

# ***Socially Responsible Enterprise, Local Development in Cuba (SRELDC)***



## ***Introduction***

After years of experimentation, learning and successful cases in a variety of industries, **socially responsible enterprise** has made its way from the margins to the mainstream throughout the world. New ways of understanding the role of the private sector in society have emerged while businesses are increasingly being called upon to account for their effect on the environment and communities in which they operate. Through responsible enterprise, innovative models are being developed that produce positive environmental and social outcomes and offer new, sustainable solutions to many of today's largest challenges. An early adopter of these types of models, Latin America can look to 15 years of experimentation in the field with best practices and replicable models now readily available.

Since the end of 2010, a consortium of Cuban and international organizations has worked toward the creation of a dialogue on the potential for socially responsible enterprise (SRE) in Cuba. Academics, government officials and other groups in Cuba have engaged in dynamic exchanges with cutting edge Latin American firms and organizations working in the socially responsible enterprise space. Over the past two years, we have **initiated and executed** a series of **highly successful programs** including **educational visits, conferences and workshops**, and in the process, have helped **strengthen Cuba's links with other Latin American nations**. The initiative has been well received within Cuba, generating enthusiasm among important actors on the island as well as grounds for future, locally spearheaded activity.

This series of programs has also helped coordinate efforts among a variety of groups involved in economic planning in Cuba. Today, this enthusiasm and coordination is being translated into actionable plans by key decision makers on the island.

## ***Why Socially Responsible Enterprise in Cuba Now?***

We are confident that current political and economic factors both in Cuba and abroad position the country well for the development of a local approach to **socially responsible enterprise**. **SRE here includes, but is not limited to: social enterprises, first and second tier cooperatives, and corporate social responsibility (CSR) initiatives on the part of foreign investors**. Worldwide, financial turmoil has generated increased skepticism toward prevailing capitalist models and created greater interest in strategies that promote economic solidarity. Meanwhile, in Cuba, sweeping economic changes will allow many Cubans to engage in private enterprise to an extent not seen since the 1960s. Both of these factors make this a unique moment in the island's history to sow the seeds for social enterprise to take root and flourish in years to come.

## ***Transition and Opportunity in Cuba***

Current economic difficulties along with the rapidly evolving policy landscape in Cuba makes the adoption of social enterprise models now particularly viable, and perhaps even necessary. Under the helm of Raúl Castro,

### ***The Consortium includes:***

- Fundación AVINA
- Center for the Study of the Cuban Economy (CEEC)
- The Christopher Reynolds Foundation
- Environmental Defense Fund
- Forum Empresa
- Fundación de Ecología y Desarrollo
- Green Cities Fund
- National Association of Economists and Accountants of Cuba (ANEC)
- The University of Havana

### ***The following organizations have provided additional, valuable support:***

- The Canadian Embassy Fund for Local Initiatives
- Dalhousie University
- The Ford Foundation
- FUNDESO
- Halloran Philanthropies
- Havanada
- Instituto Ethos
- The International Development Resource Centre
- National Association of Small Farmers (ANAP)
- United Nations Development Program, Cuba Office

the Cuban government since 2007 has begun to implement a multi-faceted package of economic reforms. The government is exploring ways to transfer a sizeable number of jobs from the public sector to newly expanded private sector activities—current goals aim to reach 35% non-state employment by 2015—and decentralize many national economic activities. Simultaneously, the Cuban state continues to gradually increase the role of foreign direct investment within the framework of overall planning.

The ideals and driving forces behind social enterprise are consistent with Cuba's socialist foundations and views of socio-economic integration. Fifty years of socialist construction have created a uniquely receptive environment among citizens for social and cooperative enterprises. Furthermore, Cuba's highly educated and organized workforce can be mobilized more easily than in many other countries. Given these factors and under the right circumstances, Cuba may be a hospitable and fertile environment for a social enterprise economy, to a higher degree than perhaps anywhere else.

This window of opportunity may be short lived if the Cuban government is forced to significantly deregulate the inflow of foreign capital, drowning out current creative spaces for social economy initiatives. In this moment of historic transition, social responsibility in enterprise could be established as a legitimate alternative now, creating the potential for far greater growth in the future.

