

Wolrd Chambers Competition 2007	
Programa Capacitar Nordeste	
Executive Summary	
Bidder	CACB – Confederação das Associações Comerciais e Empresariais do Brasil
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International Partner	Câmara de Artes e Ofícios de Essen (Kreishandwerkerschaft Essen) da Alemanha
President	Alencar Burti presidente@cacb.org.br
Contact information	Carlos Rezende National Executive Cordinator +55(61)3321-1311 rezende@cacb.orb.br

The northeast of Brazil remains “The poor house” of Brazil despite considerable investments and a large number of development projects. The degree of extreme poverty of its population is much larger than the country average. In the northeast, to date, few political forces took effective measures for development. Still today, it is easier to transfer resources from the rich parts of Brazil to this Region than to look for its own means of development. The only business organizations in the interior of the northeast are the chambers of commerce (CCs), which have existed since the XIX century, but which retain in their large majority the nature of social clubs. Those CCs are known in Brazil as ACEs - Commercial and Business Associations. Many of them find themselves in a vicious circle of lethargy and dependence. The small degree of organization and insufficient management capacity of the associations are the largest obstacles to the implementation and dissemination of effective programs, because prepared entities, capable of absorbing them, do not exist in the interior.

From this lack of organization, partners are preparing *Programa Capacitar Nordeste* whose aim is the organizational development of these entities to provide better services to their associates, with emphasis on *Programa Empreender*, to participate actively in local development and promote an associativistic culture. From a specific organizational diagnosis to CCs, a group of actions geared toward training, consulting and monitored visits. In 2005 and 2006, 56 diagnoses were conducted and 58 strategic planning workshops held. Also 750 CCS management members and collaborators and 70 presidents and directors were trained. The Project used two computerized monitoring tools: one for Activities and the other for Results. The later was guided by a Balanced Score Card (BSC) and developed especially for this phase. Both tools enabled follow up of the project's progress as well as appropriate corrective steps to be taken.

The 26 CCs succeeded in getting participants to initiate a process of change, which introduced a deep transformation. The definition and implementation of work processes and the wide inclusion of SMEs business owners and businesswomen in the CC board of directors started a democratization process in the entities. This was demonstrated by a greater engagement and responsibility, a better work atmosphere and greater motivation among workers. The CCs, which were formerly like traditional "social clubs", have become increasingly providers of services to the Micro and Small Enterprises (MSEs). Their influence and importance grew in the municipalities, and they became active players in local economic development. Currently, certain activities are only implemented with the active participation of CCs.



International Cooperation Project Report between CACB – Confederation of Brazilian
Commercial and Business Associations and KHS – Essen Chamber of Arts and
Crafts, Germany

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1. INTRODUCTION

This report describes the implementation of an international cooperation project between CACB - Brazilian Confederation of Chambers of Commerce, and KHS Essen – Essen Chamber of Arts and Crafts, Germany. The project's goal was the creation of Reference Commercial and Business Associations in the Northeast of Brazil and was conducted between March 2005 and February 2006. This report is addressed to the bench of judges of the 5th Conference of the World Chamber Federation contest in Istanbul, to participate in the category “Best International Cooperation Between Chambers”.

2. PARTNERS

2.1. CACB

CACB is formed by 27 State Chambers of Commerce with more than 2038 Municipal Chambers of Commerce which associate voluntarily more than 2 million entrepreneurs, including independent professionals and sole proprietors, across Brazil from a variety of economic sectors.

CACB is a multi-sector organization. It represents and expresses the independent opinion of commerce, industry, agriculture and livestock breeding, service and finance sectors.

As 89% of associates are very small enterprises, the entity addresses these agents of the economy, responsible for the biggest share of jobs generated in Brazil.

2.2. Câmara de Artes e Ofícios de Essen (Essen Chamber of Arts and Crafts)

The Essen Chamber of Arts and Crafts was instituted in 1924. It employs approximately 50 professionals to represent the interests of companies from the crafts sector of the sixth largest city in Germany. In addition to representing the political interests of the 2800 associated companies and rendering services to them, it is also in charge of the professional education and certification of young apprentices from the municipality, in approximately 30 professions.

