Working Together for a Change:
Government, Business and Civic Partnerships
for Poverty Reduction in LAC

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PREFACE

This book is the result of a process of collective research and analysis. It summarizes our views of the lessons emerging from a learning program that involved a large number of people in several countries in LAC as well as in the United States. It is written in the spirit of sharing with a diverse audience what the authors consider to be a very powerful message: that partnerships between the state, civil society and business have the potential of becoming the basis of an approach to poverty reduction that replaces old and failed paradigms in the region.

In late 1996, the Economic Development Institute of the World Bank (EDI), the United Nations Development Programme (UNDP) and the Inter-American Foundation (IAF) launched the Partnerships for Poverty Reduction program in six countries in Latin America and the Caribbean (LAC): Argentina, Bolivia, Colombia, El Salvador, Jamaica and Venezuela. The program sought to promote the adoption of an approach to poverty reduction that relies on partnerships between local, regional, and central governments, other public sector agencies, nongovernmental organizations, private sector companies and other civic organizations for (i) the delivery of services to the poor; (ii) initiatives to create employment opportunities or to increase the productivity of the poor; and (iii) more participatory design of public policies. The objective, then, involved: (i) informing governments, business leaders and organizations of civil society of the benefits of the partnership approach, and about practical alternatives and best practices derived from other experiences in their countries or elsewhere in the region; (ii) supporting the action of local groups committed to the construction of partnerships; and (iii) giving public recognition to innovative initiatives while creating opportunities for other partnerships to benefit from them.

The approach followed by the program involved learning from experiences already in place, making use of existing local human resources, particularly in universities and research centers, in such a way as to contribute towards enhancing local capacity to build new partnerships. A network of local universities, research centers and NGOs has been in charge of identifying, studying, and systematizing concrete cases of partnerships following a common methodology developed by the authors. National Committees, involving high level representation from different sectors in society as well as World Bank and UNDP Resident Representatives, have been in charge of selecting the best experiences to be studied and guiding the activities of the program in the country. A series of workshops with members of the network as well as representatives from the case studies have provided fora for discussion and analysis of the benefits and mechanics of the partnership approach. In this fashion the program has helped create a critical mass of evidence on innovative and successful approaches to poverty reduction in Latin America that, we hope, will be an analytical resource for researchers and a stimulus to policymakers in Latin American and elsewhere.

In preparing this manuscript, we have benefited from the help and intense work of a large team of colleagues in several countries, and the support of several organizations and individuals. At the risk of omitting some, we would like to mention several of those that have contributed to this project. First, we want to acknowledge our gratitude to the three co-sponsoring institutions, EDI, UNDP (that supported the initiative through the Special Unit for Technical Cooperation among Developing Countries --TCDC-- and its Regional Project "Poverty Alleviation and Social Development) and IAF, that have made this program possible. Second, we would like to show our recognition to the national committees of the Partnerships for Poverty Reduction Program and the network of support organizations that have worked with us in the six countries. Third, we
would like to recognize the coordinators of the program in the six countries: Sandra Cesilini in Argentina, María Isabel Arauco in Bolivia, Jairo Arboleda in Colombia, Mauricio Silva in El Salvador, Janet Cupido Quallo in Jamaica and Caterina Valero Alemán in Venezuela. They (and their colleagues) have done a wonderful job. Fourth, our discussions with Caterina Valero Alemán and Patrick Breslin have proved to be a critical input into the preparation of this document. We have a special debt with Caterina Valero Alemán, who as Regional Coordinator of the program on behalf of UNDP, worked “neck-to-neck” with us in the development of this initiative. We benefited from comments and suggestions from a large number of colleagues. Peter Evans (from U.C. Berkeley), David Winder (from Synergos Institute) and Nora Lustig (from the Inter-American Development Bank) reviewed the manuscript and provided extremely useful ideas that helped us in preparing the final version of this work. We also received very useful comments from Camilo Granada, Caterina Valero Alemán, Jairo Arboleda, Janet Cupidon Quallo, John Clark, Nigel Twose, Patrick Breslin, Peter Lanjouw, Rita Hilton, Sandra Cesilini and Vinod Thomas. Last, but certainly not least, we would like to recognize the tremendous support we have received from our colleagues and friends at EDI in the preparation of this book: Camilo Granada, Rocío Flores and Britta Hillstrom.
0. INTRODUCTION

This book summarizes the lessons from the first year of an ongoing learning program, co-sponsored by the Economic Development Institute of the World Bank, the United Nations Development Programme and the Inter-American Foundation, entitled “Partnerships for Poverty Reduction in Latin America and the Caribbean”. The program aims to promote and facilitate collaboration among governments, business and civic organizations of the region in initiatives with poverty reducing impact or potential. The notion of collaborative, rather than contractual or narrowly instrumental relationships among these actors, is expressed by the short-hand term “partnerships”, whose meaning will be explored further below.

The starting point —for the Partnerships Program as well as for this book— is the recognition that levels of poverty in LAC remain unacceptably high. This has much to do with the fact that the previous state-centric development (and poverty reduction) paradigm has clearly failed to deliver acceptable living standards to far too many people in the region. At the same time, while pro-market reforms have brought many benefits in terms of increased stability and growth, the benefits of growth continue to be felt unevenly at best. What more, then, should be done to address the range challenges implied by effective poverty reduction?

We will argue that public-private partnerships (a short-hand we will use for partnerships between governments, business and civic organizations) provide part of the answer. Partnerships bring new resources to poverty reduction initiatives which, not surprisingly, lead to both quantitative and qualitative gains in output. The synergies and complementarities achieved by different social actors working together explain the fact that in most cases the gains in output exceed those explained by the added resources. In other words, there is an increase in the productivity of resources made possible by the partnerships. Furthermore, partnerships also imply a number of forms of asset generation which relate essentially to areas of human and social capital building, creating the conditions for multiplier effects. Partnerships have the potential—
as we will demonstrate—to generate self-reinforcing patterns of change and thus bring with them the immense merit that the whole can be far greater than the sum of the parts.

Just as the prevailing and persisting levels of poverty have made new approaches seem necessary, the range of political and economic changes that have taken place in the region over the last decade and a half have facilitated the emergence of innovative experiences of collaboration between different social actors (local, regional and national governments; NGOs and other types of civic organizations, individual firms as well as different forms of business organizations) in poverty reducing initiatives. These trends, have offered the empirical basis both for the Partnerships Program and for this book.

However, although the changing context has created some of the conditions for the emergence of such new experiences, the obstacles to their multiplying in such a fashion as to provide any significant contribution to poverty reduction remain immense. Some blocks are informational, both in terms of understanding the benefits of partnerships and the nature of the obstacles confronting them. These issues, then are what this book sets out to describe and analyze as part of the program’s basic goal of promoting partnerships.

The program has adopted an “action and learning” approach to that end, by seeking to generate knowledge about existing, innovative poverty reducing strategies based public-private partnerships at the same time as attempting to motivate different actors in society to adopt similar partnership-based approaches to poverty reduction in the region. In that sense, the report seeks both to describe what we believe is an emerging pattern of interaction among governments, organizations of civil society and business, as well as to present the case in favor of such an approach.

The body of evidence on which this document is based comes from six countries: Argentina, Bolivia, Colombia, El Salvador, Jamaica and Venezuela, where the program was active in its first year. A total of fifty case studies of partnerships from these countries were prepared over the period January-June 1997 by a range of collaborating institutions, following terms of reference developed by the authors. This document draws specifically on 27 of these, all of which are reproduced in summarized form in Annex 1. However the remaining cases all form part of the background to the information presented. Information from the case studies, moreover, was supplemented both by other background papers from Argentina, Colombia and Venezuela and, too, a series of informal discussion groups and workshops held in all six
countries, in which representatives from a number of the cases were invited to share their experiences in more detail with case writers and the program’s coordinators.³

Both the type and scale of social challenges which these partnerships address are immensely varied, even with the ‘control’ of selecting only those partnerships with poverty reducing objectives. However, a rough typology of the activities of the cases presented is as follows: (i) reduction of deficits in basic social service infrastructure, such as schools and health centers, and improvement of the quality of the services provided; (ii) provision of other basic infrastructure and services (such as water and sanitation, housing, etc.); (iii) income and employment generation; (iv) special programs aimed at vulnerable groups; (v) new themes such as environmental protection, participatory policy-making, and initiatives aimed at enhancing the poor’s access to the judicial system through alternative conflict resolution approaches; and (vi) various combinations of all the above, in multi-faceted approaches aimed at integral local development. They cover a quite balanced mixture of both urban and rural based experiences: twelve are urban, ten rural and five have coverage in both.

These themes do not reflect any a priori selection on the part of the authors, rather the types of activities which partnerships are already starting to address in the countries and which came to the notice of the program coordinators in the process of gathering and selecting case material. We do, however, feel that they reflect quite accurately the range of challenges involved in seeking long-term, effective reduction of poverty in the region, as well as presenting evidence for the value of partnership-based approaches to facing those challenges.⁴

The book focuses attention on a generic approach regarding the form of poverty reduction initiatives — partnerships — rather than on specific types of solutions to poverty, such as social funds, targeted interventions and so forth. It is also beyond the scope of the program to attempt any assessment — still less measurement — of the actual poverty reducing impact of the products of the partnerships, particularly since many of those activities revolve around such imponderables, for example, as improvement of the quality of education in poor communities. Rather, the approach is to take as given that such activities as the improvement of the poor’s access to basic and social services, and their quality, are a positive step and to concentrate attention on why it is that partnerships may be both the most efficient and effective means of producing those outcomes.
We do not attempt, either, to offer recipes as to exactly what kinds of partnerships seem most effective in producing particular outcomes. This is not only because the scope of the data we have collected does not permit sweeping generalizations or clear typologies, but also quite simply because we do not believe that the complexities of reality on the ground permit such an approach, which would, therefore, risk being mechanistic. Instead we present a remarkable collection of innovative experiences that suggest ways and means through which individuals and organizations in LAC can make progress in achieving more equitable and wealthier societies. The clear bias in the selection of case studies, therefore, is towards ones which represent, essentially, “success stories” or “best/good practices”. Of course, some appear more successful than others, but the criteria in the design of the program has been to look for what is possible, what does work, and how it works. The report is written with a diverse audience in mind: political, civic and business leaders and organizations in the region, public administrators, academics and researchers, the media, national and international donors and agencies; in short, the development community in the broadest sense.

It is important to make clear that not all poverty reduction initiatives require necessarily a partnership — nor that all public-partnerships need be, or are, in practice, for “poverty reduction”. Many of the arguments we make and the evidence we review in this book are valid for other development challenges. In fact, the potential of public-partnerships has already been explored for other themes, particularly in the environmental field. Once more, our argument is that public-private partnerships present great potential as an approach to poverty reduction, particularly because they offer a way of creating organizational and normative assets which can be used, in turn, to produce material changes in peoples’ well-being while at the same time generating as a by-product of their operations new institutional assets.

Before outlining the structure of the body of this report, we have thought it helpful to present briefly some of the background, contextual issues underlying the program and its objectives. To that end, we first address the most basic question of “what are partnerships?” before then going on to outline some of the reasons why, in the present context of the region, they appear to be emerging as a new development alternative. Thirdly and lastly, we offer some brief, preliminary reflections on the relevance of the theme of partnerships as presented here to a subject which is coming to form an increasingly important dimension of the development discourse: the question of social capital, the means by which it is accumulated, and its development impact.
0.1. WHAT ARE PARTNERSHIPS?

"Partnerships", as the term is used in this report, means—at the most basic—joint initiatives of the public sector in conjunction with the private for-profit and not-for-profit sectors, also referred to as government, business and civic sectors. Under these partnerships each of the actors contributes resources (financial, human, technical and intangibles such as information or political support) and participates in the decision-making process. The particular focus is on partnerships which have as their central aim the reduction of poverty, albeit with a range of specific activities undertaken, as just outlined.

The use of the term “partnership” denotes a more mutually inter-dependent nature to the relationship among the actors than one would expect to find in joint initiatives under contractual or principal-agent or governing-governed type relationships. Naturally, of course, “more mutually inter-dependent” can mean a multiplicity of things, and cover a multitude of sins. The word, too, is always at risk of being over-stretched and over-used, particularly since it is coming increasingly into vogue as a development “catchword” —a sin of which this book cannot entirely claim innocence. Indeed, it has been a source of long debate throughout the seminars and other activities of the program, among all participants, as to whether one experience or another constitutes a “partnership” or not. Another common reaction from actors from the case studies has been: “Well, I hadn’t realized I was part of a ‘partnership’, but now you come to mention it...”.

The fact is that perceptions and value judgments as to what exactly the term does or should denote vary widely. What might be termed a “maximalist” criterion for determining if a case represents a partnership would be to demand that all parties participate on a basis of recognition of absolute mutual inter-dependence, whereby the contribution of each is considered essential to the whole, however much the objective strengths and weaknesses of the different parties vary. While such cases of horizontal type relations among all parties, from, say, a multinational corporation down to community association, may exist, there is a degree to which this definition risks being an ideal type in the sense of being a yardstick by which to judge reality rather than a reflection of reality itself. In addition, whether a particular partnership falls within the terms of this ideal definition depends upon the subjective view of each of the partners as to its own role and that of the others.
A minimalist criteria for denoting a partnership would simply be that the different actors are present and in one way or another are making some kind of contribution to the whole. Clearly, the problem with that approach is that one risks throwing a great diversity of types of experience into the same bag and losing sight of what, for example, distinguishes a partnership from a contractual relationship.

Somewhere between these points is, perhaps, the "classic" form of partnership, that of private sector strategic alliances, whereby "...firms cooperate out of mutual need and share the risks to reach a common objective." The problem of applying that kind of definition to the kinds of partnerships that are our concern here, however, is that the question of risk becomes more complex in the context of public-private collaboration. Firms establishing a partnership are, almost inevitably, undertaking some kind of risk that is virtually intrinsic to the nature of their business by so doing. In many of the cases we are considering, however, there is an asymmetry when it comes to risks because the nature of the joint initiative is not always equally central to the "core business" of the different actors.

We have already outlined the wide variety of types of activities undertaken by the partnerships which the program has collected and analyzed to date. It will also become apparent that there is similar heterogeneity in terms of the nature of the relationships among the partners across the cases, along the maximalist-minimalist continuum just outlined. Yet, at the same time, there are some common features to them all, which go to the heart of understanding the particular importance of partnerships as a new development alternative.

Partnerships, we will demonstrate, can bring new inputs to poverty reduction and, also, can produce outputs which carry with them the seeds of multiplier effects which enhance enormously the potential for real incremental progress in improving the lives of the poor. One dimension of this, for example, is the emergence of the business sector as a new actor in social development initiatives, having in the past been conspicuous largely by its absence in most countries in the region. Another critical dimension is the transformation of the state from a position of almost exclusive authority to one prone to facilitation, motivation, and sharing the leadership role with others.

On the other hand, partnerships are not always, or even often, easily established or maintained. The costs which they imply, both in terms of transaction and material costs, clearly also need to be taken into account in the assessment of whether or not the pay-off for engaging in
partnerships is positive. Nor do they take place in a vacuum, but are both positively and
negatively affected by their environment: the national institutional and cultural context, as well as
local conditions and the relative strength of the actors concerned. At the same time, and
notwithstanding case specific contexts, the wider context of the changes that have taken place in
the region in the last decades provides an auspicious backdrop.

0.2. **Why are Partnerships Emerging as a New Development Alternative?**

While partnerships might be a good idea in a variety of circumstances, it is our claim
that, more importantly, they are already and actually emerging as a new development alternative
thanks to the new institutional and political environment in the region established over the last
approximately fifteen years. A series of transformations that have taken place in LAC (and to a
certain extent worldwide) over the last decade and a half, both facilitate the construction of
partnerships and make them necessary to address the challenge of poverty reduction in an
effective and sustainable fashion. These trends can be characterized as democratization,
decentralization and the shift to market-led growth.  

The demise of authoritarianism as a response to the region's social, political and
economic crises of the 1960s and 1970s would appear to be definitive. Those countries with
established liberal constitutional orders which were overturned by military intervention have
regained them (Argentina and Bolivia of the six countries that are our particular focus of
interest); others where that order appeared undermined from within have attempted to
reinvigorate them through constitutional and other far-reaching state reforms (Colombia and
Venezuela); others still are starting for the first time to see the establishment and consolidation of
free, competitive politics, as in the case of El Salvador. In short, the region has adopted liberal
democracy as the accepted political system. While in 1980 only half a dozen countries in the
region had elected national authorities, today representative democracy is the “rule of the game”
in LAC. But this consensus is much broader than simply elected governments. It implies, to
different degrees, the view that participation by citizens and their organizations is an effective
tool for development as well as a goal in itself. The implication is that civil society becomes a
legitimate partner of the state. By the same token, it implies that civil society cannot be neglected
by the state.
Introduction

The most important single concrete demonstration of these changes of attitudes regarding the role of the state and its relationship with society is undoubtedly the processes of decentralization which have been implemented in ever growing numbers of countries in the region since the 1980s. While constitutional and legal frameworks vary between countries, the fact is that there has been a general trend in the region towards delegation of functions and fiscal resources to local and regional governments (see Table 1). 12

Together with decentralization of resources have come equally important measures of political decentralization in the form of the introduction or re-introduction of local elections of mayors, and, in some cases, (Colombia and Venezuela) departmental and state governments at the intermediary level. Thus, in Argentina subnational elections were resumed in 1983; in Colombia the first election of mayors took place in 1988 and that of governors in 1992; in Bolivia direct elections of mayors were introduced in 1985 but reinvigorated after the passage of the Popular Participation Law in 1994; and in Venezuela elections of both mayors and state governors were held for the first time in 1989.

Table 1: Changes in subnational finance in selected countries

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Thus, new public actors have been constituted at the local level by these measures, providing in many municipalities a new "corps" of local leaders with incentives to act as agents of development since they are now answerable to their local electorate rather than higher levels of the political and governmental establishment. 13 The particular reasons for the importance of having such new actors at the local level are essentially two. Firstly, it is at this level that there
are the greatest 'natural' spaces for local public choice and the greatest potential advantages to be had from the community participating both in determining its needs and in contributing to their being met. This, after all, is one of the most powerful and widely acknowledged reasons for decentralization in the first place. Secondly, municipal governments’ own resources, both financial, institutional and human, are themselves more clearly limited than is often the case with national government, and thus the need to share responsibility for running local affairs in conjunction with the community is also more apparent.

None of the above is intended to imply that decentralization represents a panacea for driving local development, nor that it is even a sufficient condition for such ends. Rather, and more simply, it has clearly—as the case studies demonstrate—been an important factor in opening up the potential for partnerships at the local level. Among the 27 partnership cases reviewed in the book, 21 had only local or regional coverage, and only 6 had coverage that extended beyond municipalities in one region of the country. Furthermore, we have found that the presence of the state sector in the partnerships manifested itself more strongly through the intervention of municipal and regional governments in 11 of the 27 cases. In most of those cases in which the national level appeared to play a leadership role, municipal governments were still involved and active. The reverse, however, was not true.

The political changes implied by democratization and decentralization are primarily concerned with shifting the rules of the game between state and society in the broadest sense. Yet, for the sake of simplifying or schematizing the argument, they may been seen as having essentially to do with allowing for the constitution of civil society as a basic reference point and partner for development. It has become almost a commonplace to refer to the considerable growth in the presence of civil society in the region over the last decade and more. Equally important is the fact that it is not merely a quantitative change but, above all, a qualitative one in the emerging characteristics of organized civil society whereby it has ceased to be either essentially antagonistic or marginal to those in control of the state apparatus, and has an identity and an agenda—or rather identities and agendas—which can and increasingly do interact constructively with the state.

The economic changes which have accompanied this political process are equally far reaching; however, again for the immediate purposes of this report, we shall focus primarily on how they have effected the relationship between the state and the private sector. The previous
state-led development models implied a relationship between business and government which tended, all too often to create two different kinds of evils. One was the degree of closeness between governments and important economic groups, protected as they were by price and tariff controls — with all the room for rent-seeking and pork barrel activities which goes with it. The other was the frustration from other business sectors that they were either excluded from such benefits or, more fundamentally, stifled by controls and crowded out by public production.18

Liberalizing and privatizing policies, therefore, have tended to generate a change in the state-business relationship making it, on the one hand, less antagonistic, and, on the other, less paternalistic. In essence, the economic reform programs undertaken in the region have had the effect of allowing for the emergence of a new, autonomous private sector and one which, moreover, is a key protagonist in national life to a degree which has not been the case in the past. These transformations, then, are beginning to create the conditions for a new sharing of social responsibility between the public and private sectors as the latter’s presence and weight in national affairs grows in virtually direct inverse proportion with the first, and its recognition of the need to contribute to social development shows signs of increasing correspondingly. In this sense, the conditions are being created where business in the region is starting to follow the path of the increased interest in corporate citizenship that has emerged in developed countries in the last fifteen or so years.

Since corporate citizenship remains a relatively new phenomenon, is worth reviewing briefly some of the key factors driving it. The significant changes experienced in the global economy over the last decade and a half are placing intense pressure on companies to enhance efficiency and the quality of their products.19 Sometimes, this has implied a degree of downsizing that has often implied increasing social costs among many communities. Then again, as just noted, these changes are coming at the same time as the emergence of more participatory political systems, the accompanying strengthening of civil society and, too, the rapid expansion of global communications technology, all of which are tending to put pressure on companies to be accountable to an ever growing group of stakeholders.

More fundamentally still, people both within and outside the business community are beginning to ask larger questions as to the role of business in ensuring sustainable growth, a term which itself increasingly encompasses social and environmental concerns as well as more narrowly economic ones.20 Enlightened self-interest is also often highly pragmatic. Thus, in one
assessment of "the new corporate philanthropy" in the United States it is argued that "the strategic use of philanthropy has begun to give companies a powerful competitive edge", by the adoption of strategies which "increase their name recognition among consumers, boost employee productivity, reduce R&D costs, overcome regulatory obstacles and foster synergy among business units."²¹ The author further notes that "for the first time, businesses are backing philanthropic initiatives with real corporate muscle. In addition to cash they are providing nonprofits with managerial advice, technological and communications support, and teams of employee volunteers. And they are funding those initiatives not only from philanthropy budgets but also from business units, such as marketing and human resources."²² The demonstration effect of such practices, as well as the expansion of the multilateral corporations in the region is, then, another factor for change in Latin American business circles.

In the Latin American context then, both global and national forces of change are making for an expansion of the role of business, one which includes its progressive emergence as a social actor. Further assessment of this issue follows in the body of the text, however, one immediate proviso is necessary. Although there have been business based social foundations in the region for some time, albeit more in some countries than others, and although trends of greater social involvement on the part of business are emerging—as further borne out by the case studies we shall present—this needs to be set against a context where the term "philanthropy" evokes elitism and a "hobby" of the wealthy".²³ The concept of business working as a partner with other sectors, therefore, has still some way to go before it is likely to be recognized as anything approaching a "common" practice. Hence too, therefore, the importance of demonstrating the gains to business to be had from so doing, a theme we will further develop in part one.

In these new circumstances, then, characterized by these far reaching political and economic transformations, there is an emerging pattern whereby the onus of responsibility for poverty reduction remains in the public sphere, yet its capacity to rise to the challenge is increasingly dependent on leveraging its limited resources, capacities and legitimacy by working together with other actors. From the state's point of view, at least in many instances, it is either "partner or perish". NGOs face a similar situation. For many years they have been in the front lines and carried a significant burden of poverty reduction at the grassroots level. But as states become more democratic and as international sources of funding are replaced by local ones, they increasingly recognize they cannot work alone. In many ways, too, the new consensus regarding the primacy of the market as the driving force of economic development creates new challenges
for the business community. Business, it is increasingly recognized, has a role to play in poverty reduction beyond creating jobs. While, in many cases, business could go its own way—for example through the independent action of its community affairs departments—NGOs and governments do have a comparative advantages in many aspects when it comes to poverty reduction. We could then say that, from the business point of view, while partnering with other sectors might have less of the sense of urgency implied in the “partner or perish” metaphor, it is still an interesting strategy to increase the effectiveness of its involvement in social issues.

0.3. PARTNERSHIPS AND SOCIAL CAPITAL

There is another very important reason why partnerships have the potential to emerge as a new development alternative. This has to do with the changes in perceptions in the development community regarding the importance of social capital in the development process, particularly if development is to produce more equitable and sustainable patterns of growth.

Since the original contemporary formulation of the notion by Bourdieu and Coleman and the immense interest generated by Putnam’s study of its relevance to government performance in northern and southern Italy there has been a growing interest in the concept of social capital and its relevance to development, particularly in less-developed countries.

Social capital may be conceived of as being, essentially, the “glue” which produces cohesion among and within groups. In that respect it has important elements of organizational capital and the actual existence of social networks and groups. Yet it is also the sets of cognitive attitudes and predispositions which underlie those social structures. Common association of social capital with “trust”, refers to that concept and, too, to the fact that trust is itself capable of generating the conditions for the interaction among and within groups which can create virtuous circles of exchange and interaction among them, and whose absence tends to greatly raise transaction costs.

Yet, while the social consequences of the breakdown of the social fabric has been eloquently documented, it still remains difficult to pin down exactly what positive contribution it makes when there is a rich and closely woven fabric in place—or even to define by what criteria it may be said to be in place or not. Nonetheless, with the issue increasingly to the fore in developmental thinking, studies are emerging which begin to point to the fact that “yes, it does matter”—and in the developing countries at least as much as the developed.
A particularly interesting “cut” on the theme of social capital, from the point of view of our interest in public-private partnerships, has come from a series of studies addressing the relationship between social capital and the generation of synergistic relations *between* state and society, working on collaborative development projects, rather than tending to view issues of social capital exclusively within society (and usually small communities), in isolation from the state. They come from Nepal, Kerala (India), Nigeria, Russia, Mexico and Brazil. In part these are intended as success stories for showing what *can* make the state work, as an antidote to the countless disaster stories accumulated by social scientists, not to mention practitioners, over the years and, too, because more empirical data of good practice is needed. The Partnerships Program has been developed in exactly that spirit. The studies address questions of the need for social capital to create the potential for synergy and, more importantly, they begin to address issues along the lines: “So, if social capital is ‘a good thing’, how can it be fostered?” “Can it be fostered at all, or does it require centuries to emerge through forces difficult, if not impossible, to engineer?” The findings are worth citing for their relevance to the concerns of this report:

“Ties among friends and neighbors based on trust and rooted in everyday interactions are essential foundations [for the construction of synergy]. ... The key point is that such ties seem to be a resource that is at least latently available to most Third World communities. Based on these cases, it seems reasonable to argue that if synergy fails to occur, it is probably not because the relevant neighborhoods and communities were too fissiparous and mistrustful but because some other ingredient was lacking. The most obvious candidate for the missing ingredient is a competent, engaged set of public institutions.”

The standpoint that social capital is “constructible” informs this report. That is not to say that the altiplano of Bolivia can (or should) become northern Italy thanks to a few successful local development projects. Rather that the kinds of public-private interaction we will explore, that we have called partnerships, can go a long way towards generating the virtuous circles of more interaction, more synergies, more social capital and onwards. Certainly provisos are in order. Of these perhaps the most critical is also well expressed in the study just quoted:

“The cases [...] suggest that prior endowments of social capital are not the key constraining factor. The limits seem to be set less by the initial density of trust and ties at the micro level and more by the difficulties of “scaling up” micro level social capital to
generate solidarity ties and social action on a scale that is politically and economically efficacious.\textsuperscript{35}

The case studies we present cannot, of themselves, provide the answers to scaling up issues, however in the conclusions we will offer some tentative thoughts as what the patterns among them may suggest as ways forward to making micro success repeatable and expandable. Building to that point, part one seeks to develop further the positive story—the ranges of benefits which partnerships can bring to poverty reduction as demonstrated by the case studies gathered in the course of the program. This is followed in part two with an overview of some of the factors which impinge, both positively and negatively, on the opportunities for forming successful partnerships, including both formal institutional arrangements as these are relevant in a number of countries of the region and, too, the informal institutions which determine how the rules of the game are actually played.\textsuperscript{36} We conclude with an overview of some of the key lessons to emerge from the cases reviewed, including some reflections on the further research agenda.

\textsuperscript{1} These fifty case studies were selected from an initial pool of nearly 200 case profiles gathered by participating institutions. The selection process in each country was the responsibility of national committees comprising of leading members of the three key sectors of society, together with nationally-based representatives of the World Bank and UNDP. In Annex 2 we present a list of all fifty cases, the institutions and individuals involved in their identification and preparation, and the composition of the selection committees in the six countries, together with a brief further description of the methodology involved in selecting the 27 case studies discussed in this book. All 50 case studies are also available in full, in both Spanish and English versions on Web Site: http://www.alianzas.org, which also includes a bi-lingual data base on the cases and further information about the ongoing Partnerships Program.

\textsuperscript{2} These are all mimeos, respectively: Arroyo, Daniel and Maria Elina Estebanez: El contexto informal de la vinculaciones entre estado, empresas y sociedad civil en Argentina, FLACSO, Buenos Aires, June 1997; Lowden, Pamela: The informal factors working for and against building partnerships: Colombia. EDI, Washington D.C., February 1997; Navarro, Juan Carlos: Business, government and NGOs working against poverty in Venezuela, IESA, Caracas, April 1997.

\textsuperscript{3} These meetings took place in San Salvador (June 12), Bogotá (June 24-25), Buenos Aires (June 24-25), La Paz (July 10-11), Caracas (July 18-19), and Kingston (July 24), all in 1997.

\textsuperscript{4} The cases do not include a particularly clear gender focus. This, again, was not deliberate on the part of the authors, but reflects simply the quality of the cases collected in terms of their helpfulness in describing the particular importance of a partnership approach to poverty issues. The original pool of 200 case profiles included many with a gender approach, but these were not selected by the national committees for development as case studies.

\textsuperscript{5} See, for example, Long, Frederick J. and Matthew B. Arnold The Power of Environmental Partnerships Forth Worth: The Dryden Press, 1995.
Introduction

This, for example, was the working definition proposed by Francisco de Roux, a leading Colombian civic leader and Jesuit priest, in the first seminar organized by the program held in Bogotá on September of 1996. The views expressed in that seminar were well summarized in Arboleda, Jairo and Rodrigo Villar: Conferencia-taller sobre alianzas por el desarrollo, Bogotá, December 1996. According to Arboleda and Villar partnerships are characterized by (i) a common objective, (ii) active partners, (iii) inter-dependent contributions, and (iv) horizontal relations. A somewhat more stringent stance is taken by the Prince of Wales Business Leaders’ Forum, which defines a Partnership as “a formal relationship between individuals or groups in which expectations and commitments are agreed beforehand and which has at its heart a shared profit/risk element and a relationship built upon fulfilling an obligation or completing a task”. See Tennyson, Rosalind (Ed.): Tools for partnership-building, Partnership Handbook Series, No.2, September 1994. See also U.S. Agency for International Development: New partnerships initiative: A strategic approach to development partnering, January 1997, pp.189-198 for USAID’s approach to this issue.


For example, where a firm has undertaken to become involved in social outreach working with other groups, such actions are unlikely to be seen as implying any actual risk to that enterprise, since they do not impinge directly upon its primary activities.


Although this does not mean that severe problems of upholding the rule of law do not still pertain, as is the case in wide areas of Colombia. To a lesser extent, in Jamaica, too, there may be argued to be a persistence of a legitimacy crisis in the political order and at many levels of the state. A thorough analysis of how violence grew in the 1970’s and 1980’s particularly as a consequence of the breakdown in liberal democratic practices and the action of political party gangs at the shantytown level is provided in Moser, Caroline and Jeremy Holland: Urban poverty and violence in Jamaica, World Bank Latin American and Caribbean Studies, Viewpoints, World Bank, Washington D.C., February 1997.

The socio-political scenario just described applies to Latin America and is not characteristic of Jamaica. The political history of the English-speaking Caribbean is characterized by colonialism which most countries discarded without the trauma which Latin neighbors experienced. Nevertheless, Jamaica shares with Latin America the presence of paternalistic governments.


worse?, World Bank, 1997, present a contrasting view on these matters. However it is beyond the scope of this report to enter into these issues.

15 The same proportions are true when the entire fifty cases are considered.

16 Although quantification of it remains patchy. An existing study on the size of the third sector in a selection of countries of the developed world (see, Lester M. Salamon and Helmut Anheier: The emerging non-profit sector, Second Issue Manchester, Manchester University Press 1996) is now being extended to some countries in the developing world, including several in LAC.


19 This section draws partially upon Nelson, Jane: Business as partners in development: Creating wealth for countries, companies and communities, London: The Prince of Wales Business Leaders Forum/World Bank/United Nations Development Program, 1996. This publication is also an excellent source of international case studies of corporate social activity.

20 In the words of international financier George Soros “Although I have made a fortune in the financial markets, I now fear that the untrammeled intensification of laissez-faire capitalism and the spread of market values into all areas of life is endangering our open and democratic society. The main enemy of the open society, I believe, is no longer communism but the capitalist threat” and “Too much competition and too little cooperation can cause intolerable inequities and instability. The doctrine of laissez-faire capitalism holds that the common good is best served by the uninhibited pursuit of self-interest. Unless it is tempered by the recognition of a common interest that ought to take precedence over particular interests, our present system, which however imperfect qualifies as an open society, is liable to break down.” See Soros, George, “The capitalist threat” in Atlantic Magazine, February 1997.


22 Ibid.

23 See Thompson, Andrés A. and Leilah Landim: Culture and philanthropy in Latin America: From religious charity to the search of citizenship (mimeo, n.d.) and Thompson, Andrés, Francisco Tancredi and Marcos Kisil: New partnerships for social development: Business and the third sector, W.K.Kellog Foundation. Two countries with relatively strong traditions of philanthropy, but which nonetheless display the tensions just outlined are Colombia and Argentina. See Toro, Olga Lucía and German Rey, Empresa privada y responsabilidad social, Centro Colombia de Filantropia, Bogotá: 1996 and Luna, Elba: Fondos privados, fines públicos, Buenos Aires: Espacio Editorial, 1995 for, respectively, an overview of aspects of the phenomenon in those countries.


28 This is essentially the same notion described by Putnam: “social capital refers to features of social organization, such as networks, norms and social trust, that facilitate coordination and cooperation for mutual benefit.” Putnam, op cit. p35.

29 The best known formulation of that argument being, of course, Fukuyama, Francis: Trust: The social virtues and the creation of prosperity, New York: The Free Press, 1995. Stiglitz, op cit., also refers to reputations, designating social capital as being “both an aggregation of reputations and a way to sort out reputations”.

16
30 For example, by Moser op cit. for the case of Jamaica.
31 It is beyond the scope of this report to enter in any depth into such issues. Putnam takes a quite blunt approach focussing on the notion of “civicness”, including issues of whether people read newspapers or not. Certainly proxies appear the only way to begin to approach measurement issues.
32 See, for example, Brown, L. David and Darcy Ashman “Participation, social capital, and intersectoral problem solving: African and Asian cases.” World Development Vol 24, No 9, pp.1467-1479. From a collection of 13 different country case studies of a range of different types of local development initiatives the authors conclude: “The creation and strengthening of social capital in the form of local organizations and networks is an essential task in building intersectoral cooperation that mobilizes and utilizes local resources and energies for problem solving.” Where NGOs as well as grassroots organizations were active, the NGOs were able to provide some of the “glue” linking the communities to higher level intersectoral contacts. A recent World Bank study found that households in villages in rural Tanzania with high levels of social capital, defined as participation in village-level social organizations, have higher adjusted incomes per capita than do households in villages with low levels of social capital (see Narayan, Deepa and Lant Pritchett: Cents and sociability: Household income in rural Tanzania, Environmental Department and Policy Research Department, World Bank, Washington D.C., 1997.
33 They are edited by Peter Evans and presented in overview in “Government action, social capital and development: Reviewing the evidence on synergy” World Development, Vol 24, No. 6, pp.1119-1132 and comprise studies in Nepal, Kerala (India), Nigeria, Russia and Mexico, by, respectively: Lam, Heller, Ostrom, Burawoy and Fox. The Brazilian case is Tendler, Judith: Good government in the tropics. Baltimore Md.: Johns Hopkins University Press, 1997, which looks —among other experiences— at the transformation of health service delivery in Ceará, Brazil, thanks to the dedication of local health workers, itself reinforced by the joint effects of close relationships with the community and effective monitoring (and encouragement) on the part of government.
34 Evans, 1996 op cit p.1125. Because we are interested in “bringing in business”, our focus is, of course, not exclusively on the pitfalls of the public sector.
36 The use of formal and informal institutions borrows as the “rules of the game” derives from Douglass North, particularly, North, Douglass C. Institutions, institutional change and economic performance Cambridge, Cambridge University Press, 1990.
1. **A PARTNERSHIP-BASED APPROACH TO POVERTY REDUCTION: AN EMPIRICAL EXPLORATION**

In this first part of the book, we review the evidence from 27 case studies regarding the benefits of public-private partnerships for poverty reduction. The cases collected vary both in terms of the nature of the activity in hand and also of the character and depth of the public-private partnership which they involve. However, notwithstanding such differences, all those experiences reflect the fact that actors from different sectors of society have decided that they can work together in the pursuit of a common objective, regardless of whether each has different immediate interests in the achievement of that objective.

Establishing and maintaining a partnership is not cost-free. Particularly where different actors are setting out to work together for the first time, considerable time and effort may be spent in making contacts, determining respective responsibilities, working procedures and so forth, improving systems of coordination and responding to evolving situations such as to sustain the relationship over time. That applies even when relations begin and continue on a positive footing: it may well also be the case that barriers of mistrust, mutual uncertainty, difference of language and frames of reference also need to be overcome. Difference of perspective and interests are almost certain to pertain, given precisely the fact that the actors come from different spheres. To those informal factors are often added bureaucratic, financial and even legal impediments to partnerships. Without doubt transaction costs of all these types are likely to be higher when various different agencies are trying to act in consonance than when they work as single agents.

Why, then, do governments, business leaders and civic organizations decide to work in partnerships together? The answer emerging from the review of cases identified under the program is that partnerships pay-off. The specific arrangements among partners adopted in each case can be legitimately seen as means of improving the cost-benefit relationship. The purpose of
this first part is to review the evidence on the benefits of partnerships as an approach to poverty reduction.

The argument is threefold: (i) there are a number of ways in which partnerships can be seen to bring new resources which, not surprisingly, lead to both quantitative and qualitative gains in output; (ii) the gains in output, in many cases, exceed those explained by the added resources. In other words, there is an increase in the productivity of resources made possible by the partnership. Those tend to be associated with the existence of complementarities and synergies between the contributions made by the different partners; (iii) beyond the immediate gains in outputs, partnerships also imply a number of forms of asset generation which relate essentially to areas of human and social capital building. The best evidence that this is occurring, as well as the particularly interesting aspect of such assets, is that they in turn create the conditions for multiplier effects.

Brief summaries of the cases are included in Annex 1. For ease of reference, the cases are highlighted the first time they are referred to and numbered in the text according to the order in which they appear, which is the same order in which they appear in the annex.

1.1. **Bringing new resources to poverty reduction**

Partnerships increase the resources available for poverty-reducing initiatives and, thus, expand the range of possible solutions. While the cases reviewed differ in many aspects, a common element in all of them is the net increase in resources associated with the creation of a private-public-civic partnership.

"New and old contributions and contributors"

The new resources which partnerships can bring to bear to the matter in hand may be material resources —such as funds and in-kind contributions—or non-material—such as skills of more and less technical types, information or other intangibles such as credibility and "clout". In fact, in the cases under review, the net gain in resources usually involves different combinations of these ingredients. The two principal ways in which new resources are brought with partnerships—not mutually exclusive in themselves—are, in the first place, by bringing in new contributors, and, secondly, by leveraging more and new contributions from "old" contributors.
The notion of "new contributors" is most associated with the involvement of private sector actors. Their contributions may usually bring a net increase in material resources, but what is often equally important is the new skills, such as management skills, which their presence also contributes to the whole. Where the lines certainly blur in determining that these are "new contributors" is with the business-based social foundations, many of which have long-established histories in some of the countries in the region. Nevertheless, the direction of change towards more private sector involvement in poverty reducing initiatives may be taken to mean a net increase in new types and forms of private sector involvement.

The lines are also somewhat blurred in terms of defining whether civil society actors such as NGOs represent "new contributors" or not. In general, the answer is "no", at least in terms of their presence on the poverty reducing scene and, indeed, their quite well established comparative advantages in areas such as targeting and ability to access the poorest groups and thus reach where, very often, the state has been unable to. These comparative advantages have been increasingly recognized by the public sector since the end of the 1980s as successive governments sought to involve NGOs to greater and lesser extents in executing their Social Emergency Funds. Thus, both the growth in numbers and strength of NGOs and other civil society organizations, as well as the greater prevalence of their working with the state, has certainly amounted to a sea-change in the level of availability of the "new" resources they can bring to bear.

In many instances this means in effect that the NGO sector in many respects represents a "new contributor", with a new kind of contribution to make which—traditionally—has been a scarce resource for poverty reduction. Not surprisingly, this is more clearly discerned in some countries than others. The presence of NGOs available to work with state is very new in El Salvador and, relatively, also in Venezuela, whereas this is less clearly so in Colombia or Argentina, although even in these countries it has remained quite exceptional until recent years. Newer still is the notion of NGOs collaborating with the business sector in the majority of these countries.