***Cuba faces many enormous challenges, and the power of SRE to confront them in the near or medium terms should not be overstated. However, social enterprise holds the potential to create needed employment opportunities through the investment of sympathetic capital from foreign governments, non-profits, and private sources. Moreover, because successful social enterprises are by nature economically sustainable, they can function autonomously and simultaneously alongside other more dominant systems if certain basic rules are put in place.***

### ***Program Series: Socially Responsible Enterprise, Cooperativism and Local Development in Cuba (SRECLD)***

With the support of the Christopher Reynolds Foundation, Eric Leenson of Forum Empresa traveled to Havana in March 2010 to research SRE in Cuba. After encountering much local enthusiasm for the topic, he enlisted the help of Julia Sagebien of Dalhousie University, and together they organized the first educational visit of a Cuban delegation to Brazil shortly thereafter.

Convinced that there was an opportunity to positively impact the growth of SRE in Cuba, Leenson and Sagebien teamed with Fundación AVINA, the ANEC, and the CEEC to co-organize a series of programs designed to facilitate a dialogue between Cuban and Latin American organizations engaged in SRE. This group has successfully helped organize meetings with Latin American leaders in the field, co-sponsored visits of a Cuban delegation to Brazil, and convened a broad cross-section of Cuban and international actors for historic conferences and workshops in Havana.

### ***Deepening South-South Connections***

**Educational Exchanges in Latin America** • Since 2010, a series of visits to Brazil have opened new channels for knowledge sharing and collaboration between Cuba and South America, and catalyzed homegrown initiatives around SRE in Havana. With financial support from Canada's International Research Development Council (IDRC), Leenson and Sagebien organized the first visit of a delegation of six Cubans—representatives from government and academia—to the Ethos Institute's annual Conference in São Paulo<sup>1</sup> in May 2010. Participants heard from successful cooperatives, microfinance institutions, public sector managers, and NGOs, and shared viewpoints and experiences on collaboratively developed sustainable enterprises. The Cuban delegation gleaned practical and actionable insights and left energized to plan a series of activities of exchanges and meetings on the island.

After the success of the first visit and growing enthusiasm at home, Cuban participation in the annual Ethos Conference has become a yearly event with delegations traveling to São Paulo now for three consecutive years:

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<sup>1</sup> The Ethos Institute is generally recognized as the leading organization of Business and Social Responsibility in the Americas.

- In 2011, a special **Brazil-Cuba Encounter** was organized by Fundación AVINA and Forum Empresa in conjunction with the conference, which included site visits and workshops that permitted deeper discussion with Brazilian experts on topics of significance at this crossroads in the Cuban economy.
- In 2012, Cuban participants engaged in exchanges around Brazil's participation in the then-upcoming Rio+20 UN Conference.

**Ecuadorian-Cuban Knowledge Sharing** • The Vice President of Cuba's influential National Association of Economists and Accountants (ANEC) traveled to Ecuador in March of 2012 to meet with leading governmental and civil society actors. During the visit, she had the opportunity to meet with key players in Ecuador's solidarity economy and was able to forge connections with government officials influential in this space.

Only a few months later, Ecuador's Minister of Economic and Social Inclusion traveled to Havana to participate in ANEC's yearly conference and galvanized Cuban interest in Ecuador's solidarity economy, particularly its cooperatives. Sparked by these encounters, talks have begun to initiate an academic exchange program between Cuba, Ecuador and Brazil to focus on the study of programs for building cooperatives and new economies in 2013. Thanks to these events, a new level of bi-national collaboration between the two countries has been stimulated.

### ***First International Conference on Socially Responsible Enterprise, Cooperativism, and Local Development (SRECLD) • Havana, Cuba***

After the first educational visit to Brazil, Cuban representatives were keen to continue the dialogue on SRE and work with other Latin American organizations. Leenson, Sagebien, and Pamela Rios of Fundación AVINA along with Cuban institutions, ANEC and CEEC, began planning the first jointly organized, international conference on SRE in Cuba in early 2011. From June 20<sup>th</sup> – 24<sup>th</sup>, the first **International Conference on Socially Responsible Enterprise, Cooperativism and Local Development** took place in **Havana, Cuba**. Over five days of lively exchange, participants shared and discussed effective strategies of Latin American firms and organizations that have adopted social responsibility as a business principle to stimulate economic growth and equitable development.

