



LOCAL PRIVATE SECTOR PARTNERSHIP

SUSTAINABLE COMMUNITIES – EL SALVADOR

**USAID AND LOCAL COMPANIES ANSWER URBAN CRIME
WITH JOB TRAINING AND BUSINESS CONNECTIONS**

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LOCAL PARTNER PROFILE:



GRUPO AGRISAL
EL VALOR DEL COMPROMISO

Grupo Agrisal and Fundación Rafael Meza Ayau

Grupo Agrisal is a family-owned business with long roots in El Salvador. The company focuses on real estate development and hotel management in El Salvador and Central America, employing more than 5,000 people. Key projects include the Crowne Plaza, Plaza Futura, Holiday Inn San Salvador, and the San Salvador World Trade Center, the country's premier corporate complex.

Fundación Rafael Meza Ayau is a private, non-profit foundation that supports and promotes projects, programs, and institutions focused on health, education, and entrepreneurship in benefit of the most vulnerable sectors of El Salvador.



Through Sustainable Communities, students from a public school in an at risk-area of El Salvador participate in an after school activity, creating purses out of recycled materials. Photo: Luis Ceron

In El Salvador, urban crime and violence affect everyone. Successful businesses are often located in neighborhoods that can be taken over by rising violence — with robbery, extortion and other crimes a constant threat.

Local companies are well aware of the real costs of this urban crime, which lower private property values, drive away customers, and demand large investments in private security.

USAID/El Salvador wondered how individual Salvadoran companies were responding to urban crime, and whether there were opportunities to work together. A conversation with Grupo Agrisal, a local family-owned business, turned into partnership discussions around job training and entrepreneurship.

While USAID has engaged in partnerships around job training and related issues many times across the globe, the Sustainable Communities partnership in El Salvador was distinctly different: The commitment and local roots of the partners were key; the USAID Mission found it easier and more beneficial to partner locally; and significant local investments led to a stronger path toward sustainability.

ABOUT THE LOCAL PRIVATE SECTOR PARTNERSHIP (LPSP) SERIES: This profile is part of an initiative led by the U.S. Global Development Lab's Global Partnerships Team to document successful approaches in USAID's partnerships with local private sector actors. These profiles highlight collaborations in which USAID Missions and local companies have jointly designed and/or invested in activities, and where the local private sector's expertise, resources and/or networks played a unique role.

◀ Front cover: A young man from one of Sustainable Communities' target communities sells glass bottles recycled into decorative objects.. Photo: Luis Ceron

BACKGROUND

The partnership began when USAID sat down with the private sector in El Salvador to discuss their common concerns. When USAID/El Salvador Mission Director and his technical team met with the chairman of Grupo Agrisal, a large Salvadoran firm that owns hotels and other businesses, the conversation turned to crime and inequality. The chairman was particularly concerned about the Escalón neighborhood in San Salvador, where commercial developments (those of his company and many others) abut areas of rising crime — creating an inhospitable and unsafe environment for both workers and customers.

The chairman suggested that USAID and Grupo Agrisal work together to build social cohesion and increase security in Escalón, providing jobs training to youth from resource-poor communities so that they could more easily find work in the nearby commercial sector. The USAID/El Salvador Alliance Advisor recalls the Chairman asking, “What if we could connect both worlds through business?”

Later that year, USAID/El Salvador and Grupo Agrisal launched Sustainable Communities (*Comunidades Sostenibles*) in Escalón to tackle crime and violence by advancing economic opportunity for the residents of the neighborhood’s poorest communities.

The partnership has two main activities. First, the partners are providing targeted job training for at-risk youth. The local NGO implementer (FUNDEMAS) also draws on its network of member companies to connect these newly-trained young people to potential jobs.

Second, Sustainable Communities fosters the creation of small businesses in the poorer areas of Escalón, by running entrepreneurship and business management trainings for youth and women; providing basic seed funding, mentorship, and accelerator services to promising startups; and connecting these startups to the business community in Escalón — creating new economic linkages between the neighborhood’s commercial core and its outlying communities.

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A SALVADORAN PARTNER BROUGHT STRONG COMMITMENT AND DEEP LOCAL ROOTS

Having a local company co-design Sustainable Communities strengthened the partnership from the outset. Most importantly, Grupo Agrisal gave USAID/El Salvador significant and compelling insight into the challenges facing the local private sector in Escalón, a context that a foreign multinational company may not have had.

According to the USAID Alliance Advisor, local companies “understand the local culture. They know the challenges, and they can make a partnership more applicable to the local context.”

And this isn’t mere corporate philanthropy. “Companies are finally realizing that stronger involvement with these communities makes for a more viable business,” he says.

