



USAID
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PUBLIC-PRIVATE PARTNERSHIPS FOR CRIME AND VIOLENCE PREVENTION

RESEARCH REPORT

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EXECUTIVE SUMMARY

Central American governments, particularly those in the Northern Triangle, are struggling to fulfill their role as providers of citizen security. Central American citizens rate insecurity and crime as the largest problem in their countries, above poverty and unemployment. Crime and violence have become endemic in some areas. Social and human capital is being seriously damaged, communities are weak, and development is stagnant. Public resources to combat these issues are constrained; even successful programs have short life spans because they are linked to a municipal or national government's term. Private-sector resources in these economies are limited, especially in Guatemala and El Salvador.

Even in this context, combining the technical and financial resources of the public and private sectors through public-private partnerships (PPPs) can generate sustainable social crime and violence prevention programs based on best practices. The private sector in Panama, Guatemala, and El Salvador is ready to respond to a call to action. Based on our interviews with businessmen and women in each country, essential factors toward engaging the private sector include:

- Concrete action plans and well-monitored initiatives supported by capable technical teams.
- A portfolio of short- and long-term programs that demonstrates results and transcends changing government administrations.
- Consensus around changing public policies to strengthen government capacity and enlarging markets.
- Information sharing, including statistics and best practices, that fosters discussion and action. The private sector needs to understand what “social prevention”¹ means, as well as what works and what does not, the causes of the crime and violence situation, risk factors, and strategies to address them.
- Clarity around potential outcomes, limitations, and risks of preventing crime and violence.
- Understanding the results of prevention: larger markets, more clients, a capable labor force, new investments, and sustainable growth.
- Transparency, accountability, good governance, coordination, and innovation in social prevention interventions.

The goals of socially oriented PPPs should be to strengthen human capital, societal ties, governments, institutions, and civil organizations; secure holistic, effective, and efficient

¹Crime and violence are multi-causal, and the majority of causes are social and situational in nature—from inequality to gender issues. Thus, a social prevention approach, or a social crime and violence prevention approach, targets the underlying causes of crime, rather than focusing on the punishment of offenders. It relies heavily on the understanding of causes, and is supported by scientific research, monitoring, mappings, analysis, epidemiologist studies, evaluation of programs, and evidence-based interventions. Social prevention also includes the rehabilitation and reinsertion of offenders into society to reduce the number of re-offenders.

programs that address the root causes of violence and crime; and provide sustainable approaches.

Guatemala and El Salvador have received millions of dollars in the last 10 years to address violence and crime. However, due to the limited evidence of progress, most donors are skeptical about the impact of their investments. Although the private sector's charitable and philanthropic efforts generate results, most of these contributions are limited to a company's area of influence with a narrow focus (such as education or children) and do not address social prevention in a more integrated manner.

There is need for a portfolio that includes a mix of short-, medium-, and long-term initiatives, as well as primary, secondary, and tertiary prevention interventions² that address root causes. Such a portfolio would include PPPs that support the following:

- School-based violence prevention programs, life skills training and strengthening, primary and secondary education, employment training, and education and employment opportunities specifically for girls of reproductive age.
- Well-rounded family programs that address malnutrition, communication and conflict resolution, income generation, gender issues, and family and gender violence.
- Culture, sports, and arts programs and opportunities for children, juveniles, and parents.
- Identification of workforce needs and preparation of youth to fulfill those jobs (demand-driven training).
- Market and economic growth and long-lasting relationships with all stakeholders that foster the sustainability of any initiative that proves effective.

Single-focus programs have demonstrated very little efficacy. For example, school-based nutrition programs are not sufficient to guarantee a child's capacity to learn when the child's mother is not educated on nutrition or when the child suffers abuse at home. After-school arts and sports programs are not sufficient unless these are accompanied by demand-driven job training and workforce development interventions. School programs teaching conflict resolution skills will have limited benefit on children, unless family violence is addressed, which might require drug or alcohol consumption and gender violence counseling. Demand-driven jobs will not be sufficient without private sector growth and economic stability.

In summary, holistic programming, rather than merely cross-sectoral/crosscutting interventions,³ is required. When talking about children or juveniles, or violence and

²*Primary prevention* aims to prevent violence before it occurs. *Secondary prevention* focuses on the more immediate responses to violence (i.e., pre-hospital care, emergency services). *Tertiary prevention* focuses on long-term care such as rehabilitation and reintegration in the wake of violence, and attempts to lessen trauma or reduce the long-term impact of violence.

³*Holistic programming* is a problem-solving approach. For crime and violence prevention, a holistic approach considers the individual, the family, the community, and the social context of both the perpetrators and the victims of crime and violence. The physical, mental, social, and emotional development of each individual is considered, as well as the economic and social development of families and communities. A holistic programming approach addresses root causes while considering the individual's physical development (health and nutrition), mental development (education, stimulation such as sports and arts), and social and emotional development (affection, social participation, societal

crime, academics and practitioners alike tend to divide the human being and the human nucleus (i.e., children, youth, families, communities, nations) according to their area of expertise such as health or education to allocation of funds such as ministries or bureaus. This narrows our view, with the consequence that we often forget that we are talking about rounded, complex, and multidimensional human beings and human nuclei. The recommendations provided in the last section of this report require that several departments within USAID work together to provide a holistic approach to the challenges posed by the multidimensional causes of violence and crime.

Another essential fact to consider is that much of Central America is a battleground in the war against drug trafficking. Children and juveniles are particularly at risk of being recruited by organized criminal gangs — due to the lack of education, employment, and development opportunities. As Guatemala, Honduras, and El Salvador attempt to cope with the situation, Panama fears it will become a similar battleground. USAID needs to work at all levels to address demands for access to opportunities (i.e., education, health, investment, and information and communications technology) and a more egalitarian distribution of economic and social benefits to prevent further spread of crime and violence related to drug trafficking. No one single sector, private or public institution, or bureau within an institution would be able to address the multidimensional challenges. A comprehensive and coordinated response among all stakeholders is required.

Even under the constraints described in this report, there is fertile ground for collaboration among private-sector entities, governments (beginning with local governments), civil society organizations, and communities in developing multisectoral and multidimensional approaches to violence and crime. PPPs have proven effective for infrastructure programs — generating important lessons learned — and have begun to be launched for health and education efforts. Developing PPPs focused on social development, especially in the controversial field of crime and violence prevention will be innovative and challenging. Programs will need discipline, lobbying, creativity, and long-term commitment. The recommendations in this report are oriented toward engaging relevant actors in determining how to combine the strengths of the public and private sectors and taking the initial steps toward sustainable social development programming.

This report begins by setting out the background to USAID’s desire to advocate and support PPPs for social violence and crime prevention. Next, it reviews private-sector characteristics and reactions regarding violence and crime, in El Salvador, Guatemala, and Panama. This leads to an analysis of the challenges and opportunities faced by PPPs in the region. The final section includes a number of recommendations to foster PPPs for social crime and violence prevention in Central America.

role), and to the family (welfare, life skills, income-earning opportunities), the community (networks, civic participation, governance), and the nation (governance, values, human rights).

Cross-sectoral/crosscutting programs are not problem-solving approaches in and of themselves. Rather, they acknowledge that particular themes must be integrated in project planning in multiple sectors (including gender as a crosscutting issue in education, health, and social welfare). By comparison, a holistic approach to gender requires simultaneous engagement with the full range of factors influencing gender, such as male and female education, health, well-being, opportunities, and all social and economic dimensions.

SECTION I. BACKGROUND

USAID is leading efforts to leverage seed capital with the private sector to support larger social crime and violence prevention projects. The aim of these efforts is to increase the sustainability of USAID's crime and violence prevention initiatives, thus improving citizen security in Central America. A related and critical issue is whether private-sector organizations can be motivated to support a particular social prevention activity, or set of activities, once U.S. government support ends.

This report focuses on a central question, *What would it take to get the private sector to invest more in violence and crime prevention in Central America?* To address this question, the report:

- Identifies what organization, or type of organizational support, works best to motivate private-sector cooperation.
- Identifies potential opportunities to enhance strategic private-sector involvement in designing and funding crime prevention programs.
- Makes recommendations on how best to use a national and/or regional corporate social responsibility (CSR) network to harness private-sector resources to promote security and combat crime and violence, with the objective of enhancing the sustainability of USAID's efforts through the involvement of the private sector.

Field research for this report was conducted in Panama and Guatemala, and a desk review was conducted of El Salvador based on information provided by USAID/Washington and on public resources and informal meetings with Salvadoran private-sector stakeholders.

Although the subject countries share some commonalities, they differ widely in terms of government, economic growth, social context, private-sector capabilities, and perceived risks and threats. Consequently, it is difficult to extrapolate the findings of this exercise to the regional level. Nevertheless, many of the recommendations may apply to other Central American countries, providing they are supported by initial data-gathering efforts and political support.