In an unprecedented plenary session attended by 140 Cubans, fifteen foreigners presented on the evolution of SRE in the Americas on topics ranging from CSR to social enterprise. Nearly 30 international experts were invited to speak alongside ministerial and municipal representatives of the Cuban government, local economists, managers, and representatives of NGOs and international cooperation agencies. Cuban participants demonstrated a high level of interest in topics presented including enterprise incubation, fair trade, supply chain strategies, social finance, and the role of government in stimulating the solidarity economy, some of these being addressed for the first time in Cuba. The conference was an overwhelming success and exceeded organizers' expectations. Most importantly, it provided an unparalleled forum for thoughtful debate about SRE, enabling academics and professionals from Cuba and other countries to engage each other and increase their mutual understanding of these issues while laying the ground for future collaborations.

**SRELDC Track at ANEC Conference, July 2012** • Following on the success of the First International Conference, the SRELDC was invited by ANEC to design a special track on responsible enterprise for a large conference of Cubans and foreigners this past July. Our consortium brought 15 experts from a wide range of fields for the specially curated agenda of speakers, including Doris Soliz, Ecuadorian Minister of Economic and Social Inclusion.

### ***Building Momentum for Co-operatives in Cuba***

Special attention has been focused this year, the **United Nations International Year of Cooperatives (IYC)**, on the critical role these organizations can play in maintaining communitarian values for economic development. In Cuba, results of programs organized over the last months clearly indicate that SRELDC

participants have gained the ears of local policy makers at the highest levels in the arena of Cooperatives.

Historically, Cuba has a long tradition of agricultural cooperatives; however, new momentum is growing for the introduction of urban and 'second tier' cooperatives—umbrella cooperatives that encompass many smaller ones. These entities may prove crucial to the development of an expansive social enterprise economy in Cuba. Through recent dialogue and cooperation with the Environmental Defense Fund in the U.S., joint efforts are underway to explore the possibility of **establishing sustainable fishing cooperatives** as part of the first cohort of new Cuban cooperatives.

**Cuban Participation in Canadian COOP Meetings** • Additional momentum has been created through Cuban participation in the International COOP Summit in Quebec as well as a special Canada-Cuba Cooperative Summit, both in October of this year. A delegation of nine Cubans—including academics, government officials and Cuban cooperative farmers—traveled to Quebec for the meetings where 1,500 delegates from around the world attended. The Cuban group partook in on-site meetings with successful cooperatives and engaged in timely dialogues with leaders of the international cooperative movement, sharing information about cooperative development as well as the important economic changes currently taking place in Cuba.

**International Cooperatives Workshop in Havana** • An International Workshop on Cooperatives organized by ANEC, CEEC, AVINA, ECODES, and the UNDP took place in Havana November 1st and 2nd, 2012. Among those who attended were top officials of the Brazilian and Ecuadorian governments' social economy agencies. The content of the gathering was technical in nature. The assembled group of 15 foreigners and 45 Cubans produced specific policy recommendations to foster implementation of a Cooperatives Strategy on the island

### ***Socially Responsible Enterprise and Local Development: Next Steps***

Solidarity and cooperative enterprise models can provide a way for Cuban leadership to continue to pursue an agenda of economic modernization while ensuring that important achievements of the revolution are maintained. This momentum of change has created a fertile ground for the development of a local approach to **socially responsible enterprise**. And while these initiatives are new, because of its history and culture, Cuba may be uniquely suited to serve as a model in this area for other developing economies in the future.

After little more than two years, the programs carried out by this group of Cuban and international organizations have generated excitement about the potential of SRE for Cuba's local development and helped to coordinate efforts among a variety of influential groups on the island. We build on the success of the past two years of programing, and will continue to promote the education of local champions of SRE on the island, and support burgeoning programs with additional research and financing. Planning is already underway for a series of events and exchanges in 2013, thanks to the enthusiasm of our partners outside and—most importantly—inside of Cuba. These include:

**The Camaguey Enterprise Initiative** – The time has come to seek funding of pilot, SRE start-up projects that will be replicable on a large scale. Such capital transfers are available from non-US based, SRELDC associates. An OFAC approved funding mechanism for non Cuban Americans may be available in the US. Research exploring this channel is underway, and we hope to complete a feasibility study for such a program by spring 2013.