"Old contributors" are primarily state actors and, to a lesser extent, the poor, beneficiary communities themselves, given the long established practice of self-help initiatives in which communities provide most of the resources and experiences of "community participation" in social programs (albeit that this too has tended to be more prevalent in some sectors such as...
housing and is only quite recently being brought into new kinds of projects such as improvement of education).

In the cases collected, new contributions from old contributors was sometimes the result of additional funding on the part of governments, and sometimes the community itself. More generally, however, the cases show repeated instances in which the new contributions derive, at least partly, from a re-orientation in the use of existing resources towards higher priority uses or more deserving groups. Thus, while it would be difficult to show that, at the national level, there is any net increase in government spending on the poor, many of the cases do demonstrate examples whereby partnerships effectively leverage resources previously available for other purposes and target them to poverty-reduction. Often this is associated with what amounts to the effective creation of a “new contributor” in the form of local and regional governments, this being particularly apparent in Colombia, Venezuela and Bolivia.

As will be shown in section 1.2. below, the real effectiveness of these increases in available resources lies in their combination through partnerships. It is nevertheless useful to offer some examples of the types of resource gains just outlined before going on to consider the question of how they come to be combined. For the sake of clarity these are simply divided into material and non-material resources.

**Gains in material resources.**

As noted, financial support by the private sector is, clearly, an important element of the story. What is also interesting is that the specific source of that support is diverse:

- In some cases resources come from individual companies, such as in the case of CONELCA S.A. (1.) (a subsidiary of a US corporation in El Salvador) that has “adopted” four local primary schools in the industrial district of Ilopango (San Salvador) where it is based, funding a variety of projects including construction of basic infrastructure and environmental activities in those schools, as well as outreach activities in the wider local community.

- Company foundations constitute another source of support. For example, in the small coastal town of Oracabessa (2.) (Jamaica) the major business concern, Island Communications Ltd., has set up a local foundation with an annual grant from the company in order to expedite its community development programs and provide closer links with grassroots organizations.
The main company has stepped in to make larger donations as well, such as the extension of a previously overcrowded primary school.

⇒ In other cases, it is a group of companies that provides support to the partnership. In Venezuela, for example, 400 large scale companies currently participate in the *Dividendo Voluntario para la Comunidad*, (3.) *(Voluntary Dividend for the Community)* some of whose main activities revolve around the construction of rural primary schools in response to requests from the organized local community. Another such alliance is *CITA*, (4.) a consortium of thirty companies from Antioquia (Colombia), that has provided major funding for the reconstruction of a municipal secondary school together with sponsoring a number of scholarships for particularly needy children in the municipality of Itagüí.

⇒ Companies do not always group together to provide funding for a specific project. For example, again in Venezuela, a number of companies acting separately are involved in supporting, sponsoring and providing donations of their products to a program of the municipality of Maracaibo which provides *Mobile Health Clinics* (5.) to the poorest areas of the city.

⇒ The private sector does not necessarily only mean large companies. In *Palpalá* (6.), a municipality in northern Argentina, it was the severance payments received by former employees of a privatized steel mill that became the main source of funding for a municipality-wide effort to develop small and medium-size enterprises and thus re-create an economic structure for the locality.

The cases of CONELCA, Oracabessa and the *Dividendo Voluntario* are fairly exceptional in the sense that, in these cases, the principal source of funding has come from private sources. In the CONELCA case, the failure of the central government to reach the primary schools in the area was brought to light when the company went to make a donation of saplings to plant in one school, only to find that the school had been without water for many months —with imaginably horrific sanitary consequences. To date the only real public sector partner (other than simply securing reinstatement of basic services) CONELCA has found has been the local government, and even here the latter’s contribution has been mainly limited to the lending of heavy machinery for laying pipes, the pipes themselves having been provided by CONELCA. As much as anything else, this reflects the limited resources and responsibilities of local governments in El Salvador. The situation is still more dramatic in Jamaica where local
government is virtually an empty box.\textsuperscript{6} For its part, the Dividendo is increasingly starting to manage to reduce building costs thanks to the collaboration of local governments, but this is a recent development that has followed from decentralization.

Exceptions often do prove rules. Even though private sector funds constitute the most noticeable source of new resources in these partnerships, government funding—by the different levels and agencies of the state depending on the country and partly reflecting differences in the structure of inter-governmental finance—continues to be substantial in almost every case. We estimate that in more than half of the cases in the six countries public funds constitute the main source of funds.

State funds appear to be important even in cases in which the private sector provides substantial inputs. In the case of Palpalá, for example, funding from the federal government towards training and credit schemes has also been crucial to the success of the experience to date. Or in Itagüí, where the financial contribution by CITA has been matched by the municipality both in terms of construction costs and monthly per-student payments to the school.

But what partnerships achieve in many cases is a reallocation of public resources toward activities with higher poverty reducing impact. For example:

\begin{itemize}
\item \textbf{FUSAL (7.)}, a business foundation working on health issues in El Salvador, has taken over the management of the local health system in the municipality of San Julián, Sonsonate. The Ministry of Health maintains its previous level of funding, now channeled through FUSAL. While FUSAL's own contributions have led expenditure per capita to rise (from $US 9 to $US 16 in 1996) equally important—from a poverty reduction perspective—is the fact that the public funds are now allocated in a greater proportion to preventive health activities in rural communities.
\end{itemize}

Even some of the poorest groups in the community contribute with resources in the experiences reviewed. Those contributions can take monetary form (particularly in terms of paying for loans and other forms of savings) and in-kind form (particularly in terms of community labor). This is not something unique to partnerships: community labor has been present in a good many of more traditional and "participatory" programs, and loans have been an element of many NGO-led initiatives. However, in the context of a partnership these contributions can often be more forthcoming and be put to more effective use in context of the range of contributions coming from other sectoral actors:
In the city of Cali (Colombia) the Self-Help Construction Program of Basic Infrastructure (henceforward: AOISPEM, its Spanish acronym), which extends the water and sanitation network to Aguablanca, a poor district of the city, has been extremely successful in mobilizing both community labor and monetary resources to the point of full cost recovery. This is the result of a partnership between the municipal utilities company that leads the construction work and offers credit, a local private foundation (Fundación Carvajal) that articulates the effort and offers technical assistance, and various construction firms that offer discounts for materials.

In Barrio San Jorge (9.), as well as in several other poor neighborhoods in the Buenos Aires Province (Argentina), thousands of families are in the process of being connected to the water and sanitation network managed by Aguas Argentinas—a recently privatized water company—through an innovative partnership (with the company, an NGO and municipal and provincial authorities) that involves community labor, loans and other cash contributions.

In the State of Lara in Venezuela, the “Glass of Life” (Vaso de Vida) nutrition program—that reaches 315,000 children through the adoption of a partnerships approach unlike its ineffective national predecessor—relies on the community (with advice from the private sector) for its broad and extremely effective distribution network.

Partnerships with national and local authorities and other regional actors, have also allowed the mobilization of the remarkable capital accumulation from savings by peasants that lies at the heart of rural cooperative movements such as Coopcentral (11.), In Santander, Colombia. Coopcentral is a federation of some 200 cooperatives with a total of 250,000 affiliates and savings amounting to $ US 1.5 million. Another such Colombian federation of cooperatives, from the neighbouring department of the Norte de Santander (Province of Ocaña) is Cencooser (12.). One of its members, for example, is Acuascoop, which comprises 45 public and private entities, including the departmental government for the purpose of constructing and maintaining a new reservoir, in the face of repeated droughts. The reservoir is now itself run as a mixed enterprise, providing water for 17,000 people whose livelihoods were previously in peril.
Non-material resources.

Partners bring more than money. They bring, for example, managerial and specialized technical skills. In some cases, these could be seen as in-kind, labor-based contributions, complementing cash ones. But this is only one aspect of how partnerships add skills to poverty-reducing initiatives. Some skills are scarce: given their limited supply it is not easy to buy them in the market, particularly in smaller localities and for projects demanding longer term commitments. When those skills reside with one actor—such as a local company, a technical unit with the government, a specialized academic institution or an NGO—the gains from establishing a partnership can be large:

⇒ A rural cooperative known as La Unión (13.) (in Santiago del Estero, one of the poorest provinces of Argentina) has long benefited from a close relationship with Consultar, a private consulting firm which has acted as technical advisor to the program. Although the consultants do receive payment for their services, the relationship goes beyond a commercial one in terms of the long commitment on both sides. Moreover, Consultar also plays a key role in bringing public and private sector contacts, for example, with large scale textile firms essential to the sustainability of the cooperatives cotton producing activities.

⇒ In western Jamaica an umbrella organization for grassroots community organizations working on land tenure, savings and housing issues has received considerable support from a local consultancy group on urban planning. This relationship has enabled the umbrella organization, COMAND (14.) (Community Organization for Management and Sustainable Development) to develop its practices of community mobilization and consciousness raising into an integrated whole which has won the attention of the government’s principal social housing program, Operation PRIDE. From this it stands to receive significant further government funding.

⇒ In the slums of Córboba (Argentina) a program of Integrated Child Nutrition Centers (15.) led by a Catholic NGO (Caritas) and the community benefited from the involvement of a business foundation (Fundación Arcor) and the provincial government, and not only because of the financial resources they both brought. Arcor has brought entrepreneurial skills to the management of the program (including the training for community leaders). The provincial government brought with it an approach which insists that the nutritional program be
extended to wider child care support and monitoring; and has also established a system for measuring the unit costs of the more integral service now being provided.

Thanks to a partnership that pooled technical skills from a regional technical college and the national vocational education service (SENA), the management skills of leading local business interests, and the intermediation on the part of the local government to secure important outside funding, the town of Pensilvania (in Caldas, Colombia) was able to set up a training and services **Center for Wood Production** (16.) with a view to diversifying the local economic base and provide a viable long-term alternative to coffee production.

What this last and many other cases also show is the importance of information and contacts: the municipality of Pensilvania knew where to go to look for outside funding and support, and was in a position to obtain it. The critical point is that different actors have access to different information sets and a partnership may be the only way of sharing them. CITA—the business consortium in Itagüí—brought not just its financial resources and management skills, but also contacts to set up the partnership that has enabled the successful improvement of education in the school where it has worked. This has included not only public support from the municipality and other firms in the area but also, crucially, the partnership with an NGO with a long established record in providing high quality education for the disadvantaged, the Corporation Minuto de Dios, which now is in charge of the overseeing and management of teaching.

In the case of the “Glass of Life” program, the combination of information in the hands of the state government, private firms and a range of community organizations made possible an entirely new production and distribution network for the milk in the nutritional program for disadvantaged children which explains the sharp improvement in the program’s effectiveness as measured by the number of children reached and the quality of the service.

Another critical input implicit in the formation of a partnership is “credibility”: in many cases the absence of a specific actor implies the difference between a project or no project because it brings the minimum level of credibility among all actors needed for implementation. Credibility is, of course, particularly essential where there is likely resistance to cooperation from particular sectors.

Very often this resistance comes from the public sector and has its roots in clientelism. For example, in the coffee growing department of Caldas (Colombia) the Coffee Producers’
Committee has been able to play a crucial role in massifying the innovative *Escuela Nueva* (New School) (17.) model in rural primary schools in the department. Combining the roles of co-funder, broker and community leader, the Committee was uniquely placed to use its well established credentials both in the local community and the “technical” enclaves in the Education Ministry to undermine progressively the endemic clientelism in the education system which had previously impeded the massification of the *Escuela Nueva* model.

In other cases, the resistance may come from non-governmental actors: business, NGOs or the communities. Fundación Carvajal in Cali, for instance, brought to the municipal basic infrastructure project both an accumulated experience in working in Aguablanca —and with this much credibility with the local community— and the right contacts and prestige in the wider business community to secure a reduction in the price of materials that enabled further cost reduction.

It is not always the “strong” who are able to provide crucial credibility and, with this, access to working in often difficult communities. In many cases NGOs provide bridges for “higher authorities” to work in poor communities. Very often, however, the first steps in that direction rely upon community organizations themselves:

⇒ In the *Colonia Milagro de la Paz* (18.) district of the city of San Miguel (El Salvador) — notorious for its criminality and violence — the NGO *Fundación Maquilishuat* (FUMA) was able to introduce a program providing health and formal education to delinquent street children thanks to its close collaboration with the local community organization, known as the Adesco. Previously the police themselves had been reluctant to enter the district and another private foundation, FEPADE, had tried and failed to work there. In other words, as well as facilitating effective targeting of the most needy and vulnerable groups, partnerships are often able to provide access to them in ways in which a single agent is not always able or willing to attain.

A still more dramatic case of partnerships being able to reach where single actors—in this case the state— cannot, comes from the *Red Cross in Urabá* (19.) region of Colombia, which has long experienced severe armed conflict involving guerilla, army and paramilitary groups, with the civilian population only too often caught in the firing line of what has been an increasingly “dirty” war:
The Colombian Red Cross, in conjunction with its international counterpart, has led a strategic preventive health and security program in the Urabá region of Colombia, making full use of its unique status as a credible, neutral actor in a conflict zone. It has been able to coordinate closely with the local public health services, entering into the areas which a particular crisis has rendered too unsafe for any form of state authority to go. The program also draws support and funding from a wide variety of national and international, public and private sources, and provides training for youth brigades in the region to work as auxiliaries and impart awareness in issues of human rights.

Finally, too, new non-material resources may also take the form of entirely new approaches that bring in other generally neglected areas of poverty reduction. One area whose importance is only recently entering on to the poverty agenda is granting access to the justice system to large segments of the population typically excluded:9

A specially created Civil Association Primero Justicia in Venezuela campaigned successfully for legal changes allowing for the creation of a Justice of the Peace (20.) system whereby communities can elect their own local arbitors for conflict resolution, thereby immensely broadening the space in which to deal with minor disputes. Implementation of the system required a strategic alliance between the NGO, a government ministry, private sector communications companies and other contributions as well as a multiplicity of local level partnerships between community organizations and local government, still with the leadership of Primero Justicia.

Already in this presentation of resource gains in inputs it has been difficult to separate the question of inputs and outputs, since the real significance of these partnership experiences lie in the complementarities and synergies generated by the combination of these new resources as they work together to produce results. It is to that issue, then, that we now turn.

1.2. QUANTITATIVE AND QUALITATIVE PRODUCTIVITY GAINS IN OUTPUT THROUGH COMPLEMENTARITIES AND SYNERGIES

The gains in output observed in many cases —such as more and better education for poor children, water and/or housing for low-income households, more income generating opportunities and other welfare achievements— go beyond what may be explained by the increase in inputs (financial and other). The evidence offers very suggestive examples of how the partnerships
increase the productivity of resources through the complementarities and synergies they make possible. Minimally, they rationalize efforts and thus reduce duplication and waste. Beyond that, a partnership allows different individuals or groups to specialize according to their comparative advantage in a way that would be difficult through conventional market mechanisms or in more traditional state-centric programs. Moreover, the synergistic interactions between actors with different views, backgrounds and perspectives becomes, in many cases, a fertile ground for new, creative, innovative solutions to old problems. In other words, the interaction between partners from different spheres helps improving the “technology” used to solve the particular problem in hand.

The range of ways in which the above cases achieve such gains are many and varied, and there is naturally an important degree to which the scope for them is determined by the nature of the activity in hand—e.g. expanding a water and sanitation network or providing basic health services to rural communities. For that reason, in what follows we will take a sectoral approach, in terms of activities, towards reviewing the lessons from some of the cases referred to in the previous section (as well as introducing some new ones). We also seek to explore the connection between the types of demands imposed by the nature of the activity in hand, the form taken by the partnerships and the ways in which the different contributions of the various actors are brought to bear. These should not be understood, however, as necessarily offering any “model” solutions according to any strict or rigid typology of “who should do what and how”. Rather, they are suggestive of varying types of approaches facilitated by partnership responses to meeting specific examples of typical poverty reduction challenges.

**Provision of basic infrastructure**

One significant group of the experiences reviewed had as their main objective the provision of basic infrastructure—water and sanitation, housing, etc.—to the poor. These types of activities have several elements in common. First, and notwithstanding important issues of maintenance and upgrading, they involve a heavy dose of construction work—with the consequent implications in terms of coordinating the provision of materials, technical design issues and the physical work involved—and, as such, can be characterized as being, to a large extent, a “one shot” affair. Secondly, these are activities in which costs are of the essence: providing adequate services of large scale infrastructure such as water and waste disposal to poor communities, whether urban or rural, is a costly business as is only too clearly demonstrated by
the continuing deficiencies of coverage in poor communities. Thirdly, too, it is an area in which the private sector is increasingly playing a role both in terms of provision as well as production—albeit in general with public subsidies for the poor. Finally, maintenance and upgrading issues in the future are themselves more likely to be successful and efficient where the community has itself been a partner in the initial construction work.

Given those common elements, it is not surprising to find that in many of these cases partnerships between public, private, civic and community actors facilitates improved productivity in the provision of basic infrastructure—i.e. achieving more output at similar costs—thanks to gains from the specialization and complementarities they involve. As we will see, the presence of a strong actor functioning as an articulator among the different partners has been an important factor explaining such gains.

Two of the cases already referred to provide quite different examples of innovative experiences in finding a fit between available resources and needs for water and sanitation services through partnerships involving state agencies, business, NGOs and the community. AOISPEM in Cali offers an example of a case in which the complementarities between the Carvajal Foundation’s contribution of management skills, contacts and credibility (with government, business and the Aguablanca community); the municipal public works’ technical skills and financial resources; the community’s basic interest, labor, and monitoring; and building materials companies’ financial resources (expressed in reduced cost of materials) resulted in increased efficiency, lowering costs sufficiently to make cost recovery possible even in such a low-income neighborhood. The community is repaying the credit given by EMCALI, the municipal utilities company, to the full amount of costs incurred by the municipality, in addition, of course, to the value of its own labor. The critical player here was Carvajal, which provided the bridge both between municipality and community, and also with the local building materials producing companies. Thus, while the initiator was EMCALI, the crucial role of provider and articulator of resources was played by Carvajal.

In the case of Barrio San Jorge the gains in productivity are associated with a simple but powerful scheme the partners have called Servicio de Agua Consensuado (“water service agreed by consensus”) under which Aguas Argentinas prepares the project, provides training and technical assistance and supervises; the municipality provides the materials (procured with help from Aguas Argentinas); the NGO promotes the initiative among the different partners and
organizes the community; and the community provides the labor. In more populated neighborhoods, Aguas Argentinas is adopting a different scheme called Unidad Generadora de Empleo ("employment generating unit") under which a construction company is brought into the project, people in the community are hired as laborers, the provincial government finances the labor costs and the community repays those costs in five years. Initially, the critical role was played by an NGO (IIED-AL) that had the credibility and experience to bring the different partners together. But as the project expanded to other neighborhoods the water company internalized—with training support by the NGO—the lessons and expanded the range of partnerships.

The provision of housing to low-income families offers similar challenges to those of expanding water and sanitation networks with, of course, the added component of the cost of the housing itself and meeting needs to ability to pay. One interesting case of a successful partnership meeting these challenges comes from Venezuela:

The Fundación Vivienda Popular (FVP) (21.)—Foundation for Popular Housing—a private sector foundation, began working with the public body entrusted with this issue, the National Housing Institute (INAVI) from 1991. The FVP used the model it had already developed of working with community-based organizations, ASOVIVs, (Asociaciones Civiles de Vivienda, or Civil Housing Associations) which the foundation had itself promoted, and channeled the funds from INAVI to the associations, taking on responsibility for ensuring repayment. As in the case of Fundación Carvajal in Cali, FVP has used its contacts with building material companies to lower costs further. This model has proven so successful it has been adopted in four states with 17 ASOVIVs created to date. Here the key to the success of the partnership is once more the private organization that acts as the intermediary between the public sector and the communities, although public funding was also of critical importance. The FVP was able to capitalize and build upon its existing work in developing the ASOVIVs, installing as it had management capacity in community organizations and, with the vital injection of important public funding, spread this model to other communities. For INAVI, in turn, it means that it has only to deal with one organization in those communities, instead of each ASOVIV separately and thus makes considerable efficiency gains through this virtual elimination of transaction costs. Once more, then, the complementarities implicit in the partnership generate substantial productivity gains in the use of resources, to the point of enabling long term sustainability of the model.
Where health, education and other social services are concerned, there are obviously issues of infrastructure provision in play as well as the more complex ones of management of the service in question itself. While the cases collected do provide interesting examples of partnership-based infrastructure provision—for example with the *Dividendo Voluntario* in Venezuela—it is not with this aspect that we are primarily concerned here in terms of developing the argument of the role of partnerships. Rather, what distinguishes social service provision from that of basic infrastructure in terms of the demands it places on would be providers is that it is, by definition, a service which must be supplied and adapted over time as an on-going process rather than a “one shot” affair—a fact that emphasizes operational issues such as those involving personnel. Not only that, it is an area in which immense qualitative issues are involved requiring a diverse yet specialized skills base which itself needs to be maintained and adapted to diverse local needs over time.

As was the case with the provision of basic infrastructure, it is not that partnerships provide any one “model” for how to meet these challenges, nor do the cases we have collected guarantee any uniformity in terms of the quality of the response they offer to the challenge. Rather, as above we simply aim to provide something of the flavor of the “menu” of types of innovative partnership based approaches we have collected, together with a rudimentary presentation of how it was that the partnership offered the opportunity for productivity gains in the use of available resources.

Two cases in Venezuela, one dealing with health prevention the other with child nutrition, provide good examples of how, what starts as a public sector program achieves important productivity gains thanks to innovations made possible by the synergistic relations among members of the partnership. In both cases, it should be noted, decentralization operates in the background as an important factor as the experiences are to a large extent driven by sub-national governments attempting to take over new responsibilities in the social sectors.

A fascinating case of reaching where services had never been before is the case of the transformation of an inefficient national nutrition program, the Glass of Milk Program, into a dynamic and expanded and highly effective program, “The Glass of Life”, in the state of Lara. The program is run by a specially created office of the state government; local firms provide milk
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at subsidized rates, to which they have also contributed investment in research to produce a more nutritious product. A wide network of community organizations provided both an original census of needs and has remained active in the distribution of the milk and foodstuffs. Not only have the numbers of children reached by the program risen from 70,000 to 315,000 daily, but they receive more and better nutritional benefits than in the original program, together with the fact that more widespread nutritional gains have been made in the training of over 1,680 parents who have collaborated with in program in good nutrition practices. The program has also encouraged the creation of microenterprises recycling containers and providing foodstuffs which are also distributed with the milk.

An excellent example of the productivity gains is the design of a sophisticated distribution network that allows the milk to reach the intended population on a regular and consistent fashion. This was made possible by the synergistic interaction among the community groups, the milk producers and the government officials in charge of the program. While this is a public program —and the state agency administering it, Fundasalud, plays a critical role in articulating the efforts— it is the involvement (and ownership) by the community groups and private companies that explain the quantitative and qualitative gains observed.

The other case comes from Maracaibo with an innovative program initiated by the local government of sending mobile medical units into the poor parts of the city, where previously no health care was reaching. A range of contributions are in play: the leadership and funding of the local government combine with a wide assortment of private sector subsidies and donations, from the vans and their equipment down to the toothpaste distributed by the vans. An NGO (CESAP) contributes by training both the social workers and other medical staff who travel with the mobile units, as well as in its own programs of training community health workers.

The synergy in play here is that the success of the mobile units is further multiplied by the work of the NGO, and the latter in turn is able to achieve more effective results through linking the work of community health workers with the units. Furthermore, the interaction among the three sets of actors has permitted improving the quality of the service delivered, for example by continuous adaptations to the mobile units whereby the company that produces them has introduced several changes in the original design. The program has been maintained under new political leadership in the local government; reportedly it has been received as a kind of miracle in some of the areas where it has managed to reach. While the municipal authorities have been the initiators and provided continuous leadership to the initiative, it is the partnership with the
NGO, the various companies and the community that explains not only the program’s sustainability but also the innovation and creativity it embodies.

The productivity gains associated with the synergy resulting from a partnership can also be illustrated in another health-care case which shares with the previous two ones the presence of a strong leading actor, in this case a private one. The combination of the skills of the FUSAL foundation in El Salvador with the existing public health service in San Julián led not only to an extension of services, but a switch in the orientation of the service towards building an integral local health system. Concretely, health care has been extended to rural areas where public services never previously reached, thanks largely to joining forces with FUSAL’s previously trained health volunteers and sending the Health Unit doctors out into the countryside on a regular basis.

Moreover, because they are now part of the same team, rural volunteers are now far more willing than they have been in the past to refer patients to the Health Unit where necessary. As a result there has been a virtual duplication of numbers of consultations and vaccinations over the specified expected norms of the Ministry — and FUSAL’s own goals in these respects have also been significantly exceeded. FUSAL itself points to these gains as an important demonstration of the degree of synergy achieved in the program. Moreover, other areas of work have been introduced by FUSAL including nutritional and infrastructure programs which have leveraged both public and local resources. To that effect, too, the experience led to the establishment of an inter-sectoral committee, including local authorities, community, NGO and other civic organizations. The secret behind this case is not just FUSAL’s technical capacity but the strategy it followed of integrating public, civic and community groups into the program, in ways that facilitated achieving such a large coverage under a new type of service orientation.

A somewhat different way in which a partnership may operate and achieve impressive quantitative and qualitative results is exemplified by cases from the education sector in Colombia. In the case of the secondary school in Itagüí the partnership not only produced more education but also better education. The case involves significant additional resources. As discussed in 1.1. these are, in part, financial thanks to the involvement of the CITA consortium as well as the municipality. CITA also contributes technical skills as does the third major partner: a large, national NGO known as El Minuto de Dios. This NGO has developed expertise on a wide range of developmental skills, but education has been one of its particular fortes since its foundation in 1958. But the remarkable learning outcomes achieved in just a few years of operation can only be
understood as a result of the specialization—according to comparative advantages—among the three partners, as well as the adoption of an innovative “educational technology” made possible by the presence of business, NGO and government.

The emphasis on moral as well as formal education, the built-in link with technical job training and the consistent effort to monitor and evaluate results represent a powerful mix, unlikely at best to be achieved within a non-partnership context. The process of achieving these productivity gains involved the initial leadership role of CITA, but in close coordination with the other two key actors. But, as the experience developed, the partnership itself became the source of leadership and articulation. Now it is possible to observe a close intermeshing of the complementary skills of the different partners.

**Income Generation**

If providing good quality social services presents more complex challenges than those of providing basic infrastructure, in terms of establishing an effective system that can maintain and adapt itself over time, then the challenges of promoting income generating opportunities for the poor appear to be, in many respects, more complex still. In essence, rather than setting in place a combination of actors able to achieve the maintenance of a specific service or series of services over time, what the creation of income generating opportunities requires is the establishment of a set of conditions which facilitate the flourishing of independent, private initiatives by providing the poor with adequate skills and resource basis at the outset, and, ideally, a flexible support system which can be maintained over time.

Not all of these elements, moreover, will lie within the control of even the most creative public or private agencies. Put simply, high quality schools for the poor can be created in specific situations even in the teeth of the worst national institutional framework; it is a different proposition to create income generating opportunities, particularly in the face of adverse macro economic circumstances. Nonetheless, that does not mean to imply that “engineering” the necessary elements into place is impossible: indeed, one of the lessons from the cases we have collected is that adversity can indeed be the mother of invention. The case of Palpalá presented in greater detail below provides particularly eloquent testimony of that, but it is not the only one.

Microenterprise programs are, of course, now quite widespread in the region. What is less commonly recognized is that they do, almost of necessity, require partnership arrangements
between public and private actors to exist at all. That is, the technical training and management
skills are likely to require a specialized institution or institutions to provide them, while the
funding of credit schemes tends to come from other sources; still other actors are often required
to provide monitoring and marketing assistance to those receiving credits:

⇒ One of the largest and most successful such programs in the region has been that run by the
Venezuelan Fundación Mendoza (22.) in the ten years it has functioned has provided
training for over 12,000 microenterpreneurs. Originally Fundación Mendoza developed its
microenterprise program with technical assistance from the Colombian Carvajal Foundation
and initial funding from the Inter-American Development Bank, administered by the La
Guiara Bank, an affiliate of the Mendoza group. Over the years the program has expanded its
coverage by bringing new actors into what has now become a multiple partnership. Funding
of credits has come from FONCOFIN (the national’s government’s program to develop small
enterprise) supplemented increasingly over the years with management of credits from
commercial banks. Contributions towards operating costs in various parts of the country have
come from private industry, affiliates of the national petroleum company as well as
FONCOFIN and, also, the Municipality of Sucre, where the program has had an important
presence. Further collaboration in the form of community outreach programs has come from
a large NGO (CESAP). In each of the regions in which it operates, the program relies on the
leadership of local chapters that include public, private and civic representatives.

Once more, then, we see the fundamental role played by an institution well placed to win
the confidence of funders and able to benefit from a range of technical assistance in the process
of developing the program. The Foundation was thus able, in turn, incrementally to gain the
capacity to articulate with growing numbers of other actors in order to extend the reach of the
program in a manner which was self-reinforcing: as the program extended it broadened the range
of technical assistance and funding contributing to it, and was thus able to pass an ever growing
range of services down to the beneficiaries at the same time as constantly expanding their
numbers. The partnerships Mendoza has established with this broad range of institutions allowed
it not just to gain additional funding but improved the effectiveness with which those resources
are being used by allowing a higher degree of complementarity among partners.12

This experience —as well as that of similar programs in other countries13— relies on an
approach to income generation on a national scale, without a specific regional or local focus, and
is based on betting on microenterprise per se —that is, without sectoral specificity beyond the
niches which small scale industry is able to furnish without falling into problems that wipe out its competitiveness. Another approach, more local in nature, involves efforts to support income generation activities among low-income groups on the basis of developing geographically defined comparative advantage, in the manner of a “clusters” approach.

Again, the way in which a partnership approach can make gains in this somewhat different income generating strategy is illustrated by the case of Pensilvania (Colombia) where the local government initiated a partnership that has led to the creation of the Center for Wood Production, an interesting case of complementarities producing an innovative approach to reshaping a local economy away from dependence on the declining coffee sector. Having secured important outside funding for the program via the National Planning Department, the local government largely withdrew, leaving the program in the hands of better qualified public and private agents. Two agents, one public and one private provided the technical know-how in carpentry and forestry skills (respectively, SENA, the National Training Service, and the National Integrated College of the East of Caldas, a regional technical college). The College also provided the premises for the Center. To this was added the crucial contribution of the local key business group (the Dario Maya Foundation) that has provided the crucial management training skills both for the Center itself and its beneficiaries and the local logging companies that provide wood offcuts which students can use as practice material, as well as having provided equipment for the Center.

Once more, then, we see an experience which simply could not have been put together without the ample participation of the various different actors involved. Given the complexity of the challenges involved in generating an alternative economic base in the region—not all of which have been solved as yet in the barely five years of the Center’s existence—multiple local, national and in this case even international actors were required. But the most interesting aspect of the experience is that its outcomes were achieved thanks to the productivity gains resulting from a very strong process of specialization among the different actors and the creativity made possible through the interaction between technical institutions, local business and local government. At heart this is a local, at most sub-regional story, driven by the desire of its leaders to act as catalysts for economic growth and the improvement of opportunities.

The case of Palpalá, Argentina, is still more dramatic as an illustration of the power of partnerships to respond to the immense challenges of creating effective income generating
opportunities. In Palpalá the challenge in question was associated with a major economic shock, the loss of 4,000 jobs (in a town of 40,000 inhabitants) once the publicly-owned *Altos Hornos Zapla* steel mills were privatized. The local response—led by the municipal government but through a strong and growing partnership with local businesses, displaced workers, NGOs, neighborhood associations, schools, etc.—was to transform Palpalá into a town of ‘entrepreneurs’ through a strategy of training, coordination and innovation, building upon the strong local industrial tradition.

The establishment of approximately one hundred new small and medium-size enterprises—a large majority of which have survived and prospered—constitutes a remarkable outcome, particularly considering the dire initial conditions. As discussed in the previous section, a combination of material and non-material resources from public, private and civic origins was behind this experience. But, it is the “high productivity” of those resources, compared to more traditional attempts to counteract shocks arising from episodes of major economic dislocation, that is particularly impressive. The complementarity between the convening and administrative power of the local government, the industrial and entrepreneurial energies of the dislocated workers, and the experience of specialized NGOs allowed for the generation of a variety of productive projects such as a new regional transportation company, and a packaging enterprise catering to export-oriented companies.

“Network thinking” is the term the people of Palpalá use to refer to what is, essentially, a city-wide partnership. Furthermore, Palpalá presents perhaps one of the most notable examples of how partnerships—by offering opportunities for public-private collaboration—create the conditions for creativity and innovation, another significant way in which productivity gains are achieved. The latest example of such activity is the creation of a city-wide laboratory, run by all the public secondary schools, that offers services to the local companies as well as training opportunities (and understanding of business needs) for the future entrepreneurs of Palpalá.

Already, in the description of the productivity gains achieved by the partnerships in question, it is possible to see examples of how the implicit collaboration among different actors tends to facilitate second and third round effects and externalities of various types. It is to this kind of asset creation that public-private partnerships tend to support that we now turn our attention.
1.3. CREATING NEW ASSETS THROUGH PARTNERSHIPS

In addition to bringing new resources to poverty reduction and increasing their productivity, the collaborative nature of partnerships facilitates the creation of new human, institutional and social assets that benefit the partners individually and collectively creating the conditions for an even more profound impact on poverty reduction.

In the first place, the cases reviewed present clear evidence that partnerships can also strengthen the different partners in a number of ways which may make them more effective in their own endeavors, thus providing a strong rationale for public and private actors to become involved in such partnerships. In other words, in becoming part of a partnership for poverty reduction, a business may become stronger in its own productive activities, a government office or an NGO may become more efficient, and a community organization may expand its capacity.

Those gains apply whether or not the partners decide to continue or expand their work together, or with others, in poverty-reducing initiatives. A second lesson which emerges from the experiences of the case studies, however, is that in a great many cases the partners do choose to continue working together and expanding their sphere of activities and the range of actors whom they work. Thus, in some cases, they become involved in what becomes a series of initiatives that loses the character of being “a partnership” and becomes something closer to a network of partnerships. These are the kinds of multiplier effects which some of the most successful and/or longest established experiences demonstrate, and is clearly an area in which the potential of partnerships to make significant gains over time in making an impact in poverty reduction is particularly attractive.

Both these individual and collective gains, albeit more evidently the collective ones, clearly amount to the kinds of human and social capital building which may prove the best guarantor of long term social development. As noted in the introduction, it has been the finding of the program to date that social capital can, in fact, be generated in a relatively short time, at least what appear to be the seeds of its formation. Thus, a third lesson emerging from the cases is that partnerships not only are an effective way of generating trust among actors—an important outcome in many of the countries considered—but that such trust becomes an important asset in the constitution of new (partnership) initiatives for poverty reduction.
Strengthening the partners: some examples of gains

There are two principal ways in which a strengthening of the partners can be seen to result from their participation in a partnership. The first relates to the benefits that accrue from the product of the partnership itself, the second to the gains from the learning process of working with other sectors that takes place in the course of work of the partnership.

Naturally, there is a wide variety across cases and across sectors of which particular actors have more and less to gain. However, some simple patterns can be observed. First, even the relatively strong appear to become stronger—a point exemplified by the gains by private sector companies described in this section. Second, and not surprisingly, most—if not all—of these experiences can be characterized as “win-win” in the sense that all actors appear to be stronger as a result of their involvement in the partnership regardless of the fact that some, certainly, gain more than others. Third, where the partner in question is the poor community itself, it follows that it does stand most to gain of all—a matter discussed in more detail later in this section.

Although many of the types of gains from partnerships apply to more than one sector, it remains that each does tend to have sector-specific types of interests in those gains; for which reason the following discussion is divided by sector.

i) Business

Just as we have seen that many of the types of contributions from the business sector represent new resources for poverty reduction, so, too, the kinds of benefits which business may derive from its participation in partnerships are, in many cases, new and interesting to the sector—particularly in circumstances of the tighter markets and rising competition that have come with structural economic reforms in much of the region. Crucially, too, the benefits which may derive from working in partnerships are in large part directly related to the core activities of the companies.

One critically important way in which firms can benefit is through the effects on company performance that can derive from working with the local community. CONELCA’s CEO, for example, reports that the company’s leading role in local development through support of surrounding primary schools and other outreach work into the wider community have led to important gains within the company itself:
“The good reputation that CONELCA has earned in the community means that we have the pick of local labor market, since workers in general are eager to come here. Not only that, there are also important gains in existing worker satisfaction in their jobs. Both these gains are also translated into quality and productivity gains within the firm. We also, of course hope to improve the educational levels of future generations of our workforce, as well as for the benefit of those children as a whole. In effect, we have found that practices of social responsibility and community involvement are extremely powerful tools in achieving ‘total quality’ within the company.”

In this respect it is worth noting that, although CONELCA is a subsidiary of a multinational company based in the USA, today’s patterns of globalization are tending to favour an approach on the part of transnational corporations whereby their subsidiaries behave like civic minded local companies. This is in part because the strategies of such corporations may include plans to stay in that location for extended periods in order to justify the amount of investment involved, and also, in part, precisely because of growing realization of the kinds of “total quality” gains which may be implied. Not only that, in many cases corporation subsidiaries themselves subcontract with a number of local suppliers, and for this reason, too, the nature of their insertion into the local milieu is often of importance to the effectiveness of their productive activity itself.

Another very different kind of benefit - and one which relates still more directly to core business activities - that many companies have made from their involvement in other experiences is a gain in markets.4 Through its partnership with an NGO (IIED-AL) and the municipal and provincial governments, Agua Asargentinas has been able to fulfill its commitment (under the terms of the privatization agreement) to expand coverage of the water and sanitation network to low income communities — and thus also expanded its local market. Not only that, its staff has been trained (by the NGO) and acquired new skills on how to work with low income communities. The lessons learned in Barrio San Jorge and the other Buenos Aires neighborhoods are now being “exported” to other metropolis in the developing world where the parent company has operating interests. Furthermore, the company’s ability to work with this non-traditional clientele has become a strong element of all its international bids for contracts.

Both the Venezuelan health and nutrition cases are also very illustrative of gains in markets through participation in partnerships. The companies that provide their products such as pharmaceuticals and sanitary goods for the Mobile Health Clinics in Maracaibo are clearly
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gaining new markets in communities where such products have previously been extremely scarce. Similarly, for the milk producing company COLACA—which works on the Vaso de Vida program—the partnership has been an immense boon for them. A company representative reported:

“When we heard about the program we were only finding a market for 60% of the milk we were producing because we couldn’t compete with the large, national and multinational companies. Having secured the contract with the State, we now sell 30% of our products to it. The Vaso de Vida also forced us to organize more as a firm and less as a cooperative to thereby make efficiency gains and we have also invested in the pasteurization plant itself.”

These are not the only types of benefits that can accrue to business through working in partnerships. Others include improved relations with local and higher public authorities, name recognition for their products and so forth. In the specific case of several of the well established business foundations involved in the reviewed experiences it is not always easy to point to concrete gains for that organization, other than simply the fact it has been able to fulfill its mission more effectively than had it set out to work alone. That type of gain is not, of course, without significance, but it does not require further analysis.

What does emerge from the cases is that while active involvement in a partnership in the manner of CONELCA (in El Salvador), CITA (in Colombia), and COLACA (in Venezuela) and many others is certainly not the only way for the private sector to play a role in poverty reduction, it is also the means by such firms stand to gain the greatest benefits thanks to close interaction with other sectors.

ii) Civil society organizations

Unlike businesses, whose core operations are not specifically oriented to poverty reduction, it is often the case with civil society organizations—particularly, but not exclusively development-orientated NGOs—that achieving the immediate goals of the partnership does constitute its core activity. Gains from participating in partnerships are, therefore, principally felt in terms of greater effectiveness in securing the products achieved, gains in internal efficiency or expansion of the organization’s sphere of influence. For example, in the Colonia Milagro de la Paz case, FUMA (the NGO promoting the children of streets initiative) has experienced a radical
improvement in the effectiveness of its actions as a result of its partnership with the local community organization (ADESCO), a business organization (FEPADE), the police and others. Similarly, in the case of the child-nutrition program in Córdoba, by working with Fundación Arcor and the Provincial Government, Caritas was able to modernize its working practices and acquire new management skills. Close work with the local poor communities over the years also led to a change of approach from paternalist top-down "charity" work towards more egalitarian and facilitating approaches aimed at encouraging the integral development of the community, not merely providing lunches for the poorest children. New skills learned from other partners in turn facilitated this change of approach.

In the case of Barrio San Jorge, the partnership with Aguas Argentinas has allowed the NGO IIED-AL to achieve a much higher level of effectiveness in its work in the neighborhood as well as the opportunity to expand its influence on local development issues to several other neighborhoods and municipalities. Even an extremely strong NGO like El Minuto de Dios in Colombia appears to have benefited in terms of its recognition thanks to the partnership it established with the private sector consortium (CITA) and the municipality of Itaguí.