To complete this study, the research team worked with the project management unit at Chemonics International's home office in Washington, D.C., the USAID Central America Regional Security Initiative (CARSI) coordinator, and USAID offices in Panama and Guatemala. The team conducted one-on-one interviews with stakeholders and project implementers from USAID, other donor agencies, and local private-sector CSR actors. Annex A presents the questions that formed the basis of the interviews.

What Is a Public-Private Partnership?

Simply put, a PPP comes into being when private enterprise participates by way of management, expertise, and/or monetary contributions in public sector projects.

When social and economic systems do not distribute opportunities, education, health, and employment in an egalitarian manner, and/or when governments fail to address the root causes of violence and crime due to lack of financial and technical resources, partnerships with private-sector organizations can make social protection initiatives more sustainable, efficient, and transparent.

Traditional public sector social development programs often encounter critical challenges, including limited resources, short-term programming, and lack of sustainability. Private-sector organizations have come to recognize the importance of security and stability for development and for their immediate and long-term objectives (such as growing their markets, the availability of skilled workers, and innovation). They have also come to accept a broader view of social responsibility as part of the corporate mandate. Thus, PPPs for social prevention offer the key to sustainable long-term efforts intended to promote generational and cultural changes.

Why Public-Private Partnerships?

The private sector impacts communities and countries, from market creation and wealth generation to infrastructure and public policy development. In engaging the private sector in social crime and violence prevention, a principal aim is to enhance the sustainability of such efforts, weaving the initiatives into the fabric of the communities they are designed to serve.

In the last several years in Central America, citizen security has fallen and levels of violence have risen at alarming rates, specifically in the Northern Triangle of Honduras, El Salvador, and Guatemala. According to the Pan American Health Organization, violence is an epidemic in the region. A range of social prevention initiatives has been initiated, so far with limited success. Private-sector engagement in these initiatives remains limited as well, although it has increased in the last few years. Sustainability remains one of the main challenges to any initiative.

Although the costs of violence are seldom comprehensively quantified, these are evident at all levels of society. One of the largest costs, for individuals and for society, is the loss of human capital through premature death or serious physical and psychological injury. Violence and crime reduce quality of life, constrain mobility, reduce social interaction, shatter community ties, shrink markets and economies, stagnate development and economic growth, and threaten public confidence in government and institutions. They create a pervasive sense of insecurity. These factors may explain why Central American citizens consistently rate insecurity and crime higher as concerns than unemployment, poverty, and other issues.

The private sector experiences the costs of violence in shrinking of markets, investments, and productivity; lack of human capital and well-trained labor; constraints and threats to delivering goods and services in areas where violent groups demand ransoms, or “*cuotas*”; and limited access to public and private services. In Guatemala and El Salvador, crime and violence have resulted in a lack of substantial foreign investment. In addition, companies must dedicate a significant portion of their revenues to security. In Panama in 2010, for example, companies reportedly had to devote 1 percent of their total

sales to security-related costs. In 2008 approximately 7 percent of El Salvador's gross domestic product (GDP) was spent on security. On the other hand, and corresponding to the demand, private security service is one of the largest growth sectors in Latin America.

The public sector faces similar challenges. In areas with high homicide rates, for example, public services — education and health mainly — are limited because few professionals are willing to work in these areas. Local citizens suffer most from such gaps. Their liberties are constrained, services are neglected, and citizens feel excluded and abandoned.

In the last 15 years, the concept of corporate social responsibility has evolved, making PPPs a viable mechanism for fostering sustainable social development. Similarly, perceptions of the provision of public security have shifted, moving away from the view that the government has sole responsibility, to one in which security is a shared responsibility among government, local authorities, individuals, and corporate citizens.

Private-sector engagement in any enterprise harnesses financial resources, political power, innovation, creativity, and management skills. In a PPP oriented toward preventing violence and crime, the private sector's role is typically defined by local needs. The private sector's role in sustainable social prevention could take the form of advocacy for state laws (*leyes de estado*) versus laws enacted during a particular presidential term; effective communication and strategy development; adoption of practices that prioritize job-skills training and employment in all sectors of society, including at-risk populations; adoption of practices that promote gender equality; support toward national and local youth development programs; and support for civil society growth and nongovernmental organizations (NGO) professionally and technically. The private sector could also actively engage with relevant stakeholders (i.e., municipalities, international aid agencies, local NGOs, and community leaders) to provide innovative solutions to local problems; assist with the development, technical assistance, and monitoring and evaluation of social programs; financing for alliances and partnerships to promote sustainability; and engaging with other stakeholders to foster a larger overall impact.

SECTION II. THE PRIVATE SECTOR AND SOCIAL VIOLENCE AND CRIME PREVENTION

This section discusses the country contexts, private-sector characteristics, and challenges and opportunities that would result from increased private-sector involvement, through PPPs or CSR programs, in social prevention and citizen security efforts. Unless specifically noted, findings apply to El Salvador, Guatemala, and Panama. The information that follows was obtained primarily from desk review of relevant documents and public information and from interviews with key private and public sector stakeholders. The interviews were largely unstructured although specific questions were included to guide the conversations.

A. Country Context: Economics, Inequalities, and Violence

Following the recent global economic crisis, Guatemala had an estimated growth rate of 2 percent in 2010 — up from 0.6 percent in 2009, but lower than the 3 percent growth rate it had achieved in 2008. The country is the largest exporter of fruits and vegetables in the region. According to the United Nations Development Programme (UNDP) *Human Development Report* (2010), Guatemala has one of the most unequal income distributions in the western hemisphere, with a Gini coefficient⁴ of 53.7 (a “0” value represents absolute equality; a value of “100” represents absolute inequality). The wealthiest 20 percent of the population consumes 51 percent of Guatemala’s GDP. About 51 percent of the population lives on less than \$2 a day, and 12 percent lives on less than \$1.25 a day. In addition, the country’s social development indicators, including infant mortality, chronic child malnutrition, and illiteracy, are among the worst in the hemisphere. Despite an investment in education of up to 3 percent of GDP, the average number of schooling years is four. Guatemala has a homicide rate of 45.2 per 100,000 inhabitants.⁵

Similarly, El Salvador’s economy grew at around 1.4 percent in 2010, an improvement from 2009, when remittances fell as a result of the recession in North America. In 2010, the Central Bank estimated total remittances at \$3.5 billion. UNDP surveys show that an estimated 22.3 percent of families receive remittances. In 2008, El Salvador’s per-capita GDP was 6.66; 6.5 percent of the population lived on less than \$1.25 per day; its Gini coefficient was 46.9. Productivity is at one of the country’s lowest levels, with domestic investment representing only 15.2 of GDP in 2010, the lowest level since 1992. There is no employment in rural areas, cities continue growing without much planning, and, unsurprisingly, crime and violence are on the rise. El Salvador has a homicide rate of 51.8 per 100,000 inhabitants.

⁴Measure of the deviation of the distribution of income (or consumption) among individuals or households in a country from a perfectly equal distribution. The Gini index measures equality, expressed as a percentage of the maximum level of possible equality.

⁵*United Nations Survey of Crime Trends and Operations of Criminal Justice Systems 2003-08*, United Nations Office of Drugs and Crime, 2010. If these national numbers were disaggregated by area, the homicide rate would double in certain districts in Guatemala and El Salvador.

On the other hand, Panama has one of the most positive economic growth rates in the region (6 percent in 2010, 2.5 percent in 2009, and 12 percent in 2008), but the country falls behind on

“There are five Panamas. Most of the businesspeople live in one of them and they exploit the other four.”

— *Panamanian business leader*

social issues. Discrimination, inequality, and racism are still shameful realities. The country has a per-capita GDP of 13.2 and a mean of 9 schooling years, but a Gini coefficient of 55, making it one of the most unequal countries in Latin America. Its homicide rate is 13.3 of 100,000 inhabitants, but in the main urban hubs of Panama City and Colón, the homicide rates are 33 and 27 per 100,000 inhabitants. Panamanians perceive the high risk of being squeezed between the Central American gangs and Mexican drugs cartels, and the Colombian drug cartels and de-mobilizing guerrillas. The latter is already impacting Panama’s rural area, the Darien. This area, bordering Colombia, hosts indigenous and Afro-Panamanian communities, and is mainly accessible by boat on the coasts and by canoe in the interior. The region has high levels of community and intra-family violence and gangs, faces social and economical isolation, and is exposed to violent conflict between Colombian and Mexican cartels, creating a fertile ground for violence and conflict.

In Guatemala and El Salvador, there is a general perception that the justice system is broken. Gangs are perceived as strong, even capable of corrupting judges. In both countries, corruption is perceived as rampant and unpunished at all levels of the system, from the *Colegio de Abogados* to the Supreme Court. Furthermore, narco-trafficking is a growing concern. Reportedly, some districts on the countries’ borders are under the control of drug cartels. This is also a growing reason for concern in Panama, due to its geographic location.

