies are involved in violence prevention. Coordination among the various corporations is essential to avoid duplication of efforts or to repeat lessons learned. While the needs and contributions of each sector differ, shared strategies—such as working with the church in reinsertion efforts—should be continuously shared among executives. Evaluation studies performed by neutral technical bodies should periodically assess the effectiveness of initiatives and could contribute to identifying the most promising interventions to be scaled up.

Third, private-sector violence prevention programs must be recognized both for their value in improving local communities as

well the potential benefits they can bring to corporate bottom lines. Corporate violence prevention efforts should not be looked at as merely social responsibility programs; instead, the key driver for a successful, long-term program is identifying where business needs and community improvements align. To expand the number of companies involved in either reinsertion or at-risk youth programs, current efforts must be analyzed for their productivity, retention, workforce, and consumer-driven benefits.

Fourth, reinsertion efforts and at-risk youth programs analyzed in the Salvadoran context should serve as examples—both the lessons learned and the overall strategies—for other Northern Triangle countries. While the individual country situations are different in Guatemala and Honduras, the examples highlighted should serve as a reference point for what can be accomplished and how to do so. Greater information sharing among the Guatemalan, Honduran and El Salvadoran private and public sectors will result in continuous improvements to existing programs and the launch of new ones. At present, the Central American Integration System (SICA), the only regional coordinating body, is unable to effectively unite the appropriate sectors. New mechanisms or adaptations to the current SICA structure are necessary.

Fifth, regular dialogue between the public and private sectors is critical for identifying medium- to long-term violence prevention programs that will outlast the period in office of one particular official or political party. Partisanship can often undermine the ability to forge public-private partnerships. Such partnerships must not be looked at as engaging with a political friend or foe, or through the prism that success in a collaborative effort will only help a political adversary; instead, the private and public sectors must form deeper relationships that extend across political parties to ensure that joint programs and potential collaborations outlast one particular politician.

Endnotes

- 1 United Nations Office on Drugs and Crime, "Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment," September 2012, p. 16.
- 2 For more on recent developments in violence, see "Countering Criminal Violence in Central America," *Council on Foreign Relations, Council Special Report*, April 2012.
- 3 Approximately 4,300 people were killed in 2011. From 1980–1992, some 75,000 people died and more than 7,000 went missing.
- 4 For a detailed analysis on El Salvador's security situation, and that of Guatemala and Honduras as well, see Cynthia J. Arnson and Eric L. Olson, eds., "Organized Crime in Central America: The Northern Triangle," *Woodrow Wilson International Center for Scholars*, November 2011.
- 5 United Nations Office on Drugs and Crime, "Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment," September 2012, p. 29.
- 6 The World Bank, "Crime and Violence in Central America: A Development Challenge," 2011, p. 15.
- 7 United Nations Office on Drugs and Crime, "Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment," September 2012, p. 5.
- 8 Francisco de Sola, President of FUSADES, "VII Private Sector Forum of the Organization of American States," 2012.
- 9 Carlos Acevedo, "Los costos económicos de la violencia en Centroamérica," *San Salvador: Consejo Nacional de Seguridad Pública, Presidencia de la República*, 2008, p. 14.
- 10 The World Bank, "Crime and Violence in Central America: A Development Challenge," 2011, p. 9.
- 11 In 2011, FDI inflows reached \$985 million for Guatemala and \$1.014 billion for Honduras. See UN Economic Commission for Latin America and the Caribbean. "Foreign Direct Investment in Latin America and the Caribbean, 2011," 2012, p. 25.
- 12 United Nations Office on Drugs and Crime, "Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment," September 2012, p. 73.
- 13 Klaus Schwab, "The Global Competitiveness Report 2011–2012," *World Economic Forum*, 2011.
- 14 The prison rate increased from 158 to 322 prisoners per 100,000 people from 2001–2010. See United Nations Office on Drugs and Crime, "Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment," September 2012, p. 13.
- 15 See "Public-Private Partnerships and Community Safety: Guide to Action," *International Centre for the Prevention of Crime, the World Bank and the Bogotá Chamber of Commerce*, September 2011.
- 16 In addition to private-sector involvement in El Salvador, Guatemala has its share of examples where the business community has played a pivotal role in improving security. For example, in 2011, *Fundación para el Desarrollo de Guatemala* (FUNDESA) signed an agreement with the municipality of Guatemala to create the *Alertos* platform—a system that counts on collaboration and community participation to alert others of security concerns. In the first year, the *Alertos* platform was able to reduce homicide rates by 50 percent in the geographic areas of operation.
- 17 "Public-Private Partnerships and Community Safety: Guide to Action," *International Centre for the Prevention of Crime, the World Bank and the Bogotá Chamber of Commerce*, September 2011, p. 37.
- 18 United Nations Office on Drugs and Crime, "Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment," September 2012, p. 29.
- 19 2010 figures provided by the *Encuesta de Hogares para Propósitos Múltiples*.
- 20 "Making the Grade," *Américas Quarterly*, Fall 2010, p. 65.

