



AVINA

2010

ANNUAL REPORT

**LEADERSHIP
FOR SUSTAINABLE
DEVELOPMENT
IN LATIN AMERICA**

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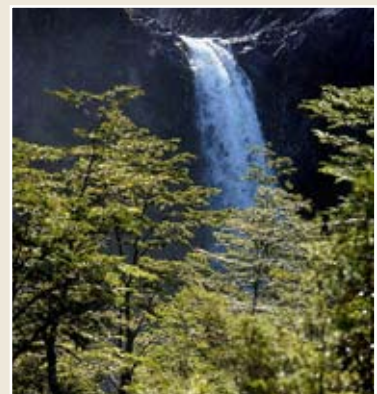
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HIGHLIGHTS

- ▶ In 2010, AVINA contributed to 101 results that promoted sustainable development in Latin America. These results represent concrete changes that occurred due in part to the work of our allies and their networks with the support of AVINA and others. There was a 63% increase in these achievements compared to 2009.
- ▶ Twelve of the achievements recorded were changes that affected more than one million Latin Americans. Eight represented major changes in public policies in countries like Argentina, Brazil, Chile, Peru, Nicaragua and Uruguay. Others included the creation of two large areas of conservation, a technological innovation and a replication at scale of a successful educational model.
- ▶ AVINA responded to the February 27 earthquake and tsunami in Chile with the formation of a coalition including seven civilian organizations, the Chilean business sector and the United Nations International Organization for Migration. In a period of six months, the coalition coordinated activities with local governments and communities to complete the construction of 1,474 temporary housing units, creating jobs in twelve affected municipalities and stimulating the local economy in the affected areas.
- ▶ AVINA prioritized five continental initiatives representing opportunities to achieve significant impact across Latin America. Our teams for the Amazonian Biome Strategy, Sustainable Recycling, Sustainable Cities, Access to Water and Inclusive Markets expanded their ally networks to eighteen countries within the region in close collaboration with hundreds of national, regional and global organizations.
- ▶ In absolute terms AVINA decreased its operating costs (both administrative and programmatic) by USD 2.2 million in 2010. At the same time we strengthened our decentralized local presence in thirteen countries in the region.
- ▶ AVINA sought to showcase the actions of its Latin American allies in global events like the Global Philanthropy Forum in San Francisco, the Skoll World Forum in Oxford, Tällberg Forum in Sweden and COP 16 in Cancún. These and many other promotional activities helped to direct USD 24.3 million from other funding organizations to our allies in the region.



- ▶ AVINA made social investments of USD 12.2 million, supporting 674 new initiatives led by its Latin American allies and their organizations. When we add up the total volume of resources mobilized for our allies in the region, through AVINA's direct or indirect action, the total for 2010 reached USD 36.5 million.
- ▶ To support the action of allies in Latin America, Fundación AVINA and AVINA Americas formed co-investment alliances with the International Organization for Migration of the UN, Bill & Melinda Gates Foundation, Coca-Cola Foundation, the Inter-American Development Bank, Climate and Land Use Alliance (CLUA), Skoll Foundation, Coca-Cola Brazil, the Inter-ecclesiastic Organization for the Dutch Development Cooperation (ICCO), PepsiCo, Fundación Trabajo y Desarrollo Humano (Labor and Human Development Foundation), and the Consortium of Agencies on Climate Change.
- ▶ Ninety-seven percent of AVINA's 105 team members participated in its annual internal employee satisfaction survey. AVINA obtained an overall average of 83 out of a possible 100, when the market average is 76. Grupo Dando, the Costa Rican company that conducted the anonymous survey, considers any result above 80 very satisfactory.

CHAIRMAN'S MESSAGE



Brizio Biondi-Morra

As I write about the year that has passed, I cannot help but be influenced by the popular uprisings unfolding across North Africa in the first two months of 2011. It is too early to tell where the wave will take us, but I believe it is safe to say that the thirst of citizens for active participation in determining the future of their communities and countries is a force on the rise.

Thankfully, in most of Latin America, many of the basic democratic structures are already in place and 2010 gave us examples of how they have taken root. In Colombia and Brazil we saw popular presidents give up power according to constitutional term limits, allowing new leaders to take over. We also saw strong new third party candidates emerge in both countries who were able to ignite the imagination of young people and influence the electoral discourse. Continuing an encouraging regional trend, women in Costa Rica and Brazil assumed the helm of state. In Chile power passed from one party to another with the institutional consistency of a mature democracy. Although challenges and notable exceptions persist, Latin Americans in general have opted for representative democracy and the rule of law, a model other developing regions are increasingly demanding as well.

While national trends may indicate that democratic governance is advancing in a significant part of Latin America, global governance structures are buckling under the urgent demands of our times. The international mechanisms at our disposal are proving to be woefully insufficient, whether we are attempting to agree on the elements of world financial reform, address international trade imbalances, stabilize the commodities markets, or tackle resource scarcity and climate change. This is not news; it is repeated with frustration in international gatherings, but there is no clear solution. And it is not only the structures that are lacking. Conventional wisdom is also faltering regarding benchmarks and measurements for success.

Economic growth, when measured in terms of gross domestic and national product, is increasingly shown to be an imperfect indicator for human well-being. Short-term profitability also has proved an incomplete measure of success at best. To be sustainable, competitiveness still needs to incorporate many social and environmental factors in the very process of value creation. The need to reinvent capitalism is becoming a priority among capitalists themselves. How can we broaden the perspective we use when we look at competitiveness so that we prioritize all relevant dimensions? Truly successful performance should not lead to meltdown but to a more stable, inclusive and sustainable society. Though perhaps too slowly the search for reliable answers is nevertheless under way.

Looking at Latin America, AVINA sees clear evidence that the key to development and competitiveness is a focus on the principles of sustainability. This occurs at all levels, from the local to the national and regional. Let me offer three examples from our activities this past year.

One of the most heartbreaking and ultimately rewarding experiences for AVINA in 2010 was working to rebuild local communities in Chile that were decimated by the 8.8-magnitude earthquake that struck on February 27. Hundreds died, thousands were injured and hundreds of thousands lost their homes. Within 48 hours AVINA's team in Chile was organizing internally and with our allies on the ground. How could our extensive network of partners and relationships with business, government and civil society leaders be of service in such a disaster? The answer: Use those connections — what AVINA refers to as “social capital” — to organize quickly and intelligently, infusing the emergency response with medium- and long-term objectives for more sustainable communities. Within a week AVINA was forming a coalition with other organizations to respond in the affected communities,

while encouraging the Chilean government to strengthen social capital in its emergency response. You can find the details of this collective effort in this Annual Report. The point here is that the coalition sought to leave much more than the 1,476 temporary shelters it created in the twelve municipalities where it operated — it sought to maximize job creation, economic vitality and community involvement.

At the national level we can look at the case of Brazil. In 2010, Brazil surprised the stalemated attendees at the COP 16 in Cancún by announcing unilateral goals for reducing emissions across its economy by 2020. This is a BRIC country that grew at a rate of 7.5% in 2010, and might have bet all of its chips on the conventional growth model. Even when climate change as a fundamental issue remains politically unappealing in the country that is historically most responsible for emissions — the United States — Brazil voluntarily set limits on its emissions as part of efforts to modernize its economy and become more competitive. How did Brazil achieve the internal consensus necessary to make so bold an achievement? A complex web of actions and a multitude of organizations participated. Leaders in business, civil society and government formed coalitions of actors who succeeded in moving beyond a narrow set of interests. More examples of such coordinated action can be found in this Annual Report, as they show how multi-sector alliances can work with government to produce a sustainable vision for the future, and how their dynamism provides a more comprehensive indication of competitiveness.

Returning to the COP 16 meeting in Cancún, perhaps we can also illustrate a regional example. Though AVINA did not participate directly in the COP negotiations, we took advantage of this convergence of international leaders and institutions in Latin America to organize a series of events and seminars designed to enhance the voice and visibility of our region in such global proceedings. Given its wealth of resources, including fresh water, fertile soil, pristine forests and biodiversity, Latin America has the chance to build a regional economy that preserves these valuable assets while generating better quality of life and opportunities for its population. If a global architecture emerges around climate change, will it provide incentives for Latin American countries to develop sustainably, where conservation provides a competitive edge? AVINA invited many of its friends and allies to debate this and other key questions in Cancún, some of the details of which you will find in this Annual Report. Needless to say, AVINA hopes to see more formulas like the Fundo Amazonia and the Fondo Yasuni-ITT, innovative initiatives that begin to attribute economic value to the preservation of a natural resource.

As you will see in this Annual Report, 2010 was another exciting year for AVINA, and we are very motivated by what we learned and achieved with our allies. I want to recognize the AVINA team for their constant innovation and their dedication to our mission and to excellence. I want to thank our Board, VIVA Trust and our founder, Stephan Schmidheiny, for their continued support and guidance. And most of all, I want to thank all the leaders and organizations in Latin America and elsewhere whom we work with and call allies. AVINA's reason for existence is to be found in you and in the causes we share. We succeed when we contribute to your success. I look forward to our continued collaboration as we face the challenges of the future together.