B. Characteristics of the Private Sector

Private-sector enterprises in Central America share certain common features. Generally, they lack government support and operate in a polarized political environment; have short-term perspectives in terms of responses to crime and violence; have limited understanding of the root causes of crime and violence; and lack knowledge of prevention strategies. They also have a deep interest in wholly-owned foundation structures and programs, which allow them to keep full control of their resources and initiatives. Private-sector charitable donations and philanthropic efforts have become the norm, and CSR practices are incipient.

In Guatemala, the largest corporations in the country belong to a dozen families. Economic power is more centralized than it is in Panama, and is polarized along political parties. In Guatemala, 90 percent of the GDP is generated by the private sector — of this, 80 percent is generated by 20 percent of the companies; the private sector perceives lack of governance, corruption, and instability as the largest threats to private investment. The situation in El Salvador is somewhat similar; a small number of politically polarized individuals hold the wealth and economic power.

Definitions: Charity, Philanthropy, and Corporate Social Responsibility

Charity: In-kind donations (aid), or cash to support specific causes, with limited time frames and even more limited scopes and interaction between the donor and the recipient, or the objective of the aid.

Philanthropy: Private initiatives for public good, focusing on the enhancement of humanity, science, and technologies. Initiatives to further social development. Philanthropic efforts can provide long-term economic gains for the sponsor (that is, markets, labor, and new investments). Some well-known examples are the Bill & Melinda Gates Foundation, which combines research and action to alleviate malaria, and Bono's campaign to eradicate third-world debt.

Corporate social responsibility: Encompasses not only what companies do with their profits, but also how they make them. CSR goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impact, as well as their relationships in key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm.

Lack of good governance, accountability, corruption, and crime create an uncertain environment for business in Guatemala, weakening their ability to attract investment and retain existing investors. The same is true for El Salvador, where it is difficult to attract new investors and economic development is stagnant. The Salvadoran private sector cites uncertainty as the main factor for the reduced level of investment. This uncertainty seems to be related to an increase in violence (including crimes, homicides, extortions, kidnappings); the global economic crisis; disagreement with the current government's economic policies; differences between the private sector and the government; and differences between all of the national institutions, including the ruling party, the executive and judicial branch, and civil society.⁶

Both countries struggle with the significant geopolitical threats of narco-trafficking, arms trafficking, human trafficking, and illegal immigration. Guatemala in particular is perceived as a route for drugs, cartels, smuggling, and trafficking.

Panama, on the other hand, has a vibrant economy that continued growing even when the financial crisis hit North America. Tourism, financial services, and real estate have experienced stable growth for the last 5 years, and the hotel industry is expected to offer 10,000 new rooms in the next 3 years. Growth, as reflected by construction, is visible everywhere, especially in Panama City. Investment in Panama comes from a range of stakeholders, established family corporations, and new multinational firms. The country is still perceived as generally safe; large corporations investing in Central America or South America often establish main offices in Panama as a coordinating hub. This sense of security is changing rapidly though. Threat or fears of a violence spillover from neighboring countries is being discussed within all sectors of society.

C. Perceived Insecurity and Reactions

Perceptions of insecurity vary widely throughout the region and within each country. Some groups have either not yet been directly touched by the rising levels of violence and crime, or prefer to ignore it. They perceive the news reports about crime as alarmist,

⁶In El Salvador, President Funes has proposed a security tax to be paid by corporations and some individuals citizens with assets greater than or equal to \$500,000. This proposal is still being debated at the time of writing.

claiming that some groups benefit from sensationalism in the tabloid press (*prensa amarilla*). They express concern about the economic impact of such stories. For example, Panama is still perceived as a meeting place between a Latin America full of opportunities and a growing market, on the one hand, and the convenience of U.S.-style cities and markets, on the other. Many Panamanian businesses rely on that perception.

For international corporations, regular environmental and social assessments or country due-diligence may not identify crime and violence as an issue of major concern, depending on the geographic location of their headquarters or plants. Where it is identified as a problem, companies often partner with local government institutions (mayors) or civil society groups (NGOs) to address the issue by reinforcing local government capacity; supporting, arming, and financing local security forces; and providing support for local schools and targeted social programs.

It is clear that violence and crime have different socioeconomic effects. Individuals dying on the streets of Panama, Guatemala, and El Salvador are mainly from the poorest segments of the population. Those who cannot afford private security are regularly victims of robbery, assaults, violence, and abuse, and are sometimes — willingly or by force — used by drug cartels. These populations live with constant threats and extortion by criminal gangs. They feel compelled to limit their physical mobility (e.g., visits to workplaces, schools, parks, and other amenities) because of the security risks of moving around their district, and experience continuous violations of their liberties and rights to live a life free of fear. In addition, as the general population builds structures to protect itself from crime and violence, these poorer groups are isolated from their neighbors and communities.

In each of the three countries, there was a sizable group of top-level executives that considers paying taxes and providing annual charitable contributions through a foundation (or their own foundation) to be the extent of their social responsibility. In their view, security is a matter for the state. They believe criminals of all ages should be jailed, and some believe criminals should receive harder punishments. Despite these opinions, this harder-to-sensitize group is willing to listen to knowledgeable groups or individuals, particularly to business leaders in their sector and technical experts on the best ways to address citizen security-related challenges, and might be willing to collaborate with a sound, proven and strategic effort.

Others in the private sector seem to be more mindful of the problem of rising crime and violence; they actually communicate a sense of urgency when discussing the topic. Panama's private sector is concerned with rising crime levels and the situation in neighboring countries, understanding that insecurity and crime are bad for all sectors of business, from real estate investments and retail to extractive industries and services. Moreover, citizen security and stability in Panama is a hemispheric concern due to its strategic geopolitical significance. Securing the flow of goods and services, and reducing illegitimate trafficking is critical to the security of the United States and the hemisphere.

In Guatemala, wealthy families live in “golden jails” and travel in armed cars. Low- and middle-income families aim to have, at a minimum, bars on the windows and a security guard on every other corner. In El Salvador, the sense of insecurity is palpable, and heavily armed private security is rampant. In Panama, however, insecurity in upper-class neighborhoods is not as acute. Panama City is clearly divided; there are areas where no one can go without the local gang’s approval, but wealthy citizens can still travel around the city’s main areas without major concerns or fear of crime and violence.

“Golden Jails”

The wealthiest Guatemalan businesspeople take extreme security measures. These individuals are also the most committed to preventing violence and crime. Living and working in fortified houses and offices, unable to walk safely in most parts of their cities, and sending their children abroad to protect them, these businesspeople are willing to “fight and die, to leave a better country for their grandchildren.” They understand that this struggle means providing opportunities, education, health, and good governance to all levels of society. They also understand that corrupt government officials and criminal gangs threaten the success of such initiatives.

As a result of the general sense of insecurity, private security is a lucrative and growing business sector, ranging from private police forces and security guards to armed cars and fortified infrastructure. In many areas of Central America, private security firms are larger and better armed than state security forces. For example, in El Salvador private security forces comprise 19,200 agents and 25,000 firearms.⁷ In 2003, businesses and families spent \$410 million on private security, 2.7 percent of GDP (UNDP, 2003), and this number has increased steadily in the last few years. In Guatemala, a conservative estimate is that there were at least 60,000 private security agents by 2006. It is reasonable to infer from this data that private security firms have a significant business interest in perpetuating the perception of insecurity and fear.

Violence and crime affects businesses in different ways. In El Salvador and Guatemala, trucks and buses transporting goods are required to pay “*cuotas*” to pass or deliver in certain locations, and retailers and small and medium enterprises (SMEs) are directed to pay *cuotas* to the controlling gang to keep their stores open. Given this situation, it could be argued that the private sector is unwillingly perpetuating criminal gangs by “financing” them. Markets are constrained, and there are fewer opportunities to grow and expand. More importantly, human capital is being curtailed. Juveniles face daily threats and violence, which limit their opportunities to pursue education or employment. Constrained mobility prevents children — mainly girls — from attending schools, and youths cannot attend employment training or higher education institutions without fear (e.g., of crossing “rival” areas to get to school). Living in certain areas carries a stigma that one is dangerous, untrustworthy, and most likely a gang member, a situation that

Public-Private Partnerships in Action

Through PPPs with private security forces, one crime-stricken area was again a popular commercial area in Panama. After a criminal incident, sales had dropped and the area was at risk of losing all investments and value. Companies with establishments in the area agreed to coordinate their private forces to protect not only their businesses but also the clients, offices, and homes in the area. They installed private cameras and coordinated with police to guarantee citizen security.

⁷Organization of American States, Department of Public Security, 2010 report.

fosters discrimination and segregation. Many students and youths looking for employment have to lie about their places of origin or residency to be considered for a job.