Finally, it is worth considering cases in which NGOs acquire whole new dimensions to their work as a result of their participation in a partnership, which in turn serve to enrich their core activities. For example, the University Francisco de Paula Santander, in Ocaña, has branched out from its more traditional teaching role into working closely in teaching technical and management skills to community cooperatives and other organizations. Its experience in this area in turn serves to broaden the curriculum and give greater authority to its teachers in the community.

iii) The public sector

One way of looking at the public sector, in a very broad sense, is as sharing both business's need to "sell itself" (to elect officials, maximize tax receipts and so forth) as well as civil society organizations' needs to fulfill their appointed development mission. The public sector, moreover, is only too often the least credible actor on the field, given its reputation for corruption and inefficiency in a great many contexts. The kinds of externalities which the public sector, then, most needs to gain are both institutional capacity to fulfill its mission and credibility as an honest partner. In Palpalá, the improvement of the institutional capacity of its local government to act as an effective agent for local development has been a key issue for the mayor
and his team, who are following an agenda of transforming themselves from a "town of employees to a town of entrepreneurs". Municipal employees have benefited from the same training efforts as those targeted to micro-entrepreneurs; the organizational structure and administrative procedures have changed (becoming more goal-oriented) as a result of the interactions with non-governmental actors. In effect, a different institutional culture is developing. Another interesting case of reported mutual gains in institutional capacity comes from the AIOSPEM program in Cali. The need to function in an agile, efficient fashion in close coordination with the Carvajal Foundation, forced EMCALI (the municipal services enterprise) to expedite and reform its own internal processes, which it considers an important gain. Carvajal, on the other hand, reports a similar learning process on its own part.

Local partnerships may also serve as models of how to improve service delivery at the national level, as is the case with the work of FUSAL and the local public health service in San Julián (El Salvador), and the Jamaican Housing Ministry with the COMAND organization. In the first case this was the initiative of the Health Ministry and is a deliberate attempt to pilot a new, more integral form of local health care delivery. In Jamaica, the Housing Ministry has taken an interest in an initiative originating in the community itself, as a potential model for reaching the marginal squatter settlements which so often elude the reach of the official programs.

Naturally, in all cases where the state demonstrates that it is able to work with others—that it can disburse promptly and fulfill its other commitments in a partnership—it makes gains in credibility. Sometimes these are registered in political terms through the re-election of successful public officials or their direct political heirs, as has been the case in Pensilvania, for example. This is not always so, however: the mayor of Maracaibo was not re-elected despite the popularity of the Mobile Clinics program among its beneficiaries. On the other hand, recognition of its success on the part of the new incumbent authorities led them to maintain the program, thus suggesting a degree of longer term gains for the effectiveness of the local health administration.

More generally, partnerships are viewed by some (enlightened) public sector leaders not just as a means to achieve certain goals but as an end in themselves, inasmuch as they are, in essence, a vehicle by which the role of the state is able to switch from executor to facilitator. What this evidence is suggesting then, is that a widescale implementation of a partnership approach—such as that observed in the State of Lara, with "Glass of Life", in Palpalá and in Pensilvania—is instrumental to the process of modernization of the state. Those cases, and
others, show how the state increases its capacity for effective poverty-reduction by combining efforts with private and civic actors according to their comparative advantages.\textsuperscript{15}

\textit{iv) The poor}

As the principal beneficiaries of the cases reviewed, it goes without saying that the poor stand to gain most from the product of the partnership, otherwise there would be little point in undertaking it. However, the focus of this study is not on the impact of certain kinds of products, such as improvements in the quality of public and social services on reducing poverty, rather on the impact of the means by which they are produced: partnerships. Where the poor and their grassroots organizations are concerned, the lessons from partnerships are probably best considered as an extension of the growing consensus on the importance of participation for achieving long run and sustainable gains in poverty reduction.\textsuperscript{16} In virtually all of the cases collected the core of the partnership is between the poor community and the one or more agents active in working with them. As this demonstrates, it is preponderantly the case that solutions to poverty require collective action on the part of the poor. The exceptions are projects in which the aim of the partnership is to create the conditions for individual solutions—as in the microenterprise forming cases of the Fundación Mendoza (Venezuela) and the Center for Wood Production in Pensilvania (Colombia).

“Strengthening the poor”, therefore, is understood in this context as being primarily about strengthening their organizational capacity, in which critical elements include forming leaders and creating conditions in which organizations are given reasons and stimulus to grow. Naturally, too, building institutional capacity is very closely tied to the issue of empowerment of the poor. We would argue that empowerment is both functional to the ability of the poor to become a collective actor, and, too, a social good of itself in terms of representing an equity gain in social relations beyond purely economic advances.

Where the existing conditions are of high levels of social atomization in poor communities, we see instances where the partnership needs to be forged from scratch, and it is necessary to constitute as an actor those with whom an outside organization seeks to partner. For example, a key element of the work of the Oracabessa Foundation (Jamaica) has been the training of local community leaders. Nine local young people have been trained to a form a group known as “Lynx”, who engage the poor in local squatter settlements through street theater and music to organize, express their needs and participate in broad community meetings known as Labrishes.
This is viewed as the basic starting point for achieving the long term goals of the creators of the Foundation, Island Communications, which is to develop a form of tourist development which integrates rather than excludes the local community. Also in Jamaica, the COMAND case is another in which the organization of the poor had to be built from nothing. In this case, however, no external agent as such was involved, rather the leadership of one committed community leader determined to create the bases for collective responses to squatter problems from within the community itself. In this case, most strikingly, then, the question of empowerment was explicitly planted from the outset, since the squatters needed to constitute themselves into actors whom the authorities would be obliged to take notice of in order to foster any future partnership. Quite how successful they will be over time in dealing with the authorities remains to be seen. Reportedly, however, their rapidly achieved levels of organization into an umbrella group of several savings trusts has facilitated both easier access to the formal financial sector for members, as well as greater negotiating powers with local authorities over land rights issues. Such initial success carries with it the potential to make more sustained social capital gains over time.

A slightly longer run case whereby building the poor into a collective actor has pre-dated and been an essential precondition for their capacity to enter into partnerships with others comes from the Valle de Cauca, Colombia.

⇒ In Versalles (Valle de Cauca, Colombia) an initiative that began in the late 1980s to train community participation committees—in initially to promote and implement integral local health care—has been instrumental in the creation of a local development corporation, Corpoversalles (23.), in which public and private organizations join to share the responsibility for leading a wide range of local initiatives. The community participation committees felt that their potential would be greatly enhanced by creating this structure which also provided a means for them to bring in wide support from other actors. The model for this, and the technical assistance to implement it, came from the Cali-based Carvajal Foundation.17 The case amounts to a process whereby the community has been empowered sufficiently to seek out other partners. The institutional capacity building in the community organizations themselves that has since transpired is demonstrated by the fact that Carvajal has played an increasingly marginal role in the corporation, having succeeded in transferring the model and skills required to run it.

The two most impressive Colombian cases of empowerment of poor communities are much longer run, dating from the 1970s, and thus also suggestive of the importance of a degree
of consolidation over time and building success upon success. Not coincidentally, they are also, like COMAND, built around savings cooperatives, Coopcentral and Cencooser. As a form of organization by, of and for the poor, such cooperatives would appear to be particularly attractive and potentially effective as a means of stimulating effective and cohesive organization among poor communities.

How far do partnerships with other actors further contribute to processes of empowerment? The answer probably has to be that some do and some do not and some do more than others and that the factors determining such outcomes will depend on case specific contexts. For example, it is clearly the case that with Cencooser the partnership with the Departmental Coffee Producers' Committee and regional university provided vital inputs to allowing the three to enter into arrangements with the state for specific programs. In the case of Coopcentral, however, it would appear to be more true to say that the initial efforts of the Church organization SEPAS were essential to laying the foundations for the cooperative movement, but from there it has been the latter's own strength which has forced the state to treat it as a partner.

Most common are cases where we see a process whereby the formation of a partnership in itself implies a strengthening of community organization, as indeed in the case of Cencooser. In other words, examples of synergies between the needs of implementation and the opportunity to support the organization of the poor. A crucial element in the success of another Departmental Coffee Committee (that of Caldas) in bringing the Escuela Nueva to that Department has been the creation of "microcentros" which bring together teachers and parents from neighboring schools to meetings on a monthly basis to discuss the progress of implementing a reform strategy and maintaining curricula and pedagogic gains in each of the schools. This has resulted in a stronger organization of the community.

Similarly, the successful mobilization of a broad network of community organizations to serve as a delivery system for getting the milk to the children in the "Glass of Life" case has also meant a strengthening of the ties between those communities, by virtue of their needing to coordinate closely with each other. Moreover, the fact in itself of being given such responsibility by the State, has enhanced the confidence and self esteem of community organizations, at the same time as developing their management skills.

From Argentina, another illustrative case is the network of community organizations (the Unión de Organizaciones de Base) which has been strengthened through their participation in the
nutritional program with Caritas, Fundación Arcor and the Provincial Government, to a point where they are a key actor participating in broader social policy discussion in the Province.

These gains in collective capacity among poor organizations are, to a still more important degree than with the other sectors, also, by extension, gains in forming social capital. That is, they are gains for those communities whether their organizations work again with other partners or not. They are also, however, gains enabling the further interaction of the poor with other sectors and the multiplier effects which this produces in terms of further rounds of both tangible and intangible products.

What the two large Colombian cooperative studies also underline is that, however impressive the achievements that can derive from the poor allying among themselves, they still need to work with others to make improvements in a range of issues, most obviously those involving public service provision. There is no reason, after all, why the poor should have to substitute for the state, just as business and civic organizations should not have to either, for that matter. The question remains, moreover, as to how far structures of power are ever actually changed while the poor remain poor: for this reason the term empowerment certainly needs to be treated with caution, as does the issue of how far partnerships can contribute towards shifting power structures in the direction of favoring the poor. While bearing that proviso in mind, however, the great further potential of partnership approaches to poverty reduction is that successful experiences of collaboration can sow the seeds of their own proliferation and expansion. It is to this wider issue that we now turn.

Generating social capital and putting it to work

Public-private partnerships of the type which we have been studying are, by their very definition, examples of interaction between different actors which build up relationships and networks of relationships that foster and provide the basis for public-private cooperation. Because we have been concerned with cases which can demonstrate some degrees of success in achieving their objectives, it is not surprising that the kinds of relationships generated have been in the main positive and constructive: nothing succeeds like success. Arguably, even failed experiences could equally represent examples of building social capital\(^8\)—however that is not our concern here.
Certainly what all the cases reviewed here do demonstrate is the forging of social linkages which imply profound processes of social capital formation. The immediate further question, then, is "why do we care?" We propose a twofold response to that: firstly, because the creation of social capital implies a form of positive social development in and of itself, however intangible, and secondly, because it can create the conditions for further tangible gains to be made and lead to virtuous circles of cooperation and development. The particular focus here, then, is on the issue of how far partnerships can and do more directly generate social capital and what positive spillover effects can this have in terms of leading to further "rounds" of poverty reducing initiatives—in which the costs of working in partnership may be significantly reduced, increasing their potential returns—based on collaboration between the same and other partners.

One country which offers a particularly vivid context for the importance of social capital as a value in and of itself is El Salvador as it consolidates its peace process. It also, happily, does show that positive change is emerging at a number of levels. The partnership in Colonia Milagro de la Paz (between the community, the NGO FUMA, the business foundation FEPADE and the local police) has not only given outside actors access to this conflictual neighborhood allowing the implementation of an innovative program to address the needs of street children, but has also generated reflection on the part of both community members and the police on issues of human rights which has itself led to greater cooperation between them and a more preventive, less punitive approach on the part of the forces of the law.

These developments in San Miguel, then, both reflect changes like internal reforms of the police force and, more importantly, point towards the potential for improvements in community relations that have emerged from such reforms and in the context of the peace process. Nonetheless, without the initiative of FUMA to work in the community to improve the lives of street children, it might never have happened, all the participating parties were necessary to the process which was set in motion.

A still more dramatic case from El Salvador (one we have not referred to until now) comes from the Department of Chalatenango, one of principal arenas of the civil war, that became bitterly contested between government and guerrilla controlled areas and also, as a result, suffered particularly severe environmental damage which in turn has lowered agricultural productivity and endangered the rural economic base of the area:
The CACH or *Comité Ambiental por Chalatenango* (24.) (Environmental Committee for Chalatenango) is the joint initiative of a governmental agency (Prochalate) and an NGO (Adel-Chalatenango) serves as a forum of discussion for a wide range of public, private and civic organizations in the department and has become a reference point for all environmental and developmental initiatives in the department. Its founders are extremely proud of its record in building consensus among previously conflicting groups. They point to one striking example with particular pride: in an area now designated for the resettlement of ex-guerrillas (La Montañona) a series of local meetings promoted by the CACH between residents and authorities cemented new relations such that when a fire broke out the armed forces rushed to the scene to help extinguish it.

While the post conflict context of El Salvador provides a particularly clear context for appreciating the importance of such gestures, it is far from the only kind of context where such issues are increasingly being taken seriously as critical elements of development and poverty reduction. Alternative forms of conflict resolution which are present on a large scale in the Venezuelan *Jueces de Paz* case and, at a micro scale, in the Oracabessa case in Jamaica in themselves often require partnerships since they imply not only arbitration but also the creation of the conditions that make arbitration possible as again both these cases illustrate.

It rapidly becomes all but impossible to analyze the phenomenon of social capital in the abstract. It is not our intention, nor do we have the information, to attempt any measurements of the levels of social capital which are in play in the cases reviewed, by any kind of proxy. Rather, the focus is on outlining some of the ways in which a range of cases demonstrably show that the fact of forming one partnership can lead to further joint initiatives among the same and new partners. The "glue" is invisible but its presence—and importance—is demonstrated by what gets tacked-on to an initial partnership. It will be seen that there are a number of different ways in which positive spillovers may be produced. Some relate to adding further dimensions and enriching a single experience, others involve transfer of successful models to other localities, still others relate to creating a mushrooming effect whereby one project in one locality leads to a series of other initiatives in that same locality tending towards an integrated local development approach: some involve combinations of these elements.

Most of the cases reviewed show examples of how, over time and as a result of the trust among actors gained through the initial partnership, new dimensions and projects are added to the original initiatives. The case of the partnership around the Minuto de Dios school in Itagüi was
formed originally of a close knit triumvirate of the CITA consortium, the Minuto NGO and the municipal education authorities. The initial success of that initiative has since led to a number of further developments, among others: (i) A plan of scholarships for children with good academic records and parents with income below the minimum wage has been established as a partnership between the local government, CITA and an outreach group promoted by CITA; (ii) El Minuto de Dios, the Eafit University, the Corona Foundation, the Departmental Education Office and private individuals set up a vocational training and apprenticeship scheme for both teachers and pupils of the school; (iii) CITA, El Minuto de Dios, the local government, the students' association and two further members of the CITA consortium contracted a specialized training NGO (the Family Relations Center) to carry out a series of classes with mothers on good family relations practices. These classes, which have been held twice a week over two years, in turn are bearing fruit as mothers attending these classes have been leaders in small infrastructural improvement projects in the community, with funds contributed by themselves, the municipality and CITA.

The other Colombian education story, that of Escuela Nueva in Caldas, offers another interesting type of model of spreading and improving on a success story. Since the first phase of the program ended in 1988, new partners have progressively joined: (i) The University of Caldas has lent both pedagogic support and technical assistance in self-help building techniques for the schools, making periodic visits to them all; (ii) UNICEF has provided financial and technical support to the microcentres and has given the model world wide promotion; (iii) The management of the teachers is now provided by the local administrations, with resources decentralized to the department and the municipalities; (iv) The public budget to extend the program has been supplemented by a World Bank loan managed through the national Social Investment Fund; (v) The Fundación Social has provided leadership and co-funding in a civic education campaign among the schools, linking the development of school curricula to the debate over the process of national educational reform.

The effect of this extension and evolution of the original partnership between the Coffee Producers’ Committee, the Education Ministry and local school communities has been to make further quantitative and qualitative gains in improving rural primary education in the department. The number of schools reached has risen from the 452 of 1988 to 800 of the total of 1,300. As well as reaching the remainder, of equal significance is the fact that the program is currently implementing the introduction of an additional three school years in those schools, thus aiming at
a significant advance in bridging the difficult gap between basic primary and secondary education in rural areas.

These two experiences reinforce the point we made earlier about the potential for substantial productivity gains through partnerships. Given the complexity of issues in question when it comes to offering poor children in many contexts genuine opportunities for their future, it is clear that these kinds of multifaceted initiatives may be the best means of providing long term solutions which no one sector is in the position to provide unilaterally. Put another way, productivity gains from "first rounds" of partnerships can be further enhanced by these kinds of spillovers. For example, in the Child Nutrition initiative in Córdoba (Argentina), the current program—with its extensive coverage and multifaceted approach to addressing the needs of children in the slums—is the result of almost a decade of a growing partnership in which different actors have become involved over time. It is not just that more organizations are involved. Rather, the point is that the trust gained through the years—initially between Caritas and the community, lately between them and Fundación Arcor, etc.—has made possible the more sophisticated and larger program we see today.

It is probably not surprising that in some cases, the success of the experiences in question creates the interest on the part of some of the partners (or individuals and organizations in other communities) to adopt their approach and lessons. For example, the key leading actors of the encouraging story of the secondary school in Itagüí are looking to branch out further into primary levels in Itagüí, as well as promoting their model in other parts of the country. Another interesting example of promoting a successful model is the Mobile Health Clinics experience in Maracaibo, where the leading private sector firm that participates in the partnership (which produces the vans themselves) is moving on to work in other areas of the State of Zulia to develop similar programs with the support of the coordinating team of the Maracaibo experience. Similarly, the experience of Barrio San Jorge has been replicated by Aguas Argentinas—using a variety of models—in several neighborhoods in the original municipality, in other municipalities in the same province and in cities in other countries (and continents).

The "mushrooming" effect from an initial experience in one locality is clearly demonstrated in the case of Corpoversalles and Palpalá. It was noted in the previous section that the initiative for the formation of the Corporation—itself involving the "importing" of a successful model from outside, via the Carvajal Foundation—grew up from the experience of building community participation around the issue of preventive health projects. From this, some
of the further ramifications led by the Corporation include: (i) The constitution of a Social Health Company (Coopsaver) which later became an officially recognized administrator of the publicly subsidized health regime, as stipulated by the Social Service Reform Law of 1993; (ii) Women’s Productive Groups have been established in all six rural zones of the municipality, with support from a national foundation (FES); (iii) Another project led to the construction of a communal sugar press, benefiting some 350 small sugar farmers and constructed with the support of the Molasses Producers’ Federation (Federación Nacional de Paneleros) as well as central and departmental government funds.

The experience of Palpalá is even more striking in terms of how the trust and social links generated between the state and a variety of non-state actors (and among them) has facilitated the multiplication of new partnerships. The initial efforts involved responses to counteract the loss of jobs due to the privatization of Zapla. Thus, efforts were concentrated on the creation of new micro-enterprises or in the transformation of the local health center into an independent cooperative. Over time, however, it is possible to see new initiatives that involve more complex partnerships linking multiple private sector companies, the municipal administration and other local entities. For example, a new laboratory run jointly by all local secondary schools provides services to local businesses that offer internships to students in those schools. Or the new program for treatment and recycling of residues, that relies not just on municipal efforts to build a treatment plant but also on forward linkages with a group of local companies that will incorporate residues to their production processes. The Unión Industrial of Palpalá, itself a partnership, has become an active player in the promotion of new initiatives such as the ones just described. The trauma associated with the loss of jobs presented this community with a challenge that, when faced through a partnerships approach, created the conditions not only to reverse the initial shock but to initiate a dynamic process of local economic development.

**BY WAY OF CONCLUSION**

Partnerships are no miracle solution for resolving the accumulated social deficits and poverty in Latin America and the Caribbean. There will remain a wide range of contexts in which social issues may be best managed, albeit in participatory fashion, by more tradition state-led programs, not to mention the wider economic policy issues in play for generating wealth and opportunities for the region’s poor. Nor is it useful to look, mechanically, for the involvement of all three actors, government, business and civic organizations in all undertakings. Indeed, it is
difficult, from the bases of the case studies we present here to show many clear trends at all within the cases as to who best does what or how, who should and/or tends to play the leadership role, and so on. We outline these issues in more detail in Annex 2 in which we present charts and tables to further illustrate the conformation of the cases.

However that may be, it can—and we hope, has been shown— that partnerships do bring benefits which point once more to our introductory remarks that they carry with them the potential to be greater than the sum of their parts. We have found the essence of that potential in the ways in which they can bring new resources to bear on addressing a range of specific poverty-related problems, achieve not only concommitant gains in output but also increase the productivity of those resources and, beyond that, lead to the kinds of asset generation of human and social capital which in turn lead to multiplier effects and other positive spillovers associated with setting virtuous circles of cooperation into play. Put simply, the cases which we have described either would not have been possible at all, or would have achieved far less than they did, had they not taken the form of a public-private partnership.

We have presented cases which are success stories, albeit that success is, always, a relative term, at least in terms of the products they have generated. They are also successful as partnerships because the actors involved have decided that it is worth working together. But, of course, that does not mean that partnerships are cost free, particularly considering the transaction costs among the parties in the daily business of working together. Those kinds of costs can be positively and negatively affected by the enabling environment in which they are set. If we have succeeded in demonstrating the benefits of partnerships, then, it is important to consider what kinds of factors in the wider context can help and hinder—ie. reduce or increase the costs of partnerships— their success and the potential for their multiplication.

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1 Indeed, the lines also blur, in many cases, in distinguishing business social foundations from NGOs, and many foundations think of themselves as NGOs. While we do not at all dispute that they are civil society actors, we have maintained the distinction from NGOs both in the interests of highlighting this aspect of business's role in poverty reduction and because the "self-financing" characteristic of foundations sets them apart from the majority of what we have termed NGOs.
While the literature on the subject is voluminous, one succinct overview is: Clark, John: “The state, popular participation and the voluntary sector”, World Development, vol.23, No.4, April 1995.


For clear, descriptive overviews of the process of decentralization in the three countries see Programa de Gestión Urbana op. cit.

A similar point is made for business partnerships. See Lewis Jordan op.cit and Williamson, Olivier: The economic institutions of capitalism: firms, markets, relational contracting, New York: Free Press, 1985, for a transaction cost economics approach to this issue.


In other words, partnerships have the ability to translate into developmental, poverty reducing strategies the kinds of gains which, in business terms have been described thus: “Strategic alliances provide access to far more resources than any single firm owns or could buy. This can greatly expand its ability to create new products, reduce costs, bring in new technologies, penetrate other markets, preempt competitors, reach the scale needed to survive in world markets and generate more cash to invest in core skills.” Lewis 1990, op. cit. p.1.

Moreover, FVP has far greater ability to ensure repayment from the ASOVIVs it has worked with, and passes this on to the state. Whereas in the past INAVI tended to recuperate only 50% of credits, now, when it works with FVP, recovery is near total.

Thus, the program is now poised to rely almost exclusively on private, commercial loans which can be managed in a sustainable fashion, one key partner in this being the Banco Caribe, which in turn has recognized the benefits to be had from gaining new clients at the same time as entrusting the management of the loans to the Foundation and keeping its own risks low.

Such as of Fundación Santo Domingo in Colombia —another of the cases studied by the Partnerships program.

the consortium. The other members, such as the Fundación Social and FES have slight variations on methodology although all have agreed a common working base.


19 The existence of social capital is also a pre-condition for partnerships (and partnerships an expression of social capital). We explore this relationship further in the conclusions to this report.

20 This emphasizes the positive role of decentralization, since the committee reckons that passing on skills to the municipalities is crucial.

21 By March 1997 Coopsaver had 6168 affiliates and managed an annual budget of 350 million pesos ($US 350,000) of which 100 million are provided by the Municipality and the rest by the Solidarity and Guarantee Fund (FOSYGA).

22 For example, there is little clear correlation between which actor plays the initiating role and the type of activity undertaken. Thus, a government agent takes the lead in 7 cases, all mixed, civic organizations in 11, more mixed still, and business in 8. Only here is there some discernible suggestion of a trend or preference on the part of business: 5 of these 8 cases are to do with improving education. (1 case is joint government-civic to make up the 27.)
2. THE ENABLING ENVIRONMENT FOR PARTNERSHIPS:
WHAT IS HELPING AND WHAT HINDERING?

The kinds of productivity and spill-over gains from partnerships which were outlined in the previous part have depended to a high degree on individual effort and conviction. This applies whether the initial impetus for the experience has come from public, private or civic sectors; all have owed their success to the dedication of greater and lesser numbers of specific people who have decided that the benefits to be had from working together outweigh the costs.

Yet, at the same time, partnerships do not take place in an institutional vacuum. The kinds of transaction costs which they incur are themselves determined to some extent by the institutional framework in which they operate. Following the tenets of institutional economist Douglass North, we consider institutions to be the 'rules of the game', with both formal and informal dimensions. Formal institutions are the laws, codes and regulations which structure the interaction of state and society, from national constitutions down to contract laws and budgeting regulations. Informal institutions, on the other hand, are the uncodified norms and attitudes which underpin the formal rules and which determine how those rules are actually interpreted on the playing field. Politics and power structures clearly come to the fore in this context, as do the deeper rooted cultural factors which underlie such structures: whether or not there is a culture of public service or citizenship rights, for example, or whether the public and private sectors have good, bad or any experience at all of working together and the attitudes such experiences have shaped. It is the combination of formal and informal factors, then, that provides the basis of the incentive structure for forming partnerships and creates an environment which can be either helpful or obstructive to them.
With such complexity in mind, then, and with due emphasis on the fact that environmental issues will only be part of the story, the object of this part of the report is to explore what evidence they appear to offer regarding the importance of both formal and informal institutional arrangements and practices to the potential both for partnerships to be formed and for their chances of realizing the kinds of productivity gains and spill-overs described. These factors can best be elucidated in a comparative perspective, with reference to the ways in which the cases from the six countries highlight some of the effects of the institutional contexts in which they take place. Information from the case studies is also complemented by three case studies undertaken in Argentina, Colombia and Venezuela which involved interviewing a broad range of actors from different sectors on their views and experiences of the factors affecting the opportunity to form successful partnerships. The organizing principle is to focus on the key issues for each actor in turn, while paying attention to levels of interplay among them.

2.1. Making the State an Honest Partner

The state faces the dual challenge of being in the position of rule-maker at the same time as it has to abide by the rules which it makes. This brings with it the potential benefit of being able to create a favorable incentive structure for public-private partnerships. It also carries the potential not only to fail to do so but also that some elements of the same state undermine a good set of rules by failing to abide by them. Although the state stands to be strengthened by working in partnerships in the kinds of ways outlined in part one, the individuals and institutions which make it up and make it function do not always recognize those gains, which—it should be added—do not always work in their particular interests. Partnerships need, as minimum, a state prepared to "open the game" by creating new spaces of interaction with other sectoral actors.

Opening the game

As the cases demonstrate, there are two principal ways in which the state can set about opening the game. One is through its own internal reorganization and devolution of authority to lower levels on a territorial basis through decentralization. As we see in more detail below, this can and often does have the effect not only of constituting a new local (state) actor for partnerships, but also of stimulating joint ventures with other sectoral actors. The other way of opening up the game is through more direct devolution of previously public activities to the private sphere, which can take a wide range of forms.
Part 2

i. Decentralization

The characteristics of the decentralization process were discussed in the introductory section to this book, particularly for the six countries for which case studies were conducted. It is nonetheless worth emphasizing here that among those experiences the presence of the state sector is felt essentially through the participation of local and regional governments.

There are a number of reasons why decentralization (understood as the increasingly more important formal role played by sub-national governments from a fiscal, political and service delivery perspective) emerges from many of the cases as a particularly effective means of stimulating the formation of partnerships. These tend to be closely interrelated, though in what follows we will attempt to separate out some of the key elements in play. Essentially, decentralization is a contributing factor in the process of partnership formation because it strengthens the capacity of the state at the level where it can most effectively work together with non-state actors. It is at the local level that there are the greatest ‘natural’ spaces for public choice, the greatest potential advantages to be had from the community participating both in determining its needs and in contributing to their being met and, last but not least, where the business sector can get engaged in social issues more effectively.

In other words, having a “state” at the local level with real authority implies that non-state actors have someone to partner with. The state presence at the local level has the additional benefit of encouraging the involvement of non-state actors. For example, in Itagüí, it was thanks to the decision of the city’s business leaders that action was needed to counter rising unemployment, lack of opportunities and crime among poorer sectors of the youth that the experience of the Minuto de Dios school came into being. The companies in the municipality had a vested, as well as philanthropic, interest in taking action. But the fact that the local public sector had the formal obligation, funds and hence interest in collaborating with those private actors was critical in making possible such an innovative project.

The importance of strong public actors at the local level can best be demonstrated by contrasting this case with others where the local state actor is, in effect, absent due to the relatively little developed decentralization process. In Ilopango (El Salvador), the authority formally in charge of the local schools with which the CONELCA company worked remained the central Ministry. The center’s lack of ability to tackle the problems facing these schools is only too clear from the appalling state in which the company found them. For its part, the municipal
government had neither authority nor funds to collaborate with the company beyond providing some heavy machinery to assist with the process of infrastructural improvement. This provides sharp contrast with, particularly, the case of Itagüí, where the authorities there were in the position to fund the bulk of infrastructural improvement, the running costs of the school and make significant contributions to other aspects of the project such as the scholarship scheme.

A still more extreme situation may be highlighted in Jamaica, where local governments, in the form of parish councils, are virtually an “empty box” being essentially without funds or responsibilities. In the case of Oracabessa, the Island Company’s intervention to help improve local education (which has included extensive re-building, expansion and re-furbishing of the principal primary school) has been entirely self-generated and funded. Official support for the school’s expansion and re-furbishing project has come in the personal dedication of the school’s headmaster to working with the Oracabessa Foundation, but with no financial or technical support from the Education Ministry, which has appeared to take the position that if the company wished to invest in the school, it was welcome to do so, but could look for no public contribution. Then again, the Foundation’s efforts to stimulate community participation in local development projects is also hampered by the weakness of locally-based public authorities—a fact underlined when the small local police station fell down in early 1997 and it was Island which had to step in to provide a temporary base for the forces of the law! The presence of a local government in a partnership can often help legitimate the activities of private actors, where doubts as to their motives on the part of the local community could or have been a negative factor working against the endeavors of the private agent. Oracabessa also appears to demonstrate the truth of this, given the reported continuing reticence of large sectors of the community towards working with Island. It is true that the reverse can also apply in other settings, where the public authorities lack credibility and this is provided by private actors. Nonetheless, the fact remains that where the local electoral process itself has credibility, the presence of locally elected leaders representing, at least in theory, the interests of the common good is something which the private sector cannot, of course, provide.

What emerges from both the positive and negative stories, then, is that the potential for making real improvements on the ground in poverty reducing initiatives is best facilitated when space for private actors is complemented by public ones who are themselves able to work effectively with them—and the clear evidence as highlighted in these cases is that this is far more likely to be the case when authority lies at the subnational, not national level of
government. This argument is further reinforced by a series of much more encouraging pictures, again underlining the importance of combining spaces for public-private interaction with an effective local public sector, emerging from Bolivia:

⇒ The case of the initiative taken by the church organization SEAPAS (25.) to provide funds and support for training and provision of irrigation works in the province of Murillo (department of La Paz), was both stimulated and facilitated by the Law of Popular Participation of 1994, which strengthened the municipalities at the same time as obligating them to undertake participatory measures of consultation with the community in determining the allocation of the local budget. Thus, in one municipality, Mecapaca, SEAPAS provided 50% of funds for the irrigation works, the other half coming in equal measure from the local government and the community itself. In another municipality, Irupana, the local government was able and willing to pay for the entirety of the works costs, with technical support and training from SEAPAS.

⇒ In the Cochabamba department municipality of Mizque (26.), the decentralization process enabled the co-funding and administration by the local authorities of an agricultural training school previously run by a local NGO (CEDEAGRO) with central government funding from the Social Investment Fund and the backing of the local labor federation CSUTCM (Confederación Sindical Unica de Trabajadores de Mizque). The latter was able to field a successful candidate in the local elections, thus cementing the commitment of the local government’s support and additional funding for the school, whose work again benefits some of the poorest members of the outlying rural communities.

In these cases, once more we see the local authorities able to function as partners, with the space for private sector actors to work with them. The close collaboration between the church, municipal authorities and the community (in the case of Murillo) is itself a reflection of the fact that the public leaders were members of that same community, now empowered thanks to decentralization to take steps to improve agricultural production in the harsh conditions of the altiplano. Similarly, in the case of Mizque, the inclusion of the local government is considered by those concerned not only to widen the funding base of the school, but also institutionalize and safeguard its maintenance over time.

Effective local actors, both public and private, with the space to interact among themselves, are also able to overcome problems of information that may otherwise increase
substantially the costs associated with partnerships. The informational blocks which prevent the
discovery of comparative advantages and particular skills of local organizations by the national
level government are either, in effect, insurmountable in small, outlying municipalities—and not
necessarily only in these—or anyway much easier to overcome at the local level. This is, after
all, one of the most powerful and widely acknowledged reasons for decentralization.

The “Glass of Life” program in Lara (Venezuela) is a highly illustrative case in point. When a largely failed national program was taken over by the state government, this facilitated the integration of both local business and community organizations, which in turn allowed for their immense contribution to the success of the newly invigorated program. The central authorities had simply been unable to tap into such resources when the program was managed at the national level. Once again, the importance of the factors in play is proven by the counterfactual—in this case the patent failure of the previous, national program.

While no such counterfactual applies to the case of Palpalá (Argentina), it is also possible here to see the importance of locally generated information at work. Although the decentralization process itself in Argentina is of longer standing than in Colombia or Venezuela, and has a number of characteristics of its own due to the long established federalist principle of the autonomy of the provinces, it also demonstrates the potential virtues of vigorous local governments. In Palpalá it is difficult to imagine how the remarkable success story of generating an alternative economic base, around a new cooperative sector, from the ashes of the massive redundancies from the steel mill could have been achieved without the presence of a dynamic local leadership also capable of using local knowledge to marry the needs of the new cooperatives to the funds and technical resources, both public and private and national and local, available to them.

Similarly, in Pensilvania—the Colombian alternative employment success story—we see a dynamic local administration effectively putting together a complex combination of contributions, again both local and national, to ensure the success of the undertaking to create the Center for Wood Production. In this case, in fact, that information was the principal comparative advantage and contribution from the local government. Its own resources, both financial and in terms of skills were not in themselves sufficient to set up the Center, far less run it. However, here the mayor himself had enough vision to see that his role was as facilitator and initial articulator of the project, and then withdrew from further active participation in it.
Here we see, in fact, a further reason why the presence of progressive local governments can prove a good stimulus for forming partnerships: they very often lack the resources themselves to carry out more than essential basic programs, thus need to work with others if they are to achieve more far ranging local development goals. The stimulus for delegation is there. As another Colombian mayor put it:

"By training local leaders in management skills and putting them in charge of local works projects we were able to execute 120 projects in 18 months, one for each leader trained. So I have the reputation for being the "super executive mayor", which is ironic in a way for had it actually been the administration attempting to do the executing, we certainly would have got nothing like that amount done."

Added to resource scarcity as a stimulus for working in partnerships, there is also the fact that the potential benefits of collaboration are high. The real impact of projects, of whatever nature, is almost inevitably felt locally and regionally, but much harder to measure nationally. That is important because it means that local processes are much more easily susceptible to picking up momentum as their impact becomes noticeable and both public and private support builds to expand and develop them.

Here one good example of this process at work is the story of the CACH environmental committee in Chalatenango (El Salvador). Because the territorial focus of the initial partnership between the public Prochalate agency and the NGO Adel-Chalatenango was specially and solely that department, they were able to call upon a wide range of actors present in the region to work for common goals in a way which it is difficult to imagine had the initiative been a national one. The attraction of the principle of concertation among previously antagonistic agencies has been shown not only to have an intrinsic value in contributing to the consolidation of peace but also in finding concrete solutions to local problems on the ground, as in the case of the integrated local development program set up in the Montañona region.

In other words, measurable, local success has bred more success. Once more, too, decentralization seems poised to help expand and consolidate the experience at the municipal level in that department with local sustainable development committees anchored by the active participation of local governments. Or again, in Maracaibo (Venezuela) the perceived benefits of the mobile clinics program has been such that the new local administration, of the political opposition, decided to maintain it. Both of these, and many other cases have owed much of their
success to the fact that the initial impact of the project has brought in a range of other actors eager to be identified with it, who have in turn enabled its expansion and/or consolidation.

Thus, to recap on the benefits of a strong decentralization process for the emergence of successful partnership experiences, we see that effective local governments can serve as the major public partner of the private sector. In this way they also act as channels for the institutionalization and spread of reform programs which catalyze latent local capacity. They do so by building on local knowledge, maximizing potential resources and legitimizing other actors. Their role can be either pro-active in convoking other groups, or reactive in seeking or agreeing to take part in private initiatives. It is no accident, then, that the majority of our cases are local and regional in scope —21 out of 27— and the public partners were also predominantly subnational. Of course, while this is an intrinsic part of the nature of partnerships and, too, the source of much of their success, it is also a limitation in terms of scaling up—an issue to which we return in the conclusions.

A further important proviso should be underlined at this point: decentralization may be a necessary, but it is not a sufficient condition for such positive patterns to emerge. The three countries with advanced levels of decentralization, Argentina, Colombia and Venezuela, with Bolivia following much the same path, still have a great many local and regional governments which are exclusionary and even venal. Local conditions and personalities remain, inevitably, of great importance. The kind of dynamic, modernizing local leaders who have been crucial to, for example, the stories of Pensilvania and Palpalá, demonstrate what can be achieved when decentralization provides such leaders with the opportunity to act, nothing more—or less. It remains the case too that, in some instances, successful partnerships are achieved in spite of the local or regional government and not in any way thanks to them, with or without decentralization. We will review in a little more detail below some of the issues in play. Before doing so, however, it is worth looking at how other among the cases demonstrate the importance of devolving responsibility to private actors as the other principal way in which the state is able to open the game and enable partnerships. It is also in this kind of reform that the role of national as opposed to subnational governments have a key role to play in promoting partnerships and thus, too, in offering the potential for their scaling up.
ii Devolving authority to private actors

Since the mid 1980's, states in the LAC region have started implementing some profound transformations of their structure that involve—to different degrees—the transfer of certain functions and authorities to non-state actors. Devolving authority to private actors can take a number of forms that do not actually involve privatization as such, in the sense, that is, of the actual selling-off of state assets and companies. Indeed, the focus here is not primarily on privatization at all, given that our interest is in how private and public sectors can actually work together in poverty reducing initiatives, implying more than a regulatory or supervisory role on the part of the state.

Thus our main focus of attention here is on the kinds of reforms which often complement decentralization in facilitating partnerships, particularly reforms of the key social line ministries to include private agents as producers or even providers of services. The cases provide us with ample documentation about how partnerships are facilitated when national governments are open to reform their operations and involve private actors (both for and not-for-profit) as legitimate actors in the delivery of services. These reforms involve—in many cases—new legislation and other formal adjustments. But, at least initially, they appear to be possible even through more informal arrangements.

An interesting example from the cases whereby the central authorities took direct action to work with private agents is the partnership between the Venezuelan National Housing Institute (INAVI) and the Foundation for Popular Housing (FVP). Here the experience was made possible by the Housing Law of 1989 which allowed for the creation of Community Housing Organizations, working in conjunction with Intermediary Housing Organizations, as a means of ensuring more effective access of the poor to housing solutions at the same time as seeking to safeguard public funds by entrusting fiscal oversight to intermediary organizations. This design was no accident, nor was INAVI's first choice of private partner: these provisions in the law were modeled on the successful practices of the Foundation and so were, in effect, a means of injecting public funds into a form of service provision which worked, thus enabling its expansion. This expansion, however, is relative: so far the partnership is working in four states, and there are clearly still immense unsatisfied needs in the social housing sector here as in other countries where the state is still less well placed to inject the funds which the Venezuelans have done. Here again though, the effectiveness of the partnership approach has been validated.
Another example of legislative reform which has clearly been of key importance to one of the partnership experiences comes from Colombia and involves the importance of the Social Security Reform Law 100 of 1993 to the achievements of the Corpoversalles local development corporation in Versalles. The law allows for the creation of “Health Promotion Companies” (EPS, Empresas Promotoras de Salud) allowing private agencies (as well as public or mixed ones) to administrate the so called “subsidized health sector”, whereby detailed household income surveys, administered by the municipal planning departments, determine the eligibility of families to health care subsidies. The “EPS” system, in effect, amounts to a partial privatization of health and social security management, which has been combined with a system of incentives and regulation by the state to ensure access of the poorest families to health care.

The creation of Corpoversalles is a case whereby the role of the state in designing and passing this reform was as a facilitator for local initiative, rather than more directly its instigator as with the previous example. The original stimulus for community organization in Versalles came with government-led initiatives to introduce participatory practices in primary health care, begun in the 1980s. This initiative provided the basis of local community organization which led to the creation of the Corpoversalles—as a means of maximizing local and regional resources for local development projects—based on a model of public-private local development corporations promoted by the Carvajal Foundation.

However, a key stimulus for putting together the corporation (and its immediate focus of activity) was precisely to oversee the creation of an “EPS” in the municipality, named “Coopsaver”. Beyond providing health services, Coopsaver provides other services such as funerals and, also, reinvests in productive ventures such as fish and meat production then sold at low cost to members. Here we see a fascinating case in which the space provided for private innovation at the local level thanks to national sectoral reform has been the catalyst for a wide range of poverty reducing initiatives, ones which continue to involve the active participation of a range of public and private actors.

As we mentioned earlier, “opening up the game” to private actors does not necessarily involve legislative reforms but, at least initially, can depend on the use of less formal mechanisms. One method often favored by the center is pilot projects to test reform measures. A particularly vivid example of this—one whose whole design involved the formation of a public-private partnership—is that of FUSAL in El Salvador. Here the intention of the Health Ministry was not merely to experiment with decentralizing the provision of primary health services, but to
bring in private service providers as partners with the local health unit depending from the ministry in order to introduce more innovative and integral health provision practices. Given the difficulty of achieving real change by simply instructing public officials to adapt their own practices, the possibility of "jump starting" change by having public and private actors work in partnership was attractive.

