



BANCO INTERAMERICANO DE DESARROLLO  
WASHINGTON, D.C. 20577

GERENTE  
DESARROLLO SOSTENIBLE

Tel: (202) 623 1566  
Fax: (202) 623 1708  
E-mail: carlos@iadb.org

August 5, 2004

Jacques Rogozinski  
General Manager  
Inter-American Investment Corporation  
1300 New York Avenue, NW  
Washington, D.C. 20577

**Re: Inter-American Development Bank – Inter-American Investment Corporation’s contribution concerning the Second Inter-American Conference on Corporate Social Responsibility (CSR): “Deeds not Words” (Plan of Operations, RG-T1023).**

Dear Mr. Rogozinski:

By means of this letter agreement, the Inter-American Development Bank (the “IADB”) is pleased and honored to acknowledge and accept the offer of a grant of ten thousand U.S. dollars (U.S.\$10,000) (the “Contribution”) from the Inter-American Investment Corporation (the “IIC”) to support the Second Inter-American Conference on Corporate Social Responsibility (CSR): “Deeds not Words” (the “Conference”) that is expected to take place in Mexico City on September 26, 27 and 28, 2004, substantially on the terms described in the attachment hereto (the “Attachment”).

The Contribution will be accounted for separately from IADB’s assets at the discretion of the IADB, and will be administered together with other contributions received by the IADB.

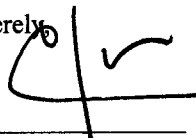
The utilization of the Contribution will be subject to the following terms:

1. The IIC shall make available ten thousand U.S. dollars (U.S.\$10,000) to cover general expenses of the Conference, unless the parties agree otherwise in writing. Any major deviations from the objectives or activities described herein (including the Attachment) will require the IIC’s written approval. The Contribution shall be made in U.S. dollars and the IADB shall have the right to exchange the funds into other currencies at its discretion.
2. The Contribution shall be transferred to the IADB in full in a single installment, upon the IADB’s written request, to the account #04404221 “Inter-American Development Bank - Cofinancing Account” opened by the IADB at Deutsche Bank America Trust, New York (swift # BKTRUS33XXX). Such account is denominated in U.S. dollars.
3. The IIC acknowledges and agrees that the Contribution shall be completely untied and that the procurement of goods and services to be financed with the Contribution shall be undertaken in accordance with the IADB’s policies and procedures. The IADB may keep for its own account, as compensation for its administrative costs in relation to the Contribution, any investment income generated by the Contribution pending its disbursement for the Conference.

4. Unless otherwise agreed between the IIC and the IADB in writing, any portion of the Contribution not used for the purposes described herein shall be cancelled and returned to the IIC as soon as possible after the Conference takes place.
5. The IADB shall provide to the IIC information on the use of the Contribution and the Conference as may be maintained by the IADB in the course of its regular operations, and that the IIC may reasonably request in writing.
6. The IADB shall list the IIC as a co-sponsor in the Conference materials. The IADB may also use the IIC's name and/or logo in any other way or form in the Conference materials, including any publications and/or advertisements.
7. The IIC will be regarded as a co-sponsor of the Conference. The IIC acknowledges that no other benefits will be afforded to the IIC as a result of the Contribution.
8. At the IADB, the Private Enterprise and Financial Markets Subdepartment of the Sustainable Development Department (SDS/PEF) shall have technical responsibility for the Conference, including specific coordination with the IIC regarding the Conference and any reporting requirements related thereto. The contact person at SDS/PEF is Mr. Antonio Vives, Deputy Manager (tel: (202) 623-1608, e-mail: [antoniov@iadb.org](mailto:antoniov@iadb.org)). The Cofinancing Division of the Financial Support Services Subdepartment of the Regional Operations Department 2 (RE2/FSS/CEP) will be responsible for forwarding to the IIC the transfer request mentioned in paragraph 2. The contact person at RE2/FSS/CEP is Mr. Bertus J. Meins, Chief (tel: (202) 623-2914, e-mail: [bertusm@iadb.org](mailto:bertusm@iadb.org)).
9. Any communications addressed to the IIC in connection with this letter agreement will be sent to your attention at the address mentioned above.
10. Subject to its policies and procedures with respect to the disclosure of information, the Bank may make this letter agreement publicly available.

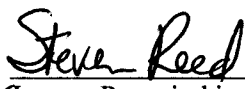
On behalf of the IADB, I wish to express our sincere appreciation for the important support provided by the IIC for the Conference.

Sincerely,



Carlos M. Jarque

Acknowledged and agreed  
For the Inter-American Investment Corporation

  
for Jacques Rogozinski  
General Manager

Date: August \_\_, 2004



## Deeds Not Words

II Inter-American Conference on  
Corporate Social Responsibility

**Mexico City, September 26 - 28, 2004**

### **Corporate social responsibility**

Corporate social responsibility (CSR) usually refers to incorporating social and environmental factors into corporate strategies and decision-making, going beyond the traditional way of doing business<sup>1</sup>. Companies reach out beyond their executives and shareholders to other company stakeholders (employees and their families, suppliers, customers, the community, and the environment).