Most stakeholders identify the causes of violence and crime as poverty, hunger, family disintegration, and lack of parental control. They are less likely to name underlying causes, such as inequality, exploitation, corruption, systemic failure of education and health services, lack of opportunities, and early pregnancy. In El Salvador and Guatemala, private-sector actors are in general better informed and acknowledge the security situation as more critical than their counterparts in Panama. They feel threatened by criminal gangs, drug cartels, and *maras*, and some see “strong hand” punitive measures as the only viable option. In Panama, most private-sector leaders are ready to act to prevent their cities from becoming like those in Guatemala or El Salvador.

D. Corporate Social Responsibility and Existing Networks

Fifteen years ago, companies had to have a minimum set of International Organization for Standardization (ISO) certifications to win business from U.S. or European clients, to obtain international financing or secure investing by large universities’ funds. Today, they must also demonstrate respect for labor rights and human rights and limit their environmental impact (or have effective mitigation measures in place). These requirements also apply to their supply chains. Thus, Central American businesses have growing interest in incorporating a corporate social responsibility approach into everyday businesses. Traditionally, businesses in the region have supported individual philanthropic and charitable organizations and efforts, a “welfarism” approach (see box) that does not consider long-term social investment and responsibility. Guatemala, El Salvador, and Panama all have incipient CSR movements.

“Welfarism”

There are many different understandings of human welfare, but the term “welfarism” is usually associated with the economic conception of welfare. In this report, welfarism (social welfare) refers mainly to charities, informal social groups, religious groups, local or national governments, or intergovernmental organizations such as the United Nations that aim to provide financial aid to the poor without sustainable investment. In Europe, on the other hand, welfare services tend to be regarded as universal, available to rich and poor alike, thus guaranteeing a minimal level of well-being and social support for all citizens without the stigma of charity. This perspective is termed “social solidarity.”

SUMARSE is one of several CSR networks in Panama. Its network includes more than 120 companies, and it has the support of a few of the country’s largest corporations. It is beginning to exploit its convening power and develop the technical capacity to implement new ideas. At the end of 2010, SUMARSE established a Violence and Crime Prevention chapter, an initial engagement tool that is just starting to develop goals, objectives, and an action plan.

Guatemala has two prominent networks: CENTRASE and FUNDESA. CENTRASE is at a very early stage. It was not possible to identify its network, effective support, or any social development actions it has taken. FUNDESA, which was initially a think tank, has been more active in terms of CSR engagement and outreach. It is supported by a solid

economic group and some of the new generation of the country's business leaders. It does not have a concrete strategy or position regarding violence and crime or social prevention, however, because a section of its board considers security a government responsibility. FUNDESA is working to build consensus and gather information.

Some international efforts also exist in the region. *Pacto Global* (United Way) is in Panama and has taken steps to build a network and design an action plan, with no visible outcomes as of the date of this report. On the other hand, there are a range of powerful and well-established chambers of commerce, industry, and tourism in Panama and Guatemala. The chambers are perceived as effective liaisons between the government and the private sector. They are also a political platform for some chamber members, and certainly represent power centers. In Guatemala, *Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras* is particularly strong; fortunately, it has an interest in advancing policies and programs oriented to social prevention.

Some international corporations working in Central America already have CSR programs; these follow their corporate philosophy and guidelines. In general, these programs have little independence in terms of how to use funding or which programs to support, usually focusing on education and health.

E. The Private Sector's Self-Perception and Role in Social Protection

Most businesses perceive themselves as responsible and able to contribute to society by paying taxes and fulfilling legal duties. They see the state as the sole provider of security, and the private sector as the generator of wealth and employment opportunities. Some business leaders suggest that for social issues, including crime and violence, the private sector can only contribute ideas. In that paradigm, most national and multinational companies are fulfilling their mandate to be "good corporate citizens" through charitable or philanthropic initiatives that focus, as mentioned earlier, on their geographical areas of influence and respond to their specific interests.

A successful company often establishes a foundation or partners directly with a local reputable NGO, providing the NGO with annual funding. The most common enterprises carried out by the foundation or NGO include support for community activities (cultural and sports), education (in some cases creating schools and providing full or partial financial support for its operations), health, and financing for local infrastructure projects. Children and women receive the most attention through such programs. When a company launches a foundation, it has the independence and flexibility to implement the programs it wants, in the way it wants. In some cases, this method provides effective social interventions. However, each company tends to think its way is the only good way and prefers to maintain absolute control over the investment, reducing opportunities for collaboration and comprehensive approaches.

In El Salvador, geographical industry distribution means some areas receive large amounts of assistance, paired with local jobs, while other areas are completely abandoned by both the government and the private sector. The same could be said for Panama, where the Darien region receives very little funding or services.

When partnering with local NGOs, businesses choose the recipient organization based on trust and reputation. In Panama and Guatemala, only two small groups of NGOs have been able to consistently fulfill companies' requirements for reporting and transparency, thus building trust and an ongoing working relationship with them. Businesses refer to the same NGOs again and again, and these organizations are overwhelmed with projects. Although their work is making a strong positive impact, they lack the capacity to train and strengthen other NGOs to work with them to serve a larger population.

However, the private sector's self-perception and focus have been changing in recent years. As veteran business leaders and the new generation of business people pay more attention to social dynamics, they are gaining a better understanding of the related challenges. Increased involvement has led to two new ways of thinking about citizen security. Although veteran businessmen consider citizen security to be the state's responsibility, they accept that the state does not have the capacity to achieve it alone; the state needs support and intervention from other actors, primarily in the form of supervised funding. The new generation recognizes that citizen security is not only a problem for the state or the responsibility of the police, and acknowledges that because all citizens have a role to play, as corporate citizens businesses need to act. In addition, both groups are changing their objectives from "reaction" to "prevention." These groups see themselves as active agents of change, willing to be involved in concrete actions where they are supported by their peers and have strong support from international organizations.

F. Partnerships with the Government

The success of PPPs depends upon the reliability, commitment, and mutual trust of stakeholders. In that sense, mistrust between the government and the private sector is a barrier to forming successful PPPs with government institutions. In Guatemala, the national and local governments are perceived as corrupt, unprofessional, unethical, weak, and reluctant to work with the private sector. In Panama, even when the government is not perceived to be as corrupt, there is disdain for its effectiveness in partnerships and serious concern about its capacity to provide citizen security. In El Salvador, while there are ideological differences, the private sector and government are showing signs of working together as evidenced by a recent letter of intention signed by both parties along with USAID to collaborate on social prevention initiatives.

In general, the perception of local and national governments is that they lack institutional capacity and are more costly because they are bureaucratic. Moreover, there is the perception that programs will not continue unless they are approved at the national level with agreement from all political parties. The private sector is perceived as more efficient and less corrupt. Despite this general perception, extractive industries and transnational organizations are more likely to align with public sector policies and support government activities and proposals. In general, these corporations do not ask the government for action. Rather, they ask the government to support the initiative by not stopping it. The prevailing attitude seems to be that asking the government to execute or finance a program means the program will not occur or have impact.

Experience reinforces this attitude. Previous private-sector initiatives in pursuit of long-term, consensus-oriented plans and actions have not been well-received, or implemented, by the governments. Reasons for this failure include mistrust, lack of information, political issues, and jealousy related to the balance of power.

A recent example illustrates the challenge. A group of Guatemalan business leaders submitted a proposal to provide funding (directly or through a special tax) to counteract violence and crime by instituting new preventive and punitive measures. The proposal required a bipartisan monitoring mechanism, made up of private sector and governmental representatives, to ensure appropriate use of funds and provide technical assistance when required. The government did not accept the proposal. In another instance in Guatemala, the government invited the private sector to be part of a committee to discuss crime and violence issues. Subsequently, although the committee was already reaching some consensus, the government dissolved the committee over a disagreement with the private sector about oversight for funding.

These and other experiences have made many in the private sector cynical toward government invitations to participate in multisectoral conversations or committees, or large efforts to “listen to” stakeholders’ views and voices. At the same time, governments mistrust the private sector and are suspicious of their interventions. They do not want the private sector to make the laws, only to comply with them. Most recently, in El Salvador, a security tax proposal promoted by the President has been criticized by private sector representatives, who query the use and governance of funds, as well as the current security strategy in place.

Furthermore, governments mistakenly believe that most companies make charitable contributions only as a way to avoid taxes. For this reason, in the last five years Panama’s government has installed a cap on the amount of donations a company can deduct. Similar caps exist in Guatemala and El Salvador. Nevertheless, many large enterprises continue to donate much more than the established cap, challenging government assumptions about what motivates them to give. This all has a direct impact on what USAID can do to build fruitful PPPs.

G. Motivators: Faith and Personal Convictions

It is hard to describe the poverty and fear that surround most of the population in the subject countries. Beyond the lack of food, water, shelter, and health, poverty also means lost dignity and constant fear. However, poverty alone does not produce violence. Unequal distribution of wealth, benefits, and opportunities contribute to the root causes of crime and violence. Businesspeople who have been convinced to take action cite seeing poverty and inequality firsthand (usually by visiting problem areas, not living there) or feeling the direct consequences of crime and violence as their main motivator.

