

THE PRIVATE SECTOR'S COMMITMENT TO JOB CREATION:

Recommendations to the Leaders

Report of the Summit of the Americas
Private Sector Working Group

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EXECUTIVE SUMMARY

In advance of the Summit of the Americas on April 14 to 15, 2012, members of the Summit of the Americas Private Sector Working Group organized under the auspices of the Americas Society/Council of the Americas support and recommend action on the following five priority areas for hemispheric development and job creation. Americas Society/Council of the Americas proposes to remain engaged in activities and discussions between the April Summit and future summits and to determine ways to measure the implementation and success of the recommendations. In each of the activities below we offer experience and resources, and we look forward to working with the governments of the hemisphere to achieve these goals.

1. Skills Gap and Education:

Education is the key to success in the global economy, but there remain profound gaps between the skills of students graduating today and the demands of the modern labor markets. To close the skills gap that faces each hemispheric nation, we recommend:

- 1 Curriculum redesign by businesses and public educational institutions working together, with an emphasis on math and science;
- 2 Reworking vocational training across the educational spectrum;
- 3 A greater number of scholarships;
- 4 An emphasis on early childhood education.

2. Research and Development/Innovation:

To create a new climate of innovation, we recommend:

- 1 Incentives to promote increased R&D investment opportunities and platforms, including tax incentives;
- 2 Better protections for intellectual property rights and streamlined and better-resourced patent review procedures;
- 3 A focus on design and creative development, in addition to science and technology;
- 4 Development of entrepreneurial skills and appropriate risk-taking that leads to business start-ups.

3. Streamlining Labor Laws for New Job Entrants, Particularly Internships:

To support education and provide youth with opportunities to gain on-the-job training, we recommend:

- 1 Labor laws and labor unions create the flexibility to encourage part-time youth employment;
- 2 Governments and the private sector work together to create internship and apprenticeship opportunities.

4. Creating an Environment that Encourages Entrepreneurship and the Creation of SMEs:

Small- and medium-sized enterprises (SMEs) are the engine of economic growth and job creation across the hemisphere. It is still comparatively cumbersome to start a business in much of the region, and the price of failure remains high. To create an environment that encourages and facilitates entrepreneurship and the creation of new businesses, we recommend:

- 1 Expansion of access to credit and capital for SMEs;
- 2 Streamlining of processes to open and close businesses;
- 3 Creation of networks of mentors willing to support entrepreneurs;
- 4 Expansion of access to technology for SMEs.

5. Sharing Best Practice across Countries and Industries:

Sharing best practices across borders will help drive economic development and job creation in the Western Hemisphere. We recommend:

- 1 Conducting wide-ranging, ongoing consultations among all players to promote and oversee implementation at the national and regional level;
- 2 Creation of a platform to outline best practices.

Summary: The global business community that invests and works in the hemisphere is committed to its socioeconomic development and job creation. The key to this is the quality of the labor force and the access to formal jobs. A strong, qualified labor force and an environment that allows the private sector the possibility of helping youth and the underemployed gain access to the skills they need and to contract employees is essential to our ability to expand investment and generate jobs, as well as help countries move up the production value chain. To that end, we offer our commitment to work with national and local governments to collectively improve technical education—across sectors, from energy, pharmaceuticals, finance, manufacturing and services—to reduce the existing skills gap in the labor market and provide a solid, sustainable engine for formal jobs and development. We believe accomplishing this will generate a measurable impact in reducing unemployment, improving security and shoring up the region’s middle class. We hope to build this commitment into future high-level discussions, such as the Summit of the Americas, to monitor and track progress on contributions and impact.

Background: This document is the result of a series of meetings and teleconferences of businesses and business leaders from throughout the region, convened by the Americas Society/Council of the Americas, to provide detailed, targeted, actionable recommendations and commitments to the Summit of the Americas to be held in Cartagena April 14 to 15.

In our discussions, the working group agreed that the one area of critical mutual interest is formal employment. While governments have a responsibility to create the enabling environment for job creation and growth, the private sector has a key role in creating good jobs. Job creation remains at the center of many of the challenges in the region, not just in Latin America but in the United States and Canada. For one, youth unemployment and underemployment rates across the region are higher than those of the general population. In Latin America, this has contributed to the phenomenon of the estimated 9.4 million *ninis* (those between the ages of 15 and 28 who are neither in school nor employed). Increasingly in the United States, young entrants into the labor market are graduating high schools and universities to find a bleak labor market. According to one recent study, U.S. youth unemployment rates have reached 18.1 percent.

