



**Identification of Modalities of Partnership between  
the Public and Private Sectors in Interventions that  
contribute to the Reduction of Child Malnutrition in  
the areas of intervention of the Partnership for Child  
Nutrition Project**

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## **SUMMARY**

For several years now in Peru, the partnerships between the public sector and the private sector (PPP) and their possibilities for the promotion of investment, the improvement of local economic development, the improvement of the social, productive and highway infrastructure have been watched with certain interest. The institutions or groups that partner carry out collective work based on common objectives. A PPP has the objective of achieving together more than what would be possible to achieve separately and to improve the effectiveness of the generated results. In sum, everybody wins in a PPP, especially the population being served.

This report proposes guidelines on how to promote or develop partnerships in the fields of health, nutrition and family food security, as a means to reduce chronic child malnutrition, among public institutions that deal with the referred issues and the private sector.

The report is the result of work promoted by the organizations that co-implement the Partnership for Child Nutrition Project in the departments of Ancash and Huancavelica. The organizations responsible for the project are: ADRA, CARE, CARITAS and PRISMA. This report aims to identify modalities of partnership between the public and private sectors for feasible interventions in nutrition for implementation in the areas of intervention of the Partnership for Child Nutrition Project, taking into account various local, national and regional experiences, as well as the contribution of various respondents and with the aid of bibliographical sources.

This effort may be useful to health sector authorities, regional and local government authorities and officials, and also to private sector officials and directors who work or carry out interventions in child nutrition and are interested in developing a PPP or improving the operation or results of existing partnerships.

It should be noted that the cases in this analysis are marginal in the country and other ones in the region; nevertheless, there is a wide range of partnerships in different areas or sectors, mainly aimed at the construction or provision of services. There are also other partnerships that seek to overcome poverty and the eradication of hunger as in the Colombian case, others that aim to improve or strengthen the production and marketing of agricultural products, but there also are PPP experiences in health, such as the Handwashing Initiative developed in different parts of the world and in Peru, an interesting experience that can become a model for the Partnership project. Some partnerships are very flexible and informal, but there are also very formal agreements in which all the risks, the resources and the responsibilities are shared. The characteristics and complexity of

the PPPs depend on the institutions involved, as well as on the objectives, the length and the type of cooperation.

The report contains the following sections: i) PPP creation and consolidation; II) PPP modalities for feasible nutrition interventions for implementation in the areas of the project; III) PPP financing mechanisms; IV) other PPP promotion considerations; v) aspects requiring advocacy on the regulatory framework; vi) identification of the conditions that favor or limit the PPP in the intervention regions; vii) map of companies that operate in the areas and of other potential contributors because of their condition as fellow countrymen in the regions of project intervention, Corporate Social Responsibility (CSR) and the role of the State in CSR and viii) conclusions and recommendations.

The interviews of people knowledgeable in the subject and linked with the public and private sectors, as well as the field work, show the advantages that this type of partnerships offer as means for achieving higher objectives, because they permit taking advantage of institutional capacities and available resources. However, also identified are some challenges and voids that must be resolved such as differences in organizational cultures, distrust and lack of transparency, communication problems, differences in expectations, limited resources, rotation of personnel, etc., inherent to the development, operation and management of the PPPs. On the other hand, it is a fact that neither the specialized knowledge nor the necessary skills are available to develop and to manage PPPs aimed at the reduction of chronic child malnutrition in the areas of intervention of the Partnership project.

The international cooperation agencies and development organizations can contribute in some cases, facilitating the creation and/or operation of the PPPs, and the process should begin with the necessary capital. Another noteworthy aspect is that, in order that the PPPs really make sense, be sustainable and replicable, it is fundamental that they respond effectively to local demand and that the stakeholders from the public and private sectors be resolutely committed.

On the basis of experience in the development and operation of PPPs in different countries, in different issues or sectors, it is clear that, in areas that have little or no experience in public-private cooperation in the matter of child nutrition, simplicity and flexibility are fundamental and necessary conditions for their success. This means that the partnerships must have clear and relatively limited objectives, based on common expectations and structures for decision making and simple mechanisms for their application. According to experts in the subject, it is easier to introduce changes and improvements as the PPP matures, when the stakeholders know each other better, know how to work and the operating structure can be effective. For example, the PPPs in Colombia that are in full growth are not regulated; that is, Colombia does not have norms

on PPPs. However, as of 2010, there were around 60 registered PPPs in the country aimed at combating poverty.

As a conclusion, this paper makes some recommendations to improve the creation and effective of work of PPPs in child nutrition: the creation of a favorable and enabling environment, the identification of a common interest and a situation from which benefits for all would be derived, the existence of well-defined institutional frameworks and management, an agreement on the necessary resources, transparency and good communication, and the monitoring and assessment of performance and results.

## INTRODUCTION

The partnership between the public and private sectors can achieve positive results in the matter of public health and child nutrition and, at the same time, attain the particular objectives pursued by the partnering institutions and organizations. These partnerships permit obtaining considerable benefit from the resources and the unique abilities of each party, and the results are often achieved in less time, at a lesser cost and with greater sustainability than a partner could obtain by itself.

Different types of partnerships have been created to improve health, nutrition, and education, etc., in which governments, the private sector and other groups decide to cooperate to achieve a common objective. The perception about PPPs varies according to the contexts, needs and interests that public as well as private institutions have. In some cases the aim is to create a space of dialogue and exchange of information between the various stakeholders in the public and private sectors; in others, much more is sought, to create and to start up a public-private cooperative approach for the formulation of policies or policy guidelines, that includes, necessarily, new financial and/or legal frameworks.

The work carried out is essentially centered on the partnerships active in the health, nutrition and food security sectors. It also considers some interesting contributions regarding experiences of PPPs developed in countries like Colombia. Certain PPPs developed in the country and the region are described and analyzed as models for the identification of proposals or local initiatives aimed at the reduction of chronic child malnutrition: their creation, their operation and the results that they achieved. Attention is given to the objectives of the PPPs, the participant organizations and respective roles and responsibilities and the results obtained, and also to the challenges and the lessons that are thus derived. In addition, some proposals and conclusions of two working documents are compiled on: The Actions of Companies in Favor of Children in Peru, and the role of the State in CSR; useful information for understanding the company-children relationship and the State-company-society relationship.

The purpose of this paper is to identify and make known the interest and possibilities of the PPPs in the improvement of child nutrition. An analysis is made to determine if the PPPs that work in this area have reached their objectives and added value to the participating partners. The specific objective of this paper is to identify modalities of partnership between the public and private sectors for feasible interventions in nutrition to implement in the areas of intervention of the Partnership for Child Nutrition Project. Therefore, the results presented in the document could be useful to the authorities and officials of the health sector, regional governments, and local governments responsible for a childhood without malnutrition and also for officials or directors of the companies in the private sector

that work or are interested in creating new PPPs or in improving the operation or the results of the existing partnerships.

This document takes as a reference, in the first place, the work experience of four agencies with ample experience in the field of child nutrition which at the moment complement the Partnership for Child Nutrition Project, with the financial cooperation of the United States Agency for International Development (USAID); secondly, guidelines are derived from the review of documents available on the subject and from the consultations made with representatives of public and private sector institutions on PPPs, consultations that include a series of interviews.

This document is divided into eight sections: following the summary and the introduction, the **first part** provides some details regarding the creation, area of intervention and consolidation of PPPs; **the second part** proposes modalities of PPPs for feasible nutrition interventions to implement in the areas of the Partnership project; **the third part** refers to the possible mechanisms for financing PPPs; **in the fourth part** other considerations in PPPs are discussed, such as their inherent risks; **the fifth part** describes the context of PPPs aimed at the reduction of chronic child malnutrition under current regulations; **the sixth part** discusses the conditions that favor or limit the PPPs; **the seventh part** presents an approximation of a map of companies that operate in the areas of the Partnership project, and in addition, provides relevant information on the focus on Corporate Social Responsibility, the company-State-society relationship, and the company-children relationship. On the basis of this analysis, the experiences and lessons learned from the PPPs studied, the experience and perspective of the main stakeholders in the area of influence of the Partnership project, the contributions of two documents inherent to CSR, the company-children relationship and the company-State-society relationship, **the eighth and last part** summarizes the main conclusions and presents practical recommendations that may be useful in creating effective partnerships to improve child health and nutrition sustainably.

## **1. CREATION AND AREA OF INTERVENTION OF PUBLIC-PRIVATE PARTNERSHIPS**

This section shows how two or more organizations of the public and private sectors, collaborating through a voluntary strategic commitment, with common objectives to promote changes in certain aspects or axes of development, share the risks, benefits and responsibilities, by means of the equitable distribution of power.

The proposals are based on the closest experiences that have occurred in relation to the problem of child malnutrition in the project intervention areas, in other regions, and in Latin

American countries. Also taken into account were the needs and expectations of public and private actors in relation to the PPPs in the area of intervention of the Partnership project.

## **1.1 WHAT ARE THE PPPs AND WHO PARTICIPATES IN THEM?**

There are many ways to understand a “partnership.” Some partnerships are very informal and flexible, but there are also very formal agreements in which all the risks, the resources and the responsibilities are shared. Their characteristics and complexity depend on the organizations that participate in them, as well as the objectives, duration and areas of cooperation in question. Sometimes, the partnerships are accompanied by new financial and/or legal frameworks.

A “public-private partnership (PPP) is, in general, any agreement between organizations of the public sector and the private sector. It is an initiative for cooperation between the public and private sectors, based on the expertise of each of the partners that can more effectively contribute to achieve clearly defined objectives by means of a clear assignment of resources, risks and benefits.”<sup>1</sup> These agreements generally entail “reciprocal obligations and mutual responsibility, voluntary relations and joint responsibility for planning and implementation.”<sup>2</sup>

A partnership between the public and private sectors in the sphere of health is an approach aimed at addressing public health problems (and social development) by means of the combined efforts of public, private, and development organizations. Each participant makes a contribution in his area of expertise, contributing specialized knowledge which often is not available in development projects. The participants in a partnership of this type are united around a common cause, while pursuing, at the same time, some of the objectives of their own organizations. The organizations of the public sector - such as the health sector, and the regional and local governments - try to attain their objectives in the shortest possible time and making the smallest amount of investments. The organizations of the private sector - the manufacturers of health related articles, for example - can extend their markets, establish new marketing strategies and contribute the communities where they conduct their business activities. The development organizations achieve their strategic objectives in collaboration with other partners, make new resources available to public health and acquire experiences by means of a very feasible and sustainable

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<sup>1</sup> Bettignies and Ross, 2008.

<sup>2</sup> World Economic Forum, 2005.

approach to the promotion of public health. And, more importantly, the chosen communities and populations end up benefitting from better health.<sup>3</sup>

At first the term PPP referred to cooperation agreements between organizations, nations and the private sector, normally centered on great infrastructure projects, but it is increasingly common to speak of other types of partnerships, in which international, national and/or regional organizations, donor organizations and other interested parties that work together can participate to contribute solutions or to engage in a dialog around common interests. Different partners for development, among which financial entities and international organizations are included, participate in PPPs for development, and in many cases are determinant. In addition to economic aid, these partnerships can be platforms of knowledge, technical assistance and training, communication and information, etc.

Some authors refer to the PPPD (Public-Private Partnership for Development) which involves a collaborative effort between two or more organizations of the public and private sectors (including civil society), united by a voluntary strategic commitment, with common objectives for development (although they may have differing interests), sharing risks, benefits and responsibilities, by means of the equitable distribution of power. A PPPD considers the participation of civil society important, in addition to that of the public and private actors.

Concretely, a PPPD addresses the coordination of efforts for the joint development of interventions by different actors, aiming to improve inclusion and economic development in prioritized subjects. The common objective is to obtain a greater impact in one or several objectives for sustainable development, and can operate in the frameworks of sectors such as education, health, employment, infrastructure, environment, and local development, among others.<sup>4</sup>

In the Peruvian case, the PPPs are strategic partnerships that the State establishes, seeking to promote the participation of private companies in the building of public infrastructure or the provision of public services. It is in essence a modality of participation for investment in long term projects with high social returns but low financial returns.<sup>5</sup>

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<sup>3</sup> The Story of a Successful Public-Private Partnership in Central America: Handwashing for Diarrheal Disease Prevention, by Camille Saadé, Masee Bateman and Diane B. Bendahmane

<sup>4</sup> Randolph Cardona and Laura Sariago. - Foundation for Sustainability and Equity, 2010.

<sup>5</sup> Public-Private Partnerships. School of Government and Public Policy – Pontifical Catholic University of Peru. Jaime Betalleluz.

## 1.2 WHAT ACTORS PARTICIPATE IN THE PPP?

Public actors, which include all State organizations, that is, all organizations that comprise public sector administrations at the national, department, district, and municipal levels.

The private actors, in this case, are all for profit organizations such as large, medium and small companies and merchants. Corporate foundations are included in this category because of the origin of the funds, but not in light of their nature and aims.

The actors of civil society range non-profit voluntary organizations of citizens (of formal character such as associations, corporations constituted as legal persons, or as informal collectives, assemblies etc.), to people and citizens.

Interlocutors, intermediaries, and facilitators are people or organizations who facilitate the negotiations and, in many cases, participate in the creation, formalization and implementation of the partnership.<sup>6</sup>

## 1.3 HOW IMPORTANT ARE THE PPPs?

The PPPs can be a tool to leverage efforts and maximize positive impacts, since they draw the interests of companies closer to development objectives:

- **They avoid duplication of efforts:** resources can be saved and impacts optimized.
- **They leverage resources:** speed up interventions by sharing resources and expertise between the parties.
- **They maximize resources:** diversification and multiplication of resources.
- **They constitute a framework for cooperation:** solutions to unsolved problems are proposed.
- They facilitate innovation, and promote creativity and the generation of knowledge networks.

In addition, in Peru, the reasons that push for the creation of PPPs revolve around reducing the infrastructure investment gap. Mainly in the sectors of: i) telecommunications, II) sanitation, III) electricity and natural gas, and IV) transportation.<sup>7</sup>

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<sup>6</sup> Manual of Public-Private Partnerships for the capital district, in the framework of social responsibility. Main Municipality of Bogota, Colombia.

<sup>7</sup> “The infrastructure gap” IPE & Association of Private Companies in Public Services - ADESEP (2005).

## 1.4 WHO SHOULD PROMOTE THE PARTNERSHIPS?

Though it is true that the PPPs vary depending on context, it is evident that in the area of intervention of the Partnership for Child Nutrition Project, public institutions are particularly “fragile” institutionally and technically speaking, and in these cases civil society organizations assume a key role as partnership facilitators, or if need be, assume the role of the public sector. Some investigations suggest that international cooperation agencies and development organizations, as partnership facilitators, can do much to strengthen the capacities of communities or of government institutions when their capacities are relatively limited. Nevertheless, there are also some who consider that these agreements do not correspond to the traditional framework of the programs and projects of development organizations.

Regarding the question of who should promote the partnerships, different possibilities exist. In some cases, the governments themselves have promoted the creation of PPPs in order to get the private sector to participate more in addressing specific challenges and/or to strengthen public-private cooperation. Other cases exist in which it is the companies that are dedicated, within the framework of Social Responsibility, or as promoters of development, to tracking social issues, starting up PPPs with the government, foundations, and NGOs, with the objective of improving the effectiveness of interventions in health, education, food security and others.

Following are the descriptions of three scenarios or variants which may give rise to a partnership:

- i) The private sector seeks out the public sector.
- ii) The public sector seeks out the private sector.
- iii) Civil society seeks out the public sector and the private sector

According to the context, the experience and the perspective of the parties interested in a PPP, in the areas of intervention of the Partnership project, the feasible scenario is that civil society (ADRA, CARE, CARITAS, PRISMA) seek out the public sector and the private sector to promote the partnership. The experience and credibility that they have in the topic of child nutrition in the country are ample and diverse. In addition, the PPPs, in the matter of public health and other sectors, have had the development organizations or the International Cooperation agencies as key elements for the success of partnerships. In Central America they are referred to as “catalysts.”

The proposed scenario, begins first with the knowledge of the needs of the population or their specific problems, that is, a general mission that must be addressed is defined; second, active partners who have a common interest, that operate in the area and that can

contribute resources or skills are identified; third, the partnership is planned taking into account the common objective, the definition of contributions, resources and responsibilities; fourth, the partnership and the project are managed and tracked, and fifth and last, an assessment is carried out, and depending on it, the necessary changes are made, and the partnership is terminated or continued.

### **1.5 HOW ARE THE PPPs CREATED AND CONSOLIDATED?**

The creation of a PPP can be due to several reasons. In some cases, the PPPs are born spontaneously from the relationship between agents of the private sector and the public sector that are interested in collaboration and see the possibility of obtaining benefits. Other partnerships seem to arise from a crisis, such as the outbreak of a disease or environmental pollution, or the marketing and production of food, among other reasons. In these cases, the public sector and the private sector realize that they need to work together to deal more effectively with problems that could be more difficult or impossible to solve separately. At other times, it is the partnerships for development and donor entities that create these partnerships as instruments to promote the growth of developing countries.

Based on an in depth investigation of the PPPs dedicated to agricultural research and development in Latin America, Frank Hartwiche and other researchers,<sup>8</sup> have identified the phases that characterize the development and the consolidation of partnerships (see Table No. 01). The authors maintain that partnerships are created when a common interest arises and they dissolve when the desired results are reached; in other cases, the partners usually terminate the contract or the agreement.

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<sup>8</sup> <http://ebookbrowse.com/hartwiche-et-al-en-0507-ifpri-building-ppp-for-agricultural-innovation-in-latin-america-pdf-d166542396>. Consulted on 12/30/12. INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE.

**TABLE No. 01**

**The partnership cycle**

**Phase 1: Identification of a common interest.** The starting point is often a problem or an opportunity. At first, the interested parties must debate and define their common interests, which can vary as the partnership develops and its composition changes.