Other examples of business engagement in high-risk or at-risk neighborhoods in Panama, Guatemala, and El Salvador carry a significant religious tendency. These countries have deep religious histories and strong ties with the Catholic, Evangelical, and Baptist churches, and religious influence and economic power have been intertwined since the

colonial period. In fact, the majority of established local family-owned companies identify themselves as belonging to one church or another. These strong religious beliefs sometimes translate into social commitment and solidarity. Among the very few business leaders working actively in crime and violence prevention, receiving “a call from above” is one of the main reasons — if not the main reason — they cite in describing why they became active in this area. They share stories of how faith in God motivated them; and they believe a similar call changes the lives of gang members. The Evangelical church has a strong presence, and an ongoing “evangelization” campaign, particularly in Panama and Guatemala, maintaining regular contact with the communities where gangs operate. The Catholic Church also remains influential in all three countries, and the Baptist Church has a growing number of followers in Panama, including some of the wealthiest and most influential families.

Private-Sector Interventions

In the early 2000s, kidnappings and assaults were rampant in El Salvador. It was a serious threat and citizens were demanding action from the government. Victims were from various sectors in society, but many came from upper-middle-class and wealthy families. The private sector joined forces, created a working group, funded the Salvadoran police forces, supported security measures with private security forces and technology (cameras and security systems), and put a stop to the problem. Strong commitment, private funding, and government support formed the recipe for bringing down kidnappings.

Lesson learned: When the threat affected wealthy families directly, resources were available and a concrete response brought results.

In many cases, churches are the only respected institution in deprived and at-risk/high-risk communities. They are often the only place where a person can look for refuge and be (almost) certain that s/he will be safe. In most communities joining the church is still an accepted reason to leave a gang, and often it is the only escape route available to gang members or juveniles trying to get out. Churches work as “safe havens,” and those who leave crime for religion reasons usually help to bring others to the church.

Beyond involvement in a church, identification with certain values and ideas also promotes action among business leaders. For example, the Rotary Club has established itself as a social development promoter in Panama and Guatemala, supporting social initiatives and working with municipalities and local churches to establish an effective network in marginalized areas.

“Why am I not a gang member? If I had grown up in that neighborhood [without anything, but looking at those who had everything], I would have become a criminal as well.”

— *Panamanian business leader*

H. Challenges and Opportunities to Building Effective PPPs

The first step any businessperson takes when deciding whether to invest in a project is to assess the risks and understand the project’s financial and technical challenges and opportunities for growth and gain. This section presents a summary list of potential challenges and opportunities to private-sector investment in social prevention and to PPPs.

H1. Challenges

Knowledge and Data

- *Lack of knowledge.* Even when crime and violence make the headlines every day, citizens and authorities lack knowledge about the root causes, consequences, risk factors, protective factors, and opportunities to address them. There is also lack of understanding about the risks of not doing anything.
- *Lack of baseline and other data.* There is no reliable and comparable data on violence and crime (i.e., homicides, injuries, assaults, gender violence, and child violence) to guide interventions. There is also a lack of measurable impact indicators, baseline information, or standards for interventions.
- *Criminalization of youth in some areas.* Young people are perceived as criminals solely based on their background or origin (“*Tú no mandas, allí [neighborhoods] manda la cárcel.*”).
- *Costs.* There is no reliable and agreed methodology to establish the cost of violence and crime to the economic and social capital of a country. This can be a relevant tool for advocacy and budget allocation.

Long-Term Vision

- *Lack of state policies.* There is a lack of public policies and consensus along political parties that could guarantee continuity of best practices and proved programs and long-term results. Currently, when a national or local government changes, projects are closed, and interventions have to start from zero again.
- *Lack of continuity of program and interventions.* Most aid programs provide short-term financial and technical support. Few programs have a sustainability component that would allow the intervention to continue with local or national funding and support once foreign aid ends.

Staggered Efforts

- *Lack of coordination.* A large number of programs — similar, complementary, or counter-effective — are undertaken in the same geographical or technical areas, while other areas — neighborhoods or targeted sectors such as gender or early pregnancy — are completely neglected, evidencing a serious lack of coordination. There is no systematic and concrete attempt to improve coordination among implementers, donors, agencies, civil society organizations, and other relevant stakeholders in terms of programs, populations, best practices, and evaluations. Sustainability and long-term impact depend upon

“... 27 blocks, 15 NGOs, 10 financed simultaneously by several international organizations, zero results. There is no master plan or coordination.”

— Guatemalan business leader

comprehensive programs that cannot be carried out by one institution only, making collaboration and coordination urgent.

- *Lack of a comprehensive approach.* Programs are generally narrowly focused (e.g., out-of-school children, juveniles in gangs, gender violence) and fail to address the multi-causality of violence. Although no single program can address all the causes, a comprehensive approach and methodology would lead to collaboration and sharing of information among relevant stakeholders (i.e., donors, implementers, local actors, and target audiences regarding areas programs targeting children, youth, community development, workforce development, rural development, governance, and others).

Capacity and Governance

- *Lack of transparency.* There is a perceived lack of transparency and capacity in the government at all levels.
- *Lack of professional civil society organizations:* Most NGOs lack technical capacity, infrastructure, and long-term viability.

Responses

- *Lack of opportunities for juveniles and children at risk.* There are not enough comprehensive programs for juveniles or other at-risk/high-risk populations. (“You need to be a ‘*marero*’ to get a scholarship or participate in a program.”)
- *Lack of opportunities.* “Who would give me an opportunity?” is the most common response from current and former gang members and juveniles living in at-risk/high-risk zones. These groups feel stigmatized and discriminated against.
- *Lack of response to teen pregnancy.* Early teen pregnancy has been identified as one of the main causes of violence. However, few programs target young girls of reproductive age.

Fatigue and Absence of Leadership

- *Private-sector fatigue.* Businesspeople conveyed they were tired of “conversations,” “diagnosis,” “dialogue tables,” and “partnerships without action plans.”
- *Shareholder structure.* Many companies are run by families, and most decisions are taken by the “*junta familiar*.” Decisions depend on one or two people, rather than a company philosophy and its leadership.

Drugs and Cartels

- *Influence of drug trafficking.* Guatemala and Honduras are routes for drug trafficking, with areas that seem to have been taken over by cartels. Some fear El Salvador and Panama will follow.

H2. Opportunities

Existing Networks and Organizations

- Established CSR forums in each country provide a good platform to start the conversation on social protection and motivate private-sector cooperation. As indicated in the recommendations below, USAID should work closely with CSR networks, and other related organizations, to reach business leaders. USAID should also promote the establishment of such networks where none exist.
- Chambers of commerce, industry, and tourism bring together the largest corporations and relevant SMEs, reaching a larger private-sector audience and providing a fruitful platform for collaboration.
- Although some may lack technical capacity, NGOs are abundant and active and could be strengthened and organized to support specific efforts.
- Organized civil society organizations, such as Rotary Clubs, can also be part of alliances and partnerships, supporting local and national initiatives.

Strategic Investments

- Private-sector leaders in each of the three countries showed some level of engagement with their country's development, as well as concern regarding the impact that drug trafficking, smuggling of goods, and gangs have on the economy and growth. Globalization and CSR have also made local and international corporations mindful of their triple bottom line,⁸ carbon footprint, and social impact, both directly and through their supply chain. In light of this, their support for USAID social prevention efforts may well be viewed as an "impact investment," that is, an investment that has potential for long-term financial returns as well as intentional positive social impact.
- There is extensive experience of private-sector engagement in social actions, mainly through philanthropy and donations. Although these efforts generally have been focused on education, most recently private-sector investments in health and public services have been promising and provide useful lessons learned for Central American countries.

Human Capital

- Juveniles in at-risk communities lack proper academic training, face malnutrition, have been exposed to several types of violence, and are vulnerable to ineffective governmental institutions and the inadequate economic and social systems. Nevertheless, they demonstrate ingenuity, innovation, strength, perseverance, resourcefulness, and strong willingness to survive in their challenging environments. Given the right opportunities, these qualities will enable them to thrive.

⁸ *Triple bottom line accounting* means expanding the traditional reporting framework to take into account ecological and social performance in addition to financial performance.

- Business leaders are aware of the adverse consequences of inequality and discrimination and are willing to discuss with relevant stakeholders ways to effectively address challenges.
- International organizations and academic centers working in the subject countries have the knowledge and capacity to collaborate through a long-term alliance, if it is effectively designed, launched, and supported.

Data and Knowledge: No Need to Start from Scratch

- Between 2004 and 2009, a number of observatories of violence and crime were established in each of the subject countries. There is know-how in this area, mainly in the health sector (the Pan American Health Organization provided most of the training), and best practices from the Latin America region (Colombia and Brazil) could be used as a starting point.
- Following the assessments and evaluations in Central America in the last 10 years, a wealth of information about crime and violence prevention programs and techniques is available from the Pan American Health Organization, World Health Organization, World Bank Institute, USAID, and Inter-American Development Bank.