**Continued Educational Exchanges and Action-Focused Workshops in Cuba** – These activities will center on three main focus areas: the emergence of **cooperatives** as a dynamic economic force and their ongoing implementation and growth; recognition of the role of **small enterprise and sole proprietors** as a key to short to medium term employment growth in the Cuban economy; and the potential for **foreign investors and large scale state enterprises** to have positive influence on job creation and local development resulting from the incorporation of marginalized communities into the supply chain of production.

## ***About the Organizations Involved***

### **Fundación AVINA**

Leading regional Foundation whose mission is to contribute to sustainable development in Latin America. They do this by encouraging productive alliances based on trust among social and business leaders and by brokering consensus around agendas for action. Support for these programs in Cuba is carried out through their *Inclusive Markets* work.

### **Center for the Study of the Cuban Economy – CEEC (*Centro de Estudios de la Economía Cubana*) Universidad de La Habana**

The CEEC conducts research and studies on the Cuban economy. They carry out research, trainings, consulting services and product highly respected publications on the Cuban economy.

### **Christopher Reynolds Foundation, Inc.**

The CRF is a private foundation based in the US since 1952. They support work to strengthen contacts and understanding between citizens and institutions in the US and citizens and institutions in Cuba.

### **Dalhousie University**

Canadian University located in Halifax, Nova Scotia. Its School of Business has done extensive research in the area of CSR. Its School of Public Administration has long been active in Cuba.

### **Forum Empresa**

Forum Empresa is an alliance of CSR-based business organizations that promotes corporate social responsibility (CSR) throughout the Americas with members in 19 countries from Canada to Chile. It is the entity that collects and manages funds for the implementation of this SRE in Cuba program series.

### **Fundación de Ecología y Desarrollo (ECODES)**

Based in Zaragoza, Spain, ECODES is a non-profit organization dedicated to sustainable development in economic, social, and environmental spheres. It dialogues and collaborates with social actors to promote sustainable practices. ECODES also has offices in Nicaragua and Peru.

### **Fund for Local Initiatives, The Canadian Embassy**

The Canadian Embassy in Havana carries out work around Local Development and is recognized and respected by its counterparts in Cuba. The embassy collaborates with other organizations, especially through CIDA and Canada Fund resources, which are used to cover the costs of carrying out local events in Cuba.

### **Green Cities**

A California based non-profit organization long active in humanitarian projects in Vietnam, and more recently in Cuba, Haiti, and Afghanistan.

### **Halloran Philanthropies**

A US-based organization that seeks to empower change-making solutions in communities through inspiring collaborations. Halloran recognizes social entrepreneurs as powerful catalysts in this process and utilize their resources and network to support the advancement of social innovations and sustainable enterprises in a number of countries.

### **Havanada Consulting**

Havanada is a Canadian social enterprise consultancy with an established presence in Havana. The firm helps orient projects of sustainability and social enterprise in the Caribbean, and especially in Cuba.

### **Instituto Ethos**

With headquarters in Sao Paulo and more than 1,200 business members, representing more than 30% of Brazil's GNP, Instituto Ethos is one of Brazil's leading business and social responsibility organizations. Since its founding in 1998 it has been recognized universally as a global leader in this field.

### **National Association of Economists and Accountants – ANEC (*Asociación Nacional de Economistas y Contadores de Cuba*)**

Headquartered in Havana and with offices throughout Cuba, the association has over 80,000 members. They include academics, ministry officials, business managers, policy makers, all with training in economics and accounting.

### **UNDP – United Nations Development Program**

Multilateral body that, beginning over ten years ago, developed the foundations of many enterprises through the PDHL (Programa de Desarrollo Humano Local). In different circles and meetings with Cuban organizations, the UNDP and the PDHL are cited as the first to have innovated in local economic development.