**Phase 2: Design of the partnership** (negotiation of the partnership contract). During this phase, the partners review the objective of the partnership, and the interests and capacities of the partners. Attention is centered on the governance features and structure of the partnership, the financial and legal frameworks, as well as on the specific activities of the partnership. Among the main issues examined are: i) the needs and sources of financing and the contributions of each of the participating partners; ii) the distribution of the profits and benefits (when forthcoming); iii) the structure and organization of the partnership, including aspects relative to decision making and communications; and IV) the specific activities that will have to be carried out. From these debates a formal agreement can arise (for example, a contract or a memorandum of understanding of the partners).

**Phase 3: Operation of the partnership.** The partnership starts working on the basis of the agreement reached in the previous phase.

**Phase 4: Tracking and assessment.** The assessment of the partnership can have different motivations, such as justifying the use of funds, understanding if the intended results have been achieved and with what efficiency, etc.

**Phase 5: Termination or continuation.** After assessing the partnership and determining if the results have been achieved, the partners must decide if they will maintain or dissolve their partnership. The partnership can continue if the original interests of the parties have been extended and consolidated or if the initial problem has yet to be solved. However, the partnership may be dissolved if the partners consider that the intended results have been achieved satisfactorily or if they decide that the initial objectives cannot be reached without incurring prohibitive additional costs.

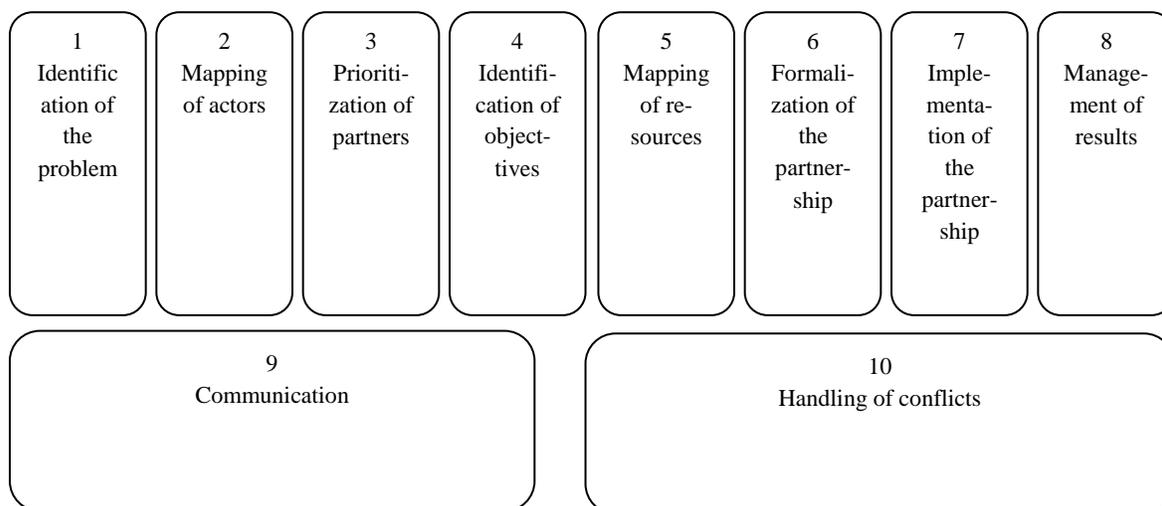
Source: Hartwich et al., 2007

Another proposal on how the PPPs are created and consolidated, according to an expert consultant in Public Management,<sup>9</sup> can be seen in Figure No. 01. According to this expert, there are ten stages that should be considered in the formation and consolidation of a PPP, which allow achieving the feasibility, formalization, consolidation and sustainability of PPPs.

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<sup>9</sup> Roger Hidalgo Perez.

**FIGURE No. 01**



### **1. Identification of the problem**

This consists of identifying deficiencies in the organization that can require the intervention of a PPP. As with all problems, it is necessary to recognize its causes, be they direct or indirect; for which we can use an analysis of causality as a tool through the development of the problem tree. It would identify common and specific actions that the different public or private actors can implement to eliminate the causes.

As a visual tool it not only allows identifying the causes, but also the prioritization of problems, objectives, and decisions.

After constructing the causal analysis of the problem, it is important to make an inventory of Opportunities and Fundamental Capacities related to the problem, in order to discover what contributions a PPP can offer the organization.

This tool will allow complementing the formulation of the problem tree, and thus the overcoming of the limitation it has as a result of only emphasizing the difficulties or weaknesses presented.

**TABLE No. 02**

<b>Causes</b>	<b>Opportunities</b>	<b>Capacities</b>
Cause 1	Correspond to the identification of the situations found in the social, economic, and political environment with which the actors interact. These opportunities will be identified clearly and accurately, taking into account only those that exist as facts or as real or feasible trends to be exploited. An additional feature of these opportunities is that they are beyond control and their exploitation should be driven by a set of actions.	Correspond to the identification of the human, material, and economic strengths with which the actors count. Unlike the opportunities, these capacities are under control and will allow taking advantage of the opportunities that arise in the social, political, economic and cultural environment in which they operate. These capacities can refer to organizational aspects, and material, economic resources and competencies or abilities.
Cause 2		

The importance of this matrix lies in discovering which capacities and opportunities can be counted on, in order to share efforts with other organizations and to solve socioeconomic problems by means of PPPs.

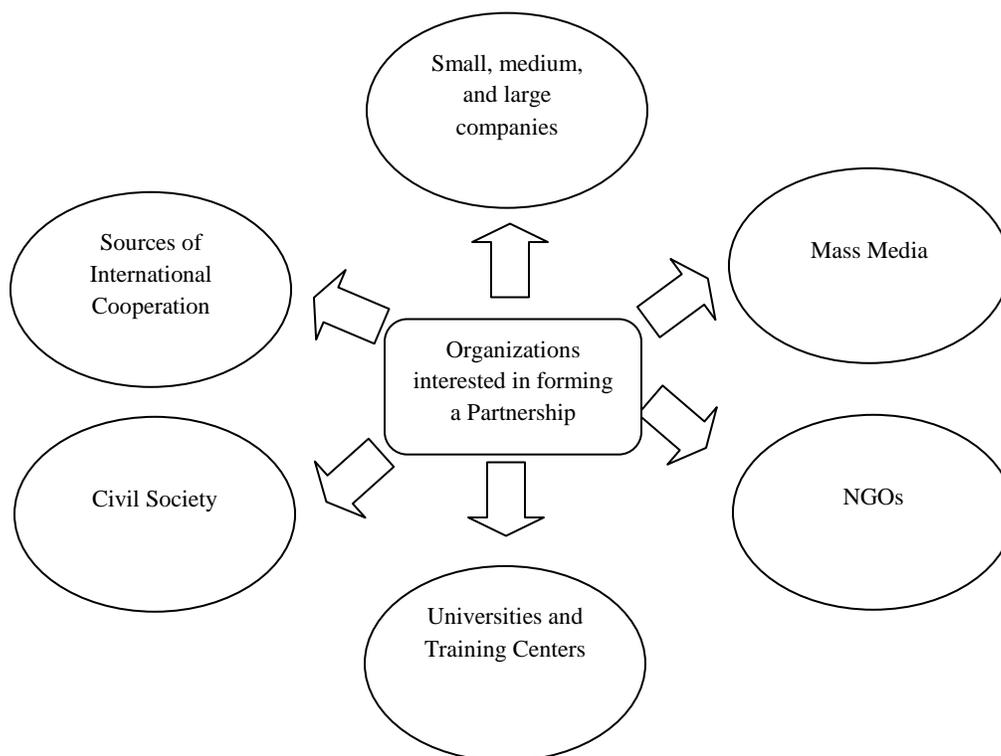
## **2. Mapping of actors**

The commitment of the participating organizations will determine the success of the formation and sustainability of a PPP, because of which it is of extreme importance to identify the possible partners.

In this process, however, it will not be sufficient to only identify the actors, but it is necessary to establish direct contact with their leaders, who will be key people for all connections for rapprochement and communication. Thus it will be possible to identify the organizations whose expectations, activities and interests match the problem and opportunities raised.

Among examples of actors to identify we have, as a matter of priority, private companies interested in investment and Social Responsibility Initiatives, and NGOs or cooperating organizations with significant experience in interventions in the public and private sectors.

**FIGURE No. 02**  
**POSSIBLE PARTNERS FOR THE FORMATION OF PUBLIC-PRIVATE PARTNERSHIPS**



Once the possible partners have been identified, it is necessary to obtain the greatest possible amount of information on each of them. The technical committee will be able to develop an analysis plan for the establishment of activities related to the implementation of interviews and work meetings, as well as the revision of secondary sources such as annual reports, Internet pages, and strategic plans, among others.

### **3. Prioritization of partners**

This stage comprises the prioritization of potential partners who have been recognized in the previous stage. The objective is to identify the possible benefits and risks of forming a partnership on the basis of the political, economic and institutional context.

For the prioritization of the possible partners, it is important to take into account the following aspects:

- Complementariness of capacities.
- Human and economic resources available.
- Capacity to leverage the resources of other organizations.
- Previous positive experience in partnerships.
- Positive experience in development initiatives

#### **4. Identification of objectives**

This stage includes determining, in a consensual way, the general and specific objectives, and their respective indicators for the development of the PPP. The key to formulate the objectives is to clearly identify the groups or sectors on which impact is wanted.

These objectives must be feasible (in relation to the resources), attainable, measurable and verifiable.

#### **5. Mapping of resources**

In order to clearly determine the activities for the achievement of the objectives, it is fundamental to carry out a mapping of the resources available from each of the participating organizations. In order to ensure the success of this task, it is vital that the process be characterized by a high level of transparency, for which it is important to build a foundation of trust for the relationship between the parties involved.

Among the main resources are financial, material, human resources, and information.

#### **6. Formalization of the PPP<sup>10</sup>**

Once the objectives and actions for the development of the PPP are formulated, it is necessary to formalize it, through an agreement, which should detail at a minimum:

- Clear description of objectives.
- Scope of the partnership.
- Duration period.
- People in charge.
- Roles.
- Risks.
- Contributions of financial, human, and material resources over time.

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<sup>10</sup> Guide for collaborators in innovation - Research report - March 2004. Frank Hartwich, Jorge Garza, and Olmán Quiróz.

- Regulation mechanisms for the governability of the partnership.
- Tracking and assessment tools.
- Commitment to confidentiality.
- Assessment criteria and systems.
- Actions to take in case of non-compliance by partners.

## **7. Implementation of the PPP**

After formalization of the partnership, it should implement the provisions established in the agreement. The actors coming from different organizations should become a work team representing the partnership. Managerial capacity and the proper application of the partnership government should facilitate its implementation.

In order to ensure success in management, a work plan should be developed. This plan should include the schedule of activities and the people in charge, as well as the indicators on which the tracking and assessment of the partnership will be based. It is of vital importance that the commitments and responsibilities regarding the activities are discussed and approved.

## **8. Management of results**

The success of a partnership will be determined by the achievement of its objectives. However, it will be necessary to develop tracking and assessment actions.

In the first place, a determination must be made of the direct effect that can clearly be attributed to the activities that are implemented and that it contributes to the fulfillment of the objectives established in the partnership agreement. In the second place, consideration must be given to the impact produced in the larger context of the activities undertaken to achieve the objectives and that cannot be clearly attributed to the implementation of a PPP.

The main task in monitoring the results consists of observing to what extent the awaited results indeed take place, and if the activities are developed in pursuit of the objectives. To do so, the monitoring should focus on a string of planned results,<sup>11</sup> as well as seeing if there are unwanted results that put at risk the achievement of the objectives.

The main questions to be developed are:

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<sup>11</sup> GTZ, Impact Assessment with a Poverty Focus in Policy Advisory Projects: Concepts, Questions and Cases, Eschborn, 2000

In what activities can wanted and unwanted results arise?

Which actors exert essential influence on the implementation of activities?

Which are the main factors responsible for the positive and negative changes observed?

Which of the changes observed can be identified as results that are causally related to the implementation of activities?

The monitoring of results will not be focused only on measuring the direct effects given that the influence of the changes generated is directly related to the activities implemented.

## **9. Communication**

It is important to outline a communication plan that includes activities aimed at all stakeholders in the entire process of PPP development, since it is a cross-cutting matter and of high importance.

The basis of successful communication in partnerships is transparency, in order to generate trust among the parties and to facilitate the process of understanding the different realities that organizations from different contexts are facing.

It is important that the communication plan designate a leader responsible for the dissemination of internal and external information.

## **10. Handling of conflicts**

If in the design of the PPP the interests and expectations of all the involved actors have been taken into account the possibility of conflict during its implementation will be diminished.

Nevertheless, it will be impossible to completely avoid organizational culture differences which can arise between the parties and stakeholders. It is considered appropriate to take the following measures:

- Develop clear communication policies in order to reduce misunderstandings and increase confidence levels.
- Avoid all types of stereotypes; in addition, it is advisable that the parties focus on the strengths offered by all of the actors in the initiative.
- Develop activities that will allow all of the parties to become familiar with the organizational culture of all the participants.

- Take measures in order that the asymmetries of resources and power do not generate alienation in the participating organizations or any of the targeted public.<sup>12</sup>

The PPP experience in Colombia, within the framework of the Network for Overcoming Extreme Poverty – Juntos,<sup>13</sup> proposes the following management roadmap for a PPP:

1. First contact with the private actor.
2. Definition of implementation alternatives.
3. Formalization of the agreement.
4. Formulation of the work plan.
5. Implementation and tracking.

Another successful PPP experience aimed at the eradication of childhood diarrhea in Peru, considers the following events:<sup>14</sup>

#### **1. First steps (2002)**

- Mission for identification of opportunities for the establishment of the Partnership in Peru (Global Partnership for Handwashing, World Bank, Washington)
- Call and advocacy - Presentation of the Handwashing Initiative to public and private institutions (September).
- Identification of interested institutions and consolidation of their commitments.

#### **2. First Phase: Construction of the foundation of the Partnership (2003)**

- Establishment of the Executive Committee for the Initiative.
- Call and selection of the National Coordinator for the Initiative.
- National Coordinator attends an International Workshop in Africa (May).
- Release of the first Brochure of the Initiative.
- Contest for the development of the Behavioral Study.
- First Executive Committee Meeting (May).
- Prisma NGO is selected to implement the Behavioral Study in 6 regions of the country.
- The 1st Communications Committee is created (August) to prepare the Business Plan.
- The Consultative Committee of public and private institutions is created.
- Visit to Handwashing project in Huaraz, carried out by CARE.
- Agreement signed between MINSA and COSUDE (October).

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<sup>12</sup> Randolph Cardona and Laura Sario. - Foundation for Sustainability and Equity, 2010.

<sup>13</sup> <http://web.presidencia.gov.co/especial/juntos/index.html>

<sup>14</sup> Public-Private Partnership to Promote Handwashing with Soap in Peru. Systematization - Period 2003-2005. Handwashing Initiative - Water and Sanitation Program - World Bank. Lima, 2006.

- Workshop of the Ministry of Health for development of the Sector Plan for
- Handwashing.
- International Handwashing Workshop in Lima (November).
- The first draft of the Business Plan is presented.
- Presentation of Preliminary Results of the Study (performed by Prisma).

### **3. Second Phase: Financial management (2004)**

- Publication of Ministerial Resolution on Handwashing. The National Handwashing Commission is created (that would replace the Executive Committee). January, 2004
- Offer of the FONDAM to finance the School Program consolidates.
- Commitment of UNDP is consolidated.
- National coordinator participates in Water Week in Washington and presents the Peruvian experience (February).
- RPP withdraws from the Executive Committee for participation in the implementation of the communications program at a future date.
- 1st Meeting of the National Handwashing Commission at MINSA.
- USAID confirms financing of the Creative Process (April).
- Presentation of the project and approval of financing by the Japan Social Development Fund.
- Development of TOR for the creative process.
- National Coordinator visits Colombia: Diagnosis for the Initiative in the country. Four trips are made during the year.

### **4. Third Phase: Implementation of the Communications Program (2005)**

- Signing of the Agreement between the World Bank and the APCI (February).
- Selection of agency and development of the creative process.
- Beginning of the systematization process (July).
- Beginning of the implementation of the first phase of the “Clean hands, healthy children” campaign.
- Implementation of the Alternative Communications Strategy.
- Broadcasting of the Radio Series “The bubbles of your love” on RPP and publishing of newspaper ads.
- Delivery of the first phase of training workshops for health promoters.
- Holding of promotional events in Lambayeque, Surco and Ayacucho.

In any case, the creation and consolidation of a PPP, whatever its nature, takes a certain period of time that should be considered. It will depend on the magnitude of the problem to be addressed, of the wills and capacities of the actors and the social, political, and cultural context.

In line with the foregoing, the following should be considered:

The decision to participate or not to participate in a partnership depends on the following considerations:

- When a space of common interest between the private sector and the public sector is identified.
- The operating costs and those that are derived from interacting and tracking of the partnership must not be greater than the benefits the partners expect.
- The benefits of working together, thanks to the contributions of the partners and the synergy generated from collaboration, should be greater than those that would be obtained if the activities were carried out individually.
- The benefits must be distributed among the partners in proportion to the investment and effort contributed by each of them.
- The results generated by the partnership must not be in conflict with the interests of the partners.

The proper cycle of formation of partnerships is summarized as follows:

1. Identification of a common interest.
2. Negotiation of the contract (financing, legal framework, organizational design)
3. Operation
4. Assessment
5. Closing, transfer or continuation.

## **1.6 WHAT SHOULD THE PPPs EXPECT IN THE FRAMEWORK OF THE PARTNERSHIP PROJECT?**

Define common objectives through modalities of voluntary cooperation between government sectors, private sector companies and cooperating entities, and identify mechanisms for joint work to enable contributing to the effective reduction of chronic child malnutrition, among other objectives, based on the following premises of work with the private sector:<sup>15</sup>

Participation: Reduce chronic child malnutrition, a commitment of all.

Coordination: Multiple isolated efforts do not imply significant impacts.