SECTION III. RECOMMENDATIONS

Based on the findings and analysis presented in Section I and II, this section provides action-oriented recommendations for engaging the private sector in violence and crime prevention initiatives.

Regional effort. In analyzing the feasibility of supporting a regional network to foster PPPs, it was observed that every country in the region is at a different stage of development, government capacity, civil society organization capacity, and private sector engagement in social protection. This is true even for the Northern Triangle, where El Salvador, Guatemala, and Honduras face similar challenges and opportunities, but have different resources and governance levels.

On the other hand, large local and foreign private-sector enterprises have operations in the whole of Central America, with hubs in Panama, Guatemala, or El Salvador. They already operate and take decisions at the regional level. Similarly, drug cartels and criminal gangs operate freely across borders, in a dynamic way unhindered by bureaucracies or technical restrictions. Strengthening the existing national CSR networks, with the aim of developing a regional CSR coordination platform, could achieve similarly dynamic levels of cooperation. Initial steps would include technical and financial support for 1) CSR initiatives and chapters focusing on public-private partnership and social prevention; 2) establishment of such chapters where none exist; and 3) the designation of a well-established CSR platform as a regional hub for knowledge sharing and coordination. The aim would be to provide a space to share best practices, knowledge, innovations, and technologies on PPPs for social protection, as well as to coordinate resources and responses. The regional hub would also support the development of the other CSR networks and chapters.

First steps. The private sector requires succinct information for situation analysis and concrete action plans to collaborate on addressing the challenges mentioned above. USAID will need to:

- Lobby the private sector, being mindful of its political alliances and preferences, share reliable and succinct information, and identify champions who can carry the work forward.
- Skillfully leverage USAID's reputation to advocate with the government and other stakeholders (academic institutions and NGOs) and foster dialogue and consensus.
- Analyze opportunities to support tax-related initiatives, aiming to strengthen government capacity to respond to rising levels of crime and violence and considering the private-sector interest in closely monitoring the use of such resources.

- Innovate, generate, and disseminate knowledge through all its efforts, making sense of all data currently available and distilling it in a concise and useful way for its clients.
- Candidly analyze the risks and opportunities related to fostering PPPs, seeking to understand what can be achieved and conveying a strong message to foster dialogue and consensus.
- Offer continuous technical, financial, and political support to networks, agents, and partnerships and building a strong portfolio of initiatives.
- Ensure robust monitoring and evaluation components.
- Consider the different economic and social realities in each country, even within the Northern Triangle, and the opportunity to make Panama a good pilot program on how prevention can work.
- Listen to ultimate clients, including youth, children, and private-sector stakeholders, for innovative ways to address challenges ahead and securing empowerment, transparency, and accountability among partners and implementers.

The rest of this section provides detailed recommendations for each step, that in time would help overcome the challenges and capitalize on these opportunities.

A. Lobbying and Sensitizing the Private Sector

1. *Build a profile of partnerships as viable tools for addressing social problems, advocating for coordination and partnerships as means of enhancing results and fostering sustainability.* Advocate for PPPs as complementary to existing private-sector sponsorship of foundations and NGOs. PPPs will not compete for scarce funding; rather, they will enhance existing programs through coordination and systematization. Be clear about defining public-private partnerships and describing how they can be used.
2. *Identify champions.* Identify and engage top leaders to advocate with their peers for increased private-sector involvement. Key business leaders will know who to call and with whom to follow up. In Panama and Guatemala, as in many Latin American countries, it takes connections to reach the right people and gain their collaboration. The person behind a proposal is often as important as the proposal itself.
3. *Raise prestige and exclusivity of involvement.* The largest corporations in Central America belong to an exclusive club. Make PPPs with USAID an invitation-only initiative convened by the top leaders in each country. Open the opportunities for other relevant players only later, and with the approval of those leaders.

4. *Engage ethnic and religious groups.* The region is home to identifiable ethnic and religious groups and networks. As with the chambers of commerce or industry, identifying a champion within a group will facilitate the process of reaching others.
5. *Hold a workshop for the top business leaders in each country.* Convene a workshop of no more than 15 people to share relevant information (see Section D, “Knowledge Sharing”) and discuss potential alliances and action plans. Invite youths participating in one or two of the USAID-supported programs in each country, including former gang members when possible, and let them tell their stories. They are the best ambassadors of their own cause.
6. *Share the positive impact from USAID investments in social prevention, PPPs, and successes from other organizations where possible.* Identify role models (programs, people, or both) and positive outcomes (e.g., people who leave the gangs, women who find jobs, children who get protection).
7. *Identify positive impact for the private sector.* Identify the private sector’s gains in participating in social prevention efforts — that is, larger markets, more knowledgeable consumers, a larger pool of skilled workers, stability and foreign investment, impact investment opportunities, strengthening of supply chains, improvements in standards and opening of new markets, and a stable relationship with government, local and international stakeholders.
8. *Organize field trips for business leaders.* Where possible, organize a field trip to high-risk areas, coordinating with groups, churches, or NGOs working in the area. A field visit can help sensitize business leaders to populations-at-risk and the lack of opportunity by helping them experience it more directly.
9. *Adopt the language of the private sector* (“profits,” “margins,” “risk assessments,” etc.) and translate regular social development terms as required. Adapt to private-sector requirements and dynamics.
10. *Listen.* Listen to private sector concerns, needs, and assessments. Businessmen and women know local markets, populations, needs, and trends and can offer innovative and efficient solutions to social development challenges.
11. *Take action and follow up.* “Action” is the keyword for motivating the private sector to join alliances to address crime and violence. Assessments, studies, and lectures are tools and data to generate specific actions, foster conversations, and develop strategies and work plans. After a suitable, reliable, and dynamic partner is identified, USAID should provide a risk assessment report, social assessment, work plan, project management plan, engagement and development strategies, monitoring and evaluation tools, timetables, lists of resources, and realistic agenda.

B. Network-Building

1. *Strengthen existing CSR networks at the national level* (specifically, their violence and crime prevention chapters/desks). If such a chapter/desk does not exist, lobby the network to create one. Strengthen the networks' boards and convening power and build their technical expertise or understanding in the topic. Do not create a new foundation unless absolutely necessary.
2. *Build fruitful, long-lasting connections.* Start building a cohesive network of private-sector leaders and familiarize them with the concepts, risks, and opportunities of social prevention. Share knowledge and bring expertise.
3. *Establish networks and chapters with a specific purpose and plan of action.* Be sure alliances are formed for specific purposes and action plans.
4. *Clearly define the role of the network or chapter and of USAID's role.* Specify what is expected within what time frame. For example, the network could foster workshops for knowledge and information exchange, identify synergies and opportunities for collaboration, promote alliances, or act as a liaison between USAID, implementers, private-sector organizations interested in specific geographical areas or topics, and NGOs.
5. *Consider creating or supporting a formal mechanism for coordinating donor activities in social prevention at the national level and in the Northern Triangle.* For example, such a mechanism could be a committee of donors, international agencies, and international NGOs that convenes quarterly to share information from ongoing projects, academic findings, best practices, and the results of pilot programs. Consider nominating a lead agency, on a rotating basis, to be responsible for convening meetings, communicating with committee members, and communicating with national governments on behalf of the committee. Consider multi-donor umbrella projects as an option for this mechanism.

"The best alliance is the one that produces tangible results. We are all citizens, natural or corporate. We all have responsibilities."

— Guatemalan business leader

C. Lobby Governments

1. *Work with the government to find suitable incentives for PPPs* (support from the current government toward private-sector enterprises). These efforts would require a monitoring, evaluation, and auditing body composed of government and private-sector representatives, as well as an independent conflict resolution or facilitation expert to conduct meetings.
2. *Provide research and support toward state laws versus laws implemented by a particular government administration.* Such laws should be developed with the

"We do not need to change the legislation; we need to apply it."

— Business leader

consensus of all relevant political parties and stakeholders, to support long-term action plans, such as technical and financial support to school-based early prevention programs (for 3- to 7-year-olds); community development interventions; school-based prevention programs (training in life skills and conflict resolution starting at pre-school); education and opportunities for girls at reproductive age, comprehensive youth development programs, gender issues sensitization across families and communities; or family training on life skills and conflict resolution, and disarmament.

3. *Provide research and, if appropriate, support for a revised labor code, especially regarding part-time and juvenile employment.*

D. Knowledge Creation and Sharing

1. *Innovate.*

- a. Listen to relevant stakeholders and ultimate beneficiaries (i.e., children, youth, communities, and companies) on what they consider viable alternatives to address existing challenges.
- b. Use information and communication technologies (ICT) to make tools, data, analysis, and initiatives readily available to a large number of clients.
- c. Survey final clients regularly on the impact of interventions. SMS text-messaging and widespread use of cell phones allows reach to a large audience with lower costs.