The problem is highlighted by the recent discussions of the middle class in the Americas. While the middle class has expanded dramatically in Latin America in the last five years (by 70 million annually, according to some estimates), in the United States, the middle is shrinking. In reality, however, the trends are not that clear or permanent. Most measures of the emerging middle class in Latin America function in terms of income, often including in the broad middle class anyone above the poverty line. Moreover, the U.S. Census Bureau recently calculated that without the earned-income tax credit and other forms of public assistance, the number of the poor in the U.S. would increase by six million.

Whether in ascendency or in decline, the middle class remains fragile across the Americas. Formal, stable job growth is a bulwark against this fragility.

However, the problem is not a lack of jobs. As studies by McKinsey and Manpower Inc. have demonstrated, it is the skills deficit—the profound gap between the skills of students graduating today from schools and the demands of the modern labor market. Filling this gap is not just critical to providing employment. As private-sector leaders—from CEOs of multinationals to small- and medium-size business owners—will tell you, it is also key to expanding operations and investments. Our presence on this working group is a testament to the desire and commitment of the private sector to expand investment and operations, if we are able to help create and shape the talent and skill levels to do so.

Many of us, our companies and other companies and individuals in the hemisphere are already working to improve education, expand research and development and increase access to technology—all keys to job growth. For example:

- Throughout Latin America, Telefónica has worked with over 200,000 at-risk youth to keep them in schools and provide them with job skills through its *Proniño* program;
- In Brazil, *O Todos Pela Educação*, an initiative financed by the private sector, aims to bring together civil society organizations, educators and public officials to ensure quality basic education for Brazilians, and to fight for the expansion and proper management of public resources invested in education;
- In Mexico, the Ministry for Public Education has asked the Universidad del Centro to

create a project in which Centro students of architecture, design and communications improve public elementary schools by redesigning them to provide not only basic necessities like rooftops and electricity, but also optimized learning environments;

- In Argentina, Pan American Energy's (PAE) *Programa Apoyo Integral a la Educación* works to improve the quality of and access to youth education to develop high-level local engineering professionals; through PAE's *Fundación Educando* program, over 30,000 underprivileged young people and adults have been trained in free educational courses with the goal of enabling graduates' insertion into the labor market. The activities focus on providing necessary skills in computer science, English language, and crafts to match market demands and ease access to job opportunities;
- *Mexicanos Primero*, a citizen's initiative, works to organize parents, teachers, students and the business community to work together in actively improving education through research, communication, advocacy and public policy recommendations;
- In Brazil, Mexichem's *Doctores de la Construcción* program and its partnership with Brazil's Senai agency to promote professional, technical education and industrial innovation, has trained over 370,000 independent construction workers in plumbing, electricity, paints and ceramic tile installation since 2006;
- In Argentina, PepsiCo, along with other private enterprises, is working with the Labor Ministry to train at-risk youth and provide them with internships that will lead to full-time jobs;
- In Mexico and other countries, CISCO has developed certification programs that train high school students in information technology to prepare them for high tech jobs upon graduation;
- In Colombia, General Motors' Chevrolet Foundation works with the government of Bogotá, the UNDP and the Salesian Society to sponsor the *Pacto Motor* program, which works to improve entrepreneurship and employment opportunities for disadvantaged youth in Bogotá by providing technical training for hundreds of young people in car maintenance and basic mechanical engineering to enhance their hiring skills;
- In Colombia, Pfizer's *De la Mano* program brings together cardiologists and the Polytechnic International School, a non-profit foundation that teaches technical skills to young people from the most depressed zones in Colombia's capital, to provide educational opportunities in the medical field to low-income students.

The private sector is doing this with the cooperation and, in some cases, the support of governments. It is good business, and it is essential for socioeconomic development. We invite the participating governments of the Summit of the Americas to draw from and expand on these best practices with us for our common goal of generating and keeping jobs in the hemisphere.

As a part of this working group, we are committed to expanding and deepening these efforts in collaboration with governments in the region. This commitment extends to resources and to efforts. We believe the impact will be measurable both in the number of jobs generated and the quality of life.