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<sup>15</sup> Adapted from the Juntos Network. Colombia.

Focus: Areas with major rates of malnutrition and high population density.

### 1.7 WHICH IS THE MOST APPROPRIATE PPP MODEL TO DEVELOP?

The model seeks “to create an ideal representation” from a set “of simplifications and abstractions” on certain types of relationships between the State and other private actors, called the “public-private partnerships model.”<sup>16</sup> Modeling those relationships implies not only understanding them better, but having a scheme and procedures to intervene and create partnerships. It is through the action of the public and private actors and of civil society that we can achieve virtuous results for society.

**FIGURE No. 03  
DESCRIPTION OF THE MODEL**



Adaptado de Wisa Majamaa, Seppo Junnila, Hemanta Doloi, and Emma Niemistö, “End-user oriented public-private partnerships in real estate industry”, *International Journal of Strategic Property Management* (2008) 12, 1–17

<sup>16</sup> Adapted from the Experiences of PPPs in Colombia.

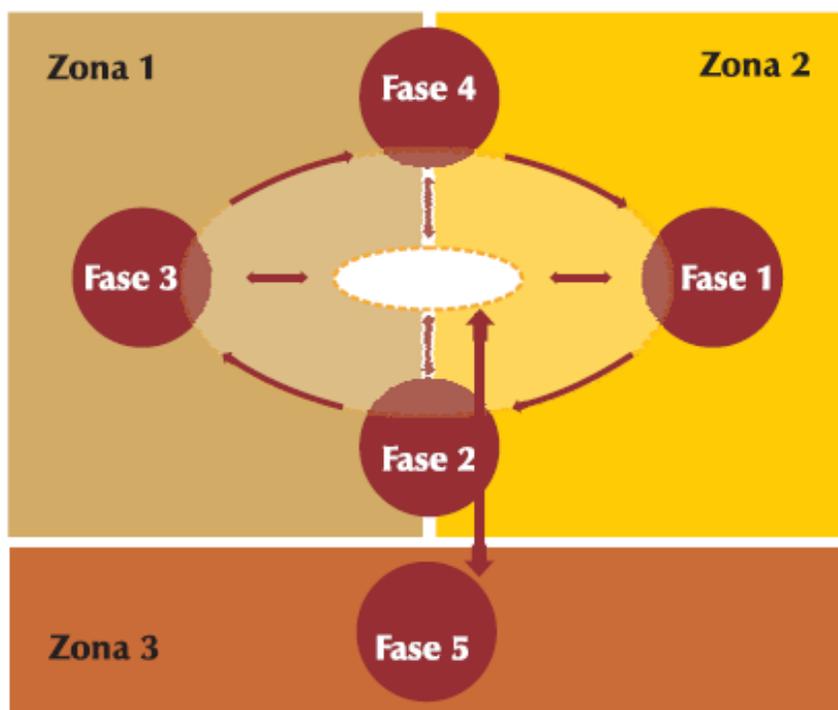
Zone one (1) symbolizes a scenario where the relationships are limited to the formalization and management of the partnership.

Zone two (2) represents the field of negotiations and participation of the actors and beneficiaries; it is the area where the relationships are dynamic, rules are needed, the behaviors of each actor are manifest and the products of the partnership are specified.

Interlocutors, intermediaries, and facilitators are people or organizations who facilitate the negotiations and, in many cases, participate in the creation, formalization and implementation of the partnership.

Zone three (3) is the space for the tracking, assessment and measurement of advances as well as of results in the above zones.

**FIGURE No. 04**  
**MODEL IMPLEMENTATION PHASES**



The way “to move” across the three zones of the model is by following the 5 (five) phases that are presented below.

**First phase:** the ideal place to begin is in Zone 2 because it is there where, through negotiation and dialog between the actors, the framework and the reason for the partnership are established. It is essential to understand the motivations and to size them, according to sector, territorial and population needs. In this first phase one begins to study the context, collect information, make general consultations about prior similar interventions and identify some actors who might be interested in this same situation. At this point a “space” begins to emerge for partnership.

**Second phase:** a process of harmonization of interests begins between the different potential partners. When identifying possible working partners, the expectations, interests and willingness to work together are analyzed. The problem or opportunity to be addressed is defined and the way each one could contribute is analyzed.

**Third phase:** This phase leads to a process of planning and building of the partnership. A tighter definition of the objective of the partnership, the structural operating design and its formality, is begun. The type of partnership, its scope and the projects or programs it covers are defined. A definition of the administrative structure, the roles, contributions and responsibilities of each partner is made.

Once the previous aspects are clear, the tools and procedures that allow implementation and effectiveness in partnerships are defined. In order to formalize them it is recommended to:

- a) Learn, discuss and define the most suitable legal alternative for the specific case. The recommendation is as far as possible to make exclusive use of legal proposals with average and low formalization levels. The legal nature of the actors is fundamental for those definitions.
- b) Define the requirements, plan of action, schedule, resources to be contributed and the formalities to follow.
- c) Consider that in the matter of administration of resources the alternatives are several; the simplest are those that do not imply the transfer of resources between public and private actors. Schemes can be adopted whereby each party applies its resources in search of fulfilling the agreements and reaching the common objective, with the most common being to find an intermediary or facilitator. Nevertheless, however complicated it may be, the creation of funds to administer and apply the resources must not be ruled out.

**Fourth phase:** The implementation of the partnership is begun, its formalization is finished and implementation begins including the performance of the planned activities, considering the resources available and previously budgeted as well as the established goals. This

phase occurs in Zone 1 as well as in Zone 2 and to the extent that it advances, it has effects in Zone 3 with regard to measurement of progress and tracking.

From the legal point of view, it is understood that it begins to take effect from the signing of the contract by the parties or as of the minutes of initiation.

**Fifth phase:** The criteria and parameters to measure and to know what is wanted, how it shall be obtained and what results are expected have several milestones. Tracking refers to the continuous measurement of the progress of activities in terms of time and resources, with this being a matter of efficiency. The second is the assessment, or the measurement of the real achievements compared with the planned objectives and the degree of fulfillment by the partnership as opposed to the purpose for which it was created; that is to say, the real impact of the partnership and its effectiveness.

In addition, once the process in Zone 2 of the proposed model has been completed, arriving at the moment of formalization of the partnership, it is recommended to follow the following process:

- a) Learn, discuss and define the most suitable legal alternative. Nevertheless, Peruvian regulations in the matter of PPP are specific. According to current legislation, the PPPs take the form of concessions, that is, the form of a contract between the State and a company (which in turn may be comprised by a consortium of companies) by which the State (national, regional or municipal government) grants the implementation and operation of specific public infrastructure works or the provision of public services for a fixed period of time. In this framework, the main modalities of promotion of private investment by State initiative are:<sup>17</sup> 1) Privatization, 2) Concession, 3) Management Contract, 4) Outsourcing, and 5) Joint venture.

These modalities do not conform to the needs and interests of the Partnership project. It should be mentioned that these modalities derive from experiences of European countries and some Latin American countries, with the clear intention of assigning and mitigating risks among each one of the intervening parties.

That is, the formalization of the PPP in the area of intervention of the Partnership project must be of a low and flexible level. The experiences of PPP developed in Peru, such as the Partnership for Reduction of Chronic Child Malnutrition in Cajamarca (PREDECI), the Handwashing Initiative (ILM) or the Partnership to Overcome Poverty in Acobamba - Huancavelica, have not been structured

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<sup>17</sup> Public Private Partnerships in Peru. Working document No. 04. PROINVERSIÓN.

according to norms governing the PPP per se, save the regulations that the institutions and sectors participating in the partnerships have.

- b) Define the requirements, schedule, resources to be contributed and the formalities to follow.
- c) Implementation from the legal point of view. In this stage, it must be sought that the implementation of the legal instrument be at the service of the objective of the partnership and not the contrary. The partnership goes beyond the contract or agreement. Nevertheless, it is necessary to continue with the formality of the case.

The following recommendations constitute a guide for steps to follow; given that the rules can vary and there are different interpretations, it is necessary that mechanisms of communication and updating of the information are generated among all the actors responsible for this issue in public and private entities.

- Generate training spaces and workshops, and others, for the discussion and unification of criteria on the PPP model and the model from the legal point of view with the legal consulting offices that exist in each entity.
- Dissemination of simple and objective information on PPPs among the private actors, develop workshops, work sessions, rapprochement with the business associations.
- Create or strengthen a mechanism or advisory service to resolve conflicts of interpretation of cases and consider different alternatives to formalize partnerships.
- Recognize the differences in legal formalization periods between the public sector and the private sector to find intermediate points allowing agility in the consolidation of the partnership.
- Recognize and disseminate the importance of partnerships with the private sector and their commitment to the social development of the city.

## **2 WHAT PPP MODALITIES PROPOSED FOR NUTRITION INTERVENTIONS ARE FEASIBLE IN THE AREAS OF THE PARTNERSHIP PROJECT?**

The PPP modalities proposed are based on the following criteria:

- a) High benefit for development.
- b) Low risk.
- c) Benefit to companies.

According to the Colombian experience, four PPP modalities can be identified. It is feasible to implement these modalities in Peru and in the departments where the Partnership project is developed. The PPP modalities that can be developed are:

1. **Traditional business model.**
2. **Philanthropy:** consists of financial or in-kind resource contributions to development projects.
3. **Corporate Social Responsibility/Social Investment:** social investment that facilitates the attainment of company objectives and the fulfillment of the MDGs.
4. **Inclusive Markets:** Business solutions that accelerate and sustain the access of the poor to goods, services and income-generating opportunities contributing to their economic empowerment.

Given the objectives of the Partnership project and the conditions that exist in the areas of intervention to promote PPPs, PPP modalities related to the following are proposed:

1. Corporate Social Responsibility/Social Investment and
2. Inclusive Markets.

Nevertheless, it should be noted that modality 1 would carry a greater weight due to the conditions of the families that live in the areas of the Partnership project, and modality 2, to a lesser degree. As already mentioned, the chosen modality will depend more on the local reality, the demand and the conditions of the actors intervening in the process.

In section seven, relevant information on CSR, the company-children relationship, and the company-State-society relationship is expounded.

Regarding this framework, the projects and programs that are considered for development under the cooperative approach of a PPP in the area of Intervention of the Partnership project, must be based on the following criteria:

1. The interventions directed at the reduction of chronic child malnutrition must be effective.
2. Proposals should address the real and perceived needs of each area being considered for implementation.
3. Given the nature of the origin of chronic child malnutrition, which is the result of multiple factors, the proposals must be comprehensive, which requires taking into account the conceptual framework of chronic child malnutrition developed by the United Nations Children's Fund (UNICEF), which considers up to three levels of causes: immediate, underlying and basic. In addition, the comprehensive answers that would be proposed are more attractive for private enterprise.

4. The programs or projects that would be implemented by means of a PPP must be within the framework of the guidelines for the reduction of chronic child malnutrition of the Ministry of Development and Social Inclusion (MIDIS) and of the Ministry of Finance (MEF). These guidelines have been developed on the basis of programs and successful projects for reduction of chronic child malnutrition in the country and the rest of the world. The Results Based Budgeting Programs of the Peruvian State have the mission of adopting these guidelines.
5. The proposals must be attractive for both the public and private sectors. Highlighting the benefits to private companies and the public sector.
6. The focus of the intervention must also respond to reliable figures on rates of chronic child malnutrition in the areas of intervention. These numbers must serve as an input to generate interest among the partners.
7. The proposals must be framed within the Corporate Social Responsibility framework of companies in the private sector. ETHOS<sup>18</sup> defines Corporate Social Responsibility as "conducting business in such a way that the company becomes a co-responsible partner for social development." This concept indicates that the co-responsibility for social development falls on the companies, and therefore their behavior must adhere to the requirements of society in the first place, in terms of economic sustainability, followed by environmental care and an appropriate relationship with the community.

In Peru, there are mining companies that are working consistently on CSR programs<sup>19</sup> that have incorporated attention for their different stakeholders (community, employees, customers, suppliers, and government) in their strategic planning. Although years ago they were focused on philanthropic programs independent from one another, nowadays the mining companies are with coherent CSR programs, and strong cooperation bonds with their immediate neighbors have been generated.

The joint efforts with the community, the local and regional governments are highlighted that permit undertaking long-term projects in the area of influence. The companies have understood that the definition of needs, priorities and programs must be carried out together with society so that positive results are achieved. The relationship of mining companies with the community has mainly concerned infrastructure, health and education, basically because the State does not reach those remote areas, and companies have to provide the needed social response; nevertheless, it is necessary to note that company interventions cannot solve all problems the population may have.

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<sup>18</sup> ETHOS, Brazilian organization that leads the field of CSR in South America.

<sup>19</sup> Source: Peru 2021 (2008) IV Peru Prize 2021 to Social Responsibility and Sustainable Development: Compilation of cases and discussion document. Lima.

In order to contribute efficiently to the reduction of chronic child malnutrition, the initiatives proposed are based on the experiences had in programs and projects aimed at the reduction of chronic child malnutrition in Peru, promoted or implemented within the framework of the Mining Program of Solidarity with the People - PMSP, as a mechanism to generate a voluntary, extraordinary and temporary commitment to economic contributions between mining companies, the Ministry of Energy and Mines and the Ministry of Finance in 2006. The PMSP objectives were to contribute to improving the living conditions of families, by implementation of works, programs and projects, in order of priority. The first priority was: nutrition and feeding of children and mothers, among others. The programs or projects were financed by funds established by the mining companies at the local and regional levels. It is in this frame that a myriad of initiatives for child nutrition are implemented. All of the experiences were developed in association or partnership between public and private entities.

## **2.1 PROJECTS DEVELOPED WITHIN THE FRAMEWORK OF CORPORATE SOCIAL RESPONSIBILITY / SOCIAL INVESTMENT.**

### **2.1.1 Partnership for Nutrition in Cajamarca Project - PREDECI**

The Partnership for Nutrition in Cajamarca Project - PREDECI, under implementation in the Cajamarca region with funds from the Mining Program of Solidarity with the People of Cajamarca is aimed at diminishing chronic child malnutrition by 2 percentage points per year in children less than 3 years old, through improvements in key practices in the areas of nutrition, health, psycho-affective stimulation and hygiene. PREDECI has a scope of intervention that comprises 46 health facilities in 401 communities pertaining to 12 provinces in the Cajamarca region.

In order to assess and quantify the process indicators and effects of PREDECI two years after its implementation began, the Mid-term Evaluation was conducted to have reliable information on the current status of the project.

In 2010 the PARTNERSHIP FOR NUTRITION IN CAJAMARCA - PREDECI began its activities in order to extend, strengthen and attain the institutionalization of the experience of the Project for Reduction of Chronic Child Malnutrition - PREDECI, begun in 2008 by the Cajamarca Solidarity Fund.

The PARTNERSHIP FOR NUTRITION IN CAJAMARCA - PREDECI is a public-private partnership led by the Regional Government of Cajamarca that has the objective of contributing to the healthy growth and development of the boys and girls in the Cajamarca

region. It is implemented with the support of the USAID of the People of the United States of America, of the Regional Government of Cajamarca, the Regional Directorate of Health, the Asociación Los Andes de Cajamarca, the Solidarity Fund Cajamarca, the Conga Project, Gold Fields La Cima S.A., Lumina Copper S.A.C., Minera La Zanja S.R.L., Minera Coimolache S.A. and the Clinton Giustra Initiative for Sustainable Development.

**Overall objective of PREDECI:**

To reduce chronic malnutrition in boys and girls less than three (3) years old by six percentage points, after three years in the area of project intervention.

**The specific objectives of the project are:**

1. To improve nutrition and health care practices and behaviors during pregnancy and childhood, in the families with children from 0 to 3 years of age and pregnant mothers in the targeted area of the department of Cajamarca.
2. To improve housing conditions to promote the adoption of healthy practices.
3. To increase the access of poor families to food, especially proteins, improving their income through productive activities and its investment in family nutrition.
4. To strengthen the local management and citizen participation in social development, particularly in child nutrition, by articulating the public and private sectors.
5. To inform, sensitize and mobilize the population, development actors and authorities, on investment in early childhood.
6. To generate timely information for decision making in the management of the program.
7. To guarantee the effective and efficient management of the project in coordination with the public and private institutions. To create and strengthen the capacities of public institutions for the operation and management of effective activities to reduce chronic child malnutrition.

**Main results<sup>20</sup>**

- According to the Nutrition Consulting company, which conducted an intermediate assessment of the program, the reduction of chronic child malnutrition is noteworthy in children less than 36 months old, which diminished by 6.9 percentage points (from 38.2% to 31.3%) in two years, surpassing the proposed goal of 2 percentage points per year.
- Nevertheless, anemia affects 62.8% of children 6 to 36 months old in the area of

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<sup>20</sup> Consulting service for the intermediate assessment of the Project for Reduction of Chronic Child Malnutrition in Cajamarca - PREDECI. Final Report - Executive Summary. Lima, January 2012 - Nutrition Consulting.

intervention of the PREDECI project, and considering that the prevalence of anemia registered in the base line was of 55.0%, an increase of 7.8 percentage points is noted. Nevertheless these results are consistent with those of ENDES Cajamarca 2009 and 2010, in which an increase of 18.5 percentage points was registered. This alarming increase requires specific strategies for the control and prevention of anemia as well as the redirection of current strategies.

### **2.1.2 Project for reducing chronic child malnutrition in communities of the Ancash region - Ally Micuy**

Another successful case of CSR in Peru is the Ally Micuy project.<sup>21</sup> The Corporate Social Responsibility activities conducted by Peruvian mining companies have acquired special relevance in the last few years, especially the ones related to the communities where they operate. Some communities in areas of influence of the mining companies have assumed an active role in decisions that involve their development; this new form of participation is a result of the implementation of projects in which the companies, civil society, the local government, and the community participate harmoniously.

The case of Compañía Minera Antamina S.A. is presented here, which implemented successful projects with the community in the Ancash Region, Peru through the Fondo Minero Antamina (FMA).