The partnership (now entering into its third year) is, by witness from both sides, a success which has achieved the kinds of synergies outlined in the previous chapter that are making for a more preventive rather than curative approach to local health management. It is anticipated that now that the problems of integrating the private and public services have been ironed out there will be more opportunity to maximize the potential benefits of working closely with the local inter-institutional committee, bringing together the local government, officials of the Agriculture Ministry, police, and civil society organizations including the church and other non-governmental organizations.

This pilot, then, is deemed a success, and one owed to the willingness of the central government to adopt new working practices incorporating—but not relinquishing overall responsibility to—private sector actors. A question mark hangs over how far and fast it will be possible to replicate the experience in other parts of the country, although this is the desired course of action. Nonetheless, the crucial point seems to be that the Ministry is prepared to adopt a flexible approach towards expanding the practice of working in local level partnerships: the principle of the value of doing so has been proven.

Argentina provides an interesting example of how a more traditional style privatization (in this case of water and sanitation services in the Buenos Aires province) has facilitated the emergence of a government-business-civic partnership by redefining the role of the state in service provision. Here the incentive for the private company in question to provide services for the poorest has been a fascinating experience of "learning by doing", as illustrated by the experience of Aguas Argentinas in the San Jorge. Three decades after the first attempts by public companies and agencies to provide the neighborhood with access to drinking water and sanitation services, the problem was not yet fully addressed. The privatization contract required the new operators to increase coverage of services to previously under-served neighborhoods. Under these new conditions, it took the new partnership (between the private company, the community, an NGO and the local and provincial governments) a year to solve a serious gap that several decades of public ownership were unable to address. Then, again, it is not that privatization
experiences always and everywhere lead to this type of fast and commendable outcome. As with
the other cases, what the institutional change did is to provide opportunities (and incentives) for
non-state actors — in partnership with public sector ones — to innovate and find alternative
solutions to a previously intractable problem.

These are not the only cases which demonstrate the positive effects of such forms of
opening the game on the part of governments, but they are sufficient illustration for immediate
purposes of the importance of such reforms in stimulating and facilitating partnerships.
Moreover, and encouragingly, they are also symptomatic of broad processes of change underway
in the rules which govern the relationship between state and society in the region as a whole.

These relate both to the broad direction of change away from state-centric development
implied by the processes of economic restructuring undertaken in all countries of the region, as
well as to political developments which have accompanied such measures. The 1991 Constitution
of Colombia is one of the more dramatic manifestations of a broad will to make significant shifts,
stating as it does that its fundamental intention is to take the country from a "representative" to a
"participatory" democracy.7 The Bolivian Law of Popular Participation, already referred to
above, is another such manifestation of deep-rooted desire for change. The series of reforms in
Venezuela heralded by the Commission of Reform of the state, the COPRE, which included the
far reaching decentralization laws in that country also suggests a change of direction in that
country. It goes without saying, however, that such changes have still a very long way to go, and
can be adversely effected by political or economic crises which tend to undermine confidence in
the state, or at least in the central government.

We now turn to look at the less positive side of the picture, outlining some of the key
remaining bottlenecks to more effective and productive forms of public-private collaboration.
The approach here is more generic and less directly associated with the cases themselves, or the
countries in which they take place given that in general the cases are success stories more
illustrative of innovation and change than of bottlenecks, obstruction and failure. Nonetheless, the
course of the cases has not always been "trouble free", and so reference to examples of friction
within or with the state which they offer will also be included.
Remaining bottlenecks

The kinds of examples of “opening the game” reviewed above depend, essentially, upon the state’s ability to recognize its own limitations, and, with this, the comparative advantages of others. It is where that same limited capacity itself prevents the state from being able or willing to make that recognition and act accordingly, that the greatest bottlenecks to partnerships arise. In spite of the profound process of state reforms experienced by most countries in LAC that creates the facilitating conditions for the development of partnerships, significant limitations subsist. The remaining bottlenecks to making the state an “honest” partner in working with other sectors may be divided into two generic categories. One is to do with bureaucratic and procedural obstacles to working with other sectors; that is, its actual ability and capacity to adapt its practices to the demands implied by working with private actors. The other is to do with its will to do so, as determined by political culture, power structures and attitudes, on the part both of public and private actors.

i Bureaucratic and procedural obstacles

The challenges of working in partnership with other sectors are likely to be threefold. Firstly, each separate public entity, be it a ministry, a national institute or municipal or other subnational department needs to be able to function effectively in terms of its own internal procedures. This is not necessarily a straightforward proposition, as is indicated by testimony of one government official, in this case from a central ministry, although the same general problems apply to all levels of government:

We have to contend with a whole range of complicated bureaucratic norms. There is a kind of impermeability in this respect. The Minister can take a decision and send the message down the line, but then no one actually takes the measures necessary to put that decision into effect: there is a lack of capacity at lower levels to know how to translate the meaning of orders, combined with the problem of the complexity of the norms.

Then, secondly, it may often be the case that one branch or level of the public sector has to co-ordinate with another. Here again, this may prove problematic:

There are a whole range of problems in adapting the public sector to new forms of working. Most ministries are used to working in an isolated, monolithic fashion, which is just not possible anymore, since so many of the issues which we have to deal with are
transversal. We need to develop the concept of transversal networks, but have a very long way to go.

As well as such “transversal” networks, hierarchical coordination of different levels of government, such as central ministries and municipalities, is often made difficult by the lack of fluid channels of communication and, too, complicated and slow disbursement procedures from the center. That is even where resources are readily available, which is not of course itself always the case either. Such problems, for example, have long dogged the Colombian “co-financing” system, whereby municipalities were able to apply to sectoral funds for social and agricultural infrastructure investment support on a cost-sharing basis. Delays in disbursement have tended to be endemic throughout the system.

Thirdly, and lastly, inter-sectoral collaboration means, of course, that the public sector needs to have the capacity to interact with the private, in both profit and non-profit making forms. This can often have the effect of compounding the kinds of problems the state has in its own internal coordination. Unlike in the Anglo-Saxon tradition, by and large, governments in the region can only do what they have been explicitly told to do so (the principle of competencias regladas) and most current laws do not explicitly authorize governments to deal with public-private partnerships. For example, budget, contract and control rules in most countries in the region tend to restrict the capacity of the state to allocate state funds to finance partnerships or some of their programs, projects or actions.9

Particularly severe problems can arise due to the fact that the necessary time frames for executing phases of any project from the point of view of the private sector, whether for or not for profit, are often far shorter than those of the public. Tension can often arise, too, between the dual needs for control by the state on the one hand and flexibility on the other. A common complaint from NGOs is that they are forced to account for the minutiae of their expenditures when working under contract for a state body in a way which public bodies are not required to do themselves and waste much time and energy in so doing. That is in addition to problems of slow disbursement, and all this assuming that the different parties are trying their best to work together at all levels of their respective institutions.

The good news from the cases, however, is that such obstacles can be surmounted where there is a will to do so. This also underlines the real importance of institutional learning and capacity building which can come from partnerships, as outlined in section 1.3.ii. For example,
the case of collaboration between the Carvajal Foundation and Municipal Public Works Company, EMCALI, in Cali offers encouraging evidence that persistence and willingness to learn from one another can overcome the kinds of frustrations engendered by bureaucratic obstacles and delays. To some extent each and every one of the cases we have considered presents us with examples of how these kinds of bottlenecks have been solved by willing partners—although, sometimes, at a high cost—and that solution, in many cases, has become an asset to the partnership. Overcoming political and attitudinal obstacles to public-private collaboration is undoubtedly a still more complex matter, however.

ii Political and cultural constraints

The will of the state to open the game to working with other sectors was identified in the previous section as critical to the potential for partnerships. Both kinds of changes described, decentralization and devolution of authority to non-state actors are clearly, at bottom, a question of political will. Although ideological change favoring decentralization, together with other forms of bureaucratic and economic reform aimed at reducing the presence and size of the central state, have made considerable inroads in changing the attitudes and approaches of growing numbers of political leaders, resistance remains widespread. After all, it is very often objectively the case that such reform implies loss of power and patronage on the part of established elites.

Political resistance to decentralization is clearly the key factor limiting its implementation in countries which remain highly centralized, and where it has been taken further, rivalries between different levels of the state tend to reflect political tensions at least as much as bureaucratic rigidities. In the case of Palpalá, for example, the mayor met resistance to his proposals from the provincial governor and was only able to go forward by “leapfrogging” intermediary level government and taking advantage of his good contacts with the federal authorities. The issue of the co-financing system in Colombia, referred to above in terms of the bureaucratic difficulties besetting it, has, in fact, become notorious in the country principally because there appears to have been widespread pressures on the part of congressmen to channel funds to their constituencies. This, then, tends to heighten rivalries between local and national elected representatives since, increasingly, the shift in power through access to funds is towards the municipality.

Opening the game to political rivals is, not surprisingly, an unattractive option for leaders who feel that they can hang on to power through the usual mix of populist and/or patronage
politics, whether by fair means or foul. A related, but not entirely similar issue is whether or not public actors when in power are willing to work with other actors in the design and implementation of policy. The obstacle, a reflection of the political culture of clientelism, is reluctance to hand over sources of patronage to others. At the same time, it is true that mistrust toward business and NGOs is also based on doubts—or misconceptions—regarding their ultimate motives in seeking partnerships with the state (i.e. profits, politics).

A typical manifestation of this is the reluctance on the part of municipal administrations, and/or municipal councils to hand over the management of social programs to NGOs, where this means losing control of the neighborhood or sectoral networks which, in the past, have ensured that public resources go to selected clientele. The public education system tends to be particularly corrupted in this sense. The tactic of the program to expand the Escuela Nueva in Colombia, whereby the Coffee Committee through its own producers’ networks encouraged local communities to petition for the reform as a precondition for beginning the process in any locality, reflects the difficulties of initiating reform in this sector: it is often essential to gain the local community as an ally for reform against public sector resistance.

The other politically-rooted evil of the public sector most lamented by would be reformers and other sectoral actors alike is endemic short termism. Rapid turnover of public officials at all levels of government remains widespread, compounded in many cases by the lack of any effective career structures. Promises made to communities at election time and then quietly set aside further undermine trust in political leaders and, by extension, the public sector as a whole, given the fact that the expropriation of the resources and institutions of the state by political bosses is often nearly absolute.

Underlying and underpinning these negative forces is the equally serious lack of a culture of public service as such. Throughout the region it is common to speak almost exclusively in terms of public “functionaries” or “officials” rather than public “servants”. This is more than a question of semantics. Rather it points towards the equation of the concept of service with that of servility. That cultural trait, with the additional component of highly clientelist political systems leads all too easily to a situation where public office is viewed as a sinecure and source of patronage and not a position from which to prove oneself by the quality of services offered to the public.
The kinds of problems faced by would-be public sector reformers are hardly new, just as their solution is far from simple. The kinds of qualified, professional human resource scarcities implied by the situation just outlined continue to undermine reform efforts, and the lack of incentives for entering a public career continue to mean that the public sector competes at a disadvantage with the private sector. The most serious problem, therefore, is that this situation creates a vicious circle whereby the substandard practices and products of the public sector risk being ever self-perpetuating. Partnerships should not be seen as a substitute for conscious efforts directed towards the strengthening of public sector capacity. In fact, the majority of the cases reviewed by us suggests the opposite: for the partnership to achieve its full potential private actors require effective public partners.

Although these kinds of obstacles to working with the public sector are well known, it remains worrying the degree to which they show a kind of impermeability to reform. One general and unexpected lesson from both the cases as well as from responses to the partnerships program itself to date has been that the sector which is the most difficult to approach and engage has been the public sector, at both national and sub-national levels. The idea of partnerships is clearly still one which is quite alien to a public sector, emerging from decades as the sole arbitrator of the common good. The will to change is beginning to emerge, but slowly and unevenly.

It was, in fact, the business sector which was anticipated as being the most difficult to engage on the issue of partnerships and its role as a social actor. It is time to explore some of the reasons why this has not proven to be the case.

2. 2. BRINGING IN BUSINESS AS A PARTNER FOR POVERTY REDUCTION

The primary role of business is to generate wealth and thus, indirectly, contribute to reduce poverty. While this may appear self-evident, it needs emphasis in the context of involving business as a partner in initiatives for poverty reduction. In contrast with the state, whose responsibility towards the poor remains in place despite the reduction of its role in many other areas, business itself has no clearly defined and accepted social responsibilities other than remaining within the law. How far it can or should go in social activities for the poor is entirely at the discretion of individual companies and corporations. This applies to business worldwide.
In countries where the welfare role of the state has tended to be maintained at a subsidiary level, such as the United States, the role of private philanthropy has been quite important. In LAC, on the other hand, the previous, state-centric development models would seem to have had a crowding-out effect on the potential for large scale philanthropic activity or other type of involvement on social development initiatives on the part of business. In addition, ideological barriers to business working for the poor have been quite strong until recent times in the context whereby non-state efforts (particularly through NGOs) to reach the poorest were generally associated with would-be subversive activities. As a result, the region lacks the corporate philanthropic traditions of its northern neighbor, albeit with some exceptions.

In this section we will consider the factors which condition the willingness and ability of the business sector to act as a partner for poverty reduction. There are two aspects to the question of business’ motivations. Firstly, it must perceive that it has a social role to play which goes beyond sporadic charity activity or patronage of the arts and which involves making a contribution to the wider environment in which it operates. In spite of the powerful examples offered by the cases discussed in this report, this continues to be more the exception than the rule among business in many countries in LAC. Secondly, and a partial means of overcoming resistance to the previous issue, it needs to realize that it stands to gain by doing so in ways which impinge positively upon its primary activities—such as improving community relations, building market recognition and improving its own internal productivity, as highlighted in section 1.3.i. When these conditions are met, we can say that there is willingness on the part of the business community to become a partner for poverty reduction.

On a somewhat different plane, there are questions of how—assuming the willingness exists—business develops its own ability to act effectively as a social agent, given that this will never be the primary activity of the profit-making private sector. This last set of factors may be divided into two sub-issues. Firstly there is the question of how businesses organize themselves internally to undertake social activities, and secondly there is the question of how they work with other sectors. With this second factor, issues of willingness again come into play: business needs to recognize that other sectors can offer valid and necessary partners in achieving social goals, and that working with them can reduce its own transaction costs in undertaking poverty reducing initiatives where it has decided to do so.
Developing the “willingness” of business to act as an agent for poverty reduction

The business class in general believes in money and nothing else. Now we are past the first wave of enthusiasm for neoliberalism, which reinforced this, there is more room for change, but it remains a deep seated problem. We have a rich tradition of foundations, but this is limited to a few visionary leaders and provides a few points of light: it doesn’t permeate the business sector as a whole or add up to any signs of a movement. There is certainly a direction of change towards social responsibility in the multinationals. However, that tends only to register with those groups here who have real contact with those circles.

These remarks, by a leading Colombian businessman, underline the scale of the challenges involved in developing a broad based movement of corporate citizenship in the region. Together with the lack of deep-seated corporate philanthropic traditions, there are other obstacles to such a movement emerging. One is the sheer amount of dislocation suffered by much of the private sector during the process of economic restructuring as one productive sector after another lost the protection of the state and was forced to adjust to sharper and ever more global forms of competition. It would be unrealistic to expect many businesses to undertake whole new social agendas at the same time as they were themselves struggling for survival. Clearly here the picture in the region is immensely varied from one country, or sub region and sectoral activity and size and type of business, but nevertheless it may be seen as a limiting factor in a great many cases.

Another obstacle often identified by business leaders is the lack of fiscal incentives for philanthropic activity. There is a generalized dearth of fiscal incentives throughout the region, or where they do exist, are very low. This tends to reinforce the reluctance of business leaders to undertake responsibilities which either they consider rightfully to be of the state, or are unwilling to share when they feel the state is giving contradictory signals. An Argentinean business leader complains, for example:

"There’s a basic inconsistency in the working of the state: they’ve come to ask our help for a project to encourage children to finish secondary education. In fact, they don’t care about this problem of itself, rather how it affects levels of unemployment and crime. So, they want us to give money to solve problems which public policies have been unable to. But, at the same time as they ask for support they are boycotting us through the DGI [the Internal Revenue Service] and the obstacles they put in the way of the Foundations."
As a minimum, then, the state should avoid sending unclear signals to business leaders if it seeks to promote their involvement in social programs. The question of desirability of tax incentives for philanthropy remains a controversial one, however. In addition to the fact that corporate taxes are low in the region generally and evasion often high, it is not necessarily clear whether the state might not forego more resources by providing incentives than it would have had by paying for projects out of general revenues. In this regard, however, the state would do well to understand, for example, that it is not simply a matter of engaging tax receipts for direct business investment in education, but that the skills and technical resources which business can bring to bear on improving education is considerable, as outlined in the education cases presented in part one. Moreover, it is also important to recognize the positive signals sent by the state through tax incentives for philanthropy in terms of creating a “culture of giving” which, in turn, could increase net resources for poverty reduction.

What factors, do, then, act to develop social responsibility in the business sector? The two traditional motives for social responsibility have been humanitarian and/or religiously inspired philanthropy and “enlightened self-interest”. The two are far from mutually exclusive and, indeed, often merge, as indicated by the following assessment of another Argentinean businessman:

"Business consumes and needs to consume from its physical setting: environmental resources, infrastructure, services, man hours and the fruits of the public education received by our workers. And its activities generate an impact on that environment: we need, in return, to try to give back into that environment some of what we take from it."

Although the more paternalistic, “charity-orientated” approach to the poor is probably less important than in the past, enlightened self-interest appears to be a major factor inspiring businesses to undertake social responsibilities, although that does not mean that altruism is dead.

One of the paragons of social responsibility in Colombia was Manuel Carvajal, who in 1961 established the Foundation of that name which has featured prominently in two of the cases from that country, and also in one from Venezuela. In the latter case the Colombian institute was serving as advisor to an organization founded by Eugenio Mendoza, one of that country’s key philanthropists. Such leaders have clearly had an impact not merely directly through the works they have undertaken, but also in terms of setting standards and promoting social responsibility among their peers. In Cali today, for example, business leaders are fond of quoting Manuel Carvajal’s axiom “You cannot have a healthy business in a sick city.”
AOISPEN sanitation project demonstrates, that kind of motivation can spread and create multiplier effects: the Carvajal Foundation was able to call on the support of building material providers to reduce their costs in order to support the social development of the poor district of Aguablanca.

A closely related motivating factor is the extent to which the business is, or feels itself at risk of, suffering the negative externalities of poverty —as opposed to simply seeing better average income levels and living standards in the community as being in its long term interests. A case in point already referred to several times before is that of the formation of the CITA consortium in Itagüí, being as it is an effort on the part of the business community there to counter mounting levels of criminality and the climate of insecurity which these imply. Notably, in fact, the original stimulus for the formation of the consortium was, precisely, to lead a reform program of the local judicial sector to improve efficiency and access to justice on the part of the poor. In a different context, Oracabessa in Jamaica, we see that, clearly, if Island wants to succeed in building “harmonious” tourism, then it needs to work with the community to avoid the usual enclave effect of the all inclusive hotels elsewhere on the island. This, necessarily, implies working to improve the opportunities of the local inhabitants who are, in the overwhelmingly majority, poor.

Today, too, other, newer types of motivation for corporate citizenship are combining with the old. Most critically, these include the climate of increased competitiveness that has come with increasing globalization of the world economy and the shift to market-driven development models. The need for that extra “edge” over rivals has, in many corporations, driven a new interest in undertaking poverty reduction and other types of social initiatives as a means of improving community relations, relations with the public sector, building market recognition and improving its own internal working practices and efficiency. With this, too, has come the recognition in some firms that such practices can have a positive impact in the firm’s primary activities in other ways as well, such as improving staff morale and, with this, productivity. The case of CONELCA in El Salvador is a very good illustration of this range of motivations, as well as of the discovery of the further gains which may result.

More direct gains still can be had from such undertakings, as shown by Aguas Argentinas’ approach of developing new markets by providing services where it has not previously been able to reach. Or again, the mobile clinics program in Maracaibo which was able to secure the collaboration of pharmaceutical and toiletries companies, that provided free samples
of their products for the same reason. Gradually emerging, then, in some quarters of the business sector is a new concept of “social marketing”, which builds on old and new kinds of motivation for undertaking poverty reducing activities. As well as recognizing the assets of the poor, as opposed to their lack of the same, this approach also recognizes the range of benefits which may accrue to private companies through working with the poor in win-win undertakings.

The further question which this poses is how the development of such a new concept can be promoted in the interests of making business an actor of substance for overcoming poverty in the region. Here the evidence from the cases is rather patchy, but as a whole it seems that the initiative to take action on the part of the business sector has come from individual business concerns that have perceived the need to take action on some local issue and have either acted alone in approaching the community directly, as with CONELCA, or have sought intermediaries from other sectors, as with the Foundation Arcor in Córdoba (Argentina), or allies from other businesses, or a combination of these elements, as with the CITA corporation. Or, in other cases, private sector leaders have responded to overtures from civic organizations, as in the case of San Jorge where Aguas Argentinas was approached by an NGO or from the state, as in Maracaibo (with the mobile health clinics) and Cali.

In other words, in terms of the cases themselves, the actual stimulus for working on any given social issue tends to happen on a rather piecemeal basis, with few clear trends. Nevertheless, a number of lessons can be derived in terms of institutional arrangements that tend to help businesses overcome natural difficulties in finding how to make a meaningful contribution to poverty reduction. It is time to turn to that question.

Some key factors affecting business’s ability to develop as a social actor

Perhaps the most basic factor of all, but which is often passed over, is whether or not a “business sector” is present at all in any given context: that is, a business sector in the sense of a developed manufacturing and commercial sector, with its own organizations and defined interests. In many parts of the region this is not necessarily so, particularly in rural areas where it is often also the case that the incidence of poverty is highest and the most difficult to tackle.

Clearly, in such contexts, the answers are far from simple. The evidence from some of the cases, however, is that it is possible to create a “private sector” even in such adverse conditions —and that partnerships can, precisely, provide the means by which to do so. The
lessons of the cases of Coopcentral and Cencoseer in Colombia, and La Unión in Argentina are timely reminders of the immense potential of cooperatives in such difficult rural settings—and of the kind of support which can so much benefit cooperative movements, such as, for example, the basic training and then more sophisticated technical support which have evolved during the long association between Coopcentral and the diocese’s social organization Sepas.15

In all three of these cases, in fact, the key support for the cooperatives has come from non-state sources: the Church in that of Coopcentral, the Departmental Coffee Committee and local university in Cencoseer, and an independent consultancy in La Unión. Only when these have, thanks to that initial support and their own efforts, been able to constitute themselves as actors of some weight have they been able to inveigh upon the state to provide needed infrastructure or other services. There is perhaps something of a lesson there: that state actors could play a more proactive role in such initiatives. Here, however, all too often the potential for this is undermined by the weakness of small rural municipal authorities and their remoteness from the center.

What these cases demonstrate most of all, however, is the fact that at issue is not always “business helping the poor”, but rather the poor becoming “business” in order to help themselves. This, of course, is the basic principle underlying the many efforts to promote microenterprise that have appeared in the region, one of which, that of the Mendoza Foundation, has featured here. Such efforts, generally speaking, focus on urban areas. The case of Palpalá underlines that other, innovative, approaches are also possible in urban settings, again through the development of a network of cooperative associations, using an imaginative transfer of resources from the formal private sector (in the form of the redundancies payments given workers dismissed from the steel mill) to the informal.

But here again what is really at issue is the creation of a “private sector”, one with a clear identity and purpose and organizational support system which escapes the usual categorization of the formal sector implied by the term. All too often this actor is present, in latent form, as the mass of small informal enterprises which make up so many poor communities. At issue, then, is the need to recognize the potential of this actor to help itself and develop into an alternative form of private sector.

Returning to the issue of the formal private sector, it is important to consider some of the difficulties that companies face in undertaking social activity, and how the cases demonstrate
both these difficulties and how they may be overcome. Clearly, when one company acts on its
own, there are likely to be limitations as to how much it is able to do, due to reasons both of
funds and, equally importantly, its own ability, in terms of staff know how and time, to act
effectively. As one Argentinian civil society leader notes of the frustrations often encountered in
trying to work with companies:

"In general when we approach businesses they are quite receptive, but there is little real
commitment there. Businessmen are often uncomfortable talking in terms of making a
contribution to their environment as a general commitment, rather they want to take
quick, concrete action, which is exactly what we would rather get beyond. Businessmen
tell you "it's great what you guys are doing, but look, I can spare ten minutes so just tell
me what exactly I can do for you."

Whether or not the deeper issue is lack of real commitment on the part of the company in
any given context, the fact is that they do face real difficulties in doing more than the
businessman just quoted.

Time and again the evidence of the cases is that private sector foundations not only play
an absolutely critical role in developing business social responsibility but also in facilitating
business participation in partnership initiatives. This is true in at least two respects. Firstly, they
represent a professionalization of one company or economic group’s own social endeavors,
allowing for a specialization that can act independently of the company’s primary activities—
and even generate their own resources with support from the allocation of profits, usually in the
form of an endowment. The importance of these institutions in this regard can be given a very
rough quantification by reference to the cases presented in this book. In Argentina foundations
have been crucial in the case of the Child Feeding Program in Cordoba (Arcor); in Colombia in
Pensilvania (Dario Maya), Corpoversalles and AOISPEM in Cali (Carvajal); in El Salvador in
San Miguel (FEPADE) and the health project in San Julián (FUSAL); in Jamaica in Oracabessa
(Oracabessa Foundation) and in Venezuela in the self-management housing project (FVP) and
the microenterprise program (Mendoza). In other words, in a third of the cases presented here
they have been the critical business actor.16

Secondly, and equally importantly, they can provide a vital bridge for bringing in wider
business support, either in the form of a collegiate structure in the actual make up of the
foundation itself—as is indeed the case with FUSAL, for example—or more literally as a bridge
for other businesses to participate in social undertakings, as in the case of Carvajal in Cali or FVP in Santa Cruz (Venezuela) already mentioned. In essence, business foundations have a privileged position as being both “civic” —and certainly non profit making— institutions at the same time as they are also business-based and thus have credibility for the profit making private sector.

Perhaps the single most important factor in terms of the enabling environment for business to undertake social initiatives, then, is the extent to which there exists a thriving “foundation culture” in the countries of the region. In the three larger countries of the six this culture is already quite well established, but relative success here may carry with it the danger of broader failure, inasmuch as there appears a tendency for the same core of active institutions to appear as key actors in case after case. In the others, there are signs that this sector is emerging, particularly in the case of El Salvador, where there appear to be concerted efforts from various quarters to develop an organized business response to social problems.

This is not, however, intended to dictate that foundations are the sole possible response to developing businesses’ ability to assume social responsibility. They do, nonetheless, provide a tried and tested model for effective private sector intervention in the social sphere. This is not something which the agenda of the partnerships program has “discovered”; merely it has reconfirmed it.

Another critical underlying issue is that in many circumstances collegiate responses on the part of business might be needed in order to address free rider problems. Among the cases we have discussed three examples of such collegiate responses are worth mentioning. In Itagüí, for example, the fact that thirty local companies are active in investing in the long term prospects of the poor children of that city through CITA means that they, at least, are sharing the costs of doing. The same is true of the Dividendo Voluntario para la Comunidad in Venezuela, bringing together some four hundred companies. That does not mean, of course that free riding is not also prevalent. There are over three hundred companies in Itagüí, for example, not to mention how many in Venezuela. It may be, therefore, that together with the message of both the need and the benefits to be had from becoming involved in social projects, the message of businesses’ responsibility to act in solidarity with their socially active peers is one which could also bear being stressed.

The third case is that of the Escuela Nueva program where the participation of the business sector is through the Coffee Producers’ Committee. In this case, the collective response
is based not only on a common regional identity—as in the case of CITA—but a shared sectoral interest in the long term fate of a particular economic activity. It is true that the Coffee Producers' organization in Colombia (both at the regional level through the Committees and at the national level through the Federation) remains a unique one in the region in terms of the strengths that it brings to a variety of social and economic endeavors and that few similarly active and capable umbrella business organizations exist. Nevertheless, the case highlights the enormous potential of partnerships that involve the participation of the business sector through their associations.

One very encouraging new development within the business sector in the region is that, indeed, business associations are beginning to perceive the promotion of social responsibility among their members as being part of their function. This has been the case—among others—with the Industrialists' Association in Colombia (ANDI) that has, for example, drawn up a code of business ethics, including those affecting companies' community relations. The Partnerships for Poverty Reduction program itself benefited from (and encouraged) this growing involvement on the part of business associations in social initiatives.

It is not only the business associations that are starting to follow this route. Another interesting and potentially very significant development has been the trend for the foundations themselves to club together. Such has happened in Argentina, for example, where the seven largest business foundations have established a formal working group. Overtures in that direction have also taken place in Venezuela. In Colombia, such developments have been signaled with the combination of a range of private foundations joining to work with the local authorities in addressing the accumulated social problems of the south of Bogotá (through the CORPOSUR initiative), or through the specially created Center for Colombian Philanthropy, established through a partnership of the Social Foundation and the Inter-American Foundation.

Another, rather different type of incentive for business to become a social actor has to do with content rather than form of organization, and that content is education. Of the eight cases which have been led by business interests, five of these are concerned with contributing to educational quality and coverage. This, moreover, is five of the total of six cases with educational themes. The failure of the public sector to deliver adequate education to meet the demands of the present and future labor market is clearly a critical factor here, together with the broader gains implied by a better educated population. An illustrative case which has not been mentioned at this point comes from Jamaica, and once more is led by a business foundation.
The ICWI (Insurance Company of the West Indies) Group Foundation has led a partnership in conjunction with the University of the West Indies and the Ministry of Education to improve science education on the island through the establishment of a Science Learning Center (27). Drawing on international experience in the field of producing stimulating teaching materials and methodologies, the Center's work is to provide extensive teacher training and attractions for school visits thereby fulfilling its mission "as a demonstration center to provide learning opportunities which will impact the reform of science education at the primary level and in the wider community".

As the Science Learning Center demonstrates, just as business has a considerable vested interest in a competitive workforce, so it also has much to give in terms of improving the quality of education. Its contributions may range from inputs in content of curricula, as in this case, to the funding of infrastructure, as in the Voluntary Dividend experience in Venezuela, and many points between. Yet, if these sorts of messages emphasizing the role of foundations and business associations are vital, together with the active participation of agents able to disseminate them, so too is the message that the most effective means for business to assume social responsibility is in partnerships with other sectoral actors. It is to this issue that we now turn.

**Business as a partner with other sectors**

The evidence from the cases that business can be most effective as a social actor when acting in consonance with other groups has been sufficiently detailed in part one and does not require further laboring here. That does not mean, however, that such collaboration is necessarily easy to achieve. Mutual mistrust among sectors runs deep.

The failings on the part of the state outlined in 2.1. above are often viewed with disgust by business leaders, who point to continuing inability on the part of public leaders to tackle these problems as proof that they have no will to do so. Businesses are particularly susceptible to resenting the government, whether national or local, where they feel that they have reason to believe that tax revenues are being misspent or even misappropriated and their needs in infrastructure and services unsatisfied. Here again decentralization has proved one factor able to mitigate and overcome mutual mistrust, where it has allowed for the election of local leaders with credibility in the business community, as in the cases of Pensilvania and Palpalá. Obviously, this is not the situation in all the municipalities of the region.
It tends, indeed, to be the case that, where the local business leaders wish to have nothing to do with the political bosses, the feeling is mutual. Distrust of the motives of business leaders, and the belief that they are only interested at all times and in all contexts in improving their own profit margins remains prevalent on the part of both public officials and politicians. Indeed, in some contexts the possibility of electing new leaders from outside the traditional political parties has worsened already poor relations by turning the conquest of local political power into a kind of zero sum game. The feelings of one Colombian political boss are illustrative:

There is a tendency to divide all those who engage in politics in any fashion into “goodies” and “baddies”. The “goodies” are all the so-called “civic leaders”. But who are they? Businessmen and the upper and middle classes. Now with decentralization business sees a chance to take power. Why? So they can manage local taxes and infrastructure in their own interests. They haven’t suddenly decided to devote themselves to improving the lot of the poorest sectors of the community, far from it, although of course that is what they say in order to win votes.

Nor are these difficulties confined to the local level. The testimony of private sector actors from the cases as to whether it was more or less difficult to act with the national government or local authorities varied immensely. Yet again, however, there are a growing number of examples of how such mutual distrust is being overcome, on both public and private initiative. This was the case with FUSAL and the local health unit in San Julián, for example, and too, in Caldas, where the Coffee Committee was able to build ties of mutual trust with local authorities in a manner never before possible, as well as making inroads into improving the relations in the internal working of the public education sector. Persistence, and the slow demonstration of the rewards of collaboration, is no magic formula for success. On the other hand, it is often impossible to substitute with any other approach.

The attitudinal constraints that make business-state relations often strained are often mirrored in business-NGO relations where these are often colored by politically based mistrust. The history of how and in what context the NGO sector was formed is important in this regard. Where they have been established as contestatory organizations in opposition to the status quo, as opposed to social development organizations seeking only to compensate for the inability of the state to reach sectors of the poor, relations have tended to be particularly strained. A clear, if extreme, case in point is El Salvador, where there has been a quite sharply defined association of the NGOs with “the left”. It is not coincidental that, of the total of six cases of partnership
developed in that country, only one, San Miguel, involves important collaboration between a traditional NGO and the business sector. Attitudes are changing, but as is the case with so many of these kinds of issues, changes are slow.

At the same time, in the region as a whole the demise of socialism and changes within the NGO community's self perception of its role have clearly played a positive part in improving relations between business and NGOs. Nonetheless, asymmetries of information, lack of knowledge of one another and prejudices persist and still undermine the potential for collaboration. This is particularly serious given both the widespread reluctance of business to become involved with working with the state, and, too, the difficulties facing it in developing its own ability to act as a social agent. Very often, NGOs are able to act as bridges between the state and business, and, too, between business and the local communities it is seeking to assist. The Argentina NGO IIED played this intermediary role between business and state actors in San Jorge, for example, as well as being the bridge for *Aguas Argentinas* to work with the community itself.

These kinds of difficulties point, once more, to the vital importance of the further development and expansion of business foundations, given their unique capacity to act as such bridges. This is a solution which would be one self-generated from within the business community itself. The other and equally important need, however, is for the continued development of such intermediary organizations generated from within broader civil society.

3. PARTICIPATION AS PARTNERSHIP: CIVIL SOCIETY AS ACTOR AND SUBJECT OF POVERTY REDUCTION

The term "civil society" tends to suffer in its usage from two extremes. On the one hand it can be used vaguely to simply designate "all the rest" that remains after the state and the market. That is also implicit in the other commonly used term of "third sector", regardless of the fact that this term often, in fact, is referring almost exclusively to the non-profit sector. By extension of that tendency, the other extreme is to use civil society as virtually synonymous with the NGO community, disregarding the wealth and variety of the organizations and institutions which constitute the whole. At the risk of committing the latter sin, our focus here is on the types of organizations of civil society (CSOs) we have encountered in the partnership cases, whose
mission is to further social development goals at the local, regional and national levels. Essentially, then, this means intermediary NGOs and, to a lesser extent, universities.

Perhaps the distinguishing characteristic of these organizations is their relative weakness in comparison with business and the state both in terms of resources and degree of institutional development. In other words, their relative difficulty in constituting themselves as actors able to work in partnerships in the first place. That is the case throughout the region, where populist and corporatist regimes have tended to limit the growth and autonomy of civil society and, too, where authoritarian and repressive policies have also taken their toll. Clientelism in the political systems, as well as alienating large swathes of society from the state, has also tended to co-opt social organizations.

Nonetheless, it has clearly been the case that, over the last fifteen and more years, these organizations have grown and achieved a new presence and legitimacy as partners able and prepared to work with other groups; this is particularly the case with NGOs. These changes reflect, on the one hand, the diminishing role of the state, but also shifts in attitudes on the part of NGOs themselves. As the head of a major Colombian NGO notes:

*We have tended to view society and the state as being organized in such a way that each had its own particular source of power and role to play by using that power. The state had the monopoly of politics and political power, the business sector of economic power and civil society the monopoly of “the truth”. Fortunately, this blinkered approach is starting to change and be replaced by more balanced visions.*

Essential to those balanced visions is a growing sense not only of more effective and efficient divisions of labor between the state and NGOs — as the two most important actors in many cases of partnership — but also of the need for mutual support. As a leading Argentinean NGO representative notes:

*The state has ceased to do many of the things that have to be done, and so that space needs to be filled by NGOs. But, if we do the things that the state is not, then we need its cooperation. That sometimes means economic resources and sometimes technical ones, sometimes legal measures to facilitate working procedures. What is absolutely certain is that cooperation is needed on both sides.*
As has been emphasized in the preceding sections, these kinds of changes in attitudes towards a greater disposition to collaborate across sectors are, to a large extent, a sine qua non for the formation of partnerships. In the case of CSOs, particularly NGOs, the further implications of such changes imply a disposition towards greater professionalization of their working practices than may have been the case in the past in order to assume as effectively and efficiently as possible the expanding developmental role which the changed circumstances are bringing upon them. If the state needs to undertake a major ‘aggiornamento’ on many fronts, so, too, does a large section of the NGO community.

Indeed, in reviewing the necessary conditions for CSOs to work in partnership with others, it becomes clear that at all levels there is a need for mutual effort from the state, business and the CSOs themselves—a fourth set of actors of some importance are the multilateral and donor organizations.

What are these necessary conditions? Schematically, they may be designated as three-fold. Firstly, and most basically, CSOs need to be able to constitute themselves as actors in the first place, to “exist” and be allowed to operate “freely”. Existence is not of itself enough, of course, to make any impact on the development process. Thus, secondly, CSOs need also to establish an institutional presence in local and national affairs in order to attain voice in the formulation and design of policies as well as their execution. This issue has, after all, been a critical one since the beginning of the emergency social funds brought NGOs into close working contact with governments. A commonly heard complaint of NGOs is that they risk becoming little more than cheap service delivery agents where they are not of themselves in a position to negotiate their terms of engagement.\(^{3}\) Much the same applies, in fact, for NGO relations with the multilaterals.\(^{4}\)

Thirdly, and in a sense the mirror of the previous point, they also need to strengthen their own operational capacity in order to be able to deliver, in the field, the right skills sets required for the project in hand. This, in turn, implies facilitation of NGO access to core financing, as well as opportunities for human resource building. All of the above applies also to CBOs; however, of course issues of financing and professionalization are still more complex. We will turn to reviewing each of these conditions in turn.
The constitution of CSOs as actors in the development process

Although we have stressed that the underpinning informal factors are at least as important as the formal ones to the enabling environment for partnerships, the issue of the constitution of CSOs is, in the first instance, a formal, legal matter. The principal area in which legal issues are of importance with respect to the possibility of partnerships is the framework regulating the creation and overseeing of civic organizations. This issue is an area of specialization beyond the bounds of the information gathered in the course of the program's case studies to date, however some general principles are clear and well documented elsewhere, given the growing importance attached to this question in the light of the increased role and prominence of CSOs in the development process.\textsuperscript{35} Given the range and complexities of the situations across countries and the fact that detailed sources are now available, we shall only briefly outline some key points.

Firstly, rights of free association are a basic necessity. Fortunately, thanks to the (re)democratization of the region these rights are in place and, in general, enshrined in national constitutions. Another issue is how far the rule of law is upheld in this regard and what are its de facto limits—indeed this applies to all legal issues across the board, given that enforcement in many cases really does amount to nine tenths of the law in terms of the life experiences of people, particularly the poor. Here again, the tendency certainly appears positive, although basic human rights violations in this respect are still everyday evils in some areas and contexts.

The obtention of legal status, however, continues to be the Achilles' heel in most countries in the region.\textsuperscript{36} While in a few countries the legislation formally recognizes de facto organizations, it is generally the case that for associations to manage money and represent members in a variety of fora they need to be legally recognized by the state. The extent to which the obtention of legal status is a straightforward and transparent process becomes an essential issue.\textsuperscript{37} The degree to which legislations and regulations make the obtention of legal status more difficult varies between countries. Examples of restrictions involve questions such as who can create an OSC, the minimum number of members or minimum capital, etc. Also of importance is the nature of the state entity in charge of granting legal status and the procedures it follows to do so.

Notwithstanding the sometimes serious limitations to the creation and operation of CSOs implicit in the legal frameworks of many countries in LAC, it is also true that registration of and
regular reports by NGOs may constitute a useful response to the problems of asymmetries of information (noted in the previous section) that represent one of the serious obstacles to NGOs forming partnerships with business and the state: very often the NGO knows at least the basic profile of the business, but the company may well have no idea at all about the NGO, nor have any independent means of finding out. The same may be true of the state; officials remain in many cases ignorant of the identity and work of NGOs, and many remain predisposed to distrust them. This is an area in which state regulation probably needs to be supplemented by a degree of self-regulation within the sector, an area in which umbrella organizations seem to have a comparative advantage.38

The issue of legal recognition and state regulation is somewhat more complex in the case of CBOs, however, where the political context in which they operate is often as important as the legal framework, given their particular vulnerability to co-option by clientelist style political bosses. In Colombia, for example, the basic community organizations, known as the juntas de acción comunal have become widely discredited as being little more than the grassroots distributors of local patronage.39 New intermediary organizations created through municipal code 136/1994 (elected bodies called juntas administradores locales) have themselves been forbidden the management of funds in order to pre-empt such clientelist practices—but at the cost making them virtually residual organizations whose actual role is clear to no one. This type of national legislation, therefore, can put barriers in the path of local level cooperation in very unhelpful manners.