Brizio Biondi-Morra
Chairman

CEO'S MESSAGE



Sean McKaughan

What unites us in AVINA is a motivation to contribute to concrete change that is relevant to the challenges facing Latin America. For this reason, in 2009 we redesigned our operating model in order to incorporate the lessons learned from previous years and to optimize our work. In 2010, we tested our new way of operating throughout the organization and throughout Latin America. Although there is always room for improvement, the news is good: We are pleased with the flight plan we have chosen and our aircraft is approaching its cruising altitude.

Our performance in 2010 indicates that we are on the right track. First, we have been able to participate with our allies in the generation of more results than in the previous year in the countries where we operate (see the institutional performance section). When AVINA contributes with its allies to a concrete change in Latin America, we record the achievement in our results management system. This simple tool allows us to see if we are being effective in fulfilling our mission. In 2010, we saw an increase of 63% in the number of results registered, as compared to 2009. What is even more interesting is that we greatly exceeded our targets for process milestones that tend to generate change within two or three years. This means that while we already see an increase in the number of results, there is also significant investment in processes that should bear fruit in the medium term.

We also noted an increase in the amount of financial resources that AVINA has helped to mobilize on behalf of its allies and the causes we share. Despite the financial turmoil the world has experienced in recent years, AVINA has not only sought to maintain its level of social investment in Latin America, but it has also worked actively with other organizations to channel more resources to the region. Thus, in 2010 we were able to participate actively in the mobilization of USD 24 million in funds for our allies. These resources are critical to the causes we support because they strengthen the commitment among various organizations, the coordination of actions, and the global visibility of our allies. Add to this amount what AVINA has invested directly, and it totals USD 37 million made available to our Latin American allies in 2010.

At the same time, AVINA has shown that its operation model allows for more efficiency, that is, it can do more with less. We managed to reduce our administrative and program management costs by over USD 2 million in absolute terms between 2009 and 2010, without reducing our geographic coverage in Latin America, or our high standards for quality and accountability. We have reduced our administration proportionally, as well. As a result, AVINA was able to devote more resources to areas of innovation and to unforeseen opportunities that arose during the year. This constant search for greater efficiency, led by our competent administrative team, will allow AVINA to deliver more social impact over the long term.

Despite important advances in the development of new structures and policies to accompany the changes made in recent years, we have yet to redesign many of the internal management systems on which our work depends. We also have had to review and adjust some of the concepts and structures that were introduced initially as part of the redesign.

Moreover, we need to prioritize training for our excellent team, which has been impeccable in its flexibility and commitment during the transition. In many cases their new roles and tasks require updated skills and knowledge, which in turn require an investment by the institutional and by team members in the acquisition of new skills. In addition, we have had to start thinking as an institution about opportunity costs: deciding to do one thing means not doing another. There are indeed limits, so we must choose our priorities according to a careful and increasingly refined analysis. The question of carrying capacity is now a constant factor in our strategic discussions.

Of course it is a luxury to have these types of problems because they are indicative of the progress we have made. Most important, perhaps, is what we have NOT changed. In the midst of many adjustments, we have sought to reinforce certain defining principles that continue to guide us. The commitment we have to our allies, with whom we work closer than ever, remains unchanged. The brokering of alliances and the involvement of diverse participants in the change processes that we support is still critical to success. We remain convinced that large scale impact is impossible without a shared effort in which everyone contributes with his or her strengths. Within networks and alliances that promote change, we recognize the importance of leadership, especially leadership that is focused on change rather than ego, that knows how to cultivate other leaders and how to follow when appropriate. We remain committed to building social capital and trust as vital ingredients for the creation of common agendas that have high potential for impact.

In AVINA we share the sense that it is a privilege and a responsibility of our generation to meet today's challenges, and together we seek to forge, through dialogue and creativity, new and more sustainable models. The real progress we have seen in 2010, examples of which are described in this Annual Report, encourage us to be optimistic, with a healthy dose of realism and modesty regarding our role. To AVINA's team, to our allies and to the stakeholders who support us, I wish to express my gratitude for making possible the successes and lessons of 2010, all of which leave us better prepared for the challenges ahead in 2011 and beyond.

Sean McKaughan
CEO

WHAT WE DO



HOW WE WORK

We identify opportunities for systemic change in Latin America, linking and strengthening the individuals and institutions in the region that can drive that change toward a more sustainable future.

When we identify an opportunity with our partners, we broker alliances around shared agendas for action that can contribute to a regionally relevant scale of impact.

AVINA invests directly in these shared agendas on the ground, and we look for synergies and collaboration potential with the work of other international organizations.

HOW WE CONTRIBUTE

Fundación AVINA works in Latin America as a broker, co-investor and facilitator, leveraging its resources, local presence and relationships with thousands of allies to incubate and scale up shared strategies for change.

Our primary contribution to our allies is the promotion of collaborative action through services and financial support.

AVINA offers services that:

- Build the conditions for a diversity of allies from civil society and the private sector to work together towards common goals.
- Promote the development of shared agendas for change.
- Invest, leverage, and mobilize resources to support these agendas.
- Raise the visibility of shared agendas at the national, regional and global levels, connecting actors within the continent and internationally.
- Build relationships and broker alliances with global actors to accelerate and scale up impact.
- Link allies with public sector institutions to influence public policy.
- Produce, share and manage knowledge, innovation, lessons learned, skills, methods and best practices in order to strengthen all of the above.

OUR ALLIES

We work with thousands of leaders and organizations from different sectors who are committed to sustainable development in the region. It is through constant dialog with its network of allies that AVINA defines its strategy, identifies opportunities and builds shared action agendas. Our allies inspire us with their vision for social transformation, they teach us with their innovative approaches, and we seek to contribute to change by supporting their organizations, initiatives and networks.

HYPOTHESES

It is possible to build development processes that are sustainable, satisfying the needs of the present while at the same time safeguarding the capacity of future generations to meet their own needs.

Latin American society possesses the resources and potential to create solutions for the challenges that it faces.

Those who assume a leadership role with a vision for the future are key players in uniting interests around models that are sustainable.

True leadership focuses on helping others to grow without neglecting the needs of the leader.

Sustainable development depends to a large extent on the ability of civil society, business, and government to discuss, collaborate, and implement mutually agreed agendas for action.

MISSION

To contribute to sustainable development in Latin America by encouraging productive alliances based on trust among social and business leaders and by brokering consensus around agendas for action.

VISION

We seek a prosperous, integrated, and democratic Latin America, inspired in its diversity, built in solidarity by its citizens, and known globally for its own model of sustainable and inclusive development. We want to be recognized as an effective and innovative organization that contributes to the sustainable development of Latin America.

VALUES

The full realization of the human being, in a context of individual, social, and environmental harmony, as the central focus of sustainable development.

Human dignity expressed as the exercise of democracy, equity of opportunities, freedom with responsibility, honesty, and solidarity.

Modesty, which must guide our actions, encouraging us to celebrate the contributions of others in the process of building together a better world for each and every person.

Continuous innovation, which allows us to be increasingly effective and productive.

ORIGIN

AVINA was founded in 1994 by the Swiss entrepreneur Stephan Schmidheiny, who inspired the vision and values that guide the organization.

AVINA is maintained by VIVA, a trust created by Stephan Schmidheiny to further sustainable development through alliances between successful and responsible businesses and philanthropic organizations that promote leadership and innovation.