On the basis of a broad process of regional consultation, the FMA determined the priorities of the projects in the areas of health, education and productive projects, defined the respective baselines, established the specific objectives of their programs and implemented the referred projects.

The Ally Micuy health and nutrition project was implemented in July 2007. In its first year of intervention, chronic child malnutrition in the region was reduced by 3%. The results indicate that the appropriate collective participation in decisions promotes the sustainable development of the community.

The Corporate Social Responsibility (CSR) case presented below pertains to the Compañía Minera Antamina S.A., a mining company currently operating in the department of Ancash, province of Huari, district of San Marcos. It also has operations in the district of Cátac.

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<sup>21</sup> Patricia Morales Quiroz. Department of Engineering. Pontifical Catholic University of Peru.

This company, through the Antamina Mining Fund<sup>22</sup> (FMA), a voluntary fund, supports the efforts in the struggle against poverty in health, nutrition, education and productive development.

In 2006, the Peruvian Government created the “Mining Program of Solidarity with the People,” with the objective of contributing to the improvement of the index of human development in Peru and to the attainment of the Millennium Development Goals proposed by the United Nations (UN). Antamina was the first mining company to fulfill its voluntary contribution, a fact that reflects its high degree of commitment to its surroundings.

The Antamina Mining Fund<sup>23</sup> (FMA) was created in April 2007, and at that time, was an extraordinary (3.75% of profits) and temporary (five years) contribution, which supported the poverty reduction efforts in health, nutrition, education and productive development.

One of the main problems identified in the Ancash Region is chronic child malnutrition, which affects mainly boys and girls in their early years. Chronic malnutrition - measured in 2007 - was 30.6% (IC 95%: 22.8% - 38.4%). Although in recent decades various health and food security projects have been implemented in Peru, these projects have been focused on the problem of malnutrition without suitably addressing the promotion of health. On the other hand, according to the study made by Smith and Haddad (2000), chronic child malnutrition is determined by several factors associated with each other, such as the education of the mother - which contributes 43% to the reduction of malnutrition, the feeding that the child receives - which accounts for 26%, health and sanitation - 19%, and finally, social status - with 11%.

In consideration of these facts, the Antamina Mining Fund organized the Ally Micuy project. Ally Micuy is a Quechua phrase meaning “good food” and is the name given to the project for reducing chronic child malnutrition and iron deficiency anemia in boys and girls less than 3 years old, as well as improving the health and nutrition of pregnant women, in poor communities of the Ancash region.

36,414 boys and girls less than 36 months old, 8,756 pregnant mothers, and 32,365 families participated in the project. It covered 799 localities, 124 districts and 20 provinces, with an investment of S/.78,200,930 in 4 years (2007-2011).<sup>24</sup>

Ally Micuy produced four results:

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<sup>22</sup> Fondo Minero Antamina S.A. Report (2007)

<sup>23</sup> Presentation of Mr. Pablo de la Flor. Vice-president of Corporate Affairs of Compañía Minera Antamina S.A. in the Forum organized by COMEX Peru in August 2008.

<sup>24</sup> [http://www.convencionminera.com/perumin30/encuentro\\_operadores/tt/dante\\_rodriguez.pdf](http://www.convencionminera.com/perumin30/encuentro_operadores/tt/dante_rodriguez.pdf)

- a) The families developed better feeding and health care practices.
- b) Healthy homes were promoted by means of educational activities with a focus on family development.
- c) Healthy communities and municipalities were fostered through institutional strengthening in nutrition and health in order that healthy surroundings are generated.
- d) Productive projects were developed to increase the availability of quality food in the family.

The Ally Micuy strategy emphasized capacity development in mothers with children 6 to 36 months old and pregnant women who acquired the best child care practices. In addition, Ally Micuy involved parents, community leaders, community health agents (facilitators), Ministry of Health officials, and local government authorities. All these actors participated in an active and permanent way in the development of the project.

For the implementation of this project, Antamina selected two development organizations: ADRA Peru and Caritas Peru. These institutions had 206 health care professionals, 410 technicians, and 1,786 community volunteers, called Community Health Agents (ACS) in the ADRA areas or Community Nutrition Educators (ECN) in the Caritas areas.

It was agreed that Caritas Peru be in charge of the northern area and ADRA work the southern area of the Ancash region and the district of Llata of the Huánuco Region. The selection of the participating communities in each of the mentioned areas was made on the basis of focalization criteria defined by the Human Development Index (IDH).

Ally Micuy was organized in the following way: each community volunteer (ACS/ECN) had to visit 18-24 mothers and pregnant women in their community once a week. These mothers were supervised by professionals (nurses, nutritionists and obstetricians) in each district, who were in charge of 8 to 10 ECN or ACS and reported at the provincial level, which in turn included 8 to 10 district leaders and reported to the ADRA and Caritas area leaders.

The volunteers had to share their knowledge with the mothers, in Quechua or Spanish, using didactic materials especially developed for this project.

Training was 100% practical, such as in the preparation of nutritional mush and in hand washing. Active participation by mothers and pregnant women was fostered. Training was based on active methodologies such as “Learning by doing,” that ensure significant learning by participants.

Ally Micuy emphasized intervention in the family. Participation by the father and mother was important. The mother-child relationship has been strengthened, socialization between boys and girls has been reinforced, behaviors have been improved and healthy practices have been introduced such as active feeding, hand washing, personal hygiene, house management and psychomotor and social stimulation.

In addition, the project emphasized participation by community leaders and local authorities in order to facilitate the conditions required to carry out this intervention.

The main achievements of the Ally Micuy project were as follows:<sup>25</sup>

- After four years of application, the Ally Micuy project managed to reduce the prevalence of chronic malnutrition by 17.4 percentage points in boys and girls less than 36 months (3 years) old who were participating in the project. The programmed reduction goal for December 2011, after 4 years of project intervention, was of 14 percentage points.
- In the area of intervention of Caritas, nutritional anemia in children 6 to 35 months old diminished from 63.1% to 51.8% between 2009 and 2010. Among the 2,929 children of this age group who received ferrous sulfate for two semesters, anemia was reduced by 33.2 percentage points, dropping from 69% to 35.8%.<sup>26</sup>
- The prevalence of acute diarrheal disease in the peak months was on the order of 13.7%, remaining at values below those found in the baseline (26.6%).
- Vaccination coverage in children of 12 to 23 months of age participating in the Ally Micuy project increased from 83.3% to 91.6%.
- The proportion of women who now give birth in a health facility (institutional childbirth) rose from 62.8% to 87.5% among those participating in the Ally Micuy project.
- Ally Micuy studies have determined that each improved stove reduces annual emissions of CO<sub>2</sub> by 1.5 tons, so that the 18 thousand improved stoves implemented permitted an annual reduction of 27 thousand tons of CO<sub>2</sub>.
- In addition, each stove contributes to the saving of 1.6 trees per year, which means that 28,800 less trees will be felled annually in Ancash. This study will permit us to enter the global carbon bond market.
- Additionally, the project has obtained a series of recognitions at the national and international levels.

The two projects for reduction of chronic child malnutrition described differ in their design and implementation approaches.

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<sup>25</sup> <http://www.fondomineroantamina.org/contenido/programa/salud-nutricion-logros>

<sup>26</sup> [http://www.fondomineroantamina.org/pdf/estudios/reduccion\\_desnutricion\\_cronica\\_ancash\\_caritas\\_mc.pdf](http://www.fondomineroantamina.org/pdf/estudios/reduccion_desnutricion_cronica_ancash_caritas_mc.pdf)

The Ally Micuy project has achieved an important reduction in the two indicators of purpose: chronic malnutrition and child nutritional anemia. Although in the PREDECI project, there is a reduction of a little more than 2 percentage points per year, the prevalence of nutritional anemia has increased.

Perhaps it is worth recognizing that the strategies and approaches have played an important role in the results of both projects. For example, both projects emphasize family counseling through home visits, with the difference that in the PREDECI project, technicians make them, whereas in the Ally Micuy project, they are made by the Community Nutrition Educators or Community Health Agents; a situation that impacts enormously on the sustainability of the intervention. Seen from another angle, the micronutrient supplementation schemes used by each project differ from each other, while in PREDECI they opted for the scheme of the Ministry of Health (MINSa), in the Ally Micuy they decided on a scheme of weekly or biweekly supplementation; it is thus possible to attribute the results obtained to the schemes used.

Complementarily, in the Ally Micuy, the management team has incorporated the weight gain indicator suitable for the age of the children. The monthly tracking of the indicator has enabled a greater and better commitment of families regarding the feeding of their children. A strategy that has been recognized and valued by the Ex-Coordinator of **the Healthy Pierina project**, developed by the Ancash Regional Health Directorate along with the company Minera Barrick.

While it is true that the projects were not conceived with a cooperative approach to PPP, during their implementation, partnerships have been established and strengthened between different stakeholders in the issue. To such a point that the Guidelines for Inter-Sector and Inter-Governmental Articulated Management to reduce Chronic Child Malnutrition within the Policy Framework for Development and Social Inclusion, Directive No. 001 - 2012 - of the Ministry of Inclusion and Social Development (MIDIS), promulgated in July 2012, has as precedents successful experiences in the matter of reduction of chronic child malnutrition, based on evidence at the local (Ancash) as well as the international levels. In addition to the high-priority areas of involvement, these guidelines contain a list of effective interventions for the reduction of chronic child malnutrition.

In addition, the Investment Guidelines for reduction of Chronic Child Malnutrition within the Framework of the National Public Investment System, promulgated with Directorial Resolution No. 007-2012-EF/63.1, published on July 27, 2012, derived from the MIDIS Guidelines, offers the guidelines and basic directions to promote public investments in the matter of reduction of chronic child malnutrition.

In this sense, the experiences aimed at the eradication of chronic child malnutrition developed in the context of the Mining Program of Solidarity with the People, were many. The agencies that co-implement the Partnership project participated in several of them as implementing agents or partners.

## **2.2 PROJECTS DEVELOPED WITH THE INCLUSIVE BUSINESS APPROACH**

### **2.2.1 The case of the Sierra Productiva project<sup>27</sup>**

#### **Antecedents**

The first experiences that serve as antecedents of the Sierra Productiva project are the Project for Rural Development in Micro Regions (PRODERM), implemented during the eighties with financing from the Dutch cooperation, the European Economic Community and the Peruvian State.

PRODERM was a project aimed at the transference of technology and microcredit that developed its activities in the department of Cusco, in the Southern Sierra of the country. This project promoted a new system of intervention that included farmer-to-farmer training in combination with contests in parcel irrigation. This methodology received the name of Pachamama Raymi and had the objective of promoting the good use and handling of water. Responsible for training were the *camachiq*, irrigation specialists who transferred their knowledge through the farmer-to-farmer scheme. The design of the project included, in addition, the holding of inter-family and inter-community contests, whose purpose was to promote the participation and competition among the users of the project.

In its final stage, towards the end of the eighties, PRODERM transferred its knowledge to various organizations, which were inspired by this experience for the formulation of new development projects such as the CEDAP in Ayacucho, CEDAP-JMA of Cusco and the National Watershed Management and Soil Conservation Project (PRONAMACHS). The NGO Institute for an Alternative Agriculture (IAA) was one of those that took advantage of this widespread practice, given that it incorporated the farmer-to-farmer training system, one of the main components of the Pachamama Raymi methodology, into the design of the Sierra Productiva project.

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<sup>27</sup> Comparative Study of Interventions for Rural Development in the Southern Sierra of Peru. Javier Escobal, Carmen Ponce, Ramón Pajuelo, Mauricio Espinoza. Lima: CRADE, 2012.

## **Project management**

Sierra Productiva is a private project that was initially managed through the Departmental Federation of Farmers of Cusco (FDCC) with the help and support of the Institute for an Alternative Agriculture (IAA). At the moment, IAA is in charge of the administration of the project, which manages its implementation through agreements subscribed with local and regional governments, private institutions (mainly mining companies) and funds from international cooperation agencies.

## **Project schedule and areas of intervention**

The Sierra Productiva project began its activities in Cusco towards the mid-nineties. In the first stage, between 1994 and 1999, a demonstrative experiment was carried out in the watershed of the Jabón Mayo (districts of Yanaoca, Pampamarca and Túpac Amaru in the province of Canas, Cusco) and in the municipality of Limatambo (province of Anta, Cusco), where it sought to validate a set of productive, conservation and transformation technologies.

Based on this experience, in 2000, replicas were begun in other districts. In the beginning, it was implemented in 30 districts in 10 provinces of Cusco, and as of 2003 it was extended to 56 districts in 13 provinces of the same region. The project also began to be replicated in other Andean regions of the Southern Sierra and the Central Sierra, as well as in some districts of the Northern Sierra of the country.

The project presents a dispersed pattern of expansion that includes 111 districts, 38 provinces and 10 regions of Peru.

Due to the private nature and restriction of funds, the coverage of Sierra Productiva is limited in most districts where it develops its activities.

Taking these antecedents as a reference, in 2009, the MIMDES developed the Capacity Building Plan for the Rural Family, with the intention that Sierra Productiva be adopted as public policy. The plan considered intervening in nearly 50,000 families in eight regions, through the implementation of ten technologies promoted by the project, with a global budget of 110 million soles (Swisscontact Peru 2011).

Nevertheless, this proposal was later trimmed in magnitude, to become a pilot under the name of Special Project "My Productive Small Farm" that implemented the same established scheme through MIMDES, but only in five regions (Apurímac, Ayacucho, Cusco, Huancavelica and Junín) for approximately 6,000 families. This new project began its activities in the middle of the 2010 and lasted for nine months; its budget was 10 million

soles (Swisscontact Peru 2011).

At the present time, the Sierra Productiva project has agreements with regional governments, municipalities and private companies for its implementation in different districts of the country. There are also private companies with which the project has signed agreements, such as the hydrocarbons company SK Energy, or the Barrick, Xtrata Tintaya, and Xtrata Las Bambas mining companies, among others.

### **Project objective**

The project was born with the objective of facilitating the capacity development process of the small production farmer, rural population and sectors of the urban population so that they become protagonists of the conversion of their potentialities into wealth generating sources, the construction of ample consensus and the forging of citizenship, in its respective areas as well as in the whole of the country.

The project seeks to achieve positive impacts in the following indicators: a) food sovereignty and security, and reduction of chronic malnutrition; b) preventive health and environmental sanitation; e) increase of incomes and speeding up of markets, and d) better productive and scholastic educational quality (Swisscontact Peru 2011).

### **Sierra Productiva project scheme**

Sierra Productiva is a project that seeks to promote a sustainable productive, economic and social revolution throughout time. It is based on the use of the very potentialities of the farmer and the incorporation of eighteen technologies adapted to the Peruvian Sierra with the objective of promoting substantial improvements in the productivity and the efficiency of these actors.

Among the technologies disseminated by the project are those aimed at improving the levels of productivity of farming activity (irrigation, orchards, associated grasses, mini-parcels, organic fertilizers, and improved stables), which seek to improve the possibilities of generating income through the development of complementary productive activities (guinea pig and hen raising modules, modules of artisanal transformation, pool awning for carp fish) and those related to health, home sanitation and environmental practices (solar stoves and improved stoves, water purification systems, dry bathrooms, solar water heaters, biogesters and agro forestry).

One of the technologies central to the scheme of the project is technical irrigation, which is considered the "motor technology of change," since it allows storing water in reservoirs (individual or group) for the efficient use of the resource, avoiding dependence on irrigation

by gravity and guaranteeing its availability during the twelve months of the year, through the optimal use of small water sources (springs, infiltration waters, and waters from drains and channels). The project promotes the development of aspersion irrigation profiles, to enable the installation of small scale irrigation infrastructure and, starting from this, to enable the development of other technologies fostered by the intervention, such as the fixed orchards (in open fields or greenhouses) or the associated grass parcels.

**TABLE No. 03**  
**THE EIGHTEEN TECHNOLOGIES PROMOTED BY SIERRA PRODUCTIVA**

Technologies	Module	
Module 1	1	Technical irrigation (aspersion or drip)
	2	Fixed orchards in open fields
	3	Associated grass parcels
	4	Guinea pig raising module
	5	Laying hens raising module
	6	Mini-parcels of grains and Andean tubercles
	7	Agro Forestry
	8	Preparation of organic fertilizers
	9	Improved stoves
	10	Water purification systems
Module 2	11	Improved stables
	12	Fixed greenhouse orchards
	13	Artisanal transformation module
	14	Dry bathrooms
	15	Solar water heaters
Module 3	16	Biogesters
	17	Solar stoves
	18	Pool awnings for raising carp fish

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The theoretical scheme for co-financing by the beneficiaries and the project considers that 48.5% of the financial requirements will be met by the participants.

It should be noted that the Sierra Productiva project, given its characteristics, has a medium- and long-term effect on child nutrition. In addition, the GRADE study states that this project lacks baseline data, which prevents accurate determination of the effects or impacts achieved in the matter of food security, among other variables.

### **3. PPP FINANCING MECHANISMS**

The financing mechanisms are as diverse as the partnerships themselves. In the sector of large-scale infrastructure, PPPs can be financed through commercial bank loans, public bank loans, private sector investments and/or donations and subventions, and more. In the case of the PPPs that work in the area of social development, health and other areas, the financing agreements depend on the objective of the partnership and the groups that participate in it. The PPPs focused on the provision of public goods tend to be mainly financed through funds from the public sector, whether from development partners, donors or national Governments. The PPPs involving large companies tend to be financed by the private sector, depending on their area of intervention and their objectives. Some PPPs, for example those that will be addressing public health problems, are more likely to attract public funds than do private PPPs. The reason for that is that the former provide a public good (human health) that the private sector could not effectively provide on its own, and that depends, in many cases, on a public strategy. The latter are centered on a private or sector interest, on the improvement of market access for a given good or service.

There are also PPPs that obtain most of their resources from national governments and development institutions, through specific funds or projects.