In the end, the local partners are Salvadoran — the owners and managers want to see their communities and country succeed. Unlike a foreign multinational, they may not be able to easily pull up stakes and seek better opportunities in a new market. Paloma Adams-Allen of USAID’s Bureau for Latin America and the Caribbean agrees, “Local companies often make excellent partners because the countries in which we work [e.g., El Salvador] are home for them. It is where their primary markets are located, where their families, workers, and customers live, where their operations are based. These connections help solidify their commitment to partnerships with USAID to improve lives, strengthen communities, and expand economic opportunity.”

Having a local partner in the lead also meant access to their local networks, allowing the partnership to more easily build relationships between Escalón’s established businesses and fledgling neighborhood startups. For example, Sustainable Communities connected Miss Burbujas (Miss Bubbles), a startup female-owned microenterprise that makes cleaning products, to eight potential buyers in Escalón, including a private school, a restaurant, and several companies. A multinational may not have been able to access these local firms or convince them to collaborate.

Through Sustainable Communities, over a hundred local companies — over 70% of all commercial enterprises in Escalón — are collaborating. They are fostering startups, training and employing youth, and investing financially in support of the partnership's activities.

While violence remains a serious issue in Escalón, Sustainable Communities is building new and stronger bonds between companies and the wider neighborhood, which is contributing to an easing of the deep social tension that once characterized the area.

LOCAL PARTNER = FASTER PROGRESS, MORE FLEXIBILITY

In addition to Grupo Agrisal's deep knowledge of the local context, they were also able to move more quickly as partnership discussions progressed.

In the design phase of the partnership, USAID had a counterpart that it could meet with regularly to discuss the project. "When we work with [multinationals], we often have to talk to many different counterparts at the company," says the USAID/El Salvador Alliance Advisor. "They are constantly traveling, and sometimes we can't keep up a consistent dialogue." In Grupo Agrisal, USAID had a partner that could keep the conversation moving and could relatively quickly translate talk into action.

In addition, working with a local company brought momentum and increased flexibility to the collaboration. Where multinational corporations can be highly complex and bureaucratic, local companies in El Salvador are often family-owned, with relatively straight-forward hierarchies and decision-making structures. "Local partners can be easier to do business with than multinationals. Sometimes, they are not as complicated," notes the Alliance Advisor.

More streamlined decision-making can often mean a local private sector partner can be more flexible. This flexibility was critical for Sustainable Communities in the implementation stage, as USAID was able to work closely with Grupo Agrisal to fine tune the partnership approach and to make quick mid-course corrections to increase the partnership's effectiveness.

PILOTING FOR SUSTAINABILITY AND REPLICATION

Grupo Agrisal, USAID, and FUNDEMAS designed the partnership from the very start around shared value — to address both USAID's development objectives and a key challenge facing companies operating in Escalón. This made it relatively easy for the partners to secure additional support from other local private sector companies.

Further, because the connections that Sustainable Communities is fostering between businesses and local communities are market-based ties that benefit all parties involved, USAID is confident that these relationships are built to last.

Local company partners — represented by **the Asociación La Escalón**, a neighborhood association of local businesses, unions, religious organizations, schools, and residents — hire youth trained by the project and/or buy products and services from small enterprises that have been strengthened by Sustainable Communities. They have expressed interest in continuing Sustainable Communities after USAID involvement ends in 2015. This will allow the project to continue on as a locally visible example for other businesses and neighborhoods to replicate.

USAID/El Salvador does not expect to solve crime and inequality in Escalón with just one partnership. However, Sustainable Communities is a valuable pilot program for El Salvador and other countries struggling with inequality and violence.

The partnership makes the case that USAID and the local private sector have common objectives in the fight to curb urban violence; it demonstrates new forms of collaboration between the development community and local companies to more widely share the benefits of economic progress; and, if the microenterprises and jobs it has created survive, it may in time be able show that economic opportunity can mitigate crime and violence in El Salvador. Already, other neighborhoods of San Salvador have expressed interest in replicating the partnership.



Female entrepreneurs turn soda can rings into fashion accessories in El Salvador. Photo: Luis Ceron

IMPACT

Sustainable Communities is creating new economic opportunity in Escalón, while also making the neighborhood's overall economic progress more inclusive. In its first four years, Sustainable Communities has helped 676 people find jobs, extended employment and entrepreneurship training to over a thousand people, and helped launch 231 microenterprises in its nine target communities, including bakeries, specialty food shops, handicrafts outlets, a piñatas store, a flower shop, and a recycling company. 187 of these startups are women-owned. The program has invested over \$200,000 in seed capital for entrepreneurs.

Sustainable Communities also forges business relationships between these small enterprises and the larger, more established companies of Escalón. It has connected 344 startups to 60 companies able to act as suppliers or buyers. Sustainable Communities has achieved substantial participation from the local business community, with over 70% of companies that operate in Escalón supporting the partnership.