Below are the areas where we believe that, working together, the public and private sectors can add significant value and generate job growth.

SKILLS GAP AND EDUCATION

Curriculum Design:

To address the skills gap, pedagogy must be improved to reflect the demands of investors and the labor market. All too often, whether at the secondary, university or vocational level, curricula and teaching methods are failing to address real-world needs. We would like to invite public educational institutions—secondary, university and vocational—to work with us in re-designing curricula and certification programs to satisfy the demand for excellence and innovation and match our specific job needs. We realize that this may involve investment from our part; we have already created technical centers in community colleges, vocational schools, and top-flight universities in Latin America and the United States (such as the Massachusetts Institute of Technology [MIT] and Stanford). We stand ready, if governments are willing and ready to work with us.

Twenty-first Century Skills:

People all over the world are talking about the need to transform education to align with the realities of life and work in the twenty-first century. In part, this is about the effective use of and training in technology—youth need the tools to readapt to new technologies and social media at a fast pace. It is equally important for children to develop in a manner that involves deep engagement in the learning process and taking the initiative to learn. For example, in Latin America, Microsoft's research project Assessment and Teaching of 21st Century Skills proposes ways of assessing skills and encourages the adoption of those skills in the classroom. We believe leveraging this, as well as other existing examples, will bring tangible benefits.

Scholarships:

In a globalized world, English language and internationally transferable skills are essential, not just to the individual workers but to the general economy. Brazil's investment in the *Ciência sem Fronteiras* program will grant scholarships to 100,000 graduates to study in top universities around the world, while simultaneously attracting foreign scientists who have lost financing in other countries. The U.S. government's 100,000 Strong program has expanded opportunities for scholarships for non-U.S. students to study in U.S. universities. We believe such programs should be expanded, and are willing to work with the United States and other governments in the region to facilitate their expansion. More funded scholarships, however, are not the only answer. As the U.S. high school and university system is markedly different than that in Latin America, we also need to invest in preparatory efforts to help ease Latin American students into U.S. higher education.

Early Childhood Education:

Developing a healthy, productive population and workforce starts even before primary school. According to the Inter-American Development Bank (IDB), early childhood development and readiness to learn across the region remain underfinanced. Investing in high-quality early childhood care and education improves children's capacity to learn and develop, and dramatically increases their chances to succeed at school and in life. Numerous studies have shown that the return on investment is substantial in this area. Since we have a long-term vision of our businesses and presence in the hemisphere, we seek to support and help national and local governments improve programs to that end, especially in the areas where we work. For example, in Brazil, AES has for over 20 years sponsored two centers for children aged one to six from low-income communities exposed to social risks. These centers foster a safe educational environment where children can learn, play, develop social skills, receive nutritional counseling and have access to essential care and resources otherwise inaccessible to them.

RESEARCH AND DEVELOPMENT

Create Centers of Excellence and Innovation:

An important component of supporting education and workers' skills is promoting research and development. Whether in pharmaceuticals, engineering, telecom, mining, design or high tech, public-private educational partnerships with universities and research centers can provide a critical node for innovation, jobs, training and growth. To this end, governments and the private sector should collaborate to establish the incentives to promote increased R&D investment opportunities and platforms. Among these should be: tax incentives, investment in training and education on IPR and patent examination, land and space donations, lending of personnel, faculty exchanges with other research institutions in other regions or countries, streamlined patenting procedures, and better protections for intellectual property rights that such efforts will create.

Governments and the private sector should collaborate to establish the incentives to promote increased R&D investment opportunities and platforms.

The exchange of research and ideas and the encouragement of innovation and design are critical for greater global development. In line with the Millennium Development Goals, the UNDP has worked to strengthen existing partnerships between Africa and Brazil to provide a platform for the Brazilian government to share its agricultural research and best practices in an effort to reduce poverty and eradicate hunger. In Brazil, General Electric is building its newest multi-disciplinary Research and Development Center, which will employ local scientists and provide more local decision-making, products and investment opportunities within the country. In the United States, Cornell University, in partnership with Israel's Technion, is developing a graduate school for applied sciences in New York City that will promote tech talent and entrepreneurship and attract start-ups and commercial applications of research and development projects.