WHERE WE WORK

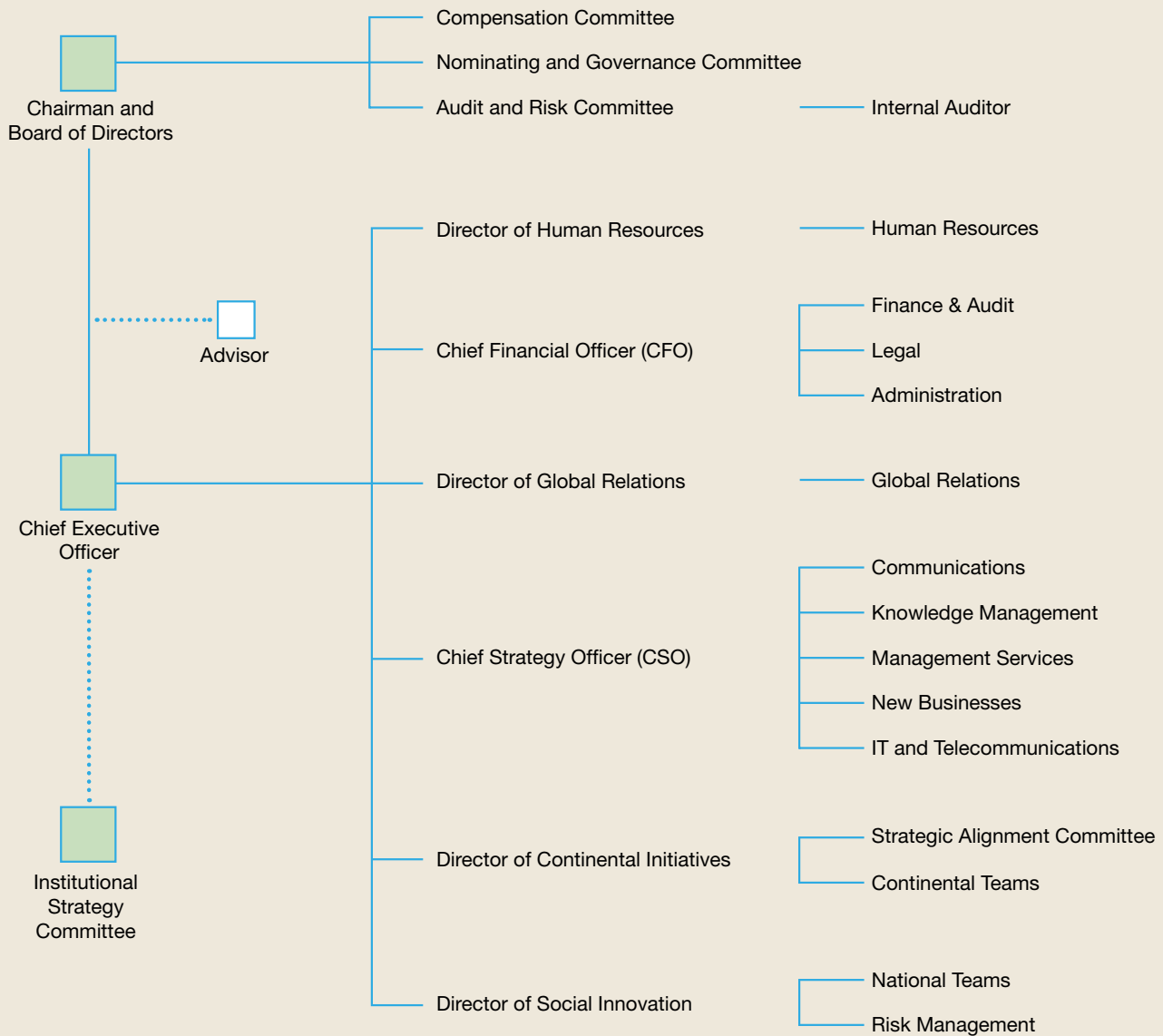
Our Presence in Latin America

AVINA is a Latin American foundation that contributes to sustainable development in the region through alliances with social and business leaders. We are present in thirteen countries throughout Latin America thanks to a chain of national and local offices as well as virtual work

stations, which provide us with on-the-ground networking capabilities. We also work globally, linking our Latin American allies with institutions around the world in order to strengthen and scale up their activities.



ORGANIZATIONAL CHART



STRATEGY FOR THE AMAZONIAN BIOME



AVINA awarded USD 100,000 to the Yasuni-ITT Initiative, becoming the first nongovernmental organization to support this proposal, which seeks to prevent oil drilling in the Yasuni National Park in Ecuador, one of the most biodiverse areas in the world.

Context

Approximately 20% of greenhouse gas emissions worldwide are caused by deforestation and changes in land use, according to the UN Intergovernmental Panel on Climate Change. In Latin America, however, more than 60% of greenhouse gas emissions are the result of deforestation, with a significant proportion of these generated in the Amazonian region. Some studies indicate that the Amazonian Biome could enter into a process leading to collapse once it crosses the threshold of 20% deforestation of the ecosystem — a real possibility within fifteen to twenty years if the pace of destruction in the last decade continues. This process would reduce the forest's ability to capture carbon from the atmosphere and would likely disrupt the rainfall patterns throughout the continent.

Opportunity identified by AVINA and its allies

Contribute to the conservation of 80% of the biome so as to ensure the sustainability of the ecosystem and an appropriate quality of life for local populations.

Shared strategy for action

The strategy designed by AVINA and its allies focuses on strengthening forest monitoring and response systems, promoting a new economy compatible with a healthy ecosystem, and encouraging awareness and appreciation of the culture and knowledge of communities in the region. This strategy reinforces the role of local organizations and their vision for change, equipping them and promoting their leadership. We involve international allies who contribute to building the capacity of institutions within the watershed so they are better able to protect their heritage for the benefit of their countries and the planet.

International alliances

Our main international allies and fellow investors for this opportunity include:

- The Amazonian Regional Coordination Network (ARA), convened by AVINA and composed of 35 Latin American organizations active in the Amazon region.
- The Skoll Foundation, with whom we established an alliance through a joint investment of USD 6 million divided equally over three years.
- The Environmental Prosecutor Network in Latin America.
- Climate and Land Use Alliance (CLUA), which promotes the reduction of emissions from deforestation in Brazil.

Some achievements of our allies in 2010

Brazil becomes the first developing country to set a concrete limit for CO2 emissions

During the Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 16), held in Cancún in December 2010, Brazil signed a decree regulating its National Climate Change Policy, which commits the country to limiting its emissions of CO2 gas or equivalent to a maximum of 3,236 gigatons. Brazil had already announced its emissions reduction targets as a percentage (36.1% to 38.9% below projections for 2020) but had not set a limit in absolute terms. The biggest source of emissions in Brazil is the destruction of the Amazon forest. In coordination with the Climate and Land Use Alliance (CLUA) and Brazil's Ministry of Environment, AVINA supported technically and financially the advising activities of Tasso Azevedo — an AVINA ally who served as consultant to the ministry and in that capacity played a key role in negotiations and development of this watershed achievement.

AVINA: First nongovernmental organization to support the Yasuni-ITT Initiative in Ecuador

AVINA made a grant of USD 100,000 to the Yasuni-ITT Initiative, a trust agreement between the government of Ecuador and the United Nations Development Program (UNDP). Thus, AVINA has become the first nongovernmental organization (NGO) to support this proposal, which seeks to prevent oil drilling in the Yasuni National Park, one of the most biodiverse areas of the Amazon basin and the world. The initiative is innovative in that it gives the same value in economic terms to both conservation and exploitation. The fund, managed by UNDP, aims to raise USD 3,5 billion to compensate the country for foregoing the exploitation of oil deposits that lie in the subsoil of the region.

Latin America's Environmental Prosecutors Network produces a manual in Peru

The "Manual for Investigating Environmental Crimes" is a new resource that was developed for fighting crimes against the environment and natural resources in Peru. Environmental prosecutors will use this tool to investigate and punish environmental crimes in the Peruvian Amazon and other key ecosystems, as well as to unify approaches to intervention and crime prevention. Use of the manual will be obligatory for prosecutors in Peru. This initiative is a result of the alliance between AVINA and the Public Ministry, as part of AVINA's support of the Latin American Network of Environmental Prosecutors. The initiative was led by the prosecutor Raul de los Rios, coordinator of the Special Prosecutor on the Environment and member of the Latin American Network of Environmental Prosecutors.



Indigenous youth of the Karajá ethnic group in the Brazilian Amazon. AVINA's Amazon strategy seeks to encourage a forest-compatible economy and to value the culture and knowledge of forest communities.

SUSTAINABLE RECYCLING

Context

The growing global awareness about environmental limitations has highlighted the importance of waste management in the public agenda. On one hand, it is not feasible to continue to increase the amount of waste and associated environmental problems. On the other hand, recyclable wastes are raw materials that reduce economic and environmental costs without altering the quality of products. Meanwhile, the pressure that global economic instability puts on employment, consumer goods and conventional business models requires increasingly efficient approaches to business and the provision of public services.

In developing countries, waste management has an additional social dimension: Millions of collectors of recyclable materials go out into the streets daily to do their job and make a living. Despite their valuable contributions for the environment and the economy, this extremely vulnerable group of workers lives in social, political and economic exclusion.

Opportunity identified by AVINA and its allies

Contribute to the social and economic inclusion of millions of Latin American urban recyclers through sustainable waste management.

Shared strategy for action

Encourage the reorganization of the recycling industry to generate decent and productive jobs for recyclers while at the same time maximizing environmental and social benefits through a democratic and equitable interaction among the public sector, industry and recyclers.

AVINA's contribution to this strategy focuses primarily on:

- Strengthening recycling organizations
- Expanding its networks and national and international connections
- Integrating recyclers into the value chain of the recycling industry
- Including recyclers in municipal waste management systems
- Encouraging participation of recyclers in new green markets
- Promoting inclusive public policies



AVINA supports recyclers' movements across Latin America. Above, Centro de Reciclaje La Alquería, a recycling facility built by the city of Bogota, Colombia, is currently administered by two recyclers' organizations.

International alliances

AVINA has a network of 230 allies in Latin America, North America and Europe who approach the issue of recycling from different sectors and perspectives. AVINA collaborates with these allies to build shared action agendas and strategies.

More specifically, the network includes 60 representatives from recycling organizations and national movements in fifteen countries associated with the Latin American Network of Recyclers. It also includes 50 allies from the private sector, 90 from civil society organizations and technical institutes, as well as twenty from government and academia.

Our main fellow investors for this opportunity are:

- Bill & Melinda Gates Foundation which has co-invested USD 5 million over five years for the initiative called "Organizing Waste Collectors in Latin America for Social and Economic Inclusion."
- Inter-American Development Bank / Multilateral Investment Fund (IDB / MIF), Ministério do Desenvolvimento Social e Combate à Pobreza in Brazil, Coca-Cola Brasil and the Inter-ecclesiastic Organization for Development Cooperation (ICCO) for the "Cata Ação Program / Socio-economic Integration of Recyclers of Recyclable Material," which represents a co-investment of USD 7.9 million over a period of four years reaching five regions of Brazil.

