

By Caroline Martin  
Special for *O Papel*

# PROFESSIONALIZING THE MANAGEMENT OF THIRD-SECTOR ENTITIES IS THE BEST STRATEGY FOR THE SUSTAINABILITY OF THESE BUSINESSES

In reaching its 50<sup>th</sup> anniversary, ABTCP, a Civil Society Organization of Public Interest (OSCIP) –, which main objective is to strengthen the technical side of the pulp and paper sector and disseminate knowledge among the different players in the industry, reinforces the important contribution that third-sector entities offer the private and public sector. Five decades of operation also proves that the effort and work executed is being employed in an effective manner, overcoming difficulties caused by periods of economic turbulence.

If on one hand the current retraction results in different impacts on the activities of many sectors comprising Brazil's industry, including third-sector entities, on the other, it presents a series of opportunities. "There's a lot of room for growth in Brazil's third sector, which is still relatively small when compared to the reality of more developed countries. Given the huge deficiencies in Brazil's society, the third sector should constitute one of the main paths for satisfying social demands," says professor João Amato Neto, president of Fundação Vanzolini.

In this month's Interview, Amato provides an overview on the work of these entities, talks about the main challenges that still affect the sector and suggests ways for advancing these issues and enjoying the benefits that the third sector is capable of promoting.

**O Papel** – How do you evaluate the space and participation of third-sector entities in Brazil's society?

**João Amato Neto, professor and president of Fundação Vanzolini** – In Brazil, the third sector's participation in the economy is not yet as representative as it is in the United States or other European countries that possess various institutions and a vast network of volunteers. According to 2015 data from IBGE, the sector's official participation in Brazil's economy amounts to 1.4% of Gross Domestic Product (GDP) formation, roughly R\$32 billion. In the United States and European countries, the third sector is bigger due to a natural aspect of their civilization process and development. They are rich countries that, given their tradition, developed a different social awareness. This is the first difference that leads to a different level of evolution between Brazil's third sector and of these other countries. In looking back historically, we can see that the period of this sector's greatest growth in Brazil occurred between 1996 and 2002. The number of private foundations and nonprofit associations grew 157% in the period, jumping from 105 thousand to 276 thousand. During the same time, the number of people employed by the sector went from 1 million to 1.5 million workers, registering an increase of 50%. In my opinion, this leap was because we experienced a period of relative economic stability, where social projects, especially those led by the State, began to develop. The state governments that represent Brazil at the time saw that the social debt was so big that they wouldn't be able to handle all this on their own. In following the example of developed nations, it began to create stimuli for the third sector's growth, including Non-governmental Organizations (NGOs), Civil Society Organizations of

Public Interest (OSCIP), foundations and other entities comprising this sector. Additionally, the figure of NGOs began to prevail in Brazil.

**O Papel** – How can the country benefit from the growth of these entities? What is their real role and contribution?

**Amato** – I believe it is a role of fundamental importance, given the social deficiencies we still have in the country, including areas such as healthcare, education and many others. Third-sector entities mainly function as tools for combating the main social evil, which is misery and poverty. This combating is done in different ways, considering that such evils also manifest themselves in different ways in many sectors. Professional and technical training stand out as examples of deficiencies that still exist in Brazil. Despite having kept up with many advancements in the South and Southeast regions, other parts of the country still continue with many deficiencies at technical schools. Third-sector activities could act complementary to what the State does, from municipalities to central government, and other institutions already well-structured like Sesi-Senai, in terms of education. Another important topic are cooperatives, be it work, production, agriculture or credit cooperatives. Cooperativism is also a branch of the third sector that could develop considerably in Brazil. Some sectors of the economy are fundamentally dependent on cooperatives, as is the case with agriculture, but in the industrial sector the experience of cooperativism is still incipient in comparison to other countries in the world. In Italy, there are regions, such as the central, which economies fundamentally depend on cooperatives. Without a doubt, this is a branch of the third sector with potential for growth expansion in Brazil.

**O Papel** – How do you evaluate third-sector entities in Brazil?

**Amato** – I believe there is still a lot to be done in terms of better professionalizing the management of third-sector entities, both in terms of managing their own operations as well as in terms of financial management and relations with other entities in the first and second sectors – as well as private companies and all levels of governments. Interaction with the second sector has a very clear reason: learning the specificities of industrial processes and products that make up the portfolio of companies in a particular sector is the path for a third sector entity to become truly involved with the industrial segment and be useful to it. In relation to interaction with the first sector, this need stems from trying to understand government stimuli that can benefit both industry and entities themselves. Many times, this dialogue is responsible for enabling the execution of many activities on the part of third-sector entities, through the correct utilization of tax incentives and other mechanisms.

**O Papel** – In view of the challenges pertaining to the management of third-sector entities, what are the strategic paths for already-consolidated entities to dribble them and strengthen the sustainability of their businesses?

**Amato** – I believe that the biggest challenges refer to greater professionalization in the conduction of various operations that involve entities that comprise the third sector, especially with regards to financial management and project management. Additionally, I also believe that the challenge of greater transparency in the conduction of these entities still remains. From the perspective of an entity that focuses on education, I think that the best strategic path would be to develop actions aimed at the management training of its managers and leaders. A successful experience developed a few years ago by Fundação Vanzolini was a course called Community Engineering, which main objective was to train community leaders of regions throughout the city of São Paulo. This course was designed with appropriate language for these community leaders, adapting content to the needs of this target audience. Project management, economic-financial management and time management were some of the topics addressed and described in this course so that managers could understand all the nuances of managing operational and administrative processes. This is just an example of how investing in the professionalization of leaders can

be extremely effective for the business sustainability of third-sector entities, seeing to that financial results are positive and that operations run in a continuous flow.

**O Papel** – Does the current scenario require new solutions on the part of these entities? Does strengthening of the economic side, for example, become even more imperative?

**Amato** – Effects of the current retraction scenario on economic activity varies according to the business area of each entity. On one hand, in moments of crisis such as this one, new opportunities of repositioning surface for these entities. Many companies can identify in third-sector entities the ability to develop activities that they are not capable of dedicating attention, envisioning a possibility of partnership. In this big movement of corporate social responsibility, for example, many companies still do not have professionals who can spearhead this function in an ideal manner. The development of social projects is the core business of many third-sector entities. The opportunity appears precisely in this outsourcing process of certain company activities to these entities. For such, however, the third sector needs to be prepared to satisfy the demands of the second sector.

**O Papel** – What future do you envision for these entities in Brazil?

**Amato** – I believe there's still lots of growth room for the third sector in Brazil, which, as already mentioned, is still relatively small compared to the reality of more developed countries. On the other hand, given the huge deficiencies in Brazil's society, the third sector should become one of the main paths for satisfying social demands, especially of the neediest layers of society and regions where the State does not have conditions or the competencies to do this work. There are some very interesting work fronts for third-sector entities: the first is the huge healthcare area, especially with regards to the development of preventive actions which, in the majority of cases, are also associated to strong educational action; secondly, socio-environmental projects, including the so-called impact investments; third, initiatives and projects in the creative economy/industry, which involves cultural activities from all sorts of segments, such as art, literature, music, audiovisual projects and movie production, and, lastly, projects in the humanitarian aid area in regions of greatest vulnerability. ■

Amato: "Third sector entities mainly function as tools for combating the main social evil, which is misery and poverty"