In Peru, as well as in other countries, special private programs referred to as “social funds” have been created to finance and co-finance projects aimed at improving health, nutrition, production systems, education, and other areas. These programs represent an interesting and innovative mechanism to promote the cooperation of the public and private sectors with the objective of improving results in health and other matters.

Concretely, in the area of intervention of the Partnership project, the financing mechanisms will depend on the type of project or program chosen for promotion within the PPP framework. The regional and local governments have all the will to develop or promote PPPs, and even expressed readiness to finance or co-finance local initiatives, but they first wish to know the type of project that would be implemented. For that reason, the importance of designing a proposal that responds to the interests of the population and the participants in the PPP is emphasized.

In addition, although it is true that the health sector does not have any available funds, their contributions can be appraised or made in-kind. For example, this system has worked in the Healthy Pierina project developed in the department of Ancash.

### 3.1 WHAT DO THE PARTICIPANTS IN A PPP CONTRIBUTE AND HOW DO THEY BENEFIT?

It is important to develop an analysis of the contributions that each partner involved would offer. The following table lists the participants of a PPP, the contributions that each one could make and the benefits that they would obtain. Doubtlessly, the contributions and benefits could be larger or smaller. It will depend on the type of project and the participants.

**TABLE No. 04**

<b>PARTICIPANT</b>	<b>CONTRIBUTIONS</b>	<b>BENEFITS</b>
Private sector	<ul style="list-style-type: none"> <li>▪ Financial (co-financing), technological, and logistic resources.</li> <li>▪ Transfer of knowledge and technology.</li> <li>▪ Specialization in management, marketing and innovation.</li> <li>▪ Experience in the creation of wealth and employment.</li> <li>▪ Training and promotion of employability.</li> <li>▪ Assigns personnel to plan and promote the activity.</li> <li>▪ Executes the strategy using its own resources.</li> <li>▪ Continues using new techniques and approaches.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increases its sales.</li> <li>▪ Mobilizes resources to achieve the objectives of the organization.</li> <li>▪ Receives praise/recognition in the media for the public service that it renders.</li> <li>▪ Creates new partnerships with the public sector and other organizations.</li> <li>▪ Learns new methods of intervention, etc.</li> </ul>
Public sector	<ul style="list-style-type: none"> <li>▪ Wide range of assets and institutions.</li> <li>▪ Knowledge of social reality.</li> <li>▪ Vision of sustainable development.</li> <li>▪ Producer of data and primary information.</li> <li>▪ Generates the space necessary to integrate all agents who contribute to an initiative.</li> <li>▪ Identifies and provides incentives.</li> <li>▪ Institutionalizes initiatives (creates legal frameworks)</li> <li>▪ Assigns personnel for planning and coordination with the private sector.</li> <li>▪ Provides health experts to the private sector.</li> <li>▪ Adjusting the implementation of the PPP.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improves public health in less time and with less investment.</li> <li>▪ Improves and strengthens its programs.</li> <li>▪ Mobilizes resources to achieve the objectives of the institution.</li> <li>▪ Learns new social marketing techniques.</li> <li>▪ Reinforces healthy behavior in homes and at the community level.</li> <li>▪ Attracts new “nontraditional” partners to the public health sector.</li> </ul>

PARTICIPANT	CONTRIBUTIONS	BENEFITS
	<ul style="list-style-type: none"> <li>▪ Motivates participation at the local level.</li> </ul>	
Civil society organization (facilitator)	<ul style="list-style-type: none"> <li>▪ Experience in creation of spaces and opportunities.</li> <li>▪ Provides support and services. Provides guidance in the development of the strategy.</li> <li>▪ Serves as an intermediary between the government and the companies.</li> <li>▪ Presents proposals that can serve as pilot experiences.</li> <li>▪ Knowledge on the social problems and expectations in the communities.</li> <li>▪ Facilitates the agreements of the partnership.</li> <li>▪ Disseminates information on the results.</li> <li>▪ Supervises the implementation.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mobilizes resources to achieve the objectives of the organization.</li> <li>▪ It brings about sustainable changes in private sector approaches that are favorable to public health.</li> <li>▪ Demonstrates the benefits of partnerships between the public and private sectors.</li> <li>▪ Offers a proven approach that other organizations can use.</li> </ul>

Source: Adapted from: <http://www.aliarse.org/> and The Handwashing for Health Campaign in Central America

#### **4. OTHER CONSIDERATIONS TO PROMOTE PPPs**

An aspect to take into account in the PPPs is the risks that those involved assume. Nevertheless, the scheme for identification, allocation and distribution of risks is inherent to each type of contract and each sector and the capacity of each of the parties to take the risk and mitigate it. The risks allocation scheme is based on the assumption that each of the parties assumes the risks which it is most capable of mitigating and handling.<sup>28</sup>

Below is a typical risk distribution scheme in PPPs that seek financial returns when investment risk is high.

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<sup>28</sup> Private Public Partnerships for the Provision of Services. A vision for the future. Guillermo R. Alborta, Claudia Stevenson, Sergio Triana. Inter-American Development Bank. Division of Capital Markets and Financial Institutions (ICF/CMF). DISCUSSION PAPER # IDB-DP-195. November 2011.

**TABLE No. 05**  
**DISTRIBUTION OF RISKS IN A "TRADITIONAL" PPP**

Types of risks	Description	Public sector	Private sector
<b>Contractual risks</b>			
Regulatory		X	
Force majeure		X	X
Insurance			X
Guarantees and obligations			X
<b>Technical risks</b>			
Design	Level of detail and cost of works		X
Construction	Geologic, availability of materials, and excessive construction costs.		X
Technological	Technology for efficient service delivery. Technological Obsolescence		X
Completion	Loss of profits	X	X
Operating	Service level Maintenance Availability of goods.		X
Environmental and social	Community participation. Fauna and flora. Use of water and soil.	X	X X X
<b>Financial</b>			
Related to financial closing	Timely availability of resources. Capital requirements. Ability to pledge revenues/securitization.		X X X
Repayment	Interest rate Guarantees Exchange risk Availability of long term resources.		X X X X
<b>Business</b>			
Demand	Income forecasts User forecasts Willingness to pay Elasticity of demand	X	X X X X
Competition	Availability of alternatives Natural monopoly	X	X

Source: Based on Barber (2009), IADB (2009) and PPIAF & World Bank.

In the case of the Partnership project, the purpose of risk analysis is to identify the most significant, given its nature. Additionally, the identification of risks must include all periods or phases of a project, during the PPP contract (planning, design, implementation, operation and maintenance).

For better management and identification of risks the use a matrix such as the following is suggested:

<b>Main risks and responsibilities</b>	<b>Risks and assigned responsibilities</b>	
	<b>Private partner</b>	<b>Public sector authority</b>

In general, the risks associated with traditional PPPs must be quantified in order to assess the potential cost of a project. The risks associated with PPPs like the ones the Partnership project seeks to develop are low and are associated more with qualitative aspects such as the reputation of the institutions, political factors, environmental conflicts, community participation, communication channels, fulfillment of agreements and commitments, distrust, and credibility among others.

It should be emphasized that community participation and communication and consensus-building mechanisms are essential to ensure the success of the projects. Similarly, given the level of participation of the communities, it is necessary to establish a system for control of the environmental and social aspects involved.

## **5. THE ASPECTS TO ADVOCATE WITHIN THE REGULATORY FRAMEWORK**

The PPPs are not exclusive to large economies or large national or international corporations. For example, there is evidence in several countries of the region of the participation of several and small producers or service providers.

In Colombia, the expectation of promoting PPPs is high; there were more than 60 cases of PPPs until 2010, and the interesting thing is that they do not have a legal framework on the subject. We can say that the regulatory framework is not a determining factor in the promotion of PPPs of the non-traditional type.

The Peruvian experience in PPPs is summarized in infrastructure works and provision of services, developed by the ministries and some regional and local governments. In these cases, it is essential to adhere to the legal and juridical framework during the negotiation of the partnership.

These facts indicate that the PPPs aimed at the reduction of chronic child malnutrition are not bound strictly to the regulatory framework because they are not “traditional” PPPs.

The Agency for Promotion of Private Investment (PROINVERSIÓN) is in charge of supporting and promoting private investment in Peru; this organization offers technical assistance to the various levels in the public sector to promote or consolidate PPPs. Nevertheless, there is no experience in the matter of reduction of chronic malnutrition.

In addition, according to the current regulations, the local and regional governments should create their own areas for the promotion of private investment. According to PROINVERSIÓN, all of the regional governments have created Agencies for Promotion of Private Investment (AFIP) and some have already formed their teams. However, in practice this assertion is not true. Only the regional government of Huancavelica has been taking steps in relation to promotion of private investment.

PROINVERSIÓN argues that decentralization of investment promotion will be a slow process. The regions that are most advanced in the creation of their respective promotion agencies are the regions of Piura, Ica, Cajamarca, La Libertad and Arequipa.

Another aspect that can contribute to increased investment is the incentive for private investment. Given that there are other mechanisms that encourage national and foreign investment in Peru, mainly for the creation and operation of businesses, below are the most relevant instruments and incentive programs relating to PPPs that would be worth disseminating and emphasizing at level of regional and local governments and companies operating in the area of intervention of the Partnership project:

### **5.1 PROJECTS FOR TAXES**

Law No. 29230 promotes the financing of public works by private companies with their taxes. This law has the objective of promoting the implementation of public investment projects, through the signing of agreements between the Regional Governments or Local Governments and private companies.

Private companies can finance and implement public investment projects in infrastructure that qualify as high-priority and have a feasibility certificate issued by the National Public Investment System (SNIP). Private companies will recover their investment by means of Certificates of Public and Local Investment (CIPRL), through which they may partially credit their Income Tax obligation (an income tax credit of up to 50% of the amount declared the previous year).

Among the economic and social benefits that this law grants the companies is the total recovery the investment (with an annual revaluation of 2%), and in the case of construction companies, constitutes an additional way to compete for public works. For more

information visit the following Website:  
[http://www.mef.gob.pe/contenidos/inv\\_publica/docs/Inver\\_privada/obras\\_X\\_impuestos/marco\\_legal/Reglamento\\_obras\\_por\\_impuesto\\_modificado\\_08\\_agosto\\_2012.pdf](http://www.mef.gob.pe/contenidos/inv_publica/docs/Inver_privada/obras_X_impuestos/marco_legal/Reglamento_obras_por_impuesto_modificado_08_agosto_2012.pdf)

## **5.2 FRAMEWORK LAW OF PUBLIC-PRIVATE PARTNERSHIPS FOR THE GENERATION OF PRODUCTIVE EMPLOYMENT - DL No. 1012 and DS 146-2008-EF**

Legislative Decree No. 1012, which regulates Public-Private Partnerships (PPPs), was approved in May 2008.

Applicable to all public entities belonging to the non-financial public sector, this law was issued in the framework of the strategic actions seeking the facilitation of trade and promotion of private investment, the improvement of the regulatory framework, institutional strengthening and administrative simplification and modernization of the State.

In particular, there are two types of projects: self-sustainable projects (those with an investment-revenue-maintenance costs scheme that will allow economic sustainability) and co-financed projects (when the project requires, because of its nature, the granting of financial or non-financial guarantees backed by public resources).

PPPs are understood as the modalities of private investment participation in which experience, knowledge, teams, and technology, and risks and resources (preferably private) are distributed with the purpose of creating, developing, improving, operating or maintaining public infrastructure or of providing public services.

The public sector actors can be:

- In the case of the Central Government, it will be the Agency for Promotion of Private Investment (ProInversión).
- For the ministries, it will be the investment committees they may form.
- For the rest of public entities at the regional and local levels, it will be the organization of the regional or local government designated for such effects; the highest authority is the respective Regional Council or Municipal Council.

The legislative decree assigns these public sector actors the task of identifying the levels of service aimed for, based on a diagnosis of the present situation indicating its importance in the national, sector, regional and local priorities, according to the case in hand.

It is also the responsibility of the public entities to perform a cost-benefit analysis in order to determine whether private participation in the provision of public infrastructure or public

service implies a greater net benefit for society with respect what the State can provide through public works.

The norm also establishes that the guarantees in the PPP scheme are classified as financial and non-financial. The former are the commitments of unconditional character and immediate implementation, whose granting and hiring by the State seeks to support the obligations of the private investor, derived from loans or bonds issued to finance PPP projects, or to support the possible payment obligations of the State. On the other hand, the non-financial guarantees are the commitments stipulated in the contract that are derived from the risks inherent in a PPP.

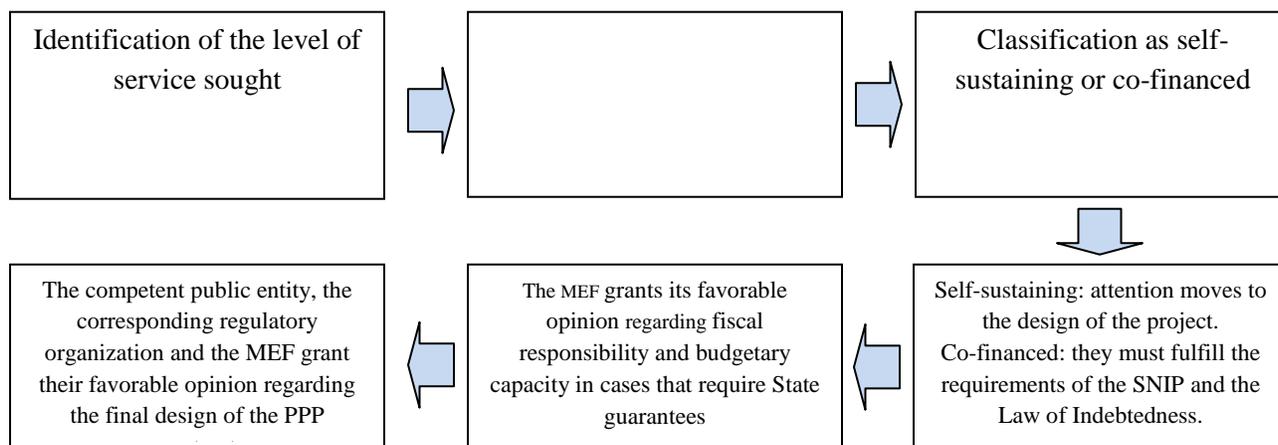
It also establishes the firm commitments of the State to pay the private investor a consideration for the acts provided for in the PPP contract, earmarked for the implementation of infrastructure projects and public services that comply with the parameters associated with the investment and with the service levels by the private investor set forth in the agreement.

According to estimates by the Lima Chamber of Commerce, ports and airports may grow by more than 20% thanks to this Law the investment in highways.

For additional information, see: [www.minsa.gob.pe/ogpp/PPP/Normatividad/DS\\_146-08.pdf](http://www.minsa.gob.pe/ogpp/PPP/Normatividad/DS_146-08.pdf)

Figure No. 5 shows the operating scheme of a PPP in Peru.

**FIGURE No. 05**  
**METHOD OF OPERATION - PPP - PERU**



Source: Legislative Decree No. 1012.

## 6. IDENTIFICATION OF THE CONDITIONS THAT FAVOR OR LIMIT THE PPP IN THE INTERVENTION REGIONS

The conditions that favor or limit a PPP are multiple. Nevertheless, the main facilitating and limiting factors are presented by department in the following tables.

**TABLE No. 06**  
**CONDITIONS THAT FAVOR PUBLIC-PRIVATE PARTNERSHIPS IN THE AREA OF INTERVENTION OF THE PROJECT**

Conditions that FAVOR the PPPs	Ancash	Huancavelica
– Political will of regional authorities for the development of a PPP.		X
– Political will of local authorities for the development of a PPP.	X	X
– Political will of the health sector for the development a PPP.	X	X
– Existence of sector plans and development plans as tools to guide the horizon of PPPs.	X	X
– Experience of the public sector in the implementation of projects with organizations of the private sector such as NGOs and companies.	X	X
– Existence of private sector companies with possibilities of participating in PPPs at the regional and local levels.	X	X
– Possibilities of public sector financing or co-financing of PPPs.	X	X
– Possibilities of private company financing or co-financing of PPPs.	Though they did not conclude any they did not discard any possibilities.	
– Possibilities of initiating PPPs given that there are companies in the sector interested in financing local initiatives.	X	
– Local authorities and those of the health sector see the PPPs as an opportunity, as they would allow counting with greater resources, and would improve the quality and coverage of services.	X	X
– Inter-institutional relations and the image of the institutions would improve.	X	X

Source: Interviews.

The conditions that limit PPPs in the areas of intervention of the project are related more to fears and ignorance about them.

**TABLE No. 07**  
**CONDITIONS THAT LIMIT PUBLIC-PRIVATE PARTNERSHIPS IN THE AREA OF INTERVENTION OF THE PROJECT**

<b>Conditions that LIMIT the PPPS</b>	<b>Ancash</b>	<b>Huancavelica</b>
– Lack of clarity regarding the objectives of PPPs and their implications.	X	X
– Ignorance of the regulations related to the promotion of PPPs.	X	X
– Political intentions more than a vision of sustained development.	X*	X
– Rotation of public sector officials.		
– Weak inter-governmental and inter-sector articulation.	X	X
– Corruption and bureaucracy in the public sector. Little transparency and monitoring in the use of funds.	X	X
– Distrust in the effectiveness of the public sector	X	++
– Fear of the public sector in relating with companies that have socio-environmental conflicts.		X+++
– Consideration that PPPs imply an additional work load and that this weakens member participation over time	X	X
– Companies lend support with economic resources to communities in areas of direct influence.	X	X
– Weakness in the identification and development of “social” projects oriented to the reduction of chronic child malnutrition.	X	X

Source: Interviews.

\* Regional Government of Huancavelica.

++ Not specified.