- Multilateral Investment Fund (MIF), PepsiCo and the Labor and Human Development Foundation (TDH) in the project “Socio-Economic Inclusion of Recyclers of Recyclable Material,” with a total co-investment of USD 1 million for a period of three years in three cities in Argentina: Buenos Aires, Córdoba and Paraná.
- Danone through its Ecosystem Fund, for the project “Sustainable and Inclusive System for the Recovery of Recyclable Materials,” which includes a co-investment of 1 million euros for an initial period of three years in two cities in Argentina: Buenos Aires and Mendoza.

Some achievements of our allies in 2010

Buenos Aires formalizes recyclers as employees of the municipal waste management system

After five years of work by the recycling organizations and their allies, Buenos Aires adopted a policy announcing that the city’s collection of recyclable waste will be conducted entirely by recycling cooperatives. AVINA assisted recycling leaders in their efforts and negotiations with government officials and participated in the monitoring committee of the Zero Waste Act, supporting the agenda of the recyclers. In addition, AVINA supported the strengthening of organizations, connections with the private sector, and coordination with organizations in other countries and the Latin American Network of Recyclers.

Brazil sanctions national policy that formalizes the work of 800,000 recyclers

On August 2, 2010, the National Policy of Solid Waste law was approved in Brasilia mandating that 800,000 recyclers should be included in municipal recycling programs, thereby promoting cooperatives and federal incentives. The Movimento Nacional de Catadores de Materiais Recicláveis (National Movement of Recyclable Material Collectors, or MNCR) expects that the law will lead to an increase in average income of waste collectors, currently near the minimum wage (USD 250 per month). For years AVINA has supported the strengthening and local, regional and national coordination of MNCR, including its efforts to find strategic partners in government.

Chile’s Ministry of Economy grants legal status to recyclers

The Recycling Movement of Chile (Movimiento Nacional de Recicladores de Chile, or MNRCh) was granted legal status as a professional association on October 1, 2010. This status was granted by the Ministry of Economy after the charter and bylaws were signed during a ceremony attended by public authorities and 29 leaders representing 22 recycling organizations across the country. This formalization will bolster the actions of organized recyclers, give legal backing to the movement and allow it to legally represent affiliated organizations. For three years AVINA has invested in strengthening the organization of waste collectors in Chile, promoting its national structure and shared strategy.



Nova Esperança Cooperative in São Paulo, Brazil. In August 2010, the Brazilian government passed the National Solid Waste Policy law, which provides for the inclusion of 800,000 waste collectors in municipal recycling efforts through support to cooperatives and federal incentives.

SUSTAINABLE CITIES



Representing various organizations on the island of Chiloé, the group Territorio en Movimiento (Territory in Movement), of Chile, launched a citizens' initiative, "Chiloé Cómo Vamos" (How are we doing, Chiloé?) with financing from AVINA and the European Union.

Context

According to UN data, between 2007 and 2050 the urban population of our planet will swell by an additional 3.1 billion. This growth will result in an increased burden on existing infrastructure, government services, natural resources, emissions and many other critical aspects of quality of life in urban areas.

Latin America is a leader in this global phenomenon. It is the world's most urbanized developing region and the one with the greatest income disparity. Seventy-five percent of the population in Latin America lives in urban areas, which in absolute terms translates into 375 million of the region's 500 million residents; 120 million of these live below the poverty line. Many of the challenges facing Latin America today are likely to be repeated on an even larger scale in Africa and Asia in coming years. If Latin America is successful in meeting this challenge, its solutions may well be highly replicable.

Opportunity identified by AVINA and its allies

To demonstrate that the mobilization and coordination among different sectors of society can transform the management of Latin American cities as well as encourage a public administration that is guided by indicators and specific goals to improve the quality of life for all citizens.

Shared strategy for action

AVINA has been supporting the growing "Sustainable Cities" movement in Latin America since 2007. The movement is currently made up of 48 cities in ten Latin American countries. Initially inspired by the model "Bogotá Cómo Vamos" (How are we doing, Bogotá?), a number of innovations in the process of public participation and citizen involvement have emerged such as the case of Rede Nossa São Paulo in Brazil. This in turn has inspired movements in Chile, Argentina and other countries. Members of the Sustainable Cities movement seek not only to stimulate citizen participation in municipal decision-making but also to prioritize actions that will alleviate urban poverty across the region. Supporting the Sustainable Cities network represents a unique opportunity both to contribute to change on a continental level and to strengthen local processes and initiatives.

Critical action areas linked to this continental strategy include:

- Increase political, social and economic inclusion through new models of public participation and the integration of new voices.
- Strengthen public oversight and accountability through the implementation of common indicators to monitor progress and facilitate learning and information exchange among cities and countries.
- Promote innovative urban practices by supporting effective pilot projects.
- Invest in training for urban leaders in order to promote citizen awareness and knowledge of urban issues.

International alliances

AVINA Americas established a co-funding alliance with the Bill & Melinda Gates Foundation to help strengthen the Sustainable Cities movement throughout Latin America. The strategy focuses on increasing citizen participation as well as social, political and economic inclusion of groups currently excluded from political decision-making circles in the cities. Fundación AVINA supports the movement in Latin America and AVINA Americas promotes new continental and global alliances.

Some achievements of our allies in 2010

Jalisco Cómo Vamos joined the Latin American Network of Just and Sustainable Cities

In November 2010, AVINA supported the launch of “Jalisco Cómo Vamos” (How are we doing, Jalisco?), the first urban movement of its kind in Mexico. Jalisco is also the first Mexican state to form part of the Latin American Network of Just and Sustainable Cities. With the involvement of civic leaders from Córdoba, Argentina; Valdivia, Chile; and São Luis, Brazil, citizens of Jalisco adopted shared objectives and decided to seek additional exchanges with the mayors of cities in various countries in the region. For the last three years, AVINA has supported exchanges and closer ties among citizen movements based in dozens of Latin American cities and in 2010 began encouraging links with organizations and leaders in Jalisco and other parts of Mexico.

Chiloé implements a model of civilian participation in municipal policy-making

The Chilean association Territorio en Movimiento (Territory in Movement), formed by various local organizations, was able to develop “Chiloé Cómo Vamos” (How are we doing, Chiloé?), with the support of local stakeholders as well as funding from the European Union and AVINA. In 2006, AVINA began working with a group of local business people on the island of Chiloé on innovation, entrepreneurship and fair trade issues. Today, these organizations, such as Minga and AG de Emprendedores de Chiloé anchor a citizen empowerment program, which aims to transform local governance and improve the quality of life in Chiloé. Chiloé Cómo Vamos is an active part of the National Network of Just and Sustainable Territories.

Cidades Sustentáveis portal provides examples of innovative practices worldwide

Evidence of the world’s most effective and innovative practices in sustainable urban public policy can be found online at www.cidadessustentaveis.org.br. This site inspires and guides public managers, entrepreneurs and civic leaders who wish to replicate ideas in their own cities. It is an initiative of Rede Brasileira por Cidades Justas e Sustentáveis (Brazilian Network for Just and Sustainable Cities) and of Rede Nossa São Paulo (Our São Paulo Network) that receives support from AVINA. For six months, Rede Brasileira made a comparative study of experiences and findings addressing twelve factors that are considered essential for equitable and sustainable cities. In the first ten days of its launch, the Internet site, with versions in Spanish and Portuguese, received thousands of visits.

INCLUSIVE MARKETS

Context

Over 90% of businesses in Latin America are composed of small and medium enterprises that generate between 25% and 40% of the region's jobs and contribute approximately 15% to 25% of its GDP. Micro, small and medium enterprises that are inclusive businesses in Latin America face similar challenges: competitiveness in terms of volume, quality and prices for their products and services, access to markets and consumers, favorable procedures and regulations, and finally, access to capital. Some of the region's capital and investment market is at an early stage of development. Some of the most experienced fund managers have been operating for fewer than ten years. Less than 20% of angel network investment has more than three years of experience.

Inclusive businesses are economically viable, environmentally and/or socially responsible initiatives that use market mechanisms to improve the quality of life for low-income people through encouraging their participation in all phases of the value chain. Inclusive businesses are a means of livelihood for those living at the base of the pyramid and a viable and efficient alternative complementing traditional government assistance, grants and philanthropy. Inclusive businesses in Latin America have a unique opportunity to provide low-income families greater access to products and services that improve their quality of life in a positive way.

Natural resources, agricultural potential and emerging industries in the region are all factors that position Latin America for the accelerated development of inclusive markets, which will contribute to reducing poverty and promoting social inclusion as well as successful mitigation and adaptation to climate change.

CDI Lan, in São Paulo, is a socially responsible portfolio company of the Vox Capital venture fund, an ally of AVINA. CDI Lan's mission is to provide computer solutions to low-income communities across 90,000 computer centers, called "Lan Houses," which provide Internet access to 30 million Brazilians.



The Colombian social enterprise aeioTü provides education, nutrition and quality care for infants, and has gradually increased its coverage to nine locations in three different cities during the past two years.

Opportunity identified by AVINA and its allies

To improve the creation and expansion of businesses with a triple bottom-line approach (financial, social and environmental) in a way that makes inclusive businesses a major force in the economy of Latin America.