In Venezuela, in contrast, the states are at liberty to enter into contractual agreements (Convenios de Corresponsabilidad) with civic organizations at will. This greater flexibility can foster innovation at local and regional levels.40 In Bolivia, as well, where the civil code recognizes de facto organizations.

It is the presence and support of external organizations—quite independently of legal frameworks—that help explaining the growth of these community organizations. It has emerged from the cases of El Salvador, for example, that the community organizations given the legal status of ADESCOs (Associations for Community Development) have been of great importance in enabling poor communities to work with other sectors.41 What emerges too, however, is that these owe their strength in large measure to the positive intervention of the UNDP (through its Prodere program) which has worked in a concerted fashion to train community leaders.
That does not mean that foreign or multilateral organizations should be considered the ideal agents for strengthening community organizations. On the contrary, it is unlikely to be a role they are best placed to play and was only of such relevance in El Salvador in the context of the immediate aftermath of the war. Rather, the point is that local communities often need external support in forming and managing their own representative bodies. It is likely to vary from one particular context to another as to whether this role is best played by the state or NGOs, or what combination of them. Experience certainly indicates that it is NGOs (including, in this context, business social foundations) that have comparative advantages in reaching poor communities and building close ties with them, as is the case in Barrio San Jorge (Argentina), AOISPEN (in Cali), the Popular Housing Foundation (in Santa Cruz, Venezuela), and COMAND (Jamaica).

Promoting the institutional presence and voice of CSOs

If CSOs are to play an active role as partners to businesses, and particularly the state, it is critical that their presence in local and national affairs go beyond the simple execution of programs designed by others and that they have an institutional presence in the formulation and design of policies.

In considering the questions pertaining to promoting the institutional presence and voice of CSOs, legislative issues are of particular importance with respect to creating spaces for participation. Legislative reform can promote constructive interaction by, for example, obliging local governments to consult with organizations of civil society on the use of public resources and the implementation of public policies. Such fora of consultation cannot only become partnerships themselves but should also contribute towards creating the trust and interaction among actors needed to build other partnerships. Examples of such laws include the Local Planning Law (Law 152/94) in Colombia, and the 1994 Law of Popular Participation in Bolivia. As noted, the latter was of fundamental importance to the cases of SEAPAS and Mizque, for example, thereby demonstrating that it is not merely decentralization that can stimulate partnerships, but also the obligation of local governments to consult with their citizens.

On the other hand, it may well be the case that such measures are of greater relative importance where civic organizations are particularly weak and the state has virtually no experience of working with them than in other circumstances. Although of no quantitative significance, it is nonetheless suggestive of the situation in Colombia that none of the cases from
that country were the result of the observation of Law 152. Anecdotal evidence suggests, in fact, that consultations are effective where the local authorities are predisposed to follow participatory practices in running local affairs, and of little real use in forcing them to do so where that will is not in place. In Pennsylvania, for example, the initiative for the creation of the Center for Wood Production did come directly out of an exercise of consultation, in this case a survey of the community’s view of its own needs and, in fact, the results of the survey led the mayor to shift the emphasis of his administration towards the key demand for the creation of opportunities for productive activity. Yet this initiative pre-dated the legal obligation for the mayor to undertake such consultation and stemmed, rather, from his predisposition to do so.

None of the above should be taken to mean that laws promoting participatory and consultative practices on the part of local—even national—governments are a waste of time. Rather, the point is that it is probably misplaced to put too much trust in their effectiveness in situations where the will to act in between sectors is not already, at least to some degree, in place.

In addition to these kinds of legal measures, it is also, clearly, of great importance that there exist other more direct forms of communication and support between the state and civic sectors. Considerable progress in that direction is possible through concerted government effort to promote a participatory program agenda. Happily, there are encouraging signs of this emerging in country after country, and which often build upon the lessons learned from the early phases of managing social funds.

In Venezuela, for example, such programs include the creation of the Fund for Social Strengthening by the Ministry of the Family, intended to finance projects initiated by NGOs, often in conjunction with local authorities, and with representatives of NGOs, business and government on its board. In Argentina, the National Secretariat for Social Development has also developed a program to strengthen civil society, through training community and NGO heads, and has also created a Center for Information and Development of Community Organizations, (the CeNOC) which also promotes collaboration between community, state and business organizations. In Jamaica, too, the National Planning Institute established an NGO Desk, in response to call from the NGO sector, which acts as a mechanism to facilitate communication between the sectors, accommodate NGO input into policy making and facilitate the strengthening of NGOs. In Colombia the picture has been somewhat complicated by political tensions between the national government and much of organized civil society in recent years, which has tended to
undermine the effectiveness of the Samper’s flagship program for promoting participation, the Social Solidarity Network. On the other hand, this program’s “predecessor” the National Rehabilitation Program (PNR), effective in different guises under the two previous administrations, has clearly been of immense importance in many areas of the country, particularly rural ones, in promoting important levels of local community mobilization.

If much of the drive behind these programs could be described as “helping CSOs to help themselves”, there is still clearly much room for CSOs to help themselves independently as well. Signs of strengthening in the NGO community over the last years, have been most clearly demonstrated by the development of umbrella organizations. In Colombia the Confederation of Colombian NGOs has in its registers some 2,200 NGOs which include all the principal social development organizations in the country — both those originating from the business sector and others. It can genuinely claim the character of a national umbrella organization, working both as a channel for strengthening the institutional capacity of member organizations, and representing their interests both nationally and internationally. The Confederation, now eleven years old, built up its activities and national presence through a series of regional and national fora and has achieved a high degree of consolidation. One indicator of this is that it has been able to work with the Interior Ministry and the Presidential Council for Institutional Development in drawing up the legal framework aimed at regulating the spaces for civic participation in public policy making.

On the other hand, efforts to form a single umbrella organization have been less successful in the other countries. In Venezuela there are several networks involving NGOs working on children issues or housing, as well as others such as the Organizaciones voluntarias para el desarrollo social. A new network (Sinergia) was created in 1996 with the purpose of becoming the main umbrella organization but its membership, while including some of the major organizations, is still limited. Similarly, in Argentina there are several networks of CSOs. Some of them are linked by their region of work (such as the Foro de ONGs de Buenos Aires) or by sector of activity (such as Intercambio Habitat). Others link organizations with similar approaches and institutional characteristics (such as Encuentro de ONGs and the recently created Foro del Sector Social). In El Salvador, CIPHES coordinates a number of NGOs but other “networks” have developed over the recent past, particularly around themes such as housing, environment, or health (e.g. CON-SALUD). In Jamaica, too, there is no single umbrella organization, but four. These are the Council of Voluntary Social Services (grouping together 83 organizations), the Association of Development Agencies (which acts as a network and forum of
discussion for sixteen organizations), the National Environmental Societies Trust (which groups together 34 environmental NGOs), and the Association of Women's Organizations in Jamaica (whose focus, as its name indicates, is on networking and supporting NGOs working on women's issues). In Bolivia, in contrast, there is a national coordination of NGO networks linking three national and seven regional networks.\textsuperscript{30}

Thus, the picture varies quite widely from quite cohesive umbrella organizations in some settings, to continuing high levels of atomization in others and many shades in between. Umbrella organizations are particularly susceptible to funding difficulties given that they are likely to be dependent on members' contributions. State funding of such organizations clearly raises problems of autonomy given that they often need to exercise lobbying functions. It may well be, therefore, that one continuing area in which external donors could play an important role is funding such organizations. The importance of these organizations in facilitating the training and, too, self-regulation of the sector are further reasons why they merit support.

Once more, the process of building umbrella organizations of CBOs is likely to be more difficult still since resource constraints are even sharper. Nonetheless, it is encouraging to see that in Argentina, for example, a confederation of community organizations (the Unión de Organizaciones de Base para el Desarrollo Social or UOBDS) has been established in the province of Córdoba. Here once more the lesson seems to be that these initiatives must be self generated from below, and not the subject of top down corporativist type policies. That does not, however, exclude the possibility of external support.

Institutional capacity building of CSOs

As mentioned above, a strong (er) voice in the formulation and design of policies requires, also, strong (er) operational capacity on the part of CSOs. The issue of whether CSOs have sufficiently stable sources for their core financing—and, with this, the nature of the regime affecting their funding opportunities—is probably, of itself, one of the single most important aspects of capacity building given the already high levels of professional expertise and dedication which already characterizes the majority of NGO leaders in the region.\textsuperscript{31} Given the relative weakness of this sector in comparison with the other two in terms of funds, this issue is of immense importance.
As NGOs tend, increasingly, to depend on public contracts as opposed to grants by international agencies, clearly the contracting regime takes on particular importance. As already noted, clear systems of auditing and accountability for the use of funds need to be balanced with enough flexibility to avoid putting NGOs in strait jackets. With increased dependence on public funds comes, not surprisingly, worries on the part of NGOs that they may lose autonomy and become little more than agents of the state, dependent, too, on the vagaries of public policies decisions as to whether a program is maintained over time or not.

Clearly, an important means of offsetting such dependency is by ensuring a framework allowing NGOs to generate their own sources of funding both through private donations and other types of activity such as selling their services and, too, undertaking joint ventures with the for profit sector. Examples of innovative new types of approaches to funding issues on the part of NGOs include charging fees for services not only to the state (where an NGO is working on contract) but also to the community which it is serving.52

The regime for donations was already referred to in the previous section and relates principally to fiscal incentives for donations, both corporate and individual. Although these are not necessarily likely to ever become a major funding source, as indicated by the US experience where even here they represent only some 10% of CSO income the fact that philanthropic traditions in Latin American are weak makes it the more important to encourage their emergence through such incentives. Here again, however, it would seem to the outside observer that there is still room for the NGO to help itself in this respect, in ways it is still chary or simply ignorant of, given the long history of dependence on external funding, together with political issues of friction in the national contexts in which they operate.54

As new working relations with the profit making private sector emerge, it becomes easier, too, for NGOs to put a commercial value upon the services they provide to companies — as already eloquently illustrated by the case of IIED and Aguas Argentinas in the Barrio San Jorge. Shifts in the practices of erstwhile international donors are also of relevance in this area. A recent example is a shift by the MacArthur Foundation to giving credit, rather than actual donations, to selected NGOs in Central America. This arrangement is highly satisfactory for the Foundation as it allows for strategic sustainability in the long term usage of its funds. More importantly it is also highly satisfactory for the NGOs because it both catalyses and obliges an important degree of institutional capacity building in the management of reimbursable funds. Moreover, these NGOs, which are in all cases large and well established intermediary level
organizations, are able in turn to pass on financial as well as technical support with such funds to both CBOs and smaller NGOs, including in terms of management skills to repay credits “down the line”.

This brings us to the other important side of the institutional capacity building of NGOs and other civic organizations: the need to upgrade and update their professional and organizational (i.e. managerial, financial, marketing) capabilities to become effective partners with business and the state. This issue was extensively discussed in part one of the book which argued that partnerships themselves offer considerable potential for strengthening NGO capacity.

Nevertheless, the point here is that, in many countries or sectors of activity there is a need for more systematic efforts to facilitate access by NGOs to the training, information and technical assistance that can contribute to this process of capacity building. Such efforts are slowly developing in several countries—with assistance from a variety of public and private sources. In Argentina, for example, the CeNOC effort described above is complemented by other initiatives such as the development of a higher education programs on management for non-profit organizations offered by private universities.

At the regional level, experiences such as that of the FICONG program (Fortalecimiento Institucional y Capacitación de ONGs or Institutional Strengthening and Capacity Building of NGOs) involving a concerted training and institution building effort in multiple countries are worth mentioning because of their strong potential. Indeed, mutual exchange of experiences and effective practices among NGOs, particularly across national borders, is probably the single most important means by which they can build their institutional capacity, given how much of the work of NGOs on the ground amounts to a continuous process of “learning by doing”. This relates to all areas of their work, from specialized sectoral skills to the equally important issue of learning and disseminating innovative means of fund raising.

The “lost actor” to this point, of those which feature in the case studies has been universities. In general the legal framework is not an impediment to universities. What is of greater issue with centers of higher learning has been their need to come down from ivory towers and into the mud below. Encouragingly, more and more universities, particularly in institutions like regional study centers are doing just that, as is illustrated by the cases. Beyond the case study actors moreover, it has been a finding of the partnerships program to date that the universities are
eager to participate in developing their empirical studies skills with a view, precisely to playing a more active role in local development than may have been the case in the past.57

PRELIMINARY CONCLUSIONS

For all these positive developments, however, the picture of emerging relations between sectors remains an uneven one. It remains the case, for example, that if civil society is to continue to strengthen itself, then most of the initiative and effort will have to come from within the sector and is unlikely to be externally generated, however much external factors may facilitate or obstruct positive development. In that respect, the fact is that the political managers of the state need to perceive the demand for measures to facilitate the emergence of civil society and are unlikely to act without such stimulus.

On the other hand, in country after country there is evidence that this process is not only underway, but is gaining momentum —as demonstrated, for example, by the emergence of umbrella organizations of NGOs and CBOs. Those developments, in turn, strengthen the hand of reformers within the state itself, as does the kinds of state reform referred to before, particularly decentralization.

Encouraging too, are the signs of an emerging interest on the part of business leaders to become involved, in a strategic fashion, in social and developmental issues and, too, the growing evidence that this is often best achieved in partnership with other sectors. With both business and state actors, however, it needs to be recognized that these positive trends remain in many cases incipient at best. In many countries they seldom have much currency outside the major cities, for example.

Furthermore, a deeper note of caution is worth reiterating with regard to the real usefulness of formal, legislative measures of reform in terms of creating a favorable environment for the formation and proliferation of partnerships. In the words of a leading Colombian academic:

*We have an obsession here with the formality of the law. For example Law 115 of Education is a very good law and takes important steps towards creating local autonomy in the management of schools. But the problem is, who is going to sit on the school councils? In many places it will continue to be people driven by clientelist logic, and so it is not certain that anything will actually change. If we don’t work on educating on those*
fronts, we may get nowhere. I’m increasingly convinced that its the informal codes you have to work on first, not the legal framework, for that is the real direction of change.

Here again, then, one of the key lessons to emerge is the vital importance of effective dissemination of success stories of partnerships and what all participants stand to gain from participating in them. Once more this relates back to the formal and informal dimensions of our definition of social capital—as a combination of cognitive dispositions and actual organizational networks. Building the latter as channels of communication and dissemination of learning experiences serves in turn to strengthen the attitudinal factors, and vice versa.

We are, with these findings, also finding more and more evidence that social capital is indeed “constructible” and that partnerships provide both important space and incentives for those ends. It is true, at the same time, that causality in this respect is a two way street. Existing high levels of social capital, in turn, facilitate the formation and multiplication of partnership experiences, where this means that channels of communication and at least some degree of trust among sectors are already in place, a situation in itself shored by the relative strength of social actors. It is no accident that some of the more impressive partnership experiences have tended to come from the relatively more socially and economically developed parts of the countries in question, with their concomitantly denser social networks: the coffee region, Antioquia, and Valle in Colombia, the state of Lara in Venezuela, and so forth.

But—and this is of critical importance—some success with much future potential can been achieved in even the least promising contexts, such as the squatter settlements of western Jamaica (the COMAND case), or the altiplano of Bolivia. This in itself demonstrates that factors in the environment, whether formal or informal or both, are not necessarily the key to the formation and multiplication of successful partnerships. Reality is always more complex and multicausal. Yet, on the other hand, that does not mean that a favorable environment has no bearing on facilitating the emergence of virtuous circles of inter-sectoral collaboration—and vice versa. The point is to work on building these virtuous circles by work on all fronts. It is appropriate at this stage to turn to more general conclusions from the lessons of Partnerships program to date, including the further research agenda which it implies.

\[^{1}\text{See North Op.Cit.}\]

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Some fifteen interviews were undertaken in each country. These reports are Arroyo and Estebanez, op.cit. for Argentina; Lowden op.cit. for Colombia; and Navarro op. cit. for Venezuela.

The law establishes that a minimum of 5% of ordinary revenues, once subtracted other earmarked funds, must be allocated for low income housing programs.


By March 1997 Coopsaver had 6168 affiliates and managed an annual budget of SUS 350,000, of which $100,000 is provided by the municipality and the rest by the Solidarity and Guarantee Fund created by Law 100.

The experiment was facilitated by the existence of FUSAL, a private foundation backed by national business interests and with a well established track record in innovative primary health care provision. FUSAL, too, had an established presence in the municipality selected —for that reason— as the pilot for testing how the private agent could work with the local public health unit. With this, FUSAL also brought its own methodology for working in the community, which included practices of concertation with other local actors.


In general interviewees have preferred to remain anonymous which, naturally, we are respecting. Moreover, the kinds of comments which we report here are ones which were common to all three of the complementary case studies undertaken in Argentina, Colombia and Venezuela.

For example, the so called principio de la fuerza restrictiva del presupuesto means that governments can only spend up to the total amount of money authorized by and for the purposes explicitly included in a year’s budget. Depending on how partnerships evolve within a given fiscal period, government resources may be best allocated as seed money to mobilizing others resources. However, this principle does not usually give governments or partnerships the flexibility to switch resources from one budget line to another. Similarly, government contracts (contratos administrativos) must meet some stricter requirements than purely private contracts. Typically they have very specific purposes and parties to the contract are identified a priori. Open-ended contracts whose specific purposes are to be gradually and collectively defined, or contracts that require meeting a series of conditions before their goals and objectives are identified, or inclusionary contracts that invite a growing number of participants, all are likely to be declared illegal if ever brought to the consideration of courts. We would like to thank Fernando Rojas for bringing these —and other similar— problems to our attention.

Access to funds by national political leaders has become a particularly critical issue since the 1991 Constitution abolished the previous system of “parliamentary aid”, whereby congressmen were allocated funds directly from the national budget, thus depriving them of their key mechanism for retaining control over their constituencies.

For more on fiscal issues, see, for example, Viveros, Felipe: “Sobre el régimen fiscal de las organizaciones de beneficio público o como, en realidad, fortalecer la sociedad civil” and Rojas, Fernando: “La cooperación entre el gobierno, las empresas y las OSCs” in Instituto de Desarrollo Económico: Simposio electrónico latinoamericano sobre el marco legal aplicable a las ONG, World Bank, Washington D.C. 1997.

Arroyo and Estebanez op.cit

Such, for example, is the view of leaders of the Fundación Social, Colombia’s oldest private foundation, created in 1911 by Spanish Jesuit José María Campoamor. They note that this applies both to their own practices and what they have observed elsewhere. Certainly such developments would also be likely in conjunction with broad forces of modernization and secularization.
Another example worth mentioning is that of Agustín Rocca, founder of SIDERCA, one of Argentina's largest industrial companies. Rocca incorporated a concept of social responsibility — vis á vis employees and the community at large — in the corporate statutes and started a process of heavy business involvement in social endeavors. Two of the cases of the partnerships program in Argentina that we have not analyzed in this book (Talavera Island and Barrio San Felipe, see Annex 2) involve a heavy presence by SIDERCA.

It is true that cooperatives are often considered as belonging more to the "civic" than "business" category. However, we feel it more useful to highlight the profit making ethos of cooperatives in this context, rather than civic identity, which rests on the fact that they are collective actors with social as well as economic functions.

This is also true in other cases identified under the Partnerships for Poverty Reduction program that are not discussed in this report such as Fundación Santo Domingo in Colombia and Fundacoatepeque in El Salvador.

Although only one of the Argentinian cases presented here has a clear "foundation factor", this is not representative of the wider situation in the country.

It is the case, for example, of FUSADES that is involved in several partnership initiatives one of which (FUNDACOATEPEQUE) was studied as part of the Partnerships program.

The bigger picture remains, at bottom, the fact that needs are so great that all forms of positive intervention by business is likely to be welcome. That is to say, there is certainly also room for a variety of forms of intervention, whether this takes the form of a single company developing its own community outreach department, or a group of companies forming a consortium, or any other form of business intervention which does not necessarily formalize itself into a foundation as such.

In this case, the free riders are those businesses that benefit from the social initiatives of others in their city or region without contributing themselves to those social endeavors. A related problem is that of crowding-out. In many cases, it is argued, the presence of a strong "good citizen" might discourage the entry of new business organizations into the social arena. In Argentina, according to some, SIDERCA's heavy involvement in social initiatives in the Campana region seems to have crowded-out other companies that perceive their contribution is not needed.

The Association hosted an international symposium in August 1995 (the proceedings of which were published under Toro and Rey op. cit.).

Examples include the sponsorship of conferences and support to dissemination activities on the part of the Private Sector of Jamaica organization (PSOJ) and the Unión Industrial Argentina (UIA or Union of Argentina Manufacturers).

An excellent study of the range of contributions of the private sector to education in eleven countries of the region and four further sets of cases outside is, is Puryear, Jeffrey M. Partners for Progress: Education and the Private Sector in Latin America and the Caribbean, Chairman's International Advisory Council of the Americas Society with the Inter-American Dialogue and the Latin American Business Council (CEAL), February 1997.

As a way of exemplifying this point — and without any criticism implied — we can look at the case of CONELCA, where commitment was certainly not an issue. Although the company did a great deal for the local schools, clearly more could have been accomplished with more resources and more than one single staff member dedicated to the management of the company's community relations, who also had a wide range of other responsibilities within the firm itself. What CONELCA would have required in order to do "more" — given the simple lack of availability within the company of further funds — would have either been to gain allies from among fellow local industries prepared to pool resources for funding of projects and the provision of professional staff — in the manner of the CITA consortium in Itagüí — or to obtain another partner with that know-how already established.
In addition to the four referred to in this report, the other two are of an NGO, Adel-Morazán working with indigenous communities in the department of Morazán and a local foundation of the business sector, FUNDACOATEPEQUE, working with community organizations in the area bordering Lake Coatepeque.

This being the FUMA NGO and the business based FEPADE foundation.

Once more, in the case of CONELCA discussed in footnote 32, it could be argued that the ideal partner which might have enabled CONELCA to maximize its community work would have been a business social foundation which had both its own funds and the experience to enable the leading company to expand its activities.


Including, of course, religious NGOs.

Trade unions, another type of OSC, appear in some of the cases not covered in this report.

Although this is not to underestimate the remaining problems and challenges remaining in optimising relations between, particularly, states and NGOs. One recent work which questions whether the relationship (and that with donors) may not even have grown “too close for comfort” is Hulme, David and Michael Edwards, *NGOs, States and Donors*, New York: St. Martin’s Press, 1997.


One indicator of the growing importance of this issue is the fact that, of the 256 projects approved by the World Bank for FY96, 122 included some provision for NGO involvement, the highest on record. Equally significantly, however, is the growing shift towards involving NGOs at the design phase of projects, rather than merely the implementation and maintenance ones, as has tended to be the case in the past. Some 42% of those projects included NGO involvement in design; a substantial rise from previous years. World Bank: “Cooperation between the World Bank and NGOs: FY96 Progress Report.” NGO Group, Social Development Department, August 1997.


In the words of Antezana, op.cit.

As Antezana, op.cit., explains in most countries state recognition is understood as authorization (*eficacia constitutiva* or constitutive efficacy) rather than as an act of publicity of an autonomous decision by OSC (*eficacia declarativa* or declarative efficacy).

Regulation and self-regulation efforts are, in part, limited by the lack of clear and accepted evaluation criteria and rules.

Legislation to curb such practices have brought its own problems, however. The abolishment of the “parliamentary aid” system has, in effect, virtually deprived many such organizations of their reason for existence, where the municipality has not stepped in to work with them, in the manner of the progressive mayor quoted in section one of this part.

Navarro, Juan Carlos: *Descentralización, política social y participación: La relación entre los gobiernos estadales y la sociedad civil organizada en Venezuela*, Caracas: IESA, 1996.
The clearest example comes from San Miguel, where the ADESCO of the Colonia del Milagro reports just such a critical preparatory role on the part of the prodere program. The further point here, of course, is that without the presence of the ADESCO in the neighborhood, the FUMA NGO would have had no means of access for working there.

This also being a common refrain of studies of the roles of intermediary organizations, such as Carroll, T.F. *Intermediary NGOs: The supporting link in grassroots development*, West Hartford: Kumarian Press, 1992 and, too, the classic source of Uphoff, Norman *Local institutional development: An analytical sourcebook with cases* West Hartford: Kumarian Press, 1986, among many others.

This was the main topic of a 1996 conference organized by the Economic Development Institute of the World Bank. See Encuentros: Public-private partnerships for poverty reduction, World Bank, Washington D.C.: October 1996.

For a description of the Law and evidence of its impact on the allocation of public investment see, respectively, Cossio Cortez, Ivan: *Bolivia: Descentralización, participación popular y desarrollo rural*; and Faguet, Jean-Paul: *Decentralization and local government performance*, Technical Consultation on Decentralization, Rome, December 16-18, 1997

One of the most notable examples of citizen participation in the definition of public investments is that of the Participatory Budgeting in the city of Porto Alegre (Brazil). There, the initiative came from the municipal government without any legislative mandate. In fact the entire process remains un-legislated even after several years of implementation. See Navarro, Zander: "Participatory budgeting: The case of Porto Alegre", Paper presented to the Regional Workshop on Decentralization in Latin America, Caracas, May 23-24, 1996.

Thus, one review of the effects of the participation law in Bolivia also sounds a similar note of caution: "One of the principal problems in the [participatory] process to date, which certainly has shifted the focus and working practices of the state, is the risk of its becoming a merely bureaucratic exercise in which the stronger actors (municipalities, political elites) appear with greater strength at the expense of more marginal actors such as peasant, indian and women's organizations." Ranaboldo, Claudia: "Los alcances de la ley de participación popular en la gestión local: Efectos sobre campesinos, indígenas y mujeres en el caso boliviano." Paper presented to the OEA (OAS) Foro sobre Cultura y Democracia, 12-13 December 1996, Washington D.C. Further comparative regional discussion of these issues, which tends to follow similar lines of argument, can be found in *Pobreza Urbana y Desarrollo* (FICONG, Buenos Aires), Vol 4, No. 10 August 1995 in a special edition entitled "Participación de la sociedad civil en la definición de políticas públicas" and, too, in "En busca de una legislación que fortalezca la participación y acción de la sociedad civil" Memoria de II Taller Regional, 25-27 January 1996, San Salvador, El Salvador. San José, Costa Rica: Fundación Arias para la Paz y el Progreso Humano, 1996.

This fund was assigned $US 37 million in the 1996 budget.


This, at least, applies to the larger, nationally based NGOs. Of course more basic training and skill issues are likely to apply "down the hierarchy" to small, essentially grassroots organizations.
One example of this being the case of DESCO in Peru which charges (subsidized) fees for the technical assistance it provides to poor communities in Villa El Salvador, Lima in the course of its program to promote the densification of housing in the city. See DESCO, “Housing densification program in Villa El Salvador” Paper presented to the “Encuentros Seminar”, Washington D.C. October 21-25, 1996, Economic Development Institute of the World Bank. More generally, there is growing evidence that cost-sharing by communities enhances the success of poverty reduction projects by creating more ownership.

Salamon 1996, op cit.

It is common for the reader of a say, British newspaper, or someone watching TV in the US to see advertisements soliciting donations to national and international NGOs. Publicity as to the work and goals of NGOs surrounds us daily. This is not the case in Latin America, and yet there is no reason why not to make further efforts on this front, since it is also a matter of wider civic education. The commercial media could themselves, of course, be important partners in this respect.


The same, clearly, also applies to CBOs, although here again, it may be the case that in many circumstances intermediary NGOs are useful as bridges between community groups and business, as in the case of Barrio San Jorge, among others.

Economic forces of winning consultancies for multilaterals and the state —and, to a lesser extent, the private sector as well, are also, on the whole, probably positive forces helping to drive such developments.
3. CONCLUSIONS

This last part of the book is both an attempt at summarizing the evidence and lessons analyzed in the previous parts, as well as a space where we seek to present some final—more speculative—thoughts emerging from both the learning and action components of the Partnerships for Poverty Reduction program as to the possible future for a partnership based alternative to meeting the challenges of poverty reduction in the region, and how further research and action might support positive developments.

3.1 SUMMARY OF KEY POINTS

Parts one and two of the book have analyzed the information collected in six countries in Latin America and the Caribbean and presented a number of lessons on the benefits from and enabling conditions for public-private-civic partnerships for poverty reduction. Here we briefly summarize our main arguments and findings.

The benefits of a partnership approach to poverty reduction

The benefits of a partnership based approach to the challenges of poverty reduction relate in the first instance to the ability of partnerships to bring new resources, both material and non material, to bear upon particular problems such as access by the poor to quality human and other services or the creation of income-generating activities. This involves, in part, the ability of partnerships to bring in new kinds of contributors—notably from the business sector—who have new kinds of resources to offer not readily available from traditional sources, including management skills as well as funds, among others. It also reflects the ability of partnerships to leverage more resources from traditional sources (particularly the state) to meet specific challenges, for example through cost-sharing. In this respect the demonstrable capacity of partnerships to maximize contributions from poor, beneficiary communities is also of great importance.
Secondly, the gains in productivity in the use of those resources which come with the range of complementarities and synergies which emerge from the interaction of the different sectors working together represents a further, critical set of benefits to emerge from the case studies of partnership experiences. The importance of such productivity gains can be seen quite clearly in the three generic types of poverty reducing activities which form the bulk of the case study experiences: the provision of basic infrastructure, the improvement of the access to and quality of social services, and the creation of income-generating opportunities.

With the provision of basic infrastructure, the key issue is cost reduction to the point where a significant number of poor families can be reached. Here the cases show that the combination of different financial resources and skills from different sectors can not only be of great value of itself, but can also have the effect of maximizing community contributions to the point, in some cases, of full cost recovery. This is more than an issue of generating more resources, since it is the complementarities among the different resources brought to bear which makes the experience successful.

Where improving the quality of social services is concerned, the key challenge seems to be maintaining adaptability and effectiveness over time. This requires a mixture of skills and the corresponding involvement and participation of a variety of actors to an even greater extent than for the provision of infrastructure. With the creation or expansion of income generating opportunities, challenges seem to be even greater still since such goals mean putting into place a series of conditions enabling the poor to work and increase their productivity in a sustained manner. In this instance what emerges is that partnerships are not only helpful but—probably in all conceivable cases—necessary. This applies to microenterprise programs and still more strikingly to more integrated approaches pursuing local development in a particular region or locality.

Finally, it should be pointed out that, regardless of the type of activity, the interaction between individuals and organizations from different sectors of society tends to create opportunities for creativity and innovation that express themselves in the adoption of new technologies in a variety of fields.

The third crucial area of benefits of public-private partnerships relates to the generation of human, institutional and social assets that benefit partners individually and collectively, helping create the conditions for an even more profound impact on poverty reduction. In other
words, partnerships build towards both essential components of social capital: actual organizational structures and skills and the predispositions which underlie them.

There are at least two ways in which asset creation takes place. Firstly, by strengthening the capacity of individual partners: people and organizations learn and acquire new skills and, often, perspectives by working across social groups. The experience may also gain them recognition from other quarters which can develop into other productive relationships. This is not a minor point as it suggests that partnerships may have important returns that are internalized by each of the partners individually, whether the relationship among them is maintained over time or not. Secondly, this interaction—and the learning process involved in establishing a successful (or even a failed) partnership—helps creating trust among social actors. In many cases, mistrust has been built up by lack of knowledge of the other and deep rooted misconceptions and so the act of working together can help break down these barriers and build trust. While it is probable that the more effective the partnership in achieving its goals the more likely this is to happen—particularly when it comes to actors dealing with public authorities with previous poor track records, for example—it is also conceivable that even “failed” experiences can build such relationships. Such trust facilitates the multiplication and expansion of the original partnerships at the same time as it constitutes the basis for a thickening of the social networks needed for a more inclusive and sustainable process of development.

The enabling environment

All three actors—government, business, civil society—are experiencing changes which are tending towards the kinds of convergence that facilitate partnerships, encouraged by global and regional processes of democratization, decentralization and economic restructuring. However, there remain both formal, legal impediments (to varying degrees from country to country) and, more broadly informal, attitudinal constraints which are impinging negatively on the opportunities for partnerships. In many cases the latter seem to be the binding ones as formal changes in the rules are partially undermined by lags in changes in the informal codes underpinning their implementation.

From the point of view of the state there are at least three areas in which the enabling environment could experience significant improvements. First, although states in LAC have made significant progress in decentralizing resources and responsibilities to local and regional governments—at the same time as introducing political reforms that contribute to create the
basic conditions for political competition at the sub-national level—access to fiscal resources at
the local level remains a bottleneck in many countries, constraining the ability of the state to
become an effective partner. The contrast in the extent and degree of involvement by local
governments in partnerships we have observed, for example, in Colombia and Bolivia, on the one
hand, and in El Salvador and Jamaica, on the other hand, is illustrative of the kind of results that
one could see if the latter countries were to do more to strengthen the fiscal and service delivery
capabilities of their local governments. The weakness of local governments, where it applies, is
compounded by the difficulty of achieving a reasonable level of cooperative arrangements among
levels of government—as exemplified in several of the cases from Argentina.

Secondly, effective partnerships require a simplification and adaptation of operative
norms and procedures to facilitate non-state participation in public policy formulation, design and
implementation. The region presents a very mixed picture in this regard. While progress in this
area varies between countries, differences are in some cases larger between sectors of activity in
the same country (civic and business participation is facilitated in the delivery of education
services but not health, say). Nonetheless, all this has a flip side: where such reforms have
been put in place, they can be seen to be promoting partnerships.

Thirdly, and very importantly, even though much progress has been made towards
enhancing the legitimacy of the state with the political reforms which have increased spaces of
democratic representation and the economic reforms that have brought economic stability, there
remains an undeniable lack of trust on the part of civic and business organizations towards the
state. The type of criticisms most commonly heard involve pervasive clientelism in many areas,
with varying degrees of actual corruption; opaque, byzantine bureaucratic structures,
compounded by lack of incentives to bring the best professionals into the public sector; endemic
short termism, etc. The good news is that, in many cases, we seem to be facing the beginning of
a virtuous circle in operation: partnerships help in the transformation of the state as well as in
improving its record vis-à-vis other sectors, and those changes create more enabling conditions
for new partnerships.

Turning to the situation in the business sector, although there are strong forces and
commendable examples from every country we have studied pulling the business sector towards
the adoption of practices of corporate citizenship, it remains the case that most of the business
sector faces cultural and practical constraints which limit the potential of this powerful new actor
for poverty reduction. These constraints apply both to undertaking social responsibilities in first
instance and, in the second, to working with other sectors. Cultural factors include lack of strong corporate philanthropic traditions, combined with the amount of dislocation of some sub-sectors of the business community which has also taken place with liberalization and privatization. The latter can mean practical constraints in terms of the resources any firm feels able to dedicate to non-core activities. In this respect, the lack of appealing fiscal incentives for philanthropic activity, which tends to be norm in the region, may well compound resource constraints at the same time as reinforcing attitudes that the payment of corporate taxes is a sufficient contribution. Other practical constraints facing businesses even when they are prepared to undertake social action relate to their own internal organizational and human resource capacities, which may simply not be in place to do so and which imply significant transaction costs. Nonetheless, there are also extremely positive signs of change in this respect and the picture emerging is that there are two, complementary ways in which business is able to overcome practical constraints. The first is by developing foundations and consortia, the second by working in partnership with other sectors, particularly NGOs with developmental expertise.

A similarly mixed picture of positive progress and continuing impediments applies to the capacity of civil society organizations (focusing here on NGOs and CBOs) to participate in and promote partnerships. In general the legal regime governing organizations of civil society (i.e. NGOs and CBOs) is permissive rather than promotional. Thus while in general it does not seriously hinder the operation of civic organizations, it clearly does not help either. Hindrance tends to come, for example, in the form of lack of flexible structures and regulations for innovative management of credit for NGOs and lack of formal spaces for representation of civic organizations in policy-making.

Different constraints apply however for NGOs and CBOs, in many respects. CBOs, for example, are more vulnerable to political co-optation, in part because they are extremely weak financially, which also, naturally undermines their ability to act cohesively and effectively in all the ways one would expect. NGOs themselves remain financially fragile, and have suffered much discomfort over the shift from dependence on outside funding towards growing dependence on the state. The struggle to ensure core funding, together with fear of becoming little more than agents of the state, have tended to characterize often fraught relations with all levels of government for a great many organizations. On the positive side, the cases reviewed demonstrate that the growing awareness, particularly in government circles, that increased beneficiary participation in social programs tends markedly to improve both quality and cost
effectiveness is leading to a far more inclusionary policy making and implementing environment. This, in turn, is tending to promote positive development of community organizations at the same time as undermining clientelist habits.

While promoting community organization has long been a principal activity of NGOs, changes in NGOs are perceptible in a process of "aggiornamento" making them more receptive to working with reformist (and even non reformist) sectors of the state, particularly at the local level, where they often tend to see a key role in strengthening the institutional capacity of local government itself, as well as contributing to specific initiatives. Furthermore, the sheer necessity of upgrading and updating managerial and professional capacities, including in terms of innovation to secure core funding, has enabled some NGOs, who have made significant progress in those directions, to feel in a position of greater equity with state, particularly at the local level. Some important cultural barriers also remain when it comes to establishing stable and productive working links with business. However, as the case of Colombia illustrates very clearly, the more active the role of business in social development, particularly though not exclusively through business social foundations, the greater the opportunities for strong linkages — even blurring — between business and NGOs. This would suggest that the direction of change is likely to be positive throughout the region.

Another lesson which is not new but is underlined by the cases in general is that a great many of the limitations in the current enabling environment could, in time, be lessened by concentrating on building up the representative organizations of the private for-profit and not-for-profit sectors, both as conduits of information on the benefits and hows of partnerships and as lobbying bodies with the state. Key organizations in this respect are umbrella organizations of NGOs and CBOs and their counterpoints, business associations and confederations. This reflects the fact that, at bottom, it would appear to be the informal factors of culture and attitude which matter most, rather than the legal framework. This was repeatedly stressed by representatives from the cases themselves. Such organizations, then, are well placed to exert a positive influence in building ties across social actors at both national and local levels. There is, at the same time, room for improvement in the legal framework, certainly in terms of removing obstacles to partnerships, although it may be unrealistic to hope that it can necessarily be effective in promoting them on any significant scale, were the willingness to do so is not also in place.

These questions are now leading us from how much the enabling environment is helping and hindering the emergence of partnerships and into the issue of how the generally micro level
success stories we have reviewed might, in time, have a wider, more macro impact on reducing poverty in the region.

3.2 SCALING UP: FROM THE MICRO TO THE MACRO

The experiences we have identified and studied, while significant for those involved in them, remain limited in size and coverage. Even recognizing that the number of similar cases of partnerships that exist throughout the region must be several times higher than those captured by us, the number of people touched directly by those partnerships is still likely to pale in comparison to the magnitude of the poverty challenge facing countries in LAC. Thus, the question of “scaling-up” —multiplying and expanding the potential for the proliferation of partnerships— is of the essence when trying to put the lessons arising from these concrete cases of partnerships in the broader context of poverty reduction in the region.

One way of approaching the issue is by reviewing the ways in which successful partnerships in and of themselves generate the kinds of virtuous circles which promote scaling up, what appear to be some of the limitations to the these kinds of "natural" developments, and how they might be further encouraged by other forms of intervention and active effort at institutional support and development.

The cases demonstrate three different channels through which partnerships—particularly because of the social capital they tend to create— can be seen to have multiplier and spillover effects: (1) by adding new dimensions to existing experiences (as in the case of CITA-Colegio Minuto de Dios); (2) by a mushrooming effect of one project in one locality into more integral development experiences (as in the cases of SEPAS and Ocana); and (3) by the transfer of models to other localities (as in the case of Corpoversalles, Dividendo Voluntario or Aguas Argentinas).

All three types of processes reflect the particular importance of partnerships as forms of social capital building and the virtuous circles which this can generate. This has important implications for the question of the "constructibility" of social capital. It is clear that the great majority of the most impressive, large scale and innovative cases of partnership which the program was able to detect came from countries, and to a certain extent from areas of those countries, with relatively high levels of social and economic development, albeit that their activities centered on pockets of poverty in those areas. The pre-existence of social capital,
Conclusions

particularly in terms of the availability of sophisticated local actors and networks of communication among them clearly—and unsurprisingly—facilitates processes which tend to further enhance those conditions and, it is to be hoped, spread their benefits in more equitable fashions. Then again, we also have cases where innovation has occurred and clearly expanding processes initiated in areas which not appear fertile ground, such as squatter settlements in Jamaica and the altiplano of Bolivia, whose success has depended upon new and more positive forms of interaction across sectors than has existed in the past. The few longer run cases collected, such as those of the cooperative movements in Colombia (which also started life in thoroughly inauspicious settings), do tend to support the thesis of longer run virtuous circles: only time will tell how many of the other, more incipient cases bear that out. But how that time passes itself, of course, depends on what kinds of intervention come to bear on supporting those cases to flourish.

To a certain extent the first two processes seem to be a more "natural" outgrowth of the original partnerships than the third one, given that the transfer of a model from one locality to another requires a more conscious intervention of an actor or group of actors (regardless of whether they participated in the original partnership) with interests outside that locality. The evidence suggested by the nature of the cases collected in the program is that participants in a successful partnership will find it natural and easier (relative to the initial partnership) to either make the initial project more complex or adopt a similar approach in other more or less related activities. This was the case, for example, with CITA: the consortia first applied its partnership approach to the reform of the judicial system in Itagui and then applied it to secondary education in the same locality. Then again, that experience is poised to be adopted elsewhere in the country, thanks to the fact that it has the support of an NGO with national presence and has generated interest from public and private leaders alike.