2. *Provide updated and appropriate tools to all relevant stakeholders.* A wealth of knowledge is available from practitioners, implementers, international organizations, health institutions, academic institutions, think tanks, and other groups.

- a. Promote use of data analysis. It is important that data is analyzed and put to use. Relationships, information, and decisions should be all based on data.
- b. Save time and improve impact by giving stakeholders updated and appropriate tools and knowledge on social violence and crime prevention and PPPs. Careful analysis of tools, best practices, and lessons learned is the key here, That is, what lesson learned is applicable to a specific challenge? How can a tool be used by the private sector to support a long-term effort on early childhood development?
- c. Review and share toolkits and best practices on how to build successful PPPs and manage alliances with NGOs, USAID, and other partners. Some toolkits already exist at USAID; these are focused on education and workforce development and are a good starting point for social prevention.
- d. Provide analytical tools, such as country assessments (juvenile violence, sexual violence, family violence, crime, drugs, etc.).

- e. Provide conflict-resolution and mediation tools and techniques to NGOs and CSR boards.
3. *Organize a conference/workshop in each country to provide relevant information and tools, using private sector-friendly language when possible.* Sample topics include:
 - a. What is public-private partnership? Why have some types of PPPs succeeded where others have failed? What partnership models are best suited to what political and economic circumstances and goals? What partnerships are good at the local level? At the national level? What are the opportunities for using private capital to foster social development? Where can we start?
 - b. What is violence/crime/prevention? What is social prevention? What are the latest (most reliable) numbers from each country for homicide, violence, crime, inequality, poverty? USAID and other organizations have developed many publicly available assessment reports that could be summarized in a business-oriented way.
 - c. What works (and what does not) to prevent violence? An evidence-based approach to social prevention is required. Several research documents have been developed, but there is a need to map, analyze, and summarize the latest and most relevant information for Central America, in a private sector-friendly format.
 - d. Lessons learned from successful corporate social responsibility and social violence and crime prevention. Initiatives from Panama, Venezuela, Brazil, Colombia, and El Salvador could be analyzed, summarized, and introduced.
 - e. Municipal risk assessment and diagnosis. Several municipalities in high-risk areas in the Northern Triangle have undergone risk assessments. In El Salvador, some of these reports have been validated by the Municipal Committee on Violence Prevention.
 - f. Listen to the private sector's views. The private sector should be invited to share their views on potential opportunities for economic growth, sustainable development, and violence prevention and on their role in social development and social prevention.
 4. *Organize a large national workshop, with help from champions in the business community, to sensitize businesspeople and strengthen baseline support for the existing network. Make sure the workshop is inclusive (a different approach than the one proposed under Section C, "Lobby Government") to incorporate a broader audience, including SMEs.*
 5. *Involve SMEs through their corresponding chambers of commerce, industry, or tourism (such as *Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras* in Guatemala).*

6. *Partner with other international organizations working with the private sector* (Pan-American Health Organization, World Bank, Inter-American Development Bank, United Nations) to exchange information and provide USAID business partners with the latest knowledge and technologies.
7. *Involve communities in designing strategies to be supported by the PPPs.* Community involvement — including children and juveniles as much as possible — fosters ownership, sustainability, and accountability in any effort. Involvement is a core principle for PPPs; the recipient strengthens its capabilities so that it can further enhance the outcome and make it sustainable.
8. *Systematize information and lessons learned from other regions and countries on PPPs and social prevention strategies.*
9. *Improve visibility of efforts,* highlighting stakeholder efforts and commitments to their communities and countries.
10. *Promote dialogue based on concrete data,* avoiding polarized information or political discussions.

E. Resources and Needs Assessment

1. *Conduct a mapping exercise:*
 - a. Map major private sector efforts through NGOs and foundations.
 - b. Gather information from available mapping efforts on violence and crime prevention efforts (Inter-American Development Bank/Washington Office on Latin America, German Technical Cooperation Agency, and others).
 - c. Map high-risk areas according to violence and crime rates.
 - d. Map businesses, industries, tourism destinations, major plants and distribution centers, tax-free zones, ports, and other major income-generators hubs.
 - e. Gather municipalities' risk assessment and diagnosis. Several municipalities in Guatemala, El Salvador, and Panama have undergone some sort of risk assessment in the last five years; this information will be useful in establishing priorities and action plans.
 - f. With the private sector's help, identify potential opportunities, projected local and foreign investments, market growth, capital, and human resources demand.
2. *Establish crime and violence observatories.* Provide technical assistance to existing efforts and launch observatories where required, coordinating among them to avoid duplication and engaging academic institutions when possible. Information will inform PPPs and public policies.

3. *Work collaboratively* with chambers of commerce and industry, SME representatives, the American Chamber of Commerce, and other groups to identify private sector demand for labor and technical expertise.
4. *Diagnosis and risk assessment.* Use tools from the private sector to analyze mapping results, results of crime and violence observatories, best practices, and lessons learned to create a suitable and customized action plan. Share findings.
5. *Develop monitoring and evaluation tools and indicators for social investment.*
6. *Use specific, attainable, and measurable outputs and outcomes when designing actions and programs.*

F. Sustainability and Accountability

1. *Develop a communication strategy for overcoming the private sector’s fear of bureaucracy.* In working with USAID, promote an open-door policy that will make it easier to partner.

“Once funding from USAID ends, the project ends ... it doesn’t matter if it was good or not.”
— Salvadoran business leader
2. *Build a portfolio of short-, medium-, and long-term strategies to be supported by the PPPs and follow through.* Even if USAID changes implementers, avoid changing the program basis or main partners.
3. *Develop a pragmatic work plan.* Define concrete actions for each stage, along with corresponding indicators and monitoring mechanisms.
4. *Develop tools to secure accountability and governance.* Develop or support the development of ICT tools to reach larger number of audiences, gather timely and accurate information, analyze it and report to stakeholders and clients the processes, status, and results of interventions.
5. *Build programs that consider primary, secondary, and tertiary prevention when possible.* Annex C offers information on the different types of prevention programs.
6. *Start social prevention initiatives within companies.* Conduct a series of workshops, open to all employees and managers, on life skills, values, conflict resolution, anger management, and negotiation. Plant the seeds for programs that will enroll former gang members, people from disadvantaged areas, and the disabled.
7. *Provide CSR-focused leadership programs for business and NGO leaders and government representatives,* in partnership with INCAE Business School or a similar institution. Alternatively, promote ad-hoc educational programs for the market and the region.
8. *Strengthen NGOs, civil society organizations, and community groups.*

G. Monitoring and Evaluation

1. *Create tools to monitor and evaluate processes and outcomes of PPP efforts*, using private sector-friendly language and technologies.
2. *Highlight outcomes and processes*, not just outputs, in monitoring mechanisms.

H. USAID and Its Leverage

1. *Analyze, discuss, and understand the concept of PPPs for social development*. Explore alternative mechanisms — not all partnerships are successful, and it is harder to define success with intangible assets (as with social issues). Capture and share knowledge with implementers.
2. *Leverage the USAID brand and general reputation as a reliable partner* through a clear communications strategy for PPPs.
3. *Take discussion about crime and violence out of the political realm*, incorporating all relevant stakeholders.
4. *Build partnerships within USAID, specifically with its private sector development unit*. Promote venture capital, seed capital, or other mechanisms to support private enterprises with clear CSR or prevention strategies. Create demand and build markets. Create investment areas with lower taxes, benefits, infrastructure, access routes, and a capable labor force. Identify and launch programs based on geographic potential (such as tourism, agriculture, and industry). Avoid launching programs based on social problems; that approach is not sustainable. Strengthen SMEs and promote industries that use SME services and products. Guarantee private investments.
5. *Make a distinction between PPPs for social prevention and the Global Development Alliance*. Be clear about expected audience, terms, and outcomes. Identify synergies between the two efforts and do not compete for private sector funding; this can create confusion, frustration, and a sense of disorganization, and might prevent funding.
6. *Create an annual prize in each country for the best private sector-supported effort or PPP on social prevention*. The prize could be provided by USAID, the U.S. Department of State, or a recognized business group (U.S. Chambers of Commerce, Chamber of Chambers, etc.). Convene a national-level board or jury, including representatives from all sectors of society and political parties, to establish requirements, processes, and candidates.
7. *Make procedures and processes more flexible* to encourage private sector engagement and build on its enthusiasm without wearing it down with bureaucratic processes.
8. *Continue programs that support investment in human capital and social safety nets*, such as school violence prevention, family, job training, and job placement programs.