Given the extensive investment and work that a number of companies already conduct with universities in the U.S. and in some countries in Latin America, we are proposing expanded research and faculty exchanges among centers and institutes of higher education.

STREAMLINING LABOR LAWS FOR NEW JOB ENTRANTS

Expand Opportunities for Apprenticeships and Internships:

Inflexible labor laws remain a severe constraint on job hiring in Latin America, as documented in the World Bank's *Doing Business Report*. While the benefits of improving job flexibility are clear and established, we realize the political difficulty in tackling them. Additionally, labor laws and labor unions need to provide the flexibility for young people to be hired on a part-time basis (four to six hours a day) such that students can work and study simultaneously. This is critical in order to provide financial support to students as well as on-the-job training to better enable them to obtain permanent, quality jobs upon graduation.

Labor laws and labor unions need to provide the flexibility for young people to be hired on a part-time basis such that students can work and study simultaneously.

For this reason, we invite national and local governments to work with businesses and investors to streamline opportunities to offer internships and apprenticeships and hire new entrants into the labor market. In Colombia, for example, Ley 1429, La Ley de Formalización y Generación de Empleo, offers tax breaks and subsidy-based incentives for private-sector firms that hire employees under the age of 28 for their first formal job. Chevron works with the U.S. Agency for International Development under the auspices of Instituto Aliança on a group of projects called *Com.Dominio Digital*, which provide job training for women ages 14 to 29 to enter, remain, and ascend within the formal job market in Brazil. General Motors has agreements with technical and professional education institutions throughout Latin America—including key public universities—for internship programs, many of whose participants are subsequently hired by GM. For example, in Argentina, under their Leader Automotive Company program, interns are given a project to develop and execute in the area of the business to which they are assigned. The best projects are selected and the members of the team are recognized with company support to finish their education, with higher chances of hiring by GM upon completion of their studies.

While not a magic bullet, these sorts of incentives or rules that establish formally recognized apprenticeships can provide youth with practical, on-the-job training and skills, and ease their entrance into the private sector.

To this end, we propose that appropriate private-sector organizations work with national and local governments and legislators to expand existing programs and establish new ones, under a legal framework that can facilitate these efforts.

ENCOURAGE ENTREPRENEURSHIP AND INCENTIVIZE THE CREATION OF SMALL AND MEDIUM ENTERPRISES

Create an environment that encourages and facilitates entrepreneurship and the creation of new businesses:

In Latin America, micro, small and medium enterprises account for 90 percent of companies and are responsible for over two thirds of all employment. In the United States, between 1993 and 2009, small businesses represented 98 percent of firms, employed half of all private-sector employees, and generated 65 percent of jobs. Between 1980 and 2005, firms less than five years old created 40 million net new jobs—equivalent to 100 percent of the net new jobs created in the entire private sector. Yet Latin America and the Caribbean remain very challenging environments for entrepreneurs. Compared with OECD high-income economies, starting a business still takes four times as long on average in Latin America and the Caribbean. Additional challenges also remain.

Between 1980 and 2005, firms less than five years old created 40 million net new jobs—equivalent to 100 percent of the net new jobs created in the entire private sector.

Access to credit and capital for SMEs must be expanded:

Capital is the lifeblood for growth and development of SMEs. Both the public and private sectors must work together to ensure that there is greater access to capital and credit for this sector of the economy. This also includes ensuring the appropriate legal environment to encourage lending.

Processes to open and close businesses must be streamlined:

Streamlining these processes will facilitate and encourage entrepreneurs to pursue the creation of new businesses.

Entrepreneurs require role models, mentors, and technical support:

Successful entrepreneurs should be highlighted as role models for emerging and aspiring entrepreneurs. Networks of mentors willing to support emerging entrepreneurs need to be created and made available to a broader population. Technical support for building business plans, providing analyses to support their businesses, credit application and other tools must be offered to provide for the potential exponential growth of SMEs. Women entrepreneurs must also be encouraged, engaged and supported. There are many examples of NGOs that offer support for new businesses. Endeavor provides networks, role models, mentors and technical support to high-impact selected Endeavor entrepreneurs. TechnoServe works in poor areas of Latin America to help entrepreneurial men and women through development and training programs and private-sector mentorship opportunities. In Colombia, Bavaria's *Destapa Futuro* initiative promotes and supports entrepreneurs, providing them with executive mentors who donate their time to consultancy sessions. La Fundación Mario Santo Domingo's *Fundación Jóvenes Empresarios de Colombia* supports the creation and operation of youth enterprises, providing young entrepreneurs with business mentors and access to a network of local and national business support organizations, as well as financial support.