Shared strategy for action

For a business to be successful there must be a market and an enabling environment that is also inclusive and that can offer favorable conditions for growth and sustainability.

To promote an inclusive market in Latin America, AVINA works in three main areas:

1. Strengthening entrepreneurial initiative
2. Developing inclusive business
3. Promoting impact investing



International alliances

Through inclusive markets, AVINA has collaborated with different players and promoted regional platforms; for example, the World Resources Institute, Ashoka, World Business Council for Sustainable Development, Netherlands Development Organization, Social Enterprise Knowledge Network, Aspen Network for Development Entrepreneurs, Bolivian Inclusive Business Council, Colombian National Committee for Inclusive Businesses,

Inclusive Businesses Park, Latin American Venture Capital Association, Ibero-American Network for Inclusive Businesses and NextBillion, among others.

The Inclusive Markets team continually builds relationships and collaborates with a wide range of dynamic individuals and organizations from the social, public and private sectors.

Some achievements of our allies in 2010

Bolivian Council for Inclusive Businesses leads the development of inclusive markets and businesses in Bolivia

In April 2008, AVINA, AMIGARSE, FUNDES, CARE and Swiss Contact came together to launch the Bolivian Council for Inclusive Businesses (COBONEI), a program to encourage the creation of inclusive businesses. The main objective is to carry out training and awareness programs as well as to identify, strengthen and encourage inclusive businesses in order to disseminate best practices in the country. In its third year of work, AVINA assisted COBONEI members and other organizations at the first International Forum for Inclusive Businesses "Cadena de Reciclaje" (Chain of Recycling), in Santa Cruz de la Sierra, Bolivia, and in the incubation of several companies in the field of recycled materials.

Improving revenues for small businesses in Peru

A group of more than 150 developing companies from the regions of La Libertad and Lambayeque in Peru saw their revenues increase by over 20% thanks to joining established networks that strengthened their commercial ties with the market. The alliance between Cesvi, AVINA and the IDB / MIF contributed to the consolidation of ten farmers networks, the training of professionals to form regional production initiatives, the implementation of a virtual platform that serves as a clearinghouse for experiences, lessons learned, inclusive business cases, and support for several municipalities committed to promoting inclusive businesses in northern Peru.

Colombian education company grows by 48%

Investment in early childhood is one of the most effective ways to positively impact the economy and society of a country. AVINA ally aeioTü is a social enterprise that provides comprehensive and high quality services (education, nutrition and child care) for early childhood development in Colombia. AVINA provided aeioTü with visibility at global venues and strategic and financial support. Along with contributions from other partners, AVINA enabled the number of children receiving quality education to grow to 1,570.

In addition, AVINA's work promoting public-private partnerships for early childhood is laying the groundwork for aeioTü's brand and services to become a social franchise with high growth potential, setting a standard at national as well as international levels. The enterprise has increased its coverage by 84% since 2009, when the alliance with AVINA began.

ACCESS TO WATER

Context

Latin America is a region extremely rich in water resources. However, according to World Health Organization data, 50 million people live without access to clean drinking water. The United Nations affirms that the world water crisis is more a matter of administration than scarcity. Governments have the responsibility and obligation to recognize water as a public good and ensure that their citizens have access to water services.

In many countries, supply efforts are focused on providing water to the most privileged areas, leaving large populations in rural areas and the urban periphery deprived of such services. At the same time, it has been shown that models of community water management are effective in providing such services to millions of users in these areas and indeed have the potential to reach millions more.



One of the great paradoxes of Latin America is the stark contrast between its vast water resources and the fact that 50 million people on the continent still lack clean drinking water.

Opportunity identified by AVINA and its allies

To strengthen and disseminate democratic models of community water management in order to expand access to clean drinking water to an additional five million people in Latin America.

Shared strategy for action

The strategy focuses on promoting democratic models of water management by communities. To promote collaboration and shared agendas, it encourages effective alliances at local, regional or international levels with key participants from different sectors. It is estimated that more 77,000 local organizations manage water systems for their communities within Latin America, and these could multiply or expand their coverage. The hypothesis we share is that civilian organizations, in coordination with other sectors, can contribute effectively to resolve issues of access to water services in Latin America with responsibility, fairness, democracy and transparency.

International alliances

To date, AVINA has established relationships of trust with more than 150 allies from different sectors of society in thirteen countries in Latin America, Europe and the United States. These allies have collaborated in the process of building common strategies and implementation plans. We work with 32 associations of community organizations that manage water. These in turn represent thousands of community groups in the region. We also work with 90 civil society organizations that focus on water, ten private sector allies, sixteen local and national governments and six technical experts. Other links include five representatives of regional cooperation agencies.

Our primary international partners for this process are International Water and Youth Movement, Workshop on Policy Analysis at the University of Indiana, Articulação do Semi-árido Brasileiro (ASA), the Alliance for Water, Water for People, Water Advocates, among others. With CARE International and Ecology and Development (ECODES) from Spain, AVINA established the Agua Clara Consortium, a specialized agency in the promotion of Community Organizations for Water Services and their Associations.

Some achievements of our allies in 2010

More than 5,000 community water management organizations are recognized as PyMEs in Nicaragua

Nicaragua's National Assembly approved the Special Law on Water and Sanitation Committees (Comités de Agua Potable y Saneamiento, or CAPS) on May 19, 2010. This law recognizes the legal standing of more than 5,200 committees, allowing them to become Small and Medium Enterprises (Pequeña y Mediana Empresa, or PyME), thereby giving them access to services and financing to strengthen water management and service capabilities benefitting more than a million Nicaraguans. AVINA supported the technical and political work that encouraged the approval of the Act in partnership with the Pan American Health Organization and the Enterprise and Employment program funded by USAID. AVINA also supported the involvement of the Club of Young Environmentalists as well as important groups from the National Assembly and CAPS representatives from western Nicaragua.

International seminar brings together more than 130 community water organizations in Samaipata, Bolivia

Convened by five cooperatives that manage water systems in Bolivia, and co-sponsored by AVINA and local NGOs specializing in water resource management, this international meeting sought to raise awareness among the leaders of more than 130 community organizations from twelve Latin America countries as well as international researchers. After extensive discussion, leaders laid the groundwork for a Latin American network designed to unify and strengthen similar organizations. Elinor Ostrom, 2009 Nobel Laureate in economics, participated live via Internet. She gave a talk and answered questions related to models of community resource management such as community forests, a lobster banks, river water and glacier ice.

Paraguayan Federation of Sanitation Boards convenes National Congress

During the year-end meeting of the Paraguayan Federation of Associations of Sanitation Boards, which was attended by representatives of ten departmental associations, participants consolidated its democratic governance and its potential political impact. In past years the federation had no legal standing, status or representation. Since 2010, the thirteen departmental associations that are part of the Federation began to work collaboratively to put a strategic plan in place, with bylaws and legal standing. Furthermore, they agreed on the importance of ensuring that the Federation plays a more active political role, and it was decided to organize a National Congress of Boards in June 2011 to consolidate their role in the provision of drinking water to a high percentage of the population. AVINA has worked closely with the Federation, helping with funding, support, technical assistance, coordination, training, information, communication and partnerships.



More than 130 leaders representing Community Water Boards, municipalities and social organizations from around the continent gathered in Samaipata, Bolivia, with the objective of exchanging experiences and establishing alliances. Besides its financial support, AVINA also arranged for the participation of Elinor Ostrom, 2009 Nobel Laureate in economics, whose theory of the democratic management of natural resources by community associations recognizes the importance of the work done by community water organizations.

OTHER OPPORTUNITIES



Perito Moreno Glacier in Patagonia, Argentina. Latin America accounts for 12% of greenhouse gas emissions globally and is home to 8% of the world's population. Its emissions are comparatively higher than those of other regions of the planet.

Climate Change and Public Advocacy

Climate change is a new framework that demands a more systemic analysis and raises the need for an updated approach to development, governance, and individual and collective behavior. In this context of shared challenges, new opportunities emerge. The specific opportunity AVINA and its allies envision is the chance to influence necessary adjustments to public policy and market regulations at the local, national and regional levels as a result of climate change. Relatedly, Latin America has a key role to play in international negotiations that are happening because of this great global challenge.

In Latin America, climate change is highly relevant, but the level of response and public policy framework is very uneven among countries in the region. Brazil is well positioned in the global debate by its emissions reduction targets, curbs on deforestation in the Amazon and its leading role in biofuels. Costa Rica has made the ambitious proposal to become carbon-neutral by 2021. Mexico and Chile are countries that have adopted proactive policies to regulate greenhouse gas emissions to satisfy the requirements determined by the Organisation for Economic Co-operation and Development (OECD). Bolivia has promoted an alternative proposal in the international debate that focuses on the demand for "climate justice." Other countries adopt weak or ineffectual positions.

With few exceptions, Latin American leadership from both the civilian and business sectors is characterized by low awareness of the problem and its link to both the economy and policy. In the coming years this scenario has to change if the region wants to prepare for the future, promote regional interests and influence the international consensus around climate change.