+++ Local Government of Huancavelica

**7. MAP OF COMPANIES THAT OPERATE IN THE AREAS AND OF OTHER POTENTIAL CONTRIBUTORS BECAUSE OF THEIR CONDITION AS FELLOW COUNTRYMEN IN THE REGIONS OF PROJECT INTERVENTION, WITH A PRELIMINARY LISTING OF THE TOPICS OF INTEREST IN SOCIAL RESPONSIBILITY**

In this section, in addition to the map of companies that operate in the area of intervention of the Partnership project, important elements are presented on Corporate Social Responsibility (CSR) and the role of the State in this approach.

In order to rescue systematized information related to the consultancy, reference is made, and proposals, conclusions and recommendations are compiled, from two documents published on the Web. The first document is titled “Promote the Promoter: The State

before Corporate Social Responsibility,” by Juan Arroyo Laguna,<sup>29</sup> edited by the Business Center of the Pontifical Catholic University of Peru (CENTRUM Católica), and published in September 2012, and the second document, titled “What are businessmen doing for children?” was published in 2006 by Save the Children.

According to Juan Arroyo, three or four decades ago nobody would have imagined that men and women in business should worry, not only about their clients, shareholders, and personnel, but also for their surroundings. Now they have to do so, and there is gradually less space to do business without at the same time working on social responsibility. Many companies have arrived at social responsibility compelled by society, not because of a refocusing of their social function. Thus, there are diverse justifications of social responsibility: 1) for some it is a moral obligation, 2) for others, a part of sustainable development, 3) for yet others, a way to obtain an operating license, and 4) for another group, a necessity for the legitimacy or reputation of companies.<sup>30</sup> Nevertheless, whichever the justification may be, the business world today has had to turn and to begin this readjustment of its traditional way of working.

The article presents two large chapters: the first presents Social Responsibility as part of the Emerging World, and the second presents very clearly, the relationship between Companies and the State: Combinations of Old and New Models.

### **7.1 Social Responsibility as part of the Emerging World<sup>31</sup>**

Sometimes the exclusive emphasis on globalization as the only explanatory key of the transformation that we are living avoids the fact that not only are we facing another scale or quantity of things, but also standing before another quality of society and economy; that is, not only the size of businesses has been affected, but the concept of what it is to do business in the XXI century has been modified. Social responsibility is one of these qualitative changes or structural shifting in the world. It is interesting that, through the ages, companies, society, and the State have been evolving around CSR.

In synthesis, the main variables that have influenced CSR, and continue to do so, are:

- a. Innovation in information technology.
- b. Knowledge and competitiveness.

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<sup>29</sup> Professor, CETRUM - Católica.

<sup>30</sup> Porter, M. & Kramer, M. (2006). Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*, December, 78-93.

<sup>31</sup> Promote the Promoter: "The State before Corporate Social Responsibility", by Juan Arroyo Laguna<sup>31</sup>, edited by the Business Center of the Pontifical Catholic University of Peru (CENTRUM Católica), and published in September 2012.

- c. Empowerment of the consumer.
- d. Deliberative society.
- e. Sustainable development.
- f. Ethics of co-responsibility.
- g. Non-state public things, and
- h. Relational company.

In general, all of the mentioned variables have a direct relationship with CSR. For our case, we will delve into variables d, e, f, g and h because of their links with PPPs. When the author of the article, Juan Arroyo, talks about a deliberative global society, he is implicitly demanding a new ethics of co-responsibility that harmonizes the profitability of businesses with the quality of life of the poor and the ecological integrity of the planet. The industrial model based much of its efficiency on savings in wages, in addition to unloading environmental liabilities on the people in charge of the environment. Today a connection is sought between business competitiveness and the creation of social value.

In this way, a networked society is shifting the classic roles of the State, companies and society. No longer are such sharp borders conceived between the public and the private, between the market and the State, between the economic and the social. One of the novelties of the times is precisely the replacement of the dichotomies of market-State or State-society with the collaborative relationships between the State, the market and civil society. It is in those hinge areas that CSR arises.

Likewise, the role of the State regarding CSR is questioned. It is true that there is no unanimity in this, and that the debate continues, but what is emerging in fact is the revaluation of the non-State public thing, that is, the private sector is also concerned and takes part in the public sector, which has stopped being a monopoly of the State. Companies and civil society organizations are venturing into public affairs. A vision of co-responsibility for the problems of societies and the planet has emerged. Only thus can the enormous volume of resources allocated to social philanthropy and social responsibility be understood. However, the author of the article emphasizes that there are more figures on donations than on the financing of social responsibility.

In this new context, companies in the XXI century have been recast as “relational companies.” What has been emphasized with this? That in the past, companies worked with the idea of being the central node of their surroundings, and now they are required to become more aware of the multilateralism in which they find themselves, of the mesh of interdependence in which they move. Companies are now “nodes in a system of relationships.”

Before, in the classic industrial society, companies were only production spaces and had only one duty towards their workers, the exchange of work for wages, and towards their shareholders, the distribution of dividends. This type of company remained in the sphere of micro-economy. It could concern itself with the surroundings, and indeed its business impacted on it, but it was considered an outsider. It launched its goods and services in the markets and built its own demand with the rest of the companies, through salaries and wages. The attention of social issues corresponded to the families at the micro level, and to the State at the macro level, be it as public provider of services or as guarantor of the financing and access of the population to public services.

## **7.2 Companies and States: Combinations of Old and New Models<sup>32</sup>**

In this chapter the following is emphasized: models of state policy regarding CSR, CSR development levels, types of States regarding CSR and the future roles of the State (the regulation of CSR).

In the world and in Peru both types of companies still co-exist, with and without social responsibility. Moreover, it can be said that in many countries, companies without SR are the majority. CSR is an emergent tendency, but the inertial tendency based on the classic model defended by Friedman (1970) persists, according to which the social responsibility of companies consists of increasing their profits.

The same happens with State policies regarding CSR: there are States that do not have any CSR policies and States that do. The States for which CSR does not exist continue operating within models of well-known outdated State policies, be they free-market policies or of central State solution of social problems. The States that promote CSR move within a new collaborative scheme of governance among the State, society, and companies, which is an emerging, but still not dominant, model in the world.

The extension of social responsibility necessarily entails a modification of the traditional roles of the State. At a certain level of development, CSR becomes part of a generalized mixed or majority regime, or one carrying an important weight in countries. This does not happen when CSR is still marginal and fragmented, as in Latin American countries, but when business involvement is weighty and already denotes a different final vision of country, as is the case in some European countries.

For that reason, for some experts, corporate social responsibility must be understood to be part of a national system of governance that includes government institutions, business

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<sup>32</sup> Promote the Promoter: "The State before Corporate Social Responsibility", by Juan Arroyo Laguna, edited by the Business Center of the Pontifical Catholic University of Peru (CENTRUM Católica), and published in September 2012.

organizations, and non-governmental organizations. Understanding governance as a non-governmentalist government approach, an approach in which government goes from a hierarchic vision of authority to an associative and coordinating system of government, and generator of synergies. To govern is to articulate continuously with capabilities outside of the State. Doing is not as incumbent on government as it is to promote that things get done, not only to move the State forward, but to exercise public-private leadership.

It follows that the relationship between CSR and State policies is reciprocal: the extension of CSR modifies State policy, and conversely, State policy indeed influences the development of CSR.

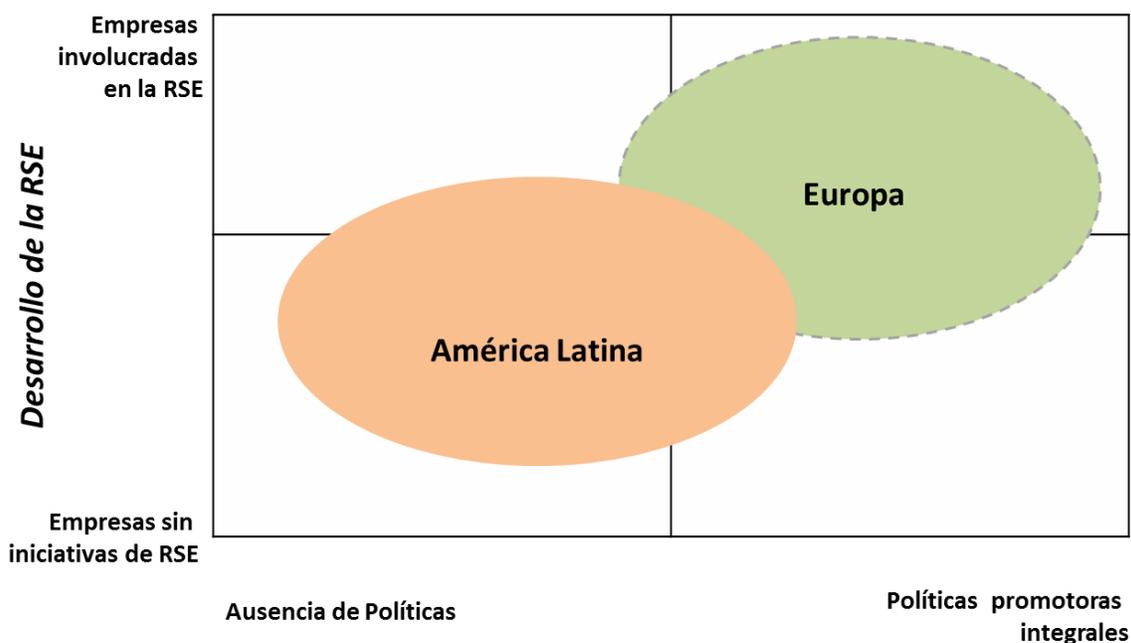
In fact the situation of social responsibility in countries can be understood, firstly, on the basis of four variables:

- a) The reach of CSR in a country, or the extent of companies with CSR in the set of existing companies;
- b) The type of justification or predominant motivation of companies for involvement in CSR;
- c) The policy model of the State, of which we spoke, which may be a welfare State, free market, or public-private governance approach; and
- d) The level of completeness of State policy on CSR.

According to this outline countries are located in a broad spectrum between two poles: (a) countries with States without CSR policies and with a CSR situation according to the scattered initiatives of some companies, and (b) countries with States having CSR promotion policies and with companies with important CSR programs. However, most of the countries are in intermediate situations: with weak CSR or heterogeneous presence, and with partial State policies, by sectors, regions or levels of government. Complex situations prevail.

It can be said that European countries are closer to countries having more extended RSE and more comprehensive CSR promotion policies, whereas Latin American countries, with exceptions, are generally located in the quadrant of countries with scarce or fragmented RSE and null or partial policies. Figure No. 6 describes this typology.

**FIGURE No. 06**  
**LEVELS OF DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY AND STATE POLICY**



***Marcos de Políticas de Promoción de la RSE***

Source: CENTRUM Católica, Working Paper Series.

While the philanthropic model is dominant in the United States, the Green Book of the European Economic Community (EEC) aims to promote socially responsible business in Europe.<sup>33</sup> In other words, certain emphases by continents can be glimpsed on the style of social responsibility, although on all sides there is variety. It is likely that SR in Europe is nurtured mostly through the sustainable development approach, while in the United States, reputation-driven SR prevails, and in Latin America, SR responds to social license concerns and necessity.<sup>34</sup>

When companies access CSR for pragmatic or reputational reasons or for simply obtaining an operating license, CSR is often less comprehensive and is based on specific initiatives, not always within a coherent framework of social and environmental investment. This is the case with most Latin American countries, in which fragmented CSR is mixed

<sup>33</sup> [http://www.ucema.edu.ar/u/lm/ETICA\\_Y\\_NEGOCIOS\\_-\\_ARTICULOS/LA\\_RESPONSABILIDAD\\_SOCIAL\\_DE\\_LAS\\_EMPRESAS.pdf](http://www.ucema.edu.ar/u/lm/ETICA_Y_NEGOCIOS_-_ARTICULOS/LA_RESPONSABILIDAD_SOCIAL_DE_LAS_EMPRESAS.pdf)

<sup>34</sup> Taken from the CENTRUM Católica document.

with initial or dispersed State policies, except in some countries. The study “Diagnosis of Social Responsibility in Peruvian Organizations, an Inter-institutional and Multidisciplinary Approach”<sup>35</sup> found that, in general, they were in the first stage of CSR, a basic and reactive state with respect to the legal requirements. In many countries of the South, it is necessary to promote that the State promote CSR. In general in the countries of the South, several stages of CSR co-exist because a set of global companies brings to them their advanced corporate responsibility practices, while another set is forced to develop it as a condition for its operation without social conflicts, or to enhance its legitimacy, and a last group of companies, which is usually the majority, does not develop any initiative in this respect or holds "campaigns for responsibility.”

The CENTRUM Católica document specifies the four levels of State policies on CSR, summarized in Figure No. 7:

**FIGURE No. 07**  
**LEVELS OF DEVELOPMENT OF STATE POLICIES ON CSR**



Source: CENTRUM Católica, Working Paper Series.

Evidently, in Peru and the areas of the Partnership project, it can be said that the State is absent or at best a mediator in CSR, given that States absent on CSR occur in those whose governments do not have comprehensive policies on CSR, and even partial policies are fragmented and dispersed. In these cases CSR is exercised by some

<sup>35</sup> Marquina, P., Goñi, N., & Rizo-Patrón, C. (2011). Diagnosis of Social Responsibility in Peruvian Organizations. A Multidisciplinary and Inter-institutional Approach. Lima: CENTRUM Católica.

companies, but a State CSR policy does not necessarily exist. The reasons for which some entrepreneurs and executives adopt CSR are usually diverse, and this is usually for reasons of reputation or image with consumers. This type of behavior by the State generally occurs in countries with incipient development of CSR.

The CSR Mediator State: it exists in those countries or situations in which the State must arbitrate social and/or environmental conflicts related to investment projects. Here the State channels business financing to community social projects and supports the obtaining of the social license. In these countries or cases, CSR arises as a result of social demand, and in general has a pragmatic character for companies of conflict prevention or management. Peru is an example of this type. But it is not the only case in Latin America or the world. For example, as of December 2012, in Peru, 227 socio-environmental conflicts have been registered, of which 164 are active and 63 are latent conflicts. The greatest number of social conflicts occur in the department of Ancash (32 cases), Puno (20 cases) and Apurímac (19 cases); these are followed by the departments of Lima (15 cases), Ayacucho (13 cases), Piura (13 cases), Cajamarca (13 cases) and Junín (13 cases).<sup>36</sup> Unfortunately, in all cases CSR enters the stage ex-post, after discord has arisen and the conflict has escalated.

Against this background, in Peru the different levels of government are still in the process of attaining levels 3 and 4 of State policies on CSR. The Promoter State: this occurs in the countries with an express interest in developing CSR, for which the State formulates a policy and strategies for its promotion, encouraging it, whether with certification mechanisms, the establishment of obligatory standards, sensitization campaigns, public reports, prizes and public recognition, or guidelines for corporate volunteering. Some examples of these standards are the stipulation of accountability mechanisms, the requirements on labor rights and the guarantees for the participation of the affected communities.

Brazil, Canada, China, Sweden and England, among other countries, are international examples in terms of promotion of CSR. Brazil is one of the most advanced Latin American countries in the regulation and practice of CSR. Different entities with international recognition, like the ETHOS Institute, the Group of Institutes, Foundations and Private Enterprises (GIFE), the Brazilian Institute of Social and Economic Analysis (IBASE) and the Brazilian Micro and Small Business Support Service (SEBRAE), have played and play an important role in the expansion of CSR in Brazil.<sup>37</sup>

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<sup>36</sup> <http://www.defensoria.gob.pe/conflictos-sociales/objetos/paginas/6/51reporte-mensual-de-conflictos-sociales-n-106-dicie.pdf>

<sup>37</sup> **Corporate Social Responsibility in Latin America: Argentina, Brazil, Chile, Colombia, Mexico and Peru.** Felipe Agüero. School of International Studies. University of Miami. May 2002. A Preliminary Report.

The State as partner of companies with CSR: Some countries go beyond promotion and establish coalitions with companies to address social responsibility issues. This type of relationship is a clearly a type of public-private strategic partnership, which unfortunately has been understood in some countries, including Peru, as a public service concession policy, but which in fact, is wider. The PPPs have been multiplying in all of the continents as a result of the recognition of the gap between public needs and the capabilities of the State, and the new orientation of managing issues on the public agenda as multi-stakeholder public policies.

With this general panorama of State behavior regarding corporate social responsibility, it is possible to review the concrete roles that the State could play in the future to encourage it or to promote it. The first thing to consider is that the very definition of responsibility conceives it as a voluntary action on the part of companies, which gives a special connotation to the performance of the State in respect of it as it cannot nor should it legislate it as obligatory. CSR is discretionary and is regulated and encouraged, but it not imposed.

In practice, nevertheless, the State is more and more an open promoter of CSR and effective promotion almost does away with the need for legislation making it mandatory.

In general, there are various ways to classify the roles that the State can assume that can apply to the case of social responsibility. Some authors suggest four roles that the State can assume regarding SR: ordering, facilitating, partnering and endorsing. Others understand “ordering” as the definition of minimum standards for the performance of companies; “facilitating” as the establishment of incentives in order that companies become involved in CSR; “partnering” as the assembly of the public sector, the private sector, and civil society in CSR initiatives; and “endorsing” as the support of the public sector to CSR thrusts.

Juan Arroyo Laguna cites Vedung (1997), who proposes three types of instruments of State policy to change reality: (a) regulations; (b) economic effect measures; and (c) information and persuasion measures. All of the types of policy instruments could be summarized in these three variants. Using this classification, Arroyo presents a table with the potential measures of State policy regarding CSR, which can be useful in the work of the Partnership Project and of other agents interested in the field of CSR and PPPs.