Concretely, CSR involves certain external practices, such as support for the community where a company is located, and internal practices such as labor relations. Through responsible external practices, companies have legitimized their position as enterprises that are responsible towards their surroundings. The enhanced company reputation leads to community acceptance, and with it, a *license to operate* and higher market shares. Through voluntary improvement of worker safety and health conditions, internal CSR practices demonstrate corporate concern for employee welfare and translate into greater job satisfaction and higher productivity, in addition to lower absenteeism, and a consequent reduction in labor costs.

Customers are an essential factor in promoting and implementing CSR. Being the primary source of revenue and capital for companies, customers have a great potential to influence corporate decision-making. Thanks to customers (consumers, in the case of consumer goods), many companies have modified their processes and chains of production and marketing; they have become more aware of the impact their activities have on the environment and local communities; and they have participated more actively in promoting and implementing public policies for the benefit of the community. In addition, customers/consumers have increased the level of corporate responsibility by demanding the selection of suppliers that follow socially responsible practices in the production, procurement, and processing of raw materials and inputs.

CSR is thus perceived as a significant factor in the success and competitiveness of a company operating in competitive global markets and one that will also translate into a better quality of life for the communities located in the company's area of influence.

### **Project rationale**

CSR goes far beyond corporate philanthropy. While philanthropy refers to grants, CSR refers to integrating responsible practices into corporate strategies and operations, based on ethical values, compliance with the law, and respect for individuals, the community and the environment.

Latin America has a longstanding tradition of philanthropy, but although there are some cases of CSR, the practices are not widespread. There is a need to promote the adoption of responsible practices and demonstrate the advantages of CSR for both the companies and for society at large. Responsible corporate practices have a

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<sup>1</sup> *Business for Social Responsibility*, an international association of businesses that promotes CSR, defines it as "achieving commercial success in ways... addressing the legal, ethical, commercial and other expectations society has for business."

dual advantage: they help increase company competitiveness while at the same time contributing towards resolving certain social and environmental problems. Both large and small enterprises need to adopt CSR practices in order to meet the current social challenges and to improve their own competitiveness.

The objectives of CSR are consistent with the development objectives of the Inter-American Development Bank (IDB or Bank) in that they promote a better quality of life for communities. As reflected in the action plan on IDB support for CSR in Latin America and the Caribbean, the IDB must use its ability to bring together all the stakeholders to promote the dissemination and adoption of CSR practices throughout Latin America and the Caribbean.

The *II Inter-American Conference on Corporate Social Responsibility: Deeds not Words* will be the third conference on CSR the Bank has organized. The first, the *Americas Conference on Corporate Social Responsibility: Alliances for Development*, was held in Miami, Florida, on 24-26 September 2002. It was organized pursuant to the declaration by the Heads of State and Government of the Americas at the Quebec Summit in 2001, in which the member governments specifically requested that the Bank spearhead efforts to promote CSR in the region. The second was the *Inter-American Conference on Corporate Social Responsibility: CSR as an Instrument for Competitiveness*, held in Panama City on 26-28 October 2003. Since the Bank took the initiative to organize the second conference to continue promoting CSR, without the participation of the Organization of American States (OAS), the name of the conference had to be adjusted to the new circumstances and was called the *Inter-American Conference on Corporate Social Responsibility*. Accordingly, the title of the conference to be held in Mexico (and described in the proposed program) will be the *II Inter-American Conference on Corporate Social Responsibility*.

The proposed project was designed to continue promoting implementation of CSR practices in the region<sup>2</sup>. The previous conferences on CSR (Miami in 2002 and Panama City in 2003) helped disseminate CSR, with a focus on partnerships between civil society, government, and business, and on CSR as an instrument for business competitiveness. To continue the work for dissemination and implementation of CSR under the Bank's leadership, another regional conference is being proposed to bring together representatives of business, government, and civil society organizations in Latin America and the Caribbean that are interested in addressing the issue. This conference will place greater emphasis on the business case for CSR.

The proposed program will have three **components**, as described below:

- **Design and preparation:** this component consists of the identification of specific areas to prepare the agenda, the selection of expert speakers, and coordination with the *Centro Mexicano para la Filantropía* (CEMEFI) (Mexican Center for Philanthropy) on logistical matters.
- **Conference:** The Conference will be titled *II Inter-American Conference on CSR*. The theme of the conference will be "Deeds not Words". It will take place on September 26-28, 2004 in Mexico City with an expected duration of one day and a half.
- **Information and evaluation:** in order to promote exchanges of information on CSR, the program will be posted online at [www.csramericas.org](http://www.csramericas.org). After the conference, the proceedings will be published and disseminated to a broad-based readership in the region. Finally, the results of the program will be evaluated.

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<sup>2</sup> In the declaration by the Heads of State and Government at the Quebec Summit of the Americas in 2001, the different governments specifically asked the Bank to spearhead efforts to promote CSR in the region.