

**A Billion [Dollar] Schmidheiny Trust (*Neue Zürcher Zeitung*, 10-11-2003)
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Stephan Schmidheiny, a model of corporate philanthropy in South America, bequeathed more than one billion dollars of his assets to a trust active in Latin America. The new model is supposed to enhance the reciprocal benefit of entrepreneurship and philanthropy.

B.A. San José, October 10.

Swiss industrialist Stephan Schmidheiny irrevocably brought his company GrupoNueva, doing business in Latin America, into a trust of which he cannot be the beneficiary. This was announced by Mr. Schmidheiny on Thursday in San José, the capital of Costa Rica, a country he calls his second home. The endowment consists of the shares of stock of GrupoNueva, worth approximately \$800 million, and additional financial assets worth more than \$200 million. The business concern's working capital amounts to approximately \$2.2 billion, according to its own information. The company's core manufacturing products are pipes and construction material. Its new owner is Viva Trust (Viva is short for "vision" and "values"). Mr. Schmidheiny is attempting to perpetuate his ideas of sustainable development independently of himself. In accordance therewith, this form of development is equally beneficial for the company, the community in which it is operating, and for the environment. Mr. Schmidheiny's creed is: companies cannot be successful in failing societies.

"Added Value for Society."

Although Viva Trust is headquartered in Costa Rica, it was incorporated under Anglo-Saxon law. English Common Law allegedly affords highly sophisticated mechanisms against misuse, supposedly owing to English Crusaders who wanted to shield their possessions from the king's grasp, as explained by Peter Fuchs, the president of the Trust's management company, who was previously working for the Avina Foundation. Mr. Fuchs, a trained physician, was for a long time a delegate of the International Committee of the Red Cross and later its Director General. Over the past few years, Mr. Schmidheiny has put nearly \$300 million through Avina Foundation into projects in many Latin American countries, in Portugal and Spain, and specially into people capable of becoming leaders. Avina's objectives are not geared towards the training of young and upcoming politicians, but rather to promoting individuals in the context of joint ventures who bring about change as catalysts and pioneers. Mr. Schmidheiny's philanthropy is entrepreneurial and not charitable in nature. That is one of the reasons why Viva's legal structure is that of a trust instead of being a conventional foundation. For the same reason, the funds spent by Avina represent an investment in society and not loans to individuals or organizations. According to Mr. Fuchs, the success of this concept is evidenced by the fact that Avina's beneficiaries – referred to as "partners" – are seeking entrepreneurial support more so than funds. The effect upon society produced by "Avina leaders" is supposed to curtail the politicians' turf on which they cause the usual crop damage. This may be understood verbatim as, for instance, by the example of Paraguay where the government wanted to subdivide a national park. According to Mr. Schmidheiny, governments listen only when business people and spokespersons for civil society speak in the same language. Under the new legal structure, GrupoNueva affiliates pay dividends to Viva, the owner, which in turn invests the funds through Avina for philanthropic purposes. However, according to Mr. Fuchs, Viva is not obligated to seek the intended "Added Value for Society" through Avina. The Trust may invest elsewhere if and when it determines that Avina is not the appropriate vehicle. This is supposed to also compel Avina to conduct business like an entrepreneur.

“Obvious” endowment.

World Bank President James Wolfensohn was the star guest among the invitees who honored Mr. Schmidheiny with their presence at an event in San José concerning entrepreneurship, philanthropy, and development. Mr. Wolfensohn, who has been acquainted with the Schmidheiny family for many years, stated that the problems of the future – such as water shortage and migration – will not be solved by governments but by people getting organized amongst themselves without excluding the poor. Hernando de Soto from Peru, an “Avina leader,” persuasively explained why there cannot be any sustainable free market economy in Latin America for as long as the legal system shuts out four fifths of the population. Mr. Schmidheiny said in his speech in response to the question why someone would donate one billion dollars that it had become the most obvious thing for him after three decades of working as an entrepreneur. After being nearly bankrupt at one point, he is said to have become successful beyond all expectations. In Latin America he is credited with building an entrepreneurial pillar with GrupoNueva and a philanthropic pillar with Avina. Viva Trust is designed to be the connecting link creating a powerful potential of synergy. The ultimate consequence of corporate philanthropy or philanthropic entrepreneurship: GrupoNueva in conjunction with Avina will have to be more successful than thus far.