Corporate Social Responsibility

The emergence of the concept of sustainable development in the 1990s forced many companies to rethink their relationship with society and the environment and move beyond the conventional approach focused solely on shareholders, employees and government regulation. A growing awareness born at the Earth Summit in 1992 began to penetrate business culture during the next decade. Since 1998, AVINA has promoted and encouraged the corporate social responsibility (CSR) movement in Latin America. We began working in Brazil, providing support to organizations like the Ethos Institute as well as CSR working groups in state industrial federations. Soon the promotion of CSR became an AVINA priority across the region.

In 2010, after a decade of contribution to the CSR movement, AVINA launched a study to understand what has been learned. During the past ten years, the concept has been widely adopted by society: business discourse has changed considerably, CSR is taught in business schools in the region, there are a multitude of tools and indicators available and there are hundreds of institutes and associations dedicated to the topic. But in business practice and business strategy, what has changed? Are companies more responsible? The study results will be published in 2011, but as of now, AVINA's CSR team is working with all units of our organization to incorporate the lessons learned from this rich experience into our strategies and operations as well as in our promotion of business participation in the agendas for social change we support.

The South American Chaco

The South American Chaco is the second-largest biome of Latin America after the Amazon. It covers about 1 million km², encompassing vast areas of Argentina, Bolivia and Paraguay plus a small portion of Brazil. A region of rich social and environmental diversity, the Chaco faces a number of problems and challenges such as widespread poverty among the rural population, an increasing migration of the rural and Indian population, and a predatory model of natural resources exploitation. For the national governments of the countries in this region, the Chaco is of marginal importance, often relegated to the lowest priority.

For more than ten years, AVINA has worked in the South American Chaco with a strategic vision to strengthen social capital in each country and encourage cross-border initiatives to promote Chaco culture and environmental, economic and social sustainability. To this end, AVINA has partnered with a number of organizations seeking to promote inclusion, equality and a better quality of life for all of the region's inhabitants.

In 2010, AVINA worked closely with a wide network of partners, identifying and promoting convergences among different participants united in the formation of a shared vision for this rich and valuable area. Many agree on the need to emphasize both locally and globally the value of the South American Chaco as one of the continent's largest forest

biomes, especially when considering its biodiversity and many sustainable and inclusive practices. AVINA supports this proactive convergence of interests among its Chaco allies and joins them in pursuing changes that contribute to achieving a common vision.

Some achievements of our allies in 2010

Latin America is highlight of COP16 in Cancún

AVINA joined with allies from Latin America and beyond for a series of events organized around the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP16) in Cancún. A "Side Event" presented examples of innovative initiatives from Latin America that respond to the challenge of climate change. The Third AVINA Global Workshop, provided a venue to promote collaboration with allies in preparation for the Rio+20 conference in 2012. AVINA also supported a webcast in which Latin American leaders of influence shared their analyses and perspectives regarding climate change.

The events were well attended, with the participation of internationally recognized leaders such as the United Nations Environment Programme (UNEP) Executive Director Achim Steiner, Brazilian Senator Marina Silva, World Wildlife Fund (WWF) International President Yolanda Kakabadse, Leonardo Boff, Fabio Feldmann, Manuel Rodriguez Becerra and Oded Grajew, among other important Latin American allies. The multimedia coverage is available online: www.avinacop16.org

First World Summit of the South American Chaco

In October 2010 the South American Chaco World Summit took place in Asuncion, Paraguay. This event was organized by Redes Chaco and supported by AVINA. The summit's objective, which attracted more than 700 delegates from the four nations that constitute the South American Chaco—Argentina, Bolivia, Brazil and Paraguay—focused on dialogue and identification of common action agendas among different participants. The group looks to work together to meet the challenge of strengthening environmental sustainability, social equality and achieving greater international visibility for the region. This meeting, a milestone in the development of a shared vision among different actors, gathered leaders from indigenous and farming organizations, business sectors, government programs and organizations, and international agencies, as well as a diverse spectrum of civil society groups. As a result, examples of cross-border collaboration are already evident, including new connections between associations of rural women and indigenous communities, exchange of innovative experiences related to sustainable food production and environmental advocacy, and an active agenda to promote the region in international events.

Satellite monitoring to combat deforestation

Satellite monitoring reports related to land use, fires and floods are being used by Paraguayan environmental authorities to control and prevent unauthorized deforestation in the Chaco. The technology was developed in cooperation with the organization Guyra Paraguay in partnership with AVINA. AVINA's resources and contacts provided for the expansion in coverage of the monitoring Guyra carried out in Paraguay, thereby allowing regular continuity and greater impact. These reports are already being used to respond to problems in the region.

NATIONAL STRATEGIES

A Laboratory for Impact and Innovation

Fundación AVINA has people on the ground in thirteen Latin American countries. This local presence is essential for developing our strategy for relevant change in the region. In each country we have a country liaison and team dedicated to the country impact strategy. Their work is

vital to maintaining relationships of trust with thousands of leaders and organizations while allowing AVINA to identify high-potential pilot initiatives and innovations. In this laboratory of creativity, we seek to test, validate and develop new opportunities that can be replicated and scaled up to opportunities for national or regional impact.

Reconstruction in Chile after the 2010 earthquake

Our commitment to local action in Latin American countries took center stage on February 27, 2010, when an earthquake measuring 8.8 on the Richter scale followed by a tsunami, caused 521 deaths in five regions and 26 communities of Chile with damages estimated at USD 30 billion. The whole world was shocked at the destruction and suffering. AVINA and its network of allies in the affected area acted promptly to respond to the tragedy.



During the week following the disaster, AVINA's local team, in collaboration with a group of Chilean organizations, worked quickly to define the appropriate course of action. One result was the Reconstruction Consortium for Emergency Housing, which brought together three foundations (AVINA, Proyecto Propio and Superación de la Pobreza), two businesses (Masisa and Onduline) and the International Immigration Organization of the United Nations. In the six months that followed, this coalition built 1,474 emergency housing units at a cost of USD 2.8 million through an innovative model that opted for local labor and materials to maximize the project's economic impact on fifteen affected communities. The consortium also collaborated with other initiatives and organizations to promote economic activity, job creation and community empowerment in the region. In all, thirteen consortiums linked to AVINA developed actions in the disaster area using different approaches to respond to the emergency and contribute to the reconstruction process.

Some achievements of our allies relating to national strategies in 2010

Multi-sector platform achieves solar thermal law in Uruguay

The enactment of Law 18.585, which declares research and development of solar thermal energy and associated training to be in the national interest, is largely the result of the work and influence of Mesa Solar. Mesa Solar, which brings together public, private and civilian sectors to promote solar energy, was able to form a Solar Energy Association in Uruguay, create seven UNIT-ISO standards and train 227 technicians (architects, engineers and others) at mid-level educational institutions. AVINA provided financial support and assistance for two years to the organization Ceuta, which operates the secretariat of the Mesa Solar coalition. AVINA, in partnership with UNESCO, is encouraging the replication of the Mesa Solar experience in other countries and promoting Mesa Solar's Integrated Solar Program in Uruguay.



Some achievements of our allies relating to national strategies in 2010 (continuation)

A sustainable city project's innovative approach transforms one of Brazil's worst corners of poverty

Awarded several times for its innovative management approach, the Araçuaí, Cidade Sustentável project is celebrating its fifth year. During that time it has demonstrated the value of its philosophy of working with the “luminous side” of people, communities and organizations. Using popular education and a systemic approach as tools for transformation, it has succeeded in improving conditions for a region known for extreme poverty and adverse environmental conditions. The results are encouraging: the production of dozens of new educational technologies, hundreds of families with better nutrition, thousands of trees planted and millions of gallons of water stored through solutions drawn from permaculture and agro-ecology. The experience already represents an internationally recognized model of how small towns with little economic dynamism in poor regions can be transformed by focusing on their IPDH (Index of Development Potential)—defined as the ability of people to transform their community. AVINA was a contributor to this initiative from the design stage. The activities coordinated by Tião Rocha of the CPCD (Centro Popular de Cultura e Desenvolvimento) benefitted from AVINA's support for its allies who contributed various skills and technologies and for the implementation phase.

Chile declares the Salar del Huasco a National Park

This humid highland of the Atacama Desert was threatened by the expansion of mining operations, which intended to use the area's aquifer beyond its recharge capacity, according to local environmental organizations and expert consultants. AVINA provided support for community involvement, in addition to financing the advisory services of a hydrogeologist, who prepared reports containing important technical and scientific data that proved essential to dialogues with the mining company involved.