I. Country-Specific Recommendations

1. *In Panama, strengthen SUMARSE's nascent Crime and Violence Prevention Committee, providing the latest research and findings (through a workshop). Offer training in prevention and risk assessment to increase knowledge of challenge and opportunities, so SUMARSE can spot opportunities for partnership and collaboration.*
2. *In Guatemala, mobilize the "masa critica" of Guatemalan capital. Start discussions with CENTRARSE and FUNDESA to strengthen their impact.*
3. *In El Salvador, build on private sector interest in leveraging resources for addressing social prevention efforts as a mechanism to combat crime and violence. USAID is leading the way with several private sector initiatives to collaborate on social prevention programs.*

ANNEX A. OPINIONS OFFERED BY PRIVATE SECTOR LEADERS DURING FIELD INTERVIEWS

- “We are ready to fight and die for this country. I want my grandchildren to be able to walk freely on the streets. ”
- “There are five Panamas. Most of the businesspeople live in one of them, and they exploit the other four. ”
- “[The] private sector aims for good investment, even in the social realms.”
- “Volunteering? Me? Where? I don’t travel to those areas ... It is dangerous there;” “It is too much time in the car;” “There is no need to go that far.”
- “I know my program works, most alliances are way too slow. I prefer to work alone.”
- “In Colón [Panama], there is a law of silence [regarding crime].”
- “Where are the many studies made in this community? Where are the [crime] observatories?”
- “To continue supporting a program after USAID leaves, you need to have a strong foundation.”
- “In these countries the private sector is very strong, [and] civil society is very weak.”
- “There is a consensus tradition, but no actual execution of agreements.”
- “A good program, with impact assessment, indicators, and monitoring can reach out and sensitize other actors.”
- “I am asked to invest in something that I am already doing; what do I need [the current CSR network] for?”
- “[Businesspeople] do not know what to do after the speech [on prevention of crime].”
- “International organizations go to a community, provide a lot of resources in the short-term, and this generates dependency. The program ends, the organization leaves. No local support has been built, there has been little knowledge transfer. Communities suffer more. The government has to try to compensate.”
- “The only justification for a state is to provide security. If it does not fulfill its role, then what?”

ANNEX B. INTERVIEW QUESTIONNAIRE

The following questions formed the interview framework for this study. Questions were adapted for each interviewee and each company's current CSR programs and engagement.

A. Company

1. What is the company's social engagement level? What have been its successful practices? *These questions are intended to shed light on the company's self-perceived role in social development, violence and crime prevention, and corporate citizenship.*

Follow-up or complementary questions (as necessary):

2. Does the company have any philanthropic or CSR/social investment programs?

What do they focus on?

3. How has the company been involved in such programs (e.g., financing only, donations, management, monitoring and evaluation)?

What have been the most recent outcomes?

What has been the largest challenge?

B. Motivators

4. What could motivate a company to invest in violence and crime prevention, or citizen security programs? What would be required from the other relevant stakeholders to secure private sector involvement? *With these questions, we aimed to gather data on what triggers the private sector to be involved in social development initiatives in general and prevention in particular. This line of inquiry was designed to establish the distinction (if any) between personal commitments and organizational guidelines regarding social investment; and the company's responsiveness toward acting in the field of violence and crime (from early prevention to rehabilitation). Finally, we aimed to gather information on the challenges faced and the limitations encountered by the companies in relation to this issue.*

Follow-up questions or complementary questions (as necessary):

5. How could the results/success of social investments be measured?

What indicators would be useful for the company?

Who could create such indicators?

C. Sustainability

6. How could sustainability in social development programs be achieved? What is the role of the private sector on it, if any?

D. Private Sector Participation and Involvement

7. In what ways could the private sector participate in, and/or invest in, violence and crime prevention or citizen security?
8. What intervention models are attractive to the private sector (PPPs, alliances, philanthropy, volunteering, monitoring, networks such as SUMARSE, etc.)?

How should they work to be relevant?

Answers to this question are intended to provide the foundations for recommendations on potential participatory models, alliances, and programs.

Follow-up or complementary questions (as necessary):

9. What has been the most important contribution of the national forums (e.g. , SUMARSE in Panama and CENTRARSE in Guatemala)?
10. Would the idea of participating in a regional “citizen security–private sector” forum or network motivate and strengthen their participation in crime prevention and citizen security?
11. How could SMEs be involved in the effort?
12. What would be required to foster further collaboration between private sector and civil society organizations?

E. Government Role

13. Are there any incentives for donations, philanthropy, CSR programs, social investments, or similar programs?
14. Is the private sector open and well-disposed to public-private partnerships?

ANNEX C. BASIC INFORMATION ON VIOLENCE AND CRIME PREVENTION

Information in this annex is adapted from the *World Report on Violence and Health*, “Chapter 1: Violence — A Global Public Health Problem” (World Health Organization, 2002).

A. What Is Violence?

Exhibit C-1. A Typology of Violence

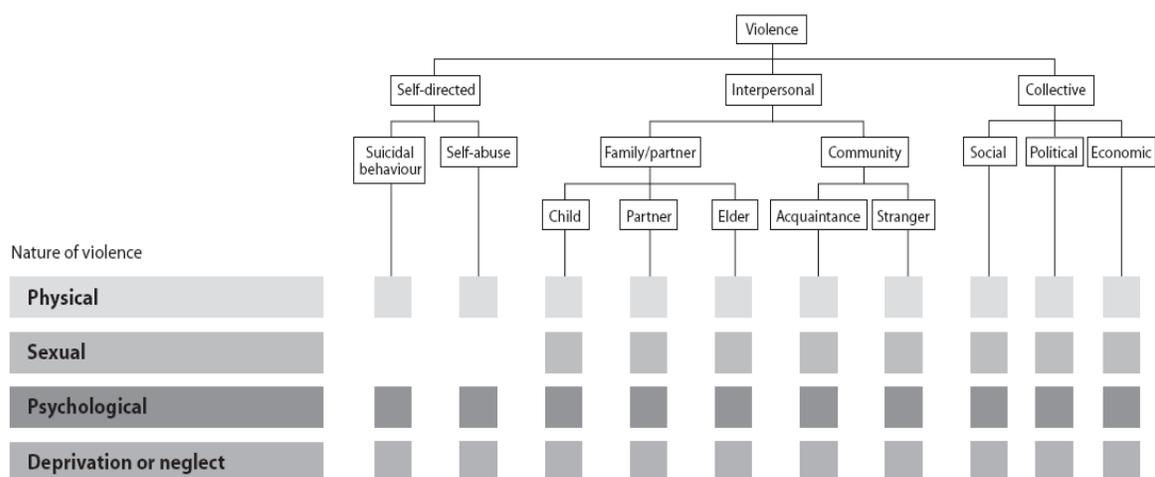


Exhibit C-2. Sample Risk and Protective Factors

Risk Factors	Protective Factors
<ul style="list-style-type: none"> • Poor parenting practices • Victims of child maltreatment • Alcohol or drug abuse • Criminal activity in the community • Poverty • Gender, social, and economic inequalities • Unemployment • Norms or cultural schemes that perpetuate violence • Firearms/small weapons availability • Weak judicial and criminal systems • Isolation • Illegal drug trafficking • Demographic factors 	<ul style="list-style-type: none"> • Early intervention • Social development programs • Healthcare and support systems for victims • Community participation • Reduced alcoholic beverage availability • Employment and reinsertion programs • School reforms • Strengthened judicial and criminal systems and increased access to it • Poverty reduction and inequalities • Reduced small weapons availability • Social norms and systems-level changes • Urban planning

B. What Is Violence Prevention?

- Stopping acts of violence by intervening to eliminate or reduce underlying risk factors
- Shoring up protective factors
- Reducing the recurrence of further violence and its ill effects

C. What Are the Types of Prevention Measures?

Interventions are traditionally characterized in terms of three levels of prevention:

- *Primary prevention* aims to prevent violence before it occurs.
- *Secondary prevention* focuses on the more immediate responses to violence, such as pre-hospital care, emergency services, or treatment for sexually transmitted diseases following a rape.
- *Tertiary prevention* focuses on long-term care in the wake of violence, such as rehabilitation and reintegration, and attempts to lessen trauma or reduce the long-term disability associated with violence.

These levels of prevention are defined by their temporal aspect: whether prevention takes place before violence occurs, immediately afterwards, or in the longer term. Although traditionally they are applied to victims of violence in healthcare settings, secondary and tertiary prevention efforts have also been considered relevant to the perpetrators of violence and applied in judicial settings in response to violence.

Research into the field of violence prevention has increasingly focused on target groups, defining interventions as follows:

- *Universal interventions* focus on groups or the general population without regard to individual risk. Examples include violence-prevention curricula delivered to all students in a school, all children of a particular age, and community-wide media campaigns.
- *Selected interventions* focus on those at heightened risk for violence (i.e., one or more risk factors for violence); one example is training in parenting provided to low-income, single parents.
- *Indicated interventions* focus on those who have already demonstrated violent behavior, such as treatment for perpetrators of domestic violence.

Many efforts in both industrialized and developing countries have focused on secondary and tertiary responses to violence. Understandably, priority is often given to dealing with the immediate consequences of violence, providing support to victims, and punishing the offenders. Such responses, though important and in need of strengthening, should be accompanied by a greater investment in primary prevention.