High impact entrepreneurs require venture capital:

Governments and the private sector must work together to encourage and seed investment pools. The Chilean government's Start-Up Chile program, which subsidizes entrepreneurs to move to Chile, is an example of a country working to create a supportive environment for entrepreneurs to be innovative and create new high impact businesses. Similarly, in Colombia, the National Learning Service's Tecnoparque offers a free national network of technological innovation, which promotes applied research, technological development and entrepreneurship to raise the capacity for innovation and contribute to productivity and competitiveness. Since 2011, Telefónica has invested USD \$5 million through its *Wayra* program in accelerating select technology startup projects in Latin America and Spain. Bavaria's *Destapa Futuro* invests yearly USD \$1.5 million as seed capital and contributes strategic assistance and provides follow-up for select high-growth potential entrepreneurs in Colombia. Since 1985, la Fundación Mario Santo Domingo's microfinance program has trained and advised over 130,000 micro-enterprises through its training and counseling programs focused on strengthening the capabilities of entrepreneurs in management and operation. In Argentina, Pan American Energy's *Golfo San Jorge PyMES* program promotes the growth of SMEs in the oil-and-gas industries through training and assistance in industrial, technical, commercial and financial issues to help build a successful business environment in the region. *PyMES* also helps facilitate SMEs' access to financing and alternative markets, and since the program's conception in 2005, it has helped develop 124 projects.

Technical support for building business plans, providing analyses to support their businesses, credit application and other tools must be offered to provide for the potential exponential growth of SMEs.

Access to technology for SMEs must be expanded:

The private sector, together with national and local governments, should provide support and incentives for SMEs to increase their access to software, engineering, telecoms and hardware at a reasonable cost.

SHARING BEST PRACTICE ACROSS COUNTRIES AND INDUSTRIES

As global companies, many of us have experience working in the areas above, within and outside the Americas. From India to Costa Rica, we have worked to foster centers of excellence, financed and facilitated scholarships, and supported early childhood development.

This paper, including the appendix, highlights a number of examples of best practices across our areas of recommendation—but there are many more examples in practice and currently under development. We believe there is an enormous opportunity to leverage best practices in order to adapt and implement existing programs for other countries and situations.

There is an enormous opportunity to leverage best practices in order to adapt and implement existing programs for other countries and situations.

Create a resource bank of best practices and role models:

This could involve some level of technical assistance in understanding the programs and their broader applications. With the proper support and platform, Americas Society/Council of the Americas can help facilitate the sharing of these experiences and personnel with public and private partners across the hemisphere. However, this is a huge challenge which should also involve multi-lateral institutions—again, a joint public-private partnership.

Convene panels and roundtables on best practice:

Americas Society/Council of the Americas will work with other organizations to create some programmatic activities around specific best practices in education, research and development, labor laws and entrepreneurship.

CONCLUSION—A SEARCH FOR PARTNERSHIP

Creating the environment and conditions that facilitate formal job growth is a joint responsibility of government and the private sector. Real gains will not be felt quickly. The success of the agenda outlined above requires both patience and commitment. We offer that commitment and believe its progress and success can be measured over time.

To move the agenda forward, we propose that as a starting point, the appropriate companies or business organizations work with between four to five governments—national or local—in the region to help facilitate the initiatives and themes discussed above. We believe the gains in doing so will be felt in new job creation and growth.

In the course of our discussions in the working group and within our own organizations, we are certain that implementation of the ideas outlined above in a measurable way will lead to new quality jobs based on expectations of job opportunities for better trained workers, new investments, the expected effects of innovation and research collaborations.

Working together we can connect the Americas and provide growth and opportunity for all Americans—north and south.

Creating the environment and conditions that facilitate formal job growth is a joint responsibility of government and the private sector.

Council of the Americas continued engagement after the Summit of the Americas:

We offer the COA to support and measure the success of these initiatives and recommendations. In doing so, we would create a space within our website for the listing of best practices, as well as for feedback and interaction. We would also expect to convene meetings and roundtables to exchange best practices and discuss progress. Americas Society/Council of the Americas would then utilize its platform to organize, with other appropriate organizations, future CEO summits in conjunction with the Summit of the Americas process.