As this underlines, there is a strong common denominator among the three mentioned channels when it comes to identifying the mechanisms that facilitate the multiplication and expansion of partnerships. This common denominator is, essentially, a learning/knowledge one: if partnerships are to multiply and expand it is critical that current and potential members of partnerships know about other experiences. In other words, partnerships multiply and expand thanks to demonstration effects. This is true both when an existing partnership puts into practice
lessons from their own experience or that of others, or when a new partnership is formed to emulate (with local modifications) successful experiences elsewhere.

Access to information, thus, is a critical factor in the multiplication and expansion of partnerships as a tool for poverty reduction. We have repeatedly emphasized this within the individual partnerships: the accumulation of information about one’s partners facilitates the process of working with them. But there is a higher order in which access to information is critical. If individuals and organizations have information about successful types of partnership approaches to different kinds of challenges—including why they succeeded in the particular context in which they took place, how they did it, and what are the limitations on the experience to date—they stand both to be more inclined to "have a go themselves" and need not feel as though they need invent the wheel in the process.

Thus, it is our view that the scaling up of partnerships of the type studied by us requires the existence of well developed means of communicating that information. While individual initiatives and contacts, and word-of-mouth transmission has been shown to play a role in the scaling up of some the partnership experiences, these channels are unlikely to be adequate to provide a significant response to the scale of the poverty reducing challenges that exist. It is this type of informational failure that the Partnerships for Poverty Reduction program has tried to address by identifying innovative and successful experiences, documenting, analyzing and disseminating them. It has been the experience of the program that establishing these channels need not be impossible nor even difficult. This has been amply demonstrated by the receptiveness of diverse individuals and interest groups to both the aims and the methodology of the program, suggesting that not only are partnerships an attractive new development alternative, but that there is some thirst to find out more about them.

While access to information is a necessary condition for the scaling up of the partnerships approach, it is certainly not sufficient. A facilitative environment for putting that information to effect is also required. This includes all the formal and informal issues already outlined. A quick review of those issues suggests that most of them involve decisions, actions and changes at the national level. This is certainly true of the formal factors (for example, those involving legal and administrative changes). But it is also the case with several of the attitudinal and cultural factors that were mentioned earlier particularly because of the large demonstration effect of decisions and actions by national organizations such as umbrella organizations for the business and civic sectors, the national media and, naturally, national authorities.
Here, once more, we are in the presence of a potential virtuous circle. The basic enabling conditions require, in most cases, actions at the national level. The initiative, experimentation and development tend—not without exceptions—to take place at the local level. But if the lessons from them can be channeled back to the national level, and make an impact, they also stand a chance of being further encouraged at the local level.

### 3.3 AN EMERGING RESEARCH AGENDA

The empirical and analytical work conducted under the umbrella of the Partnerships for Poverty Reduction program so far has yielded, we believe, important results in terms of documentation and understanding of the benefits of and conditions necessary for an approach to fighting poverty based on alliances between the state, civil society and the business sector. But, in many areas we think that we have only been able to scratch the surface of the issues raised. We feel, then, that greater and more finely tuned understanding of partnerships could only help towards their becoming a truly effective strategy for poverty reduction. This, naturally, requires further investigation and analysis, by researchers and practitioners alike. The challenge is for that work to be conducted in a manner that research and analysis are fully integrated with training, practice and implementation in order to avoid this field becoming merely an academic exercise. This, we believe, will require focusing attention on specific sectors or areas of activity.

Our approach was, of necessity, generic: we looked at experiences that involved partnerships and had a focus on the poor. In our analysis we have grouped a wide variety of experiences into three themes: the provision of infrastructure services; human and social services; and the promotion of income generation opportunities. Within each of these categories we have detected certain tendencies in terms of the type of cases which seem particularly interesting as innovative and effective examples of approaches to priority areas of poverty reduction.

Looking first at the provision of infrastructure, the fact is that LAC is becoming increasingly urbanized and so is its poverty. While some of the most extreme forms of poverty remain in rural areas, a large percentage of the poor live in cities and confront similar problems in having access to infrastructure services such as water and sanitation, housing and others. Responsibility for these services, also, is increasingly being assumed by local governments and the private sector. The experiences of cases such as AOISPEM in Colombia, Fundación Vivienda Popular in Venezuela, Barrio San Jorge and Aguas Argentinas in Argentina or COMAND in
Jamaica suggest that these types of partnerships can become a critical component of the response to urban poverty in LAC. The need to focus on shared responsibility and collaboration is already recognized by the people and organizations working in these areas. A closer dialogue between those experts and those involved in the field of partnership building (both at the analytical and practical levels) could prove very productive.

The need to emphasize investments in human development is a component in poverty-reduction strategies throughout the region. The key challenge seems to be providing quality services in an affordable and sustained manner to all people in LAC. While the cases have shown the high returns of adopting a partnerships approach for nutrition and health programs, the evidence of its use in the field of education is overwhelming. Not only that, cases such as CITA-Colegio Minuto de Dios and Escuela Nueva in Colombia, Dividendo Voluntario para la Comunidad in Venezuela, Mizque in Bolivia, CONELCA in El Salvador or Science Learning Center in Jamaica point to a growing trend in the region: a recognition on the part of the business sector that without a well educated labor force (including, naturally and especially the children from poor families) the sustainability of their enterprises will be in jeopardy in a world of increased integration. While there is growing interest in all quarters to explore with partnerships in the field of education, there is very limited knowledge of the most effective ways of developing such partnerships or the formal and informal changes required to facilitate them.

Without sustainable sources of income for the poor, any poverty reduction strategy will have only short term results. Income generation activities are one of the areas in which partnerships have shown greatest potential. Among them, however, partnerships seem to be particularly important (almost a pre-condition) when what is attempted is to create the conditions for local development, and not just for individual job creation/enhancement. While this is an area in which, compared to the previous two ones we have discussed, there is less of a consensus about the roles to be played by different social actors, the evidence is clear that sustainable local development is a goal that transcends the capacity of governments. Cases such as Palpalá in Argentina or Pensilvania in Colombia point in the direction of new models of public-civic-private interactions to constitute the local economic base necessary to overcome poverty. Although it is clear that "models" will not apply from one setting to another, the very complexity of the factors in play underlines the need for further study and comparison of such experiences.

It is not just a question of further study of partnerships themselves but also directing more attention to the enabling conditions for partnerships. In our analysis we have tended to
emphasize the importance of informal factors such as culture and attitudes, in part to counter the traditional emphasis placed on purely formal, legalistic changes observed in many countries in LAC. However, a number of potentially relevant legal issues are worth considering to the extent that they may impinge on the development of partnerships.

One such issue is whether the lack of a legal institution that is tailor-made for partnerships will, as this approach becomes more popular, limit their effectiveness. In most countries in LAC it is legally impossible to give to partnerships, as such, legal recognition. Partnerships can adopt other legal forms (involving, for example, contractual agreements) but not without sacrificing some intrinsic characteristics. It should be, thus, a matter of concern (particularly for the legal community) whether it is possible to develop new legal instruments that would recognize some of the key aspects of partnerships: that they be open to newcomers; have an evolving mission and expanding goals; allowed to have flexible structures and low costs of dissolution and voluntary dispute resolution mechanisms.

This does not mean that "legislation is the answer", rather that it may be worth exploring further the potential of a legal environment which might tend to promote, rather than merely permit the emergence of partnerships. Perhaps more urgently, there is also clearly a need to gain better understanding of good practice in terms of the bureaucratic norms and procedures, notably on the part of the public sector, which can best facilitate rather than obstruct the effective functioning of partnerships.

Regarding CSOs, it is encouraging that there is growing interest and concern in many quarters to study and compare the legal environment affecting them. It is our perception, however, that more work is needed particularly regarding funding issues. Financial regimes affecting the access of CSOs to credit is a case in point. It is a complex field, understanding of which remains quite limited in LAC today. Cases, for example, where NGOs have been able to take creative steps to improve their financial standing, are seldom widely disseminated and this means that transaction costs for others remain very high in this area. It is also an area in which there is a need for broader, more international understanding of comparative regimes. For example, it may well be the case that the legal framework in developed countries may have much to teach the region. Just as there has been considerable effect in recent years to share international experiences of funding for micro enterprise, so there is room to take a similar approach with regard to funding of CSOs, particularly given that they are often the organizations whom funders of micro enterprise schemes look to run those programs. The same applies, too, to fiscal regimes.
affecting incentives for philanthropy. Again this is a theme which is only just beginning to emerge in LAC as a matter of importance and one which the issue of partnerships makes all the more urgent. As we mentioned in Part 2, arguments have been developed both in favor and against fiscal incentives for philanthropy. The fact of the matter is that the debate in LAC could benefit from a more systematic analysis of how different regimes of tax incentives impinge on public-private partnerships.

Beyond formal institutional issues, last, but certainly not least, there is a great need among members of existing and new partnerships for guidance on the “how to”s for partnership building. That is, organizational and individual tools to how to start and help operating a partnership between the state, civic groups and the business sector. Although some important lessons have been drawn from the material reviewed in this book we are aware of the limitations of our work in this area and, thus, believe that future work should pay particular attention to these aspects of the process of partnership building. Naturally, a lot will depend on the specific sector or activity. For example, the literature on environmental partnerships has proposed a typology as well as guides for successful implementation of partnerships considering their different stages. Thus we think that future analyses should contrast the processes of institutional-building and organizational development of failed and successful partnerships, probably within similar sectors of activity. These types of analyses could provide additional material and experiences to help developing training programs for business, government and NGOs interested in being part of partnerships for poverty reduction.

3.4 TOWARDS A NEW PARADIGM FOR POVERTY REDUCTION?

Poverty in LAC is unacceptably high. Relative to countries in Asia, countries in LAC have a bad record in terms of poverty reduction over the last two or three decades. Governments, NGOs, donors, the press, and even business organizations seem to recognize the urgency of addressing the large income and social gaps that pervade the region. But, a common, consistent and comprehensive view of what is needed does not yet seem to exist.

For several decades, the prevailing paradigm involved strong intervention on the part of the national state for the delivery of services, a variety of forms of market interventions and direct production of goods. By the early 1980s the statist paradigm was discredited as an effective one from the point of view of sustained poverty reduction. Since then, countries in LAC have experienced dramatic transformations in terms of the role played by the state. The trends towards
free markets, democratization and decentralization to which we have referred throughout the book are an expression of those changes. Such trends have created the conditions for macro-economic stability and growth, as well as for more open and innovative societies. But the results in terms of a significant reduction in poverty rates or in terms of reversing existing patterns of social exclusion remain to be seen in most countries.

In this report we have attempted to present evidence and arguments suggesting that the seeds of what might become a new paradigm for overcoming poverty in the region reside in an emerging pattern of collaboration between the state, business and civil society which we have termed partnerships for poverty reduction. This new paradigm, we believe, is slowly growing out of the dissatisfaction with the old paternalistic and state-centric models of development as well as from the disappointment with an approach that relies exclusively on the trickle down effects of growth-oriented policies.

We could not emphasize more the role played by the reforms of the state that have taken place since the early 1980s. The basic truth about democratization, decentralization and liberalization is that—above all—they tend to create opportunities for innovation and creativity. In many different ways, these reforms offer the freedom—and sometimes, but not always, the incentives—for entrepreneurial responses on the part of public, private and civic actors. And, as the cases described in this book testify, many individuals and organizations are indeed grabbing these opportunities—with tremendous results.

What we have labeled as the partnerships approach to poverty reduction consists of a model of shared responsibilities among different social actors, a redefined role for the state, making it more a facilitator and motivator than an executor, and the adoption of new institutional forms of organizing the delivery of services and the generation of wealth creating opportunities. In other words, a model based on innovation and adaptation, rather than on fixed, structured responses. Constructing an ecology of actors, rather than relying on a single class of actors with a single logic of action, is—we believe—the only way that poverty reduction can be firmly wedded to growth in LAC. There is no doubt in our minds that the new conditions operating in LAC make a partnership based approach to poverty reduction both an attractive and a necessary alternative. The question is whether it will actually become more than just an “alternative”—that is, marginal—approach, but rather a new paradigm for poverty reduction.
A paradigm shift implies a profound change in the way societies think about themselves and their power to affect the world. In such processes of change new models of social (inter) action develop. For partnerships to become a new paradigm, it will be necessary for citizens and organizations in LAC to recognize that the challenge of overcoming poverty requires going beyond national state policies, and taking ever greater steps towards bringing the state closer to the people, developing a culture of corporate citizenship and social responsibility among all private and civic organizations, and replacing a culture of dependence with one of empowerment and independence on the part of poor communities. Whether such changes materialize on a grand scale or not will depend on a variety of complex factors.

Amid such complexity, our research suggests two fundamental and very encouraging signs. Firstly, that the pay-off from partnerships is very large—particularly because they produce not only material changes which enhance well-being but also create new institutional assets as a by-product—and their potential, therefore, is immense. Secondly, that there is a growing awareness in the region of that potential, of the kind essential for it to be realized. Such processes can only be incremental, if they are to grow at all. Above all, what the immensely rewarding experience of working with government officials, civic leaders, business people, researchers and intellectuals, community leaders and others involved in the Partnerships for Poverty Reduction program has shown us is that the will is there, in many quarters, to go forward in pursuing the principles and practice of a partnerships based approach to fighting poverty.

We believe, then, that whether or not we are, indeed, before an emerging paradigm will—to a great extent—depend on the kinds of responses and attitude changes that initiatives such as this one are able to elicit, initially among decision-makers and, eventually, among the broader community in LAC. Our reading of the current trends gives us grounds for cautious optimism.

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1 Although this does not mean that all sectors (public, business, civic) need to be involved at all times.
2 This is also the case with organizations such as Caritas (in the case of the Infant-Nutrition program in Córdoba, Argentina) and the Red Cross (in Uraba, Colombia and other cases elsewhere).
4 We are borrowing language from Rojas, Fernando: “The legal component of the enabling environment for the formation, effectiveness and expansion of alliances or partnerships between public and private actors” (mimeo), Partnerships for Poverty Reduction program, Cambridge, 1997.
5 For example, Long and Arnold —Op.Cit.— propose a “partnership life cycle model”, distinguish between “preemptive”, “coalescing”, “exploration” and “leverage” partnerships, and identify key strategic approaches for each of them.
One issue underlying many of the cases we studied is the locus of leadership within the partnership. While it is true that in many cases the leadership function resides in one individual, there are plenty of examples of more collective forms of leadership. In any case, leadership patterns are another aspect of the dynamics of partnership formation that deserves further attention.
ANNEX 1

Summaries of Selected Case Studies
I. CONELCA AND PRIMARY SCHOOL INVESTMENT, ILOPANGO
(EL SALVADOR)

A subsidiary of a US corporation has sponsored four primary schools in the district if Ilopango where it is based. Working closely with school staff, parents associations, and subsequently relying on the logistical support of the local government, the company has constructed basic infrastructure for these schools, initiated environmental programs, and has sponsored numerous community outreach programs. These efforts have drastically improved the quality of education in the municipality, and have galvanized community efforts to sustain a cleaner environment.

Background

Ilopango is a largely urban municipality of 90,700 inhabitants, relying on industrial activity as its economic base. It is home to various large industrial companies that provide an important source of employment and economic activity, but at the same time, contribute to environmental deterioration. Conelca is a subsidiary of the US based Phelps Dodge corporation, and is based in Ilopango. The company has historically demonstrated a commitment to working with communities wherever its plants are located in order to mitigate the negative environmental impact industrial activity often causes.

The Partnership

The experience began in 1986 with the initiative of several local industrial companies to undertake community development projects. Although this initiative eventually disintegrated due to lack of interest and commitment on the part of the private companies, Conelca continued its efforts to contribute to the development of the municipality. It began to establish contacts with the local schools and subsequently established a relationship with San Bartolo, the largest school in the area. The firm decided to address the school's dearth of trees and vegetation by offering the school 50 trees to plant. It was then that the firm discovered that the school lacked running water, had an dysfunctional piping system, and suffered deplorable sanitary conditions. Conelca proceeded to invest in the construction of a potable water system and sanitary facilities, assisted by parents and the community. The firm paid the outstanding electricity bills of the school and financed a new generator that provided energy to the San Bartolo school as well as the surrounding residential area.

The significant improvements in the San Bartolo school raised the attention of another school in the area, Las Cañas. Interestingly, this school had initially rejected Conelca’s offers of help, but seeing the results in San Bartolo, was avid to rectify its initial position. In the case of Las Cañas, Conelca provided similar infrastructural support in terms of plumbing and electricity, utilizing the manpower of community volunteers. However, the situation was quite more complicated in this case as the school's land was under dispute between the local government and an urban development company. Protracted negotiations were required to resolve the issue, in which Conelca played the lead role along with the support of the First Lady. Through a partnership with the municipal government, Conelca proceeded to donate sixty blocks of land for a wooded park, initiate a garbage collection system, and start a tree-planting campaign now led by the schools themselves. These efforts are also being undertaken in two other schools.
The impact of these initiatives has been significant. The company has donated nearly 25,000 trees annually to schools and communities. Another telling indicator is attendance levels which have nearly doubled in both schools. In addition, the schools have been able to expand the number of classes and even introduce a pre-school. The firm is currently appealing to the national Social Investment Fund to enable further physical expansion of the schools. The achievements of this experience surpass mere infrastructural improvements. From the cooperation with parents and other outside actors, teachers have learned to develop a comprehensive approach with students, even initiating and taking responsibility for additional environmental and extracurricular programs. Furthermore, the provision of basic services such as electricity to the neighboring residential areas has been a stimulus for further community development programs and organization.

Lessons Learned

This experience reveals the demonstration effect that successful partnerships can generate. In this case, the initial alliance between San Bartolo, Conelca, and parents attracted other schools as well as government actors. Conelca plans on drawing in more firms through demonstrating the benefits which can accrue from these endeavors, ranging from an enhanced public image to improved employee dedication. The Conelca partnership also illustrates how the synergies created by partnerships yield results which exceed a program’s initial goals. As one school director stated, “Young people and children have a more integrated vision of concern for their surroundings, one of support, teamwork, and solidarity.” Clean-up campaigns have spread to other communities, and a new teamwork has developed between teachers, students, and parents.
In 1995, Island Communications Ltd, a multinational group with interests in the entertainment industry including a major Jamaican based record company, formally established the Oracabessa Foundation as a non-profit community development organization. Various other key actors contribute to the Foundation, among them a grassroots local NGO, international organizations, and several educational foundations. Through educational, environmental and health programs, the Oracabessa Foundation’s principal goal is to foster sustainable tourism development that includes and benefits local citizens. In so doing, the broader aim is to overcome the existing condition of severe marginality and social decline which has followed the demise of the banana industry in the area. While the project remains in early stages, it has already brought some, as yet limited, social improvements to the town.

**Background**

Jamaica, like most Caribbean nations, is reliant on tourism for a key source of income. However, all too often “enclave tourism” results, in which resorts are situated in secluded areas, benefiting the entrepreneur and the tourist but with minimal positive impact on local neighborhoods. This is precisely the case in the small community of Oracabessa, a town of 7,000 situated along Jamaica’s northern coast. Although flanked by the world-renowned tourist destination of Ocho Rios just thirteen miles to the west, Oracabessa is economically depressed, with an unemployment rate of 30%, inadequate water and sewage systems, and a dilapidated town center.

In 1995, the Island Communications Group of Companies, comprising several enterprises involved in the entertainment and tourism industry, slated Oracabessa for a major resort development program. This program would be radically different from traditional tourist facilities in that it would fully integrate local citizens as beneficiaries and major stake-holders in a community resort. The key vehicle chosen to implement this strategy of community integration was the Oracabessa Foundation. Using the Foundation to coordinate and educate the community, the Island Communications Group hopes to create a resort which relies on the character and environment of Oracabessa as a whole.

**The Partnership**

While initiated and largely funded by the Island Communications Group, the Oracabessa Foundation relies upon the contributions and efforts of a variety of other actors, among them, a local NGO, international organizations, and various educational foundations. The result of these collaborative efforts is a foundation working to empower the poor through self-awareness, education, a deeper appreciation for the environment which together will enable an alternative to enclave tourism to evolve.

One key activity of the Foundation is to offer training seminars for young community leaders. To date, nine young people lead efforts to help keep the town clean, assist in community projects, offer drug counseling, and provide alternative dispute resolutions to members of the community. These efforts are supported by the private Dispute Resolution Foundation which offers intense workshops dealing with peaceful dispute settling. A local environmental organization, the International School of Jamaica (ISJ), also contributes to the Foundation’s
community education program. ISJ sponsors workshops promoting environmental awareness, and trains adults to engage in income-generating activities that are environmentally friendly. ISJ receives important funding from the Canadian International Development Agency, along with the Dutch and German embassies.

The Oracabessa Foundation is also actively involved in community affairs. Through hosting community discussion forums covering issues such as environmental management, community development, and current events, citizens are provided with the opportunity to voice concerns and be informed on local developments. Another important achievement of the Foundation is the creation of the Oracabessa Cultural Committee which is working to establish a major sports and cultural complex as well as a children's park. Finally, in its efforts to support primary education initiatives, the Foundation has constructed new facilities for the town's primary school, and provides scholarships for underprivileged children. The Jamaica Computer Society Education Foundation has participated through funding the construction of computer laboratories in secondary and tertiary schools.

Lessons Learned

The broader significance of the Oracabessa experience lies in its potential incorporation of local citizens into the traditionally exclusive tourism industry. The cooperation of various actors inherent in the partnership approach sets the stage for the convergence of tourism and the community. Through this dynamic interactive process, community members can participate in and benefit from a tourist resort area. The Oracabessa Foundation is preparing the community to exploit this process, to fully utilize its human and economic resources to support a more sustainable and equitable tourism model. However, since the development of the resort itself is still in early stages, it remains too early to judge the success of the undertaking.
3. RURAL SCHOOLS PROGRAM OF THE “VOLUNTARY DIVIDEND FOR THE COMMUNITY”  
(VENEZUELA)

Initiated in 1981, a partnership between the Ministry of Education and a private business organization allowed for the construction of desperately needed rural schools throughout the country of Venezuela. Later expanding to include civil society, this experience relies on the dedication of private enterprises to construct primary schools, the national government to procure teachers, and an active civil society to maintain the schools. Since the program’s inception, 265 primary schools have been erected in poor rural areas, along with multiple sports fields and libraries. By instilling human capital in poor citizens and providing individuals with the necessary tools to increase their standard of living, this partnership addresses one the most salient barriers to poverty reduction: lack of education.

Background

Although the 1980s saw improvements in the country’s urban educational system, the deficiencies in rural schools remained significant. Marked by deteriorating infrastructure and a complete lack of resources, rural schools were unable to provide even the semblance of effective education. True of the agricultural sector throughout Latin America, rural communities consisted of very disperse, small villages, mainly dependent on subsistence farming. The subsequent neglect of functioning schools created a situation in which Venezuela’s rural population suffered from high illiteracy rates and severe levels of poverty.

The Partnership

The challenge of improving the educational levels in rural regions of the country was met by the coordinating efforts of the national and regional governments, community members of rural areas, and the “Voluntary Dividend for the Community”. Consisting of 240 large enterprises, the Dividend is a business organization created in 1964 with the purpose of promoting social consciousness and involvement on behalf of the private sector. To foster the overall development of Venezuelan society, the Dividend pools donations from these private corporations and finances various social projects. The rural schools program is one of these endeavors.

The process of constructing the schools begins with the rural communities themselves. Community members are responsible for obtaining the land for the school, along with all necessary titles and ownership documents. This is a clear indication that the community is organized, interested in having a school, and capable of maintaining a school once constructed. In this manner, the community is the catalyst behind the construction of the school and the force underlying the school’s continued success and permanence. After securing this land, the community appeals to the Dividend for school construction. Once the Dividend guarantees the ownership of the land from the appropriate government agency, it proceeds to fund-raise sufficient resources to build the school, and finds a specific business to serve as the school’s patron, providing necessary teaching resources. Governmental bodies also play an important role in the program. Either national or regional representatives (depending on the region) institutionalize the school curriculum in the Venezuelan legislation, assign principals and teachers, and maintain supervisory responsibilities. State and national governments also grant academic scholarships and nutritional subsidies.
Since the initiation of the program, 265 schools have been built with the excess of US $375,000 donated by the Dividend. Today, these schools offer education to over 13,000 children each year. Follow-up initiatives include the construction of libraries and playing fields, as well as the establishment of a program called “Schools of Excellence”. This program, which has reached 48 schools, provides funding for teachers and parents in poor schools to foster improved teaching methods and content. To date, approximately US $140,000 has been contributed to this end.

Lessons Learned

This experience is useful for its degree of replicability. It illustrates how a co-financing system on behalf of private companies can be established with the support and cooperation of community and government actors. The shared sense of the importance of goals among all parties, the complimentary contributions of each participant, and the credibility which it has managed to create over the program’s lifetime, ensure the partnership’s success.
4. EL MINUTO DE DIOS HIGH SCHOOL - ITAGÜÍ, ANTIOQUIA (COLOMBIA)

El Minuto de Dios School in Itagüí represents a highly successful partnership between an important sector of the local business community, the local government, and a national NGO that have come together to build and run a high-quality technical school. The high school provides a broad program of integrated education to 650 students who come from 20 of the poorest districts of the city. The school also provides a co-funded scholarship program as well as further outreach apprenticeships designed to tackle one of the most difficult challenges faced in reducing poverty: enabling low-income children to compete effectively in the modern labor market. The experience is coming to be considered a model in the country.

Background

Itagüí, a city of 222,000, has the highest population density in Colombia. Industry and commerce form the core of Itagüí's economy, but unemployment is high—at 24 percent of the working-age population. While jobs are available, most of the residents lack the skills needed to perform them. Itagüí's high unemployment is the root cause of serious social problems, including domestic violence, juvenile delinquency, drug addiction, and alcoholism.

Poverty is endemic. Born into poor households, many young people have little opportunity for secondary education and thus face the prospect of chronic unemployment. Drugs, alcohol, crime and violence are all around them, and many view these as their only alternatives. Education can help break the cycle of poverty, but access to education is limited by a shortage of schools and teachers. The city's 22 secondary schools can accommodate 6,000 fewer young people than need to be schooled. It is not surprising that most of the city's crime involves youth ages 10 through 20.

The Partnership

The initiative for taking action to improve the quality of education and opportunities for the city's deprived youth came from the business consortia CITA, comprising 30 companies with interests in the city, both national and multinationals. Formed in 1988 as part of a successful effort to reform the local judicial system, CITA then turned its attention to meeting the need for technical, secondary education that reached the poorest students. To construct and run the new school, CITA teamed with the municipal government which is responsible for local education, and with El Minuto de Dios, an NGO with a high profile in the country and a distinguished record in providing education. The municipality paid the costs of construction work while CITA contributed equipment. The NGO agreed to manage the school's curriculum and staff.

The initial success of that initiative has since led to a number of further developments, among these: (i) A scholarship program for children with good academic records and parents with income below the minimum wage has been established as a partnership between the local government, CITA and an outreach group promoted by CITA. The municipality contributes 50% of the scholarship funding, the rest comes from the private sector. (ii) El Minuto de Dios, the Eafit University, the Corona Foundation, the Departmental Education Office, the GICE Group and private individuals set up a vocational training and apprenticeship scheme for both teachers and pupils of the school; (iii) CITA, El Minuto de Dios, the local government, the students' association and two further members of the CITA consortium contracted a specialized training
NGO (the Family Relations Center) to carry out a series of classes with mothers on good family relations practices. These classes, which have been held twice a week over two years, in turn are bearing fruit as mothers attending these classes have been leaders in small infrastructural improvement projects in the community, with funds contributed by themselves, the municipality and CITA.

There is, therefore, a high degree of complementarity in the contributions of the core partners. The municipality provides and channels not only public funding but institutional oversight as well. The private sector provides not only most of the remaining financial resources required but also plays a guiding role in defining and promoting the technical training components. CITA made possible a substantial contribution from the business sector by coordinating and aggregating contributions and by putting “peer pressure” on local firms. The NGO contributed not only educational skills but also substantial experience in community development, a complex and vital part of the whole project.

Initially, the school’s Parents’ Association was unwilling to make an active contribution apparently because the presence of business interests in the project led to expectations of further “handouts” beyond those expected from the municipality. Their unwillingness, however, was overcome as the partnership evolved, and today the Parents’ Association considers itself as a fourth partner. This initial negative response suggests that community participation may not be a prerequisite for beginning such projects, but that the needed community support can be developed in the course of working together.

The partnerships work through a series of formal contracts which are published and publicly available, and the school’s governing bodies and boards include representatives of all key partners. Given the project’s success, the partners plan to build a new primary school as well. They also hope that their experience can serve as a pilot project for others. Meanwhile, at the El Minuto de Dios high school, students who just last year were out of school and into drugs and crime are learning math, science, and computer skills. Just as important, they are learning to leave behind the rivalries of their barrios, to care for each other, and to work together to solve their own problems.

Lessons Learned

This case is worthy of attention for two principal reasons: (1) its success at leveraging both financial resources and human resources, and (2) the complementarity of resources that each of the partners was able to provide. Providing education, typically a government function, typically requires more financing, community support, and managerial and technical skills than the government, or any single sector alone can provide. Building a partnership that includes different sectors not only provides additional financial and human resources, but also builds commitment and enthusiasm that yields better results and a greater impact than when only one sector works alone.

Finally, the case demonstrates that when a project can engender substantial community support and ownership, as this partnership did by overcoming the doubts of the Parents’ Association, the quality of the whole effort rises and creates potential for further cooperative efforts toward poverty reduction.
5. MOBILE HEALTH CLINICS, MARACAIBO (VENEZUELA)

A partnership between the municipal government, several private companies, and community organizations has addressed the deficiencies of public health services in the municipality of Maracaibo by creating the Mobile Clinics Program (PCM). Rather than relying on the formal health system to expand coverage to the poor regions located in the periphery of the municipality, PCM delivers health services to the poor, providing an immediate and effective response to the chronic health problems of the region. Eight fully equipped and staffed ambulatory vehicles fulfill the health needs of isolated communities, and the program’s preventive health workshops have instilled a new health consciousness in communities while facilitating community organization and unity.

Background

Located in the state of Zulia, the municipality of Maracaibo is the largest in the state with a population of 1.3 million. Although it is known for a high level of commercial activity, the subsequent growth has been extremely disproportionate and wealth is poorly distributed. According to a 1990 census, over half the Zulian population lived in poverty, with almost a quarter in severe poverty, lacking necessities fundamental to a basic standard of living. Poor health, one of the clearest manifestations of poverty, plagued the majority of the region’s poor. Indeed, the National Institute of Health assessed that the state suffered from disproportionately high levels of infant mortality and malnutrition. A quarter of the children were chronically malnourished, and only 20% of the states’ homes met basic sanitary standards. The provision of health services to the poor, generally residing in the periphery of the Maracaibo, was the worst in the state. Individuals had to travel to far-away health centers that were uniformly difficult to access and constantly understaffed.

The Partnership

The current Mobile Clinic program relies on the support of various players, among them, the municipal government, several private companies, and various community organizations. The catalyst behind the program was a decentralization process in 1993, transferring to the municipal government the responsibility for health care. The newly elected local government stated its priority of addressing the health needs of those residing in the periphery of the municipality. For reasons of budgetary constraints, the traditional services of hospitals and ambulances were discarded, and the municipal government searched for a new, more cost-effective approach to health care. The idea of a mobile clinic was initiated by two local doctors, which proposed that efficiency would be enhanced if medical services could be delivered to the poor.

Private sector involvement with the PCM includes: (i) Ingenieria Médica C.A., a health engineering company that facilitated the expansion of the program by selling five new mobile units at a discounted rate; (ii) the Colgate-Palmolive corporation that funds preventive education in oral hygiene; (iii) the petroleum company El Caribe that provides gasoline for the eight mobile clinics at below-market rates; (iv) several private medical and laboratory companies that supply credit programs as well as discounts on high-tech equipment and basic supplies; (v) the financial contributions of various other enterprises ranging from Pepsi-Cola to Gerber.
Community associations such as the "Associations of Neighbors" serve as a link between the health teams and local citizens, facilitating curative health care and preventive education, and providing administrative support. Another development organization, CESAP, sponsors and hosts various workshops dealing with the purification of water, and has initiated several clean-up and recycle campaigns. Further municipal involvement includes the support of the municipality of Santa Inés, through which a health clinic has been established offering inexpensive prescriptions to poor communities.

As a result of these joined efforts, isolated communities receive preventive and curative health care on a regular basis. Eight mobile clinics are currently in operation, equipped with a doctor, nurse, social worker, nutritionist, and paramedic. Some 160,000 people have been treated, and 68,000 have attended educational workshops dealing with infant nutrition and personal hygiene.

Lessons Learned

The Maracaibo experience illustrates the efficiency gains possible from transferring the deliverance of public services from the national to the local level. Through this decentralization process, space was opened for other actors to become involved and provide health services to areas which had not traditionally been reached by public services. In this manner, municipal authorities were able to provide an immediate solution to the problem of deficient health care through capitalizing on the contributions of other private and community actors. The Mobile Clinic program has accomplished far more than its original purpose of health provision. One example is the neighborhood San Antonio de Los Caños, in which the PCM connected local community groups with the public energy company in order to procure electricity for the town. Furthermore, preventive education workshops have provided a long-term solution to malnutrition and infant mortality and have substantially changed hygiene behavior.
The experience of Palpalá represents a comprehensive effort, initiated by municipal authorities, to address the tremendous social shock generated by the privatization of the state-owned steel mill, *Altos Hornos Zapla*. The key to this strategy was to channel resources from the severance payments from *Zapla*, estimated at US $1 million, into the creation of cooperative micro-enterprises. Since 1992, some 90 small and medium-size enterprises have been created with these pooled resources, coupled with the support of the municipal and federal governments and a professional NGO. The partnership between the municipal government, private cooperatives, the local school, and various community groups has allowed Palpalá to avoid the drastic economic and social repercussions often caused by large-scale privatization. In effect, it has succeeded in making substantial progress towards creating an alternative economic base in the locality, thus avoiding the extremes of social dislocation and unrest which have been experienced in other provincial areas that have been subject to similar economic shocks. It is also significant as an example of an emerging new style of local government, whereby the authorities cease merely to be implementors of public programs and become instead the articulators of the local development process. This has also implied a considerable modernization of the working practices of the municipal bureaucracy.

**Background**

Palpalá is a municipality of about 45,000 inhabitants in the northern Argentine province of Jujuy. Since the mid 1940s, it was home to *Altos Hornos Zapla*, a government-owned steel mill that employed 5,500 people, or 35% of the local labor force. The enterprise ran on highly paternalistic lines, offered health, housing, and other services to a similar percentage of the population, and had a massive impact on the generation of local income. With the privatization of the mill in 1992, over 4,000 people lost their jobs, exacerbated by subsequent job reductions in other local companies. Indeed, Palpalá was confronted with an extremely severe economic crisis with little prospect of resolution within the context of existing institutions.

**The Partnership**

The municipal government was the catalyst behind the set of initiatives which made the partnership possible. The government's goals included channeling the recently unemployed workers into productive jobs, promoting micro-enterprises, and expanding the methods by which civil society could participate in the decision-making process of public issues. The first step involved the pooling of severance payments from *Zapla* into a common 'micro-enterprise' fund. Lack of other investment opportunities, along with a mutual trust and friendship among employees, facilitated the contribution of this capital.

The pooling of funds constituted just one component of the development strategy. The subsequent set of initiatives included: (i) promoting and brokering the creation of the new enterprises among local 'investors'; (ii) training potential micro-entrepreneurs and municipal staff; (iii) raising and channeling additional funds from sources external to the municipality; and (iv) facilitating the operation of the new enterprises through a more efficacious government sector. The response was building partnerships with private, civic, and public entities to achieve these goals. The Palpalá experience can be interpreted as one of a network of local partnerships that involve the municipal government, new and old enterprises operating in the area,
neighborhood associations and other community organizations, a professional NGO, and several programs funded by the national government.

The partnership approach yielded tangible benefits on both an economic and social level. One example involves a new bus company created through an alliance between the municipal government and cooperatives. The mayor brokered the creation of the new company by coordinating investors, and made the execution possible by lobbying for the removal of provincial regulations that had provided for a monopoly of the service. With newly obtained market flexibility, the company has grown significantly, and provides greatly needed service from Palpala to the provincial capital. Another example resulting from the government-cooperative partnership is a community health clinic. The health clinic provides employment, and also serves an important social function through offering preventative health care and free service to those without insurance. A contract with the provincial government allows the medical staff to use the infrastructure free of charge, in exchange for the services provided to the indigent population.

Yet another partnership involves an alliance between the municipal government and neighborhood community organizations, formed with the purpose of increasing the participation of civil society, and disseminating decision-making power to the local level. This is a longer term project, intended to foster small family businesses as well as community participation in the organization of various activities. The Unión Industrial de Palpala has also emerged through the cooperation of municipal authorities, and serves as a new focal point for the local development efforts. Finally, cooperation with community organizations has resulted in systematic efforts to reform the municipal government into a highly trained, effective unit.

Lessons Learned:

The Palpala experience illustrates how an entire local economy can be restructured, from one marked by mass unemployment and little opportunity for growth, to one in which economic activity is thriving. Moreover, this case shows how the private sector can play an integral role in the development process as well as in poverty reduction. Most communities which experienced similar shocks at this time were unable to deal with the challenge themselves and waited in a passive manner for provincial or federal assistance. Palpala, in contrast, faced this challenge starting from the recognition that they needed to leverage the limited capacity of the municipal government with that of other non-state actors.

The collaborative effort of public, private, and community actors succeeded in creating permanent jobs, dozens of small and medium size businesses, and an efficient and wide-reaching health clinic. Moreover, the benefits of the partnership exceed those which are exclusively economic in nature. Strong ties between cooperatives, the local school, and the municipal administration create an atmosphere of trust and unity in which individuals are empowered through an increased voice in the government decision-making process. These alliances have also led to a positive spill-over effect in which new partnerships are now emerging, not only through the intervention of the mayor, but through NGOs and private sector organizations. The Palpala experience shows how a partnership approach to economic restructuring can overcome significant obstacles in order to both promote growth and reduce poverty. Without the concerted collaboration of all contributing parties, the experience would simply not have been possible. Its success is also owed, in part, to the close social networks already existing in the city, built around the union organizations of the old steel workers.
In 1996, the Health Ministry of El Salvador joined efforts with the private health organization FUSAL (The Salvadoran Foundation for Health and Social Development) in a pilot project to promote a new model of primary health care provision based on the integration of FUSAL's service with that of the deconcentrated Ministry Health Unit in the municipality of San Julian, Sonsonate. After initial implementation difficulties, both parties are pleased with the results, since the complementarity of the contributions of each is resulting in a more comprehensive and preventive service than has existed in the past. The experience stands poised to promote further community development initiatives through broad local participation. Coverage has also been considerably extended, and both Ministry officials and FUSAL staff report significant gains in institutional capacity and the belief that the San Julian experience could indeed provide a model that should be expanded in the country.

Background

San Julián, in the department of Sonsonate to the west of the country, is a municipality of 15,000 in which 80% of the population lives in rural areas. The region is marked by a high infant mortality rate, and substandard living conditions in which the vast majority of the population lives without electricity or water. Traditionally relying on the Ministry of Health for all health services, the region received reactionary, short term care focused mainly in urban centers. The newly elected national administration of 1994 attempted to address these shortcomings in health care through a process of decentralization. A new national development plan provided the Health Ministry the freedom to contract services from the private sector in order to optimize resources. In this manner, the national government hoped to foster a solution to the problem of health care through utilizing the private sector.

The Partnership

The FUSAL/Ministry of Health partnership was initiated by the Health Ministry in 1996. FUSAL is a private organization created in 1987 with the principal goal of improving health care and technical expertise in health issues throughout the country. Its working capital comes from an endowment based on contributions from a cross section of business interests in the country. Already working with community groups in San Julián for a number of years, FUSAL was well-positioned to join efforts with the Health Ministry in 1996. With the convergence of these two actors, a pilot project for a new comprehensive health care model was initiated in San Julián, one based on preventive medicine, community involvement, education, and environmental awareness.

With its new alliance with FUSAL, the Ministry of Health maintains its previous levels of funding to the municipality (US $ 136,000 annually). However, these funds are now channeled through FUSAL. FUSAL supplements this with its own funding (US $ 102,000), resulting in an increase of per capita expenditure from US $ 9 to US $ 16 in 1996. Through collaborating with the private sector, the Ministry of Health has increased its impact both qualitatively and quantitatively. Health care is now extended to rural areas where public services never previously reached, due largely in part to FUSAL's trained health volunteers and doctors which travel to the countryside on a regular basis. Moreover, the partnership has generated a shift from reactionary to preventive health care, translating into more effective, longer term
solutions. Additional gains include nutritional and infrastructural programs supported by both public and private resources.

Lessons Learned

The San Julián experience reveals the gains achieved from allowing the private sector to manage health care, a service which is often seen as the exclusive responsibility of the state. With the comparative advantage of FUSAL, the resources of the Ministry of Health were reallocated toward activities with higher poverty reducing impact. It is important to note that while FUSAL’s added technical and operative skills comprise the most obvious contribution to health care in the region, the importance of the experience lies with the strategy of integrating public, civic and community groups into the program. It was the incorporation of these actors which facilitated an extension of services as well as a shift to a new comprehensive service orientation.