To this end, the Essen Chamber of Arts and Crafts has modern technical workshops and a staff of specialized employees who support the associated companies in forming approximately 2000 young professionals each year.

3. PROGRAMA CAPACITAR NORDESTE

3.1. HISTORY OF THE PROJECT

The *Programa Capacitar* was launched in Minas Gerais, in January 2000, resulting from a partnership between FEDERAMINAS – Federation of Commercial and Business Associations of Minas Gerais State and KHS Essen – Germany's Essen Chamber of Arts and Crafts. The program was financed by BMZ – Federal Ministry for Economic and Development of the Federal Republic of Germany. The partners were supported by SEQUA – The Foundation for Economic Development and Vocational Training, a German entity that supports business companies in international cooperation. The goal was to strengthen MSEs in selected municipalities of Minas Gerais, a developed state in southeast Brazil, by strengthening their legitimate representatives, Commercial and Business Associations (CCs) and Federaminas itself. FEDERAMINAS has implemented a qualification and consulting system with several products, qualifying 22 CCs which succeeded in developing their services portfolio to better attend their associates and actively participate in the local development. More than 1,250 companies benefited directly, through actions focused at the areas of production, layout, joint negotiations, marketing and consulting.

The good results achieved drew the attention of CACB and SEBRAE - Brazilian Support Service to Micro and Small Enterprise. In 2004, the methodology of Programa CAPACITAR was applied to qualify 1,100 presidents, directors and consultants in more than 750 CCs throughout Brazil. Given the positive impacts it generated, it was decided to expand the program to meet the demand of the Brazilian Northeast, by seeking to consolidate at least two Reference CCs in each state of Brazil's northeast. This region was chosen due to the difficulties CACB and SEBRAE faced in managing one of their main projects: Empreender Program.

The *Programa Empreender* originated in the south of Brazil in 1991. It promotes greater competitiveness among MSEs through the formation of so-called sectorial groups. These are groups of companies from the same economic segment, which perform collective actions to improve the performance of their business and consequently the performance of the local specific economic segment. These groups are linked to the local CCs and followed closely in their day-to-day activities by a specialized professional who applies specific methodology to conduct periodical meetings and develop activities in the sectorial group. This model of work with entrepreneurs was successful and became a reference in the region on how class entities must organize their base. In 1999, SEBRAE became integrated into the project, allowing the dissemination of *Empreender* Program across the Brazilian states. Today, there are more than 35,000 companies in 500 commercial and business associations, who use the methodology of *Programa Empreender*.

The results of *Programa Empreender* varied from region to region. It was noticed that in the most developed states, located mostly in the south and southeast of Brazil, which have stronger



Chambers of Commerce, have not faced great difficulties in the implementation and management of *Programa Empreender*. The northeastern states had huge difficulties in maintaining the program. Only 10% reached sustainability of the sectorial groups, putting at risk the continuation of the program in the region.

3.2. THE SOCIOECONOMIC SITUATION IN THE NORTHEAST OF BRAZIL

Brazil's northeast remains "The Poor House" of Brazil despite considerable investments and a large number of development projects. While southern and southeastern states advance, development in the Northeast was limited to a few areas. The effective result of the development actions can be noted in practically all of these areas. The percentage of extreme poverty of their population is much larger than the Brazilian average. In the northeast, to date, few political forces took effective development measures. Still today, it is easier to transfer resources from the richer parts of Brazil to this region than to look for means for their own development.

The northwest region, despite of having 30% of the total number the states, municipalities and population, represents only 13% of Brazil Gross Domestic Product. It has the lowest Human Development Index (HDI) in Brazil. The 10 lowest Brazilian HDI are located in the northeast. Maranhão State has the lowest index, that is 0,64, while the Brazilian Federal District 0,84.

Larger companies are only found in the developed areas, but the interior is marked by massive presence of micro, small and a few medium-sized companies. Production technologies are out-of-date, implying low productivity and quality. Access to credit, formation and provision of consulting services are limited or even inexistent.