APPENDIX: ADDITIONAL EXAMPLES OF INITIATIVES

Private Sector Initiatives

- 1 In Panama, 100 percent of public school teachers are being trained using Microsoft's Peer Coaching program, a highly collaborative professional development experience that assists teachers in the development of skills needed to coach colleagues and offer students technology-rich, twenty-first century learning.
- 2 In Chile, Liceo Bicentenario de Molina, a school destroyed by the 2010 earthquake, is using Microsoft's School Research to help educators and school leaders understand and measure innovative teaching practices that develop the skills students need for life and work to start a new path of innovation.
- 3 In Colombia, Microsoft's *Todo Empieza con una Oportunidad* provides technical training in computer and software skills to young entrants to the labor market and works to link them to potential employers.
- 4 Microsoft Research (MSR), the research division of Microsoft Corporation, is working with the IDB to support policy and strategy development for information and communication technology (ICT) research capacity-building across Latin America and the Caribbean. MSR and the IDB created the Latin American and Caribbean Collaborative ICT Research Federation, also known as the Latin American Research Virtual Institute. The Institute's mandate is to advance the research agenda in ICT applied to the social and economic development of the region, increase research opportunities for faculty and graduate students in this field, and increase the visibility and skills of the regional research community. The ultimate goal is to transfer innovation from universities to local economies to create an environment that fosters high-tech entrepreneurship and the creation of new jobs.
- 5 In El Salvador, Microsoft started a project using Microsoft Robotics in a public school for deaf students. The Ministry of Education, which saw the value in the technology, is now supporting more than 40 labs in public schools across the country. The program has sparked these young students' interest in IT careers and safeguarded them from joining street gangs.
- 6 In Brazil, Microsoft's *Alumno Monitor* program is providing the curriculum, trainers and certifications in basic computer maintenance skills for middle and high school students to support their own local school network. When these students graduate from high school, they have the possibility of working for IT companies and financing their college or university tuition. This program is also available in the Americas, as Help Desk Student Program or *Curso Basico de Soporte Tecnico*.
- 7 AES has partnered with the OAS Trust for the Americas to create centers for at-risk youth in El Salvador, the Dominican Republic, Colombia, Chile, Argentina and Panama with comprehensive curricula for participants to be equipped with technical, professional, and inter-personal skills, as well as employment readiness, communication, information technology and electricity sector-specific training programs to help them enter the job market and thrive in diverse professional environments.

Skills Gap and Education

- 1 In Brazil, GM works in partnership with the state governments of São Paulo and Rio Grande do Sul to sponsor the Young Citizens Program to train young public school students in different business areas through internships at GM. The students, some of whom go directly from high school to work or establish small businesses, develop skills that prepare them for multiple professional and business challenges.
- 2 In Colombia, Bavaria's *Oportunidades Bavaria* Program supports access to higher education with a fund of USD \$5 million which benefits nearly 4,000 students by sponsoring 80 percent of tuition costs for technical or technological careers, or the last four semesters of a university career, at zero percent interest and without a cosigner.

- 3 In Brazil, the AES House of Culture and Citizenship program works with at-risk and low-income youth from urban and rural areas of São Paulo state, promoting social development through visual arts, circus, theater, music, dance, digital arts, and gymnastics, as well as workshops for the safe use of electricity and income generation. The House of Culture and Citizenship directly benefits over 6,800 people. Adults may also attend courses and vocational workshops to better prepare them for future employment, bolster entrepreneurship and enhance their quality of life.
- 4 The Educator Learning Journeys, an online learning program in alliance with the UNESCO Competency Framework for Teachers, supports educators in developing innovative teaching practices.
- 5 In Mexico, the Universidad del Centro is currently investigating the possibility of developing an educational program geared at the assemblage industry and its growing need for a skilled, well trained, and quality-conscious workforce.
- 6 Microsoft Kinect is helping kids in Colombia—especially children with disabilities—to support their pedagogical process through playful learning, developing cognitive skills, and enhancing visual and motor coordination while collaborating in a fun environment.
- 7 Microsoft’s Partners in Learning School Research project provides individual schools with a complimentary tool to measure their own innovative teaching practices that develop the skills students need for life and work.