The synergy created by the FUSAL/Health Ministry partnership yields results which exceed the initial goals of the project. Because private and public health providers are now part of the same team, rural volunteers are far more willing than they had been in the past to refer patients to the public health unit when necessary. As a result, the number of consultations and vaccinations has virtually doubled, greatly surpassing the expected norms of the Ministry. Moreover, it is FUSAL’s view that with a new basis from which to measure the gains from investing in more comprehensive health programs, the Ministry will now be more willing to raise its own spending on health care. Should this be the case, the San Julián experience can serve as the model for the expansion of preventive, comprehensive health care throughout the country. A potential bottleneck will be the inability of FUSAL to sufficiently increase its capacity, and the relative lack of other private actors to play a comparable role.
8. SELF-HELP CONSTRUCTION OF PUBLIC SERVICE INFRASTRUCTURE - AOISPEM, CALI (COLOMBIA)

The AOISPEM program (Autoconstrucción de Obras de Infraestructura de Servicios Públicos con Entrega de Materiales) was initiated in 1990 to provide water and sanitation services to Aguablanca, a poor, disenfranchised neighborhood of Cali. As a result of a partnership between Cali’s municipal utilities company which offers credit, organized community groups which provide labor, construction companies offering discounts, and a local business foundation which facilitates the relationship between the other members, low cost water and sewage services are provided to the district. The program has proven extremely successful - nearly 5,000 families now have basic water and sewage systems, and utilities are provided at full cost recovery. This experience illustrates how partnerships can solve the all too common problem of providing affordable public services to the poor.

Background

The AOISPEM experience arose in response to the rapid process of rural to urban migration which occurred in Colombia due to increased rural violence and the concomitant industrialization and development of urban centers. Squatter settlements subsequently emerged throughout the country’s larger cities. Known as invasiones, these informal neighborhoods are not connected to the larger city as a whole, resulting in sub-standard overly crowded dwellings, lacking the fundamental necessities of water and sewage services. In the 1980s, the district of Aguablanca emerged outside the city of Cali. Marked by the complete lack of any public utilities, physical infrastructure, education or medical services, Aguablanca quickly became the most dilapidated district of the city.

The Partnership

The AOISPEM program evolved from the mutual desire by various actors to provide Aguablanca access to basic public services. In response to expressed concern on behalf of the district’s residents, the municipal utilities company (EMCALI) initiated a program of self-construction with the assistance of a private business organization, the Carvajal Foundation. Through this program, EMCALI offers low cost materials, logistic and technical assistance, and loans to community members. The Carvajal Foundation ensures the repayment of these loans, and is responsible for the management and quality control of the program, including the community’s contribution of labor and provision of materials. Community groups proceed to independently construct water and sewage systems.

The significance of this partnership lies with the combination of actors which ensure that the financial cost to the community is low enough to enable full repayment of the loans provided, thus making the whole undertaking eminently sustainable. Since the program’s inception in 1990, 4,760 families have received basic water and sanitation services, with 973 families expected to do so in the near future. It is estimated that the total costs are some 60% lower than those of private contractors.

The AOISPEM program is a highly illustrative example of the way in which partnerships can generate synergies whose benefits can be passed down to poor communities. In this case, the initiative came from the municipal authority, EMCALI, which approached the Carvajal Foundation for an estimate of costs of meeting the demands of local residents for those basic...
services. Carvajal's budget was some 25% below that of the municipality itself, due to its long experience in the field, as well as well-established contacts with private construction firms willing to offer significant discounts to support social projects. The Foundation also had equally strong contacts in the local community of Aguablanca, and so was well-placed to work with the community development department of the municipality to secure the community's contribution of labor to the program.

Lessons Learned

The AOISPEM experience reveals the complementarities between the strengths and comparative advantages of each member of the partnership, resulting in a highly effective program which offers services to a poor region traditionally not reached by the state. This experience also illustrates the defining role the private sector often plays in partnerships. Although the initiative began with a dialogue between only public sector and community actors, the partnership evolved over time to include the Carvajal Foundation as the core of the alliance. The Foundation has taken the leadership role in this initiative, connecting all other participants in the program. Its close relationship with community members facilitates increased organization on the part of civil society. It can then, in turn, bridge the community with EMCALI through ensuring that the communities are serious and able to pay back EMCALI's loans. The Foundation also bridges EMCALI with the private sector, securing significant discounts on construction materials while lending an important sense of credibility to the program.
9. AN INTEGRATED DEVELOPMENT PROGRAM IN A LOW-INCOME URBAN COMMUNITY, SAN JORGE, BUENOS AIRES (ARGENTINA)

San Jorge’s development program involves a variety of initiatives —child care, infrastructure, job creation— leading to a significant improvement in the living conditions of poor households in a peri-urban neighborhood of Buenos Aires. These initiatives have been made possible through a strategy of partnerships between community organizations, a development NGO, several state agencies, and private sector companies and individuals. In particular, these alliances have been instrumental in overcoming the absence of water and sanitation infrastructure in the San Jorge neighborhood through a partnership involving the newly privatized water company, the NGO, and the Municipality.

Background

San Jorge is a very low-income community of about 2,700 inhabitants in the peri-urban area of Buenos Aires. Extremely poor living conditions affect the majority of the population; 71% of the families are under the poverty line. Unemployment is as high as 40%, while those who work do so mainly in the informal sector. 60% of the population are under 20 years of age. One of the main problems in this kind of settlements is the sanitary conditions. There is no public water or sewage system, and housing is precarious, facilitating the spread of communicable diseases.

The Partnership

In 1987, a small group of mothers sought to create a child day-care center. With financial involvement of international agencies and the support of the regional government and NGOs, the first facilities were created; receiving eight children under the age of three. An NGO, IIED-AL, was instrumental in ensuring the project implementation and sustainability via community capacity building. Today, the center hosts around 100 children and mothers are part of the staff.

More important, that initiative was soon transformed into a broader integrated development program aimed at improving the general living conditions of the people, and based upon the empowerment of the community through the inception of a civic organization in the neighborhood. That organization emerged as a reliable partner that could bring the government and the private sector to the table and therefore establish partnerships to achieve their common goals. The San Jorge experience can be interpreted as a process of multiple partnerships, involving different entities.

Perhaps the most noteworthy of those partnerships involves the neighborhood community organization, IIED-AL, the municipality, the recently privatized water company -- Aguas Argentinas-- and the University of Buenos Aires. The goal was to provide the inhabitants with a proper water and sewage system. Thirty years of governmental initiatives had been unsuccessful in bringing water to the neighborhood. But the involvement of a dynamic privately-owned utility company made that possible. Students from the faculty of Architecture volunteered to draw the plans. Aguas Argentinas contributed with technical assistance, training, and materials. The municipality approved the plans and subsidized part of the costs. The community, through its cooperative, provided labor for the construction, and a foreign foundation granted financial resources. IIED-AL served as a coordinator and leader for the entire project. In a period of two-
years, this project benefited 350 out of the 450 families living in San Jorge. Aguas Argentinas, IIED, the municipality and the provincial government are now collaborating on similar initiatives in other neighborhoods. Not only has the experience been replicated, but new models of how to implement such partnerships have been developed as a result.

Additionally, a housing program providing credit and technical assistance was created through the partnership. The Secretary of Housing of the Provincial Government gives financial support and oversees the individual projects. IIED-AL trains the people and organizes participatory planning sessions to ensure compliance with the technical requirements of the municipality. Private companies provide their expertise giving technical assistance, and broker materials at lower rates for the program. The communities contribute their work and commit to fully repay the loans received.

Lessons Learned:

This experience reveals the critical role that an intermediary NGO can play both for the promotion of a community organization and in the inception and implementation of tri-sector partnerships. Furthermore, it highlights the importance of the empowerment of the communities as a key factor for real and sustainable alliances to exist and to foster real progress.

This case is also a vivid example of the private companies' contributions and benefits to and from partnerships. On the one hand, the private sector (Aguas Argentinas, in this case) brings not only the financial means to support poverty reduction activities, but also, and probably as important, the technical inputs and know-how that will ensure success and sustainability for the project. On the other hand, being part of a partnership allows them to understand and learn how to reach and work with poor communities as clients. In fact, Aguas Argentinas systematized the lessons of this experience and has applied them elsewhere in Argentina as well as worldwide. The company now uses these approaches as part of the services the company offers in all the international bids in which it takes part.
10. **THE GLASS OF LIFE (VASO DE VIDA) PROGRAM, LARA (VENEZUELA)**

In 1995, the state government of Lara, local community actors, and some local business organizations joined together to tackle the chronic problem of malnutrition plaguing poor children of the region. Through their combined efforts, a highly successful program has been established which provides milk to over 300,000 children throughout the year, significantly enhancing their daily nutritional levels at a lower cost than other similar programs. While addressing one of the most extreme manifestations of poverty, malnutrition, the partnership has also facilitated increased community integration, education levels, and management skills through direct community involvement in the program’s design and implementation.

**Background**

Lara, a state of 1.4 million inhabitants, is a region marked by a severe nutritional deficit. This problem is exacerbated by the fact that the majority of poor families reside in mountainous, inaccessible regions, making the distribution of food nearly impossible. A study completed in 1996 attributed this nutritional deficit as the leading contributor to overall mortality rates, and indicated that the dangerously high levels of malnutrition demanded immediate attention.

Past attempts to address the crisis had proven unsuccessful. The most prominent effort was entitled the “Vaso de Leche” (Glass of Milk) program created in 1974. Initiated by the National Institute of Health, the program set out to distribute milk to children via public schools. However, the program was replete with inefficiencies: delivery delays resulted in spoiling, teachers were often unwilling to distribute the product, frequent teachers’ strikes impeded distribution, and low transparency resulted in a situation in which well-connected schools received preferential treatment at the expense of poorer districts. The result was a highly centralized, ineffective program which reached only a small percentage of children. It was precisely this dire situation which prompted the creation of the partnership between government, community, and business actors in 1996. These actors believed that a more effective and expansive nutritional program could be created if the program was managed at the state level, using a partnership approach.

**The Partnership**

The idea for the partnership began with the state government, particularly DGSDS and FUNDASALUD, the entities responsible for the promotion of social development and health in the state of Lara, respectively. These two entities proposed that the prior “Vaso de Leche” program be decentralized to the state level. The state government subsequently became the facilitator of the new program, entitled “Vaso de Vida”, Glass of Life, and set out to increase the number of children reached, as well as expand the provision of the product from an academic-year to an all-year basis. These goals were achieved through (i) involving the private sector, and (ii) transferring distribution responsibility from the schools to the parents.

While the program is funded by the state government, two pasteurizing companies contribute to the partnership through providing below-market prices on pasteurized milk, as well as investing in research to produce a more nutritious product. Under the new program, distribution of the pasteurized milk is the responsibility of the mothers. With technical assistance from the two pasteurizing companies, these women have created an efficient distribution network...
which allows the milk to reach even the most isolated regions of the state. Through removing the intermediary role of the school and instead relying on parents for the responsibility of distribution, costs are significantly reduced allowing for an optimal utilization of resources and a greater overall impact. The number of children reached by the program today has increased from 70,000 to 310,000 daily.

The heightened involvement of the community, specifically mothers, facilitates numerous positive externalities. Widespread nutritional gains have been made with the training of over 1,680 parents who have participated in a program of proper dietary practices; community involvement has grown with the empowerment of women; and the program has fostered employment generation through the creation of micro-enterprises recycling containers and providing food to accompany the milk distribution.

Lessons Learned

The “Vaso de Vida” program offers a particularly interesting example of the partnerships approach because of the contrast, in terms of outcome, with its centralized and state-centric predecessor. What started out as an inefficient public sector program became a highly effective locally run program, due to the productivity gains obtained by the contributions and strengths of each member of the partnership.

“Vaso de Vida” has proven to be much more than simply a nutritional program. Rather, it has served to educate and integrate the community in order to improve the quality of life of all inhabitants of the state. A political consciousness has emerged in Lara, in which civil society has a trusting relationship with the private sector and the government. Characteristic of the partnership approach to poverty reduction, other partnerships have since emerged, providing literacy programs, medical services, and micro-credit. Furthermore, the involvement of multiple actors in the partnership facilitates transparency, and with that, increased credibility and confidence in the program on behalf of the community. This case illustrates how the cooperation of various societal actors yields greater efficiency through increased local control of resources and decision-making. Through combining efforts with private and civic actors, the state increases its capacity for effective poverty-reduction.
11. SEPAS-COOPCENTRAL, SAN GIL, SANTANDER (COLOMBIA)

This is an extremely impressive case of rural cooperative formation and local capital accumulation, led from the 1960s by the Social Pastoral of the Diocese of San Gil and Socorro (Sepas), in the department of Santander. The initial leadership of clerics developed into a cooperative movement in the region which has become the reference point for development initiatives there and, thereby, has leveraged public-private partnerships for specific projects. One example of these is the creation of Acuascoop, bringing together 45 public and private entities for the purpose of constructing and maintaining a new reservoir, in the face of repeated drought. The philosophy has been one of helping the poor to help themselves, by strengthening them through collective action to the point where they are also in a position to act in partnership with public authorities. The distinction between civic-private organizations blurs through the nature of the cooperatives themselves since they do, in effect, represent the construction of a rural private sector in the region, at the same time as they offer a wide range of services, including social services to their members.

Background

The diocese covers 52 municipalities with a total population in 1996 of 500,000 and a local economy which remains 60% agricultural. In the 1960s, Sepas diagnosed the poverty traps in the region as consisting of a subsistence agricultural economy based on very small holdings with low productivity. Land shortages meant many working as migrant labor and sharecroppers; techniques were outdated and led to further land shortage through over exploitation. The principal produce of rope, tobacco and crafts were receiving low market returns. Through a protracted series of consciousness raising and training activities begun in 1964, Sepas was able to organize the First Rural Workers’ Congress in the diocese in 1967, which in turn led to the creation of a vast range of rural cooperatives which today form the basis of organizing public-private partnerships in the region.

Partnerships

The cooperatives in the region now number 200 and have some 250,000 affiliates, to the effect that their beneficiaries are virtually the entirety of the population and all belong to a blanket organization, Coopcentral. Coopcentral has in turn generated a series of service enterprises on the basis of the remarkable capital accumulation from savings that has lain at the heart of the process —a total sum of US $ 1.5 million. These include INDECOL, a training institute for cooperative and community leaders; AUDICOOP, an audit agency and COMERCOOP for commercialization. Further outreach activities aimed at promoting the integral development of the principal province, Guanenta, have included an association of municipalities, COOPGUANENTA, and a cooperative-based university, UNISANGIL which now has 1,600 students. These enterprises have some 2,000 full-time employees. The wider influence of this movement, due to its size, is considerable: today it is the essential reference point for all public authorities in the area and has secured commercialization of produce in Bogotá through such influence.

One particularly interesting example of how this cooperative movement formed the basis for public-private partnerships is the creation in 1986 of Acuascoop, bringing together 45 public and private entities, including the Department as a major source of funding, for the purpose of
constructing and maintaining a new reservoir in the face of repeated drought. The reservoir is now run as a mixed enterprise, providing water for 17,000 people whose livelihoods were previously in peril. Sepas has been the guiding force in both this and the many other undertakings outlined above, working always in close collaboration with Coopcentral. The nature of the relationship with the public authorities has varied according to the level of government and the matter in hand. The closest partnership relations appear, not unnaturally, to be with municipal authorities whose leaders were themselves elected from the cooperative movement.

**Lessons learned**

The key to both the success and the significance of Sepas-Coopcentral is the highly participatory and comprehensive approach adopted by church and community leaders alike, and their success in promoting the impressive level of savings achieved. Thus it was initially a partnership of "the poor"—quite deliberately and consciously so—which generated enough influence to persuade the regional and national authorities to respond to such a highly organized expression of needs (as was the case with the reservoir), backed by accumulated management skills and the ability to offer co-funding.
12. CENCOOSER-PROVINCE OF OCAÑA, NORTE DE SANTANDER
(COLOMBIA)

Like Coopcentral in the Sepas-San Gil case, Cencooser is a federation of cooperatives (40 in total) and has been a leading force in integrated regional development in the province of Ocaña, Norte de Santander, since its creation in 1991. The chief partners in this enterprise have been the Departmental Coffee Committee (including the municipal committees of the same) and the University of Francisco de Paula Santander. Specific projects have also worked with public support and finance from a range of sources. Programs in the provincial capital, Ocaña, have included a complex of programs of social infrastructure and service provision, together with productive and environmental projects. Some five other municipalities have also benefited from similar programs whose key movers have been the tri-partite partnership of Coopcentral, the Coffee Committee, and the University. Considerable complementarity among partners has ensured the success of the experiences to date.

Background

Ocaña is the capital of what is loosely referred to as a province to the north-west of the department, and is made up of some dozen municipalities with a total population of 210,000 inhabitants. This area of the region has tended to be isolated from the faster growth of other parts, as indicated by the fact that 60% of inhabitants are rural and living in subsistence conditions, with 62% of the inhabitants of this area registered as living with unsatisfied basic needs. Cencooser was formed on the initiative of local grassroots leaders to aggregate the accumulated organizational and economic influence of the cooperatives created in the area since the 1970s, and to bring in outside support for the training of local producers, development of new productive and marketing techniques, with a view to developing greater value-added to production, and the integration of the sub-region into the department as a whole.

Partnerships

Cencooser has been the prime mover, together with the Departmental Coffee Committee, in leading negotiations with numerous local, regional and national authorities, notably the national fund for agricultural development, the DRI. More recently, external support from the European Union has also been attained. Some of the key experiences to date include:

In Pueblo Nuevo, the designation given to the poor rural and marginal urban zone of Ocaña itself, a complex of programs of social infrastructure and service provision, together with productive and environmental projects have made Pueblo Nuevo the leading force in the province and center for training in all such areas for community and cooperative leaders from outlying municipalities, as well as the representative for the department as a whole in the network supporting the activities of Ecofondo.

Other similar cases of municipalities with multiple programs building towards integral community development are El Tarra and Teorama: other municipalities also benefit from the activities of the cooperatives based in them, and the intention is that similar programs be developed throughout the province over time.

Another interesting case of partnership has been the establishment of a community based water company, Adamiuain, which provides services to 900 of the poorest families in a marginal
sector of Ocaña. Established in 1985, this company had the further support of Ecopetrol and the municipality of Ocaña, in addition to the core partners already referred to above. It represents a successful case of supplementing state activities to meet urgent local needs which would not otherwise have happened.

Lessons learned

As with the case of Sepas, the significance of the Ocaña experience is that it provides a model for rural development in which the poor rural community has managed to constitute itself as the leading actor. In this case it has benefited from the presence of the strong and dynamic Departmental Coffee Committee, for which, in turn, the existence of the cooperative movement provided a strong partner for leading regional development. With the support of continued national and European funding, there are currently plans that the three core members of this alliance lead efforts in a wider regional environmental protection project, beginning with the critical question of water management.
13. **LA UNIÓN COOPERATIVE, LOS JURIES**  
*(ARGENTINA)*

Through the coordinated efforts and mutual goals of a private consulting firm, a large textile company, public sector organizations, and numerous community actors, a successful rural cooperative operates in one of the poorest regions of Argentina. Since its creation in 1989, the cooperative has acquired financial and institutional stability, and has improved the living standards of over 500 small cotton producers and their families through credit schemes, product commercialization, infrastructure development, and training programs.

**Background**

Los Juries, a district of 3,500 inhabitants situated in the center of Santiago del Estero Province, is largely comprised of rural cotton farmers. Traditionally subject to a middleman in their cotton sales, the only commercial possibility for these small producers was to offer their produce to collectors at below-market prices. Well aware that cotton farmers lacked any alternative in sales, collectors capitalized on their monopoly and the farmers’ inability to sell through more transparent commercialization channels. Additional problems included the inability to obtain credit or land titles. The result was a situation in which peasants lacked the collateral to obtain loans, as well as the organizational capacity to improve their terms of trade.

**The Partnership**

The La Unión Cooperative was formed in 1989 to directly address the land tenure needs of local farmers, and to provide a fairer mechanism through which to sell cotton. From the initiative of local farmers, a regional union was created with the help of a group of technical experts; these experts later went on to establish a commercial organization, *Consultar*. The cooperative then, is based on the partnership between cotton farmers and *Consultar* technical experts. Created in 1995, *Consultar* is a private consulting firm aimed at supporting and advising agriculture initiatives throughout the region. The technical experts of *Consultar* have been of the utmost importance to the cooperative through their consulting and technical advice, as well as the promotion of subsequent partnerships with public (local, provincial and national) and private actors.

One important contribution of the cooperative is its facilitation of cotton commercialization. The La Unión Cooperative provides commercial links between Manutextil S.A., a local textile company, and local cotton producers. This contact with Manutextil S.A. was made by *Consultar*. The textile company agreed to purchase cotton directly from local farmers, paid through the La Unión Cooperative. Manutextil S.A. pays in advance, and guarantees the purchase of the entire cotton crop. During the cooperative’s first year in operation, 970 tons of cotton valued at US $ 5,000 were commercialized, increasing to 1,340 tons in the following year. Since the cooperative’s creation, it has achieved significant management expertise, allowing it to expand its trade to other textile companies. In this manner, the La Unión Cooperative has consolidated its position as a genuine agent of the farmers’ economic interests.

With financial support of the Inter-American Development Bank, the Unión Cooperative also provides long-term credit to the Los Juries cotton farmers. Channeled through the cooperative, these funds are granted to groups as soft credits, coordinated and distributed by a local credit committee. Since the distribution of these loans, production has burgeoned. The
cultivation area grew by 30% the first year and 50% the following year, and cotton production increased from 180 to 1,100 tons annually. Farmers can now purchase tractors and plowing equipment for communal use, exponentially enhancing their productivity. To date, a total of 461 loans have been offered, averaging US $ 891.00 each.

The cooperative has aggressively dealt with additional challenges. With the planning and management of local volunteers, and the support of the provincial Development Secretariat, it funded the construction of public infrastructure. The cooperative also offers training programs in parenting skills, leadership, health, and civic organization through a partnership with a university and the national government.

Lessons Learned

The Los Juries experience involves a strategic partnership (that of the cooperative and Consultar), and a series of shorter term, specific partnerships with other public and private actors. As such, this experience reveals how the synergies gained from the alliance of two actors can lead to the creation of new partnerships among various actors. With these additional partnerships, the cooperative has become stronger and more capable of addressing both the productive and social needs of its members.

The Unión Cooperative illustrates how the partnership approach can provide opportunities to poor families traditionally isolated from production and commercialization centers. Through removing intermediary agents and putting a newly consolidated civil society directly in contact with the private sector, local farmers were able to earn and produce more, increasing income levels as well as their future earning potential. The importance then, lies in the organization of local community groups which was stimulated by the cooperative, and the creation of mechanisms to improve standards of living, avoiding strong tendencies to out-migration, and consolidating a sustainable economic base.
14. COMAND: INTEGRAL SOLUTIONS TO HOUSING NEEDS OF THE POOR
(JAMAICA)

In 1996, the umbrella organization COMAND (Community Organization for Management and Sustainable Development) was created with the purpose of assisting and coordinating multiple community organizations’ efforts to develop comprehensive housing strategies. Currently comprising 30 community trusts, COMAND offers savings plans, training seminars, resettlement strategies, and a range of other services aimed at providing effective and comprehensive solutions to the housing needs of the poor. The galvanizing community leadership skills provided by the initiators of the experience have been complemented by technical planning skills provided by a private consulting agency, and its model of housing provision has attracted considerable government interest.

Background

The COMAND experience takes place in the city of Montego Bay, located on the northwestern coast of Jamaica. The second most populous city of the country, it has experienced increased population pressures in the past two decades due to the burgeoning tourism industry. Urban migration has placed significant strains on the Montego Bay’s existing facilities and infrastructure, resulting in the spread of squatter settlements in and around the city. Home to approximately 30% of the city’s population, these settlements receive minimal assistance from central and parish governments. Public utilities, schools, health facilities, and basic infrastructure are non-existent, and those residing in these neighborhoods live amidst drug abuse, unemployment, and squalor. This desperate situation prompted the creation of an organization to meet the needs of these neglected communities.

The Partnership

The initiative behind the COMAND partnership lies with the residents of squatter settlements themselves, who formed numerous community organizations aimed at addressing the inadequacies of their neighborhoods. These organizations developed community savings trusts, originally focusing on 112 illegal squatter families in a severely depressed district known as Retirement. Highly effective community mobilization efforts based on consciousness raising and training enabled the original savings trust, the Provident Society, to accrue US $48,500 in the first six months of its operations. These saving schemes provide a means of direct capitalization for poor families by allowing them access to the formal banking system through cooperative based savings. The combination of the trust and the wider development organization of the Retirement Development Trust provided the model for similar efforts in other communities, and led two years later to the creation of COMAND itself.

The decision to create COMAND grew from the consensus that community organizations could more effectively respond to challenges if working collectively. Through coordinating their efforts, organizations could more successfully define their roles and responsibilities in developing housing strategies. Since its inception in 1996, COMAND’s work has broadened towards an increasingly comprehensive approach, providing a range of services including community advocacy, training seminars, and legal and technical assistance in savings schemes and resettlement strategies. Its accomplishments to date in the Retirement community include the division of land into 525 lots, and the accumulation of US $143,000 in savings which will enable local families to purchase land and formalize their living situation. COMAND has also promoted
the creation of a small building block factory in the community, and has sponsored a community football team to provide teens with an alternative to drug use. Other local needs which COMAND has addressed include sanitation provision, recreation facilities, and advocacy of community needs to the public authorities.

Much of the success of the COMAND model is owed to the support of a technical consulting agency, the Planning Design Quorum, which has worked on a largely voluntary basis to provide urban planning skills. The model has been successful to the extent that the national low cost housing program, Operation PRIDE, has taken considerable interest in it and stands poised to work in tandem with COMAND leaders, thereby adopting it as a basic working model on a national basis. Confirmation that this will go forward was not available at the time of writing. Other potential support for the initiative may be forthcoming from the Social Investment Fund.

**Lessons Learned**

The COMAND partnership addresses not only the immediate problem of low cost housing, but empowers the groups involved through instilling leadership training skills required to independently address problems as they arise in the future. As such, it reveals a shift in the balance of power in favor of the residents of the communities, away from both public sector bureaucracy and the danger of manipulation by unscrupulous political interests. Through enabling community savings, individuals are provided with the tools and resources to meet their housing needs. Hence, the partnership approach fostered by the members of COMAND address total community involvement through capacity building, leadership, and team management - providing communities skills necessary for planning and implementing community initiatives.
The program initiated by this partnership provides nutritional and other developmental support to children in low income neighborhoods in the periphery of Córdoba. Through the combined resources and efforts of an NGO, community volunteers, several private sector foundations, and the provincial government, dozens of community centers have been established throughout the city, providing food, recreational activities, school support, and medical assistance.

Background

The partnership’s roots lie in the hyper-inflationary crisis affecting the country in the late 1980s. The unprecedented rise in prices, and the precarious position of the national budget resulted in a virtual paralysis of social programs and a situation in which local governments could no longer rely on funds from the national government. Regional governments and a variety of civic organizations were forced to take the situation into their own hands, and meet the social needs which would no longer be met by national bodies.

The Partnership

The current Integrated Nutrition program developed over a period of eight years. In 1989, a partnership between the provincial government of Córdoba and a Catholic development agency, Cáritas Argentinas, resulted in the establishment of soup kitchens in poor suburbs of the city of Córdoba. From the provincial government’s funding and management expertise from Cáritas Argentinas, 110 soup kitchens were created, servicing some 30,000 individuals. A key aspect of this experience was Cáritas’ insistence that communities organize and manage the kitchens themselves. These soup kitchens thus became important sources of capacity-building, and paved the way for subsequent health and nutrition programs.

With the undeniable success of these initial programs, other actors joined the Cáritas/provincial government partnership to form the Integrated Child Nutrition project in 1993. Based on the previous experience, this initiative provides not only nutritional food to several thousand poor children, but numerous other programs including microcrediting, workshops focusing on parenting skills, and preventive health services. The Integrated Nutrition project operates through 46 community centers throughout impoverished suburbs of the city, managed by community and Cáritas volunteers, and financed and monitored by the provincial government. The incorporation of new partners has brought additional funds, as well as new skills and perspectives. Most notable is the Arcor Foundation, a local business foundation created in 1991 to support develop initiatives in the areas of health, education, and culture. The Arcor Foundation, along with other similar foundations, lend a more entrepreneurial approach to the management of the program as well as useful training for Cáritas and community volunteers. The result is a highly effective, sustainable operation meeting a myriad of the community’s needs. Moreover, this far-reaching social program is implemented at a fraction of the operative costs commonly associated with a comparable initiative, thanks to the contributions of numerous partners.

It is clear to all involved that the partnership has generated results that go beyond the strict delivery of nutritional and development services. The communities of Córdoba’s poor
neighborhoods are more united and organized than eight years ago. Not only do they have a stronger network, but they have also expanded their voice outside their respective neighborhoods through their umbrella organization (the Unión de Organizaciones de Base para el Desarrollo Social). Strong community organizations, which evolve with the support of NGOs like Cáritas, appear as an important factor behind the sustainability of the partnership, further highlighting the complementarity between poverty reduction and community development.

Lessons Learned

This experience reveals how programs initiated through the partnership approach can be not only self-sustaining, but actually attract more members and develop exponentially. What began as a short-term soup kitchen in 1989 grew into an integral support system for low income children. The initial success of the partnership has a snowball effect, incorporating more actors, and deepening and expanding the programs’ effects. Projects which had the initial effect of emergency relief, develop into self-sustaining capacity-building programs which unify and empower communities. The Comedores program also illustrates the gains made by opening up public policy to the involvement of civil society. By allowing Cáritas and the communities to make decisions regarding the use of public resources, increased efficiency and coverage ensue.
A partnership combining the technical skills from a regional technical college and the national vocational service (SENA), the management skills of a prominent business organization, and the intermediation of the local government to set up the initiative and secure outside funding, allowed the municipality of Pensilvania to establish a training and services center in wood production. The main goal of the center is to diversify the local economic base through providing viable long-term alternatives to coffee production. This is accomplished through supplying credit to small business, offering training and equipment, and providing technological support. The center also provides a number of outreach services to small furniture producing companies in the region. The initial impetus for the program came from a newly elected local government anxious to respond to the expressed needs of the community; the partnership which evolved is an excellent example of the potential for decentralization to galvanize latent local capacities in providing economic opportunities.

Background

Pensilvania, population 32,000, is located in the east of the Department of Caldas. Dependent on lumber and coffee production, the drastic decline in coffee prices in the early 1990s brought a severe downturn to the area, and the percentage of the population with unsatisfied basic needs reached 36%, ten points above the average for the Department.

The Partnership

In 1992, multiple actors combined their respective skills and resources in order to form the Center for Wood Production, an institution aimed at providing a permanent alternative to the highly volatile coffee market. The creation of the Center was instigated by the newly elected municipal government which placed the development of the Center as an initial priority of the administration. Through broad consultations, numerous other actors were integrated into the project. The site for the Center was provided by The National Integrated College of the East, a regional technical college, which also continuously supplies technical staff and training for forestry management and related skills. Additional technical know-how in carpentry is supplemented by SENA, a state training institute. The private sector also plays an integral role in the alliance. Two local logging and saw mill companies provide equipment for the Center’s offices, along with wood offcuts for use as raw material. These two companies belong to the same family enterprise, which in 1988, created a social foundation, the Fundación Dario Maya. This foundation provides management training skills and equipment for the center. Finally, the Organization of IberoAmerican States provides the bulk of the funding for the credit schemes and other costs, near US $ 200,000.

Today, the Center for Wood Production is a successful enterprise providing a wide range of services. It serves as a microcredit agency and has to date provided credits ranging from US $ 200 to 2,000 to 92 small businesses. The Center continues to aid these small firms in enhancing the quality of production and commercialization through training and leasing equipment. In addition to fostering the growth of small business, the Center also focuses on generating an efficient and trained work force. Training and credit schemes for school graduates interested in making a career in carpentry are offered by the Center, as well as technical teaching to 90 secondary school children. Plans are in the making to develop these activities into a
comprehensive employment creation program. Today, the Wood Center promotes a real economical alternative for Pensilvania. Through providing small businesses the financial and managerial tools to compete and expand, while at the same time preparing the local work force to be a contributing asset to this new economic base, the Center fosters a permanent and dependable economic base for the region.

Lessons Learned

This experience reveals how the productivity gains inherent in the partnership approach can reshape and steer a local economy away from a dependence on a declining primary product, in this case, the coffee sector. Thanks to the diversity and complementarity of the forces working to develop it, the Center is now placed to be an important factor in improving and expanding income generating opportunities in the municipality. Moreover, the importance of the decentralization process must not be overlooked. Because of the national shift towards increased municipal autonomy, local authorities were given the opportunity to modernize their administrations by drawing in the private support necessary to the partnership. Although the municipal government now plays an increasingly distant and advisory role, in remains the case that the experience would have been unlikely to evolve without its initial leadership.
17. THE ESCUELA NUEVA, CALDAS, (COLOMBIA)

In 1982, the Coffee Producer's Committee of Caldas led an initiative with support from the Ministry of Education to confront substandard rural primary education in the Department of Caldas, using the methodology of the Escuela Nueva, which has being implemented elsewhere in the country, promoting flexible, participatory teaching supported by community and parent involvement. The initiative of the Committee has gained further partners as the program has evolved, principally local governments who now have the principal responsibility for managing public sector teachers and school infrastructure. Thanks to this partnership, to which the Committee still contributes major funding, the Escuela Nueva has grown throughout Caldas, reaching 800 schools to date.

Background

Increased investment in basic education in Colombia has resulted in a dramatic increase in overall coverage: the percentage of children attending primary schools has risen from 60% to over 90% in urban areas, and 78% in rural areas. Nonetheless, the increased level of the quantity of education has not seen a correlating increase in its quality. For every 100 children who begin primary school, only 60 complete fifth grade, while a mere 30 students continue to complete their basic education. In response to the piteous quality of the country's primary education, the Escuela Nueva program was initiated in 1975 throughout the country to promote innovative, student-focused teaching methodologies through a series of teacher training workshops. By 1985, the program had extended to 8,000 schools, and the national government adopted the Escuela Nueva as the basis for all rural primary education in Colombia. The program was widely heralded as an effective tool towards enhancing the quality levels of primary schools.

By the early 1980s, the department of Caldas, a coffee-producing region of nearly one million inhabitants, had yet to have the Escuela Nueva reach its school system. Studies indicated that primary education did not prepare students for the demands of their environment, and repetition and drop-out rates remained high.

The Partnership

To meet the challenge of improving rural education in the Department, a partnership was created in 1982 between the Coffee Growers Committee of Caldas and the National Ministry of Education. The Coffee Growers Committee is a private organization which has made substantial social investment in coffee growing regions over for many years and decided in the early 1980s that a key priority would be to establish the Escuela Nueva model throughout the Department. With an initial agreement with the Ministry of Education, the Committee led the process of extending the program, bearing 80% of the costs of teacher training and program management costs. Annual contributions today amount to US $ 430,000. The Ministry funds $300,000 of the program, and local governments provide teachers and paying for infrastructure improvements.

Caldas' Escuela Nueva program consists of training supervisors, local education inspectors, and teachers through a series of workshops concentrating on student-focused, participatory teaching coupled with community participation. Central to the program is a shift from frontal teaching with students acting as passive receptors, to a horizontal relationship based on active student and community involvement. The program is implemented upon request by
rural communities, indicating the communities’ interest and willingness to support the *Escuela Nueva*. By 1988, 425 schools and 689 associated teachers had become “New Schools”, benefiting 16,000 students. To date, the initiative has expanded to convert 800 of Caldas’ 1,300 rural primary schools. Accompanying initiatives include “Rural Micro-Centers”, funded mainly by Unicef, which bring together teachers and parents on a regular basis to discuss results being achieved. Since the first phase of the program was completed in 1988, the University of Caldas has become involved, providing technical and pedagogical support, international organizations such as the World Bank and Unicef have participated, and the Fundación Social has initiated an education campaign promoting further reform. The intention is now to work towards extending education in those schools for a further year as a means of starting to bridge the difficulties in providing secondary education in rural areas.

**Lessons Learned**

The Caldas experience reveals the gains achieved from allowing a credible, private entity to take the lead in administering a public social program. One of the major achievements of Caldas’ program has been its technical and administrative management, which being performed by the Committee, has avoided bureaucratic and paternalistic practices. The Committee was able to surpass the clientelism which traditionally precluded the implementation of the *Escuela Nueva* model in Caldas.

Another key to the success of the program is its demand based nature. The *Escuela Nueva* model is only offered if the community requests it and wishes to be a partner, ensuring that the community is interested and able to commit to making the project successful. This focus on the community reveals a shift from an assistential, centralized development approach to one of complementary contributions based on shared responsibility and goals. Through coordinating state, private sector, NGO and community efforts, traditional power relationships are modified and education can adjust to the communities’ needs.

The focus on community and parent involvement in the schools’ activities merits special attention. The permanent exchange between students’ social environment and curricular content fosters close relationships between family, community, and schools, and subsequently, a stronger more unified civil society, prompting the creation of even more partnerships.
18. CHILD SUPPORT PROGRAM, COLONIA MILAGRO DE PAZ
(EL SALVADOR)

A partnership between a community organization, an NGO, a business foundation, and the local police resulted in the creation of a program providing health and formal education to delinquent street children in Milagro de la Paz, an especially poor sector of the city of San Miguel. Since the inception of the child support program in 1995, 60 children have been reached through integrating them into schools, providing consistent health check-ups, and offering a community center as an alternative to living on the streets. More importantly however, the partnerships which evolved in creating this program have fostered an atmosphere of trust and a new cooperation between historically antithetical actors, furthering the overall peace process of El Salvador.

Background

Milagro de la Paz is a sector of the municipal capital of San Miguel, a municipality marked by severe poverty in which almost half the population lives without water or sewage services, and a quarter lives without electricity. The most extreme manifestations of poverty seem to have congregated in Milagro de la Paz: it has the highest crime level of the city, the most crowded living conditions, and houses 89% of the city's street children. Never reached by governmental health or education safety nets, Milagro de la Paz progressively deteriorated, and was even deemed untouchable by the local police.

The Partnership

In 1993, community actors formed the civic organization, ADESCO, with the mission of fostering community development in Milagro de la Paz and addressing the sector's isolation from San Miguel. This organization comprised the roots of the current partnership in that it began the process of integrating the sector with outside actors. Towards the end of 1995, ADESCO joined efforts with FUMA, a local NGO dedicated to health issues, and initiated the current child support program funded in large part by USAID. Shortly thereafter, FUMA brought in a private business organization, Fepade (Business Foundation for Educational Development) which is now a principal founder of the program, contributing staff and costs for training programs. The local police is actively involved as well. In addition to contributing personnel to the training programs, the police attends community meetings dealing with the rights of children, and its close contact with children in the program has enabled it to play a more cooperative and less punitive role in the community. Other local authorities have worked in conjunction with FUMA in fundraising initiatives, contributing some US $10,000 in 1996.

The child support program has to date reached 60 children. Previously living largely from petty crime and informal activity on the street, these children have now been incorporated into local schools and receive regular health care. The headquarters for ADESCO have become a sort of community center, with a small children's library. The program has been further extended to include various areas of vocational training for older children and their parents. With funding from the municipality, FUMA, and FEPAPDE, courses in such topics as masonry, electricity, and tailoring are offered. ADESCO has even established a small credit fund to enable those attending the courses to start micro-enterprises.
Lessons Learned

This experience reveals how partnerships can generate social capital, which in the case of El Salvador, is integral to the consolidation of peace. Typical of partnerships, numerous positive spillovers are evident. The program not only addresses the needs of poor street children in Milagro de la Paz, but has led to a greater awareness on behalf of the community and police of human rights and civil responsibility, lending to a greater cooperation between these two actors. The partnership has fostered a new openness on the part of the local police which has been an important element of the peace process. A relationship of mutual trust and commitment with the community has ensued, replacing the previous relationship marked by hostility and conflict. So, although ostensibly small in its reach in terms of the number of children affected, the child support program has achieved the seemingly impossible task of fundamentally altering the deeply rooted animosity between public and community actors.

An interesting aspect of this experience is the ability of a community organization to integrate outside actors which had historically failed in their attempts to become involved in the area. Fepade, for example, had tried and failed to initiate a program in Milagro de la Paz in the past; and the local police had traditionally neglected the region completely. The trust which ADESCO has built with community members allows it to become an important interlocutor with outside parties, facilitating their involvement and providing the environment in which the community responds and participates in their efforts.
19. **The Red Cross and the Strategic Prevention Program, Urabá (Colombia)**

The Strategic Prevention Program was initiated in 1994 in response to the desperate need for emergency relief in the violence stricken region of Urabá. Initiated by the Colombian Red Cross, this multifaceted program draws upon the resources and support of the national and local governments, a public university, community volunteers, and other international organizations, to meet the health needs of the poor through human rights education, emergency aid, and health training. It is an example of how a prestigious, neutral organization can take the lead in bringing assistance to communities where the public authorities are at times unable to reach, and in working in partnership with the authorities and the communities to ensure the maintenance of basic services in highly conflictual circumstances. These services are also aimed at contributing to the long term pacification of the area, in particular by providing alternatives for the youth groups trained as volunteers.