**TABLE No. 08**  
**Typology of policy instruments applied to CSR**

<b>Instrument Type</b>	<b>Action</b>	<b>Effect on the recipient</b>	<b>Policy measures on CSR</b>
Regulations	Prohibitive	Prohibit an action. Threat of sanction for non-compliance	<ul style="list-style-type: none"> <li>▪ Establishment of minimum standards</li> <li>▪ Promotion of information transparency</li> <li>▪ Company codes of conduct</li> <li>▪ Obligatory CSR reporting</li> <li>▪ Accreditation of CSR practices such as management quality indicators</li> <li>▪ Penalties for bad practices</li> </ul>
	Prescriptive	Require an action	
Economic effect measures	Tax, fee or assessment	Discourage an action. Create a payment obligation. Increase the cost of an action	<ul style="list-style-type: none"> <li>▪ Economic stimuli for companies with CSR or that demonstrate social or environmental improvements</li> <li>▪ Generalization of “Social seals” for product identification by consumers</li> <li>▪ Creation of governmental funds for initiatives</li> <li>▪ Public-Private Partnerships</li> <li>▪ Articulation of SR to local or community plans</li> <li>▪ Formulation of sustainability and/or CSR indices for stock trading on exchanges</li> <li>▪ Formulation of programs</li> </ul>
	Subsidy, financing	Facilitate an action. The State covers part or the totality of the costs.	
Measures of information and persuasion	Information	Facilitate or discourage. Provides information on benefits or damages	<ul style="list-style-type: none"> <li>▪ Sensitization: national campaigns</li> <li>▪ Establishment of voluntary guidelines</li> <li>▪ Recognition of CSR: awards for best practices</li> <li>▪ Certifications</li> <li>▪ Socialization of international best practices</li> <li>▪ Example of public companies by through of their business practice</li> <li>▪ Establishment of forums or dialogue instances</li> </ul>
	Value judgments	Facilitate or discourage. It describes a situation as positive or negative	
	Recommendations on how to behave	Facilitate or discourage. Makes an invocation, a moral appeal	

Source: CENTRUM Católica, Working Paper Series.

### **7.3 What are businessmen doing for children?<sup>38</sup>**

The study entitled "What are businessmen doing for children?" published in 2006 by Save the Children is another benchmark for the Partnership project and others interested in the subject of PPPs and CSR. This publication presents interesting results on the position and the perspective that Peruvian entrepreneurs and executives have regarding children. Although the publication is not centered on child malnutrition, the results presented on children help to identify possibilities of promoting the participation of the private sector (for-profit and non-profit companies) in a possible PPP. The study was conducted in eight departments of Peru, including Ancash, and its results and conclusions derive from interviews conducted in 108 companies and 45 NGOs.

The mentioned document comprises part of the efforts made by Save the Children Sweden to involve various social actors in the promotion and defense of the rights of the children in Latin America and the world.

In the publication, Save the Children Sweden analyzes the role of the private company, an actor rarely visualized in relation to childhood, and its relationship with non-governmental organizations. In Latin America, despite significant efforts to develop social responsibility in companies, there is no clarity in relation to the various aspects that make them truly responsible. There is even less on the direct relationship of these aspects with their success and permanence in the market.

In addition to civil society organizations, there are other important partners for company-based promotion of socially responsible policies and practices. The citizens as consumers, the academic sector as a trainer in citizenship, the mass media as opinion makers, and the State, are also fundamental.

The diligent care of its processes, products or services must be a fundamental responsibility of the company, in order that all stages of production, distribution or promotion impact positively on children, thus ensuring the fulfillment of their rights.

#### **Which companies can be socially responsible with the children?**

All of them. Looking at it in this way permits understanding that to work on SR from inside the company, neither its size nor its area of business matter. All companies, large, medium, and small, and in any sector, have the possibility of being socially responsible with the children, given that an external monetary investment is not necessarily required, but rather an improvement of the processes that would permit, in the long term, obtaining

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<sup>38</sup> Study by Save the Children. 2006.

sustainable results and a real impact on them. This may only require a careful review of the existing processes and using the channels that the company has, but with a vision of respect for children and adolescents, and eagerness to contribute to the improvement of their quality of life.

### **When can we say that companies are taking on a role for children?**

When companies:

- Conduct a rigorous review of their administration, operate in a responsible environment and are concerned about the ways in which children may be affected as a result of their business activity.

To act under this logic diminishes the risk of incurring contradictions when, on the one hand, support is lent to projects that benefit children, and on the other hand, advertising messages are released that are harmful for their development.

### **Whose responsibility are children?**

This vision reminds us that everything we do as a society always has an effect on children. That reality - and responsibility - does not exclude companies.

While the State is legally responsible, the welfare of children is not only its task alone or that of each family.

The welfare of children is incumbent on all social actors. The company, as one of them, can favor children through its own policies and daily practices, working inside its organization with an approach to management that always keeps children in mind.

### **How can advocacy be exercised inside the company for public policies that favor children?**

Any action taken in favor of children makes greater sense if it complies with basic criteria of sustainability. Therefore, companies that can extend their social role should ensure that their actions are sustainable.

This way, the success of its projects will be emulated by other companies, with this sector taking on a role of advocacy in favor of children in public policies.

### **Is it profitable to be socially responsible?**

Yes. The social management of the company is always beneficial. And although these benefits are usually intangible, they are increasingly valued by the market.

A positive image, recognition, greater identification of their workers, or the improvement of the work environment, as well as the express preference of consumers, are some of the advantages that socially responsible companies enjoy according to international experience.

But the fundamental benefit of all this is to assure the sustainability of the company.

Thus, the quality of social management becomes a criterion inherent to the business that must be incorporated into the analysis of concepts such as long-term benefits or added value.

Incorporating and integrating social criteria into business decisions and practices implies assuming an authentic role regarding children. This is not inconsistent with participation of the company in other social projects, but rather extends its field of action.

In this manner, companies become the invaluable agents of social change that boys, girls, and adolescents need everywhere in the world.

Below are the main conclusions with respect to the "companies:"

1. The names more often used by companies to refer to social actions carried out are: social projection, Corporate Social Responsibility (CSR) and philanthropy.
2. There is great confusion regarding the terms and concepts used to refer to the social management of companies, which transmits a wrong signal in the market, given that:
  - a. It reduces the role of the company in social issues solely to one of the aspects that comprise it, identifying it only with one of the stakeholders to which it is related: community, workers, etc.
  - b. It leads to thinking that the only way to contribute to children inside the company is by means of social actions or projects.
3. In practice, the social actions of entrepreneurs and executives correspond to:
  - a. **Philanthropy (or social projection)**. The vast majority is characterized by welfare support (mostly donations).
  - b. **Social investment**. Although the sample results did not provide this data, it can be stated from the descriptions provided by the entrepreneurs and executives themselves when referring to the social actions they carry out,

that some of them are very close to this concept (although they do not label them as such).

This view is concordant with the findings of field work carried out in the area of intervention of the Partnership project, given that only the Compañía Minera Milpo S.A.A. and the Compañía Minera Antamina S.A. have applied the CSR approach. Nevertheless, the rest of the companies have also done so, but with an internal and welfare bent.

4. The motivations of companies to carry out these actions are very diverse. We can distinguish, at each extreme, those that do it as part of their commitment to society (a good in itself) and those that do it to build an image that improves the company brand. The ideal is to maintain a balance between the two.
5. Those who promote this type of action, in many cases, are top executives or owners of companies, with a tendency to personalize the social performance of the company (making it fragile, dispersed and hardly sustainable).
6. A lack of policies and defined and structured management systems was noted.
7. Precisely, the main difficulty in the application of social policies indicated by the entrepreneurs and executives themselves was the lack of decisiveness and commitment by the company.
8. There is a need, as stated by the entrepreneurs and executives themselves, for having a person who is exclusively responsible for social management in the company.
9. Few companies have received training in topics pertaining to the social component of business management; nevertheless, there is interest in this matter.
10. Most of the companies prefer to carry out this type of action directly with the beneficiary population. Relationships with third parties are limited to hiring of specialized technical services. A large portion of the “partnerships” is based on paternalistic relationships of giver and beneficiary.
11. The existence is evident of certain preconceptions and prejudices that complicate the relationships and partnerships between entrepreneurs and executives and civil society organizations (such as the scant knowledge and distrust of non-governmental organizations, a situation that is replicated in the social sector in respect of the business sector).
12. The benefits of conducting social management inside the company are not entirely perceived. Nevertheless, entrepreneurs and executives can already identify some of them. Internally, it generates satisfaction and commitment to the company among the workers, as well as solidarity and union. Externally, it contributes to the recognition and the good image of the company.
13. Integration between the economic and social roles of the company is not yet recognized as a factor of success and sustainability for business and society.

14. The company gives little thought of itself as an actor in society.
15. Although there is great interest in providing support for children, it is not clear yet which channels may be the most suitable. It became evident that the way to contribute to the defense and promotion of the rights of children through business activity itself was unknown (which, somehow, is understandable because of the discourse typical in our media, since there are no tools or consultancies).
16. At this time the role that companies assume regarding children, is still limited. The coverage and impact are minimum, considering that: i) They channel their support, basically, through donations, specific campaigns or social projects with which they connect with small groups of children, II) They only use a minimum part of their operational range, considering that their capacity to connect avails them a much wider spectrum (potentially consisting of the number of children they reach through their products or services).

Although some data and conclusions can be worrisome, there are positive and concrete aspects on which to work, in order to visualize a proposal that lays the path towards a true reflection on the role of companies regarding children.

Some of them are:

- There is high sensitivity towards children by the business sector, as well as an express disposition in much of it to understand and participate in processes for the benefit of children.
- A certain critical attitude by some entrepreneurs and executives is evidenced, which recognizes that the work on behalf of children is still at an early stage. This recognition is positive, as that group of entrepreneurs and executives will be the one to drive their sector to take on a serious commitment to children (characterized by a real and permanent impact).
- The cases of company social investment aimed at children are positive. However, it should be clear that this represents a single aspect - among many others - through which companies can impact on children.
- Finally, for the debate, some of the questions that the document raises from the business sector (and from the other sectors) are:
  - What is the role of the company regarding children (and, in general, regarding society)?
  - How do you make this role complementary to the role assumed by other sectors?
  - Is there only one way to contribute to children? Is the path currently being followed the most suitable?
  - Does this path lead to the results of effectiveness, efficiency, and optimization of resources that portray a business organization?

- Are social affairs managed like any other operation inherent to the company?
- Are there the same levels of enforceability in terms of the company's social management?
- How can a real and significant impact on children be generated that is simultaneously beneficial for the company?
- How can a differentiated role be assumed with respect to those of other sectors of society?

And in relation to NGOs, the conclusions reached by the study are:

1. From the perspective of the NGOs, certain skepticism is noted regarding the possible actions that companies might adopt regarding social issues, based on the perception that the single purpose that a company may have is profit, as well as on some failed experiences in rapprochement.
2. In general, NGOs have not yet clearly identified companies as possible actors to integrate in joint work on social development.
3. To the extent that entrepreneurs and executives are still not perceived as dynamic actors in social development, an analysis has yet to be found of their role in society, or of the possible implications of joint work.
4. As seen from the social sector, the role that the companies should have regarding children is to raise awareness of these new trends in the business sector (social and environmental responsibility), as this will benefit the children. Another possible role of companies is to promote and protect the rights of children.
5. However, a deeper analysis remains to be generated in the NGOs on the role of companies regarding children and on the ways in which the rights of children can be promoted from the business sector (that is, a position on the subject has not been taken yet).
6. A significant percentage of NGOs does not know nor has it heard about Corporate Social Responsibility (CSR), and those that have heard the term think, in a very general way, that it is about "maintaining good relationships with society." Only a minority group refers to the concern of companies for the communities and their workers.
7. A fact to highlight that signals the level of alienation between companies and NGOs in the provinces, is that 100% of the NGOs interviewed in other cities think that companies do not fulfill their role in social development.
8. Sometimes NGOs, from their area of expertise, have a somewhat closed attitude towards initiatives from the business field. They are even critical, despite not having been interested in knowing these experiences closely.

9. The relationships that are established with companies generally have an instrumental character; they are usually restricted to occasional cash or product donations.
10. In this regard, a considerable percentage of NGOs indicates that company support for children is very spotty and lacks continuity, so it is currently not possible to talk about sustainability.
11. The scant relationships established with the companies are not necessarily due to lack of interest on their part, but to the fact that the NGOs themselves are not prepared to internalize company actions in a common project.
12. In general, NGOs agree that it is possible that work in partnership with the company can be beneficial for the population. They make reference to a greater reach and sustainability in their actions, a greater coverage, etc.
13. The NGOs also perceive that to work with companies may be beneficial, in as much as it results in a good image for the company.
14. It is also recognized that working together would be positive, because entrepreneurs and executives have some abilities that NGOs do not, such as those that refer to business vision, practicality, and others.
15. On the subject of the generation of resources, most NGOs have had some experience but generally not very successful, and so they prefer to be cautious.
16. Some NGOs, mainly in the country's cities other than Lima, are opting for the micro company as a means of generating their own resources.
17. On the other hand, a significant percentage of NGOs considers international cooperation agencies as the only way to obtain resources.
18. The media represent a business actor that the NGOs believe have a critical stance towards them. An important role is attributed to them in the matter of sensitization on social issues and, in general, with respect to their function in society.
19. There is a demand for meeting places of the social and business sectors, as well as for an entity that promotes this type of work.
20. There are interesting initiatives by companies locally, however, neither of the two actors (company and NGO) is seeking rapprochement in order to enrich the experience.

#### **7.4 Companies that operate in the area of intervention of the Partnership project**

The private sector companies identified in the areas of intervention of the Partnership project are classified into for-profit and non-profit. In the category of for-profit companies with possibilities of establishing some modality of PPP, most noteworthy are companies in the operation of mines and quarries.

The non-profit companies are comprised by Associations or NGOs that are also potential candidates for the implementation of PPPs. In general, eight business activities in the area of intervention of the Partnership project have been identified, as presented in Table No. 9.

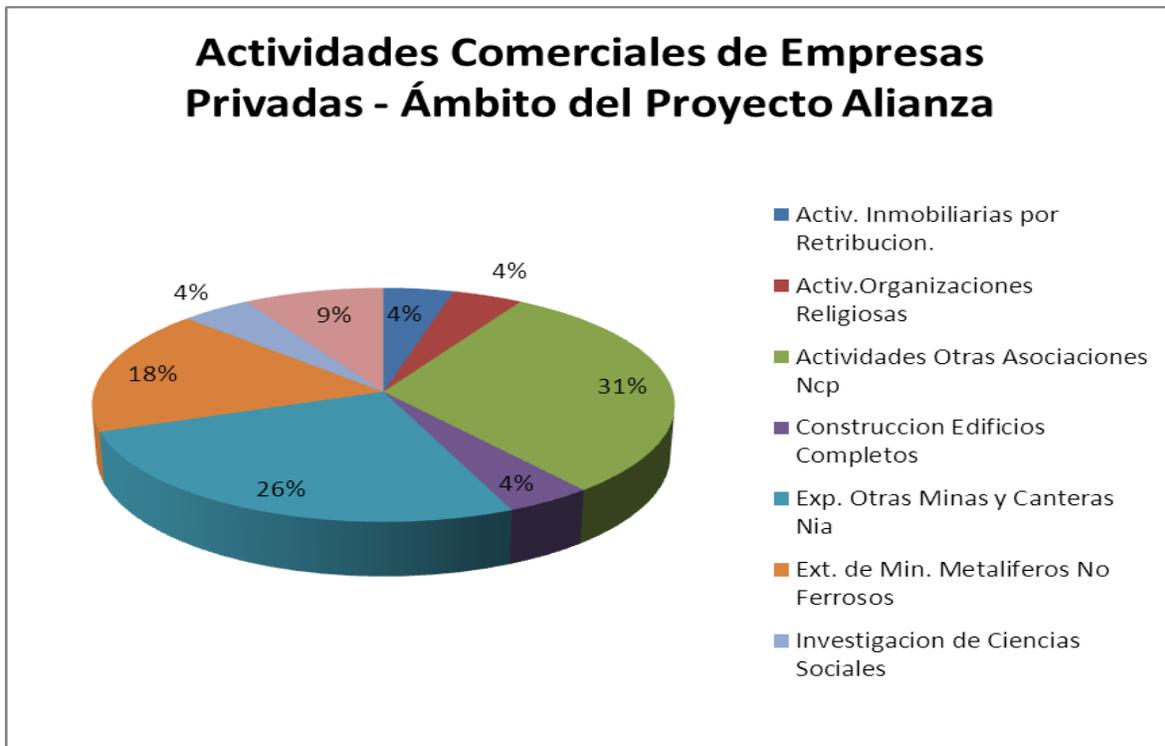
**TABLE No. 09**  
**COMPANIES IDENTIFIED AND TYPE OF BUSINESS ACTIVITY**

<b>Business Activity</b>	<b>No. of Companies</b>	<b>%</b>
Real Estate Agencies	1	4.3
Religious Organizations	1	4.3
Other Ncp Associations	7	30.4
Complete Building Construction	1	4.3
Exp. Other Nia Mines and Quarries	6	26.1
Ext. of Mines of Non-Ferrous Ores	4	17.4
Social Science Research	1	4.3
Social Services Without Lodging	2	8.7
<b>TOTAL</b>	<b>23</b>	<b>100</b>

Source: Partnership for Child Nutrition Project

Likewise, graphically, of the 23 companies identified in the private sector (for-profit and non-profit), as can be seen that the most common are NGOs with 31%, followed by ferrous mineral mining companies, with 26%.

**FIGURE No. 08**  
**COMPANIES IDENTIFIED AND TYPE OF BUSINESS ACTIVITY**



Source: Partnership for Child Nutrition Project

In the department of Ancash, 14 companies and NGOs that operate in the area of the Partnership project have been identified. The information was compiled from interviews conducted with mayors and other municipal officials.