Brazil passes a law to prevent the election of candidates with a criminal record

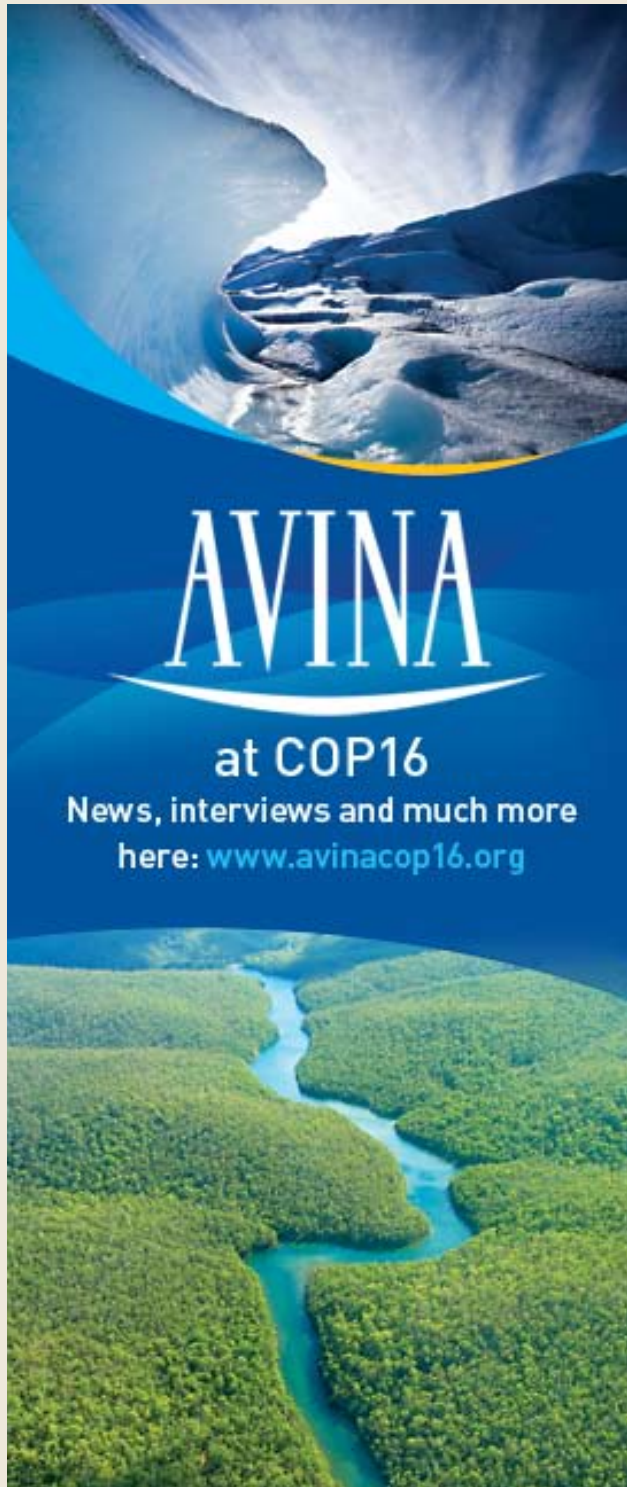
On June 4, 2010, President Lula da Silva, of Brazil, signed Law 135/2010 (known as “Ficha Limpa,” or the “Clean Record Act”), which stipulates that people with criminal records may not be candidates for public office in that country for eight years. The law was applied during the 2010 elections. Since 2008, AVINA has supported its partner Francisco Whitaker (one of the coordinators

of the Clean Record campaign) in his efforts to mobilize support for the approval of the popular referendum led by the Movimento de Combate à Corrupção Eleitoral (Movement to Combat Electoral Corruption). That movement collected 1.6 million voter signatures and 2 million votes of support by Internet. In addition to providing funding for the Clean Record Campaign and website (fichalimpa.org.br), AVINA worked with dozens of other institutions in the signature-collection process and in seeking support from allied organizations.

Chilean government moves to regulate questionable financial and banking practices

Consumers International and the Organization of Consumers and Users of Chile, both allied with AVINA, helped to put questionable practices of the financial industry on Chile's national agenda. AVINA supported comparative studies, the dissemination of findings and related activities. As a result, in September 2010, the National Consumer Service (SERNAC) as well as the Superintendence of Banks and Financial Institutions began to regulate a series of financial products and practices in order to improve financial and banking services. AVINA brought its vision and strategy to the table and provided resources for the development of a joint initiative that promoted collaboration among a number of partner institutions.

GLOBAL RELATIONS



Thanks to globalization, the human and environmental interdependence that exists in today's world is unprecedented. Only with a global perspective and international coalitions can Latin America make progress toward becoming a more prosperous, sustainable and inclusive region. That is why AVINA has developed a Global Relations strategy that seeks to link its Latin American allies with international networks and institutions.

These links strengthen AVINA's continental initiatives by enhancing:

- Global visibility and positioning
- Exchange of knowledge and global perspectives
- Mobilization of financial and non-financial resources
- Construction of international social capital
- Development of global networking capabilities
- Efficiency and effectiveness in achieving goals

AVINA's global relations strategy led to some significant partnerships and important activities in 2010 that involved a wide range of global partners. Some of these included:

AVINA and allies mobilize around the COP16 and the Framework Convention on Climate Change

As an opportunity to boost the global positioning of its allies and increase their influence at global forums, AVINA joined with other institutions to organize a series of events around the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 16) in Cancún.

One such event, the AVINA III Global Workshop, focused on "Mobilizing Alliances for Rio+20 and Beyond." The purpose was to encourage alignment and new alliances among political, business and citizen leaders toward a shared action agenda at the twentieth anniversary of the Rio Summit in 2012.

Led by a group of Latin American leaders that included Fabio Feldmann, Yolanda Kakabadse, Leonardo Boff and Manuel Rodríguez Becerra, as well as other international figures, the workshop was attended by more than 100 participants from North America, Europe, Asia and Latin America. The group converged on the need to establish a common position in preparation for the Rio summit so as to better promote concrete action to safeguard the planet's environmental limits and include more people in the benefits of development.

'Whence and Whither' program makes a successful 'Learning Journey' to the Amazon



As part of the Tällberg Foundation's project "Whence and Whither – Into Uncharted Waters," AVINA partnered with various international organizations to lead an Amazon Learning

Journey in the region of Ecuador. International participants included the Swedish state secretary for Energy, the British leader of the Iwokrama International Centre for Rainforest Conservation and Development in Guyana and the director of the Stockholm Resilience Centre among others. The visit to the Ecuadorian Amazon was aimed to analyze and visualize innovative proposals, both global and local, such as the Yasuni-ITT Initiative. This initiative, which seeks compensatory royalties in order to avoid the exploitation of oil reserves under the forest, was presented by Yolanda Kakabadse, president of WWF International. It is expected that the proposals shared during this journey will form part of the final recommendations in a case study to be presented at different global forums in 2011.

AVINA Americas: Platform strengthens Latin America alliances

Two years after its founding, AVINA Americas has established itself as a vital bridge between new allies in North America and key allies in Latin America. As such, AVINA Americas seeks to multiply the exchange of knowledge, technology and resources between the two regions. For its part, Fundación AVINA acts as an advisor, fellow investor and deal broker in the field, leveraging its resources and local presence in thirteen Latin American countries and its relationships with thousands of key partners to promote national and regional strategies. In 2010, thanks to a growing portfolio of global alliances, AVINA Americas invested about USD 3 million towards shared strategies in the Amazon, Sustainable Recycling and Sustainable Cities, while increasing the resources Fundación AVINA makes available for these initiatives.



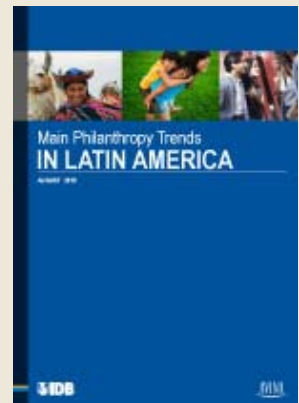
The Latin America Donor Index becomes a reference on philanthropy in the region

The Latin America Donor Index, an online database organizing information concerning donations to Latin America and the Caribbean, continues to grow as a reference for philanthropy in Latin America. The donor index is an initiative of Fundación AVINA with support from the Inter-American Development Bank. Its goal is to advance the field of philanthropy in Latin America thereby helping nonprofit organizations to find partners and helping philanthropic organizations to coordinate better with their peers who are working on similar issues or in the same geographical area. The donor index is the first project of its kind that focuses exclusively on Latin America and allows free and unrestricted access to its contents.

Fundación AVINA's Knowledge Management service has

coordinated two parallel and independent studies to ensure the integrity of the data contained in the index while generating new information on the subject. In 2010, AVINA published the two studies. The first, "Donors to civil society in Latin American - Update 2010" is a comparison of the leading social investors in the region during the past five years.

The second, "Major trends in philanthropy in Latin America," analyzes the quantity and type of grants in the region according to a number of relevant indicators. Both documents are available on the website www.lacdonors.org.