**Background**

The Urabá region of Colombia, with a population of 400,000, has the unfortunate status as one of the most violent regions in the country. Serving as the base for various guerrilla groups, it is also home to paramilitary forces which have emerged with greater strength in the past few years. The local community all too often is caught in the crossfire between guerrilla and paramilitary forces, and has been the victim of numerous massacres in recent years.

The Urabá region became a priority for the Colombian Red Cross when the violence began to escalate in 1994. The organization came to the conclusion that an innovative approach was needed, one which would establish a permanent and sustainable solution to the injurious effects of the region’s ubiquitous violence on the poor.

**The Partnership**

The Urabá project was designed as a pilot case for the International Red Cross in its attempt to generate lasting social effects in a community. With the initial efforts of the Red Cross to establish education programs and coordinate volunteers, the municipal government, private enterprises, and community members got involved. Later, other international organizations such as UNICEF, and a public university joined the partnership to create in 1994 the Strategic Prevention Program.

The key components of the current program, now firmly established in seven municipalities, are: (i) A campaign in human rights teaching for local children of families which have suffered from displacement. Funded by the International Red Cross, UNICEF, and various local businesses, this program has reached 2,500 children to date in both rural and urban areas. (ii) An emergency aid program which includes treatment and transport of the wounded, and the provision of emergency supplies. Under the auspices of this program, the Red Cross goes into highly conflictive situations where public authorities are unable or unwilling to do so, and leaves as soon as the public sector is able to move in. Working in close coordination with the public authorities of national, departmental, and local governments, over 14,000 patients have been reached. (iii) An education program which trains volunteer youths aged 15-25 as “brigade leaders”. Funded by UNICEF, these volunteers provide civic and human rights education programs in private and public schools throughout the region, and have reached some 4,800
children. (iv) “Health Brigades” which comprise an interdisciplinary group of doctors, nurses, veterinarians and other support staff who make regular visits to outlying rural communities. Supported by the International Red Cross and the European Union, these groups have treated 7,000 people. (v) A research program which focuses on the social and psychological effects of violence on children and displaced families. This program is supported by the University of Antioquia.

**Lessons Learned**

The Prevention Program of Urabá seeks to address much more than the goal of emergency health treatment. For the 2,000 youths trained as “brigadistas”, the Red Cross poses a constructive alternative to joining guerrilla or paramilitary forces, and at the very minimum, provides a solid knowledge of basic human rights. Furthermore, this experience reveals how international organizations can build upon local structures in order to effectively confront a highly conflictive situation. The Red Cross, an organization which traditionally provides unilateral emergency relief packages, was able to create an institutionalized program generating lasting social effects, through joining resources with other actors.
20. JUSTICES OF THE PEACE PROGRAM  
(VENEZUELA)

Poverty must be approached not only as a lack of financial resources, but more generally, a lack of access to basic goods and services. The judiciary system is among the services that are most discriminatory against the poor. The costs involved in a law suit make justice unaffordable for many citizens. The Justices of the Peace Program represents a comprehensive, national effort to overcome that breach providing alternative dispute resolution mechanisms through a partnership strategy. The initiative also involves a broad participatory process aimed at empowering communities and building trust.

Background

The Venezuelan judicial system is plagued by case delays and backlogs produced by a shortage of judges and other resources. The number of judges per ten thousand inhabitants dropped from 3 in 1945 to 0.5 in 1997. As a result of the above, the approximate duration of a civil trial is currently 783 working days. Recent polls show that the judicial system is perceived as politically influenced, inefficient, ineffective and limited in access, especially for the poor. Therefore, an important part of improving the quality of life for the poor involves expanding its access to justice.

The Partnership

In 1992, a group of law students led by a university professor created “Justice First” an NGO devoted to promote alternative dispute resolution mechanisms and expand access to basic justice. For two years, they worked closely with the Congress and conducted a national awareness campaign. Finally, by the end of 1994, the bill creating the Justices of the Peace Program was enacted. The law provides that any community or neighborhood with more than 4000 inhabitants can elect a team of justices of peace to solve, through mediation and conciliation, small conflicts.

For its general implementation, a partnership was created between the Ministry of Family and Justice First. The objective was to support local governments and grassroots organizations giving them training and technical assistance. Justice First assumed the responsibility of assisting the municipalities in the election of the justices process, training the elected justices of peace, and producing educational and training materials. The Inter-Governmental Fund for Decentralization (FIDES) pledged to financially support the operation of the program. Eventually, the private sector got involved, supporting the dissemination aspects of the initiative through a television campaign.

Although this is a national program, the implementation pace was set up by the willingness and interest of local authorities. Thus, local mayors turned out to be a key actor in the process, yielding new partnerships. Those involved include Justice First and its local chapters, the municipality, the communities and private companies. The municipality of José Felix Ribas is a good example of this kind of achievement. There, the mayor's office, through one if its social support agencies, brought together the private sector (the local newspaper) and the community based organizations to lead the process. They sought support from Justice First in a vast program of dissemination of the concepts and potential of the Justices of the Peace and identification of individual leaders that could run for election. Now, the 24 districts of the municipality have their
Justices of the Peace teams. In less than two years, this alternative dispute resolution mechanism has settled more than 850 cases. A local foundation, Fundapaz, was created with the support of the mayor to ensure the sustainability of the program beyond political changes.

At the national level, results are also impressive. As of June 1997, 365 justices of peace have been elected, received training, and solved more than 4,600 conflicts. More interestingly, a significant majority of them (76.3%) have done so in poor communities. 40% of the cases are related to household violence and child abuse. These numbers clearly show that the service delivered by this program is having a positive impact in the living conditions of disadvantaged families.

Lessons Learned

This experience shows how even one of the most clearly collective services, justice, can be improved and made more efficient through a partnership strategy. Participatory processes have been involved since the inception to the post-evaluation of this program. Consequently, its outputs are not merely related to expanding access to justice, but also to improving the institutional level of credibility. The Justices of the Peace Program has contributed to identifying and strengthening community leaders. Moreover, it fosters changes in personal attitudes towards family members and neighbors, and promotes a shift from a culture of litigation to one of cooperation.
This experience focuses on solutions to habitat problems in impoverished Caracas suburbs. Through a partnership between the government, the private sector, and local community groups, a low income housing program was created to improve houses (ranchos) and existing infrastructure. The principal focus of the experience has been to channel public subsidized loans to community groups through the intermediary role of Fundación Vivienda Popular, FVP, a private foundation created by the entrepreneur Eugenio Mendoza. Other private sector actors participate by offering below-market prices for construction materials. Through outsourcing the responsibilities of identification and loan repayment to FVP, the government has avoided the delays, inefficiencies and rent-seeking behavior often associated with traditional social safety nets such as direct loan distribution. The public sector has capitalized on the pre-existing relationship between community groups, the private sector, and FVP, providing Santa Cruz residents the financial tools independently to improve their habitat.

Background

Located to the southwest of Caracas, Santa Cruz is a neighborhood of approximately 4,000 individuals, mostly employed in the informal sector. As is the case with the majority of Caracas suburbs, Santa Cruz lacked any urban planning in its construction, and was thus marked by a poorly organized, inefficient system of roads and housing. The vast majority of families could only reach their homes by foot on roads no wider than a sidewalk, and the natural difficulties in transporting materials significantly increased construction costs. The dearth of basic infrastructure also impeded the attainment of fundamental necessities such as an operative sewage and fresh water system, and electric lines. These problems were coupled by sub-standard housing units, lacking bathrooms, floors, and sufficient ventilation. The challenge to be addressed, then, was how to improve the quality of life for Santa Cruz residents, taking into account a lack of financial resources.

The Partnership

The joining together of many societal actors provided a solution to this dilemma through a system of "self-management" through which the community could cope with the lack of physical infrastructure and organize itself to confront other challenges in the future. The initiator of this housing program was The Foundation for Popular Housing (FVP), a private foundation originally linked to one of Venezuela largest business groups, created in 1958 with the purpose of improving the living conditions of the poor. With donations from the private sector (particularly construction companies), FVP was able to provide technical and financial assistance to poor families for self-built infrastructure improvements, as well as foster long term capacity building through training seminars and workshops. FVP worked with local community groups, or ASOVIVs (Asociación Civil de Vivienda). These organizations were also dedicated to working on habitat issues, and provided a mechanism through which civil society could organize itself and improve its living conditions.

The participation of the public sector arose with the Housing Law of 1989, through which the national government made available greater public funds for housing. The National Housing Institute (INAVI) agreed to distribute public funds to the community through FVP. The Foundation, then, became an intermediary between the government and local community
organizations. The FVP channels credit to the ASOVIVs (17 of them currently exist), while providing training in organizational skills, administration and finance, legal issues, and technical building skills. Hence, the FVP serves the role of a credit institution through channeling and ensuring the repayment of public funds, while at the same time fostering long-term development through its training programs. The ASOVIVs in turn provide extensive community training schemes, from technical matters to questions of self-esteem and social behavior. As each organization consolidates, the FVP plays a progressively distant, advisory role. There are currently 336 members of the Santa Cruz ASOVIV, representing 48% of the neighborhood’s inhabitants.

Within the partnership, each member has received palpable benefits: (i) INAVI (government agency) has been better able to accomplish its goals of improving the habitat of low-income families, while at the same time benefiting from increased loan recovery; (ii) with public financial support, FVP has been able to grow, and multiply the its self-management program in other communities; (iii) the private sector has benefited through increased sales and an enhanced public image; (iv) most importantly, the people of Santa Cruz have experienced considerable gains. They not only enjoy a more stable and comfortable living environment, but are enriched with the capacity to independently confront future challenges. Moreover, the workshops administered by the ASOVIVs and the subsequent manner in which communities independently manage credit, have instilled a considerable change of attitude. Through empowering individuals, the traditional mentality of top-down paternalism has been replaced with one of individual responsibility and local organization.

Lessons Learned

The key to the success of the Santa Cruz partnership is the private organization that acts as the intermediary between the public sector and the communities. The government is then able to capitalize upon this existing relationship between the private sector, NGOs, and the poor, in order to reach them more efficiently. Through operating with just one organization instead of each ASOVIV separately, transaction and management costs are strongly reduced, resulting in considerable efficiency gains for the government. The FVP has far greater ability to ensure payment from the ASOVIVs, and is able to rechannel these payments back to the state. Whereas in the past, INAVI tended to recuperate only 50% of its credits, the intermediary role of the FVP now allows near total recovery.

The Santa Cruz experience illustrates how partnerships can actually increase the resources available to the poor. Not only does the association among sectors make resources more productive through reducing bureaucracy and outsourcing costs, but the decentralization of power translates into increased empowerment of the poor. The counterpart of less direct government involvement is augmented local responsibility. Other institutions are now eager to provide credit to the ASOVIVs as a result of their success in managing credit. Hence, as is quite common with the partnership approach to poverty reduction, the initial partnership not only addresses the problem of poverty, but subsequently fosters future alliances between a variety of societal actors.
22. EUGENIO MENDOZA FOUNDATION MICRO-ENTERPRISE SUPPORT PROGRAM
(VENEZUELA)

Using the partnership approach to development, a private foundation has established one of the largest and most successful micro-enterprise generation programs in the country. Since the program's inception in 1986, the program has provided training and credit to over 15,000 microentrepreneurs and has grown to include various actors, among them several NGOs, private commercial banks, local governments, and a national government agency. The program now involves more than 23 contributing affiliates from a wide range of sectors, and its actions have made a significant impact on employment levels throughout Venezuela.

Background

A bleak macroeconomic picture was the catalyst behind the creation of the Eugenio Mendoza Foundation's microcredit program. In 1986, Venezuela was burdened with an unemployment rate of 13% and a burgeoning informal sector representing almost half of total employment. It was within this context that a poverty trap emerged in which poor individuals had no opportunity to acquire assets or in any way alter their economic status. The magnitude of this socio-economic crisis called for an innovative and permanent solution to the country's poverty problem.

The Partnership

In order to address the overriding need to create income-generating opportunities, the Mendoza Foundation, a private, non-profit organization created in 1951 with the mission of fostering social development throughout the country, decided to create the "Micro-enterprise Support Program." Through this program, the Foundation aimed to fortify small businesses, the sector that provides the large majority of jobs throughout Venezuela. The initial partnership began in 1986 between the Mendoza and Carvajal Foundations, and the Inter-American Development Bank (IDB). The Carvajal Foundation had previous experience with microcredit dating since the 1970s, thus could offer expertise on the subject. Using Carvajal's model, the Mendoza Foundation appealed to the IDB for financing and specialized training, and within the year, a pilot project was launched in the eastern part of Caracas. This first program offered credit, training, and technical and institutional support. The credit fund (US $ 500,000) was managed as a trust by a financial institution owned by the Mendoza Group.

This initial credit and training scheme was successful to the extent that in subsequent years, the alliance has expanded to incorporate various new members: (i) The Venezuelan national government has become involved through FONCOFIN, a government organization aimed at strengthening small businesses in low-income regions. With the added resources of FONCOFIN, the program has expanded to other states of the country. Both actors work in a complementary manner, offering financial, technological, and human resources toward the same end of empowering small business owners. (ii) An alliance with two affiliates of the national petroleum company lends greater institutional credibility as well as additional financing of operating costs. (iii) Private commercial banks are progressively more involved in the partnership. With the high recovery rate of these small loans, commercial banks are increasingly willing and eager to capture the market represented by small businesses, thus expanding and institutionalizing microfinancing initiatives. (iv) Agreements with the municipal government of
Sucre and the national government outline a government contribution to help cover training and administrative costs.

The result of this multi-faceted partnership is a highly effective, comprehensive credit scheme which locates small businesses eligible for loans, trains these entrepreneurs in accounting, marketing and sales, advises them in investment decisions, provides credit, and finally, offers post-credit advising. The "Micro-enterprise Support Program" has opened the formal financial system to the previously excluded poor, and is now an integral and permanent source of financial resources for Venezuela's small businesses.

Lessons Learned

This experience reveals the fundamental role of the Eugenio Mendoza Foundation, whose ability to capitalize on its strong reputation facilitated a wide range of founders, in turn allowing the program to expand and deepen. It is clear how the initiative of just one actor can lead to a self-sustainable project involving multiple partners. Furthermore, this network of alliances has implied the establishment of a cooperative relationship of a diverse range of institutions which each brings a unique contribution to the program. The broad range of institutions involved allows a high degree of complementarity among partners.
Corpoversalles is a local community development organization in the municipality of Versalles, created in 1993 with the mission of generating integrated development strategies for the area. Based on a local grassroots organization, Corpoversalles relies on the participation of municipal authorities, other community organizations, and a private business foundation. From the coordinated efforts of these actors, Corpoversalles has succeeded in creating a social health company, health training and community outreach programs, and a women's training and production project.

**Background**

Versalles, a municipality of approximately 10,000 inhabitants, is a largely rural region, relying on coffee production for 70% of its income. Subject to the fluctuation in coffee prices, unemployment in rural areas reaches 65% and the population is marked by a high incidence of poverty. Health is an especially critical problem of Versalles due largely in part to the inaccessibility of rural towns. Lack of paved roads leave rural communities isolated from urban centers, and create a situation in which basic occurrences such as pregnancies become severe health risks. The inability of qualified medical personnel to reach these areas, and the high cost of going to the city hospital precluded rural women from receiving appropriate care, resulting in a high mortality rate for women. The problem of access to doctors was exacerbated by the high cost of prescriptions. Even if rural dwellers had the opportunity to visit a doctor in the city, they were rarely able to afford the necessary medicine. Other problems plaguing rural areas included malnutrition, lack of income generating sources, total lack of public services (90% of rural dwellers lived without electricity), and a dearth of basic physical infrastructure.

**The Partnership**

The roots of Corpoversalles lie with the Committee for Community Participation (CPC) which was created in 1989 as part of a national campaign to promote preventive community-managed health care. Led by the chief of the local hospital, the CPC comprised municipal and community actors, and focused on generating widespread participation in diagnosing and addressing a wide variety of local needs. As the CPC grew and its programs multiplied, it was realized that a larger body was needed to organize the committee and channel its resources. Hence, the Carvajal Foundation, a business foundation based in Cali, joined the partnership to create the current organization, Corpoversalles. Based on a successful model which the Carvajal Foundation had already utilized, Corpoversalles was created with the mission of channeling resources for community development and empowering people to independently administer and manage these programs.

The organization's achievements to date are multi-faceted, relying on the participation of various private and public actors. (i) A Social Health Company (Coopsaver) was created to expand health services to the poorer sectors of the municipality. Coopsaver later became the official body responsible for administrating the nationally subsidized health regime as stipulated by the Social Service Reform Law of 1993. Coopsaver currently manages an annual budget of US $350,000, one third of which is provided by the municipality, and the remaining contributed by the national Solidarity and Guarantee Fund (FOSYGA). After the recent authorization to extend medical services to outlying municipalities, Coopsaver now provides health services to
historically neglected rural areas, and has created seven first aid centers administered by 50 trained medical volunteers. (ii) With funding from the municipality and the Hospital San Nicolás, Corpoversalles has initiated a health training program, providing basic health education to 620 families. The original six staff are now turning their attention to other issues such as care of the elderly. (iii) Women’s Productive Groups have been established in all six rural areas of the municipality, supported by the social foundation FES. With FES seed money, self-financed production cooperatives now thrive in rural communities, through which women raise chickens, and produce foodstuffs and other products for their immediate communities. (iv) In order to support women’s micro-enterprises, Corpoversalles joined efforts with the local hospital, and numerous other social foundations to create the training program, FORRURAL. Created in 1996, FORRURAL provides over 140 women extensive training in productive skills, leadership, self-management, as well as provides access to sources of credit. (v) Corpoversalles sponsored the construction of a communal sugar press, financed by the National Federation of Molasses Producers, national, and departmental governments. The press is utilized by approximately 350 small sugar farmers.

Lessons Learned

The Corpoversalles experience is exemplary in its cross-sectoral coverage. Through combining the aspects of education, health, credit, and community development, diverse actors are united and the organization’s effects multiply. The virtuous circle of empowerment and development, initiated by Corpoversalles, generates social capital and creates a situation in which local individuals are able to define and implement concrete solutions to a wide range of challenges.

This partnership also reveals the important role government policy can play in reducing poverty. By opening the space for civic involvement through the Social Service Reform Law, the responsibility of medical provision was shifted to the local level, providing the base for increased community participation. The multiplier effect of generating social capital is evident in the efficacy of the organization, particularly in terms of reaching isolated rural areas of small municipalities. Hence, the efficiency gains which are generated when allowing the private sector to take over a public program are undeniable. Coopsaver has grown considerably since its inception and has the capacity to reach approximately 40,000 people in Versailles and surrounding municipalities.
This case is one in which multiple governmental and NGO organizations working in the department of Chalatenango have formed a committee to coordinate a concerted strategy of environmental protection and economic development. Chalatenango, situated on the Honduran border and traditionally one of the poorest regions of the country, is also one of the areas most affected by the country's civil war. CACH was formed in 1995 with the explicit purpose of promoting sustainable development. Given the political backdrop, however, it is clear that its achievements include much more. Through providing the forum in which various actors can work towards common goals and express their opinions in a cooperative, constructive manner, CACH has furthered the post-conflict reconstruction of this region. It has also achieved something akin to a de facto environmental policy for the region, one elaborated with a learning by doing approach and with high levels of regional consensus.

Background

Chalatenango is a district of close to 200,000 inhabitants, situated in the Northeast of the country. The topography is mainly mountainous, resulting in a situation in which only 30% of the land can be cultivated. With 70% of the population registered as poor, Chalatenango is also one of the poorest departments of the country. A vicious circle has evolved in which unprofitable land plots require extensive cultivation, in turn translating into exploitation of the land. Environmental degradation has reached levels where 60% of the land is estimated to be suffering severe deterioration, with similar levels of erosion. As the situation stands, the land is increasingly unable to provide an adequate living for the small farmers, which in turn is leading to a rise in urban immigration and concomitant growth in urban poverty levels.

Chalatenango is also one of the areas most affected by the civil war which plagued the country from 1980 to 1992. During the conflict, the department severed into two distinct areas. One area was controlled by guerrilla forces, and social services such as health and education were provided by NGOs and other community organizations. The second area of the department remained under government control, with the state responsible for the provision of social services. The division of Chalatenango was palpable, and illustrated the nation-wide conflict at its most polarized level. Moreover, the bifurcation of the region made any concerted effort towards development impossible. At the end of the war, the challenge facing Chalatenango was overwhelming: how to combat poverty and promote environmental protection, amidst a backdrop of intense political instability and mistrust.

The Partnership

The CACH environmental committee was the joint initiative of the governmental agency of the Ministry of Agriculture, Prochalate, and the NGO Adel-Chalatenango. Prochalate was the result of an accord between the government and the European Union to support agricultural development in areas of acute priority. Chalatenango is the only department to have such an organization, whose status due to external funding sources is quasi autonomous from the government. Today the permanent committee of the CACH comprises six NGOs and two government bodies, the Prochalate and DGRNR, the General Directorate of Renewable Natural Resources. These organizations are always present at the committee's monthly meetings, now themselves institutionalized as taking place on the third Wednesday of the month. In addition to
those core organizations, there is a range of some fifteen governmental and the same number of non governmental organizations who also regularly attend and participate in CACH-led activities where relevant to their areas of interest. CACH serves the integrating role of coordinating the many actors involved in the provision of social services, resulting in a more efficacious operation with less overlap and wasted resources.

CACH manages and coordinates the use of governmental and external aid resources in the department, notably those resulting from the environmental debt-equity swaps from the US and Canadian governments. Moreover, it has taken the lead in dealing with specific priority problems as they arise, among them: (i) overseeing the mass destruction of arms and explosives within the department, (ii) educational programs regarding sustainable farming, (iii) a number of development projects, in which environmental concerns have been integrated into support programs for local carpenters' cooperatives, (iv) an integrated development strategy for the hill sides of La Montañona region, including reforestation of areas selected as resettlement zones for 115 ex-guerrillas. Through the coordination of numerous groups, CACH has enhanced the efficiency and extent of each contribution, fostering achievements which would have been impossible if these groups were operating independently. It is able to effectively deal with newly emerging problems, and has served as a unifying point of reference for all societal actors. Significantly, too, its activities have promoted the development of a number of municipally-based Committees for Sustainable Development, thereby pointing towards a process whereby local governments are coming to play an increasingly important role in the activities of the CACH.

Lessons Learned

The significance of CACH extends beyond its concrete achievements to date, and its accomplishments include more than environmental protection. Rather, the importance of the partnership lies in the creation of a common ground where disparate actors can work together and find consensus. In a country marked by polarization, and a region in which this conflict is especially vehement, CACH serves as a forum in which everyone interested in sustainable development can exchange ideas and work together.

It is important to note that although the explicit purpose of CACH is to coordinate sustainable development efforts, its participants include groups involved in much broader activities. Government representation in CACH includes members of the new civil police force, the Ministry of Defense, the Attorney General's office, and the armed forces. NGO participation is just as diverse, often involving ex-guerrillas. The private sector involvement is mainly from local and regional peasants organizations. Hence, sustainable development is merely a starting point upon which all actors agree. From this common platform, participants in the committee work on issues ranging from poverty reduction, to education, to water sanitation. Sustainable development becomes an all-encompassing base, allowing for the participation of traditionally antithetical actors.

CACH tackles issues of environmental protection and poverty reduction, but most importantly, of post-conflict reconstruction through providing the forum in which decisions can be made by discussion rather than fighting. While guerrillas and military were engaging in disruptive warfare just a few years ago, CACH connects these actors and enables them to cooperatively implement local initiatives. This, in turn, begins a process of trust-building, integral to the development of a country destroyed by civil war.
In the context of the 1994 Law of Popular Participation, the Archdiocesan Social Secretariat, SEAPAS, of the Province of Murillo (Department of La Paz) led a series of initiatives with local governments and communities to identify local needs and develop participatory development plans. With different combinations of public, community and outside funding, SEAPAS developed partnerships in three municipalities which included training for municipal authorities and an action plan of irrigation and support for the productive activity of the communities. These plans have led to significant increases in the incomes of the 920 families involved, to the order of four to two fold gains. Some 230 community leaders from both the municipalities and local populations have also been trained in planning and development skills.

Background

The canton of San Pedro de Chanca, where the first partnership was developed, has a population of 2,684 Aymaras, and lies at a height of 4,100 meters. Social indicators show high levels of poverty; the area is characterized by a history of state neglect and its productive potential has been undermined by soil erosion and scarcity of water together with poor or no diversification of crops and a lack of technical agricultural skills. Abandonment of exhausted plots was common, resulting in constant migration and subsistence living levels. Similarly, the municipal authorities lacked organizational and administrative capacity. The same conditions applied in the other two municipalities.

The Partnership

SEAPAS recognized in the Law of Popular Participation an opportunity to initiate a process of participatory local development, and to that end began a series of meetings and discussion groups with the community and the local authorities. With funding from the Dutch International Cooperation, SEAPAS carried out a series of training courses which culminated in the elaboration of the Annual Operative Plan, as allowed for by the Participation Law. At the same time, in this case with the support of both Church and French funding, SEAPAS implemented a diagnosis of agricultural needs which identified needs in technical assistance, credits, and irrigation works.

The first partnership to be agreed as a result of this process was in the municipality of Mecapaca and focused on irrigation. In this partnership, SEAPAS funded half the cost of the works, and the rest was shared equally between the municipality and the community. SEAPAS provided technical skills and the community contributed labor. SEAPAS extended its work program into two further outlying municipalities, Palca and Irupana, with the following cost-sharing agreements to cover irrigation works in these areas: in Palca, SEAPAS, with CARITAS funding, provided for all costs except community labor contributions, while in Irupana the municipality was itself in a position to cover 80% of costs, the rest being assumed by the community.

With these initial works in place, the projected future of the partnerships is to continue to work on extending irrigation together with training in crop diversification, rational use of land and other natural resources, and training of municipal authorities.
Lessons Learned

The key lesson from the SEAPAS experience is the extent to which a law allowing for community participation in the context of decentralization can galvanize local development processes, thanks to the presence of a committed NGO in the area. Clearly there are immense accumulated needs in such areas which means that communities are themselves receptive to collaborating in improving their living conditions when, for the first time, the opportunity to do so presents itself. The importance of locally elected authorities as a reference point for agents like SEAPAS is also apparent.
26. ALTERNATIVE EDUCATION IN MIZQUE, COCHABAMBA (BOLIVIA)

The core of this partnership experience lies in a strategic alliance in the Province of Mizque between the Peasants’ Union (Central Sindical Única de Trabajadores Campesinos de Mizque, CSUTCM); an Agricultural Development NGO (Centro de Desarrollo Agropecuario, CEDEAGRO) and the Municipal Government of Mizque. Its activities have focused on the development of an alternative education program for the area, the two key components of which being a new Normal School for Peasant Women and four Agricultural Boarding Schools.

Background

The Province of Mizque lies between 2060 - 2730 meters, has a population of 28,155 of whom 74% live from agriculture. It is thought that some 20% of primary school age children do not receive any formal education, adult illiteracy rates are high (over 65% in women), and the province has the lowest growth rates in the department of Cochabamba (0.14% as compared with the average 4.62% urban and 1.09% rural averages for the department).

The Partnership

Since the mid 1980s, the CSUTCM and CEDEAGRO began making concerted efforts in the community to carry out a participatory assessment of educational needs through a series of meetings and seminars. As this process matured, it was able to gain funding in 1991 from the Social Investment Fund which allowed for the elaboration of the “Alternative Pedagogic Proposal”, characterized by high levels of community mobilization and participation in the process. The Municipal Government became actively involved in the ongoing process of developing the curricula from the early 1990s, thanks to the stimulus of the Law of Popular Participation, together with the fact that union leaders had come to control the municipality from the 1987 elections. Since 1994, the Alternative Plan has been formally included into the Annual Operative Plan of the Municipality as a priority for public investment. This in turn has facilitated its continuing access to FIS funding.

The Normal School for Peasant Women was initiated in 1994 as a direct response to the discrimination against women in education. Thus, women should not only constitute a priority target but also play a relevant role as teachers in their own families and communities. By the end of 1997 the Normal School had taught a total of 89 students and produced a wealth of new, alternative didactic material. Those who have received training are currently working in primary and secondary schools in various parts of the province. The financing for this comes from the original partners, together with additional support from the church and, in recent years, the Ministry of Education, although the bulk of funding continues to be of the FIS.

The partnership supporting the Boarding Schools initiative were largely the same, although in this case the role of the CSUTCM was marginal, and Parents’ Associations play a leading role in the daily maintenance of the schools. Four schools have been established as a result of this initiative and have taught a total of 299 students to date. No assessments of their impact are yet available, however it is thought that the initiative should help reduce desertion of school children from the most isolated areas, while at the same time providing them with comprehensive education including the key agricultural skills they require and can in turn take back to their communities.
Lessons Learned

The development of these initiatives clearly reflects the processes of democratization of Bolivian society from the mid 1980s and, more clearly still, the incremental opening of spaces and opportunities for popular participation promoted by the FIS, and the processes of decentralization and the Participation Law. Without those background conditions, the experience would not have been possible. At the same time, it also demonstrates the high degree of complementarity established between the partners. CEDEAGRO has provided technical and community leadership skills, with an established presence in the community since the early 1980s. The CSUTCM union has been able to furnish the networks of organizations and mobilization of those networks which have given the undertaking the high degree of community ownership which is at the root of its success to date. In turn, the municipality has been able to provide basic administrative skills and access to public investment funding.
27. THE SCIENCE LEARNING CENTER
(JAMAICA)

The Science Learning Center was created in 1988 to provide a base in modern scientific skills for the country's primary school children. Formed as a joint initiative between a private business foundation, the Ministry of Education, and a university, the Center addresses the deficiencies of science education through its interactive exhibits, teacher development, and outreach programs. The Center is the only one of its kind in Jamaica, and in its seven years of operation, provides innovative and stimulating science and technology education to children and teachers throughout the island. Through providing education to the children of the poor, their capacity to earn income is enhanced and the chance of escaping poverty increases.

Background

Jamaica is a country of 2.5 million people, in which almost one third of the population lives below the poverty line. Like many developing countries, it is trying to move away from a predominantly agriculture-based economy, and gain competitiveness in non-traditional economic activities. To do so, the private sector must embrace new technologies and focus on research and development. Currently, science education in primary public schools is almost non-existent, resulting in a workforce devoid of technological skills. One of the main indicators of national capacity in science and technology is the proportion of local scientists and engineers compared to the rest of the population. This figure is 3% in developed countries, but based on the continued low levels of competence in science subjects, it will take 40 years for Jamaica to attain only 1%. The challenge then, lies in augmenting the technological capacity of Jamaica's workforce so that it can compete in an ever more complex and technology-driven business environment.

The Partnership

The ICWI Group Foundation is a charitable organization established with the goal of enhancing Jamaica's economic development through educating its workforce. Established in 1988 to channel contributions from the ICWI Group's five major companies, the Foundation agreed that its major undertaking would be the establishment of a national science center to address the country's science educational needs. In accomplishing this mission, it realized that a partnership approach was necessary to provide the necessary human and financial resources. The Foundation approached the University of the West Indies, the Ministry of Education, and various international institutions. From their collaborative efforts, the Science Learning Center was opened as a pilot project in 1990. The main goal of the project is to demonstrate the value of hands-on interactive science education at the primary level, with the mission of acting "as a demonstration center to provide learning opportunities which will impact the reform of science education at the primary level and in the wider community."

The ICWI Foundation pays for the running costs of the center, supported by the Ministry of Education's recognition of teachers' time spent taking training courses. The University of the West Indies is a major partner in this initiative, providing technical assistance, policy direction, and offering the use of its campus facilities to serve as the Center's site. Finally, various international institutions such as the Miami Museum of Science and the Smithsonian Institution provide on-going support through developing the Center's goals and collaborating on specific projects.
The result of this initiative is a highly advanced learning center open to the Jamaican community. Outdoor and indoor exhibits emphasize such diverse topics as meteorology, information technology, and physics. The Center offers scholarships, teacher training, and summer activities. In terms of reach, the achievements of the center are impressive: more than 5,000 teachers have been trained in innovative teaching methods, 24,000 children have had direct contact with the facility, and through its outreach programs, 9,000 teachers and 227,000 children have been exposed to the Center’s programs. While serving students at all levels of the socio-economic ladder, it is committed to working closely with poorer schools with limited science facilities. In this manner, the center significantly improves the educational opportunities of the poor. In recognizing that human resource development hinges on long term educational opportunities for the poor, the center is a key component of the national government’s poverty reduction program.

Lessons Learned

The Science Learning Center is a major example of a private sector initiative to address the challenges of the future competitiveness of the national economy at the root: through the drive to educate the young. As such, it is also significant as a far-reaching demonstration of the emergence of corporate citizenship in the private sector. The future earning potential of children who are able to reap the benefits of such early exposure to science learning is clearly an important means of permanently meeting future poverty reduction goals.
ANNEX 2

Tables of Basic Information on the 27 Cases
Although the following does not, of course, constitute quantitative evidence of any statistical merit, we provide some basic indicators from the cases to facilitate their reading and interpretation and, we hope, a stimulus for further research agendas.

Table 1. Cases by Sector of Activity and Initiating Agent

<table>
<thead>
<tr>
<th>CASE TITLE</th>
<th>SECTOR OF ACTIVITY</th>
<th>INITIATING AGENT</th>
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</thead>
<tbody>
<tr>
<td>1. Conelca (El Salvador)</td>
<td>Education</td>
<td>Business</td>
</tr>
<tr>
<td>2. Oracabessa tourism development (Jamaica)</td>
<td>Basic Services/Conflict Resolution/</td>
<td>Business</td>
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<td></td>
<td>Education</td>
<td>Business</td>
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<tr>
<td>3. Voluntary Dividend for the Community (Venezuela)</td>
<td>Education</td>
<td>Business</td>
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<tr>
<td>4. CITA and the &quot;El Minuto de Dios&quot; School (Colombia)</td>
<td>Education</td>
<td>Business</td>
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<tr>
<td>5. Mobile Clinics (Venezuela)</td>
<td>Health</td>
<td>Government</td>
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<tr>
<td>6. Post-Privatization Rehabilitation, Palpalá (Argentina)</td>
<td>Income and employment generation</td>
<td>Government</td>
</tr>
<tr>
<td>7. FUSAL (El Salvador)</td>
<td>Health</td>
<td>Government</td>
</tr>
<tr>
<td>8. AOISPEM (Colombia)</td>
<td>Water and Sanitation</td>
<td>Government</td>
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<tr>
<td>9. Integrated Development in San Jorge (Argentina)</td>
<td>Water and Sanitation/Housing</td>
<td>Civic</td>
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<tr>
<td>10. &quot;Glass of Life&quot; (Venezuela)</td>
<td>Attention to vulnerable groups</td>
<td>Government</td>
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<tr>
<td>11. Sepas-Coopcentral (Colombia)</td>
<td>Income and employment generation</td>
<td>Civic</td>
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<tr>
<td>12. Cencooser (Colombia)</td>
<td>Income and employment generation</td>
<td>Civic/Business</td>
</tr>
<tr>
<td>13. La Unión Farmers’ Cooperative (Argentina)</td>
<td>Income and employment generation</td>
<td>Civic</td>
</tr>
<tr>
<td>14. COMAND (Jamaica)</td>
<td>Housing</td>
<td>Civic</td>
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<tr>
<td>15. Integrated Infant Nutrition Centers, Córdoba (Argentina)</td>
<td>Attention to vulnerable groups</td>
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<tr>
<td>16. The Center for Wood Production, Pensilvania (Colombia)</td>
<td>Income and employment generation</td>
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<td>17. Caldas Coffee Committee and Escuela Nueva (Colombia)</td>
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<tr>
<td>18. Milagro de la Paz community centers (El Salvador)</td>
<td>Attention to vulnerable groups</td>
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<tr>
<td>19. The Strategic Prevention Program of Urabá (Colombia)</td>
<td>Conflict Resolution</td>
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<td>20. Justices of the Peace, Jueces de Paz (Venezuela)</td>
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<td>22. Mendoza Micro-Enterprise Program (Venezuela)</td>
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<td>Business</td>
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<tr>
<td>23. Corpoversalles (Colombia)</td>
<td>Income and employment generation/Health</td>
<td>Civic</td>
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<tr>
<td>24. CACH (El Salvador)</td>
<td>Environmental protection/Income and employment generation</td>
<td>Government-Civic</td>
</tr>
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<td>25. Program for Irrigation and Productive activities (Seapas) (Bolivia)</td>
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<td>27. The Science Learning Center (Jamaica)</td>
<td>Education</td>
<td>Business</td>
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</tbody>
</table>

Observations on Table 1:

There is little clear correlation between which actor plays the initiating role and the type of activity undertaken. Thus, a government agent takes the lead in 7 cases of a mixed range of activities, civic organizations in 11 (of an even more mixed range), and business in 8. Only here is there some discernible suggestion of a trend or preference, on the part of business: 5 of these 8 cases are to do with improving education. (1 case is joint government-civic to make up the 27.)

This does not of itself mean that there are not some types of activities to which particular actors are best suited, but that a larger statistical base and further research is required to define what, if any, such comparative advantages are.
<table>
<thead>
<tr>
<th>Case Title</th>
<th>Scope of Activity</th>
<th>Type</th>
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<td>Rural</td>
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</table>

**Observations on Table 2:**

The tendency for partnerships to be subnational—and most especially local—is quite marked. Just over half (14 of 27) are only local in scope, defining local as taking place in only one municipality. Seven more are regional, that is they take place in more than one municipality, but within the same region. Only six are national, understood as meaning that they cover more than one region of the country. Here, however, it should be noted than none, in fact, are truly "national" in the sense of actually reaching all areas.

There is an even distribution of cases between urban and rural areas. Twelve cases in each category and three additional ones with both urban and rural coverage. Furthermore, this pattern remains even when the sector of activity is considered.
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<td>Program for Irrigation and Productive activities (Seapas) (Bolivia)</td>
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<td>27</td>
<td>The Science Learning Center (Jamaica)</td>
<td>Business</td>
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Observations on Table 3:

There is no apparent correlation between the initiating actor and the scope of the partnership. For example, the cases where the initiating actor is the business sector are evenly distributed between local, regional and national scope. While not shown in this table, the same applies to whether the case has urban or rural coverage. Civic organization initiators are also evenly divided among different scopes of activity. The exception is that of government: of the 7 cases initiated by government actors, 5 are local in scope.
ANNEX 3

Further information on the Partnerships for Poverty Reduction Program:
Methodology, Collaborating Partners, Case Studies and Web Page
A Note on the Methodology of the Partnerships Program

The "action-learning" approach adopted by the Partnerships Program involved working collaboratively with a wide range of actors in all six countries. In effect, the lead institutions - EDI-World Bank, UNDP and Inter-American Foundation - had three sets of "partners" in each. The first were the coordinators of the program in each country: based in the World Bank Resident Mission in the cases of Argentina, Colombia and Jamaica; the UNDP Resident Mission in Bolivia and Venezuela and, in the case of El Salvador a national NGO sponsored by the Inter-American Foundation. The second were the universities and research centers and other organizations who worked with ourselves and our in-country coordinators in gathering profiles of cases of partnerships and subsequently in writing the case studies themselves. The third were the national selection/steering committees created in each country, consisting of individuals from diverse sectors - business leaders, academics, NGO leaders, government representatives etc. - together with Resident Representatives of the World Bank and UNDP.

The evolution of the program varied slightly from one country to another, but essentially involved the following steps: the initial gathering of case profiles of partnership experiences, according to terms of reference developed by the lead institutions (and common to all countries). A total of 210 profiles were collected. From these a number were selected to be developed as case studies (10 in the larger countries, Argentina, Colombia and Venezuela; 8 in Bolivia; 6 in El Salvador and Jamaica). The selection was made by the steering committee in each country and the exact criteria varied slightly, therefore, from one to another. Common concerns in each, however, were that the cases should address a representative range of key poverty challenges in each country and have a clear impact in terms of meeting those challenges; demonstrate the benefits of genuine collaboration among diverse actors and thus offer potential models for making further advances in poverty reduction.

The case studies were then developed according to terms of reference provided by the authors - including a "dummy" guideline case study, which were also discussed and adapted with local authors in a series of workshops. The steering committee in each country then selected 2 to 3 national cases to go forward to an international committee, comprising representatives from all 6 national committees and the 3 lead institutions, which in turn selected one case per country to be the recipient of a small grant for dissemination of the experience, awarded to representatives from the cases themselves.

Presented below is a list of the 50 case studies prepared for the Partnerships for Poverty Reduction Program in the course of FY97, including the 27 cases referred to in this report and the remaining 23 which we were not able to include here, for reasons of space. Our criteria for selection of the 27 was based on achieving a representative selection of the range of types of activities and partnership cases collected in the first year of the program and using those cases most clearly illustrative of the arguments presented in the body of this book.

Please note that all 50 cases are available in their full versions, in both English and Spanish in the "Partnerships Web Page" which may be found at: http://www.alianzas.org. Other information available at this internet address includes:
• A data base outlining the 210 case profiles from which the 50 case studies were developed.

This data base, moreover, is updated on regular basis, as new profiles are gathered as the program evolves beyond its first year.

• A fuller description of the program as it has evolved to date

• Inscription forms for receiving further network news and joining the partnerships network.

This network aims to promote an ongoing process of exchange of information and analysis of partnership experiences throughout the region.

• Links to related web sites.
### Case studies prepared under the Partnerships for Poverty Reduction Program

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<th>SECTOR</th>
<th>AUTHOR*</th>
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</table>

* Please note that both authors and institutional names are provided where available. In some cases, however, we have only been able to provide either the author’s name or that of the institution in charge of the case study writing.
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