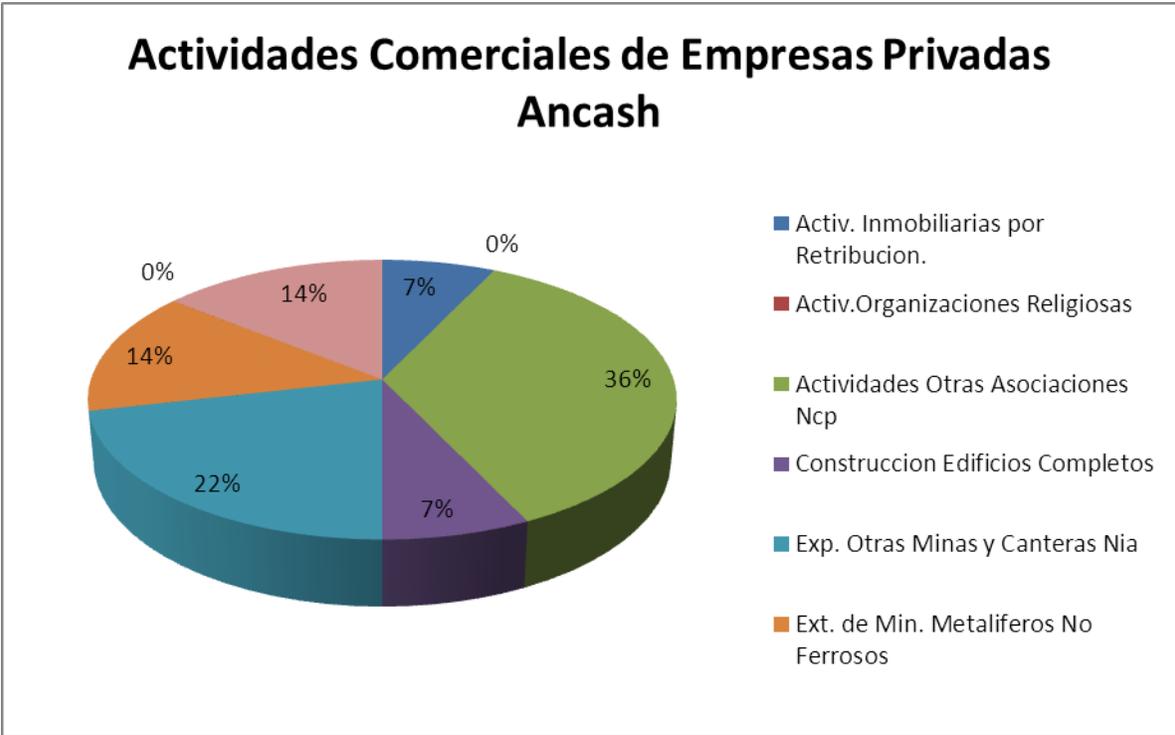
**TABLE No. 10**  
**Companies that operate in the area of intervention of the Partnership project -**  
**Department of Ancash**

Department	Province	District	Private Company	Religious Association/Institution
Ancash	Carhuaz	Marcará	Cia. Minera Toma la Mano S.A.	Asociación Benéfica Prisma
			Compañía de Minas Caudalosa S.A.C.	World Vision Peru - Wv Peru
				Adra Peru
				Centro de Estudios para el Desarrollo y la Participación
				Care Peru
				Asociación Educativa Urpichallay
	Recuay	Cátac	Compañía Minera Antamina S.A.	Adra Peru
			Corporación Minera Sacracancha S.A.C.	Care Peru
	Sihuas	Cashapampa	Minera Peñoles de Perú S.A.	Caritas del Perú
			Minera Aguila de Oro S.A.C.	
		Huayllabamba	Minera Peñoles de Perú S.A.	Caritas del Perú
			Minera Aguila de Oro S.A.C.	
Japsa Contratistas Generales S.R.L.				

Source: Partnership for Child Nutrition Project

As in the overall picture, in the department of Ancash, associations or NGOs predominate in the area of the Partnership project.

FIGURE No. 09



Source: Partnership for Child Nutrition Project

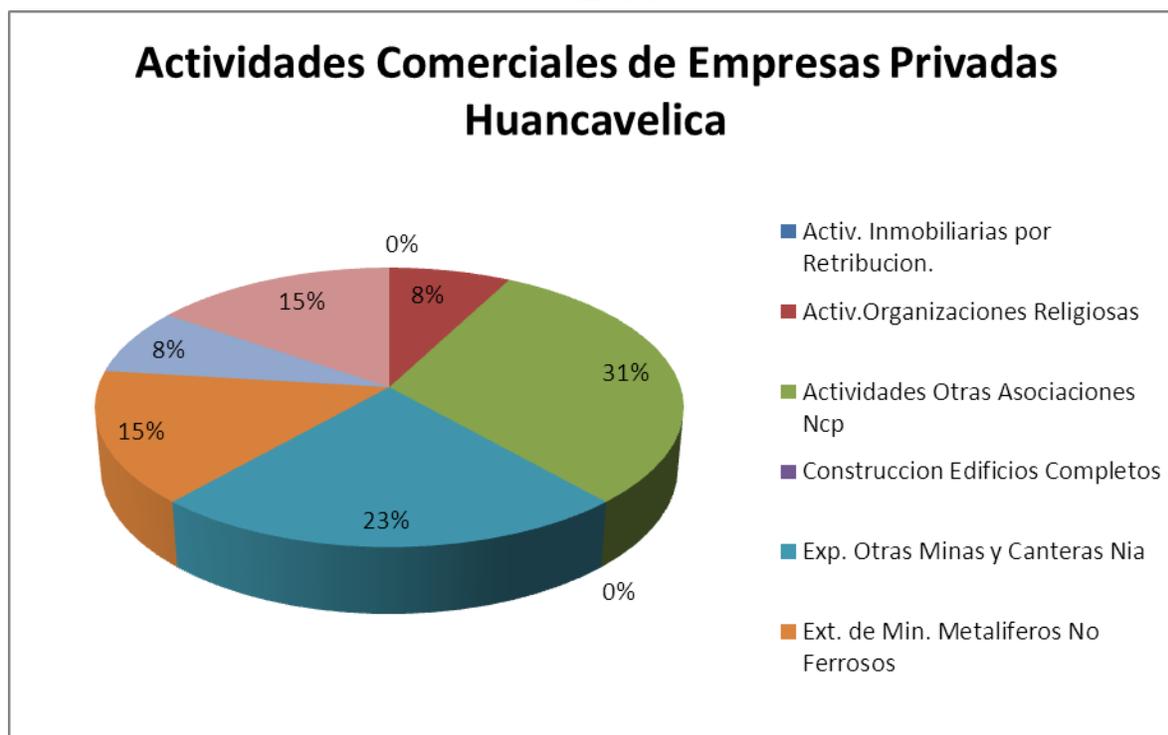
The situation is not very different in Huancavelica, given that, as in the department of Ancash, the NGOs predominate.

**TABLE No. 11**  
**Companies that operate in the area of intervention of the Partnership project -**  
**Department of Huancavelica**

Department	Province	District	Private Company	Religious Association/Institution
Huancavelica	Huancavelica	Ascención	Compañía Minera Milpo S.A.A.	Care Peru
				Asociación Benéfica Prisma
		Huando	Compañía Minera Barbastro S.A.C.	Asociación Benéfica Prisma
			Cia Minera Agregados Calcáreos S.A.	Caritas del Perú
			Compañía Minera Milpo S.A.A.	Asociación Civil San Javier del Perú
				Centro de Estudios de Promoción del Desarrollo
		Nuevo Occoro	Minera Sillustani S.A.	Asociación Benéfica Prisma
			Cia Minera Agregados Calcáreos S.A.	Diaconia, Lutheran Evangelical Association for Community Development
				Peruvian Center of Social Studies
				Asociación Civil San Javier del Perú
		Yauli	Sociedad Minera el Brocal S.A.A.	Care Peru

Source: Partnership for Child Nutrition Project

FIGURE No. 10



Source: Partnership for Child Nutrition Project

A listing of all companies and NGOs identified in the area of intervention of the Partnership project is presented in the annexes with basic information such as RUC, business name, business activity, type of company, condition, CIU, Web page, legal representatives, telephones and legal address.

On the other hand, notably, the National Society of Industries (SNI) presented the "Perú Vive Bien" Partnership several months ago, comprised of the ten leading food and beverage companies of Peru, which aims to generate better nutrition and knowledge among the population, especially in children, regarding the benefits of a healthy lifestyle and good eating habits.

As its first initiative, the Partnership has decided to embrace and enhance the "Crece Bien" program. This program of education in nutrition and hygiene has more than 5 years of verified effectiveness and welcome by the community and has benefitted more than 330 thousand people since its creation. Crece Bien is being implemented through an agreement with the Ministry of Education in 120 schools in the districts of San Juan de Lurigancho, El Agustino, Villa El Salvador and Rímac.

The first challenge of this Partnership will be to bring this program to its maximum expression, transforming it into a National Crusade for Child Nutrition. For that reason, the founding companies have come together in a Partnership that not only will raise the funds necessary to reach its goals, but that will also develop a Nutritional Profile of the country, and thus be able to suitably focus the efforts of the Partnership on other initiatives.

Luis Salazar Steiger, president of the National Society of Industries, stated, “I congratulate the main food and beverage companies of the country for this great initiative that is unprecedented in the region. The formation of this partnership is a demonstration of commitment to the industry to improve the nutrition of Peruvians and promote appropriate living and eating habits, mainly in children” in a ceremony in the presence of the First Lady, Mrs. Nadine Heredia; the Minister of Education, Mrs. Patricia Salas; and the general managers of Alicorp, Ajeper, Coca Cola del Perú, Corporación Lindley, Gloria, Kraft Foods Perú, Laive, Nestlé Perú, Pepsico Alimentos Perú and San Fernando.

This initiative reaffirms that it is feasible and possible for the private sector, on a voluntary basis with commitment to children and the development of the country, to bet on investment in nutrition.

## **8. CONCLUSIONS AND RECOMMENDATIONS**

### **8.1 CONCLUSIONS**

In our country, and especially in the areas of intervention of the Partnership project, the presence of PPPs in the field of child nutrition very is limited. The PPP are better known for their application in infrastructure and provision of services such as communication routes, energy, water, shopping centers, and hospitals, among others. This limitation reflects the absence of a legal framework for PPPs for the promotion of public health. Because of this limitation, the Partnership project initiative to promote or encourage PPPs aimed at reducing chronic child malnutrition can become an interesting point of reference.

The cases that are closest to the field of child nutrition did not start out as PPPs, but in the course of their management and implementation generated synergies and partnerships that enabled them to succeed in participatory management and its results. Specifically, the successful and not very successful experiences that have been used as references in this effort are: the Partnership for Nutrition Project - PREDECI, Ally Micuy, the Handwashing Initiative in Peru, the Healthy Pierina project, and the Public Private Partnership for Development in the province of Acobamba, developed in Cajamarca, Ancash and Huancavelica. In addition, some valuable results and guidelines have been culled or taken as reference from PPPs developed in Colombia.

These cases demonstrate the possibilities and the importance of PPPs in improving the living conditions of the people, who are the primary target of all interventions. The PPPs promote innovation, allow taking advantage of knowledge, mobilize resources, overcome deficiencies and can address concrete problems such as child malnutrition. The experiences have put in relief their usefulness as instruments that enable the stakeholders of the public and private sectors to better understand their respective roles in the task of implementing their responsibilities and contributions to the social and economic development of the communities where they operate, and which creates a culture of “shared responsibility” and improves coordination and dialogue between the public and private sectors.

At the same time, some of the main challenges raised by the establishment, operation and effective management of the PPPs in the field of the child nutrition or public health have been identified. Private and public entities have different organizational cultures and may distrust the motives of their counterparts. When there have been few contacts or little cooperation, it takes time to build trust. In some cases, new knowledge and aptitudes - hard to obtain - are needed to be able to form and manage PPPs. Sometimes there can be problems such as lack of sufficient human resources, of rotation of personnel or difficulty in maintaining the level of commitment of the members of these partnerships. There are also other difficulties: differences in expectations, lack of transparency, inadequate information and communication among members of the public-private partnership, a lack of clarity about the objectives and the structure of the Partnership. The political stance can also create difficulties in the promotion and development of the PPPs.

However, when PPPs are well conceived and managed, they can improve the quality and results of any intervention. Considering prevailing economic hardships or the lack of ability to make good use of resources in the field of public health, especially child nutrition, policy makers should consider with great interest the potential of these partnerships as an option to upgrade and optimize interventions in health and nutrition. In these partnerships, stakeholders from the public and private sectors combine their knowledge to share the risks and costs that arise during the preparation, implementation and maintenance of the necessary activities to improve the health, nutrition and well-being of the population. In addition, according to some publications, is not necessary to depart from “the traditional” roles of governmental or private entities.

In order that PPPs yield good results, the following conditions must be met: i) ownership, commitment and trust on the part of the main stakeholders involved; II) identification of a common interest, agreement on well-defined objectives and coincidence of expectations; III) clarity on the way in which the partnerships should be carried out and managed, with a clear delimitation of the roles, responsibilities and obligations of the participants; IV) good

administration and transparency; v) support from the higher entities, leadership and competencies of the partners; and vi) clarity on the financial cost and the necessary contributions. Governments need specific knowledge to identify the PPP model that can improve child health and nutrition, and thus correctly guide their constitution, operation and management.

International cooperation organizations and NGOs can guide the PPPs in various ways, for example, with support and assistance for their creation, advising on possible projects, or training to select and launch new projects. It is clear that there is commitment and will in both public and private institutions on the matter of PPPs. Nevertheless, in order that they are sustainable, these partnerships must be based on the local demand and the total commitment of the stakeholders of both the public and private sectors.

The linking of child malnutrition with economic development is a sensitive issue for political authorities and the private sector. It is essential to take advantage of the spaces with which the business sector is linked. For example, the Annual Executives Conference (CADE) or the National Society of Mining, Petroleum and Energy, among other spaces, are windows to present and to debate the problem of chronic child malnutrition with the business sector and thus generate commitment and goodwill, as happens in the education sector.

Public-private partnerships must be considered as options to improve specific situations, in this case child malnutrition; therefore, they should not be an aim in themselves.

The State is responsible for promoting and articulating the PPPs in its different levels of government. This is evident and an urgent necessity if it is desired to construct or to promote a relation of co-responsibility on the development or well-being of the population between the company, the State and Society.

## **8.2 RECOMMENDATIONS**

Creating an enabling environment is essential to facilitate the partnerships and to encourage the participation of the private sector. Where these partnerships work best is in stable surroundings of transparency, good governance, integrity and trust.

The agents of the public and private sectors often have different organizational cultures and distrust each other. It is essential that there be a willingness to try out new ways of acting, as well as of effective leadership. It is necessary that the private sector is able to trust that the Government will comply with what has been agreed upon, particularly when private investments are concerned, even should a change of government take place. It is

also important to recognize and to respect the companies in the private sector for their technical and specialized expertise, not only as sources of funding.

Create a mechanism (for example, a regional committee on child malnutrition) where the public and private sectors can periodically make consultations and openly debate issues related to chronic child malnutrition or of its corollary: food security. This mechanism is an important initial step to promote trust and transparency and for the stakeholders of each sector to understand their respective roles and the linkages between them. This can also help to identify specific areas in which they can collaborate profitably.

Given the existing conditions in the areas of intervention of the Partnership project and the opportunities that exist to promote PPPs, the project should promote PPPs in the areas where the conditions are most favorable. Concretely, an interesting option would be at the level of the Regional Government of Huancavelica. At the level of local governments, the districts that offer opportunities for a possible PPP are Huayllabamba and Cashapampa in Ancash and the districts of Huando and Ascención in Huancavelica.

It is important to disseminate information on the performance of both sectors (business/NGO), operating mode, language, objectives, visions, results obtained and social actions developed as company and NGO strategies.

One of the contributions of the Partnership project in relation to PPPs is to form managers and leaders with a social vision who act as facilitators in the handling and reflection of notions of ethics and Corporate Social Responsibility, PPP and the promotion of private investment for the economic and social development of the districts.

It is necessary to rouse the interest of the media on topics related to the social role of the company in society, and specifically, to children. The role of mass media is a key in these processes. Marketing and communications are an essential part of private companies.

It would be interesting to encourage initiatives to promote corporate responsibility to children from the different entities in society: universities, consumer associations, the media, and the State (in addition to the companies themselves and NGOs).

Additionally, some recommendations based on the cited experiences are proposed here:

- There has to be a coordinator from the beginning. This does not always happen spontaneously, but one has to be sought. It must be someone who assumes the role as part of his own duties, which does not imply carrying out activities but rather the summoning and forming of the PPP, whose members will be the ones who will implement the activities. It is necessary to invest in hiring someone.

- It must begin with startup capital. It is not possible to begin without funding, whether small or large.
- The roles of the Political, Sector and Executive Committees must be kept separate, given that the level of time dedicated, and the responsibilities, among other aspects, are completely different.
- Persons involved from the participating entities must be committed officials and have a position that facilitates making decisions or carrying out the coordination that the case requires.
- It is necessary to clarify what is expected from the Communications Committee and the authority that persons participating in representation of institutions have. This will allow clarification of how the participation of each one is and ensure that all have the same understanding.
- The role of private participation in the Partnership should be very clear from the beginning and there should be an open and flexible proposal for this sector. This subject is still often understood as a question of mere donation or corporate social responsibility, but the PPP in Peru has allowed extending this understanding considerably. The participation of the private sector must be based not only on a desire to benefit society, but also on a directly private interest. This private benefit can be grouped in two dimensions:
  - Opening new sectors or sales areas: Participation in the PPP offers the private sector the possibility of extending its sales to the project's primary and secondary public.
  - Image enhancement: Private companies can use the PPP to project a positive image of social responsibility, resulting in the loyalty of their customers and good inter-institutional and community relations.
- Emphasis on the structure and organizational chart should not be exaggerated. There are operations that can initially be handled functionally and not organically. To begin adding new structures, objectives, themes or mechanisms that are not at the core of the PPP would invite failure.
- For the private sector, it often is more feasible to commit to short periods of collaboration with concrete and finite objectives.
- The activities must be standardized, that is, a set of "activity types" must be developed in which the various duties of the partners will fit. Thus new partners can be systematically added while maintaining order in the levels of participation. The idea is that the main lines proposed permit any possible partner who would like to join to participate according to their possibilities and in benefit of their own interests.