The only business organizations in the interior are the CCs which have existed since the XIX century, but which prevail, in their majority, with the nature of social clubs. Many of them find themselves in a vicious circle of lethargy and dependence. Their lack of organization and insufficient management capacity are the main obstacle to the implementation and dissemination of programs, such as *Programa Empreender*, because there are no CCs in the interior prepared to implement them.

In order to overcome this limitation, the partners (CACB and KHS) designed a project aiming at the organizational development of these CCs, allowing them to provide better services to their associates and to participate actively in the local development and promote the associativist culture.

3.3. PROGRAMA CAPACITAR NORDESTE

In a planning workshop that had the participation of representatives from CACB, KHS Essen, FEDERAMINAS, SEBRAE, federations and CCs from the Brazilian northeast, the following objective was defined for a project:



- The reference CCs have to support, permanently, MSEs, applying instruments of Programa *CAPACITAR*, in cooperation with other regional development agents.

It has been established clear goals to the CCs which have joined the project:

- A. Improvement of competitiveness of the MSEs.
- B. Increase in the number of associated members of the CCs.
- C. Increase in the number of members who pay monthly fee.
- D. Increase in the number of entrepreneurs from Programa Empreender sectorial groups in the CCs board of directors.
- E. Reviewing bylaws with focus on eliminating the restrictive clauses relating to the election of the CCs board of directors and membership restrictions.
- F. Increase in the number of women in the CCs board of directors.

The Ministry of the Federal Republic of Germany for Cooperation and Development approved this proposal and released 280,000 Euros, within 2 years (from March 2006 to February 2008), to the development of the CCs in the northeast of Brazil. The organization and management of CCs should be changed so that they guarantee, especially to micro, small and medium-sized companies, permanent access to services, which correspond to their interests and needs; and thus to increase competitiveness. At the end of the project, the CCs involved should become references and serve, proactively, to pass on the concepts to other organizations in the state, by promoting qualification events, receiving technical visits and supporting their federations to disseminate the methodology implemented.

The CACB creates a partnership with FACEP – Pernambuco State Federal Chamber of Commerce, located in a central location in the northeast region, to coordinate the program. Two consultants, one Brazilian and the other from German, were selected to manage this project.

They received fully support from the team of Programa Empreender Nacional, at CACB and in Sebrae, and from state coordinators, based on their state federations. In addition to the infrastructure and the experienced consultants, the partners had some products developed under Programa Capacitar at their disposal: training for president and directors (Development of Chambers of Commerce), training for business executives (Making Good Deals and Providing Services), group consultancy training for the Programa Empreender consultants using software to support management activities (ACE Digital Software). The products also included a tool for organizational diagnosis and strategic planning.

The purpose of these organizational results is to assess the management of the association, permitting benchmarking with other entities or assessment of improvements during a period of time (M&E). The following aspects are assessed: leadership, strategies and plans, clients and society, information and knowledge, people, processes, organization results, management technology, finance, accounting and services. The diagnosis serves as a basis for strategic planning in the CCs.

The purpose of the strategic planning is to define the association's targets for a period of 2-3 years, formulating strategies for the provision of services, participation in local development, promotion of associativist culture, and entity management. The planning promotes better integration among the presidency, functional staff and institutional partners, and is completed with financial planning by the entity.

3.4. DEVELOPMENT OF PROGRAMA CAPACITAR NORDESTE

In its initial phase, CACB requested the CCs of nine states to elect two or three chambers with a minimum infrastructure and number of membership to implement the program, aiming at forming Reference CCs. Sixty proposals were submitted and assessed by the project coordination, of which 40 were selected to apply the organizational diagnosis, when the degree of development and profile of the CC would be verified. As a result of the assessment, 21 chambers from 8 states were selected to participate in the program.

To transmit the methodology and sensitization for a deep change in the member associations, seminars were held where all the partners (CACB, Sebrae and CCs) and associations involved were present. The seminars were separated into workshops, each of them composed by participants performing the same activity within the chambers. Three different workshops were formed: one for presidents, other for executives and another for consultants. At the end of the event, the players from each CC debated which would be the priorities for the organizational development of their chamber, assuming a public commitment to initiate and implement the actions in their respective chambers.