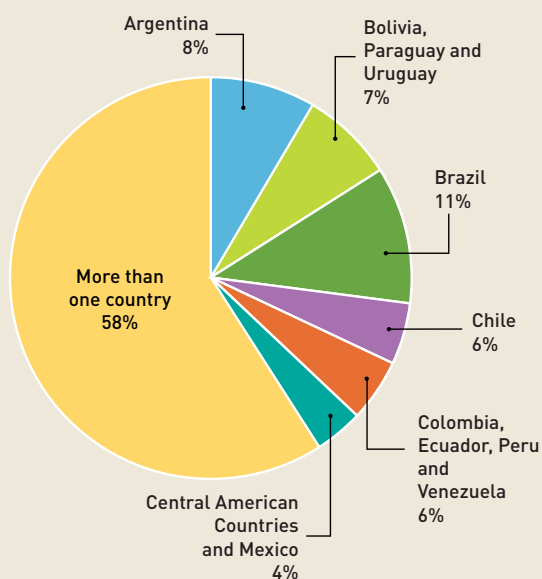


AVINA IN NUMBERS

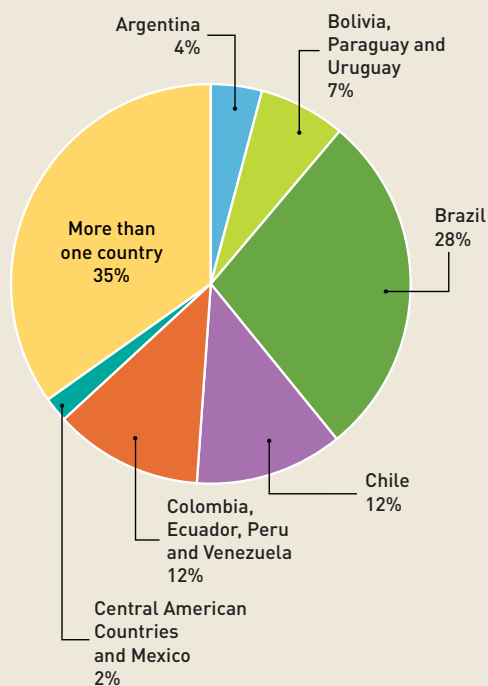
Disbursements in Latin America

The following charts indicate AVINA's total disbursements since 1994 and the distribution by country in 2010:

Cumulative Investment



Investments in 2010



The table and charts reflect the cumulative total investment in each country when the investment was directed at a single country. In the cases where an investment by AVINA was directed at two or more countries, it has been classified as "More than one country."

Fundación AVINA's Funding Sources

VIVA Trust is the primary source of funds administered by Fundación AVINA. Since 2008, AVINA has also formed a series of co-investment alliances with other philanthropic organizations in order to increase the quantity and quality of resources available for the strategies that AVINA promotes with its allies in Latin America.

In 2009, Fundación AVINA created a strategic alliance with AVINA Americas, an independent organization based in Washington, DC, in order to give visibility in the United States to the causes that both organizations support in Latin America. This close relationship allows us to consolidate our organizations' overall numbers under International Financial Reporting Standards (IFRS) to present a complete picture of our activities.

Most of the resources we mobilize for the region go directly to the organizations of our allies in Latin America. In specific cases, Fundación AVINA or AVINA Americas receives and administers funds from co-investors when this role represents a service to our allies as well as our fellow investors. The following table illustrates the sources of funds administered by AVINA in 2010:

SOURCE	VALUE IN USD
VIVA Trust	20,050,000
Bill & Melinda Gates Foundation	1,666,667
OIM - Chile	635,061
Skoll Foundation	1,090,000
FOMIN	79,090
Coca Cola Foundation	640,000
ICCO	136,678
Acqua Fund	128,589
Climate and Land Use Alliance	132,000
Otras fuentes	173,977
Total	24,732,062

Investments in Latin America since 1994

COUNTRY	TOTALS	2010
Argentina	26,789	501
Bolivia	6,750	498
Brazil	38,323	3,398
Chile	19,328	1,527
Colombia	2,777	572
Ecuador	4,784	374
Central American Countries and Mexico	12,790	233
Paraguay	17,620	275
Peru	13,417	413
Uruguay	1,271	116
Venezuela	1,036	80
More than one country	198,245	4,230
Total	343,130	12,217

Values in thousands of US dollars.

BALANCE SCORECARD

In 2010, AVINA revised its performance indicators to update and adjust them according to recent changes. Since 2006 AVINA has used a Balanced Scorecard system (BSC), which includes an institutional strategy map and a series of objectives and targets for organizational performance. The BSC incorporates indicators for impact (from our results management system), administration, social investment, internal services and employee satisfaction.

Due to the revision of relevant indicators in 2010, a full implementation of the new BSC system will only be possible in 2011. However, in 2010 we followed a number of performance indicators that are important to our team and our stakeholders.

Some of these are explained in the charts to the right.

2010 Strategy Map (updated)

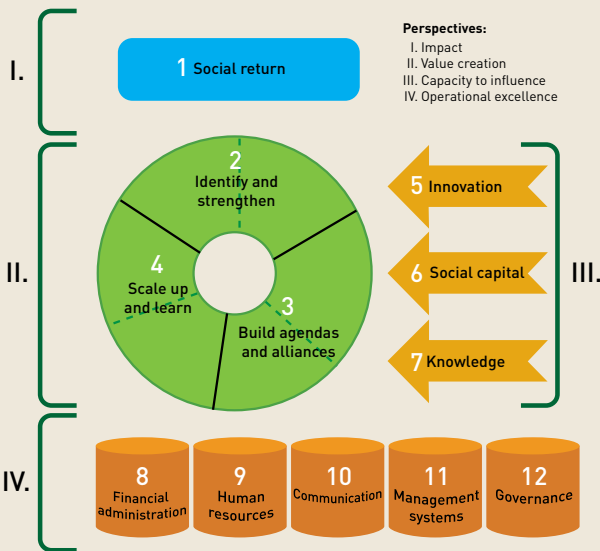


Chart 1 – Achievements: 2009 and 2010

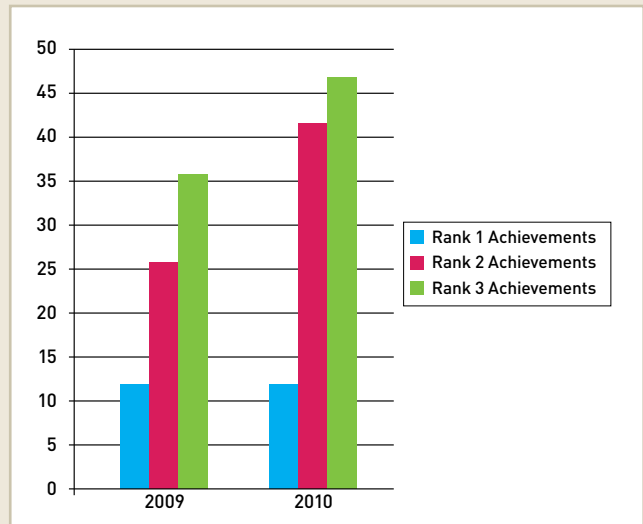


Chart 1 shows the increase in the number of results achieved by our allies in 2010 with support from AVINA. Each “achievement” is a concrete change that benefits Latin America, and we rank these from 1 to 3, according to relative impact. Those achievements that benefit more than one million people and in which AVINA’s contribution was significant, have a ranking of 1. Overall, we went from 62 achievements in 2009 to 101 in 2010, with 12 “Rank 1” achievements.

Chart 2 – 2010 Achievements: Results vs. Goals

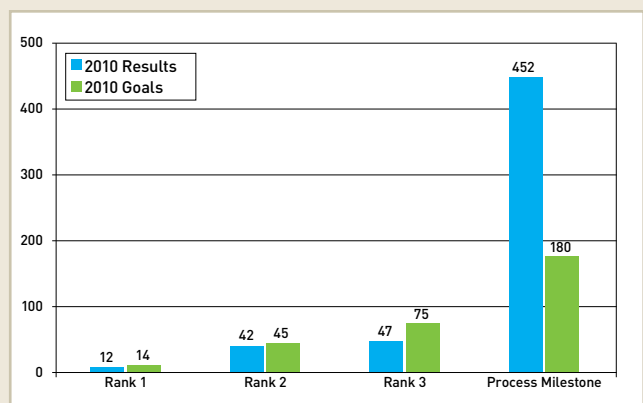


Chart 2 shows institutional performance compared to our goals for 2010. We were quite near our targets for achievements ranked 1 and 2. It is especially worth noting the high number of “process milestones.” These represent important developments in different change processes, although they have not yet produced concrete and verifiable changes. Our experience tells us that these advances in the processes of today can lead to real outcomes within two or three years, and therefore the large volume indicates a strong investment in future impact over the medium term.

BALANCED SCORECARD

Chart 3 – Mobilization of Resources in Latin America

INDICATORS	2010 RESULTS	2010 GOALS
AVINA's social investment	USD 12.2 million	USD 13.7 million
Mobilization of third parties	USD 24.3 million	USD 22.1 million
Total mobilized	USD 36.5 million	USD 35.7 million

Chart 3 shows that our total social investment in 2010 was USD 12.2 million, 10% below projections. Part of this difference is due to payments scheduled for the last quarter of 2010 that were delayed until the first quarter of 2011. On the other hand, we exceeded our goal with respect to the mobilization of resources of third parties toward our allies and the causes we support. AVINA considers this part of its role: to promote international alliances in order to strengthen high-impact initiatives in Latin America. If we add AVINA's own social investment and the third-party financing, the total we mobilized directly or indirectly for AVINA's allies reached USD 36.5 million in 2010, thereby surpassing our target of USD 35.7 million.

Chart 4 - Administration

INDICATORS	2010 RESULTS	2010 GOAL	2009 RESULTS
% Administration	19.4%	20%	22.4%

AVINA understands that solid management is critical to its work. We invest in a high-performance team, rigorous standards of accountability and transparency, as well as professional operational capacity in thirteen Latin American countries. At the same time, we seek to be as efficient as possible in our administration in order to direct as many resources as possible toward program management and social investments focused on impact. Therefore, we were pleased to surpass our target in reducing administration as a percentage of our overall expenditure.

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