Research and Development

- 1 In Ecuador, GM founded and now works with the government, in partnership with the Corporación Andina de Fomento, to support the Management Model for Enhanced Competitiveness program, which provides R&D training and support for small businesses in parts and components for the auto industry, as well as in ways to improve quality and productivity.
- 2 Pfizer has supported research by MIT for over a decade, and is now bringing its Cardiovascular, Metabolic and Endocrine Diseases and Neuroscience research units to the institute’s campus to foster collaborations between the company’s scientists, MIT’s pioneering research, and the local medical R&D community to accelerate the cycle of discovery and innovation in medicine.
- 3 In Colombia, Microsoft Colombia and Microsoft Research are working with the government to establish the Center for Bioinformatics and Computational Biology, which works to fill the gap and growing demand for computational services required for building the bioinformatics academic community and also the biotechnology industry in Colombia (medications and vaccines, food, cosmetics and biofuels) through research and scientific development.
- 4 In Brazil, AES works in partnership with institutes, universities, manufacturers and public and private technology companies, and invests in R&D projects that focus on developing energy-efficient technologies and solutions to improve the quality and reliability of power generation and distribution while mitigating the impact on the environment and stimulating sustainable growth for the communities. The program promotes innovation, increases knowledge value for employees and creates business investment opportunities.
- 5 AES jointly sponsors a luminaire design competition administered by the Lighting Research Center in Troy, New York. The competition engages students in the engineering field from Latin American universities to design energy-efficient outdoor lighting solutions suitable for use in public urban areas in the region with special consideration for low-income settlement areas.
- 6 AES encourages its employees to develop innovative ideas, and every other year hosts a Congress on Operational Excellence, Innovation and Creativity for representatives from its AES Latin America and Africa businesses to share best practices and lessons learned as well as to exchange creative ideas by showcasing improvements, innovations, talent or research implemented into their daily operations to improve performance.

Entrepreneurship

- 1 In Mexico, *Fundación ProEmpleo* has sponsored over 56,000 previously unemployed people in the creation or development of their own microbusinesses, which in turn have created approximately 64,000 jobs.

- 2 GM in Argentina and Brazil, in partnership with Junior Achievement, sponsors the *Fábrica de Perchas* program, under which students come to the GM plants and get training in basic management skills. Following this training, GM supports them in the establishment of a small company for the manufacturing of clothes hangers so they can have real business experience, from its establishment and operations, to its marketing and general management. Over 10,000 people in both countries have been trained through this program.
- 3 AES works to encourage the creation of SMEs that the company could later hire as supply chain providers or service contractors. The company trains electricians, including women, and mentors small enterprises created by local community members.
- 4 In Panama, AES developed a sustainable reforestation program as a mitigation measure in the construction of the Changuinola I hydroelectric plant. AES integrated the communities living in the vicinity of the power plant and provided start-up capital, training and other tools for them to create microbusinesses supporting the reforestation plan. More than 100 families participate in nurseries and agroforestry farms and contribute to their sustenance, the preservation of the forest, and the hydrographic basin they inhabit.
- 5 In Chile, in conjunction with the public sector, AES provides training and assistance to socially vulnerable women in the communities of La Greda, Las Ventanas, La Chocota, Campiche, and Horcón, helping them to become micro entrepreneurs in areas like flowers, medicinal herbs and houseplants. Families of the local communities would not otherwise have access to microloans and resources to start their microbusinesses.

Streamlining Labor Laws for New Job Entrants

- 1 In the Dominican Republic, AES partners with prestigious engineering universities, allowing students to receive hands-on training at AES facilities for several months at a time.
- 2 Several AES companies in Latin America have internship programs in place to attract new talent and provide comprehensive training in all areas of the power industry.
- 3 In Colombia, where local labor laws mandate that companies include internship programs, 5 percent of AES employees are members of Servicio Nacional de Aprendizaje—the National Apprenticeship Service.
- 4 In Panama, during the construction of its new hydroelectric facility, AES developed various educational programs to help the local communities be more competitive in the job market by organizing job fairs and trainings in job interview performance. Technical training was also provided for various skill sets like sewing, cooking, masonry, and construction. The company also implemented a scholarship system for primary, high school and college education.

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