Based on the results of the CCs diagnoses, the program consultants and other contractors with experience in the Programa *Capacitar*, visited the participant chambers every 03 months, following the procedure below:

1. Sensitization of directors and employees;
2. Strategic and financial planning of the entity;
3. Sensitization lectures for entrepreneurs;

4. Qualification of directors and employees;
5. Implementation of products of the Programa *Capacitar* (ACE Digital and monitoring systems);
6. Occasional consulting in the areas of human resources, processes, marketing of the chambers; and
7. Support, monitoring and follow-up visits.

The conducting of qualification and refreshment training, assessment and benchmarking events, were performed twice a year with the involved players of the CCs. Following this methodology, the following actions were taken during a two-year period:

- Increase of the Program in 5 other cities of the federative state of Bahia
- 56 diagnoses
- 58 strategic planning workshops
- 04 overlapping workshops
- Formation of 750 agents including CC management members and collaborators
- Formation of 40 councilors

The Project used two computerized monitoring tools: one for Activities and another for Results. The later was guided by the Balanced Score Card (BSC) and developed especially for this phase. Both instruments made possible an updated follow-up of the project's progress and timely corrective steps.

3.5. IMPACTS GENERATED BY PROGRAMA CAPACITAR NORDESTE

The results of the transfer of methods to the northeast of Brazil are highly admirable given this short period of time. With a total of 26 CCs, the estimated figure of 18 was considerably exceeded and 2 federations of the CCs (Bahia and Maranhão) have already announced their intention to extend the program from 2007 to other CCs with their own resources.

The program succeeded in getting the participating CCs to start a process of change, which introduced deep transformation. The work processes definition and implementation and the wide inclusion of business owners of MSEs and businesswomen in the CC board of directors started a democratization process in the chambers. This was demonstrated by a greater engagement and responsibility, a better work atmosphere and greater motivation among the workers. The CCs,

which were formerly like traditional "social clubs", have become increasingly providers of services to the MSEs. Their influence and importance grew in the municipalities, and they became active players in local economic development. Currently, certain activities are only implemented with the active participation of CCs.

Social engagement was reinforced in the respective territories. Interviews with the associated members have shown an increased quality of services providers by the CCs directors and other staff. The CAPACITAR methodology was classified as "good" and "very good" by 86% of the interviewees. The number of enterprises participating in the sectorial group managed has increased in 54% and least two women are members of each CCs' board of directors.

The institutional strengthening of the Reference CCs has improved work with the MSEs, especially the implementation and management of *Programa Empreender*. Not only the project succeed in consolidating existing sectorial groups, but also increased the number of memberships. Now, 52% of the CCs have conditions to pay with their own resources their consultants in the *Empreender* program. Thirty-eight percent can pay off their expenses through partnership as that of SEBRAE. Eighty-four percent of the enterprises interviewed mentioned an increase in capacity, which can be measured in the financial movement, the number of workers employed and profits through better supply of CC services.

The table below shows a comparison between the indicators and goals that were planned and performed.

Table 1: Programa Capacitar Nordeste Planned and Performed Indicators

Indicators	Planned	Realized
Percentage of MSEs which reported an increase of competitiveness.	50%	84%
Percentage of MSEs which hired more employees after joining the project.	12%	57%
Average number of local government board that each CC has participated in.	3,0	5,5
Percentage of Reference CCs which have defined and implemented a strategic planning.	70%	76%
Increase in the number of enterprises owned by women that participate in the project sectorial groups.	10%	54%
Increase in the number of women in the CCs board of directory.	10%	62%
Revenue increase of the CCs from services provided to their associated members.	20%	45%
Percentage of reference CCs which developed at least 3 social projects.	80%	100%

The German audit report released by the end of 2006 confirmed the success of the project. It highlights the engagement of CACB and KHA, the program management and the cooperative work of CCs' presidents and executives. The previous experience from the local CCs in the development and implementation of programs to support MSEs was very important to reach the project goals.

The project success has motivated the implementation of its methodology to other CCs across Brazil and other large organizations such as CNI – Brazilian National Industry Conference. The Brazilian experience is now being applied abroad in Mozambique, Mexico and Pakistan.